

1 Washington Vaccine Association – Audit Committee Meeting  
2 June 17, 2014 – 1:00 – 2:00 p.m.  
3 Location: Ellis, Li & McKinstry, PLLC  
4

5 **I. Attendance.** Participating in all or part of the meeting were the following individuals:

6		
7	<u>Directors:</u>	<u>Vaccine Association:</u>
8	Suzanne Daly, Audit Chair	Fred Potter, Executive Director
9	Jason Farber, Esq.	
10	John Sobeck, M.D.	<u>Others:</u>
11		Allen Gilbert, CPA (T)
12	<u>Absent:</u>	Anne Redman, Esq.
13	Dennis Kirkpatrick	Claire Roberge, KidsVax® (T)
14	Margaret Lane, Deputy Executive Director	Norman Roberge, KidsVax® (T)
15		Peter Smith, KidsVax® (T)
16		

17 **II. A. Summary of Actions Taken**

- 18 1. To approve the minutes of the April 29, 2014 WVA Audit Committee meeting.
- 19 2. To recommend the implementation of electronic fund transfer from the WVA Operating  
20 account to the Imprest bank account for replenishment of the Imprest refund account  
21 for approval by the WVA Board with contemporaneous notification to the treasurer as  
22 transfers occur.
- 23 3. To authorize Suzanne Daly to sign a standard IRS Power of Attorney on behalf of WVA.

24 **III. B. Follow-up Tasks/Action Items**

- 25 1. Mrs. Roberge will speak with KeyBank representative, Kara Olson, regarding the Positive  
26 Pay/Positive ACH services and their cost and will report back to the Committee.
- 27 2. Mr. Potter will provide the names of the firms for the auditor's attorney letter with the  
28 understanding that the Audit Committee's instruction is to send them to every retained  
29 counsel. Once the letters are signed, Mr. Potter will mail them back to Mr. Gilbert for  
30 processing.

31  
32 **IV. Minutes**

33  
34 Welcome and Introductions

35  
36 At 1:00 p.m., a quorum having been established, Chair Suzanne Daly called the meeting to order.

37  
38 **Upon motion duly made and seconded, it was unanimously**

39  
40 **VOTED:** To approve the minutes of the April 29, 2014 WVA Audit Committee meeting.

41  
42 Due to an increasing number of payer refund requests being processed by KidsVax®, a request has been  
43 made to allow KidsVax® to have wire transfer authorization so that the WVA Imprest account can be  
44 replenished via wire transfer rather than with paper checks. This will improve the flow of the  
45 reimbursement process and timeliness of payer refunds will be significantly improved. The wire transfer  
46 would be from the WVA Operating account to the WVA Imprest account with the restriction that it can  
47 only be used for the purpose of payer refunds. Currently, KidsVax® can move funds to or from the WVA  
48 Investment account also in the name of WVA and to the single-purpose State Treasurer controlled  
49 Vaccine Purchase account on a just-in-time basis as negotiated with the State. There are three individuals  
50 in the KidsVax® organization who can wire transfer from the WVA Operating account into the Vaccine  
51 account. All of those wires are reviewed as part of the audit work. Further discussion ensued. It was  
52 determined that a control listing of each wire transfer will be sent to Mr. Kirkpatrick as treasurer. Mr.  
53 Gilbert discussed the options of Positive Pay and Positive ACH features, which are services that most likely  
54 KeyBank could provide as a deterrent to both fraud and hackers. He suggested speaking with a  
55 representative from KeyBank to learn what the service is and what the cost would be. Mr. Potter

1 suggested that Mr. Gilbert and Mr. Smith explore the possibility that this should also be a  
2 recommendation for the Operating account as well. Mrs. Roberge will speak with KeyBank  
3 representative, Kara Olson, regarding the Positive Pay/Positive ACH services and their cost and will report  
4 back to the Committee.

5  
6 **Upon motion duly made and seconded, it was unanimously**

7  
8 **VOTED:** To recommend the implementation of electronic fund transfer from the WVA Operating  
9 account to the Imprest bank account for replenishment of the Imprest refund account for  
10 approval by the WVA Board with contemporaneous notification to the treasurer as transfers  
11 occur.

12  
13 Per the Board's previous request, Attorney Redman developed an annual compliance checklist. Mr.  
14 Potter proposed that if this is acceptable to the committee, KidsVax® will make it into a checklist to be  
15 used as a control document by restructuring with dates and signatures and will report back to the  
16 committee on an annual basis as part of its committee work. Attorney Redman also noted that it is a  
17 good document to assist with setting the Board's calendar. Further discussion ensued regarding the  
18 WVA's Form 990 filing status. Mr. Steve Bass would like the committee to authorize Ms. Daly to sign a  
19 standard IRS Power of Attorney on behalf of WVA so that he can follow-up with the IRS.

