

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, September 8, 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; Melinda Frame, Internal Auditor; Charles Zsebik, Director of Purchasing and Administrative Services; Benjamin Branyan, Town Administrator; Mary Lee Kiernan, BET Member

The regular meeting was called to order at 8:02 A.M.

1. Approval of Audit Committee Minutes:

• **Audit Committee Meeting July 29, 2016**

Ms. Oberlander requested to amend item 3, Safety Inspection Update. The paragraph beginning with "Ms. Oberlander questioned..." to read "Ms. Oberlander asked about the Town's tree inspection and removal program."

Upon a motion by Mr. Blankley, seconded by Mr. Mason, the
Committee voted 4 - 0 to approve the July 29, 2016 Meeting Minutes,
as amended.

2. Nathaniel Witherell Pavilion – Governance Issue

Mr. Branyan presented a memo from the Office of the First Selectman. It stated that The Nathaniel Witherell (TNW) Board of Trustees is responsible for the Governance of the Pavilion Apartments. Three attachments substantiated this fact: a November 1983 agreement between TNW Board of Trustees and Greenwich Community Housing, a January 1984 memo from the Law Department regarding TNW Charter and two amendments to the Town Charter approved in March 1984.

The memo has been forwarded to Mr. Larry Simon, Chairman, Board of TNW., and Mr. Allen Brown, Executive Director, TNW. Although Mr. Branyan stated that the issue is clearly in their jurisdiction. Mr. Norton will report this action to the full BET.

Upon a motion by Ms. Oberlander, seconded by Mr. Mason, the
Committee voted 4 - 0 to accept the memo dated August 9, 2016, from
the First Selectman's Office, "*The Nathaniel Witherell Pavilion
Apartments Governance Issue*" as new policy.

3. Internal Audit Report

• **Purchasing Department – Sole Source Procurement Audit Discussion**

Mr. Norton introduced the new Director of Purchasing Mr. Charles Zsebik. Mr. Zsebik gave a brief history of prior work experience. Mr. Branyan complimented him on the progress made since his hiring only five months ago.

Mr. Norton explained that the Committee has requested to audit sole source and single source awards, which is the responsibility of the Purchasing Department.

Mr. Zsebik presented a chart for the last fiscal year showing the percentage of single source procurements, which do not require a bidding process, and the RFB (Request for Bid) and RFP

(Request for Proposal) processes. Single source awards total almost 41% (forty one percent), while the State recommends 15% (fifteen percent) or lower. In the past five months Mr. Zsebik has changed the policy to include an initial submission of the bid to the Purchasing Department. His staff then reviews and determines whether the bid is a single or sole source, including a discussion with the department head if needed. Purchasing then investigates other possible vendors, who are able to perform that particular service. As a result he has lowered single source procurements to 27.30% (twenty seven point thirty percent) of the 115 (one hundred fifteen) awards.

Mr. Mason questioned the previous high percentages of single source awards. Mr. Zsebik offered that possibly processes were not followed and the lack of department guidelines. Ms. Oberlander asked about the scope of the new policy. Mr. Zsebik stated that currently the Board of Education (BOE), Department of Public Works (DPW) Engineering, and the Library are not required to adhere to the new policy. Mr. Branyan then detailed the RFP process used by BOE.

Mr. Zsebik suggested expanding the bidding process to other newspapers and trade magazines to increase competition and open the door to outside vendors. He also incorporated a vendor list and set a new procedure to monitor current projects for compliance with negotiated budgets.

Ms. Oberlander questioned his department's participation with DPW contracts. Mr. Zsebik replied that he does not review DPW Engineering contracts. He explained Purchasing's participation in the Byram Pool Project to determine a qualified bidder who also possessed a State Pool License.

Mr. Norton cited that Human Resources (HR) uses mostly sole source. Mr. Branyan stated that all contracts for renewal will be reviewed. Mr. Lalli explained that previously sole/single source contracts were encouraged by the prior Town Administrator as a time saving tool. The new process created by Mr. Zsebik sets clear guidelines and procedures for the departments. Ms. Oberlander requested further information regarding repeat vendors and the dollar values of their contracts when Mr. Zsebik returns to the Committee. Mr. Branyan stated that they will review all of the issues discussed and provide clarity.

Mr. Lalli presented results from a Fiscal 2011 and Fiscal 2012 audit of the process. Data included review of RFP, RFB, Single Source, Sole Source, Federal/State Agency and Quality Based Selection (QBS) contracts.

- Update on Pending Audits

Mr. Norton introduced the new Internal Audit to the Committee, Melinda Frame. Ms. Frame detailed the scope of the current audit of Parking Services to include: permit controls, meter collection, review of void and dismissal process and smart card process reconciliation. Parking meter pick up schedules were observed and a marked coin test was conducted. Continued work is required and recommendations will be forthcoming.

