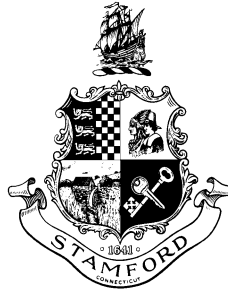


**DAVID R. MARTIN
MAYOR**



BOARD OF FINANCE
RICHARD FREEDMAN
CHAIR
MARY LOU T. RINALDI
VICE CHAIR
SAL GABRIELE
DAVID KOORIS
KIERAN M. RYAN
DUDLEY N. WILLIAMS

BOARD OF FINANCE

STAMFORD GOVERNMENT CENTER
888 WASHINGTON BOULEVARD
P.O. BOX 10152
STAMFORD, CONNECTICUT 06904-2152

AUDIT COMMITTEE MEETING OF THE BOARD OF FINANCE

Thursday, July 12, 2018

6:00 p.m.

MINUTES

ATTENDEES: COMMITTEE CHAIR DAVID KOORIS, COMMITTEE MEMBER SALVATORE GABRIELE (arrived at 6:19 p.m.), BOARD OF FINANCE CHAIR RICHARD FREEDMAN (arrived at 6:09 p.m.), VICE CHAIR MARY LOU RINALDI AND MEMBER DUDLEY WILLIAMS, CITY OF STAMFORD CONTROLLER DAVID YANIK, INTERNAL AUDITOR TERESA VISCARIELLO AND GRANTS OFFICER KAREN CAMMAROTA.

Chair David Kooris opened the meeting at 6:02 p.m. stating there were two items on the agenda. He then introduced Ms. Viscariello who presented the first item:

1. Internal Controls/Scope of Audit Requested by City on Marina Fraud

Ms. Viscariello provided an overview of events leading up to the Director of Administration's request that she perform an audit of the Marina Fund's existing policies and procedures that was also strongly encouraged by members of the Board of Finance. She outlined the scope of her planned work and indicated that that would include: Use of purchase order "drawdown" accounts; Employee use of procurement cards (P-Cards); and, certain City of Stamford hiring practices, including background checks and candidate screening, interviews, and ranking. She then went into additional detail regarding each of these areas as well as noting that her report would include findings/recommendations and responses, work performed, and necessary exhibits. She went on to ask members for suggestions and recommendations and she agreed to add document retention to her work in the last item above.

During a discussion on a timeline for this audit, it was decided that Ms. Viscariello would give the Audit Committee an update on her progress every other month until she presented her completed draft report to the committee.

2. Update on the Remediation of the Issues Noted in the F2017 Management Letter

Controller Yanik noted that the Auditors presented the Management Letter in the spring, which said there were no material weaknesses or significant deficiencies. Mr. Yanik said there were five (5) control deficiencies that were presented by the Auditors at that time and added that these were considered “little d” deficiencies (as differentiated from significant deficiencies) which means that we are looking at them as having mitigating controls around them but there is still an opportunity to improve the processes that are there. Mr. Yanik also said that none of these control issues were new, but one was split into two areas: (a) Operating Grants and (b) Grants-Funded Capital Projects. He introduced Grants Officer Karen Cammarota who was available to discuss questions associated with Items 2 (a) and (b).

Please refer to the audio/visual recording (below) for actual coverage of the discussions.

(a) Operating Grants – Projects Accounting and Tracking

The external auditor recommended that the Grants Department take steps to ensure proper and timely reporting of the grant activities. -- *The Grants Office agrees with the recommendations and will implement procedures to remediate the issues noted. Mr. Yanik outlined the progress made.*

(b) Grants-Funded Capital Projects – Reimbursement and Collection Issues

Many of the outstanding accounts receivables related to grants-funded capital projects related to project spending that took place over five (5) years ago. There has been little, or no payment activity related to these receivables and, until recently, no on-going reimbursement-related activity on behalf of the Grants Department. *The Grants Office agrees with the recommendations made and will implement procedures to remediate the issues noted. Ms. Cammarota updated the Board on the status of various grant-funded project reimbursements received from the State and those still outstanding.*

(c) Urban Redevelopment Commission (URC) – Accounting and Financial Reporting

The external auditor recommended the URC analyze all balance sheet accounts to ensure that proper balances are being carried on an ongoing basis. -- *The URC will have all balance sheet accounts reconciled in accordance with the closing timetable and reporting deadlines established by the Controller's Office.*

(d) Timekeeping Oversight and Administration

The external auditor recommended that the City standardize payroll policies and procedures related to the use of Kronos for all City departments (including the Board of Education) and further recommended that the City should look into a tool to better track and compute compensated absences to eliminate the potential for error. – *The City's Administration and Human Resources Departments will continue to look for opportunities to expand the use of Kronos for tracking employee's attendance, and where applicable, hours worked, use of paid time off, etc. However, for scheduling purposes, shift management, and other uses unique to certain City departments such as Fire and Police, other software tools that are currently available may be better suited to their needs. The Police Civilians group (approx.30 people) were required to use the Kronos timeclocks as of the beginning of June, so the City is moving forward and Human Resources is now able to track seasonal employee activity going forward with Kronos.*

(e) Internal Service Fund

Funding the liabilities came up as an issue. The City is self-insured for police officers' and firefighters' heart and hypertension claims as required by State Statute. The pay-as-you-go portion of the claims is paid from the City's Risk Management. The City utilizes a third party to prepare an actuarial valuation to determine the heart and hypertension claims' liability. The claims' liability is being recorded at the government-wide level as required by GASB Statement No. 34 but it is not recorded in the Risk Management fund. *The Administration has an established funding plan for long-term liabilities, including*

Continued...

Pensions and OPEB, and will address heart and hypertension once these other liabilities are closer to being fully funded. In the meantime, amounts have been designated from surplus (fund balance) to begin this process. (\$500,000 has been funded during F2018 through the designation of the prior year's surplus.)

Mr. Kooris asked if there were any further questions and, there being none, he adjourned the committee meeting at 6:44 p.m.

The Audit Committee of the Board of Finance conducted a meeting for the above-stated purpose at:

Stamford Government Center
Board of Finance Meeting Room, 4th Floor
888 Washington Boulevard
Stamford, Connecticut

Thursday, July 12, 2018 at 6:00 p.m.

[This meeting is on video.](#)

David Kooris, Audit Committee Chair

Sal Gabriele, Member

cc: Mayor David Martin
Michael Handler, Director of Administration
Kathryn Emmett, Director of Legal Affairs
Lou Casolo, City Engineer
Matthew Quinones, President, Board of Representatives
Jay Fountain, Director of OPM

David Yanik, Controller
Interim Director of Operations
Karen Vitali, Assistant Controller
Erik Larson, Purchasing Manager
Lyda Ruijter, City and Town Clerk