

ACCOUNTS COMMITTEE MEETING MINUTES

The Accounts Committee met on *Wednesday, September 18, 2024 at 6:00 PM* in the *City Council Chamber, Brockton City Hall, 45 School Street*, to consider the following:

1. FY23 Audit Discussion

Irene Giannopoulos- Acting City Auditor

- Would like to discuss the FY23 audit, what goes into an audit and inform about what the Auditors office does beyond paying bills and processing payrolls.
- Cities and towns hire an external auditing firm to oversee adherence to Mass General Laws and ensure the financial stability of a city.
- Clifton Larsen Allen has been the city's auditing firm for 10 years. They are exempt from 30B regulations therefore, there is no contract. In lieu of the contract there is an engagement letter of mutual agreement.
- Outside of payrolls and bills we process journals in line with UMAS (Uniform Municipal Accounting System) and the DOR.
- Ideally, we would internally perform audits of each department but haven't had time.
- In the audit they want budget sheets, accrual liabilities, workers comp etc. anything that explains the functions of the city.
- Treasury provides bank information, school the schedule 19, retirement liability.
- Normally an external audit takes 3-6 months, we are severely delayed with FY23.
- DOR will not certify tax rate, can't go to bond issuance for capital projects.
- There are many questions related to the audit that require staff research and data manipulation.
- We don't have the time to dedicate to the external audit that we should and want the tax payors to understand about the delay and the work required.
- Need the departments to stay on top of their procedures to assist us.

Councilor Griffin

- Do the departments buy into that theory?
- How do we get them to buy in?
- Where is the disconnect?
- Seems more of a management issue.

Irene Giannopoulos- Acting City Auditor

- No, there is this sense that anything having to do with business and money is the city Auditors and the CFO's job. It can't just be our work. We need departments to play a role in understanding UMAS and systems that increase speed in what we need for audits. Some delays are waiting for an outside department. We can not create a system for them.
- Empower them that they can do it, they can make mistakes and I have and learn from them. Get the correct information from correct departments. Department heads should come up with solutions on their own to track and provide required information
- The disconnect is people don't think they're allowed to create their own systems.
- As a professional I build relationships with colleagues for references for needs. We need to build trust instead of taking each other down.
- They need to be more organized. I don't think everyone understands the urgency.

Councilor Farwell

- FY23 audit discussion is the annual one not the special one from Nystrom Beckman?
- We don't explain well what we are doing in municipal government. Would like public to know using school transportation as an example, decision made to hire a vendor, PO is created and signed by the person requesting the expenditure, then goes to department head to sign, school side then goes to superintendent.
- At the level of generating the PO it's the dept heads responsibility to know their funds?
- Are there multiple layers of review, other people watching us?
- The system only works if the people working have integrity. Rumor that there were over 200 PO's not entered by the school and how were you to know there was a financial obligation?
- The Nystrom Beckman reports requires us to figure out what we need to do for the auditing department to address the shortcomings. Staffing, training, minimum qualifications. I understand that could become an issue with collective bargaining. It has to change. The other part is we don't have enforcement laws and if anyone refuses to do their jobs they should not be working here. People in the school department that refuse to track sick and vacation time do not belong there collecting a paycheck regardless of length of employment.
- Would hope all department heads come to an account meeting and discard old practices. People need to be removed if they don't cooperate. As strong as its weakest link.
- We have a disparity between city and school salaries.
- Auditor should sit with CFO and Mayor and express the need to take a second look at consolidating the auditing functions and staff.

Irene Giannopoulos- Acting City Auditor

- To elaborate the workflow starts with the department. They enter a requisition with all necessary information for it to become a PO. Over \$10k goes to Procurement for approval prior to a PO is created, verifying 30B exemptions. If a vendor is being paid \$5K now but has paid invoices for \$20K in same fiscal year, procurement officers would seek contract.
- There was a point the school dept worked separately from that. It explains the illegality of the process.
- At the end of the day it is the dept head responsibility to track. Should know 30B procurement laws, should know what is an acceptable invoice and what fiscal it is.
- We can not contact every vendor the departments should know a vendor is legal.
- They should. There are times we get requisitions that do not pass the budget check.
- Yes, the assessor completes some areas, I complete the balance sheet, the treasurer shows cash balances, the extra layer is the external auditor verifying we are paying correctly and verify bank amounts.
- Going back to what occurred with the deficit we have to understand the FY23 audit was not completed by our external auditor and would have been caught at that time if it were not delayed by turnover.
- Need to sit at next negotiations and seriously go over these job descriptions in my office. Not up to par with standards in my office. Salary is grossly underpaid. Wording makes no sense in the job descriptions. We are at a transition phase.
- It is 2024 and inflation has occurred and people coming out with bachelors are being paid \$20-\$30K more than we are offering for these positions.
- Two extremes, grossly underpaid on one side and overpaid on the other.

Councilor Griffin

- Needs to be bought in by all department heads.

Councilor Lally

- School transportation, BAS Holding Corp. We have given them decent money and google says Real Estate firm in Miami. Phone # goes to cell voicemail.

Irene Giannopoulos- Acting City Auditor

- Paid over \$402K, Lease bus depot.

Councilor Teixeira

- We should file a resolve to bring dept heads before us to ensure everyone understands their jobs. Should not be just auditing researching for auditors.

Irene Giannopoulos- Acting City Auditor

- Trying to solidify the health of the auditors position, need to build the health of the office by building the health of each department from a business perspective.

