

**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Tuesday, February 12, 2008**

Attending:

Audit Committee: Arthur Norton, Chairman; James Campbell, William Finger, Jeffrey Ramer.

Staff: Finance Department, Peter Mynarski, Chris DeMeo, Reinie Lange, Roland Gieger, Mary Walczykowski, Parks and Recreation, Joseph Siciliano, Fred Walters, Eric Omdahl, Human Resources, Maureen Kast, Tax Collector Department, Louis Caravella, Gail Downing, IT, Boris Hutorin, BOE, Susan Wallerstein, Nathaniel Witherell, Bill Kowalewski, Raymond Augustine, Carol Greunke.

Others: Vanessa Rossitto, Blum Shapiro, Independent Outside Auditors.

Meeting was called to order at 7:37 A.M.

The following items were discussed:

1. Approval of the minutes January 10, 2008, Audit Committee meeting.

Approved the minutes from the January 10, 2008 meeting.

Moved by Mr. Ramer and seconded by Mr. Finger. Approval 4-0.

2. Review of the leases of town owned property, and record-keeping procedures.

A list of current leases held in the Treasurer's office was distributed. Discussion followed concerning obtaining a completed file of the leases of Town owned property and agreements in one central location, to comply with The Town of Greenwich Charter, Section 12 that states all leases, deeds and agreements are to be maintained by the Town Treasurer. Mr. Mynarski will look into the space requirements of the Treasurer's office and what additional file cabinets will be needed. The procedure used by the Board of Education and the Library for their leases, will be reviewed by the Internal Auditor and reported to the Committee at the March 13, meeting. The Committee will establish a policy and procedure for current leases at the March 13th, meeting

Motion that the Town of Greenwich Treasurer should be in possession of all Leases, Deeds and Agreements for the Town of Greenwich.

Moved by Mr. Finger and seconded by Mr. Ramer. Approved 4-0.

3. Update/review of the Town Marinas, boat storage at Grass Island, violation of summer storage. Insurance requirements now in place. Review of the Marinas audit plan for the summer and fall of 2008.

Discussion on the policy to require that all boat owners have insurance coverage to protect the Town from a possible of liability issue. All boats over 19 ½ feet are required to have \$300,000, liability insurance on their boats to obtain a permit (use permit) from the Parks and Recreation Department. Homeowner's insurance policies would cover

homeowner's boats under 26 feet and powered by an engine under 24-horse power. The Town maintains a \$1,000,000 Marina Operator's Legal Liability policy, through the Town's insurance broker Frenkel & Company. It was discussed that the Internal Auditor would review the insurance issue in July 2008, when He performs an additional review of this area.

4. Review Annual Financial Statements, CAFR, Blum Shapiro. Independent Outside Auditors.

Ms. Rossitto of Blum Shapiro, the Independent Outside Auditors, reviewed the Comprehensive Annual Financial Report (CAFR) with the Audit Committee. It was explained that this report is prepared with three different accounting methods, (budgetary basis of accounting, modified accrual and full accrual). It was explained that the Town of Greenwich received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States.

The Committee was advised that new regulations, stipulate the Audit Committee must meet with the Independent Outside Auditor prior to the start of fieldwork. It was decided to have the Committee meet with Blum Shapiro in June 2008.

This report was included with the Official Statement (OS), for the issuance of debt in January 2008, and subsequently this Committee did not approve this report before the bond issue as offered. The Audit Committee Chairman is requesting the Audit Committee approve the CAFR, before the report is released out to any outside agencies. The Audit Committee will assist in securing various letters and confirmations, which are required by the Outside Auditors.

Blum Shapiro also issued and reviewed with the Committee the Federal and State Single Audit Reports issued for various Grants that the Town of Greenwich has received.

5. Review of management letter and recommendations.

The Committee reviewed the eight recommendations contained in the management letter from Blum Shapiro with the five Departments for which recommendations applied. Each Department advised the Committee that they will report at a future meeting, when they have satisfactorily implemented these recommendations.

