

OFFICE OF GOVERNMENTAL ACCOUNTABILITY
STATE CONTRACTING STANDARDS BOARD



FISCAL YEAR (FY) 2024
TRI-ANNUAL PROCUREMENT AUDIT REPORT
DEPARTMENT OF ENERGY AND ENVIRONMENTAL
PROTECTION

**STATE CONTRACTING STANDARDS BOARD : FY 2024 TRI-ANNUAL AUDIT REPORT -
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION (DEEP)**

State of Connecticut contracting agencies have been given the incredible authority to procure goods and services for their needs in exchange for the commitment that they will adhere to the State's statutes and regulations governing the commitment and expenditure of public funds. The State Contracting Standards Board (SCSB) has been responsible for monitoring procurement practices by state contracting agencies and taking corrective actions for non-compliance with those statutes and regulations.

PURPOSE OF REPORT

The State Contracting Standards Board's (SCSB) tri-annual audit program assesses a state contracting agency's compliance with state procurement rules, regulations, statutes, and guidance provided by the Department of Administrative Services and the Office of Policy and Management. A sample of open procurement contracts from the state contracting agency was selected and examined for compliance with those regulations. This report presents our findings from those assessments performed in October 2024 by the SCSB Staff.

SCOPE OF AUDIT

The Department of Energy and Environmental Protection (DEEP) was one of eleven contracting agencies selected for examination for FY2024. The State Comptroller's STARS system was used to identify the organization's contract portfolio, which indicated that the DEEP had forty-eight contracts representing expenditures of approximately \$37,234,877. Contracts selected for testing were:

1. **Contract # 21DEP21183AA** (Non-competitive—\$3,967,775)—This contractor (Northern Construction Service, LLC) provides all types of repairs within construction. This agreement ended on December 31, 2022.
2. **Contract # 22DEP22223AA** (Competitive—\$6,800,000)—This contractor (International Center of Appropriate and Sustainable Technology (ICAST)) helps implement funding sources from other programs that help address health and safety issues. This agreement was extended to December 31, 2025.

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3. **Contract # 22DEP22224AA** (Competitive - \$1,000,000) – The Contractor (Siemens Industry, Inc.) provides consulting services with issues related to energy and gas utilities. This agreement will end on October 31, 2026.
4. **Contract # 22DEP23038AA** (Competitive - \$990,000) – The contractor (Engie Insight Services Inc.) provides services and supports DEEP with policies, and programs to prepare an energy policy. This agreement ended on September 30, 2022.
5. **Contract # 23DEP23102AA** (Competitive - \$4,600,000) – The Contractor (Michael Baker International Inc.) provides services in developing and implementing DEEP's broadband infrastructure grant programs. This agreement ended on March 29, 2024.

NON-COMPLIANCE SUMMARY

In total, there were three findings over the five samples tested. Our findings are as follows:

Contract # **22DEP22224AA**– one finding.

Compliance Requirement: (Ethics/Confidentially Agreements) – Agency employees must not participate in an RFP process if they have any interest that substantially conflicts with properly discharging their duties in the public interest (C.G.S. § 1-85).

Finding: No signed affidavits were available to support the fact that each employee participating in the RFP process had no interest that would substantially conflict with properly discharging their duties of the public interest.

Agency Response: DEEP acknowledges that the forms were not on file due to administrative oversight. Since then, DEEP has implemented standard operating procedures to ensure ethics and confidentiality agreements are completed and properly documented before the start of any RFP process. DEEP has also confirmed that no members of the selection committee of this procurement had

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any conflicts. DEEP is committed to adhering to all state procurement requirements.

SCSB Accounts Examiner Response: This contract was entered as a PSN Non-competitive contract in CORE, but it was considered to be a competitive contract. The agency provided sufficient proof and supporting documentation. Under [OPM's Procurement Standards](#). Section III.B (pg. 16) states, "At the start of the agency's RFP process, all participants must sign an ethics and confidentiality agreement." Whenever an agency initiates competitive procurement, the Contracting Officer should initiate ethics and confidentiality agreements at the start of the RFP process. Based on the agency's previous response, it appears quotes were received; therefore, ethics and confidentiality agreements should have been implemented before seeking quotes.

