

**BOARD OF ESTIMATE AND TAXATION**  
**Audit Committee Minutes**  
**Thursday, July 9, 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

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

The following items were discussed:

**1. Approval of Minutes for June 11, 2009 Audit Committee Meetings:**

Upon a motion by Mr. Ramer, seconded by Mr. Campbell, the Committee voted 4 to 0 to approve the June 11, 2009 Minutes.

**2. Internal Auditor Report**

**Marinas**

Mr. DeMeo informed the Committee that the inventory of the Cos Cob Marina should be completed tomorrow, Friday, July 10, 2009 and that shortly after he will be drafting a report. Mr. Lalli added that the Internal Auditors still have responsibilities to the two remaining marinas and requested a directive from the Committee.

Upon a motion by Mr. Ramer, seconded by Mr. Finger, the Committee voted 4 to 0 for the Internal Audits to continue on the two remaining marinas, Byram and Greenwich Point, as soon as possible.

**GHS Student Activities Fund**

Mr. DeMeo stated that he received the Internal Control Questionnaire and a visit to Greenwich High School is anticipated in the next week or so. He said that it was brought to his attention by Mr. Calcavecchio, BOE Budget Director, that there could be a potential issue with sales tax at the High School. The audit will check for exposure and focus on internal controls used for the handling of cash.

Mr. Lalli added that it will be a large audit encompassing approximately \$1.6M in transactions. Since the audit is not complete at this time, he hopes to give to the Audit Committee a report in September 2009 including the BOE responses. Mr. Norton acknowledged that he is expecting cooperation from the new BOE Superintendent.

Mr. Mynarski added that in January 2006, and as a result of research which followed, it was discovered that the sales tax issue is very complex with many exemptions and state statues constantly changing. Mr. Mynarski said that ultimately these issues will show up in this audit and said that he will give this paperwork to Mr. Lalli to include in the report. All agreed that it is too early into the audit to report any progress, considering the size and scope.

**3. Risk Manager Report**

The Risk Manager, Mr. DeMeo, reported that the TOG has renewed all insurances June 30, 2009 through June 30, 2010, with Frenkel & Company. The budgeted annual premium was \$2,805,000 (two million eight hundred and five thousand dollars) with the approximate actual cost of \$2,729,000 (two million seven hundred twenty nine thousand dollars) resulting in an approximate savings of \$75,000 (seventy five thousand dollars). Some policies were enhanced, such as flood coverage, back up to \$50,000,000 (fifty million dollars) in the flood zones. Dr, DeMeo stated that overall the Town is in good shape insurance wise.

Mr. Norton questioned Mr. DeMeo about the Town's liability concerning the seven waterfalls in Glenville from the Byram River. Mr. Mynarski stated that he and Mr. DeMeo will follow up on this issue since dams may be the responsibility of the State.

Mr. Ramer asked when Mr. DeMeo would have an inclination as to next year's premiums, from a budgeting stand-point for next January and February. Mr. Mynarski said he will ask for feedback from Frenkel & Company in respect to accounts on a calendar year basis when they renew on January 1<sup>st</sup>.

A discussion followed concerning CIRMA's refusal to bid and their request for six months lead time to quote. Mr. Mynarski stated that he will attempt to discuss the issue with Allan Parker, Vice President of Underwriting at CIRMA, for a possible explanation. It was discussed that the State's financial situation may have also contributed to CIRMA's response.

Mr. DeMeo stated that all the policies were placed with "A" rated companies, including AIG.

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

Mr. Gieger stated that he met with Ms. Rossitto, from Blum/Shapiro two weeks ago regarding the upcoming audit. They discussed the management comment and Ms. Rossitto proposed a couple ideas that would satisfy the concerns about internal controls and working offline.

One idea would be to standardize the Excel spreadsheet which is currently used, provide for a review and sign-off approval by Mr. Gieger, and then give the document to Blum/Shapiro. The other idea is to automate the accounting for the encumbrances, which going forward Mr. Gieger would be able to do. This takes the offline on an Excel spreadsheet analysis, of how it is spent and liquidated, then automated directly from MUNIS. Mr. Gieger concluded that with these two actions the TOG would satisfy the comments. He added that Ms. Rossitto realizes that having MUNIS convert our system from a budgetary basis to a combined probably would not happen based on her experience.

