

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, April 14, 2016 – 8:00 A.M.
Gisborne Conference Room

Present

Committee: Arthur D. Norton, Chairman; John Blankley, Michael Mason, Jill Oberlander

Attendees:

Peter Mynarski, Comptroller; Ron Lalli, Director Risk Management; Pat Maranan, Internal Auditor; Christopher Alexander, Nathaniel Witherell, Director of Financial Operation; Carol Greunke, Nathaniel Witherell, Business Services Administrator; Tom Greco, Assistant Director Parks & Recreation

Other:

Mary Lee Kiernan, BET Member

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

1. Acceptance of Audit Committee Minutes:

- **Audit Committee Meeting March 10, 2016**

Upon a motion by Mr. Mason, seconded by Mr. Blankley, the Committee voted 4-0 to accept the March 10, 2016 Meeting Minutes.

2. Risk Management Report

- **Update on Safety Inspections**
 - **Sewer Division**

Mr. Lalli presented an update for the safety report issued by Applied Risk Control Corporation for selected Sewer Division locations. The first inspection was completed July 2015, in which the Cos Cob Pump Station received a “poor” safety rating.

Mr. Lalli listed the remediation efforts undertaken by the Sewer Division:

- New fencing installed to prevent third party entry;
- Dangerous loose roof panels removed with the installation of a new roof;
- Large deep open channels capped and secured; and
- The inventory of parts substantially cleaned by the Highway Division.

DPW stated that the broken glass issue at the Cos Cob Pump Station has not been resolved as there needs to be a study of potential roof damage. If windows are removed and the entire structure becomes an open space with more susceptibility to wind damage, a catastrophic potential for roof lifting.

At the Waste Water Treatment Plant there are plans to address the exterior and interior roof ladders, higher toe bars on the top of the mezzanine stair case and fence height extension between the Dog Park and the facility.

Mr. Mason asked Mr. Lalli to email the report to the BET Members.

o **Railroad Stations**

The Cos Cob, Riverside and Old Greenwich Stations were inspected by Mr. Mirijanian on January 26, 2016. Mr. Lalli presented an edited survey of remaining issues. Poor snow removal noted in the March 2015 report has been (substantially) addressed.

At Cos Cob items remain that must be addressed by the State (CONNDOT):

- Storage of work platforms;
- Lack of tactile pavement and toe boards; and
- Hand rail replacement, and climbing exposures.

Riverside had issues that needed correction by the State. Snow removal, resolved electrical issues, yellow stripping of stairs by DPW have reduced risk. The State and the Superintendent of Building Construction and Maintenance are in discussion for a final approval for the center hand rail for the wide staircase.

The State renovation of Old Greenwich has brought some practical remedies from recommendations made in the July 2015 report. A new design of vertical post railing has been installed eliminating the need for toe boards, while reducing the profile of the bolted brackets of the railing that were considered slip and fall hazards. DPW had remediated some recommendations prior to the State renovations.

Mr. Lalli will report next month on the remediation progress at the Hamilton Avenue School.

• **Quarterly Update on Vehicle Accidents Caused by Town Employees**

There has been a significant decrease in recent years in at fault accidents by Town employees, driving Town owned vehicles. Many risk reduction efforts have been incorporated including the implementation of GPS. These measures have decreased speed, which has caused a shift in the accident codes from speeding related accident to backing up incidents. Mr. Lalli suggested the Town screen DMV records of prospective employees and that poor histories based on a predetermined policy should prevent hiring.

• **FEMA Update**

A credit of \$356,250 (three hundred fifty six thousand, two hundred fifty dollars) for Worksheet 366 was applied to the overpayment of Worksheet 362. Internal Audit is gathering all labor, contractor and material invoices for Worksheet 450 for submission to close out to the State. \$1,900,000 (one million, nine hundred thousand dollars) in receivables is anticipated by the end of the next fiscal year.

3. Internal Audit Report

• **Tools for Schools Update**

The insurance claim for the water damage at Hamilton Avenue School caused by bursting pipes during February has been processed with AIG. An inspection of water damage was conducted, no issues found, carpeting was replaced and walls inspected as a proactive step to eliminate future possible mold issues.

The inspection of the Old Greenwich School postponed until April 18th.

- **Update on Review of Non-Automated Sites that Dispense Fuel**

While Ms. Maranan is currently working on this project, Mr. Lalli will resume responsibility for its completion due to Ms. Maranan's possible employment at the BOE in the near future. He will be working with Mr. Domeseck, Fleet Director to review the three non-automated pumps that are shared by various departments and located throughout the TOG.

