1. BET Audit Comm. Meeting Documents

   Documents:

   BET_AUDIT_COMM_MTG_AGENDA_01-11-18.PDF
   REVISED_BET_AUDIT_COMM_MTG_AGENDA_01-11-18.PDF
   FINAL_SUB_TO_APP_BET_AUDIT_MINUTES_01-11-18.PDF
   APPROVED_BET_AUDIT_MINUTES_01-11-18.PDF
AUDIT COMMITTEE MEETING
Thursday, January 11, 2018
8:00 A.M.
Gisborne Room

AGENDA

1. Acceptance of the BET Audit Committee Meeting Minutes of December 20, 2017

2. Internal Audit Report
   • Audits-in-Progress:
     o Approval of the Cash Handling Report in the Office of the Town Clerk
     o Grass Island Waste Water Treatment Plant – Septic Disposal Audit

3. Risk Management Report
   • Tools for Schools Update
   • Chubb Property Risk Recommendations

4. Old Business

5. New Business
   • Recommendations to the First Selectman’s Cash Handling Task Force
   • Audit of Scrap Metals Handling by Town of Greenwich Departments

6. Items for Future BET Audit Committee Meetings

7. Adjournment
REvised Agenda

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   • Audit of Scrap Metals Handling by Town of Greenwich Departments

6. Items for Future BET Audit Committee Meetings

7. Adjournment
Present
Committee: David Weisbrod, Chairman; Andreas Duus, Debra Hess, Jill Oberlander

Attendees: Peter Mynarski, Comptroller; Melinda Frame, Internal Auditor; Megan Damato, Esq., Risk Manager; Carmella Budkins, Town Clerk; Kimberly Jordan, Assistant Town Clerk; Amy Siebert, Commissioner Public Works; Richard Feminella, DPW Waste Water Division Manager

Others: BET Members: Michael Mason, Leslie Moriarty, Leslie Tarkington

The regular meeting was called to order at 8:32 A.M.

1. Acceptance of Audit Committee Meeting Minutes of December 20, 2017

Upon a motion by Ms. Oberlander, seconded by Ms. Hess, the Committee voted 4-0 to accept the December 20, 2017 Meeting Minutes, as amended.

Agenda items were taken out of order.

3. Risk Management Report

Tools for Schools Update
Ms. Damato reviewed her responsibilities as Risk Manager. An important task is to ensure reasonable premiums and adequate coverage for the Town of Greenwich (TOG) insurance coverage, while partnering with Frenkel & Company, brokers. Mr. Irizarry, Senior Vice President at Frenkel & Company will attend the March meeting to present updates on the current market going into renewals for FY 2019. He will return in July to review policy renewals for June 30, 2018. A few of the Town and Board of Education policies renew in August and September.

Mr. Weisbrod questioned the effect the recommendation for sprinkler system installations, in the Chubb report, would have on insurance premiums. Ms. Damato stated that it should not have any bearing on premiums. She plans to meet with Mr. Monelli, Superintendent Building Construction and Maintenance regarding the Chubb recommendations. Mr. Weisbrod asked for her to investigate other ways the Town responds to this issue. Currently there are procedures in place (extinguishers, fire drill, etc.) but Ms. Damato will follow up with Mr. Kick, Assistant Fire Chief for additional information to forward to Chubb.

Ms. Damato continued with some of the other areas covered by Risk Management:
- 3rd party administrative duties with the Law Department on claims
- GPS vehicle system monitoring
- Permit to Drive List
- Defensive Driving Class
- Safety inspections (including BOE)
- Nurse and student injury reports
2. Internal Audit Report
   - Audits-in-Progress:
     - Approval of the Cash Handling Report in the Office of the Town Clerk
       Mr. Weisbrod noted that the recommendations by the Internal Auditor and Management Responses do not agree in the report and, therefore, he could not recommend that the Committee approve the audit.

       Mr. Weisbrod asked the Town Clerk’s Office if there is a working capital imprest account in the department, if segregation of duties for receipt of cash and checks is being practiced and if daily reconciliation of cash and checks by respective activity is being conducted. Ms. Jordan replied that there is a working cash fund of $50.00 (fifty dollars) in Town Clerk and $25.00 (twenty-five dollars) in Vital Statistics that is occasionally used. The Town Clerk’s Office agreed that imprest accounts, segregation of duties and separate reconciliation of check and cash payments are appropriate cash management controls. Mr. Weisbrod stated that management’s written responses to the report’s Audit Recommendations were confusing and if management agrees with the recommendations then the responses in the Audit Report should simply state the department’s agreement.

       Ms. Jordan explained the State’s reporting requirements for Dog Licenses and noted that the office is no longer substituting checks for cash.

       Ms. Hess noted some GASB (Government Accounting Standard Board) references for Ms. Frame to review in the audit. Mr. Duus questioned whether a cashless system would be an improvement.

       Mr. Weisbrod ended the discussion stating that the audit raised simple issues of financial practices which the Office of the Town Clerk needed to address via their written responses. He emphasized the importance of the integrity of the Internal Audit function. Ms. Hess agreed. In addition, Ms. Hess expressed the view that with respect to the Town Clerk audit all collections were accounted for and in Ms. Hess’ view there is no impropriety. Ms. Hess said that the observations in the report relate to practices that may not be the best and could be improved but Ms. Hess was of the view that the practices are not illegal and Ms. Hess took issue with the tone of the audit report.