- A. Recommended that the Finance Department use the MUNIS Financial Management System (FMS) Configuration to prepare reports using both the GAAP and Budgetary method and to reduce the need for manual adjustments.

Mr. Gieger, Budget & Systems Director is to receive a list of other area Towns that use MUNIS, and to investigate the procedure to implement this recommendation. Mr. Gieger will report to the Committee in April or May 2008, on this matter.

- B. Overpayment of Property Taxes, and the need to set up a liability account.

The Tax Collector Department reported that it sends letters to the overpayment accounts, to inform them they have an overpayment in their account. The taxpayer

has to request return of the overpayment within three years, or they lose the refund. The State of Connecticut Statue 12-129, states that this is the time limit to request a refund from the Town. The over payment for property taxes and personal property taxes amounted to \$960,000, and a liability account will be set up. The Audit Committee will review the treatment of the credit balance (overpayment that is over 3 years old) at a future meeting. The Finance Department will set up a credit liability account to reflect the credit balance.

C. Payroll rates are not retained within the employee's personnel files.

Ms. Kast, Director of Human Resources, stated that MUNIS has an electronic history to record employee wage rates, and that each personal file has a "personal information form" for any hires, termination and other items. It does not record an employee's wage rate, if the employee is covered by an union contract. For MC employees (management) a paper documents with an electronic history for each employee's pay rate is maintained. Ms. Kast brought samples of the MC paper trail and a LIUNA employee's rate of pay and distributed them to the Committee. A procedure to proof the wage increases will be done, with written authorization that this checking procedure has been performed and maintained in the Human Resources office.

D. Technology Security Matters, e-mail, retention policies and procedures.

Mr. Hutorin, Director of Information Technology, addressed these points and stated that the IT Department is working on these points and expects them to be completed by June 2008.

E. Board of Education, network operating systems allows many users to access different and unique parameters.

Ms. Wallerstein, Assistant Superintendent for Businesses BOE, stated access to financial records under the MUNIS system is in the process of being changed to the Town Hall system, where passwords are required and the only area open is the lockdown procedure, which she hopes to be completed by June 2008.

F. Board of Education, fire security controls and needed Improvements
Need to strengthen fire controls over the servers and network systems.

Ms. Wallerstein confirmed that this procedure was being addressed right now, however she was not sure what part is needed to be completed (fire extinguishers or the sprinklers). Ms. Wallestein will report to the Committee when the project is completed.

G. Board of Education, a documented disaster recovery plan does not exist.

Ms. Wallerstein stated that they are working with Mr. Hutorin of the IT Department to improve this area, and that the Board of Education has a back up system already in place and no permanent information is lost (the Town IT Department).

H. Nathaniel Witherell, accounts receivable, analyzed and performed a matching of Debits and credits within the resident's accounts, and credit liability set up for any credit balances as of June 30.

Discussion followed concerning the credit balances that exist in Accounts Receivable, including the procedure Nathaniel Witherell uses to bill the patients on the middle of the month for the next month services, and to record patients prepayment of service. Additionally if a patient will require support of Section 19, their assets are deposited to allow Nathaniel Witherell to file for State aid before the patient runs out of money.

After the Management points were completed, Ms. Rossitto distributed out various Auditing Standards to the Committee. Standard, SAS 114, requires the Audit Committee to meet with the outside auditors before they start fieldwork. It was agreed that this meeting would take place at the regular June Audit Committee meeting on June 12, 2008.

Further discussion on the overpayment of Real Estate and Personal Property Taxes followed, with the need to obtain a legal opinion of the status of the over payments over 4 years old. This matter will be considered at the March 13, 2008 meeting.

6. Consideration of changes to Internal Audit Plan

Discussion on the various items being done by the Internal Auditor, and the inclusion of Town owned leases for the March 13, 2008 Audit Committee meeting.

The next Audit Committee meeting was schedule for March 13, 2008.

The meeting adjourned at 10:10 AM after a motion by Mr. Campbell and seconded by Mr. Ramer. Approved 4-0.

Reinhardt Lange, Secretary

Arthur D. Norton, Chairman