

STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

REGULAR MEETING NOTICE AND AGENDA
Hartford Subcommittee of the MARB

Meeting Date and Time: Thursday, November 19, 2020 10:00 AM – 12:00 PM

Meeting Location: This meeting will be telephonic only. Meeting materials may be accessed at the following website: <https://portal.ct.gov/OPM/Marb/West-Haven-Committee-Meetings-and-Materials>

Call-In Instructions: Meeting participants may use the following telephone number and access code

Telephone Number: (860) 840-2075

Meeting ID: 894 981 899

Agenda

- I. Call to Order & Opening Remarks
- II. Approval of Minutes:
 - a. October 22, 2020 regular meeting
- III. Update: Corrective Action Plan re: FY 2019 Audit
 - a. City
 - b. Board of Education
- IV. Status of FY20 close
- V. Update: Status of Board of Education RFP for Special Education Study
- VI. Other Related Business
- VII. Adjourn

DRAFT

STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

REGULAR MEETING MINUTES
Hartford Subcommittee of the MARB

Meeting Date and Time: Thursday, October 22, 2020 10:00 AM – 12:00 PM

Meeting Location: This was a telephonic meeting. Meeting materials may be accessed at the following website: <https://portal.ct.gov/OPM/Marb/West-Haven-Committee-Meetings-and-Materials>

Call-In Instructions: Meeting participants may use the following telephone number and access code

Telephone Number: (860) 840-2075

Meeting ID: 256 607 967

Members in Attendance: Kimberly Kennison (OPM Secretary designee), Christine Shaw (State Treasurer designee), Mark Waxenberg, Robert White, David Biller (joined 10:09), Matthew Brokman (joined 10:13), Stephen Falcigno (joined 10:29).

City Officials in Attendance: Mayor Bronin, Jolita Lazauskas, Leigh Ann Ralls, Mike Lupkus, David Fleig

OPM Staff in Attendance: Julian Freund

I. Call to Order & Opening Remarks

The meeting was called to order at 10:07 AM.

II. Approval of Minutes:

a. July 23, 2020 regular meeting

Mr. Waxenberg made a motion, with a second by Mr. White, to approve the minutes of the July 23, 2020 meeting. All voted in favor.

III. Update: Corrective Action Plan re: FY 2019 Audit

a. City

The City reported on the actions to implement the auditor's recommendations concerning IT controls. Of the 11 recommendations, 8 have been closed. The process of encrypting laptops continues. Implementation of two recommendations regarding IT policies and procedures and the

development of a disaster recovery plan may be delayed as a result of the ransomware attack that occurred earlier this fall.

b. Board of Education

Mr. Fleig reviewed a status report on the Board of Education corrective action plan. Most of the corrective measures, including steps to update and formalize the year-end closure process, have either been completed or are expected to be completed by the end of the calendar year. The most significant challenge has been in filling an Accountant position.

IV. Status of FY20 close

The City presented a tentative audit timeline. Blum Shapiro plans to begin field work on October 26 continuing through week of November 9. The targeted date for submittal of a draft report to the City is December 11. Although some delays in the process were caused by the ransomware attack, the City is expecting to meet the 12/31/20 deadline for submitting its FY 2020 financial statements.

V. Update BOE projected final expenditures FY 2020

The Board of Education's updated final expenditures in FY 2020 project an end of year balance of \$5.1 million. Of this amount, it is expected that approximately \$2.7 will be set aside as Committed Fund Balance for a subsequent BOE budget. When combined with the approximately \$3 million previously set aside as Committee Fund Balance for the BOE, the total Committed Fund Balance for the BOE would reach \$5.7 million, which is roughly 2% of the BOE budget and the maximum that may be set aside for that purpose.

The remaining \$2.4 million end-of-year balance that is not expected to be set aside as Committed Fund Balance, would roll to General Fund Balance as either Assigned or Unassigned Fund Balance (though some portion of that amount may be needed for outstanding claims related to a transportation contract).

VI. Update: Status of Board of Education RFP for Special Education Study

This item was tabled.

VII. Other Related Business

The City provided a number of items in response to questions raised by the Subcommittee at prior meetings. Among these, was an update on the City's projected General Fund balance as of June 30, 2020. Based on a projected FY 2020 surplus of \$14 million, the City anticipates a total General Fund Balance of approximately \$31.4 million. Of that amount, \$5.7 million is expected to be Committed for subsequent BOE budgets and \$5 million will be Assigned as a contingency for economic uncertainty. The remaining \$20.7 million would be Unassigned Fund Balance. Mayor Bronin noted that a subsequent Assignment in Fund Balance may be made to pre-fund a violence reduction initiative. A previous transfer of \$5 million to pre-fund the development of a crisis response team is already reflected in the fund balance projections.

