

**BOARD OF ESTIMATE AND TAXATION**  
**Audit Committee Minutes**  
**Thursday, October 16, 2014 – 8:00 A.M.**  
**Gisborne Conference Room**

Present:

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

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Risk Management Director;  
Pat Maranan, Internal Auditor; Lori Contadino, Commission on Aging Director;  
Laurette Helmrich, Senior Center Administrator; Sean Goldrick, BET Member  
(8:35 A.M.)

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

**1. Approval of Minutes: Audit Committee Meeting September 11, 2013.**

Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the  
Committee voted 4-0 to approve the September 11, 2014 Meeting  
Minutes.

**2. Risk Management Report**

- **FEMA Update**

Ms. Maranan distributed a summary of FEMA insurance recoveries for Super Storm Sandy, which Risk Management had been assigned since the resignation of Dustin Anderson, Special Projects Manager. \$1,679,223 (one million, six hundred seventy nine thousand, two hundred twenty three dollars) has been received for debris removal and sidewalk/road replacement. Six projects remain open with \$3,536,457 (three million, five hundred thirty six thousand, four hundred fifty seven dollars) expected in FEMA receivables. Mr. Lalli will be contacting a FEMA analyst to review remaining open projects and he will continue to update the Committee on a monthly basis.

- **Quarterly Update on Insurance Recoveries**

Mr. Lalli reviewed a list of insurance recoveries for fiscal 2015. Seven claims have been recovered fiscal year to date equaling \$47,277 (forty seven thousand, two hundred seventy seven dollars). Thirteen property damage claims remain outstanding.

- **Safety Inspection Reports – Update on Safety Inspections conducted at the Town Marinas and MISA during September and October**

All four marina inspections were conducted with a representative of Great American Insurance Company. Results indicated only minor recommendations.

During the month of October, an inspection of the MISA project was conducted by a representative of AIG as well as a safety engineer from Frenkel & Co. AIG provides the Town's builders risk insurance for the project. Frenkel is the Town's insurance broker. No major issues were found during the MISA inspection by AIG. Any minor issues were addressed by the AIG representative directly to the Turner Construction representatives during the inspection. The Turner representatives were receptive to the minor recommendations made and informed the AIG representative that they would implement the suggestions. Mr. D'Ambrosio, Senior Vice President Frenkel & Company recommended directing pedestrian traffic away from construction activities. He will issue a formal report on the inspection.

Ms. Tarkington added that traffic direction is the responsibility of the BOE and asked to include a copy of the recommendation when the Frenkel report is available. She asked to include Turner Construction in the circulation of the inspection report. Mr. Lalli agreed to distribute the document upon receipt from Frenkel.

Future scheduled safety inspections will include: the new Fire Department Headquarters, Police Headquarters, the BOE alternate class site at St. Catherine's Church, and the Cos Cob, Riverside and Old Greenwich train station platforms and stairs. Mr. Lalli made available to Thomas Klein, IT Director a cyber-liability prevention webinar on best practices provided by the Towns' insurance carrier. Mr. Lalli will report to the Committee Mr. Klein's opinion on the services offered by the insurance carrier.

Ms. Tarkington discussed the proposed \$433,000 (four hundred thirty three thousand dollar) P&R Common Park Project. She has safety concerns during inclement weather with the use of brick pavers, two proposed large metal arches and questioned the overall design consistency. A group discussion followed regarding third party liabilities. Mr. Lalli concluded that as Risk Manager it is a legitimate concern. He will request from Joseph Siciliano, P&R Director the design plans for the project to allow him to seek an opinion from a Frenkel & Co. safety engineer.

Mr. Norton requested that the Committee receive monthly reports on inspections.

### **3. Internal Audit Report**

- **Internal Audit Report on cash handling practices at the Greenwich Senior Center**

The Senior Center Lunch Program annually generates approximately \$64,000 (sixty four thousand dollars). After observing the accumulation of an entire day's receipts, reconciliation and deposit procedure it was revealed that cash records are manually recorded without electronic reconciliations. Laurette Helmrich, Senior Center Administrator has accepted and implemented all recommendations including the use of a cash register (cost of \$268), customer receipts and upgrading the numerical control over pre-paid cards.

Upon a motion by Mr. Finger, seconded by Mr. Blankley, the Committee voted 4-0 to accept the "Internal Audit Report: Limited Scope Review of the Senior Center's Internal Controls for Cash Receipts".

