**IDAHO HEALTH INSURANCE EXCHANGE**
**DBA YOUR HEALTH IDAHO**

# BOARD FINANCE COMMITTEE CHARTER

The Finance Committee ("**Committee**") is a committee of the board ("**Board**") of the Idaho Health Insurance Exchange d/b/a Your Health Idaho ("**YHI**"), an independent body corporate and politic established under Chapter 61, Title 41 of the Idaho Code.

**1. Purpose.** The Committee is established to assist the Board to oversee YHI's finance and audit functions, as follows:

**1.1. Finance.** The Committee (i) oversees and reviews fiscal policies, procedures, and practices; (ii) reviews and recommends annual budgets and related performance metrics; and (iii) monitors YHI's financial performance and management of assets and liabilities.

**1.2. Audit.** The Committee oversees (i) the integrity of YHI's financial statements, financial reporting process, and internal controls; (ii) the independent auditor's performance, qualifications, and independence; and (iii) YHI's compliance with legal and regulatory requirements.

**2. Finance Responsibilities.**

**2.1. Fiscal Policies.** To discharge the Committee's responsibility to establish and oversee fiscal policies, procedures, and practices, the Committee:

- Shall annually review YHI's financial policies. The Committee shall coordinate this review with the Governance Committee's review of YHI's operational policies.

**2.2. Annual Budgets.** To discharge the Committee's responsibility to review and recommend annual budgets and performance metrics, the Committee:

- Reviews management's annual business plan, and when satisfied, recommends Board approval of the plan. The annual business plan includes an annual operating budget, annual capital budget, and key performance targets.
- Works with the Executive Director and Finance Director or Controller to develop and recommend to the Board a long-term cost, budget, and management plan.
- Works with the Executive Director and Finance Director or Controller to determine performance metrics to measure YHI's success in achieving financial sustainability and programmatic goals.
- Annually reviews the staffing and personnel recommendation from the Governance Committee. Should the Governance Committee's recommendation be materially inconsistent with the budget, then the respective committee chairs and the Executive Director shall work together to reconcile YHI's needs and budget.
- Reviews, and when satisfied, recommends Board approval of all budgets, financial projections, and supporting materials included in YHI's applications for grants or other funding sources.

**2.3. Monitoring.** To discharge the Committee's responsibility to monitor YHI's financial performance and management of assets and liabilities, the Committee:

- Regularly reviews interim financial statements and progress reports to monitor variance between the annual business plan and actual performance.
- Regularly receives reports from management on expenditure of funds from grants and similar funding sources.
- Compares YHI's performance with that of similar organizations using performance metrics determined jointly by the Committee, the Executive Director, and the Finance Director or Controller.

## 3. Audit Responsibilities.

**3.1. Financial Statements.** To discharge the Committee's responsibility to oversee the integrity of YHI's financial statements, financial reporting process, and internal controls, the Committee:

- Reviews YHI's interim financial statements with management and understands how management develops interim financial information and the nature and extent of external auditor involvement.
- Reviews annual audited financial statements with management and the independent auditor to confirm that the financial statements provide the Board with an accurate portrayal of YHI's financial condition.
- Reviews the financial reporting and accounting standards and principles applicable to YHI and any significant changes to these standards or principles or to their application.
- Inquires into key accounting judgments that affect the financial statements, the rationale for these judgments, and alternatives to these judgments.
- When satisfied with the responses from management and, for audited financial statements, the independent auditor, approves the financial statements and, for audited financial statements, management letters on internal controls, and other applicable auditor reports.
- Annually reviews YHI's internal controls with management and the independent auditor. This review should include assessment of major risk exposures and any significant deficiencies in, or limitations on, the design or operation of the internal controls.
- Reviews disclosures made to the Committee by the Executive Director or the Finance Director or Controller regarding weaknesses in YHI's internal controls and any fraud involving staff with a significant role in the operation of YHI's internal controls.
- Confers regularly with the Finance Director or Controller and Executive Director on financial, accounting and internal control matters.

**3.2. Auditor Oversight.** To discharge the Committee's responsibility to oversee the independent auditor's performance, qualifications, and independence, the Committee:

- Has sole authority to appoint or replace the independent auditor who performs the annual financial and programmatic audits required by state and federal law and any other registered public accounting firm (collectively, "Auditors") engaged to prepare or issue an audit report or to perform other audit, review, or attest services for YHI.

- Has sole authority to engage, compensate, and oversee each Auditor and resolve disagreements between Auditors and management regarding financial reporting.

- May seek any information the Committee requires from external parties or YHI's employees who shall cooperate with the Committee's requests.

- Pre-approves any non-audit services to be provided by any Auditor.

- Meets with each Auditor at least once per engagement, and at other times as appropriate:

    - To discuss and confirm the Auditor's' independence and receives and reviews the written disclosures and letter from Auditor regarding the Auditor's communications with the Committee concerning independence.

    - To discuss, with Auditor and the Finance Director or Controller, before Auditor begins work, the audit plan and scope to ensure completeness of coverage, timely completion of audited financial statements, and effective use of resources.

