1. BET Audit Comm. Meeting Documents

Documents:

BET_AUDIT_COMM_MTG_AGENDA_07-12-18.PDF
SUB_TO_APP_BET_AUDIT_MTG_MINUTES_07-12-18.PDF
APPROVED BET AUDIT COMM. MINUTES 07-12-18.PDF
TOWN OF GREENWICH
BOARD OF ESTIMATE & TAXATION

AUDIT COMMITTEE MEETING
Thursday, July 12, 2018
8:30 A.M.
Gisborne Room

AGENDA

1. Acceptance of the BET Audit Committee Meeting Minutes of June 5, 2018

2. Risk Management
   • Town Program Insurance Renewals Presentation - Jose Irizzary, Executive VP Global Services, Frenkel & Co.

3. Internal Audit Report
   • Audits-in-Progress:
     • Septage disposal revenue analysis

4. Old Business
   • State of Connecticut FOIA Request regarding previous Starr General Liability Insurance Policy (update on Legal Department letter)
   • Status Cash Management Task Force – inventory of Departments handling cash

5. New Business
   • Development of a plan to review RRR Accounts
   • Annual calendar of TOG significant fiscal events to possibly align Internal Audit activity

6. Items for Future BET Audit Committee Meetings

7. Adjournment
BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, July 12, 2018 – 8:30 A.M.
Gisborne Conference Room

Present Committee:  David Weisbrod, Chairman; Andreas Duus, Debra Hess, Jill Oberlander

Staff: Megan Damato, Esq., Risk Manager; Melinda Frame, Internal Auditor; Brendan McDonough, Assistant Tax Collector; Peter Mynarski, Comptroller; Howard Richman, Tax Collector;

BET: Michael Mason, Jeffrey Ramer, Leslie Tarkington, Anthony Turner

Guest: Jose Irizarry, Executive Vice President, Frenkel & Company

The regular meeting was called to order at 8:30 A.M.

1. Approval of Audit Committee Meeting Minutes

Upon a motion made by Ms. Oberlander, seconded by Mr. Duus, the Committee voted 4-0-0 to accept the June 5, 2018 Meeting Minutes as amended.

Ms. Oberlander made a motion, seconded by Mr. Duus to use the term “approve” in place of “accept” when approving prior meeting minutes.

2. Risk Management

- Town Program Insurance Renewals – Jose Irizarry, EVP Global Services, Frenkel & Co.

Mr. Irizarry reviewed the 2018-2019 renewal insurance premium pricing. He attributed the premium increases for the Public Entity Liability policies to more frequent large claims and a recent large settlement, despite the Town’s 10-year loss record. The Committee discussed possible options for controlling future premium escalation. The Town’s “lessons learned” process was discussed with the Committee advised that any claim payment in excess of $100,000 is presented to the Committee for a “lessons learned” review.

Mr. Weisbrod requested that Mr. Irizarry and Ms. Damato report to the Committee’s September meeting with information on comparable towns’ captive insurance programs, along with a description of how such programs function and to identify other approaches for minimizing the impact of rising general liability costs in preparation for TOG’s FY2020 Budget planning.

3. Internal Audit Report

- Audits-in-Progress:
○ Review Draft Report “Internal Controls Over Cash Handling and Financial Accounting and Reporting in the Tax Collector Office” - Ms. Frame asked the Committee to treat the Draft as a “first read”. She noted several major issues that had a cascading effect on the department’s performance: reduction of staff; lack of an internal management transition plan; insufficient job cross-training; and, lack of written policy on the dataflow process. Mr. Weisbrod requested that the recommendations for remediating the deficiencies be strengthened and that a tracking schedule be defined for guiding the Department’s improvement. Members of the Committee suggested that the Tax Collector’s Office technology vendors might have training solutions and could suggest how to broaden utilization and knowledge of the QDC and MUNIS systems. Mr. Weisbrod proposed that a “flow chart” and policy be prepared to clarify and integrate improvements in the department’s transactional processes.

Mr. Weisbrod made a motion, seconded by Ms. Oberlander to add the Parking Services item (see below) to the Agenda. The Committee voted 3-1-0 in favor of the motion. Motion carried. (Opposed: Hess)

○ Parking Services – Mr. Ramer asked that the Selectmen’s Office make a public statement on waiving ticket penalty fees. It was decided that an invitation would be extended to Mr. Tesei to update the Committee at the September meeting on the status of the Parking Services Department.

○ Septage disposal revenue analysis – Ms. Frame reported that DPW had completed its inventory of septic disposal trucks and their capacity. As of July 9, 2018, the Department had implemented its policy of charging septic trucks for their total capacity. It will take approximately 6 months before additional revenue resulting from this policy can be assessed.

