

**AGENDA**  
**CORPORATE COMPLIANCE/PRIVACY AND INTERNAL AUDIT**  
**COMMITTEE MEETING OF THE EL CAMINO HOSPITAL BOARD**

**Thursday, March 16, 2017 – 5:00 pm**

El Camino Hospital, Conference Room F (ground floor)  
 2500 Grant Road, Mountain View, CA 94040

**PURPOSE:** The Corporate Compliance/Privacy and Internal Audit Committee is responsible for providing direction for both the Corporate Compliance and Internal Audit programs at all locations of El Camino Hospital (ECH). Responsibilities include providing oversight on compliance issues requiring executive-level interaction, assessing physician relationship risk as it relates to compliance, reviewing HIPAA/Privacy laws as they relate to compliance, and directing ECH on compliance strategies. The Committee also serves as the ad-hoc mobilization team for any external investigations and/or actions. Further, additional responsibilities include providing direction and oversight to ongoing internal audit activity and determining appropriate organizational response in order to identify and mitigate organizational risk.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>1. CALL TO ORDER / ROLL CALL</b>	John Zoglin, Chair		<b>5:00 – 5:01 pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>5:01 – 5:02</b>
<b>3. PUBLIC COMMUNICATION</b> a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement on issues or concerns not covered by the agenda.</i> b. Written Correspondence	John Zoglin, Chair		<b>information</b> <b>5:02 – 5:05</b>
<b>4. CONSENT CALENDAR</b> <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> <b>Approval</b> a. <a href="#">Minutes of the Open Session of the Corporate Compliance/Privacy and Internal Audit Committee Meeting (1/19/17)</a> b. <a href="#">FY18 Meeting Dates</a> <b>Information</b> c. <a href="#">Status of FY17 Committee Goals</a>	John Zoglin, Chair	<i>public comment</i>	<b>motion required</b> <b>5:05 – 5:10</b>
<b>5. REPORT ON BOARD ACTIONS</b> <a href="#">ATTACHMENT 5</a>	John Zoglin, Chair		<b>information</b> <b>5:10 – 5:15</b>
<b>6. REVIEW FY18 PROPOSED COMMITTEE GOALS</b> <a href="#">ATTACHMENT 6</a>	Diane Wigglesworth, Sr. Director, Corporate Compliance	<i>public comment</i>	<b>motion required</b> <b>5:15 – 5:20</b>
<b>7. REVIEW PROPOSED FY17 FINANCIAL AUDIT PLAN</b> <a href="#">ATTACHMENT 7</a>	Diane Wigglesworth, Sr. Director, Corporate Compliance		<b>information</b> <b>5:20 – 5:25</b>
<b>8. KEY PERFORMANCE INDICATORS, SCORECARD AND TRENDS</b> <a href="#">ATTACHMENT 8</a>	Diane Wigglesworth, Sr. Director Corporate Compliance		<b>information</b> <b>5:25 – 5:30</b>
<b>9. ADJOURN TO CLOSED SESSION</b>	John Zoglin, Chair		<b>motion required</b> <b>5:30 – 5:31</b>

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
<b>10. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	John Zoglin, Chair		<b>5:31 – 5:32</b>
<b>11. CONSENT CALENDAR</b> <i>Any Committee Member may remove an item for discussion before a motion is made.</i> <b>Approval</b> <i>Gov't Code Section 54957.2</i> a. Minutes of the Closed Session of the Corporate Compliance/Privacy and Internal Audit Committee Meeting (1/19/2017) <b>Information</b> <i>Gov't Code Section 54956(d)(2) – Conference with legal counsel – pending or threatened litigation.</i> b. Compliance Log c. Privacy Log d. Internal Audit Follow Up e. Internal Audit Work Plan f. FY17 Pacing Plan	John Zoglin, Chair		<b>motion required 5:32– 5:37</b>
<b>12. Report involving Gov't Code Section 54956(d)(2) – conference with legal counsel – pending or threatened litigation:</b> - Report on Internal Audit Activity	Diane Wigglesworth, Sr. Director Corporate Compliance		<b>information 5:37 – 5:47</b>
<b>13. Report involving Gov't Code Section 54956(d)(2) – Conference with legal counsel – pending or threatened litigation:</b> - Legal Requirements for Board Compliance Education	Mary Rotunno, General Counsel		<b>information 5:47 – 5:52</b>
<b>14. Report involving Gov't Code Section 54956(d)(2) – Conference with legal counsel – pending or threatened litigation:</b> - Board Compliance Education	Mary Rotunno, General Counsel; Diane Wigglesworth, Sr. Director, Corporate Compliance		<b>information 5:52 – 6:02</b>
<b>15. Health &amp; Safety Code Section 32106(b) for a report and discussion involving health care facility trade secrets:</b> - Physician Financial Arrangements	Diane Wigglesworth, Sr. Director Corporate Compliance		<b>motion required 6:02 – 6:07</b>
<b>16. Health &amp; Safety Code Section 32106(b) for a report and discussion involving health care facility trade secrets:</b> - Discussion on ERM Reporting	Mick Zdeblick, COO		<b>motion required 6:07 – 6:27</b>
<b>17. Discussion involving Gov't Code Section 54956(d)(2) – Conference with legal counsel – pending or threatened litigation:</b> - Discussion on IT Security Plan	Deb Muro, Interim CIO		<b>motion required 6:27 – 6:52</b>
<b>18. Report involving Gov't Code Section 54957 for discussion and report on personnel performance matters:</b> - Executive Session	John Zoglin, Chair		<b>discussion 6:52 – 6:57</b>
<b>19. ADJOURN TO OPEN SESSION</b>	John Zoglin, Chair		<b>motion required 6:57 – 6:58</b>

