1. BET Audit Comm. Meeting Documents

   Documents:

   BET_AUDIT_COMM_MTG_AGENDA_05-11-18.PDF
   SUB_TO_APP_BET_AUDIT_CMTE_MTG_MINUTES_05-11-18.PDF
   APPROVED_BET_AUDIT_MINUTES_05-11-18.PDF
AGENDA

1. Acceptance of the BET Audit Committee Meeting Minutes of April 19, 2018

2. Fiscal 2018 Write Offs
   - The Nathaniel Witherell
   - Parks and Recreation

3. Cash Handling Task Force – Town Administrator

4. Executive Session with Chief James Heavey and Town Attorney John Wayne Fox to discuss Internal Audit Protocols

5. Executive Session with RSM US LLP to discuss the upcoming Fiscal 2018 Audit

6. Risk Management
   - Safety Inspection Updates:
     - Eastern and Western Civic Centers
   - Update on Glenville Fire House Claim

7. Internal Audit Report
   - Audits-in-Progress:
     - Revenue Processing and Reporting in the Office of the Tax Collector Update

8. Old Business
   - State of Connecticut FOIA Request regarding previous Starr General Liability Insurance Policy
• Interim Six (6) Month Audit Plan

9. New Business
   • Discussion of Harbor Management Commission Audit

10. Items for Future BET Audit Committee Meetings

11. Adjournment
BOARD OF ESTIMATE AND TAXATION  
Audit Committee Minutes  
Friday, May 11, 2018 – 8:00 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; Benjamin Branyan, Town Administrator; J. Wayne Fox, Town Attorney; James Heavey, Chief, Police Department; Howard Richman, Tax Collector; Nataliya Yemets, Assistant to the Treasurer

BET:  Michael Mason, Jeffrey Ramer

GUEST:  Jen Katz, RSM; Laurence Simon, Chair, TNW Board of Directors; Alan Brown, Director, TNW, Tom Ellis, CFO of TNW

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

1. Approval of Audit Committee Meeting Minutes of April 19, 2018

Upon a motion by Ms. Oberlander, seconded by Ms. Hess the Committee voted 4-0 to approve the April 19, 2018 Meeting Minutes.

2. Fiscal 2018 Write Offs

Mr. Simon and Mr. Ellis presented The Nathaniel Witherell fiscal year 2018 bad debt write offs. Mr. Simon and Mr. Ellis agreed to provide an aging of the receivables.

Upon a motion by Mr. Weisbrod, seconded by Mr. Duus, the Committee voted 4-0 to accept The Nathaniel Witherell’s request to write-off $282,391.75 as uncollectible debt.

- Parks and Recreation
  Mr. Mynarski introduced the potential write-offs to be considered and past enforcement penalties.

Upon a motion by Ms. Oberlander, seconded by Mr. Duus, the Committee voted 3-0 to accept Parks & Recreation request to write-off $10,265 as uncollectible debt. (Ms. Hess absent due to early meeting departure).

3. Cash Handling Task Force

- Town Administrator
  Mr. Branyan commented that Task Force recommendations included the elimination of petty cash in Town Departments and a recommended decrease in reliance on cash where practicable. The Task Force noted a growing cost of bank fees being absorbed by Town Departments with FY19 bank charges budgeted to be $58 thousand. The Task Force goal is to increase customer payment options with credit/debit cards. The Task Force is currently writing policy for implementation; employee cash/credit/debit
training is being considered and new merchant fee negotiations are recommended. Mr. Weisbrod requested and Mr. Branyan agreed that the Task Force present an inventory of locations throughout the Town where cash in currently accepted along with recommendations for each location as to what future steps will be taken to transit from cash to alternative payment methods.

4. Executive Session with Chief James Heavey and Town Attorney John Wayne Fox to discuss Internal Audit Protocols

EXECUTIVE SESSION – Discussion of Audit Protocols for Pending Litigation

Mr. Weisbrod called for an Executive Session to discuss Pending Litigation at 9:55 A.M. The Committee exited Executive Session at 10:24 A.M.

5. RSS US LLP discussion of protocols for the upcoming Fiscal 2018 Audit

- The RSM representative, Partner Jennifer Katz, commented on the process of the upcoming Town annual audit and how RSM’s independent testing controls differed but complemented TOG Internal Audits when reviewing activity during the period being examined. Ms. Katz then commented on the timing, make-up of the RSM audit team and requested to be informed of any changes in responsibilities of persons who were interviewed at the time of the previous year’s Audit or the names of any new employees who should be interviewed. RSM was asked to provide the Audit draft the first week of December so that it can be acted upon by the BET at its December 17th meeting.

