

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, September 9, 2010 - 8:00 A.M.
Gisborne Conference Room

Present:

Committee: Arthur Norton, Chairman
Joseph Pellegrino, Jeff Ramer, William Kelly

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Special Projects
Coordinator; Allen Corry, Director of Parking Services; John Crary,
Town Administrator; Ben Branyan, Business Administrator
BOE; Susan Chipouras, Director of Facilities BOE

The meeting was called to order at 8:00 A.M.

1. Approve Minutes for July 15, 2010 Audit Committee Meeting

Mr. Kelly noted a couple changes which were addressed.

Upon a motion by Mr. Kelly, seconded by Mr. Pellegrino, the Committee
voted 4 - 0 to approve the July 15, 2010 Minutes.

2. Review Operational Plan Parking Services Department

Mr. Norton stated that although Mr. Corry had appeared at a Special February 2010 BET Audit Committee Meeting, he had been invited back to present the Parking Services Operational Plan. Mr. Kelly began the agenda item by requesting a general overview of the Parking Services Department staff. Mr. Corry stated that there currently are 13 (thirteen) full-time and 5 part-time employees. The department had a year to date revenue of \$3,187,000 (three million one hundred eighty seven thousand dollars) for the Parking Fund from parking meters, permits and rentals and approximately \$2,000,000 (two million dollars) for the General Fund from tickets.

After reviewing the department's operational plan, Mr. Pellegrino highlighted an increase in revenues over the past years. Mr. Corry attributed the increase to the addition of 3 part-time employees, a slight increase in fees and the newly installed parking pay stations. He noted that parking enforcement was increased for Island Beach which had a significant impact on the numbers.

Mr. Corry went on to explain the procedures used by the parking enforcement personnel noting hours and audit/safeguard measures currently enforced. He added that the new parking meters have the capability to be scanned for actual revenues collected each day, in which receipts are now collected. These receipts are then secured till pick up by Dunbar Armored Services daily.

Mr. Lalli stated that since Mr. Corry has been Director of Parking Services internal controls have greatly improved and recommended audits every 3 to 4 years, noting that this department is already scheduled for the 2010 – 2011 Audit Plan.

Mr. Corry proceeded to breakdown the revenue income as follows; permits equal \$1,300,000 (one million three hundred thousand dollars), meters equal \$1,400,000 (one million four hundred thousand dollars), Smart Cards equal \$300,000 (three hundred thousand dollars) and meter rentals equal \$64,000 (sixty four thousand dollars). A discussion followed regarding the utilization of Smart Cards with Mr. Corry stating that he has four possible retail vendors in the Town interested in offering the cards to the public. Currently a retail incentive program is in discussion.

Mr. Pellegrino questioned the statistics of overdue fines with Mr. Corry responding that currently the collection rate is over 90% (ninety percent). He added that there is approximately \$1,000,000 (one million dollars) in revenue outstanding which is due to doubling and tripling of fines. The policy of booting of cars by the Police Department is also being enforced.

The BET Audit Committee thanked Mr. Corry for his participation.

Mr. Corry left the meeting at 8:43 A.M.

Upon a motion by Mr. Ramer, seconded by Mr. Pellegrino, the Committee voted 4 – 0 to take agenda item #4, Risk Manager Report, out of order.

4. Risk Manager Report:

Engineering Report Updates

Mr. Norton introduced Mr. Branyan, Business Administrator BOE and Ms. Chipouras, Director of Facilities BOE to the Audit Committee. He added that Frenkel & Co., Inc. had prepared field engineering reports for Greenwich High School and Eastern Middle School and that Mr. Branyan and Ms. Chipouras were invited to respond to these reports.

Ms. Chipouras anticipates three more reports from Frenkel & Co., Inc. (Glenville School, Hamilton Avenue School and Western Middle School) which will be responded to at a future date.

Ms. Chipouras stated that many report issues were common sense and prudent building management. She was surprised these recommendations had not been enforced previously. She stated that the BOE is now in the process of updating these programs. A discussion followed regarding the Hot Work Program in which Ms. Chipouras had assumed it was already a town-wide program, but it is not.

Mr. Mynarski stated that initially these reports were sent to the BOE in January 2010 but as a result of position turnovers within the BOE responses had been delayed.

Ms. Chipouras said that she is in discussion with Public Works to coordinate the implementation of a Hot Works Program by November 2010. Mr. Norton requested updates on these issues and recommended a return to this item in November 2010.

Mr. Mynarski asked to contacting Ms. Chipouras every six months to schedule school walk through with principals for the Tools for Schools Audits.

Ms. Chipouras explained that she meets with Mr. West, Building Construction & Maintenance Supervisor BOE, on a regular basis to review the maintenance list and follow through of complaints and actions. She also noted that all maintenance activities

are being documented. Ms. Chipouras stated that she will return with implementation costs for the reports recommendations.

Ms. Chipouras and Mr. Branyan left the meeting at 9:01 A.M.

