

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, April 19, 2018 – 8:30 A.M.
Gisborne Conference Room

Present

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

Attendees: Peter Mynarski, Comptroller; Melinda Frame, Internal Auditor; Megan Damato, Esq., Risk Manager

The regular meeting was called to order at 8:35 A.M.

1. Acceptance of Audit Committee Meeting Minutes of March 8, 2018

Upon a motion by Mr. Duus, seconded by Ms. Oberlander, the Committee voted 4-0 to accept the March 8, 2018 Meeting Minutes.

2. Risk Management

- **Safety Inspection Updates:**

- **Pemberwick Park and Grass Island Dog Park** - Ms. Damato reviewed a safety inspection report conducted by Frenkel & Company, which was requested by Bruce Spaman, Park Superintendent, and Darrin Wigglesworth, Park Operations Manager. Access to the steps at Pemberwick Park has been restricted due to soil erosion. Risk Management is not aware of community objections. The safety engineer expressed the opinion that removal of the existing stairway offered the best solution at Pemberwick Park. Mr. Weisbrod suggested taking no immediate action beyond providing public notice until the Pemberwick Neighborhood Association, Public Works and Parks & Recreation Departments were engaged in the discussion of a permanent solution. At the Grass Island Dog Park, the safety engineer suggested: keeping the existing stair configuration; covering the exposed tree roots at the head of the staircase with additional soil; and adding an appropriately sized hand railing.

Members of the Committee questioned the need for an engineering analysis of the two locations. Mr. Mynarski responded that Frenkel & Company works with the Risk Manager and CIRMA on claims, lawsuits, Worker's Compensation, risk management and liability as part of their contract with the Town.

- **Eastern and Western Civic Centers** - Ms. Damato commented that inspections would take place at the end of April with a safety engineer, independent of Frenkel & Company.
- **Update on Glenville Fire House Claim** - The claim of \$47,655 has been filed and an adjustor has visited and done the relevant inspection and taken photos and measurements. Ms. Damato will follow up with State Farm for payment on the claim.

3. Internal Audit Report

- **Acceptance of the Review of Internal Controls over Cash, Petty Cash and Client Assistance Handling in the Greenwich Department of Human Services -** After a reported theft in July of cash from a safe in the GDHS Business Office Ms. Frame commented that an unannounced safe inventory was conducted on August 15 and a follow-up inventory performed on September 9. There was no separation of duties in the Business Office and a single employee was responsible for the custody, security, authorization and recording/reporting of all business transactions. In August the employee confessed the theft of the cash to the police and criminal charges were subsequently filed. The case remains open.

Mr. Weisbrod stressed the Internal Auditor's Report on the Human Services Department needs to reflect that control procedures for cash and other disbursements were deficient and how controls are being corrected. Ms. Frame pointed out that those issues were each identified and addressed in the final four pages of the report.

Ms. Oberlander made a motion, seconded by Mr. Duus, to accept the report subject to adjusting the typographical edits. The Committee voted 4-0 to approve the motion; motion carried.

Mr. Weisbrod suggested that any investigatory matter that is related to risk control be shared with the Audit Committee. Mr. Mynarski added that the Committee could request an update on investigatory issues which could involve a fiscal impact on the Town. Mr. Mynarski and Ms. Damato were asked to prepare an Agenda item that invites Police Chief Heavey and Town Attorney Fox to the next Audit Committee meeting to review this governance issue.

- **Audits-in-Progress:**

- **Revenue Processing and Reporting in the Office of the Tax Collector Update -** Ms. Frame commented that, to date, cash collection procedures and controls as well as the Tax Collector Department software appear to be functioning well. Due to reduced staffing, separation of duties was difficult to achieve, but the software used by the Tax Collector Office appeared strong with several built-in controls to reduce the risks for theft, fraud, and abuse. Several chargebacks and other tax payer account adjustments outstanding since June/July are now being quickly addressed. The issues of improving function and morale were improving under the Department's new leadership.
- **Update on Public Work's Implementation of the Management Recommendations in the February 7, 2018 Internal Audit Report – Collection of Disposal Fee Revenue from, Private Septic Haulers -** DPW has reached out to its haulers, informing them of upcoming policy changes and requesting detailed information on each pumper truck in its fleet. The majority of haulers have complied with this request. The few that have not were notified that they are banned from disposing at the Plant until their fleet information is received. New fees, based on truck size will be developed and communicated to the haulers in the coming weeks, along with a revised disposal policy. A new camera to record haulers activity in the disposal area has yet to be installed. Now that winter is coming to an end, disposal activity will increase and revenue impacts from the new policies will be able to be tracked.

