

THINC, Inc.

Taconic Health Information Network and Community

THINC Financial Oversight Committee Meeting
July 27, 2009 12:00pm-1:00pm

ATTENDEES:

Committee members: Joe DeVirgilio, Mike Duffy, Paul Kaye, MD; Robert Savage

Non-Committee members: Susan Stuard, Allison Laquidara

I. INTRODUCTION

A motion was made and seconded to approve the June 2009 meeting minutes.

II. DISCUSSION OF THE 2008 AUDIT MANAGEMENT SUGGESTION LETTER

Susan Stuard briefed the committee of the actions taken by management to address the issues raised in the 2008 management suggestion letter.

- **Fraud Risk Assessment Program.** The recommendation was made to implement a formal written fraud risk assessment program. The committee agreed that this recommendation will be reevaluated upon the completion of the accounting procedures manual.
- **Accounting Procedures Manual.** It was the recommendation of Bailey Browne CPA & Associates to develop an accounting procedures manual. D'Arcangelo will prepare a draft manual and management will submit to the committee for review and approval.
- **Controls over Computers.** Bailey Browne CPA & Associates recommended that a formal policy be implemented to periodically change passwords to avoid unauthorized access. Susan Stuard informed the committee that as of July 31, 2009 the password controls would be tightened and new requirements would require a minimum length, minimum level of complexity and maximum and minimum password age and history.
- **Use of a Standard Journal Entries Form.** Bailey Browne CPA & Associates recommended that a columnar worksheet designed to accommodate 12 months' entries be developed and used for standard recurring entries. Susan Stuard informed the committee that the use of the standard journal entries form has been implemented.
- **Authorized Signors.** Bailey Browne CPA & Associates recommended the removal of a prior Controller as an authorized signor from all accounts. Susan Stuard informed the committee of the following, the Bank of America accounts are in the process of being closed. Management would like to update the Key Bank signature cards to include Susan Stuard as well as the board officers, Mike Duffy, Mark Foster, MD and Paul Kaye, MD. In addition the committee agreed to distributing a list of expenditures to go out to the committee at the beginning of each month. Susan Stuard informed the committee of the recent difficulties with Key Bank and asked for any recommendations of local banks.
- **Useful Lives of Fixed Assets.** D'Arcangelo has addressed and fixed this issue.
- **Account Classifications.** Bailey Browne CPA & Associates noted that although the amount is properly included in accounts receivable in the financial statements, any accounts

receivable should be recorded using the appropriate module in QuickBooks. D'Arcangelo and Bailey Browne have discussed and settled on an agreement regarding this issue.

- **Budget.** Bailey Browne CPA & Associates recommended that until the approval from the IRS for tax exempt status comes through income tax expense should be included in the budget to more accurately represent the expenses of the organization. THINC has been advised by counsel that it is likely to receive a positive outcome on its 502(c)(3) application to the IRS. Susan Stuard informed the committee that 2009 should be the last year THINC will incur a federal income tax expense. THINC will file a refund on the prior year's income tax upon receipt of a positive 501(c) (3) determination from the IRS. The committee noted that in the event THINC does not acquire the positive 501(c) (3) from the IRS then the Federal income tax expense will need to be included in the budget.
- **Supplies Acquisition.** Bailey Browne CPA & Associates recommended THINC obtain a corporate credit card in order to pay for supplies and avoid employees handling charges on their personal credit cards. Susan Stuard informed the committee that because THINC's revenues are below \$4million THINC is not eligible to secure a corporate credit card. The executive director has applied for a business card. The card would bear the THINC, Inc. name and the invoice would be sent to the THINC office, however, the executive director has to personally secure the card. A draft of the credit card policy was presented to the committee for review. The committee recommended a few edits, the edits will be completed and a final draft will be presented to the committee for approval at the next meeting.
- **Standardization of Reporting Documentation and Recordkeeping.** It was the recommendation of Bailey Browne CPA & Associates to obtain a signed contract that outlines the funding terms with The Taconic IPA. The committee clarified that the money we were receiving from the IPA was not spent until received and the committee also discussed that this is a contribution agreement and would not be enforceable. The finance committee would be satisfied with documenting The Taconic IPA's intent to make the contribution with a letter from the CEO and attachment of the IPA's board minutes showing adoption of its budget.

III. JUNE FINANCIALS REVIEW

Susan Stuard reviewed the June 2009 financials with the committee. There being no issues or discrepancies Susan Stuard also noted to the committee that as part of the HEAL project she has been working on a draft version of the THINC business plan. A draft version of the business plan would be presented to the board at the October 7, 2009 meeting.

There being no further business the meeting was adjourned at 12:55pm.