



**State of Rhode Island and Providence Plantations  
Water Resources Board**

Justice William E. Powers Building, Third Floor  
One Capitol Hill  
Providence, RI 02908  
(401) 574-8400 ♦ FAX: (401) 574-8401

**FINANCE COMMITTEE MINUTES  
Tuesday, October 9, 2007**

**Members Present:**

William Penn, Committee Chair  
Ian Morrison  
Jesse M. Rodrigues, Jr.

**Staff Present:**

Juan Mariscal, P.E.  
Kathleen Crawley

**Members Absent:**

**Guests Present:**

Anthony Caliri

**Call to Order**

With a quorum present, Chairman Penn called the meeting to order at 11:09 am. He directed the Committee's attention to a payment request by Bristol County Water Authority (BCWA) that is part of the Board agenda and should therefore also be reviewed by the Committee for recommendation to the Board. The Committee agreed to amend the agenda to add the item for discussion/recommendation to the board.

**Approval of Minutes**

**Motion** by Mr. Morrison, second by Mr. Rodrigues to approve the Finance Committee Meeting Minutes of September 11, 2007 and September 24, 2007. The vote in favor was unanimous and the motion carried.

**Reports**

**Chief Business Officer's Report**

**Motion** by Mr. Morrison, second by Mr. Rodrigues to approve the Chief Business Officer Report for September 2007 with the understanding that the revenue projections will be added. The vote in favor was unanimous and the motion carried.

Discussion

Ms. Crawley reviewed WRB expenditures, encumbrances and revenues through September 30. She noted that the "enacted budget" column has increased due to carryover capital funds for the Big River Management Area. She noted that expenses to date are predominantly related to personnel and that differences between the anticipated and actual expenditures are due to vacancies. Committee members asked whether there had been communication regarding the request to fill the Finance position? Ms. Crawley responded that they had not yet heard [from the Budget Office]. Discussion continued regarding the Finance position, the number of approved FTEs and included the following:

- The Board should be on the record regarding the critical need to fill the Finance position- a position that was approved in the legislature's enacted budget.
- The lack of financial staff is outrageous.
- The budget as enacted by the legislature recognizes nine FTEs and currently six are filled.

- A letter should be sent, with a copy of the management letter to the chairs of the legislative Water Commissions (Lenihan, Sosnowski, and Fox), appropriate committees and the administration saying that the Water Resources Board is critically hindered by lack of staff to be signed by the General Manager and the Chairman of the Board.
- The communication should spell out the impact on day to day operations.

**Motion** by Mr. Morrison, second by Mr. Rodrigues to recommend that the Board prepare a letter to the legislature and administration that states that that the board is being unduly curtailed in its operations and is concerned about the financial management of the agency. The vote in favor was unanimous and the motion carried.

#### **Chief Financial Officer's Report**

Mr. Penn reviewed the report, noting the two project balances and interest earned which is reflected in the administrative fund.

**Motion** by Mr. Morrison, second by Mr. Rodrigues to approve the Chief Financial Officer's Report for September 2007. The vote in favor was unanimous and the motion carried.

#### **Items for Action:**

**FY 2007 Water Resources Board Corporate Annual Audit Report** from Casale, Caliri & Jaroma

**Motion** by Mr. Morrison, second by Mr. Rodrigues to recommend that the board accept the 2007 Board Corporate Audit and management letter. The vote in favor was unanimous and the motion carried.

#### Discussion

Mr. Penn stated that he had reviewed the audit and determined that all of the suggestions that had been made at the September 24 meeting had been incorporated. He stated that he assumed, and Mr. Caliri confirmed that the surcharge collections had been reconciled. The reports are required to be sent to the repository as a requirement of the bond reissue. He asked staff to check with the bond counsel to ensure that the report is filed properly. The Committee then reviewed the letter of September 26 ("management letter"). Mr. Caliri reviewed the letter summarized as follows:

- The letter replaces the former management letter which was basically for general discussion amongst the board;
- Many of the items contained in the letter, are realistically not new items; however they were not issues that the auditor was overly concerned with
- Effective December 31, 2006 the standards board came out with twelve new standards which specifically said that if any of these matters exist they now have to be formally reported
- The report is not unusual for small organizations. The problem is today they do not want these issues to be ignored or go unaddressed. The standards come from large agencies with issues that remain unaddressed. Auditors are required to report the issues. The report, in this case needs to be submitted to the Auditor General.
- Mr. Morrison noted that the letter basically says that the board has no accounting staff which would be necessary to record the items in a timely manner.

