



**STATE OF CONNECTICUT
OFFICE OF GOVERNMENTAL ACCOUNTABILITY
STATE CONTRACTING STANDARDS BOARD**

Draft
Minutes

Friday, November 9, 2018 Meeting of the State Contracting Standards Board
5th Floor Conference Room
18-20 Trinity Street, Hartford, Connecticut

Members Present:

Lawrence Fox, Chair
Thomas Ahneman
Alfred Bertoline
Bruce Buff
Charles Casella, Jr. – Via Conference Phone
Albert Ilg
Donna Karnes
Stuart Mahler
Jean Morningstar
Robert Rinker
Brenda Sisco

David L. Guay, Executive Director - ex-officio board member

1. Call to order

Meeting called to order by Chair Lawrence Fox at 10:00 A.M.

2. Approve the Minutes of the October 12, 2018 Meeting

Motion made by Alfred Bertoline and seconded by Stuart Mahler to approve the minutes of the October 12, 2018 Board meeting as corrected. All voted in favor, with Thomas Ahneman and Brenda Sisco abstaining due to being absent from the October 12, 2018 meeting.

3. Report of the Privatization Contract Committee

The Privatization Contract Committee Chair Lawrence Fox reported that the Committee continues to work towards deciding what area to review next year.

4. Report from the Sec. 4e-36 Contested Solicitations and Awards Subcommittee

Contested Solicitations and Awards Subcommittee Chair Robert Rinker reported the Subcommittee has received a contest which involves an agency under our jurisdiction, the Capital Region Development Authority (CRDA). It involves Dillon Stadium in Hartford. Mr. Rinker explained that of those proposers who responded to the invitation Civic Mind LLC. is contesting. Civic Mind LLC is contesting in two ways, the first is that the winning bidder, The Hartford Sports group was not a timely bidder and two, the Hartford Sports Group response does not comport to the request for proposal. Chair Rinker reported that the Subcommittee met on October 30, 2018, the Subcommittee has sent to CRDA a series of questions for response. The Subcommittee is scheduled to meet again on Tuesday, November 20, 2018 at 1:00 P.M.

5. Work Group Reports

a. Report from Audit Work Group

Chair Thomas Ahneman reported that this morning's meeting was canceled due to Executive Guay having his hands full with other matters. The Work Group did not have a chance to continue to work on the audit questionnaire and finalize it. Chair Ahneman expects the Work Group to finalize it next month. Chair Ahneman summarized that with the Board being a one man band, we can only play so many tunes.

6. Report from the Study of PSA Competitive Bidding Practices Joint Committee

Chair Alfred Bertoline reported that sixty questionnaires were sent to eight agencies, focusing on non-competitive contracts. With emphasis on the waiver process. Chair Bertoline emphasized that it is a great sample representing large and small contracts. The Committee is waiting for the responses to come back and they are coming back slower than anticipated. Chair Bertoline explained that once the responses are back we will begin to compile the data. The next meeting is scheduled for November 20, 2018.

7. State Department of Education Memorandum of Understanding – Vote

Chair Fox entertained a motion to begin discussion. Robert Rinker motioned and Jean Morningstar seconded to approve the State Department of Education Memorandum of Understanding (MOU).

Executive Director Guay introduced the MOU by offering the following statement:

As the former Executive Director of the State Board of Accountancy I still receive a catalog of continuing education offerings from the Connecticut CPAs.

*In the catalog I recently received, one offering stood out. A class titled **Fraud and Abuse in Not-for-Profit Entities and Government: Stealing from Everyone***

The description of the course read:

When not-for-profit entities and governments fall prey to fraud and abuse it breaks the hearts of donors and taxpayers. Fraud and abuse also causes donors and taxpayers to lose confidence in those not-for-profit entities and governments.

That reference to government is why we are here today. The Connecticut State Department of Education fell prey to abuse in contracting in the Pita matter and has this Board concerned about the contracting process in the Department. The Board in its triennial audit of the Department also raised concerns with compliance with Section 4e-16(p) of the Connecticut General Statutes and the performing of cost-effectiveness-evaluations.

Those concerns led to the Board voting in February of this year to initiate action under Section 4e-7(b) of the Connecticut General Statutes.

Section 4e-7(b) is clearly meant to assist agencies in meeting their statutory obligations in contracting and procurement by first calling for consultation with the state contracting agency before anything else.

The Board authorized me and then Chair of the Board Judge Baio to consult with the State Department of Education. Over the last months I have had ongoing discussions with Attorney Peter Haberlandt, Director of Legal Services and Kathleen Demsey, Chief Fiscal Officer of the Connecticut State Department of Education. Peter is here with us today.