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>20. RECONVENE OPEN SESSION / REPORT OUT</b>	John Zoglin, Chair		<b>6:58 – 6:59</b>
To report any required disclosures regarding permissible actions taken during Closed Session.			
<b>21. ADJOURNMENT</b>	John Zoglin, Chair		<b>motion required 6:59 – 7:00pm</b>

**Upcoming Meetings:**

- May 18, 2017
- June 14, 2017 (*Joint Session with Hospital Board*)

**Minutes of the Open Session of the  
 Corporate Compliance/Privacy and Internal Audit Committee  
 Thursday, January 19, 2017  
 El Camino Hospital | Conference Room G  
 2500 Grant Road, Mountain View, CA 94040**

**Members Present**

**John Zoglin, Chair**  
**Sharon Anolik Shakked, Vice Chair**  
**Lica Hartman**  
**Christine Sublett**

**Members Absent**

**Dennis Chiu**

Agenda Item	Comments/Discussion	Approvals/Action
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Corporate Compliance/Privacy and Internal Audit Committee of El Camino Hospital (the “Committee”) was called to order at 5:00pm by Chair Zoglin. A silent roll call was taken. Committee Member Chiu was absent. All other Committee members were present.	
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Chair Zoglin asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
<b>3. PUBLIC COMMUNICATION</b>	None.	
<b>4. CONSENT CALENDAR</b>	<p>Chair Zoglin 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><b>Motion:</b> To approve the consent calendar: Meeting Minutes of the Open Session of the Corporate Compliance/Privacy and Internal Audit Committee (November 9, 2016); Meeting Minutes of the Joint Open Session of the Hospital Board of Directors and the Corporate Compliance/Privacy and Internal Audit Committee (November 9, 2016).</p> <p><b>Movant:</b> Sublett  <b>Second:</b> Zoglin  <b>Ayes:</b> Anolik Shakked, Hartman, Sublett, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chiu  <b>Recused:</b> None</p>	<i><b>Consent Calendar approved</b></i>
<b>5. REPORT ON BOARD ACTIONS</b>	Chair Zoglin noted that the Board approved the draft CEO position specification. There were no additional comments or questions from the Committee.	
<b>6. POLICIES FOR APPROVAL AND BOARD POLICY OVERSIGHT</b>	Diane Wigglesworth, Sr. Director, Corporate Compliance, presented a policy that describes the criteria for determining when documents would require approval by the Hospital Board. The policy defines differences between “Policy,” “Plan,” or “Scopes of Service,” which will require Advisory Committee and Board approval every 3 years or as required by regulation. She clarified that procedures, protocols, standardized procedures, and guidelines do not require	<i><b>Policies with final review and edits approved</b></i>

