

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Thursday, June 11, 2009
Gisborne Meeting Room

Attending:

Committee: Arthur Norton, Chairman
James Campbell, Jeffrey Ramer and William Finger

Staff: Peter Mynarski, Comptroller; Ron Lalli, Special Projects Manager; Chris DeMeo, Risk Management Director/Internal Auditor; Roland Gieger, Budget Director; Dave Ormsby, & Lloyd Bankson, Nathaniel Witherell Board of Directors

Meeting was called to order at 8:00 A.M.

The following items were discussed:

1. Approval of Minutes for May 14, 2009 Audit Committee Meetings:

Upon a motion by Mr. Ramer, seconded by Mr. Finger, the Committee voted 4 to 0 to approve the May 14, 2009 Minutes, with correction.

2. Internal Auditor Report

Mr. DeMeo stated that the Audit of the Student Activities Fund at Greenwich High School will begin tomorrow, June 12, 2009. It was noted that the time of the school year will not impact the findings. Mr. Mynarski added that after speaking with Mr. Calcavecchio, BOE Budget Director; there appears to be an issue concerning sales tax. It seems that GHS does not remit nor collect sales tax, ex. the book store and food sales. Mr. Lalli added that this audit will be a great deal of work.

Mr. DeMeo stated that the Cos Cob Marina Audit has begun and appears to have similar issues as Grass Island Marina. Mr. Mynarski noted that a complaint has been received of possible operational irregularities at the Marina, that might be similar to those identified at Grass Island. Mr. DeMeo said that the audit team had visited Cos Cob Marina the previous day and concluded that the summer audit will be easier since many boats are already in the water.

Mr. Lalli said that an ~~extensive full-blown~~ audit of Cos Cob Marine contractor issues will be addressed, ~~with the policy~~ that all complaints must be documented and facts verified. He added that all the policies put in effect after the Grass Island Audit are required now Town-wide.

Mr. DeMeo described the Internal Audit Report's recommendations for Grass Island. Unbilled inventory positions have be processed. The recommended inventory control will be implemented the day after Labor Day with any boats not being in compliance removed. In regards to the service contractor issue, Parks & Recreation has agreed that all service contractors must complete a standard Town contract including proof of insurance and pollution insurance. A discussion of the possible elimination of TOG employees serving as contractors followed with Mr. Lalli opposing the recommendation. It was agreed that the topic would be revisited in a year.

Mr. Finger questioned that the dock masters should have been doing what the audit revealed. Mr. Lalli agreed since an audit had been completed in 2005. He added that the problem may have been a complete change in personnel since that last audit. He did agree that there appears to be a disconnect between the Town Hall and the dock masters, but this problem is the responsibility of the Boating Coordinator and the Marine Director to improve communication. Mr. Lalli continued that Parks & Recreation has promised to reconcile the boat and trailer inventory positions to the accounting records on a regular basis.

Upon a motion by Mr. Ramer, seconded by Mr. Campbell, the Committee voted 4 to 0 to ~~pass-accept and pass~~ onto the Full BET the Internal Audit Report: Limited Audit Scope Review of the Grass Island Marina.

Management Report

Mr. Lalli gave a brief overview of the Blum/Shapiro recommended payroll changes. The number of TOG employees with access to MUNIS data files has been reduced to 19 (nineteen), with a further reduction in the future to 7 or 8 preferred. He added that with the aid of the Finance Department, the Internal Audit is looking into the previous records of the initial 88 (eighty eight) employees who had access to the data files to check for inappropriate transactions. They will also be reviewing the present 19 (nineteen) going back 2 years, when time sheets began to be a payroll requirement. Mr. Lalli continued that the consolidation of payroll is making progress with the completion of adding Inland/Wetlands.

Mr. Mynarski briefly discussed the issue of possible automatic time keeping system, which has been mentioned at the BET HR Committee Meeting. Because of the inability of the system to record vacation or sick days when an employee is out, use of this it may result in an increase in the number of employees who will need access to the data files. Vacation and or sick days will have to be entered manually, possibly by a specified department employee, therefore increasing a weakness of internal controls. Mr. Norton agreed that the automated system could result in a cost savings but showed concern over the loss of internal controls. He asked for Mr. Mynarski to keep the Committee updated on this topic.

