

AGENDA

COMPLIANCE AND AUDIT COMMITTEE MEETING OF THE EL CAMINO HOSPITAL BOARD

Thursday, May 16, 2019 – 5:00 pm
 El Camino Hospital | Conference Room E (ground floor)
 2500 Grant Road, Mountain View, CA 94040

PURPOSE: To advise and assist the El Camino Hospital (ECH) Hospital Board of Directors (“Board”) in its exercise of oversight of Corporate Compliance, Privacy, Internal and External Audit, Enterprise Risk Management, and Information Technology (IT) Security. The Committee will accomplish this by monitoring the compliance policies, controls, and processes of the organization and the engagement, independence, and performance of the internal auditor and external auditor. The Committee assists the Board in oversight of any regulatory audit and in assuring the organizational integrity of ECH in a manner consistent with its mission and purpose.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER/ROLL CALL	Sharon Anolik Shakked, Chair		5:00 – 5:01pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Sharon Anolik Shakked, Chair		5:01 – 5:02
3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Sharon Anolik Shakked, Chair		information 5:02 – 5:05
4. CONSENT CALENDAR <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> Approval a. Minutes of the Open Session of the Compliance and Audit Committee Meeting (March 21, 2019) Information b. Status of FY19 Committee Goals c. Status of FY20 Committee Goals	Sharon Anolik Shakked, Chair	<i>public comment</i>	motion required 5:05 – 5:07
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	Board Members		information 5:07 – 5:12
6. AMENDMENT OF COMMITTEE CHARTER ATTACHMENT 6	Sharon Anolik Shakked, Chair	<i>public comment</i>	motion required 5:12 – 5:20
7. KPIs, SCORECARD, AND TRENDS ATTACHMENT 7	Diane Wigglesworth, Sr. Director, Corporate Compliance		information 5:20 – 5:25
8. ADJOURN TO CLOSED SESSION	Sharon Anolik Shakked, Chair		motion required 5:25 – 5:25
9. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Sharon Anolik Shakked, Chair		5:25 – 5:26
10. CONSENT CALENDAR <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> Approval <i>Gov’t Code Section 54957.2:</i> a. Minutes of the Closed Session of the	Sharon Anolik Shakked, Chair Mary Rotunno, General Counsel		motion required 5:26– 5:35

A copy of the agenda for the Regular Committee Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at (650) 988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
Compliance and Audit Committee Meeting (March 21, 2019)			
Information <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: b. Compliance Log (Mar. -Apr. 2019) c. Privacy Log (Mar. – Apr. 2019) d. Internal Audit Work Plan e. Committee Pacing Plan			
11. <i>Gov't Code Section 32106(b)</i> for report involving health care facility trade secret: - Business Continuity Plan Status	Jim Griffith, COO		information 5:35 – 5:45
12. <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: - Report on Internal Audit Assessment and Proposed FY: 2020 Internal Audit Work Plan	Alex Robison, Protiviti Mary Rotunno, General Counsel		information 5:45 – 6:00
13. <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: - Report on Internal Audit Activity	Diane Wigglesworth, Sr. Director, Corporate Compliance Mary Rotunno, General Counsel		information 6:00 – 6:10
14. <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: - Enterprise Risk Management	Jim Griffith, COO Diane Wigglesworth, Sr. Director, Corporate Compliance Mary Rotunno, General Counsel		information 6:10 – 6:20
15. <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: - IT Security Assessment and Discussion	Deb Muro, CIO; Brian Kreitzer, CISO Mary Rotunno, General Counsel		information 6:20 – 6:50
16. <i>Gov't Code Sections 54957</i> for report and discussion on personnel matters – Senior Management: - Executive Session	Sharon Anolik Shakked, Chair		discussion 6:50 – 6:55
17. ADJOURN TO OPEN SESSION	Sharon Anolik Shakked, Chair		motion required 6:55– 6:56
18. RECONVENE OPEN SESSION/ REPORT OUT	Sharon Anolik Shakked, Chair		6:56 – 6:59
To report any required disclosures regarding permissible actions taken during Closed Session.			
19. ADJOURNMENT	Sharon Anolik Shakked, Chair	<i>public comment</i>	motion required 6:59 – 7:00pm

Upcoming Meetings: August 15, 2019 | September 26, 2019 | November 21, 2019
Meeting dates are tentative pending ECH Board approval.



