

1. BET Audit Comm. Meeting Documents

Documents:

[APPROVED_BET_AUDIT_COMM_MEETING_MINUTES_05-10-12.PDF](#)
[BET_AUDIT_COMM_MEETING_AGENDA_05-10-12.PDF](#)
[SUB_TO_APP_BET_AUDIT_COMM_MEETING_MINUTES_05-10-12.PDF](#)

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, May 10, 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
- Others: McGladrey & Pullen, LLP Certified Public Accountants:
Paul Sabetta, Jr., CPA; Scott Bassett, Partner; Jennifer Mazzuocolo,
Manager

The meeting was called to order at 8:02 A.M.

Mr. Norton welcomed the attendees from McGladrey & Pullen, LLP Certified Public Accountants to the BET Audit Committee Meeting. Mr. Sabetta individually introduced each member of the firm.

1. Approval of Minutes of the BET Audit Committee Meeting

Upon a motion by Mr. Brady, seconded by Mr. Bedrosian, the Committee voted 3 - 0 to approve the April 12, 2012 Minutes.

2. Internal Audit Report

• **Town Purchasing Audit Update**

Ms. Maranan then gave a brief update of the ongoing audit of the Purchasing function. She said that she would be meeting with the Greenwich Library today and then the BOE. Mr. Lalli stated that hopes to present a completed audit for the June BET Audit Committee Meeting.

Mr. Lalli stated that he is expecting to conclude his follow-ups at the BOE and the Fire Marshall's Office in July 2012. In June they will focus their attention on the Purchasing Audit by conducting internal audits at various departments through the Town.

Mr. Goldrick posed a few questions to Mr. Lalli regarding the Fire Marshall's Office and its past issues. Mr. Lalli explained that he will soon be reviewing the amount of inspections performed vs. State requirements. The Audit Committee had decided in February 2012 to give a time restriction of 90 (ninety) days to the Fire Marshall's Office before an audit follow-up would be performed.

• **Petty Cash Update**

Mr. Lalli presented the Audit of Town Petty Cash and Cash Working Funds reviewing 31 (thirty one) non BOE balances. He continued by describing terms used within the report.

The Petty Cash Fund is a small working cash fund used to process all expenditures.

Cash Working Fund is a fund used to accommodate handling cash transactions between the Town and paying patrons. A cash working fund is frequently described as "starter cash" for a day's activity.

Imprest Balance is the pre-authorized balance for a working fund or a petty cash fund. For a petty cash fund the amount of cash and documented receipts should equal the preauthorized amount. For a cash working fund, the imprest balance represents the amount of cash petty cash on hand at the beginning of day and the end of day after the days transactions have been accounted for and removed from the cash working fund. Typically, cash working funds are associated with starting funds in a cash register.

Custodian is the title assigned to the employee responsible for the security and maintenance of the petty cash fund and working fund. Typically, the Custodian will be an employee who has access to the working and petty cash funds.

Mr. Lalli cited a couple locations such as Tax Assessor, Police Detectives Division and Western Civic Center and explained his recommendations.

He continued the review by examining the Custodians list, which he recommended to be reduced by almost 1/3 (one-third). The Finance Department has also implemented his suggestion for proper classification in MUNIS, which needed to be updated.

Mr. Norton stated that the Committee appreciated the audit as a good periodic exercise. Mr. Lalli added that the cooperation level was very high.

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 4 - 0 to accept and approve the "*Internal Audit Report: Audit of Town Petty Cash and Cash Working Funds*", and for it to be distributed to the full BET.

3. Risk Management Report

As the Risk Manager, Mr. Lalli stated that he has been receiving claims from many departments and it appears that inconsistent promises are made to potential claimants. It appears that there are also different procedures currently being used by departments.

Mr. Lalli then offered his revision of the claims process. The procedure should provide for a more consistent basis for the handling of claims, with a common "first entry point" for all Town and BOE claims. There should also be a streamline process for processing claims under \$5,000 and provide for a consistent contact protocol for our TPA (CIRMA) and Broker (Frenkel). The Town should reduce the cost for small claims whenever practicable while reducing the number of claimant complaint inquiries for small claims. Mr. Lalli also proposed to comply with the legal requirements for recording claims, even for those claims the Town pays, independent of a CIRMA investigation.

Mr. Lalli then presented a summary of his solutions. He recommended that the Town Clerks Office should be the mandatory first entry point of all claims to the Town. Common language guidelines would be forwarded to departments as to the types of language employees are to volunteer to potential claimants. To provide for a more consistent internal process, claims protocol will be changed to require the Town Clerk to provide notice to the Law Department, with the Law Department then notifying Risk Management, and finally Risk Management to notify CIRMA & Frenkel.

The Law Department will review all claims under \$5,000 to determine if payment is justified without a CIRMA investigation. Currently the Town is charged an investigation fee by CIRMA, which will be avoided if the Town directly pays the claim. Mr. Lalli explained that the streamlined process should result in fewer complaints from claimants as to the status of their claim. Mr. Lalli has come to an agreement with CIRMA, that CIRMA will record claims as no charge "incident only claims" if the Town has already paid the claim before forwarding to CIRMA. In addition to this verbal agreement, CIRMA already provides for a nominal incident only fee of \$28 per claim.

