

AGENDA COMPLIANCE AND AUDIT COMMITTEE MEETING OF THE EL CAMINO HOSPITAL BOARD

Wednesday, February 22, 2023 – 5:00 pm
El Camino Hospital, 2500 Grant Road, Mountain View, CA 94040

PURSUANT TO GOVERNMENT CODE SECTION 54953(e)(1), EI CAMINO HEALTH **WILL NOT BE PROVIDING A PHYSICAL LOCATION TO THE PUBLIC FOR THIS MEETING**. INSTEAD, THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION MEETING VIA TELECONFERENCE AT:

1-669-900-9128, MEETING CODE: 949 3832 8473#. No participant code. Just press #.

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	Jack Po MD, Chair		5:00 – 5:01pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Jack Po MD, 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	Jack Po MD, 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 CAC Meeting (11/30/2022) Information b. Report of Board Actions c. Status of FY 23 Committee Goals d. Article of Interest	Jack Po MD, Chair	<i>public comment</i>	motion required 5:05 – 5:10
5. REVIEW PROPOSED FY 23 FINANCIAL AUDIT PLAN	Joelle Pulver, Moss Adams Carlos Bohorquez, CFO		information 5:10 – 5:20
6. DISCUSS PROPOSED FY 24 COMPLIANCE AND AUDIT COMMITTEE MEETING DATES AND PACING PLAN	Diane Wigglesworth, Sr. Director Corporate Compliance		information 5:20 – 5:25
7. DISCUSS DEVELOPMENT OF FY 24 ANNUAL COMMITTEE GOALS	Diane Wigglesworth, Sr. Director Corporate Compliance		information 5:25 – 5:30
8. ADJOURN TO CLOSED SESSION	Jack Po MD, Chair		motion required 5:30– 5:30
9. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Jack Po MD, Chair		5:30 – 5:31

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<p>10. CONSENT CALENDAR <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i></p> <p>Approval <i>Gov't Code Section 54957.2:</i></p> <p>a. Minutes of the Closed Session of the CAC Meeting (11/30/22)</p>	Jack Po MD, Chair		motion required 5:31 – 5:45
<p>Information <i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i></p> <p>b. KPI Scorecard and Trends c. Activity Log Nov. – Dec. 2022 & Jan. 2023 d. Internal Audit Work Plan e. Internal Audit Follow Up Table f. Committee Pacing Plan</p>			
<p>11. <i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i></p> <ul style="list-style-type: none"> - Review IT Cybersecurity Program and Technology In Place for Business Continuity 	Joe Voje, CISO; Deb Muro, CIO; Mary Rotunno, General Counsel		information 5:45 – 6:05
<p>12. <i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i></p> <ul style="list-style-type: none"> - Report Internal Audit Activity 	Diane Wigglesworth, Sr. Director Corporate Compliance; Alex Robison, Protiviti Mary Rotunno, General Counsel		discussion 6:05 – 6:20
<p>13. <i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i></p> <ul style="list-style-type: none"> - Review Summary of Physician Financial Arrangement 	Diane Wigglesworth, Sr. Director Corporate Compliance; Mary Rotunno, General Counsel		motion required 6:20 – 6:25
<p>14. <i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i></p> <ul style="list-style-type: none"> - Review Enterprise Standardized Due Diligence Pre-Acquisition Process for Physician Mergers or Acquisitions 	Diane Wigglesworth, Sr. Director Corporate Compliance; Mary Rotunno, General Counsel		discussion 6:25 – 6:35
<p>15. <i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i></p> <ul style="list-style-type: none"> - Review OIG Work Plan and Management Responses 	Diane Wigglesworth, Sr. Director Corporate Compliance; Mary Rotunno, General Counsel		information 6:35 – 6:45
<p>16. <i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i></p> <ul style="list-style-type: none"> - Review Roadmap/Timeline to Address Compliance Program Risk Assessment Report 	Diane Wigglesworth, Sr. Director Corporate Compliance; Mary Rotunno, General Counsel		information 6:45 – 6:50
<p>17. <i>Gov't Code Sections 54957 for report and discussion on personnel matters – Senior Management:</i></p> <ul style="list-style-type: none"> - Executive Session 	Jack Po MD, Chair		discussion 6:50 – 6:58
<p>18. ADJOURN TO OPEN SESSION</p>	Jack Po MD, Chair		motion required 6:58 – 6:59
<p>19. RECONVENE OPEN SESSION/ REPORT OUT</p> <p>To report any required disclosures regarding permissible actions taken during Closed Session.</p>	Jack Po MD, Chair		information 6:59 – 7:00
<p>20. ADJOURNMENT</p>	Jack Po MD, Chair	<i>public comment</i>	motion required 7:00pm



**Minutes of the Open Session of the
Compliance and Audit Committee
of the El Camino Hospital Board of Directors
Wednesday, November 30, 2022**

Pursuant to Government Code Section 54953(e)(1), El Camino Health did not provide a physical location for this meeting. Instead, the public was invited to join the open session meeting via teleconference.

