

1. BET Audit Comm. Meeting Document

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**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION AUDIT COMMITTEE
MINUTES
THURSDAY, MARCH 9, 2006
GISBORNE ROOM, 8:00 A.M.**

Present: Robert Stone, Chairman; James Himes, Larry Simon, Leslie Tarkington;

Michael Mason, William Finger, BET Liaisons to the Board of Parks and Recreation

Staff: Peter Mynarski; Comptroller; Chris DeMeo, Risk Management Director; Ron Lalli, Internal Auditor; Joan Sullivan, Purchasing Agent

Other: Chris Antonik, Sylvester Pecora, Chris Von Keyserling, Ian Macmillan, Frank Mazza

The meeting was called to order at 8:00 A.M.

CONDITION OF TOWN MARINA'S

Mr. Stone stated that following the January 3, 2006 meeting of the BET, Mr. Himes and some of the other Board members found that some of the comments made concerning the insurance issue (which was resolved that night) and conditions at the marina's needed further review. The subject was eventually referred to this Committee. Those speaking on the subject of the January meeting were invited to address the Committee for up to 5 minutes, specifically limiting their comments to those areas concerning possible exposure to the Town of liability because of conditions in or around Town operated marinas.

Those addressing the Committee and their remarks:

Mr. Chris Antonik, Vice Chair of the Friends of Grass Island:

Mr. Antonik has been a boater at Grass Island for over 30 years. He read a letter (written to Mr. Stone) into the record, which listed what he believes to be possible liabilities at Grass Island. The key points are summarized as follows:

- Commercial tractor trailers off loading vehicles at Grass Island (may have been resolved)
- Unsafe conditions at the boat launch and ramp. There is a large hole at the end of the boat dock that presents a hazardous condition at low tide.
- No fire fighting water lines at the fuel dock.
- No "Boat Fueling" signs are not posted: it is against state law to fuel a boat at these docks and it should be posted as such.
- Public restrooms unsanitary, wet floors. No hot water.
- Unsafe fork lifting of large town floats.

- Proper "No Parking" signs are not posted on the entrance road. This is a two lane road and only one sign is posted. When sidewalks were re-done, the signs were never replaced.
- The kayak rack is off of the main road and vehicles are parked in front of it, off loading and causing traffic problems. It should be moved.
- Dredging: negligence in keeping a safe depth in the main dock area could cause a sailboat to suddenly hit bottom, causing injury.
- Public docks need more maintenance. Loose screws, rotting wood and no electricity.
- Broken stanchion at the south dock, reported to be loose a year ago. A month ago, a storm caused the entire electrical system to fall into the water, and there is presently no power at that dock.
- Control of non-residents using the park. Children climbing on the rocks and fishing off of the walls. It should at least be posted.
- Staff the entrance booth. The Dock Master is there only on a part time basis.
- More police patrol.
- Trees were planted and one was recently cut down by a fisherman.
- A system for boaters to speak that will address boaters concerns and complaints.
- Mr. Antonik would also like to see the position of Boat Coordinator eliminated, and the installation of full time Dock Masters with the authority to enforce the rules.
- Mr. Antonik suggested having a boating manual available for the boaters. He said he has requested it 4 times from the Dock Master, and was told it does not exist.

Mr. Simon asked if the town is obligated to supply electricity, and Mr. Antonik responded that he believes so, and that past practice has always been for the dock to have electricity on it. There is winter storage there, and also machines that would keep ice from forming, if necessary, by causing the water to bubble, and preventing the docks from freezing. Without electricity, there is no way to keep battery chargers from running.

Mr. Chris Von Keyserling:

Mr. Von Keyserling spoke to the ways of reducing risk. He sees not a question of liability, but a lack of oversight and management of the situation. With proper management, most of the problems would be addressed. Properly trained and accountable Dock Masters would eliminate negligence. Mr. Von Keyserling also believes that a policy for risk management and prevention needs to be developed. Costs for full time Dock Masters could be offset by user fees.

Mr. Sylvester Pecora:

Mr. Pecora presented copies of photographs and a list of his concerns, summarized as follows:

- Trucks at Grass Island. Police are aware of problem's in this area; ongoing discussion by Selectmen.
- Pickett fence improperly maintained keeps blowing over.
- Holes in the ground from removal of barriers have been there for four- six months, causing a safety hazard.
- Electrical panel falling into the water.
- Slippery ramp
- Less than adequate communication with the Marine Division.
- Need for full time Dock Masters.

Mrs. Tarkington suggested having the original photos instead of copies would be helpful.

Mr. Himes asked if a resource for best management of marinas was available to assist with some of the concerns, and Mr. Pecora said that part of the problem is that Bill Bennett had met with management and discussed issues, mostly concerning sailboats. The resulting list is posted in the Dock Masters shed at Grass Island. Mr. Bennett had attempted to follow through with the informal set of rules, and was unable to do so. Regardless of having a good plan and a list of rules, it is of no use if proper follow up is not in place.

Placement of poppets was discussed. If they aren't chained together properly or stored properly, the result could be a sail and mast blowing over, damaging anything surrounding the sailboat.

