

**BOARD OF ESTIMATE AND TAXATION**  
**Audit Committee Minutes**  
**Thursday, December 14, 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; Scott Bassett, Partner, RSM, LLP; Melissa Lewis, Account Manager, RSM US LLP; Carmella Budkins, Town Clerk; Kimberly Jordan, Assistant Town Clerk; Robert Kick, Assistant Fire Chief; Chris Pratico, Fire Marshal; Roland Gieger, Budget and Systems Director; Mary Walczykowski, Chief Accountant

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

Since there was the lack of a quorum at 8:00 A.M. due to weather conditions, a discussion to review the Management Letter with all BET Members present proceeded.

The regular meeting was called to order at 9:01 A.M.

Agenda items were addressed out of order.

**2. Acceptance and recommendation of the Fiscal Year 2017 Comprehensive Annual Financial Report (CAFR), Federal and state Single Audit and Management Letter**

After listening to the presentation Ms. Oberlander made a motion, seconded by Mr. Norton and the Committee voted 4 – 0 to accept and recommend to the BET the Management Letter.

The Federal and State Financial and Compliance Report ending fiscal year June 30, 2017 was presented.

Mr. Bassett explained the items of focus in their review.

- Compliance for Each Major Federal Program
- Internal Controls Over Compliance
- Schedule of Expenditure of Federal Awards required by the Uniform Guidance
- Internal Controls Over Financial Reporting
- Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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.

Mr. Bassett then proceeded to review the Comprehensive Annual Financial Report (CAFR) and the weaknesses identified with internal controls of the Parking Services Fund - Segregation of duties related to the recoding of Smart Card and Parking ticket activity. Ms. Oberlander questioned the timeline for implementation.

Mr. Bassett continued with the Comprehensive Annual Financial Report (CAFR) ending June 30, 2017, which includes an introductory statement by Mr. Mynarski, a basic financial section, including footnotes detailing the Town's participation of funds, and a statistical section. Currently Mr. Bassett is expecting changes to this report and is waiting for the Attorney's Letter. Ms. Lewis added that numbers are needed regarding parking permits also.

The Statement of Net Position, Pension liabilities (OPEB), the Governmental Funding Statement, Statement of Revenues and Expenditures and Trust Funds were reviewed. Mr. Bassett noted that GASB No. 74 is a new addition and that beginning after December 15, 2019 GASB No. 87 will take effect regarding leases.

Mr. Bassett will submit master list of all changes. The Committee chose a new meeting date of Wednesday, December 20, 2017 to review and approve the updated version of the CAFR.

Upon a motion by Mr. Blankley, seconded by Mr. Norton, the Committee voted 4-0 to move to agenda item #5.

### **5. Old Business**

- **Fire Marshal Inspections Update**

Mr. Kick introduced the new Fire Marshal, Chris Pratico who was sworn in December 12, 2017. A fire inspection update was reviewed:

- 18 (eighteen) multi-family properties remain overdue, down from 68 (sixty-eight). Of those 18, 8 owners have signed certified mail notices. If no response after 60 (sixty) days, the Fire Marshal will request an administrative warrant.
- 3 multi-family occupancies remain with no owner contact

Ms. Oberlander asked Ms. Damato if the Chubb Inspection data is shared with the Fire Department. Ms. Damato stated that she is in contact with all departments pertaining to the report. Mr. Kick will report back to the Committee in 6 months.

### **3. Internal Audit Report**

- **Audits-in-Progress:**

- **Cash Handling Review in the Office of the Town Clerk Update**

Ms. Frame made adjustments and corrections to the draft audit report and incorporated the Town Clerk's Office responses to the Management Recommendations. Cash and checks collected each day will be submitted to the Treasury in accordance with the Town's policy. Cash will no longer be withheld from deposit and the amount of cash withheld will no longer be plugged by substituting checks for the amount instead. Other Office cash handling procedures will also be revised and adopted to bring it into compliance with Town Policy. Installation of new cash handling software is expected by February 1, 2018. Mr. Norton requested Ms. Frame to remove all Management Responses referencing a \$28.01 (twenty-eight dollars and one cent) net difference between cash and checks deposited from the draft report stating that it was irrelevant. He questioned the inclusion of "Revenue Processing Procedures" section. Ms. Oberlander found that section useful and asked for its inclusion.

- **Grass Island Waste Water Treatment Plant – Sewer Division Internal Controls Over Collection of Disposal Fee Revenue from Private Haulers Audit Report**

Ms. Framed noted that there is an honor system in place which is difficult to monitor and that septic haulers were most likely regularly underpaying the full fee due. The lack of Sewer Plant monitoring also risked other haulers disposing without paying anything at all.

