

1. BET Audit Comm. Meeting Documents

Documents:

[APPROVED_BET_AUDIT_COMM_MEETING_MINUTES_01-09-14.PDF](#)
[BET_AUDIT_COMM_MEETING_AGENDA_01-09-14.PDF](#)
[SUB_TO_APP_BET_AUDIT_COMM_MEETING_MINUTES_01-09-14.PDF](#)

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, January 9, 2014 – 8:00 A.M.
Gisborne Conference Room

Present:

Committee: Arthur Norton, Chairman
John Blankley, William Finger, Leslie Tarkington

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Director of Risk Management;
Pat Maranan, Internal Auditor

The meeting was called to order at 8:01 A.M.

Mr. Norton gave an overview of the BET Audit Committee's three main responsibilities internal/external audits, risk management and GAAP (General Accepted Accounting Practices) rules. Mr. Norton explained the role of Ron Lalli, Director of Risk Management.

1. Accept Minutes of Audit Committee Meeting December 12, 2013.

Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the Committee voted 4-0 to accept the December 12, 2013 Meeting Minutes.

2. Risk Management Report

- **Superstorm Sandy Settlement Report/FEMA Update**

Mr. Lalli informed the Committee that Risk Management had settled the insurance claim portion of the total Town claim for Super Storm Sandy. He disclosed the final settlement amount with the AIG Insurance Company is \$2,642,036 (two million, six hundred forty two thousand, thirty six dollars) and with the inclusion of a claim paid by the AGCS Insurance Company for a \$24,994 the total insurance claim will be \$2,667,030 (two million, six hundred and sixty seven thousand, thirty dollars). The Town has received payments equaling \$1,025,000 (one million, twenty five thousand dollars) with an outstanding balance of \$1,417,036 (one million, four hundred seventeen thousand, thirty six dollars). Recovery from FEMA might exceed \$2,000,000 (two million dollars), which is being pursued by the First Selectman's Office.

- **Vehicle Accidents Quarterly Report**

Two years ago the GPS system was introduced by Mr. Lalli in all Town vehicles. This system also offers safety monitoring such as hard acceleration, hard breaking, speeding and seat belt alerts.

Mr. Lalli detailed the vehicle trend from 2011 to December 31, 2014, noting a significant decrease in speeding and accidents. He estimated that the biggest contributing factor to a reduction in accidents was the introduction of GPS, the introduction of the Motor Vehicle Accident Report and increased driving safety training. He stated that it is his position that GPS is the largest contributing positive factor of the new implemented procedures.

- **Third Party Claims**

Mr. Lalli noted a decrease in third party claims. He stated that the two biggest contributing factors were in the reduction of third party vehicle claims from fewer accidents involving Town vehicles, and that most potential claimants are directed to his Office. He noted that frequently potential claims against the Town can be avoided by directing claimants to the party that has

primary responsibility, which may not be the Town. He noted that he reports to the Safety Council on a monthly basis.

Mr. Mynarski explained that the Finance Department enforces compliance by declining reimbursement requests for mileage vouchers, when employees use their personal vehicles for Town business.

- **Other Insurance Recoveries/Subrogation**

Mr. Lalli stated that the Town is self-insured and has had a poor history of recovery. The new Risk Management Program began April 2012 and totaled \$6,681 (six thousand, six hundred eighty one dollars) recoveries for that fiscal year. The total for 2013 was \$432,020 (four hundred thirty two thousand, twenty dollars). So far this year recoveries of \$115,346 (one hundred fifteen thousand, three hundred forty six dollars), with a possible additional \$75,000 (seventy five thousand dollars) to come.

Mr. Norton expects Frenkel & Company to attend either the February or March Audit Meeting to present the 2015 insurance programs.

3. Internal Audit Report

Mr. Norton asked for the Committee to discuss the Audit Plan out of agenda order.

