

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Final Approved Minutes of  
The Audit-Finance Committee Meeting  
of December 6, 2005

The Audit-Finance Committee of the State of Connecticut Health and Educational Facilities Authority met in session at 1:13 p.m. on Tuesday, December 6, 2005.

The meeting was called to order by Mr. Cohn, Committee Chair, and, upon roll call, those present and absent were as follows:

PRESENT: Benson R. Cohn, Committee Chair  
John M. Biancamano  
Patrick A. Colangelo  
Steven P. Blackburn, Ph.D.  
Catherine S. Boone (rep. Hon. Denise Nappier)  
Barbara Rubin

ABSENT: None

ALSO PRESENT: Richard D. Gray, Executive Director,  
Jeffrey A. Asher, Managing Director/CFO,  
JoAnne Mackewicz, Manager, Accounting/Client Financial Services, and  
Kimberley Fontaine, Grants Administrator, of  
the Connecticut Health and Educational Facilities Authority

**Blum Shapiro & Company, P.C.**

Reed Risteen, Partner  
Stacy Nobitz, Manager  
Vanessa Rozzitto, Partner

**Carlin Charron & Rosen LLP**

Dana J. Wilson, Audit Partner  
Robert Howard, Audit Partner  
Jennifer Hawkins, Audit Supervisor

**Saslow Lufkin & Buggy LLP**

Richard Buggy, Managing Partner  
Todd Thiesfeldt, Partner  
Frank Miceli, Audit Senior

**Seward and Monde**

Ms. Michelle Loso, Partner  
Mr. James Pizzuti, Partner

The Notice of Meeting was read and ordered spread upon the Minutes of this Meeting and filed for the record.

## MINUTES OF THE AUDIT-FINANCE COMMITTEE MEETING

December 6, 2005

The Meeting of the Audit-Finance Committee of the Connecticut Health and Educational Facilities Authority was called to order by Benson R. Cohn, Committee Chair, at 1:13 p.m.

The purpose of the Meeting was to: 1) approve the Minutes of the meeting of September 13, 2005, and 2) conduct interviews of selected respondents to the Auditor RFP.

Ms. Rubin moved to accept the Minutes of the meeting of September 13, 2005. Ms. Boone seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Benson R. Cohn	None	Patrick A. Colangelo <sup>1</sup>
Catherine S. Boone		
Barbara Rubin		

### **Seward & Monde**

The representatives from Seward and Monde (“Seward”) entered the meeting at this time.

Ms. Loso and Mr. Pizzuti introduced themselves and spoke about their firm’s experience, including financial and housing regional projects. In response to a question by a Member, Mr. Loso stated that governmental clients comprise about 25% of the firm’s work, and that figure has grown substantially over the past few years. The firm also provides broad-based grant and bond compliance comfort letters on behalf of its clients.

Mr. Pizzuti stated that the firm continues its staff education through conferences and workshops. In response to a question from Ms. Boone, Ms. Loso stated that the firm’s fees as delineated in their proposal are on a not-to-exceed basis. The firm understands that a new firm, during its first year audit, will have a significant amount of upfront learning to accomplish about the Authority.

In response to a question from Mr. Colangelo, Mr. Pizzuti agreed that the firm expected to have a lower realization of profit from a first-year firm.

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<sup>1</sup> Mr. Colangelo abstained from the vote as he was not present during the September 13, 2005 meeting.

Ms. Mackewicz noted that the firm representatives had touched on arbitrage and review but asked for more specific information regarding what services Seward provides its clients in that area. Ms. Loso responded that as the calculation for arbitrage is from an independent source, should Seward work for the Authority and an Authority client, they felt it was not a conflict of interest.

The representatives of the firm left the meeting at this time.

Mr. Gray noted to Members that should the incumbent auditing firm be reselected to serve the Authority this cycle, they would be ineligible for consideration during the next cycle due to statutory limitations.

### **Blum Shapiro & Company, P.C.**

Representatives from Blum Shapiro & Company, P.C. entered the meeting at this time.

Mr. Cohn requested that the firm limit its presentation to a period of ten minutes.

Mr. Risteen introduced himself and the other representatives of his firm. He spoke about the firm's experience with quasi-governmental agencies such as Connecticut Housing Finance Authority, Bradley Airport and Connecticut Innovations, Inc. Mr. Risteen felt that the firm is familiar with the governmental requirements specific to quasi-public firms as a result of working with those clients. There are 45 people that work on governmental audits in the firm. About twelve in the core group that work for the firm year-round. The firm always looks for ways to try to add value through industry developments and looking past the actual audit.