6. Risk Management

- Safety Inspection Updates
  - Eastern and Western Civic Centers - Ms. Damato commented that it was the Town’s first inspection visit to the Western Civic Center, a recently renovated facility, and the facility received a good rating. Updated Rules of Use were being prepared for posting and a follow-up discussion on the implementation of recommendations is planned. Mr. Monelli, Superintendent of Building Construction & Maintenance, is preparing a list of Eastern Civic Center issues annotated with his comments for delivery.
  - Update on Glenville Fire House claim – Ms. Damato is currently communicating with adjuster to learn the status of the claim’s payment.
  - Collectability of FEMA reimbursement – Ms. Damato reported that the reimbursement has not been received and that she would follow-up to report its status to the Committee.

7. Internal Audit Report

- Audits-in-Progress
  - Revenue Processing and Reporting in the Office of the Tax Collector - Ms. Frame reported that the audit was ongoing and that she expected to have the draft audit report ready by the June meeting.
8. Old Business

- **State of Connecticut FOIA Request regarding previous Starr General Liability Insurance Policy** – Legal Department to write letter to Frenkel as discussed.

- **Interim Six (6) Month Audit Plan** – not discussed due to time constraints.

9. New Business

- **Discussion of Harbor Management Commission Audit**
  Mr. Weisbrod commented that an inventory of moorings would be underway during this summer and collection of outstanding arrears payments would be pursued. The Committee decided that the Internal Audit should be scheduled once the two processes were completed. Ms. Oberlander suggested that the Harbor Management Commission and other entities with reserve restricted accounts would benefit from guidelines outlining what is expected of them.

10. Items for Future BET Audit Committee Meetings

- Risk Assessment prioritization of future audits with estimates of hours required and prioritized with a scale of high/med/low importance while an Annual Audit Calendar is developed (Hess, Frame, Damato)
- Annual Calendar of TOG significant fiscal events (Mynarski)
- An interim 6-month Audit Plan to list Audit projects (Frame)
- Update of Summary of Insurance carrier report reflecting (Mr. Irizarry)
  - Benchmarking TOG with comparable towns
  - Identification of differences between expiring and renewal policies
  - Options for consideration of increased TNW coverage
  - List of sites excluded from TOG’s insurance coverage
  - Options for indemnification for sewer damage from state property
  - Options for expanding coverage for school construction projects
  - Options for terrorism risk coverage
- Arrangement of meeting with TOG primary and secondary insurance carriers prior to June 5th Audit Committee meeting (Finance Dept.)
- Reschedule of Information Technology Department return to June to present Cyber Risk Practices (Risk Manager)
- Schedule a follow-up review in 6-9 months of recommendation implementation in the Town Clerk’s Office (Internal Auditor)
- Circulation of R. Lalli’s previous Student Activity Fund Audit (Mynarski)
- Briefing on changes in laws and accounting practices of peer communities (RSM)
- Development of a plan to review Reserve for Restrict Receipts Accounts (Mynarski)

11. Adjournment

The Committee voted unanimously to adjourn the meeting at 11:04 A.M.

The next Audit Committee Meeting is scheduled for June 5, 2018 at 8:30 A.M. in the Mazza Room.
Schedule of 2018 Audit Committee Meetings

July 12, 2018 (Thursday) at 8:30 A.M. Mazza
August – no meeting
September 13, 2018 (Thursday) at 8:30 A.M. Gisborne
October 19, 2018 (Friday) at 8:30 A.M. Gisborne
November 9, 2018 (Friday) at 8:30 A.M. Gisborne
December 13, 2018 (Thursday) at 8:30 A.M. Gisborne
The regular meeting was called to order at 8:01 A.M.

1. Approval of Audit Committee Meeting Minutes of April 19, 2018

   Upon a motion by Ms. Oberlander, seconded by Ms. Hess the Committee voted 4-0 to approve the April 19, 2018 Meeting Minutes.

2. Fiscal 2018 Write Offs

   Mr. Simon and Mr. Ellis presented The Nathaniel Witherell fiscal year 2018 bad debt write offs. Mr. Simon and Mr. Ellis agreed to provide an aging of the receivables.

   Upon a motion by Mr. Weisbrod, seconded by Mr. Duus, the Committee voted 4-0 to accept The Nathaniel Witherell’s request to write-off $282,391.75 as uncollectible debt.

   • Parks and Recreation
     Mr. Mynarski introduced the potential write-offs to be considered and past enforcement penalties.

     Upon a motion by Ms. Oberlander, seconded by Mr. Duus, the Committee voted 3-0 to accept Parks & Recreation request to write-off $10,265 as uncollectible debt. (Ms. Hess absent due to early meeting departure).

3. Cash Handling Task Force

   • Town Administrator
     Mr. Branyan commented that Task Force recommendations included the elimination of petty cash in Town Departments and a recommended decrease in reliance on cash where practicable. The Task Force noted a growing cost of bank fees being absorbed by Town Departments with FY19 bank charges budgeted to be $58 thousand. The Task Force goal is to increase customer payment options with credit/debit cards. The Task Force is currently writing policy for implementation; employee cash/credit/debit
training is being considered and new merchant fee negotiations are recommended. Mr. Weisbrod requested and Mr. Branyan agreed that the Task Force present an inventory of locations throughout the Town where cash in currently accepted along with recommendations for each location as to what future steps will be taken to transit from cash to alternative payment methods.