	<p>Board approval. Ms. Anolik Shakked requested a clear distinction between Plan and Scope of Service, rather than using one term to define the other. In response to Ms. Anolik Shakked’s question, Ms. Wigglesworth explained that protocols are related to patient care.</p> <p>Mary Rotunno, General Counsel, explained that this policy would significantly reduce the volume of policies coming to the Committee and the Board for approval. She also reported that she is speaking with other organizations to see how their approval processes work and their committees are structured. The Committee and staff discussed the possibility, time frame, and process for streamlining the policy approval process further.</p> <p>Ms. Wigglesworth described a second policy that guides the organization’s monitoring and control of the development, review, revision, modification, approval, and distribution of policies.</p> <p>In response to Ms. Hartman’s question, Ms. Wigglesworth explained that summary spreadsheets presented to the Board show archived policies.</p> <p><b>Motion:</b> To approve the policies, subject to the edits to be reviewed and potentially incorporated.</p> <p><b>Movant:</b> Anolik Shakked  <b>Second:</b> Sublett  <b>Ayes:</b> Anolik Shakked, Hartman, Sublett, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chiu  <b>Recused:</b> None</p>	
<p><b>7. KEY PERFORMANCE INDICATORS, SCORECARD, AND TRENDS</b></p>	<p>Ms. Wigglesworth reviewed the KPI trends and noted that the number of investigations have increased over the previous year. She reported that Compliance investigated staff and management concerns along with recent written complaints from CMS, Noridian, and OCR; all issues have been resolved with those agencies.</p> <p>She also noted an uptick in information brought to Compliance to be evaluated regarding Stark and Anti-Kickback concerns compared to previous years. Reportable privacy breaches increased slightly in December, but YTD are consistent with reportable breaches from previous years.</p> <p>In response to Ms. Anolik Shakked’s question, Ms. Wigglesworth clarified the reportable privacy violations. Staff described the daily huddle, weekly internal newsletter, and annual training used to address problematic trends.</p> <p>Ms. Hartman noted the fiscal year dates on the scorecard should be corrected.</p>	
<p><b>8. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 5:26 pm pursuant to <i>Gov’t Code Section 54957.2</i> for approval of Meeting Minutes of the Closed Session of the Corporate Compliance/Privacy and Internal Audit Committee (November 9, 2016) and the Meeting Minutes of the Joint Closed Session of the Hospital Board of Directors and Corporate Compliance/Privacy and Internal Audit Committee (November 9, 2016); pursuant to <i>Gov’t Code Section 54956(d)(2)</i> – conference with legal counsel – pending or threatened litigation:</p>	<p><i>Adjourned to closed session at 5:26pm.</i></p>

	<p>Compliance Activity Log, Privacy Activity Log, Internal Audit Follow Up, Internal Audit Work Plan, Pacing Plan; pursuant to <i>Gov't Code Section 54956(d)(2)</i> – conference with legal counsel – pending or threatened litigation: Report on Internal Audit Activity; pursuant to <i>Gov't Code Section 54956(d)(2)</i> – conference with legal counsel – pending or threatened litigation: Discussion on IT Security Plan; pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel matters: Executive Session.</p> <p><b>Movant:</b> Anolik Shakked  <b>Second:</b> Sublett  <b>Ayes:</b> Anolik Shakked, Hartman, Sublett, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chiu  <b>Recused:</b> None</p>	
<p><b>9. AGENDA ITEM 15:                  RECONVENE OPEN                  SESSION/                  REPORT OUT</b></p>	<p>Open session was reconvened at 6:48 pm. During the closed session, the Committee approved the Closed Session Minutes of the Corporate Compliance/Privacy and Internal Audit Committee Meeting of November 9, 2016 and the Closed Session Minutes of the Joint Hospital Board of Directors and Corporate Compliance/Privacy and Internal Audit Committee Meeting of November 9, 2016 by a vote of all members present (Anolik Shakked, Hartman, Sublett, Zoglin). Director Chiu was absent.</p> <p>Dates for FY18 will be determined at the March meeting.</p>	
<p><b>10. AGENDA ITEM 16:                  ADJOURNMENT</b></p>	<p><b>Motion:</b> To adjourn at 6:49 pm.  <b>Movant:</b> Sublett  <b>Second:</b> Hartman  <b>Ayes:</b> Anolik Shakked, Hartman, Sublett, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chiu  <b>Recused:</b> None</p>	<p><i>Meeting                  adjourned at                  6:49pm.</i></p>

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

\_\_\_\_\_  
 John Zoglin  
 Chair, Corporate Compliance/  
 Privacy and Internal Audit Committee

