



Audit, Compliance and Governance Committee

Meeting Date

January 17, 2023





Audit, Compliance, & Governance Committee Members

Thomas M. Flynn, Chair

Managing Member, Coral Drive Partners,
LLC

Lonnie Reed

Board Chair

Matthew Ranelli

Partner, Shipman & Goodwin LLP

Joanne Wozniak-Brown

OPM

75 Charter Oak Avenue, Suite 1 - 103, Hartford, CT 06106
T 860.563.0015
ctgreenbank.com



January 10, 2022

Dear Audit, Compliance and Governance (ACG) Committee Members,

We look forward to our meeting on Tuesday, January 17th via GoToMeeting, <https://meet.goto.com/826482797>, from 8:30 a.m. to 9:30 a.m. We will be discussing the following agenda items:

1. Update of Accounting and Internal Control Procedures
2. Legislative and Regulatory Policy Update
3. Review SOC 2 Audit Report
4. Update on Statutory Report Status

As always, please let me know if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Brian Farn" followed by a long horizontal line.

Brian Farn
General Counsel & Chief Legal Officer



AGENDA

Audit, Compliance and Governance Committee of the
Connecticut Green Bank
75 Charter Oak Avenue, Suite 1-103
Hartford, CT 06106

Tuesday, January 17, 2023
8:30 – 9:30 a.m.

Staff Invited: Jane Murphy, Brian Farnen, Bryan Garcia, Bert Hunter, Eric Shrago and James Desantos

Others invites:

1. Call to order
2. Public Comments
3. Approve Meeting Minutes for October 11, 2022* – 5 minutes
4. Update of Accounting Internal Control Procedures** - 10 minutes
5. Legislative and Regulatory Policy Update – 15 minutes
6. Review SOC 2 Audit Report – 5 minutes
7. Update on Statutory Report Status – 5 minutes
8. Adjourn

*Denotes item requiring Committee action

** Denotes item requiring Committee action and recommendation to the Board for approval

Join the meeting online at
<https://meet.goto.com/826482797>

Or call in using your telephone:
Dial [+1 \(571\) 317-3122](tel:+15713173122)
- One-touch: [tel:+ 571317-3122,,826482797#](tel:+15713173122,826482797)
Access Code: 826-482-797

Next Regular Meeting: May 16, 2023
Connecticut Green Bank, 75 Charter Oak Ave., Suite 1-103, Hartford, CT



RESOLUTIONS

Audit, Compliance and Governance Committee of the
Connecticut Green Bank
75 Charter Oak Avenue, Suite 1-103
Hartford, CT 06106

Tuesday, January 17, 2023
8:30 – 9:30 a.m.

Staff Invited: Jane Murphy, Brian Farnen, Bryan Garcia, Bert Hunter, Eric Shrago and James Desantos

Others invites:

1. Call to order
2. Public Comments
3. Approve Meeting Minutes for October 11, 2022* – 5 minutes

Resolution #1:

Motion to approve the minutes of the Audit, Compliance and Governance Committee meeting for October 11, 2022. Second. Discussion. Vote.

4. Update of Accounting Internal Control Procedures** - 10 minutes – Jane

Resolution #2

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends to the Board of Directors for approval the proposed revisions to the Internal Accounting Controls and Procedures as presented.

5. Legislative and Regulatory Policy Update – 15 minutes – Brian and James
6. Review SOC 2 Audit Report – 5 minutes – Eric
7. Update on Statutory Report Status – 5 minutes – Brian and James
8. Adjourn

*Denotes item requiring Committee action

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Next Regular Meeting: May 16, 2023
Connecticut Green Bank, 75 Charter Oak Ave., Suite 1-103, Hartford, CT

ANNOUNCEMENTS

- **Mute Microphone** – in order to prevent background noise that disturbs the meeting, if you aren't talking, please mute your microphone or phone.
- **Chat Box** – if you aren't being heard, please use the chat box to raise your hand and ask a question.
- **Recording Meeting** – per Executive Order 7B (i.e., suspension of in-person open meeting requirements), we need to record and post this board meeting.
- **State Your Name** – for those talking, please state your name for the record.



CONNECTICUT
GREEN BANK SM

Audit, Compliance and Governance Committee

January 17, 2023

ACG Committee

Agenda Item #1

Call to Order

ACG Committee

Agenda Item #2

Public Comments

Agenda Item #3

Resolution 1



1. **Meeting Minutes** –
approval of meeting minutes of October 11, 2022

ACG Committee

Agenda Item #4

Update of Accounting Internal Control Procedures

Update of Accounting Internal Control Procedures – Overview



- Form the basis for safeguarding assets and ensuring disbursements are reviewed/approved by appropriate levels.
- Part of the overall system of internal controls that ensure financial transactions are recorded timely and accurately.
- Reviewed for material weaknesses during the annual financial audit.
- Procedures include:
 - CGB 101 – Purchasing and Accounts Payable
 - CGB 102 – Consulting and Advisory Services
 - CGB 103 – Credit Cards
 - CGB 104 – Mobile Devices
 - CGB 105 – Fixed Assets and Depreciation

Update of Accounting Internal Control Procedures – Proposed Revisions



- CGB 101 through 105
 - Change position specific titles to be generic
- CGB 101 Purchasing and Accounts Payable updates
 - Invoice approvals while staff is out of the office
 - Accounting department designee for electronic payments
 - Remove President & CEO requirement to approve intercompany cash transfers
 - Remove President & CEO requirement reapprove invoices approved by a designee

ACG Committee

Agenda Item #5

Legislative and Regulatory Policy Update

- The 2023 Legislative Session of the Connecticut General Assembly convened on January 4, 2023 and adjourns on June 7, 2023.
- The 2023 legislative session is a “Long Session” which allows any legislator to introduce proposed legislation outside of the committee process, leading to a significant amount of legislation introduced to date.
- Legislative Committee’s will be holding informational forums and introducing concept bills during the month of January – with the Public Hearing process beginning in February.

