BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Monday, December 12, 2016 – 8:00 A.M.
Gisborne Conference Room

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

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Director Risk Management; Melinda Frame, Internal Auditor

Others: Leslie Moriarty, BET Member; Leslie Tarkington, BET Member

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

1. Approval of Audit Committee Minutes:
   • Audit Committee Meeting November 10, 2016

      Upon a motion by Mr. Mason, seconded by Mr. Blankley, the Committee voted 4 - 0 to approve the November 10, 2016 Meeting Minutes.

   • Audit Committee Special Meeting November 16, 2016

      Upon a motion by Mr. Mason, seconded by Mr. Blankley, the Committee voted 4 - 0 to approve the November 16, 2016 Special Meeting Minutes.

2. Internal Audit Report
   • Parking Services Final Audit Report

   Recommendations regarding revenue control, operating and financial activities are being addressed by management in the following areas:

   Prepaid Meter Smartcards:
     o Management take physical custody of existing Smartcard inventory with control over access and distribution – Parking Director took physical custody November 4, 2016
     o Management to work with Smartcard vendor (MacKay) to control recharging access while generating daily activity logs for reconciliation to Smartcard receipts – Management working with IT, anticipated compliance February 1, 2017
       Ben Branyan, Town Administrator will follow up with Parking Director

Ms. Oberlander suggested for Parking Services to stop issuing Smart Cards until management is able to track cash handling and make daily reconciliations. Mr. Mynarski replied that would probably be a directive from the Selectman’s Office. Ms. Oberlander continued that the report should include that no records should be deleted outside the Connecticut Municipal Records Retention Schedule.

Parking Violation Fines and Parking Fee Receipt Processing:

BET Audit Committee Meeting Minutes December 12, 2016 – Approved
Separate incompatible employee duties such as receiving and recording receipts from also making subsequent adjustments to transaction records – *Management concurs. Implementation of new policy April 3, 2017*

Control and monitor employee access to the transaction record – *Management concurs. Implementation of new policy April 3, 2017*

Re-examine policies for generation of manually processed voids and reductions – *Management concurs. Implementation of new policy April 3, 2017*

Ms. Moriarty suggested assistance and/or training from the Finance Department to improve accuracy of daily financial transactions. Ms. Tarkington explained the convenience fee that the Town charges for credit card payments. Mr. Norton expressed that the time period to implement the recommendations is too long.

The Town’s void and reduction violations/receivable activity averaged 32% (thirty-two percent) of the fine revenue a year, which exceeds the neighboring municipalities 6% (six percent) rate. Accounting Clerks processed 92% (ninety-two percent) of the total voids, which lacks proper documentation and Director sign off. Mr. Mynarski believes that the Treasurer is assisting with reconciliations currently. Mr. Mynarski, Mr. Lalli and Ms. Frame will visit Parking Services to assess progress being made addressing these issues.

- **BANC Review and Results**
  Strong controls and adequate procedures are currently in place with Best Practices implemented. Byram Archibald Neighborhood Center (BANC) is in the process of replacing United Way, currently managing their banking needs. Ms. Oberlander and Mr. Blankley requested a written report for the January meeting.

- **Tools for Schools Review and Results**
  Hamilton Avenue and Julian Curtiss walk-throughs have been completed with Senior Management from the, BOE Facilities Department. No water damage was discovered at Hamilton Avenue which had previous damage from pipe bursts during cold spells. Julian Curtiss is scheduled for a full roof replacement this fiscal year.

- **Audits-in-Progress – Cash Handling in the Office of the Town Clerk**
  Cash handling is being reviewed with field work starting this week. Many small fee transactions are processed through the office such as: dog licenses, marriage licenses, death certificates, burial permits, liquor licenses, etc. Mr. Mason suggested a single-service location in Town Hall that would handle all Town cash transactions.

Mr. Norton requested the six-month audit update of the Fire Marshall, which is overdue.

