

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Minutes

Audit-Finance Committee Meeting

January 15, 2020

The Audit-Finance Committee of the Board of Directors of the State of Connecticut Health and Educational Facilities Authority met in session on Wednesday, January 15, 2020 at 11:34 a.m.

The meeting was called to order by Mr. Peter Lisi, CHEFA Board Chair, at 11:34 a.m. and, upon roll call, those present and absent were as follows:

PRESENT: Peter W. Lisi, Board Chair
Michael Angelini¹
Sheree Mailhot
Barbara Rubin²

ABSENT: Mark Varholak

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Debrah Galli, Manager of Administrative Services
JoAnne Mackewicz, Controller
Michael F. Morris, Managing Director
Cynthia D. Peoples-H, Managing Director
Kara Stuart, Administrative Services Assistant

GUESTS: Katherine Balukas, Manager, BerryDunn
Tina Bode, Manager, BerryDunn
Mark LaPrade, Principal, BerryDunn

APPROVAL OF MINUTES

Mr. Lisi recommended that the approval of the minutes from the September 18, 2019 meeting of the Audit-Finance Committee be tabled until the next meeting because a quorum was not present.

¹ Mr. Angelini participated in the meeting via conference telephone that permitted all parties to hear each other.

² Ms. Rubin participated in the meeting via conference telephone that permitted all parties to hear each other.

INTERNAL AUDITOR REPORTS - BerryDunn

Mr. Lisi introduced the internal auditors from BerryDunn and stated that they will be updating the Board on the areas that were tested and report their findings.

Mr. LaPrade highlighted the three areas audited by BerryDunn and turned the discussion over to Ms. Tina Bode to review Information Technology Internal Controls recommendations.

Information Technology Internal Controls Review

Ms. Bode provided an overview of the Information Technology Internal Controls findings and recommendations stating that overall, the internal controls were rated as adequate. Ms. Bode specified the review primarily looked at policies and procedures, system configurations, and user access lists and identified the low- and medium-level risk recommendations.

Ms. Bode provided an overview of the recommendations made by BerryDunn rated as medium risk that included formalizing processes related to failover procedures and testing, information security programs, passwords and risk assessments. Additionally, Ms. Bode recommended timing for review of these programs once in place. Mr. Lisi asked if the size of an organization is relevant to certain practices, and a discussion ensued.

Ms. Bode discussed the items rated low risk that included formalizing checklists, user access review, intrusion detection, formalizing incident procedures and cybersecurity training. Ms. Bode recommended conducting formal cybersecurity training, such as phishing tests, on an annual basis. Mr. Lisi asked about types of security practices and trainings and a discussion ensued.

Based on the results of the testing, Ms. Bode stated the Authority's internal control over information technology rated as adequate.

Mr. LaPrade then directed the attention to Ms. Balukas to discuss the remaining audit areas for wire transfers and construction fund disbursements.

Wire Transfers Review

Ms. Balukas' review included applicable policies and procedures related to wire transfers for FY18-FY20. She noted that bank account reconciliations, performed and reviewed, are not always prepared on a timely basis. Ms. Balukas indicated that after discussions with Management, it was found that some delays could be attributed to turnover in the Finance Department. Ms. Balukas also recommended a more formal cover sheet be put in place for the reconciliation of the Fidelity investment accounts. Based on the results of the testing, BerryDunn rated the Authority's internal controls over wire transfers as adequate.

Construction Fund Disbursements Review

Ms. Balukas made one recommendation to strengthen the vendor verification process to include reviewing the actual general ledger master vendor list to verify that changes are what was approved. Ms. Balukas noted the current general ledger doesn't have this audit reporting capability and recommends with the implementation of a new accounting system this year; Management look for opportunities to generate reports to review the vendor master file by an individual outside of the cash disbursement process on a quarterly basis.

Ms. Balukas stated that as a result of the testing, BerryDunn rated the Authority's internal controls over construction fund disbursements as adequate.

Ms. Peoples directed the Committee members to the audit schedule that was included in the mailing, per Committee request, for information purposes and noted some of the schedule changes.

At 12:16 p.m. the BerryDunn attendees left the meeting.

Ms. Rubin ask if Management has the obligation of implementing every single recommendation. Ms. Weldon stated it is Management's prerogative to prioritize the recommendations and to bring the priorities to the Board. Ms. Rubin further stated her concern about the size of the Authority and the level of documentation recommended. Ms. Peoples responded that the outcome of the risk assessment will help Management determine the risks it is willing to take on or not take, thus shaping the decisions about the level of formality necessary. Ms. Mackewicz indicated that a process has already been implemented to address the recommendation for the Fidelity account reconciliations as well as for the internal construction fund transfers. Mr. Lisi noted that some of the recommendations may seem immaterial. He further stated that if the recommendations are easy to implement then they should be implemented.

ACCOUNTING & FINANCIAL MANAGEMENT SOFTWARE SYSTEM UPDATE

Ms. Peoples stated Management has selected Multiview Financial Software. The decision came after receiving and reviewing multiple proposals. Multiview is a cloud-based platform containing multiple features and capabilities to assist with reducing the amount of manual work done for reporting. Ms. Peoples stated the price for annual support, which will be budgeted in fiscal year 2021, is higher than previously anticipated, driven by the system being a cloud platform and also by the robust capabilities of the system. The implementation cost is considerably lower than budgeted for fiscal year 2020.

ADJOURNMENT

There being no further business, at 12:32 p.m., Mr. Lisi moved to adjourn the meeting and Ms.

Mailhot seconded the motion.

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

AYES

Michael Angelini

Peter W. Lisi

Sheree Mailhot

Barbara Rubin

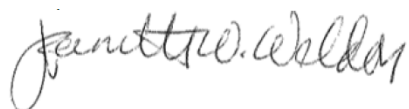
NAYS

None

ABSTENTIONS

None

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "jeanette.w.weldon", written over a horizontal line.

Jeanette W. Weldon

Executive Director