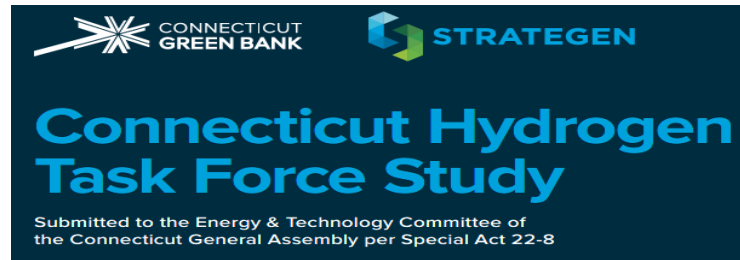


Key Annual Dockets

Docket Numbering Convention	Docket Naming Convention
2X-08-02	Annual Residential Renewable Energy Solutions Program Review and Rate Setting - Year X
2X-08-02RE01	Annual Residential Renewable Energy Solutions Program Review and Rate Setting - Year X - Contractor Education and Enforcement
2X-08-03	Annual Non-Residential Renewable Energy Solutions Program Review - Year X
2X-08-04	Annual Shared Clean Energy Facility Program Review - Year X
2X-08-05	Annual Energy Storage Solutions Program Review - Year X
2X-08-06	Annual EV Charging Program Review - Year X
2X-08-07	Innovative Energy Solutions Program Cycle X



- CGB led task force and introduction of the CT Hydrogen Task Force Study to the Energy & Technology (E&T) Committee. The E&T Committee will be introducing a committee bill to discuss the report and make policy/legislative recommendations.



- Top legislative priority is to prevent fund sweeps and maintain current System Benefit Charge levels and all programs currently funded by such charge.
 - *Connecticut is projected to gain tax receipts faster than it's debt grows over the next budget cycle and is projected to trend in this direction.*
 - *Current debate over high electric rates due to standard service rates increases proposed by the EDC's has resulted in legislation introduced to "eliminate the systems benefits charge and appropriate funds for programs currently funded by such charge" – Proposed HB 5285 (2023)*

ACG Committee

Agenda Item #6

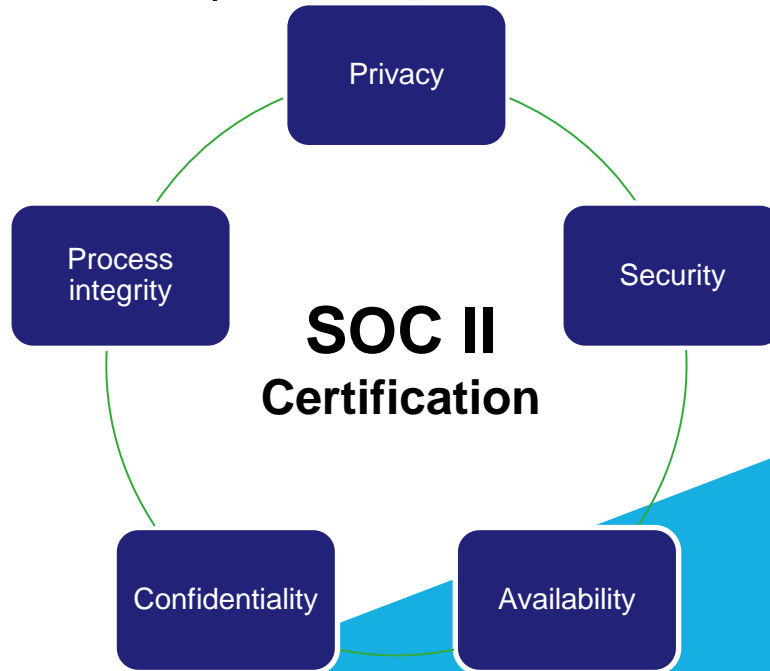
Review SOC 2 Audit Report

Service Organization Control Type 2 (SOC2)



Evaluation of controls around data and privacy for a specific time period.

Auditors evaluate compliance against 5 trust service principles:



The Green Bank expects to be certified as SOC2 compliant for the fourth time this year.



ACG Committee

Agenda Item #7

Update on Statutory Report Status

ACG Committee

Agenda Item #8
Adjourn



**AUDIT, COMPLIANCE AND GOVERNANCE OF THE
CONNECTICUT GREEN BANK**
Regular Meeting Minutes

Tuesday, October 11, 2022
8:30 a.m. – 9:30 a.m.

A regular meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on October 11, 2022.

Due to COVID-19, all participants joined via the conference call.

Committee Members Present: Thomas Flynn, Matt Ranelli, Lonnie Reed

Committee Members Absent: None

Staff Attending: Brian Farnen, Bryan Garcia, Bert Hunter, Cheryl Lumpkin, Jane Murphy, Ariel Schneider, Eric Shrago, Dan Smith

Others present: Jennifer Castor from Guidehouse, Joseph Centofanti and Katherine Patnaude from PKF O’Connor Davies, and Nicole Fry

1. Call to Order

- Thomas Flynn called the meeting to order at 8:31 am.

2. Public Comments

- No public comments.

The meeting did not start with a quorum but was gained after Matt Ranelli joined the meeting at 8:45 am.

3. Approve Meeting Minutes for May 17, 2022

Resolution #1

Motion to approve the minutes of the Audit, Compliance, and Governance Committee meeting for May 17, 2022.

Upon a motion made by Lonnie Reed and seconded by Thomas Flynn, the ACG Committee voted to approve Resolution 1. None opposed or abstained. Motion approved unanimously.

