

1. BET Audit Comm. Meeting Documents

Documents:

[APPROVED_BET_AUDIT_COMM_MEETING_MINUTES_09-13-12.PDF](#)
[BET_AUDIT_COMM_MEETING_AGENDA_09-13-12.PDF](#)
[SUB_TO_APP_BET_AUDIT_COMM_MEETING_MINUTES_09-13-12.PDF](#)

BOARD OF ESTIMATE AND TAXATION
Audit Committee Special Meeting Minutes
Thursday, September 13, 2012 – 8:00 A.M.
Gisborne Conference Room

Present:

Committee: Arthur Norton, Chairman
Robert Brady, Sean Goldrick

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Risk Manager; Patricia Maranan,
Internal Auditor; Ben Branyan, BOE Managing Director of Operations;
Chip HaslinHaslun, Library Board Member

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

1. Approval of Minutes of the BET Audit Committee Meeting

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 3 - 0 to approve the July 12, 2012 Minutes.

2. Internal Audit Report

• **Update of the BOE Student Activity Funds Audit**

Mr. Lalli completing his review of the Internal Audit titled "*Internal Audit: Review of Internal Controls for the Procurement and Payment Cycle of Selected Contracts and Activities*" and stated that the Town and BOE are working to develop common vendors and is satisfied with this implementation. Mr. Branyan noted that the BOE will phase out some contracts while continuing to be in constant communication the Town's Purchasing Director, Ms. Joan Sullivan. Mr. Lalli added that the BOE's access to the T drive on the Town server has made this process possible and that efficiencies are already being gained.

He then cited other processes that were implemented by the BOE during the original audit.

Mr. Lalli noted that the BOE has revised the change order documentation process to include a section for explanatory comments. He was also notified that the Building Department has obtained a permit for the installation of CO Detectors.

Mr. Lalli then continued that testimony directly from the TOG Fire Marshal that all Fire Department, Fire Marshal's Office inspections of BOE Buildings have been completed. Mr. Lalli noted that the testimony received from the Fire Marshal included comments that all the violations had been cleared. Mr. Mynarski requested that an invitation to participate in Tools for Schools be extended to the new Workers' Compensation Administrator, Erica Mahoney. The Fire Marshal also stated that he is receiving copies of vendor service ticket inspections, as recommended by the Audit. A discussion followed noting that inspection schedules do vary such as: quarterly sprinkler, monthly fire extinguisher, yearly fire alarm, bi-monthly fire suppression and monthly emergency and exit light inspections.

Mr. Lalli recognized the cooperation between the BOE and the Fire Marshal's Office. As a response to one recommendation in the audit report, the BOE has instituted record logs of inspections performed at each school, retained at each school and by the Director of Facilities Management. This new process would facilitate audit/reviews of schools by the Fire Marshall's Office as well as the Internal Audit Department.

Mr. Goldrick questioned Mr. Lalli regarding any Town policy that deals with contractors who do not fulfill contract obligations. Mr. Norton replied that the issue requires a discussion with the Town Attorney regarding its structure.

Mr. Lalli continuing with the Audit recommendations noted that the BOE is now monitoring these inspections to insure that they are completed on a timely basis.

Mr. Norton asked for the Committee to approve the Audit Update and to distribute to the full BET and the BOE with an amended date. Mr. Goldrick again requested the Law Department's participation to create a policy regarding non-fulfillment of contracts. Mr. Lalli replied that it would be procedure to contact the Comptroller in the event of non-compliance.

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 3-0 to accept the completed *Internal Audit: Review of Internal Controls for the Procurement and Payment Cycle of Selected Contracts and Activities* with an amended date, and recommend for it to be presented to the full BET and the Board of Education.

Mr. Lalli thanked Mr. Branyan for his cooperation and work which enabled completion of this Audit.

- **GCTV Audit Report**

Ms. Maranan presented the "*Internal Audit: Greenwich Community Television Equipment Asset Inventory Review*". The review includes a detailed accounting of all equipment located in the Town Hall and at Central Middle School used in production. She stated that the inventory includes purchased as well as donated equipment from Cablevision, accumulated since July 2007.

Mr. Lalli noted that the items are stored satisfactorily, with limited access by individuals. He continued that disposal of donated items requires the donor's approval and he recommended a fixed asset tagging system to be implemented. Mr. Lalli added that his recommendations were received positively by Mr. Crary, Town Administrator. Mr. Paul Curtis, GCTV volunteer, has informed him that he would implement a fixed asset tagging system for the Town's Greenwich Public Television equipment.

