1. BET Audit Comm. Meeting Agenda 06-07-2022
   Documents:
   BET AUDIT COMM MEETING AGENDA 06-07-2022.PDF

2. BET Audit Comm. Meeting Packet 06-07-2022
   Documents:
   BET AUDIT COMM MEETING PACKET 06-07-2022.PDF

3. SUB_TO_APP_BET Audit Comm. Meeting Minutes 06-07-2022
   Documents:
   SUB_TO_APP_BET AUDIT COMM MEETING MINUTES 06-07-22.PDF
1. Approval of the BET Audit Committee Meeting Minutes of May 3, 2022

2. Internal Audit
   - Review and Acceptance of the Department of Public Works Building Divisions Audit
   - Human Resources Health Insurance Administration Audit Update

3. Risk Management
   - None.

4. Old Business
   - None

5. New Business
   - Annual Town Audit Discussion with RSM US LLP
   - Review and Acceptance of the Single Audit for the Year Ended June 30, 2021

6. Items for future BET Audit Committee Meetings
   - FY 2022-2023 Insurance Program Renewal Final Results
   - CyberSecurity Quarterly Updates

7. Adjournment
TOWN OF GREENWICH
BOARD OF ESTIMATE & TAXATION

AUDIT COMMITTEE MEETING

Tuesday, June 7, 2022 – 9:00 A.M.
Cone Room

AGENDA

1. Approval of the BET Audit Committee Meeting Minutes of May 3, 2022

2. Internal Audit
   • Review and Acceptance of the Department of Public Works Building Divisions Audit
   • Human Resources Health Insurance Administration Audit Update

3. Risk Management
   • None.

4. Old Business
   • None

5. New Business
   • Annual Town Audit Discussion with RSM US LLP
   • Review and Acceptance of the Single Audit for the Year Ended June 30, 2021

6. Items for future BET Audit Committee Meetings
   • FY 2022-2023 Insurance Program Renewal Final Results
   • CyberSecurity Quarterly Updates

7. Adjournment

The Town complies with all applicable federal and state laws regarding non-discrimination, equal opportunity, affirmative action, and providing reasonable accommodations for persons with disabilities. If you require an accommodation to participate, please contact the Commissioner of Human Services at 203-622-3800 or Demetria.Nelson@greenwichct.org as soon as possible in advance of the event.
1. Approval of the BET Audit Committee Meeting Minutes

Upon a motion by Mr. Drake, seconded by Mr. Ramer, to approve the Minutes of the BET Audit Committee Regular Meeting held on April 18, 2022, the Committee voted 3-0-0. (Mr. Weisbrod absent). Motion carried.

2. Internal Audit

- Department of Public Works Building Divisions Audit Update

Mr. Mynarski reported that CliftonLarsonAllen (CLA) has completed the Department of Public Works Building Division audit and has received final comments from the Building Department. He stated that the draft audit has been circulated to the Audit Committee members and it will be resent approximately a week before June 7, 2022 Audit Committee meeting. CLA plans to present the draft report to the Committee at the June 7, 2022 meeting.

- Human Resources Health Insurance Administration Audit Update

Mr. Mynarski reported that Health Insurance Administration Audit is in progress and expected to be ready for presentation by CLA at the June 7, 2022 Audit Committee meeting.

The Audit Committee went into recess at 9:09 A.M. in order to wait for the Risk Manager's presence. The Audit Committee came out of recess at 9:20 A.M.

3. Risk Management

- Tools for Schools Update
Ms. Damato informed the Committee that all of the Tools for Schools surveys, which were lengthy form, had been forwarded electronically. She stated that there were no major issues and any of the minor issues in the surveys had been addressed. Ms. Damato told the Audit Committee that Tools for Schools was a State of Connecticut program that was optional and not mandatory. She stressed that the programs stress compliance with air quality issues.

Mr. Ramer inquires as to whether issues related to the Covid 19 pandemic were part of the Tools for Schools program. Ms. Damato said not at this time. They are being handled separately by the school district.

- **At Fault Accident Policy Update**

Ms. Damato told the Committee that she had met with Assistant Town Attorney Aamina Ahmad and our third-party Liability, Automobile and Property Claims Administrator, PMA Management Corporation of New England, and that they had strongly advised not to put an At Fault Accident Policy into a formal written document. Mr. Ramer agreed with the opinions offered and stated that the Town did not want to be in a position, through discovery, that the Town could place itself in a negative position with any future litigation connected to discoverable documents in Town At Fault accidents.

