



**Minutes of the Open Session of the
Corporate Compliance/Privacy and Internal Audit Committee
Thursday, March 15, 2018
El Camino Hospital | Conference Room E
2500 Grant Road, Mountain View, CA 94040**

Members Present

Sharon Anolik Shakked, Chair
Neysa Fligor, Vice Chair
Lica Hartman
Christine Sublett
Bob Rebitzer (via teleconference)
John Zoglin

Members Absent

None

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	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 Anolik Shakked. A verbal roll call was taken. Mr. Rebitzer joined the meeting via teleconference at 5:05pm and Mr. Zoglin joined the meeting in person at 5:11pm during Agenda Item 6: Review Proposed FY18 Financial Audit Plan. All other Committee members were present at roll call. Ms. Anolik Shakked noted that Ms. Cindy Fineran from Via Healthcare Consulting was present in an observational capacity to review Board Committee processes.	
2. POTENTIAL CONFLICT OF INTEREST	Chair Anolik Shakked asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
3. PUBLIC COMMUNICATION	None.	
4. CONSENT CALENDAR	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. Motion: To approve the consent calendar: Meeting Minutes of the Open Session of the Corporate Compliance/Privacy and Internal Audit Committee (January 18, 2018); and for information: Status of FY18 Committee Goals. Movant: Sublett Second: Fligor Ayes: Anolik Shakked, Fligor, Hartman, Sublett Noes: None Abstentions: None Absent: Rebitzer, Zoglin Recused: None	<i>Consent Calendar approved</i>
5. REPORT ON BOARD ACTIONS	Chair Anolik Shakked referred the Committee to the recent Board actions as further detailed in the packet. Ms. Fligor reported that Bruce Harrison, President of SVMD, attended the Hospital Board's March 14, 2018 meeting and is a welcome addition to the executive team. There were no additional questions from the Committee.	
6. REVIEW PROPOSED FY18 FINANCIAL AUDIT PLAN	Brian Conner and Joelle Pulver of Moss Adams outlined the Proposed FY18 Financial Audit Plan: - 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;	

	<ul style="list-style-type: none"> - Mr. Conner reviewed the concept of materiality and how it is calculated; - Significant risk areas that will be monitored closely include: new projects, areas affected by accounting standards changes (like post-retirement benefits), internal control findings from the prior year, 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) and pension liability calculations; and - 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 described the timeline for next steps: initial walkthroughs in April, control testing in June, completing the audit onsite in August, and drafting and presenting statements in September/October.</p> <p>In response to Ms. Wigglesworth's question, Ms. Pulver noted that Silicon Valley Medical Development, LLC (SVMD) will be reviewed by the auditors when it has grown to a size exceeding materiality, but can also be reviewed upon request.</p> <p>In response to Ms. Fligor's question, Ms. Pulver described historical audits of District expenses and the challenges related to the evaluation of Community Benefit grants. She noted that the evaluation of grants for organizations located outside the District but providing services within District boundaries or to District residents is outside of Moss Adams' scope of review.</p> <p>In response to Ms. Hartman's question, Ms. Pulver described the fees for this year's audit, noting the changes in the scope of work, as Moss Adams will not be issuing standalone statements for the Foundation (at the request of its Board) and CONCERN. Ms. Pulver reported that the total fees will be \$333,000. Ms. Hartman requested that Moss Adams provide a record of year-over-year fees in subsequent presentations.</p> <p>In response to Mr. Zoglin's questions, Ms. Pulver explained that the fees include nonattest services (assistance with statement drafting and new disclosures), which are approximately 40-80 hours of work.</p>	
<p>7. KPIs, SCORECARD, AND TRENDS</p>	<p>Ms. Wigglesworth reported that trends are consistent with the prior year and that February issues that have been reviewed and remediated included incidents related to SVMD clinics and the employed physician group, El Camino Medical Associates, P.C. She noted that the organization has had 12 privacy breaches to date through February, compared to 13 in the prior year.</p> <p>In response to Mr. Rebitzer's question, Ms. Wigglesworth explained that the items tracked on the scorecard are areas that the government considers to be high risk and should be tracked by any Compliance program. The Committee discussed their areas of focus in reviewing the trends, including the ratio of open to closed investigations, overall appropriate operations of the Compliance program, and highlights on the cover pages of any areas of concern.</p> <p>In response to Chair Anolik Shakked's question, Ms. Wigglesworth described the types of events reported to CDPH so far this year, but noted that they have been varied, CDPH has not issued findings, and the reportable events are not indicative of any sort of trend.</p>	

