

**CITY OF NORWALK  
FINANCE CLAIMS COMMITTEE – SPECIAL MEETING  
OCTOBER 17, 2012**

ATTENDANCE: Carvin Hilliard, Chair; Douglas Hempstead; John Igneri;  
Nicholas Kydes; Matthew Miklave; Warren Pena;  
David McCarthy (7:53 p.m.)

STAFF: Thomas Hamilton, Finance Director; Fred Gilden, Comptroller;  
Richard Rudl, Norwalk Board of Education CFO

OTHERS: Bruce Kimmel, Common Councilmember;  
Jeff Ziplow; Dominic Barone, Blum, Shapiro & Company

Mr. Hilliard called the meeting to order at 7:30 p.m.

Mr. Hamilton made introductory comments and said that the Committee members were provided with further information, based on comments from the last meeting. He said that all substantive comments were included in the packet.

Mr. Ziplow provided an overview of his experience and reviewed the presentation that was given to the Audit Committee. He said that the only difference is that the date was changed. He reviewed the following goals and objectives:

- A. Validate the amounts of budget shortfalls in the health insurance and special education accounts**
- B. Determine the underlying causes of the Board of Education's FY 2011-12 budget shortfalls in the health insurance and special education accounts**
- C. Evaluate the processes and procedures which allowed the shortfalls to occur**
- D. Develop findings and report conclusions**
- E. Provide recommendations to correct deficiencies and address other findings**

A discussion ensued. Mr. Ziplow explained that they are a process oriented firm and will look at transactions to determine how they are processed. He said that they need to understand the current processes that exist and look at everything that surrounds the account; understanding that will help mitigate the issues. They will create a mapped out version of the processes.

Mr. Ziplow said that they will be focusing on the two core areas, health insurance and special education. If they see a potential problem, they will flag it. If an issue warrants further attention they will bring it to the City's attention. They will be looking at checks and balances and will bring best practices to this project. They will be looking at

transactions. Mr. Ziplow said that it is important to understand what happened, why and what controls existed at the time.

Mr. Ziplow explained that when they look at both accounts they will also need to understand the accounts that touch those accounts. Mr. Ziplow said that they are coming into this project without any assumptions.

Mr. McCarthy joined the meeting at 7:53 p.m.

Mr. Miklave asked if there is a dollar amount where the Board of Education can make transfers. He said that no one has ever been able to answer that question. Mr. Kimmel said that there were no controls regarding transfers when he was on the Board of Education. They have cleaned that up. Mr. Hamilton said that until recently, the Board of Education did not enter transfers into MUNIS.

Mr. Ziplow said that they will look at the budget transfers going back three years; if they see a lot, they will go back five years. Mr. Miklave said that he is concerned that by only focusing on the two accounts, they are missing a bigger piece of the pie. He told Mr. Ziplow that he wants assurance that they will find out what happened and who is responsible and that person is held responsible. He said that this can't happen again. He said that he wants to know what happened and who is responsible and what to do to make sure this does not happen again.

Mr. Miklave said that he is prepared to support this item, provided that they report to the Common Council and that this Committee is directly involved in finding out what happened.

Mr. Kydes noted that the evaluation is very limited, and he wants them to be objective from any agency or person in the City and not guided by any influence. Mr. Ziplow said that they are independent; they will be direct and not mince words. He added that they will look at the budget adjustments.

Mr. Ziplow said that they need to figure out who they will report to. He said that this does not have to be done today.

Mr. Hempstead said that there has been a lack of trust in the numbers they are getting every year. Mr. Ziplow said that they will look at the sign-offs and the protocols. Mr. Hempstead asked Mr. Hamilton how much was appropriated for the RFP. Mr. Hamilton explained that money was carried over from the audit account from last year – about \$40,000. Mr. Hempstead said that he wants to move forward on this, but is not comfortable if there is not enough funding. He said that he does not want this dead ended. Mr. Hamilton said that there is money available; beyond that would require a special appropriation.

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Mr. Hilliard said that the Audit Committee had the same concerns. He said that they want to know what happened and want to be able to explain to their constituents what happened. Mr. Hilliard said that if needed, they will go back to the Common Council for the money.

Mr. Igneri said that everyone seems to have the same concerns that the focus of the audit is too limited and should be broader. He suggested allocating the funding now and broadening the audit. Mr. Hilliard said that they will not know what will happen until they start and should not make that determination before it happens. He said that they have to be good stewards of the taxpayer's money.

Mr. Kydes said that if they go through with Mr. Igneri's recommendation, they will have to go through the RFP process again, because it would not be fair to the other bidders. Mr. Igneri said that if they do not find an issue in the two accounts, they may never find the problem. Mr. Ziplow asked Mr. Igneri if there were concerns about other accounts. Mr. Igneri said that he did not know.

Mr. Miklave said that he was disappointed that this Committee and the Common Council did not have input in the RFP. He said that this Administration chose not to give the Common Council input to the detriment of the City. He said that they have to vote on what they have before them. Mr. Miklave said that he agreed with Mr. Kydes. Mr. Kimmel said that he would prefer to start where they know they have an existing problem. He added that he did not think money should be an issue if a broader investigation is needed.

Mr. Miklave said that this is a significant issue and should be reported to the Common Council.

**\*\* MR. MIKLAVE MOVED THE FOLLOWING AMENDMENT:**

**AND TO REPORT THE RESULTS OF THE REVIEW TO THE  
COMMON COUNCIL THROUGH ITS FINANCE CLAIMS COMMITTEE  
OR THROUGH A SPECIAL MEETING OF THE COMMON COUNCIL  
CALLED FOR THAT PURPOSE**

Mr. Hilliard said that he supported the amendment; the Common Council has to be informed because they are the people's representative. Mr. Miklave said that the Common Council did not have input in the RFP and if they had, would have led to a different RFP going out. Mr. Hilliard said that the Common Council was represented; he said that he represented the Common Council at the Audit Committee meeting.

Mr. Kydes said that they are all on the same page and that he supports the amendment. Mr. Miklave told Mr. Hilliard that while he may have served on the Audit Committee, nothing was reported to the Common Council.

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**\*\* THE AMENDMENT WAS UNANIMOUSLY APPROVED**

**\*\* MR. HEMPSTEAD MOVED TO AUTHORIZE THE MAYOR, RICHARD A. MOCCIA, TO EXECUTE AN AGREEMENT WITH BLUM, SHAPIRO & COMPANY, PC TO PROVIDE CONSULTING SERVICES TO FACILITATE A FOCUSED OPERATIONAL REVIEW OF SELECTED AREAS OF THE NORWALK PUBLIC SCHOOLS AS CITY'S RFP #3228 AND TO REPORT THE RESULTS OF THE REVIEW TO THE COMMON COUNCIL THROUGH ITS FINANCE CLAIMS COMMITTEE OR THROUGH A SPECIAL MEETING OF THE COMMON COUNCIL CALLED FOR THAT PURPOSE FOR AN AMOUNT NOT TO EXCEED \$33,000.00.**

**ACCOUNT NUMBER 011310-5253**

**\*\* MOTION AS AMENDED WAS UNANIMOUSLY APPROVED**

**\*\* MR. HEMPSTEAD MOVED TO ADJOURN**

**\*\* MOTION PASSED UNANIMOUSLY**

There was no further business and the meeting was unanimously adjourned at 8:32 p.m.

Respectfully submitted,

Rosemarie Lombardi  
Telesco Secretarial Services