Contract # **22DEP23038AA** – two findings.

Compliance Requirement: (Ethics/Confidentiality Agreements) – Agency employees must not participate in an RFP process if they have any interest that substantially conflicts with properly discharging their duties in the public interest (C.G.S. § 1-85).

Finding: No signed affidavits were available to support the fact that each employee participating in the RFP process had no interest that would substantially conflict with properly discharging their duties of the public interest.

Agency Response: DEEP acknowledges that the forms were not on file due to administrative oversight. Since then, DEEP has implemented standard operating procedures to ensure ethics and confidentiality agreements are completed and properly documented before the start of any RFP process. DEEP has also confirmed that no members of the selection committee of this procurement had

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any conflicts. DEEP is committed to adhering to all state procurement requirements.

SCSB Accounts Examiner Response: This contract was entered as a PSC Competitive type contract in CORE, meaning this contract was made under OPM's delegated authority under [OPM's Procurement Standards](#). Section III.B (pg. 16) states, "At the start of the agency's RFP process, all participants must sign an ethics and confidentiality agreement." Whenever an agency initiates competitive procurement, the Contracting Officer should initiate ethics and confidentiality agreements at the start of the RFP process. Based on the agency's previous response, it appears quotes were received; therefore, ethics and confidentiality agreements should have been implemented before seeking quotes.

Compliance Requirement: (Contractor Performance Evaluation) – [OPM Procurement Standards](#) state, "Not later than 60 days after a contractor has completed work on a contract, an agency must prepare a written evaluation of the contractor's performance."

Finding: The agency did not provide the SCSB with evidence that a written evaluation of the contractor's performance was completed within 60 days of contract completion.

Agency Response: DEEP recognizes the importance of evaluating contractor performance upon project completion. Currently, DEEP does not issue final payment for any contract without confirming that the services provided are complete and satisfactory, as was done with this procurement. DEEP has updated its procedures to ensure this required performance evaluation is properly documented in CT Source within 60 days of project completion.

SCSB RECOMMENDATIONS FOR IMPROVEMENT

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The SCSB would like to extend its appreciation to DEEP for their cooperation and diligence in reviewing and responding to our audit findings. Our audit determined the following shortcomings in their procurement process that require the agency's immediate attention. Among the five contracts reviewed in our sample, one was categorized as non-competitive, while the other four were deemed competitive. Notably, two of the four competitive contract awards contained multiple instances of non-compliance. We recommend addressing these issues promptly to enhance procurement practices.

- Signed ethics affidavits for members of the evaluation team.
- No contractor performance evaluation

SCSB believes in fostering collaboration and progress, and we respectfully request that the Department of Energy and Environmental Protection provide a written response detailing how each of the findings noted above has been addressed. Additionally, we would appreciate insights into the procedures that will be put in place to ensure ongoing compliance in the future. We encourage you to share this information within 60 days from the date of this report, as it will greatly assist in our shared goal of improvement and accountability. Thank you for your dedication to this important work.

The SCSB Training Specialist, Carmen Hufcut, will assist with the corrective action plan to address non-compliance with procedural matters through targeted training. The SCSB has established a comprehensive training and education program that offers courses designed to establish procurement and project management standards for agency procurement and contracting officers. Officers designated under this provision who uphold satisfactory performance in their procurement responsibilities will receive a certificate upon successful completion of the courses. Below, please find a list of courses available through the SCSB Training Specialist:

- Introduction to Ethical Procurement
- Foundations of Public Procurement
- Introduction to Service Contracts

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- Introduction to sole/single source procurement
- Introduction to Request for Proposals
- Introduction to State Procurement Rules and Governance
- Sourcing, purchasing, and Procurement
- Code of Ethics for Procurement Professionals

To initiate the recommended courses and to ensure compliance with certification requirements within 60 days from the date of this report, please contact Carmen at carmen.hufcut@ct.gov

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Approval Date – February 14, 2025