

South Central Connecticut Regional Water Authority
90 Sargent Drive, New Haven, Connecticut
or
Via Remote Access**

AGENDA

Regular Meeting of Thursday, May 25, 2023 at 12:30 p.m.

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- A. Safety Moment
 - B. Public Comment: The time limit granted to each speaker shall be three (3) minutes. Residents and customers may address the Board.
 - C. Meet as Audit-Risk Committee: C. LaMarr
 - 1. Approve Minutes – February 23, 2023 meeting
 - 2. Risk Management Update Memorandum
 - 3. 2024 Committee Work Plan
 - D. Meet as Environmental, Health & Safety Committee: K. Curseaden
 - 1. Approve Minutes – March 23, 2023 meeting
 - 2. Water Supply Plan Update Memorandum
 - 3. 2023 Legislative Session Update Memorandum
 - 4. Environmental Compliance Update Memorandum
 - E. Meet as Compensation Committee: D. Borowy
 - 1. Approve Minutes – January 26, 2023 meeting
 - 2. Employee Engagement Update: E. Calo
 - 3. 2024 Committee Work Plan
 - F. Act on matters arising from Committee meetings
 - G. Consent Agenda
 - 1. Approve Minutes – April 27, 2023 meeting
 - 2. Capital Budget Authorization - June 2023
 - 3. Capital Budget Transfer Notifications (no action required) – May 2023
 - 4. Consider and act on exemptions from public bid for FY 2024
 - 5. Monthly Financial Report –April 2023
 - 6. Accounts Receivable Update – April 2023
 - H. Finance: R. Kowalski
 - 1. Type B Capital Budget Amendment
 - I. Reports on RPB Committee meetings
 - J. Updates: L. Bingaman
 - 1. Monthly Business Highlights
 - 2. CIS Update
 - K. *Presentation of Target Two Plumbing Asset Purchase Application (Application): D. Donovan & R. Kowalski - *Upon 2/3 vote, convene in executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210 subsection b #'s 5 B, pertaining to commercial and financial information.*
 - 1. Review and discuss Application
 - 2. Affidavit regarding confidential information within said Application
 - 3. Motion for Protective Order for confidential information within said Application
 - 4. Protective Order concerning confidential information within said Application for submission to the Representative Policy Board (RPB)
 - 5. Possible recommendation to submit to the RPB

[RECESS AUTHORITY MEETING TO ATTEND RPB MEETING]

- K. Approve FY 2024 Budget and authorize filing with Trustee

**RPB Member (J. Jaser) will be excused at item K*

****** Members of the public may attend the meeting in person or via conference call. For information on attending the meeting and to view meeting documents, please visit <https://tinyurl.com/ysu5fy3e>. For questions, contact the board office at jslubowski@rwater.com or by calling 203-401-2515.

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

(Including Audit-Risk, Compensation, and Environmental, Health & Safety Committee meetings)

MAY 25, 2023 at 12:30 p.m.

Remote Meeting Instructions:

Call in (*audio only*)

[+1 469-965-2517,,835988795#](tel:+14699652517835988795) United States, Dallas

Phone Conference ID: 835 988 795#

For questions, contact the board office at 203-401-2515 or by email at jslubowski@rwater.com

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**South Central Connecticut Regional Water Authority
Audit-Risk Committee**

Minutes of the February 23, 2023 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority Audit-Risk Committee took place on Thursday, February 23, 2023, at 90 Sargent Drive, New Haven, Connecticut and via remote access. Chairwoman LaMarr presided.

Present: Committee – Mss. LaMarr and Sack and Messrs. Borowy and Curseaden
Management – Mss. Kowalski, Augur and Calo, and Messrs. Bingaman, Donovan, Hill, Lakshminarayanan, and Singh
CliftonLarsonAllen – Messrs. Flint and Nossek
RPB –Mr. Havrda
Staff –Mrs. Slubowski

The Chair called the meeting to order at 12:34 p.m.