- Mr. Penn asked about the areas control deficiencies material weaknesses and significant deficiencies.
- Mr. Morrison stated that he ran a manufacturing business and that if he had received a letter like this he would have been gone the next day. We know how to do it.
- Mr. Mariscal mentioned that an internal audit had been conducted on the board side and that they realized early on that the lack of a position was an issue. We have not yet received that report. He also noted that he had met with the Budget Officer in the past about the position and that they seemed understanding. The paperwork is in requesting the position but there has been no word yet.

### **Board Corporate Payment & Contract Approval Requests:**

#### Public Drinking Water Protection Revenue Bonds, Series 2002 Administrative Expenses (Chief Financial Officer Assistance and Bond Counsel):

**Motion** by Mr. Morrison second by Mr. Rodrigues to approve payment of Invoice # 427 in the amount of \$2,375.00 to B & E Consulting, LLC for expenses related to audit preparation. The vote in favor was unanimous and the motion carried.

#### Discussion

Ms. Crawley stated that she intends to prepare documents, consistent with state purchasing regulation for approval to retain B&E for the upcoming year. Ideally their services in relation to the audit would be needed to provide external review of financial statements and reports prepared internally. Mr. Penn stated that there is a need for the separation of duties for proper control. He noted that the fee has been allocated, as required to the two funds for proper payment.

**Motion** by Mr. Morrison second by Mr. Rodrigues to approve payment of Invoice # 441 in the amount of \$375.00 to B & E Consulting, LLC, for September Report Preparations. The vote in favor was unanimous and the motion carried.

**Motion** by Mr. Morrison second by Mr. Rodrigues to approve payment of \$315.00 to Partridge, Snow & Hahn - for legal services rendered through August 31, 2007 related to the reopening of the Phase III program and the QDC request. The vote in favor was unanimous and the motion carried.

#### Phase III Public Drinking Water Protection Program:

**Motion** by Mr. Morrison second by Mr. Rodrigues to pay RIDEM \$328.40 for legal and appraisal review services rendered to the WRB, Watershed Protection Bond Fund Program from 04/29/07 – 06/23/07. The vote in favor was unanimous and the motion carried.

### **Final FY2009 Budget Request and FY2008 Revised Budget Request**

**Motion** by Mr. Morrison second by Mr. Rodrigues to recommend to the Board adoption of the FY2009 Budget Request and FY2008 Revised Budget Request. The vote in favor was unanimous and the motion carried.

#### Discussion

- Contracted services are down while capital purchases (Big River Management Area Maintenance) have increased.

- The “target” represents an across the board 15% reduction
- The committee reviewed page 17 noting that the reductions come predominantly from Water Allocation. Some of the funds are proposed to finance the Big River RFQ/P. The main impact is to delay projects that have already been delayed in the past, specifically the Pawtuxet and the Chipuxet.
- The transmittal letter to the Governor should reference his mention of the Big River Management Area groundwater development project as a high priority for economic development. This priority is reflected in the budget request with no increase in the FY2008 budget and meeting the Governor’s target for FY2009.

### **Board and Board Corporate Office Operating Expenses**

**Motion** by Mr. Morrison second by Mr. Rodrigues to pay Konica Office Products:

1. Copier service agreement (Usage/Overages) rendered from 08/9/07 through 09/09/07 \$101.40 from the Water Resources Board (60%) and \$67.60 from the Water Resources Board Corporate for a total of \$169.00. The vote in favor was unanimous and the motion carried;
2. Copier service agreement (Monthly Lease) rendered from 09/01/07 through 09/30/07. \$211.20 from the Water Resources Board and \$140.80 from Water Resources Board Corporate for a total of \$352.00;
3. Copier service agreement (Usage/Overages) rendered from 09/01/07 through 10/01/07. \$267.24 from Water Resources Board and \$178.16 from Water Resources Board Corporate for a total of \$445.40.

The vote in favor was unanimous and the motion carried.

### **Water Facilities Assistance Program**

**Motion** by Mr. Rodrigues, second by Mr. Penn to approve Shad Factory Pipeline Requisition #3 in the amount of \$21,659.00. The motion carried with Mr. Morrison recusing.

#### Discussion

The BCWA is in the process of redesigning the new Shad Factory pipeline which connects Massachusetts reservoirs to the BCWA treatment facility. Under state law, the WRB, using General Obligation bonds is responsible for oversight and reimbursement of the project costs. The request for approval is for a progress payment for that was completed related to engineering costs for design of the pipeline and permitting. The design is 87% complete.

### **Adjournment**

**Motion** by Mr. Morrison, second by Mr. Rodrigues to adjourn. The vote in favor was unanimous and the motion carried.

Respectfully Submitted,

Kathleen Crawley, Staff Director