



**Minutes of the Open Session of the  
Compliance and Audit Committee  
of the El Camino Hospital Board of Directors  
Thursday, March 19, 2020**

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

**Members Present**

**Sharon Anolik Shakked**, Chair  
**Jack Po, MD**, Vice Chair  
**Don Watters**  
**Christine Sublett**  
**Lica Hartman**

**Members Absent**

**\*\*Via teleconference**

<b>Agenda Item</b>	<b>Comments/Discussion</b>	<b>Approvals/ Action</b>
<b>1. CALL TO ORDER/ ROLL CALL</b>	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. All Committee members participated via teleconference and were present at roll call.	<b><i>Called to order at 5:00pm</i></b>
<b>2. POTENTIAL CONFLICT OF INTEREST</b>	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.	
<b>3. PUBLIC COMMUNICATION</b>	None.	
<b>4. CONSENT CALENDAR</b>	<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. Chair Anolik Shakked stated that Item number 4b (Status of FY20 Committee Goals) was deferred to the May meeting in order to streamline the current meeting.</p> <p><b>Motion:</b> To approve the consent calendar: Minutes of the Open Session of the Compliance and Audit Committee Meeting (1/23/2020).</p> <p><b>Movant:</b> Sublett <b>Second:</b> Watters <b>Ayes:</b> Anolik Shakked, Po, Sublett, Hartman, &amp; Watters <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None</p>	<b><i>Consent Calendar approved</i></b>
<b>5. APPOINTMENT OF VICE CHAIR</b>	Chair Anolik Shakked stated that Bob Rebitzer has cycled off the Compliance and Audit Committee and will serve on the SVMD Board of Managers. She welcomed Dr. Po to the Committee, and thanked him for taking on the role as the new Committee Vice Chair. Dr. Po has been a part of the El Camino Board since July 2019, and currently works at Google in the Tech and Healthcare division.	
<b>6. REVIEW PROPOSED FY20 FINANCIAL AUDIT PLAN</b>	<p>Joelle Pulver and Katherine Djiauw of Moss Adams presented the Proposed FY20 Financial Audit Plan. Ms. Pulver commented that California law now requires public entities to change audit partners every seven years; therefore, Ms. Pulver is rotating in as the engagement partner for El Camino Hospital.</p> <p>Ms. Djiauw reviewed Moss Adams’ responsibilities including to: express their opinion, perform an audit based on generally auditing standards, consider internal controls over financial reporting to design and scope the audit, and communicate certain findings. She stated that Moss Adams views their audit process as two big phases. The first phase starts by looking at the</p>	

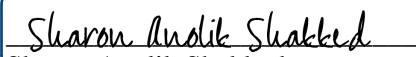
	<p>organization's key financial processes. If Moss Adams is on site, they meet and have discussions with various numbers of management and members of the accounting team to go over key financial cycles such as billings and revenue, disbursements, payroll, capital assets, etc. Ms. Djiauw stated that this year they will be selecting samples from SVMD visit charges since that organization has significantly grown in size in compared to the prior years. The second phase is a combination of analytical procedures, which are designed to look at revenue and expenses, data, ratios, and develop expectations based on various inputs.</p> <p>Ms. Djiauw stated that materiality is essentially determined based on qualitative and quantitative factors. Quantitative could be based off the percentage of net patients or revenue. In regards to the significant audit areas, these are the areas that they typically spend the majority of their time in. The net patients' accounts receivable and revenue has the largest engagement. Other areas of materiality are pensions that have new accounting standards, and fixed assets due to the magnitude of the amount on the hospital's balance sheet; this is to be expected due to the large hospital projects.</p> <p>Ms. Pulver explained that they also consider fraud as a part of their audit. In regards to deliverables, they will issue two (2) audit reports: one on the consolidated financial statements for the year ending June 30, 2020, and the other on the audit of the financial statements of the Auxiliary which is not consolidated into the hospital. If necessary and if they have any intra-control matters that have risen to a level of significant deficiencies or materials they've sent, that will also be communicated in a written letter.</p> <p>Currently, the plan does call for both planning and interim procedures to be done in April. The firm's current policy is that they are not to go to client's sites through April 15, 2020, but they will work closely with management to make sure there is a plan in place to get those walkthroughs completed. Most of the audits right now are being done remotely. Ms. Pulver stated that they typically come back in June to do the actual testing of any controls that weren't done during April. The final procedures should be done by August where they are onsite working through the financial statement audits. They come back with the draft in September to present to the Compliance Committee, and then will plan to present to the Board in October.</p> <p>Ms. Pulver stated there are a couple of new standards. GASB 84 provides that the hospital's defined benefit pension plan and the defined contribution plan are fiduciary activities of the hospital. Pursuant to GASB 87, next year the hospital and the district will have to adopt the new lease standard. All the leases will show up on the balance sheet to be grossed out as assets. Ms. Pulver also explained that GASB 89 provides that, beginning in FY21, ECH will no longer be able to capitalize interest into projects. It will have to go through the income statement</p> <p>In response to Committee members' questions, Ms. Pulver stated they do look at internal controls; however, they do not give an opinion as it is not required for public entities. Ms. Djiauw also stated that they typically look at trends based on increase in units of service or increase of rates. They look at ratios of net patient accounts or net patient revenue over the gross charges.</p>	
<p><b>7. PROPOSED FY21 COMPLIANCE COMMITTEE</b></p>	<p>Chair Anolik Shakked asked if any member of the Committee had any conflicts with the Proposed FY21 Committee Dates. None reported.</p>	<p><i>Proposed FY21 Compliance</i></p>

