1. BET Audit Comm. Meeting Documents

Documents:

- BET_AUDIT_COMM_MTG_AGENDA_12-10-15.PDF
- SUB_TO_APP_BET_AUDIT_MTG_MINUTES_12-10-15.PDF
- APPROVED_BET_AUDIT_MTG_MINUTES_12-10-15.PDF
TOWN OF GREENWICH
BOARD OF ESTIMATE & TAXATION

AUDIT COMMITTEE MEETING
Thursday, December 10, 2015
8:00 A.M.
Gisborne Room

AGENDA


2. Approval of the BET Audit Committee Minutes:
   • BET Audit Committee Meeting November 23, 2015
   • BET Audit Committee “Lessons Learned” Hamilton Avenue School Construction Meeting June 23, 2015

3. Risk Management Report
   • FEMA Report Update
   • Protocol for Charging at Fault Accident Cost to Departments
   • License Event Notification Service with the NY State DMV
   • Insurance Recoveries
   • Safety Inspections

4. Internal Audit Report
   • Fire Marshall Audit Update Report December 2015

5. New Business

6. Old Business

7. Items for Future BET Audit Committee Meetings

8. Adjournment
BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, December 10, 2015 – 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 Risk Management; Pat Maranan, Internal Auditor; Scott Bassett, RSM, LLC Partner; Jennifer Mazzuoccolo, RSM, LLC Manager; Roland Gieger, Budget & Systems Director; Peter Siecienski, Fire Chief & Shawn McDonnell, Fire Marshal

Others: Nancy Weissler, BET Member; Mary Lee Kiernan, BET Member; Jill Oberlander, 2016 BET Candidate

The regular meeting was called to order at 8:09 A.M.

The Committee addressed agenda item #2.

2. Approval of Audit Committee Minutes:
   - Audit Committee Meeting November 23, 2015
     Upon a motion by Ms. Tarkington, seconded by Mr. Finger, the Committee voted 3-0 to approve the November 23, 2015 Meeting Minutes. Mr. Blankley abstained.
     - Audit Committee “Lessons Learned” Hamilton Avenue School Construction Meeting June 23, 2015
       Ms. Tarkington and Mr. Finger suggested copy changes to Mr. Blankley’s previously submitted revised minutes. It was agreed that the first sentence should read “The meeting concluded with several lessons learned during this session.” Under the second bullet “contract” was changed to “appropriation”. At the end of the fifth bullet “should be required at the RFP process.” was added.
     
     Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the Committee voted 4-0 to approve the June 23, 2015 “Lessons Learned” Hamilton Avenue School Construction Meeting Minutes, with edits to Mr. Blankley’s revised minutes on page 4.


It was noted that McGladrey has experienced a corporate name change this year to RSM, LLC.

Mr. Bassett presented the complete draft audit report for the year ending June 30, 2015. RSM has adopted GASB 68 (accounting and financial reporting by state and local governments for pensions) which had a significant impact ($110 million) on the Town’s net position. An overview of the presentation “Management’s Discussion and Analysis – Unaudited” dated June 30, 2015 was reviewed.
On a government-wide basis, the assets and deferred inflows of resources of the Town exceeded its liabilities resulting in net position at the close of the fiscal year of $416.4 million. Total net position for governmental activities at fiscal year-end were $408.1 million, and total net position for business-type activities were $8.3 million. Net position for business-type activities increased by $0.2 million, while net position for governmental activities increased by $30.8 million after restatement.

On a government-wide basis, during the year, the Town’s net position increased by $31.0 million from $385.4 million (as restated, see Note 1) to $416.4 million. Government-wide expenses were $426.8 million, while revenues were $457.1 million.

At the close of the fiscal year, June 30, 2015, the Town’s governmental funds reported, on a current financial resource basis, combined ending fund balances of $41.9 million, an increase of $5.4 million from the prior fiscal year’s fund balances.