20  
21 **Upon motion duly made and seconded, it was unanimously**

22  
23 **VOTED:** To authorize Suzanne Daly to sign a standard IRS Power of Attorney on behalf of WVA.

24  
25 Mr. Potter presented a draft Code of Ethics document to the committee for review. After brief discussion,  
26 it was the sense of the committee that further discussion concerning the Code of Ethics document will be  
27 taken up at the next committee meeting once committee members have had an opportunity to review  
28 the document more thoroughly.

29  
30 The WVA Audit Plan was reviewed briefly by Mr. Gilbert. The various projected dates for retrieving and  
31 reviewing information were outlined for the committee. The auditors anticipate beginning their fieldwork  
32 July 24-25, with a completion date the week of August 11. After brief discussion, the Audit Committee  
33 requested that Mr. Gilbert send attorney letters to WVA's outside general counsel and Ellis, Li &  
34 McKinstry, PLLC. Mr. Gilbert will send a letter template to Mr. Potter to fill out with the names of the  
35 firms with the understanding that the Audit Committee's instruction is to send them to every retained  
36 counsel. Once the letters are signed, Mr. Potter will mail them back to Mr. Gilbert for processing. The  
37 review of the draft audit will take place at the Audit Committee Meeting scheduled for August 28.

38  
39 Due to time constraints, no action was taken by the Audit Committee with respect to the 2014-15  
40 Expense Budget. It was the sense of the committee to bring the 2014-15 Expense Budget forward to the  
41 WVA Board for approval at this time.

42  
43 The meeting adjourned at 1:50 p.m.



What: Washington Vaccine Association (WVA) Audit Committee  
 Date and Time: June 17, 2014 / 1:00 – 1:45 pm PDT  
 Location: Ellis, Li & McKinstry, 2025 First Avenue, Market Place Tower, PH A, Beacon Room, Seattle  
 Call in Numbers: Local Dial-in: 206.925.3583; Toll-Free: 877.826.6967 Conference ID: 1981457183#

Notice: Meeting may be recorded for the benefit of the secretary. The WVA intends to delete the recording after the minutes of the meeting are approved. Kindly review the attached antitrust policy in advance.

### Agenda for Audit Committee Meeting

Approx. Time	Topic/[Anticipated Action]	Presented by:
1:00 – 1:05	1. Welcome and Introductions	S. Daly
1:05 – 1:10	* 2. Approval of Committee minutes – April 29, 2014	S. Daly
1:10 – 1:20	* 3. Approval of WVA 2014-15 Expense Budget	F. Potter
1:20 – 1:25	* 4. Review Audit Plan	A.Gilbert/ C. Roberge/ P. Smith
1:25 – 1:30	* 5. Wire transfer recommendations to Imprest Account	
1:30 – 1:35	6. Governance Updates	F. Potter
	* a. Annual Corporate and Legal Compliance Checklist	
	* b. Code of Ethics	
1:35 – 1:40	7. Other Matters from the Board	S. Daly
1:40 – 1:45	8. Schedule of upcoming meetings through December 2014	All
	a. Tuesday, June 17, 2014 from 1:00-1:45 p.m. (Ellis, Li & McKinstry)	
	b. Thursday, August 28, 2014 from 9:00-10:00 a.m. (Group Health)	
	[Adjourn – Full WVA Board Meeting to follow]	

\*Indicates agenda item attached

1 Washington Vaccine Association – Audit Committee Meeting  
2 April 29, 2014 – 12:30 – 2:00 p.m.  
3 Location: Ellis, Li & McKinstry, PLLC  
4

5 **I. Attendance.** Participating in all or part of the meeting by telephone were the following individuals:

6		
7	<u>Directors:</u>	<u>Vaccine Association:</u>
8	Suzanne Daly, Chair	Fred Potter, Executive Director
9	Dennis Kirkpatrick	Margaret Lane, Deputy Executive Director
10	John Sobeck	
11		<u>Others:</u>
12	<u>Absent:</u>	Allen Gilbert, CPA (T)
13	Jason Farber	
14		

15 **II. A. Summary of Actions Taken**

- 16 1. To authorize Suzanne Daly, Audit Chair or Dennis Kirkpatrick, WVA Treasurer, to sign a  
17 Power of Attorney in favor of the outside auditing firm should that be helpful or  
18 necessary with respect to IRS follow-up matters.
- 19 2. To authorize Suzanne Daly, Chair, to execute the Engagement Letter with  
20 CliftonLarsonAllen for the fiscal year end June 30, 2014 audit.
- 21 3. To authorize the increase in the maximum balance in the Washington Imprest account  
22 to \$10,000.
- 23 4. To re-affirm the Audit Charter.

