1. BET Audit Comm. Meeting Documents

   Documents:

   BET_AUDIT_COMM_MTG_AGENDA_01-14-16.PDF
   SUB_TO_APP_BET_AUDIT_MTG_MINUTES_01-14-16.PDF
   APPROVED_BET_AUDIT_MINUTES_01-14-16.PDF
TOWN OF GREENWICH
BOARD OF ESTIMATE & TAXATION

AUDIT COMMITTEE MEETING
Thursday, January 14, 2016
8:00 A.M.
Gisborne Room

AGENDA

1. Approval of the BET Audit Committee Minutes:
   • BET Audit Committee Meeting December 10, 2015

2. Risk Management Report
   • Risk Management Responsibilities
   • Insurance Policy Digest
   • Safety Inspections Update
   • FEMA Update

3. Internal Audit Report
   • Audit Plan

4. New Business

5. Old Business

6. Items for Future BET Audit Committee Meetings

7. Adjournment
Present Committee: Arthur Norton, Chairman; John Blankley, Michael Mason, Jill Oberlander

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Director Risk Management; Pat Maranan, Internal Auditor; Elizabeth Krumeich, BET Member

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

1. Acceptance of Audit Committee Minutes:
   - Audit Committee Meeting December 10, 2015

   Upon a motion by Mr. Blankley, seconded by Mr. Mason, the Committee voted 4-0 to accept the December 10, 2015 Meeting Minutes as submitted.

Mr. Norton welcomed the new Committee Members and gave a brief overview of the Committee’s four areas of responsibility: the Fiscal Annual Audit, Internal Audits, Risk Management and accordance with GAAP (Generally Accepted Accounting Principles) this Committee serves as the Governance Committee.

Jose Inzarry, Sr. V.P., Frenkel & Company will be attending the February meeting to present an insurance market preview. Mr. Lalli expects a substantial increase in general liability insurance costs for fiscal 2017, because of market conditions in our experience.

In March we will review the engagement of RSM McGladrey for fiscal 2016. In May, there will be an Executive Session with RSM McGladrey to direct their focus for the final year of their five year contract as external auditor for the TOG. January 2017 Mr. Mynarski will begin the RFP process to determine an external auditor to contract for another five year term.

2. Risk Management Report
   - Risk Management Responsibilities

Mr. Lalli detailed the purpose and functions of Risk Management. Risk Management is responsible for filing subrogation insurance recoveries for the Town. Since 2013 $3,331,210 (three million, three hundred thirty one thousand, two hundred ten dollars) has been recovered. This takes a considerable amount of his time. Other duties are: the FEMA reimbursement process, management of safety inspections, defensive drivers’ classes, maintenance of Permit to Drive List, maintenance of accident data, reporting GPS data and safety alerts, annual review of employee and TOG volunteer driver’s license records with DMVs, claims avoidance processes, claim support processes, budget development and renewal of all insurance contracts, incoming claimant calls, risk transfer techniques, approving the insurance requirements for all Town contracts and permits and various insurance certificate administration efforts. Most of this information is retained in databases that were originally developed by, and maintained by, Risk Management. Mr. Lalli also supervises the Internal Audit Department.
• **Insurance Policy Digest**

Mr. Lalli detailed the fiscal 2016 insurance and actual contract amounts from prior years. Fiscal Year 2016 has projected $255,922 (two hundred fifty five thousand, nine hundred twenty two dollars) favorable. There is a reduction in auto claims versus the town and fewer payments to third parties for repair damages to Town vehicles. CIRMA fees for liability auto and property small claims ($5,000, five thousand dollars) are now handled in house, eliminating a substantial amount of investigation fees.

There are major reserve issues with open liability lawsuits that will pressure the general liability contracts. Although Risk Management has little control over their budget lines, the excess workers’ comp and school sports accident insurance in recent years have trended poorly. Since few carriers offer Excess Workers’ Compensation coverage, this results in less competition and higher premiums. Deductibles may have to be increased to reduce premiums. The School Sports Accident history for the first six months of Fiscal 2016 has been the best in recent years.

Mr. Mason questioned civil insurrection coverage, covered by the TOG general liability per Mr. Norton. Property Deductible, Named Storm Deductibles and Excess Flood Coverage for eleven TOG locations totals were reviewed. Mr. Blankley questioned Protection and Indemnity of the 22 (twenty two) TOG vessels, particularly the cost of ferry replacement. Ms. Oberlander noted that some term dates needed correction in the document.

• **Safety Inspections Update**

Mr. Lalli presented the resume of a current safety inspector used by Risk Management, Mr. Harry P. Mirijanian and noted his extensive experience. The Safety Inspector works closely with Risk Management.

A safety inspection of the Fleet Department, with Mr. Mirijanian, has been completed. Most areas of concern will be immediately addressed by the Department of Public Works. One open item, where further investigation will be needed, is a draft recommendation of an entrance gate to protect the Fleet Facility.

The Cos Cob Pump Station safety recommendations are moving forward. DPW has already made some repairs and is in the process of hiring various vendors for some of the remaining repairs.

Mr. Lalli updated four prior railroad station inspections (Greenwich Plaza, Riverside, Cos Cob and Old Greenwich). Repair recommendations have to be approved by the State for funding (e.g. Cos Cob Station’s wooden stairs and Riverside Station’s center stair rail) which is a time consuming process being spearheaded by Mr. Monelli for completion.

• **FEMA Report Update**

Prior to Risk Management leading the Superstorm Sandy’s FEMA recovery in 2014, the process had been the responsibility of individual departments, then the First Selectman’s Office. This delayed worksheet submissions and recoveries. Currently two of the initial eight project worksheets remain open. Island Beach granted its third extension till October 30, 2016 will be completed by the end of spring, and Great Captain’s Island Worksheet which is at the Federal level for document review.

3. **Internal Audit Report**

• **Audit Plan**
The Committee reviewed the proposed schedule for the new Committee’s term of two years. Mr. Norton suggested that “Review of Permit Documentation” and “Review of Non-Automated Site that Dispense Fuel” begin. Mr. Blankley proposed the review of “Payroll” and “Purchasing”. Since a new Director of Purchasing will be hired later this year, this review will be scheduled at a later date.

4. New Business
Not addressed.

5. Old Business
Not addressed.

6. Items for Future BET Audit Committee Meetings
Mr. Lalli plans to retire approximately during the August or September time frame of calendar year 2016. He requested that he not be asked to train a replacement until after the June 30, 2016, when expiring contracts are renewed, and suggested that he could train a replacement during August of 2016. He offered his services beyond August if necessary to train a replacement. He preferred to train an in-house employee who is already knowledgeable of the many systems and people who comprise the Town.

7. Adjournment

Upon a motion by Mr. Blankley, seconded by Mr. Mason, the Committee voted 4-0 to adjourn the meeting at 10:02 A.M.

The next meeting of the Committee is scheduled for February 11, 2016 at 8:00 A.M. in the Gisborne Conference Room.

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Arthur D. Norton, BET Audit Committee Chairman

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Elaine JV Brown, Recording Secretary
Present Committee: Arthur Norton, Chairman; John Blankley, Michael Mason, Jill Oberlander

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*BET Audit Committee Meeting Minute January 14, 2016 – Approved*
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