

Notes on Board of Finance Auditor Subcommittee

May 9, 2007

Notes of Robert Wechsler

Timothy M. Doheny (chair), Michael T. Hallahan (secr), Michael J. Freda
Edward Swinkoski, acting Director of Finance

Timothy Doheny - Asked Town Attorney Jeffrey Donofrio about having two Requests for Proposal (RFPs), one for an annual audit, the other for an operations audit; he said the subcommittee can consider this

Michael Freda - He's okay with a split RFP

Michael Hallahan - Okay with single or split RFP, but most interested in having a separate forensic investigator; it's an umbrella of our role to do all necessary auditing and analysis; willing to support RFP conditional on others' support for a separate forensic investigation with a fast timetable

Timothy Doheny - We'll go back to Donofrio

Michael Hallahan - People want to pay for a forensic investigation

Michael Freda - Agrees 100%, but with or without an RFP?

Michael Hallahan - With an informal RFP with the scope defined so that costs are contained; he has six firms that are either forensic specialists or have a forensic division; the scope is all accounts in Community Services and other departments with cash income and reimbursements and overtime, to start with; determine extent of damages covered by Travelers Insurance for employee theft recovery up to \$300,000 with a \$1,000 deductible, but to make the claim, we need the results of a forensic investigation

Timothy Doheny - Says in RFP "to extent we require"

Michael Freda - Must do it as quickly and efficiently as possible; One RFP is the most efficient

Michael Hallahan - His concern is the need for a separate forensic investigator; spoke with the West Haven mayor, who is very happy with the work of Checkers International, based in Fairfield, CT

Timothy Doheny - Give us an RFP at the next meeting

Michael Hallahan - Makes motion to accept both proposals, could meet next week to put everything in final form

Timothy Doheny - Asks what we are recommending to the Board of Finance (BoF); supposed to recommend firm or firms

Michael Hallahan - He said what the scope would be and there are six firms that are experienced and qualified

Michael Freda - Looking for speed

Timothy Doheny - There is only one accountant in finance department, acting director Edward Swinkoski, and an audit takes a lot of his time, so could only handle one at a time

Michael Hallahan - Discusses, in terms of investigation's scope, major, illegal no-bid contracts and improprieties related to them. Hopes that the investigation can be done in 60 days, but 90 days may be more practical.

Timothy Doheny - It's a matter of process; how could no-bid contracts lead to fraud? Would do additional investigation if the operations auditor says so

Public Comments

Janet McCarty - The t-shirts sold by Community Services were made by a company owned by Joseph Ierardi

Timothy Doheny - Donofrio could find out who owned companies the town contracts with

William Leiserson - Need a broader scope in the beginning, then a report, then can better define the scope; must make sure the people doing the investigation themselves have no conflicts

Margaret Tivnan - She asked the BoF members to sign a disclosure form re relationship with auditors

Timothy Doheny - Operations audit could expand scope of forensic investigation

Brian Cummings - what about conflicts with Donofrio's firm

Timothy Doheny - Will say no conflicts

Robert Wechsler - Last week the subcommittee decided it was not given the authority by the BoF to hire a forensic investigator; now it seems to feel it has that authority; what changed

Timothy Doheny - We thought about it and decided that we did have that authority

Robert Wechsler - But couldn't a forensic investigator be chosen and the BoF reject not the selection, but the idea of having a forensic investigation?

Timothy Doheny - Yes, that's possible

Robert Wechsler - What if the forensic investigator suspects that what happened in Community Services was not an isolated incident, but evidence of a cancer throughout the government? It is impossible to know the scope of the investigation, where it will lead.

Audience Member - What is the time span of investigation?

Michael Hallahan - 3 fiscal years and this year, initially; to the extent records have not been disposed of; will see how far they can go back; believes that problems in Community Services go back at least to 1995

Sarah Aziz - Multiple estimates for various number of years going back

Carol Bailey - Doesn't the town keep records for seven years, like others?

Edward Swinkoski - Nothing destroyed without state approval; invoices kept 3-4, other

materials longer; sent around memo saying no cash used, last week

Tom Brown - is there a shredding directive?

Edward Swinkoski and Richard Branigan (Public Works director) - Policy and procedures memo from First Selectman Kevin Kopetz sent around on April 27 saying that shredding is centralized and must be approved by Swinkoski and the state; State's Attorney got mostly copies of documents, so still have those

Robert Wechsler - Forensic investigators don't just deal with documents, also interview people

Doug Wood - Can have and advertise an 800-number to get people to tell them confidentially what is going on

Michael Hallahan - Will go back as far as we can; may learn some things short of being able to prove it for recovery; is there a statute of limitations on insurance recovery?

Janet McCarty - Contract bids were put in the Register, and they keep them; until 2 years ago, now go to the Courier, and this contract was not put out to bid

Next meeting: Wednesday, May 16 at 7 pm