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Proposed FY18 Committee Meeting Dates Corporate Compliance/Privacy and Internal Audit Committee March 6, 2017
<b>Responsible party:</b>	Diane Wigglesworth, Sr. Director, Corporate Compliance
<b>Action requested:</b>	For recommendation to Governance Committee for review and approval
<b>Background:</b>	Each Board Advisory Committee recommends dates for its meetings in the next fiscal year. The Governance Committee reviews all of the Committees' dates to evaluate any conflicts and then recommends a master calendar to the Hospital Board for approval.
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	None.
<b>Summary and session objectives:</b>	To review the proposed dates and advise if changes are recommended.
<b><u>Proposed Dates:</u></b>	Thursday, August 17, 2017 Thursday, October 5, 2017 <i>(Alternate Option: Thursday, September 28, 2017, if acceptable for financial auditors to attend by phone)</i> Thursday, November 16, 2017 Thursday, January 18, 2018 Thursday, March 15, 2018 Thursday, May 17, 2018
<b>Suggested discussion questions:</b>	None.
<b>Proposed Committee motion, if any:</b>	To recommend approval of the proposed Committee meeting dates, for the Governance Committee to review.
<b>LIST OF ATTACHMENTS:</b>	None.

## Corporate Compliance/Privacy and Audit Committee Goals FY2017

### Purpose

The purpose of the Corporate Compliance/Privacy and Audit Committee (“Compliance and Audit Committee”) is to advise and assist the El Camino Hospital (ECH) Hospital Board of Directors (“Board”) in its exercise of oversight 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 Compliance and Audit 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, Director of Corporate Compliance

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

Goals	Timeline by Fiscal Year <small>(Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)</small>	Metrics of Success Achieved
<ul style="list-style-type: none"> <li>▪ Review and evaluate Hospitals Information Security Risk Management Plan</li> </ul>	<ul style="list-style-type: none"> <li>▪ Preliminary report in Q2 FY 2017 and Final report Q3 FY 2017</li> </ul>	<ul style="list-style-type: none"> <li>▪ Committee reviews and approves plan.- <b>Final plan to be presented at 3/16/17 meeting.</b></li> </ul>
<ul style="list-style-type: none"> <li>▪ Review and evaluate risk assessment of Patient Centered Medical Home (PCMH) Compliance and any corrective action plans</li> </ul>	<ul style="list-style-type: none"> <li>▪ Q3 FY 2017</li> </ul>	<ul style="list-style-type: none"> <li>▪ Committee reviews and approves plan. <b>Results of assessment and corrective actions presented at 1/19/17 meeting.</b></li> </ul>
<ul style="list-style-type: none"> <li>▪ Review plan and evaluate ERM activities, performance and execution of program</li> </ul>	<ul style="list-style-type: none"> <li>▪ Q4 FY 2017</li> </ul>	<ul style="list-style-type: none"> <li>▪ Committee reviews and approves plan. <b>ERM program updated presented at 3/16/17 meeting.</b></li> </ul>

### Submitted by:

John Zoglin, Chair, Corporate Compliance/Privacy and Audit Committee

Diane Wigglesworth, Executive Sponsor, Corporate Compliance/Privacy and Audit Committee



## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Report on Board Actions Corporate Compliance/Privacy and Internal Audit Committee March 16, 2017
<b>Responsible party:</b>	Cindy Murphy, Board Liaison
<b>Action requested:</b>	For Information
<b>Background:</b>	In FY16, we added this item to each Board Committee agenda to keep Committee members informed about Board actions via a verbal report by the Committee Chair. This written report is intended to supplement the Chair’s verbal report.
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	None.
<b>Summary and session objectives:</b>	To inform the Committee about recent Board actions.
<b>Suggested discussion questions:</b>	None.
<b>Proposed Committee motion, if any:</b>	None. This is an informational item.
<b>LIST OF ATTACHMENTS:</b>	<ol style="list-style-type: none"> <li>1. Report on February/early March 2017 Board Actions</li> </ol>

## February 2017 Board Actions\*

1. February 8, 2017 – Hospital Board
  - a. Approved Extension of MOU with SEIU/UHW – 3% across the board increases for two years and market adjustments for 12 difficult to recruit for positions.
  - b. Approved FY17 Period 6 Financials.
  - c. Approved funding of \$400,000 from the Board-Designated Community Benefit Fund in FY18 and no changes to the endowment principal.
  - d. Approved amendment to contract with Stanford to provide PT and OT services in the NICU.
  - e. Approved 2 policies: Board of Director Approval of Policies and Policy and Procedure Formulation, Approval, and Distribution (Policy on Policies).
  - f. Approved Orthopedic Co-Management Agreement.
  - g. Approved funding for replacement of 28 Ventilators.
  