4. Proposed Draft Annual Comprehensive Financial Report (ACFR)

- Joseph Centofanti from PKF O'Connor Davies began his summary of the ACFR with notable new items for 2022 which includes the new entities of Green Liberty Notes, LLC and CGB CPACE, LLC, the implementation of GASB 87, and a new independent auditor report format. He stated the report has an unmodified opinion on financial statements, limited responsibility for Required Supplementary Information, and no responsibility for the introductory or statistical sections. He reviewed the financial highlights for the Green Bank including changes to revenue and expenses compared to the prior year.
 - Thomas Flynn asked for clarification regarding the decrease in provisions for loan losses and if that will change as COVID-19 winds down further. Jane Murphy responded that yes, monitoring of the loan losses is happening but the large decrease this year was due to the release of loan loss reserves that were specifically for COVID-19, and nothing materialized indicating they would be needed.
 - Thomas Flynn asked about the changes to administrative expenses and program administration costs and their drivers. Jane Murphy stated they are independent of each other, but the program administration cost increases are mostly due to meter replacement costs. The administrative expenses are mostly due to OPEB and pension expenses as they were re-evaluated from the actuaries which resulted in a decrease for the Green Bank. Joseph Centofanti noted that the evaluation is also done on the 2021 numbers so there is an expected increase for next year. Thomas Flynn asked if 5-year smoothing was done on the evaluations and Joseph Centofanti responded yes.
 - Matthew Ranelli asked for clarification about the net position and increase in revenues, and Joseph Centofanti answered it was mostly due to an increase in unrestricted funds. Thomas Flynn also clarified its presentation of an increase by \$21.6 million, not from \$21.6 million. Jane Murphy added that about \$3 million to \$3.5 million is from the SHREC ABS bond each year, and some is from the reserve release for the loan losses.
- Joseph Centofanti reviewed the revenue history and trend in revenue for the last 5 years.
- Katherine Patnaude reviewed the Federal Single Audit, which was given an unmodified opinion on compliance. For Required Communications, the disclosures were found to be neutral, consistent, and clear with no material uncorrected misstatements. She reviewed the passed adjustments, of which there were two though both were not material to the financial statements.
 - Thomas Flynn asked for clarification about the recording of federal grant revenue and Katherine Patnaude explained what was found. Thomas Flynn asked how that information was found in the testing, and Katherine Patnaude explained it was found when testing the expenditures.
 - Matthew Ranelli asked for more clarification about the way the funds related to the federal grant revenue had been recorded. Katherine Patnaude answered they had been recorded for interest rate buydowns and Eric Shrago clarified some had originally been used for loan loss reserves and then the Green Bank transitioned away from that to use it for interest rate buydowns instead. Bert Hunter noted that several million dollars were used for loan loss reserves early in the program, meaning they were utilized but not fully expended, and then explained the process for how the funds were moved around in more detail.
- Katherine Patnaude reviewed the recommendations.

Subject to Changes and Deletions

- Thomas Flynn asked if there were any informal observations or recommendations found as a first-year auditors to the Green Bank's documents. Joseph Centofanti stated there weren't too many informal notes needing to be addressed but had a couple things for themselves for the future to get a refresh on some data. But Jane Murphy and Dan Smith were both responsive and helpful overall.
- Thomas Flynn asked Jane Murphy and Dan Smith if they had any areas of note that could be improved next year, and Jane Murphy answered a new staff member has been hired to consolidate the workload for C-PACE transactions, but she noted it was helpful to have a fresh set of eyes on the financial statements via the new auditors.
- Katherine Patnaude summarized the future considerations for GASBs that will be coming into effect at future dates.
 - Thomas Flynn asked for a brief, detailed summary of GASB 96 which comes into effect in 2023 and Katherine Patnaude explained.
- Eric Shrago added along with the financials, there are non-financial statistics in the Detailed Annual Impact Report.

Resolution #2

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends to the Board of Directors for approval the proposed draft Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2022.

Upon a motion made by Matthew Ranelli and seconded by Lonnie Reed, the ACG Committee voted to approve Resolution 2. None opposed or abstained. Motion approved unanimously.

5. Impact Methodology Update

- Eric Shrago summarized the Jobs Creation and Tax Generation methodologies. The original studies for jobs and taxes were refreshed to include new technologies and update rates. The tax methodology now also includes property tax generation in addition to income (personal and corporate) and sales and use tax estimates.
-

Resolution #3

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends to the Board of Directors for approval the proposed Jobs Study and Tax Calculator for the Evaluation and Measurement of the jobs created and tax revenue generated by Green Bank supported projects.

Upon a motion made by Lonnie Reed and seconded by Matthew Ranelli, the ACG Committee voted to approve Resolution 3. None opposed or abstained. Motion approved unanimously.

- 6. Governance Document Review**
 - a. Governance Documents**
 - i. Resolution of Purpose**

Subject to Changes and Deletions

- ii. **Bylaws of the Connecticut Green Bank**
- iii. **Operating Procedures**
- iv. **Ethics Statement**
- v. **Ethical Conduct Policy – Board of Directors**
- vi. **Ethical Conduct Policy – Staff**

- Brian Farnen summarized the annual review of the Governance Documents and recommends no changes since governance documents were updated with our expansion in scope last year.

b. Reporting Requirements

- Brian Farnen stated that all reporting requirements have been recorded on time.

7. BOD Membership Term Updates and Attendance Review

- Brian Farnen stated there are no current open appointments needing to be filled and no members were out of compliance during the previous period.

8. Adjourn

Upon a motion made by Matthew Ranelli and seconded by Lonnie Reed, the Audit, Compliance and Governance Committee Meeting adjourned at 9:30 am.

Respectfully submitted,

Thomas Flynn, Chairperson

Memo

To: Audit, Compliance and Governance Committee
From: Jane Murphy, EVP Finance and Administration
Date: January 10, 2023
Re: Review of proposed revisions to Accounting Internal Control Procedures

It is a best practice to review the Connecticut Green Bank's ("CGB") internal accounting control procedures with the CGB Audit, Compliance and Governance ("ACG") Committee for updates necessary to reflect changes in organizational procedures and programs. The Internal Controls document, which includes the five procedures listed below, is included for review and discussion at our meeting. Clean and redline versions have been provided to highlight the recommended changes.

Accounting Department Internal Controls and Procedures

CGB 101 – Purchasing and Accounts Payable
CGB 102 – Consulting and Advisory Services
CGB 103 – Credit Cards
CGB 104 – Mobile Devices
CGB 105 – Fixed Assets and Depreciation

All internal control procedures are being updated to replace specific position titles with generic position titles so the procedures remain up to date if staff titles change. Additionally, the Purchasing and Accounts Payable procedures are being updated to:

- Reflect handling of invoice approvals while staff is out of the office,
- Include an accounting department designee for electronic payment processing should the need arise,
- Remove the requirement that the President & CEO approve intercompany cash transfers, and
- Remove the requirement that upon return to the office, the President & CEO reapprove all invoices approved by a designee.

Staff is requesting that the following resolution be adopted by the ACG Committee:

RESOLUTION

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends to the Board of Directors for approval the proposed revisions to the Internal Accounting Controls and Procedures as presented.

