

Prospect Town Council
Regular Meeting
Approved Minutes
February 4, 2020

Chairman Slapikas called to order the Regular Meeting of the Prospect Town Council @ 6:37p.m. The meeting was held at the Prospect Town Hall, 36 Center Street and began with the Pledge of Allegiance. The meeting was taped.

Members Present: R. Blanc, P. Geary, T. Graveline, P. Murray @ 6:38 p.m., S. Pilat, L. Fitzgerald, M. Patchkofsky, J. Slapikas and S. Lusas Kolodziej

Absent: None

Also, Present: Mayor Robert J. Chatfield

Mayor's Report:

Assessor's Report: Grand List – Prospect Assessor, James Clynes appeared before the Council to review the Grand List. Handouts of the October 1, 2019 Grand List and the top 10 taxpayer list for Real Estate, Personal Property and Motor Vehicles were given to the Council. The Grand List breakdown totals were reviewed and showed that the October 1, 2019 Grand List is \$8,131,235 higher than the previous year with an increase of 0.94%. Discussion. Chairman Slapikas asked for further comments. T. Graveline questioned the deadline for the Board of Assessments Appeals. J. Clynes commented that it is 2/20/2020. J. Clynes advised there will be only one meeting for the appeals (Real Estate, Personal Property & Motor Vehicle Supple), which will be reviewed on Friday, March 20, 2020; for Motor Vehicles the meeting will be in September. T. Graveline asked J. Clynes to promote to the public on how the Appeals process works and asked for handouts and forms to be placed on the Town of Prospect's website. J. Clyne advised that he would give the documents to Chairman Slapikas to be posted online.

Transfers:

-Library Transfer: Motion made by T. Graveline, seconded by S. Pilat to approve the Library transfer of \$7,400 from #7350-02 (Staff/Clerk Salary Acct) to #7350-06 (Contracted Maintenance). P. Geary commented on the detail of the request for transfer. An explanation that the amount paid of \$700.00 a month for a salaried employee to increasing the amount for a contractor to \$1,000 was given, advising that this amount was still within the Library Budget.

Unanimous.

-The Mayor received and forwarded to the Council a letter from the Director of Finance and Business Operations from Region 16 explaining that the Town will be receiving an additional \$200,360. The Mayor stated that he would like to put aside this money for the FY 2020-2021 for Region #16 Budget.

Motion made by R. Blanc, seconded by S. Pilat to approve the transfer of \$200,360 from the Fund Balance to the Capital-Non-Recurring Account for a payment to ease the tax burden on the 2020-2021 Region #16 Budget. Disc. T. Graveline commented that she was not in favor of putting the money into the General Fund and would like a separate line item in Capital Non-Recurring Account as the money is for education and in the past the monies were used elsewhere. The discussion continued with questions being raised as to where the ECS money is deposited. T. Graveline and P. Murray stated that they would like a separate account marked for Education. Disc. Chairman Slapikas suggested to create a separate line item in Capital Non-Recurring for FY 2020-2021 Region 16 Budget. **Motion**

made by R. Blanc, seconded by S. Pilat as amended, to approve the transfer of \$200,360 from the General Fund to the Capital non-recurring account and to add a separate line item within the Capital non-recurring account marked Regional School District 16, FY 2020-2021. **Unanimous.**

-Mayor Chatfield advised that the Town received from the STofCT Dept. of Public Health dated 1/31/2020, a renewal for meeting the requirements as a designated HEART Safe community. The Mayor stated that the members of the Grange have donated another Defibrillator for the Community Center; there will now be a Defibrillator, one on each of the three floors.

-The Mayor stated that he will have new appointments for the various Boards and Commissions at the next Council meeting.

-T. Graveline commented that she had many questions about the payroll account breach. Mayor Chatfield continued with an update on the payroll account breach. The Mayor advised that this is a very slow process and the investigation will be ongoing for months. The Mayor read a letter into the record (Schedule A). The following is what was read by the Mayor from the letter: 'The Mayor stated that prior to the arrest of the suspect, details could not be released. The Mayor also stated that his office is diligently working on protective measures, policies, procedures and processes since the incident.

February 4, 2020

1. How was the money stolen? This is still an active investigation and no further comment can be made at this time as to how the account was accessed.

2. Who stole the money?

The initial suspect in this crime has already been arrested as publicized. I want to reiterate again that she never was an employee of the Town of Prospect.

3. What was stolen?

Funds were stolen from the Town's payroll account via ACH processing of approximately \$250,000. Again, because of the ongoing investigation specific amounts cannot be discussed.

4. When is the time frame?

The breach of the payroll account occurred between December 2017 and November 2018. The lapse in time discovering this breach will be addressed later in this statement.

5. Where did this occur?

Unfortunately, again because of the nature of the investigation, we cannot provide any more specific details as to what purchases were made, other than what has already been published. The Town's payroll account was and is currently held at Webster Bank.

