

1. BET Audit Comm. Meeting Documents

Documents:

[APPROVED\\_BET\\_AUDIT\\_COMM\\_MEETING\\_MINUTES\\_11-10-11.PDF](#)  
[BET\\_AUDIT\\_COMM\\_MEETING\\_AGENDA\\_11-10-11.PDF](#)  
[SUB\\_TO\\_APP\\_BET\\_AUDIT\\_COMM\\_MEETING\\_MINUTES\\_11-10-11.PDF](#)

**BOARD OF ESTIMATE AND TAXATION**  
**Audit Committee Minutes**  
**Thursday, November 10, 2011 – 8:00 A.M.**  
**Gisborne Conference Room**

Present:

Committee: Arthur Norton, Chairman  
Joseph Pellegrino, Jeffrey Ramer

Attendees: Mary Lee Kiernan, BET Member; Peter Mynarski, Comptroller;  
Ron Lalli, Special Projects Coordinator;

BET Members as of January 1, 2012: Robert Brady; Sean Goldrick

The meeting was called to order at 8:01 A.M.

**1. Approve Minutes of Audit Committee Meeting**

The October 6, 2011 BET Audit Committee Meeting Minutes discussion was postponed till the December 2011 meeting.

**2. Internal Audit Report**  
**Permitted to Drive List**

Mr. Lalli described the background information to the pending new BET members. The new procedure and database, created by Mr. Lalli, has received in excess of 600 hundred entries from the BOE, who has been substantial in their compliance. Dr. Robert Lichtenfeld, Managing Director of Operations, BOE has notified all school locations that it is a mandatory requirement for all employees, who drive on Town business, to submit a copy of their driver's license. Mr. Lalli continued that it is his opinion that this project has reduced risk for the Town's drivers as the previous annual review disclosed numerous cases where an employee's driver's license was either suspended or revoked. He noted that the second annual review of licensees will be occurring shortly and that the cutoff for submitting licenses has expired. He noted that the results of the second annual review will be reported at a future Audit Committee meeting.

Mr. Lalli noted that the HR Town Vehicle Use Policy has already been updated to include requirements pertaining to the Permitted to Drive List. Concerning personnel files, the decision to put information into an employee's file will be the responsibility of HR. He noted that for employees who are required to drive for their employment that this would be a certainty. He noted that a plan has not yet been devised to transfer responsibility for maintaining the data base to HR but eventually this will happen. Addressing volunteers, Mr. Lalli noted that the only volunteers included on the list are GFD volunteers and Auxiliary Police. He added that at the current time a decision has been made not to include other volunteers, such as BET and RTM members.

Mr. Mynarski finalized the topic by announcing that Accounts Payable, in the Finance Department, is strictly enforcing driver license submissions, as a requirement for mileage reimbursement for use of an employee's personal vehicle on Town business.

**Assessor/Building Department Audit**

Mr. Lalli and Mr. Norton explained the Audit Committee's yearly Audit Plan process and detailed the background of the Assessor/Building Department Audit for the new BET members. Mr. Lalli reminded all that the audit was of limited scope of new residential, due to the lack of audit

manpower to cover the voluminous amount of transactions in the Building Department and Assessors Office since the last Internal Audit review.

Mr. Lalli's recommendations were as follows:

- I. The Building Department should not issue a Certificate of Occupancy (CO) for new residence construction until the final assessed valuation has been received from the Assessor's Office, whenever practicable, and that this information be entered into the data of construction values.
- II. The database should be detailed by Tax District to augment the review process.
- III. The final adjustments made before a CO to close a permit, should be entered into the data base.
- IV. The Building Department should require copies of signed builder contracts with owners be furnished while the permit is still active.
- V. The Building Department should investigate old active permits to determine if a CO is required.
- VI. The review package filed by the residential appraiser should be standardized to include all appropriate elements.
- VII. The Assessor's Office and the Building Department should explore the possibility of providing the inspection code (199-900) that indicates that construction is complete to the residential appraisers, in a time sensitive manner. This information should be easily queried to ensure that the data is received quickly after Building Department entry and that none of these code entries are missed.