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Connecticut Green Bank and Component Units

Accounting Department Internal Controls and Procedures Index

CGB 101 – Purchasing and Accounts Payable

CGB 102 – Consulting and Advisory Services

CGB 103 – Credit Cards

CGB 104 – Mobile Devices

CGB 105 – Fixed Assets and Depreciation

Purchasing and Accounts Payable Policies and Procedures

I. Purpose:

To provide procedures for procurement methods and completion of related documents.

II. Scope:

This procedure applies to the purchase of supplies, materials, services, sponsorships, memberships, software and capital assets for all departments within the Connecticut Green Bank (CGB) as well as for all component units for which CGB provides accounting and financial reporting services, whether operating or programmatic in nature.

III. Responsibility:

Procurement of supplies will be facilitated through the operations and accounting departments. Procurement of services will be initiated by the person requiring the services. Subscriptions will be initiated and monitored by the marketing and outreach department. All named parties are responsible for using good purchasing methods for optimizing price savings, quality and value of products, vendor working relationships, and for assuring proper control and inspection as required by these policies. All named parties will utilize purchase orders or such other purchasing documents that are developed and revised from time to time as necessary by the operations and accounting departments.

IV. Procedure:

A. ORDER PLACEMENT AND APPROVALS

1. Office supplies - and other goods and services used in the normal course of business are approved by the Head of Finance & Administration or the Head of Operations.
2. Office furniture, fixtures and equipment - must be approved by the President & CEO or the Head of Operations.
3. Subscriptions and Reference Materials – Subscriptions to magazines, newspapers, on-line reference and search services, etc. must be approved by the Head of Marketing or the Head of Operations.
4. Computer Equipment and Software - All purchases of computer equipment, software and related items must be in writing. All purchases under \$1,000 will be approved by the Office Manager. All purchases \$1,000 or greater will follow the approval process outlined in B1 below.
5. Travel and Entertainment – All business travel and entertainment must be approved by the employee's immediate supervisor. All requests for reimbursement of T&E expenses greater than \$1,000 must follow the approval guidelines set forth in Section B below. All international travel must

be pre- approved by the President & CEO. All international travel by the President & CEO must be pre-approved by the Chairperson of the CGB Board. See the Company Travel and Entertainment Policy for guidelines on business expenditures that will be reimbursed.

6. Financial Assistance – The process of approving financial assistance consisting of grants, loans, loan guarantees, debt and equity investments or other financial products is outlined in the bylaws and operating procedures of the CGB.
7. Sponsorships and Memberships – All CGB sponsorships and memberships must be approved by Director level staff and the Head of Operations.
8. Consulting and Advisory Services – See CGB – 102 for procedures related to internal management of consulting and advisory services.
9. Legal Fees – Due to the nature of legal fees, approval for fees is obtained when the invoice is received. All invoices will be forwarded to the General Counsel & Chief Legal Officer and the President & CEO for their approvals before payment is made.

B. PROCESSING OF VENDOR INVOICES FOR GOODS AND SERVICES

1. Approval of Invoices – must be obtained prior to sending to Accounts Payable for payment processing.
 - a. Goods and Services
 - Invoice < \$1000 – requires signature of project/department manager level or higher.
 - Invoice equal to or greater than \$1,000 –requires the signature of one of the following: Head of Finance & Administration; Head of Operations; General Counsel & Chief Legal Officer; President & CEO; Chief Investment Officer; collectively named “Management”.
 - Invoice equal to or greater than \$5,000 – requires 2 signatures from Management.
 - Invoice equal to or greater than \$25,000 – requires 2 signatures from Management, one of which must be the President & CEO.
 - Non-budgeted items – requires approval of Head of Operations as well as approval according to \$ limit approval procedures noted above.
 - b. Financial Assistance (as defined in A6 above)
 - Up to \$25,000 – requires 2 signatures from Management, one of which must be the President & CEO or the Head of Operations or, in both their absence, the Head of Finance & Administration.
 - Equal to or above \$25,000 – requires 2 signatures from Management, one of which must be the President & CEO or in his/her absence the Head of Finance & Administration.
 - c. Consulting and Advisory Services – See CGB – 102
 - d. Re-occurring charges – for disbursements that occur on a regular basis (rents, equipment lease payments, etc. the Head of Finance & Administration must approve the invoice. A second signature from a member of Management is not required.

- e. Transfers of funds between CGB and its component units for working capital purposes – transfers of funds between CGB and its component units for working capital purposes will only require the approval of the Head of Finance & Administration at time of transfer.
2. Approval in the absence of the President & CEO – If the President & CEO is unavailable for a period of time to approve invoices or purchases enumerated in section A above, he/she may delegate his/her authority to approve such purchases and invoices to the Head of Finance and Administration or in the absence of the Head of Finance and Administration, the Head of Operations, Chief Investment Officer or General Counsel & Chief Legal Officer in writing.
3. Approval in the absence of the Head of Finance and Administration – If the Head of Finance and Administration is unavailable for a period of time, the President & CEO may designate a member of the Accounting Department to approve invoices or purchases enumerated in section A above. Additionally, this designee may perform tasks of the Head of Finance and Administration as it relates to electronic payments as noted in Section 6 below. There will be no impact on check signing.
4. Payment of invoices
 - a. Accounts Payable will process invoices for payment when all approvals are obtained by requestor.
 - b. Payment of invoices will be made based on vendor terms.
 - c. Check signing:
 - Invoice and all related documents are submitted to Accounts Payable.
 - Check amounts equal to or greater than \$5,000 require 2 signatures
 - The Board of Directors will authorize specific senior level positions to sign checks on behalf of the Company. This authorization will be documented in the Board meeting minutes.
5. Check requests

A check request or a SharePoint approval email may be used as approval documentation for invoices.
6. Wire/ACH transfers
 - a. The processing of wire/ACH disbursements requires two authorized individuals to execute the transaction: one to initiate/approve and one to release the transaction. The initiate/approve function may be processed by the Head of Finance & Administration or his/her Accounting Department Designee. If the Accounting Department Designee performs the initiate/approve function, the Head of Finance & Administration may perform the release function. If the Head of Finance & Administration performs the initiate/approve function, another authorized check signer must perform the release function.