Members Present**

Jack Po, MD, Chair
Lanhee Chen
Lica Hartman, Vice-Chair
Julia Miller
Sharon Anolik Shakked
Christine Sublett

Members Absent

Julie Kliger

****All via teleconference**

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	Chair Po called to order the open session meeting of the Compliance and Audit Committee of El Camino Hospital ("the Committee") at 5:02 pm. All Committee members participated via teleconference, and a quorum was present pursuant to Government Code Section 54953(e)(1).	<i>Called to order at 5:02 pm</i>
2. POTENTIAL CONFLICT OF INTEREST	Chair Po asked if any Committee members had a conflict of interest with any of the items on the agenda. None were reported.	
3. PUBLIC COMMUNICATION	None.	
4. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 5:04 pm.</p> <p>Movant: Miller Second: Shakked Ayes: Chen, Hartman, Miller, Po, Anolik-Shakked, and Sublett Noes: None Abstentions: None Absent: Kliger Recused: None</p>	<i>Adjourned to closed session at 5:04 pm</i>
5. AGENDA ITEM 15: RECONVENE OPEN SESSION/ REPORT OUT	The open session was reconvened at 7:01 pm. Agenda items 5-13 were discussed in the closed session. During the closed session, the Committee approved the Minutes of the Closed Session of the Compliance and Audit Committee Meeting 09.28.22.	<i>Open session reconvened at 7:01 pm</i>
6. AGENDA ITEM 16: CONSENT CALENDAR	<p>Director Po asked if any member of the Committee would like to pull items from the open item consent calendar for discussion.</p> <p>Motion: To approve all items in the consent calendar.</p> <p>Movant: Miller Second: Anolik Shakked Ayes: Chen, Hartman, Miller, Po, Anolik-Shakked, Sublett Noes: None Abstentions: None Absent: Kliger Recused: None</p>	<i>Consent Calendar approved</i>

7. AGENDA ITEM 17: ADJOURNMENT	Motion: To adjourn at 7:02 pm. Movant: Anolik Shakked Second: Sublett Ayes: Chen, Hartman, Miller, Po, Anolik-Shakked, and Sublett Noes: None Abstentions: None Absent: Kliger Recused: None	<i>Meeting adjourned at 7:02 pm</i>
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Attest as to the approval of the foregoing minutes by the Compliance and Audit Committee of El Camino Hospital:

Jack Po, MD
Chair, Compliance and Audit Committee

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING MEMO**

To: Compliance and Audit Committee
From: Tracy Fowler, Director Governance Services
Date: February 22, 2023
Subject: Report on Board Actions

Purpose: To keep the Committee informed regarding actions taken by the El Camino Hospital and El Camino Healthcare District Boards.

Summary: Since the last time we provided this report to the Compliance and Audit Committee, the Hospital Board has met twice and the District Board met once. In addition, since the Board has delegated specific authority to the Executive Compensation Committee, those approvals are also noted in this report.

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
ECH Board	November 9, 2022	<ul style="list-style-type: none"> - Continuation of Resolution 2021-10 of the Board of Directors Making Findings and Determinations Under AB 361 for Teleconference Meetings - Credentialing and Privileges Report - Physician Services Agreement - Capital Project Request – MV Imaging Equipment Replacement and Expansion
	December 7, 2022	<ul style="list-style-type: none"> - Continuation of Resolution 2021-10 of the Board of Directors Making Findings and Determinations Under AB 361 for Teleconference Meetings - Credentialing and Privileges Report - Orthopedic Co-Management Agreement - Annual Safety Report for the Environment of Care - Affiliate Covered Entity (ACE) Policy
ECHD Board	October 18, 2022	<ul style="list-style-type: none"> - Community Benefits Spotlight Resolution 2022-11: Day worker center of mountain view - Continuation of Resolution 2021-10; AB361 - Resolution 2022-08: Appointment of FY2023 El Camino Hospital Board Member Ad Hoc Committee Advisory Members - FY2022 Year-End Community Benefit Report - Community Benefit Sponsorship Report - Report on Covid-19 Community Program - FY2023 Pacing Plan - Board Educational Activity Report – Director Zoglin - Board Educational Activity Report – Director Somersille - ECHD FY2022 Financials - Annual Adoption of Community Benefit Grants Policy - FY2024 Community Benefit Board Policy Guidance and FY2023 Update - FY2022 Audited Financial Report

