

1. BET Audit Comm. Meeting Documents

Documents:

[APPROVED_BET_AUDIT_COMM_MEETING_MINUTES_03-08-12.PDF](#)
[BET_AUDIT_COMM_MEETING_AGENDA_03-08-12.PDF](#)
[SUB_TO_APP_BET_AUDIT_COMM_MEETING_MINUTES_03-08-12.PDF](#)

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, March 8, 2012 – 8:00 A.M.
Gisborne Conference Room

Present:

Committee: Arthur Norton, Chairman
Gregory Bedrosian, Robert Brady, Sean Goldrick

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Special Projects Coordinator;
Patricia Maranan, Internal Auditor; James McDonald, Fire Marshal; Roger
Lulow, BOE Superintendent of Schools; Ben Branyan, BOE Business
Administrator; Leslie Moriarty, Chairwoman BOE; Lisa Beth Savitz, PTA
Council

Others: Mary Lee A. Kiernan, BET Member

The meeting was called to order at 8:03 A.M.

Mr. Norton began the meeting with a brief synopsis of the BET Audit Committee's responsibilities and purpose. Following the Town's Charter specifications, the Committee is responsible for internal controls, operational plans and accounting practices of the Town, as well as the selection of the External Auditor and internal audits to be performed.

1. Approval of Minutes of the BET Audit Committee Meeting

Upon a motion by Mr. Brady, seconded by Mr. Bedrosian, the Committee voted 4 - 0 to approve the February 16, 2012 Minutes.

2. Internal Audit Report

Board of Education Procurement and Payment Review

Mr. Norton introduced this limited scope audit performed by Mr. Lalli and Ms. Maranan, encompassing the accounting and procurement procedures which were used at the BOE. He continued by complimenting the BOE and the Fire Marshal for their cooperation and services to enable the completion of this audit.

Mr. Lalli clarified the scope of the "*Internal Audit Report: Review of Internal Controls for the Procurement and Payment Cycle of Selected Contracts and Activities*" adding that it was not a review of the entire BOE. He briefly explained the history of this audit noting the BOE's outstanding assistance and well defined documentation.

Mr. Lalli explained to the Committee the extent of an internal audit, noting that sources, titles and personnel issue are not always divulged. He added that if cooperation is lacking during an audit, he is instructed to make the Committee aware of such actions.

Mr. Lalli then began reviewing the findings and recommendations noted in the audit.

Recommendation I: The BOE and the Town's Purchasing Department should pursue the possibility of creating one common list of approved service vendors. To allow for practical BOE utilization of Town vendors, access to the Town's T Drive has to be afforded to selected BOE personnel resulting in improved internal controls.

Recommendation II: For those contracts not covered by service agreements, the change order authorization matrix should include high-ranking BOE officials, including the Superintendent. Mr. Lalli then examined the *Contract Supplement Form* used by the Town, which will be tailored for the BOE's requirements.

Mr. Lalli continued with the audit's findings regarding Integrated Systems Specialist (ISS) Contracts. He concluded that internal controls for selected procurement and accounts payable transactions had failed. He added that risks were incurred due to the lack of proper fire suppression system inspections.

Mr. Norton explained that during an Executive Session at the December 2011 BET Audit Committee Meeting some safety issues were discussed which initiated this audit at the BOE.

Mr. Lalli returned to his presentation.

Mr. Brady noted a wording error on Page 9, second paragraph "*payments*" should be "*services*". Mr. Lalli concurred.

Recommendation III, IV, V, VI & VII: Documentation of accounts payable transactions should include service tickets, receiving report, shipping document, etc. These tickets should be signed by the vendor whenever possible and always signed by the custodian and/or principal. Also, that the BOE should endeavor to issue change orders before the transaction occurs. The BOE should revisit its monitoring practices for compliance with statutory requirements for performance bonds and payment of prevailing wages. Change orders should include more explanatory comments as to the reason for the request. And finally, a Building Department permit should be obtained for the installation of the Carbon Monoxide (CO) Detectors. Mr. Lalli added that all of these recommendations have already been implemented by the BOE.

Mr. Lalli continued his review of safety risks while thanking the Fire Marshal for his assistance and cooperation during the audit. The inspections consisted of a review of several contracts regarding safety inspections of fire alarm systems as well as fire suppression systems and equipment. Mr. Lalli then presented his recommendations as follows:

Recommendation VIII: The Fire Marshal's Office should conduct full inspections of all BOE facilities to comply with the Connecticut Fire Safety Code and good practical business practices. Mr. McDonald confirmed that all BOE inspections will be completed by the end of March 2012.

Recommendation IX: Copies of vendor service ticket inspections should be forwarded to the Greenwich Fire Marshal's Office. BOE has also agreed to this recommendation.

Mr. Brady directed questions to Mr. Lalli in regards to inspection costs, the Town's recourse on failed inspections, subcontractors and contractual obligations. Mr. Lalli replied that the costs are usually moderate, the Facilities Department and the Fire Marshal's Office should be notified of inspection failures and that vendors are required to provide insurance verification to the Town.

Recommendation X, XI and XII: The Fire Marshal's Office should be notified of any significant fire alarm system or equipment abnormalities noticed by BOE personnel. In accordance with NFPA 72 all inspections and services performed on the fire alarm systems should be recorded to a service log. BOE Contracts for fire alarm inspection services should be improved for various provisions addressing the use of subcontractors. Mr. Lalli detailed three proactive controlled steps needed to achieve this recommendation.

Mr. Lalli stated that once the audit has been approved, Mr. Branyan will write a standard operating procedure for the BOE, incorporating these recommendations. He added that in the future he would like to visit other TOG facilities to review logs to assure compliance.