- b. Financial Assistance – No wire/ACH will be initiated until the Head of Finance & Administration or his/her designee has reviewed all appropriate executed legal documents to verify that the disbursement is being made in accordance with the requirements of such documents.

Consulting and Advisory Services

I. Purpose:

Pursuant to operating procedures initially adopted by the Board of Directors of the Connecticut Green Bank (CGB) on December 16, 2011 as amended from time to time; CGB may contract for consulting and advisory services as part of its operations and programs.

II. Scope:

These services may include expertise or specialized advice, training, research or analysis, special projects or other work where the (a) appropriate experience, skills or expertise is not then available among the staff because of workload or other constraints, (b) the time duration, frequency of need or other nature of the services does not justify employing staff to provide such services, or (c) Board of Directors has determined that the use of such services is warranted and in the best interest of CGB. These procedures also apply to all component units of CGB for which CGB provides accounting and financial reporting services. CGB and its component units are collectively referred to as the “Company” in these procedures.

III. Responsibility: All staff contracting for consulting and advisory services must follow this procedure.

IV. Procedure:

- A. Request for Services - All such services will be requested through the use of the Company’s standard Approval Release Slip (ARS). The ARS will be attached to a draft Professional Service Agreement (PSA) developed and revised from time to time as necessary by the Company’s legal department. Upon the approval of the ARS by staff as outlined below in section B, a PSA will be executed between the Company and the provider of the services requested.
- B. Approval of ARS and execution of PSA:
 1. Approval of ARS: All ARS forms require the following sign offs before the Company’s legal department will process the related PSA: 1) the manager who has budget responsibility for the program seeking the services, 2) the Head of Finance & Administration, 3) the Head of Operations and 4) the General Counsel & Chief Legal Officer.
 2. Execution of the PSA: The President & CEO will execute all PSA’s on behalf of the company. However, see 5 below.

3. ARS requests greater than \$75,000 to \$150,000 must be approved in writing by the President and CEO and Chairperson of the Board prior to execution of PSA under B1 above.
4. ARS requests greater than \$150,000 must follow the RFP requirements in section C prior to execution of PSA under B1 above.
5. Execution of PSA's and approval of ARS requests the absence of the President & CEO – If the President & CEO is unavailable for a period of time to execute PSAs or approve ARS's as required, he/she may delegate his/her authority to approve purchases to the Head of Finance & Administration or in the absence of the Head of Finance & Administration the Head of Operations, Chief Investment Officer or General Counsel & Chief Legal Officer in writing. The Head of Finance & Administration must then forward all items approved under this section to the President & CEO upon his/her return to the office and obtain approval from the President and CEO at that time.
6. All ARS requests will be reviewed by the DOO and Head of Finance & Administration to ensure that the requested disbursement falls within the appropriate departmental budget for the current fiscal year prior to approval.

C. PSA duration and RFP requirements

1. Duration - The duration of PSAs for consulting or advisory services will generally not exceed one year without written approval of the President & CEO.
2. Whenever possible, an RFP is to be completed prior to entering into any contract in an amount over \$150,000 in any one fiscal year.
3. Contractors with multiple contracts - CGB may engage the same contractor for several different projects or for continuations of a single project during a fiscal year. A PSA which will, if executed, result in cumulative expenditures to the contractor exceeding \$150,000 in any one fiscal year will require, whenever possible, that an RFP be completed prior to the execution of the PSA.

D. Recordkeeping

1. The department of finance and administration will prepare and maintain a summary of all outstanding contracts. The summary will include the name of the contractor, a brief description of the services/project, the total amount of the contract and actual amount paid to date.

2. The Head of Finance & Administration will be responsible for monitoring the status of approved contracts and ensuring that all contracts are in compliance with these operating procedures.

Credit Card Policy and Procedures

I. Purpose:

To provide procedures for the use of Connecticut Green Bank, (“CGB”) owned credit cards by authorized employees of the CGB.

II. Policy/Scope:

CGB owned credit cards will be issued to those employees who are designated as purchasing agents for CGB by the President and CEO. CGB owned credit cards will be used for official CGB business to purchase goods and services on behalf of CGB or to make travel arrangements on behalf of CGB employees who are traveling on CGB business. CGB owned credit cards shall not be used for personal or private business. Intentional misuse or fraudulent abuse of any CGB owned credit card may result in disciplinary action, up to and including dismissal. In addition, the authorized holder of the CGB owned credit card shall promptly reimburse CGB for any unacceptable or unauthorized purchases.

III. Responsibility:

The Head of Finance & Administration shall be responsible for the administration of the CGB credit card account.

IV. Procedures:

1. The President and CEO (“CEO”) and the Head of Operations are authorized purchasing agents of the CGB. The CEO shall provide the Head of Finance & Administration with a list of additional employees who are authorized purchasing agents for CGB. This list will be updated from time to time by the CEO as circumstances warrant. A credit card dollar limit will be approved by the CEO for each authorized purchasing agent.
2. The Head of Finance & Administration as administrator of the CGB credit card account will approve and submit an application to the credit card issuer requesting that a card be issued (with the authorized dollar limit) to the CGB purchasing agent.
3. Once the CGB credit card is issued to the authorized purchasing agent, the purchasing agent will be responsible for maintaining adequate documentation supporting all purchases made with the credit card. This documentation shall be attached to the monthly credit card invoice and submitted to the Head of Finance & Administration for review and approval. The Head of Finance & Administration will review the documentation submitted to determine that the expenditure was for an appropriate business purpose. The credit

card invoice will be approved by the Head of Finance & Administration and the Chief Legal Counsel.

4. It is the purchasing agent's responsibility to monitor his or her account for unauthorized activity. All unauthorized activity should immediately be reported to the credit card issuer and Head of Finance & Administration for appropriate action.

5. Purchasing agents who have been issued a CGB owned card will be responsible for safeguarding the card at all times. The purchasing agent is responsible for immediately and properly reporting a lost or stolen card to the credit card issuer and the Head of Finance & Administration.

6. A copy of this policy will be provided to each purchasing agent. The purchasing agent will be required to acknowledge receipt of the policy.

