



**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>	

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.

Mr. Conner and Ms. Pulver outlined the Proposed FY19 Financial Audit Plan:

- 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.

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.

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.

Ms. Rotunno provided additional information about the scope of services for business continuity consulting services.

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.

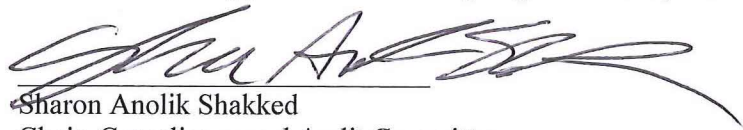
Ms. Pulver reviewed the most significant upcoming accounting standards changes that will affect the organization in the next few years:

- 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 SVMMD.” Ms. Muro and Ms. Wigglesworth discussed how SVMMD’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>	<i>FY20 Committee Goals and Meeting Dates approved</i>
8. KPIs, SCORECARD, AND TRENDS	Ms. Wigglesworth noted that there will be additional publicity about the availability of the compliance hotline. She noted 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>	<i>Adjourned to closed session at 5:51pm</i>
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.	<i>Topic deferred</i>
12. AGENDA ITEM 20: ADJOURNMENT	<p>Motion: To adjourn at 7:30pm.</p> <p>Movant: Sublett Second: Hartman</p>	<i>Meeting adjourned at 7:30pm</i>

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