At the end of the prior fiscal year 2014, the fund balance for the General Fund was $47.3 million, an increase of $12.0 million from the 2013 fiscal year. For the current fiscal year the surplus of $6.6 million increased fund balance to $53.9 million.

The Town’s total debt increased by $12.5 million. The net increase is due to the issuance of $40.0 million in General Obligation Bonds with an offsetting payment of regularly scheduled principal amounts. Of significance, is the Town’s debt administration policy of paying down General Fund debt over a five-year period. Borrowings for funds other than the General Fund continue to be amortized over a twenty-year period. This does not include short-term Bond Anticipation Notes with $80.0 million outstanding as of June 30, 2015.

- Management Letter Review

Mr. Bassett explained a deficiency that was noted in the Management Letter. An internal controls’ payroll process regarding the ability for clerks to adjust or approve ADP data was discovered. HR has since resolved this issue. Three other deficiencies in internal controls were discussed which did not constitute significant deficiencies: sewer assessments, compensation absences and fund deficits.

Ms. Tarkington requested copy changes in the observation comment regarding sewer assessments, which Mr. Bassett will edit. The current system used to track sewer bond assessment receivables for Milbrook and North Mianus do not separate each balance into current and deferred. Finance has agreed with RSM’s recommendation and will work with the Tax Collector’s Office to maintain internal controls over receivable sewer assessment balances.

The second deficiency was the lack of a report tracking compensated absences for the year. Mr. Gieger noted that this is the result of having two separate payroll systems operating during the year: MUNIS and ADP. This comment is not expected to be repeated since this year only ADP will be reporting this information.

Two special revenue funds (the Public School Lunch Revolving Fund and the Nathaniel Witherell Fund) have deficits, placing additional resource requirements on the general fund. Mr. Mynarski responded that the Town traditionally funds deficits in special revenue funds in subsequent budget years and that plans are in place to offset the year-end deficits for the period ending June 30, 2015 in the fiscal year 2016-2017 budget.
Mr. Bassett explained the requirement of the Single State Audits (Federal and State) since the Town receives funding from Federal and State government. The general fund (operating fund, short term assets and liabilities), assigned fund balances (monies to be used, encumbrances) and unassigned/unreserved fund balances were defined. The external auditors reviewed the lunch program, student files, etc. to ensure compliance that grant funds are used properly. Only one significant issue was found regarding the BOE payroll process and clerk duties, which has been resolved.

Mr. Norton thanked Mr. Bassett and Ms. Mazzuoccolo for their presentation, noting that only one year exists on the RSM contract.

3. Risk Management Report
Mr. Lalli commended Ms. Maranan for the extensive work for a potential Management Letter comment regarding the Town’s inventory of capital assets. They are now working to develop a procedure to inventory assets under $10,000 (ten thousand dollars).

- FEMA Report Update
A total of $2,400,000 (two million, four hundred thousand dollars) has been received for 2012 Superstorm Sandy. $1,377,000 (one million, three hundred seventy seven thousand dollars) is still outstanding. Ms. Maranan reviewed the outstanding worksheets. Approximately $1,000,000 (one million dollars) recovery is possible FY 2016.

- Protocol for Charging at Fault Accident Cost to Departments
Mr. Lalli addressed a proposal to institute accountability to major departments (police, fire, public works and parks and recreation) for vehicle repair costs, from their budgets, for at fault accidents caused by their employees while driving on Town business. A Police Report or Motor Vehicle Accident Report would be filed initially. After review by Fleet and Risk Management a decision will be made whether a Town employee was at fault. If not, the costs are absorbed by a Risk Management Fund. A Fleet journal voucher would be produced and signed by Risk Management and filed in Finance. If the employee is at fault, the cost will be assigned to the respective department. Fleet will produce a journal voucher to be sent to the department for approval and then to Finance.

Parks and Recreation (P&R) has agreed to be the test department for 2017. Risk Management has allocated $25,000 (twenty five thousand dollars) to the P&R Budget and the amounts have been entered into the P&R budget.

