

ALASKA MENTAL HEALTH TRUST AUTHORITY

AUDIT & RISK COMMITTEE MEETING

July 30, 2020

9:00 a.m.

WebEx Videoconference/Teleconference

Originating at:

3745 Community Park Loop, Suite 120

Anchorage, Alaska

Trustees Present:

Anita Halterman, Chair

Verne' Boerner

Rhonda Boyles

Ken McCarty

Chris Cooke

John Sturgeon

Laraine Derr

Trust Staff Present:

Mike Abbott

Steve Williams

Carol Howarth

Miri Smith-Coolidge

Kelda Barstad

Luke Lind

Michael Baldwin

Carrie Predeger

Katie Baldwin-Johnson

Jimael Johnson

Valette Keller

Eric Boyer

Autumn Vea

Allison Biastock

Kelda Barstad

Kat Roch

Also participating:

Bikky Shrestha; Beverly Schoonover; Kristin Vandagriff; Roger Branson; Emily Palmer; Sheila Harris; Ed Boyer.

PROCEEDINGS

CALL TO ORDER

CHAIR HALTERMAN called the meeting to order and began with a roll call. She stated that all were here and asked for any announcements. There being none, she moved to approval of the agenda.

APPROVAL OF AGENDA

MOTION: A motion to approve the agenda was made by TRUSTEE BOERNER; seconded by TRUSTEE DERR.

There being no objection, the MOTION was approved.

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

APPROVAL OF MINUTES

MOTION: A motion to approve the minutes was made by TRUSTEE COOKE; seconded by TRUSTEE DERR.

There being no objection, the MOTION was approved.

CHAIR HALTERMAN turned the meeting over to the consultation with Bikky Shrestha.

CONSULTATION

MS. HOWARTH introduced Mr. Shrestha, who is a CPA and a partner at the Anchorage office of BDO. He is the manager responsible for the external audits and has over 14 years' experience in public accounting, managing the audits of ANCs, tribal organizations, school districts, and the Trust. The Trust has worked with him and his audit lead, Michele Keese, for a number of years.

MR. SHRESTHA began with the Audit Planning Document. He continued that he did not know exactly how the audit will go because it will be done remotely versus in the field. He explained that the professional standards requires communication regarding matters that, in their professional judgement, are significant and relevant to the Trust's responsibility in overseeing the financial reporting process. He stated that this document showed the plan for that process. He continued that the auditors' responsibility is to express an opinion on these financial statements that had been prepared by management. He assists with the preparation of the financial statements, but the information that needs to be gathered for the financial statement comes from management. He moved to the overall audit strategy, which is assessing the risk of material misstatement. He explained that they assess the risk, the areas that have more chances of error, the areas that require significant adjustment that might have to be audited. The concept of materiality is also used where higher balances have a higher chance of being audited. There is also a lot of random sampling process which is usually applied mostly to expenses and revenues. He stated that they first get an understanding of the internal controls over financial reporting, and based on that, any issues are also reported back. He continued that the focus areas are usually determined based on prior audits, based on history, and then they do preliminary analyticals. Then, based on the assessment and past history, the immediate focus area will be investments because they are the biggest item in the financial statement. He added that one of the items that

comes from the State that gets recorded toward the end of the audit is the pension and post-employment benefit liability. They do allocation to all of its component units and then that gets put into the report. On the overall timeline, the majority of the work will be done in September. There is an issue regarding the State not closing the books, and that process is still ongoing. There has been contact with management to figure out a solution. He stated that the financial statements also include the schedule of investments managed by Alaska Permanent Fund Corporation. That is audited by KPMG, and we get that information once they have completed that audit, and that information is put into the financial statements. He moved to the new accounting pronouncements that are coming out that will affect the financial statement in the future.

CHAIR HALTERMAN moved to the planning item for the development of the risk management plan. She recognized Carol Howarth.

PLANNING ITEM

MS. HOWARTH stated that in reviewing the charter of the Audit Risk Committee, two roles were identified. One of them is to ensure systems are in place to conduct forward-looking analysis of organizational risk, and then annually review the organization's risk management plan. There is a need to have a risk management plan that is not yet in place. The components identified in the charter are listed in the table. The needs for any organization vary according to the industry. In overall terms of risk management, we are on the lower risk spectrum and we are lucky to be under the State umbrella. She added that the Risk Management Plan needs to be done and, after a breather, it can start being looked at.

CHAIR HALTERMAN thanked Mr. Shrestha and Ms. Howarth for their presentations. She asked for a motion to adjourn.

MOTION: A motion to adjourn the meeting was made by TRUSTEE COOKE; seconded by TRUSTEE STURGEON.

After the roll call vote, the meeting was unanimously adjourned.

(Audit & Risk Committee adjourned at 9:20 a.m.)