2. February 15, 2017 – Hospital Board
  - a. Closed session study session on strategic priorities.
  
3. March 3-4, 2017 – Hospital Board
  - a. Retreat study session on strategic priorities

\*This list is not meant to be exhaustive, but includes agenda items the Boards voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital's Board Advisory Committees.

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Proposed FY18 Committee Goals Corporate Compliance/Privacy and Internal Audit Committee March 6, 2017
<b>Responsible party:</b>	Diane Wigglesworth, Staff to Committee
<b>Action requested:</b>	For recommendation to Governance Committee for review and approval
<b>Background:</b>	Each Board Advisory Committee recommends committee goals for itself for the next fiscal year; the Governance Committee reviews all goal recommendations and then recommends the full set of goals to the Hospital Board for approval.
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	None.
<b>Summary and session objectives:</b>	To review proposed goals and advise if changes are recommended.
<b>Suggested discussion questions:</b>	None.
<b>Proposed Committee motion, if any:</b>	To recommend that the Governance Committee recommend approval of the Compliance Committee's FY18 proposed goals.
<b>LIST OF ATTACHMENTS:</b>	<ol style="list-style-type: none"> <li>1. Proposed FY18 Committee Goals</li> </ol>

## **Corporate Compliance/Privacy and Audit Committee**

### **Proposed Goals FY18**

#### **Purpose**

The purpose of the Corporate Compliance/Privacy and Audit Committee (“Compliance and Audit Committee”) is to advise and assist the El Camino Hospital (ECH) Hospital Board of Directors (“Board”) in its exercise of oversight 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 Compliance and Audit 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 of Corporate Compliance**

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

Goals	Timeline by Fiscal Year <small>(Timeframe applies to when the Board approves the recommended action from the Committee, if applicable.)</small>	Metrics of Success Achieved
<ul style="list-style-type: none"> <li>▪ Review and evaluate Hospitals plan for IT Security Awareness Training for organization</li> </ul>	<ul style="list-style-type: none"> <li>▪ Q1 FY18</li> </ul>	<ul style="list-style-type: none"> <li>▪ Committee reviews and approves plan</li> </ul>
<ul style="list-style-type: none"> <li>▪ Review and evaluate Hospital’s policy and education plan regarding responding to government investigations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Q1 FY18</li> </ul>	<ul style="list-style-type: none"> <li>▪ Committee reviews and approves policy and plan.</li> </ul>
<ul style="list-style-type: none"> <li>▪ Review and evaluate Managements recommended ERM framework regarding how the Board will establish it’s risk appetite and risk tolerance levels</li> </ul>	<ul style="list-style-type: none"> <li>▪ Preliminary report in Q3 FY18 and final recommendations in Q4 FY18</li> </ul>	<ul style="list-style-type: none"> <li>▪ Committee reviews and approves framework recommendations.</li> </ul>

#### **Submitted by:**

John Zoglin, Chair, Corporate Compliance/Privacy and Audit Committee

Diane Wigglesworth, Executive Sponsor, Corporate Compliance/Privacy and Audit Committee

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Report on Financial Auditors FY17 Audit Plan Corporate Compliance/Privacy and Internal Audit Committee March 6, 2017
<b>Responsible party:</b>	Diane Wigglesworth, Sr. Director Corporate Compliance
<b>Action requested:</b>	For Information
<b>Background:</b>	Each year, the El Camino Healthcare District engages financial auditors to audit the District’s consolidated financial statements and the related consolidated statements of revenues, expenses, and changes of net position and cash flow at year-end. It is the Compliance Committee’s responsibility to confirm the independence and performance of the external auditor.
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	None.
<b>Summary and session objectives:</b>	To inform the Committee about Moss Adams’ planned scope and timing of the FY17 financial audit.
<b>Suggested discussion questions:</b>	None.
<b>Proposed Committee motion, if any:</b>	None. This is an informational item.
<b>LIST OF ATTACHMENTS:</b>	<ol style="list-style-type: none"> <li>1. Moss Adam 2017 Audit Memo</li> </ol>

February 3, 2017

Audit Committee  
El Camino Healthcare District  
2500 Grant Road  
Mountain View, CA 94040

Re: 2017 Audit Planning Memo

To the Audit Committee:

In connection with our engagement to audit the consolidated financial statements of El Camino Healthcare District (the "District") as of and for the year ended June 30, 2017, professional standards require that we communicate certain items with you including our responsibilities with regard to the consolidated financial statement audit and the planned scope and timing of our audit. We would also appreciate the opportunity to meet with you to discuss this information further since two-way communication can provide valuable information in the audit process.

