

**Prospect Town Council
Special Meeting
Unapproved Minutes
Thursday, September 3, 2020**

The (Virtual) Special Meeting of the Prospect Town Council was called to order by Chairman Jeff Slapikas @ 7:00 p.m. and commenced with the Pledge of Allegiance.

Members Present: Jeff Slapikas, Stan Pilat, Pat Geary, T. Graveline, Larry Fitzgerald, Megan Patchkofsky, Paul Murray and Stephanie Lusas-Kolodziej

Members Absent: Rich Blanc

Mayor Chatfield did not attend this meeting.

Council Discussion on R.F.P. replies:

J. Slapikas mentioned T. Graveline and M. Patchkofsky did a great job directing focus on weak areas after looking into the two firms PKF O'Connor Davies and The Bonadio Group.

J. Slapikas listed the questions he has for the firms.

- Will your audit scope be able to detect material errors, fraud, illegal acts or material weaknesses in internal control?
- Will your risk assessment of the internal control policies and procedures enable the Town to ease the future auditing process?
- Does your management have the appropriate resources to assess the effectiveness of internal control over financial reporting?
- How many accounts would you suggest to be included in this review?

The Council is still waiting on some documents from the Mayor's office.

L. Fitzgerald stated that the firms mission statement and risk assessment is important.

- Design effectiveness of existing internal controls
- Improve treasurers report
- What is the extra cost to have access to the firm?
- He was hoping the firm would audit 100% of payroll accounts.
- He wants to see a good breakdown and explanation of cost factors.
- Evaluate accuracy of internal controls
- L. Fitzgerald would like to questions PFK to see if they can audit 100% of the payroll accounts.
- He would also like to know what "other services" entail and is there an additional cost or is it part of the audit.

P. Murray discussed his thoughts regarding both firms.

PFK:

- The fact that they are local is an advantage.
- They have good experience with municipalities
- Their service portal is a pro if we can utilize it effectively based upon the technology the Town has in place.

The Bonadio Group:

- Extra experience
- No mention of using subcontractors
- Detailed proposal
- Can the Town have consistent conversations with them as questions arise?
- They are from New York; this could be a positive because they would have a total outsider view point/impartial view.
- They had a solid cost analysis.

Cons:

- Not local
- They are a large firm; are we a small fish? Would we get their full attention?
- Are they willing to really get to the heart of the issues we have.

Questions P. Murray has for both firms:

- Will they look at specific areas of concern?
- Will they look at more involved ways to perform a detailed full analysis; Specifically 2014-2015
- How can the firms assist us to determine how the theft occurred without being recognized?
- How can we move forward and avoid this again in the most efficient way?

J. Slapikas read an e-mail from S. Lusas-Kolodziej due to the fact she is still driving home from work.

Bonadio Pros

- Detailed report analysis with findings, recommended changes and specific time frame for implementation
- Strong framework for analysis methodology
- Use of AI for assistant with analysis
- No need to use email for large or sensitive files
- Make recommendations for internal controls manual

Bonadio Cons

- Not located in CT
- Digital uploading of files-what type of program? Length of time required to upload documents? Training required for this program?
- "Year round communication"-isn't this a "one-time" event?
- Firm size-difficult to relate to "small-town community? Difficult to get in touch with an actual human?
- "Provide written reports"-will these also be made available in a digital format? Or only physical paper report like RFP Proposal?

PFKOD Cons:

- Two locations in CT
- Extensive experience with municipalities
- Established expectations of meeting with Mayor and Town Council to create detailed scope upon contract signing
- Identify safeguards and best practices to prevent similar issues from occurring in the future
- Develop appropriate and scalable programs. Train and fully inform employees on risk management, security awareness.

PFKOD Cons:

- No complete contract cost as requested in RFP
- Proposal focused a lot on fraud/fraud potential
- Digital portal for uploading documents-program type? Training? Time required?
- No mention of how analysis reports will be presented-digital/hardcopy/both?

Questions:

- Approximately how long can we expect the audit process to take?
- Both proposals mention monthly progress reports-not applicable here?
- Following official engagement in contract, will we have an opportunity to discuss more specific scope/parameters of the audit?