Mobile Device Policy and Reimbursement Procedure

Policy

The Connecticut Green Bank (“CGB”) often must have immediate access to key employees. Accordingly, CGB will provide mobile devices with cell and internet access to an employee if the employee’s responsibilities require the employee to be out of the office on Company business and the employee needs to be in contact with CGB staff or its partners during that time.

Procedure

Mobile device plans bundle “voice” minutes and “data” minutes for a monthly fee.

Employees can be reimbursed for the associated monthly voice and data charges by submitting an approved employee expense report with appropriate backup including dates of service to the accounting department on a monthly basis up to the limit established by the organization. If an employee’s cell phone service is part of a “family” plan, the employee will only be reimbursed for the charges allocated to their cell phone number. Dollar limits will be reviewed and adjusted periodically by the President and CEO and the Head of Operations. Pre-Approval forms may be obtained from the accounting department. All requests for mobile communications devices and associated voice/data plans must be approved by the Head of Operations. ***Charges incurred that were not pre-approved or above the pre-approved limit will be the responsibility of the employee.***

Costs outside of this procedure will be reviewed on a case by case basis and should seek pre-approval whenever possible.

Fixed Assets and Depreciation

I. Purpose: To set policy and controls over the recording of fixed assets related depreciation.

II. Scope: This policy applies to all purchases of furniture, equipment, software and leasehold improvements.

III. Responsibility: The Head of Finance & Administration and Controller are responsible for monitoring and tracking fixed assets and related depreciation.

IV. Procedure:

- a. All computer hardware and software, office furniture and equipment, and leasehold improvement items purchased with a value greater than \$1,000 are capitalized and recorded as fixed assets.
- b. The Staff Accountant or Senior Accountant records the fixed asset vendor invoice to the appropriate fixed asset account. Invoices are approved using internal accounting control procedure CGB 101 – Purchasing and Accounts Payable.
- c. The Senior Accountant, Controller, or Head of Finance & Administration reviews fixed asset purchases on a monthly basis and inputs the appropriate financial information in the Intacct business system using the following categories and useful lives:
 - i. Furniture and Equipment – 5 years
 - ii. Computer Hardware – 3 years
 - iii. Computer Software – 3 or 2 years
 - iv. Leasehold Improvements – 5 years or life of lease, whichever is less
- d. Depreciation is calculated by Intacct using the straight-line method on a yearly basis and reconciled monthly.

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Connecticut Green Bank and Component Units

Accounting Department Internal Controls and Procedures Index

CGB 101 – Purchasing and Accounts Payable

CGB 102 – Consulting and Advisory Services

CGB 103 – Credit Cards

CGB 104 – Mobile Devices

CGB 105 – Fixed Assets and Depreciation

Purchasing and Accounts Payable Policies and Procedures

I. Purpose:

To provide procedures for procurement methods and completion of related documents.

II. Scope:

This procedure applies to the purchase of supplies, materials, services, sponsorships, memberships, software and capital assets for all departments within the Connecticut Green Bank (CGB) as well as for all component units for which CGB provides accounting and financial reporting services, whether operating or programmatic in nature.

III. Responsibility:

Procurement of supplies will be facilitated through the operations and accounting departments. Procurement of services will be initiated by the person requiring the services. Subscriptions will be initiated and monitored by the marketing and outreach department. All named parties are responsible for using good purchasing methods for optimizing price savings, quality and value of products, vendor working relationships, and for assuring proper control and inspection as required by these policies. All named parties will utilize purchase orders or such other purchasing documents that are developed and revised from time to time as necessary by the operations and accounting departments.

IV. Procedure:

A. ORDER PLACEMENT AND APPROVALS

1. Office supplies - and other goods and services used in the normal course of business are approved by the ~~VP of Finance (“VPF”)~~ Head of Finance & Administration or the ~~Director of Operations (“DOO”)~~ Head of Operations.
2. Office furniture, fixtures and equipment - must be approved by the President & CEO or the ~~DOO~~ Head of Operations.
3. Subscriptions and Reference Materials – Subscriptions to magazines, newspapers, on-line reference and search services, etc. must be approved by the ~~Managing Director~~ Head of Marketing (~~MDM~~) or the ~~DOO~~ Head of Operations.
4. Computer Equipment and Software - All purchases of computer equipment, software and related items must be in writing. All purchases under \$1,000 will be approved by the Office Manager. All purchases \$1,000 or greater will follow the approval process outlined in B1 below.
5. Travel and Entertainment – All business travel and entertainment must be approved by the employee’s immediate supervisor. All requests for reimbursement of T&E expenses greater than \$1,000 must follow the

approval guidelines set forth in Section B below. All international travel must be pre-approved by the President & CEO. All international travel by the President & CEO must be pre-approved by the Chairperson of the CGB Board. See the Company Travel and Entertainment Policy for guidelines on business expenditures that will be reimbursed.

6. Financial Assistance – The process of approving financial assistance consisting of grants, loans, loan guarantees, debt and equity investments or other financial products is outlined in the bylaws and operating procedures of the CGB.
7. Sponsorships and Memberships – All CGB sponsorships and memberships must be approved by Director level staff and the ~~DOO~~ Head of Operations.
8. Consulting and Advisory Services – See CGB – 102 for procedures related to internal management of consulting and advisory services.
9. Legal Fees – Due to the nature of legal fees, approval for fees is obtained when the invoice is received. All invoices will be forwarded to the General Counsel & Chief Legal Counsel-Officer and ~~DOO~~ the President & CEO for their approvals before payment is made.