6. Why did this happen?

While the desire to place blame and ownership on one particular person is rampant, right now, that is not something I can or will do. As a team, you sometimes are unaware of what each player actually does and contributes to the team. This is an unfortunate outcome to not knowing the roles and responsibilities of certain team members. Our internal controls were in place, but when the Town changed auditors, those controls changed and unbeknownst to us, were not continued. Our past practice had been that our auditor, Mike Battista, had balanced statements of accounts on a monthly basis. The Town has since changed auditors and the outcome was the assumption that the process was still being carried on in the same way. This incident occurred after the change in auditors these processes were not continued and or communicated effectively.

-As I stated earlier, since we became aware of the incident, there has been a written policy and procedure developed and continues to be updated as warranted. Many other changes and safe guards to protect from any future technological tampering have been and are being addressed, however, in this day and age, we can never be guaranteed that the technology or the criminal cannot nor will not find a way. We are pushing to make this a very difficult venture for someone to be able to do again to Prospect. The future changes will include with an online payroll service and direct deposit of paychecks for all town employees. New email domain has been set throughout Town Hall. We are currently researching new options with possible cloud storage for all departments. The Treasurer will have posted regular office hours weekly and is expected to be in constant communication with myself, my staff, the auditors and any taxpayer that is looking for information.

-The hiring of a new position with regard to finance/accounting experience is in process. You will find in your correspondence tonight, an initial job description of this position for your review. I anticipate that the Salary Review Sub-Committee will need to add this position to their report with the corresponding salary rates prior to hire.

-Additionally, you will find an initial RFP for a comprehensive audit for all town accounts for the last two years with the option for the previous two years as well. Written policies and procedures for financial processing in the Mayor's office are in place and Mike Battista is compiling a document to be presented in the near future. Similarly, more department specific policies for all town departments will be forthcoming and will be compiled into an approved town wide policies and procedures manual'. The Mayor thanked the Council and stated that the Town is the victim.

T. Graveline requested a copy of the letter for the Council. P. Geary questioned the duties of Mike Battista. Mayor Chatfield advised that M. Battista is at the Town hall on nights and weekends and provides the quarterly reports, State requirements and check reconciliations. The Mayor continued that there was a lapse when the new Auditor was assigned. Until that time, all check reconciliations were up to date; currently the statements are up to date from December of 2018 through the end of December 2019. P. Geary questioned on how this breach could happen and questioned what the Treasurer does. Mayor Chatfield replied that the Treasurer reviews the checks and invoices. P. Geary commented that there is nothing on the Treasurer's report and questioned how could the statements balance. P. Geary also commented that 4 years ago, after the investigation into having monies paid from the wrong accounts, a system of checks and balances was to be in place. P. Murray questioned what specific internal controls have been implemented. Mayor Chatfield advised the payroll account had been changed, all other accounts are up to date. The Mayor stated that this was implemented 2 years ago. T. Graveline requested that the Council receive the bank statements for November 2017 through December 2018. Mayor Chatfield advised that he would need to speak with Attorney Stevens. A motion was called for. **Motion** made by T. Graveline, seconded by P. Murray to request Mayor Chatfield to speak with Attorney Stevens to provide the Council with the payroll bank statements of November 2017 through December 2018. **Unanimous.** P. Geary commented that she was happy to see the implementations of a payroll service, direct deposit and the posting of the Treasurer's hours. T. Graveline stated that there are many advantages to a payroll service and requested a payroll subcommittee to review the proposals for the payroll service applicants. Mayor Chatfield advised that he would like to have 3 proposals of the payroll service applicants to be brought before the Council. Chairman Slapikas commented that he did not feel it was necessary to have a

subcommittee to interview the applicants as the applicants would be interviewed by the Council. T. Graveline questioned when the Annual Audit report would be received, the Mayor advised by the end of February; there was only one extension this year. The meeting continued with discussion on what had been previously received from the Auditor for the Annual report and creating an in-depth RFP for an Auditor. Chairman Slapikas commented that he would like an Audit review of the Town's financial records for the past two years. T. Graveline commented that she had a copy of the Town of Darien's Audit Report that has won a number of awards and would like the Council to review to use as a model. L. Fitzgerald commented on the Council interviewing the payroll services. The Mayor commented that the timeframe would begin as January 1st. T. Graveline also commented on manuals of policy and procedures and digitalizing time cards. A motion was requested by T. Graveline to create a payroll sub-committee of the Council. Disc. A roll call vote was taken. **5 Opposed: J. Slapikas, S. Lusas Kolodziej, M. Patchkofsky, S. Pilat & R. Blanc /4 in Favor:** T. Graveline, P. Geary, P. Murray, L. Fitzgerald. Motion denied; no sub-committee was formed.

