

**AUDIT, COMPLIANCE AND GOVERNANCE COMMITTEE OF THE
CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
Minutes – Special Meeting
Monday, November 21, 2011**

A special meeting of the Audit, Compliance and Governance Committee (“Audit Committee”) of the Board of Directors of the **Clean Energy Finance and Investment Authority (the “Authority”)** was held on November 21, 2011, at the office of CEFIA, 865 Brook Street, Rocky Hill, CT.

1. **Call to Order:** John Olsen, Chairperson of the Audit Committee, called the meeting to order at 8:35 a.m. Audit Committee members participating: John Olsen, Matthew Ranelli, and Patricia Wrice (by phone).

Staff Attending: George Bellas, Bryan Garcia, David Goldberg, and Shelly Mondo.

Others Attending: Scott Murphy, Shipman & Goodwin; John Schuyler, Marcum, LLP; and Bill Sawicki, Marcum, LLP.

2. **Review of Auditors of Public Accounts Audit Report for CCEF:**

Mr. Bellas discussed the fiscal year 2010 audit that was performed by the State Auditors of Public Accounts (“APA”) for the Connecticut Clean Energy Fund (“CCEF”). He stated that there were two audit findings, which he summarized. The first audit point pertained to loan covenants within CCEF loan agreements.. The APA recommended that loan agreement covenants be enforced, including all required financial reports. Mr. Bellas indicated that CEFIA has developed an electronic system to monitor and enforce financial reporting obligations of borrowers.. In response to a question, Mr. Bellas stated that this system has been implemented for all these sorts of loans with reporting requirements going forward. A suggestion was made to go back and look at old loans to ensure compliance with all contractual obligations. Mr. Garcia mentioned that the new General Counsel will be looking at historical contracts to ensure there is a mechanism in place to track contractual obligations. The second finding was with respect to employee performance appraisals. Mr. Bellas explained that the finding was for not having additional performance evaluations for employees that were promoted. In an effort to correct the audit finding, Mr. Bellas explained that CEFIA’s Manager of Human Resources has developed and will maintain a log of performance appraisal due dates for all employees for all appraisal types.

3. **Review and Recommendation to the Board of CEFIA for Approval of the FY2011 Draft CCEF Audited Financial Statements:**

Mr. Bellas mentioned that the 2011 fiscal year Draft CCEF Audited Financial Statements were reviewed by CI and forwarded to the CEFIA Board. The CEFIA Board requested that the Audit Committee review the FY2011 Audited Financial Statements.

Mr. Sawicki provided an overview of the audit of the financial statements for the CCEF for fiscal year 2011. He noted that Marcum performed an audit of the 2011 financial statements for CCEF and issued an unqualified opinion. The audit was conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Mr. Sawicki stated that Marcum has issued a report on internal control and compliance and other matters required under *Governmental Auditing Standards*. He indicated that an OMB A-133 compliance supplement federal single audit was performed because CCEF received over \$500,000 in federal funding in fiscal year 2011. Mr. Sawicki reviewed management's responsibilities as well as Marcum's responsibilities.

Mr. Schuyler discussed the basis of presentation of CCEF's financial statements. Since CCEF is considered a special revenue fund of the State of Connecticut, it is a governmental fund and its financial activities are accounted for using fund accounting which focuses on current as opposed to long term financial resources. CCEF's financial statements were also presented on a government-wide basis which reflects both current and long term financial resources in a manner similar to private-sector business. A reconciliation between the two methods of accounting is also presented in the financial statements.

Mr. Sawicki stated that there were no significant audit adjustments and no disagreements with management about auditing, accounting or disclosure matters. He summarized that there were no difficulties relating to the performance of the audit; there were no material errors or fraud or possible illegal acts, and no material weaknesses or significant deficiencies in internal controls.

It was noted that the Federal single audit will be performed again for 2012 because of the federal funding CEFIA has received in fiscal year 2012. Mr. Garcia stated that it is his intention to continue to compete for and obtain as much federal funding for Connecticut as possible. Therefore it is likely that continued Federal single audits will be required.

Upon a motion made by Mr. Ranelli, seconded by Ms. Wrice the Audit Committee members voted unanimously in favor of recommending to the Board of Directors of CEFIA the acceptance of the Audited Financial Statements and Federal Single Audit Report of the Connecticut Clean Energy Fund for fiscal year ending June 30, 2011.

4. **Adjournment**: Upon a motion made by Mr. Ranelli, seconded by Ms. Wrice, the Audit Committee members voted unanimously in favor of adjourning the November 21, 2011, meeting at 9:00 a.m.

Respectfully submitted,

John Olsen, Chairperson of Audit
Committee