B. PROCESSING OF VENDOR INVOICES FOR GOODS AND SERVICES

1. Approval of Invoices – must be obtained prior to sending to Accounts Payable for payment processing.
 - a. Goods and Services
 - Invoice < \$1000 – requires signature of project/department manager level or higher.
 - Invoice equal to or greater than \$1,000 – requires the signature of one of the following: VPF Head of Finance & Administration; ~~DOO~~ Head of Operations; General Counsel & Chief Legal Officer; President & CEO; ~~EVP and~~ Chief Investment Officer; collectively named “Management”.
 - Invoice equal to or greater than \$5,000 – requires 2 signatures from Management.
 - Invoice equal to or greater than \$25,000 – requires 2 signatures from Management, one of which must be the President ~~and~~ & CEO.
 - Non-budgeted items – requires signature approval of ~~DOO~~ Head of Operations as well as approval according to \$ limit approval procedures noted above.
 - b. Financial Assistance (as defined in A6 above)
 - U up to \$25,000 – requires 2 signatures from Management, one of which must be the President & CEO or the ~~DOO~~ Head of Operations or, in both their absence, the VPF Head of Finance & Administration.
 - Finance Assistance (as defined in A6 above) e Equal to or above \$25,000 – requires 2 signatures from Management, one of which must be the President & CEO or in his/ ~~or~~ her absence the VPF Head of Finance & Administration.
 - c. Consulting and Advisory Services – See CGB – 102

- d. Re-occurring charges – for disbursements that occur on a regular basis (rents, equipment lease payments, etc. the VPF Head of Finance & Administration must approve the invoice. A second signature from a member of Management is not required.
- e. Transfers of funds between CGB and its component units for working capital purposes – transfers of funds between CGB and its component units for working capital purposes will only require the approval of the VPF Head of Finance & Administration at time of transfer. ~~Documentation of the transfer will be forwarded to the President and CEO for review and sign-off within 2 business days after transfer. All transfers will be executed by wire transfer which require approval and release by 2 authorized check signers.~~

2. Approval in the absence of the President & CEO – If the President & CEO is unavailable for a period of time to approve invoices or purchases enumerated in section A above, he/she may delegate his/her authority to approve such purchases and invoices to the VPF Head of Finance and Administration or in the absence of the VPF Head of Finance and Administration, the ~~DOO~~Head of Operations, Chief Investment Officer or General Counsel & Chief Legal Officer in writing. ~~The VPF or such other designee listed above must then submit all such items to the President & CEO upon his/her return to the office and obtain approval from the President & CEO at that time.~~

3. Approval in the absence of the Head of Finance and Administration – If the Head of Finance and Administration is unavailable for a period of time, the President & CEO may designate a member of the Accounting Department to approve invoices or purchases enumerated in section A above. Additionally, this designee may perform tasks of the Head of Finance and Administration as it relates to electronic payments as noted in Section 6 below. There will be no impact on check signing.

~~2.~~

3.4. Payment of invoices –

- a. Accounts Payable will process invoices for payment when all approvals are obtained by requestor.
- b. Payment of invoices will be made based on vendor terms.
- c. Check signing:
 - Invoice and all related documents are submitted to Accounts Payable.
 - Check amounts equal to or greater than \$5,000 require 2 signatures
 - The Board of Directors will authorize specific senior level positions to sign checks on behalf of the Company. This authorization will be documented in the Board meeting minutes.

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4.5. Check requests

~~a. -A check request or a SharePoint approval email may be used as approval documentation for invoices. -Invoices may be signed directly as well. The finance and administration department will develop and maintain check request forms.~~

5.6. Wire/ACH transfers

- a. ~~The processing of wire/ACH disbursements will follow the same process for checks as documented in section 3c. above with the exception that all wires or ACH transactions require that 2 authorized check signors are required to execute the transaction: one to initiate and approve and one to release the transaction.~~ requires two authorized individuals to execute the transaction: one to initiate/approve and one to release the transaction. The initiate/approve function may be processed by the Head of Finance & Administration or his/her Accounting Department Designee. If the Accounting Department Designee performs the initiate/approve function, the Head of Finance & Administration may perform the release function. If the Head of Finance & Administration performs the initiate/approve function, another authorized check signer must perform the release function.
- b. Financial Assistance – No wire/ACH will be initiated until the ~~VPF~~Head of Finance & Administration or his/her designee has reviewed all appropriate executed legal documents to verify that the disbursement is being made in accordance with the requirements of such documents.

Consulting and Advisory Services

I. Purpose:

Pursuant to operating procedures initially adopted by the Board of Directors of the Connecticut Green Bank (CGB) on December 16, 2011 as amended from time to time; CGB may contract for consulting and advisory services as part of its operations and programs.

II. Scope:

These services may include expertise or specialized advice, training, research or analysis, special projects or other work where the (a) appropriate experience, skills or expertise is not then available among the staff because of workload or other constraints, (b) the time duration, frequency of need or other nature of the services does not justify employing staff to provide such services, or (c) Board of Directors has determined that the use of such services is warranted and in the best interest of CGB. These procedures also apply to all component units of CGB for which CGB provides accounting and financial reporting services. CGB and its component units are collectively referred to as the “Company” in these procedures.

III. Responsibility: All staff contracting for consulting and advisory services must follow this procedure.

IV. Procedure:

- A. Request for Services - All such services will be requested through the use of the Company’s standard Approval Release Slip (ARS). The ARS will be attached to a draft Professional Service Agreement (PSA) developed and revised from time to time as necessary by the Company’s legal department. Upon the approval of the ARS by staff as outlined below in section B, a PSA will be executed between the Company and the provider of the services requested.
- B. Approval of ARS and execution of PSA:
1. Approval of ARS: All ARS forms require the following sign offs before the Company’s legal department will process the related PSA: 1) the manager who has budget responsibility for the program seeking the services, 2) the VPF Head of Finance & Administration, 3) the ~~DOO~~ Head of Operations and 4) the General Counsel & Chief Legal Officer.
 2. Execution of the PSA: The President & CEO will execute all PSA’s on behalf of the company. However, see 5 below.

3. ARS requests greater than \$75,000 to \$150,000 must be approved in writing by the President and CEO and Chairperson of the Board prior to execution of PSA under B1 above.
4. ARS requests greater than \$150,000 must follow the RFP requirements in section C prior to execution of PSA under B1 above.
5. Execution of PSA's and approval of ARS requests the absence of the President & CEO – If the President & CEO is unavailable for a period of time to execute PSAs or approve ARS's as required, he/she may delegate his/her authority to approve purchases to the VPF-Head of Finance & Administration or in the absence of the VPF-Head of Finance & Administration the DOO Head of Operations, Chief Investment Officer or General Counsel & Chief Legal Officer in writing. The VPF-Head of Finance & Administration must then forward all items approved under this section to the President & CEO upon his/her return to the office and obtain approval from the President and CEO at that time.
6. All ARS requests will be reviewed by the DOO and VPF-Head of Finance & Administration to ensure that the requested disbursement falls within the appropriate departmental budget for the current fiscal year prior to approval.

