



STATE of CONNECTICUT  
Office of Governmental Accountability  
State Contracting Standards Board

**Contracting Standards Board  
Audit Work Group  
August 13, 2024  
MINUTES**

**In attendance:**

Rochelle Palache, Board Chair (virtually)  
Al Bertoline, Committee Chair (in person)  
Thomas Ahneman (virtually)  
Bruce Buff (virtually)  
Lauren Gauthier (virtually)  
Donna Karnes (virtually)  
Jean Morningstar (virtually)

Greg Daniels, Executive Director (in person)  
Jonathan Longman, Chief Procurement Officer (in person)  
Maritza Lopez, Accounts Examiner (in person)  
Carmen Hufcut, Training Specialist (in person)  
Aleshia Hall, Administrative Assistant (in person)

**1. Call to order**

Work Group Chair Al Bertoline called the meeting to order at 10:01 a.m.

**2. Approval of Minutes from January 10, 2024**

A motion to approve the minutes was made by Donna Karnes.  
The motion was seconded by Bruce Buff.  
The motion passed with one abstention from Lauren Gauthier.

**3. Review of meeting**

**A. Introduction:** Mr. Bertoline complimented the staff on their initiative and continued improvement in processes that will be brought forward in the year to come.

**1. Staff Summary of Audit results 2024 – Jonathan Longman and Maritza Lopez**

**a. Agencies selected, completed, pending, not started.**

- 1) Power Point presentation was reviewed by Maritza Lopez who discussed the eleven (11) agencies selected for auditing in FY'24.



STATE of CONNECTICUT  
Office of Governmental Accountability  
State Contracting Standards Board

- 2) Completed audit reports for DESPP, DPH, and OHE were just approved at the regular Board meeting on Friday, August 9, 2024. Commissioners from each of those agencies have been notified. – Mr. Longman
- 3) Incomplete audit reports for DEEP, DOI, and OPM will be rolled into the FY'25 audit schedule to be completed during the initial months of the FY'25 year. We have received information from two of these agencies and anticipate receipt of the remaining items in the coming weeks, so we did not want to forego these audits. – Mr. Longman
- 4) The DOI audit is unique in that it involves the State collecting funds from the public and is not a contracted item. - Mr. Longman
- 5) Bruce Buff noted that audits revealed that not all suppliers appeared on the DAS approved list. DAS has noncommitted contacts so not all have been arrived at by a competitive bid process. Mr. Longman explained that DOI chose a selected auditor from the preapproved DAS list.

Mr. Bertoline explained it is not considered a competitive bid when a supplier is already on the approved DAS list; however, the agency negotiated directly for a lower price. Mr. Longman explained that the value of the contract determines the competitive bid process requirements. It is always better to utilize the competitive processes to keep prices down; however, when there is a specialized professional that has gone through DAS's processes, been approved, is charging an acceptable rate, they are not necessarily required to utilize the competitive process. The requirement and value of the contract determines the parameters, and we audit that in our processes.

#### 4. Contractor Performance

- A. Mr. Longman explained the audit findings by type as displayed in the PowerPoint presentation. Contractor performance evaluations are one area of concern. Many agencies are not aware of this requirement, so we will be educating them on this. Mr. Longman shared that DAS is implementing a vendor performance assessment system that solicits input on a supplier's performance from the end user. When the contracting officer reviews the contract for renewal, they can reference the end-user satisfaction feedback and consider that before renewal.

Bruce Buff said before an invoice can be paid, a purchase order, invoice and receiving slip needs to be received. He recommended that an evaluation also be



STATE of CONNECTICUT  
Office of Governmental Accountability  
State Contracting Standards Board

required to complete payment. Both Mr. Bertoline and Ms. Morningstar both endorsed this suggestion.