4. Old Business

- **State of Connecticut FOIA Request regarding previous Starr General Liability Insurance Policy** - The Committee discussed the difference between Frenkel & Company's assertion that an endorsement form on the State's "admitted status checklist" had been filed and was mandated versus the State Insurance Department statement that the form was not mandated. Whether the Town was ill advised or not and whether there are damages to be pursued should be a second topic for conversation with Mr. Fox at the next meeting.
- **Cash Handling Task Force Update** - The Committee discussed questions to ask Mr. Branyan at the next Audit Committee meeting including the report's scope, procedures, process and recommendations. Mr. Mynarski remarked that Mr. Branyan could broaden the Cash Handling Task Force report with many accomplishments and describe practices that had been changed. Mr. Weisbrod suggested the Town pursue a leadership role converting to as much of a cashless policy as is practicable.
- **Interim Six (6) Month Audit Plan** - The Committee recommended immediate topics for review: DPW internal controls; Retirement Administration records; HR Department Payroll Pension records; a fuller examination of the Tax Collector's Office; Harbor Management Commission and Student Activity Fund. Ms Hess offered to share a risk assessment model, that could assist Ms.Frame and the Audit Committee's prioritization of future audits over a year-long calendar. Mr. Mynarski indicated that he would be emailing an annual calendar sequencing significant Town fiscal events as well as a schedule of planned audits.

5. NEW BUSINESS

- **Approval of New Internal Audit Code** - The Committee reviewed the text of the Audit Code developed by Mr. Weisbrod with input from Ms. Hess. It was agreed to include the Code's Preamble to express how the Committee would support the independence and integrity of a highest quality Internal Audit function.

Mr. Duus made a motion, seconded by Ms. Oberlander, to present the Audit Code text and preamble to the BET Policy & Procedure Committee with the intention for insertion into the Appendix section of the BET Reference Manual. The Committee voted 4-0 in favor of the motion; motion carried.

- **Discussion of Harbor Management Commission Audit** - Mr. Weisbrod asked the Committee to consider whether an Audit would be timely and whether in the future, the governance of the Harbor Commission should be integrated into the Town Budget rather than as a balance sheet item represented by a Resolution to the budget. Mr. Mynarski will send Committee members background information on Reserve for Restricted Receipts (RRR) accounts to enable further discussion at the next Audit Committee meeting.

6. Items for Future BET Audit Committee Meetings

- May 11 Meeting Agenda to include the following guests:
 - Auditors (Mynarski)

- OFS Cash Handling Task Force Report (Mynarski)
- Police Chief and Mr. Fox Update (Damato)
- Risk Assessment prioritization of future audits with estimates of hours required and prioritized with a scale of high/med/low importance while an Annual Audit Calendar is developed (Frame)
- Annual Calendar of TOG significant events that are presented to the Audit Committee (Mynarski)
- An interim 6-month Audit Plan to list Audit projects (Frame)
- Update of Summary of insurance carrier report reflecting: (Damato / Mr. Irizarry)
 - Benchmarking TOG with comparable towns
 - Identification of differences between expiring and renewal policies
 - Options for consideration of increased TNW coverage
 - List of sites excluded from TOG's insurance coverage
 - Options for indemnification for sewer damage from state property
 - Options for expanding coverage for school construction projects
 - Options for terrorism risk coverage
- Arrangement of meeting with TOG primary and secondary insurance carriers prior to June 4th Audit Committee meeting (Finance Dept)
- Reschedule of Information Technology Department return in June to present Cyber Risk Practices (Damato)
- Schedule a follow-up review in 6-9 months of new practice implementation in the Town Clerk's Office (Mynarski / Frame)
- Circulation of R. Lalli's previous Student Activity Fund Audit (Mynarski)

7. Adjournment

The Committee voted unanimously to adjourn the meeting at 11:25 A.M.

The next Audit Committee Meeting is scheduled for May 11, 2018 at 8: -00 A.M. in the Gisborne Room.

Catherine Sidor, Recording Secretary

David Weisbrod, BET Audit Committee Chairman