It was collectively agreed by the Audit Committee and the Risk Manager that this issue has been fully vetted and no longer a topic for the Audit Committee. The Risk Manager, working with the Town’s Finance Department, will continue to assign culpability for each Town owned vehicle accidents with their associated costs and charge to the appropriate general ledger accounts.

4. **Old Business**

   - None

5. **New Business**

   - None.

6. **Items for future BET Audit Committee Meetings**

   - “Lessons Learned” regarding Legal Settlements
     
     Mr. Mynarski stated that he has requested a legal opinion about requesting a Law Department opinion regarding lessons learned presentations when there are existing “non-disparagement” agreements in place.
   
   - Mr. Mynarski informed the Audit Committee that the outside auditors, RSM US LLP will be coming to the June 7, 2022 meeting for their normal annual audit discussion.

7. **Executive Session**

   Upon a motion by Mr. Drake, seconded by Mr. Ramer, the Committee voted 3 to 0 to go into Executive Session at 9:40 A.M. to discuss Cybersecurity.

   Upon a motion by Mr. Drake seconded by Mr. Ramer the Committee voted 3 to 0 to come out of Executive Session at 10:49 A.M. to come out of Executive Session.
8. **Adjournment**

Upon a motion by Mr. Ramer, seconded by Mr. Drake, to adjourn the meeting at 10:50 AM, and the Committee voted 3-0-0. Motion carried.

______________________________
Shira Davis, Recording Secretary

______________________________
Michael Basham, Chairman, Audit Committee
Town of Greenwich

FY 2022 OVERVIEW OF AUDIT STRATEGY
Report to the Audit Committee
June 7, 2022
Audit Committee

Town of Greenwich, CT

We are pleased to present this report covering the planned scope and timing of our audit of the Town of Greenwich, CT (the Town) 2022 financial statements and compliance.

This report is designed to help you understand our audit approach, including the importance of communication, our emphasis on understanding how your Town functions, and our incorporation of concepts like materiality, internal control and risk assessment into tailoring audit procedures to the unique aspects of your Town.

It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to be of service to the Town.

RSM US LLP

This report is intended solely for the information and use of the [audit committee], [governing board] and management, and is not intended to be, and should not be, used by anyone other than these specified parties.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUMMARY OF KEY PLANNING AREAS</td>
<td>4</td>
</tr>
<tr>
<td>AUDIT STRATEGY</td>
<td>5</td>
</tr>
<tr>
<td>MARKET AND INDUSTRY UPDATE</td>
<td>12</td>
</tr>
<tr>
<td>APPENDICES:</td>
<td></td>
</tr>
<tr>
<td>Appendix A—Recent accounting pronouncements</td>
<td></td>
</tr>
</tbody>
</table>
We will take an unbiased, risk-based approach in designing audit procedures. The nature, timing and extent of procedures performed will be consistent with our risk assessments and our audit approach.

**Audit Timeline**

Preliminary audit work will take place the weeks of June 20 and 27. Procedures included updating our understanding of the entity, walkthroughs of transaction cycles and preliminary analytical review procedures.

We have scheduled year-end field work to begin the week of September 26.

For additional details, refer to *Timing of the Audit* on page 11.

**Emphasis Areas**

Key areas of focus during this period’s audit include those deemed to be significant risks, which are found on page 10.

We plan to use the work of subject matter experts and valuation specialists in testing net pension liability and the other postemployment benefit (OPEB) liability.
Our team approach emphasizes assigning professionals with the right level of experience for each aspect of the engagement. The chart below depicts how the engagement team is organized. Scott Bassett serves as the engagement leader and your main point of contact. All of these individuals served the Town in the prior year.
AUDIT STRATEGY

Communication

Effective two-way communication between our firm and audit committee is important to understanding matters related to the audit and developing a constructive working relationship.

Your insights may assist us in understanding the Town and its environment, identifying appropriate sources of audit evidence and providing information about specific transactions or events.

We expect that you:

- Timely communicate to us any matters you consider relevant to the audit, which might include:
  - Strategic decisions that may significantly affect the nature, timing and extent of audit procedures.
  - Your suspicion or detection of fraud, or any concerns you may have about the integrity or competence of senior management.