- **Audit Plan 2014 - 2016**

Mr. Lalli introduced Ms. Pat Maranan to the new Audit Committee members and reviewed her contributions to internal audit. He presented the Proposed Projects and Reviews. It included nine Follow-ups to review implementation of recommendations from prior audits. The Plan also includes nine Revenue Audits, and an additional seventeen General Audits. He noted that the underlying strategy is to conduct audits based on the risk profile presented by the audit area under consideration. He explained that for auditors, one of their primary responsibilities is to audit operational areas that handle cash and revenue. He explained that the Internal Auditor tries to accommodate department heads who may request an audit, which can result in re-prioritizing of the Plan. Requested audits are often the results of a significant discovery by the Department Head and that accommodating this request was usually a very good strategy. Currently Ms. Maranan is conducting the Review of Documentation for Residency Requirements for the BOE, which BOE requested. She is sampling files for proof of residency, process consistency and fair manner policy throughout the entire system. She is hoping to report back to the Committee at the February 13, 2014 meeting.

Ms. Tarkington inquired if an audit of leases and major construction contracts verify insurance certificate compliance. Mr. Lalli said the Audit Plan is a work in progress and accommodates requests, as well as pro-active audits by the Committee.

- **Selectman's Harbor Management Advisory Committee Audit Update**

Mr. Lalli presented his findings and thirteen recommendations in response to an initial request from the Selectman's Office. Most recommendations are accounting and internal control issues. He noted that the Greenwich Harbor Management Commission has been formed comprised of seven individuals.

He stated that the Harbor Master has cooperated with the Town and has worked with the Town approved vendor. He stated that the Harbor Master discovered, on his own, approximately 200 (two hundred) moorings which had not been previously documented or paid for. He noted that this was a significant discovery by the Harbor Master.

Ms. Tarkington questioned the fee fluctuation over previous years. Mr. Lalli replied that the fees are set by the RTM and not an Internal Audit issue but a policy issue. Mr. Finger and Mr. Lalli discussed enforcement procedures.

Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the Committee voted 4 to 0 to accept the Selectmen's Harbor Management Internal Audit Review and for its recommendations to be implemented.

4. McGladrey Payroll Audit Update

The request for this Capital Project Request originated from Ms. Pepe, Director of Human Resources to review the new Payroll System and Human Capital. ADP was selected unanimously, but during the process errors in the payroll system process were discovered. Ms. Pepe requested assistance from Mr. Mynarski who contacted McGladrey to begin an audit of best practices of the Town's payroll process. In December McGladrey conducted an on-site payroll department evaluation, after Ms. Pepe expressed her dissatisfaction with the initial audit.

Mr. Mynarski is expecting a conference with McGladrey on January 15, 2014 and he will present this audit to the Committee at the February 2014 meeting. Six ADP implementers will be placed in the Finance Department and Treasury while parallel payrolls will be run during the summer of 2014. The new ADP payroll system will go live October 1, 2014.

5. Management Letter Comments Update

The initial draft of the letter was presented at the November 2013 Audit Committee Meeting. It was then presented at the December 2013 BET Meeting for approval to allow borrowing. Only two items remain open: Pension Benefit Payments and Payroll System Deductions.

6. Items for Future BET Audit Committee Meetings

In February Mr. Norton suggested that Frenkel & Company attend the Audit meeting to address Engineering Reports. Mr. Lalli added that the Review of Documentation for Residency Requirements for the BOE could possibly be ready.

March will cover the 3rd year contract with McGladrey. May will include an Executive Session with McGladrey and April will have Charge Offs.

7. Adjournment

Upon a motion by Ms. Tarkington, seconded by Mr. Finger, the Committee voted 4 to 0 to adjourn the meeting at 10:30 A.M.



Arthur D. Norton, BET Audit Committee Chairman



Elaine JV Brown, Recording Secretary



**TOWN OF GREENWICH
BOARD OF ESTIMATE & TAXATION**

AUDIT COMMITTEE MEETING

Thursday, January 9, 2014

8:00 A.M.

Gisborne Room

AGENDA

1. Accept BET Audit Committee Meeting Minutes of December 12, 2013
2. Risk Management Report
 - Superstorm Sandy Settlement Report/FEMA Update
 - Vehicle Accidents Quarterly Report
 - Third Party Claims
 - Other Insurance Recoveries/Subrogation
3. Internal Audit Report
 - Selectman's Harbor Management Advisory Committee Audit Update
 - Audit Plan 2014-2015
4. McGladrey Payroll Audit Update
5. Management Letter Comments Update
6. Items for Future BET Audit Committee Meetings
7. Adjournment

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