

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37

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:	Other Attendees:
David Sky, NHID, Chair	Patrick Miller, Helms & Company
Laura Condon, Public Member	Keith Nix, Helms & Company
Elizabeth Daly, NH DHHS	Erin Meagher, Helms & Company
Jason Margus, Anthem	Jessica Kliskey, Stratham, NH, Member of the Public (P)
Susan Tenney, HPHC	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 Washington Vaccine Association (WVA) on behalf of their TRICARE work and the \$58,115 which was refunded to EBPA.

38
39 The Statement of Cash Flow document was reviewed. Mr. Miller reviewed the assessment
40 collections by quarter and the interest income. Ms. Condon asked if the reason for the overage
41 in expenses is directly linked to the additional dollars that were paid to WVA and Mr. Miller
42 confirmed this was the case.

43
44 The Statement of Financial Position was reviewed. Mr. Miller indicated NHVA was doing well from
45 a cash perspective because of the Tufts retro assessments payments, the Tufts late interest
46 payments, the TRICARE settlement, and the account investment interest.

47
48 Mr. Sky mentioned the June 30, 2019 liability to the State and it not being reflected on the
49 Statement of Financial Position. Mr. Nix explained because NHVA is a cash-based entity, the
50 liability does not show until the actual payment is made. Therefore, the anticipated payment
51 amount of \$9,234,656 will not show until June 2019. Mr. Miller stated the liability is reflected on
52 the Statement of Changes in Net Assets and the Statement of Cash Flow. Ms. Condon asked about
53 the \$9,234,656 payment to the State and Ms. Daly indicated the amount was determined when
54 setting the FY2019 budget in 2017, and Mr. Miller reminded the Committee this amount was
55 voted on at the September 26, 2018 Board meeting and will be paid by June 30, 2019. In
56 September 2018, the Board also agreed that the amount would be reviewed again before
57 payment is made in June 2019 to determine if it needs to be adjusted to take into account the
58 unexpended funds held by DHHS.

59
60 General discussion ensued regarding the State liability and how best to reflect it on the Statement
61 of Financial Position. It was determined Mr. Nix will add a notation on the bottom of the
62 Statement. Mr. Nix pointed out that the Net Income on the Statement of Financial Position ties
63 back to the Statement of Changes in Net Assets document.

- 64
65
 - 66 ■ FY Q1 and Q2 Assessments Update – Mr. Miller directed the Committee to the TRICARE Payment
67 Acceptance Form in the packet. He explained TRICARE has developed an interim process to pay
68 the additional assessment from Martin’s Point. The TRICARE form will need to be signed before
69 each quarterly payment is made. The second TRICARE payer, Humana Government Business, has
70 been able to automate their assessment process starting with the current quarter (January-March
71 2019). Ms. Tenney advised the Committee that neither entity can be charged interest for late
72 payment as Federal law prohibiting this supersedes the State law.

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

- 79
80
 - 81 ■ FY2020 Administrative Budget Draft – Mr. Miller directed the Committee to the FY2020
Administrative Expense Budget in the meeting packet and briefly reviewed each line item: the

82 Administrative Fees are a locked in for another year and; a small amount for Subcontractors as a
83 contingency for IT support; Bank Fees are the lock box monthly charge; modest amounts for Board
84 Meeting Expense, Postage and Shipping; a dramatic decrease in the Insurance expense; Licenses
85 and Fees reflect the Annual Report filing fee for the State of New Hampshire; the Professional
86 Fees – Audit are the same as last year; the Professional Fees – Legal are the same as last year; and
87 the Website line item is for hosting.

88
89 There was discussion regarding Legal Fees. For the current fiscal year, NHVA’s current expenses
90 exceed the current budget. Hinckley Allen was heavily involved in TRICARE and the change in
91 Administrators in the current fiscal year. A recommendation was made to have two legal line
92 items in the budget – one specific for Board and Audit Committee meeting support and another
93 for larger projects. For the next fiscal year, there is no currently anticipated extensive legal project
94 work.

