



## ***Fiscal Committee - Board of Representatives***

Monica Di Costanzo, Chair

Lindsey Miller, Vice Chair

# **Committee Report**

**Date:** Monday, October 28, 2019

**Time:** 7:00 p.m.

**Place:** Democratic Caucus Room, 4<sup>th</sup> Floor, 888 Washington Boulevard,  
Stamford, CT 06905-2098

The Fiscal Committee met as indicated above. In attendance were Chair Di Costanzo, Vice Chair Miller and Committee Member Reps. Fedeli, Figueroa, McMullen, Nabel and Pendell. Absent or excused were Reps. Coleman, Jacobson and Morson. There was one vacancy. Also present were Rep. Sherwood and Rep. Michelson; Kathryn Emmett, Corporation Counsel; Al Cava, HR Director; Jay Fountain, OPM Director; Dan Colleluori, Recycling/Sanitation; Karen Cammarota, Grants Officer; David Yanik, Controller; Mark McGrath, Director of Operations; Michael Pollard, Chief of Staff; Robin Stein, Special Assistant to the Mayor; and Yvette Trujillo Rose, U.S. Census Bureau.

Chair Di Costanzo called the meeting to order at 7:00 p.m.

<b>Item No.</b>	<b>Description</b>	<b>Invitee(s) or Designee(s)</b>
1. <a href="#">F30.262</a> \$11,900.00	ADDITIONAL APPROPRIATION (Grants Budget); Supporting Arts Grant from CT DECD Office of the Arts (\$5,950 grant requires 1:1 City match from funds already budgeted). 09/30/19 – Submitted by Mayor Martin 10/10/19 – Approved by Board of Finance	<b>Approved 7-0-0</b>
2. <a href="#">F30.255</a>	GRANTS RESOLUTION; Authorizing the Mayor to Enter into an Agreement with the Connecticut Department of Economic Development for the Supporting Arts Grant Program; amount of grant: \$5,950 (Requires \$5,950 City match from existing Economic Development budget). 09/18/19 – Submitted by Mayor Martin	<b>Approved 7-0-0</b>

The Committee discussed Item Nos. 1 & 2 together. Mr. Madden explained that the City applied for and received a grant for the Arts & Culture Committee to assist with the development of a strategic plan. The Committee is currently engaging in an RFP process for a consultant to assist.

A motion to approve Item No. 1 was made, seconded and approved by a vote of 7-0-0 (Reps. Di Costanzo, Miller, Fedeli, Figueroa, McMullen, Nabel and Pendell in favor).

A motion to approve Item No. 2 was made, seconded and approved by a vote of 7-0-0 (Reps. Di Costanzo, Miller, Fedeli, Figueroa, McMullen, Nabel and Pendell in favor).

3. [F30.257](#) ADDITIONAL APPROPRIATION (Operating Budget); **Approved 6-0-1**  
\$266,445.00 FY14/15 to 18/19 Attorneys Retroactive Wage  
Increase Obligations per Arbitration Award.  
09/30/19 – Submitted by Mayor Martin  
10/10/19 – Approved by Board of Finance

4. [F30.258](#) ADDITIONAL APPROPRIATION (Operating Budget); **Approved 6-0-1**  
\$135,819.00 FY19/20 Attorneys Retroactive Wage Increase  
Obligations per Arbitration Award.  
09/30/19 – Submitted by Mayor Martin  
10/10/19 – Approved by Board of Finance

The Committee discussed Item Nos. 3 & 4 together. Ms. Emmett explained that the original agreement went to arbitration and the arbitrators awarded what was agreed upon in the tentative agreement. These items are to pay the retroactive wages and the wages going forward. Mr. Fountain stated that the funds for Item No. 3 will come from the Fund Balance and for Item No. 4 will come from Contingency. He noted that the increase in the wages is additive, so the last year is much higher than the first year; there is also an additional 1.5% for the last year.

A motion to approve Item No. 3 was made, seconded and approved by a vote of 6-0-1 (Reps. Di Costanzo, Miller, Fedeli, Figueroa, Nabel and Pendell in favor; Rep. McMullen abstaining).

A motion to approve Item No. 4 was made, seconded and approved by a vote of 6-0-1 (Reps. Di Costanzo, Miller, Fedeli, Figueroa, Nabel and Pendell in favor; Rep. McMullen abstaining).