5. New Business
   - Recommendations to the First Selectman’s Cash Handling Task Force
     Mr. Mynarski stated that the Task Force met on December 7, 2017 to discuss the scope:
       - Town-wide cash handling locations - Treasury staff currently compiling
       - Elimination of cash collections – will review impact on public relations, investigate installation of change machine in Town Hall
Credit card usage – internal and external, currently 3 cards in use by Finance, Police and IT
Travel and Entertainment Expense Policy
Scrap Metal Policy – First Selectman drafting

• Audit of Scrap Metals Handling by Town of Greenwich Departments
  Mr. Mynarski stated that the Chief of Police has requested additional time for the department to complete its investigation. Currently the First Selectman is collecting data. Ms. Siebert added that the First Selectman has requested present and historical procedures for scrap metal handling. Mr. Mynarski will defer the audit till the completion of the Cash Handling Task Force’s work, hopefully within a 6-month period.

2. Internal Audit Report
  • Audits-in-Progress:
    Grass Island Waste Water Treatment Plant – Septic Disposal Audit
    Ms. Siebert explained the interaction between the Grass Island Facility and septic haulers and the issuance of pre-paid permit books for haulers through DPW. Ms. Frame continued that the purpose of the audit was to review private hauler revenues and procedures. The audit disclosed that an honor system is used for septage disposal reporting and there was no evidence of favors or kickbacks.

    Ms. Siebert detailed possible management improvements, including:
    - Improve contact with haulers: truck info, hauling capacity, etc.
    - Reviewing current computer monitoring capabilities
    - “Virtual” doorbell upon haulers arrival
    - Hauler spot checks
    - Consultant reviewing feasibility of installation of scale with consideration of cost, maintenance, weather proofing, flooding issues and life cycle costs
    - New rules and procedures implementation with assistance from Ms. Frame

    Numerous suggestions were posed: monitoring of dumping time, license haulers (currently by State), fixed charges per truck capacity. Ms. Moriarty questioned lost revenue and a possible flat fee for haulers may be a solution. Ms. Hess questioned whether land parcels and haulers are tracked. Ms. Siebert replied that the Health Department monitors septic systems but not maintenance. Mr. Weisbrod noted the plant is closing in on its nitrogen removal capacity which may affect future capital plans. Ms. Hess also inquired about the cost of implementing the various improvements vs. the benefits in the amount of potential lost revenue.

    Mr. Mason stressed the importance of this audit and the cash handling issue in reference to the investigation of a 28-year Town employee and possible theft by vendors.

    Ms. Oberlander emphasized the Committee’s need for completion timelines and stated that the Town does not recognize an honor code as an acceptable control practice. She asked for Ms. Siebert to return with projected dates. Ms. Siebert noted higher priorities lately have hampered the Department’s response and the plant currently is short staffed which may affect deadlines for implementation.

Mr. Duus asked about management reporting lines for the Internal Auditor function. Mr. Mynarski replied that the candidate is hired by management but reports to the BET Audit Committee. He
noted that an internal auditor and an audit committee is rare in CT municipalities. He will investigate the reporting lines of the internal audit function outside CT with the external auditors RSM US LLP.

Mr. Weisbrod suggested a review of the audit calendar for future items. Ms. Hess recommended an enterprise risk assessment be performed across the Town. It would be helpful in identifying risks and then enable the Audit Committee to implement a 3 to 5 year plan to perform internal audits of those risks.

4. Old Business
   None

6. Items for Future BET Audit Committee Meetings
   None discussed.

7. Adjournment

   Upon a motion by Ms. Oberlander, seconded by Ms. Duus, the Committee voted 4-0 to adjourn the meeting at 11:12 A.M.

The next Audit Committee Meeting is scheduled for February 8, 2018 at 8:30 A.M. in the Gisborne Room.

SUBJECT TO APPROVAL

Elaine JV Brown, Recording Secretary

David Weisbrod, BET Audit Committee Chairman
BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, January 11, 2018 – 8:30 A.M.
Gisborne Conference Room

Present
Committee: David Weisbrod, Chairman; Andreas Duus, Debra Hess, Jill Oberlander

Attendees: Peter Mynarski, Comptroller; Melinda Frame, Internal Auditor; Megan Damato, Esq., Risk Manager; Carmella Budkins, Town Clerk; Kimberly Jordan, Assistant Town Clerk; Amy Siebert, Commissioner Public Works; Richard Feminella, DPW Waste Water Division Manager

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   - GPS vehicle system monitoring
   - Permit to Drive List
   - Defensive Driving Class
   - Safety inspections (including BOE)
   - Nurse and student injury reports
Participation in Tools for Schools biannual air quality reviews

Mr. Weisbrod questioned whether the Town has a resiliency plan in case of a catastrophic event. Mr. Mason explained how the Police Center is a complete stand-alone structure built for such instances. Board of Education (BOE), Nathaniel Witherell, Police have their own servers per Mr. Mynarski. Ms. Hess recommended a review of a disaster recovery plan to be completed every 2-3 years and asked for a possible IT presentation regarding this concern.

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