

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Special Audit-Finance Committee Meeting
Minutes

June 8, 2018

The Audit-Finance Committee of the Board of Directors of the State of Connecticut Health and Educational Facilities Authority met in session on Friday, June 8, 2018 at 1:00 p.m.

The Meeting was called to order by Mr. Mark Varholak, Committee Chair at 1:00 p.m., and, upon roll call, those present and absent were as follows:

PRESENT: Mark Varholak, Chair¹
 Michael Angelini²
 John Biancamano³
 Dr. Peter Lisi⁴
 Christopher Martin (Designee for Denise Nappier)
 Barbara Rubin⁵

ALSO PRESENT: Jeanette W. Weldon, Executive Director
 Denise Aguilera, General Counsel
 JoAnne Mackewicz, Controller
 Michael F. Morris, Managing Director
 Kathy Owens, Administrative Assistant
 Cynthia Peoples, Managing Director
 Debra M. Pinney, Manager, Administrative Services of
 the Connecticut Health and Educational Facilities Authority

¹ Mr. Varholak attended the meeting via conference telephone that permitted all parties to hear each other.

² Mr. Angelini attended the meeting via conference telephone that permitted all parties to hear each other.

³ Mr. Biancamano attended the meeting via conference telephone that permitted all parties to hear each other.

⁴ Dr. Lisi attended the meeting via conference telephone that permitted all parties to hear each other.

⁵ Ms. Rubin joined the meeting at 1:10 p.m. via conference telephone that permitted all parties to hear each other.

Approval of Minutes – Audit-Finance Committee Meeting of May 16, 2018

Mr. Varholak requested a motion to approve the Audit-Finance Committee minutes of the May 16, 2018 meeting. Dr. Lisi moved to approve the minutes; Mr. Angelini seconded the motion.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini John Biancamano Dr. Peter Lisi Christopher Martin	None	Mark Varholak ⁶

Review of the State Auditor Scope

Ms. Peoples stated that at the last meeting, there was a request to have the State Auditor come and speak to the Committee about her auditing scope so that moving forward with an internal auditor, there would be no duplication of effort. Ms. Peoples added that she spoke with the auditor who indicated that this was not something she could do. Included in the board packet were two statutes that govern the State Auditors scope of work.

Ms. Peoples pointed out that Section 1-122, of the Connecticut General Statutes, indicates the Auditors conduct a compliance audit biennially of the agency’s activities covering two fiscal years at a time. In particular, they audit compliance with affirmative action, personnel

⁶ Mr. Varholak abstained from voting as he was not present at the May 16, 2018 meeting.

practices, purchase of goods and services, use of surplus funds, distribution of loans, grants and financial assistance. Audits include a review of the agency's activities during the relevant fiscal years. Ms. Peoples provided an overview of the types of requests from the State Auditor this year.

Referring to Section 2-90 of the CT General Statutes, Ms. Peoples indicated this section as it states "Each audit may include an examination of performance to determine effectiveness in achieving expressed legislative purposes" essentially opens the door to anything else they choose to audit.

Ms. Peoples asked if there were questions and then a discussion ensued.

Mr. Varholak and Mr. Biancamano suggested, that if possible, Ms. Peoples have a discussion with the State Auditor to get a clearer understanding of what she can provide to the Authority.

Mr. Varholak added that the risk assessment is constantly changing and regularly updated and different areas will be tested each year. The Committee agreed.

Review of the Scope of Services for Inclusion in the Internal Auditor RFP

Ms. Peoples referred to the draft of the scope of services to be included in the internal auditor RFP. Ms. Peoples indicated the Authority expects to engage a firm who will provide internal

auditing services for a multi-year engagement, similar to that of the independent auditors. A discussion ensued.

Mr. Biancamano suggested annual updates and updates of the risk assessment to be included for fiscal years 2019 and 2020. He further suggested the risk areas for FY 2019, determined by BerryDunn, be included in the RFP, so the Committee can compare the fee structure, and that the scope of the audits for FY 2020 and 2021 will be determined following the annual review of the risk assessment. The Committee agreed.

Ms. Peoples stated she would make those revisions to the scope of services.

Colocation Network Infrastructure Architecture

Ms. Peoples included in the mailing a document for review regarding the RFP that was issued for the rebuild of network infrastructure. There was one response to the Request for Proposal and staff is currently discussing the scope of the project with them.

Ms. Peoples stated that the Business Continuity Plan currently requires a network “hot” site which includes a duplicate architecture that is continuously running, allowing the Authority to resume business operations within moments accessing an alternate network location. Ms. Peoples stated that with the new implementation, she is proposing that the Authority implement a “warm” network failover site with a scaled down architecture of the primary site.

Ms. Peoples explained the new infrastructure will have reduced services running continually and the resumption of normal business will be delayed by possibly hours or a day, which isn't fully determined at this time. A discussion ensued.

Ms. Peoples reviewed current cloud services , (payroll and bank wire transfers) two of the most critical functions. She explained that there is going to be less physical hardware at the back-up location resulting in a reduction in the project and costs. Ms. Peoples stated that a plan to migrate relevant services to the cloud over the next five years will be reviewed. She added that most migrate to a cloud environment incrementally as opposed to all at once since such services would be costly. Specific services are selected that are most effectively managed in the cloud. A discussion ensued.

Mr. Varholak questioned whether there is a cost/benefit to making a warm site functional and whether it is a risk going to a warm site. Ms. Peoples indicated that a warm site is acceptable because we have payroll and the ability to do wire bank transfers already in the cloud. In addition, she is looking at a product that will assist with email backup, making it accessible immediately in the cloud. Ms. Peoples stated she is comfortable with moving to a warm site with provisions already in place and believes the products included in this project have the ability to get us back online as quickly as needed. Ms Peoples stated she does not have all the cost savings at this time. Mr. Varholak stated he approves moving ahead with the warm site approach. The Committee agreed that they are satisfied with the information that management has presented on the colocation network infrastructure architecture.

Mr. Varholak asked if there were any other questions or comments. There being none, Mr. Varholak requested a motion to adjourn. Dr. Lisi moved to adjourn the meeting and Mr. Angelini seconded the motion.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Mark Varholak Michael Angelini John Biancamano Dr. Peter Lisi Christopher Martin Barbara Rubin	None	None

The meeting adjourned at 1:40 p.m.

Respectfully submitted,

Jeanette W. Weldon
Executive Director