- B. Donna Karnes asked about the zero waivers shown on the Power Point chart and noted that this was a concern in the past. Mr. Longman explained that there were no waivers included in the random sample of 38 contacts over six agencies. After some discussion, Mr. Buff noted that a change in procedures at DAS may have reduced the need for waivers. He referenced the possibility that agencies received *courtesy quotes* from other vendors to meet the competitive bid requirement and that we should be verifying if the competitive bid process was followed.

Mr. Bertoline agreed and reviewed the history of the use of waivers and noted that after we brought this issue to the attention of OPM in the past and improvements may have resulted.

Lauren Gauthier recalled a few years ago one of the responses from agencies was that they did not have the time or resources to go out and get competitive bids. The triannual contracting plan evolved from those concerns. She suggested including adherence to three-year plans in the audits and asked if we were already doing so. Mr. Bertoline explained the three-year plan and recalled checking compliance with that during the first year. Although not complete, they were in process. He confirmed that we have not gone back to ensure continued compliance and should consider doing so. Mr. Longman explained that a three-year outlook was part of a request that we received recently, so it is likely they are still using it, but he will ask.

Tom Ahneman suggested adding audit measures to the agencies' reports because it would give the full length of corrective measures and ensure agencies do better in the future.

- C. Mr. Ahneman sought clarification on the standards being used for contract compliance and regulations. Mr. Longman shared a check sheet in the PowerPoint and explained that each correlates to a matching requirement checklist.

**D. Training**

Mr. Bertoline outlined that we are required to offer training to the State agencies to improve their systems. Mr. Ahneman stated the importance of including measurable corrective measures and wants the workgroup and Board to consider mandating corrective actions and measures legislatively. Focusing exclusively on compliance, it will be a clerical exercise that will not lead to improvements. Mr. Bertoline explained that we have an opportunity to identify what is going on and we hold that agency accountable to make changes. At the end of the year, we complete an annual



STATE of CONNECTICUT  
Office of Governmental Accountability  
State Contracting Standards Board

report that encapsulates the findings. It was further discussed that the training specialist incorporates audit data to correct deficiencies. When we return to three years later, we can expect to find those deficiencies corrected. Continuing in three-year cycles, we will see constant improvement over time.

In response to a request from Donna Karnes, Mr. Longman confirmed that he will send copies of the checklists shown on the PowerPoint presentation to this group.

Training Specialist Carmen Hufcut addressed the meeting regarding training modules that she creates individually and customizes to meet the specific needs of each State agency.

Mr. Bertoline complimented the staff on the comprehensive reviews that have codified in our audit program in a manner that deals with compliance issues. As we continue to gain experience auditing all the different types of contracts used in the State, our program will grow, into the most comprehensive summary of contracting requirements available, and our staff will have been the ones that brought that to fruition. Our accomplishments to date, are a great piece of work.

**E. Procurement Audit Engagement Document - Automated Audit Tool**

Ms. Hufcut then presented to the work group on the audit process outlined in the PowerPoint presentation. She explained that at the present time, an agency receives a checklist that identifies the information required based upon the type of contract being audited. Once collected, the agency submits their information to SCSB as a voluminous pile of documents. Mr. Longman and Ms. Lopez then undertake the laborious process of sorting through the documents to identify the information required to satisfy the audit item.

Training Specialist Hufcut worked with Mr. Longman and Ms. Lopez to create an automated, streamlined process that will be more user-friendly for the state agencies as well as our staff. Ms. Hufcut shared draft Procurement Audit Engagement Document in detail. A pilot of the new process will be initiated.

Mr. Bertoline complimented the document and clarified that this is meant to streamline the process, increase our efficiency, and facilitate receiving the proper paperwork.

Mr. Ahneman said it is a good start. Ms. Hufcut explained that this is a draft process that we anticipate will develop over time. She will send the new process to work group members and invited input on improvements.