    - To receive a progress report from Auditor and to discuss (i) any problems or concerns of Auditor or the Committee, (ii) any changes in the audit plan, and (iii) the preliminary findings.

    - To discuss matters required by Auditing Standard AU 260 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

    - To receive and discuss information that Auditor finds must be communicated to the individuals contracting for or requesting the audit in accordance with Generally Accepted Government Auditing Standards.

    - To discuss, without YHI personnel, with Auditor, any matters that the Committee or Auditor believes should be discussed privately with the Committee.

    - To discuss the results of the audit.

- Evaluates the performance of Auditors after each audit, including the cooperation of Auditors and the access Auditors provided to requested records, data, and other information. The Committee shall also elicit comments of management regarding the responsiveness of Auditors to YHI's needs.

**3.3. Compliance.** To discharge the Committee's responsibility to oversee YHI's compliance with legal and regulatory requirements, the Committee:

- Works with management, outside advisors, or both, as the Committee finds appropriate, to investigate and, as appropriate, resolve all reports of violations, whether financial or otherwise, by Board members, YHI staff, or YHI agents, of federal or state law or YHI's policies, except as may be delegated or assigned to another Committee.

- Recommends, as appropriate, continuing education and training for appropriate employees and the Board regarding accounting, regulatory, and governance matters.

- Meets in Executive session, as appropriate, with the YHI's legal counsel and other key advisors to review the status of pending litigation, discuss possible loss contingencies, and review other legal concerns relating thereto, including YHI's procedures and policies addressing legal compliance and reduction of legal risk.

- Periodically reviews and approves material financial and audit reporting by YHI to the United States Department of Human Services ("**HHS**") and works with management to ensure that YHI complies with all obligations regarding HHS investigations of YHI or insurance purchases and federal tax credits processed through YHI's marketplaces.

- Initiates and oversees special investigations as needed.

**4. Committee Governance.**

**4.1. Self-Evaluation.** The Committee shall at least annually evaluate the Committee's effectiveness and the effectiveness of this Charter. The Committee shall report to the Board on this self-evaluation and to the Governance Committee on any recommended amendments to this Charter.

**4.2. Reporting.** The Committee shall regularly report to the Board on Committee actions and significant Committee deliberations.

**4.3. Budget and Advisors.** The Committee may engage independent legal counsel and other advisors as the Committee finds necessary to carry out the Committee's duties. The Committee determines the level of funding necessary to pay (i) all Auditors and (ii) any independent legal counsel or other advisors to the Committee.

**4.4. Training.** The Committee shall at least annually provide training to Committee members on the Committee's role and the members' responsibilities, including the duty to analyze critically all information provided to the Committee by YHI's management and Auditors.

**5. Delegation.**

**5.1. Subcommittees.** The Committee may form and delegate authority to subcommittees of one or more members of the Committee.

## 6. Composition and Appointment.

**6.1. Composition.** Only Board members may serve on the Committee. The Committee shall be comprised of the Exchange's Treasurer and at least four (4) other Board members.

**(i) Chair.** The Treasurer chairs the Committee and serves a four-year term.

**(ii) Financial Expert.** To the extent possible given the Board's composition, at least one member of the Committee should (i) have experience preparing, auditing, analyzing, or evaluating financial statements that present issues of comparable breadth and complexity as YHI's financial statements, (ii) understand internal controls and procedures for financial reporting, and (iii) understand audit committee functions. If no member of the Committee possesses the requisite expertise, the Committee shall engage the assistance of an outside expert as needed to effectively fulfill the Committee's duties under this Charter.

**6.2. Appointment.** The Chair of the Board shall nominate candidates for election to the Committee by the Board, except for the Treasurer who as noted above serves as the Committee Chair. The Committee Chair shall designate a Committee member as the Vice Chair.

**6.3. Term.** Without taking into account any terms served by a member or chair prior to the effective date of this amended charter, Committee members are elected for a three-year term and may be reappointed for two additional consecutive terms with the exception that no member shall hold the position of Chair for more than two consecutive terms. Committee members serve at the Board's pleasure, and the Board may remove Committee members at any time at the Board's discretion.

## 7. Meetings.

**7.1. Frequency.** The Committee will hold at least three (3) meetings annually and shall meet more frequently as required to discharge the Committee's duties and responsibilities. The Committee Chair shall provide reasonable notice to the Committee members of the time and place of each meeting.

**7.2. Quorum.** A majority of Committee members constitutes a quorum of the Committee.

**7.3. Open Meetings Law.** The Committee shall comply with Idaho's open meetings law for all Committee meetings and, without limitation, shall post notices and agendas, deliberate, and keep minutes in accordance with the open meetings law. The Committee may, in compliance with the open meetings law, meet in executive session.

**7.4. Virtual and Remote Participation.** A Committee member is considered present at a meeting if the member participates using technology that allows all members participating in the meeting to listen and communicate with each other at the same time.

**7.5. Audio Streaming.** The Committee shall use reasonable efforts to televise or stream Committee meetings in video or audio format.