**Minutes of the Open Session of the
Compliance and Audit Committee
Thursday, March 21, 2019**

**El Camino Hospital | Conference Room C
2500 Grant Road, Mountain View, CA 94040**

Members Present

Sharon Anolik Shakked, Chair
Lica Hartman
Christine Sublett

Members Absent

Julia Miller
Bob Rebitzer, Vice Chair

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Compliance and Audit Committee of El Camino Hospital (the "Committee") was called to order at 5:00pm by Chair Anolik Shakked. A silent roll call was taken. Ms. Miller and Mr. Rebitzer were absent. All other Committee members were present at roll call.	
2. POTENTIAL CONFLICT OF INTEREST	Chair Anolik Shakked asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. PUBLIC COMMUNICATION	None.	
4. CONSENT CALENDAR	<p>Chair Anolik Shakked asked if any member of the Committee or the public wished to remove an item from the consent calendar. No items were removed.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Compliance and Audit Committee Meeting (February 6, 2019); and for information: Status of FY19 Committee Goals.</p> <p>Movant: Sublett Second: Hartman Ayes: Anolik Shakked, Hartman, Sublett Noes: None Abstentions: None Absent: Miller, Rebitzer Recused: None</p>	<i>Consent Calendar approved</i>
5. REPORT ON BOARD ACTIONS	<p>Mary Rotunno, General Counsel, described the recent Board approvals related to Silicon Valley Medical Development's 1) acquisition of five (5) Verity Medical Foundation clinics, 2) proposed site tenant improvements; 3) proposed Professional Services Agreement with San Jose Medical Group (a multi-specialty group of physicians); and 4) application to be as a Risk Bearing Organization with the Department of Managed Healthcare. She reported that the transaction has an anticipated closing date of April 1, 2019.</p> <p>Diane Wigglesworth, Sr. Director, Corporate Compliance, reported that the Board approved the Committee's recommendations regarding ERM oversight. She described the Board's interest in capturing the expanding ambulatory structure in the ERM tool.</p>	
6. REVIEW PROPOSED FY19 FINANCIAL AUDIT PLAN	<p>Brian Conner and Joelle Pulver of Moss Adams joined the meeting.</p> <p>In response to Ms. Hartman's questions, Ms. Rotunno described ECH's additional consulting engagements with Moss Adams: 1) RFP for property management and 2) business continuity program implementation. The Committee, Ms. Wigglesworth, Mr. Conner, and Ms. Pulver discussed the</p>	

	<p>scope of these engagements and the requirement in the Committee's charter that non-attest services be pre-approved by the Committee. The Committee requested that going forward, per the Committee's charter, when ECH wants to engage Moss Adams for any services, pre-approval by the Committee is required before any contracts are signed or work commences.</p> <p>Mr. Conner and Ms. Pulver outlined the Proposed FY19 Financial Audit Plan:</p> <ul style="list-style-type: none">- Mr. Conner noted that the same team is in place as the prior year and that FY19 will be his last year due to the California requirements regarding partner rotation;- Responsibilities of Moss Adams include 1) issuing an opinion whether or not the financial statements are fairly stated in all material respects, not opining on operational effectiveness, and 2) reporting deficiencies in internal control structures that rise to a certain level;- The procedures involve: evaluating and testing internal controls, analytical work, and substantive work (looking at documents, sending confirmations, etc.).- Mr. Conner reviewed the concept of materiality and how it is calculated;- Significant risk areas that will be monitored closely include: areas that involve large management estimates like Net Patient Service Accounts Receivable and Revenue (projecting future collections based on historical collections, predictive revenue analytics based on volumes), pension plan (assumptions regarding increases in wages and assets that underlie the pension), and fixed assets (making sure they are capitalized properly).- Ms. Pulver described the process and consideration of fraud, including interviews with all levels of management and staff outside of finance and adding a level of unpredictability. <p>Ms. Pulver explained that the consolidated audit includes the El Camino Healthcare District, El Camino Hospital, El Camino Hospital Foundation, Silicon Valley Medical Development, LLC, and CONCERN:EAP, and there will be a separate audit conducted for the Auxiliary.</p> <p>In response to Ms. Wigglesworth's question, Ms. Pulver noted that SVMD's Net Patient Accounts Receivable are in the scope of the audit to the extent that they are material.</p> <p>Ms. Rotunno provided additional information about the scope of services for business continuity consulting services.</p> <p>Ms. Pulver described the timeline for next steps: initial walkthroughs in April, control testing in mid-June, completing the audit onsite in August, and drafting and presenting statements in September/October. She noted that there is extra time built in to the field work due to ECH's new Controller. Iftikhar Hussain, CFO, reported that the former Controller is available on a contract basis as needed.</p> <p>Ms. Pulver reviewed the most significant upcoming accounting standards changes that will affect the organization in the next few years:</p> <ul style="list-style-type: none">- GASB-87: leases (effective for ECH for the year ending June 30, 2021)- GASB-89: interest cost incurred before the end of construction period (effective for ECH for the year ending June 30, 2021)	
--	--	--