<p>8. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 5:42pm pursuant to <i>Gov't Code Section 54957.2</i> for approval of Minutes of the Closed Session of the Corporate Compliance/Privacy and Internal Audit Committee Meeting (January 18, 2018); pursuant to <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: for information (Compliance Log, Privacy Log, Internal Audit Follow Up, Internal Audit Work Plan, Committee Pacing Plan); pursuant to <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: Report on Internal Audit Activity; pursuant to <i>Gov't Code Section 54956.9(d)(2)</i> – conference with legal counsel – pending or threatened litigation: IT Security Discussion; pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel matters: Executive Session – Senior Management.</p> <p>Movant: Sublett Second: Zoglin Ayes: Anolik Shakked, Fligor, Hartman, Rebitzer, Sublett, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Adjourned to closed session at 5:42pm.</i></p>
<p>9. AGENDA ITEM 15: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Open session was reconvened at 6:36pm. Agenda Items 9-14 were covered in closed session.</p> <p>During the closed session, the Committee approved the Closed Session Minutes of the Corporate Compliance/Privacy and Internal Audit Committee Meeting (January 18, 2018) by a unanimous vote of all members present (Anolik Shakked, Fligor, Hartman, Rebitzer (via teleconference) Sublett, Zoglin).</p>	
<p>10. AGENDA ITEM 16: COMMITTEE SELF-ASSESSMENT RESULTS</p>	<p>In response to Director Zoglin's question, Cindy Murphy, Director of Governance Services, (participating via teleconference) reported that the survey was conducted in December 2017.</p> <p>The Committee discussed the opportunities for improvement related to communication between the Committee and the Board. The Committee discussed different formats that may be useful: written reports on the consent calendar, joint meetings with the Committee, and report outs from the Board members on the Committee. Chair Anolik Shakked suggested that the Board be queried about what information the Board would like to see from the Committee. Mr. Rebitzer suggested that Committee communication to the Board be on an issue basis.</p> <p>The Committee suggested that the item related to "working with the external auditor to resolve any issues brought forth" either be clarified or removed in subsequent surveys, as it did not seem appropriate as written.</p> <p>The Committee discussed how the Committee's work ties to the overall organizational strategy: 1) Some of the Committee's work is a "must have," for general organizational operations regardless of strategy; 2) strategy can be linked to risk (mitigating risk to achieve strategic goals, Enterprise Risk Management).</p> <p>Ms. Fligor suggested that staff share a copy of the strategic plan with the Committee members.</p>	
<p>11. AGENDA ITEM 17: COMMITTEE CHARTER</p>	<p>Ms. Wigglesworth noted that the Committee reviews its charter every two years.</p> <p>In response to Ms. Hartman's question, Ms. Wigglesworth described the use</p>	<p><i>Proposed revisions to be discussed</i></p>

<p>REVIEW</p>	<p>of internal versus external resources to conduct internal audits.</p> <p>Chair Anolik Shakked suggested the following revisions:</p> <ul style="list-style-type: none"> - In Section C (External Audit Functions), replace “Ensure that the external auditors have the opportunity to meet with the Board to present the annual audit report and financial statements” with “Review the external auditor reports and financial statements before presentation to the Board. Make recommendations to the Board.” - All references to the Committee should reflect all areas of the Committee’s scope of work: Compliance, Privacy, Audit, Enterprise Risk Management, and Information Security. - Replicate “Recommend policies and processes for approval by the Board” relating to compliance, audit, privacy, and IT security. <p>The Committee noted that the Committee’s abbreviated name should be “Compliance and Audit Committee.”</p> <p>Ms. Fligor requested additional information about the independent director appendix. Ms. Sublett requested that there be specific duties related to IT Security in the charter.</p> <p>The Committee requested that staff bring back proposed revisions to the charter to the Committee’s May meeting for review.</p> <p>Mr. Rebitzer discontinued participation in the meeting at 7:06pm.</p>	<p><i>at the Committee’s May meeting</i></p>
<p>12. AGENDA ITEM 18: FY19 PROPOSED COMMITTEE GOALS AND MEETING DATES</p>	<p>The Committee discussed the proposed goal related to the Self-Assessment and improving the operations of the Committee. Chair Anolik Shakked commented that Committee goals should move an organization forward from a programmatic maturity or a compliance standpoint. Ms. Fligor suggested that there should be goals focused on both the Committee and on the organization.</p> <p>The Committee requested that staff solicit Committee member feedback and compile a list of proposed goals for consideration.</p> <p>The Committee discussed availability for the proposed dates. Ms. Sublett noted that she is unable to attend two of the proposed meeting dates (August and March). The Committee requested that staff provide alternatives at the Committee’s next meeting.</p>	<p><i>Further discussion on goals and dates to be paced for the Committee’s May meeting</i></p>
<p>13. AGENDA ITEM 19: ADJOURNMENT</p>	<p>Motion: To adjourn at 7:14pm.</p> <p>Movant: Sublett</p> <p>Second: Fligor</p> <p>Ayes: Anolik Shakked, Fligor, Hartman, Rebitzer, Sublett, Zoglin</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: None</p> <p>Recused: None</p>	<p><i>Meeting adjourned at 7:14pm.</i></p>

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



Sharon Anolik Shakked
Chair, Corporate Compliance/
Privacy and Internal Audit Committee