24 **B. Follow-up Tasks/Action Items**

- 25 1. Mrs. Mills will send the Line of Credit account number to Mr. Gilbert as he requested.
- 26 2. KidsVax® to follow up with Ms. Redman regarding the compliance checklist.
- 27 3. KidsVax® will complete the additional work needed on the Code of Ethics section and  
28 will provide a draft to the committee at its June 17 meeting.

29  
30 **III. Minutes**

31  
32 **Upon motion duly made and seconded, it was unanimously**

33  
34 **VOTED:** To authorize Suzanne Daly, Audit Chair or Dennis Kirkpatrick, WVA Treasurer, to sign a  
35 Power of Attorney in favor of the outside auditing firm should that be helpful or necessary with  
36 respect to IRS follow-up matters.

37  
38 Discussion ensued regarding any risk of loss of WVA's tax exempt status. A letter was received that  
39 granted tax exempt status and indicated that a Form 990 was not required. Mr. Gilbert explained that it  
40 appears to be a communication issue that needs to be resolved. According to Mr. Gilbert, there is no  
41 perceived risk that this matter cannot be resolved. Mr. Potter indicated that theoretically, even if the tax  
42 exempt status was lost, other than potential failure to file fines, the cost would be minimal because the  
43 WVA net income tax is always zero because its net income is always zero. It has either over collected or  
44 under collected against a known liability. Discussion ensued regarding a potential failure to file penalty,  
45 which if tax is owed can be large. With the 990 there is a penalty whether there is tax or not, but Mr.  
46 Gilbert indicated that he would be shocked if anything comes of it and advised the committee that there  
47 is essentially no risk as a practical matter.

48  
49 The committee reviewed the Audit Engagement Letter for Fiscal Year End June 30, 2014. Mr. Gilbert  
50 asked if there had been any major changes from the prior year and discussed the timing of the audit and  
51 submission of the draft. Mr. Potter asked to have the draft available over the summer so that a  
52 committee meeting can be scheduled. At that time, there will be an in-person meeting with Ms. Lane and  
53 Mr. Potter being excused for the Executive Session portion of the meeting for the committee to discuss all  
54 of the normal internal control questions. There is a statutory filing due in October, which necessitates the  
55 need to have the audit completed in a timely manner.

1 Mr. Potter requested that as has been done in the past, the auditors provide a list to Mrs. Roberge so that  
2 she packages the necessary materials exactly as they prefer. Mr. Gilbert expressed his desire to have until  
3 the third or fourth week of August for the draft to be ready. Accordingly, an Audit Committee Meeting  
4 will be planned for the last week of August or the first week of September to prepare the Board  
5 presentation to include the audited financials and report.

6  
7 Mr. Potter discussed the line of credit with KeyBank necessitated by the federal cash call at the end of last  
8 summer. WVA responded by promptly getting financing in place, closed, and funded within the 30-day  
9 requirement. Because of this, Peter Smith is now engaged to provide compliance certificates to KeyBank  
10 and reports to the Board. Mr. Smith also issues a quarterly liquidity analysis included in the Board packet,  
11 along with other enhanced internal audit controls requested by the Board. Mr. Gilbert requested that the  
12 account number for the Line of Credit be forwarded to him and they will make sure that it is included in  
13 the confirmation. Mr. Potter indicated that he would ask Mrs. Mills, who is covering for Mrs. Roberge in  
14 her absence, provide the account number to him.

15  
16 Due to the changeover on the Board, it was the recommendation of Mr. Potter not to put out an RFP for  
17 the audit this year. The engagement letter from CliftonLarsonAllen reflects a reasonable cost.

18  
19 **Upon motion duly made and seconded, it was unanimously**

20  
21 **VOTED:** To authorize Suzanne Daly, Chair, to execute the Engagement Letter with  
22 CliftonLarsonAllen for the fiscal year end June 30, 2014 audit.

23  
24 There was a brief discussion concerning increasing the limit on the Imprest account to improve the  
25 transaction flow to reimburse payers who have paid WVA in error. This action will assist in getting the  
26 reimbursements done on a timely basis.

27  
28 **Upon motion duly made and seconded, it was unanimously**

29  
30 **VOTED:** To authorize the increase in the maximum balance in the Washington Imprest account  
31 to \$10,000.

32  
33 Chair Daly reminded the committee that the requirement for two signatures was slightly increased from  
34 \$2,500 to \$3,000 at the January Board Meeting.

35  
36 Mr. Potter suggested that since Chair Daly and Dr. Sobeck are new to the committee, that the Audit  
37 Charter be reviewed at the next Audit Committee meeting. Dr. Sobeck indicated that he was comfortable  
38 affirming the Audit Charter as presented.

