

NH Vaccine Association – Audit Committee Meeting
September 30, 2014 – 8:00 – 8:30 a.m.
Conference Room – KidsVax.org®
Presiding Officer: Susan Tenney

I. Attendance. Participating in all or part of the meeting in person (P) were the following individuals:

Directors

Susan Tenney – Harvard Pilgrim Health Care (P)
David Sky – NHID (P)
Ken Ehresmann – Anthem (P)
Laura Condon – National Vaccine Information Center (P)

Mason & Rich, PA.

Leslie Walker, CPA (P)
Andrew Luce, CPA (P)

KidsVax.org

Fred L. Potter (P)
Julia G. Walter (P)
Claire M. Roberge (P)
Terry Mills (P)

Absent

David Fredenburg, M.D.

II. Summary of Actions Taken and/or Recommended

A. Actions Taken (votes adopted)

1. To recommend publication of the audited financial statements as presented.

B. Follow up Task/Action Items

1. Mr. Potter will research lockbox options and draft a proposal for the Committee.
2. Mr. Potter will write a response to Mason & Rich, PA in response to the internal control recommendation letter.
3. Mrs. Mills will schedule another meeting of the Audit Committee.

III. Minutes

Welcome and Introductions

At approximately 8:00 a.m., a quorum having been established, Mr. Luce presented his audit findings. A summary of the audited financial statements was provided. There were no adjustments posted to the financial statements. The statements as presented are consistent with what NHVA sees on a month-to-month basis. Mr. Luce reviewed the independent auditors' report which provides the auditors' opinion on the financial statements. Management is responsible for the preparation of the financial statements, as well as for the design, implementation, and maintenance of internal control. In conducting the audit, procedures are performed to obtain audit evidence about the amounts and disclosures in the financial statements. As part of the substantive procedures, the auditors review bank reconciliations, work with confirmations for the covered lives that are reported to NHVA, and review other available backup to support the expenses, etc. Additionally, the auditors assess the risk of material misstatements with respect to the complexity of the accounting transactions in general. The risk assessment is performed prior to performing more substantive procedures. Ms. Walker indicated that the auditors look to express an opinion on the financial statements taken as a whole and that they're presented in accordance with GAAP in all material respects. Internal control is also reviewed as part of the risk assessment, not to provide an opinion on internal control, but it is part of the risk assessment that the auditors perform in determining what audit procedures are performed for NHVA. This year, as in prior years, the audit reflected a clean opinion. Mr. Luce pointed out that the balance sheet reflected a significant increase in cash from prior years. For that reason, they looked at the controls very closely because of the additional responsibility to manage the cash.

Mr. Luce went on to review the communications letter required as part of auditing standards. The letter indicates that no new accounting policies were adopted and the application of existing policies was not changed during 2014. Accounting estimates are an integral part of the financial statements prepared by management because they are subject to change. There is a lot of emphasis on having a basis for computing these estimates and having a methodology. These accounting estimates are consistent with what has been reported in the past where the prior year's history is used to calculate the vaccine expense for the upcoming year.

No significant difficulties with management were encountered in performing and completing the audit and the auditors were in agreement with the accounting methods used.

The management comment letter was reviewed. Due to the changes for 2014 in the way that the assessments are calculated and reported to the organization, there was a shift in the way the information was processed. Ms. Walker indicated that a change in

the accounting policies in terms of how an audit has to be conducted, requires them to look at internal control. This is a fairly common occurrence because control is always changing and businesses are responding to events that occur. The auditors' risk assessment this year identified that there was improper segregation of duties. A lengthy discussion ensued regarding remediation of the situation.

Upon motion duly made by Mr. Sky and seconded by Mr. Ehresmann, it was unanimously

VOTED: To recommend publication of the audited financial statements as presented.

Mr. Luce indicated that they have confirmation letters still outstanding from a few carriers and will not be able to publish the audited financials until the confirmations are received. He expects to receive them shortly.

Executive Session Summary

The Audit Committee (the "Committee") of the Board of Directors of the New Hampshire Vaccine Association ("NHVA") entered into executive session at approximately 9:10 a.m. to discuss the NHVA financial statements and operations with its independent auditors, Mason & Rich, P.A.

Ms. Walker and Mr. Luce continued the discussion regarding internal controls and segregation of duties, and described their interactions with management on the subject which resulted in management's cooperation in implementing appropriate safeguards. Ms. Walker confirmed that NHVA will have the opportunity to prepare a management response to the issues raised in the management comment letter, and the Committee agreed to meet again to discuss any appropriate responses.

The auditors then responded to questions from Ms. Condon regarding bank statement reconciliation, further detail on interactions between the auditors and management regarding internal control issues, and the length of the engagement of Mason & Rich as NHVA's auditors. Although Mason & Rich has served as NHVA auditors for a number of years, Ms. Walker noted that responsible personnel are rotated on a regular basis to maintain independence.

There being no further questions or discussion, the Committee voted to end the executive session at 9:35 a.m.

A true record.

Attest,

Fred L. Potter
Secretary, Pro Tem