

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, April 10, 2014 – 8:00 A.M.
Gisborne Conference Room

Present:

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

Board: Michael Mason, BET Chairman; Sean Goldrick, BET Member

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Director of Risk Management;
Pat Maranan, Internal Auditor; Thomas Bobkowski, BOE Director of School
Safety Services; Lloyd Bankson, Nathaniel Witherell Board of Directors; Allen
Brown, Nathaniel Witherell Executive Director; Raymond Augustine, Nathaniel
Witherell Director of Financial Operations; Carol Greunke, Nathaniel Witherell
Manager of Business Services

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

1. Approval of Minutes: Audit Committee Meeting March 13, 2013.

Upon a motion by Mr. Finger, seconded by Mr. Blankley, the Committee voted 4-0 to approve the March 13, 2014 Meeting Minutes with a correction on Page 3.

2. Risk Management Report

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

On April 3, 2014 Mr. Lalli received the final check from Lexington Insurance in the amount of \$1,417,036.00 (one million, four hundred seventeen thousand, thirty six dollars), bringing the total reimbursement from AIG Property Contractor to \$2,442,036.00 (two million, four hundred forty two thousand, thirty six dollars).

• **Insurance Recoveries Not Related to Superstorm Sandy**

In total, Risk Management has successfully recovered \$562,805.65 (five hundred sixty two thousand, eight hundred five dollars and sixty five cents) for 46 (forty six) submitted claims since 2012. This year alone 21 (twenty one) claims have already been submitted. These receivables are entered in the General Fund.

• **Safety Inspection Reports – Conducted and Scheduled**

Two pedestrian bridge surveys (Laddins Rock Sanctuary and Greenwich Country Day School) by Frenkel & Company were completed. DPW will review the recommendations and take action at both sites. Mr. Lalli will re-visit these locations in 6 months. Ms. Tarkington requested that the Tree Division, of Parks and Recreation, be notified of the tree issues as well as DPW. Mr. Lalli indicated that he would inform Parks and Recreation.

Risk Management and Frenkel Inspectors visited 5 fire stations on April 3rd. A draft report will be submitted at the June 12th BET Audit Committee Meeting.

Risk Management is working to investigate with the Police Department a safety issue for the BOE, the interaction of sports playground activities and vehicular traffic at St. Catherine's Church in Riverside.

The Griffith Harris Golf Course is scheduled to have an OSHA inspection on April 11, 2014. Mr. Lalli and Tiffany Navarro, Workers' Compensation Administrator will participate.

Risk Management will attempt to obtain more information about available inspection services from the liability carrier.

Defensive Driving Courses have been offered since October 2013 with DPW and P&R having outstanding participation. Risk Management is attempting to institute an Individual Driver Safety Program for repeat problem drivers in the next 6 months

Next month Mr. Lalli would like an historic review of 3rd party claims against the Town to highlight areas at the highest risk.

3. FEMA – Superstorm Sandy Update – Dustin Anderson

Currently there are 7 outstanding claims that have not been obligated totaling \$4,796,048.00 (four million, seven hundred ninety six thousand, forty eight dollars). These projects must be completed in 730 (seven hundred thirty) days after reimbursement is received. Since they are not obligated as of yet, the risks of loss is low.

The Town was awarded \$1,600,000.00 (one million, six hundred thousand dollars) which should be received in the next few weeks. Mr. Mynarski added that the receivables will be placed in the Capital Non-Recurring Fund, since P&R previously requested funds to address the storm damages.

Mr. Lalli stated that a rough estimate of insurance and FEMA claims for Super Storm Sandy is \$7,300,000.00 (seven million, three hundred thousand dollars).

4. Internal Audit Report

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

Ms. Maranan used audit sampling techniques that resulted in the examination of 10% (ten percent) of 4,470 (four thousand, four hundred seventy) files available for examination. This number included Kindergarten through fifth grade and ninth grade, as chosen by the BOE. The sampling encompassed 478 (four hundred seventy eight) individual student files that were reviewed with 53 (fifty three) exceptions noted. Of this number 17 (seventeen) files were not able to be located.

Mr. Lalli emphasized what Internal Audit is disclosing as exceptions. An exception does not mean that the student's application meets criteria that would allow us to opine that the applicant is not a permanent Greenwich resident. The exceptions noted in the report do indicate that the documentation process did not exactly matchup with the BOE policy requirement

Mr. Bobkowski said that a database to track student resident verification is in place. Out of the 17 (seventeen) missing files, it was discovered, subsequent to the issuance of the audit report, that 3 are tuition. The remaining 14 (fourteen) are believed to be misfiled, since they are recorded in the BOE database. The new process will be de-centralized to individual schools, enabling the students' curriculum and residency verification to be combined in one file.

The Sponsorship Program was reviewed with a district total of 133 (one hundred thirty three) students. The Internal Audit inspected a sampling of 55 (fifty five) with a result of 15 (fifteen) exceptions. In Greenwich a resident may sponsor a student without being a family member and without paying tuition. Applications are required to be submitted at the Havemeyer location with extensive ID required beginning February 1, 2014.

Recommendations and observations regarding required ID, landlord affidavits and/or physical property verification, divorce and custody circumstances were reviewed. The possible use of W-2's pertaining to sponsorship applications, is currently being reviewed by the Law Department. A new desk manual should be created to assist schools with residency verification and registration.

