

**AUDIT, COMPLIANCE AND GOVERNANCE COMMITTEE OF THE
CONNECTICUT GREEN BANK
Minutes – Special Meeting
Tuesday, December 2, 2014**

A special meeting of the Audit, Compliance and Governance Committee (“Audit Committee”) of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on December 2, 2014, at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT in the Bernard Baker Conference Room.

1. **Call to Order:** Matthew Ranelli, Chairperson of the Audit Committee, called the meeting to order at 8:31 a.m. Audit Committee members participating: Rob Klee, Vice Chairperson of the Green Bank and Commissioner of the Department of Energy and Environmental Protection (“DEEP”) – by phone; Matthew Ranelli; Patricia Wrice.

Members Absent: John Harranty.

Staff Attending: George Bellas, Joe Buonannata, Mackey Dykes, Brian Farnen, Bryan Garcia.

Others Attending: Bill Sawicki, Marcum LLP

2. **Public Comments:** Mr. Bellas introduced Mr. Sawicki of Marcum LLP (“Marcum”) and stated that Mr. Sawicki oversaw the audit that would be presented to the Committee.

3. **Approval of Minutes:**

Mr. Ranelli asked the Audit Committee members to consider the minutes from the October 15, 2014 meeting.

Upon a motion made by Ms. Wrice, seconded by Mr. Ranelli, the Audit Committee members voted unanimously in favor of adopting the minutes from the October 15, 2014 meeting as presented.

4. **Review of the draft 2014 Comprehensive Annual Financial Report (CAFR) which includes audited financial statements and the Federal Single Audit Report for the Connecticut Green Bank for the Fiscal Year ending June 30, 2014 :**

Mr. Ranelli reminded the Audit Committee members that Marcum presented an initial report regarding the results of the audit at the last Audit Committee meeting and that the Audit

Committee members requested additional time to ask questions and have minor points clarified prior to voting on approval of the reports.

Mr. Bellas discussed the audit reports, noting first that the CAFR is a more extensive document that includes, in addition to the audited financial statements for FY14, both financial and non-financial statistical information pertaining to the Green Bank's various programmatic initiatives.. He stated that no material adjustments to the financial statements themselves have been recorded since Marcum's first presentation to the Committee. Mr. Bellas concluded by stating that once minor typographical errors are corrected, and pending the Audit Committee's recommendation for approval and the Board's approval, Green Bank staff will release the audit.

Regarding the Federal Single Audit Report, Mr. Bellas explained that this is a report required by the federal government when an organization expends in excess of \$500,000 in Federal funds in a fiscal year which were utilized for specific federal programs that it administers...

Mr. Bellas stated that the Federal Single Audit Report was prepared in conjunction with the CAFR. He explained that Marcum reviews the internal controls surrounding the disbursement of federal funds to ensure that the disbursements are made in compliance with grant requirements. Mr. Bellas informed the Audit Committee that Marcum issued one audit finding as a result of its review. This finding recommended that all quarterly reports required to be submitted to the federal government be reviewed internally, prior to submission, by an individual not responsible for its preparation. Mr. Bellas stated that going forward all quarterly submissions will be reviewed by the Green Bank's Chief Operating Officer to comply with this recommendation.

Mr. Sawicki explained that Marcum will be issuing an unmodified opinion on the Green Bank's audited financial statements included in the FY14 CAFR. Marcum's report on its review of internal controls over financial reporting for purposes of the Federal Single Audit did not identify any deficiencies that they considered material weaknesses. In addition their review did not disclose any instances of non-compliance with grant agreements or other matters required to be reported to the Green Bank Board of Directors.

Mr. Ranelli thanked Mr. Sawicki for his work on the report and for his presentation, as well as Mr. Bellas and his staff for their efforts. He noted that the work necessary for the preparation of this year's CAFR will hopefully result in an easier process in the future and that these reports should give the Green Bank's federal partners confidence that the Green Bank is spending their funds wisely.

Mr. Klee asked how often these audits would be conducted, to which Mr. Sawicki responded they would be conducted annually Mr. Sawicki added that the Green Bank has

expanded dramatically and preparation of the reports would get easier moving forward. Mr. Ranelli commented that the Green Bank is a dynamic and creative group that will keep Marcum busy.

Mr. Bellas asked the Audit Committee members if they would like to ask Marcum any questions privately (i.e., without Green Bank management present). The Committee Members did not wish to speak with Marcum privately.

With no further discussion, Mr. Ranelli asked the Audit Committee members to consider the resolution presented before them.

Upon a motion made by Mr. Klee, seconded by Ms. Wrice, the Audit Committee members voted unanimously in favor of recommending to the Board of Directors for approval the 2014 Comprehensive Annual Financial Report which includes the Financial Statements and the Federal Single Audit Report of the Connecticut Green Bank for the Fiscal Year Ending June 30, 2014 (Attachments A and B).

Resolution #2

WHEREAS, Article V, Section 5.3.1(ii) of the Connecticut Green Bank Operating Procedures requires the Audit, Compliance, and the Governance Committee (the "Committee") to meet with the auditors to review the annual audit and formulation of an appropriate report and recommendations to the Board of Directors with respect to the approval of the audit report;

NOW, therefore be it:

RESOLVED, that the Committee hereby recommends to the Board of Directors for approval the 2014 Comprehensive Annual Financial Report which includes the Financial Statements and the Federal Single Audit Report of the Connecticut Green Bank for the Fiscal Year Ending June 30, 2014 (Attachments A and B).

5. Adjournment: Upon a motion made by Ms. Wrice, seconded by Mr. Ranelli, the Audit Committee members voted unanimously in favor of adjourning the December 2, 2014 meeting at 8:47 a.m.

Respectfully submitted,

Matthew Ranelli, Chairperson of Audit,
Compliance and Governance Committee