



Meeting of the Finance & Audit Committee
Tuesday May 13, 2014
4:00-5:25p.m.
 Quarters 2 Building, Beacon Hill Campus
 1200 12th Ave South Seattle, WA

MEMBERS PRESENT			ALSO PRESENT
Nate Dreon	Kevin Fox	Jackie Wolfe	Jeff Natter
Bob Cook	Rhonda Berry	Tony McLean (from 4:15)	Christina Bernard

Nate Dreon called the meeting to order at 4:04 p.m. A quorum was present. There was no public comment.

Minutes

The April 8, 2014 Finance & Audit Committee meeting minutes were approved (Moved/2nded by Fox/Berry. 5 of 5 in favor).

Risk Management Discussion

The Committee discussed risk management. They first brainstormed high-level risk areas that should be covered over the next several months. The areas were:

- Public policy/risks as a public entity
- Property
- Personnel and leadership
- Grantmaking and grant management
- Financial stewardship
- Data security
- Public image/reputational risk

They then discussed the topic of personnel and leadership (both staff and board) risk in more detail, identifying specific risks within that area:

- Succession
- Institutional memory
- Lack of diversity
- Appropriate skill and background
- Financial duties
- Staffing levels
- Ethics/conflict of interest
- Reliance on paid consultants

In the course of discussion, they also identified several risks that fall under the financial stewardship area:

- Internal controls
- Expense structure
- Fiduciary responsibilities

Staff will condense the discussion of personnel risks into several risk statements for the Committee’s review. The Committee will then rate each risk’s severity and probability as the next step in the process. The risk management discussion at the next Committee meeting will cover 1-2 additional high-level risk areas.



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Financial Stewardship

Investment Update

The Finance & Grants Manager updated the Committee on PHPDA's investments and year-to-date interest income. She continues to research additional account options and will look into expansion of the PHPDA's CD policy to include higher amounts and longer maturities.

March 2014 Financials

The Committee reviewed and accepted the March 2014 financial statements (Moved/2nd Berry/Cook. 6 of 6 in favor).

2014 Quarter 1 Financials

The Committee forwarded the Quarter 1 2014 financial report to the Governing Council for approval (Moved/2nd Cook/Berry. 6 of 6 in favor).

Q1 Card Charges, TIAA-CREF, check register, payroll taxes

The Committee reviewed and accepted with signatures the Q1 2014 credit card charges, check register, payroll tax report and retirement contributions report.

Future review of Quarterly items by Treasurer

The Committee voted to have future review of the quarterly credit card charges, TIAA-CREF submissions, check register, and payroll taxes to be completed by the Treasurer alone, rather than the full Committee. They also authorized staff to change the PHPDA Accounting Manual accordingly (Moved/2nd Berry/Wolfe. 6 of 6 in favor).

2013 Audit

The Finance & Grants Manager updated the Committee on the 2013 independent audit. There were no adjustments or findings to report. The PHPDA's audit firm will present the final report to the Committee in June.

Renewal of Tower, Quarters, Liability, and Umbrella Insurance Policies

The Committee reviewed the summary of insurance premiums and coverage for PHPDA's insurance policies (aside from D&O insurance, which was renewed earlier in the year). Committee member Jackie Wolfe noted that there is one particular coverage that must be acceptable to the Tower tenant. The Committee voted to authorize the Executive Director, after the aforementioned review by the DOC and upon approval by the Treasurer and Jackie Wolfe, to renew PHPDA's insurance policies. (Moved/2nd Fox/McLean. 6 of 6 in favor).

Property Stewardship

Real Estate Committee Update

The Executive Director updated the Committee on the work of the real estate committee. The PHPDA's property manager and real estate advisor have had regular meetings with the DOC to discuss tenant improvements and long-term building repairs and improvements.



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Report on Jan-Mar Tower Operating Expenses

The Committee reviewed the report from the PHPDA property manager that details actual Tower operating costs versus budget for Q1 2014. Expenses are under-budget for the year.

Re-forecast of Tower operating expenses and reimbursement

The Committee reviewed a re-forecast of Tower operating costs from the PHPDA's property manager. They will discuss whether this requires a budget revision at the next meeting.

Grant Management

Financial reporting for PHPDA grants

The Finance & Grants Manager discussed plans for review of future grantee reports now that the PHPDA will have several additional grants to manage. The bi-annual financial reports will be reviewed by the Committee, likely as a single document with a cover sheet created by staff that indicates whether the reports raise concerns. The full financial reports will be attached to this cover sheet and will be reviewed by staff. They can be discussed in detail if requested by members of the Committee.

Preliminary Discussion of Use of Consideration Funds

The use of these funds will be discussed at a later meeting.

Adjournment

The meeting was adjourned at 5:35 p.m.

Minutes approved: _____

(Date)