Mr. Norton asked the Committee for any further recommendations:

Ms. Tarkington recommended a two-step process: At an appropriate time, the Internal Audit and BOE audit the remaining sponsorships in the districts that were not previously reviewed. And at some point after that, to return and verify discrepancies are met.

Mr. Finger requested a cosmetic change for an important section on Page 4 be highlighted in bold type:

“To be clear, it is extremely important to note what Internal Audit is disclosing as exceptions. An exception does not mean that the student’s application meets criteria that would allow us to fairly form an opinion that the applicant is not a permanent Greenwich resident. The exceptions noted do indicate that the documentation process did not exactly matchup with the BOE policy requirement for the attribute listed. It is also very important to note that an administrative exception for a particular applicant may be less important than other types of documentation noted with the same file. No definitive conclusion can be made as to the ultimate qualification of the applicant.”

Ms. Tarkington requested that the new “*desk manual*” be changed to a “*Policies and Procedures Manual*”.

Upon a motion by Ms. Tarkington, seconded by Mr. Finger, the Committee voted 4 to 0 to accept the above recommendations to the “*Internal Audit of the Supporting Documentation for Residential Enrollment Verification Performed by the Greenwich Board of Education*”.

Upon a motion by Ms. Tarkington, seconded by Mr. Blankley, the Committee voted 4 to 0 to accept the “*Internal Audit of the Supporting Documentation for Residential Enrollment Verification Performed by the Greenwich Board of Education*”.

- **Internal Audit Department Update for the Report Issued and Entitled, “*Internal Audit of Selected Activities of the Greenwich Fire Marshall’s Office*”**

Data indicated that there were substantial violations for the properties that had never been inspected prior to the audit. 245 (two hundred forty five) commercial properties have identified 1,338 (one thousand, three hundred thirty eight) violations. 331 (three hundred, thirty one) residential properties had 364 (three hundred sixty four) violations. Mr. Lalli will follow up when further information is received from the Fire Marshal’s Office.

Upon a motion by Ms. Tarkington, seconded by Mr. Finger, the Committee voted 4 to 0 to accept the *Follow-Up of Internal Audit of “Selected Activities of the Greenwich Fire Marshal’s Office” on the Number of Violations Written on Inspected Properties* and to send to the full BET.

- **Update on Current Internal Audit Fieldwork**

Ms. Maranan is currently working on an audit of winter storage positions at all four Town owned marinas and will submit a follow-up report in May. A follow-up on Social Services renters’ rebate and operational fuel from Social Services will also follow.

Mr. Lalli recommended an audit of Parking Services, since the last review was 5 years ago.

Upon a motion by Mr. Finger, seconded by Mr. Blankley, the Committee voted 4 to 0 to recommend the audit of Parking Services.

- **Tools for Schools**

On April 21st there will be a walk-through at North Mianus School, followed by one at Hamilton Avenue School on May 6th.

5. Annual Accounts Receivable Write-Offs – Nathaniel Witherell and Parks and Recreation

Mr. Augustine requested a bad debt write-off for Nathaniel Witherell in the amount of \$145,394.80 (one hundred forty five thousand, three hundred ninety four dollars and eight cents) with a projected reserve balance of \$692,882.00 (six hundred ninety two thousand, eight hundred eighty two dollars). Witherell total revenues of \$24,000,000 (twenty four million dollars) the write-offs are within Connecticut State guidelines. Ms. Greunke noted that some of the older amounts are Medicaid issues.

Mr. Mynarski, representing, Thomas Greco, P&R Assistant Director, presented a write-off request of \$16,016.94 (sixteen thousand, sixteen dollars and ninety four cents) which includes outstanding receivables and collection fees from American National Recovery Group (ARNG).

Upon a motion by Mr. Finger, seconded by Mr. Blankley, the Committee voted 4 to 0 to approve the balance of Nathaniel Witherell and the Department of Parks and Recreation write – off requests of \$161,411.74 (one hundred sixty one thousand, four hundred eleven dollars and seventy four cents).

6. Old Business

- **Perrot Memorial Library Funding Policy Guideline Draft**

Mr. Norton is waiting for a draft of the Greenwich Library Funding Budget Guidelines from Attorney, Eugene McLaughlin.

7. Items for Future BET Audit Committee Meetings

At the conclusion of the May 8, 2014 BET Audit Committee Meeting, there will be an Executive Session with McGladrey. Mr. Norton will sign the engagement letter for fiscal 2014 prior.

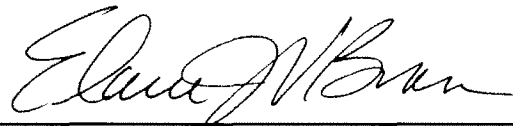
Ms. Tarkington requested for Mr. Mynarski to distribute the last Management Letter to the Committee. Mr. Mynarski said that one issue may come forward with Quality Data reconciliation between Finance and the Assessor.

8. Adjournment

Upon a motion by Ms. Tarkington, seconded by Mr. Finger, the Committee voted 4 to 0 to adjourn the meeting at 10:09 A.M.



Arthur D. Norton, BET Audit Committee Chairman



Elaine JV Brown, Recording Secretary