In response to questions regarding the City's Golf Enterprise Fund, several years of historical financial information was reviewed. Some discrepancies in the FY 2021 budget figures for the enterprise fund were noted, and the City was asked to provide clarifying information for the next meeting.

The City presented a sensitivity analysis of Grand List Projections depicting the impact of potential variances between projected and actual grand list growth rates. A similar analysis was presented that projects the potential budget impact of future general wage increases.

The Subcommittee also reviewed information concerning potential Workers Compensation provisions regarding return to work practices as well as additional information regarding Information Technology planning in the public safety departments.

Mr. Waxenberg indicated that he intends to submit a proposal for State legislation that would make certain municipalities, including Hartford, eligible for additional State financial assistance. Mayor Bronin noted that the implementation of the previously adopted municipal revenue sharing account was delayed in the State budget process and that he would advocate that the State move forward with that program as a form of revenue diversification for municipalities.

VIII. Adjourn

A motion to adjourn was made by Mr. White with a second by Mr. Waxenberg. The motion passed and the meeting adjourned at 11:56 AM.

City of Hartford Status Update Re:

City and BOE Findings and Recommendations in BlumShapiro's 2018 Review of IT Controls

November 17, 2020

NOTE: The City of Hartford – Metro Hartford Innovation Services (MHIS) has contracted with JANUS Software, Inc. (d/b/a Associates, Inc. - JANUS), on 11/19 to perform a comprehensive information security assessment of its information security posture in order to measure the effectiveness of existing technical security controls and practices and determine whether technical vulnerabilities exist in its information systems. Phase I of the assessment will include Janus' findings and recommendations regarding the City's security posture, while Phase II will involve implementation of the recommendation changes, with Janus to provide implementation support to MHIS. The implementation work is to commence on 7/13/20. The timeframe for the implementation of the Janus recommendations is currently six to eight months.

FINDING	RECOMMENDATION	STATUS
1. User ID and Password Controls Could Be Improved	Implement Additional User ID Access Controls	Previously closed by BlumShapiro. Update previously supplied.
2. Password Controls for Key Applications (QDS, etc.) Need to Be Strengthened	Implement Strong Password Protection for All Key Applications	Previously closed by BlumShapiro. Update previously supplied.
3. Laptop Computers Need to Be Secured	Develop A Laptop Security Program	There are a total of 164 laptops citywide that are managed by MHIS (excluding police and fire, they have their own IT staff and are following CJIS requirements). To date, 25% of the laptops before the pandemic and many employees began working remotely were encrypted. We will not be able to continue the encryption until all employees are back onsite. We are currently identifying the number of new laptops to support department needs as we increase number of employees working remotely, therefore, we will have updated laptop numbers to share next month.
4. Server 2000 and 2003 No Longer Supported	Upgrade to Supported Network Operating Systems	Previously closed by BlumShapiro. The Windows 2000\2003 servers were decommissioned and replaced a new Windows 2019 virtual server in 2019
5. Windows 7 Approaching End of Support	Upgrade Older Workstations to A Supported Version of Windows	Previously closed by BlumShapiro. All staff computers have been upgraded to Windows 10. MHIS does not provide desktop support for Police and Fire. They have their own IT staff who handle desktop support and upgrades.
6. Windows Server 2008 Approaching End of Support	Plan to Upgrade to Supported Network Operating Systems	Previously closed by BlumShapiro. The Windows 2008 servers and SQL 2008 servers were upgraded to virtual Windows 2016\2019 in the year 2019.
7. Software Procurement Process Needs to be Enhanced	Create a Software Procurement Policy/Procedure	Previously closed by Blum Shapiro. MHIS continues to work on modifications in consultation with the Procurement Division in the Finance Department. A draft of these should be completed by 10/30/20.
8. SOC-1 and SOC-2 Reports for Cloud Applications	Obtain and Review SOC Reports for All Cloud Applications	Previously closed by BlumShapiro. The SOC-1/SOC-2 reports for Microsoft and Tyler have been reviewed by MHIS and have been reviewed at the federal level.

