

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Audit-Finance Committee Meeting Minutes
February 16, 2022

The Audit-Finance Committee of the State of Connecticut Health and Educational Facilities Authority held a telephonic meeting at 11:00 a.m. on Wednesday, February 16, 2022.¹

The telephonic meeting was called to order by Mr. Peter Lisi, Board Chair, at 11:02 a.m. and, upon roll call, those present and absent were as follows:

PRESENT: Peter W. Lisi, Board Chair
Michael Angelini²
Lawrence Davis
Darrell V. Hill³ (*Designee for CT State Treasurer Shawn T. Wooden*)
Susan Martin

ABSENT: Mark Varholak, Committee Chair

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Jessica Bishop, Administrative Services Assistant
Carlee Levin, Senior Accountant
JoAnne Mackewicz, Controller
Michael F. Morris, Managing Director, Client Services
Cynthia D. Peoples-H, Managing Director, Operations & Finance
Julia Pollano, Operations Reporting Analyst
Kara Stuart, Manager of Administrative Services of the Connecticut Health and Educational Facilities Authority

GUESTS: Katharine Balukas, Senior Manager, BerryDunn
Alan Goodwin, Manager, BerryDunn
Robert Smalley, Principal, BerryDunn
Thomas Goldfuss, Partner, Whittlesey⁴
Stephen Toross, Partner, Whittlesey⁵
Lisa Wills, Partner, Whittlesey⁶
Chris Wisneski, Manager, Whittlesey⁷
Nikoleta McTigue, Principal, CLA⁸
Ronald Nossek, Principal, CLA⁹
Jeff Ziplow, Principal, CLA¹⁰

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

² Mr. Angelini joined the teleconference meeting at 11:02 a.m.

³ Mr. Hill joined the teleconference meeting at 11:04 a.m.

⁴ Mr. Goldfuss joined the teleconference meeting at 11:47 a.m.

⁵ Mr. Toross joined the teleconference meeting at 11:47 a.m.

⁶ Ms. Wills joined the teleconference meeting at 11:47 a.m.

⁷ Mr. Wisneski joined the teleconference meeting at 11:47 a.m.

⁸ Ms. McTigue joined the teleconference meeting at 12:25 p.m.

⁹ Mr. Nossek joined the teleconference meeting at 12:25 p.m.

¹⁰ Mr. Ziplow joined the teleconference meeting at 12:25 p.m.

ELECTION OF ACTING COMMITTEE CHAIR

Mr. Lisi stated that Mr. Varholak, the Audit-Finance Committee Chair, is taking some time away from being the Chair of the Committee and in the interim Mr. Lisi has asked Ms. Susan Martin to be the Acting Committee Chair.

Mr. Lisi requested a motion to approve the election of Susan Martin as the Acting Committee Chair. Mr. Angelini moved for approval which was seconded by Mr. Davis.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini	None	Susan Martin
Lawrence Davis		
Darrell V. Hill		
Peter W. Lisi		

APPROVAL OF MINUTES

Ms. Martin requested a motion to approve the minutes of the November 15, 2021 special meeting of the Audit-Finance Committee. Mr. Angelini moved for approval of the minutes, which was seconded by Mr. Davis.

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		
Darrell V. Hill		
Peter W. Lisi		
Susan Martin		

BERRYDUNN INTERNAL AUDITOR ENGAGEMENT REPORT

Mr. Robert Smalley, Principal at BerryDunn introduced team members Ms. Katharine Balukas, Senior Manager, and Mr. Alan Goodwin, Manager, at BerryDunn.

Ms. Balukas reported that this year BerryDunn performed an audit of the accounting functions within all 3 of the organizations (CHEFA, CHESLA, CSLF). The areas in scope were based off of areas that were not audited in the past and included the following:

- Investments
- Accounts Payable
- Billing / Accounts Receivable
- Capital Assets and Capital Expenditure Approval
- Account Reconciliations
- Internal Reporting

Ms. Balukas reported that their work included:

- Reviewing management’s system documentation/narratives.
- Reviewing the Authority’s policies and procedures.
- Performing a walk-through of each process.
- Performing detailed testing over a sample of transactions of the key controls identified
- Reviewed Board packets.
- Reviewed access rights throughout the general ledger system and the signing authority.

Ms. Balukas provided a summary of the standard risk ratings of High, Medium and Low for recommendations.

Ms. Balukas reported that as a result of testing, the 5 total recommendations for the Authority consist of 2 'Medium' risk ratings and 3 'Low' risk ratings. Ms. Balukas turned the floor over to Mr. Goodwin to provide more information on the 5 recommendations.

Mr. Goodwin reported that overall, controls over the accounting functions are in place and there are no areas that pose a significant risk. Mr. Goodwin noted that although no areas require any immediate attention, they should be addressed in a normal course of business.

Mr. Goodwin reported that the first recommendation received a low risk rating involving the credit card policy. BerryDunn recommends incorporating the following topics in the next scheduled policy review:

- Allowable Activity Guidelines – specific details on what charges are allowable and not allowable.
- Defined Spending Limits – set defined spending limits based on the needs of the Authority.

Mr. Goodwin stated that including these topics in the credit card policy will provide additional guidance for staff and more transparency over the credit card policy. Ms. Peoples stated that the Personnel Policies and Procedures Manual has recently been updated and management will consider incorporating the recommendations in the next revision of the manual. A brief discussion ensued.

Mr. Goodwin reported that the second recommendation involves timely bank account reconciliations, which received a low risk rating. Mr. Goodwin stated that the reconciliations are done correctly and are properly reviewed, but the timeliness of the process could be improved to determine if the procedures in place are working correctly.

