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**TOWN COUNCIL EDUCATION COMMITTEE & BOARD OF FINANCE
MINUTES
JANUARY 13, 2021**

CALL TO ORDER: Chairman Whitmoyer called the joint meeting to order at 7:06 p.m. All present joined in a moment of silence and the Pledge of Allegiance.

ROLL CALL: The clerk called the roll and recorded it as follows:

Town Council Education Committee Members

Thomas Whitmoyer, Chairman
Joanne Glasser-Orenstein, Vice-Chairman
Michael Miller
Kevin Shively
Donna Seidell
Carl Massaro, Alternate
Lori Rosasco-Schwartz

Board of Finance Members

Lanie McHugh, Chairman
Paul Timpanelli, Vice-Chairman
Elaine Hammers
Martin Isaac
Steven Choi
Michael Barker
Marc Mascola, Alternate
Christine El Eris, Alternate
Vincent DeGenarro, Alternate

ABSENT:

Lisa Valenti

ALSO PRESENT: First Selectman Vick A. Tesoro, Chief Administrative Officer Cynthia Katske, Town Attorney Schopick, Finance Director Maria Pires, Town Council Chairman Dawn Cantafio, Internal Auditor Therese Keegan, Town Council members Ashley Gaudiano, Eric Paulson, Joy Colon Nicole Satin, Patricia Borgheson, Tony Scinto, Carole Hans, Town Treasurer Anthony Musto and Joseph Centofani of PKF O'Connor Davies Accountants and Advisors

DISCUSSION ITEM: Town of Trumbull, CT Education Department Operational Review

Chairman Whitmoyer welcomed the committee and BOF members, the Auditor Joseph Centofani and First Selectman Vicki A. Tesoro. This is a follow-up meeting from the January 6,

2021 joint meeting where they developed a list of questions, which were forwarded to the auditor.

The following is a summary of the questions asked and answered by the auditor and discussion by the committee and/or BOF:

The superintendent and the business manager are responsible for compliance with state statute, the BOE would monitor, since the two (2) positions report to the BOE. None of the prior administration were contacted during the review. The auditor spoke with one attorney regarding the TD Bank loans and statutes. This report wasn't released to anyone but the board.

The report indicates if the auditor couldn't see the supporting documentation or if it wasn't available. If asked for back-up and the auditor didn't receive it was noted in the report. He was given a box of supporting documents and also asked the interim business manager, but there were no records in that office.

The auditor explained he did a substantial portion of this report but staff was also included. Several BOE personnel were interviewed, but no former personnel. State statutes that were violated are contained in the report. The TD Bank loans were not signed by the town, and the BOA loans were signed by the town. The report includes statutes for budget transfers and noted compliance issues with the Town's Purchasing Policy.

The auditor indicated with regard to the TD Bank loans and the Town Purchasing Policy he spoke with the current superintendent, and business manager. Information was provided by the Purchasing Department for bids and documentation. Clinically he could see if policy was followed. The scope of services decided who he would speak to and vet the report with. Per the direction of the town he would not release the report until it was complete. He would need to look back and speak with staff with regard to whether purchases were made per state contract.

The committee noted the auditor could only work with the information provided and explained they were looking for where the failures occurred in the organization. The auditor confirmed the business manager signed the TD notes, which is against state statute. Budget transfers over a certain amount require BOE approval. Transfers were made without BOE minutes, although some were done correctly. The purchasing issues were not violations of state statute but the town's purchasing policy. The committee noted they were looking for where the system failed. The auditor did look and there were instances where purchase orders were not issued, thresholds were looked at to see if they should have been bid.

The committee noted BOE transfers are done by the BOE Finance Committee, if the BOE accepts their report, the transfer is approved. Statute says BOE approval is required it may be their stance that if the BOE Finance Committee approves the transfer the transfer is approved by the BOE by accepting the report.

The auditor explained the scope of this made it an operational report, technically not an audit. Operational reviews have a different process. He could not answer legal questions. The BOE statute isn't followed exactly by any BOE although not uncommon, it doesn't make it right.

First Selectman Tesoro extended her gratitude to the auditor and hoped no one was trying to discredit the auditor and/or report. The process for this report was the same as any he had done. The business manager did review the report with the auditor last evening, they spent 1 ½ hours reviewing it. The auditor did speak with the interim superintendent and the business manager. First Selectman Tesoro indicated she had reviewed the BOE minutes for transfers and they were not always noted or posted. They are now aware there are problems and are here now to make sure it never happens again.

