

**AUDIT COMMITTEE MEETING**  
**Kiawah Island Municipal Center**  
**Council Conference Room**  
**September 10, 2019; 1:00 PM**

**Minutes**

**I. Call to Order:** *Ms. Szubert called the meeting to order at 1:00 pm.*

**II. Roll Call:**

**Present:** Andrew Capelli  
Roland Hoffman

**By Phone:** Klaus Said

**Absent:** Jim Williams

**Also Present:** Stephanie Tillerson, *Town Administrator*  
Dorota Szubert, *Town Treasurer*  
Kellan Shuford, *Mauldin & Jenkins*  
Kevin Wilfley, *Mauldin & Jenkins*

**III. Approval of Minutes:**

**A.** Minutes of the March 14, 2019 Audit Committee Meeting

*Mr. Capelli made the motion to approve the minutes of the March 14, 2019 Audit Committee meeting. The motion was seconded by Mr. Hoffman and unanimously passed.*

**IV. Old Business:**

None

**V. New Business:**

**A.** Discussion with Auditors Regarding the FY 2018-2019 Audit

Ms. Szubert stated that Mr. Shuford and Mr. Wilfley, representatives with the firm of Mauldin and Jenkins, the new auditors engaged this year, would be providing information and answering questions regarding the Town's Fiscal Year 2018-2019 audit. She indicated that the fieldwork had already begun and is anticipated to be finished this week. With the financials to be presented at the November Town Council meeting, Ms. Szubert suggested a meeting be scheduled when the draft of the financials is completed with members agreeing to schedule a meeting during the week of October 15<sup>th</sup>.

Mr. Capelli requested the Mauldin and Jenkins team introduce themselves, their roles, and outline the plan that was established for the Town's audit and what is expected to be completed during the fieldwork.

Mr. Kellan Shuford, a supervisor with Mauldin and Jenkins, stated that the plan was established in prior years' statements and preliminary numbers. During this week, he was expecting to have all the detailed testing done with the completion of the audit, including the attorney letter, final communications with the town staff, completion of the draft, and into the review process.

Mr. Capelli asked if there were any areas identified that the auditors planned to focus on. Mr. Shuford explained that his firm assesses control risk as high, meaning that they would not rely on the Town's controls, which leads to a more standard detailed testing approach.

Mr. Capelli questioned if the areas of illegal acts, and any other inconsistencies that may be found in the area of independence and "conflict of interest." Mr. Shuford stated that Journal entries would be tested, with Ms. Szubert adding the comments from exit interview of the prior year's audit had been discussed with Mauldin and Jenkins. She noted that limitations in staffing create a heightened risk and suggested addition testing in those areas. Mr. Shuford stated that any concerns or abnormalities in the detailed testing would be documented.

Mr. Capelli asked that since 100% of the transactions are not being audited, how are items being selected for testing. Mr. Shuford explained that benchmarks are used, which are based on risk assessment.

Further discussion included the Committee looking for comments on maximizing revenues as well as limiting expenses, areas in which duplication or waste are noted, use of credit cards, and opportunities to be more efficient and more effective. Ms. Szubert explained that the business licensing, permitting, and ticket payment had been automated to accept payment online and any cash payment is minimal.

Mr. Capelli questioned how the auditors would be dealing with "conflict of interest." Ms. Tillerson stated that staff prepares "conflict of interest" forms that are sent directly to the Town Attorney, who reviews the forms and forwards any concerns to Town Council.

Additional discussion included the expenses incurred on the condemnation, lien that was placed on the property, and deferment of the State Accommodations Tax funding for the PGA.

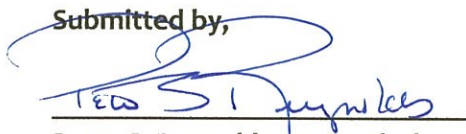
**VI. Chairman's Comments:**  
None

**VII. Citizen's Comments:**  
None

**VIII. Adjournment:**

*The meeting was adjourned at 1:31 pm.*

Submitted by,

  
Petra S. Reynolds, Town Clerk

10/16/2019  
Date