

CITY OF BEVERLY

PUBLIC MEETING MINUTES

CITY OF BEVERLY
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2021 APR 29 A 9:18

Committee: Charter Review Committee
DATE: March 24, 2021
LOCATION: Virtual Meeting
BOARD MEMBERS PRESENT: Hannah Bowen, Julie DeSilva, Richard Dinkin, Timothy Flaherty, Michael Pinciario
BOARD MEMBERS ABSENT: Stacy Ames, Paul Guanci finally joined meeting 7:05
RECORDER: Sharlyne Woodbury

~~Others present: Bryant Ayles, Scott Houseman~~

City Council Appointee(s): Chairperson and City Councilor-at-Large Timothy Flaherty; Ward Councilor Stacy Ames

Mayoral Appointee(s): Paul Guanci, City Council President-at-large

By Ordinance:

Ex Officio: Gerard Perry

This meeting is held in accordance to special meeting format as required to honor Governor Baker's State of Emergency declared due to the national crisis of COVID-19.

Chair Flaherty calls the meeting to order at 7:00 p.m. Flaherty informs the Committee the Mayor's schedule did not permit to attend tonight's meeting. The Mayor is anticipated to attend the March 31, 2021 meeting.

1. Approval of Minutes

Dinkin moves to approve the March 10, 2021 minutes as presented/amended. DeSilva Seconds. The motion carries 7-0.

Dinkin moves to approve the March 17, 2021 minutes as presented/amended. DeSilva Seconds. The motion carries 7-0.

2. Discussion with Finance Director Bryant Ayles

Perry introduces the Finance Director Bryant Ayles and begins the discussion. He asks Ayles for his thoughts on a city manager, the current budget process, the organizational direction of the finance department, and the legal opinion of the City Solicitor, Stephanie Williams. Ayles briefly outlines the best practices implemented throughout the last 8 years during his tenure. Ayles does not express any major concerns with the Charter or any aspects therein. He does not want to limit the ability of a leader to effectively lead; does not recommend instituting concrete changes within the Charter; and believes the Charter should function more as a guideline.

Desilva asks for two opinions on the topics of city manager and the City Council having a say in the audit process and selection of the auditor. Ayles starts by opining it is the mayor's role to hire competent members various appointments and for them to competently and faithfully fulfill the duties of their roles. It is the council's role to not approve of the recommendations by the mayor should there be any hesitations of an appointee competently executing their responsibilities. Ayles believes the professionals appointed to the current roles within their staff appointments perform well. Guanci reminds the

Committee that novice politicians are capable of appointing competent individuals and the city can still function with those individuals supporting the executive role. Flaherty, Guanci and Ayles discuss the recall vote and function of the city council to dismiss an incompetent mayor.

DeSilva mentions the solicitor's opinion. Ayles will not argue with it. He supports her interpretations of the Charter and feels it's a reasonable conclusion as to how the charter is drawn. Ayles refers to MA council law and language within the Charter agreeing with how the budget section is structured. Ayles admits there has been some concerns with the function of the budget and audit rotation. Ayles addresses the independent piece of the audit and the processes contained therein. There is an independent peer review and they are subject to the Comptroller of the United State. Therefore, it is in their best interest to be transparent. The auditor's responsibilities are not to expose major scandals and collusions. They're fact checking that the municipality is reporting correctly. Ayles affirms the timing is critical when working with an auditor. The firms take at least 1-2 years to establish the relationship and understand how the organization functions. Ayles mentions the turn over time with managing partners and entities of the auditors. If you're focusing on relearning, reeducating and rehiring, the extra scope of understanding and other services to fine tune the organization becomes a major burden for management to perform the audits regularly. Currently they're able to get a good product from the city and suggests keeping the responsibility with the executive function. Ayles assures the Committee individuals such as Perry, are the independent function. Perry can audit any time he wants. Ayles speaks to having the political nature exempt from the audit process. Councils can politicize the issues. If decisions are made outside the mayor's purview, it ties the mayor's ability to effectively perform.

Dinkin plays devil's advocate demonstrating how the conflict of interest can arise. Essentially when the executive office is in charge of the money, they also pick the firm to review them. Ayles counterpoints that auditing standards do not allow for collusion and to look the other way. The auditors must meet obligations promulgated to the Comptroller. There is transparency in the process and focus on integrity of financial statements. Audits are not progress reports. Ayles reviews the Sarbanes-Oxley Act 2002 using Enron as an example. Dinkin responds, all professions have standards that still do not prevent malpractice. Dinkin does not believe the City Council should solely have the function either. He would like to see an independent entity audit; effectively build a wall around the law. Make it as difficult as possible for an unscrupulous executive to be deviant.

Bowen appreciates Ayles explanations about the whole process. Seeks recommendations for what is reasonable standard for audits. Seeks a range for what's acceptable. Ayles answers engagements typically last three years. Ayles speaks to the 3-year time frame and suggests not more than 3 engagements of 3 years each. If the audit function is doing what it's designed to do there will be no stagnancy in the review process, the relationship between management and the audit is good, then keep the engagement. 6 years can be too soon. Bowen asks what other organizations have typically done where the council and public can freely inquire about the audit and processes. Flaherty offers thoughts about the audit being a watch dog entity on the administration. A lot was put into separating the functions. Flaherty provides a brief history of how the functions were separated.

Ames asks what are the expectations for the recommendation of the audit. Is the audit report an qualified or unqualified report. Ayles answers the reports should be public and transparent. Ames notes a couple of points in the audit report that were repeated and notes the timing of the report. If the point is to institute changes the report must be made available earlier in order to effect appropriate change. Ayles explains the audit report and how they implement the new comments annually provided. Perry seconds Ayles explanation and provides perspective on the management letter and the carry over of

reports from year to year. Perry offers additional thoughts and reviews the audit with Ayles, the audit itself, management letter and grant report. The audit report is required under federal guideline to be completed by March annually.

There being no further comments or discussion. No further action required at this time.

3. **Review Chapter 9**

a. 9.6

Pinciario reviews the specific language to the transitional points of school committee members. Pinciario questions if the language is obsolete. Flaherty reviews the language of the terms further explaining the pros and cons of the wording.

There being no further comments or discussion. No further action required at this time.

4. **Next Meetings, including a Public Hearing**

Flaherty goes over the Committee's role in the process for public hearings with Perry advising of the public hearing protocols. Most important, there must be a 10-day public notification. The Committee discusses the public hearing and Perry advises of the School Committee schedule. Perry will coordinate with Kent on the School Committee's meeting rotation in order to avoid scheduling conflicts for the public hearing. Guanci informs the Committee of the next City Council meeting. After some back and forth, the Committee tentatively decides to schedule the public hearing for the week of April 12th including alternative dates. Members discuss their preferences of how to effectively review the Charter structure for the public. Guanci advises providing an outline to the City Council on topics for discussion and a statement of intent.

There being no further comments or discussion. No further action required at this time.

5. **Old Business**

None at this time.

6. **New Business**

None at this time.

7. **Adjournment**

Ames moves to adjourn. DeSilva seconds. The motion carries 7-0.
Meeting adjourned at 8:22 p.m.