



STATE OF CONNECTICUT
OFFICE OF GOVERNMENTAL ACCOUNTABILITY
STATE CONTRACTING STANDARDS BOARD

Draft
Minutes

Friday, April 8, 2022 - 09:00 A.M. Meeting of the State Contracting Standards Board Audit
Committee

Via Microsoft Teams

Members Present:

Al Bertoline
Lauren Gauthier
Stuart Mahler
Robert Rinker
Daniel Rovero
Salvatore Luciano

David L. Guay, Executive Director - ex-officio Board member
Ryan Chester, Staff – 2021-2022 UConn Graduate Intern

1. Call to Order

Robert Rinker called meeting to order at 9:03 AM.

Robert Rinker made a point of personal privilege.

2. Approve minutes of March 11, 2022

Motioned by Al Bertoline, seconded by Stuart Mahler; all voted in favor.

3. FY 2020 Audit Status

Robert Rinker stated that we have two issues to discuss today. The first being the overall status of the FY2020 audit and a discussion with Michele Richmond from the State Comptroller's Office.

Ryan Chester reported that 20 agencies out of the 33 total agencies have responded so far, 13 have not responded as of today. 5 of the 20 agencies that have responded do not have any contracts for FY2020. Ryan has assigned those 15 agency responses to board members for their review. The compliance reports have not been sent to board members but will be done by Monday if not sooner.

Robert Rinker asked for clarification and to be added to the list of assigned board members reviewing audit responses.

Ryan Chester clarified and stated Robert Rinker will be added.

David Guay commented that board members will receive a pre-prepared compliance report that contains the agency response to streamline our auditing process and make things easier for board members to complete the compliance reports.

Stuart Mahler asked if he will receive contact information for the agencies so he can reach out if he has any questions.

Ryan Chester confirmed that there will be contact information.

Robert Rinker asked to move on to the second topic for today. Michele Richmond and others from the Comptroller's office are here. Michele has been communicating back and forth with Ryan Chester. Robert Rinker asked if Ryan Chester could summarize that communication and the key questions for us to discuss.

Ryan Chester reported on the questions Michele Richmond had asked:

1. I am looking for clarification on the DAS contracts/ Statewide contracts utilized by agencies. Please see my example below and let me know if this is the information that you are inquiring.....

Example: (Audit fiscal year period – 2021)

DAS has a Statewide contract with vendor Suburban Stationers – The contract is for \$20,000,000.00, the Begin date is 07/01/2013, the end date of the contract is 06/30/2023.

If an agency uses \$15,000.00 of this contract in the year that you are auditing (2021), is this how you would like it to report...

Suburban \$15,000.00 (Begin date 07/01/2020- Expiration: 06/30/2021) and have the agency enter the DAS Contract number?

2. Are Grants required to be reported in this Audit?
3. Are Loans required to be reported in the Audit?
4. Are MOU- Memorandum of Understanding/MOA- Memorandum of Agreement required to be entered in this Audit?
5. Are MA- Master Agreements required to be entered in this Audit?
6. Are RL- Rental Lease required to be entered in this Audit?
7. Are ROW – Right away required to be entered in this Audit
8. Are UFA – Utility Force Accounts required to be entered in this Audit

Michele Richmond responded saying good morning, thank you for having us. We really appreciate being able to work with you all to try to come up with the best report possible for agencies so it's an easier streamlined process for them. I have a point about the first question but

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let's start with grants and loans. I actually came onto Core-CT recently and was previously at DECD so I have already completed this audit process. When I came to Core, I really thought this audit was something I can help the agencies because I found it a bit confusing when trying to answer some of these questions.

Michele Richmond continued to state that the Department of Economic and Community Development is like the bank for the state when it comes to grants. There are both competitive and noncompetitive grants, same situation as with loans. If this committee is looking to have specific grants and loans reported, then you may want to ask for all the grants and loans. It will be difficult for agencies to separate those out and would be extremely time consuming.

Robert Rinker stated that one of the issues that confronts this Board is that some of the grants were made to school districts with the understanding that they were going to choose a company off a list. We're not auditing the school board or the municipality. Would we be able to know the competitiveness of those grants or loans?

Michele Richmond stated that she cannot speak for those entities about what they did. However, if you have a list of the grants they've put out, you will be able to tell if it was competitive by the language that's in the agreement. If an agency does 200 grants within a year, you may want to take 5 of those grants and ask for all supporting documentation to look through the agreements which will show all the information that you are looking for. You will have the signed agreement, the promissory note, the stipulations, instructions, etc.

Robert Rinker asked if we could see the deliverables to the State?

Michele Richmond confirmed.

Robert Rinker stated that at some point the committee will have to discuss this more. If the Board gets funding for more staff this may be something we would want to do.

Al Bertoline asked if Michele could give an example of what a noncompetitive grant would be versus a competitive one?