Mr. Gieger continued with the Year End June 30, 2009, that the Law Department over spent last year but is in good shape this year. He stated that spending on outside legal counsel is not at the levels it had been in the past two years, and they encumbered approximately \$160,000 (one hundred sixty thousand dollars) for fees till June 30, 2009.

Mr. Norton then questioned Mr. Gieger about Nathaniel Witherell. Mr. Gieger stated that they encumbered quite a bit, adding that monies that are expected in June from the State will be coming in July, approximately \$400,000 (four hundred thousand dollars).

Mr. Gieger stated that the TOG books will close Tuesday, July 14 and open for the new fiscal year on Thursday, July 16, 2008. The Teamster contracts will be paid out this Friday, July 10, 2009.

#### **5. BET Audit Committee Annual Revenue Write-off.**

Mr. Mynarski presented his recommendations to the Audit Committee to send to the full Board of Estimate and Taxation the write-off of the amount of \$81,450.37 (eighty one thousand four hundred fifty dollars and thirty seven cents) as follows:

1. \$7,433.47 (seven thousand four hundred thirty three dollars and forty seven cents) representing old overpayments of payroll checks predating the MUNIS financial accounting system.

2. \$51,018.90 (fifty one thousand eighteen dollars and ninety cents) for The Nathaniel Witherell patient accounts, as reviewed by the Law Department and approved by TNW Finance Committee.

3. \$22,998.00 (twenty two thousand nine hundred ninety eight dollars) for old waste disposal accounts receivables upon notification from the DPW that the Law Department has reviewed and approved the accounts forwarded to them.

Mr. Mynarski then continued to discuss two other data bases not shown in MUNIS tracking revenues for Police and Fire False Alarms and Parking Fines. He stated that regarding the false alarms it appears that work has been done including a rewrite of the ordinance in June 2009 and an adjustment of fees. Mr. Mynarski said that the Law Department has hit a dead-end since they do not have a mechanism to collect these fees legally and there is no State statute covering fee collection. He said he will email the Committee when the Law Department finalizes their stance, since they have not reached a final ending on this issue. A loss of \$10,000 (ten thousand dollars) to \$20,000 (twenty thousand dollars) is possible.

Complus, Inc. currently maintains the TOG parking fines and receivables. Mr. Mynarski said that if the Town contracts out to a collector for the parking fines, we would be in violation of the TOG contract with Complus, Inc.

Mr. Mynarski stated that he will give an accurate number breakdown, as of June 30, 2009, for both of these receivables, even though neither is on the books, so there is no write-off. Mr. Norton asked for the amount the Town is carrying.

Going back to the Alarm Fines, Mr. Finger raised the question of registration fees of homeowners. A discussion followed explaining the alarm process. Mr. Mynarski replied that he will coordinate with the Police Department, and also look into the renewal process and get back to the Committee.

Mr. Mynarski ended by stating that he will respond to the Committee with the three items requested: aging receivables on False Alarms and Parking Fines and the mechanism to enforce the register of alarms. Mr. Norton said the Committee will report the write-off amount to the BET.

Mr. Campbell questioned the waste disposal accounts. Mr. Mynarski said that probably a few have gone out of business. Mr. Ramer added that others were labeled landscapers and often changed businesses, but that the issue is for the gate contact staying focused on issue. Mr. Mynarski said that he will check with Mr. McCormick of DPW.

**6. Discussion of topics for future Audit Committee meetings.**

Mr. Ramer recommended the Beach Parking Pass TOG policy as a possible topic. This subject was raised due to the out of state cars with Beach Parking Stickers. Mr. Ramer stated that these vehicles are not paying Greenwich personal property taxes.

The Committee requested Mr. Mynarski and Mr. DeMeo address this topic. Mr. Norton specified that the Committee would like information only, so the Committee will be able to discuss the merits of the policy.

**7. Adjournment**

Upon a motion by Mr. Finger, seconded by Mr. Ramer, the Committee voted 4 to 0 to adjourn the meeting at 8:56 A.M.

The next Audit Committee meeting is scheduled for September 10, 2009. The BET will not meet during the month of August, therefore the BET Audit Committee will not meet on August 13, 2009.

\_\_\_\_\_  
Elaine JV Brown, Secretary

SUBJECT TO APPROVAL

\_\_\_\_\_  
Arthur D. Norton, Chairman