Responses to the audit recommendations from DPW and the Sewer Department were reviewed:

- I. Control disposal area gates and access including emergency/off-hours access
- II. Installing cameras to monitor activity in the disposal area
- III. Having employees conduct random inspections of septic hauler activity at the plant
- IV. Evaluate the costs and benefits of installing new equipment and/or hiring additional employees and/or changing fee structure
- V. Disposal and fee collection policy/procedure refresher for haulers and employees

Ms. Oberlander questioned the lack of timetables for implementation and other specific solutions in the Management Response. Ms. Frame said she would work with Management on a more time and action specific response. DPW has been investigating other options, including a possible scaling options, but there are many issues to evaluate before a reasonably informed decision could be made. Mr. Mason questioned the possibility of requesting hauler records for dumping volume. Mr. Norton suggested that this item will remain on the January 2018 agenda.

#### **4. Risk Management Report**

- **Tools for Schools Update**

Inspections at Glenville, Parkway, Old Greenwich, North Street Hamilton Avenue and North Mianus Schools were completed. Ms. Damato noted the new BOE Facilities Director, Dan Watson's proactive participation in the inspections. Some minor issues were noted:

- Moisture leakage
- Carpet replacement
- Air quality/ventilation

Ms. Damato, IT and Mr. Watson will develop a new digital request form to be used by each school to identify any facility concerns that need to be addressed.

#### **6. New Business**

- **Audit of Scrap Metals Handling by Town of Greenwich Departments**

Mr. Norton stated that the Committee will accept the request by Police Chief, James Heavey, to postpone any audit of Town of Greenwich departments until a current Police investigation is concluded.

- **Recommendations to the First Selectman's Cash Handling Task Force**

Mr. Norton questioned the need for a comprehensive limited scope for the task force. Cash handling at all locations, as well as BOE, lunch and gift purchases, should be

included. The current scope is stated on the first page of the Comptroller's Report contained in the December 14, 2017 BET Meeting Packet.

*"First Selectman Peter Tesei, Director of Human Resources Mary Pepe and Comptroller Peter Mynarski met on December 7, 2017 to discuss the charge of the Cash Handling Task Force created by the First Selectman. Based upon discussions at the meeting, the Task Force decided to more clearly define the scope of the project and concentrate on the following areas:*

- *Identify Cash Handling at all Town, Board of Education and any other points of cash acceptance that may need addressing.*
- *Examine the ability to limit the collection of cash on a case-by-case basis.*
- *Review Credit Card Usage.*
- *Review of current practices of selling Scrap Metals and Other Saleable Commodities by Town Employees.*
- *Review Policies and Procedures of Town-wide Expense Reimbursements for Certain Purchases (i.e. retirement gifts, food purchases, etc.).*
- *Inventory Control over Equipment Purchases."*

Mr. Mynarski stated that credit cards, small equipment, the inventory system and saleable commodities should be included. He added that Mr. Tesei has not excluded the possibility of external input. Mr. Norton questioned if any members of the task force were accountants. Mr. Mynarski replied that the full Finance staff, including the Treasury, as well as Ms. Lewis will contribute. Mr. Norton stated that the Committee should recommend hiring an external firm.

#### **1. Approval of Audit Committee Meeting Minutes:**

- **October 4, 2017 – Regular Meeting**

Upon a motion by Ms. Oberlander, seconded by Mr. Blankley, the Committee voted 4-0 to approve the October 4, 2017 Meeting Minutes.

- **October 23, 2017 – "Lessons Learned" – Gustovich Case**

The Committee will review at the December 20, 2017 meeting.

- **November 27, 2017 – Regular Meeting**

Upon a motion by Ms. Oberlander, seconded by Mr. Mason, the Committee voted 4-0 to approve the November 27, 2017 meeting Minutes.

#### **7. Items for Future BET Audit Committee Meetings**

None discussed.

Ms. Oberlander and the Committee took a minute to thank Mr. Norton for his leadership of the BET Audit Committee for the past ten years. She appreciated his welcoming of her to the Committee and for his effective and efficient guidance.

#### **8. Adjournment**

Upon a motion by Mr. Blankley, seconded by Ms. Oberlander, the Committee voted 4-0 to adjourn the meeting at 12:20 P.M.

The next Audit Committee Meeting is scheduled for December 20, 2017 at 8:00 A.M. in the Gisborne Room.

  
\_\_\_\_\_  
Elaine J. Brown, Recording Secretary

  
\_\_\_\_\_  
Arthur D. Norton, BET Audit Committee Chairman