

MEETING AGENDA

Meeting: Audit & Risk Committee
Date: October 20, 2021
Time: 8:30 AM
Location: online via webinar and teleconference
Teleconference: (844) 740-1264 / Meeting Number: 2464 553 7169 # / Attendee Number: #
<https://alaskamentalhealthtrust.org/>
Trustees: Anita Halterman (Chair), Verné Boerner, Rhonda Boyles, Chris Cooke, Kevin Fimon, Brent Fisher, John Sturgeon

Wednesday, October 20, 2021

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8:30	<u>Call Meeting to Order (Anita Halterman, Chair)</u> Roll Call Announcements Approve Agenda Ethics Disclosure Approval of Minutes – July 29, 2021	4
8:35	Annual Audit Presentation / Update <ul style="list-style-type: none">Bikky Shrestha, BDO Anchorage Office	hand-out
9:00	Staff Report	
9:15	Adjourn	

Future Meeting Dates

Full Board of Trustee / Program & Planning / Resource Management / Audit & Risk / Finance

(Updated – October 2021)

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|--------------------------------|-----------------------------|------------------------|
| • Audit & Risk Committee | October 20, 2021 | (Wed) |
| • Resource Mgt Committee | October 20, 2021 | (Wed) |
| • Program & Planning Committee | October 20, 2021 | (Wed) |
| • Finance Committee | October 21, 2021 | (Thu) |
| • Full Board of Trustee | November 17-18, 2021 | (Wed, Thu) – Anchorage |
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| • Audit & Risk Committee | January 5, 2022 | (Wed) |
| • Finance Committee | January 5, 2022 | (Wed) |
| • Resource Mgt Committee | January 5, 2022 | (Wed) |
| • Program & Planning Committee | January 6, 2022 | (Thu) |
| • Full Board of Trustee | January 26-27, 2022 | (Wed, Thu) – Juneau |
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| • Audit & Risk Committee | April 20, 2022 | (Wed) |
| • Finance Committee | April 20, 2022 | (Wed) |
| • Resource Mgt Committee | April 20, 2022 | (Wed) |
| • Program & Planning Committee | April 21, 2022 | (Thu) |
| • Full Board of Trustee | May 25, 2022 | (Wed) – TBD |
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| • Audit & Risk Committee | July 26, 2022 | (Tue) |
| • Finance Committee | July 26, 2022 | (Tue) |
| • Resource Mgt Committee | July 26, 2022 | (Tue) |
| • Program & Planning Committee | July 27-28, 2022 | (Wed, Thu) |
| • Full Board of Trustee | August 24-25, 2022 | (Wed, Thu) – Anchorage |
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| • Audit & Risk Committee | October 19, 2022 | (Wed) |
| • Finance Committee | October 19, 2022 | (Wed) |
| • Resource Mgt Committee | October 19, 2022 | (Wed) |
| • Program & Planning Committee | October 20, 2022 | (Thu) |
| • Full Board of Trustee | November 16-17, 2022 | (Wed, Thu) – Anchorage |

Future Meeting Dates Statutory Advisory Boards (Updated – October 2021)

Alaska Mental Health Board / Advisory Board on Alcoholism and Drug Abuse

AMHB: <http://dhss.alaska.gov/amhb/Pages/default.aspx>

ABADA: <http://dhss.alaska.gov/abada/Pages/default.aspx>

Executive Director: Bev Schoonover, (907) 465-5114, bev.schoonover@alaska.gov

- Executive Committee – monthly via teleconference (Fourth Wednesday of the Month)
- Fall Meeting: October 12-13, 2021 / via Zoom

Governor’s Council on Disabilities and Special Education

GCDSE: <http://dhss.alaska.gov/gcdse/Pages/default.aspx>

Acting Executive Director: Myranda Walso, (907)269-8990, myranda.walso@alaska.gov

- Winter Meeting: January 31 – February 1, 2022 / location TBD

Alaska Commission on Aging

ACO: <http://dhss.alaska.gov/acoa/Pages/default.aspx>

Executive Director: Lisa Morley, (907) 465-4879, lisa.morley@alaska.gov

- Winter Meeting: November 16-17, 2021 / location TBD

ALASKA MENTAL HEALTH TRUST AUTHORITY

AUDIT & RISK COMMITTEE MEETING

July 29, 2021

8:30 a.m.