	Ms. Rotunno requested edits to the letter to reflect that the non-attest services regarding business continuity and property management are being provided to El Camino Hospital only, not the District.	
7. FY20 PROPOSED COMMITTEE GOALS AND MEETING DATES	<p>Ms. Anolik Shakked suggested that Goal #2 be modified to read, “Review the hospital’s assessment of the impact and any action plan, if applicable, of the new 2020...”</p> <p>Ms. Anolik Shakked proposed the following goal to be added, “To review the results and mitigation action plan of a privacy and security risk assessment of SVMD.” Ms. Muro and Ms. Wigglesworth discussed how SVMD’s new acquisitions will be transitioning to Epic by June 30, 2019. Ms. Wigglesworth suggested targeting completion of this goal in Q3 or Q4.</p> <p>The Committee discussed the proposed dates and noted no conflicts except that Ms. Anolik Shakked will need to leave early from the March 19, 2020 meeting.</p> <p>Motion: To approve the Meeting Dates as presented and the FY20 Committee Goals modified as noted above.</p> <p>Movant: Sublett Second: Hartman Ayes: Anolik Shakked, Hartman, Sublett Noes: None Abstentions: None Absent: Miller, Rebitzer Recused: None</p>	FY20 Committee Goals and Meeting Dates approved
8. KPIs, SCORECARD, AND TRENDS	Ms. Wigglesworth noted that there will be additional publicity about the availability of the compliance hotline. She noted that there has been an increase in the number of IT Security issues reported due to increased awareness and education in this area. There were no questions from the Committee.	
9. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 5:51pm.</p> <p>Movant: Sublett Second: Hartman Ayes: Anolik Shakked, Hartman, Sublett Noes: None Abstentions: None Absent: Miller, Rebitzer Recused: None</p>	Adjourned to closed session at 5:51pm
10. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT	<p>Open session was reconvened at 7:30pm. Agenda Items 10-17 were covered in closed session.</p> <p>During the closed session, the Committee approved the Minutes of the Closed Session of the Compliance and Audit Committee Meeting (February 6, 2019) by a unanimous vote of all members present (Anolik Shakked, Hartman, Sublett). Ms. Miller and Mr. Rebitzer were absent.</p>	
11. AGENDA ITEM 19: AMENDMENT OF COMMITTEE CHARTER	The Committee deferred discussion on this topic.	Topic deferred
12. AGENDA ITEM 20: ADJOURNMENT	<p>Motion: To adjourn at 7:30pm.</p> <p>Movant: Sublett Second: Hartman</p>	Meeting adjourned at 7:30pm

	Ayes: Anolik Shakked, Hartman, Sublett Noes: None Abstentions: None Absent: Miller, Rebitzer Recused: None	
--	---	--

Attest as to the approval of the foregoing minutes by the Compliance and Audit Committee of El Camino Hospital:

Sharon Anolik Shakked
Chair, Compliance and Audit Committee

DRAFT

FY19 COMMITTEE GOALS

Compliance and Audit Committee

PURPOSE

The purpose of the Compliance and Audit Committee (the "Committee") is to advise and assist the El Camino Hospital (ECH) Hospital Board of Directors ("Board") in its exercise of oversight of Corporate Compliance, Privacy, Internal and External Audit, Enterprise Risk Management, and Information Technology (IT) Security. The Committee will accomplish this by monitoring the compliance policies, controls, and processes of the organization and the engagement, independence, and performance of the internal auditor and external auditor. The Committee assists the Board in oversight of any regulatory audit and in assuring the organizational integrity of ECH in a manner consistent with its mission and purpose.

STAFF: **Diane Wigglesworth**, Sr. Director, Corporate Compliance (Executive Sponsor)

The Sr. Director, Corporate Compliance shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair's consideration. Additional members of the Executive Team or outside consultants may participate in the meetings upon the recommendation of the Executive Sponsor and at the discretion of the Committee Chair.

GOALS	TIMELINE	METRICS
1. Review the Hospital's Compliance Program internal assessment compared to DOJ 2017 Compliance Program guidance on the evaluation of Compliance Programs	Q2 FY19	Committee recommends changes in Compliance Program to Compliance Officer – reviewed on 11/15/18 meeting
2. Ensure strategic alignment and proper oversight of the Enterprise Risk Management (ERM) Program	Q3 FY19	Committee reviews and provides guidance to the Board on the ERM Program, including developing a risk escalation process and ensuring regular reporting to the Board on ERM - reviewed on 2/6/19 meeting and provided guidance to Board at 3/13/19 meeting.
3. Review results of IT metrics tracked during the fiscal year to ensure metrics support appropriate oversight	Q4 FY19	Committee reviews and provides recommendations to the CIO Upcoming/paced for May 16, 2019 meeting
4. Review ECH's IT Security Program, specifically as it relates to medical device security	Q4 FY19	Committee reviews controls related to medical device security (including any applicable procedure updates) Upcoming/paced for May 16, 2019 meeting