Ian Macmillan:

Mr. Macmillan addressed various liabilities, most of which were addressed previously by Mssrs. Antonik, Von Keyserling and Pecora.

Items not previously mentioned include:

- Blockage of the fire lane by high school boats.
- Loose rocks below the high water mark.
- Interference of Town ferry boat by mooring in channel, improper channeling and anchorage of moorings.
- Inadequate supply of safety equipment (ladders, life rings).
- No fire extinguishers
- No public telephone for emergency calls.

Mr. Macmillan offered that addressing these concerns is very simple.

Mr. Stone asked Mr. Macmillan when the issues with the electricity first were noticed and when were personnel advised. Mr. Macmillan responded that there have been problems with electricity at that location all along, but it has worsened as a result of the storm. Previous to the storm, some of the lights and some of the outlets did not work. Mr. Macmillan has been at the dock for four years, and recalls reporting them immediately.

Mr. Mazza spoke briefly, saying that full time Dock Masters are the key to improving supervision.

Mr. Himes suggested working with Parks and Recreation to come up with a process to properly address these issues.

Mr. Finger pointed out that issues involving risk management should be referred to the Risk Management Department for analysis. Mr. Stone agreed, stating that validation of the above comments is necessary as the next step. Mr. Stone proposed that a representative from Risk Management visit the marinas and determine if conditions exist that represent a risk to the town. All agreed that this validation was the best approach. Mr. Simon suggested seeing the marina during both day and night hours, with the Dock Masters. He also pointed out that the standards by which the marina should be run must be found or determined. If no standards presently exist, there is already a problem. The process by which liability and safety issues are addressed and resolved also needs to be reviewed. Feedback to the Audit Committee should include what standards should exist, are the standards clearly understood, how changes in standards are reported and what program exists to address the liabilities.

Mr. Simon made the motion, seconded by Mr. Himes, to ask the Risk Manager to work with the Parks and Recreation Marine Division, to visit the four marinas, inspect each of them, and determine any liabilities that the Marine Division thinks exist and any that the Risk Manager observes; to do this both during the day and at night; to determine if there is a set of standards against which the marinas are run; and to determine the process by which liability and safety issues are addressed and resolved by the Parks and Recreation Department.

Upon a motion By Mr. Stone, seconded by Mr. Himes, the following amendment to the former motion carried unanimously: prior to filing his report with the Audit Committee, the Risk Manager should also avail himself of guidance and support of the speakers who have presented their concerns to the Audit Committee;

Upon a motion by Mrs. Tarkington, seconded by Mr. Himes, the following further amendment to the former motion carried unanimously: that other resources to be consulted as appropriate, including other participants, BET Liaisons and other expert resources that were present at the Audit Committee meeting;

The amended motion carried unanimously.

Mr. Simon pointed out that it is important to remember that the risk and liability of the marinas is the issue, not the management of the marinas. The goal is to document the risk and liabilities. The next step is recommendations for better management.

Mr. Himes asked about exclusions to the insurance policies to see if there are particular areas to which the behavior or management of the Committee might invalidate coverage. Mr. DeMeo is waiting for a report from the insurance company. A recent walk through by the marina engineers from Frenkel and Company resulted in safety findings

and recommendations that were communicated at a meeting with the Marine Superintendent and the Dock Master. Mr. DeMeo noted that some of the concerns expressed today were part of issues found at the walk through, and some were not.

Mr. Mynarski stated that Mr. DeMeo has already done a study of the marinas in April, 2005, and asked if this was an expansion of the assessment. Mr. Stone responded that Mr. DeMeo was to expand the study with additional specificity of conditions that recently came to light.

Proposed Audit of the town health insurance program:

Mr. Mynarski reported that an RFP was done in 2002. He stated he has not seen the RFP. Mr. Mynarski suggested different options to the Committee. One option is that a similar RFP, with a scope suggested by the Committee, can be issued. Another option would be to utilize the services of the incumbent auditing firm (McGladrey and Pullen). This would not require an RFP and had been done in the past.

Mr. Mynarski said that the advantage of potentially using the same firm is price and familiarity/access to work papers.

Mr. Simon pointed out that health care is the largest item in the Town's budget. \$34.5 million per year is spent for active employees and \$5.5 million for active retirees. Every employee used to have the same premium co-pay percentage and now there are many different premiums plans and co-pay percentages. The town needs to establish controls. An approach to solve the problem is needed, working with Mr. Mynarski and Human Resources. Mr. Simon would like their thoughts or proposals by the April Audit Committee meeting.

Dependent coverage is also an issue, because information about dependants is not up to date, and dependents that may not be eligible are receiving coverage. It should be determined if we have the names, dates of birth and social security numbers for all dependents.

It should also be determined if Human Resources has copies of insurance waivers, and it should be flagged in the system. Mr. Simon said that the Committee needs to be addressing financial controls.

Mr. Lalli stated that the Internal Auditor checks control mechanisms, he does not design them. It is up to the operational department to put controls into place. Mr. Gieger has done this in the OPEB area. He could oversee it.