39  
40 There was a brief discussion concerning the compliance checklist. At a previous meeting, Anne Redman,  
41 outside counsel, agreed to prepare the compliance checklist and will be asked to provide it to the  
42 committee at its June meeting. KidsVax® will complete the additional work needed on the Code of Ethics  
43 section and will provide a draft to the committee at the June meeting as well. Once the committee has an  
44 opportunity to review it and make changes, it will be reported as a recommendation to the full Board at  
45 the October meeting.

46  
47 **Upon motion duly made and seconded, it was unanimously**

48  
49 **VOTED:** To re-affirm the Audit Charter.

50  
51 The meeting schedule through October, 2014 was briefly discussed. The following meeting dates were  
52 agreed upon: June 17 to review and recommend a budget to the Board at its meeting later that day,  
53 August 28 to meet with the auditor and prepare a presentation for the Board at its October meeting, and  
54 October 21 to present the Audit Report to the Board.

55  
56 The meeting adjourned at 1:15 p.m.

**Washington Vaccine Association  
Statement of Activities and Changes in Net Assets**

	A	B
	Actuals for 11 months ending May 2014	for 12 months ending 30-Jun-14 Projected Actuals
Revenues:		
1 Assessments	\$ 45,505,193.85	\$ 49,642,029.65
2 Less: Vaccine Expense	(50,814,587.80)	(55,434,095.78)
3 Net Assessment Margins	\$ (5,309,393.95)	\$ (5,792,066.13)
4 Investment Income	10,361.62	11,303.59
5 Other Income	-	-
9 Net Revenue	(5,299,032.33)	(5,780,762.54)
Expenses:		
21 Administrative services - Fixed Contract	281,645.32	307,249.40
22 Adm services -variable compensation	52,891.77	30,725.00
23 Legal fees	8,750.00	57,700.11
24 Audit	22,930.57	8,750.00
25 Annual Report / Special Communications	25,875.04	25,015.17
Special Projects:		
26 Denied Claims Recovery	2,500.00	28,227.32
27 All Other	21,388.98	2,500.00
28 Insurance	87,452.74	21,388.98
29 Bank Fees	(6,888.83)	95,402.99
30 Other	496,545.59	(6,888.83)
39 Total administrative Expenses	207,012.15	541,686.10
40 Line of Credit - Financing Costs	703,557.74	225,831.44
41 Total expenses	\$ (6,002,590.07)	\$ (6,548,280.08)
42 Increase (decrease) in net assets	9,968,902.03	9,968,902.03
43 Unrestricted net assets, beginning of year	3,966,311.96	3,420,621.95
44 Unrestricted net assets, end of year		

**Budget worksheet**

	C	D
	2013/14 Expense Budget Approved June 2013	2014/15 Expense Budget Recommended June 2014
	307,249	318,003
	30,725 <sup>a</sup>	31,800 <sup>a</sup>
	25,000 <sup>b</sup>	30,000 <sup>b</sup>
	13,000	10,000 <sup>c</sup>
	18,825	35,000 <sup>d</sup>
	14,000	30,000 <sup>e</sup>
	10,000	10,000
	25,000	25,000
	100,000	100,000
	543,799	589,803

New contract terms effective 7/1 will supersede this.

Sialom Consulting in 2013/14.

Notes:

<sup>a</sup> This is full contractual target. The board retains full discretion as to actual final amount.

<sup>b</sup> Legal was budgeted for past experience. TRICARE case added \$25,000, non-repeated retainer. Expenses will continue. Also, Anne Redmann now has been asked by the Treasurer to attend every board meeting.

<sup>c</sup> 2013/14 audit quote was \$9450 + expenses.

<sup>d</sup> Increase is for new Desautel Hege communications contract added by the board.

<sup>e</sup> Was originally budgeted for 6 months but then extended. This is for a full 12 months.

2013/14 WVA Budget

(Note: Board Budget is Set on Lines 10-17 -- remaining lines are informational only)