Teleconference

Originating at:

3745 Community Park Loop, Suite 120

Anchorage, Alaska

Trustees Present:

Anita Halterman, Chair

Chris Cooke

John Sturgeon

Brent Fisher

Verne' Boerner

Trust Staff Present:

Mike Abbott

Steve Williams

Carol Howarth

Miri Smith-Coolidge

Valette Keller

Allison Biastock

Also participating:

Bikky Shrestha

PROCEEDINGS

CALL TO ORDER

CHAIR HALTERMAN called the meeting to order and began with a roll call. She stated that Rhonda Boyles was excused, and that there was a quorum. She asked for any announcements. There being none, she moved to the approval of the agenda.

APPROVAL OF THE AGENDA

MOTION: A motion to approve the agenda was made by TRUSTEE STURGEON; seconded by TRUSTEE FISHER.

There being no objection, the MOTION was APPROVED.

CHAIR HALTERMAN asked for any ethics disclosures. There being none, she moved to the approval of the minutes of October 21, 2020.

APPROVAL OF THE MINUTES

MOTION: A motion to approve the minutes of October 21, 2020, was made by TRUSTEE BOERNER; seconded by TRUSTEE STURGEON.

There being no objection, the MOTION was APPROVED.

CONSULTATION

CHAIR HALTERMAN moved to the consultation, and asked Ms. Howarth to introduce the presenter.

MS. HOWARTH stated that every year there is a financial audit, and BDO has been engaged as auditor. She introduced Bikky Shrestha, a partner at BDO, who works with a team, Michele Kiese and Nicholas Stoudt, the primary audit managers.

MR. SHRESTHA stated that an audit planning document was sent and noted that, for this year, the State of Alaska moved up the audit timeline by a couple of weeks, to October 15, 2021. He continued that the time is scheduled and today is to make sure that all the information is available for the audit. He explained that a week of interim work has been done to get started, and the majority of the work will happen in September. He stated that the audit-planning document summarizes some of the highlights of what is done in the audit process, some dates and then some of the risk items. Professional standards are required regarding matters related to financial statement audits, and our professional judgement is significantly relevant to the Board's responsibility overseeing the financial reporting process. He added that this document has an overview of the plan of how the audit is done. BDO will do a financial statement audit which will follow government auditing standards, which means the level of audit is a bit higher. He explained their audit strategy. On the plan and scope, the major portion of time is spent with financials. Journal entries are looked at in detail to make sure all the revenue is recognized properly. Fraud risk is also noted. He noted that the schedule of investments managed by the Alaska Permanent Fund's operations are not audited.

MR. ABBOTT stated that there were several new trustees, and he asked that a bit of information on what the findings were in FY19 be provided so that folks are familiar with them, and he also requested an explanation of how those were resolved the following year.

MR. SHRESTHA stated that one of the big struggles at the Trust was getting the trial balance that is maintained on the State of Alaska accounting system. He continued that one of the challenges has always been the system is never closed, so there are balances that carry through on those trial balances first obtained from the State. In 2019, there was some transition and new people, and it was aa struggle to get that reconciliation corrected. There was a lot of help that BDO had to provide in that process. In 2020, a lot of issues were resolved with management beforehand. There is also continuity in the finance director position, and that will be good for 2021.

MR. ABBOTT clarified that the challenge is typically at the State level. He explained that the Trust is a part of the State overall accounting and finance system, and what is needed in order to satisfy appropriate requests from the auditor requires the Alaska Division of Finance to do what needs to be done, and the Trust is not always their priority. He stated that the audit or its findings had never found that the Trust itself was deficient. It has typically been about the interaction between the Trust and the State's larger finance system.

MR. SHRESTHA added that there should be some kind of reconciliation done at the Trust level that was not performed in a timely manner in the past. Even if the trial balance is maintained at the State level, it is the Trust's responsibility to make sure those numbers are accurate.

MS. HOWARTH clarified that the State has worked really hard at the State level to address the challenges. They have a new system, enterprise management system upgrade, and they were unable to close their books for multiple years until this last year.

CHAIR HALTERMAN announced that Trustee Cooke joined the meeting.

MR. SHRESTHA added that this is the planning communication. At the end of the audit, the financial statements will be presented, and the results of the audit will be produced. That is when any issues will be known and will be brought back to the committee.

TRUSTEE COOKE asked, for confirmation, that the contract for services is part of the packet and was provided for information purposes.

MR. ABBOTT replied that was correct.

MOTION: A motion for adjournment was made by TRUSTEE BOERNER; seconded by TRUSTEE STURGEON.

There being no objection, the MOTION was APPROVED.

TRUSTEE HALTERMAN adjourned the meeting.

(Audit Committee adjourned at 8:49 a.m.)