

Trust

Alaska Mental Health Trust Authority

Trust Year-End Audit Update

December 31, 2018

As our valued community partners and grantees, we know that the fiscal and organizational health of the Trust is important to you and the beneficiaries we serve. Earlier this year we reached out to members of our community about the Legislative Audit and Budget Committee's audit of the Mental Health Trust Authority. As we close out 2018, I would like to update you on the Trust's response to the audit's findings.

The audit has been an opportunity to review our operations, and to improve our business practices and governance. As an organization that has been operating for not quite 25 years, we are continuously seeking to improve. The Trust recognizes the value of the report's recommendations and has taken steps to address all of them. For most of the recommendations, we have already completed corrective actions or are in the process of developing information necessary to complete corrective actions.

Audit findings related to governance have been proactively addressed with the establishment of a trustee Audit and Risk Committee, improvements in decision-making and meeting practices, the adoption of revised charters that provide clear authorities and boundaries for trustees and staff, and by working with the Department of Law to cement more transparent processes through updated ethics training. This work is expected to be an ongoing commitment to continuously improve the Trust.

Regarding the audit's investment practice related findings, the Trust has suspended certain investment activities, and is considering how to address previous commitments. The Trust has also been meeting with historic and current stakeholders to inform any future discussions about the Trust's investment authority. It is our expectation that the audit process will ultimately result in further clarity in Trust fund management practices.

The Trust remains fully committed to our mission of enhancing and protecting the Trust for this and future generations of beneficiaries. Like any organization with a long-term outlook, we understand the necessity of self-evaluation to ensure compliance with our obligations to beneficiaries and our statutory requirements, and acknowledge and appreciate the audit as an opportunity to strengthen the Trust.

Mike Abbott

A handwritten signature in blue ink, appearing to read "Mike Abbott", with a stylized flourish at the end.

Chief Executive Officer