

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, December 8, 2011 – 8:00 A.M.
Gisborne Conference Room

Present:

Committee: Arthur Norton, Chairman
William Kelly, Joseph Pellegrino, Jeffrey Ramer

Attendees: Peter Mynarski, Comptroller; Roland Gieger, Budget 7 Systems Director; Ron Lalli, Special Projects Coordinator; Mary Walczykowski, Chief Accountant; Roger Lulow, BOE Superintendent of Schools; Ben Branyan, BOE Business Administrator; Leslie Moriarty, Chairwoman BOE; Barbara O'Neill, Vice Chairwoman, BOE; Tod Laudonia, Tax Collector; Brendan McDonough, Assistant Tax Collector; Vanessa Rossitto, Partner, Blum Shapiro; John Wayne Fox, Town Attorney; Leslie Tarkington, BET Member

BET Members as of January 1, 2012: Robert Brady; Sean Goldrick

The meeting was called to order at 8:02 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 October 11, 2011 Minutes.

Upon a motion by Mr. Ramer, seconded by Mr. Pellegrino, the Committee voted 3 - 0 to approve the November 10, 2011 Minutes.

2. Internal Audit Report
Volunteer Firemen Review

Mr. Norton stated that the Committee, at the November 2011 meeting, had requested for Mr. Lalli to submit a list of subject areas in which the Town should establish policy, respecting the benefits paid to the TOG volunteer Firefighters for their services, for the BET to approve and recommend to the Fire Commissioner for consideration and action.

Mr. Lalli presented his management summary report to the Committee which has been submitted to the Office of the First Selectman, including the First Selectman who is the Fire Commissioner. He noted that the proper wording for a proposed resolution would be that the Fire Commissioner consider the recommendations made as there may be potential unforeseen complications. Mr. Lalli noted that the summary report differentiated between recommendations that have been implemented and those that are not resolved.

Of the recommendations contained within the report, four have not been implemented:

1. Guidelines for the Health Care Premium Subsidy should be determined and formally written.
2. The Letter of Resolution written by the Volunteer Coordinator dated 07/11/11 for the Call Out Payment Program should be adopted to the GFD's Policy Manual as a standard operating procedure.
3. The GFD Training Captain should communicate directly to the Volunteer Members.

4. To augment Recommendation/Observation 6, the Town should seriously consider redefining the job responsibilities and the reporting structure of the Volunteer Recruitment & Retention Coordinator.

Mr. Ramer posed questions as to whether the summary should be more than just guidelines, questioned its longevity, minimum service levels, amount of subsidies and participation of family members. Mr. Lalli replied that all parties with whom he has shared this report agree that a health care policy needs to be written and that this is the most well-known item in this audit. He also noted that the Fire Chief has requested that this issue be addressed on a coordinated basis, specifically noting that the BET Audit and Budget Committees are addressing the issue and the hope was that the efforts would be coordinated. Ramer expressed his concern of the issue drifting with the upcoming change of BET Audit Committee Members in January 2012.

Upon a motion by Mr. Kelly, seconded by Mr. Pellegrino, the Committee voted 4 - 0 to recommend for consideration all four recommendations in the Internal Audit Report: Review of the Town of Greenwich's Payments to the Volunteer Firefighters, with a caveat on the fourth recommendation.

3. Risk Manager Report Tools for Schools

Upon a motion by Mr. Kelly, seconded by Mr. Ramer, the Audit Committee voted 4 to 0 to go into Executive Session at 8:20 A.M. to discuss the Tools for Schools.

Upon a motion by Mr. Kelly, seconded by Mr. Ramer, the Audit Committee voted 4 to 0 to come out of Executive Session at 9:02 A.M.

Mr. Lulow stated that as a result of the Executive Session discussion, the BOE will provide the Audit Committee with the results of last spring's inspections and where they are with the follow ups of those inspections, before the BOE winter break. He continued that the BOE will commit to restoring Tools for Schools inspections beginning with the next school year.

4. Fiscal 2011 Audit – Review and Approval of the Annual Audit, Federal and State Single Audits and Management Letter

Ms. Vanessa Rossitto, Blum and Shapiro Partner, introduced herself to the upcoming new BET Members and presented the CAFR, Comprehensive Annual Financial Report, for fiscal year 2010-2011. Ms. Rossitto clarified the full accrual government financial statement sections including net assets, the income statement, unrestricted revenues, etc.

Ms. Rossitto noted a positive balance of \$21,800,000 (twenty one million eight hundred thousand dollars) in the General Fund, an increase of \$16,700,000 (sixteen million seven hundred thousand dollars).

Ms. Rossitto continued with a review of the General Fund, Sewer Improvement Fund and Capital Projects Fund summary pages.

