

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, March 13, 2014 – 8:00 A.M.
Gisborne Conference Room

Present:

Committee: Arthur Norton, Chairman
John Blankley, William Finger, Leslie Tarkington

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Director of Risk Management;
Pat Maranan, Internal Auditor, Perrot Library Director, Kevin McCarthy; Mary
Pepe, Director of Human Resources

The meeting was called to order at 8:01 A.M.

1. Approval of Minutes: Audit Committee Meeting February 18, 2013.

Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the
Committee voted 4-0 to approve the February 18, 2014 Meeting Minutes.

2. Risk Management Report

- **Superstorm Sandy Settlement Final Statement of Loss Report/FEMA Update**

Mr. Lalli distributed the Sworn Statement in Proof of Loss with the net amount claimed of \$1,417,036.00 (one million, four hundred seventeen thousand, thirty six dollars). The document is proof that the claim is complete with the balance being paid within the next ten days.

Mr. Lalli stated the potential difficult claim involving the Police Chief's vehicle that was damaged by an uninsured New York resident, with a replacement cost of approximately \$8,000.00 (eight thousand dollars).

On the claim involving the Greenwich Fire Department's accident with Engine E-5 Willomere on the property of a private Homeowners Association, Mr. Lalli stated that the Town's insurance carrier is seeking subrogation restitution from the Homeowners liability carrier. It was his hope that there would be no need to file a claim versus the actual members of the Homeowners Association.

The Committee agreed to request for Dustin Anderson to attend to the April 2014 meeting and provide an update on the status of claim made by the Town to FEMA for reimbursement for expenditures incurred for Hurricane Sandy.

Three Safety Inspection reports will be presented at the April meeting: two pedestrian bridges and review of the Police Department Parking Lot. Firehouse Safety Inspections are scheduled for April 3rd with reports being presented at the May 8th Audit Meeting. Ms. Tarkington requested that each firehouse Volunteer Chief accompany the inspectors.

3. Internal Audit Report

- **Audit Report of Supporting Documentation for Residential Enrollment Verification Update**

Some issues of non-compliance have been discovered and the BOE is responding. Mr. Lalli will have an update at the April Audit Meeting.

- **Internal Audit department Update for the Report issued and entitled "*Internal Audit of Selected Activities of the Greenwich Fire Marshall's Office*"**

There was a significant find by Ms. Maranan of 297 (two hundred ninety seven) commercial properties not being inspected or in the firehouse database. There were also 331 (three hundred, thirty one) residential properties identified that were never inspected. As of March 4, 2014 all commercial properties identified in the original audit report have been inspected by the Fire Marshal's Office. Of the 331(three hundred, thirty one) residential properties identified in the original report, 193 (one hundred, ninety three) have been inspected. 254 (two hundred, fifty four) violations have been written by the Fire Marshal's Office from the residential properties inspected. Violations written on the commercial properties inspected will be reported after the next dashboard report is received from the Fire Marshal's Office. With these dashboard reports, Mr. Lalli will be able to report back to the Committee on a bi-annual basis. He indicated that the update reports supplied by the Fire Marshal's Office are addressed to the Fire Commissioner, Mr. Tesei.

Mr. Lalli received permission to send to the full BET the updated report of the "*Internal Audit of Selected Activities of the Greenwich Fire Marshal's Office*".

- **Update on Current Internal Audit Fieldwork**

Ms. Maranan is currently working on an audit of winter storage positions at all four Town owned marinas. The audit scope will be limited and is focused on following up on previously made recommendations in prior audit reports.

Mr. Lalli would like to review the BOE Building Facilities' Inspection Process used for schools, security systems, food services, etc.

- **Tools for Schools**

Mr. Finger explained to the new Committee members that "Tools for Schools" is a software package designed for school safety inspections. Ms. Maranan said that the BOE postponed the March inspections. BOE is heavily involved in capital improvements being performed such as: new security systems, camera installation, new district-wide key system, standard intercom system, door shades, etc. A new schedule should be received next month.