Mr. Ramer examined the Actual Assessor Values in Excess of Building Department Permit Values Chart and posed questions for Mr. Lalli. Mr. Norton noted that material quality used by a contractor is a factor also in the permit vs. assessment values.

Mr. Norton expressed his concern with the Building Department's response to Recommendation IV. Although the Building Department accepts the recommendation, they are requesting the Law Department review the new procedure for any legal ramifications. Mr. Lalli replied that the Building Department is concerned that the process will slow down the department, but they have agreed to do it with new residences. He praised both departments for their cooperation during this audit and added that the Town would achieve additional revenue over time with the implementation of the recommendations.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ramer, the Committee voted 3 - 0 to accept the Internal Audit Report: Limited Audit Scope Review of the Building Inspection Division and Assessor's Office.

#### **Department of Social Services Audit**

Mr. Lalli acknowledged that this item is a work in progress and will report back to the Committee at the December 2011 meeting. He noted that he is receiving excellent cooperation from the Greenwich Department of Social Services

#### **Payments to TOG Volunteer Firefighters Audit**

Mr. Lalli explained that the audit addressed areas of policy, risk and accounting efficiencies. He noted that questions arising about the benefit programs for reimbursement of health care premiums and the tax abatement credits are well known. He noted that the auditor does not recommend policy benefits but can recommend that eligibility requirements should be clearly stated. He noted that this issue is raised in the report. Mr. Lalli highlighted several areas including the audit result that disclosed that not all the volunteers that attended fire call outs events had all their credentials in place before attendance. He noted that while the number is small in number, the potential risk to the Town could be significant. He emphasized that the vast majority of volunteers have all the credentials in place and that the few that do not have to

be addressed. Mr. Lalli addressed call out procedures as well as potential efficiency gains in processing data. Mr. Lalli also addressed the potential value of the Volunteer Coordinator in assisting Fire Administration with the recommendations made in this report as well as other administrative issues. Mr. Norton noted the inconsistency in policy between fire companies.

Mr. Lalli emphasized on several occasions that some of the policy issues addressed in the report are well known to the BET, especially, the Budget Committee. He explained that the GFD's Fire Chief has requested that the Budget and Audit Committees coordinate their efforts to ensure an efficient discussion of the subject matter.

Mr. Pellegrino requested Mr. Lalli to also evaluate the current state of equipment in companies during his audit. Mr. Lalli stated that he may have to enlist a professional with this undertaking, since he does not have expertise in this area.

A group discussion followed regarding the creation of a list by Mr. Lalli of policy points where the Town needs to establish policies.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ramer, the Committee voted 3 - 0 to accept the Internal Audit Report: Review of the Town of Greenwich's Payments to the Volunteer Firefighters.

After further discussion another motion was proposed.

Upon a motion by Mr. Ramer, seconded by Mr. Pellegrino, the Committee voted 3 - 0 that the Internal Auditor, Mr. Lalli, should submit to the BET a list of subject areas in which the Town should establish policy, respecting the benefits paid to the TOG volunteer Firefighters for their services, for the BET to approve and recommend to the Fire Commissioner for consideration and action.

### **Charge-Offs period ending June 30, 2011**

Mr. Norton stated that the only charge-offs were from Nathaniel Witherall in the amount of \$134,388 (one hundred thirty four thousand three hundred eighty eight dollars). Mr. Mynarski noted that this number encompassed more than a year. He said that at the December meeting he will explain the process and how receivables are formed.

Mr. Ramer requested further information on a couple other entries. Mr. Mynarski replied that he will return in December with explanations and trends of the past five years.

Upon a motion by Mr. Ramer, seconded by Mr. Pellegrino, the Committee voted 3 - 0 to accept the BET Audit Committee Annual Revenue Write-off.

