

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Monday, November 27, 2017 – 8:00 A.M.
Gisborne Conference Room

Present

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

Attendees: Peter Mynarski, Comptroller; Melinda Frame, Internal Auditor; Megan Damato, Esq., Risk Manager; Roland Gieger, Budget and Systems Director; Kathleen Murphy, Treasurer

Others: BET Members: Leslie Moriarty, Leslie Tarkington; Incoming BET Members; Debra Hess, David Weisbrod

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

1. Approval of Audit Committee Meeting Minutes:

- **October 23, 2017 – “Lessons Learned” – Gustovich Case**
Mr. Norton will review Town Attorney’s comments.
- **October 4, 2017 – Regular Meeting**
Various changes were suggested by Mr. Blankley and Ms. Oberlander.

Approval of both sets of minutes were deferred till the December 15, 2017 meeting.

Ms. Oberlander moved to add to the agenda under Item 6, a discussion of the First Selectman’s Task Force on Cash Handling, seconded by Mr. Blankley.

2. Internal Audit Report

- **Audits-in-Progress:**
 - **Cash Handling in the Office of the Town Clerk Update**
Ms. Frame met with the Town Clerk and Assistant Town Clerk. And it was agreed that all cash collected each day will be submitted to the Treasury, and not held in the Town Clerk’s Office. Cash handling procedures will be revised to resolve issues found in the audit. The response from the Town Clerk will be presented at the December 14, 2017 meeting. Ms. Frame will review the net differences presented in the draft report and correct any documented errors and omissions found subsequent to the draft report.

Ms. Oberlander questioned the process used for dog and shellfish licenses and why the Town Clerk’s Office cash register did not match what was submitted to Treasury. Ms. Frame explained that the Office often withheld a portion of the day’s cash collected from deposit and substituted the amount with check(s) collected on previous days. The cash and checks recorded in the cash register would not agree with what was reported to Treasury even though the total amount collected between what was recorded in the register and what was submitted to Treasury agreed. Mr. Norton expressed his confidence that the issue will be resolved with improved internal controls, and no cash held by the

Town Clerk's Office. He suggested a centralization of petty cash. Ms. Oberlander asked for the response to be sent to members prior to the December meeting.

- **Grass Island Waste Water Treatment Plant – Septic Disposal Audit**
Ms. Frame will review Amy Siebert, Commissioner DPW and Richard Feminella, Waste Water Division Manager's response to the previously sent draft. A management recommendation is needed to monitor septic disposals. Mr. Mason and Ms. Oberlander discussed short-term solutions: electronic scales, camera monitoring, restricted disposal hours, fees according to truck holding capacity. Ms. Frame will coordinate with Ms. Siebert and DPW responses and present a draft audit report at the December 14, 2017 Audit Committee meeting.

3. Risk Management Report

- **Update on At-Fault Motor Vehicle Accidents**

At fault accidents continue a positive trend with 3 Fire Department, 2 Police and 4 Parks and Recreation incidents. Ms. Damato submitted a chart of subrogation claims collected from August thru November 2017, totaling \$23,332.42 (twenty-three thousand, three hundred thirty-two dollars and forty-two cents). \$36,305.11 (thirty-five thousand, three hundred five dollars and eleven cents) is pending. Mr. Norton questioned the departments' remaining budget balances since \$32,000 (thirty-two thousand dollars) of the pending balance is a Parks and Recreation bucket truck hanging wire incident. Ms. Damato stated that the total amount dedicated to the four departments participating in the at-fault accident program (DPW, P&R, GPD and GFD) is approximately \$100,000.

Mr. Mason noted the "backed into" claims. Heavy equipment vehicles should have a person behind the vehicle as navigator to assist the driver when backing. Ms. Damato will follow up this recommendation with the applicable departments.

- **Tools for Schools Update**

International School at Dundee, New Lebanon, Cos Cob, Hamilton Avenue, North Street and North Mianus are scheduled to be completed by December 4, 2017. Julian Curtis, Riverside, Glenville, Parkway and Old Greenwich schools have completed their semi-annual walk-throughs as of November 20, 2017. A separate report will be presented for each school inspection once received from BOE Facilities.

