

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, January 12, 2012 – 8:00 A.M.
Gisborne Conference Room

Present:

Committee: Arthur Norton, Chairman
Robert Brady, Sean Goldrick

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Special Projects Coordinator

Others: Michael Mason, BET Chairman; William Finger, BET Member

The meeting was called to order at 8:14 A.M.

1. Acceptance of Minutes of the BET Audit Committee Meeting

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 3 - 0 to accept the December 8, 2011 Minutes.

2. Internal Audit Report

Mr. Norton explained the responsibilities of the Internal Auditor and detailed the past year's Audit Plan for the new committee members. Mr. Lalli described the Audit Plan as a continual work in progress document that may be altered or re-prioritized during the year, per request. Mr. Norton gave an overview of the BET Audit Committee's functions such as risk management, facilities inspection reports, the hiring of insurance brokers and in the last fiscal year the Committee reviewed the operational plans of four Town of Greenwich departments: Parking Services, Purchasing, Tax Collector and Assessor. He also briefly described two old business issues: a property risk item and the Hold Harmless/Indemnification Agreements.

Audit Plan 2012 - 2014

Mr. Lalli reviewed his current active projects. Field work on the Greenwich Department of Social Services (GDSS) Audit has been completed and recommendations have been written, which had been previously electronically sent to the Committee members. He stated that the BOE Audit, requested by the BOE Superintendent and BET Audit Committee, is in progress. He stated field work for the Permitted to Drive List has been completed and that the driver's licenses that have been discovered to be suspended are now in the process of being investigated. Mr. Lalli noted that a revisit to the four Marina Winter Storage facilities is slated for the end of January 2012.

Greenwich Department of Social Services Audit

Mr. Lalli stated that the audit was requested by the Chairman of the Board of Social Services and consisted of the review of policies and procedures for three assistance programs: Renter's Rebate, Energy Assistance and Operation Fuel. It was discovered that all three programs had internal controls that were not adequate and weaknesses in the area of segregation of duties and written formal policies. Record keeping of historical data also needed improvement.

As a result, Mr. Lalli worked with the Department to rewrite procedures to improve internal controls, processing and historical retention. He recommended that the department be revisited in January 2013 to review the new procedures that were put in place.

Mr. Lalli requested for acceptance of the GDSS Audit Report for distribution to the full BET.

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 3 - 0 to accept the Internal Audit Report: Limited Review of Policies and Procedures for Renter's Rebate, Energy Assistance and Operational Fuel Programs, subject to change on page 7 (seven) revising the word "during" to "for".

Mr. Lalli agreed with the revision and will forward the revised report electronically to the BET Audit Committee members.

3. Risk Manager Report

Tools for Schools

Mr. Norton clarified the background of this national program of semi-annual walkthroughs of school facilities and how it was implemented at the request of the BET Audit Committee. Mr. Lalli passed out a basic schedule of school maintenance inspections for 2012 noting that Mr. Mynarski, and himself, will be attending one such inspection the end of January 2012. He stated that he will also report back to the Committee on the status of work orders if the information is readily available. He noted that the next logical step after the walkthroughs would be to monitor the progress of work orders, especially, on a time period tested basis. Mr. Norton distributed copies of the Update of Facility Department Issues memorandum, which he had received from Roger Lulow, BOE Interim Superintendent and Benjamin Branyan, BOE Managing Director of Operations.

Permitted to Drive List

Mr. Lalli explained why he created this risk reduction program to monitor the drivers' licenses of employees using Town vehicles. He stated that during December 2011 he conducted the second annual review of driver's licenses with the State of CT and NY DMV's. In total 1555 (one thousand five hundred and fifty five) licenses have been checked using this free service from the Connecticut and New York Departments of Motor Vehicles. He stated seven licenses were discovered to be suspended and are now in the process of being investigated. He explained that these employees have been instructed not to drive on Town business until they have obtained proper status for their license. He noted Human Resources Department's Vehicle Use Policy that requires all license suspensions to be immediately reported and that if notification is not forthcoming, disciplinary action, including possible termination, is possible. Mr. Norton and Mr. Lalli described a prior year's possible risk situation as an example.

Mr. Brady questioned whether the Town's school bus service had a similar compliance. Mr. Norton stated that it should be a contract priority.

Mr. Lalli stated that the list is distributed to all Town departments who are responsible for compliance. Mr. Mynarski explained the process used by Accounts Payable to insure submission of driver licenses to H.R. in regard to reimbursements for travel expenses.

Risk Manager/Internal Auditor Positions

Mr. Mynarski explained that the Internal Auditor position, which has been vacant since 2009, has been filled part time by Mr. Lalli. Currently 7 (seven) applications have been received for this position after a cut-off date of Friday, January 6, 2012. He stated that the workers' compensation technician, whom the Hay Study recommended be part of the H.R. Department, will temporarily remain in the Finance Department. Mr. Finger questioned the location of this position in regards to a budgetary standpoint.

4. GHS/MISA Soil Remediation Update

Mr. Norton touched on the memo Update for BET Audit Committee 12 January 2012 Meeting and responses from BOE noting that this item will be a standing item on future agendas. Mr. Mason stated that the MISA Building Committee needs to be conscious of what remediation is

adding to the project. Mr. Norton reassured him that the BET Audit Committee will be reviewing it on a continuing basis.

5. Fiscal 2011 Audit - Management Letter Discussion

Mr. Mynarski stated that he does not have an update at this time but that the reconciliation will be presented to the BET Investment Advisory Committee at their Wednesday, January 18, 2012 meeting.

6. External Auditor Request for proposal (RFP)

Mr. Mynarski explained the relationship with Blum Shapiro over the past 5 (five) years to the new members, whose contract is up for renewal this February. He continued that the RFP was issued on January 10, 2012, with a deadline of February 1, 2012 and that a decision should be made this March. Mr. Norton explained the interview process to Mr. Brady and Mr. Goldrick and noted that the award should be based on experience and cost.

7. Old Business Item Review

Hold Harmless / Indemnification Agreements

Mr. Norton stated that he is waiting for the Law Department to meet with the First Selectman and to receive their response.

8. Items for future BET Audit Committee Meetings

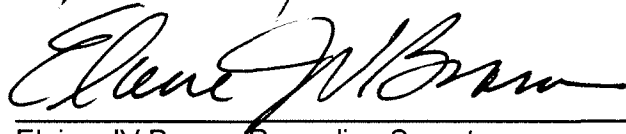
Mr. Norton reviewed the purpose of this agenda item to the Committee.

9. Adjournment

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 3 - 0 to adjourn the meeting at 10:00 A.M.



Arthur D. Norton, BET Audit Committee Chairman



Elaine JV Brown, Recording Secretary