

Tompkins County Municipal Health Insurance Consortium
Audit Committee Meeting
Thursday, January 17, 2013
Old Jail Conference Room
3 p.m.

Agenda

1. Call to Order
2. Approve Meeting Notes from December 10, 2012 meeting
3. Determine mission, duties, responsibilities and other items
4. Overview of County collections and payments for Consortium- David Squires
5. Topics for future discussions:
 - Become Familiar with current audit by NYS Financial Services
 - Understand payment process
 - Internal Audit function
 - External Audit function, contract and selection
 - Internal Controls
 - Reports to BOD
 - Oversee development of Code of Ethics and Conflict of Interest Policy
 - Develop RFP for various audit services
6. Other Items
7. Adjournment

Meeting Notes
Greater Tompkins County Municipal Health Insurance Consortium
Audit Committee
December 10, 2012
3:00 p.m.

Attendees: Steve Thayer, Don Barber, Judy Drake, Laura Shawley, David Squires, Jerry Mickelson, Michelle Pottorff

Mr. Thayer called the first meeting to order at 3:06 p.m. He asked Mr. Barber, Chair of the Board of Directors, to provide an overview of the purpose of this Committee. Mr. Barber said it became apparent there was a need for an audit committee once the State began its audit. Through the audit the State has asked for things the Consortium does not yet have, such as a conflict of interest policy. He said the purpose of having an Audit Committee is to set up processes and making sure things are being followed, and if there are gaps that they are identified and filled. Mr. Mickelson suggested adding claims auditing to the list of items for this Committee to address. *Mr. Thayer and Mr. Mickelson said they would try to pull together some sample requests for proposals for claims auditing services.* Mr. Barber said Jackie Kippola is willing to assist with this as well.

Mr. Thayer suggested the following discussion topics for this Committee:

- Understand the payment process
- Internal Audit function
- External Audit function
- Internal Controls
- Reporting out to the Board of Directors
- Frequency of meetings
- Oversee development of Code of Ethics and Conflict of Interest Policy

Mr. Barber said the State Financial Services Department asked about an Audit Committee and is looking at internal controls and how monies are being protected. Mr. Barber said he would view this Committee to be process oriented. Mr. Mickelson said initially the Audit Committee was essentially a committee of the whole but getting this group set up will show progress and is important. There was discussion of how often the Committee should meet. Mr. Squires suggested once established the Committee should meet quarterly. Mr. Mickelson said the CPA firm could create a quarterly controller's report from a financial perspective showing budgeting comparisons from quarters and any anomalies that have taken place in the quarter.

Ms. Drake said as a member of this Committee she would like a better understanding of the quarterly report and how that relates back to what Mr. Locey will be providing the Board on a monthly basis. Ms. Shawley also stated she would like a better understanding of the information presented and asked how far into the analytical process will the Committee get. Mr. Thayer said he expects the firm hired by the Consortium will conduct the analytical process. He envisions this Committee getting an understanding of what is happening with the payment and financial reporting process, making sure those reports are completed on a timely basis and accurate and that the New York State Department of Financial Services agrees they are

accurate. Mr. Mickelson said this Committee should have oversight responsibility and be asking due diligence questions but should not get into micromanaging.

Mr. Squires suggested and others agreed that findings of the audit report would be reported to the Committee and if there was an issue the Board needs to hear that issue could then be presented to the Board. Ms. Drake suggested reviewing and evaluating the current process and to understand what and how information is now being submitted to Mr. Squires.

Mr. Thayer and Mr. Mickelson will compile some sample mission statements to present at the next meeting.

Ms. Drake questioned whether there should be some elected official representation on this Committee; however, she noted it is unlikely to have as great of a turnover in staff as there would be in elected officials. Mr. Barber said it is a good idea to have a rotation of members on the Committee and the more educated members the better the Board will function. Ms. Drake also suggested staggering term limits so members' terms don't all expire at the same time. Mr. Mickelson recommended that staff be in attendance but not be members of the Committee. Mr. Barber said the Board can consider a resolution to amend the membership at its December 20 meeting.

It was agreed the Committee will meet in January to begin developing a mission statement and begin a review of financial statements to get an understanding of how they are handled.

Mr. Thayer said the first step is to figure out the Committee's mission and then understand what is taking place currently. The Committee agreed at the next meeting to begin to review and prioritize the list of topics presented by Mr. Thayer. Mr. Barber said he has forwarded a sample Code of Ethics from NYMIR (New York State Municipal Insurance Reserve).

Following discussion it was agreed the Committee will present the Board of Directors with a resolution to increase membership. It was also agreed the Committee will meet the third Thursday of January, February, and March at 3 p.m. Mr. Mickelson offered to present the preliminary external audit at one of those meetings to explain what is done in the financial audit and will review the draft audit report at a meeting prior to the March Board of Directors meeting. The Committee would then need to agree to accept the report.

Adjournment

The meeting adjourned at 4:07 p.m.

**Tompkins County Municipal Health Insurance Consortium
Audit Committee Mission Statement (Draft) dated 1/10/13**

The purpose of the Audit Committee is to oversee the integrity of the Consortium's financial statements, the compliance with accounting and auditing requirements and the performance of the internal and external auditors. We shall assist and advise the Consortium's Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, internal controls, performance of external and internal auditors and compliance with various laws and regulations. The Audit Committee shall review all contracts for audit and non-audit services provided by the independent public accountants and recommend action to the Board.