5. [F30.259](#) ADDITIONAL APPROPRIATION (Capital Budget); **Approved 7-0-0**  
\$250,000.00 C56182; Street Patch and Resurfacing; Restoration of  
Old Long Ridge Road due to Traffic Diverted to Local  
Roads Because of the Long Ridge Road Bridge  
Replacement Project (100% Grant Funded).  
09/24/19 – Submitted by Mayor Martin  
10/08/19 – Approved by [Planning Board](#)  
10/10/19 – Approved by Board of Finance

6. [F30.260](#) ADDITIONAL APPROPRIATION (Capital Budget); **Approved 7-0-0**  
\$1,600,000.00 C56182; Street Patch and Resurfacing; Stamford's  
Roadway Infrastructure.  
10/10/19 – Submitted by Mayor Martin  
10/08/19 – Approved by [Planning Board](#)  
10/10/19 – Approved by Board of Finance

The Committee discussed Item Nos. 5 & 6 together. Mr. Fountain stated that the funds for Item No. 6 will come from Capital Non-Recurring. Mr. McGrath stated that this work will be done in the spring. Mr. Pollard noted that thanks are due to Mr. Travers for getting the State funding for Item No. 5

A motion to approve Item No. 1 was made, seconded and approved by a vote of 7-0-0 (Reps. Di Costanzo, Miller, Fedeli, Figueroa, McMullen, Nabel and Pendell in favor).

A motion to approve Item No. 2 was made, seconded and approved by a vote of 7-0-0 (Reps. Di Costanzo, Miller, Fedeli, Figueroa, McMullen, Nabel and Pendell in favor).

7. [F30.261](#)      ADDITIONAL APPROPRIATION (Capital Budget);      **Approved 7-0-0**  
\$1,476,000.00      C65200; Citywide Vehicle Replacement & Upgrade;  
Clean Diesel Refuse Truck Replacement;  
Replacement of 7 Outdated Vehicles ( 25% EPA  
grant match - \$568,750; \$907,250 additional from City  
needed to secure \$1,706,250 City match).  
10/10/19 – Submitted by Mayor Martin  
10/08/19 – Approved by [Planning Board](#)  
10/10/19 – Approved by Board of Finance

Mr. Fountain explained that total cost of this project is \$2,275,000. \$568,750 will come from the EPA grant. The City had already appropriated a portion of the \$1,706, 250 City match, and needs to appropriate the additional \$907,250 in addition to the grant funding. As a requirement of the grant, the old vehicles must have a hole drilled through the motor, but the body may be sold for scrap.

A motion to approve Item No. 7 was made, seconded and approved by a vote of 7-0-0 (Reps. Di Costanzo, Miller, Fedeli, Figueroa, McMullen, Nabel and Pendell in favor).

8. [F30.256](#)      APPROVAL; Agreement with Arthur Gallagher Risk      **Approved 7-0-0**  
Management Services, Inc. for Insurance Brokerage  
Services to the City's Risk Management Department;  
RFP No. 724.  
09/25/19 – Submitted by Mayor Martin  
10/10/19 – Approved by Board of Finance

Mr. Villalva explained that this contract is for City brokerage services for insurance. The company helps with insurance requirements and purchasing contracts. Arthur Gallagher is the current company; this contract price is lower than the previous contract. They were the second lowest bidder and Mr. Villalva stated that services received have been very helpful to the City. The lowest bidder was too regional in scope.

A motion to approve Item No. 8 was made, seconded and approved by a vote of 7-0-0 (Reps. Di Costanzo, Miller, Fedeli, Figueroa, McMullen, Nabel and Pendell in favor).

9. [F30.242](#)      REVIEW; Initiation of 2020 Census and Programming      **Report Made**  
Work.  
08/29/19 – Submitted by Chief of Staff Pollard  
09/23/19 – Held by Committee

Mr. Pollard explained that it is important to funding for the City that all residents are counted. The State population determines Congressional representation and is a critical factor for transportation and education funding among other things. 27% of the 2017 State Budget came from Federal Funds.

Ms. Rose distributed the [attached materials](#) and reviewed the [power point presentation](#) with the Committee. She explained the importance of having knowledgeable Local

Ambassadors and gave an overview of the entire process and timelines, emphasizing the confidentiality aspects of gathering data for statistical purposes. The census will be available online, paper copy, toll-free call-in number, and via census taker and accommodations for intake in all languages will be made. Ms. Rose emphasized that there will be no e-mail census communications so any received are not legitimate and there will be a telephone number to call if fraud is detected.

Rep. Michelson, a member of the [Complete Count Committee](#) and chair of the Government subcommittee, discussed the process and the need to get funding. The committee has a budget of \$150,000. Mr. Stein stated the Committee has received \$40,000 from the City and \$10,000 from a corporate donor.

Committee members and guests discussed assistance the Board members can provide to ensure an accurate count. Not counting low income people can affect funding for education, policing grants and DOJ funding opportunities.

10. [F30.254](#)      APPROVAL; Agreement with Blum, Shapiro &      **Approved 5-1-1**  
Company for Professional Auditing Services; RFP No.  
764.  
09/13/19 – Submitted by Mayor Martin  
09/12/19 – Approved by Board of Finance  
09/23/19 – Held by Committee until 10/7/19 5-1-0  
10/07/19 – Held by Committee 5-2-0

Ms. Emmett stated that the lateness of the contract was due to processes within the Law Department. The RFP went out in the beginning of 2019 and came to the Law Department in April, but was not done until the summer. As a result, the department has changed its processes to create a calendaring system based upon when items need to be completed.