Michele Richmond responded she would like to get more information before responding in full. A competitive grant would have people bid on it and the agency would choose an entity based on certain criteria.

Al Bertoline commented that we should also know about the competitiveness of loans in addition to grants.

Michele Richmond gave an example of a noncompetitive loan, detailing the process of applying and the state selecting a recipient.

Al Bertoline commented that the noncompetitive loan will have strict due diligence and procedures that is done by the state before giving a loan.

Michele Richmond confirmed and pointed to the DECD's website for more information. There are also grants that are given between agencies for certain services.

Al Bertoline asked if that's through an MOA or MOU?

Michele Richmond confirmed they are both MOAs.

Robert Rinker asked to return to question 1. The committee is mostly interested in the amount of money spent by the agency from the contract relative to the DAS statewide contract and not the total amount of the contract because other agencies can tap into that.

Michele Richmond clarified further.

Robert Rinker responded what we want to see is a summary. We don't need to see all of the data. There have been occasions where a small agency would say that they have a \$20 million contract with Suburban but they don't have \$20 million in their budget. We are looking for what they spent in that contract.

Al Bertoline asked about the DAS master contracts. If an agency wants a marketing firm, they go to the DAS list of qualified vendors and goes to contract with one of those vendors. Would that be considered a competitive contract? There must be some confusion that whatever the qualified bidders are offering is considered a competitive contract.

Michele Richmond responded and clarified the process. Depending on how much the purchase is going to be worth, there are different instructions for different kinds of contracts. Contracts under \$5,000 do not need to be competitive. Other contracts like for example procuring a marketing firm would require going to bid and choosing at least 3 qualified vendors to get bids from. However, the office supply contract has no instruction. There are two vendors on that list, and each agency can go to either vendor to purchase office supplies regardless of price. The accounting and auditing contract has a recommendation to get 2 bids, it is not required.

Robert Rinker stated that is very helpful. We have run into an issue with the technical high schools when they did not engage in competitive procurement and entered a MOU/MOA with them. Robert Rinker asked if there is a way to tell which contracts require competitive nature and which ones do not?

Michele Richmond responded that when you pull up the master contracts, it will list in the instructions any competitive processes. DAS has contract specialists that can be asked if you are confused about the requirements.

Robert Rinker thanked Michele Richmond for the help. This can be an assignment for a researcher when and if the General Assembly gives that to us. Next, MOUs and MOAs are not required for this audit. Al Bertoline has found some MOUs and MOAs have been used to contract with private entities and not government entities. While that is not going to be in this audit, that is something we are going to be looking at. I think that we have answered the master agreement piece of this discussion. Regarding rental leases, are these leases that are entered into by state agencies or are these leases agencies give to other entities for leasing namely property.

Michele Richmond confirmed it would be a leased property.

Robert Rinker asked whether that process is competitive or noncompetitive process?

Michele Richmond responded that she needs to get clarification on that before answering.

Stuart Mahler commented that this rental lease issue was the most politically charged issue when he was working. Are there any controls built in so that leasing is more competitively bid?

Michele Richmond responded that she needs to get clarification on that before answering.

Robert Rinker asked if these rental leases are required to be reviewed by the properties review board?

Michele Richmond responded she does not know.

Robert Rinker asked if Michele Richmond could find that out?

Michele Richmond asked what is the committee trying to accomplish with this audit, what is the mission?

Robert Rinker responded that our mission is to make sure that procurement contracts are done in the most competitive fashion on behalf of the citizens of Connecticut. Another matter is whether this Board has jurisdiction over the interesting matters you have brought up today.

Michele Richmond stated that she wants to really get at specifically what the audit is looking for so they can create an easy report for agencies to use.

Robert Rinker responded that we are looking for any contract that is spending money to make sure it is done competitively. Could you define Utility Force Accounts?

Michele Richmond responded that the point person at DOT did not explain it.

Robert Rinker explained the possibility of DOT leasing property to utilities.

Michele Richmond responded that sounds correct.

Donalynn Black stated that Michele is responding from the perspective of DECD, and these questions should be directed to DAS. What Michele is trying to help with, we can create a report for agencies to run and give to the Board. We get similar questions that we redirect to DAS.

Daniel Rovero stated that he believes most companies doing business with the state are honest and his job is to keep them honest.

Al Bertoline asked if MOUs and MOAs are recorded in the Core-CT system.

Brian Guilmartin responded if there's money being spent then yes, they are recorded. They are given contract numbers that we can report out to the Board. What we are trying to figure out is do you want to see all the grants for the time or a subset of grants.

Robert Rinker stated that this has been a very important and helpful conversation.

Michele Richmond asked for clarification about the final answers to the questions.

Robert Rinker and Al Bertoline provided clarification about which to include.

4. Adjournment

Al Bertoline motioned to adjourn, seconded by Stuart Mahler, all voted in favor.

Meeting adjourned at 9:59 AM

Respectfully submitted: Ryan Chester