Line	A Actual 2010-11	D Budget 2011-12	B Actual 2011-12	E Budget 2012-13	C Actual (YTD 5/31) 2012-13	F Proposed Budget 2013-14
01	21,756,004	-2,179,997	4,274,291	-9,539,300	-14,016,556	725,749
02	42,637	85,273	50,966	200,000	138,209	50,000
03	21,798,641	-2,094,724	4,325,257	-9,339,300	-13,878,347	775,749
10 a	765,057	380,000	412,338	353,290	323,849	307,249 <sup>b</sup>
10 b	0	38,000	0	35,329	0	30,725 <sup>c</sup>
11	34,142	25,000	65,296	25,000	24,769	25,000
12	13,020	12,500	20,280	13,000	10,000	13,000
13	27,274	18,825	9,602	18,825	12,800	18,825
14 a	0	80,000	79,950	0	0	0
14 b	0	0	0	9,500	0	0
14 c	0	0	0	0	0	14,000
14 d	10,000	10,000	0	10,000	0	10,000 <sup>d</sup>
15	22,542	35,000	23,335	25,000	21,419	25,000
16	73,308	75,000	62,324	75,000	97,231	100,000
17	0	25,000	0	25,000	0	0
	945,343	699,325	673,126	589,944	490,068	543,799
	20,853,298	-2,794,049	3,652,131	-9,929,244	-14,368,415	231,950
	718,544	19,190,782	21,571,842	25,223,973	25,223,973	12,500,000 <sup>e</sup>
	21,571,842	16,396,733	25,223,973	15,294,729	10,855,558	12,731,950
Notational Amounts						
91	54,973,635	32,821,299	36,678,219	40,937,457	27,911,611	57,725,565 <sup>a</sup>
92	33,217,876	34,330,654	32,400,989	50,476,757	41,928,167	56,999,816 <sup>a</sup>

Per Cash Flow Analysis Summary  
Assumption: .05% return on 10M is \$50,000

contract  
contract  
same as last year  
same as last year  
same as last year  
AMCC service \$2k x 6 mos + Norm 1 day/mo  
same as last year  
same as last year  
based on \$8,333 monthly average key bank  
Deducted from net inv. gains

Notes

- <sup>a</sup> Calculated based upon % below cost to CDC + State of Washington from assessment projection
- <sup>b</sup> From WVA / CML administrative services agreement
- <sup>c</sup> Subject to Board discretion and final approval
- <sup>d</sup> Subject to future approval by Board of WVA
- <sup>e</sup> Estimated beginning of the year net assets is 12,500,000

Prior years data for reference purposes only.  
Not part of this year's budget worksheet.

June 17, 2014 WVA Audit Committee Meeting  
Proposed Form of Votes

The following are suggested forms of votes only. They are intended to be an aid to facilitate work by individual directors. All board policy and the final form of votes is exclusively the province of the Board acting collectively as a Board of Directors.

Item under Agenda Section 2:

VOTED: To approve the minutes of the April 29, 2014 WVA Audit Committee meeting.

[To approve the minutes of the April 29, 2014 Audit Committee meeting with the changes suggested at the meeting.]

Item under Agenda Section 3:

VOTED: To recommend the WVA expense budget for the calendar year 2014-2015 for approval by the WVA Board.

[To recommend the WVA expense budget for the calendar year 2014-2015 for approval by the WVA Board with the changes suggested at the meeting.]

Item under Agenda Section 5:

VOTED: To recommend the request to implement an electronic transfer from the WVA operating bank account to the Imprest bank account for replenishment of the Imprest refund account for approval by the WVA Board.

[To recommend the request to implement an electronic transfer from the WVA operating bank account to the Imprest bank account for replenishment of the Imprest refund account for approval by the WVA Board with the changes suggested at the meeting.]



## WVA Audit Plan Overview

Planning meeting with audit committee	June 17
Review of internal controls and risk assessment update	June 27
Confirmations to be sent	July 7
Obtain trial balance	July 14
Start of fieldwork	July 24 and 25
Completion of fieldwork	Week of August 11
Partner review	August 21
Review of draft with audit committee	August 28
Issuance of financial statements	September 15



June 10, 2014

MEMO

To: Fred Potter, Executive Director

From: Norman Roberge, Accountant / Analyst

Re: Request to go to electronic transfer for replenishment of refund imprest account.

1 - A large increase in the number and amount of refund requests being received from payers make the current replenishment of the refund imprest account by paper check impractical.

2 - Refunds issued from July 2011 through March 2014, 33 weeks, were a total of \$145,640 for an average weekly refund of \$1,025.

3 - Refund requests received for period April 2014 through June 10, 2014, 10 weeks, are a total of \$58,937 for an average weekly refund of \$5,893.

4 - The increased refund requests are due to payers reviewing all claims paid to WVA. Due to this review WVA is receiving increased payments for the periods of April 2013 to current but we are also receiving refund requests for overpaid claims for the same period.

5 - Allowing Claire Roberge the ability to replenish the imprest refund account by electronic transfer will allow the accounting team to promptly act on the refund requests. We have no prior knowledge of the refund requests and the current trend appears to be in the \$6,000 to \$15,000 on weekly basis.

6 - If authority is granted for the limited transfer between the operating and imprest bank accounts we will continue:

A - Informing the Treasurer of the refunds covered by each replenishment by providing a check register by email.

