

1. BET Audit Comm. Meeting Documents

Documents:

[APPROVED_BET_AUDIT_COMM_MEETING_MINUTES_07-11-13.PDF](#)
[BET_AUDIT_COMM_MEETING_AGENDA_07-11-13.PDF](#)
[SUB_TO_APP_BET_AUDIT_COMM_MEETING_MINUTES_07-11-13.PDF](#)

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, July 11, 2013 – 8:00 A.M.
Gisborne Conference Room

Present:

Committee: Arthur Norton, Chairman
Gregory Bedrosian, Robert Brady, Sean Goldrick

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Director of Risk Management;
Pat Maranan, Internal Auditor; James McDonald, Fire Marshal

The meeting was called to order at 8:05 A.M.

1. Approve Minutes of Audit Committee Meeting

Mr. Norton requested that the approval of the June 13, 2013 minutes be postponed till the September 12, 2013 BET Audit Committee Meeting.

The Committee moved to take the agenda items out of order.

2. Risk Management Report

• **FY 2013 - 2014 Insurance Renewal Program**

Mr. Lalli presented a summary of the insurance policies for the Town and Board of Education. He stated that decreasing coverage limits and increasing deductibles are due to Hurricane Sandy and recent legal liability settlements, and that the ability to restore insurance coverages to last year's standards is not financially practical. The impact of Hurricane Sandy on property coverage for the industry and on the Town cannot be underestimated. He added that coverage limits have decreased, deductibles have increased and that there has been a significant rise in premiums. Also the deductible for storms named by the National Weather Service increased from 200,000 (two hundred thousand dollars) to a minimum of \$500,000 (five hundred thousand dollars). He explained that the original quote included a potential maximum deductible for named storms that could reach \$2,500,000 (two million, five hundred thousand dollars). He stated that the overall strategy was to buy down the maximum named wind storm deductible from \$2,500,000 (two million, five hundred thousand dollars) to \$500,000 (five hundred thousand dollars). He stated that this was done to obtain a practical deductible to enable the Town to recover damages from named wind storms.

Mr. Lalli detailed changes in the 100 (one hundred) Year Flood Zone Policy with a deductible increase from \$500,000 (five hundred thousand dollars) per occurrence, to \$500,000 (five hundred thousand dollars) per building. Mr. Lalli stated that he believes this to be the largest risk for the Town. Mr. Norton added that the primary carrier is AIG.

A group discussion followed regarding subrogation reimbursements being included in the 908 account as credits to offset payments made from the self-insured retention account within the same fiscal year. Mr. Norton and Mr. Lalli offered to draft and present this policy to the Committee for review and vote at the September meeting.

3. Internal Audit Report

• **Review of Fire Marshal Internal Audit Final Report**

Mr. Norton said that John Wetmore, Special Counsel for the Town Law Department issued an opinion after review of State Statue that the Town Fire Commissioner is responsible for the Town Fire Marshals' actions.

Mr. Lalli presented the final version of the *“Internal Audit Report: Internal Audit of Selected Activities of the Greenwich Fire Marshal’s Office”*. He complimented the Fire Marshal on his assistance and compliance in completion of the audit.

Mr. Lalli highlighted the 2 major concerns found during the audit.

The Assessor’s listing of Town commercial properties was compared to the database of commercial properties in the Firehouse software and Internal Audit identified 297 (two hundred ninety seven) locations were not listed in the Firehouse software. A total of 859 (eight hundred fifty nine) properties require a commercial inspection, versus the 562 (five hundred sixty two) in the Firehouse software.

The audit also revealed a backlog of inspections for residential properties of 3 or more families. He stated that previous to calendar year 2012, these types of residential properties had not been inspected in recent history by the Fire Marshal’s Office. Mr. Lalli recommended that a process, reporting to the Fire Chief and Fire Commissioner, be established to assure that all properties are inspected by the Fire Marshal’s Office. He continued that Ms. Maranan and he met with the Fire Commissioner, Fire Marshal, John Wetmore, Special Counsel for the Town Law Department and Peter Tesei, First Selectman to discuss this issue. It was agreed that quarterly dashboard reporting will be provided to the Fire Commissioner and Fire Chief. These reports will include the number of inspections conducted during that quarter and progress that has been on the backlog of properties that have never been inspected.

Mr. Goldrick and Mr. McDonald discussed a possible completion date of the backlogged residential inspections by the end of the 2014 calendar year. Mr. Brady noted additional other duties of the Fire Marshal contained in the Audit such as certificates of occupancy, investigation of all fires, investigation of complaints, fire watch, hazardous material incident inspections, permits, street vendor permit applications, inspection of tents and all portable structures as well as site inspections of firework permit applications. A staffing discussion followed regarding additional personnel/staff since the period to educate/certify a Fire Marshal might take as long as a year and a half.

