



Town of Concord

Minutes of the February 11, 2026

Financial Audit Advisory Committee Meeting

Hybrid Meeting

Members Present

Wendy Rovelli, Select Board Representative; Sandeep Pisharody (remote), School Committee; Brian Waterson (remote), Concord-Carlisle Regional School Committee Representative; Bianca Taylor, Municipal Light Board; Court Booth, At-Large Member; Bruce Button, At-Large Member; Breht Feigh, At-Large Member

Others Present

Kerry Lafleur, Town Manager; Jennifer Barrett, Chief Financial Officer (CFO); Ryan Ferrara, Assistant CFO; Richard Delorey, Town Accountant; Colleen Rhinhart, Deputy Treasurer/Collector; Scott McIntire (remote), CBIZ, External Audit Firm

1. Call to Order and Introductions

Select Board Representative Wendy Rovelli called the Financial Audit Advisory Committee meeting to order at 1:07 p.m. Members introduced themselves through roll call.

2. Public Comment

Mark Martinez addressed the Committee. He commented on the Town's prior finance challenges, including difficulties with timely reconciliations and litigation involving a former Chief Financial Officer. He emphasized the importance of transparency and expressed hope that the Committee's work would help restore confidence and improve financial practices.

No other public comments were received.

3. Minutes

Member Waterson noted a typographical error in item 4, the spelling of his name. Following brief discussion noting that it had been an extended period since the Committee's last meeting, a motion was made to approve the minutes, as amended, of November 6, 2024.

Vote:

3 in favor; 4 abstentions. Motion passed.

4. FY24 Town Audit and Management Letter

Chief Financial Officer Jennifer Barrett introduced herself and provided context for the audit discussion before turning the presentation over to Scott McIntire of CBIZ, who attended remotely. Mr. McIntire provided background on the audit firm, including its recent merger with CBIZ, and reviewed the scope and objectives of the FY24 Town audit. He noted that the audit resulted in an unmodified opinion on the Town's financial statements.

Mr. McIntire summarized the FY24 financial statements, explaining that they present both short-term and long-term perspectives on the Town's financial position. He reviewed relevant accounting standards, including GASB 101 and GASB 103, and explained the importance of GASB 103 given the Concord Municipal Light Plant's differing fiscal year end. He reported strong overall budgetary results, including increased unassigned fund balance attributable to investment earnings and unspent appropriations. Pension liabilities were discussed as being approximately 90 percent funded, while OPEB liabilities were reported at approximately 68 percent funded, with actuarial projections indicating full funding by 2039. In response to a question from Ms. Rovelli, Mr. McIntire confirmed that biennial OPEB valuations are typical practice among municipalities.

Mr. McIntire then reviewed the management letter and discussed four material weaknesses identified during the audit. These included issues related to cash and receivable reconciliations; cut-off and capitalization controls resulting in transactions recorded in incorrect periods; discrepancies between approved budgets and postings within the accounting system; and deficiencies in journal entry controls, including instances in which the same individual acted as both preparer and reviewer during a period of significant staff turnover. He emphasized that the presentation should be considered alongside a full review of the audit report.

Ms. Taylor questioned how an unmodified opinion could be issued in the presence of material weaknesses. Mr. McIntire explained that cash and receivables controls were identified as material because they extended beyond water and sewer and reconciliations were not performed throughout the year. However, all cash and receivables reconciliations and adjustments were completed and reflected in the audited financials resulting in unmodified (e.g.) clean opinion of the financials.

Additional discussion addressed materiality thresholds, investment income that exceeded budgeted expectations, and the impact of higher interest rates on bond proceeds as investment revenue. Mr. McIntire confirmed that there are 3 categories of controls: 1. Control Deficiency (the majority of what has been reported back to 2019), 2. Significant Deficiency (items required to be reported to those charged with governance) and 3.

Material Weakness (items requiring reporting, greater than those of significant deficiency). He noted that the CBIZ practice is to discuss control deficiencies with management while Significant Deficiencies and Material Weaknesses are document in writing. Concerns were raised regarding the recurring audit findings related to timeliness of cash and receivable reconciliations for water and sewer accounts which are maintained in a separate system. In prior years the variances were small and classified as a significant deficiency. Ms. Rovelli noted that the FY24 audit did not provide status on prior written audit items as historically has been the practice. Ms. Rovelli inquired on the FY 23 items to which Mr. McIntire confirmed: All funds from the Trustees of Town Donations are included at fair market value; he continues to advise the Town to consider outsourcing management of leases; and there remains a difference between the policy and practice for encumbrances. In response to a question about the status of the schools providing invoices for the warrant, Mr. Conry confirmed invoices were provided immediately following review of FY23 audit finding.

Town staff acknowledged historical weaknesses and discussed corrective actions that have been implemented or are underway. It was noted that certain cut-off issues may still appear in FY25 due to timing, as FY25 processes were already underway when FY24 audit findings became known. Committee members emphasized the importance of understanding the root causes of the FY24 material weaknesses before turning fully to future corrective strategies.

The Committee expressed a desire to learn more about the root cause issues that contributed to the current findings, specifically about the staffing changes that have occurred within the Finance Department and to provide more background on the migration to MUNIS and reconciliation challenges associated with the utility billing system (NICS). This information can help inform recommendation by the committee. A separate meeting will be scheduled to discuss these items and other information requested related to audit timelines and materials. The committee agreed to defer further discussion of the FY25 audit in order to complete its review of FY24 matters.

5. Audit Review Schedule and Auditor Discussion

The Committee reviewed the audit schedule for upcoming audits, including the FY24 Concord-Carlisle Regional School District audit, the CY24 Concord Municipal Light Plant audit, and the FY25 Town audit. Staff reported that CBIZ has completed the FY24 CCRSD audit. It was also noted that a new audit firm, Roselli, Clark & Associates, has been engaged for the Town audits under a three-year agreement.

Committee members expressed concern that the selection of a new audit firm occurred without prior discussion by the Committee or the Select Board, noting that the Committee

had not met for more than a year. It was noted that the Committee would evaluate the new auditor following completion of its first audit.

6. Other Business

The Committee discussed the importance of clearly defining its advisory role and ensuring adequate time and information to review corrective actions related to audit findings. Members discussed scheduling additional meetings to revisit progress on addressing material weaknesses and to better understand the Town's systems and organizational structure.

The next meeting was scheduled for February 26, 2026.

7. Adjournment

A motion was made to adjourn the meeting. The meeting was adjourned at 2:58 p.m.