

1. BET Audit Comm. Meeting Document

Documents:

[APPROVED_BET_AUDIT_MEETING_MINUTES_07-10-14.PDF](#)
[BET_AUDIT_COMM_MEETING_AGENDA_07-10-14.PDF](#)
[SUB_TO_APP_BET_AUDIT_COMM_MEETING_MINUTES_07-10-14.PDF](#)

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, July 10, 2014 – 8:00 A.M.
Gisborne Conference Room

Present:

Committee: Arthur Norton, Chairman
John Blankley, William Finger, Leslie Tarkington

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Director of Risk Management;
Pat Maranan, Internal Auditor
Sean Goldrick, BET Member - 8:36 A.M.
John Lucarelli, RTM Member District 10 - 9:10 A.M.

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

1. Approval of Minutes: Audit Committee Meeting June 12, 2013.

Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the
Committee voted 4-0 to approve the June 12, 2014 Meeting Minutes.

2. Risk Management Report

• **Insurance Recovery Report – FY 2014**

Actual cash recoveries for Fiscal Year 2014 totaled \$166,750 (one hundred sixty six thousand, seven hundred fifty dollars). Using a consistent collection process, 26 claim collections were processed during Fiscal 2014. Estimated outstanding insurance recovery receivables are \$75,000 (seventy five thousand dollars).

The largest percentage of collections are attributed to the TOG's fleet with over 200 (two hundred) vehicles. Ms. Tarkington questioned a couple claims which appear to be over 600 (six hundred) days old. Mr. Lalli responded that many incidents involve multiple vehicle collisions, and this creates subrogation actions by many insurance companies. These claims take the longest as a check will not be disbursed until the insurance companies agree the percent of contributory negligence of the accident. He estimated that approximately 70% of receipts are due to damage done to Town owned autos.

• **Safety Inspection Reports – Conducted and Scheduled**

General Liability surveys of 2 bridges (Laddins Rock Sanctuary and Greenwich Country Day School) and a physical damage survey of the Police Department Garage were presented.

The bridge at Fairfield Road (Greenwich Country Day School) is being torn down and replaced with construction beginning shortly. The new construction would essentially mitigate the comments made by the inspector for Fairfield Road Bridge. Ms. Tarkington requested a response from the Tree Warden whether any tree work needs to be completed prior to reconstruction.

The bridge at Laddins Rock is being addressed by DPW and Mr. Lalli will monitor progress.

• **Insurance Renewals Update for Fiscal Year 2015**

The Fiscal Year 2015 Insurance Cost Forecast included actual and future contracts. Property coverage contracts experienced an approximate 3% increase due to volume increases from

MISA, Project Renew and the forecast for the new Fire Department Head Quarters Building. All deductible limits remained unchanged.

The property insurance limit includes a separate Builders' Risk policy for MISA. This policy was cheaper than raising the \$30 million dollar construction in progress limit already built into the property contract. The policy has been prepaid for the life of the project with a cost of \$85,000 (eighty five thousand dollars). Mr. Mynarski added that most policies are pre-paid cash lump sum.

Starr Indemnity Insurance Company was chosen for liability coverage, instead of AIG. The switch to Starr saved the Town approximately \$221,500 in liability premium which was achieved by increased competition. As of July 10, 2014, Mr. Lalli projected that the insurance accounts (908's) would be approximately \$175,000 favorable versus the 2015 Fiscal Year budget.

The BOE's School Sport Accident coverage might be unfavorable, and there will be a need to open up competition for coverage to maintain a competitive bid environment. Since this policy renews on August 1, 2014, results will be reported at the September meeting.

Mr. Lalli disclosed that one dam inspection was overdue, which concerned the liability carriers. This information was forwarded to the Department of Public Works at an earlier date. Ms. Tarkington questioned the accuracy of stream information on the document and requested DPW review.