Our discussions have resulted in the Memorandum of Understanding (MOU) for your consideration today.

I believe this MOU addresses the concerns of the Board and assists the Connecticut State Department of Education in meeting its statutory obligations in contracting and procurement

Robert Rinker offered his thanks to Chair Fox, Executive Director Guay and Attorney Haberlandt of the State Department of Education for the work they've done in entering into this MOU. Mr. Rinker offered that the MOU will improve the internal controls of the State Department of Education and while the Board is a watchdog agency that provides oversight, the MOU also shows that we can work in collaboration with agencies. Mr. Rinker further offered that Chair Fox, Executive Director Guay, Attorney Haberlandt and Assistant Attorney General Gary Hawes should be commended for the work they've done. Mr. Rinker expressed that he would be voting in favor of the agreement.

Jean Morningstar stated that she would also be voting for the MOU. Ms. Morningstar wished to echo Mr. Rinker in his thanks and praise and also would want state agencies know that the Board wants agencies to ask us for help, and we want to help them.

Attorney Peter Haberlandt was asked if he wished to comment by Chair Fox. Attorney Haberlandt offered his thanks and that he agrees with the comments made today. He further added that we look forward to working together collaboratively in partnership. He added that one of the benefits to come out of this effort will be improved contracting and procurement for state government as a whole.

Stuart Mahler asked for confirmation about the \$107,000 recovered so far and based upon the Whittlesey audit more is expected. Attorney Haberlandt responded that the audit is ongoing with the results to be determined.

Albert Ilg asked what the total amount of funds that were at risk. Attorney Haberlandt indicated that the total the audit activities so far have uncovered is \$3.6 million was paid to the Pita Group. Chair Fox added that this case is a perfect example of the need for robust procurement and contract training for state employees.

Mr. Ilg further commented on the introduction Executive Director Guay made to introduce the MOU and the need to inform the public of this action to be taken by the Board. Chair Fox voiced his agreement and noted at least one member of the press in the audience.

Thomas Ahneman raised a question about conflict resolution in the MOU, in particular deciding on whether a contract meets the definition of Section 4e-16(p) of the Connecticut General Statutes. Mr. Ahneman asked what happens if the opinion of the Board is different than the opinion of the State Department of Education.

Chair Fox offered that the first step would be a conversation between the agencies. Attorney Haberlandt offered that it may be best to let things proceed and based on working together on this MOU, he offered his expectation that we would continue to work well together.

Executive Director Guay summarized his position on the MOU by offering the following statement:

The MOU before you addresses the Pita matter with more robust training approved by the Board and certification to the Board that Connecticut State Department of Education employees involved with purchasing and contracting have received that training.
Both the Pita matter and the Board's concerns raised in its triennial audit is addressed in the MOU with Board oversite of the review and reporting of contracts the Department has agreed to and the Board agrees to provide guidance, technical assistance and support to the State Department of Education in the matters set forth in the MOU.

This MOU I hope meets the test of the continuing education course I described earlier and keeps the confidence of our citizens in government contracting. A fundamental reasons why this clean contracting board exists.

Hearing no further comments, Chair Fox called for a vote on the motion to approve the State Department of Education Memorandum of Understanding (MOU). All voted in favor.

8. 11:00 A.M. State Department of Education Hearing is canceled

9. 2019 Meeting dates approval

Motion made by Jean Morningstar and seconded by Brenda Cisco to approve the meeting schedule for 2019. All voted in favor

Audit Work Group at 9:00 A.M.

Regular Meeting at 10:00 A.M.

Data Analysis Work Group at 11:00 A.M.

Privatization Contract Committee at 11:00 A.M.

Fifth Floor, 18-20 Trinity St., Hartford, Connecticut

January 11, 2019

February 8, 2019

March 8, 2019

April 12, 2019

May 10, 2019

June 14, 2019

July 12, 2019

August 9, 2019

September 13, 2019

October 11, 2019

November 8, 2019

December 13, 2019

10. Other Business

Chair Fox noted under other business that the Board has received a request from Bill Garrity, President UHP AFT Local 3837 concerning the UConn Health Center and several privatization contracts that will go to the Privatization Contract Committee.

11. Public Comment

No public comment.

12. Adjournment

Motion made by Robert Rinker and seconded by Alfred Bertoline to adjourn. All voted in favor, the motion passed and the meeting was adjourned at 10:45 A.M.

Respectfully submitted: David Guay