- **Formal report on the annual Internal Audit of Motor Vehicle records of employees who drive on Town business**

Mr. Norton questioned the standards used for the audit, and Mr. Lalli replied that he has implemented Best Practices as recommended by Travelers Insurance, the largest insurance writer for municipal governments in the United States. The best practice program that he developed seeks to reduce auto liability exposure, by assigning a general driving risk category rating to each driver based on their DMV driving record. The system will be used as an identification mechanism to require additional training. The Town will be able to measure the overall risk of the driving pool, make yearly comparisons and forward this data to insurance liability carriers.

The annual review discovered three suspended licenses. One was a P&R employee, who chose not to return to work and is no longer employed by the Town.

Mr. Norton suggested a change in the language on Page 8, first paragraph.

Since inception of the first best practice in 2001, violations noted from the review of DMV records have declined. In fiscal year 2015 Mr. Lalli recommended two new best practices. Road

tests conducted by an appropriate supervisor and the establishment of a Vehicle Safety Committee. As Chair of this new committee he will propose future Best Practices policy to the Office of the First Selectman.

Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the Committee voted 4-0 to accept with one change on Page 8 the "Annual Management Review of Motor Vehicle Records of Town Employees".

- **Internal Audit Report on cash handling practices at the Town Hall Beach Counter, Eastern Civic Center and the Arch Street Ferry Dock**

This audit was to examine internal controls in place for the receipt of beach pass and ferry ticket revenues which generate approximately \$1,500,000 (one million, five hundred thousand dollars) annually. Current controls are adequate with the Town Beach Counter being the most advanced. There are three ways to apply for a beach pass: by mail, email or over the counter.

The recommendations submitted to the Department of Parks and Recreation were as follows:

Town Hall Beach Counter

- Receipts should be given to all customers.

Ferry Dock

- A secure cash register should be used for storage of cash during business hours
- The potential use of Rec-Trac, an application currently used by P&R in Town Hall for receipts
- Offer the use of credit card payments to reduce cash balances.

Eastern Civic Center

- Cash receipts need to be secured in a safer environment.
- The potential use of Rec-Trac, an application currently used by P&R in Town Hall for receipts
- Offer the use of credit card payments to reduce cash balances.

The Department of P&R has agreed to examine the recommendations and is currently investigating the possibility of expanding the use of Rec-Trac to other facilities.

Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the Committee voted 4-0 to accept the "Internal Audit Report: Review of Internal Controls for Parks and Recreation's Cash Handling Practices at Town Hall, Eastern Greenwich Civic Center and the Ferry Dock".

Future cash handling reports to come: Land Use, Greenwich Library, Building Department.

Tools for Schools reviews are also scheduled for the October – November time frame. Mr. Finger recommended postponing the review of the Tax Collector's Office until January to afford Internal Audit the ability to review activities during the peak cash receipts season.

#### **4. New Business**

- **Fiscal 2014 Audit Update**

The issue with Quality Data Services (QDS) implementation of refunds has been resolved. This process encompasses 150 (one hundred, fifty) to 200 (two hundred) refunds which will take approximately 2 to 3 week to complete. Other reconciliation issues with QDS still exist: Tax Collector Report, reconciliation between Finance and Tax Collector. DPW State reimbursements for capital projects and pension information remain open.

Mr. Mynarski is expecting a Management Comment for reconciliation with the Tax Collector's Office and a July 2014 BOE payroll event. John Wayne Fox, Town Attorney will submit the Legal Letter to the external auditors and Audit Committee members for review. The Tax Collector Reconciliation Report might hold up the presentation of the Audit draft. Ms. Tarkington

asked for the Audit Committee members to be notified if a separate meeting is needed should the draft not be ready for the November meeting.

- **The Nathaniel Witherall Historic Tax Credit Audit Update**

After consulting with Eugene McLaughlin, Assistant Town Attorney, Robinson + Cole of Hartford, CT has been retained to prepare resolutions for the Project Renew State Tax Credits. The resolution will have three items: to sell the credit, to receive the sale proceeds and to appropriate the sale proceeds. This resolution will require approval by the BET and RTM.

**5. Old Business**

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

Mr. Norton has met with Kevin McCarthy, Perrot Library Director and Mr. McLaughlin to review the guidelines. Another meeting is scheduled for this evening. This item will be on the November 13, 2014 Audit Agenda.

**6. Items for Future BET Audit Committee Meetings**

No items were discussed.

**7. Adjournment**

Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the Committee voted 4 - 0 to adjourn the meeting at 9:50 A.M.



Arthur D. Norton, BET Audit Committee Chairman



Elaine JV Brown, Recording Secretary