3. Nathaniel Witherell Revolving Fund Resolution

The seven considerations presented by Vanessa Rossitto, Blum/Shapiro were discussed. Mr. Norton stated that it appears that Ms. Rossitto has an understanding of the proposed change. He questioned an agreement between the TOG and Nathaniel Witherell, similar to the one with the golf course, which would make sense and satisfy Ms. Rossitto's recommendations. Mr. Gieger said that Mr. Walko had requested the Law Department to review an agreement for the next BET Meeting. Mr. Mynarski added that the agreement may have to still go back to the RTM in September for transfers, which shouldn't be difficult. Mr. Bankson expressed his concern of having to wait another year. Mr. Mynarski said he could probably begin to setting up the MUNIS ledgers after the Monday, June 15, 2009 BET Meeting, with the authorization of transfers.

Mr. Norton once again asked for comments on creating an agreement between Nathaniel Witherell and the TOG. Mr. Bankson stated he will have Mr. Augustine contact Mr. Gieger to work on a model agreement the following Monday.

Mr. Bankson stated the revised resolution for clarification.

Whereas: the Nathaniel Witherell Skilled Nursing Facility desires to present its financial position and results of operations on a revolving fund basis in order to

provide for greater transparency of its operations and improve the quality of its various financial reports.

The Committee agreed to accept Ms. Rossitto's changes and recommendations for the Nathaniel Witherell Revolving Fund.

Mr. Ormsby expressed his concern about the compression of revenue and expenditure lines in the Statement of Revenues and Changes in Fund Balance – Governmental Funds report. Mr. Gieger explained that they will be expanded on a budgetary basis.

Mr. Ormsby and Mr. Bankson left the meeting at 9:00 A.M.

4. Risk Manager Report

The Risk Manager, Mr. DeMeo reported that Frenkel & Company is aggressively marketing the program and still expects a 5% increase over last year. He said he will share the numbers when they are received. He also advised to expect a substantial increase for 2011.

Mr. Mynarski added that he and Mr. DeMeo have met with CIRMA to discuss liability auto and property insurance and to allow them to bid on it for the first time. CIRMA stated that they can provide this at a lower cost than another companies, and if awarded, promised that there will not be spike in rates for next year. They do this by staying on budget during hard and soft markets. Mr. Mynarski said that if CIRMA does get this business hopefully the increase in rates will not be there next year.

Momentarily, Mr. Bankson returned to announce that Channel 79 will be televising an overview of Nathaniel Witherell and to extend an invitation to the Committee to attend the Annual Nathaniel Witherell Annual Picnic, the following Saturday, at noon.

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

Mr. Mynarski stated that currently there are no updates regarding the GAAP vs. blended method. Mr. Gieger said that in September he would be contacting MUNIS to review and see if their IT would be able to help. He added that the process of tracking old encumbrances was an important issue for Blum/Shapiro which the TOG can now automate.

6. Update Fiscal 2009 Blum Shapiro Annual Audit

Mr. Mynarski stated that the Blum/Shapiro auditors were in the Finance Department the week of May 26th and conducted some fraud audits and test work in the tax area. He stated that they will be returning in September for their field work so he will not have any follow ups for the next two months.

Mr. Mynarski stated that the next step will be to close the books, then Mr. Gieger will send a trial balance with IT, field work will be done in September, with a goal to complete the audit in November to allow the BET to approve it in December. In January the Town will be doing 3 credit reviews, not 2, since we will be going into the bond market for 5 year and 20 year, if Nathaniel Witherell has enough of expenditures.

Mr. Norton requested to return to this topic in September. Mr. Gieger replied that the auditors have started at BOE but as yet has not received any feedback. Mr. Norton asked to be informed if any issues surface.

Mr. Mynarski mentioned that he had heard from Ms. Rossitto that the industry is leaning toward quarterly reporting, which if this legislation goes through could be costly since Blum/Shapiro would be needed at Town Hall year round.

7. Discussion of topics for future Audit Committee meetings.

Mr. Norton inquired for any additional information concerning the Fire Department and health benefits. Mr. Mynarski said the topic was not on the BET HR Committee June Agenda and offered to follow up on it with Ms. Tarkington. Mr. Norton said the Committee was waiting for the HR Committee to consider it and questioned whether the Audit Committee should pursue the matter.

8. Adjournment

Upon a motion by Mr. Campbell, seconded by Mr. Ramer, the Committee voted 4 to 0 to adjourn the meeting at 9:12 A.M.

The next Audit Committee meeting is scheduled for July 9, 2009.

Elaine JV Brown, Secretary

SUBJECT TO APPROVAL

Arthur D. Norton, Chairman