- **Safety Inspection Updates – Boilers and Cos Cob Pump Station**

Inspections were conducted by Ms. Damato and CHUBB Risk/Safety Engineer on September 13, 2017 at the Bruce Museum, Glenville School, Hamilton Avenue School, Havemeyer Building and the Police Administrative Building. No violations noted but valve testing was recommended for the Bruce Museum. All boilers are current with mandated State inspection regulations.

Ms. Oberlander questioned boiler inspections at non-profit Town leased properties. Mr. Norton assured her that inspections are performed since they are insured by the

Town. State inspections are mandatory for all large steam boilers, determined by gallon capacity or PSI.

The Cos Cob Pump Station was initially inspected May 2017. It was re-inspected October 2017. Extensive fence repair was completed. Broken glass on the greenhouse was replaced with plastic panels. The contractor is waiting for material delivery for roof ridgeline repairs, completion date not specified.

Ms. Damato has scheduled a Defensive Driving Class for December 7, 2017.

4. Old Business

- **Fire Marshal Inspections Update**

Mr. Mason stated that the new Fire Marshal has been appointed and will be sworn in the beginning of 2018. Robert Kick, Assistant Fire Chief will attend the December 14, 2017 meeting.

- **Management letter 2016 Responses Update**

No discussion.

5. New Business

- **Fiscal 2017 Audit**

Mr. Norton expressed his disappointment and concern with Ms. Jen Katz, RSM US LLP Partner and Ms. Melissa Lewis, RSM US LLP Account Manager for their lack of meeting today and no draft report presented.

Mr. Mynarski has observed poor supervision, lack of municipal experience and lagging process time during the audit. The Chief Accountant has turned over her work to complete the CAFR, but has not received feedback. Ms. Murphy added that poor organizational skills, staff turnover and a lack of off-site requirements has slowed the process. The Treasury had to send the Law Department the legal letter. Mr. Gieger stated that the auditors appear to focus on items where they are most comfortable. He added that the group also lost a manager.

A draft of the audit is needed by December 14, 2017. Mr. Mynarski was disappointed, as at least a verbal update was expected. He offered to contact Scott Bassett, the Connecticut RSM Partner who previously handled the account, and determine who will attend the December meeting. Mr. Mason and Mr. Norton requested a formal complaint to be issued to remedy these concerns.

6. Items for Future BET Audit Committee Meetings

Ms. Oberlander suggested that the task force should be comprised of internal or external resources. Mr. Norton suggested that the task force review the Sarbanes-Oxley Act of 2002 (to oversee the audits of public companies and other issuers in order to protect the interest of investors and further public interest in the preparation of informative, accurate and independent audit reports).

Mr. Mynarski suggested a segregation of duties within departments to resolve the cash handling issues, noting that smaller departments have staffing issues if asked to comply. Staff rotation of duties, centralization of cash transactions, outsourcing review and peer municipal analysis were discussed. Mr. Blankley expressed his concern over outside studies which can be time consuming and costly.

A comprehensive scope needs to be defined. Mr. Norton asked the Committee to generate recommendations, emphasizing internal controls, and their periodic review for submission to the task force for discussion at the December meeting.

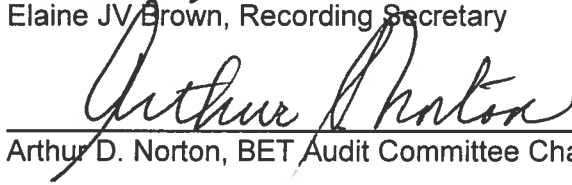
7. Adjournment

Upon a motion by Mr. Mason, seconded by Mr. Blankley, the Committee voted 4-0 to adjourn the meeting at 9:44 A.M.

The next Audit Committee Meeting is scheduled for December 14 at 8:00 A.M. in the Gisborne Room.



Elaine JV Brown, Recording Secretary



Arthur D. Norton, BET Audit Committee Chairman