

**BOARD OF ESTIMATE AND TAXATION**  
**Audit Committee Minutes**  
**Thursday, November 12, 2009**  
**Gisborne Meeting Room**

**Attending:**

Committee: Arthur Norton, Chairman  
James Campbell and William Finger

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Special Projects Manager; Chris DeMeo, Risk Management Director/Internal Auditor; James Lavin, Retirement Plans Administrator; Richard Calcavecchio, BOE, Director of Budget and Systems; Steve Anderson, BOE Member; David Demchak, VP CIRMA

Meeting was called to order at 8:02 A.M.

The following items were discussed:

**1. Approval of Minutes for October 8, 2009 Audit Committee Meetings:**

Upon a motion by Mr. Campbell, seconded by Mr. Finger, the Committee voted 3 to 0 to approve the October 8, 2009 Minutes with the following revisions:

Page #2, paragraph 4: inserted "*to institute*" *small claims actions*.

Page #2, paragraph 10: delete "*have the Town Attorney*" and insert to "*and registrations*."

and 2 typographical errors.

**2. Discussion of Limited Scope Review of Pension Distributions**

Mr. Lavin updated the Committee that letters (death audits) have been sent to 528 (five hundred twenty eight) individuals receiving monthly retirement benefits, with a requested response date of December 4, 2009. He added that he will personally follow up on the 9 individuals that reside overseas and individuals 90 (ninety) or older. Mr. Lavin stated that he will create a manual for this annual verification procedure, while Mr. Campbell drew attention to a couple typographical errors within the sample letter.

**3. Risk Managers Report**

The Risk Manager, Mr. DeMeo, stated that CIRMA has informed him that a current workers' compensation claim estimated at \$450,000 (four hundred fifty thousand dollars) has been reduced to approximately \$150,000 (one hundred and fifty thousand dollars) due to changes in the medical ratings. He attributed this reduction to CIRMA reviewing the records and using specialists, since the original doctors chosen by the claimant's Attorney, were not specialists. Mr. DeMeo said that the settlement will be on the agenda for the Board of Selectmen, December 3, 2009.

Mr. Mynarski discussed how a few catastrophic claims are able to skew and distort the Workers Compensation Loss Analysis Report and drain reserves.

Mr. DeMeo reported that Frenkel & Company is still estimating no more than a 5% premium increase for the next year. Mr. Norton requested that an invitation to Frenkel & Company be sent requesting their attendance to the BET Audit Committee's January 14, 2010 meeting to address Engineering Reports.

Mr. Norton asked Mr. DeMeo to elaborate on an issue at the new Hamilton Avenue School. Mr. DeMeo stated that Anthony Byrne, Director of Facilities, BOE; Tim Coughlin, Turf Operations Manager and himself inspected the reported uncovered manhole covers. Mr. DeMeo concluded that some were found near second base, on the playing field, and a couple more near the field. He added that Mr. Byrne and Mr. Coughlin are in the process of searching for the best material to use to mitigate any liability. Mr. Norton requested that Mr. DeMeo inspect other fields for these same issues and to report back to the Committee.

Mr. DeMeo added that there have been no threshold payments out of the Risk Fund.

Mr. Campbell began a group discussion of procedures for judgments, settlements and the notification process. Mr. Mynarski recommended a report from Mr. Gieger, Budget Director, who tracks all judgments, settlements and agreements. Mr. Campbell recommended that the Committee receive a "lessons learned" Report once the Board of Selectmen has approved any settlement. Mr. Demchak, VP CIRMA offered to submit Risk Manager Comments, a "lessons learned" perspective, once a workers' compensation claim settlement is reached. The Committee gladly accepted the offer.

#### **4. Discussion with CIRMA of Workers' Compensation Preferred Provider Network and potential savings**

Mr. Demchak introduced himself to the Committee and reviewed the Risk Control & Safety Assessment Review, dated May 2005, originally requested by former Comptroller Mr. Gomeau. He explained that this report was an executive summary for which CIRMA was contracted. Mr. Demchak continued that CIRMA offers management counseling, risk management consulting and training to address some issues cited within the report. Mr. DeMeo added that OSHA training will be offered in January 2010.

Mr. Norton asked Mr. Demchak for a menu of risk mitigation services CIRMA offers. Mr. Demchak elaborated that CIRMA, a non profit entity and TPA offers to the State of Connecticut, and its Municipalities benefits such as affordable insurance coverage, free training, PPN, etc.

Mr. Demchak further explained that the PPN, Preferred Provider Network, began in 1993 when the state of Connecticut reformed workers' compensation, reducing benefits to employees due to the high insurance costs. The PPN program benefits employees by offering a higher level of care by providers approved by the state who have a better understanding of occupational issues.