Mrs. Tarkington thought the best place for this might be the Human Resources Department.

Mr. Simon agreed, saying that it is not the Finance Department or Audit Committee's responsibility to run this on an ongoing basis.

Mr. Stone suggested hiring a consultant.

Mr. Simon made the motion to use \$10,000 to hire a consultant to do a study and propose a solution, seconded by Mrs. Tarkington.

Upon a motion to by Mrs. Tarkington, seconded by Mr. Simon, the following amendment to the former motion carried unanimously: In order to enhance the RFP, prior to its issuance, that Human Resources and Labor Relations meet to determine the correct consultant in order to enhance the RFP.

The amended motion carried unanimously.

Mr. Simon had questions with regard to the USI reconciliation. He wanted to know if we were sure it was being done. The process of monitoring this on an ongoing basis is done by Human Resources.

Mr. Lalli stated that if a process exists, Internal Audit can test it.

Upon a motion by Mrs. Tarkington, seconded by Mr. Simon, the Committee voted unanimously to put this item on the Audit Schedule.

Mrs. Tarkington stressed that gaps in management need to be addressed, as these are liability risks.

Payroll Audit

The Committee agreed to postpone this item to the next meeting. In response to a question by Mr. Simon, with regard to the Audit Committee's role with the audits, Mr. Lalli briefly explained that internal audit reports are supposed to be available to and interviewed by the Audit Committee. The Audit Committee should look for confirmation from management whether they agree or disagree with an audit point. If a recommendation has not been responded to, to the satisfaction of the Internal Audit Department, then that issue should be raised to the Audit Committee for further resolution.

Discussion of 401k

The Committee agreed to postpone this item to the next meeting.

Review of the minutes from February 9, 2006

Mr. Simon asked for clarification with regard to Pg 2, sentence 5: "Although advised of the termination, Frontier remained in place." Mr. Simon was not aware of this advice of termination. Mr. Stone stated that Frontier had received oral notification by NEPC that they were to be terminated.

Upon a motion by Mr. Simon, seconded by Mr. Himes, the Committee voted 4-0-0 to accept the minutes from February 9, 2006.

Review of the minutes from February 16, 2006 Special Meeting of the Audit Committee

Mr. Himes made the motion to accept the minutes, and Mrs. Tarkington seconded.

Mr. Simon asked for the following corrections and additions to the minutes:

- That he be shown as absent;
- There was no copy of the resolution presented at the meeting;
- Page numbers and footers should be added;
- Various minor grammatical changes;

The motion to approve carried 3-0-1 with Mr. Simon abstaining.

Discussion of the evaluation of consultants

Joan Sullivan, Director of Purchasing, was invited to the meeting to provide guidance in completing the scoring sheets for the evaluation. Ms. Sullivan stated that she would be present throughout the process to offer assistance. She recommended that the Committee members read the proposals. She indicated that discussion should be avoided following the interviews. Mr. Stone pointed out the need for discussion concerning the applicants. Ms Sullivan responded that this process has been used very successfully to evaluate consultants throughout the town. She indicated that once the scoring sheets are collected, she would develop an average score and a ranking would be established, at which point it would appropriate for the evaluators, in this case the Committee members to have a discussion.

Mrs. Tarkington was not comfortable completing the forms and ranking the consultants before all of the respondents were interviewed.

Mr. Simon pointed out that it is important to follow the process, and that the nine criteria of the interview are the correct criteria.

Ms. Sullivan stated that public purchasing practices are established for reasons of accountability, and the process wants each evaluator to be independent. The ranking is not binding, but establishes a basis for consideration.

Mr. Himes excused himself from the meeting at 10:30 A.M.

Mr. Stone suggested that the Purchasing Department not be involved in the process from this point forward, in order to give the Committee the required flexibility, without compromising Ms. Sullivan's professional approach.

Upon a motion by Mr. Stone, seconded by Mrs. Tarkington, the Committee voted 2-1-0 to disengage, for the moment, Purchasing from this process. Mr. Simon cast the dissenting vote.

Mrs. Tarkington was concerned about the weights of the criteria. Ms. Sullivan assured her that the criteria could be changed to meet any situation.

It was agreed that if additional criteria not already mentioned be articulated. The process needs to be well defined.

Mrs. Tarkington suggested involving Mr. Mynarski and Mr. Lalli in the process, to assist with the questions, and then having it reviewed by Ms. Sullivan.

Mr. Stone thanked Ms. Sullivan for her time.

Mr. Stone asked for committee members to contribute to the rankings and questions to be asked. The Committee will hold a special meeting on March 16, 2006 to review these suggestions. Some general discussion followed as to process.

Mr. Stone explained that each firm should be prepared to give a 15 minute presentation, and plan for another 45 minutes of questions.

There being no further business, upon a motion by Mr. Simon, seconded by Mrs. Tarkington, the Committee voted 3-0-0 to adjourn at 11:10 A.M.

Respectfully Submitted,


Valerie Zebrowski, Recording Secretary


Robert Stone, Chairman