- License Event Notification Service with the NY State DMV
Mr. Lalli has acquired notification status with the New York State Department of Motor Vehicles Site Pass Interface. Risk Management has entered a roster of licenses in LENS (License Event Notification Service) from data from the Permitted to Drive Data Base. This service provides immediate notification of New York driver license: expiration, renewal, suspension, revocation and restoration, class or privilege changes, traffic convictions, reportable accidents and changes to Hazardous Material endorsements and Medical Certification status. Connecticut does not currently offer this free service to municipalities. Mr. Lalli will monitor the CT DMV for offered upgrades to municipalities.

- The Town has been approached by a law firm that specializes in environmental insurance recoveries. Mr. Lalli has spoken to the Town Attorney and that they are in the exploratory phase to determine if there are benefits for Greenwich.
• **Insurance Recoveries**
Mr. Norton requested Mr. Lalli establish a BOE accident procedure policy to remedy instances such as the North Mianus School Bus incident, on April 28, 2015, to ensure immediate involvement of Risk Management.

• **Safety Inspections**
The Cos Cob Pump Station safety recommendations made by Applied Risk Services are being resolved. Some sink holes have been filled and current planning is for fence and roof shingle repair to take place over the next several months, weather permitting. Safety issues discovered at the Cos Cob Park are being addressed. Mr. Lalli expressed satisfaction with the Department of Public Work’s response to the reports.

4. **Internal Audit Report**
   • **Fire Marshal Audit Update Report December 2015**
Of the 331 (three hundred thirty one) residential properties identified by the Internal Audit in the December 2015 audit report of the Fire Marshal’s Office, Internal Audit estimates that 185 (one hundred eighty five) inspections have taken place from this list, since issuance of the original report. Another 26 (twenty six) have been reclassified to commercial property leaving approximately 120 (one hundred twenty) properties in need of an inspection. Mr. McDonnell estimated that the remaining properties were not 120 (one hundred twenty) but closer to 109 (one hundred nine) . Mr. Lalli explained that since the 120 number was unaudited and that the 109 number was materially close to the Internal Audit number that the discussion should focus on the reason why more than approximately 100 (one hundred) properties have not been inspected as of November 23, 2015.

Mr. McDonnell explained his response to the Marshal Internal Audit. During the period of March 11, 2014 to November 23, 2015, 2447 (two thousand, four hundred forty seven) inspections were performed of which 138 (one hundred thirty eight) were multi-family structures. A total of 136 (one hundred thirty six) minor violations were noted in this category and corrected. The challenge with these statutory requirements is the coordination of inspections with owners or property managers. Mr. Lalli noted that the Fire Department’s software recordings and the Assessor’s Office listings are not reconciled on an annual basis.

Mr. Norton requested that the Fire Marshal continue to report to the Committee periodically and semi-annually to the First Selectman. Ms. Tarkington asked Mr. McDonnell to present a GIS mapping of all outstanding inspection locations at his next visit.

5. **New Business**
Not addressed.

6. **Old Business**
Not addressed.

7. **Items for Future BET Audit Committee Meetings**
Mr. Norton requested Mr. Lalli to create an Audit Plan for the term. Ms. Tarkington asked for a compliance check list for each marine operating agreement to review leasing, insurance compliance and any obligations to the Town. Mr. Lalli agreed to incorporate this request into the Audit Plan.
8. **Adjournment**

Upon a motion by Mr. Finger, seconded by Mr. Blankley, the Committee voted 4-0 to adjourn the meeting at 10:21 A.M.

The next meeting of the Committee is scheduled for January 14, 2016 at 8:00 A.M. in the Gisborne Conference Room.

________________________________________
Arthur D. Norton, BET Audit Committee Chairman

________________________________________
Elaine JV Brown, Recording Secretary

SUBJECT TO APPROVAL
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