

**BOARD OF ESTIMATE AND TAXATION**  
**Audit Committee Minutes**  
**Tuesday, October 11, 2011 – 8:00 A.M.**  
**Parks & Recreation Conference Room, 2<sup>nd</sup> Floor**

Present:

Committee: Arthur Norton, Chairman  
William Kelly, Jeffrey Ramer

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Special Projects  
Coordinator

The meeting was called to order at 8:03 A.M.

**1. Approve Minutes of Audit Committee Meeting**

Upon a motion by Mr. Ramer, seconded by Mr. Kelly, the Committee voted 3 - 0 to approve the September 8, 2011 Minutes.

**2. Approve BET Audit Committee 2012 Meeting Schedule**

There was a discussion regarding a date conflict but the Committee decided to leave the 2012 Meeting Schedule until new Committee members are chosen for the 2012 – 2013 term.

Upon a motion by Mr. Ramer, seconded by Mr. Kelly, the Committee voted 3 - 0 to approve the BET Audit Committee 2012 Meeting Schedule.

**3. Internal Audit Report**

**Payments to TOG Volunteer Firefighters Draft Audit Report**

Mr. Lalli confirmed that as of today's date he has not received any response from the Greenwich Fire Department (GFD). He continued that although significant progress has been made, the GFD wishes to finalize their strategies before addressing each recommendation prior to their response. He added that there has been no resistance and has receive total cooperation with the review.

Mr. Kelly expressed his disappointment with the GFD's lack of a response and recommended a motion.

Upon a motion by Mr. Kelly, seconded by Mr. Norton, the Committee voted 3 - 0 to recommend the full BET to suspend, as of November 11, 2011, all benefits to the TOG Volunteer Fire Departments until a complete response to the report has been submitted to the BET Audit Committee.

Mr. Ramer requested to amend the motion as follows;

Upon a motion by Mr. Ramer, seconded by Mr. Kelly, the Committee voted 3 - 0 that if the Committee does not receive an acceptable response from the TOG Fire Department by the next Committee meeting, scheduled for November 10, 2011, the Committee will recommend to the full BET to suspend all benefits to the TOG Volunteer Fire Departments effective as of November 21, 2011.

**Assessor/Building Permit Update**

Mr. Lalli acknowledged that the audit has been completed and that closing conferences have taken place with Mr. Gwartney, Town Assessor and Mr. Marr, Building Official. He continued that approximately 350 (three hundred fifty) permits in total had been reviewed by Ms. Maranan, of the Finance Department, and himself with some audit findings in both departments.

Mr. Lalli noted several recommendations for the Building Department. He noted that cooperation has been excellent and that several new processes have been promised to be implemented. He emphasized that the Building Department has agreed to review assessed valuations as part of the final review of permits to arrive at a fair permit valuation. Mr. Lalli also emphasized another recommended change in current practice to provide for an alert process for the Assessor's residential appraisers to inform them of key final Building Department inspection codes allowing them to provide for quicker assessments. In addition to pro ration benefits for the Assessor's Office, he noted that this would be important if the Assessor's Office final values are going to be timely enough to be useful for the Building Department's final adjustment of permits before a certificate of occupancy is issued.

Mr. Lalli noted that a residential database recommendation for improved data he offered over five years ago had been successfully implemented and is in current use. He noted that having this information in a database has been essential to final adjustments to permit values before a certificate of occupancy is released. He noted that he has made several additional recommendations to improve the database by adding tax districts and adjustment of final values to the metrics to aid the final reviewers to arrive at fair permit valuations. He noted that the adjustments made to permit valuations, and corresponding collection of fees, has been significant. He expressed satisfaction that database metrics are being used to ensure that permits valuations are as fair as possible, a goal that also results in enhanced revenue. He noted that cooperation from the Building Department was excellent.

Mr. Ramer recommended the posting of a public notice in the Building Department announcing that the TOG will have the right to request contracts before the issuing of permits in the near future.

Upon a motion by Mr. Ramer, seconded by Mr. Kelly, the Committee voted 3 - 0 to recommend the Building Department post a Public Notice stating that the TOG will request, at their discretion, the review of contracts between the owners and their vendor builders.

#### **Permitted to Drive List Update**

Mr. Lalli said that he has updated the database with information from the BOE. He acknowledged that the Department of Social Services also has some issues but added that patience is needed since this is a new groundbreaking policy.

Mr. Mynarski explained a process currently being used by Accounts Payable. When an employee submits a mileage reimbursement, a copy of their driver's license is requested prior to the issuing of payment. Mr. Kelly endorsed the new procedure and asked if department heads could be held accountable for a list of drivers in their respective departments.

Mr. Lalli continued that he is going to request HR to issue this notice to department heads and schools ultimately having them sign off on their final listings.

#### **Department of Social Services – Process Review**

Mr. Lalli acknowledged that he had just begun the audit of Social Services with a couple of interviews to review the benefit programs.

