

**BOARD OF ESTIMATE AND TAXATION**  
**Audit Committee Minutes**  
**Thursday, January 10, 2013 – 8:00 A.M.**  
**Gisborne Conference Room**

Present:

Committee: Arthur Norton, Chairman  
Gregory Bedrosian, Robert Brady, Sean Goldrick

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Director of Risk Management; Pat Maranan, Internal Auditor; Michael Mason, Chairman, BET; Leslie Tarkington, BET Member; William Finger, BET Member; Joan Sullivan, Director of Purchasing & Administrative Services; Ian McMillan, Harbor Master; Gary Silberberg, Acting Chairman, Selectmen's Harbor Management Advisory Committee

The meeting was called to order at 8:03 A.M.

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

Upon a motion by Mr. Brady, seconded by Mr. Bedrosian, the Committee voted 4 - 0 to approve the December 13, 2012 Meeting Minutes, with the following changes: Page 2 insert "rating agencies", Page 2 change "Tax Collector" to "tax collection", Page 4 insert "(Town of Greenwich Municipal Code)" and Page 5 changed "questioned" to "supported".

Mr. Lalli updated the Committee regarding the amount of data needed for property recovery resulting from Hurricane Sandy and its impact on the progress of other current audits.

**2. Internal Audit Report**

**1. Fire Marshal Audit Update**

Mr. Lalli stated that the time to complete the insurance recovery effort for Hurricane Sandy has delayed work for the Fire Marshall's Audit, and that it has been temporarily suspended. Ms. Maranan indicated that Internal Audit has requested specific reports to assist with the efforts. The Greenwich Fire Marshall has indicated that some of the requested reports are not readily viable and that they need to request the software company to provide such reports. Mr. Lalli indicated that having these reports in hand when Internal Audit commences the audit will make the audit effort more efficient. A start time of mid-February is anticipated.

**2. Harbor Management Audit Request**

Mr. Norton addressed the request from the Board of Selectmen to conduct an audit of the Town's Harbor Management Program. The scope of the audit is detailed in a letter Mr. Norton received from Mr. John Crary, Town Administrator, dated January 4, 2013.

Mr. Lalli said that Ms. Maranan will use MUNIS to track revenues, expenses and evaluate insurance implications. Mr. Lalli added that an April 2013 start time is appropriate with the Hurricane Sandy recovery and the Fire Marshal Audit, unless the Committee chooses to re-prioritize audits.

Mr. Silberberg offered his assistance gathering billing information for the internal audit and expressed a concern relating to sticker issues. He also requested access to mooring information, possibly in a "read only" format. Mr. Norton encouraged Mr. Silberberg's

participation in the audit and to work with Mr. Lalli for possible completion by the end of the fiscal year (June 30, 2013).

Mr. Goldrick expressed his opinion to prioritizing the Fire Marshal Audit due to possible safety issues. Mr. Lalli agreed. He noted that a future proposed audit of fixed assets would have to be carefully planned due to the enormity of the project.

Mr. Brady and Mr. Norton offered assistance to arrange mooring data access for Mr. Silberberg thru the First Selectman. Mr. Mynarski recommended that internal audit gather the pre-numbered mooring forms also. Mr. Lalli stated that he will speak directly with Mr. Cray to obtain these records.

### **3. The Greenwich Police Department Issued Permits Final report**

Mr. Lalli stated that the Police Department has implemented the recommendation requiring proof of insurance coverage before receiving a permit.

He also distributed an email from the Law Department with their response to a question of whether the Town could require vendors to carry more than the minimum amount of insurance as stated in Section 3-20.1 (d)(1)(A) of the Town Code. Their response states that it is their *"opinion that the Town can require insurance coverage in excess of \$500,000 (five hundred thousand dollars). The Code merely sets a minimum amount of coverage."*

### **3. Risk Management Report**

- **Hurricane Sandy Update**

Mr. Lalli stated that Jeff Smith, Frenkel & Company, will be attending the February 8, 2013 Audit Committee meeting. Mr. Lalli said there was massive tree damage across the Town, including the Griffith E. Harris Golf Course, Pinetum, Greenwich Point, etc. He stated that the limit of the policy for tree damage is \$1,000,000 dollars. He cautioned that all claims are negotiated and that it is too soon to quoting exact amounts. He reminded the Committee that FEMA does not cover the fair market value of tree replacement.

For two days during Hurricane Sandy employees were unable to work, this equals \$380,778 (three hundred eighty thousand, seven hundred seventy eight dollars) in lost wages. These totals were discovered after an extensive research of attendance records, excluding teacher absences, by Ms. Maranan.

Employees required to participate in preparation for the storm had a calculated cost of \$150,000 (one hundred fifty thousand dollars) for emergency operation expenses.

Mr. Lalli stated that all of these claims will be submitted to insurance with the objective of receiving the entire dollar amount but cautioned once again that receiving the full claim is difficult due to unanticipated exclusion challenges by our insurance carriers which result in a negotiation.