Mr. Lalli explained the technical issues affecting the Fire Marshal Office. He explained that the reconciliation process between the Assessor’s Office database and the Firehouse software data base is technically complicated. He expressed the opinion that the technical aspects to reconcile the data bases electronically, was beyond the capabilities of current Fire Department personnel. He cited an example on one of the days that he visited that the automated process for recording remotely entered field data directly into the Firehouse software was not working and he was informed that this is a constant problem. He emphasized these examples of the technical assistance that the Greenwich Fire Department needs, expressing the opinion that such help should enable the Fire Marshal to obtain their inspections goals. Mr. Goldrick requested that Mr. McDonald return to the Committee should it be found that additional personnel/staff be needed.

Upon a motion by Mr. Brady, seconded by Mr. Bedrosian, the Committee voted 4 to 0 to accept the *“Internal Audit Report: Internal Audit of Selected Activities of the Greenwich Fire Marshal’s Office”* and request implementation of all recommendations stated in the Audit, noting that the Internal Audit Staff and BET Audit Committee request additional IT assistance be provided in the related systems area.

Mr. Lalli added that the Fire Marshals' Office is in complete compliance and currently moving forward with the Audit recommendations. Mr. Brady requested Mr. McDonald report back to the Audit Committee regarding additional staff/technical support if needed.

4. Risk Management Report

Mr. Lalli presented a "*List of Recoveries since April 1, 2012*" that encompasses 28 (twenty eight) recoveries totaling \$443,130.53 (four hundred forty three thousand, one hundred 30 dollars and fifty three cents). Mr. Brady and Mr. Lalli discussed an additional 10 pending claims.

- **Hurricane Sandy Update – Expenditure/Reimbursement Update**

Mr. Lalli reported that a meeting with Frenkel & Company and AIG adjusters is scheduled for July 23, 2013 to review the final price for labor. Mr. Norton requested for him be in contact with the Committee after the meeting.

Mr. Lalli distributed copies of the \$10,000,000 (ten million dollar) Certificate of Liability Insurance from the Library to the Town Also copies of the Town's Certificate of Liability Insurance for \$1,000,000 (one million dollars), obtained thru Frenkel & Company, to cover Town events held at the Library.

5. Internal Audit Report

- **Selectman's Harbor Management Advisory Committee Audit Update**

Ms. Maranan stated that she is currently gathering data with a projected October update. Mr. Goldrick asked if the missing mooring data, reported last month, had been recovered.

Mr. Brady commented that the Internal Audit will find several sets of practices used over the years by Harbor Management and that the audit will actually be a reconstruction project. Mr. Goldrick questioned how many moorings and certificates there are and fees collected.

- **Board of Education School Lunch Audit Update**

Mr. Lalli stated that this audit has been their focus since it was requested by Ben Branyan, BOE Director of Operations to be completed prior to the start of the school year in September. Mr. Goldrick said that he believes the audit of Harbor Management should be a priority because of safety issues. He questioned whether the Food Services Audit is a management issue that should be handled by Mr. Branyan. Mr. Lalli replied that the audit request was initiated by Ben Branyan.

Mr. Lalli recommended that the next Internal Audit should be selected programs administered by Social Services, followed by Fixed Assets. Mr. Goldrick replied that the Internal Auditor should focus on Fixed Assets, looking into financial lapses not management consulting. Mr. Lalli replied that the Social Services Audit will be completed quickly, while the Fixed Assets Audit, which is a larger financial risk, will take longer.

Upon a motion by Mr. Brady, seconded by Mr. Bedrosian, the Committee voted 3 -0-1 for an audit of Social Services to be added to the Audit Schedule.

Upon a motion by Mr. Goldrick, seconded by Mr. Brady, the Committee voted 4-0 for an audit of Fixed Assets to be added to the Audit Schedule.

6. Old Business

No items were discussed.

7. Items for Future BET Audit Committee Meetings

No items were discussed.

8. Motion to cancel August 8, 2013 Meeting.

Upon a motion by Mr. Brady, seconded by Mr. Bedrosian, the Committee voted 4 to 0 to cancel the BET Audit Committee Meeting scheduled for Thursday, August 8, 2013.

9. Adjournment

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 4 to 0 to adjourn the meeting at 10:09 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 11, 2013

8:00 A.M.