9. Information Systems Policies & Procedures Are Not Complete	Develop & Enhance Technology and Operational Policies and Procedures	A review of policies and procedures was part of the Phase I security assessment by Janus, with enhanced and revised policies and procedures to be developed in Phase II. Due to the severe cyberattack in September the City of Hartford (COH) and Hartford Public Schools (HPS), lost six-eight weeks of implementation time. MHIS has been primarily focused on COH and HPS restoration efforts and therefore, unable to pursue the recommendations issued by JANUS. The restoration process is largely complete, although forensic analysis is ongoing, therefore, we respectfully request a 90-day deadline extension. These should be completed by 3/31/2021.
10. A Documented Disaster Recovery Plan is Not Complete	Develop and Test a Comprehensive Disaster Recovery Plan	Phase II includes Disaster Recovery and incident response. MHIS will be meeting with all department heads to discuss their Disaster Recovery plans for their departments. Due to the severe cyberattack in September the City of Hartford (COH) and Hartford Public Schools (HPS), lost six-eight weeks of implementation time. MHIS has been primarily focused on COH and HPS restoration efforts and therefore, unable to pursue the recommendations issued by JANUS. MHIS has been primarily focused on COH and HPS restoration efforts and therefore, unable to pursue the recommendations issued by JANUS. The restoration process is largely complete, although forensic analysis is ongoing, therefore, we respectfully request a 90-day deadline extension. The plan is to have a citywide DR/BC plan and a citywide Incident Response Plan by 3/1/21.
11. Implement On-Going Cybersecurity Training	Institute a Comprehensive Cybersecurity Training Program	Previously closed by BlumShapiro. Cyber training was purchased in June.

Management Letter Recommendation Re: Board of Education Year End Close Process

ID#	Management Letter Recommendation	Remedy(ies)	Responsible Party(ies)	Status	Projected Implementation/Completion Date	Date Implemented/Completed
1	Formal year-end procedures	Develop year-end close-out checklist	Maureen Colman	Completed		10/2/2020
		Financial reporting task level procedures updated/developed for each item on checklist	Arlene Morris	In-progress	12/31/2020	
2	Assignment of primary and secondary for each task	Establish primary (preparer) and secondary (reviewer) roles and communicate to staff	Dave Fleig, Maureen Colman	Completed		10/6/2020
3	Control procedures and adequate staffing	Pre-Close and Pre-Audit department meetings with primary and secondary leads to review process dates and clarify roles	Dave Fleig	Implemented		10/6/2020
		Weekly audit status meetings during year-end audit	Dave Fleig	Implemented		10/6/2020
		Fill Accountant and A/P Supervisor positions	Maureen Colman, Arlene Morris	In-progress	Roles Posted. Recruiting Underway	
4	Cross training of secondary staff	Cross train staff on financial procedures	Maureen Colman, Arlene Morris	In-progress	Ongoing	
		Plan for institutional knowledge sustainability	Dave Fleig		12/31/2020	



CITY OF HARTFORD

DEPARTMENT OF FINANCE
550 Main Street, Room 303
Hartford, CT, 06067

LUKE A. BRONIN
Mayor

Telephone: (860) 757-9600
Fax: (860) 757-6571
www.hartford.gov

LEIGH ANN RALLS
Director of Finance

To: Mike Lupkas, Interim Director of Office of Management, Budget, & Grants
From: Leigh Ann Ralls, Director of Finance
Date: November 17, 2020
Re: Status of FY20 Year End Audit

We are currently in our 3rd week of fieldwork for the FY20 year-end audit with Blum Shapiro.

The City was slightly behind schedule due to the ransomware attack on September 5, 2020. The Finance team lost access to audit workpapers to prepare for the audit until October 7 which put us one month behind schedule. We are currently on track to submit audit to OPM by the 12/31 deadline.

Please see below for a status of submitted fund financial statements to Blum Shapiro:

Major Funds:	# of Funds	Remaining Funds to be submitted
General Fund	3	Submitted
Debt Service Fund	1	Submitted
Capital Improvement Funds	3	Submitted
CDBG Fund	1	Submitted
Educational Grant	1	Submitted
Hartford Stadium Authority	1	Submitted
Non Major Funds:		
Special Revenue Funds	43	42 of 43 funds complete, Section 8 to be finalized 11/18
Enterprise Funds	2	Submitted
Internal Service Funds	5	Submitted
Agency Funds	2	1 of 2 funds complete, HPS Student Agency fund to be submitted soon
Fiduciary Funds	5	Submitted
Fixed Assets	1	Submitted

The Finance Department is currently working on audit related schedules such as single audit reports, compensated absences, statistical tables, and the transmittal letter. Blum Shapiro has stated that we will remain on track for a timely issuance as long as all outstanding information is submitted by the end of November.

550 Main Street
Hartford, Connecticut 06103
Telephone (860) 757-9500
Facsimile (860) 722-6606