Mr. Norton noted that the 1st Selectman's response was not included in the report. Mr. Brady requested that an expanded description of GCTV be included. Mr. Norton deferred acceptance of the report till the October 11, 2012 BET Audit Committee Meeting.

- **Update of the BOE Student Activity Funds Audit**

Ms. Maranan detailed fund ending balances which totaled over \$556,000 (five hundred fifty six thousand dollars) from five BOE locations: CMS, EMS, WMS, GHS and Havemeyer District Office. She stated that the Audit will be presented at the October meeting for review. Mr. Lalli explained that no detailed recommendations could be discussed at this time as the BOE has not seen the report. A report was not distributed.

A Committee discussion followed regarding 501c3 verification and booster clubs. Mr. Lalli advised that he will research the 501c3 questions presented and comment at the October meeting.

- **Proposed New Audit: Review of Documentation of the Police Department's Permitting Process for Selected Vendors**

Mr. Lalli questioned whether small vendors possessed adequate insurance documentation. He requested that a review of street vendor permits be added to the Audit Schedule.

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 3-0 for an Audit of Street Vendor Permits to be added to the Audit Schedule.

Mr. Lalli concluded that Ms. Maranan will begin this Audit.

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 3-0 to move to Audit Agenda item #5.

3. 5. Greenwich Library Funding Policy

Mr. Norton presented a revised Stowell Agreement, renamed "*Greenwich Library Funding Policy Guidelines for Budget (other than the Peterson Wing)*" to the Committee and Mr. Haslin-Haslun. He noted that discussions took place regarding these revisions with Assistant Town Attorney, Eugene McLaughlin and Nancy Better, Greenwich Library Trustee President.

Mr. Norton explained the use of Major Object Codes (MOC) used by the Town cover operating expenses: salaries, employee benefits, services, utilities, supplies, maintenance, insurance and other fixed charges. Other language alterations included "*Town appropriations are also used to cover capital costs for updating or replacement of equipment and facilities. New programs or physical plan expansion that the Library Board may request and that the BET approves will be within the scope of Town funding*". Wording was also changed to reflect that fines and fees remain the property of the Town.

Mr. Haslin-Haslun asked for time for the Board of Trustees to review the revised document. Mr. Norton requested final approval of the document for presentation to the full BET. Mr. Goldrick and Mr. Brady shared their thoughts on the revisions and agreed that the Library should be allowed sufficient time to review the modifications also. ~~A lengthy conversation resulted in permission being given for the Board of Trustees to review the document.~~

Item was not considered for acceptance.

4. Risk Management Report

• September 2012 Insurance Renewals

Risk Manager, Ron Lalli, explained that most insurance renewals are due June 30 of each year and six are due September 1st. Currently, all policies are in place and copies of each are in his possession. Mr. Norton questioned any possible premium increases. Mr. Lalli stated that he does not foresee any budget increases based on the policies renewed with September expiration dates. Mr. Norton requested a list of the six September renewals, with their premiums, for the October Audit Committee Meeting.

• Property Damage Claims – Subrogation Activity Update

Mr. Lalli distributed a chart of the insurance recoveries as of September 5, 2012 consisting mostly of workers compensation and physical damage claims. Mr. Lalli handed out a short schedule that detailed the recoveries received and expected recoveries since he took over as Risk Manager in April 2012. He noted that the total should reach \$378,000 (three hundred seventy eight thousand dollars) with other possible recoveries pending. He noted that the largest portion of these recoveries was the \$330,000 (three hundred thirty thousand dollars) collected for tree damage from a 2010 storm. He emphasized the excellent cooperation he received from Parks and Recreation with the tree damage claim. Mr. Norton was pleased with the amount of subrogation Mr. Lalli has been able to recover.

- **Review of Insurance Deductibles/ Consolidation of Town Insurance Policies – Orphan Policies**

Mr. Norton noted the inconsistency with insurance policy deductibles. He added that there are a few policies with only \$5,000 (five thousand dollars) as a deductible and other policies have deductibles as low as \$1,000 (one thousand dollars).