B - Maintaining file copies of all documentation related to the refunds

C - Continue Board approved limitation of single refund check at \$2,500



June 10, 2014

TO: Washington Vaccine Association Audit Committee  
FROM: Anne Redman  
RE: Annual Corporate and Legal Compliance Checklist - *Draft for Discussion*

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***Attorney - Client Privileged  
Confidential***

The following activities encompass required legal compliance actions of Washington Vaccine Associates, requiring annual or periodic attention by its governing board.

1. **Corporate Maintenance and Governance:** WVA is a non-profit Washington corporation organized under Chapter 24.03, RCW and Chapter 70.290, RCW (the Act). WVA is not qualified to do business in any other state.

a. **Registered Agent.** WVA maintains a registered agent, as required by law. Corporation Services Company is retained to provide this service.

b. **Annual corporate license filing** with the Washington Secretary of State.

(1) Local business license filings, if necessary.

c. **Board of Directors.** Directors are designated by health carriers or third party administrators (TPAs) appointed by the Secretary of the Department of Health as set forth in the Act (RCW 70.290.030 and Bylaws Article I for three year (staggered) terms. Periodically, directors need to be replaced or appointed. The Bylaws provide for an annual meeting; however, the selection of directors is not required to be done at the annual meeting.

d. **Officers.** The Bylaws provide for a Chair of the Board and President, a Vice Chair and Vice President, and a Secretary and a Treasurer, to be elected by the board for one year terms at the annual meeting. Bylaws Article V, section 5.2 provides for the annual meeting on the first Thursday of November, or at such other time and place as specified by the board.

e. **Committees of the Board of Directors.** Pursuant to the Bylaws, the board is authorized to appoint from its own members committees of the board with such authority as the board may delegate to the committee. The board has established:

(1) an Executive Committee.

(2) an Audit Committee.

Good corporate practice indicates the need for periodic review of the committee charters (or authorizing resolution) and reappointment/election of the membership.

f. **Vaccine Committee.** RCW 70.290.050 requires the Board to establish the Vaccine Committee, composed of at least five voting board members including at least three health plan or TPA members, one physician, and the Secretary or the Secretary's designee. The committee must also include at least one representative of a vaccine manufacturer, selected by the Secretary from a list of three nominees submitted collectively by vaccine manufacturers, on an annual basis. (RCW 70.290.050).

(1) The Committee develops an annual recommendation regarding selection of vaccines to be purchased by the Department of Health. The committee makes its report on recommendations to the Board which presents the approved recommendations to the Department of Health.

g. **Operations Committee.** The Operations Committee has been acting as an advisory committee to the board of directors. The Operations Committee is not mentioned in the Bylaws or Plan of Operation. The committee charter was approved by the Board at its meeting on **June 27, 2013**.

h. **Administrator.** The Plan of Operation provides that WVA will be administered through contractors and have no employees. WVA is administered by CML Administrators, LLC, DBA KidsVax® pursuant to contract. The contract provides performance benchmarks to be evaluated periodically by the Board, incentive compensation (with a cap) and has a term expiring **June 30, 2014**. An amendment to the contract to be effective July 1, 2014 for an additional \_\_\_ year term is anticipated.

i. **Corporate Records.** The corporate and other WVA records are maintained by the WVA Administrator.

## 2. **Financial:**

a. **Audited Financial Statements.** The WVA Plan of Operation requires annual audited financial statements (Article V. B.). WVA auditors are currently CliftonLarson LLP. The fiscal year ends June 30.

1. The Board reviews the annual audited financial statements with the auditor. This review generally occurs at the annual meeting in October.

b. **Annual Budget.** Article V. C. of the Plan of Operation requires an annual "expense budget" to be adopted by the Board prior to the commencement of each fiscal year.

c. **Report to Secretary.** The Plan of Operation and RCW 70.290.070 require an annual financial report and report on the prior year's activities to be submitted to the Secretary no later than 120 days after the end of the fiscal year.

d. **Financial Reports.** The Plan of Operation requires the executive Director to distribute monthly statements to the Treasurer, quarterly statements to the Board, and annual statements to the “public.” See Plan of Operation, Article V. A. and Exhibit C.

e. **State Taxes.** The corporation is exempt from state B&O taxes pursuant to RCW 82.04.640. Since WVA does not have employees, it does not file employment tax returns and reports with the state or federal government.

f. **Federal Tax-Exempt Status.** WVA is a 501c3 organization exempt from tax under section 501©(3) of the Internal Revenue Code and has also been determined by the IRS as not required to file Form 990.

g. **Bank Accounts.** Bank accounts may be established for WVA by the Board; the Plan of Operation specifies limitations on single signature authority.

h. **WVA Assessments; Remittances.**

(1) **DBA Assessment.** As required by the Act (see RCW 70.290.040(2)) and as set forth in the Plan of Operation, Exhibit B, WVA has adopted a dosage-based assessment methodology. WVA is required to post changes to the assessment grid at least 60 days in advance of the effective date of changes in assessments.