STATE of CONNECTICUT  
Office of Governmental Accountability  
State Contracting Standards Board

**F. Report & Summary**

Mr. Longman shared the PowerPoint presentation slide that outlines the Annual Report and shared that Samson Anderson has begun drafting the report Mr. Bertoline suggested creating a standard report that will measure our value over the years. A reduction in the number of findings can be the score on which we base our success.

**G. FY'25 Plans for the Next Audit Year:**

- a. Referencing the PowerPoint presentation, Ms. Lopez shared that the agencies being held over from FY'24 will be the first agencies to be audited.
- b. Mr. Longman also noted that we will add additional non-CORE users in future audits.

Mr. Bertoline is pleased with the progress that we have made this first year and believes that we will have a significant impact on the quality of contracting in the State and in this long-range process.

**5. Audit Work Group Issues & considerations for further study (AI)**

**a. Must define the Universe of procurement expenditures**

Mr. Bertoline explained that PSA and POS are just a small part of the purchasing activities of the state. He does not know the numbers but wants to get the estimated costs as salary and purchasing.

- i. State annual budget expenditures – 25 billion?
- ii. How much is payroll?
- iii. Remainder is procurement – What are we not auditing?
  1. Core system comprises how much of remainder?
    - a. Our current scope of work
  2. University expenditures not included in Core.
  3. Construction expenditures?
  4. Quasi-governmental
  5. Grants?
  6. Other?



STATE of CONNECTICUT  
Office of Governmental Accountability  
State Contracting Standards Board

**iv. We may not be fulfilling our mission unless our scope includes all procurement expenditures.**

Mr. Bertoline discussed the audit scope and wants to have a better understanding of what that means. We should not feel comfortable or on top of our mission unless we understand what the whole purchasing capacity of the state is. Unsure how to obtain this information, Mr. Longman offered to run reports to identify the total amount of CORE expenditures annually. We will be able to see how much each agency is spending in the CORE system, but we cannot identify expenses that are not processed in CORE, such as the colleges and university systems. Mr. Longman confirmed that we do not have vision into those systems. He clarified that our CORE access is administrative only. We would have to work with the State Comptroller to seek assistance in defining the universe of the State purchasing expenses.

Additionally, Mr. Longman explained that we do not have access to other agencies' contract information through one common depository. Each agency manages their own contracts. Mr. Ahneman asked if Auditors of Public Accounts (APA) ask for that number. Mr. Longman clarified that APA could see more invoices and payments than we can, but they probably have to ask for records also. He will ask APA if they have information that can be made available to us.

**b. We need AI technology assistance to do effective analysis and risk assessment on procurement data bases including the Core system, University expenditure system and others.**

Mr. Bertoline noted that this is a discussion for the future and will not affect us in the coming year.

**c. We determined that there are 20+ diverse types of contracts included in the Core system expenditures.**

- i. We should get a complete understanding of the diverse types of contracts and why they exist.**
- ii. Depending on how they are used may indicate that some of these contracts may pose more risk to misstatements than others and may require special audit focus.**

Mr. Longman will send out the list of the different types of contacts. Mr. Bertoline explained that each contract is a different type of risk for each agency. We should consider identifying each and look for riskier contracts rather than just taking random samples.



STATE of CONNECTICUT  
Office of Governmental Accountability  
State Contracting Standards Board

- d. We noted that a significant number of non-competitive contracts are funded by Federal grants which name a specific vendor to be used as a requirement of the grant.**
- i. We should do a special investigation into how these vendors are selected as part of the grant requirements.**
  - ii. If they are selected by the agency in drafting the grant application for the Federal grant, was that selection subject to competitive bidding?**

Mr. Bertoline explained that as soon as a contract is identified as federally funded and a vendor is proposed, there should be a process to ensure that vendor is competitive with other contractors. He is unsure what this process would be but thinks this is an area that should be looked at.