### **3. Risk Manager Report Tools for Schools**

Mr. Norton explained the program to the new BET members and the process of school walk-throughs, noting extensive issues four years ago. Mr. Mynarski said he will return with an update on the work order system and how the twice a year, two school walk-throughs are progressing.

#### **Risk Manager Position**

Mr. Mynarski presented the history of the position and its current status to the Committee. He noted that a final version of the Hay Group Study is due today but unfortunately it did little to address this position.

In the meantime Mr. Mynarski has obtained approval from Mr. Walko, Chairman, BET to acquire a consultant. The consultant will be hired for the term of six months. During this time he/she will determine the privatization of the position while performing in the capacity of Risk Manager.

#### **Cyber Liability**

Mr. Norton explained that while creating the Permit to Drive Policy, cyber liability and fraud protection came to the attention of the Committee. In an earlier meeting Mr. Kelly had referred the Committee to an article reporting a current case of cyber fraud in *Business Week* dated August 4, 2011, "*Hackers Take 1 Billion a Year as Banks Blame Their Clients*".

Mr. Mynarski distributed an assurance letter from Chase and discussed controls such as Positive Pay which are currently in place to protect the Town.

Mr. Norton questioned the Town's liability regarding wire transfers and ACHs. Mr. Ramer asked about limitations and coverage. Mr. Mynarski said that he will review and respond to the Committee.

#### **4. GHS/MISA Phase 1 Testing Expenditures Audit Report**

Mr. Norton stated that he has been in contact with Ms. Leslie Moriarty and expects the consultants' report next Tuesday. He then distributed the actual expenditures report which he had just received.

Mr. Mynarski informed the Committee that he had received a budget request for a release of \$162,000 (one hundred sixty two thousand dollars), which will be on the BET Budget Committee's Meeting Agenda for November 15, 2011.

Eighteen borings have been completed in the footprint of the GHS auditorium, with one revealing PCBs. Others have been completed exploring the surrounding area. Currently they are awaiting the additional boring results and disposal is being discussed.

#### **5. Fiscal 2011 Audit**

Mr. Norton stated that the external auditor BlumShapiro will attend the December 8, 2011 meeting to present their final audit. He continued that the focus of the Audit Committee is the Management Letter. Mr. Mynarski added that the auditors are currently working with the Law Department for completion.

#### **6. Old Business Item Review**

##### **Hold Harmless / Indemnification Agreements**

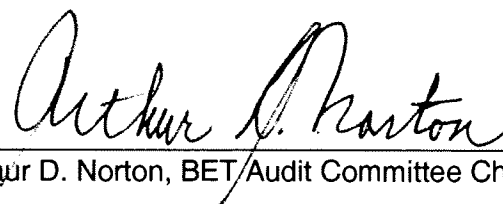
Mr. Mynarski stated that the agreements have not been completed.

#### **7. Items for Discussion future BET Audit Committee Meetings**

Mr. Mynarski stated that he will present a list at the January 2012 meeting.

#### **8. Adjournment**

Upon a motion by Mr. Pellegrino, seconded by Mr. Ramer, the Committee voted 3 - 0 to adjourn the meeting at 10:14 A.M.



Arthur D. Norton, BET/Audit Committee Chairman



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Elaine JV Brown, Recording Secretary



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

**AUDIT COMMITTEE MEETING**

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**AGENDA**

1. Approve Minutes of October 11, 2011 BET Audit Committee Meeting
2. Internal Audit Report
  - Permitted to Drive List
  - Assessor/Building Dept. Audit
  - Department of Social Services Audit
  - Payments to TOG Volunteer Firefighters Audit
  - Charge-Offs period ending June 30, 2011
3. Risk Management Report
4. GHS/MISA Phase 1 Testing Expenditure Audit Report
5. Fiscal 2011 Audit
6. Old Business Item Review
  - Hold Harmless/Indemnification Agreements
7. Items for future BET Audit Committee Meetings
  - Management Review and Audit Plan 2012-2013
8. Adjournment

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SUBJECT TO APPROVAL