4. McGladrey Payroll Audit Final Report

Ms. Pepe reviewed the Payroll Rapid Assessment from McGladrey. With the introduction of ADP to provide payroll services, departments and HR will have the ability to monitor accruals, attendance, sick leave, vacation time, etc. HR is in the process of data cleanup. Departments and employees are being requested to verify data currently on file. HR is also in the process of developing a procedural manual which will address new hire orientation, wage adjustments and performance reviews Workers' Compensation, Family Medical Leave, terminations and retirements.

McGladrey recommendations included:

- Decentralized and enforce time and attendance collection procedures. Electronic integration by the use of time clocks, computers or cell phones will vary from department to department.
- Standardize procedures for entering and paying leave time.
- Implement standard payroll controls. Ms. Pepe stated that payroll is moving to standardize deductions (union dues, life insurance, etc.) across every paycheck.
- Implement and integrate electronic time collection system throughout the organization.
- Segregate BOE Payroll. Streamline the Sub-Finder into ADP. The option of 22 (twenty two) or 26 (twenty six) pay periods will be available only to BOE teachers and supervisors.

The lag payroll cycle will be negotiated with the unions by Al Cava, Director of Labor Relations. Union approval and implementation will take 3 to 4 years.

When asked by Mr. Norton to comment on the report, Ms. Pepe expressed her approval of the recommendations, simplistic format and scope. The Committee agreed that the approximate report cost of \$40,000 (forty thousand dollars) was justified.

HR will reconfigure the Payroll Department which will be named HRIS with a reduced head count requiring certification.

5. Discussion of Posting Completed Internal Audit Reports on Town of Greenwich Website

Mr. Mynarski researched other Connecticut municipalities and see if their audits are posted on the websites. The findings were seven communities have Internal Auditors on staff. Many do cost studies and not actual audits.

Mr. Norton stated his opposition, while Mr. Finger and Mr. Blankley expressed their approval of such postings. Ms. Tarkington questioned the need to change a process that is working. Mr. Finger and Mr. Norton discussed that potentially sensitive materials not posted may be selective discrimination. Ms. Tarkington proposed an annual review of this issue and possible Law Department review. Mr. Finger asked if completed audit should be listed with no pdf link on the Internal Audit page of the TOG website.

Upon a motion by Mr. Finger, seconded by Mr. Blankley the Committee voted 2-2 that with the exception of the Audit Reports that the Town Attorney, the BET Law Committee, the BET Audit Committee and Internal Auditor believe are of a confidential nature that could have an impact on a personnel issue, that all other audits, at least on an annual basis, be listed on the Internal Audit page of the Town of Greenwich website.

Ms. Tarkington expressed her disagreement with this recommendation.

6. Recommendation to Approve McGladrey for Fiscal 2014 Audit

Ms. Tarkington requested Mr. Mynarski to obtain a quote from McGladrey to perform an audit of Nathaniel Witherell.

Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the Committee voted 4 to 0 to appoint McGladrey as Auditor for Fiscal 2014 TOG Audit.

7. Perrot Memorial Library Funding Policy Guidelines

Mr. McCarthy will contact Eugene McLaughlin, Assistant Town Attorney to review the Greenwich Library Funding Budget Guidelines. Once a draft is written, Mr. McCarthy will forward it to the Perrot Library Board for review and approval. Mr. Finger suggested library board approval before presenting to the full BET.


Mr. Finger left the meeting for a prior commitment at 9:35 A.M.

8. Items for Future BET Audit Committee Meetings

Charge offs from Nathaniel Witherell, and possibly Parks and Recreation, will be addressed at the April Audit Meeting. It was suggested that Scott Bassett, from McGladrey, be invited to the meeting to review the scope of the upcoming annual Internal Audit.

9. Adjournment

Upon a motion by Mr. Blankley, seconded by Ms. Tarkington, the Committee voted 3 to 0 to adjourn the meeting at 9:51 A.M.



Arthur D. Norton, BET Audit Committee Chairman



Elaine JV Brown, Recording Secretary