Mr. Mynarski clarified the initial reason for the Social Services review to the Committee. A few months earlier it had been discovered that putative improper payments were made by a TOG employee to the person's relatives. The matter had been assigned to Mr. Giovannone, of the Finance Department. A month ago Mr. Giovannone left his position in Finance for the BOE and that the review was given to Mr. Lalli for completion. Mr. Mynarski continued that he had

understood that the matter had been resolved, but stated that he will speak with Ms. Kast, Director of HR for the details.

Mr. Lalli added that this audit, requested by Mr. McGuire, Chairman of the Social Services Board is an expansion of the original review. He continued that his recommendations will include strengthen internal controls.

Mr. Lalli concluded that he will return in November with an update on this audit as well as two other final reports: TOG Volunteer Fire Fighters and Assessor/ Building Permit.

#### **4. Risk Manager Report**

Mr. Norton requested to address TNW Insurance Policy item out of order.

##### **TNW Insurance Policy – Professional Liability**

Mr. Norton noted the importance of reviewing all policies on a regular basis. Mynarski and Mr. Norton then had a discussion regarding the TOG reimbursement amount, noting that Nathaniel Witherell pays for all of their insurance.

Mr. Ramer expressed his concern over the lack of expertise of some members in this subject area.

Mr. Kelly referred the Committee to an article reporting a current case of cyber fraud in *Business Week* dated August 4, 2011, "*Hackers Take 1 Billion a Year as Banks Blame Their Clients*".

##### **CIRMA – OPEB Workers' Compensation Cost Discussion**

At this time Mr. Norton mentioned the implementation of the debt policy this past July. He continued that the unfunded liabilities that the TOG has will be added to the debt balance, therefore possibly effecting future TOG credit ratings.

Mr. Kelly proceeded to read the article to the Committee. Mr. Mynarski added that he would like Frenkel & Co., Inc. to review the mechanics used in this case in relation to the TOG policies. He also stated that he would review the current controls in place and discuss the matter with Ms. Murphy, Treasurer

Mr. Mynarski stated that an ARC (Annual Required Contribution Report) will be forth coming. Mr. Norton again expressed his concern over the new procedure used by Moody's regarding unfunded pension and OPEB liabilities and the reaction of rating company to the TOG.

##### **Risk Manager Position – Hay Group Update**

Mr. Mynarski updated the Committee regarding the Hay Group presentation of Monday, October 3, 2011. He continued that Mr. Walko had requested him to collect comments/reactions to the presentation from the other BET members by Thursday, October 13. The general consensus appears to be that members are not happy with the report, Mr. Mynarski added. The question as to whether the Risk Manager position should be un-privatized or privatized was not addressed. Mr. Mynarski guesstimated that the position would probably not be filled for at least eighteen months, considering the upcoming retirement of the HR Director. Mr. Mynarski added that he is in the opinion that the responsibility of workers' compensation should stay in the Finance Department.

Mr. Norton expressed the Committee's support while Mr. Mynarski stated his preference for Mr. Lalli to fill the position of Risk Manager.

#### **6. Fiscal 2011 Audit**

Mr. Mynarski stated that the field work has been completed and that the Law Department is currently working on the representation letter. Mr. Norton questioned if it would be available for the Committee's November meeting. Mr. Mynarski replied that he is hoping for December 1.

**5. GHS/MISA Phase 1 Testing Expenditures Audit Report**

Mr. Mynarski stated that a full update will be presented at the BET Meeting on Monday, October 17. Mr. Kelly informed the Committee that Ms. Leslie Moriarty will keep everyone updated as progress is done. Mr. Ramer said that he is concerned with the pollution issues and remediation costs.

A discussion continued with Mr. Norton questioning whether the approved \$1,300,000 (one million three hundred thousand dollars) is adequate. Mr. Ramer added that after the boring costs come in an accurate total will be available. Mr. Norton questioned whether the \$312,000 (three hundred twelve thousand dollars) boring expense was included in the approved \$1,300,000 (one million three hundred thousand dollars). Mr. Kelly said that he would defer the question to BOE and Ms. Moriarty and respond to Mr. Norton's question.

Mr. Norton noted that the remediation costs may be higher than the testing expenses.

**7. Old Business Item Review**

**Hold Harmless / Indemnification Agreements**

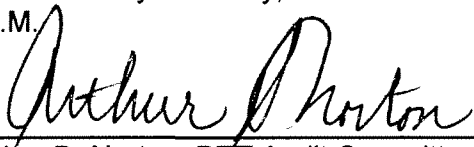
Items not discussed.


**8. Items for Discussion future BET Audit Committee Meetings**

Items not discussed.

**9. Adjournment**

Upon a motion by Mr. Ramer, seconded by Mr. Kelly, the Committee voted 4 - 0 to adjourn the meeting at 9:55 A.M.

  
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Arthur D. Norton, BET Audit Committee Chairman

  
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Elaine JV Brown, Recording Secretary