4. Old Business

• State of Connecticut FOIA Request regarding previous Starr General Liability Insurance Policy

The Committee reiterated its request that the Law Department send a letter to Frenkel & Company expressing the Town’s disappointment with Frenkel’s advice regarding insurance vendor’s limitation on liability for legal defense costs. In following up with the Law Department, Ms. Damato was asked to emphasize the urgency of sending the correspondence before an RFP for insurance brokers was issued. Text of the proposed RFP should include reference to the attendance by Audit Committee members and their authority to participate in vendor interviews.

• Status Cash Management Task Force – inventory of Departments handling cash

Mr. Mynarski reported that the inventory was being prepared by the Finance Department and would be distributed in August for discussion at the September meeting.

5. New Business

• Development of a plan to review RRR Accounts
Mr. Mynarski presented a list of all the RRR Accounts and explained that many of the accounts had zero balances. Some accounts were governed by Budget Resolutions, others had grant-funded accounts reduced by appropriations and some maintained balance sheets so that their funding doesn't lapse. He proposed preparing a one-page report of the twelve (12) major RRR accounts that would reflect their assets, liabilities, fund balance and previous year in-flow/out-flow as of June 30, 2018 for the next meeting.

- **Annual calendar**

  Mr. Mynarski distributed a list of annual topics for the Committee’s review and suggested further discussion could take place at the next meeting.

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

- Enterprise Risk Assessment to prioritize an Annual Audit Calendar (Damato, Frame)
- Audit Activity Planned for June – December 2018 (FY2019)
  - ADP Payroll and Retirement Data after conversion to new record-keeping vendor
  - BOE Student Activity Fund
  - BOE Lunch Fund 3rd-party supplier reconciliation
  - Commission on Aging, Senior Center
  - DH Skating Rink
  - DPW Environmental Specific Project Plan
  - DPW Holly Hill Transfer Station
  - TNW Inventory Control
  - Invitation to the Police Department to discuss its IT System security (Risk Manager)

7. **Adjournment**

  Ms. Hess made a motion, seconded by Mr. Duus, to adjourn the meeting at 11:28 A.M. The Committee voted 4-0-0 in favor of the motion. Motion carried.

The next Audit Committee Meeting is tentatively scheduled for September 13, 2018 at 8:30 A.M. in the Gisborne Room but is subject to change.

_________________________________________
Catherine Sidor, Recording Secretary

_________________________________________
David Weisbrod BET Audit Committee Chairman

**Schedule of 2018 Audit Committee Meetings**

August – no meeting
September 13, 2018 (Thursday) at 8:30 A.M. Gisborne (Tentative)
October 19, 2018 (Friday) at 8:30 A.M. Gisborne
November 16, 2018 (Friday) at 8:30 A.M. Gisborne
December 13, 2018 (Thursday) at 8:30 A.M. Gisborne
Present
Committee: David Weisbrod, Chairman; Andreas Duus, Debra Hess, Jill Oberlander

Staff: Megan Damato, Esq., Risk Manager; Melinda Frame, Internal Auditor; Brendan McDonough, Assistant Tax Collector; Peter Mynarski, Comptroller; Howard Richman, Tax Collector;

BET: Michael Mason, Jeffrey Ramer, Leslie Tarkington, Anthony Turner

Guest: Jose Irizarry, Executive Vice President, Frenkel & Company

The regular meeting was called to order at 8:30 A.M.

1. Approval of Audit Committee Meeting Minutes

   Upon a motion made by Ms. Hess, seconded by Mr. Duus, the Committee voted 4-0-0 to approve the June 5, 2018 Meeting Minutes as amended.

   Mr. Duus made a motion, seconded by Ms. Oberlander to use the term "approve" in place of "accept" going forward when approving minutes of prior meetings.

2. Risk Management

   • Town Program Insurance Renewals – Jose Irizarry, EVP Global Services, Frenkel & Co.

   Mr. Irizarry reviewed the 2018-2019 renewal insurance premium pricing. He attributed the premium increases for the Public Entity Liability policies to more frequent large claims and a recent large settlement, in light of the Town’s 10-year loss record. The Committee discussed possible options for controlling future premium escalation. The Town’s "lessons learned" process was discussed with the Committee advised that any claim payment in excess of $100,000 is presented to the Committee for a "lessons learned" review.

   Mr. Weisbrod requested that Mr. Irizarry and Ms. Damato report to the Committee's September meeting with information on comparable towns' captive insurance programs, along with a description of how such programs function and to identify other approaches for minimizing the impact of rising general liability costs in preparation for TOG’s FY2020 Budget planning.

