



Connie

Connecting People for Better Health

**Board Finance & Audit
Committee Meeting**

July 16, 2020

Opening





Board Bylaws: Committees



Board Bylaws: Committees

- Board may create committees
- May appoint one or more individuals (board members and non-members)



Board Bylaws: Committees

- Committees consisting solely of directors of the Corporation may have and exercise all of the powers of the Board as provided in resolutions of appointment except:
 - filling of vacancies on the Board or any of its committees;
 - amendment of the Certificate of Incorporation
 - adoption, amendment or repeal of the Bylaws
 - amendment or repeal of any resolution of the Board
 - approval of a plan of merger or consolidation, a sale, lease, exchange or other disposition of all or substantially all of the property of the Corporation or a proposal to dissolve the Corporation
 - action on matters committed by law, these Bylaws or a resolution of the Board to another committee of the Board



Board Bylaws: Committees

- Committees that do not consist solely of directors
 - Do not have and may not exercise the powers of the Board
 - May act only in an advisory capacity to the Board
- Members of committees shall be elected at the annual meeting of the Board or at any regular or special meeting
- Members serve at the pleasure of the Board and until their successors are elected



Board Bylaws: Committees

- Each committee of the Board shall act in accordance with the following procedures:
 - Adopt a schedule of regular meetings and hold additional special meetings on the call of the chairperson of the committee or any two members of the committee
 - Notice given in the manner provided for notice of regular meetings of the Board
 - Majority of voting members of the committee shall constitute a quorum for all business
 - The act of a majority of voting members of the committee present at any meeting held at which a quorum is present at the time of the act shall be the act of the committee



Board Bylaws: Committees

➤ Continued:

- If less than a quorum is present at any committee meeting, a majority of the voting members of the committee present may adjourn such meeting from time to time without notice
- Each committee shall keep a record of its proceedings and shall report to the Board as requested
- The term of office of a committee member shall be determined by the Board
- Members or officers of a committee may be removed at any time by the Board with or without cause or prior notice





Committee Charter and Annual Meeting Schedule Discussion





Board Auditor Selection



Board Bylaws: Financial Statements and Audits

➤ Financial Statements

- Corporation shall use generally accepted accounting principles in its financial record-keeping and recording.
- At intervals of not more than twelve months, the Corporation shall prepare a balance sheet showing its financial condition as of a date not more than four months prior thereto and a statement of receipts and disbursements with respect to its operations for the twelve months preceding such date.

➤ Audits

- The Corporation's books and accounts and financial statements shall be prepared, audited and reviewed as required by applicable law, at least annually.
- The balance sheet and statement shall be deposited at the principal office of the Corporation and be kept for at least ten years from such date.



Audit Requirements

- Financial Statement Audit
- Federal Uniform Guidance Audit required for expenditures greater than \$750,000
- State of Connecticut Single Audit required for expenditures greater than \$300,000



Request for Quote Status

- Requested quote from three firms

- Requested scope
 - Annual Audit Services
 - Financial Statement Audit
 - Federal Uniform Guidance Audit (if necessary)
 - State of Connecticut Single Audit (if necessary)
 - Annual Tax Services
 - IRS Form 990
 - Communications
 - Availability throughout the year to answer questions and provide advice to management and Finance & Audit Committee
 - Presentation of audit planning, audit results and required communications to the Finance & Audit Committee

- Selection Criteria



Selection Criteria: Identifying Quality Audit Firms

SELECTION CRITERIA	EVALUATION
EXPERIENCE AND PROFESSIONAL DEVELOPMENT	<ul style="list-style-type: none">• Evaluating whether the firm is equipped to provide a high-quality audit to HIA and its ability to demonstrate its qualifications in response to HIA’s request for proposal. Evaluate whether the firm has experience, qualified staff, continuing education, etc.• Not only is overall experience important, but also experience relevant to HIA (healthcare, not-for-profit, etc.) is a component of the firm’s qualifications
IDENTIFYING QUALITY AUDIT FIRMS	<ul style="list-style-type: none">• The AICPA established the profession’s Peer Review Program to enhance the quality of accounting, auditing and attestation services performed by its members in public practice. Reviewing the results of a firm’s peer review provide a look at quality control systems and adherence to the profession’s standards is part of the evaluation process



Selection Criteria: Identifying Quality Audit Firms

SELECTION CRITERIA	EVALUATION
INDEPENDENCE	<ul style="list-style-type: none">• CPA professional standards require that the auditor be independent for purposes of auditing financial information and issuing an auditor's report on the financial statements. The auditor's independence is essential for a successful audit because it enables him or her to approach the audit with the necessary professional skepticism. Independent auditors must adhere to rules of auditor independence established by the AICPA (and the SEC and the Public Company Accounting Oversight Board, if applicable)
LICENSING	<ul style="list-style-type: none">• CPA firms are required to meet the licensing requirements of the state(s) in which they practice and the audit firm holds a valid, up-to-date license or certificate to perform auditing services



Auditor Selection Process

Committee Meeting:

Review of Request for Quote (RFQ) & Summary Comparative Analysis

Consideration:

Presentations from each Independent Auditing Firm

Recommendation:

Make recommendation to Board

Selection:

Board Selects Independent Auditor



Adjournment

