



Audit Committee Meeting DRAFT MEETING MINUTES

Location: Legislative Office Building, Room 1B
Date: Tuesday, November 13, 2018
Time: 12:00 p.m.

Members Present:

Anne Foley on behalf of Benjamin Barnes, Secretary, Office of Policy and Management; Miriam Delphin-Rittmon, Commissioner, Department of Mental and Health Addiction Services; Grant Ritter; Cecelia Woods

Other Participants:

Access Health CT (AHCT) Staff: James Michel; Susan Rich-Bye; Pamela Roe
Blum Shapiro: Nikoleta McTigue

Members Absent:

Lt. Governor Nancy Wyman

A. Call to Order and Introductions

Anne Foley called the meeting to order at 12:00 p.m.

B. Review and Approval of Minutes

Anne Foley requested a motion to approve the June 11, 2018 Regular Meeting Minutes. Motion was made by Cecelia Woods and seconded by Miriam Delphin-Rittmon. Anne Foley abstained.
Motion passed.

C. FY 2018 AHCT Audited Financial Statements

James Michel, Chief Executive Officer, indicated that the new auditors, Blum Shapiro, were selected after a competitive bidding process. In mid-June, they began their preliminary auditing work. Mr. Michel commended the work of the new auditors.

Mr. Michel introduced Nikoleta McTigue of Blum Shapiro to provide findings of the FY 2018 Audited Financial Statements. Ms. McTigue indicated that it is their first audit for AHCT. The auditing work started in June and was completed in September. The main audit objective is to provide an opinion as to whether or not the financial statements are presented fairly, and are in

adherence with Generally Accepted Accounting Principles (GAAP). Internal controls over financial statements are part of the audit in accordance with the government auditing standards. A Programmatic Audit in compliance with CMS requirements was also performed. As part of the process, the evaluation of internal controls is provided, but no opinion is issued. Ms. McTigue elaborated that an evaluation of risks for AHCT is part of the process. Ms. McTigue indicated that Blum Shapiro expressed an unmodified, clean opinion on the basic financial statements.

Ms. McTigue pointed out that total assets for 2018 were \$33.2 million, which is a reduction of almost \$4.6 million when compared to 2017. The cash equivalent went up by \$2.7 million and accounts receivable went down by \$5.7 million. Accounts payable and accrued liabilities went down by \$2 million, mostly due to the reduction in expenses. The accrued expenses are lower. The net position is calculated as a difference between assets and liabilities. FY18 ended in a total net position of \$26,058,054. Ms. McTigue went on to discuss the FY18 revenues, and compared them to the previous fiscal year. The decrease in revenue was followed by the decrease in expenses. While the revenue decreased by \$2.3 million, the expenses were reduced by \$2.5 million. The wages and benefits accounted for the largest decrease. Mr. Michel noted that AHCT's total capital assets went down from \$7.1 million to \$5.5 million. The reason for this reduction is the reinvestment in the IT system. AHCT has been using the same system since the Exchange began its operations. AHCT is also working on five capital projects, which are mostly funded through the Exchange's reserves.

Ms. McTigue pointed out that the auditors are required to report at two different times. The first reporting by detailed memo is done before the audit is commenced, which provides the scope of the upcoming audit. The second reporting contains the findings of the audit itself. One of the requirements contains any management estimates that are included in the report. The only estimate that is included in the report is the useful life of capital assets, which drives depreciation expenses. Ms. McTigue noted that Blum Shapiro did not encounter any difficulties while gathering information for the audit, and praised the staff of AHCT for professionalism and responsiveness to requests. The auditors were independent of AHCT to perform its functions. Ms. McTigue emphasized that no discussions have taken place as conditions to retaining Blum Shapiro. The audits were fully independent.

Ms. Foley expressed her gratitude to AHCT that no deficiencies or weaknesses were found in the audit. Miriam Delphin-Rittmon inquired about the length of the audit process. Ms. McTigue explained that the preliminary work was done in June. Auditors came back in September for approximately two weeks to perform final fieldwork. The audit itself requires additional time and resources. Blum Shapiro has quality controls instituted in place. Total auditing time, including the quality control processes, lasted approximately four weeks. Cecelia Woods expressed her words

of appreciations toward both the auditors and the AHCT staff. Ms. Delphin-Rittmon joined in expressing her words of gratitude toward both Blum Shapiro and AHCT.

Anne Foley requested a motion to approve the FY 2018 AHCT Audited Financial Statements as presented. Motion was made by Cecelia Woods and seconded by Grant Ritter. ***Motion passed unanimously.***

D. Approval of FY 2018 Programmatic Audit Report

Ms. McTigue presented the Programmatic Audit findings. Ms. McTigue stressed that AHCT is in compliance with 45 CFR Part 155. In the Programmatic Audit, eleven requirements were examined, and no issues were found. Blum Shapiro offered an unmodified, clean opinion. No compliance issues were found in the Programmatic Audit.

Anne Foley requested a motion to approve the FY 2018 Programmatic Audit Report as presented. Motion was made by Cecelia Woods and seconded by Grant Ritter. ***Motion passed unanimously.***

Mr. Michel acknowledged the professional work of the AHCT's Finance team. Ms. Rich-Bye added that AHCT is also tasked with preparing the SMART, which is the state-based marketplace audit. It is done for the Centers for Medicare and Medicaid Services (CMS). It is completed by AHCT staff, and AHCT subsequently receives comments from CMS. The Audit Committee's role is to make sure that AHCT is compliant with federal and state requirements and provides oversight of AHCT's operations.

E. Adjournment

Anne Foley requested a motion to adjourn. Motion was made by Cecelia Woods and seconded by Miriam Delphin-Rittmon. ***Motion passed unanimously.*** Meeting adjourned at 12:30 p.m.