Medical malpractice coverage for the Greenwich Medical Reserve Corps was quoted at \$1,760 (one thousand, seven hundred sixty dollars), with a \$1,000 (one thousand dollar) deductible. Although the Law Department confirmed that this coverage already exists by state statute, Mr. Mynarski offered to forward the information to Jeffrey Ramer, BET Member, who had made the quote request.

3. Internal Audit Report

- **Update on Review of Parking Violations and Meter Collections Audit**

Mr. Finger proposed a postponement of this agenda item till the new Parking Services Administrative Director has had time to review and comment on this draft. Ms. Tarkington voiced some concern with assumptions and direction of the audit. Mr. Lalli replied that the audit is a disclosure of budget hours vs. revenue collected and that this is a typical audit disclosure, which should not be removed. He agreed to list all the possible reasons for revenue variation and let the reader decide. It is Internal Audit's objective to ensure that the reporting is in place to monitor trends on a frequent basis and that such reporting be made available to the Office of the First Selectman and the Comptroller.

Mr. Norton directed the Committee to postpone the topic till the September meeting with no further discussion.

- **Pending Audit Schedule**

Mr. Lalli distributed an email inquiry he had received from Drew Marzullo, Selectman regarding a possible audit of the history of "ash dumps" from the Holly Hill site.

Mr. Norton noted that the email did not identify any scope. It appears to be a "discovery process" which should not involve Internal Audit, but possibly the First Selectman's Office or an investigator. Mr. Mynarski asked whether Mr. John Wayne Fox, Town Attorney should be questioned regarding historical federal laws. Mr. Goldrick said that the objective is to determine whether or not contaminated landfill was used at other Town sites years ago. Mr. Norton stated that this request is not a BET Audit Committee issue, an audit is a formal examination of accounts and finances.

Mr. Lalli recommended audits of the cash receipt processes utilized in multiple departments including beach card, Town Clerk, Tax Collector, Griffith E. Harris Golf Course, etc. Mr. Norton proposed a discussion for the September meeting to revisit the Building Department and BOE Student Documentation to investigate whether Internal Audit recommendations remain in place.

4. Old Business

- **Perrot Memorial Library Funding Policy Guideline Draft**

Kevin McCarthy, Perrot Library Director was unable to attend today's meeting, thus postponing the item till the September Meeting. The Committee discussed the distributed draft containing the Library Board suggested changes. Mr. Eugene McLaughlin, Assistant Town Attorney had recommended inclusion of the "Development Fund" paragraph, which the Perrot Library Board had deleted, since they engage in fund raising efforts occasionally. Ms. Tarkington offered to "clean up" the draft, nothing substantive, and re-circulate it to the Committee and Mr. McLaughlin. A possible review of the document by HR regarding the TOO (Table of Organization) and P&Z for physical plan improvements was discussed.

External Auditors, McGladrey will present an audit update at the October meeting.

5. Items for Future BET Audit Committee Meetings

Mr. Norton had asked for Mr. Mynarski to inform the Committee of an issue that recently surfaced during the implementation of the new ADP payroll system. ADP has requested the use of Deutsche Bank, which is not qualified under State statutes. The bank is not a public depository in the State of Connecticut. Other municipalities in the State use Bank of America, Chase, etc. Mr. Mynarski stated that this is a legal issue that must be resolved by next Friday, July 18. It could possibly turn into an audit issue, delaying the October start date till December.

6. Adjournment

Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the Committee voted 4 - 0 to adjourn the meeting at 9:36 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, July 10, 2014

8:00 A.M.

Gisborne Room

AGENDA

1. Approval of BET Audit Committee Meeting Minutes of June 12, 2014
2. Risk Management Report
 - Insurance Renewals Update for Fiscal Year 2015
 - Safety Inspection Reports – Conducted and Scheduled
 - Insurance Recovery Report – FY 2014
3. Internal Audit Report
 - Update on Review of Parking Violations and Meter Collections Audit
 - Pending Audit Schedule
4. Old Business
 - Perrot Memorial Library Funding Policy Guideline Draft
5. Items for Future BET Audit Committee Meetings
6. Adjournment

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