

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, March 11, 2010
Gisborne Conference Room

Present:

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

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Special Projects Coordinator; Dr. Sidney Freund, BOE Superintendent; Richard Calcavecchio, BOE Director of Budgets; Joan Sullivan, Director of Purchasing and Administrative Services

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

1. Approve Minutes for February 11, 2010 Audit Committee Meeting

Upon a motion by Mr. Kelly, seconded by Mr. Ramer, the Committee voted 4 to 0 to approve the February 11, 2010 Minutes, as amended.

2. Hamilton Avenue and Glenville Schools Construction Reimbursement Status

Mr. Norton expressed the Committee's concern over the slow reimbursement process since July 2009. The current outstanding amount exceeds \$2,000,000.00 (two million dollars) of which no new funds have been received since July 2009. With the end of the fiscal year approaching, Mr. Norton stated the Town needs to receive these revenues.

Mr. Calcavecchio informed the Committee that the Glenville School change orders are being processed but reiterated his concern over the lag time from the State. He stated that usually the turn-around time is two months, noting that there were a few change orders the State is currently reviewing before processing payment. He also clarified the procedural usage of EDO46 forms which trigger payments.

Mr. Calcavecchio added that the Hamilton Avenue change orders have been completed and is currently being reviewed by the State.

A conversation followed between Mr. Pellegrino and Mr. Kelly requesting Dr. Freund to supply additional information from the BOE regarding ownership of the construction projects, exact amount of outstanding funds for the Hamilton Avenue Project and research into the delay in State payments.

Dr. Freund stated that he would provide to the Committee a report on the reimbursements within a two week period. Dr. Freund left the meeting at 8:12 A.M.

3. Internal Audit Report

Mr. Norton voiced his compliance concerns, regarding BOE grant performance, to Mr. Calcavecchio and requested a current list.

Mr. Lalli noted that the State does a single audit of performance, on a test basis, adding that the BOE currently has very tight strict controls and that it could be redundant. He expressed that he thought it was a low risk situation.

Mr. Lalli said that he would be willing to review two grants under \$100,000 once a grant list is obtained from the BOE. Once the list was obtained he would make a proposal to the Committee of which two grants he thought should be selected.

Mr. Calcavecchio said that he will get back to the Committee with a grant list and left the meeting at 8:20 A.M.

Mr. Ramer asked for the topic of reimbursements from the State to the BOE to be placed the next Audit Committee Agenda so the Committee can track the issue. Mr. Norton agreed noting the importance of the Town's fund balance to the rating agencies review.

Accident Database

Mr. Lalli presented his updated accident database findings using the Fleet Department's logs. He noted that this issue has been of interest to the Audit Committee and the First Selectman's Office for some time. Mr. Lalli mentioned that he updated the accident database to bring it up to date. He noted that the downward trend in accident occurrences has leveled off. He stated that he did not have benchmarks with other municipalities.

Mr. Pellegrino questioned the effect of employee numbers, per department, and its possible effect on the total of incidents. Mr. Lalli stated that for ratio statistics to be most worthwhile it would be necessary to determine the number of actual drivers per department information he stated he does not have at this time.

Mr. Lalli further stated that the First Selectman has requested reviews of driving records advising that this will slow down other internal audits requested by the BET Audit Committee. He stated that the Eastern Greenwich Civic Center Audit is completed and should be addressed at the April 2010 Audit Committee Meeting.

Upon a motion by Mr. Kelly, seconded by Mr. Ramer, the Committee voted 4-0 to request an Internal Audit of the driving records of employees authorized to drive Town vehicles.

A short discussion followed regarding any costs for this research.

Mr. Lalli stated that the First Selectman would like to see progress with this issue. He stated that a Town wide Accident Review Committee should be considered as well as expanding the Town's Human Resources policy for use of Town vehicles.

Mr. Kelly asked for a meeting to address responses from the four departments with the highest number of incidents as to what best practices that department uses to address this problem. Mr. Pellegrino added that the BET HR Committee should participate in such a meeting.

