

Approved as Amended by the Audit Subcommittee on January 9, 2018



## Audit Subcommittee Meeting MEETING MINUTES

Location: Connecticut Historical Society, Dangremond Room  
Date: Friday, February 10, 2017  
Time: 9:30 a.m.

### **Members Present:**

Lt. Governor Nancy Wyman; Michael Michaud on behalf of Commissioner Miriam Delphin-Rittmon, Department of Mental and Health Addiction Services (DHMAS); Cecelia Woods

### **Members on the Phone:**

Grant Ritter

### **Other Participants:**

Access Health CT (AHCT) Staff: James Wadleigh; Steven Sigal; Susan Rich-Bye; Sherry McNeil  
Whittlesey & Hadley, PC Staff: Jean Callan; Edward Sullivan

### **Members Absent:**

Secretary Benjamin Barnes (Office of Policy & Management)

#### **A. Call to Order and Introductions**

Lt. Governor Nancy Wyman called the meeting to order at 9:30 a.m.

#### **B. Review and Approval of Minutes**

Lt. Governor Wyman requested a motion to approve the December 5, 2016 AHCT Audit Committee Regular Meeting Minutes. Motion was made by Grant Ritter and seconded by Michael Michaud. ***Motion passed unanimously.***

#### **C. 2016 AHCT Audited Financial Statements**

Edward Sullivan and Jean Callan from Whittlesey & Hadley, Certified Public Accountants and Consultants provided an overview of the 2016 AHCT Audited Statements. Mr. Sullivan indicated that this document reflects the Fiscal Year (FY) 2016 activities and compares it to the previous

two years. Overall the audit is clean with no issues. AHCT's data operations are included. The management discussion and analysis also contain updates on current events that may have an impact on the organization in the future. They include funding issues as well as legislative matters. As part of the audit, the information received was thoroughly reviewed and analyzed. Mr. Sullivan indicated that it is the auditors' responsibility to provide an opinion on the financial statements in accordance with the Generally Accepted Accounting Principles (GAAP) which include design, implementation and maintenance of internal controls. As part of the process, the evaluation of internal controls is provided, but no opinion is issued. Mr. Sullivan indicated that evaluation of risks for AHCT is part of the process. No obstacles were encountered in data collection. In addition, AHCT had \$9.5 million in federal funds. Thorough examination determined that AHCT is compliant with federal guidelines.

Ms. Callan indicated that in 2016 AHCT had \$48 million in total assets. It is down by about \$24 million in comparison to 2015. The volume of expenses came down. Depreciation was part of it. Accounts payable and accrued expenses were about \$16.6 million. This left \$31 million in net position overall. Total income for 2016 was almost \$40 million. Government grants and contracts have expired. Combined expenses for the year were about \$49 million. The expenses are down by \$15 million in comparison to 2015. Depreciation is a non-cash expense. Mr. Sullivan noted that the auditors experienced commendable cooperation with AHCT staff members and other individuals who assisted them in compiling all of the necessary data.

Mr. Wadleigh added that as the organization looks at 2017 and its current net position, it has sufficient liquid assets to cover operating expenses for approximately three quarters of a year with no additional revenue. Mr. Wadleigh noted that collaboration with the Department of Social Services (DSS) tends to skew the perception of AHCT's total operating budget a bit higher. Grant Ritter inquired about the costs of consulting fees. Mr. Wadleigh responded that next year they are expected to be decreased by 25%. Lt. Governor Wyman inquired if AHCT is still looking at possibilities to bring services in-house. Mr. Wadleigh responded that it may be more cost-effective to take some services out-of-house and assign them to another vendor. Cecelia Woods asked if any changes will potentially involve DSS. Mr. Wadleigh responded that strategic direction may be influenced by the political developments in Washington, DC. Ms. Woods commended the team and stated that the audit presentation was very clear.

Lt. Governor Wyman requested a motion to approve the 2016 AHCT Audited Financial Statements. Motion was made by Cecelia Woods and seconded by Grant Ritter. ***Motion passed unanimously.***

#### **D. 2016 Programmatic Audit Report**

Ms. Callan summarized the purpose and procedure of the Programmatic Audit. Ms. Callan indicated that it tests if AHCT's operations comply with the Affordable Care Act (ACA). As part of the audit, AHCT policies and procedures along with the training manuals were reviewed. The former call center in Hartford was toured. Interviews with staff were conducted. The auditors

also visited the New Britain storefront and reviewed documents. The auditors also looked into the effectiveness of internal controls in order to determine if safeguarding of personal information is performed in a proper manner. The auditors did not find any issues that would have negatively affected proper functioning of the organization.

Lt. Governor Wyman requested a motion to approve the 2016 Programmatic Audit Report. Motion was made by Cecelia Woods and seconded by Michael Michaud. ***Motion passed unanimously.***

#### **E. Transitional Reinsurance Audit Status**

Ms. Callan provided an overview of the purpose of the Transitional Reinsurance Audit Report. It is required under the ACA. This report has not been completed yet. The goal of the transitional reinsurance program is to help stabilize premiums for coverage in the individual market. Connecticut's program is administered by the Health Reinsurance Association (HRA). Ms. Callan added that they are in the process of documenting and examining information as to whether the standard operating procedures and protocols were followed according to the requirements of the ACA. Ms. Rich-Bye added that Connecticut is the only state that operates its own transitional reinsurance program. AHCT received substantial grant funding to start operating the program. Ms. Rich-Bye added that AHCT incurs an operating expense to maintain the program.

#### **F. Adjournment**

Lt. Governor Wyman requested a motion to adjourn the meeting. Motion was made by Michael Michaud and seconded by Cecelia Woods. ***Motion passed unanimously.*** Meeting adjourned at 10:01 a.m.