Mr. Lalli continued that Parks and Recreation has submitted property claims of \$3,200,000 (three million, two hundred thousand dollars). He and Ms. Maranan will be visiting these properties with the insurance adjusters. He stated that FEMA may wait for the insurance loss calculation to be conducted before they do their investigation. Mr. Lalli said that FEMA has already requested and that he has already forwarded to FEMA a tree inventory produced by Risk Management

The Department of Public Works has claimed \$656,000 (six hundred fifty six thousand dollars) in property damages which includes buildings, waterways, islands, piers, docks, etc., which will go through FEMA.

Mr. Lalli added that the cost of clean-up and vendors' bills have yet to be finalized, which involves a complete review of straight and over-time wages paid by each department.

Mr. Norton commended Mr. Lalli and Ms. Maranan for a fine job on this very time consuming endeavor.

Lastly, Mr. Lalli cited that he had spoken with Greenwich Library officials and does not foresee any issues with the Risk Manager over-seeing insurance policies. He noted that he would be unable to actually sign the policy, although the Library also employs Frenkel & Company. He added that it is an administrative issue that can be addressed that has no real impact on having uniform practices for the Town and the Library.

Mr. Norton asked for permission from the Committee to discuss with Ms. Sullivan Item # 4 **Contract Language Change – RE: Vendor Non-Performance Issues** before Mr. Lalli continued with the **Town Vehicle Safety Program – GPS.**

#### **4. Contract Language Change – RE: Vendor Non-Performance Issues**

Ms. Sullivan stated that she had worked on policy language and submitted the change to Mr. Cray, Town Administrator, on Friday, January 4, 2013 for approval. The revision had been reviewed by the Law Department. With Mr. Cray's approval the new policy will be distributed to Town departments and be incorporated in the TOG and BOE Purchasing Policy, hopefully by February 2013.

Mr. Lalli then resumed his presentation.

#### **• Town Vehicle Safety Program – GPS**

Mr. Lalli distributed a speeding alerts list from the GPS vehicle monitoring system from October 2012 to December 2012. Mr. Lalli reviewed data regarding accidents with Town vehicles for fiscal years 2011, 2012 and 2013 by department. A drop in incidents was noted, since the installation of the GPS units. Mr. Finger asked if employees are made aware that the vehicles are being monitored. Mr. Lalli replied that stickers are mounted on the front windshields to alert drivers of this new system. Hopefully the next area to review will be the vehicle idling reports.

#### **5. Greenwich Library Funding Agreement**

Mr. Norton started the discussion by stating that the draft agreement response from the Law Department will implement best practices for the TOG and the Greenwich Library. Mr. Mason recommended that Mr. Eugene McLaughlin, Jr. Esq, Assistant Town Attorney, offer an explanation of his draft to the Committee. Mr. Mason questioned whether the draft is an agreement or policy, since the Greenwich Library is a department of the Town. Mr. Norton noted that throughout the State of CT libraries utilize various models of operation.

Mr. Goldrick voiced his discontent for the process implemented by the BET Audit Committee to resolve and clarify this document between the Town and the Greenwich Library. He continued his statement by reviewing the previous actions taken by the Committee and its members over the past year and the steps that have occurred. Mr. Goldrick expressed his confusion as to the eventual purpose and outcome of this document review.

Mr. Mason offered insight into the history of the Stowell Agreement and recommended a discussion with Mr. McLaughlin to review and see if the changes he has made are warranted. He continued with an explanation that this review was caused by damages to the Greenwich Library from a storm in March of 2010. The library was utilized as a semi-shelter for computer use and communication, part of the Town's Emergency Plan. Mr. Mason also clarified RTM involvement and their request for a formal agreement. Mr. Mason questioned whether this draft

is intended to be an agreement that would have to go before the RTM, or a policy with the decision left to the BET Audit Committee.

Mr. Norton stated that a discussion with Mr. McLaughlin is needed. Mr. Brady said that he had forwarded to Mr. McLaughlin his comments on the draft.

Mr. Goldrick stated his opinion that there have been secret meetings and that the draft seems to prevent the Greenwich Library from raising “needed” funds. He questioned whether Mr. McLaughlin’s objectivity had been compromised and stated that he was troubled about how the Committee will operate going forward.

Mr. Brady explained his experiences of the governance of committees and that a quorum is not a requirement when a member speaks with other Town officials or departments. He continued that it must be realized that the original Stowell Agreement was created in 1988, not signed, not an agreement and how it needs to establish purpose.

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

No items were discussed.

**7. Adjournment**

Upon a motion by Mr. Brady, seconded by Mr. Bedrosian, the Committee voted 3 - 1 to adjourn the meeting at 10:22 A.M.

SUBJECT TO APPROVAL  
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Arthur D. Norton, BET Audit Committee Chairman

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Elaine JV Brown, Recording Secretary