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**MINUTES**  
**Audit Committee Meeting**  
**April 11, 2019**  
**2:30pm**  
**Presiding Officer: David Sky, Chair, Audit Committee**

A meeting of the Audit Committee of the Board of Directors of the New Hampshire Vaccine Association (NHVA) was held in person at the offices of Helms & Company, Inc. in Concord, NH with a quorum present.

The meeting was called to order by Mr. Sky at 2:30pm.

**I. Welcome and Introductions**

**Attendance** – The following individuals attended the meeting, including by phone (P) as indicated:

**Committee Members:**

- David Sky, NHID, Chair
- Laura Condon, Public Member
- Elizabeth Daly, NH DHHS
- Jason Margus, Anthem
- Susan Tenney, HPHC

**Other Attendees:**

- Patrick Miller, Helms & Company
- Keith Nix, Helms & Company
- Erin Meagher, Helms & Company
- Jessica Kliskey, Stratham, NH, Member of the Public (P)
- Chrystal Tanguay, Derry, NH, Member of the Public (P)

Mr. Miller and Ms. Condon both announced they were recording the meeting.

**II. Review and Accept September 26, 2018 Audit Committee Minutes**

**VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Mr. Margus, it was unanimously VOTED: To accept the September 26, 2018 Audit Committee minutes as presented.*

**III. Executive Director Report**

Mr. Miller stated he had several things to review with the group starting with financial statements, an assessment update, and the draft administrative budget for FY2020.

- FYTD Financial Statements (July 1, 2018 – March 31, 2019) – Mr. Miller directed the Committee to the Statement of Changes in Net Assets document in the meeting packet, and called attention to two items related to income: the TRICARE settlement of \$4,047,931 was received in January and the FYTD interest income from investments \$121,767 which is a higher than the \$9,770 budgeted. Related to expenses there were two items: the additional \$71,858 paid to

37 Washington Vaccine Association (WVA) on behalf of their TRICARE work and the \$58,115 which  
38 was refunded to EBPA.

39  
40 The Statement of Cash Flow document was reviewed. Mr. Miller reviewed the assessment  
41 collections by quarter and the interest income. Ms. Condon asked if the reason for the overage  
42 in expenses is directly linked to the additional dollars that were paid to WVA and Mr. Miller  
43 confirmed this was the case.

44  
45 The Statement of Financial Position was reviewed. Mr. Miller indicated NHVA was doing well  
46 from a cash perspective because of the Tufts retro assessments payments, the Tufts late interest  
47 payments, the TRICARE settlement, and the account investment interest.

48  
49 Mr. Sky mentioned the June 30, 2019 liability to the State and it not being reflected on the  
50 Statement of Financial Position. Mr. Nix explained because NHVA is a cash-based entity, the  
51 liability does not show until the actual payment is made. Therefore, the anticipated payment  
52 amount of \$9,234,656 will not show until June 2019. Mr. Miller stated the liability is reflected  
53 on the Statement of Changes in Net Assets and the Statement of Cash Flow. Ms. Condon asked  
54 about the \$9,234,656 payment to the State and Ms. Daly indicated the amount was determined  
55 when setting the FY2019 budget in 2017, and Mr. Miller reminded the Committee this amount  
56 was voted on at the September 26, 2018 Board meeting and will be paid by June 30, 2019. In  
57 September 2018, the Board also agreed that the amount would be reviewed again before  
58 payment is made in June 2019 to determine if it needs to be adjusted to take into account the  
59 unexpended funds held by DHHS.

60  
61 General discussion ensued regarding the State liability and how best to reflect it on the  
62 Statement of Financial Position. It was determined Mr. Nix will add a notation on the bottom of  
63 the Statement. Mr. Nix pointed out that the Net Income on the Statement of Financial Position  
64 ties back to the Statement of Changes in Net Assets document.

65  
66 ■ FY Q1 and Q2 Assessments Update – Mr. Miller directed the Committee to the TRICARE  
67 Payment Acceptance Form in the packet. He explained TRICARE has developed an interim  
68 process to pay the additional assessment from Martin’s Point. The TRICARE form will need to be  
69 signed before each quarterly payment is made. The second TRICARE payer, Humana  
70 Government Business, has been able to automate their assessment process starting with the  
71 current quarter (January-March 2019). Ms. Tenney advised the Committee that neither entity  
72 can be charged interest for late payment as Federal law prohibiting this supersedes the State  
73 law.

74  
75 Mr. Miller directed the Committee to the FYTD 2019 Assessment Summary memo in the meeting packet.  
76 This memo is intended to provide documentation of notable events that took place during the most  
77 recent assessment period along with outlining changes between quarters. Highlights of the memo  
78 included the TRICARE settlement and ongoing activity, the Tufts retroactive assessment filings and their  
79 interest payment, EBPA’s request for a refund along, and total covered lives and assessments. The Audit  
80 Committee agreed that this new report will be helpful for Helms to continue to produce.