Mr. Norton stated that he believes that all the Town of Greenwich insurance policies should be consolidated with the Risk Manager. Mr. Lalli identified three “orphan police situations” which are: BOE’s school sport accident policies, P&R’s Skate Park Policy and Greenwich Library policies. Mr. Lalli explained that the Library’s policies are with the same broker as the Town, while the Skate Park and school sports accident policies are with different brokers. He explained to the Committee that he had the same concerns as the Chairman and has already gained the approval of the BOE to place the insurance for the school sports accident policies.

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 3-0 to adopt the policy that all insurance for the TOG and its entities be consolidated under Risk Management.

Mr. Norton requested Mr. Lalli to review the justification/validity of all policy deductibles. Mr. Goldrick questioned Frenkel & Company’s premiums and commission structure. Mr. Norton explained how insurance commissions are determined. Mr. Lalli said he will contact Frenkel & Company and request a breakdown of their commission schedule for the policies they place. He explained that this is separate and distinct from the \$78,000 (seventy eight thousand dollars) fee they collect as a result of their contract with the Town. He stated that he would try and provide this information by the October meeting.

- **Pollution Liability Insurance**

Mr. Norton and Mr. Lalli explained their reasons why the TOG should not pursue this issue. Disclosure issues and basic exclusions, and future liabilities make this policy not attractive.

Mr. Brady questioned the possibility of Holly Hill for coverage, but the exclusions in the policy make that location also not desirable. Mr. Lalli did comment that the TOG marine vessels do currently have pollution insurance in case of fuel spills, enabling management of liabilities. He also stated that for properties with known pollution issues that a separate endorsement would be required, which would be extremely expensive.

5. Greenwich High School – Remediation Update

Not discussed. Roland Gieger, Budget Director was not available.

6. Fiscal June 30, 2012 External Audit Update

Mr. Mynarski stated that the external auditors have started their initial field work and will be returning on September 17, 2012. He added that he is not aware of any potential management comments at this time. Mr. Norton stated that he would like for the Committee to see a draft in November as the Committee will vote acceptance in December 2012.

7. Old Business Item Review

No items discussed.

8. Items for future BET Audit Committee Meetings

Mr. Brady requested that The Town Attorney be asked to attend the October meeting to discuss damages/penalties that could be included in standardized contracts with contractors. Mr. Norton agreed that punitive damages must be expanded on.

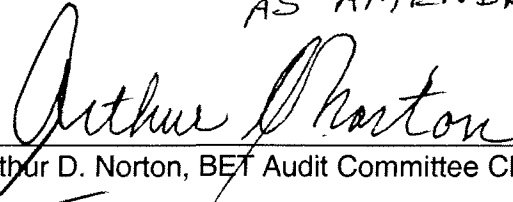
A motion was made by Mr. Brady to consider standard language for punitive damages for non-performance of a contract.

Mr. Goldrick raised an issue at Greenwich Point for possible future discussion. Mr. Brady explained that the high insurance requirements of the Town have created a possible vendor monopoly. Mr. Norton noted that past audits have improved the situation at that marina. Mr. Lalli offered to review the requirements that have been set to see if they are reasonable.

9. Adjournment

Upon a motion by Mr. Goldrick, seconded by Mr. Brady, the Committee voted 3 - 0 to adjourn the meeting at 11:25 A.M.

AS AMENDED



Arthur D. Norton, BET Audit Committee Chairman



Elaine JV Brown, Recording Secretary



**TOWN OF GREENWICH
BOARD OF ESTIMATE & TAXATION**

**AUDIT COMMITTEE MEETING
Thursday, September 13, 2012
8:00 A.M.
Gisborne Conference Room**

AGENDA

1. Approve BET Audit Committee Meeting Minutes
 - July 12, 2012 Meeting Minutes
2. Internal Audit Report
 - GCTV Audit Report
 - Required formal follow up to BOE Audit Report dated February 9, 2012
 - Update of the BOE Student Activity Funds Audit
 - Proposed New Audit: Review of Documentation of the Police Department's Permitting Process for Selected Vendors
3. Risk Management Report
 - September 2012 Insurance Renewals
 - Property Damage Claims – Subrogation Activity Update
 - Consolidation of Town Insurance Policies – Orphan Policies
 - Review of Insurance Deductibles
 - Pollution Liability Insurance
4. Greenwich High School – Remediation Update
5. Greenwich Library Funding Policy
6. Fiscal June 30, 2012 External Audit Update
7. Old Business Item Review
8. Items for future BET Audit Committee Meetings
9. Adjournment

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Arthur D. Norton, BET Audit Committee Chairman

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SUBJECT TO APPROVAL