Mr. Yanik responded to the items in Ms. Rinaldi's memo:  
How did the auditors continue to work on the City's behalf after expiration of the contract?

Blum Shapiro commenced work for this year on good faith after receiving an engagement letter also signed by the head of the BOF Audit Committee and the Director of Administration. This is based upon the Charter-imposed deadline to provide a draft CAFR by the end of October.

What field tests were performed by the auditors with respect to the Extra Duty fund?

[These were not done with knowledge of any fraud]

Identified the nature of revenue – in this case Extra Duty Fund

Variance analysis comparing revenue with prior year and with expectations for current year

Sampling of invoices and ensuring appropriate reporting of invoices

Comparison of expenditures with prior year

Looked at ratios – a 16% markup for police extra duty

Traced transfers out of extra duty funds to general fund and tabled those transfers in CAFR; reported in Note 6 (where non-major funds are reported)

Did they share their findings with the City and Board of Finance?

There were no particular findings with respect to Police Extra Duty but there was a management letter issued in each year beginning in 2014; the Police Extra Duty Fund and Marina Fund were not identified as problem areas

What internal controls were applied to all the special revenue funds as articulated by the Controller and the city's own policies and procedures?

The auditor's responsibility is to review the financial statements; they look for reasonable assurance that the financials are free from material misstatements  
The audit involves performing procedures to obtain evidence about the amount and disclosures in the financials

The auditors consider financial controls relevant to the financial reporting practice and design their audit accordingly

They don't express an opinion on the effectiveness of internal controls, but if they identify any weaknesses or problems or find errors relating to the operational effectiveness of internal controls, those are all captured in the management letter

With respect to the Marina Fraud – this was a particularly small fund

They did a variance analysis comparing revenue and expenditures with prior years and with expectations for current year

Items are reported in the non-major funds section of the CAFR and tabled out

The ending fund balance in the Marina fund varied within \$2-3000 for the years 2015 through 18; with respect to the Police Extra Duty fund there was an adjustment one year after the sweep, leaving a \$6,000 balance; and another year there was a balance to be designated later. The sweep is the excess of revenue over expenditures. The City budgets for a 16% excess. As long as funds are collected as billed, the money is swept into the General Fund. This is being changed to enable parking funds to go into the Capital Non-recurring account.

The alleged fraud conducted did not affect the amount the City would have been paid, but which officers were being paid.

The Committee discussed the contract with Ms. Emmett, Mr. Yanik and Mr. Fountain.

- The Board of Finance does not approve the sweep transfer of funds from the Extra Duty Fund to the General Fund
- External auditors are not expected to find fraud; it would be very difficult for a financial auditor to find fraud; although they would report if they heard something
- A financial statement auditor is not focused on fraud, waste or abuse – that is the responsibility of an internal control auditor
- The problems identified in the fund raises a risk that will now be ranked higher so that Blum Shapiro will be aware of this
- The City only has 1 internal auditor; she vets her risk analysis with the Board of Finance; she responds to concerns brought to her attention all year long; the ranking of risks is dynamic
- The Board of Finance is hiring a forensic auditor to do a fraud audit for the police extra duty and overtime; this doesn't change Blum Shapiro's obligation to conduct a financial audit
- Under the Charter, the Board of Finance must hire an auditor by RFP at least as often as every 5 years
- The Chair of the BOF Audit Committee was on the RFP Committee and the Board of Finance approved the Contract
- The primary responsibility for choosing the auditor lies with the Board of Finance; any amendment to the contract would need to come from that Board
- The City has the option to terminate the contract at any time

- Having a one year contract would require RFP time by the City, affect the pricing of the contract and might affect the efficiency of an auditor
- Having only 1 internal auditor is an issue
- It is the responsibility of the Board of Finance to hire an auditor, not the Mayor or the administration
- The Auditor must provide a draft CAFR by the end of October; an updated version is presented to the Board of Finance in November and the final version is presented in January
- There is informal communication between the Auditor and the Controller and many touch points for communication between the Auditor and the Board of Finance during the audit process
- Before the RFP was released, the draft was shared with the Chair of the Audit Committee; the Chair of the Audit Committee is the point person to the full Board of Finance.

A motion to approve Item No. 10 was made, seconded and approved by a vote of 5-1-1 (Reps. Di Costanzo, Miller, Fedeli, Nabel and Pendell in favor; Rep. McMullen opposed; Rep. Figueroa abstaining).

11. F30.263      REVIEW; Update on All Expenses Paid to Date and      **Held**  
to be Incurred For Mold Repairs In Schools.  
10/10/19 – Submitted by Rep. Zelinsky

Chair Di Costanzo adjourned the meeting at 9:17 p.m.

Respectfully submitted,  
Monica Di Costanzo, Chair

This meeting is on [video](#).