3. Internal Audit Report

   • Audits-in-Progress:

     o Review Draft Report “Internal Controls Over Cash Handling and Financial Accounting and Reporting in the Tax Collector Office” - Ms. Frame asked the
Committee to treat the Draft as a “first read”. She noted several major issues that had a cascading effect on the department’s performance: reduction of staff; lack of an internal management transition plan; insufficient job cross-training; and, lack of written policy on the dataflow process. Mr. Weisbrod requested that the recommendations for remediating the deficiencies be strengthened and that a tracking schedule be defined for guiding the Department’s improvement. Members of the Committee suggested that the Tax Collector’s Office technology vendors might have training solutions and could suggest how to broaden utilization and knowledge of the QDC and MUNIS systems. Mr. Weisbrod proposed that a “flow chart” and policy be prepared to clarify and integrate improvements in the department’s transactional processes.

Mr. Weisbrod made a motion, seconded by Ms. Oberlander to add the Parking Services item (see below) to the Agenda. The Committee voted 3-1-0 in favor of the motion. Motion carried. (Opposed: Hess)

- **Parking Services** – Mr. Ramer asked that the Selectmen’s Office confirm that going forward there will be no waiving parking tickets and penalty fees in the Selectmen’s Office. It was decided that an invitation would be extended to Mr. Tesei to update the Committee at the September meeting on the status of the Parking Services Department.

- **Septage disposal revenue analysis** – Ms. Frame reported that DPW had competed its inventory of septic disposal trucks and their capacity. As of July 9, 2018, the Department had implemented its policy of charging septic trucks for their total capacity. It will take approximately 6 months before additional revenue resulting from this policy can be assessed.

4. Old Business

- **State of Connecticut FOIA Request regarding previous Starr General Liability Insurance Policy**
  The Committee reiterated its request that the Law Department send a letter to Frenkel & Company expressing the Town’s disappointment with Frenkel’s advice regarding insurance vendor’s limitation on liability for legal defense costs. In following up with the Law Department, Ms. Damato was asked to emphasize the urgency of sending the correspondence before an RFP for insurance brokers was issued. Text of the proposed RFP should include reference to the attendance by Audit Committee members and their authority to participate in vendor interviews.

- **Status Cash Management Task Force – inventory of Departments handling cash**
  Mr. Mynarski reported that the inventory was being prepared by the Finance Department and would be distributed in August for discussion at the September meeting.

5. New Business

- **Development of a plan to review RRR Accounts**
  Mr. Mynarski presented a list of all the RRR Accounts and explained that many of the accounts had zero balances. Some accounts were governed by Budget Resolutions, others had grant-funded accounts reduced by appropriations and some maintained balance sheets so that their funding doesn’t lapse. He proposed preparing a one-page
report of the twelve (12) major RRR accounts that would reflect their assets, liabilities, fund balance and previous year in-flow/out-flow as of June 30, 2018 for the next meeting.

- **Annual calendar**
  Mr. Mynarski distributed a list of annual topics for the Committee’s review and suggested further discussion could take place at the next meeting.

6. **Items for Future BET Audit Committee Meetings**
   - Enterprise Risk Assessment to prioritize an Annual Audit Calendar (Damato, Frame)
   - Audit Activity Planned for June – December 2018 (FY2019)
     - ADP Payroll and Retirement Data after conversion to new record-keeping vendor
     - BOE Student Activity Fund
     - BOE Lunch Fund 3rd-party supplier reconciliation
     - Commission on Aging, Senior Center
     - DH Skating Rink
     - DPW Environmental Specific Project Plan
     - DPW Holly Hill Transfer Station
     - TNW Inventory Control
     - Invitation to the Police Department to discuss its IT System security (Risk Manager)

7. **Adjournment**

Ms. Hess made a motion, seconded by Mr. Duus, to adjourn the meeting at 11:28 A.M. The Committee voted 4-0-0 in favor of the motion. Motion carried.

The next Audit Committee Meeting is tentatively scheduled for September 13, 2018 at 8:30 A.M. in the Gisborne Room but is subject to change.

Catherine Sidor, Recording Secretary

David Weisbrod, BET Audit Committee Chairman

**Schedule of 2018 Audit Committee Meetings**

August – no meeting
September 13, 2018 (Thursday) at 8:30 A.M. Gisborne (Tentative)
October 19, 2018 (Friday) at 8:30 A.M. Gisborne
November 16, 2018 (Friday) at 8:30 A.M. Gisborne
December 13, 2018 (Thursday) at 8:30 A.M. Gisborne