Report on Board Actions
February 22, 2023

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
	December 5, 2022	<ul style="list-style-type: none">- Santa Clara County Board of Supervisor Appointments of September 13, 2022- Election of District Board Members Fung and Ting to Hospital Board of Directors
Executive Compensation Committee	November 3, 2022	<ul style="list-style-type: none">- FY2022 CEO Performance Review Process and FY2023 Recommendations

FY23 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 results of an enterprise Compliance Program Effectiveness Review for the hospital and all affiliated entities conducted by a third party.	Q2 FY23	Committee reviews report and gap analysis and provides recommendations to the Compliance Officer. Report presented to the committee on 11/30/22.
2. Review and evaluate the enterprise's standardized due diligence pre-acquisition process for physician mergers, acquisitions, or individual recruitment into affiliated medical groups.	Q3 FY22	Committee reviews and provides recommendations to the Compliance Officer and CEO. Report presented to the committee 2/22/23.

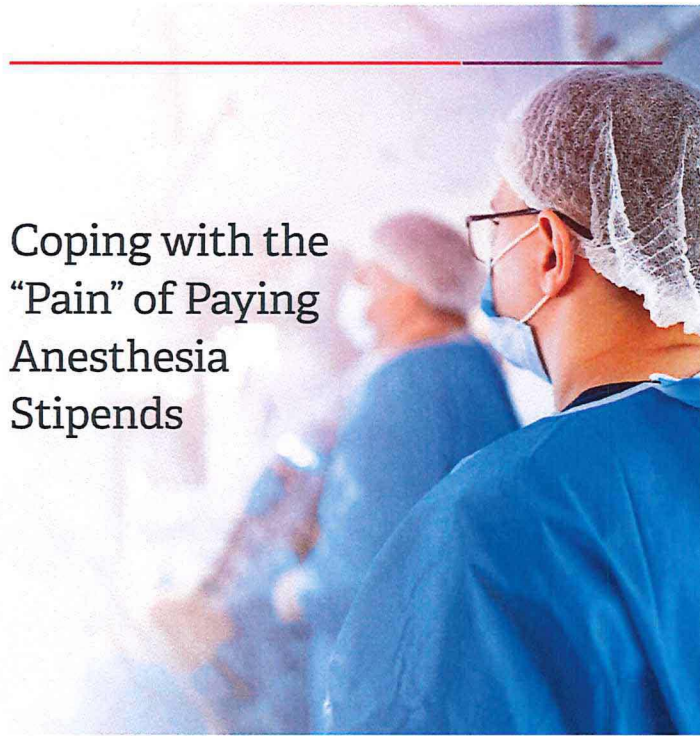
SUBMITTED BY:

Chair: Jack Po, MD

Executive Sponsor: Diane Wigglesworth

Approved by the Board on 6-8-2022

Coping with the "Pain" of Paying Anesthesia Stipends



HEADING INTO THE PERFECT STORM

While every situation is unique, most resemble some version of the following (admittedly, worst-case) scenario:

- The hospital and its anesthesiologists establish a service agreement giving the group exclusivity over the anesthesia department in exchange for the obligation to fully staff the department. The contract provides for financial support from the hospital but offers little specificity regarding coverage requirements or what happens should those requirements change.
- Over time, the hospital expands several clinical programs that require anesthesia coverage. Much of this work occurs in remote locations on campus, removed from the main ORs. To meet the hospital's growing needs, the anesthesiologists have to recruit additional providers, but the incremental volume doesn't generate sufficient revenue to sustain competitive compensation levels.
- Some of the providers take jobs elsewhere. The ones left behind have to work that much harder, with increasing call frequency and fewer days off after call. This drives more providers into the arms of competing organizations.
- Eventually the group's leadership realizes it's heading into a death spiral. Fearing the worst, the group determines that it needs additional funding if it is going to continue providing services to the hospital. Reflecting on the many ways in which the group feels it has surpassed all reasonable expectations, a sense of self-righteous indignation ensues. Potentially with assistance from a third-party consultant, a huge "ask" is made of the hospital, with little forewarning and without clearly articulating what has changed to necessitate the additional funding.

