

**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION AUDIT COMMITTEE
THURSDAY, MARCH 15, 2006
GISBORNE ROOM, 8:00 A.M.**

Present: Robert Stone, Chairman; James Himes, Larry Simon, Leslie Tarkington,

Staff: Peter Mynarski; Comptroller; Chris DeMeo, Risk Management Director; Ron Lalli, Internal Auditor

The meeting was called to order at 8:06 A.M.

Mr. Stone explained the purpose of this meeting. As a result of questions from Mr. Simon and Mr. Himes, resolution is needed concerning the criteria that the Audit Committee will use in making its own collective judgment for recommending to the full BET an auditor to be engaged for the next 2-5 year period. Beyond the criteria, agreement about the questions themselves needs to be reached.

Some of the Committee members have been through this process before. Each firm will give a brief summary of their own capabilities, and in those summaries some of the Committee's anticipated questions could be answered, eliminating the need for asking them. Each member of the Committee should determine what questions they feel need to be responded to in a more pointed manner. There will be opportunity for follow up.

The three firms are Blum and Shapiro, McGladrey and Pullen and Kostin/Rufkis.

Mrs. Tarkington pointed out that it is not purely quantitative, but qualitative as well. There should be core questions.

Mr. Simon suggested 10-12 basic area's to be covered within the hour interview for each applicant.

Mr. Stone suggested that each Committee member will make their own notes which can be used in immediate deliberation concerning each applicant, and it was made clear that they will not be precluded from having that discussion until the scores and sets of notes have been reviewed by the Purchasing Department. At the end of the process all three applicants can be discussed with a vote to eventually take place.

Discussion of mandatory criteria followed and summarized as follows:

-The bulk of the points are boilerplate. One outstanding point is insurance coverage. Ms. Tarkington suggested making sure that each firm had the mandatory insurance, supplying proof in draft form. The cost of insurance could impact their fee or earnings. Adequate insurance is a compliance issue, and if a firm does not have proper insurance it has to be assumed that they will acquire it if they agree to obtain the coverage. Mr. Mynarski responded that it depends on the type of work. It was determined that no

conflicts presently exist. Mr. Simon said that if the work has nothing to do with financial controls, there is no problem.

Mr. Stone asked Mr. Mynarski to provide the Audit Committee with the Finance Departments scores concerning the criteria prior to the interviews.

Qualifications:

#1- Experience with comparable governmental engagements: It is important to understand what organizations each firm has already worked with.

This qualification will count for 35% of the total points.

#2- Quality of professional personnel to be assigned. Mr. Simon pointed out that the personnel in the RFP provided by the firm may not be the people assigned to you. There is a high degree of turnover.

This qualification will count for 20% of the total points.

#3- Experience with preparation of federal and state financial and collateral reports. Mr. Lalli suggested tying in the Office of Policy and Management with any exceptions of their findings as a fair approach.

This qualification will count for 10% of the total points.

Mrs. Tarkington wanted to clarify the inclusion of Nathaniel Witherell in the criteria. Although questions will not be asked with specific regard to Medicare and Medicaid or bonding, it is important that the firm has some experience with nursing homes.

#4- Quality of audit: Mr. Mynarski believes this would be answered within the firm's initial presentation. There should be focus on internal controls. Quality of firms audit approach and if the service delivery plan is acceptable.

Peer review and a requirement to have other firms attest to their work. This information is included in the presentation. Mr. Lalli said that peer review often involves a lot of technical information. Compare 2003-04 filings with those of 2005.

This will count for 35 % of the total points.

The following questions will be addressed as part of the selected criteria:

- 1) What procedures does each firm have in place to prevent conflict of interest?
- 2) Do they have experience with towns of similar size and complexity as Greenwich?
3 comparables should be supplied.
What is their experience with fund accounting?
- 3) Have any of the firm's clients ever been subject to penalties?
(Reference qualification #3)
- 4) Does the firm have experience with nursing homes?

5) Have they ever missed a deadline for an audit, or requested an extension?
If so, what is the record for not meeting deadlines?

6) Does the firm believe that expected changes in GASB will have an impact on their ability to do the audit based under their bid conditions?

Mr. Mynarski, with regard to pricing, commented that the bids are proposing dollar amounts as well as hours offered for the engagement.

McGladrey and Pullen is offering 1000 hours, at the highest dollar amount

Kostin/Rufkis is proposing 800 hours, and 100 hours for free.

Blum and Shapiro may be 700 hours.

Hours worked divided into cost brings them all near even.

Discussion followed as to the schedule for interviewing the three RFP respondents.

The Committee agreed on the basic set of questions and asked the Comptroller to circulate as soon possible a draft to the Committee for final agreement.

There being no further business, upon a motion by Mr. Simon, seconded by Mr. Himes, the Committee voted 4-0-0 to adjourn at 9:47 A.M.

Respectfully Submitted,



Valerie Zebrowski, Recording Secretary



Robert Stone, Chairman