We will:

- Discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken.
- Timely communicate to you any instances of the following that are identified during the audit:
  - Fraud involving senior management and other known or likely fraud, noncompliance with provisions of laws, statutes, regulations, rules, provisions of contracts or grant agreements or abuse that is likely to have a material effect on the financial statements.
  - Illegal acts, noncompliance or fraud (unless they are clearly inconsequential)
  - Disagreements with management and other serious difficulties encountered in performing the audit.
- Communicate the following matters to you:
  - Significant deficiencies or material weaknesses in internal control that become known to us during the audit.
  - Significant unusual transactions, matters that are difficult or contentious for which we consulted outside the engagement team, and circumstances that affect the form and content of the auditor’s report.
  - Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process.
Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example:

- Our partners or professional employees are restricted in their ability to own a direct financial interest or a material indirect financial interest in a client or any affiliate of a client.

- If an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with firm policy.

- Our policies prohibit us from providing certain non-attest services and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your entity functions, which enables us to identify key audit components and tailor our procedures to the unique aspects of your entity.

- **Understand the entity.** The development of our audit plan begins by meeting with you [and with management] to obtain an understanding of the Town’s objectives, strategies, risks and performance.

- **Materiality.** We obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes.

- **Internal control.** As part of obtaining an understanding of your entity and its environment, we obtain an understanding of your system of internal control.

- **Risk assessment.** We use this understanding of your entity, its environment, and its internal control to identify risks of material misstatement and noncompliance, which provides us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance.

- **Discussions among the engagement team.** We conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance.
The Concept of Materiality in Planning and Executing the Audit

We apply the concept of materiality in planning and performing the audit; evaluating the effect of identified misstatements or noncompliance on the audit and the effect of uncorrected misstatements, if any, on the financial statements; forming the opinion in our report on the financial statements; and determining our reporting in accordance with Government Auditing Standards and other applicable compliance reporting requirements in the following ways:

- **Professional judgment.** Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial and compliance informational needs of users of the financial statements.

- **Overall materiality.** We establish an overall materiality for audit purposes.

- **Performance materiality.** We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit.
  - We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.

- **Quantitative and qualitative considerations.** Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations.
  - Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods.

- **Accumulation of misstatements.** We will accumulate misstatements identified during the audit, other than those that are clearly trivial.
  - At the end of the audit, we will inform you of all individual uncorrected misstatements aggregated by us in connection with our evaluation of our audit test results.
Our Approach to Internal Control and Compliance Relevant to the Audit

Our audit of the financial statements, including compliance, will include obtaining an understanding of internal control sufficient to plan the audit and determine the nature, timing and extent of audit procedures to be performed.

An audit is not designed to provide assurance on internal control or identify significant deficiencies or material weaknesses. Our review and understanding of the entity’s internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue reports on:

• **Internal control related to the financial statements and major programs**
  - These reports describe the scope of testing of internal control and the results of our tests of internal control.
  - These reports will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States, the Single Audit Act, and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance).

• **Compliance with laws, statutes, regulations, and the terms and conditions of federal and state awards**
  - We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a direct and material effect on each major program.
  - These reports will address material errors, fraud, violations of compliance requirements and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with the requirements of the standards identified above.
**AUDIT STRATEGY**

**Significant Risks of Material Misstatement**

Our audit of the financial statements includes the performance of risk assessment procedures in order to identify risks of material misstatement, whether due to fraud or error. As part of these risk assessment procedures, we determine whether any risks identified are a significant risk.

As part of our initial risk assessment procedures, we identified the following risks as significant risks. Additional significant risks may be identified as we perform additional audit procedures.