### **Your Financial Audit Team Leaders**

#### ***Brian Conner, CPA – National Practice Leader, Hospitals***

- Brian has over 20 years experience in public accounting primarily focused on health care organizations. Brian's focus is on auditing and business consultation for integrated health systems, hospitals, outpatient care facilities and clinics, long-term psychiatric and convalescent care facilities, pharmacy benefit management companies, risk-based organizations, and medical equipment providers throughout the West Coast and Pacific Northwest. Brian serves on the Health Care Financial Management Association's National Principles and Practices Board, as well as the American Institute of Certified Public Accountant ("AICPA")'s Health Care Expert Panel.

#### ***Joelle Pulver, CPA – Health Care Services Partner***

- Joelle has over 14 years' experience in public accounting primarily focused on health care organizations. Joelle's focus is on auditing rural and regionally integrated hospitals, district hospitals, primary care facilities, outpatient care facilities and senior living facilities. She has significant experience in tax-exempt bond offerings and debt compliance reporting.

### **Your Benefit Plan Audit Team Leaders**

#### ***Bertha Minnihan, CPA – National Practice Leader, Employee Benefit Services***

- Bertha has over 16 years experience in public accounting primarily focused on employee benefit plans. Bertha has extensive experience directing all phases of audits for a variety of benefit plans, and provides various consulting services related to the ERISA industry nationwide and dedicates her time to staying on top of the Department of Labor requirements

# MOSS ADAMS<sub>LLP</sub>

## Professional Services Agreement

Audit and Non-Attest Services

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while they are still in the proposal and discussion stage. Bertha serves on the AICPA's Employee Benefit Plan Audit Quality Center's Executive Committee.

### Audit Objectives

- Opinion on whether the consolidated financial statements of the District, Hospital, Foundation, and CONCERN are reasonably stated in accordance with generally accepted accounting principles.
- District only financial statements are reported in the accompanying supplementary consolidating schedules. The District is required to be reported consolidated due to its control of the other entities.
- Required under bond and California state requirements.

### 2017 Audit Timeline

- April 2017 – Initial planning and scoping
- April 24, 2017 through April 28, 2017 – Review control design and implementation
- June 19, 2017 through June 23, 2017 – Control testing and system documentation
- August 7, 2017 through August 26, 2017 – Audit fieldwork
- August 28, 2017 through September 8, 2017 – Financial statement preparation
- September 2017 – Present draft financial statements to Audit and Compliance Committee
- October 2017 – Present draft financial statements to the Hospital and District Boards
- October 2017 – Final financial statements issued

### 2017 Deliverables

- Report of Independent Auditors for consolidated El Camino Healthcare District
- Report of Independent Auditors for El Camino Hospital Foundation
- Report of Independent Auditors for CONCERN: EAP
- Report of Independent Auditors for El Camino Hospital Auxiliary, Inc.
- AU-C Section 260, *The Auditor's Communication with Those Charged with Governance*
- AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit*

### 2017 Audit Emphasis

- Accounts Receivable and Revenue
  - Estimation of future collections based on past results
  - Testing of collections on prior year Accounts Receivable balances
  - Detailed transaction testing
  - Ratio analysis
  - Predictive revenue analytics
  - Revenue cut-off testing

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### Professional Services Agreement

Audit and Non-Attest Services

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- Long-Term Debt
  - Classification
  - Potential bond refinance and calculation of Gain/Loss on the refinance
- Pensions
  - Significant actuarial assumptions
  - Disclosures requirements – Required Supplementary Information

### Recent Accounting Developments

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, effective for financial statements beginning after June 15, 2017

- Establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for financial statements beginning after June 15, 2015

- Reduces the GAAP hierarchy from four levels to two levels. Level A is the most authoritative level and includes GASB statements and interpretations. Level B includes other, less authoritative guidance, such as GASB technical bulletins and implementation guides, as well as GASB-cleared literature published by the AICPA

GASB Statement No. 77, *Tax Abatement Disclosures*, effective for financial statements beginning after December 15, 2015

- Requires certain information to be disclosed about tax abatement agreements entered into between a government and individuals or entities. Such agreements usually relate to economic development, in which a government promises to forgo tax revenues in return for some type of contribution to the governmental entity or its citizens.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, effective for financial statements beginning after June 15, 2016

- Guidance improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*, effective for financial statements beginning after June 15, 2016