SUBMITTED BY:

Chair: Sharon Anolik Shakked

Executive Sponsor: Diane Wigglesworth

Approved by the El Camino Hospital Board on June 13, 2018

DRAFT

FY20 COMMITTEE GOALS

Compliance and Audit Committee

PURPOSE

The purpose of the Compliance and Audit Committee (the "Committee") is to advise and assist the El Camino Hospital (ECH) Hospital Board of Directors ("Board") in its exercise of oversight of Corporate Compliance, Privacy, Internal and External Audit, Enterprise Risk Management, and Information Technology (IT) Security. The Committee will accomplish this by monitoring the compliance policies, controls, and processes of the organization and the engagement, independence, and performance of the internal auditor and external auditor. The Committee assists the Board in oversight of any regulatory audit and in assuring the organizational integrity of ECH in a manner consistent with its mission and purpose.

STAFF: **Diane Wigglesworth**, Sr. Director, Corporate Compliance (Executive Sponsor)

The Sr. Director, Corporate Compliance shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair's consideration. Additional members of the Executive Team or outside consultants may participate in the meetings upon the recommendation of the Executive Sponsor and at the discretion of the Committee Chair.

GOALS	TIMELINE	METRICS
1. Review reporting from the new compliance program incident management tool and assess if the level of detail is sufficient for the committee's oversight.	Q2 FY20	Committee reviews and provides recommendations to the Compliance Officer
2. Review the hospital's assessment and any action plans if necessary of the impact of the new 2020 California Consumer Privacy Act on Hospital operations.	Q3 FY20	Committee reviews and provides recommendations to the Compliance Officer
3. Review the results and mitigation action plan if necessary from the privacy and security risk assessment of SVM D operations.	Q3 FY20	Committee reviews and provides recommendations to the Compliance Officer
4. Review ECH's IT Security Strategic Plan.	Q4 FY20	Committee reviews and provides recommendations to CIO

SUBMITTED BY:

Chair: Sharon Anolik Shakked

Executive Sponsor: Diane Wigglesworth

**EL CAMINO HOSPITAL
COMMITTEE MEETING COVER MEMO**

To: Compliance and Audit Committee
From: Cindy Murphy, Director of Governance Services
Date: May 16, 2019
Subject: Report on Board Actions

Purpose:

To keep the Committee informed with regards to actions taken by the El Camino Hospital and El Camino Healthcare District Boards.

Summary:

1. **Situation:** It is important to keep the Committees informed about Board activity to provide context for Committee work. The list below is not meant to be exhaustive, but includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital's Board Advisory Committees.
2. **Authority:** This is being brought to the Committees at the request of the Board and the Committees.
3. **Background:** Since the last Quality Committee Meeting the Hospital Board has met once. In addition, the Board has delegated certain authority to the Compliance and Audit Committee, the Finance Committee and the Executive Compensation Committee. Going forward, those approvals will also be noted in this report.

A. ECH Board Actions

April 10, 2019

- Approved FY19 Period 7 and Period 8 Financial Reports.
- Approved the Annual Board Assessment Tool and Process to be Conducted by Via Healthcare Consulting

May 8, 2019

- Approved Resolution 2019-06 acknowledging the Stroke Team for receiving Thrombectomy Capable Stroke Center Designation from The Joint Commission
- Elected Board Officers for Two-Year Term effective July 1, 2019
 - o Lanhee Chen, Board Chair
 - o John Zoglin, Vice Chair
 - o Julia Miller Secretary/Treasurer
- Approved Revised Executive Incentive Plan Policy

B. ECHD Board Actions

March 29, 2019

- Approved Resolution 2019 -02 Recognizing Community Benefit Partner Magical Bridge

Report on Board Actions
May 16, 2019

- Approved Revised ECHD Board Director Compensation Policy and Compensation Reimbursement Procedure.

C. Finance Committee and Compliance and Audit Committee

- Approved Annual Summary of Physician Financial Transactions

D. Executive Compensation Committee Actions: None Since last Report

4. Assessment: N/A

5. Other Reviews: N/A

6. Outcomes: N/A

List of Attachments: None.

Suggested Committee Discussion Questions: None

EL CAMINO HOSPITAL
COMMITTEE MEETING COVER MEMO

To: Compliance and Audit Committee
From: Diane Wigglesworth, Sr. Director Corporate Compliance
Date: 5/6/19
Subject: Amended Compliance Committee Charter

1. Purpose:

Based on recommendations from the committee the charter was amended to ensure the committee reviews and discusses proposed scope of work for services provided by the hospital's external auditors.