Mr. Norton questioned the process used to initiate such a program in Greenwich. A discussion followed regarding any possible issues with collective bargaining agreements the Town has. Mr. Demchak highlighted substantial savings for the Town as a result of heavily discounted medical fees by using the workers comp network. Mr. Finger questioned whether the Law Department should investigate this program to see if any issues exist with bargaining units.

Upon a motion by Mr. Finger, seconded by Mr. Campbell, the Committee voted 3 to 0 to request that the Finance Department prepare a request for opinion from the Law Department on implementing the PPN through workers comp.

Mr. Mynarski asked for Mr. Demchak's assistance to draft a letter to the Law Department as per the Committee's motion. Mr. Demchak agreed and added that he will be sending documents regarding services offered to the Audit Committee. He also stated that he has given Mr. DeMeo a proposal for a new Assessment Report. Mr. Demchak left the meeting at 8:55 A.M.

## **5. Internal Audit Report**

### **Audit of GHS Student Activities Fund**

Mr. Lalli presented the Audit of GHS Student Activities Fund to the Committee. He thanked Ms. Pat Maranan for her assistance in completing the audit.

He addressed the Audit Report in the following sequence: An observation that controls for the student activity store would improve significantly with the purchase and operation of a cash register, a recommendation that the Student Activity books be closed on a monthly basis, a recommendation that the procurement process be more formally documented, a recommendation that the formal Student Activity contracts and agreements be reviewed for appropriateness by a higher level official than currently performed, a recommendation that monthly activity reports be forwarded to Fund Advisors for review, a recommendation that transfers between Student Activity Funds be approved by responsible employees for each affected fund, a recommendation that new Activity Funds be approved by a higher level official than currently performed and that a desk manual be prepared by the Student Activity accountants, for the many detailed procedures they perform.

Mr. Lalli also spoke to a recommendation that would require more effort for pursuing returned checks (NSF). Mr. Calcavecchio explained that he had concerns for the cost versus benefit of pursuing NSF checks and that in his opinion more research would need to be performed. He said that the NSF history will be reviewed and that he will then respond back to Mr. Lalli's recommendation.

Mr. Anderson left the meeting at 9:26 A.M.

Mr. Lalli discussed the sales tax liability. He stated that it is his opinion that a sales tax liability exists for the Student Activity Funds. He explained that the records for the period he audited were not conducive to developing an accurate estimate of the actual liability for the period. He did state that based on the underlying documents he examined that, in his opinion, the liability while existent was not material. Mr. Calcavecchio further explained this complicated issue within the schools and described it as a "teaching" experience. Mr. Calcavecchio also clarified booster funds, which have compliance and liability issues, as autonomous and not run through the Town any more therefore shifting liability. Mr. Mynarski discussed tax change notification with Mr. Calcavecchio.

Mr. Lalli thanked the BOE for their cooperation and assistance during the audit.

Upon a motion by Mr. Campbell, seconded by Mr. Finger, the Committee voted 3 to 0 to accept the Internal Audit of the GHS Student Activity Funds dated October 14, 2009.

Mr. Calcavecchio left the meeting at 9:42 A.M.

### **Tools for Schools**

Mr. DeMeo presented his findings for his unannounced walkthrough of Cos Cob School on October 22, 2009. Various items were noted on his checklist. He stated that many items have been resolved including vegetation growth on the roof. Mr. DeMeo announced that he will return to the school in March 2010 noting that all Town schools have scheduled walkthroughs twice per year.

### **False Alarms Delinquencies**

Mr. Mynarski stated that he has had contact with Mr. Norton and Mr. Greg Hannigan, Director of General Services, Police Department to develop a procedure with small claims actions. Currently he is contacting Mr. John Wayne Fox, the Town Attorney, to schedule a meeting since his expertise is needed.

### **6. Progress Report of the Fiscal 2009 Blum Shapiro Annual Audit**

Mr. Mynarski informed the Committee that Vanessa Rossitto, of Blum & Shapiro, is in conversation with Mr. Fox and should have the report completed before Thanksgiving. Once the draft version is completed, it will be forwarded it to the Audit Committee.

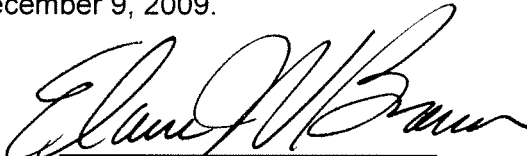
### **7. Discussion of topics for future Audit Committee meetings.**


None were discussed.

### **8. Adjournment**

Upon a motion by Mr. Finger, seconded by Mr. Campbell, the Committee voted 3 to 0 to adjourn the meeting at 9:57 A.M.

The next Audit Committee meeting is scheduled for December 9, 2009.

  
Elaine J. V. Brown, Secretary

  
Arthur D. Norton, Chairman