

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, March 12, 2008
Gisborne Meeting Room

Attending:

Committee: Arthur Norton, Chairman
James Campbell, Jeffrey Ramer

Staff: Peter Mynarski, Comptroller; Chris DeMeo, Risk Management Director/Internal Auditor; Ron Lalli, Special Projects Manager; Richard Calcavecchio, BOE Director of Budgets; Roland Gieger, Budget and Systems Director

Meeting was called to order at 8:02 A.M.

The following items were discussed:

1. Approval of Minutes for February 12, 2009 Audit Committee Meeting:

Due to the absence of Mr. Finger, the Committee chose to postpone the consideration of the BET Audit Committee Meeting Minutes of February 12, 2009 till the BET Audit Committee's April 16, 2009 meeting.

2. Internal Auditor Report

The Internal Auditor Responsibilities: Mr. Norton informed the Committee that Mr. DeMeo, with the assistance of Mr. Lalli, will be responsible for the projects of the Internal Auditor for the short term, as the result of the recent Town layoffs. Mr. Ramer expressed his concern that this position should report to Mr. Mynarski directly and that the current arrangement may have long term effects. Mr. Lalli explained that his contribution will be limited, in light of his obligation to the First Selectman's Office.

Illegal Dumping at Transfer Station: Mr. Norton requested that the Internal Auditor review with DPW the status of proposed changes to procedure in some ordinances, regarding dumping of municipal waste at the transfer Station, and he asked Mr. DeMeo to be prepared to revisit this item and charge offs for the past year at the April Audit Meeting.

Marina and Docks: Although the Audit Committee was in the process of examining the collection process for leasing docks, summer and winter storage, trailers, etc. it had become evident that there are problems with collection, billing and general process organization. Mr. Ramer noted that this item needs attention.

Audit Plan: Mr. Norton stated that the Audit Plan was developed more than 2 (two) years ago and that it needed to be either revisited or recreated. Mr. Mynarski said he will work with Mr. Lalli and create an updated, watermarked draft before the April meeting and electronically send to Mr. Norton for review.

Tools for Schools: Mr. Norton cited his request to the prior Internal Auditor for a schedule of the walk-through at each school. Mr. DeMeo said he will obtain the schedule from Mr. Byrne, BOE Director of Facilities and share it with the Committee.

Bridge Grant Revenues: Mr. DeMeo presented his report, completed with the assistance of Mr. Lalli. Mr. Lalli expressed his concern regarding the slow reimbursement turnaround from the State, noting that it is a major risk. This situation might affect the John Street and Palmer Hill Bridge Projects and also that it impacts the accuracy of forecasting, because of delays in receiving revenues. At this time the Town has approximately 6.345 (six point three four five) million dollars supposed to be funded from state and federal funds. Mr. Lalli also informed the Committee that the history of late funding is a result of procedure errors which have occurred with DPW. A discussion followed regarding the processing of funds between DPW and the Finance Department.

Mr. Calcavecchio explained that the BOE does their own filings and fund requests. Mr. Norton headed a conversation regarding this process and its impact on the Glenville School Project. Mr. Calcavecchio added that the BOE has a consultant which supervises reimbursements, with revenues coming in by project number. Mr. Mynarski continued that the State determines eligibility of project for reimbursements upfront and then audits the project at completed. Auditing is the State's responsibility.

3. Risk Manager Report.

The Risk Manager reported that he and Mr. Mynarski are in the process of meeting with insurance brokers. They received 8 (eight) responses and have chosen 4 (four), on the lower end, that took no exceptions. Currently 2 (two) have been interviewed with 2 (two) more planned for tomorrow Friday, March 13, 2009. A decision should be made at the end of business tomorrow. Mr. Mynarski said he will report to the BET who they have chosen and present to the BET at their Monday, March 16, 2009 meeting. Mr. DeMeo added that the nursing home insurance will be included.

4. Follow-Up Fiscal Year Ended June 30, 2008 Independent Auditor Management Letter

Two points identified by The Independent Auditor were discussed:

MUNIS -The Financial Management System: Mr. Gieger clarified the challenges that have been discovered while attempting to comply with BlumShapiro's Munis request. To complete the project, over 3,000 (three thousand) encumbrances will have to be manually liquidated, then manually re-entered and then manually printed. This process was calculated to take approximately 2 (two) weeks and would require Munis to be shut down during this time. Mr. Ramer raised the question of whether this could be completed off-line. Mr. Gieger replied that that was not possible and that Munis did not offer any programming assistance. Mr. Gieger also informed all that the change BlumShapiro has requested is a convenience issue and would result in BlumShapiro receiving a GAAP Report instead of the current Budget Report. Loss of old purchase orders, contracts and history is a major concern.

A meeting with BlumShapiro will be arranged to share the complexity of this request and to explore other options. Resolution is needed quickly.

Mr. Gieger and Mr. Calcavecchio excused themselves from the meeting at 9:15 A.M.

Payroll Processing:

Mr. Lalli opened the topic explaining that BlumShapiro is requesting a procedure for the Town to follow which creates a paper trail of employee salary changes. He noted that Police, Fire and library payrolls are not reviewed by the Town Hall Payroll Department for pay rate accuracy currently. At this time, he has requested these group department heads to review and sign, making a copy for the employee files here in Town Hall.

Mr. DeMeo noted another weakness in the current payroll system, access to employee accruals. Mr. Lalli explained this major internal control issue with political ramifications. He noted that he is working to add the Police, Fire and libraries into the Town payroll while warning of their individual complexity. This issue has also been addressed to M. Kast, Director of Human Resources, who is in agreement with centralizing payroll while removing accrual access.

Mr. Lalli's will return to the BET Audit Committee's April 2009 Meeting with a specific recommendation.

5. Policy on the sale and disposal of Capital Assets

Mr. Mynarski stated that he will be in contact with the Law Department on the status of this topic and forward this information to Mr. Norton.

6. Discussion of topics for future BET Audit Committee Meetings

Volunteer Firemen Benefits - Mr. Ramer

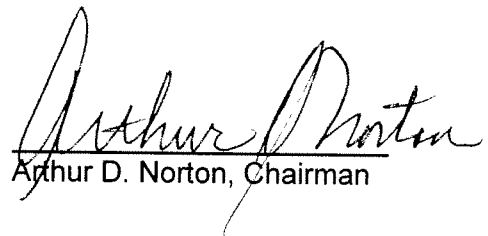
Mr. Mynarski updated the Committee that the BET HR Committee has already assigned this topic to M. Kast, Director of Human Resources, who will be working with Brian Kelly, Fire Department, to address this issue. It was decided to have the Audit Committee delay consideration of this item until the BET HR Committee has completed their review.

Upon a motion by Mr. Ramer, seconded by Mr. Campbell, the Committee voted 3 to 0 to adjourn the meeting at 9:41 A.M.

The next Audit Committee meeting is scheduled for April 16, 2009.



Elaine JV Brown, Secretary



Arthur D. Norton, Chairman