2. Summary:

- a. Situation: The hospital engaged a Moss Adams subsidiary (Rona Consulting) to provide Lean implementation and training services without prior review by the Compliance and Audit Committee.
- b. Authority: The committee is responsible for all services provided by the external financial auditors outside the scope of the annual audit of statements.
- c. Background: Management had engaged Moss Adams for additional consulting agreements that had not been reviewed with the committee.
- d. Assessment: Committee charter amended to clarify expectation and committee's oversight role.
- e. Other Reviews: N/A
- f. Outcomes: N/A

3. List of Attachments:

- 1. Compliance and Audit Committee Charter (amended language on page 3, section C)

4. Suggested Board Discussion Questions:

- 1. Are additional changes needed?

Compliance and Audit Committee Charter

Purpose

The purpose of the Compliance and Audit Committee (the “Committee”) is to advise and assist the El Camino Hospital (ECH) Hospital Board of Directors (“Board”) in its exercise of oversight of Corporate Compliance, Privacy, Internal and External Audit, Enterprise Risk Management, and Information Technology (IT) Security. The Committee will accomplish this by monitoring the compliance policies, controls, and processes of the organization and the engagement, independence, and performance of the internal auditor and external auditor. The Committee assists the Board in oversight of any regulatory audit and in assuring the organizational integrity of ECH in a manner consistent with its mission and purpose.

Authority

All governing authority for ECH resides with the Hospital Board except that which may be lawfully delegated to a specific Board committee. The Committee will report to the full Board at the next scheduled meeting any action or recommendation taken within the Committee’s authority. The Committee has the authority to select, recommend engagement, and supervise any consultant hired by the Board to advise the Board or Committee on compliance, privacy, IT security, including physical security (safeguards and access control), enterprise risk management, or audit related issues. In addition, the Committee, by resolution, may adopt a temporary advisory committee (ad hoc) of less than a quorum of the members of the Committee. The resolution shall state the total number of members, the number of board members to be appointed, and the specific task or assignment to be considered by the advisory committee.

Voting members of the Committee shall include the directors assigned to the Committee and external (non-director) members appointed to the Committee.

Membership

- The Committee shall be comprised of two (2) or more Hospital Board members. The Chair of the Committee shall be appointed by the Board Chair, subject to approval by the Board. All members of the Committee shall be eligible to serve as Chair of the Committee.
- The Committee may also include two to four (2-4) external (non-Hospital Board member) members with expertise in compliance, privacy, enterprise risk, IT security, audit, and/or financial management expertise.
- All Committee members shall be appointed by the Board Chair, subject to approval by the Board, for a term of one year expiring on June 30th each year, renewable annually.
- It shall be within the discretion of the Chair of the Committee to appoint a Vice Chair from among the members of the Committee. If the Chair of the Committee is not a Hospital Board Director, the Vice Chair of the Committee shall be a Hospital Board Director.

Conflict of Interest

Members of the Committee shall be independent (as defined in Appendix) as to conflicts of interest with El Camino Hospital pursuant to the Conflict of Interest Policy. Should there be a potential conflict, the

determination regarding independence shall follow the criteria approved by the Board (*see* appendix).

Any member of a Board or Board committee who has a conflict of interest with respect to a proposed contract, transaction, relationship, arrangement, or activity shall refrain from the deliberations and vote on any matter related to the contract, transaction, or arrangement. Such member, however, may be present to answer questions and provide information needed by the Board or Board Committee for its deliberations. The Board Chair may appoint one or more qualified individuals to take the place of any affected member of a Board or Board Committee with regard to the matter or interest being considered. Any such reconstituted Committee shall be considered to have all rights, authority, and obligations of the Committee.

Staff Support and Participation

The Sr. Director of Corporate Compliance (“Corporate Compliance Officer”) shall serve as the primary staff support to the Committee and is responsible for drafting the committee meeting agenda for the Committee Chair’s consideration. Additional members of the executive team may participate in the Committee meetings upon the recommendation of the Corporate Compliance Officer and subsequent approval from both the CEO and Committee Chair.

General Responsibilities

The Committee’s primary role is to provide oversight and to advise the management team and the Board on matters pertaining to this Committee. With input from the Committee, the management team shall develop dashboard metrics that will be used to measure and track corporate compliance, privacy, audit, IT Security, and enterprise risk management for the Committee’s review and subsequent approval by the Board. It is the management team’s responsibility to develop and provide the Committee with reports, plans, assessments, and other pertinent materials to inform, educate, and update the Committee, thereby allowing Committee members to engage in meaningful, data-driven discussions. Upon careful review and discussion and with input from management, the Committee shall then make recommendations to the Board. The Committee is responsible for monitoring that performance metrics are being met to the Board’s expectations and requiring explanation of any deficiencies and reporting to the Board such deficiencies.