-Chairman Slapikas asked for further comments. T. Graveline and P. Geary commented on allocating funding for another officer on the midnight shift. The Council commented on car thefts and break-ins during this time period. The Mayor stated that he meets with the officer on shift at 4:20 a.m. for an update. T. Graveline commented on a clause in the Police duties of 15 shifts a month but could opt down to 8 hours a month. T. Graveline stated that it is her estimation that this is not enough and to consider 10 officers to do 4 hours a month. T. Graveline requested a motion to change from 8 hours a month to 4 hours a month. T. Graveline stated that there is nothing in the Police contract to require officers to work the 3rd shift. P. Geary commented that previously more monies were put into Police for a 2nd officer on third shift. L. Fitzgerald and M. Patchkofsky commented that more officers are needed on the 3rd shift. M. Patchkofsky commented that a shift differential or more incentive could be offered. P. Murray questioned when the 2nd officer could start. The Mayor commented that he would be meeting with Lt. Abarzua on Thursday. T. Graveline requested a motion to change from 8 hours per month to 4 hours. M. Patchkofsky commented that she felt it was a scheduling issue. The Council made note that more officers were needed on the 3rd shift. The Mayor stated that he will speak with Lt Abarzua on this subject.

-T. Graveline commented that the minutes and Agendas were not accessible from the Town's website. M. Patchkofsky commented that the Admin. was working on the site and had changed the members to the Boards and Commissions which caused a problem; the system is currently being worked on. Chairman Slapikas commented that he is working to have the Town Clerk's office scan and post the minutes and agendas and should be online frequently.

-Phone voicemails to be installed; P. Murray recommends for everyone to have voicemail after 4 p.m.; Ethernet has been installed.

-Employee Emails – this is being worked on.

-T. Graveline- complimented the Admins. for listing the WIFI address on the walls at the Community Center.

Chairman Slapikas asked for further comments. No other comments were made.

Public Participation:

-*Tom Galvin, 27 Rockridge Terrace* commented on an external auditor and the day to day activities of the Town Hall. T. Galvin also commented on a conflict of interest for the Auditor also performing the audit and reconciling the Town's checking accounts.

- *Kathryn Zandri, 271 Sycamore Dr., Prospect, CT* commented on the Agenda and public participation as it was compared to her previous Town of Wallingford. K. Zandri questioned blindly accepting Webster Banks answers. K. Zandri requested a forensic audit stating without it, it sends the wrong message of the Town Officials. K. Zandri requested a forensic audit of the last 6 years for all the Town's bank account. K. Zandri questioned which authorities had the Mayor contacted to which Mayor Chatfield advised the Prospect Police, the Insurance company, Webster Bank, the Auditor and the Attorneys. K. Zandri questioned if the Town has an Attorney on staff to which Mayor Chatfield advised the Attorney is on call. K. Zandri questioned correspondence and updates and questioned if there was a bid limit and to which Mayor advised that there was a \$5,000 limit.

-*Paul Krisavage, 11 Stonefield Dr.* questioned what changes to policies were made. P. Krisavage also questioned if the Chiefs States Attorney Office was involved; what checks and balances were in place and also if the Treasurer went over the Account. L. Fitzgerald questioned an outside auditor and a forensic audit. P. Krisavage commented that a forensic audit would have an indepth look at where the money went. P. Krisavage also commented that the State's Attorney maybe be building a case. P. Krisavage continued that a good accounting firm would look where the checks went. P. Krisavage stated that it is not the auditor's job to reconcile checks. P. Krisavage commented on police officer shifts, visibility of vehicles and Resident Trooper's scheduling.

February 4, 2020

-Mike McNerny, 223 Matthew, St Thanked Mayor Chatfield and the Council. M. McNerny commented that the payroll breach was first documented as a loss of \$130,000, but now was up to \$250,000. M. McNerny questioned if the policies and procedures for the payroll account would be on the website. Mayor Chatfield advised when completed. Mayor Chatfield advised that all accounts are reconciled and secure. M. McNerny advised of a forensic audit and a regular audit; a regular audit looks at the books. It is the Town's responsibility to reconcile the statements, this is a performance of the auditor. A forensic audit has an itemized list, looks for a theft and fraud; every single transaction is reviewed. Mayor Chatfield questioned the cost between a regular audit and a forensic audit. M. McNerny commented that there is a drastic difference in cost.

-Chairman Slapikas asked for further comments.

-AnnMarie Burr, Prospect Tax Collector, commented that all emails for the Tax office are through Tax Office @ Town of Prospect.org. A. Burr stated that after the November election she changed her email address to AMBurr@TownofProspect.org. The assistant to A. Burr has an email address, but not the clerk as it is not necessary. A. Burr continued that the Auditor has spent a lot of time in her office over the last two years. Several different residents are chosen, the amounts are checked by the Auditor's assistant and the letters go out. If the letters do not go out in a timely fashion, the Auditor is back in her office to send out the letters. A. Burr advised that every transaction is verified and the bank statements balanced. A. Burr stated that certain items should not be on the website as to safety concerns for the Tax Office. A. Burr stated that the email address for the Tax Office is on the website.

