

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

AUDIT-RISK COMMITTEE

FEBRUARY 23, 2023

MEETING TRANSCRIPTION

[AUDIT-RISK COMMITTEE MEETING STARTS AT 12:34 P.M.]

David:

Passing unanimous. We are now the Audit-Risk Committee.

Catherine:

Good morning everybody. I'll entertain a motion to approve the minutes.

Suzanne:

I'll make the motion.

David:

I'll second that.

Catherine:

Thank you. It's been moved and seconded to approve the minutes from the January... Well, this is December. Can't be right. From the January 26th meeting.

David:

December. It's the 15th meeting.

Catherine:

Oh, right. I'm sorry. Thank you. All right. For the December 15th meeting 2022. All in favor?

Group:

Aye.

Catherine:

I'm going to oppose unanimous. So, okay, moving on. We have a presentation from David Flint and Ron Nasik of the plan for our audit. Rochelle, do you want to-

Rochelle:

I think I'll just mention that David and, I believe, Ron, if he's also joining, are just going to go through what the plan is for the fiscal 2023 audit. With that, I'll turn it over to David.

Ron:

Can everyone hear me?

David:

Yes.

Ron:

Okay, so I'm going to just jump in first. This is Ron Nossik, and say hello to everybody. I was able to see you earlier, but now I'm looking at the communication itself, but I wanted to say that Dave is going to be taking over as the partner on the engagement for this current year, the fiscal '23 year audit. I actually retire at the end of this year, so we've kind of worked this into a situation where I'll be here for a year as technical advisor. Dave did work on the engagement last year as the engagement manager, so he is quite familiar with the organization, but I'll be by his side throughout this year just to get a smooth transition moving forward. So with that, I'll turn it over to Dave and he can just kind of take you quickly through the communication.

David:

Thanks Ron, and good afternoon everyone. As Ron said, my name is David Flint with CLA. Of course, your auditors. So you guys should have all been distributed by now our planning communication to those charged with governance, which of course, is yourself. This was one of two required communications, the first one being initially before the audit. And then, of course, at the conclusion of the audit. We would like to stress that our line of communication is always open to you guys outside of these two formal communications. If you guys ever have any questions, comments, concerns as it relates to the audit or just the finances in general, please feel free to reach out to us. So hopefully, you all had a chance to read our initial planning letter, but basically, it highlights at a high level the responsibilities of both us as your auditors, as well as management's responsibilities as it relates to the audit.

Our objective is, of course, to provide reasonable assurance that the financial statements are free from material misstatement. I'd just like to stress that we use the word reasonable assurance because we cannot, of course, provide absolute insurance unless we were to review 100% of your transactions. So just kind of a outline for the audit this year, we are still kind of working through the dates for our preliminary audit procedures, but we will be doing our final fieldwork on the weeks of July 17th and July 24th with an anticipated completion date of September 15th. This is a pretty quick turnaround. Historically, we have been able to achieve this, but I just want to make it very clear, in order for us to meet that deadline of September 15th, management has to be ready for us for those two weeks in July. So with that said, I just wanted to open it up to you guys, see if you guys have any questions or concerns or any related discussion items as it relates to the 2023 audit.

Suzanne:

I have a question, chair.

Catherine:

Yes.

Suzanne:

My question is, do you have the staff prepared and ready to do the audit? Are you having any staffing issues?

David:

Yeah, so staffing issues in obviously everywhere, but particularly public accounting. It's a real problem right now. The lower level staff, people out of college in their twenties, they're just not entering public accounting like they used to be. We've taken great measures over the last couple of years as far as salaries go to retain the workforce. We have, and our particular group has a pretty good workforce still, but you guys are fortunate in the fact that your fieldwork is in July. So our typical busy season starts in September, and that's kind of when we start going full force with other GASMI-related audits. But since you guys are in July, that's kind of our slower time. So finding staffing for your particular audit has never been an issue.

Suzanne:

So you don't think there'll be any delays for the audit due to staffing?

David:

Not staffing.

Suzanne:

Thank you.

Catherine:

Any other questions?

David:

Actually, the same question. So are we set too with the [inaudible 00:11:04]

Rochelle:

Yes, especially with our interim director is very helpful.

David:

Good, thank you.

Catherine:

All right. I'd like to just clarify a couple of things. Well, really one thing. In your statements of work and in also the accompanying letter, you identified that if there are significant risks of material mismanagement, including management override of controls and revenue recognition, I understand that that's an issue, but I want to know if you identified or at least clarified that you haven't identified specific issues with respect to the RWA.

David:

Nope. So those are standard fraud risks. So those two risks will apply essentially to all clients. The first one being, an entity could have the best policies, procedures, and controls in place, but if management's overriding them, how effective are they, right? So that's always going to be a fraud risk. And then, of course, revenue recognition is going to be a fraud risk standard across the board. So that's not something that we've identified as an additional risk, that's just a standard fraud risk that would apply to any client.

Catherine:

Okay. Great. I just wanted to clarify.

Suzanne:

I asked the same question.

David:

No, that's a great question.

Catherine:

I don't have any other questions. I just want to say thank you to Ron for all of his work. It's a pleasure working with you last year and we're sorry to see you go.

David:

Me too.

Ron:

Thank you very much. I appreciate that.

Catherine:

And look forward to continuing to work with David.

David:

Thank you.

Catherine:

I have nothing else for the Audit Committee.

David:

Then we adjourn as the Audit Committee and reconvene as the Authority and we'll thank our auditors and let them get on their way.

Catherine:

All right.

Suzanne:

South Central Connecticut Regional Water Authority
Audit-Risk Committee
February 23, 2023

So I'll second that.

Catherine:

Thank you.

David:

Thank you, guys.

Ron:

Thank you very much. Have a good day.

[AUDIT RISK COMMITTEE ADJOURNS AT 12:43 P.M.]