Specific Duties

The specific duties of the Committee include the following:

A. Corporate Compliance, Privacy, IT Security, and Enterprise Risk Management Functions

- Oversee the activities of the Corporate Compliance program and all subcommittees providing support relative to corporate compliance.
- Oversee the activities of the Privacy program, including, but not limited to HIPAA/patient privacy, administrative, technical, and physical security safeguards.
- Oversee the IT security risk assessment process and review the mitigation plan to reduce vulnerabilities. Review at least annually the overall status of the IT security program.
- Oversee efforts to develop, implement, and maintain an effective IT security program and advise the Board on risk tolerance levels.
- Advise the organization on Enterprise Risk Management structure and provide oversight of Enterprise Risk reporting metrics and measurements to help monitor organizational risks.

- Advise the organization on corporate compliance implementation strategies. Review strategies for improving the corporate compliance program(s) and recommend for approval by the Board.
- Review with management the assessment of physician relationship risk as it relates to Stark laws, anti-kickback statutes, and other compliance rules and regulations.
- Encourage continuous improvement of policies and procedures for corporate accountability, integrity, and privacy. Review the organization's policy oversight guidelines and oversee the process being systematic and robust.

B. Internal Audit Functions

- Provide direction related to findings and recommendations of internal audits performed.
- Provide direction for issues relating to internal audit responses by management.
- Review the annual internal audit priorities for the organization.
- Serve as the ad hoc governance team regarding non-routine investigations or action taken by external agencies and authorities against ECH.
- Recommend policies and processes for approval by the Board relating to systems of internal controls for finance.
- Oversee the work of independent compliance, audit, and privacy staff.
- Provide escalation vehicle from any source to identify and address relevant issues.

C. External Audit Functions

- Make recommendations to the Board regarding the external financial audit firm selection, retention, and, when necessary, replacement.
- Review the expected fee for the audit and assure that the fee is fair to the organization and is compatible with a full, complete, and professional audit. Make recommendations to the Board.
- Review the scope and approach of the annual audit, including the identification of business and financial risks and exposures, with the external auditor.
- Meet with the auditor and management, as needed, to resolve issues regarding financial reporting, and make recommendations to the Board for discussion and action.
- Any services provided by the external auditors, outside the scope of the annual audit of financial statements must be presented to the Committee for review and discussion of proposed scope of work in advance of executing an agreement with the auditors.
- Review the external auditor reports and financial statements before presentation to the Board. Make recommendations to the Board.
- At the completion of the annual audit examination, review the following with management and the external auditors:
 - The organization's annual financial statements and related footnotes.
 - The external auditor's audit of the financial statements and the auditor's report thereon.
 - Judgments about the quality, not just the acceptability of accounting principles and the clarity of the financial disclosure practices used or proposed to be used, and particularly the degree of aggressiveness or conservatism of accounting principles and underlying estimates.

- Any significant changes in scope required in the external auditor's plan.
- Any serious difficulties or disputes with management encountered during the course of the audit.
- Conduct an executive session if necessary to allow the Committee to meet privately with the auditor.
- Review all significant financial communications to external parties (e.g., public, press, lenders, creditors and regulators), ensuring they are prepared in accordance with generally accepted accounting principles and fairly represent the financial condition of ECH.
- Review and recommend for approval by the Board the audit firm's annual engagement proposal and review the independent auditor's performance.

Independence of the External Auditor

It is the Committee's responsibility to confirm the independence of the external auditor on an annual basis through a written statement. The statement shall confirm their independence and address services or relationships that may impact independence. The lead and concurring partner on the audit engagement team may not serve for more than five years unless special circumstances exist and with the approval of the Board. Members of the external audit team are prohibited from employment at ECH in a financial role within one year of leaving the external audit firm.

Committee Effectiveness

The Committee is responsible for establishing its annual goals, objectives and work plan in alignment with the Board and Hospital's strategic goals. The Committee shall be focused on continuous improvement with regard to its processes, procedures, materials, and meetings, and other functions to enhance its contribution to the full Board.

Meetings and Minutes

The Committee shall meet at least once per quarter. The Committee Chair shall determine the frequency of meetings based on the Committee's annual goals and work plan. Minutes shall be kept by the assigned staff and shall be delivered to all members of the Committee when the agenda for the subsequent meeting is delivered. The approved minutes shall be forwarded to the Board for information.

