

## **AUDIT, COMPLIANCE AND GOVERNANCE COMMITTEE**

of Connecticut Innovations, Incorporated

Minutes – Regular Meeting

October 28, 2013

A regular meeting of the **Audit, Compliance and Governance Committee of Connecticut Innovations, Incorporated** (the “Audit Committee”) was held on October 28, 2013, at the office of Connecticut Innovations, Inc., 865 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Paul Pescatello, Chairperson of the Audit Committee, called the meeting to order at 9:08 a.m. Audit Committee members participating: Michael Cantor, Chairperson of CI; Alan Greene (by phone); and Paul Pescatello (by phone).

Absent: Christine Shaw, State Treasurer’s Office.

Staff Present: Claire Leonardi, Peter Longo, Shelly Mondo, Hilary Scott, and Phil Siuta.

Others Present: Bill Sawicki, Marcum; John Schuyler, Marcum; and Gary Smith, Marcum.

2. **Approval of Minutes:**

Mr. Pescatello asked the Audit Committee members to consider the minutes from the June 17, 2013 meeting.

**Upon a motion made by Mr. Greene, seconded by Mr. Cantor, the Audit Committee members voted unanimously in favor of adopting the minutes from the June 17, 2013 meeting as presented.**

3. **Presentation of the Draft Audited Financial Statements for the Fiscal Year Ending June 30, 2013:**

Mr. Siuta explained that in accordance with CI’s Bylaws, the Audit Committee is required to recommend the acceptance of CI’s financial statements to the Board. Mr. Sawicki summarized the results of Marcum’s review of CI’s audited financial statements for the fiscal year ending June 30, 2013. He noted that CI is responsible for the preparation of the financial statements, and Marcum is responsible for expressing an opinion on the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. Mr. Sawicki summarized that Marcum has provided a “clean and unmodified” opinion, and CI’s financial statements present fairly the financial position of CI.

Mr. Schuyler discussed the differences between The Governmental Accounting Standards Board (“GASB”) and the Federal Accounting Standards Board (“FASB”). He explained the hierarchy of generally accepted accounting principles and generally how to handle issues that are not covered under GASB. A discussion ensued about the uniqueness and the accounting treatment of some of CI’s financial reporting as result of new transactions such as Jackson Laboratories and CT Next.

Mr. Smith reviewed the required communications and summarized that there were no changes from the planned audit scope, there were no changes in significant accounting policies, there were no disagreements with management, there were no difficulties in performing the audit, there are no issues with fraud or compliance with laws and regulations and there were no significant audit findings or adjustments.

Mr. Sawicki spoke about the internal controls, noting that no deficiencies or weaknesses were identified. A question arose regarding the disclosures about management’s responsibilities, the dependence and reliance on CI’s internal controls and the update of internal controls, policies and procedures. Mr. Siuta explained the controls in place and noted that the controls, policies and procedures were recently updated with the merger of the former Connecticut Development Authority and CI.

**4. Review and Recommendation of Draft Audited Financial Statements for Fiscal Year Ending June 30, 2013:**

**Upon a motion made by Mr. Cantor, seconded by Mr. Greene, the Audit Committee members, in accordance with Section 4.21 of the Bylaws, voted unanimously in favor of recommending the acceptance of the fiscal year 2013 audited financial statement of CI to the CI Board with the modifications discussion herein.**

**5. Executive Session with Auditors:**

**Upon motion by Mr. Cantor, seconded by Mr. Greene, the committee voted to enter into Executive Session to discuss the Audit with Marcum LLP**

**Upon motion by Mr. Cantor, seconded by Mr. Greene, the committee voted to end Executive session and reconvene the regular Committee meeting at 10:20**

6. **Adjournment**: Upon a motion made by Mr. Greene, seconded by Mr. Cantor, the Audit Committee members voted to adjourn the October 29, 2013 meeting at 10:25 a.m.

Respectfully submitted,

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Paul Pescatello  
Chairman of the Audit, Compliance and  
Governance Committee