

MHLS Audit Committee

Thursday, July 6, 2023

1. Roll Call

- ✓ Stuart Auchincloss (U), Chair
- ✓ Heather Blakely (U)
- ✓ Peter Carey (P)
- ✓ Janet Schnitzer (C)
- Mary Linda Todd (G)
- ✓ Barry Ramage (D) (ex-officio)
- ✓ Rebekkah Smith Aldrich (Staff Liaison)
- ✓ James Coyle (Staff Liaison)

2. Review of the Draft Audit Report

- a. The Committee members were provided with the Draft Audit Report in advance of the meeting.
- b. The management letter will be supplied to the committee as soon as possible. Issues noted to MHLS Staff by the lead auditor included the need for the future Finance Manager & Personnel Officer to have governmental accounting experience; the proper way to account for our equipment pass-through service for member libraries; and the proper accounting of capital projects as they relate to the system's capital fund.
- c. The Committee discussed issues such as long-term liabilities and practice of journal entries.
- d. Representatives from the audit firm will be in attendance at our July board meeting to review their findings and answer questions from the board.
- e. **ACTION:** Chair Auchincloss moved, and Heather Blakely seconded a motion to recommend that the MHLS Board accept the Independent Auditor's Report of MHLS Financial Statements for the year ending December 31, 2022. The motion passed unanimously.

3. Discussion of the Future Relationship with Current Audit Firm

- a. It was noted that our draft report did not arrive in a timely manner from the firm, causing the report not to be included in the initial release of the July board packet and

AUDIT COMMITTEE: Reviews matters related to financial statements, the systems of internal controls and compliance, and the annual independent audit process, including the recommended engagement of and receiving of all reports from the auditors.

giving the Committee short notice to meet in time to review this for the July board meeting. It was also noted that the firm did not submit the MHLS AUD report in a timely manner.

- b. The Committee requested that Executive Director Aldrich reach out to the principal CPA in preparation of our working relationship leading up to the FY 2023 audits to ensure:
 - i. Timely submission of our AUD report to the Office of the State Comptroller
 - ii. Timely submission of our draft audit report to the Audit Committee in 2024 to give them more time to review it and ask questions.
 - iii. Attendance by the lead auditor at the 2024 Audit Committee meeting at which they discuss the report.