Mr. Lalli stated that he would proceed with this project, gathering information for next month's BET Audit Meeting.

Mr. Mynarski added that he is currently working with Drew Marzullo, Selectman, in creating the groundwork for an Accident Review Committee. In the future he thought it maybe a good idea to request a formal resolution for establishment of such a committee, therefore gathering the power of the First Selectman behind it.

Mr. Kelly directed an additional request to Mr. Lalli for the next meeting. He would like a written response from the top four departments and their best practices regarding this topic.

Mr. Pellegrino addressed the Committee and requested that this topic be included in the April BET Audit Agenda under Old Business. He also recommended possibly the addition of a second page to the agenda listing all outstanding Old Business topics still open.

Marine Audit

Mr. Lalli distributed the newly created Commercial Service License Permit form which was generated to control the use of vendors at the marines without permits. He stated that it will be presented to the Board of Selectmen for approval, hopefully before the summer season begins.

Mr. Lalli asked to note that currently there are still 60 (sixty) boats at Greenwich Point which have not paid their fees. He stated that he will be in attendance when the boats/trailers are locked up. Mr. Pellegrino added that a follow up to the marine fees that are charged by the Town need to be reviewed.

Eastern Greenwich Civic Center

Mr. Lalli said that the Parks and Recreation Department is currently responding to the Internal Auditors Report.

4. Risk Manager Report

Mr. Mynarski informed the Committee that the Risk Manager, Christopher DeMeo was terminated last Friday, March 5, 2010. He stated that the job description will be rewritten with heavy concentration on internal audit, while privatizing the risk management area. Mr. Mynarski will continue working as the Risk Manager with Frenkel & Company and CIRMA while submitting the Risk Manager Report. He noted that it appears that the Risk Manager position appears to be more of a liaison as opposed to a full time position.

Mr. Mynarski continued that the BET has requested a consultant to perform an RFP (Request for Proposal) to determine which department has responsibility: Finance, Risk Management, Retirement and Employee Benefits.

5. Follow-Up Discussion Fiscal 2009 Independent Auditor Management Letter

Mr. Norton articulated his concern regarding the repetition of one item on the Management Letter. Mr. Mynarski stated that this issue will be addressed at the next meeting with Vanessa Rossitto, Partner, Blum and Shapiro and Nancy Novich, Audit Manager, Blum Shapiro scheduled for March or April. Roland Gieger, Budget Director and Mary Walczykowski, Chief Accountant will also attend to discuss audit techniques.

- **Independent Auditor Contract Renewal, Fiscal 2010**

Upon a motion by Mr. Ramer, seconded by Mr. Pellegrino, the Committee voted 4-0 to recommend implementing the contract for the FY 2010 to Blum Shapiro Independent Auditor.

6. Review Operational Plans Purchasing Department

Mr. Norton greeted Joan Sullivan, Director of Purchasing and Administrative Services and introduced the BET Audit Committee members. He then explained that the BET

is reviewing each department's Operational Plan and the Audit Committee was assigned to review the Purchasing Department.

Ms. Sullivan then detailed her department's responsibilities to the Town regarding Purchasing including: public procurement, contract development, insurance coverage for contracts and services, communication services for the Town including Police and libraries, administrative services (ex. front desk, word processing), Channel 79, repro center, building security support and document imaging for which Ms. Sullivan is acting as System Administrator.

She added that currently forty percent of her staff is concentrating on the Nathaniel Witherell Building Renewal Project. Ms. Sullivan said that the past year has been extremely busy due to this NW Project and the completion of the Safety Complex Phone System, the Fleet Department upgrade, Animal Control Building completion and the new phone system at the Griffith E. Harris Golf Course.

Ms. Sullivan stated that she is expecting in the next thirty six to fifty three months a savings of \$2,400,000 (two million four hundred thousand dollars) as a result of her work with Mr. Lalli on the electric utility procurement effort which was extremely successful.

