

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, April 11, 2013 – 8:00 A.M.
Gisborne Conference Room

Present:

Committee: Arthur Norton, Chairman
Gregory Bedrosian, Robert Brady, Sean Goldrick

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Director of Risk Management;
Pat Maranan, Internal Auditor; Tom Greco, Assistant Director Parks &
Recreation; Ray Augustine, Director of Financial Operations Nathaniel
Witherell; Carol Greunke, Manager Business Services Nathaniel Witherell

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

1. Approve Minutes of Audit Committee Meeting

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 3 to 0 to approve the March 14, 2013 Meeting Minutes.

2. Review items Charged Off by Town Departments – Fiscal Year 2013

Mr. Norton explained the charge off process and the Uncollectable Accounts Receivable Policy, noting that it has been a few years since charge offs have appeared on the Committee's agenda. The process is the Comptroller approves the charge off amounts and then forwards the information to the BET Audit Committee who will inform the full BET.

Mr. Greco explained the Parks and Recreation Department Collection Process and the assistance of American National Recovery Group, a collection agency also used by the Tax Collector. They requested a charge off amount of \$5,341.70 (five thousand, three hundred forty one dollars and seventy cents) noting that the amount is boating fees.

The Parking Services Policy for uncollected fees for tickets, boots, notices, etc. was discussed. The large amount of outstanding collectables was noted and Mr. Norton indicated that any charge off are not reported as income.

Mr. Mynarski stated that he will create a report for the Committee, containing all the uncollected receivables by department, and distribute it prior to the May 9, 2013 meeting. Mr. Goldrick asked whether the TOG outside auditors should present a report of neighboring town's outstanding collectible levels for comparison.

Mr. Augustine introduced Ms. Greunke and described her participation with accounts receivable at Nathaniel Witherell. He then presented one charge off for \$232,024.63 (two hundred thirty two thousand, twenty four dollars and sixty three cents) accrued by one account at the facility. He detailed how these charges were accumulated against payments that were made through the individuals and Medicare.

Mr. Augustine explained the collection process and stated that currently he expects approximately \$400,000 (four hundred thousand dollars) in bad debt due to the limited resources of residents. He assured the Committee that the information is recorded by the outside auditor and reviewed by the Comptroller.

3. Risk Management Report

- **Hurricane Sandy Update – Expenditure/Reimbursement Update**

Mr. Lalli stated currently that the claim for Hurricane Sandy totals \$7,967,050.47 (seven million, nine hundred sixty seven thousand, fifty dollars and forty seven cents). The negotiation process has been difficult and very time consuming, even with the assistance of an insurance broker.

The business interruption claim for the Griffith E. Harris Golf Course numbers has not been calculated yet and the same applies to the equipment charges from DPW. This could increase the number by \$300,000 (three hundred thousand dollars). Mr. Norton calculated an approximate total to be \$8,400,000 (eight million, four hundred thousand dollars). Mr. Lalli added that the negotiation, with adjusters, is an attempt to make the Town “whole” again. He is hoping to conclude his work by calendar year end 2013. Mr. Lalli emphasized that not all of the claims will be collected after the negotiation process has transpired. He indicated that Risk Management has taken an all-encompassing approach to the potential claim interpreting the property policy to include items even if not specifically addressed in the policy. He noted that care was taken to eliminate any expense that was not incurred as a result of Hurricane Sandy. With this approach he emphasized that the collection rate for this claim will be lower than the numbers projected. He also noted that the First Selectman’s Office handles the FEMA portion of this claim.

Mr. Lalli distributed a sheet of non-Hurricane Sandy insurance recoveries totaling \$418,919 (four hundred eighteen thousand, nine hundred nineteen dollars) which has been recovered since April 1, 2012 by Risk Management. He provided this list to the Committee to assure that all claims are being pursued, not just the Sandy claim.