- The hospital is taken aback by this request, which feels a lot like an ultimatum. As Murphy's Law would have it, the request comes as the hospital's budget is being finalized for the upcoming fiscal year, and there's no room in the budget to accommodate the anesthesiologists' request. The surgeons catch wind of what's happening and start questioning whether they can rely on the hospital to provide anesthesia for their cases. The hospital now has an unanticipated crisis on its hands—financially, operationally, and politically. Tempers flare, and the parties are now at loggerheads.

Anesthesiologists are like a hospital's plumbing or electricity: there when you need them, usually requiring little maintenance, but having dire consequences should they suddenly become unavailable.

MARKET REALITIES

While the preceding scenario may sound a bit melodramatic, it is not at all unrealistic; we routinely encounter situations that involve at least some of the elements described above. To better understand why this happens, consider the following:

Hospital stipends are the norm.

While some hospitals are able to get by without paying subsidies to their anesthesiologists, this is the exception rather than the rule. Nationwide, anesthesiologists' collections tend to be less than their compensation levels. Once you add in the cost of benefits, payroll taxes, and malpractice insurance, the shortfall between their collections and physician costs becomes significant—easily six figures on a per physician basis.¹

Typically, this shortfall must be funded by the hospital. While one can speculate as to how the market got this way, the fact remains that it is

this way, which can present an uncomfortable reality for the hospital.

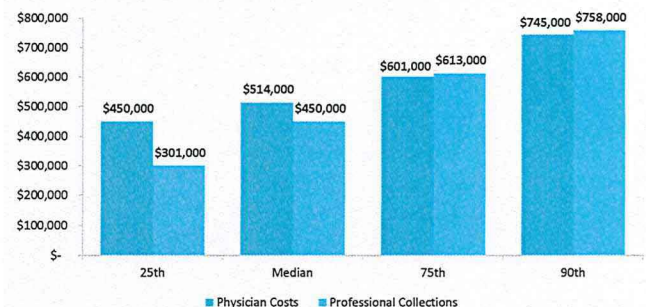
Anesthesiologists are highly mobile.

Like other hospital-based specialties, anesthesiologists are extremely dependent on the hospital and its affiliated proceduralists for patient volumes. This feature of the practice creates a vulnerability to which they are naturally sensitive. However, it also gives them much more latitude to move their practice if necessary because they don't have to reestablish an outpatient clinic, build up a patient panel, or cultivate a referral network. As a result, they are highly susceptible to attrition if they perceive greener pastures elsewhere.

Anesthesia is extremely sensitive to payer mix.

A frequent complaint that hospital executives hear is that the hospital's payer mix disadvantages the anesthesiologists. Their reaction is often that

FIGURE 1: ANESTHESIA COLLECTIONS SHORTFALL



¹ Data source: ECG Physician and APP Compensation Survey. Physician costs reflect clinical compensation plus 25% for benefits, malpractice insurance, and overhead costs.

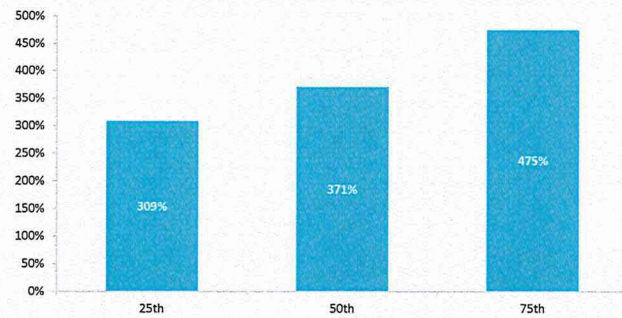
the hospital struggles with an unfavorable payer mix too, and therefore can't be expected to right all wrongs related to reimbursement rates.

That's understandable, but it overlooks the fact that payer mix differences are much more pronounced for anesthesiologists than for other physician specialties or the hospital itself. Whereas 150% of Medicare would be considered a good commercial rate for most services in most markets, for anesthesia the multiple is more like 300% to 400% of Medicare.² This is because Medicare uses a different reimbursement methodology for anesthesia than for other specialties, and this methodology is particularly unfavorable for anesthesiologists. As a result, an erosion in payer mix is much more impactful to the anesthesiologists than many might assume.