<table>
<thead>
<tr>
<th>Risk Name</th>
<th>Risk Description</th>
<th>Planned Response</th>
</tr>
</thead>
</table>
| Management override of controls | There is a risk that management can override internal controls, resulting in fraudulent financial reporting. | • Obtain an understanding of internal controls over journal entries.  
• Use a risk-based approach to select journal entries recorded throughout the year and at period-end to agree to underlying support and test for proper review and approval |
| Revenue recognition for grants | Presumed fraud risk: Material misstatement due to fraudulent financial reporting relating to revenue recognition (revenue may be recorded in the improper period to smooth results of operations) | • Obtain an understanding of internal controls over revenue  
• Select revenue transactions recorded during the period and obtain underlying donor agreements to test for accuracy, occurrence and classification |
| Pension and OPEB liability | Risk that improper actuarial assumptions are chosen or inaccurate census data is used. | • Obtain an understanding of internal controls over the process of compiling census data  
• Select participants from the census data to test for accuracy and eligibility.  
• Utilize an auditor’s specialist to review the actuarial assumptions. |
| Completeness and accuracy of the Schedule of Expenditures Federal Awards and Schedule of Expenditures of State Awards | Risk that the SEFA and SESA are not complete and accurate. | • Obtain an understanding of internal controls over the preparation of the schedules.  
• Compare to the State’s payment listing.  
• Tie to underlying financial records. |

**“Significant risk”:** An identified risk of material misstatement:

i. For which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk due to the degree to which inherent risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement should that misstatement occur; or

ii. That is to be treated as a significant risk in accordance with auditing standards generally accepted in the United States of America.”
The schedule below outlines the expected timing of the audit. Management’s adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

<table>
<thead>
<tr>
<th>Month</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>Preliminary audit work (week of June 20 and 27)</td>
</tr>
<tr>
<td></td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Sept</td>
<td>Fieldwork begins (week of September 26)</td>
</tr>
<tr>
<td>Oct</td>
<td>Ongoing fieldwork</td>
</tr>
<tr>
<td>Nov</td>
<td>Fieldwork and wrap up</td>
</tr>
<tr>
<td>Dec</td>
<td>Meeting with the Audit Committee and finalize reports</td>
</tr>
</tbody>
</table>
We are pleased to provide real-time, middle market relevant macroeconomic perspectives to help clients anticipate and address the unique issues and challenges facing their businesses and the industries in which they operate. Our insights and analysis benefit clients and others by deepening understanding of the importance of the middle market to economic growth and stability.

We believe the following resources will be useful to you:

**MARKET AND INDUSTRY UPDATE**

**INSIGHTS AVAILABLE**

- **2022 Annual Governmental Accounting Update**
  - Board considerations on the future of work and the path forward
  - How boards can help integrate ESG criteria into business performance
The following accounting pronouncements have been issued as of June 7, 2022 and are effective for the June 30, 2022 financial reporting.

<table>
<thead>
<tr>
<th>Pronouncement</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>GASB Statement No. 87, <em>Leases</em></td>
<td>This Statement improves the accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.</td>
</tr>
<tr>
<td>GASB Statement No. 89, <em>Accounting for Interest Cost Incurred before the End of a Construction Period.</em></td>
<td>This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.</td>
</tr>
<tr>
<td>GASB Statement No. 90, <em>Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61</em></td>
<td>This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meet the definition of an investment. For all other majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.</td>
</tr>
</tbody>
</table>
RSM CONTACTS

Scott Bassett  
Partner  
+1 959 666 3398  
Scott.Bassett@rsmus.com

Melissa Quinn  
Senior Manager  
+1 212 372 1025  
Melissa.Quinn@rsmus.com

Casey Schroeder  
Supervisor  
+1 212 372 1075  
Casey.Schroeder@rsmus.com

Toni Ann Panny  
In-Charge  
+1 203 391 0444  
ToniAnn.Panny@rsmus.com
The meeting was called to order at 9:01 A.M.

1. Approval of the BET Audit Committee Meeting Minutes

   Upon a motion by Mr. Drake, seconded by Mr. Ramer, to approve the Minutes of the BET Audit Committee Regular Meeting held on May 3, 2022, the Committee voted 3-0-0. (Mr. Weisbrod abstained). Motion carried.

2. Internal Audit

   • Review and Acceptance of the Department of Public Works Building Divisions Audit

   The Building Inspection & Assessments Audit Draft Report was presented by Mr. Ziplow and Ms. Intrieri. They gave an overview of its contents and informed the Committee of the audit recommendations and management responses. William Marr, DPW Building Official was in attendance to answer questions.

   CLA determined and gave an overall rating of “Satisfactory” or the audit of the Building Inspection and Assessment; all tests passed without exception.

   However, the audit presented a number of negative findings regarding the Municity software product as follows:

   o There is no steering committee or “ownership” over the Municity software.
   o Municity software is not being maximized.
   o Municity security and user permissions need enhancement.
   o Municity and MUNIS software integrations are not in place.