- Guidance addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial



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Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

### Pension Plans

- El Camino Hospital Cash Balance Plan – December 31, 2016
- El Camino 403(b) Retirement Plan – December 31, 2016

### Pension Plans Fieldwork

- May 2017 – Initial planning and scoping Pension Plans
- June through July 2017 - Audit fieldwork
- July through August 2017 – Financial statement preparation
- August through September 2017 – Drafts of financial statements

### 2017 Pension Audit Emphasis

- Internal controls
  - Plan operations
  - IT general controls
  - Payroll
  - Participant elections and changes
  - Census data
  - Eligibility and enrollment
  - Vendors; SOC-1 reports
- Analytical procedures
- Participant accounts
  - Definition of compensation
  - Allocations of employer contributions
- Timeliness of contributions
- Distributions, withdrawals, and loans
- Financial statement reporting and disclosure
- Participant data used by the actuary
- Actuarial methods and assumptions used

### Recent Pension Accounting Developments

ASU 2015-12- Plan Accounting: Defined Contribution Pension Plans (Topic 962) I. Fully Benefit Responsive Investment Contracts; II. Plan Investment Disclosures, and III. Measurement Date Practical Expedient. The amendments remove the requirement to:

- Report fully benefit-responsive guaranteed investment contracts at fair value
- Disclose individual investments held which exceed 5% of net assets available for benefits.

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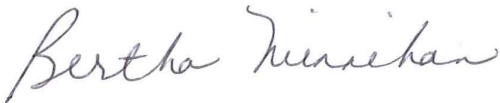
- Disclose net appreciation in fair value of investments by type of investment held.
- Disaggregate investments reported in the fair value hierarchy table by class of investment. They may be presented by general type only.
- Disclose investment strategy for investments for which fair value is measured using the NAV practical expedient, if they are Form 5500 Direct Filing Entities.

We appreciate the opportunity to be of service to you. Please contact us if you have any questions.

Very truly yours,



Brian Conner, Partner, for  
Moss Adams LLP



Bertha Minnihan, Partner, for  
Moss Adams LLP



Joelle Pulver, Partner, for  
Moss Adams LLP

## ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

<b>Item:</b>	Key Performance Indicators Corporate Compliance/Privacy and Internal Audit Committee March 6, 2017
<b>Responsible party:</b>	Diane Wigglesworth, Sr. Director Corporate Compliance
<b>Action requested:</b>	For Information
<b>Background:</b>	Key performance indicators were developed to track required elements from the Federal Sentencing Guidelines. These indicators help the Committee monitor activity and review organizational trends.
<b>Other Board Advisory Committees that reviewed the issue and recommendation, if any:</b>	None.
<b>Summary and session objectives:</b>	To review the trending of key indicators.  Compliance investigated a number of concerns brought forth by patients regarding amendments to their medical records or detected billing errors. Some of the issues identified were a result of patients now having access to MyChart and reviewing their information online. Base on some patient complaints, the Hospital identified a procedure issue when the wrong registration takes place and medical records need to be corrected, which is now being addressed.
<b>Suggested discussion questions:</b>	1. Are there any trends of concern?
<b>Proposed Committee motion, if any:</b>	None. This is an informational item.
<b>LIST OF ATTACHMENTS:</b>	1. Corporate Compliance Scorecard 2. KPI 2-year Trend Graph

# Corporate Compliance Scorecard FY17

## El Camino Hospital

Key Performance Indicator	FY17 Current Month	Current YTD Actual	Prior YTD Actual
<b>Total Number of Hospital Discharges (excluding normal newborn)</b>	<b>1,757</b>	<b>11,058</b>	<b>10,861</b>

### Core Elements

Policies and Procedures	Feb. 2017	Jul - Feb FY17	Jul - Feb FY16
Number of reported instance when policies not followed	6	32	25
Number of disciplinary actions due to Investigations	2	15	10

Education and Training	Feb. 2017	Jul - Feb FY17	Jul - Feb FY16
Percentage of new employees trained within 30 days of start date	100%	100%	100%

Investigations	Feb. 2017	Jul - Feb FY17	Jul - Feb FY16
Total number of investigations	17	188	154
Investigations open	0	0	0
Investigations closed	17	188	154
Hotline concerns substantiated	0	13	15
Hotline concerns not substantiated	1	13	18
Average number of days to investigate concerns	7	7	6