Councilor Farwell

- When we file the resolve request department head assistance and input how collectively as a team this can be accomplished. It has never happened before.
- No supervisory powers over them but we are a team.

2. Review of Vendor Warrants P24-121 through P24-141 and P25-001 through P25-031

Councilor Lally

- Have paid several of these van organizations upwards of \$100K, not complying with 30B
- Brockton High graduation supplies, Costco. Do they have an account?
- Professional staff for a teacher at Spellman. What are they doing?
- \$52K YTD for media group that consults with Mayor's office. Did it go to bid?

Irene Giannopoulos- Acting City Auditor

- Water for graduation. Is an allowable expense. Don't think they have an acct.
- Grant fund. Allowable within grant guidelines IF the department is reading the guidelines and following them. The school is pretty good about it. Classes for staff.
- Over 10K it would have been out to bid. I can forward the memo I sent re: 30B.

Councilor Griffin

- Point of information. You can just shop with your 04 number.

Councilor Farwell

- Amazon, \$679,383.92 YTD FY24, odd with contract with WB Mason. Additional purchase detail necessary.
- Transportation, Foxx Transportation \$742,258.59, ONE vendor. Needs attention. Open bidding is being ignored. Don't understand reluctance due to not required by 30B. Other communities put bylaws or ordinances requiring.
- Ask the auditor to meet with superintendent and solicitor to request when we would expect compliance.
- Our oath is to uphold the laws of the Commonwealth and ordinances of the City.

Councilor Minichiello

- Clarified and confirmed the amount is the full FY24 for above vendor.
- Will this information be in your office?
- Have already filed a resolve for transportation to inquire.

Councilor Teixeira

- Do we know how many busses and students were covered in the \$742,258.59? Rate of pay?
- Would need to speak with director of transportation. File a resolve

Councilor Lally

- Woodward's Auto Spring shop and Woodward's Auto Spring Shop Inc, Different vendor #'s, different YTD amounts. Is there a reason?
- Two members of the school committee receiving money for committee registration. A reimbursement for a ticket to a GALA?? Does this provide professional development?
- Other Contract Services. 80094035. Can we verify if still providing services after contract?
- Vendor 6725, in state travel. Don't want to take grants for granted.

Councilor Farwell

- Interjects that it can't be accurate, dated 8/2/01, understands clarification of dates.

Irene Giannopoulos- Acting City Auditor

- Explaining it is excise tax related fee. Wrong vendor ID used when req created.
- An active vendor could have been created in 2001 and modified.
- Ticket reimbursement, should have been scrutinized by my office more. May have been confused with some of the trainings offered allowed under 30B.
- Grant funds, would need to get that information from the school dept.
- In state travel paid with grant funds and allowable.

Councilor Teixeira

- YTD \$4,779,592.23
- YTD \$118,685.00 Transportation (FY25)

Irene Giannopoulos- Acting City Auditor

- For the Cosgrove Pool, funded with ARPA money. Anything that would come with rebuilding a pool.
- SPED transportation, exempt from 30B.

Councilor Farwell

- Aside from GALA's can we elected officials decide to go to a GALA or function? Does it not have to be directly related to duties?
- If I were to go I would write a campaign check not be reimbursed. Are there no DOR guidelines? What about committee members? Please check for the future.
- You are doing everything you can to maintain the audit functions and people don't want to track vacation days, there seems to be an indifference. How do we get across that this isn't a rich city?
- Have we looked at other retirement party payments for previous Junes? I have a feeling it is not isolated.

- The unions should be paying this. You would never see Chief Nardelli, Jim Plouffe, Chief Perez or you for that matter, throw a retirement party and expect taxpayers to fund it. Couldn't even 'pass the hat' for the gratuity. It has to stop.
- Others would slide that through, the fact you didn't speaks volumes.
- On future agendas would like to close with comments and recommendations of the auditor.

Councilor Lally

- We do get invited to these things all the time and if we don't pay we don't go.

Irene Giannopoulos- Acting City Auditor

- You need to be an employee to get reimbursed. Will speak to staff.
- Further highlights the intricate details and need for adequate department function.
- We can't do it all. We are also human and make mistakes as well.
- The right way is what we are doing, put it on a public forum and talk about it.
- Many things a lot of people seemed to not know about.
- Explained constituent need is allowable expense, retirement parties CAN be allowed under certain circumstances and want to include all this info on my website. Must be a public event, if the public is not invited you can't use tax payer funds. They were manipulating verbiage in the law. Should have learned a lesson. Must be prudent with expenditures. Thinking taxpayer money is not free money.
- I asked if the public was invited, they weren't.
- There are 4,500 city employees. There are no functions that don't have a law or rule written about everything we do.

Councilor Minichiello

- Real Estate, No Po's but has voucher number. What are they?
- This is revenue we are not receiving so it is an 'expense' correct?
- Registry of Deeds documents.
- Transportation, YTD \$1,236,807.31.

Councilor Teixeira

- It is likely an abatement or reimbursement from the overlay acct.
- Yes, an expense.

Councilor Farwell

- The city does abatements and we are not allowed to have individual names.

Irene Giannopoulos- Acting City Auditor

- Registry of Deeds is related to a tax taking.
- School SPED transportation out of general fund. A months-worth of fees.

Councilor Griffin

- 'Tourism Promo'

Irene Giannopoulos- Acting City Auditor

- Through the Mayors office for the Summer Concert Series. Paid out of general fund.

3. Questions/Comments?

No additional questions or concerns.