Ms. Nobitz stated that the firm's audit consists of a meaningful review of operations and controls, making sure controls are in place as required. The firm takes it upon itself to understand their clients' information technology ("IT") and uses a paperless approach to expedite the review process.

Mr. Biancamano entered the meeting at this time.

After no questions from Members, the representatives of the firm left the meeting at this time.

### **Saslow Lufkin & Buggy LLP**

The representatives of Saslow Lufkin & Buggy LLP entered the meeting at this time. Mr. Thiesfeldt introduced himself and the other representatives of the firm. He gave a brief presentation about the firm's abilities. The firm focus is on audit and tax work. Todd Thiesfeldt, who has been with the firm since 1999, would be the lead on Authority audits. Bob Lufkin would be the concurring partner on audits. This firm requires that two partners be assigned to each audit. The firm is a member of AICPA, which provides peer review with public peer review.

The firm representatives noted that if their rates were higher than other firms, they would be willing to negotiate their fees with the Authority. Their fees are based on a blended rate and additional hours.

Ms. Rubin questioned the firm's potential conflict of interest relative to Authority hospital clients. A brief discussion followed regarding arbitrage and the client base of the firm.

Mr. Thiesfeldt commented that the firm completes Sarbanes-Oxley compliance work for other facilities, internal audits, and for other services for some of CHEFA's clients.

The representatives of the firm left the meeting at this time.

Mr. Gray stated, for the benefit of Mr. Biancamano, that should Carlin Charron & Rosen be appointed again as Auditing firm today, they would be statutorily disqualified from representing the Authority during the next auditor RFP as the audit firms are limited to six consecutive years of service to the Authority.

#### **Carlin Charron & Rosen LLP**

The representatives of Carlin Charron & Rosen LLP entered the meeting at this time.

Mr. Wilson introduced himself and his team. He noted that Carlin Charron & Rosen ("CCR") is a full-service auditing firm that is reviewed both by AICPA and PCOB, the latter of which is a peer review process. The firm places two partners on all engagements, even though that is only required with audits of public institutions. Mr. Wilson briefly described his firm's experience in governmental agencies and their familiarity with GASB and other requirements. He noted the firm helped the State of Connecticut Office of the State Comptroller with the GASB requirements in the preparation of their annual GAAP filing requirements. The firm is on the list of the State of Connecticut Department of Administrative Services approved provider list, and processes claims consulting for the State of Connecticut Department of Transportation. The firm also audits the random selection for jury duty for the Judicial Department of the State of Connecticut.

Ms. Hawkins noted that the firm has developed a good working relationship with Authority Staff and found them to be helpful and organized for audits.

Mr. Wilson commented on his firm's commitment to CHEFA and the availability to attend any meetings. He felt that the CHEFA team had done a fantastic proactive job with regard to the Sarbanes-Oxley requirements and applauds their efforts and their commitment. The firm also commits to return calls within 24 hours to its clients and their board members.

Dr. Blackburn entered the meeting at this time.

Mr. Asher noted that the firm is very efficient and has great communication with the Authority. He noted that one of the firm's staff assigned to the CHEFA audit was under consideration for a position at the Authority. CCR immediately placed that individual on a different assignment so as to not compromise the integrity of the audit.

There was brief discussion about the services the firm would provide and what regulatory issues they thought would be relevant to the Authority in the near future.

The representatives from the firm left the meeting at this time.

Ms. Rubin asked if there was any connection between the internal audit conducted by the state and external audits. She gave her congratulations to the Authority Staff for its seventh consecutive clean state audit. Staff and Members discussed internal and external audits.

Mr. Cohn noted that these clean audits are not a reflection on the auditing firm, but rather on the Authority Staff and their work.

Brief discussion took place with Members and Staff regarding the firms' qualifications. Mr. Asher noted that CCR has done a great job. Mr. Cohn noted that he saw no reason to change auditors at this time.

Ms. Rubin made a motion to recommend to the full Board the approval of Carlin Charron & Rosen LLP as auditor to the Authority for a term not to exceed three years.

Mr. Biancamano seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Benson R. Cohn	None	None
John M. Biancamano		
Catherine S. Boone		
Patrick A. Colangelo		
Barbara Rubin		

There being no further business, a motion to adjourn was made by Ms. Rubin at 2:05 p.m. Ms. Boone seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Benson R. Cohn	None	None
John M. Biancamano		
Catherine S. Boone		
Patrick A. Colangelo		
Barbara Rubin		

Respectfully submitted,

Benson R. Cohn  
Audit-Finance Committee Chair