Aggregators are disruptive.

Recent years have witnessed the growth of large national or regional anesthesia providers. These

FIGURE 2: ANESTHESIA COMMERCIAL RATES AS A PERCENTAGE OF MEDICARE



² Source: "ASA Survey Results: Commercial Fees Paid for Anesthesia Services, 2021" in ASA Monitor, October 2021. ECG converted these rates to a percentage of Medicare using the 2021 non-geographically adjusted conversion factor of \$21.04.

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Payer mix differences are much more pronounced for anesthesiologists than for other physician specialties or the hospital itself.

funding) should be flexible to accommodate changes in the hospital's needs as well as broader market realities.

Consider the group's strategy and operations.

Understand how the group is organized and how it manages itself internally, particularly if the group covers multiple facilities. You may find that the group's internal compensation distribution plan doesn't align with the hospital's needs. For example, funding from all sources may be pooled at the group level and distributed in ways that don't mirror how the funding was generated. In that case, even with significant financial support, providers may be reluctant to practice there, and the group will struggle to deliver on its commitments. There may need to be assurances that the funding provided by the hospital will be actually be used to support the providers who practice there.

Look for operating efficiencies.

Hospital operators have to manage a delicate balancing act between OR availability and OR utilization; what's efficient and convenient for the surgeons is usually not what's efficient and cost-effective for the hospital or the anesthesiologists. Tackling issues such as block time utilization, late starts, add-on cases, and the like is never easy, but when the alternative is having to pay several million additional dollars in annual anesthesia stipends, the necessity of doing so becomes more apparent.

Make sure you have the right provider mix.

Care team models are often less expensive than an all-physician model, which may present an opportunity to economize. But this is not guaranteed; an anesthesiologist-to-CRNA ratio above 2:1 is typically required for it to be economically advantageous, and that can be

Developing an anesthesia services agreement does not need to involve a crisis situation. More dialogue, sooner, is the way to go.

hard to maintain depending on the case mix, the number and location of anesthetizing locations, etc. Additionally, not all anesthesiologists are comfortable supervising CRNAs, and not all surgeons may be comfortable with this model. Optimizing the provider mix will require careful planning and provider buy-in.

Beware "death by benchmarking."

As with compensation arrangements for any specialty, reliance on industry benchmarks is both very common and fraught with challenges. For example, median compensation is often treated as the minimum standard for setting physician compensation, and various incentives and supplemental payments get added to that amount, pushing the total package much higher. This may ignore local market conditions, which could result in lower compensation rates; remember, half of all providers earn less than the median, by definition.

Also, there are no widely accepted benchmarks for anesthesiologist productivity or work effort. Total hours worked, frequency and intensity of call

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professionally managed organizations have had great success in achieving strong positions within their markets, using that position to secure favorable payer contracts, and negotiating hard with their affiliated hospitals for stipends. This in turn allows them to pay top dollar to their providers while still generating a profit for themselves. Therefore, many hospitals find themselves negotiating against a much more aggressive anesthesia partner than before. In other cases, they find that even the presence of these organizations at competing facilities has inflated the market for anesthesia providers, with spillover effects elsewhere.

NORA case volumes are on the rise.

Non-OR anesthesia (NORA) volumes in interventional radiology, cath labs, and GI labs represent a growing share of anesthesia cases. One of the problems with this trend is that scheduling anesthesia for these cases is often difficult because it is not always known in advance which patients will require anesthesia. Also, these services tend to be provided in far-flung locations around the hospital campus, so dispatching an anesthesia provider becomes an inefficient matter. In the case of ASCs, they often siphon commercial business away from the hospital, particularly if physicians have an ownership share, leaving a diminished payer mix for hospital surgical cases.

FINDING A SUSTAINABLE SOLUTION

While the potential pitfalls are many, and financial support may be inevitable, developing an anesthesia services agreement does not need to involve a crisis situation. Here are some tips for managing the process and achieving a sustainable outcome:

Start the discussion early.

As described above, we often encounter situations where the hospital and the group are under a

With the growth of large national or regional anesthesia providers, many hospitals find themselves negotiating against a much more aggressive anesthesia partner than before.

time crunch to put together a deal because the contract is about to expire or the anesthesiologists are expressing a great deal of urgency. In these situations, either party is prone to digging into its position and making unwise concessions in an effort to get a deal done, leaving little time to come up with thoughtful, creative solutions and incentive structures. More dialogue, sooner, is the way to go.