C. PSA duration and RFP requirements

1. Duration - The duration of PSAs for consulting or advisory services will generally not exceed one year without written approval of the President & CEO.
2. -Whenever possible, an RFP is to be completed prior to entering into any contract in an amount over \$150,000 in any one fiscal year.
3. Contractors with multiple contracts - CGB may engage the same contractor for several different projects or for continuations of a single project during a fiscal year. A PSA which will, if executed, result in cumulative expenditures to the contractor exceeding \$150,000 in any one fiscal year will require, whenever possible, that an RFP be completed prior to the execution of the PSA.

D. Recordkeeping

1. The department of finance and administration will prepare and maintain a summary of all outstanding contracts. The summary will include the name of the contractor, a brief description of the services/project, the total amount of the contract and actual amount paid to date.

2. The ~~VPF~~ Head of Finance & Administration will be responsible for monitoring the status of approved contracts and ensuring that all contracts are in compliance with these operating procedures.

Credit Card Policy and Procedures

I. Purpose:

To provide procedures for the use of Connecticut Green Bank, (“CGB”) owned credit cards by authorized employees of the CGB.

II. Policy/Scope:

CGB owned credit cards will be issued to those employees who are designated as purchasing agents for CGB by the President and CEO. CGB owned credit cards will be used for official CGB business to purchase goods and services on behalf of CGB or to make travel arrangements on behalf of CGB employees who are traveling on CGB business. CGB owned credit cards shall not be used for personal or private business. Intentional misuse or fraudulent abuse of any CGB owned credit card may result in disciplinary action, up to and including dismissal. In addition, the authorized holder of the CGB owned credit card shall promptly reimburse CGB for any unacceptable or unauthorized purchases.

III. Responsibility:

The ~~Vice President of Finance (“VPF”)~~ Head of Finance & Administration shall be responsible for the administration of the CGB credit card account.

IV. Procedures:

1. The President and CEO (“CEO”) and the ~~Director of Operations (“DOO”)~~ Head of Operations -are authorized purchasing agents of the CGB. The CEO shall provide the ~~VPF~~ Head of Finance & Administration with a list of additional employees who are authorized purchasing agents for CGB. This list will be updated from time to time by the CEO as circumstances warrant. A credit card dollar limit will be approved by the CEO for each authorized purchasing agent.
2. The ~~VPF~~ Head of Finance & Administration as administrator of the CGB credit card account will approve and submit an application to the credit card issuer requesting that a card be issued (with the authorized dollar limit) to the CGB purchasing agent.
3. Once the CGB credit card is issued to the authorized purchasing agent, the purchasing agent will be responsible for maintaining adequate documentation supporting all purchases made with the credit card. This documentation shall be attached to the monthly credit card invoice and submitted to the ~~VPF~~ Head of Finance & Administration for review and approval. The ~~VPF~~ Head of Finance & Administration will review the documentation submitted to determine that the expenditure was for an appropriate business purpose.

The credit card invoice will be approved by the ~~V~~PF Head of Finance & Administration and the Chief Legal ~~Officer (CLO)~~Counsel.

4. It is the purchasing agent's responsibility to monitor his or her account for unauthorized activity. All unauthorized activity should immediately be reported to the credit card issuer and ~~V~~PF Head of Finance & Administration for appropriate action.

5. Purchasing agents who have been issued a CGB owned card will be responsible for safeguarding the card at all times. The purchasing agent is responsible for immediately and properly reporting a lost or stolen card to the credit card issuer and the ~~V~~PF Head of Finance & Administration.

6. A copy of this policy will be provided to each purchasing agent. The purchasing agent will be required to acknowledge receipt of the policy.

Mobile Device Policy and Reimbursement Procedure

Policy

The Connecticut Green Bank (“CGB”) often must have immediate access to key employees. Accordingly, CGB will provide mobile devices with cell and internet access to an employee if the employee’s responsibilities require the employee to be out of the office on Company business and the employee needs to be in contact with CGB staff or its partners during that time.

Procedure

Mobile device plans bundle “voice” minutes and “data” minutes for a monthly fee.

Employees can be reimbursed for the associated monthly voice and data charges by submitting an approved employee expense report with appropriate backup including dates of service to the accounting department on a monthly basis up to the limit established by the organization. If an employee’s cell phone service is part of a “family” plan, the employee will only be reimbursed for the charges allocated to their cell phone number. Dollar limits will be reviewed and adjusted periodically by the President and CEO and the ~~Director of Operations (“DOO”)~~ Head of Operations. Pre-Approval forms may be obtained from the accounting department. All requests for mobile communications devices and associated voice/data plans must be approved by the ~~DOO~~ Head of Operations. ***Charges incurred that were not pre-approved or above the pre-approved limit will be the responsibility of the employee.***

Costs outside of this procedure will be reviewed on a case by case basis and should seek pre-approval whenever possible.

Fixed Assets and Depreciation

I. Purpose: To set policy and controls over the recording of fixed assets related depreciation.

II. Scope: This policy applies to all purchases of furniture, equipment, software and leasehold improvements.

III. Responsibility: The Head of Finance & Administration and Controller are responsible for monitoring and tracking fixed assets and related depreciation.

IV. Procedure:

- a. All computer hardware and software, office furniture and equipment, and leasehold improvement items purchased with a value greater than \$1,000 are capitalized and recorded as fixed assets.
- b. The Staff Accountant or Senior Accountant records the fixed asset vendor invoice to the appropriate fixed asset account. Invoices are approved using internal accounting control procedure CGB 101 – Purchasing and Accounts Payable.
- c. The Senior Accountant, Controller, or Head of Finance & Administration reviews fixed asset purchases on a monthly basis and inputs the appropriate financial information in the Intacct business system using the following categories and useful lives:
 - i. Furniture and Equipment – 5 years
 - ii. Computer Hardware – 3 years
 - iii. Computer Software – 3 or 2 years
 - iv. Leasehold Improvements – 5 years or life of lease, whichever is less
- d. Depreciation is calculated by Intacct using the straight-line method on a yearly basis and reconciled monthly.



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