4. Executive Session with Chief James Heavey and Town Attorney John Wayne Fox to discuss Internal Audit Protocols

EXECUTIVE SESSION – Discussion of Audit Protocols for Pending Litigation

Mr. Weisbrod called for an Executive Session to discuss Pending Litigation at 9:55 A.M. The Committee exited Executive Session at 10:24 A.M.

5. RSM US LLP discussion of protocols for the upcoming Fiscal 2018 Audit

- The RSM representative, Partner Jennifer Katz, commented on the process of the upcoming Town annual audit and how RSM' independent testing controls differed but complemented TOG Internal Audits when reviewing activity during the period being examined. Ms. Katz then commented on the timing, make-up of the RSM audit team and requested to be informed of any changes in responsibilities of persons who were interviewed at the time of the previous year's Audit or the names of any new employees who should be interviewed. RSM was asked to provide the Audit draft the first week of December so that it can be acted upon by the BET at its December 17th meeting.

6. Risk Management

- Safety Inspection Updates
  - Eastern and Western Civic Centers - Ms. Damato commented that it was the Town's first inspection visit to the Western Civic Center, a recently renovated facility, and the facility received a good rating. Updated Rules of Use were being prepared for posting and a follow-up discussion on the implementation of recommendations is planned. Mr. Monelli, Superintendent of Building Construction & Maintenance, is preparing a list of Eastern Civic Center issues annotated with his comments for delivery.
  - Update on Glenville Fire House claim - Ms. Damato is currently communicating with adjuster to learn the status of the claim's payment.
  - Collectability of FEMA reimbursement - Ms. Damato reported that the reimbursement has not been received and that she would follow-up to report its status to the Committee.

7. Internal Audit Report

- Audits-in-Progress
  - Revenue Processing and Reporting in the Office of the Tax Collector - Ms. Frame reported that the audit was ongoing and that she expected to have the draft audit report ready by the June meeting.
8. Old Business

- State of Connecticut FOIA Request regarding previous Starr General Liability Insurance Policy – Legal Department to write letter to Frenkel as discussed.
- Interim Six (6) Month Audit Plan – not discussed due to time constraints.

9. New Business

- Discussion of Harbor Management Commission Audit
  Mr. Weisbrod commented that an inventory of moorings would be underway during this summer and collection of outstanding arrears payments would be pursued. The Committee decided that the Internal Audit should be scheduled once the two processes were completed. Ms. Oberlander suggested that the Harbor Management Commission and other entities with reserve restricted accounts would benefit from guidelines outlining what is expected of them.

10. Items for Future BET Audit Committee Meetings

- Risk Assessment prioritization of future audits with estimates of hours required and prioritized with a scale of high/med/low importance while an Annual Audit Calendar is developed (Hess, Frame, Damato)
- Annual Calendar of TOG significant fiscal events (Mynarski)
- An interim 6-month Audit Plan to list Audit projects (Frame)
- Update of Summary of insurance carrier report reflecting: (Mr. Irizarry)
  - Benchmarking TOG with comparable towns
  - Identification of differences between expiring and renewal policies
  - Options for consideration of increased TNW coverage
  - List of sites excluded from TOG’s insurance coverage
  - Options for indemnification for sewer damage from state property
  - Options for expanding coverage for school construction projects
  - Options for terrorism risk coverage
- Arrangement of meeting with TOG primary and secondary insurance carriers prior to June 5th Audit Committee meeting (Finance Dept)
- Reschedule of Information Technology Department return to June to present Cyber Risk Practices (Risk Manager)
- Schedule a follow-up review in 6-9 months of recommendation implementation in the Town Clerk’s Office (Internal Auditor)
- Circulation of R. Lalli’s previous Student Activity Fund Audit (Mynarski)
- Briefing on changes in laws and accounting practices of peer communities (RSM)
- Development of a plan to review Reserve for Restrict Receipts Accounts (Mynarski)

11. Adjournment

The Committee voted unanimously to adjourn the meeting at 11:04 A.M.

The next Audit Committee Meeting is scheduled for June 5, 2018 at 8:30 A.M. in the Mazza Room.
Schedule of 2018 Audit Committee Meetings

July 12, 2018 (Thursday) at 8:30 A.M. Mazza
August – no meeting
September 13, 2018 (Thursday) at 8:30 A.M. Gisborne
October 19, 2018 (Friday) at 8:30 A.M. Gisborne
November 9, 2018 (Friday) at 8:30 A.M. Gisborne
December 13, 2018 (Thursday) at 8:30 A.M. Gisborne