

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, January 14, 2010
Gisborne Meeting Room

Attending:

Committee: Arthur Norton, Chairman
Jeffrey Ramer, Joseph Pellegrino and William Kelly (8:05 arrival)

Attendees: Peter Mynarski, Comptroller; Roland Gieger, Budget Director; Ron Lalli, Special Projects Manager; David Ridberg, Chief of Police; Jose Irizarry, Senior Vice President, Frenkel & Co., Inc. and Frank D'Ambrosio, Senior Vice President, Frenkel & Co., Inc.

Meeting was called to order at 8:03 A.M.

The following items were discussed:

Mr. Ramer moved to change the agenda to have item #5 be addressed by the Committee after agenda item # 2, seconded by Mr. Pellegrino. No vote was taken.

2. Discussion with Police Chief for Limited Scope Audit Public Safety Facility

Mr. Ridberg requested from the BET Audit Committee approval for a limited scope audit of expenditures for the Communications System and technology upgrades of the Public Safety Facility. He detailed the scope of this extremely large project while being short-handed and expressed his appreciation for the assistance of Mark Kordick, Lieutenant.

Mr. Ridberg further explained the movement of the radio system, the re-banding project and technical upgrades for the Police computers. The FCC had dictated that Nextel surrender frequencies to the TOG, due to interference. As a result, Mr. Ridberg reported a savings of approximately \$600,000 (six hundred thousand dollars) which were then rolled into this capital project. He continued that Mr. Kordick ran liaison with Mr. Monelli, TOG Building and Construction Superintendent, with purchases while being overseen by Mr. Hannigan, Director General Services, Police Department and himself.

Mr. Ridberg concluded by stating that he believes it is his obligation to check the expenditures of the project and therefore is requesting this impartial audit, managerial review.

Upon a motion by Mr. Kelly, seconded by Mr. Pellegrino, the Committee voted 4 to 0 to approve an Internal Audit, of limited scope, of the Public Safety Facility.

Mr. Ridberg left the meeting at 8:12 A.M.

1. Approval of Minutes for December 9, 2009 Audit Committee Meeting:

Upon a motion by Mr. Kelly, seconded by Mr. Ramer, the Committee voted 4 to 0 to accept the December 9, 2009 Minutes.

At this point Mr. Norton spoke to the new members of the BET Audit Committee and welcomed Mr. Pellegrino and Mr. Kelly. Mr. Norton briefly addressed current active projects such as the Waste Disposal Ordinance, which will be reviewed in March 2010 by the RTM. He also noted False Alarms Small Claim Actions and the issue of TOG gifts and their possible financial implications.

Mr. Norton defined the three basic responsibilities of the BET Audit Committee.

1. Hire and retain an outside independent auditor to review the financial conditions and reports for the fiscal year
2. Internal Audit Process and Risk Management
3. Governance Committee for the TOG

Mr. Mynarski then explained the TOO (Table of Organization) to the new members regarding the current Internal Auditor position. The Internal Auditor position was eliminated in February 2009 and the responsibilities were assigned to Christopher DeMeo, Risk Management Director, who is currently out on family leave. As a result Mr. Mynarski is covering Risk Management while Mr. Lalli is assisting with the Internal Audits, with the approval of the First Selectman's Office.

5. Follow-Up Fiscal Year Ended June 30, 2009, Independent Auditor Management Letter

Mr. Gieger addressed the Blum and Shapiro Management Letter comment regarding the MUNIS Financial Management System (FMS) Configuration, which has been a repetitive comment on their management letters in the past. He further explained that the TOG financial statements are currently run on a budgetary basis. Blum and Shapiro have recommended that encumbrances be handled on a GAAP basis.

After communicating with MUNIS, the TOG financial software company, the issue has still not been resolved Mr. Gieger stated. For the TOG to switch to a GAAP basis would require the MUNIS system to be shut down for weeks affecting all TOG departments, which is not acceptable. A group discussion of options including contacting the think-tank at UCONN continued.

Mr. Mynarski recommended a conference call with Blum and Shapiro at the BET Audit Committee's February 11, 2010 meeting. He added that Ms. Vanessa Rossitto, Blum and Shapiro Partner, will be attending the May 13, 2010 Audit Committee Meeting.

Mr. Ramer moved to change the agenda and have item #4 addressed next by the Committee, seconded by Mr. Pellegrino. No vote was taken.

