

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Special Audit-Finance Committee Meeting Minutes
November 15, 2021

The Audit-Finance Committee of the State of Connecticut Health and Educational Facilities Authority held a special telephonic meeting at 3:00 p.m. on Monday, November 15, 2021.¹

The special telephonic meeting was called to order by Mr. Mark Varholak, Committee Chair, at 3:01 p.m. and, upon roll call, those present and absent were as follows:

- PRESENT:** Peter W. Lisi, Board Chair
Mark Varholak, Committee Chair
Michael Angelini
Lawrence Davis²
- ABSENT:** Darrell V. Hill (*Designee for CT State Treasurer Shawn T. Wooden*)
- ALSO, PRESENT:** Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Jessica Bishop, Administrative Services Assistant³
Rob Blake, Network Architect
JoAnne Mackewicz, Controller
Michael F. Morris, Managing Director, Client Services
Cynthia D. Peoples-H, Managing Director, Operations & Finance
Kara Stuart, Manager of Administrative Services of the Connecticut Health and Educational Facilities Authority
- GUESTS:** Mike Del Giudice, Project Executive, Crowe LLP
Trevor Krause, Project Manager, Crowe LLP

APPROVAL OF MINUTES

Mr. Varholak requested a motion to approve the minutes of the September 15, 2021 meeting of the Audit-Finance Committee. Mr. Lisi moved for approval of the minutes, which was seconded by Mr. Angelini.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

| <u>AYES</u> | <u>NAYS</u> | <u>ABSTENTIONS</u> |
|--------------------|--------------------|---------------------------|
| Michael Angelini | None | None |
| Lawrence Davis | | |
| Peter W. Lisi | | |
| Mark Varholak | | |

Ms. Peoples stated that in March 2021, the Authority published a Request for Proposal for Information Technology Risk and Security Consulting Services in response to the information technology internal audit performed by BerryDunn and presented to the Audit-Finance Committee in January 2020. At that time, BerryDunn provided Management with twelve findings

¹ All attendees participated in the meeting via conference telephone that permitted all parties to hear each other

² Mr. Davis joined the teleconference meeting at 3:04 p.m.

³ Ms. Bishop joined the teleconference meeting at 3:11 p.m.

and corresponding recommendations, of which six were addressed prior to the end of FY 2021. Ms. Peoples reported that two additional BerryDunn recommendations are currently being addressed and that formal processes and procedures will be in place by the end of calendar year 2021. The remaining four BerryDunn recommendations were a part of the proposal scope for the engagement that was awarded to Crowe LLP in May 2021. Ms. Peoples reported that Management expects to present a strategic plan to the Audit-Finance Committee in May 2022 that will outline the implementation of the Crowe recommendations to minimize the Authority's risk profile and better align IT related initiatives with overall business initiatives.

Mr. Lisi inquired about the anticipated budgetary impacts of addressing the items outlined in the assessment. A brief discussion ensued.

INFORMATION TECHNOLOGY RISK AND SECURITY CONSULTING ENGAGEMENT OUTCOMES

Mr. Krause reported that the goal of the engagement was the following:

- Performing a targeted risk assessment,
- Developing a written information security program,
- Developing a written information response plan, and
- A business continuity consulting which involved reviewing the current business continuity plan, procedures, and process to ensure that what is currently implemented and being performed meets industry standards.

Mr. Krause provided a brief summary on the project approach and the IT Risk Assessment Scope. Mr. Krause reported that there were 12 risks that were identified during the IT risk assessment, consisting of 2 high and 10 moderate risks.

Mr. Krause reported that the first high risk was Threat and Vulnerability Management Program, Mr. Krause stated that Management has applied either missing patches or system upgrades to remedy most of the vulnerabilities identified. Those still outstanding are related to the unsupported Operating System software. These instances are related to legacy infrastructure and/or software that can only exist on this Windows Server version. Each of these instances is being addressed and phased out strategically. Additionally, Management anticipated having penetration testing performed during fiscal year 2022 and budgeted accordingly. It is anticipated this will be completed before fiscal year end.

Mr. Krause reported that the second-high risk was Logging and Monitoring – Security Information and Event Management (SIEM) Solution. Mr. Krause stated that the Authority expects to identify a SIEM solution and implement once budgeted during fiscal year 2023. In the interim, Management will review the monitoring software it currently has in place to improve the alerts and reports.

Mr. Lisi inquired about management waiting until fiscal year 2023 to remedy finding number two and a discussion ensued. Ms. Peoples noted that most of the policies and procedures are already in place, but they just need to be formally documented.

Mr. Krause proceeded with presenting on the evaluation of the business continuity plan. Mr. Krause reported that the Authority's business continuity plan document was a bit outdated, so Crowe has recommended and provided templates to update the plans to bring them to industry standards. Crowe also provided a Business Continuity Management Testing Template to facilitate test planning, test execution, test review, and corrective action to plans developed for the Authority. A brief discussion ensued.

Mr. Varholak and Ms. Peoples thanked Mr. Del Giudice and Mr. Krause for their diligent work and informative presentation. Mr. Del Giudice and Mr. Krause left the teleconference meeting at 3:36 p.m.

ACCOUNTING CONTINUITY REVIEW

Ms. Peoples presented the business continuity analysis for accounting, identifying key areas of risk related to functions performed by accounting management and staff and illustrating how all critical functions are covered, even in the event of unexpected absence by a particular employee. The highlighted areas included Payroll, the General Fund, Accounts Payable/Receivable, Benefit Administration, and Business Insurance. Ms. Mackewicz reported that when the Agency initially took over CHESLA and CSLF, CHESLA was converted from QuickBooks and statements were purposely designed to be user-friendly in the event that an additional staff member needed to work within the program in a backup capacity.

Mr. Lisi thanked Ms. Peoples and Ms. Mackewicz for their time and effort putting together the presentation and providing peace of mind to the Board.

EXECUTIVE SESSION – DISCUSSION OF FINANCIAL INFORMATION FROM A VENDOR GIVEN IN CONFIDENCE

Mr. Varholak stated that all CHEFA Audit-Finance Committee members were invited to attend the Executive Session.

Mr. Varholak requested a motion to go into Executive Session at 3:49 p.m. to discuss financial information from a vendor given in confidence. Mr. Lisi moved to go into Executive Session and Mr. Angelini seconded the motion.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

| <u>AYES</u> | <u>NAYS</u> | <u>ABSTENTIONS</u> |
|--------------------|--------------------|---------------------------|
| Michael Angelini | None | None |
| Lawrence Davis | | |
| Peter W. Lisi | | |
| Mark Varholak | | |

At 3:49 p.m. all CHEFA Audit-Finance Committee members left the telephonic meeting to attend the Executive Session via a separate telephonic meeting room.

All CHEFA Audit-Finance Committee members returned to the telephonic meeting at 3:58 p.m. and the meeting reconvened.

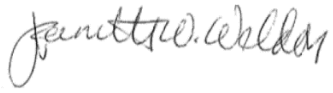
ADJOURNMENT

There being no further business, at 4:00 p.m., Mr. Lisi moved to adjourn the meeting and Mr. Angelini seconded the motion.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

| <u>AYES</u> | <u>NAYS</u> | <u>ABSTENTIONS</u> |
|--------------------|--------------------|---------------------------|
| Michael Angelini | None | None |
| Lawrence Davis | | |
| Peter W. Lisi | | |
| Mark Varholak | | |

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Jeanette W. Weldon".

Jeanette W. Weldon
Executive Director