Ms. Oberlander requested to view the first draft once completed prior to being addressed by Parking Services. Mr. Norton reiterated the same. It was agreed that Ms. Frame and Mr. Lalli would notify the members once the draft is completed and they will send it to the members upon their request.

4. Risk Management Report

- **Update on Insurance Contract Renewals**

Since the July Audit Committee Meeting, 5 (five) policies have been renewed. Cyber Liability insurance coverage was raised from \$1,000,000 (one million dollars) to \$3,000,000 (three million

dollars), recommended by the Town's Broker Frenkel & Co., approved by Mr. Mynarski and Mr. Norton. Mr. Norton proposed a possible increase to \$5,000,000 (five million dollars), to which Mr. Lalli replied that he was comfortable with the new coverage limits. The new contract also covers extortion, as questioned by Ms. Kiernan.

Fire Special Accident, Greenwich Fire Department Volunteer and Police Paid & Volunteer Accident Benefit remained stable at expiring rates. With a decline in student participation, the BOE ARCH/CLP Program renewed at a lower premium.

- **Quarterly Review of Claims versus the Town of Greenwich**

The number of claims processed through CIRMA has dropped significantly. Mr. Lalli attributed the reduction to a change in administrative handling of claims and an overall reduction in claims attributable to the numerous safety related programs implemented.

- **Quarterly Review on Vehicle Accidents caused by Town Employees**

Since the implementation of GPS, the Permitted to Drive, driver training, the Motor Vehicle Accident Report and other measures "at fault" vehicle accidents caused by Town employees while driving Town vehicles has greatly decreased from an average of 75 (seventy five) annually to a range of 20-25 (twenty to twenty five) per year. Speed related accidents have dropped by the highest percentages.

- **Update on Pilot Program to Charge Employees at Fault Accident Repair Cost directly to Departments**

In the fiscal 2017 Budget Risk Management allocated \$25,000 (twenty five thousand dollars) to the Parks and Recreation (P&R) Department's Budget to test a pilot program to improve accountability, to meet insurance industry recommendations.

Mr. Lalli highlighted a recent Fiscal 2017 accident involving a Parks and Recreation (P&R) vehicle and questioned Mr. Mynarski and the Committee as how to resolve the protocol for charging cost to the pilot program department, which is Parks and Recreation. Mr. Mynarski replied if Finance will JV (journal voucher) cost to P&R even if P&R does not sign the JV. Mr. Lalli requested to be able to expand this pilot program to other Town departments in July 2017.

Upon a motion by Mr. Mason, seconded by Mr. Blankley, the Committee voted 4 - 0 to approve for Finance to journal voucher P&R for the cost associated with the July 2016 Town truck accident.

- **Safety Inspection Update – Fleet Department and Property Insurance Company Safety Inspections**

Mr. Lalli has participated in 17 (seventeen) inspections since the July Committee meeting. The switch to Chubb from AIG is not expected to impede the recent claims collection and has required new property inspections.

Fleet Department: The Applied Risk Report assessed the operation of the Fleet Department, which performs preventive maintenance work and repairs to Town vehicles, and assigned an overall exposure/control rating of "average". Numerous issues regarding door entrances and exits, signage, handrails, drum storage and proper ventilation in the boiler room, and exhaust ventilation were noted. One recommendation has been remediated and is expected to be remediated in the near future. One exception is the recommendation for an automatic rolling gate

with keypad to prevent improper entrance to the facility during off hours. This option may not be feasible due to cold weather conditions that could hamper its effectiveness.

Mr. Lalli will report on the Hamilton Avenue School in October. Mr. Mynarski suggested an inspection of the Waste Disposal Plant.

Boiler Inspections: Most boilers were passed the required inspection date. The Chubb Insurance inspector was able to authorize new inspection certificates, which will be mailed to appropriate facility departments. The inspector recommended the testing of pressure release valves no less than once a week.

- **FEMA Update**

Risk Management has closed all project worksheets and is waiting for the paper work to flow through FEMA reviews. Mr. Lalli cannot predict when the credits/payments will be received.

5. Fiscal Year 2016 Annual Audit Update

Mr. Mynarski stated that the external auditors will return on September 19 to review accounts payable.

6. Old Business

None

7. Items for Future BET Audit Committee Meetings

Mr. Norton stated that room reservations are moving forward with a tentative 2017 meeting calendar.

8. Adjournment

Upon a motion by Mr. Mason, seconded by Ms. Oberlander, the Committee voted 4-0 to adjourn the meeting at 9:51 A.M.

The next meeting of the Committee is scheduled for October 13, 2016 in the Gisborne Room.

Arthur D. Norton, BET Audit Committee Chairman

Elaine JV Brown, Recording Secretary