P. Geary discussed her thoughts regarding both firms.

Bonadio Pros:

- They are professional and experts in extensive control products
- They don't use sub-consultants
- She feels the use of a portal is a positive
- They document their understanding and assess which controls are tested
- They informed us who would be managing the audit
- Explained the whole scope of their work
- Gave detailed dates and deadlines

Bonadio Cons:

- Located in New York
- Such a large firm; are they geared more towards big business

Questions:

- Will there be onsite interactions with the principles or will it all be digital?

PFKOD Pros:

- Local
- Advisory services and internal control evaluations
- Experienced with CT towns (Fairfield, North Haven)
- They gave specific 6-9 month timeline and that they would start with in a month.

Questions:

- When is the appropriate time to discuss specifics with auditors 2015 & 2017 deficiencies
- Have they been corrected and how?
- Discrepancies with the Public Works; do the W2's coincide?
- Will job responsibilities be defined and communicated to employees?
- It took 12 months to notice the theft; How did this happen and has it been fixed?
- When do we talk to them about specifics?

J. Slapikas stated that the Council will interview each firm in the same night.

S. Pilat discussed his thoughts regarding both firms.

Bonadio Pros:

- They do everything “in house”; no contractors.
- They have approx.. 900 employees and they limited their work to maintain focus.
- S. Pilat mentioned not reviewing 100% of the payroll accounts; what their justifications?

PFKOD:

- Is travel going to be a problem?
- Who will have responsibility/point person that the firm would communicate with at the town? Who will supervise what information the firm will get?
- Mentioned 2015/2017 \$250,000; Important to address

T. Graveline discussed her thoughts:

PFKOD:

- She has a different feeling regarding their reference of “outsourcing internal audit work”. It’s possible they mean the firm is hired as the “outsourced internal audit” people. The Council may be interpreting incorrectly

Bonadio:

- She liked their detail
- 3 year risk base audit report
- Manage access plan
- Very high tech and very different than small town Prospect; she isn’t sure it will be a good fit
- PFKOD pricing est. \$45,000 vs. Bonadio est. \$66,000

Questions:

- How do they manage extensive paperwork that needs to be looked at?
- What kind of processes are in place to deal with the distance?
- How are they going to adapt the whole look of town’s finances?
- Will they perform examinations into 100% of certain areas?

M. Patchkofsky discussed her thoughts/questions:

Bonadio:

- Will they be more present in the building or outside of it?
- Do we have to send everything electronically? If so, it may not be a good fit.
- When do we discuss our expectations?
- Prospect is a small town; not very technologically advanced. The Town also doesn’t have the manpower to scan and send everything the firm may need.

PFKOD:

- Do they outsource?
- She would like more information on who will be providing the services.

- Are there people working under Joseph Santavatti? And how are we getting information to them?
- How much can we direct them to a certain area/accounts; or do we need to possibly change the focus of the RFP to be more specific?

J. Slapikas is leaning towards PFKOD who are more local.

- The firm should tell us which accounts we should look at specifically. He would like to see payroll accounts looked at 100%; specifically Public Works.
- He would like more details on other services and costs? This is a key factor.
- Upon request will they dig into specific areas?
- He agrees the Town may need to get more specific in the RFP.

L. Fitzgerald mentioned that when the firm does their presentations they may answer some questions the Council has during the interview.

T. Graveline stated that hearing the firms would be helpful to get an idea of the quality of the firm and also address questions they may have.

J. Slapikas will contact both firms to see if they are available for a meeting on Wednesday Sept. 9th, 2020.

P. Murray stated it's important that we determine what format we want to interview the firms. J. Slapikas stated he is ok with asking the initial questions.

M. Patchkofsky stated that Council should strategically come up with 5 major areas for the 5 questions to try and gather as much information as we can.

J. Slapikas is going to give the firm a heads up on what they are looking for.

Public Participation:

T. Galvin, 27 Rockridge Terrace- Mr. Galvin agrees that the firm should have a better idea of what the Town is looking for going into the interviews. This will enhance the Town's ability to get accurate numbers and costs.

Adjournment: Motion made by S. Lusas-Kolodziej, **seconded** by L. Fitzgerald to adjourn the Special Virtual Meeting at 7:56 p.m. **Unanimous.**

Jeff Slapikas
Chairman