- **Internal Audit Limited Scope Report on Town Leases**

Mr. Norton stated that this audit will be multi-session with ongoing discussions. Internal Audit suggested improvements to clarity, consistency and compliance over Town lease agreements in several areas. A high number of town owned property lease agreements do not have current certificates of insurance on file. The discoveries of this report were sent to appropriate parties to aid in the documentation process.

Internal Audit recommends additional clarity in lease agreements between owner and tenants regarding the responsibility to pay sewer assessment taxes. The Town is currently paying this tax from the General Fund. Mr. Lalli noted that clarity of the legal clauses was the responsibility of the Law Department. Ms. Oberlander stressed the importance of consistency between leases and subleases agreements and asked for the report to be marked as a "draft". Mr. Lalli replied that the examination of subleases was outside the scope of this audit review and expressed an opinion that the lack of insurance documentation was potentially the highest discovered risk issue.

Ms. Kiernan asked if defaults on leases are enforced, when the proper insurance is not in place. Mr. Lalli cautioned that the absence of certificates does not mean with certainty that insurance is not in place. He recommended in the report for the Town do a better job of pursuing the tenants for current certificates. It is also his opinion that it is quite clear in the leases, that if insurance is not in place the owner would have remedies, including termination of an agreement. Mr. Mynarski stated that according to policy, the Treasurer retains all leases and insurance certificates. As a result departments do not receive these insurance documents.

Mr. Mason stated his recommendations for the Committee moving forward. The Risk Manager and the Treasurer need to work together to review the leases and insurance certificates on file. Departments need to comply on current leases. Lease agreements need to clarify the term "utilities".

Mr. Norton asked for Mr. Lalli to work with the Treasurer on compliance and to notify lease holders with missing insurance certificates. While it is not the Internal Audit Department's responsibility to pursue current insurance documents, Mr. Lalli will press the issue with the operational departments to obtain current certificates. "Draft" will also be added to the report.

4. New Business

- **Charge Offs**

- **The Nathaniel Witherell**

Mr. Alexander requested approval to write-off 16 (sixteen) resident accounts totaling \$125,308.00 (one hundred twenty five thousand, three hundred eight dollars). The business office has pursued these delinquent amounts, and they are uncollectable.

Upon a motion by Mr. Blankley, seconded by Mr. Mason, the Committee voted 4-0 to accept the Nathaniel Witherell Bad Debt Write-Off Request

totaling \$125,308.00 (one hundred twenty five thousand, three hundred eight dollars).

o **Parks & Recreation**

Mr. Greco requested approval to write-off \$5,109.69 (five thousand, one hundred nine dollars and sixty nine cents). Of the seven accounts most deal with boating storage. The request is the result of an exhaustive process to collect these funds, including use of an outside collection agency.

Upon a motion by Mr. Blankley, seconded by Mr. Mason, the Committee voted 4-0 to accept the Parks & Recreation Department's Write-Off Request totaling \$5,109.69 (five thousand, one hundred nine dollars and sixty nine cents).

5. Old Business

• **Concept to Completion – Capital Projects Review**

Mr. Lalli expressed the opinion that there is potential to make progress on this issue by working with Mr. Monelli. Mr. Mason suggested the use of a checklist to be included, the methodology utilized in the airline industry.

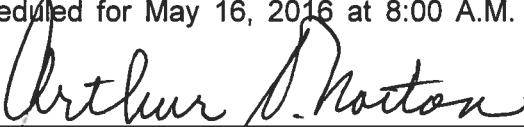
6. Items for Future BET Audit Committee Meetings

Executive Session will be required at the Committee's next meeting to meet with the external auditors RSM, LLP (McGladrey). Mr. Norton requested a date change for the May 12th 2016 Audit Meeting to Monday, May 16th. All members agreed. Mr. Mynarski will confirm the auditor's availability for the new date.

7. Adjournment

Upon a motion by Mr. Mason, seconded by Mr. Blankley, the Committee voted 4-0 to adjourn the meeting at 10:17 A.M.

The next meeting of the Committee was rescheduled for May 16, 2016 at 8:00 A.M. in the Gisborne Conference Room.



Arthur D. Norton, BET Audit Committee Chairman



Elaine JV Brown, Recording Secretary