

**MINUTES OF THE TOWN COUNCIL  
Budget/Management Committee  
Town Hall Council Chambers  
January 18, 2011**

Present: Kenneth DiFazio, Chairman  
Patrick O'Connor, Vice Chairperson  
Arthur Mathews  
Michael Smart  
Michael Molisse

Also Present: Councilor Pap  
Councilor Conlon  
Councilor McDonald  
Councilor Lacey  
Councilor Whitaker  
Richard Swanson, Town Auditor  
George Lane, Town Solicitor  
Scott Bois, Coordinator of Financial Services  
Mayor Kay

Recording Secretary: Diane T. Hachey

Chairman DiFazio called the meeting to order at 6:35 PM.

**Procedure for Review of Internal Audit Reports**

Chairman DiFazio noted that since the change of government in 2000 the Internal Auditor conducts audits with findings distributed to the Council. These reports have never been discussed formally as they are considered to be for internal use as a management tool for monitoring our government activity. He feels these reports are important and wants to have a discussion to review our current procedure to ascertain if changes are warranted.

Mr. Swanson gave his recommendations for the procedure to follow which are to discuss said audits at Budget/Management Committee Meetings in open session. He suggests that Administration, the applicable Department Heads and the Budget/Management Committee members would discuss the audit points, in addition to management responses and action plans—in order to resolve issues and improve upon the system of internal controls.

Councilor Mathews noted that the Financial Policies and Procedures Manual regarding internal audits notes “The final report containing the Auditor’s findings and management’s response shall be distributed to Council. The final report has been deemed not to be a public document, but is intended to be a document for internal management

use.”

There was a discussion regarding whether or not these sessions are eligible for executive session. Councilor Smart noted that if discussions were to be held in executive session there would be an issue in that minutes would require release at some point following the reason for the executive session.

Chairman DiFazio requested that Mr. Swanson contact other towns, Quincy was cited, to determine how they handle internal department audits. Councilor Mathews is researching past practice in Weymouth regarding discussion of audits, as he recollects that on a few occasions discussions occurred.

Councilor O'Connor does not see an issue with discussing audits in open session at Budget/Management. It allows for a transparent government and the taxpayers deserve to hear these results.

It was noted that school department audits and Councilor requested audits, must go through the Town Council President.

Mayor Kay noted that the Financial Policies and Procedures Manual regarding internal audits, written in conjunction with Auditor Swanson, is intended for yearly audits to be conducted, resultant issues followed-up and that the documents are for use as internal, management tools. Although individual staff names are not noted, oftentimes it is obvious as the particular position is listed, this could lead to precarious situations. The audits are wonderful tools for the review of the budget, her administration is not hiding anything but she stated that discussion of the internal audit reports is not appropriate.

Solicitor Lane stated that the reports are considered intra-agency documents and are thus protected by the public records law, further he noted that minutes would have to be released, a public records request is thereby protected.

Chairman DiFazio noted that discussion on this issue will be continued to a future meeting.

### **Accounting for Southfield Mitigation Funds**

Chairman DiFazio noted that this issue was included on the agenda as he has had numerous questions from his fellow Councilors. He requested, from administration, an accounting of mitigation funding received, how expended, anticipated funding to be received and anticipated expenditures. Mr. Bois confirmed that in accordance with the Memorandum of Agreement, the town has received three payments: \$32,000 and \$25,000 in October and \$829,000 in December. This is pursuant to a new agreement under Mayor Kay's administration. Under the old agreement payments were received as follows: \$600k, \$700k and \$1.3m.

Per DOR , funding from mitigation can't be expended until next year and must be certified under free cash.

Mayor Kay is obtaining a copy of the DOR's ruling that mitigation funds would be allowed for deposit to the general revenue account for calculation of free cash.

Councilor Mathews noted his memorandum of January 7, 2011 which included an executed agreement dated July 25, 2005 by former Mayor Madden and Greg Morrell of LNR, which indicates a list of projects requested by Council to be funded by mitigation monies. Councilor Mathews further noted that approximately \$11m remains in money to be disbursed under the original Host Community Agreement. Additionally, Councilor Mathews stated that the \$11m is to be distributed over a 3 year period, pending the awarding of the MEPA certification and the EDC transfer with the Navy. He further noted that the EDC transfer with the Navy to date has not taken place. This is one reason for Mayor Kay's revision to the language to the Host Community Agreement with LNR, which is being done in an effort for the town to recoup monies earlier. Councilor Mathews voiced his concern with monies from the revised Host Community Agreement being combined with other free cash. He further recommended that these monies (\$600k, \$700k and \$1.3m-totalling \$2.6m) are housed in a separate account (5200) as were the original funds from the Host Community Agreement. Councilor Mathew's recommendation is that Host Community Agreement payments, both current and future be deposited to a separate account.

Mayor Kay noted that the July 25, 2005 letter from Greg Morrell wasn't signed by a Mayor, but her intentions are to fund projects as originally agreed upon at that time.

Councilor Smart asked that the Mayor Kay obtain the DOR memorandum and forward to the Council. Additionally, it was requested that administration provide a copy of the newly revised Host Community Agreement to the Town Council Office.

Councilor Lacey requested that due to the acceleration of the Southfield project, that it is imperative that the Council receives information on a timely basis from administration.

At 7:30 PM, there being no further business, a MOTION to Adjourn was made by Councilor O'Connor and seconded by Councilor Smart. UNANIMOUSLY VOTED.

Respectfully Submitted by Diane Hachey as Recording Secretary

Approved by Chairman Kenneth DiFazio