(2) **Annual Notice.** RCW 70.290.030(5)(k) and (l) require WVA, by November 15 of each year, to establish the estimated amount of annual assessments and notify payers in writing.

(3) **Delinquent Assessments; Compliance.** RCW 70.290.030(l) requires WVA to submit a periodical report to the Secretary identifying payers with delinquent assessments, and to audit carrier and TPA books and records for the accuracy of assessment payment submissions.

3. **Policies and Procedures:** Policies and Procedures adopted by the Board from time to time include the following. Good corporate practice indicates periodic review of the policies and procedures is appropriate. Corporate policies are required to be posted to the WVA website (Plan of Operation, Article X).

**Board-Approved Administrative Policies**

Dosage/based Assessment Refund (pdf) May 17, 2012

TPA/Blues Exemption from WVA Registration (pdf) May 19, 2011

Optional Movement of Payer Settlement Reports to Quarterly Cycle (pdf) May 19, 2011

Provider Exemption from DBA Compliance (pdf) May 19, 2011

Kaiser Alternative Request (pdf) November 16, 2010

July 15, 2010 Geographic Scope Vaccine (pdf) August 19, 2010

Flu Vaccine Assessments 2010-2011 (pdf) June 29, 2010

## **Board-Approved Governance Policies**

Conflict of Interest (pdf) August 19, 2010

Records of Retention (pdf) June 17, 2010

Joint Venture (pdf) June 17, 2010

Whistleblower (pdf) June 17, 2010

Anti-Trust Compliance (pdf) April 9, 2010

Investment Policy (\_\_\_\_\_)

Information Release Policy )November 21, 2013)

### **4. Other Statutory Obligations:**

a. The Plan of Operation requires WVA to maintain public awareness through a website and other means (Plan of Operation, Article IV).

b. WVA maintains a **TPA registration** through a web-based tool (Plan of Operation, Article XIII, Exhibit C).

5. **Public Records Act:** WVA is not a state agency subject to the Washington Public Records Act. Nonetheless, as a matter of policy, WVA board meetings are generally open to the public, with the exception of matters appropriate to execute session.

6. **HIPAA and Data Security:** WVA is not a “covered entity” as defined by HIPAA and is not a “business associate” of the provider covered entities or health plans with which it deals, largely through electronic transactions. As required by the Act, and other applicable laws, WVA maintains the confidentiality and security of protected health information which is receives in the process of carrying out its statutory purpose. See the Plan of Operation, Article XI.

cc: Fred Potter

## **Code of Ethics**

### **I. Integrity**

All directors, officers, employees, if any, of the Washington Vaccine Association (WVA) and its key contractors, including KidsVax.org® or any successor organization or individuals providing Executive Director and Administrative Services to WVA shall act with honesty, integrity, and openness in all of their dealings as representatives of WVA. WVA shall maintain a working environment that values integrity, fairness, and respect.

### **II. Mission and Vision**

Our mission is established by State of Washington law and primarily is to assure that adequate funds are available to the State of Washington to purchase childhood vaccines for beneficiaries of WVA's members and to assist in the selection of vaccines to be made available under the State of Washington's universal childhood vaccination program.

We pursue our mission by:

- administering a dosage based assessment (DBA) system whereby the costs of childhood vaccines are shared equitably among all entities responsible for paying for vaccines for State of Washington resident children who are not eligible for vaccines under the federal Vaccines for Children program,
- continuously refining this system based on what payers and providers tell us they need to assure that the DBA system operates effectively and efficiently,
- staying abreast of and helping to shape current best practices and paradigms in the childhood vaccine funding arena.

### **III. Governance**

The Board of Directors is responsible for setting the mission and the strategic direction of WVA, consistent with State of Washington law and regulations applicable to the WVA, and for exercising oversight of its finances and policies. The Board of Directors shall:

- Seek to assist Board members in developing the requisite skills and experience to carry out their duties and providing resources to enable all directors to fulfill their governance duties, acting for the benefit of WVA and its public purpose; adopt and implement a Conflict of Interest Policy so that conflicts of interest, as well as the appearance of conflicts of interest, are avoided or properly managed through disclosure, recusal, or other means;
- Be responsible for the engagement and regular performance review of its key contractors;

- Ensure that the organization providing Executive Director and administrative services to WVA provides the Board of Directors with timely and comprehensive information so that the Board of Directors can effectively carry out its duties;
- Ensure that WVA conducts all transactions and dealings with integrity and honesty;
- Ensure that WVA promotes working relationships with Board members, management team, contractors, and their staff based on mutual respect, fairness, and openness;
- Ensure that key policies of WVA are in writing, clearly articulated, and adopted;
- Ensure that the resources of WVA are responsibly and prudently managed;
- Ensure that WVA has the capacity to carry out its programs effectively.