Messrs. Flint and Nossek of CliftonLarsonAllen (CLA), RWA’s external auditor, reviewed the Authority’s audit plan and process for fiscal 2023 and discussed the firm’s scope of engagement.. Mr. Nossek shared that he will retire at the end of the calendar year and will transition his duties related to RWA’s fiscal 2023 audit to Mr. Flint.

On motion made by Ms. Sack, seconded by Mr. Borowy, the Committee approved the minutes of its meeting held on December 15, 2022.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Sack	Aye

At 12:43 p.m., Messrs Flint and Nossek withdrew from the meeting and on motion made by Mr. Borowy, seconded by Ms. Sack, the meeting adjourned.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Sack	Aye

Catherine LaMarr, Chairwoman

South Central Connecticut Regional Water Authority
 90 Sargent Drive, New Haven, Connecticut 06511-5966
<http://www.rwater.com>

To: Audit – Risk Committee
 David J. Borowy
 Kevin J. Curseaden
 Catherine E. LaMarr
 Suzanne C. Sack

Cc: Larry Bingaman, President & CEO
 Rochelle Kowalski, CFO & VP
 Elizabeth Calo, Sr. Dir. Employee Relations & HR Operations

From: Amanda Schenkle, Manager of Environmental, Health, Safety & Risk

Date: May 19, 2023

Subject: Risk Management Update

The Regional Water Authority has established a **Risk Mitigation Team** which strategically identifies risks impacting RWAs ability to deliver products and services to our customers and constituents. The Risk Committee oversees the **Enterprise Risk Management Operational Strategy** to identify the impact of potential risks to the Authority and maintain controls and action plans to reduce the probability and impact of identified risks.

Strategic Focus

The strategic focus for FY2023 was to utilize the Risk Team to target five new risk perspectives and deploy action and mitigations plans for the identified risks.



Identified Risks for FY2023

- Loss of Business Continuity Due to an Insider Threat
- Third Party Hosted Data Risk
- Failure to Comply with the Revisions of the Federal Lead and Copper Rule
- Risks Associated with Commercial (a.k.a “non-core”) Merger & Acquisitions
- Reservoir Water Quality Risk
- Human Resources Statutory and Regulatory Compliance
- Core CIS System Unable to Support Business Processes due to Technology Obsolescence
- Loss of Cyber Insurance Coverage

Risk Mitigation Team

The Risk Mitigation Team is managed through Leadership Team Oversight, Team Lead and Cross functional representation from each division of the Authority.

- Rochelle Kowalski **(LT Oversight)**
- Amanda Schenkle **(Team Lead)**
- Dan Peschell
- Dana Bochan
- Kevin Schnaitmann
- Kevin Watsey
- Larry Marcik
- Peter Bocciarelli
- Ronny Burton
- Steve Vitko
- Tom Barger







The Risk Mitigation Team made great progress against the FY23 work plan. Key takeaways from the development of new risk perspectives:

- Discussions within the work group led to adding an additional 3 risks to the workplan to make a total of 8 new risks being added to the plan.
- Focus of the future of risk mitigation is in the new and emerging strategies, operations and technologies the Authority is implementing
- New risks are feeding into the on-going strategic roadmaps for departments and divisions. (i.e. Network Security, Employee Relations etc.)

Risk Register Statistics

Total Risks	55
Customer /Constituents Risks	10
Employee Learning & Growth Risks	6
Financial Risks	18
Internal Business Process Risks	21