Define anesthesia requirements—and a process for changing them.

Related to the above point, if the hospital is going to provide potentially millions of dollars annually in financial support (often a majority of the group's total funding), there should be very clear expectations about what it can expect in return. Further, these requirements (and associated

(both restricted and unrestricted), physical dispersion of anesthetizing locations, supervision of CRNAs, and other factors can dramatically affect an anesthesiologist's workload. All of these are difficult to measure, and therefore, reliable benchmarks for them do not exist. This is as much an art as a science, so be wary when someone claims they are citing an "industry standard."

Maintaining availability of anesthesia services is a nonnegotiable priority for any hospital, and depending on the environment, paying some form of financial support is unavoidable. Obviously, finding a solution that is sustainable for both parties is the goal; however, we have seen instances where the hospital paid too much and expected too little in return, and also where insufficient funding led to a crisis. Following the principles described above should help to navigate between these two extremes.

ABOUT ECG

With knowledge and expertise built over the course of nearly 50 years, ECG is a national consulting firm that is leading healthcare forward. ECG offers a broad range of strategic, financial, operational, and technology-related consulting services to providers, building multidisciplinary teams to meet each client's unique needs—from discrete operational issues to enterprise-wide strategic and financial challenges. ECG is an industry leader, offering specialized expertise to hospitals, health systems, medical groups, academic medical centers, children's hospitals, ambulatory surgery centers, and healthcare payers. Part of Siemens Healthineers' global enterprise services practice, ECG's subject matter experts deliver smart counsel and pragmatic solutions.

For more insights from ECG, visit www.ecgmc.com/thought-leadership.

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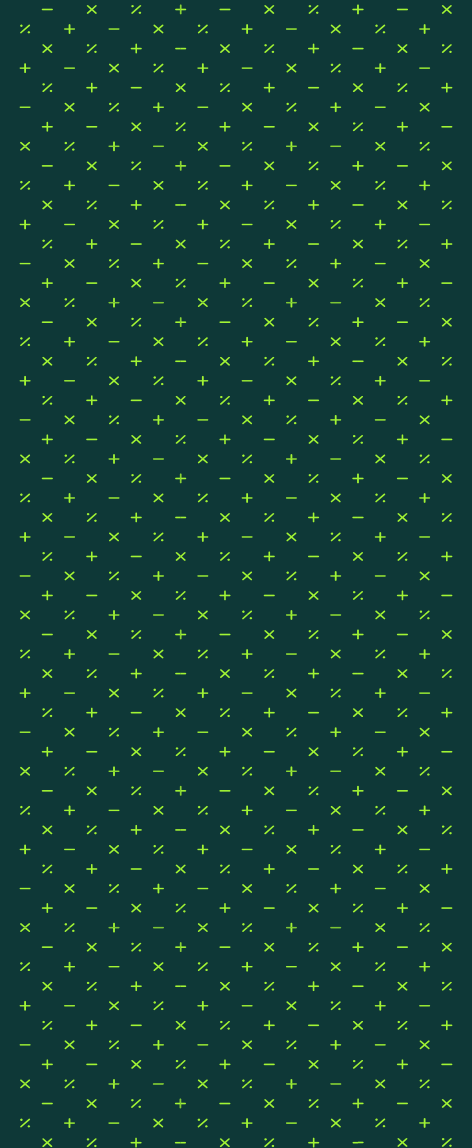