-P. Blinstrubas, 24 Maple Dr. commented on putting in financial controls and changing checking accounts; also creating policies and procedures.

Mayor Chatfield thanked everyone for coming.

Guests: None

Chair's Report:

No Updates from the Attorneys.

Approval of Minutes:

Motion made by S. Lusas Kolodziej, seconded by R. Blanc to approve the minutes of 1/21/2020. **Unanimous.**

Refunds:

Motion made by P. Geary, seconded by L. Fitzgerald to approve the refunds dated 2/4/2020 in the amount of \$1,128.04. **Unanimous.**

New Business:

Refunds: Previously acted upon

Transfers: Previously acted upon

Resignations: None

Assignments: None

Bids/Grants: None

Correspondence:

Memo dated 1/23/2020 Proper Tech Use – Employees – All Depts.

Letter dated 1/23/202 from Region 16, from Tony DiLeone, Jr., Director of Finance and Business Operations Re: 2nd Revision 2019-2020 Payment Schedule

Assessor's Annual Grand List Report dated 1/28/2020

Transfer dated 2/4/2020 from Mayor Chatfield Re: funds from Fund Balance to the Capital Non-Recurring Account Prospect Library transfer with the Library Account dated 2/3/2020 Re: transfer from #7350-02 (Staff/Clerk Salary Acct) to #7350-06 (Contracted Maintenance)

Milone & Macbroom Announcement dated 1/23/2020

Tax Refunds dated 2/4/2020

STofCT Letter of Renewal of Heart-safe Community letter dated 1/31/2020

Letter read into minutes from Mayor Chatfield Re: Payroll Account Breach (Update)

Application for Employment, Town of Prospect

February 4, 2020

Job Title: Assistant Town Clerk (Position Job Description)
Job Title: Financial Clerk (Position Job Description)
Town of Prospect: Salary Adjustment Request
Fact Sheet: Re: Listing from Mayor Re: Payroll Account Breach
Request for Proposal Annual Auditing Services (Requirements)
Original Letter from Mayor Chatfield Re: Payroll Account Breach dated 1/21/2020
Original Letter from P. Zappone to Chairman Slapikas post-marked 1/16/2020
Motion made by S. Lusas Kolodziej, seconded by R. Blanc to place correspondence on file. **Unanimous.**

Old Business:

Sub-Committees:

-Land Use & Acquisition – No update
-Ordinance- Chairman Slapikas advised that this will be addressed at the next Town Council meeting as L. Fitzgerald was not in attendance. P. Geary questioned where the request for the abatement increase from \$1,000 to \$1,500 for Volunteer Fire Fighters that worked for the Town for 25 years or more came from. Chairman Slapikas commented that this abatement had been in place, but was increased by the State of CT.
Disc.
-Public Works Maintenance – Meeting date set for 2/20/2020 @ 4:30 p.m.
-Salary Review – T. Graveline commented that M. Patchkofsky is working on a packet to present to the Council.
Town Buildings –Set new date for meeting: 2/18/2020 @ 5:30 p.m.
-Sidewalk Task Force – No new meetings at this time.
- Pension – P. Geary stated that a meeting was held and a new plan administrator was introduced for Ameriprise. A new meeting was scheduled for 2-21-2020 @ 9:00 a.m. Chairman Slapikas commented that he will contact Mike Reilly.
-T. Graveline commented that she had obtained a copy of the requirements that are used by the Town of Darien for a new Auditor.
-T. Graveline commented on a forensic audit and the in-depth look into the Town's financial statements and practices.
-P. Blinstrubas also commented on financial control.
-M. Patchkofsky questioned if the Insurance would cover part of a forensic audit. P. Murray commented that they probably would not. Chairman Slapikas commented that he is not looking to be accusatory, but would like to get something started. Chairman Slapikas continued that he would like the Council to look at the sample audit requirements and discuss the structure for an RFP at the Town Council meeting on 2/18/2020. P. Geary also commented that she appreciated the reports from the various departments given to the Council at the last meeting. P. Geary also stated that she would like one form to be used by all departments; Chairman Slapikas commented that he is working on it. P. Murray questioned timeframe for a 2nd police officer on the night shift. Chairman Slapikas advised that he would be speaking with Lt. Abarzua on Thursday.

Adjournment:

Motion made S. Lusas Kolodziej, seconded by R. Blanc to adjourn the meeting. **Unanimous.** The meeting adjourned @ 8:29 p.m.

Jeff Slapikas, Chairman