Meetings and actions of all committees of the Board shall be governed by, and held and taken in accordance with, the provisions of Article VI of the Bylaws, concerning meetings and actions of directors. Special meetings of committees may also be called by resolution of the Board. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the Committee. Notice of any special meetings of the Committee requires a 24 hour notice.

Appendix

Definition of Independent Director – Compliance and Audit Committee

1. An independent director is a more limited and narrow classification of director than otherwise required by law and is not meant to expand or limit the definition of interested director for purposes of the El Camino Hospital Conflict of Interest Policy or to expand or reduce the scope of any legal duty or otherwise applicable legal obligation of a director. The Board of Directors, by separate resolution, may determine to limit membership on particular committees to independent directors to avoid even the appearance of a conflict of interest.
2. A member of the Board of Directors of El Camino Hospital shall be deemed to be an independent director so long as such director (and any spouse, sibling, parent, son or daughter, son- or daughter-in-law or grandparent or descendant of the director):
 - i. has not, within the preceding twelve (12) months, received payments from El Camino Hospital, a subsidiary or affiliate of El Camino Hospital in excess of Ten Thousand Dollars (\$10,000), excluding reimbursement of expenses or other permitted payments to a director related to service as a director;
 - ii. does not own an interest in an entity, or serve as a Board member or executive of an entity, that is a direct competitor of El Camino Hospital (or an entity controlling, controlled by or under common control with El Camino Hospital) for patients or services, located within ten (10) miles of El Camino Hospital (or an entity controlling, controlled by or under common control with El Camino Hospital). An entity is not a direct competitor if it provides competing services in the above area that do not exceed ten percent (10%) of such entity's revenues.
3. If a director is an owner of an entity, then the amount received from El Camino Hospital during any period shall be determined by multiplying the percentage ownership interest of the director in such entity by the total amount paid by El Camino Hospital to such entity during such period.
4. Each director appointed to the Compensation Committee and the Compliance and Internal Audit Committee shall be, at the time of appointment and while a member of such Committee, an independent director as defined above.
5. **Note:** Other laws may prohibit certain contracts or interests in their entirety and this definition is not intended to narrow or otherwise limit the application of any such law.

EL CAMINO HOSPITAL
COMMITTEE MEETING COVER MEMO

To: Compliance and Audit Committee
From: Diane Wigglesworth, Sr. Director Corporate Compliance
Date: 5/6/19
Subject: Key Performance Indicators (KPI)

1. Purpose:

To review the trends of the Compliance KPI's and discuss any trends of concern.

2. Summary:

- a. Situation: The performance indicators should assist the Committee monitor activity and identify organizational trends or emerging risks.
- b. Authority: The committee is responsible for oversight of the Compliance program and monthly review of metrics.
- c. Background: Key performance indicators were developed to track elements from the Federal Sentencing Guidelines and help the committee assess effectiveness of the program.
- d. Assessment: Total number of investigations and compliance activity increased slightly from the previous year time period. There was an increase in billing and Stark issues primarily due to the opening of new SVMD operated clinics. Hotline calls are currently trending slightly less than the same time period last year. All privacy issues have been addressed or mitigated.
- e. Other Reviews: N/A
- f. Outcomes: N/A

3. List of Attachments:

- 1. Corporate Compliance Scorecard
- 2. KPI two-year Trend Graph

4. Suggested Board Discussion Questions: None

Corporate Compliance Scorecard FY19

El Camino Hospital

Key Performance Indicator	FY:19 Current Month	Current YTD Actual	Prior YTD Actual
Total Number of Hospital Discharges (excluding normal newborn)	1,762	14,479	15,025

Core Elements

Policies and Procedures

	Apr. 2019	Jul - Apr. FY 2019	Jul -Apr. FY 2018
Number of reported instance when policies not followed	5	26	33
Number of disciplinary actions due to Investigations	2	11	11

Education and Training

	Apr. 2019	Jul - Apr. FY 2019	Jul -Apr. FY 2018
Percentage of new employees trained within 30 days of start date	100%	100%	100%

Investigations

	Apr. 2019	Jul - Apr. FY 2019	Jul -Apr. FY 2018
Total number of investigations	30	236	229
Investigations open	0	4	0
Investigations closed	30	232	229
Hotline concerns substantiated	1	14	14
Hotline concerns not substantiated	4	10	15
Average number of days to investigate concerns	8	8	7

Reporting Trends

	Apr. 2019	Jul - Apr. FY 2019	Jul -Apr. FY 2018
Anti-Kickback/Stark	9	40	33
EMTALA	0	3	0
HIPAA Reports	14	121	120
HIPAA Security Incidents	0	8	11
Billing or Claims	10	71	62
Conflict of Interest	0	1	4

