

**ALASKA MENTAL HEALTH TRUST AUTHORITY**

**AUDIT & RISK COMMITTEE MEETING**

**October 21, 2020**

**8:30 a.m.**

**WebEx Videoconference/Teleconference**

**Originating at:**

**3745 Community Park Loop, Suite 120**

**Anchorage, Alaska**

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**Trustees Present:**

Anita Halterman, Chair  
Rhonda Boyles  
John Sturgeon  
Annette Gwaltney-Jones  
Ken McCarty  
Verne' Boerner  
Chris Cooke

**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; Becky Carpenter; Sheila Harris.

## PROCEEDINGS

### CALL TO ORDER

CHAIR HALTERMAN called the meeting to order and began with a roll call. With all trustees present, she asked for any announcements. She welcomed Annette Gwaltney-Jones and asked her to introduce herself.

TRUSTEE GWLATHNEY-JONES stated that she is currently and has been a human resources professional for the last 20 years. She continued that prior to that she worked in the mental health field and has been around Alaska for a long time. She added that she was impressed with all that she has seen so far, and stated that the orientation was incredible.

CHAIR HALTERMAN stated her excitement to have Trustee Gwaltney-Jones on board and the experience she brings to the table. She asked for a motion to approve the agenda.

### APPROVAL OF AGENDA

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

*There being no objection, the MOTION was APPROVED.*

### ETHICS DISCLOSURES

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

### APPROVAL OF MINUTES

**MOTION:** A motion to approve the minutes of the July 30, 2020, was made by TRUSTEE COOKE; seconded by TRUSTEE STURGEON.

*After the Roll-Call Vote the MOTION was APPROVED unanimously. (Trustees Boerner, Boyles, Halterman, McCarty, Sturgeon, Gwaltney-Jones & Cooke).*

CHAIR HALTERMAN recognized Bikky Shrestha.

### ANNUAL AUDIT PRESENTATION/UPDATE

MR. SHRESTHA happily reported that, as far as financials go, the Alaska Mental Health Trust Authority is in a good state this year. He thanked the teams for getting the audit done in a timely fashion. He stated that this had been one of the better audits, and he moved to the audit wrap-up document and the actual draft of the financial statements. He reminded all that the financial statement is provided in draft format so some minor changes and some presentation changes may still be done. He added that the net position will not change. He continued that the majority of the work was done remotely, which did present challenges that were overcome. He began with the audit draft of documents, and walked through some of the more significant items, the procedures performed, and some of the highlights from the results of the audit. He moved to the status of the audit and stated that the audit of the financial statements have been substantially completed. They were prepared in accordance with Generally Accepted Auditing Standards in the United States of America. An audit under Government Auditing Standards was also done. He continued that the objective of the audit was to obtain reasonable assurance about whether the

financial statements are free from material misstatements. He added that the scope of the work performed was substantially the same as that described, and the auditors did not have to change the scope of the audit. He expected to issue an unmodified opinion on the financial statements and have it released on October 31<sup>st</sup>. He stated that all records and information requested was freely available, and management cooperation was excellent throughout the whole process. He moved to accounting practices and policies and stated that there were no accounting pronouncements significant to the Trust that were actually applied. He continued that the main estimate in the financial statement is the net pension and OPEB liabilities, and that number is provided by the State. He noted that there was one significant corrected misstatement which related to increasing the value of some of the investment in real estate property based on increases in fair value in the current year. There were no uncorrected misstatements that management has enforced. He added that there are no significant deficiencies or material weaknesses to report. He stated that there are some significant accounting and reporting matters listed at the end of the document that would be new pronouncements that would be applicable in the coming years. He continued through a few items in the financial statement and explained as he went along. He then did a basic overview of the major financial statement numbers.

MR. ABBOTT commended Mr. Shrestha and his team that led a great process for BDO. He paid special thanks to Carol Howarth, Kat Roch, Sarah Morrison, and Katie Vachris for their work. This is truly a team effort with strong efforts on all parts. He also thanked the State's finance team. He stated that he was grateful to have a chance to describe an unconditioned audit of the Trust and was grateful for those that made that happen.

CHAIR HALTERMAN also thanked all of the people and appreciated the amount of work that went into this kind of an audit.

TRUSTEE BOERNER congratulated everyone for a clean audit.

CHAIR HALTERMAN moved to the next item which was a planning item on the agenda. She recognized Carol Howarth for the risk management plan.

### **PLANNING ITEM**

MS. HOWARTH began by recapping the identified aspects of what would be needed for a risk management plan. The best practices would be to look at risk management plans from the perspective of bottom up, which builds a framework identifying the risks. She talked about the types of risks, beginning with the traditional financial risks, moving to the umbrella of reporting framework. She talked briefly about the types of risks. She moved to a plan which began with risk identification, understanding them and prioritizing what risks to manage. Next is establishing the goals and destination of the organization and then to go to the third level where actions are taken to minimize the risk; how to monitor it, and how to control it. She stated that the objectives are to figure out the risk, to mitigate, eliminate and then determine what can be tolerated. There is always the balance between the mission of the organization and the profile of risks. She continued that in articulating a plan, the risks need to be identified, goals clarified, and we need to determine how the risks fit strategically with where the Trust organization would like it to be, understanding trustees' appetite for the risks identified. She stated that Chair Halterman suggested a work session to identify the risks and to clarify the risk appetite by trustees. The thought was to hold it in the third quarter of this fiscal year.

CHAIR HALTERMAN stated that quite a few discussions were had where some target issues were identified. It would be meaningful to bring forward a work-group session to collaborate, led by a leadership team that knows more about building a meaningful risk management plan. She continued that it is a big task, and she thought the leadership team could explore the possibility of bringing forward that work-group session.

MS. HOWARTH stated that the Trust Risk Management Policy is focusing solely on its risks and looking to control them. The fact is that a lot of things are in place, but they have not been compiled into a plan yet.

CHAIR HALTERMAN stated that there is an obligation to do this because the statute states the need to have a risk management plan. She added that, with the proper leadership, a risk management plan could be put in place. A discussion ensued on what needs to be considered. She then asked for a motion to adjourn.

**MOTION: A motion to adjourn the meeting was made by TRUSTEE STURGEON; seconded by TRUSTEE GWALTHNEY-JONES.**

*There being no objection, the MOTION was approved.*

CHAIR HALTERMAN adjourned the meeting.

(Audit & Risk Committee adjourned at 9:45 a.m.)