#### **IV. Law and Ethics**

WVA shall comply with all applicable federal, state, and local laws and regulations and shall seek the advice of counsel when necessary or appropriate. Compliance with the law, however, is the minimum standard of expected behavior. WVA shall also adhere to the highest ethical standards. All resolutions and other legal actions by the Board of Directors shall satisfy two requirements: (1) they shall be legally permissible, and (2) they shall also reflect the highest ethical standards as determined by the Board of Directors in the exercise of its sole discretion.

#### **V. Stewardship**

In managing its funds responsibly and prudently, WVA shall:

- Devote the maximum reasonable percentage of its annual budget, typically well in excess of 90%, for vaccine funding and maintenance of appropriate reserves for future vaccine funding obligations;
- Incur administrative costs adequate to ensure effective accounting and legal compliance systems, internal controls, competent staff, and other expenditures critical to professional management;
- Pay compensation, in return for services, that is reasonable but not excessive;
- Avoid accumulating WVA funds excessively;
- Follow spending practices and policies that are fair, reasonable, and appropriate to fulfill the mission of WVA.



## **VI. Diversity**

WVA shall, within the limits of its statutory authority, promote diversity and inclusiveness in its Board of Directors, management team or staff employed from time to time, if any, and contractors.

## **VII. Evaluation**

WVA is committed to improve, continually, its public programs and its organizational quality. WVA shall periodically review its program and incorporate lessons learned into future programs. WVA shall be responsive to new developments in its field of activity and shall be responsive to the interests of its audiences and other constituencies.

WVA shall develop and implement an evaluation procedure whereby the performance of the Board of Directors as a whole, and the Executive Director and administrative staff are evaluated periodically.

## **VIII. Transparency**

WVA shall provide comprehensive and timely information to the public, the media, and all stakeholders and shall be responsive in a timely manner to reasonable requests for information. All information about WVA shall fully and honestly reflect the policies and practices of WVA. All financial and program reports shall be complete and accurate in all material aspects.

The following governance documents shall be posted on WVA's website: Articles of Incorporation of Washington Vaccine Association, Bylaws of Washington Vaccine Association, Conflict of Interest Policy, Code of Ethics, Information Release Policy, Whistleblower Policy, Joint Venture Policy, Anti-Trust Compliance Policy, and Record Retention Policy, along with audited financial statements and Form 990 for the most recent three years.

## **IX. Confidentiality**

All directors, officers, employees, and contractors have a duty to safeguard information that is proprietary to WVA. Information about WVA that is confidential or proprietary and obtained by a director, officer, employee or volunteer as a consequence of such person's association with WVA may not be disclosed to third parties unless expressly authorized by WVA.

## **X. Complaints**

Any person, whether or not connected with WVA, may lodge a complaint of unethical conduct against a director, officer, contractor, or volunteer of WVA by filing such

complaint, written or oral, with any director or officer. Complainants are encouraged to copy any such complaint to the WVA's Board and Audit Committee chairpersons and WVA's Executive Director. WVA's Executive Director shall immediately upon receipt forward any such complaints addressed to [info@WAvaccine.org](mailto:info@WAvaccine.org) to the individuals currently serving WVA in these positions at the time the complaint is received.

## **XI. Remedies**

Any director who fails to comply with this Code of Ethics may, in the discretion of the Board of Directors, be removed from the Board. If any employee or volunteer fails to comply with this Code of Ethics that person may be put on notice or terminated, in the discretion of the Board President or the Board of Directors.

## **XII. Annual Affirmation Statement**

WVA shall provide a copy of this Code of Ethics to every director, officer, employee, and volunteer. Each year the Annual Affirmation Statement, attached, shall be signed by each director, officer, and employee, affirming that such person has received a copy of this Code of Ethics, has read and understands it, and agrees to comply with it.

All Annual Affirmation Statements shall be submitted to the Board President or the Board Secretary and then filed with the minutes of the first meeting of the Board of Directors held each year after January 31.

## WVA ANNUAL AFFIRMATION STATEMENT

The Code of Ethics of WVA requires an annual affirmation that you have received, read, understand, and agree to comply with the Code of Ethics.

Please sign this Annual Affirmation Statement indicating your affirmation as described above

Please return this Statement to the Executive Director of WVA each year by January 31.

Your name: \_\_\_\_\_ Date: \_\_\_\_\_

DRAFT