3. **Risk Management Report**

- **Quarterly Review of Claim Trends Versus the Town of Greenwich**
  The past several years have seen a significant reduction in third party claims versus the Town. A driver of the reduction has been a greater decrease in third party auto claims versus the Town. As of December 1, 2016 the Town has filed more third party claims than third parties have been filed versus the Town. Mr. Lalli projects that this trend will not hold, as the first five months of activity is at an unusual low, versus recent fifteen-year history. Mr. Lalli is hopeful to expand the 2017 policy for vehicle accident accountability to other Town departments, after its success in Parks and Recreation. He will present his proposal at the January Audit Meeting.
• **General Liability Insurance Policy Coverage Issues**

In-house attorney fees are not reimbursable. Outside attorney fees are, as are all costs for expert witnesses, filing etc. Tracking all incremental costs handled internally, is essential. While notifying the Town’s insurance companies almost immediately upon receipt of a claim or an intended action, the insured must notify the insurance company of cost as the SIR erosion approaches 50% (fifty percent) of the limit. This is not an issue for the Town since the underlying insurance company is immediately informed by the Town’s broker Frenkel & Co., upon a plaintiff’s filing of a suit or notice to file, and updates are provided from inception.

Mr. Jose Irizarry, Sr. V.P., Frenkel & Company is expected to attend the March meeting to present his observations on the state of the insurance industry and how it will impact the Greenwich liability contact renewal.

• **FEMA Update**

The State FEMA coordinator who worked with the Town on Super Storm Sandy is leaving his position. Mr. Lalli anticipates some inefficiencies as we transition to a new coordinator. Federal FEMA will still request information and that it might be a good idea to assign some of the responsibility for producing contract and invoice documentation for federal FEMA to Mr. Mynarski’s staff.


No changes were made to the Comprehensive Annual Financial Report (CAFR) craft presented at the November meeting, which needs to be approved by the Audit Committee followed by the full BET in December.

The Federal and State Financial and Compliance Report ending fiscal year June 30, 2016 was presented. It is management’s responsibility to comply with federal and state statutes, regulations and the terms and conditions of the Town’s federal awards applicable to its federal programs.

The Management Letter contains three comments. Mr. Mynarski expects the first two to be addressed in two to three months.

**Police Extra Duty Receivables:**

Accounting for receivables and revenue had been processed manually. Angela Gencarelli, Financial Analyst from the Finance Department trained Police personnel and resolved this item. It will not appear on next year’s letter.

**Sewer Assessments:**

Mr. Mynarski stated that Lauren Elliott, Tax Assessor, is working with a Quality Data programmer to resolve this item. He will monitor progress and report back at the next meeting.

**Capital Assets:**

The Town needs to complete an inventory of capital assets over $10,000 (ten thousand dollars) for this comment to be removed. Mr. Norton questioned how to remove this repetitive comment. Mr. Mynarski volunteered to research the cost of a physical inventory and MUNIS module or an outside vendor to establish procedures for the formal review of fixed assets by department on an annual basis. The last time this was performed was in 2002.
Upon a motion by Mr. Blankley, seconded by Mr. Mason, the Committee voted 4-0 accept and recommend to the BET the Fiscal Year 2016 Comprehensive Annual Financial Report (CAFR), Federal and State Single Audit and Management Letter.

5. Old Business
Not discussed.

6. Items for Future BET Audit Committee Meetings
Mr. Norton and Mr. Mynarski discussed the hiring process of the new external auditors. The Audit Committee will conduct interviews in February, with a decision in March.

8. Adjournment

Upon a motion by Mr. Mason, seconded by Mr. Blankley, the Committee voted 4-0 to adjourn the meeting at 10:03 A.M.

The next meeting of the Committee is scheduled for January 12, 2017 in the Gisborne Room.

Elaine J.V. Brown, Recording Secretary

Arthur D. Norton, BET Audit Committee Chairman