Recommendation XIII: Request for Proposal (RFP) for fire alarm and fire suppression inspections and maintenance services should be reviewed by the Greenwich Fire Department's Fire Marshal's Office. The actual fact that this review will be taking place should be formally written into the RFP. At this point Mr. McDonald stated that he would be more than willing to also review prospective vendors and offer guidance to the BOE.

Mr. Brady questioned the shift of the responsibility for procuring inspection vendors to the Fire Marshal instead of building facility departments, as currently done. Mr. Lalli agreed that it is a valid concept and will review it when he conducts his audit of the Fire Marshal's Office in the near future. Mr. Lalli noted that the Fire Marshal's Office has limited administrative assistance to procure these contracts.

Mr. Lalli then continued with the review of Life Safety Service and Supply, Inc. who was responsible for the inspection of fire suppression systems such as sprinklers, hood systems and individual extinguishers. He determined that the company had failed the BOE by not performing quarterly yearly inspections.

Recommendation XIV: The BOE should incorporate this simple but important step into a BOE standard operating procedure. BOE facilities should monitor that these inspections are being conducted on a timely basis. Mr. Lalli then referred the members to Addendum III regarding a Greenwich High School facility violation. He continued that the Fire Marshal immediately assigned an investigation into the inquiry and that the violation has been cleared as of February 20, 2012.

Mr. Lalli concluded by saying that he appreciated the trust that was formed with the BOE while performing this review and was assured that the recommendations will be implemented by the end of 2012.

Mr. Goldrick questioned whether Mr. Branyan was comfortable with the outcome to which Mr. Branyan answered "yes". Mr. Brady raised the possibility of safety inspections for other Town facilities by the Fire Marshal's Office and noted another correction on Page 19 in the listing. "*Queen Anne Building*" should be changed to "*Innis Garden Cottage*".

Upon a motion by Mr. Brady, seconded by Mr. Bedrosian, the Committee voted 4 - 0 to accept and approve the "*Internal Audit Report: Review of Internal Controls for the Procurement and Payment Cycle of Selected Contracts and Activities*", with the two typographical corrections, and that the recommended policy changes be implemented by the Board of Education.

Parks & Recreation – Winter Storage Marina Update

Ms. Maranan presented updated numbers of unpaid boats which has seen a drop of 80% (eighty percent) since the initial audit conducted in 2006. Since last month the number has decreased from 45 (forty five) to 22 (twenty two), noting a significant improvement. Mr. Lalli stated that a formal report will be presented at the BET Audit Committee's April 12, 2012 Meeting. Ms. Maranan added that the unknown positions at Greenwich Point has gone from 52 (fifty two) to 0.

Town Purchasing Audit Update

Mr. Lalli stated that he has kicked off the audit by creating a database of all insurance documentation and will be reviewing contracts and internal controls currently implemented. Mr. Norton questioned the filing of endorsements noting that it is a risk management function. Mr. Lalli acknowledged the issue stating that he will be proactive in examining this issue with this current audit.

Petty Cash Update

Mr. Lalli announced that they have spent approximately one week reviewing 40 (forty) to 50 (fifty) accounts, with half being cash working funds. He has already discovered that the TOG employees responsible for petty cash handling in the MUNIS system need to be reviewed and updated.

Mr. Norton expressed the Committee's gratitude for all of the internal audits presented at the meeting.

3. Risk Management Report

Status Report Risk Manager Position

Mr. Mynarski announced that the Risk Manager position has been filled by Mr. Ron Lalli as of February 27, 2012. Mr. Mynarski stated that he will be meeting with Ms. Pepe, the new Director of Human Resources and Mr. Al Cava, Director of Labor Relations regarding the implementation of workers' compensation into the HR Department. He also indicated that Frenkel & Company will be present at the Audit Committee's July 12, 2012 Meeting for their annual renewal.

4. Discussion – External Auditor Selection Process

Mr. Norton stated that Ms. Joan Sullivan, Director of Purchasing and Administrative Services will take part in the two day interviews stating today, March 8, 2012 and tomorrow Friday, March 9, 2012.

5. Old Business Item Review

No items were discussed.

6. Discussion – Greenwich Library Sources of Financial Support Agreement

Mr. Norton explained the history of the Sam Stowell Agreement between the TOG and Greenwich Library concerning the Greenwich Library's sources of financial support. He stated that he has been directed by the BET Chairman to review this agreement and to start a dialogue to enhance or improve the agreement for the TOG. Mr. Norton noted how basic library functions have changed since the creation of this agreement over 21 (twenty one) years ago. He then challenged the members to review the document and suggest changes/modifications which can be made.

Ms. Kiernan gave a short description of the background of the Greenwich Library regarding building and land owners and the Peterson Trust. Mr. Norton stated that the Stowell Agreement is actually a memorandum with no signatures and questioned its relevance in 2012. He added that the challenge will be for the members to prepare suggestions to rewrite or revise this document making it relevant in 2012.

7. Items for future BET Audit Committee Meetings

No items were discussed.

8. Adjournment

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 4 - 0 to adjourn the meeting at 10:03 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, March 8, 2012

8:00 A.M.

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AGENDA

1. Approve BET Audit Committee Meeting Minutes - February 16, 2012
2. Internal Audit Report
 - Board of Education Procurement and Payment Review
 - Parks & Recreation – Winter Storage Marina Update
 - Town Purchasing Audit Update
 - Petty Cash Update
3. Risk Management Report
4. Discussion - External Auditor Selection Process
 - March 8, 2012 - Interviews, Parks & Recreation Meeting Room
 - March 9, 2012 - Interviews, Mazza Meeting Room
5. Old Business Item Review
6. Discussion - Greenwich Library Sources of Financial Support Agreement
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SUBJECT TO APPROVAL