



Audit Sub-Committee Meeting DRAFT MEETING MINUTES

Location: Legislative Office Building
Date: December 12, 2014
Time: 3:00 p.m.

Members Present: Lt. Governor Nancy Wyman; Grant Ritter; Cecelia Woods; Secretary Benjamin Barnes (Office of Policy & Management)(arrived at 3:12 p.m.)

Other Participants: James Wadleigh (AHCT); Virginia Lamb (AHCT); Tricia Brunton (AHCT); Jean Callan (Whittlesey & Hadley, PC); Edward Sullivan (Whittlesey & Hadley, PC)

I. Call to Order and Introductions

Lt. Governor Wyman called the meeting to order at 3:06 p.m.

Virginia Lamb, General Counsel recommended advancing the presentation of the Annual Report and Presentation of the Whistleblower Policy on the agenda to assure there would be a quorum.

II. Annual Reports

Tricia Brunton, Controller, introduced Edward Sullivan, the principal from Whittlesey & Hadley, PC, in charge of AHCT's external, independent audit. Mr. Sullivan reported that the audit work for the fiscal year ending June 30, 2014 has been completed and introduced Jean Callan, manager from Whittlesey & Hadley, PC. The draft audit includes: management discussion analysis; basic financial statements; and, required reports relating to the federal single audit.

Benjamin Barnes arrived at 3:12 p.m.

Mr. Sullivan reported that AHCT's Financial Statements were audited in accordance with general accepted auditing standards and found to be prepared in accordance with generally accepted accounting principles. A final report will be issued that indicates that the Financial Statements are fairly stated in all material respects with no findings. The reports requirement for the federal single audit required no reporting back. The audit process went well overall and Whittlesey & Hadley, PC required no audit adjustments. There are well documented controls in place with the organization and the final report will reflect that. This was a clean audit.

Jean Callan, Audit Manager, provided a summary of the Annual Programmatic Audit process. CMS requires state based marketplaces (SBM) to have an independent external financial and programmatic audit. Now that the financial audit has been completed, the next step is the programmatic portion to test compliance with 45 C.F.R. Part 155. While CMS requires all subparts of the compliance regulation be covered, focus is on four areas -- general procedures, eligibility, enrollment and the certification of qualified health plans. The objectives of the programmatic audit are to evaluate: program effectiveness and results; compliance with laws and regulations; analysis and review of internal controls including safeguarding of sensitive information. In addition the programmatic audit reviews the completeness and accuracy of management information and that the integrity of the computer system is maintained including backups. Whittlesey & Hadley will review policies and procedures and staff training manuals as well as conduct interviews with key management staff. Document review will focus on eligibility, enrollment, notices to consumers and QHP issuer applications. Staff interviews have been scheduled. The Programmatic Audit Report is due to CMS April 1, 2014. Mr. Sullivan stated they plan to report back their findings to the Audit Committee in February. Tricia Brunton also noted the need to approve the 2014 Quasi Public Annual Report for presentation to the Board.

Lt. Governor Wyman made a motion to recommend the Fiscal Year 2014 Audited Financial Statements for review and approval by the Board at its next meeting. Grant Ritter seconded. ***Motion passed unanimously.***

Lt. Governor Wyman made a motion to recommend the Fiscal Year 2014 Quasi Public Annual Report for review and acceptance by the Board at its next meeting. Cecelia Woods seconded. ***Motion passed unanimously.***

III. **Whistleblower Policy**

Virginia Lamb presented the proposed Notice to Employees Whistleblowing Protections. This Notice is required to meet requirements of the CMS audit as well as the state audit. Because Connecticut already has a detailed Whistleblower statute (Conn. Gen. Stat. 4-61dd), it is legal's opinion that a separate procedure under Conn Gen. Statute 38a-1082 outlining how to report was not required. The Exchange can rely on the procedure in the state statute. This question was referred to the Auditors of Public Accounts, for final answer. Ms. Lamb assured Lt. Gov. Wyman, that should the state auditors decide a Procedure is necessary, one would be developed and presented to the Audit Committee and the Board for approval. The Notice is designed to make AHCT employees aware of how they can make a report. Under the statute, employees may report corruption, unethical practices, violation of state laws or regulations, mismanagement, gross waste of funds or abuse of authority or dangers to public safety to either, the Auditors of Public Accounts, or the Attorney General or to another employee of AHCT or to an employee of another agency when mandated reporting is required. AHCT's Notice also informs employees that for two years they are protected from personnel action in retaliation for having made a report. If an employee believes they are being retaliated against for their report, they may file a complaint with the CHRO within 90 days after learning of the retaliation. CHRO will hold a hearing and order corrective action if necessary. The Whistleblower Notice will be posted in AHCT's break room, and included in the AHCT Employee Handbook.

Lt. Governor Wyman made a motion to approve the Whistleblower Notice for posting at AHCT and inclusion in the AHCT employee handbook. Grant Ritter seconded. **Motion passed unanimously.**

IV. Discussion Committee Purpose

Virginia Lamb summarized the purpose of the Audit Committee. The current by-laws state that the Audit Committee is responsible for oversight. This oversight includes controls for finance and privacy and data security, as well as governance issues such compliance with state and federal laws (Ethics, FOIA, Human Resources). However, the by-laws and enabling statutes are silent on which committee should take the lead on by-law revisions and several board members as well as AHCT staff have indicated areas where changes to the bylaws may be advisable. The authority of the Audit Committee is broad enough that this function could be undertaken by the Audit Committee. Ben Barnes asked whether the board itself can appoint an *ad hoc* committee to review the by-laws and recommend changes. Ms. Lamb reported that the Board has the power to set up any committee it desires, permanent or *ad hoc*. Lt. Governor Wyman requested that this issue be put on the next board agenda.

Ms. Lamb suggested that the Audit Committee meet quarterly. The committee agreed. Finally, Ms. Lamb noted that a committee chair will need to be chosen.

V. Adjournment

Grant Ritter made a motion to adjourn the meeting. Cecelia Woods seconded. **Motion passed unanimously.** Meeting adjourned at 3:49 p.m.