Reporting Trends	Feb. 2017	Jul - Feb FY17	Jul - Feb FY16
Anti-Kickback/Stark	3	43	29
EMTALA	0	1	4
HIPAA Reports	11	108	128
HIPAA Security Breaches	1	3	3
Billing or Claims	5	62	61
Conflict of Interest	1	8	3

Reported Events to CMS	Feb. 2017	Jul - Feb FY17	FY16 Actual
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	Feb. 2017	Jul - Feb FY17	FY16 Actual
Number of total regulator events self reported by ECH	0	2	11
Number of self reported events followed up by CDPH	0	2	5
Number of total privacy breaches self reported by ECH	2	12	18
CDPH initiated visits (separate from ECH self reported events)	0	7	7
Number of statement of deficiencies issued to ECH	0	0	3
Number of Actual/Realized Sanctions, fines or penalties	0	0	0

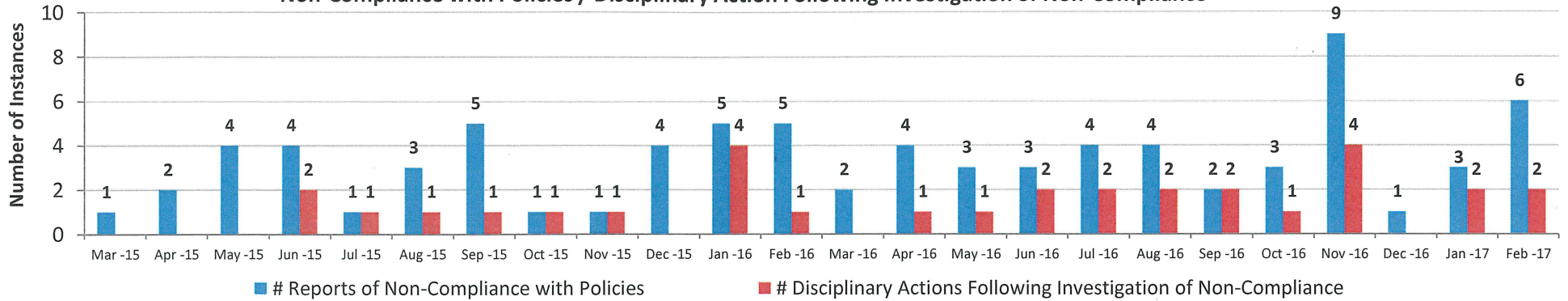
Monitoring and Audit Findings	Feb. 2017	Jul - Feb FY17	FY16 Actual
Total number of Audit Findings	3	34	47
Number of findings identified has high severity	3	10	6

Monitoring and Audit Findings	Feb. 2017	Jul - Feb FY17	FY16 Actual
Number of Open Liability Claims	7	7	10
Number of Open Liability Lawsuits	9	9	7

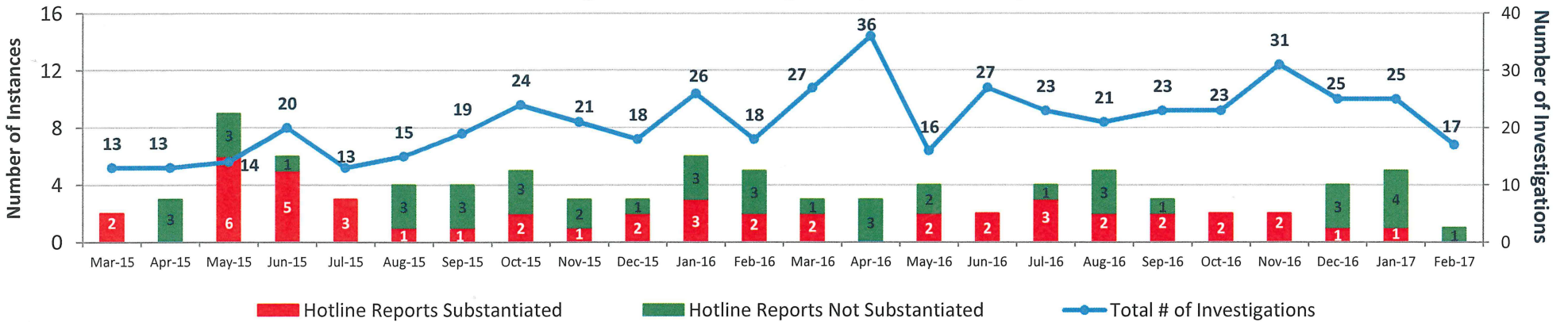
# Corporate Compliance

## 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