Mr. Norton then noted the reduction of the Purchasing Staff by one full time position and its impact. The Table of Organization was detailed by Ms. Sullivan also detailing the staff coverage of the Front Desk in the Town Hall.

Mr. Kelly noted that the Purchasing Department appears to service all the departments of the Town and questioned any feedback which might be received. Ms. Sullivan noted that beginning next fiscal year procurement proposal will begin a process for feedback, which is already included in the Operational Plan 2010 – 2011 as a goal performance measurement.

The discussion went on to the Town's voicemail system upgrade later this year with a cost of \$145,000 (one hundred forty five thousand dollars). The procurement process was discussed as well as the procedures used to validate needs. Ms. Sullivan explained that the system is now fourteen years old, outdated and unable to handle the Town's demand for over nine hundred mailboxes. Mr. Pellegrino as well as Mr. Norton voiced their concerns for the need of this appropriation, while questioning better usage of the TOG website for information. Ms. Sullivan stated that certain departments, like Social Services, need the voicemail system to adequately serve the residents.

Mr. Norton stated that the Committee has to make a recommendation in one week.

Upon a motion by Mr. Pellegrino, seconded by Mr. Kelly, the Committee voted 4-0 to recommend a subject to release by the BET upon acceptance of a report demonstrating the need for the voicemail system upgrade.

Mr. Norton asked to revisit this topic at the April 8th BET Audit Meeting. Ms. Sullivan agreed and will invite Ms. Ingalls, Telecommunications Coordinator/Buyer to attend.

Mr. Pellegrino then questioned Ms. Sullivan as to what steps are taken for the Purchasing Department to stay current, state-of-the-art. She proceeded to confirm her three certifications: two from the National Institute of Government Purchasing and one

as a Certified Public Purchasing Official and Buyer plus seminar/conference attendance, including summary reporting to the Selectman's Office.

Mr. Pellegrino questioned any improvements which might be on the department's horizon. Mr. Mynarski added that the perception outside is that the Purchasing Department for the Town of Greenwich is too tough.

Mr. Norton and Ms. Sullivan discussed diesel and gasoline procurement eighteen months forward.

Ms. Sullivan discussed the Document Imaging Project which seems to be lagging due to the shifting of staff for the front desk coverage. Mr. Pellegrino and Mr. Kelly questioned out sourcing as an option. A discussion followed regarding cost v. efficiency.

Mr. Kelly asked for the hard cost numbers to outsource this project and a cost analysis v. the usage of Town employees to complete this project.

Ms. Sullivan left the meeting at 10:25 A.M.

7. Old Business

False Alarms

Mr. Mynarski submitted a chart listing the outstanding alarm fees which will be submitted into small claims as a test case. He stated that he had worked with Gregg Hannigan, Police, Director of General Services and Mr. Daine of the Appeals Board to compile this list. Mr. Dane said he will attempt to contact a few of the listings personally.

Mr. Mynarski added that there will be a filing fee of \$75.00 (seventy five dollars) for each claim, which is added to the claim. It is estimated that each claim will take approximately two to three months to be placed on the docket calendar. Mr. Mynarski wanted to note that if an individual is currently in military service the Town can not pursue them for payment.

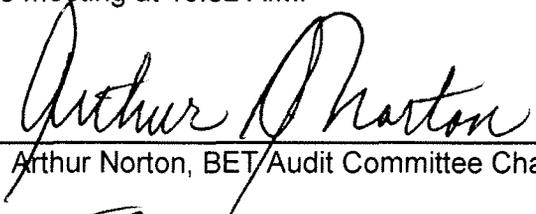
Mr. Mynarski said he will update the Committee at the April meeting.

8. Discussion of topics for future BET Audit Committee Meetings

No new topics were discussed.

9. Adjournment

Upon a motion by Mr. Kelly, seconded by Mr. Ramer, the Committee voted 4 to 0 to adjourn the meeting at 10:32 A.M.



Arthur Norton, BET/Audit Committee Chairman



Elaine JV Brown, Recording Secretary