Gisborne Conference Room, 1st Floor

AGENDA

1. Approve BET Audit Committee Meeting Minutes June 13, 2013
2. Risk Management Report
 - Hurricane Sandy Update – Expenditure/Reimbursement Update
 - FY 2013-2014 Insurance Renewal Program
3. Internal Audit Report
 - Review of Fire Marshal Internal Audit Final Report
 - Selectman's Harbor Management Advisory Committee Audit Update
 - Board of Education School Lunch Audit Update
4. Old Business
5. Items for Future BET Audit Committee Meetings
6. Motion to cancel August 8, 2013 Meeting.
7. Adjournment

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, July 11, 2013 – 8:00 A.M.
Gisborne Conference Room

Present:

Committee: Arthur Norton, Chairman
Gregory Bedrosian, Robert Brady, Sean Goldrick

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Director of Risk Management;
Pat Maranan, Internal Auditor; James McDonald, Fire Marshal

The meeting was called to order at 8:05 A.M.

1. Approve Minutes of Audit Committee Meeting

Mr. Norton requested that the approval of the June 13, 2013 minutes be postponed till the September 12, 2013 BET Audit Committee Meeting.

The Committee moved to take the agenda items out of order.

2. Risk Management Report

• **FY 2013 - 2014 Insurance Renewal Program**

Mr. Lalli presented a summary of the insurance policies for the Town and Board of Education. He stated that decreasing coverage limits and increasing deductibles are due to Hurricane Sandy and recent legal liability settlements, and that the ability to restore insurance coverages to last year's standards is not financially practical. The impact of Hurricane Sandy on property coverage for the industry and on the Town cannot be underestimated. He added that coverage limits have decreased, deductibles have increased and that there has been a significant rise in premiums. Also the deductible for storms named by the National Weather Service increased from 200,000 (two hundred thousand dollars) to a minimum of \$500,000 (five hundred thousand dollars). He explained that the original quote included a potential maximum deductible for named storms that could reach \$2,500,000 (two million, five hundred thousand dollars). He stated that the overall strategy was to buy down the maximum named wind storm deductible from \$2,500,000 (two million, five hundred thousand dollars) to \$500,000 (five hundred thousand dollars). He stated that this was done to obtain a practical deductible to enable the Town to recover damages from named wind storms.

Mr. Lalli detailed changes in the 100 (one hundred) Year Flood Zone Policy with a deductible increase from \$500,000 (five hundred thousand dollars) per occurrence, to \$500,000 (five hundred thousand dollars) per building. Mr. Lalli stated that he believes this to be the largest risk for the Town. Mr. Norton added that the primary carrier is AIG.

A group discussion followed regarding subrogation reimbursements being included in the 908 account as credits to offset payments made from the self-insured retention account within the same fiscal year. Mr. Norton and Mr. Lalli offered to draft and present this policy to the Committee for review and vote at the September meeting.

3. Internal Audit Report

• **Review of Fire Marshal Internal Audit Final Report**

Mr. Norton said that John Wetmore, Special Counsel for the Town Law Department issued an opinion after review of State Statute that the Town Fire Commissioner is responsible for the Town Fire Marshals' actions.

Mr. Lalli presented the final version of the *“Internal Audit Report: Internal Audit of Selected Activities of the Greenwich Fire Marshal’s Office”*. He complimented the Fire Marshal on his assistance and compliance in completion of the audit.

Mr. Lalli highlighted the 2 major concerns found during the audit.

The Assessor’s listing of Town commercial properties was compared to the database of commercial properties in the Firehouse software and Internal Audit identified 297 (two hundred ninety seven) locations were not listed in the Firehouse software. A total of 859 (eight hundred fifty nine) properties require a commercial inspection, versus the 562 (five hundred sixty two) in the Firehouse software.

The audit also revealed a backlog of inspections for residential properties of 3 or more families. He stated that previous to calendar year 2012, these types of residential properties had not been inspected in recent history by the Fire Marshal’s Office. Mr. Lalli recommended that a process, reporting to the Fire Chief and Fire Commissioner, be established to assure that all properties are inspected by the Fire Marshal’s Office. He continued that Ms. Maranan and he met with the Fire Commissioner, Fire Marshal, John Wetmore, Special Counsel for the Town Law Department and Peter Tesei, First Selectman to discuss this issue. It was agreed that quarterly dashboard reporting will be provided to the Fire Commissioner and Fire Chief. These reports will include the number of inspections conducted during that quarter and progress that has been on the backlog of properties that have never been inspected.

Mr. Goldrick and Mr. McDonald discussed a possible completion date of the backlogged residential inspections by the end of the 2014 calendar year. Mr. Brady noted additional other duties of the Fire Marshal contained in the Audit such as certificates of occupancy, investigation of all fires, investigation of complaints, fire watch, hazardous material incident inspections, permits, street vendor permit applications, inspection of tents and all portable structures as well as site inspections of firework permit applications. A staffing discussion followed regarding additional personnel/staff since the period to educate/certify a Fire Marshal might take as long as a year and a half.