MOSSADAMS

El Camino Healthcare District

2023 AUDIT PLANNING

Discussion with Audit Committee



Agenda

Your Service Team

Scope of Services

Auditor's Responsibility in a Financial Statement Audit

Significant Risks Identified

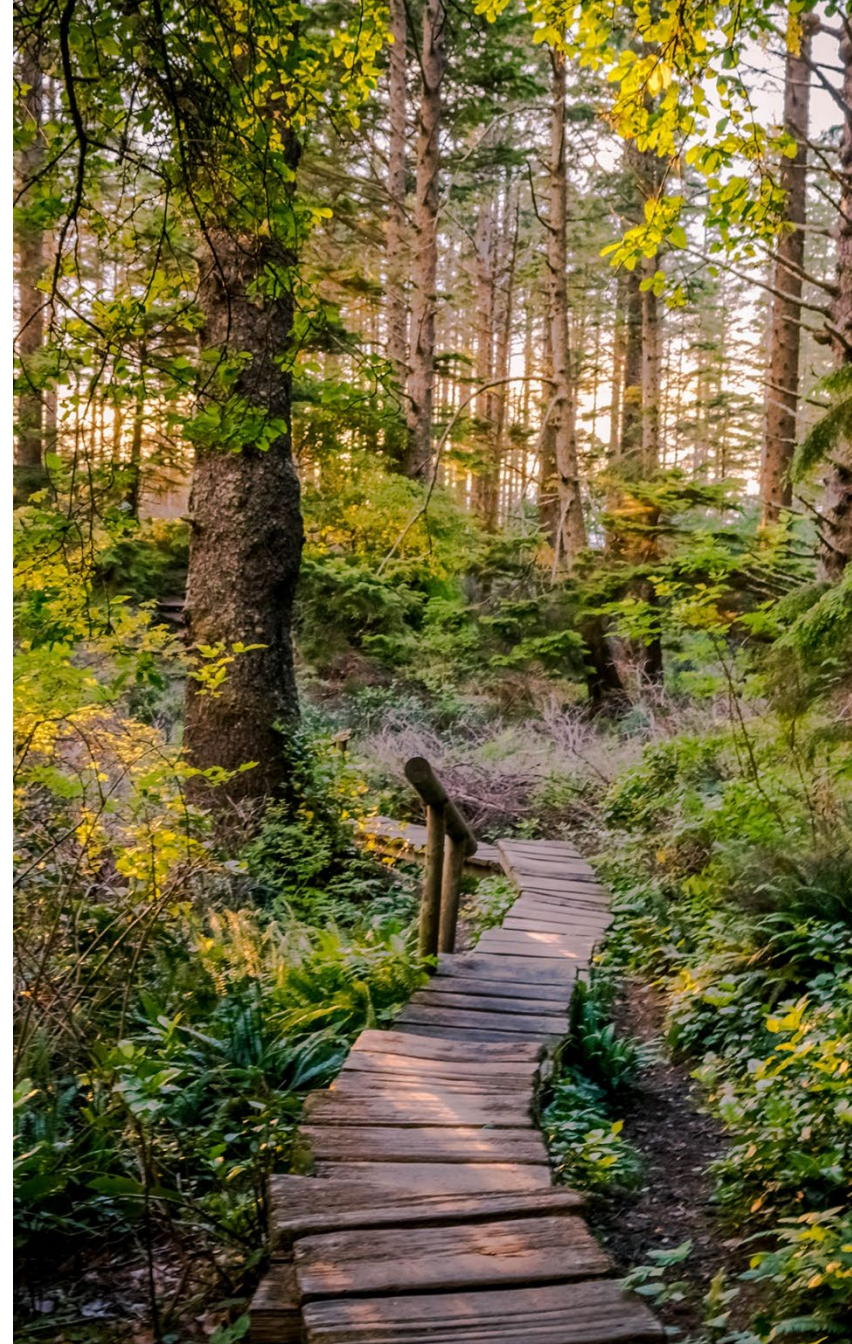
Risks Discussion

Consideration of Fraud

Audit Timeline

Audit Deliverables

Recent Accounting Developments

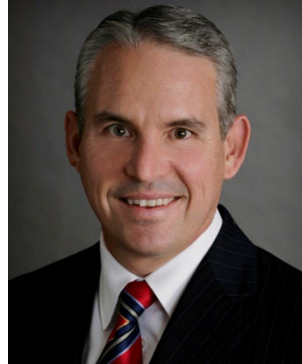


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Scope of Services

Relationships between Moss Adams and El Camino Healthcare District:

Annual Audit



Annual consolidated financial statement audit for the year ending June 30, 2023

Non-Attest Services



- Assist management with drafting the consolidated financial statements for the year ending June 30, 2023



Auditor's Responsibilities in a Financial Statement Audit

- Auditor is responsible for:
 - forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles
 - performing an audit in accordance with generally accepted auditing standards issued by the AICPA
 - communicating significant matters, as defined by professional standards, arising during the audit that are relevant to you
 - when applicable, communicating particular matters required by law or regulation, by agreement with you, or by other requirements applicable to the engagement
- The audit of the financial statements doesn't relieve management or you of your responsibilities.
- The auditor is not responsible for designing procedures for the purpose of identifying other matters to communicate to you.