   It was concluded that the aforementioned Municity issues need to be elevated and addressed further. Mr. Basham volunteered to take up the matter with the Town Administrator, Ben Branyan.
The audit was treated as a first read and CLA offered to edit the Municity findings to clarify who should provide ownership of the Municity product.

Mr. Ramer asked Mr. Marr, if the Building Division sees actual contracts for construction work associated with the building permit. He answered they only required updated actual costs if something looks out of line, regarding reported estimate costs.

Mr. Marr also told the Committee that building permits expire if no work is started within a six-month period. He added that the permittee can extend building permits for additional six-month periods for a period of up to 6 years. They can also cancel a building permit and get a 75% refund on the original building permit cost.

- **Human Resources Health Insurance Administration Audit Update**

  Mr. Ziplow and Ms. Intrieri presented the Employee Benefits Administration: Financial Review of Controls Over Health Insurance Draft Audit Report. They gave an overview of its contents and discussed the audit recommendations and management responses. Ms. Graham and Ms. Pepe were in attendance to answer questions.

  CLA determined and gave an overall audit rating of “Satisfactory” for the audit of the employee benefits administration. All tests passed with only minor exceptions noted. The minor exception noted one instance was noted where the Town was billed for an employee who was no longer employed by the Town. The Town did receive a one-month credit and was overcharged by one additional month for approximately $2,000.

  Mr. Ramer inquired about the lack of exit interviews upon termination and suggested that the Board of Estimate Human Resources Committee take the matter up.

  Upon a motion by Mr. Drake, seconded by Mr. Ramer, to accept the Employee Benefits Administration: Financial review of Controls Over Health Insurance Draft Audit Report, the Committee voted 4-0-0. Motion carried.

  Mr. Drake made a motion, seconded by Mr. Basham to amend the agenda to take up a new matter in Executive Session. The vote carried 4-0-0.

  Mr. Drake made a motion, seconded by Mr. Basham to go into Executive Session at 10:22 A.M. to discuss a security matter. The vote carried 4-0-0.

  Mr. Ramer made a motion, seconded by Mr. Drake to come out of Executive Session at 10:34 A.M. The vote carried 4-0-0.

3. **Risk Management**

- Risk Manager Megan Damato was attending and speaking at an out of state Public Risk Management Administration (PRIMA) conference. No Risk Management topics were discussed at this time.

4. **Old Business**

- There was no old business discussed.
5. **New Business**

- **Annual Town Audit Discussion with RSM US LLP**

  Scott Bassett, RSM US LLP Partner and Melissa Quinn, Audit Senior Manager presented the Fiscal Year June 30, 2022 Overview of Audit Strategy and Report to the Audit Committee. This is annual exercise performed by the external auditors prior to embarking on the next years audit.

- **Review and Acceptance of the Single Audit for the Year ended June 30, 2021**

  Ms. Quinn presented the Single Audit for the Year ended June 30, 2021. She went through the report highlighting areas of concern that generated audit findings and recommendation.

  Upon a motion by Mr. Ramer, seconded by Mr. Drake, to accept the Federal and State Compliance Report for the Fiscal Year Ended June 30, 2021, the Committee voted 4-0-0. Motion carried.

6. **Items for future BET Audit Committee Meetings**

- **FY 2022-2023 Insurance Program Renewal Final Results**

  Mr. Mynarski reported that the renewal period for the upcoming fiscal year was underway and being competitively bid by the Town’s Insurance Broker, Gallagher and Company. He told the Committee the results would be formally presented at the July 2022 Audit Committee meeting. He also told the Committee that the Risk Manager and the Insurance Broker would alert the Audit Committee if any substantial issues arose during the renewal process that would require their approvals.

- **CyberSecurity Quarterly Updates**

  Mr. Mynarski reported that the July 2022 Audit Committee has not been rescheduled for the quarterly CyberSecurity update in Executive Session.

7. **Adjournment**

  Upon a motion by Mr. Ramer, seconded by Mr. Drake, to adjourn the meeting at 11:04 AM, and the Committee voted 4-0-0. Motion carried.

__________________________
Shira Davis, Recording Secretary

__________________________
Michael Basham, Chairman, Audit Committee