Reported Events to CMS

	Apr. 2019	Jul - Apr. FY 2019	FY 2018 Total
Number of total events self reported by ECH	0	0	0
Number of self reported events followed up by CMS	0	0	0
CMS initiated visits (separate from ECH self reported events)	0	0	0
Number of statement of deficiencies issued to ECH	0	0	0
Number of Actual Sanctions, fines or penalties	0	0	0

Reported Events to CDPH

	Apr. 2019	Jul - Apr. FY 2019	FY 2018 Total
Number of total regulator events self reported by ECH	7	30	34
Number of self reported events followed up by CDPH	6	27	21
Number of total privacy breaches self reported by ECH	2	17	19
CDPH initiated visits (separate from ECH self reported events)	0	12	9
Number of statement of deficiencies issued to ECH	1	5	9
Number of Actual/Realized Sanctions, fines or penalties	\$ 800	\$ 800	0

Monitoring and Audit Findings

	Apr. 2019	Jul - Apr. FY 2019	FY 2018 Total
Total number of Audit Findings	5	28	36
Number of findings identified has high severity	1	5	4

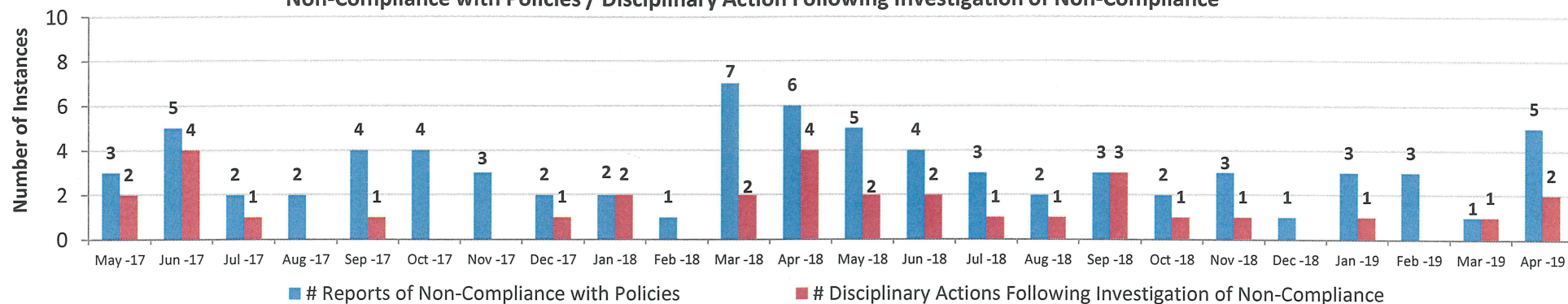
Monitoring and Audit Findings

	Apr. 2019	Jul - Apr. FY 2019	FY 2018 Total
Number of Open Liability Claims	9	9	9
Number of Open Liability Lawsuits	4	4	8

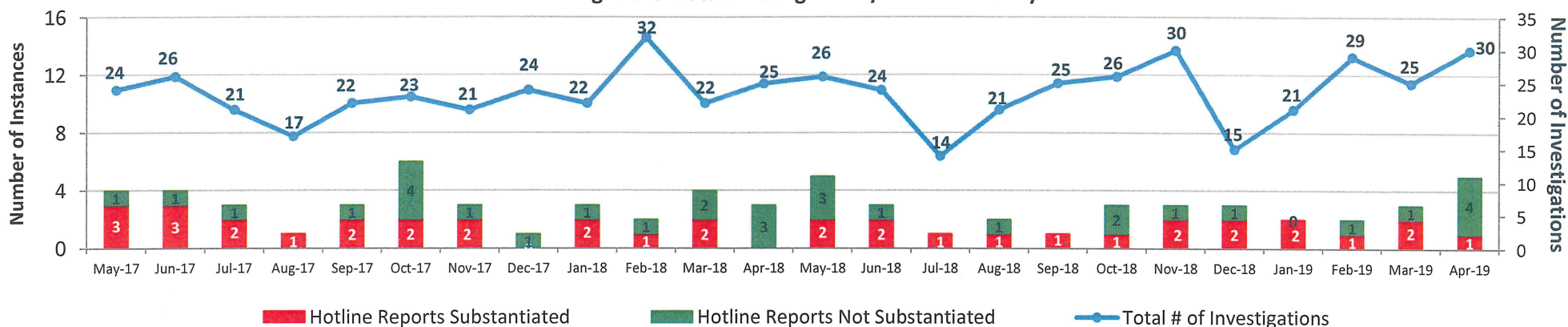
Corporate Compliance

Policies & Procedures

Non-Compliance with Policies / Disciplinary Action Following Investigation of Non-Compliance



Investigations: Total Investigations / Hotline Activity



Privacy Breaches Requiring Report to Outside Entity