Mr. Lisi inquired about an example of what would be considered a timely reconciliation versus what the Authority is currently doing. Mr. Smalley stated that 3 weeks to a month after is typical whereas the Authority may take a couple of months. Ms. Mackewicz noted that while the sign-off is not happening timely, the accounts are routinely reconciled almost every day, and any problems are addressed quickly. A discussion ensued.

Mr. Goodwin reported that the third recommendation involves a review of the vendor master file, which received a medium risk rating. Mr. Goodwin stated that during the testing and review of the Authority's vendor master file there were many instances of duplicate vendors. BerryDunn understands that this is an issue previously identified by the Authority as a complication of implementing the Multiview General Ledger package. Mr. Goodwin noted that during testing of the accounts payable transactions there were no instances of vendors being paid incorrectly and all business purposes were accurate. Mr. Goodwin stated that a regular review of the vendor master file is recommended.

Ms. Peoples stated that management is aware of the duplicates in the accounting system and has been working with Multiview to remedy this situation brought about during initial system implementation. Ms. Mackewicz stated that there was an error in Multiview's implementation of clients versus vendors and that she continues to work with Multiview to reconcile how to either combine accounts or deactivate them. Ms. Peoples noted that comparisons are underway and will be performed quarterly going forward.

Mr. Goodwin reported that the fourth recommendation involves integrating the administration fee billing within the accounting software, which received a medium risk rating. Mr. Goodwin stated that during the review of the semi-annual administration fee billing process, it was noted that the invoices were being generated from an Excel workbook and this manual process increases the risk of errors and irregularities within the billing process. Mr. Goodwin noted that while no errors were found, it is recommended that the Authority consider integrating the creation of administration fee bills within the accounting software.

Ms. Peoples stated that management will implement a review process to review billings and manual calculations prior to invoices being issued and will continue to explore integrating the administrative fee calculation process with Authority accounting systems.

Mr. Goodwin reported that the fifth recommendation involves a review of the capital asset policy, which received a low risk rating. BerryDunn had the following recommendations:

- Definition of what 'capital asset' means to the Authority;
- Perform an annual inventory of capital assets; and
- Take into consideration the impact of Governmental Accounting Standards Board (GASB) Statement No. 96 on the Authority.

Mr. Goodwin stated that all of the above recommendations will provide additional guidance for staff and will improve information needed for accurate financial reporting.

Mr. Lisi inquired about GASB 96 and a brief discussion ensued.

Ms. Peoples noted that it is anticipated that with the addition of the Operations Reporting Analyst that capital asset inventories will be performed more frequently.

Ms. Martin thanked BerryDunn for their presentation and management for their responses.

Ms. Martin requested a motion to approve the BerryDunn Internal Auditor Engagement Report. Mr. Davis moved for approval which was seconded by Mr. Lisi.

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		
Darrell V. Hill		
Peter W. Lisi		
Susan Martin		

Ms. Balukas, Mr. Goodwin, and Mr. Smalley of BerryDunn left the teleconference meeting at 11:46 a.m.

Ms. Martin stated that two firms will be joining the meeting today for interviews as part of a response to the Authority's RFP for Independent Auditor.

INDEPENDENT AUDITOR SELECTION INTERIEWS

Ms. Peoples invited Mr. Thomas Goldfuss, Partner, Mr. Stephen Toross, Partner, Ms. Lisa Wills, Partner, and Mr. Chris Wisneski, Manager at Whittlesey to join the meeting at 11:47 a.m.

Ms. Martin welcomed the firm and turned the floor over to Mr. Goldfuss. Mr. Goldfuss provided an overview of the Whittlesey team. introducing Mr. Toross, Ms. Wills and Mr. Wisneski. The Whittlesey team provided a history of their firm’s experience and their relevant expertise.

Ms. Martin thanked the Whittlesey team for their presentation and opened up the floor for questions. A brief discussion ensued.

Mr. Goldfuss, Mr. Toross, Ms. Wills and Mr. Wisneski of Whittlesey left the teleconference meeting at 12:21 p.m.

A brief discussion ensued amongst Committee members and CHEFA Staff.

Ms. Peoples invited Ms. Nikoleta McTigue, Principal, Mr. Ronald Nossek, Principal, and Mr. Jeff Ziplow, Principal at CliftonLarsonAllen (CLA) to join the meeting at 12:25 p.m.

Ms. McTigue provided an overview of the CLA team introducing Mr. Nossek and Mr. Ziplow. The CLA team provided a history of their firm’s experience and their relevant expertise.

Ms. Martin thanked the CLA team for their presentation and opened up the floor for questions. A brief discussion ensued.

Ms. McTigue, Mr. Nossek, and Mr. Ziplow of CLA left the teleconference meeting at 12:52 p.m.

A discussion ensued amongst Committee members and CHEFA Staff.

Mr. Lisi moved to approve Whittlesey as independent auditor for a period of three years with a review of their performance on an annual basis. Mr. Davis 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		
Darrell V. Hill		
Peter W. Lisi		
Susan Martin		

ADJOURNMENT

There being no further business, at 1:08 p.m., Mr. Lisi moved to adjourn the meeting and Mr. Angelini seconded the motion.

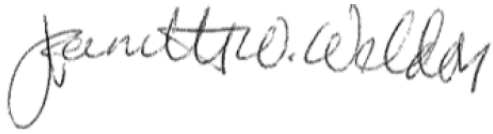
Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini	None	None
Lawrence Davis		
Darrell V. Hill		
Peter W. Lisi		
Susan Martin		

FINAL

Approved: May 18, 2022

Respectfully submitted,

A handwritten signature in black ink that reads "Jeanette W. Weldon". The signature is written in a cursive style with a large, looping initial "J".

Jeanette W. Weldon
Executive Director