<p><b>DATES</b></p>	<p><b>Motion:</b> To approve the Proposed FY20 Compliance Committee Dates.</p> <p><b>Movant:</b> Sublett  <b>Second:</b> Po  <b>Ayes:</b> Anolik Shakked, Po, Sublett, Hartman, &amp; Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Committee Dates approved</i></p>
<p><b>8. PROPOSED FY21 CAC GOALS</b></p>	<p>Chair Anolik Shakked asked if any member of the Committee had any comments about the Proposed FY21 Committee Goals. Chair Anolik Shakked stated that she believes that business continuity and disaster recovery is a part of the charter and would like to have a goal to review the business continuity and disaster recovery plan. Ms. Wigglesworth stated she would add the goal.</p> <p>Mr. Watters commented that Goal #1 and Goal #3 are the places that the committee can add value. He does not see Goal #2 as a goal, but he does feel it would be informative.</p> <p><b>Motion:</b> To approve the Proposed FY21 Committee Goals with the addition of one goal to review the hospital's business continuity and disaster recovery plan.</p> <p><b>Movant:</b> Sublett  <b>Second:</b> Po  <b>Ayes:</b> Anolik Shakked, Po, Sublett, Hartman, &amp; Watters  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Proposed FY21 CAC Goals approved</i></p>
<p><b>9. HOSPITAL UPDATE</b></p>	<p>Ms. Wigglesworth stated that the hospital activated the hospital command center on February 28, 2020 to address the COVID-19 pandemic and it has been open 24/7 since then. Currently, patients that present with respiratory symptoms are separated and evaluated in the Emergency Department; they are then tested and sent home if they are not sick enough to be admitted. For those who are admitted, the hospital has three separate containment areas within the hospital set up with sufficient beds. For labs, originally ECH was sending the labs to the county, which would take about 30 days to get the tests back, which was unacceptable. Currently, the hospital is sending all COVID-19 tests to Stanford, which has a turnaround time of 48-72 hours back to the hospital with the results. ECH is working on obtaining FDA approval to do in house testing ASAP.</p> <p>Ms. Wigglesworth also stated that the command center is monitoring equipment and supplies daily which includes ventilators, masks, respirators, etc. In regards to staffing, the organization has brought in additional staffing resources to ensure ECH has enough resources. There was an instance where some staff members needed to be quarantined due to contact with a COVID-19 patient. Based on the CDC and the Santa Clara County Public Health guidance, ECH is staffing for respiratory droplet and contact precautions as an effective method to prevent viral transmission of COVID-19. Ms. Wigglesworth stated that the command center has also set up tents outside of the Emergency Department in Mountain View and Los Gatos campus to help triage and screen respiratory issues as patients present. In addition, no visitors are allowed in the hospitals with the exception of the Labor and Delivery Unit where one (1) visitor is allowed.</p>	

<b>10. ADJOURN TO CLOSED SESSION</b>	<b>Motion:</b> To adjourn to closed session at 5:56pm. <b>Movant:</b> Sublett <b>Second:</b> Watters <b>Ayes:</b> Anolik Shakked, Po, Sublett, Hartman, & Watters <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None	<i>Adjourned to closed session at 5:56pm</i>
<b>11. AGENDA ITEM 14: RECONVENE OPEN SESSION/ REPORT OUT</b>	Open session was reconvened at 5:58pm. Agenda items 11-13 were discussed in closed session. During the closed session, the Committee deferred approval of the Closed Session minutes of the January 23, 2020 meeting for further revision.	<i>Open session reconvened at 5:58pm</i>
<b>12. AGENDA ITEM 19: ADJOURNMENT</b>	<b>Motion:</b> To adjourn at 5:59pm. <b>Movant:</b> Sublett <b>Second:</b> Watters <b>Ayes:</b> Anolik Shakked, Po, Sublett, Hartman, & Watters <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None	<i>Meeting adjourned at 5:59pm</i>

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

DocuSigned by:



Sharon Anolik Shakked

Chair, Compliance and Audit Committee