Mr. Lalli explained the technical issues affecting the Fire Marshal Office. He explained that the reconciliation process between the Assessor’s Office database and the Firehouse software data base is technically complicated. He expressed the opinion that the technical aspects to reconcile the data bases electronically, was beyond the capabilities of current Fire Department personnel. He cited an example on one of the days that he visited that the automated process for recording remotely entered field data directly into the Firehouse software was not working and he was informed that this is a constant problem. He emphasized these examples of the technical assistance that the Greenwich Fire Department needs, expressing the opinion that such help should enable the Fire Marshal to obtain their inspections goals. Mr. Goldrick requested that Mr. McDonald return to the Committee should it be found that additional personnel/staff be needed.

Upon a motion by Mr. Brady, seconded by Mr. Bedrosian, the Committee voted 4 to 0 to accept the *“Internal Audit Report: Internal Audit of Selected Activities of the Greenwich Fire Marshal’s Office”* and request implementation of all recommendations stated in the Audit, noting that the Internal Audit Staff and BET Audit Committee request additional IT assistance be provided in the related systems area.

Mr. Lalli added that the Fire Marshals' Office is in complete compliance and currently moving forward with the Audit recommendations. Mr. Brady requested Mr. McDonald report back to the Audit Committee regarding additional staff/technical support if needed.

4. Risk Management Report

Mr. Lalli presented a "List of Recoveries since April 1, 2012" that encompasses 28 (twenty eight) recoveries totaling \$443,130.53 (four hundred forty three thousand, one hundred 30 dollars and fifty three cents). Mr. Brady and Mr. Lalli discussed an additional 10 pending claims.

- **Hurricane Sandy Update – Expenditure/Reimbursement Update**

Mr. Lalli reported that a meeting with Frenkel & Company and AIG adjusters is scheduled for July 23, 2013 to review the final price for labor. Mr. Norton requested for him be in contact with the Committee after the meeting.

Mr. Lalli distributed copies of the \$10,000,000 (ten million dollar) Certificate of Liability Insurance from the Library to the Town Also copies of the Town's Certificate of Liability Insurance for \$1,000,000 (one million dollars), obtained thru Frenkel & Company, to cover Town events held at the Library.

5. Internal Audit Report

- **Selectman's Harbor Management Advisory Committee Audit Update**

Ms. Maranan stated that she is currently gathering data with a projected October update. Mr. Goldrick asked if the missing mooring data, reported last month, had been recovered.

Mr. Brady commented that the Internal Audit will find several sets of practices used over the years by Harbor Management and that the audit will actually be a reconstruction project. Mr. Goldrick questioned how many moorings and certificates there are and fees collected.

- **Board of Education School Lunch Audit Update**

Mr. Lalli stated that this audit has been their focus since it was requested by Ben Branyan, BOE Director of Operations to be completed prior to the start of the school year in September. Mr. Goldrick said that he believes the audit of Harbor Management should be a priority because of safety issues. He questioned whether the Food Services Audit is a management issue that should be handled by Mr. Branyan. Mr. Lalli replied that the audit request was initiated by Ben Branyan.

Mr. Lalli recommended that the next Internal Audit should be selected programs administered by Social Services, followed by Fixed Assets. Mr. Goldrick replied that the Internal Auditor should focus on Fixed Assets, looking into financial lapses not management consulting. Mr. Lalli replied that the Social Services Audit will be completed quickly, while the Fixed Assets Audit, which is a larger financial risk, will take longer.

Upon a motion by Mr. Brady, seconded by Mr. Bedrosian, the Committee voted 3 -0-1 for an audit of Social Services to be added to the Audit Schedule.

Upon a motion by Mr. Goldrick, seconded by Mr. Brady, the Committee voted 4-0 for an audit of Fixed Assets to be added to the Audit Schedule.

6. Old Business

No items were discussed.

7. Items for Future BET Audit Committee Meetings

No items were discussed.

8. Motion to cancel August 8, 2013 Meeting.

Upon a motion by Mr. Brady, seconded by Mr. Bedrosian, the Committee voted 4 to 0 to cancel the BET Audit Committee Meeting scheduled for Thursday, August 8, 2013.

9. Adjournment

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 4 to 0 to adjourn the meeting at 10:09 A.M.

Arthur D. Norton, BET Audit Committee Chairman

Elaine JV Brown, Recording Secretary

SUBJECT TO APPROVAL