**e. Best practices and Staff Development**

Mr. Bertoline stated that if we expect to stay current on procurement best practices, some of our staff members should become members of the National State Procurement Officers Association (NASPO) and other professional organizations. Mr. Longman explained that when he first came to the agency a year and a half ago, subscriptions for all four staff members were paid. Last year, NASPO was free to those four employees, but no others could join. He shared that he would be proposing membership for all staff members in the biennium budget presented to the Budget committee. Mr. Bertoline believes this is important and it would keep us abreast of state-of-the-art procurement procedures. He believes the Board should consider memberships for all staff.

**f. Growing Use of MOA/MOUs**

Mr. Bertoline believes we should do a Special study of the growing use of MOA/MOUs. He is unsure of where these fall within the State procurement process and from the limited reviews he has done, he found some surprises. He noted that an MOU rather than a contract is used for the State lottery. Mr. Longman said we do not generally have access to the MOA/MOUs. These are a different identifier that is separate from contracts in CORE. Bruce Buff explained that is outside the normal procurement process; the whole idea of generating those documents is to bypass the procurement process. Mr. Bertoline believes these should be a consideration.



STATE of CONNECTICUT  
Office of Governmental Accountability  
State Contracting Standards Board

- g. Covid 19 Pandemic funds**
  - iii. Exemptions from competitive bidding were issued for emergency purchases.**
  - iv. Should we study the requirements for these purchases and test that the requirements were followed.**
  - v. Any grants to municipalities during this period should be identified and evaluated to determine that requirements were met.**

These agenda items were not discussed.

- h. We should do a study of waivers from competitive bidding issued during the most recent fiscal year, identifying amounts by reason issued and determine practical ways to eliminate their use**

Mr. Longman explained there is a module that allows us to see waivers and the justification and adjudication comments associated therewith. We can examine that and see if we can tie it into anything else that we have spoken about.

- e. Review the results of CHROs study on minority contracting by the State and consider audit issues that should be addressed.**

This agenda item was not discussed.

- f. Other issues raised by our prior work needing further consideration**
  - i. Special analysis of contracts under \$20k to determine if agencies/contactors are taking advantage of such contracts not being subject to competitive bidding.**
  - ii. Study of staffing agency contracts – sort in descending \$ order, agency, contractor, name, position, renewals, years employed, etc.**
  - iii. IT contracts**
  - iv. Aging of contracts - # of years including renewals**
  - v. Auditor of Public Accounts Findings – contractor refusing to allow access to data without additional payment by the State to contractor in conflict with contract terms.**
  - vi. Contracts where the contractor is selected and then the price is negotiated.**
  - vii. Significant contracts not included in OPM's annual PSA report to the legislature such as Anthem and United Healthcare/Oxford**
  - viii. Where design/build contracts get listed**

These agenda items were not discussed.





STATE of CONNECTICUT  
Office of Governmental Accountability  
State Contracting Standards Board

**ix. Review of 3-year procurement plans filed with OPM.**

Mr. Bertoline explained that we are currently in the second year of the three-year plan and referenced Mr. Buff's discussion regarding payment to vendors. Was it a goods or services end-user evaluation delivered into a payment structure – particularly over a three-year period. Post completion collection of end-user satisfaction evaluations is being used prior to renewal of contacts. DAS will begin using this process and we hope it will be expanded statewide.

**x. Perform annual review of reports issued by the auditors of public accounts for any issues addressing procurement controls or procedures.**

This agenda item was not discussed.

**6. Conclusion**

**a. Minutes of this meeting**

Mr. Bertoline requested that the meeting minutes encapsulate this discussion and be forwarded to work group members as soon as possible. He requested that the work group participants provide input on how best to move forward into this next fiscal year.

**b. Adjournment**

Mr. Bertoline again thanked staff for all their efforts and shared that he looks forward to the coming year.

A motion to adjourn was made by Lauren Gauthier.

The motion was seconded simultaneously by Jean Morningstar and Bruce Buff.

The motion passed unanimously.

Respectfully submitted,

Aleshia M. Hall  
Administrative Assistant