Mr. Mynarski then presented his Hurricane Sandy Recap of appropriations by departments. He noted that accurate numbers will not be reached till all the work has been completed. His report shows what departments are requesting to replenish storm budgeting. Mr. Norton defined that the numbers do not reflect salaries only overtime expenses.

Mr. Mynarski stated that Mr. Lalli’s report gives a more accurate account of the hurricane’s costs, but exact numbers will not be known till the fall. He added that reimbursement from FEMA is usually slow.

4. Internal Audit Report

- **Permitted to Drive Update**

Mr. Lalli discussed the “Annual Management Review of Motor Vehicle Records of Town Employees” results:

- 87% Connecticut drivers, 12% New York driver and 1% other state drivers,
- No cost to the Town for this service
- Recorded DMV violations by employee
- Decrease of suspended licenses.

Upon a motion by Mr. Brady, seconded by Mr. Goldrick, the Committee voted 4-0 to approve and distribute the “*Annual Management Review of Motor Vehicle Records of Town Employees*” to the full BET.

Mr. Lalli said that he will work with Ms. Pepe, Director of HR, regarding vehicle accident data. The current plan is to discuss future employee vehicle accidents with the appropriate department heads. He stated that due to potential interaction with employees that HR participation was an absolute necessity. Mr. Brady questioned whether volunteers were included in the numbers. Mr. Lalli said yes.

- **Fire Marshal Audit Update**

Mr. Lalli said that the Harbor Master Audit has been delayed due to the time consuming work needed for Hurricane Sandy and that a Fire Marshal Report will probably be submitted next month. He and Ms. Maranan are attempting to create an all-encompassing data base of properties that require an inspection. He noted that there are software issues and his preliminary assessment is that the GFD needs more technical support in this area. He emphasized that future discussion of this topic should occur after an audit report is issued.

- **Tools for Schools**

Ms. Maranan stated that reports for Eastern Middle and Parkway Schools have been received with no out of the norm issues. North Street School walkthrough was completed yesterday with Julian Curtis and Greenwich High School in the near future.

Mr. Norton questioned Mr. Lalli regarding Engineering Reports. Mr. Lalli stated that they will begin in July. He added that he will approach the Fire Department for assistance with a specific issue dealing with infrared inspections of older properties electrical wiring.

5. Old Business

Mr. Brady anticipates a progress report and recommendations of the IT Strategic Study later this week from Mr. Hutorin, Director IT Department. He then asked for an update regarding the Greenwich Library Funding Agreement (Stowell Agreement). Mr. Norton stated that Mr. Eugene McLaughlin, Jr. Esq, Assistant Town Attorney, and Mr. Chip Haslin, Esq., Member Greenwich Library Board and Greenwich Library Working Group are making progress to resolve the two drafts of the agreement, which will then be presented to the BET Audit Committee and the Greenwich Library for the June 2013 meeting.

Mr. Goldrick once again voiced his objections for the process implemented by the BET Audit Committee to resolve and clarify this document. He stated that he strongly opposes the involvement of Mr. McLaughlin in this process.

6. Items for Future BET Audit Committee Meetings

Mr. Brady discussed a notice he had received from the State Fire Marshal; Public Act: 12 – 184 – *Notice to Homeowners and Contractors*. It states that any home renovation, where the building permit states that the occupants will live at the residence while construction is performed, CO monitors and fire alarms are required, but that it is entirely upon discretion of the homeowners to comply. A discussion followed as to whether this information should be part of the building department's permit application or whether it could create a legal liability by not being included.

Mr. Brady then questioned as to whether Mr. Lalli will be reviewing the vendor process used for maintenance of the channels in the Harbor Master Audit. He expressed his concerns over the verification of service practice used. Mr. Goldrick asked what processes are used by other coastal towns.

7. Adjournment

Upon a motion by Mr. Brady, seconded by Mr. Bedrosian, the Committee voted 4 to 0 to adjourn the meeting at 11:06 A.M.



Arthur D. Norton, BET Audit Committee Chairman



Elaine JV Brown, Recording Secretary