95
96 Ms. Daly asked about the Board’s role is approving over-budget expenses, using legal fees as the
97 example. After discussion, it was agreed that Helms & Company would notify the Board if
98 expenses were to approach the budgeted amount for the current fiscal year for consideration of
99 any additional appropriation of funds.

100
101 Finally, discussion took place regarding the administrative budget categories; the Plan of
102 Operation changes approved at the last Board meeting made some budget category changes. The
103 meeting packet also contains the current budget categories for comparison.

104
105 **VOTE RECORDED:** *On a motion by Ms. Daly, seconded by Ms. Tenney, it was unanimously*
106 **VOTED:** *To recommend to the Board of Directors at the next Board meeting*
107 *scheduled for June 19, 2019 to accept the proposed FY2020 draft budget*
108 *as presented.*

109
110 **IV. Cash Management and Investment Services Request for Information Review and Discussion**

111
112 Brief discussion took place among the Committee members asking if it was necessary to go into Executive
113 Session to discuss this topic. Since the vendors that responded to the RFI have been redacted in the
114 summary provided, the group agreed it was not necessary.

115
116 Mr. Miller directed attention to the RFI Summary for Investment and Cash Management Services
117 memorandum in the meeting packet. He explained the summary was created to more easily compare the
118 vendor responses, and indicated that all original materials from the responders was available for the
119 Committee members to review if they desired. The purpose of the RFI was to determine from an
120 investment and cash management perspective if NHVA could earn higher returns and fund operations
121 through those returns. In February, the RFI was released and sent to six vendors. It was also posted to
122 the NHVA website so that other vendors not solicited by NHVA had the opportunity to respond. A total
123 of four responses were received, three from the list the RFI was sent to and one from the website posting.
124 Table 2 in the summary is a side by side comparison of each respondent for key questions such as
125 percentage of non-profit businesses in their portfolios, investment manager compensation models,

126 investment policy suggestions, type of instruments used for cash management and reserve fund
127 management, fee structures, and performance benchmarks.

128
129 After reviewing the responses, Helms & Company is recommending to the Committee to not proceed with
130 a Request for Proposal (RFP) at this point, but to continue in the short term with the existing vendor. Once
131 the \$5M reserve fund is set up later this year, then Helms recommends pursuing the vendors who
132 submitted RFI responses regarding management of the reserve fund.

133
134 The Committee agreed that this was an excellent exercise to complete. Much was learned as to what is
135 available in the marketplace as well as learning that NHVA's current performance is solid. Mr. Miller
136 suggested that the Audit Committee review NHVA's Investment Policy prior to making changes in the
137 reserve fund manager.

138
139 Ms. Daly asked if our current vendor suggested different management strategies than what is currently
140 being done. Mr. Miller indicated they did not, however, they did suggest different instruments that may
141 be more suited for the long-term investments required by a larger reserve fund.

142
143 **VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Mr. Sky, it was unanimously*
144 **VOTED:** *To accept the recommendation from the Executive Director to not pursue*
145 *an RFP at this point and to revisit vendors when the reserve fund is*
146 *established later this year.*

147
148 **V. June 19, 2019 Audit Committee Meeting**

149
150 Mr. Sky indicated he is unable to attend the June 19 Audit Committee meeting. He asked the Committee
151 if they would like to proceed and meet without him or cancel the meeting. After a brief discussion, and
152 recognizing that the Committee just approved the FY2020 administrative budget, it was decided there is
153 no need to meet and the meeting will be canceled. As a result, all agreed to move the Board meeting
154 scheduled for 10:00 am that same day to 9:00 am instead.

155
156 **VI. Adjournment**

157
158 **VOTE RECORDED:** *On a motion by Ms. Tenney, seconded by Ms. Daly, it was unanimously*
159 **VOTED:** *To adjourn the Audit Committee meeting at 3:26 pm.*

160
161
162 Respectfully submitted by
163 Patrick Miller, Helms & Company, Inc.
164 April 12, 2019

165
166
167 # # #