Overview of Top 10 Risks

1. Business Continuity Planning  F08 – Inability to meet mission, vision, goals, inability to conduct core business processes.	4. Financial  F01 – Failure to take corrective actions to achieve financial performance against strategic plans and budgets. F03 – RPB rejects a rate application.	8. Failure to Manage Risks Causing Loss of Reputation  C01 – Failure to manage risks properly and provide service (consistent with the Authority's mission, vision, and values), causing loss of reputation with stakeholders. C03 – Failure to successfully influence the political and /or regulatory process involving governmental and non-governmental local, regional, and federal entities, resulting in an unfavorable operating environment. C04 – Failure to respond appropriately to the media or other stakeholders through positive pro-active communication.
2. Cyber Security  I01 – If allowed to degrade or if damaged, the infrastructure for information technology (e.g., data center facilities, equipment, networks, mas storage) may be unable to support business processes I04 – System security is breached and unauthorized access is obtained I05/I05a – Electronic data management and discovery – <u>Insure</u> compliance with guidelines, best practices and standards.	5. Health and Safety of RWA Employees  E01 – Lack of awareness regarding health & safety among employees, leading to accidents and/or breaches of compliance in health and safety. E04 – Workplace violence.	9. Loss of Supervisory Control of Data Acquisition (SCADA) System  I09 – Failure of the Authority's SCADA system, affecting the organization's ability to operate the distribution system,.
3. Critical Component Failure Resulting in Loss of Life, Property or Service  F04/I04a – Critical component failure, e.g., dam, water treatment, pump station, or water tank, resulting in loss of life, property, or service. F11 – Failure to supply water adequate to meet system requirements and failure to supply high quality water in compliance with regulations, resulting in lawsuits, fines, penalties or service loss.	6. Succession Planning/Recruitment/Retention  E02 – Inability to attract and retain technically qualified employees. E03 – Retirement or turnover of long-term employees resulting in loss of institutional knowledge and experience.	10. Ineffective Supply Chain, Integrity of Procurement of Materials.  I06 – Temporary inability to obtain critical and necessary materials to operate (pipe, meters, chemicals, fuel, etc.). I07 – Defective materials received from significant supplier.
	7. Physical Security of RWA Property/Assets  I03 – Sabotage of supply resulting in illness or death. I10 – Loss of Control Room Operations at 90 Sargent Drive.	

FORWARD PLANNING

For FY2024, the team is focusing on:

In Summary, the RWA **Risk Mitigation Team** has made amazing progress in executing against our strategic plans for FY2020-2025. We have fully completed reviewing and improving 50% of the risk perspectives within the Risk Register with a focus on mitigating risk, improving redundancy and safeguarding resiliency prior to the FY25 goal. *(Total risks with updated and improved mitigation plans is now 44 out of 55 or 80% of the total Risk Register)*

The FY2024 Risk Mitigation work plan will continue to create additional opportunities for new and emerging risks to the organization to be vetted and addressed. The work plan will also include updates to our top 10 risks and other risks that may be due for scheduled review.

In addition, we will utilize the top 10 risks to inform the upcoming FY2024 Training and Exercise plan for our Business Continuity Program. **Enterprise Risk Management** allows the RWA to make informed plans and decisions. When coupled with our Business Continuity Program, we can enhance the organizational resiliency and engineer better outcomes in our project management and business process improvements.

Questions:

Is there a particular Top 10 Risk that the committee feels we need to delve into more or that requires more management attention?

How would the committee describe its risk tolerance (defined as the level of risk your company is willing to accept in pursuing specific goals)?

- Is it aggressive, moderate, or conservative and does it depend on the specific initiative?
- For example, is the committee's risk tolerance different for cyber security than for water quality?

Audit-Risk Committee

FY2024 Work Plan

The Audit-Risk Committee will review the financial reporting process, the system of internal control, the audit process, the Authority's process for monitoring compliance with laws and regulations, and with the code of conduct, and assess and manage the corporation's risks.

September 2023

- Review FY 2023 Audit Results (External Auditor)

December 2023

- Cyber/Technology Resiliency Update
- "Internal" Audit Update

February 2024

- Plan of Audit, FY 2024 (External Auditor)
- "Internal" Audit Update and/or Other TBD Subject

May 2024

- Risk Management Update
- Review Committee FY 2025 Work Plan