So not having this as a written contract provision at this time does not open up the Town to a material financial risk.

Mr. Norton inquired as to whether this proposed process could be applied to workers compensation claims. Mr. Mynarski replied that it cannot since the first report must go to CIRMA. Mr. Lalli requested to move forward with the Committee's approval. He stated that he will submit another report examining auto claims at the June Audit Committee Meeting. Mr. Norton asked for a vote to recommend and approve this policy for these claims and to notify the Law Department of its approval.

Upon a motion by Mr. Bedrosian, seconded by Mr. Brady, the Committee voted 4 - 0 to accept and approve the Risk Manager's Proposed Revision to the Property Claims Process, for the Law Department to be notified of its approval, and for it to be distributed to the full BET.

Mr. Norton and Mr. Mynarski briefly explained an incident involving payroll which had occurred the prior week, which resulted in the Director of Human Resources requesting the assistance of Mr. Lalli to produce a Risk Register. Mr. Lalli stated that the concept was a good one but that due to the demands of the audit schedule and his plans to revise the claims process and other major Risk Management projects, it was decided that due to Mr. Lalli's workload, a backup plan should be resolved between Human Resources and IT.

Mr. Lalli briefly explained the insurance renewal process and is awaiting department responses which will be given to a broker to enable negotiations for pricing. He noted that many new procedures, such as the databases for licenses of drivers of Town vehicles, annual checking of employee drivers' licenses, as well as the installation of GPS in July/August, will work to the Town's advantage to lower costs.

Mr. Lalli mentioned that he will be presenting the engineering reports and inspections schedule somewhere between July and September this year.

4. Greenwich Library Sources of Financial Support Agreement – aka Stowell Memorandum of Understanding

Mr. Norton stated that he has had multiple discussions regarding the original Sam Stowell document with Ms. Jenny Baldock, Chairman Friends of Greenwich Library Trustees. He was informed that a 4 (four) member committee, headed by Ms. Nancy Better, President Greenwich Library Board of Trustees, has proposed a meeting with the BET Audit Committee for an initial brainstorming discussion. A Committee discussion followed and the date of June 20, 2012 was chosen from the options submitted by the Greenwich Library. It was decided that Ms. Carol Mahoney, Greenwich Library Director; the full BET membership and Mr. Peter Tesei, 1st Selectman would be invited to attend.

5. Greenwich High School – Remediation Update

The BET Audit Committee reviewed the GHS Remediation Cost Summary dated May 9, 2012, which Mr. Mynarski had distributed at the beginning of the meeting. Mr. Norton noted that the chart provides the cost appropriated, monies spent and amounts available for the project. Mr. Mynarski will be submitting this chart on a continuing basis to the Committee. Mr. Goldrick questioned future potential liabilities and a short discussion followed with Mr. Mynarski and Mr. Lalli explaining their findings of an investigation into insurance costs.

6. Old Business Item Review

- **Information Technology Discussion**

Mr. Brady reported the progress of the vendor selection for management consultants. He stated that \$100,000 (one hundred thousand dollars) had been allocated for this IT study, the RFP had

been approved in December 2011; the evaluation of final vendors and the scope of the study has been discussed. It was decided that the scope would be expanded to cover every department of the Town including libraries, Police, Fire, BOE, etc. The Committee for this project will request the chosen vendor to pull all of this information into one report over the next 3 – 5 (three to five) years. Mr. Brady added that the next step will be to create a steering committee and is hoping for work to start in late June or Fall 2012.

Mr. Norton stated that this item remain on future agendas, with updates from Mr. Brady.

7. Items for future BET Audit Committee Meetings

Mr. Norton directed a question regarding charge-offs, an annual event, to Mr. Mynarski. A short discussion of Nathaniel Witherell issues and how the Building Department is not receivables followed.

8. Adjournment

Upon a motion by Mr. Brady, seconded by Mr. Bedrosian, the Committee voted 4 - 0 to adjourn the meeting at 9:37 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, May 10, 2012

8:00 A.M.

Gisborne Conference Room

AGENDA

1. Approve BET Audit Committee Meeting Minutes April 12, 2012
2. Internal Audit Report
 - Town Purchasing Audit Update
 - Petty Cash Audit
3. Risk Management Report
4. Greenwich Library Sources of Financial Support Agreement – aka Stowell Memorandum of Understanding
5. Greenwich High School – Remediation Update
6. Old Business Item Review
 - Information Technology Discussion
7. Items for future BET Audit Committee Meetings
8. Adjournment

NOTE: The Committee will go into Executive Session with McGladrey and Pullen immediately after Adjournment.

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Arthur D. Norton, BET Audit Committee Chairman

SUBJECT TO APPROVAL

Elaine JV Brown, Recording Secretary