

AUDIT COMMITTEE MEETING
Kiawah Island Municipal Center
Via Zoom Live Streaming
September 8, 2020; 10:00 AM

Minutes

I. **Call to Order: Chairman Said called the meeting to order at 10:00 am.**

II. **Roll Call:**

Present:

Klaus Said, Chairman
Andrew Capelli
James Williams
Alex Fernandez
John Ross

Also Present:

Stephanie Tillerson, *Town Administrator*
Dorota Szubert, *Town Treasurer*
David Irwin, *Mauldin & Jenkins*
Kellan Shuford, *Mauldin & Jenkins*
Trey Scott, *Mauldin & Jenkins*

III. **Approval of Minutes:**

A. Minutes of the October 16, 2019 Audit Committee Meeting

Mr. Capelli made the motion to approve the minutes of the October 16, 2019 Audit Committee meeting as amended. The motion was seconded by Mr. Williams and was unanimously passed amended.

IV. **Old Business:**

None

V. **New Business:**

A. Discussion with Auditors Regarding the FY 2019-2020 Audit

Mr. Irwin introduced himself and as a partner with *Mauldin & Jenkins*, who will oversee the second year of the Town's audit and Mr. Kellan as the manager, and Mr. Scott as quality control.

Mr. Williams questioned Mr. Irwin on the audit schedule and if the audit approach would be different from the past due to the Town offices being closed for some time during the year. He asked how the audit will address staff continuing to transact business during the closure with normal processes fluctuating. Mr. Irwin stated that preliminarily audit procedures began in the previous month with fieldwork and testing beginning today and will typically last seven to ten days. He indicated additional procedures would be incorporated throughout the audit to make sure internal controls were in place and complied with while working in a remote environment. Mr. Williams requested that as part of the presentation, the additional procedures be highlighted.

During the audit planning phase, Mr. Capelli asked what was determined as critical areas along with how and when internal controls are reviewed. Mr. Irwin indicated a walk-through of the controls would be performed during the onsite fieldwork and examining documents to make sure that controls are designed and effectively operating. He pointed out that cash was always a critical component, explaining that substantive testing and analytical reviews of expenses and revenues would be conducted during the auditing process.

Mr. Fernandez questioned if the auditors looked at approvals and authorizations for expenditures and at the length of time a supplier is used. Mr. Irwin indicated that unless a specific concern is expressed, sample testing is done only to ensure proper procurement procedures are in place.

Mr. Capelli stated that the Committee might want to request the auditors examine the substantial unbudgeted hurricane cleanup costs incurred during the past two years to ensure they were properly reported in the financial statements. Chairman Said stated the details of the cleanup costs were reviewed by both the Ways and Means Committee and Town Council, neither of whom expressed any concern or questioned the expenditures. Committee members, along with Ms. Tillerson and Ms. Szubert, engaged in an in-depth discussion of the expenses incurred with the Town's responsibility for the removal and disposal of debris from the Parkway, Beachwalker Drive, and the beach, the expenses incurred in assisting the Community Association with the removal and disposal of debris from behind the gate and the FEMA reimbursement process. Mr. Irwin added that the examination of cleanup expenses falls in the scope of the audit.

In response to Mr. Ross's question, Mr. Irwin reviewed the audit schedule stating that after the final review, a draft of the financial statements will be delivered to Ms. Szubert for her review, completion of the management discussion and analysis along with compiling the documents to complete the CAFR (Comprehensive Annual Financial Report). A final draft of the CAFR will be submitted to the Audit Committee for review prior to presentation to Town Council. The next Audit Committee was scheduled for October 21, 2020, at 10:00 am.

In addition to the earlier discussion, Ms. Tillerson explained the Town's procurement policy to Committee members. She stated that the complete policy is available as part of the Town's Accounting Manual.

Mr. Capelli stated that in an earlier discussion, it was mentioned that there were no current changes from GASB (Governmental Accounting Standards Board) this year but noted changes which are being enacted on some states concerning "extensible business reporting language" in governmental reporting. He questioned if there any potential changes are expected for South Carolina. Mr. Irwin indicated that he was not aware of potential changes.

VI. Chairman's Comments:

None

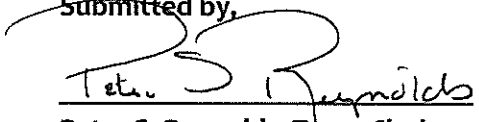
VII. Citizen's Comments:

None

VIII. Adjournment:

Mr. Williams made a motion to adjourn the meeting at 10:38 am. The motion was seconded by Mr. Capelli and was unanimously passed.

Submitted by,

A handwritten signature in black ink, appearing to read "Petra S. Reynolds", written over a horizontal line.

Petra S. Reynolds, Town Clerk

10.21.2020

Date