

The minutes of the regular meeting of the Ways and Means Committee of the Town of James Island held Tuesday, August 19, 2003 at 6:30 p.m. at Town Hall, 1246 Camp Road.

Mayor Mary Clark called the meeting to order with Councilmen Joe Qualey, Bill Wilder, Parris Williams and Bill Woolsey present, as well as attorney Mike Socha and clerk-treasurer Marie Copeland.

Councilman Woolsey moved that the minutes from the August 5 meeting be approved as submitted with no changes, additions or corrections. The motion was seconded by Councilman Wilder and passed unanimously.

There was no old or new business to come before the committee at this meeting.

The Mayor then introduced Gregory (Greg) P. McLain, CPA, CISA, a partner in the accounting firm of McLain, Moise & Associates, PC, the group hired by the Town to perform its annual audits for the coming three years. Mr. McLain attended the meeting to provide the members with an initial orientation to the audit. He stated that he had spoken with the Comptroller General for the state who told him that they had received cash receipts/disbursement statements from several of the smaller municipalities and that, although the format did not exactly meet state requirements, they had not even given these small governments a "slap on the wrist." Mr. McLain made it clear that the Ways and Means Committee or, a yet unnamed Audit Committee, must decide which audit type the Town wanted, i.e. (1) cash basis financial statement, (2) a pre-GASB 34 accrual base financial statement, or (3) GASB 34 accrual base financial statement. He noted that this decision must be made before his firm can issue the "engagement letter," which is the next step in the process. He also made it very clear to the committee that his opinion was for the Town to spare itself the expense and the headache of an accrual audit this year because of the unknown factors that the Town is dealing with currently, primarily the outcome of the lawsuit and whether or not the County will begin to charge for services in 2004 plus how much they will charge.

Mr. McLain continued with his overview by discussing the opinions/comments that will be issued to the Town upon completion of the audit, as well as the need for internal controls despite the size of the staff. He discussed the need for an audit committee, but also noted that most local governments do not have these committees. Most municipalities make it the responsibility of the Ways and Means Committee or the full Council to serve in this capacity.

He concluded his comments by expressing the importance of open communication between the Town and the auditors. He believed that this could best be accomplished possibly by a brief monthly meeting, his attending Council meetings periodically and Council and Ways and Means minutes being sent to him regularly.

Councilman Woolsey stated that he wanted to postpone a decision on the scope of the audit until the next meeting; Council agreed.

A copy of the outline provided by Mr. McLain is attached.

Marie Copeland remarked that she had gotten paperwork from Southcoast Community Bank to obtain on-line banking for the Town and that she was interested in whom on the Ways and Means Committee wanted to have access as well. Bill Woolsey, Joe Qualey and Bill Wilder stated their desire to be included.

With no further action to be taken by the Committee Councilman Qualey moved for adjournment at 7:00 p.m. The motion was seconded by Councilman Woolsey and passed unanimously.