



FINANCE/AUDIT COMMITTEE MEETING MINUTES
Wednesday, August 18, 2010 at 4:30 p.m.
15506 County Line Road
Spring Hill, FL 34610

Committee Members Present: Elizabeth Callaghan, Chair

Committee Members Present via Phone: Susan Arnett, Debora Martoccio, Pat Mulieri

Committee Members Excused: Bonnie Clark, Jim Cook

Staff Present: Jim Farrelly, Ramute “Jak” Jakubauskas, Betsy Kier

Guests Present: Adam L. Horn, SunTrust Bank

I. Welcome and Call to Order – Ms. Elizabeth Callaghan, Chair

Ms. Callaghan called the meeting of the Finance/Audit Committee to order at 4:30 p.m. Introductions were made. Ms. Callaghan requested a motion to approve the Draft Minutes from the July 14, 2010 meeting. Ms. Mulieri so moved and Ms. Martoccio seconded the motion. All were in favor with no abstentions and the motion carried.

II. Update, Brian Cronin, Financial Director

Mr. Farrelly reported that a new Financial Director has been hired; Mr. Brian Cronin is relocating from Gainesville and will begin employment on or about August 23, 2010. AWI has made a commitment to have Mr. Jack Hamilton, Financial Analyst, work with Mr. Cronin and review all AWI procedures. Mr. Cronin has thirty (30) years experience as a CFO in the non-profit arena.

III. Review, Coalition Bank Account

Mr. Horn, Vice President, SunTrust Bank, introduced himself and stated he specializes in non-profit and governmental accounts in Pasco and Hernando counties and has been with SunTrust Bank since 1997. He would like to review the Coalition’s bank accounts and address specific areas of concern such as the account that does not earn interest. Mr. Horn stated that SunTrust does have an account that earns interest and does not pass on the FDIC charges. This would benefit the Coalition by saving approximately \$198 per month in FDIC charges. He stated the interest earnings, based on the average balances over the last six (6) months, were approximately \$448. Historically, these interest balances have been used to offset the bank charges, so by earning interest separately and paying the service charges, a higher expense will be seen, but when they are joined together, the net savings would be \$180 per month.

Mr. Farrelly reminded the Committee that AWI requires the Coalition to have a bank account that accrues interest and this interest must be returned to the state. Mr. Farrelly believes the solution proposed by Mr. Horn will answer the Coalition's requirements for the state while continuing the level of banking services historically provided by SunTrust.

Mr. Horn reported that when the interest earnings do not benefit the Coalition directly, but go to another entity, the result to the Coalition would be an increase in cost, from a budget perspective, because there will no longer be an offset from the charges as the earnings credits have offset the bank charges. When the earnings credit is removed and the Coalition is not able to use the benefit of the interest earnings, a new line item in the budget or an increase to a specific line item will be seen because the Coalition is no longer receiving the offset. But, when the interest earnings and charges are net together, it will average the Coalition approximately \$180 monthly in savings.

Ms. Callaghan inquired if the entire \$180 would have to be returned to the state. Ms. Kier reported that the Coalition can retain between \$50 - \$100 per quarter in interest earnings, but the paperwork required to obtain approval to keep the interest has not been in the best interest of the Coalition. Ms. Kier feels this question should be explored further in an effort to retain some of these funds.

Mr. Farrelly stated the recommendation is to turn the Coalition's two (2) accounts into one (1) account and move this account into the type of account described by Mr. Horn to accrue interest to satisfy the state requirement. Ms. Callaghan inquired if other banks had been contacted and stated that she believed there were very few banks that specialize in this area.

Mr. Horn reported that a second account was established to keep the debit payments to providers separate from the primary account. This account was not utilized and the balance has fallen below the minimum requirement which has resulted in charges being incurred. Mr. Horn recommends consolidating this account into the primary account.

Ms. Callaghan inquired about the line of credit. Mr. Farrelly explained the line of credit versus the short term loan that was actually utilized by the Coalition. A line of credit was initially sought, but it was not feasible because of the Coalition's non-profit status and the requirements necessary from AWI so the Coalition procured a one-time, short term loan. Mr. Farrelly explained that Mr. Horn will begin to explore options for a future line of credit.