Mr. Norton asked for Mr. Mynarski to address the long-term liabilities/contingent liabilities \$16,000,000 (sixteen million dollars). He explained that this number is driven by reserved workers' compensation and hypertension claims payable in the future.

Mr. Fox stated his recommendation of the Risk Fund's reserve being between \$3,000,000 (three million dollars) and \$4,500,000 (four million, five hundred thousand dollars) as sufficient after evaluation of the TOG's current cases. Ms. Rossitto noted that the report indicates a slightly higher reserve.

Mr. Norton noted as of yesterday's date Moody's reaffirmed the TOG positive outlook.

Ms. Rossitto then described the three different formats of the report: Full Accrual Basis of Accounting, Modified Accrual and Budgetary. She continued with a review of the State Single Audit Report.

Ms. Rossitto presented the Management Letter findings and answered the Committee's questions relative to the report. The Management Letter Comments for fiscal year 2010-2011 discussed were as follows:

- **Finance Department – Certified Payroll**
Mr. Mynarski – per Mr. Thompson, Deputy Commissioner Public Works, procedures are in place through third party vendor. Mr. Thompson will attend the January 2012 BET Audit Committee Meeting.
- **Tax Collector/Tax Assessor/Finance – Suspense Write-Off's**
Mr. Laudonia – suggest a review of past procedures with the Finance Department and return to prior practices.
- **BOE- Education Grant Expenditures**
Mr. Branyan – procedures already implemented to reduce amount of refunds to the State, monthly review of carry-over grants to be on track.
- **Finance – Review of Capital Asset Records**
Mr. Mynarski – agrees and accepts comment, rectify this summer (2012), have recommended \$50,000 (fifty thousand dollars) in budget for third party vendor to perform inventory.
- **Tax Collector/Tax Assessor/Finance**
 - **Interest on Property Tax Receivable**
Mr. Laudonia – software issue. Mr. Norton requested a written response from Mr. Laudonia.
 - **Reconciliation of Taxes Receivable**
Mr. Mynarski – resolved.
 - **Sewer Assessments**
Mr. Laudonia – result of software (MUNIS) limitations.

Mr. Mynarski informed the incoming BET Members that the Blum Shapiro contract will expire in 2012, an RFP will be issued and the new BET Audit Committee will be tasked with the interview process.

Mr. Pellegrino expressed his satisfaction that a solution was achieved concerning the MUNIS financial application and the Town's inability to convert to a GAAP basis for reporting purposes from the previous year's Management Letter.

Mr. Ramer moved, seconded by Mr. Kelly, to acceptance and recommend, to the full BET the Comprehensive Financial Annual Report. The report was accepted on a vote of 4 to 0.

Mr. Ramer moved, seconded by Mr. Kelly, to acceptance and recommend, to the full BET the State Single Audit Report. The report was accepted on a vote of 4 to 0.

Mr. Ramer moved, seconded by Mr. Kelly, to acceptance and recommend, to the full BET the Federal Single Audit Report. The report was accepted on a vote of 4 to 0.

Mr. Norton moved all the above reports to the full BET for Monday, December 19, 2011.

Mr. Ramer moved, seconded by Mr. Kelly, to acceptance and recommend, to the full BET the Management Letter, with two open items. The report was accepted on a vote of 4 to 0.

Mr. Mynarski updated the Committee regarding the Internal Auditor position and the workers' compensation technician, which is being re-written and will temporarily remain in the Finance Department. By February 2012 both positions should be built.

5. Old Business Item Review

Hold Harmless / Indemnification Agreements

Mr. Norton stated that the Law Department is meeting with the First Selectman regarding the agreements and will be placed on the Board of Selectmen Meeting Agenda.

6. Items for Discussion future BET Audit Committee Meetings

Mr. Norton stated that he has received charge-offs from Ray Augustine, Director of Financial Operations, Nathaniel Witherell covering the past eight years, which Mr. Pellegrino had requested.

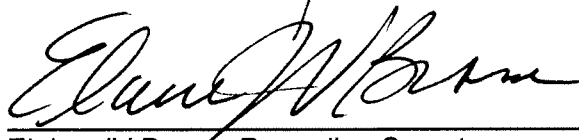
Mr. Norton then expressed his appreciation for to the BET Members who have served during the past two years on the Audit Committee. Mr. Ramer noted how the Committee, as well as himself, has been continually impressed with Mr. Lalli's efforts and performance as Internal Auditor. Mr. Kelly agreed that it has been a pleasure.

7. Adjournment

Upon a motion by Mr. Kelly, seconded by Mr. Ramer, the Committee voted 4 - 0 to adjourn the meeting at 10:15 A.M.



Arthur D. Norton, BET Audit Committee Chairman



Elaine JV Brown, Recording Secretary