Present
Committee: William Drake, Chairman; Andreas Duus, Laura Erickson, David Weisbrod

Staff: Roland Gieger, Director, Budget & Systems Management, Finance Department; Peter Mynarski, Comptroller; Megan Zanesky Esq., Risk Manager

BET: Michael Mason, BET Chairman; Karen Fassuliotis, Miriam Kreuzer, Elizabeth K. Krumeich, Leslie Moriarty, Jeffrey S. Ramer, Leslie L. Tarkington

Selectmen: Jill K. Oberlander, Select-person

Guests: Jennifer (Jen) Katz, Partner, RSM; Melissa Quinn, Audit Manager, RSM; Casey Schroeder, Senior Associate Retirement Benefits, RSM

The meeting was called to order at 8:30 A.M.

1. Approval of the BET Audit Committee Meeting Minutes

   Upon a motion by Ms. Erickson, seconded by Mr. Duus, to approve the Minutes of the BET Audit Committee Regular Meeting of November 5, 2020 as amended. The Committee voted 4-0-0. Motion carried.


   Mr. Mynarski introduced the RSM guests, who discussed aspects of their 22-page report to the Audit Committee. A draft version of the CAFR will be updated to final form prior to the BET December 17 Meeting. After reviewing the formal auditors’ responsibilities in the Management Letter, Ms. Katz commented that there were no audit adjustments required to be made to the Trial Balance provided; and RSM anticipated issuing an “unmodified” opinion. Due to the pandemic environment, the CT Office of Policy Management (OPM) extended the Single Audit filing deadline until January 31, 2021; and the Supplementary COVID-19 CARES Act Federal funding Compliance Addendum deadline until March 31, 2021. New accounting procedures nation-wide (necessitated by the CARES Act) have not yet been promulgated.
In selected highlights of the CAFR, Ms. Katz noted that the Town was in a strong cash position. Assets of Primary Governmental exceeded $1 billion; total liabilities of $500 million consist mainly of pension liabilities and bonded debt. The Town’s net position increased by over $20 million during FY 2020.

Ms. Katz drew attention to the scope of this year’s audit including extensive testing of The Nathaniel Witherell and its classification as a major fund. Discussion ensued.

Upon a motion by Mr. Drake, seconded by Mr. Duus, to approve the CAFR subject to final revisions made by RSM before the full BET considers the CAFR at its December 17 BET Meeting. The Committee voted 4-0-0. Motion carried.

3. Internal Audit

- **Update on the Marina Fees Audit – blumshapiro**

  A draft of the Marina Fee audit has been sent to the audited departments for management response. Although blumshapiro found nothing unusual in their audit it added that there would be recommendations in the audit to be circulated to the Committee, after the auditee had responded.

- **Status of other audits**

  Mr. Mynarski commented that the Transfer Station/Tipping Fee Audit is in progress. blumshapiro has met with the Department of Public Works and a draft should be ready for January’s meeting. School Lunch Audit will be taken up next.

4. Risk Management

- **Cyber Liability Insurance Renewal Update**

  Ms. Zanesky described the premium of the renewed Cyber Liability policy as having an increase of approximately $20,000 in premium to $77,558, and an increase of $50,000 in retention to $100,000. She commented that the cyber security initiatives implemented by the Town made the cost of the renewal less than it would have otherwise been. In addition, Ms. Zanesky spoke with ten different underwriters, all of whom signed Non-Disclosure Agreements, in order to give specifics and a better understanding of Town cyber security. Chubb added enhancements to the policy after these discussions. Gallagher has indicated that the cyber liability carriers in general have voiced that cyber liability policies have been underpriced and they are now working on catching up with the risks. Gallagher will fully market the cyber liability coverage next renewal in order to get more competitive pricing in what will hopefully be a better market.

5. Old Business

- **Audit Plan Update**
Mr. Mynarski commented that because the December Agenda was crowded, the annual Audit Plan was moved into January for discussion. He then described his process of prioritizing all the audits to identify the top five that he would recommend to the Committee. Thereafter, in coordination with Mr. Ziplow of blumshapiro, the scope of the Committee’s selected audits will be expanded for the next Engagement Letters. Mr. Ziplow also recommend two additional audits be added: The Police Special Duty Payroll and a Grant accounting audit to review internal controls. A member of the Committee suggested adding a Purchasing Department Audit to the list. The Committee requested a schedule of Audits done in past years for comparison to the new Audit Plan for January
discussion.

6. **Executive Session – Legal Claims**

   Mr. Drake called for an Executive Session to discuss Pending Litigation and Legal Claims which affect the CAFR.

   Upon a motion by Mr. Drake, seconded by Mr. Duus, the Committee voted 4-0-0 to enter Executive Session at 10:18 A.M. Motion carried.

   Upon a motion by Mr. Weisbrod, seconded by Mr. Duus, the Committee voted 4-0-0 to exit Executive Session at 11:27 A.M. Motion carried.

   The Committee exited Executive Session at 11:27 A.M.

7. **Executive Session – Cyber Security**

   Mr. Drake called for an Executive Session to discuss Cyber Security.

   Upon a motion by Mr. Drake, seconded by Ms. Erickson, the Committee voted 4-0-0 to enter Executive Session at 11:35 A.M. Motion carried.

   Upon a motion by Mr. Weisbrod, seconded by Mr. Duus, the Committee voted 4-0-0 to exit Executive Session at 12:04 P.M. Motion carried.

   The Committee exited Executive Session at 12:04 P.M.

8. **Adjournment**

   The Committee unanimously voted to adjourn at 12:04 p.m. Motion carried.

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   Catherine Sidor, Recording Secretary

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   William Drake, Audit Committee Chairman

Next Audit Committee Meeting: Friday, January 22, 2021 8:30 A.M.