Ms. Arnett stated her concern was that the Coalition's relationship with the bank is taken for granted. She inquired how often the account would be reviewed and stated she would like to see the account reviewed at least every two (2) months. Mr. Horn stated he would be happy to set up a schedule, which would be in the best interest of the Coalition including advising the Coalition of anything that may impact the account between reviews.

Ms. Callaghan stated her concern is that the Board may question why the Coalition did not speak with and obtain a list of the services from other banks. Ms. Arnett agreed that

to protect the Coalition it would be better to obtain additional proposals. Mr. Farrelly stated he will obtain additional information and submit it for review by the next Committee meeting in September, 2010.

Ms. Kier inquired if a decision could be made to consolidate the two (2) accounts to avoid additional monthly charges. She explained that this account was set up at the beginning when Coalition services were being brought in-house to transfer money for provider payments from the operating account to pay providers. She reported that approximately \$24,000 needs to be transferred into the operating account and this second account should be closed.

Ms. Arnett inquired if the Policies and Procedures addresses the closing of an account. Ms. Kier stated the Policies and Procedures only mentions opening an account.

Ms. Callaghan requested a motion to move approximately \$24,000 from one account into the Coalition's Operating Account. Ms. Mulieri so moved and Ms. Martoccio seconded the motion. Discussion followed. Ms. Arnett inquired if the Committee has the right to close an account without Board of Director's approval. Ms. Callaghan stated that this recommendation will be presented at the next Board meeting for final ratification. The vote was called, all were in favor with no abstentions and the motion carried.

IV. Review, Fiscal & Accounting Policies – 1st Reading

Ms. Kier stated the Fiscal and Account Policies were approved at the May, 2010 Board of Director's meeting. However, as a result of the recent finance audit by AWI, additional changes need to be made. The policies need to have a process clearly stating the signing off on bank reconciliations and invoices. Currently, the policy reads that this be done by the Executive Director, but AWI requires an additional person be added. Ms. Kier stated the new changes add or Assistant Executive Director. She also reported that the Data Security, Technology and Electronic Communications Policies are now stand-alone policies, as required by AWI, and should be deleted.

Mr. Farrelly stated he would like to wait until Mr. Cronin has an opportunity to review the Fiscal and Accounting Policies and, at that time, they will be brought back to the Committee at the September, 2010 meeting for a second reading.

Ms. Callaghan requested some clarification on page 25, #5 – Documentation – as to who the documents should be given to first. Mr. Farrelly stated a prioritized list will be added. Also on page 27 – Employer Leave Record – Ms. Callaghan requested an explanation of Employee Leave Pool. Ms. Kier explained this is accrued time off that is carried over from year after year. Mr. Farrelly reported that the leave carries over, but the funds do not. Ms. Callaghan suggested inquiring of Mr. Jack Hamilton of AWI, assistance to draft a leave policy.

V. Discussion, Conducting all Future Finance/Audit Committee Meetings at 4:30 p.m.

Ms. Callaghan stated the Committee had discussed moving the Finance/Audit Committee meetings to 4:30 p.m. She stated this may not be appropriate because some of the meetings may last approximately forty (40) minutes. Ms. Arnett, Ms. Mulieri and Ms. Martoccio all agreed to begin the meetings at 4 p.m. Ms. Callaghan stated that the Finance/Audit Committee meetings will continue to begin at 4 p.m.

VI. Discussion, Next Meeting Date on September 15, 2010 at 4:30 p.m.

The Committee agreed their next meeting date will be Wednesday, September 15, 2010 at 4 p.m.

VII. Public Input

None.

VIII. Adjournment

Ms. Callaghan requested a motion to adjourn the Finance/Audit Committee meeting. Ms. Arnett so moved and Ms. Martoccio seconded. The meeting was adjourned at 5:10 p.m. without further discussion.

Respectfully submitted by,

Ramute "Jak" Jakubauskas,
Administrative Assistant