81  
82     ▪ FY2020 Administrative Budget Draft – Mr. Miller directed the Committee to the FY2020  
83 Administrative Expense Budget in the meeting packet and briefly reviewed each line item: the  
84 Administrative Fees are a locked in for another year and; a small amount for Subcontractors as a  
85 contingency for IT support; Bank Fees are the lock box monthly charge; modest amounts for  
86 Board Meeting Expense, Postage and Shipping; a dramatic decrease in the Insurance expense;  
87 Licenses and Fees reflect the Annual Report filing fee for the State of New Hampshire; the  
88 Professional Fees – Audit are the same as last year; the Professional Fees – Legal are the same as  
89 last year; and the Website line item is for hosting.

90  
91 There was discussion regarding Legal Fees. For the current fiscal year, NHVA’s current expenses  
92 exceed the current budget. Hinckley Allen was heavily involved in TRICARE and the change in  
93 Administrators in the current fiscal year. A recommendation was made to have two legal line  
94 items in the budget – one specific for Board and Audit Committee meeting support and another  
95 for larger projects. For the next fiscal year, there is no currently anticipated extensive legal  
96 project work.

97  
98 Ms. Daly asked about the Board’s role is approving over-budget expenses, using legal fees as the  
99 example. After discussion, it was agreed that Helms & Company would notify the Board if  
100 expenses were to approach the budgeted amount for the current fiscal year for consideration of  
101 any additional appropriation of funds.

102  
103 Finally, discussion took place regarding the administrative budget categories; the Plan of  
104 Operation changes approved at the last Board meeting made some budget category changes.  
105 The meeting packet also contains the current budget categories for comparison.

106  
107 **VOTE RECORDED:** *On a motion by Ms. Daly, seconded by Ms. Tenney, it was unanimously*  
108 **VOTED:** *To recommend to the Board of Directors at the next Board meeting*  
109 *scheduled for June 19, 2019 to accept the proposed FY2020 draft budget*  
110 *as presented.*

111  
112 **IV. Cash Management and Investment Services Request for Information Review and Discussion**

113  
114 Brief discussion took place among the Committee members asking if it was necessary to go into  
115 Executive Session to discuss this topic. Since the vendors that responded to the RFI have been redacted  
116 in the summary provided, the group agreed it was not necessary.

117  
118 Mr. Miller directed attention to the RFI Summary for Investment and Cash Management Services  
119 memorandum in the meeting packet. He explained the summary was created to more easily compare  
120 the vendor responses, and indicated that all original materials from the responders was available for the  
121 Committee members to review if they desired. The purpose of the RFI was to determine from an  
122 investment and cash management perspective if NHVA could earn higher returns and fund operations  
123 through those returns. In February, the RFI was released and sent to six vendors. It was also posted to  
124 the NHVA website so that other vendors not solicited by NHVA had the opportunity to respond. A total  
125 of four responses were received, three from the list the RFI was sent to and one from the website

126 posting. Table 2 in the summary is a side by side comparison of each respondent for key questions such  
127 as percentage of non-profit businesses in their portfolios, investment manager compensation models,  
128 investment policy suggestions, type of instruments used for cash management and reserve fund  
129 management, fee structures, and performance benchmarks.

130  
131 After reviewing the responses, Helms & Company is recommending to the Committee to not proceed  
132 with a Request for Proposal (RFP) at this point, but to continue in the short term with the existing  
133 vendor. Once the \$5M reserve fund is set up later this year, then Helms recommends pursuing the  
134 vendors who submitted RFI responses regarding management of the reserve fund.

135  
136 The Committee agreed that this was an excellent exercise to complete. Much was learned as to what is  
137 available in the marketplace as well as learning that NHVA's current performance is solid. Mr. Miller  
138 suggested that the Audit Committee review NHVA's Investment Policy prior to making changes in the  
139 reserve fund manager.

140  
141 Ms. Daly asked if our current vendor suggested different management strategies than what is currently  
142 being done. Mr. Miller indicated they did not, however, they did suggest different instruments that may  
143 be more suited for the long-term investments required by a larger reserve fund.

144  
145 **VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Mr. Sky, it was unanimously*  
146 **VOTED:** *To accept the recommendation from the Executive Director to not*  
147 *pursue an RFP at this point and to revisit vendors when the reserve fund*  
148 *is established later this year.*

149  
150 **V. June 19' 2019 Audit Committee Meeting**

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152 Mr. Sky indicated he is unable to attend the June 19 Audit Committee meeting. He asked the  
153 Committee if they would like to proceed and meet without him or cancel the meeting. After a brief  
154 discussion, and recognizing that the Committee just approved the FY2020 administrative budget, it was  
155 decided there is no need to meet and the meeting will be canceled. As a result, all agreed to move the  
156 Board meeting scheduled for 10:00 am that same day to 9:00 am instead.

157  
158 **VI. Adjournment**

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160 **VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Ms. Daly, it was unanimously*  
161 **VOTED:** *To adjourn the Audit Committee meeting at 3:26 pm.*

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163  
164 Respectfully submitted by  
165 Patrick Miller, Helms & Company, Inc.  
166 April 12, 2019

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169 # # #