



**Washington Health Benefit Exchange
Audit & Compliance Committee
Meeting Minutes**

Wednesday, October 17, 2018

1:00pm – 2:00pm

Health Benefit Exchange Office, Margaret Stanley A Conference Room

Audit & Compliance Committee Members Present:

Hiroshi Nakano, Member (via phone)

Mark Stensager, Interim Chair (via phone)

Audit & Compliance Committee Members Absent:

Don Conant, Chair

Phil Dyer, Member

Washington Health Benefit Exchange (WAHBE or Exchange) Staff Present:

Pam MacEwan, Chief Executive Officer

Carole E. Holland Ed.D., Chief Financial Officer

Leah Hole-Marshall, General Counsel and Chief Strategist

Joanna Donbeck, Deputy Director Operations

Mark Riley, Chief Information Security Officer

Terry Westhoff, Associate Director Finance

Carly Christiansen, Sr. Administrative Assistant

Guest Presenters:

Nathan Dunlop, CPA, Principal, BerryDunn (via phone)

Sarah Belliveau, CPA, Principal, BerryDunn (via phone)

Welcome and Introductions

Mark Stensager called the Committee meeting to order at 1:05pm and conducted introductions.

Approval of July 19, 2018 Audit & Compliance Committee Meeting Minutes

The Audit and Compliance Committee approved the July 19, 2018 meeting minutes as presented.

FY18 Financial Audit Exit Conference – Sarah Belliveau, BerryDunn

Sarah Belliveau presented the audit results from the FY18 Financial Audit. Sarah noted that last year included an audit of federal grant funding (Uniform Guidance), which was not included this year. Sarah added that the Exchange adopted a new accounting policy: GASB statement #75, which requires government agencies to reflect the liability for the amount of non-pension retirement obligations.

There was discussion on internal controls and the scope of the financial audit. Sarah stated that while auditors take internal controls into consideration, they do not express an opinion on them.

Sarah reviewed the focus areas of this year's audit, noting that no issues were identified. Nathan Dunlop presented on the balance sheets for assets and liabilities.

Sarah stated that this financial audit contained no adjustments, significant or otherwise and no material weakness, or deficiencies, were identified.

In response to a Committee Member question, Carole stated that in previous years the Exchange did not have authority to collect revenue that exceeded expenditures. With the change in its statute, the Exchange must still live within its appropriation, but now has a 3 month operating reserve, which allows the Exchange time to adjust to market changes, if needed.

The Audit and Compliance Committee recommended the Board accept the Fiscal Year 2018 Audited Financial Statements.

2018 Programmatic Audit Update – Joanna Donbeck

Joanna Donbeck stated the Programmatic Audit is still underway and the Exchange is providing data to BerryDunn for review. The Programmatic Audit is expected to be concluded by the end of March 2019.

IRS Safeguard Review Update – Mark Riley, Chief Information Security Officer

Mark Riley provided an update on the recent IRS Safeguard Review. The number of findings is now down to 126 and the Exchange continues to work with its partners to address the remaining areas.

General Update – Leah Hole-Marshall, General Counsel and Chief Strategist

Leah reported that there are no significant issues at this time.

Next Meeting and Adjourn

Mark Stensager adjourned the meeting at 1:40pm