

Finance & Operations Committee Minutes
October 26, 2020
9:30 AM – 11:30 AM

Board Members Present: Claire Brockbank, Adela Flores-Brennan, Annie Lee, Lorez Meinhold, and Dick Thompson

Staff Present: Brian Braun, Kelly Davies, Linda Gann, Kelly Guthner, David Hague, Carolyn Pickton, Ilana Rivera, Arba Robinson, Alan Schmitz, Monica VanBuskirk, and Ezra Watland

I. Welcome & Introductions

Lorez Meinhold called the meeting to order at 9:34 a.m., welcoming everyone in attendance. The September meeting minutes were reviewed and approved.

II. Financial Audit for FY2020

The Committee reviewed the draft financial audit for fiscal year (FY) 2020 conducted by Plante Moran. The post audit communication letter reports no significant findings or issues during this audit.

The single audit outlined the three auditor's reports:

- Report on schedule of expenditures of federal awards required by the uniform guidance
- Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with government audit standards
- Report on compliance for each major federal program and report on Internal control over compliance required by the uniform guidance.

Results from each report showed no material weakness(es) or significant deficiency (ies) found.

The FY 2020 draft financial statement reviewed the independent auditor's report, management's discussion and analysis, basic financial statements (statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows), and notes to financial statements.

The audit will move to the Board with recommended approval from the Finance & Operations Committee.

III. Quarterly Financial Report

Staff presented the quarterly financial report for the first quarter of FY 2021. The report outlined key performance indicators, financial results, and 24-month projected revenue and expenditures.

Key metrics for the first quarter exceeded enrollment and most financial targets. Enrollment levels are running higher due to the Covid-19 special enrollment period which generated 14,000 new enrollments. Net operating margin and per member per month (PMPM) expense levels exceeded expectations due to lower expense levels teamed with the impacts of higher enrollments. During the first quarter, overall earnings (excluding depreciation) were slightly over \$5.7 MM – exceeding budget expectations by \$1.3 MM.

IV. Quarterly Audit Report

The Committee reviewed an audit update. The update provided details on ongoing audits, internal audits, and a follow-up on previous audits. There are no upcoming audits in the coming quarter.

V. Strategic Plan Strategies

The committee reviewed the progress made to the 2021-2024 strategic plan. During this stage, strategic priorities have been added to the objectives. Staff is requesting feedback from the Finance and Operations Committee on these strategies to bring to the November Board Meeting. The Strategic Plan is projected to be finalized by the end of the year.

Board Member input includes:

- Additions to the strategic plan from both the Finance and Operations and Policy committees will be discussed at the upcoming Executive Committee Meeting
- How will equitable representation be ensured with committees, partnerships, and reporting
- Board Member edits to strategies or objectives should be received by 11/4/2020.

Supplemental information was distributed to Board members regarding success measures to be reviewed ahead of the November Board Meeting.

VI. EMP Follow-up

Staff presented an update to the enterprise modernization project (EMP). The presentation outlines challenges to address, high-level requirements, expected benefits, and the key areas of transformation over the past two years.

VII. Public Comment

None.

Meeting adjourned at 11:18 a.m.

Respectfully Submitted,

Lorez Meinhold
Committee Chair