It was determined the BOE was sending the financial reports to the council using the wrong emails, the IT Director will confirm and if need be the BOE could send them to the council clerk who would then forward them to the full council.

The auditor indicated the report was vetted through management.

The committee discussed back-up and journal entries, sometimes it depended on the nature of the entry, sometimes it was found it written on paper, in theory there should be back-up for each one.

The auditor explained the credit card back-up was very thorough, there was no outstanding balance and was paid monthly. The BOE balanced out at the end of the year, and never over expended any year, they always came in at zero or with a balance in 2018. They didn't overspend their budget. FY2020 was not overspent after applying the excess funds.

The auditor indicated he had not seen what the consequence is for not following statutes, it is somewhat a common practice and has seen it in other communities. There is no specific statute that speaks to putting the cafeteria special revenue account into a deficit. The recommendation is after this has happened for a couple of years the BOE should fund the account. The cafeteria fund doesn't have to be made up in one year, but there does need to be a plan put in place.

The committee discussed the issue with human resources' spreadsheet for hires wasn't complete, procedures weren't in place to make sure there was enough funds were in place to hire. There are two payroll positions, but one has been vacant for a year, this is an internal control issue. There is no one cross-trained in payroll. The auditor indicated payroll testing was not within his scope.

The auditor confirmed he had reviewed the three town annual audits, which include the BOE. The monthly financial reports issued by the superintendent were not part of the scope. All three years reviewed were not over budget and 2020 wasn't over either although 2020 were unaudited numbers.

The TD loans did have a considerable amount outstanding as they were done for 5-6 years; The Town has recently renegotiated them and will be coming to the BOF and the Town Council. This hasn't been done yet.

The auditor indicated the amount of para professionals was in the 30's not 39 and was fairly sure it was charged to the full-time line item, and some may not have been full-time, but would need

to look back and confirm. If they are always paying for more the number should be adjusted in the budget, this issue was brought to him by multiple people everyone knew it was being done.

There was no paper trail on how the paras were paid, there was no mapping until the end when the excess was applied. It was noted they were in a deficit this year but the COVID savings balanced the year. The interim superintendent did have to eliminate positions because of a deficit. The report shows the lines were consistently under budgeted if attrition didn't come in. It was indicated the special ed. budget is a huge variable.

Many of the committees' questions were for a forensic audit and were not part of this scope, how the report was scoped is what limits the report.

The auditor explained the funds are not moved around correctly with board approval, they didn't manage or change the budget. It does make sense not to budget excess cost funds, many times into goes into grant monies and in other towns it goes into the general fund, this is a tough thing to manage. The committee discussed the fact the money doesn't come into until the end of the year. They also noted when a history is seen over a three year period and there are deficits and no adjustment is made the budget is no longer realistic.

The committee would like to see a plan on how to follow the financials and noted letting accounts go into deficits creates issues. The auditor suggested best practices, by managing the budget, making transfers and notating them

The committee explained the unfilled payroll position is vital. One person is managing the payroll process; the ability to change the rate lacks segregation. HR should be more integrated and know what the salaries are. Funding sources should be identified when hiring. The auditor explained the paras are an example of where the budget transfer process comes in.

The auditor explained there was only one year no employee contribution to medical could be seen.

It was noted that Bridgeport claimed \$900,000 for special ed., but Bridgeport didn't pay for the Agriscience program, the attorney had suggested it was even. The auditor wasn't privy to the information and/or conclusion of this.

The committee discussed the need for the BOE to adopt the Whistle Blower Policy the town has, it would be in its best interest.

The timeline for the corrections as suggested by the auditor is asap. The BOE has to be part of the process; the business manager has been proactive. Internal controls should be done right away and then schedule the others.

The auditor explained normally the schedule of recommendations shall be put into a plan of action with a timeline. Prioritizing can be done, he focused on internal controls. Current managements seems to have a plan.

The Chair indicated this report was long overdue, it has created a dialogue, the next step will be to meet with the BOE and the officials to keep the line of communication open Dr. Semmel and Mr. Hendrickson have already started to put the recommendations in place. The Chair extended his gratitude to the auditor.

ADJOURNMENT: There being no further business to discuss and upon motion made by Glasser-Orenstein, seconded by Massaro the joint meeting adjourned by unanimous consent at 9:09 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Margaret D. Mastroni".

Margaret D. Mastroni
Town Council Clerk