4. Risk Managers Report

Jose Irizarry, Senior Vice President, Frenkel & Co., Inc. presented the 2009 Renewal Chart to the Committee with a \$2,300,000 premium (two million three hundred thousand dollars) and described the process used to determine premiums, which includes marketing and carrier selection.

Mr. Kelly inquired as to what actions the TOG could take to reduce rates and looked for recommendations from the Engineering Services to reduce risk mitigation. Mr. Irizarry cited the TOG claim history as one of the factors attributing to higher rates and that some large payments have to be declared in the underwriting process. Later in the

discussion Mr. Irizarry also stated that huge property vales in the Town also keep the premiums high. He stated that he will run an actuarial model for next year.

Frank D'Ambrosio, Senior Vice President, Frenkel & Co., Inc., then presented the Engineering Property Loss Control Summary. The report included surveys that were completed at Greenwich High School, Eastern Middle School, Nathaniel Witherell, Town Hall and Grass Island Sewage Plant. The report included 24 (twenty four) management recommendations which included sprinkler systems, Hot Work Program and various improvement initiates. Mr. D'Ambrosio noted that Nathaniel Witherell appeared to be on top of the issues the best.

Mr. D'Ambrosio stated that he has been in contact with Al Monelli and issues seem to be in good shape. He said he will forward to the insurance companies the responses with his comments.

Frank D'Ambrosio, Jose Irizarry and William Kelly left the meeting at 9:17 A.M.

A meeting recess began at 9:18 A.M. and ended at 9:25 A.M.

3. Internal Audit Report

Mr. Norton requested that the Law Department expand the False Alarms Small Court Actions to include the outstanding balances of the Marina Winter Storage delinquencies, approximately \$41,000 (four one thousand dollars). Mr. Lalli stated that today and tomorrow he will be conducting marina audits and continue into next week starting at the Greenwich Point Marina.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ramer, the Committee voted 3 to 0 for the Law Department to expeditiously include receivables of 91 (ninety one) days and over, outstanding balances of Marina usage in the Small Claims Actions of False Alarm delinquencies.

Mr. Lalli continued that he has been requested by the First Selectman's Office to conduct a limited scope audit of contracts at the Eastern Greenwich Civic Center, which will be addressed in approximately two to three weeks, after the completion of the Marina audits. Mr. Lalli noted that this review will officially be considered an audit and will be fully reportable to the Audit Committee. Mr. Lalli stated that then he will be able to turn his attention to the Police Department request.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ramer, the Committee voted 3 to 0 for a limited audit of the Eastern Greenwich Civic Center.

Mr. Lalli continued his reports by addressing the Audit of the Law Department's Petty Cash. He stated that he was unable to reconcile receipts as a result of the lack of documentation. He concluded that the issue is unresolved. Mr. Lalli recommended monthly reconciliations and proper cash box security.

Mr. Lalli continued with the Fleet Department Audit Report. He stated that for seven weeks he had preformed the duty of Director, while the position was empty. During this period, he performed a limited scope audit review of services provided by vendors utilized by the Fleet Department.

Mr. Lalli explained the recommendations made in the Audit Report. The recommendations emphasized were as follows:

1. Review vendor activity list for potential savings
2. Documentation of vendor selection process

Mr. Lalli stated that he plans on revisiting the Fleet Department by October 2010.

Upon a motion by Mr. Ramer, seconded by Mr. Pellegrino, the Committee voted 3 to 0 to accept the Fleet Internal Audit Report and the Law Department Petty Cash Audit Report.

6. Discussion of topics for future Audit Committee meetings.

Mr. Norton recommended a possible future topic of the negative fund balance and bond rating.

The Committee discussed the BET Audit Committee 2010 Meeting Schedule.

Upon a motion by Mr. Ramer, seconded by Mr. Pellegrino, the Committee voted 3 to 0 to move the Tuesday, November 9, 2010 BET Audit Committee Meeting to Wednesday, November 10, 2010.

7. Adjournment

Upon a motion by Mr. Ramer, seconded by Mr. Pellegrino, the Committee voted 3 to 0 to adjourn the meeting at 10:24 A.M.

The next Audit Committee meeting is scheduled for February 11, 2010.

SUBJECT TO APPROVAL

Elaine J.V. Brown, Secretary

Arthur D. Norton, Chairman