

Tidewater EMS Council, Inc.
Audit and Finance Committee
Minutes - August 24, 2017

Present

Wayne Shank, chair
Rusty Blow
Marie Markham
Darren Padilla
Jim Chandler, staff

1. Mr. Shank called the meeting to order at 10 am in the council office in Chesapeake. Following brief review, a motion was made, seconded and passed to approve the committee meeting minutes of February 15, 2017 as distributed.
2. Review 6/30/17 (unaudited) financial reports – Members discussed the in-house FY17 year-end balance sheet and income/expense reports and compared them to the FY16 audit report. It was noted the in-house reports do not yet reflect various audit adjustments related to receivables and payables that occurred after the end of the fiscal year as well as interest, dividends and gain/losses on investments based on July brokerage and banking statements provided unopened to the auditors, and also depreciation expense and annual adjustments to the board-designated fund balances. Mr. Chandler will research and report on two specific issues: a substantial decline in telecommunications expense for the HPP program between FY15 and FY16 and also the difference in total expense shown on the 6/30/17 consolidated income/expense report versus the 6/30/17 detailed income/expense reports. The draft FY17 audit report should be available in the near future and will be forwarded to the committee for review. The auditors will present the report to the Board of Directors during the board meeting September 14.
3. Review 6/30/17 investment report – Members discussed the June 30 investment summary report. It was noted the amounts invested in the main fund categories are within policy range but not at the specific policy target. Members felt this was satisfactory and that the investments should be adjusted within the policy range to reflect overall market influences, board risk, etc. Overall it was noted the funds have performed well during the past year or so. Members discussed if increasing investments in utilities would be relatively safe and profitable. The Inland Empire of California utility was mentioned. It was noted we don't currently own individual stocks but instead utilize mutual funds to spread risk. It was agreed to identify and monitor a utility-centric mutual fund and consider a purchase in the future. Three certificates of deposit at Towne Bank mature in November and the committee recommended comparing Towne Bank's yields with other institutions and reinvest to maximize return.
4. Discuss selection of audit firm – the council's current three-year engagement with Jones CPA Group ends with the FY17 audit. Mr. Chandler indicated the current three-year engagement, as well as the prior 3-year engagement, were made without seeking proposals from others at this committee's recommendation and board approval because of our satisfaction with Jones CPA Group. Over the years the cost of audit and preparation of the 990 form has slowly increased and is now over \$22,000 annually. It was noted the board just recently revised purchasing policies to require proposals on purchases over \$6,000 and while we continue to be satisfied with their work,

committee members felt it was time and in the council's best interest to seek proposals for the next 3-year engagement. Mr. Chandler was asked to draft an RFP and share it with the committee for review. It was agreed to aim for distribution of the RFP in November with a deadline for proposals in late January, and that the committee will meet in February to review them. The committee urged incorporation of some standard criteria which can be used to evaluate the proposals.

5. Discuss committee responsibilities, future work plan – Mr. Shank reported he asked the board for input on expectations for this committee, and also wanted guidance on what the board would like to hear as a “treasurer’s report” during meetings. He indicated he didn’t receive any input and would like this committee to discuss and help clarify what sort of reporting would be helpful for the board while hitting a sweet spot between too little and too much information. Discussions included a suggestion to formally ask the board a question such as “What are the top 3 things you would like to know about the council’s finances?” and work from there. It was also suggested the treasurer’s report could briefly include changes in finances from the prior meeting, a quick investment summary and anything else of relevance discussed by the committee. The upcoming board meeting will include a detailed review of the audit by Jones CPA Group so it was felt no additional report would be needed. Mr. Shank will follow up with Mr. Chandler and invites any additional committee input.
6. Other/succession - Mr. Shank addressed Audit and Finance Committee chair succession and indicated he planned to be chair for another year or two but would like to look ahead for how and when the chair might be passed along to someone else. He asked if establishing a vice chair might help with this. Mr. Chandler pointed out committee membership: the chair is the elected board treasurer and the committee should have at least 3 members including the chair, at least one additional board member who is not a member of the executive committee and at least one non-board member. The committee currently has 4 members including 2 non-board members. Mr. Chandler noted the committee could select a vice chair but, as the council’s bylaws are currently written, the treasurer is elected by the board and there is no guarantee that a vice chair of the committee would be a board member and no guarantee that a vice chair of the committee, even if a board member, would be elected as treasurer in the future. With these current limitations known, committee member agree to consider this with anticipation of developing an approach to present to the board which may involve bylaw and/or committee description changes.
7. Other/adjourn – as discussed, it was agreed to meet in February which will include review of RFPs for the next audit engagement. The date will be determined in January. With no additional business, Mr. Shank adjourned the meeting at 11:30 am.

Minutes prepared by Jim Chandler