Cyber Liability Insurance

Mr. Lalli distributed a handout fact sheet while stating that he and Mr. Mynarski have met with broker Jose Irizarry, Senior Vice President Frenkel & Co., Inc. to discuss cyber liability insurance options. After a lengthy process and many discussions it appears that this is an evolving area of risk for the Town. The handout contained the recommended Cyber Insurance Option I with a total cost of \$19,541.60 (nineteen thousand five hundred forty one dollars and sixty cents). The coverage includes: Security and Privacy Liability Insurance, Event Management Insurance, Cyber Extortion Insurance and Crisis Fund Insurance.

Mr. Norton recommended that the policy be purchased based on the protection from privacy invasion, which is a critical issue for the Town.

Mr. Crary spoke about the indemnity matter in the Town Charter that prompted this concern and stated that the First selectman's Office supports this policy purchase.

Mr. Norton noted that this policy also covers undiscovered issues within our current general policy and protects the Town's website and servers from invasion. Mr. Mynarski added that approval of this purchase does not have to be submitted to the BET since funds already exist within the Town Budget for this purpose.

Upon a motion by Mr. Pellegrino, seconded by Mr. Kelly, the Committee voted 4 – 0 to recommend that the Risk Manager purchase Cyber Insurance based on Option I as presented by Mr. Lalli.

Mr. Kelly instructed Mr. Mynarski to purchase this policy as of today's date and contact New York State DMV to approve application for free service.

The BET Audit Committee took a brief break at 9:29 A.M. and resumed at 9:31 A.M.

3. Internal Auditor Report

Mr. Lalli discussed his audit of the three non-automated systems that dispense fuel in the Town: Greenwich Point and Griffith Harris Golf Course managed by Parks & Recreation and the Arch Street Facility – Island Beach Ferry Pier managed by the Police Department. Although one location did not perform reconciliations, in general all locations cooperated with the audit and there appeared to be no pattern of abuse at any location. The Griffith Harris Golf Course rated the best performance due to its monthly reconciliation process. Mr. Lalli stated that all report responses from the departments agreed to enact his process recommendation of monthly reconciliations.

Mr. Norton recommended revisiting these locations in six months. Mr. Lalli also added that a brief visit to the marinas to observe the physical inventories should also be included at that time.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ramer, the Committee voted 4 – 0 to accept the Internal Auditor's Reports.

5. Fiscal 2010 Audit

Mr. Norton suggested a review of Parking Services again in the spring of 2011. He also stated that a review of the Fleet Department's use of out-sourcing may be a possible item.

Mr. Lalli then proceeded with an overview of his seven weeks stay at the Fleet Department after the retirement of Ms. Linck. He explained that the outsourcing cost that everyone refers to includes the management of the Fleet Department's Parts Room. Other outsourcing decisions are made on an almost individual case basis. He further explained that some of the work could not be performed in house due to specialty work, certifications, etc. He further noted that the accounting / finance viewpoint would be that the in-house labor pool would be considered sunk cost and that as much of this activity that could be done in house would be beneficial to the Town. He also noted that the whole situation is significantly impacted by the history of workers compensation cases at Fleet. He referred to the Fleet Director as very experience and noted that he may have different ideas than the previous Director on how to approach these issues.

After a group discussion of topics it was concurred that the Purchasing Department will have an internal audit next followed by the Building Department/ Assessor's Office Permit and Appraisal Revenue. Mr. Norton stated that in the mean time Mr. Lalli and himself will meet with Mr. Mason, Chairman of the BET Budget Committee, to review Mr. Lalli's experiences at the Fleet Department regarding outsourcing.

Mr. Mynarski informed the Committee that the auditors from Blum Shapiro are currently working on the 2010 Annual Audit in the Finance Department.

6. Old Business Items:

Mr. Pellegrino reviewed open topics for the Audit Committee.

- **MUNIS vs. GAPP**
Work in progress – per Mr. Mynarski
- **Document Imaging**
Finance documents are presently being scanned – per Mr. Mynarski
- **Marine Slip Fees Follow-up**
Will perform physical winter inventory. - per Mr. Lalli
- **Alarm Small Claims Actions**
17 (seventeen) cases were filed, 8 have hearing dates - currently \$8,760 (eight thousand six hundred seventy dollars) outstanding - time consuming process due to court appearances – per Mr. Mynarski
- **Town-wide Safety Committee for Workers Compensation**
Concept may not be feasible - does not have added value – will follow-up with Mr. Marzullo, Selectman – per Mr. Mynarski
- **Staffing Risk Management Position**
HR Department currently working on position language – maybe next month to the BET HR Committee – per Mr. Mynarski
- **BOE Reimbursements Glenville and Hamilton Avenue Schools**
Glenville has been received - Hamilton Avenue waiting for State reimbursement – per Mr. Mynarski

7. Items for Discussion future BET Audit Committee Meetings

The Committee recommended to continue the practice of holding meetings the second Thursday of each month for the 2011 Schedule, which will be presented for approval at the Thursday, October 14, 2010 BET Audit Committee Meeting.

8. Adjournment

Upon a motion by Mr. Ramer, seconded by Mr. Kelly, the Committee voted 4 - 0 to adjourn the meeting at 10:22 A.M.

Arthur D. Norton, BET Audit Committee Chairman

Elaine JV Brown, Recording Secretary

SUBJECT TO APPROVAL