Significant Risks Identified

During the planning of the audit, we have identified the following significant risks:

Significant Risks	Procedures
Valuation of patient accounts receivable	<ul style="list-style-type: none">- Tie out of reserving schedules- Zero Balance Accounts (“ZBA”) analysis- Lookback analysis & subsequent collections analysis
Revenue recognition	<ul style="list-style-type: none">- Hospital patient revenue analysis & cut-off analysis- Journal entry testing focusing on revenue reversals
Valuation of investments and related financial statement disclosures	<ul style="list-style-type: none">- Third party confirmations- Independent price testing





Risks Discussion

1. What are your views regarding:

- El Camino Healthcare District's objectives, strategies and business risks that may result in material misstatements
- Significant communications between the entity and regulators
- Attitudes, awareness, and actions concerning
 - El Camino Healthcare District's internal control and importance
 - How those charged with governance oversee the effectiveness of internal control
 - Detection or the possibility of fraud
 - Other matters relevant to the audit

2. Do you have any areas of concern?



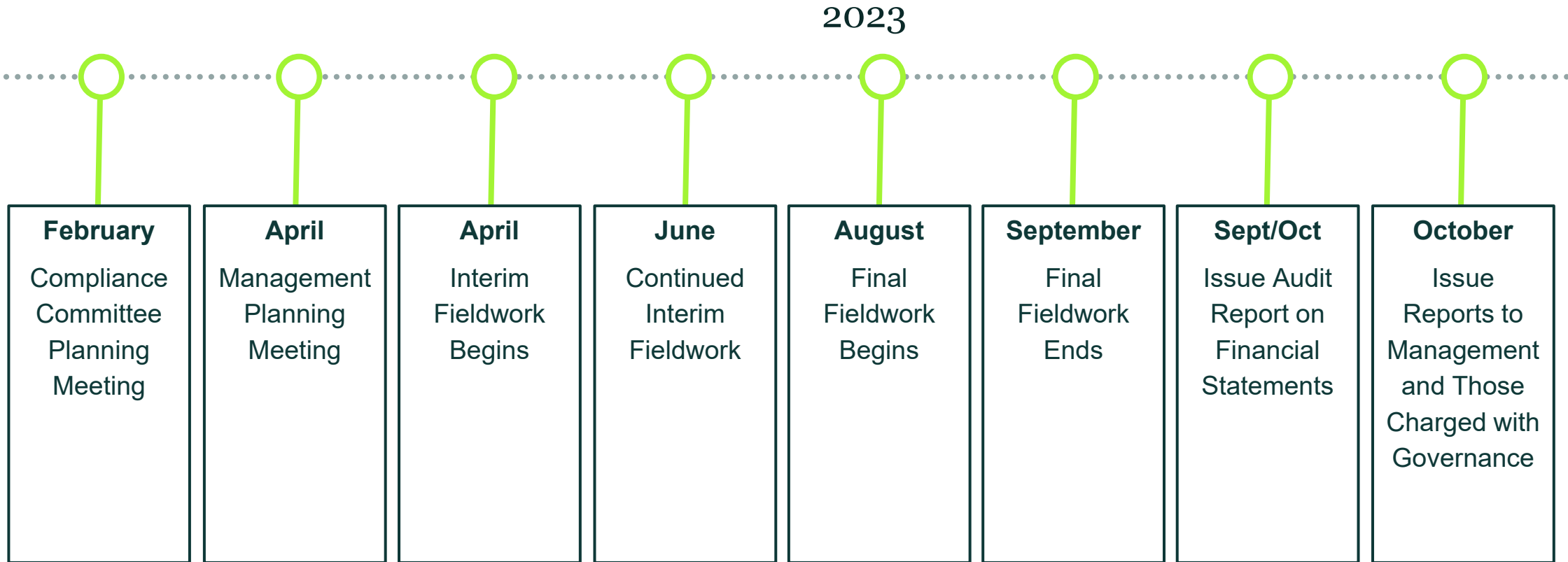
Consideration of Fraud in a Financial Statement Audit

Auditor's responsibility: Obtain reasonable assurance the financial statements as a whole are free from material misstatement – whether caused by fraud or error

	Procedures to address the risk of fraud	Engagement team discussion
	Identify the risks of material misstatement due to fraud	<ul style="list-style-type: none">• Perform procedures to address identified risks• Inherent limitation of an audit
	Unavoidable risk exists that some material misstatements may not be detected	



Audit Timeline



Audit Deliverables



Report of Independent Auditors
on consolidated financial statements for the
year ended June 30, 2023



Report to Management
communicating internal control related
matters identified in an audit

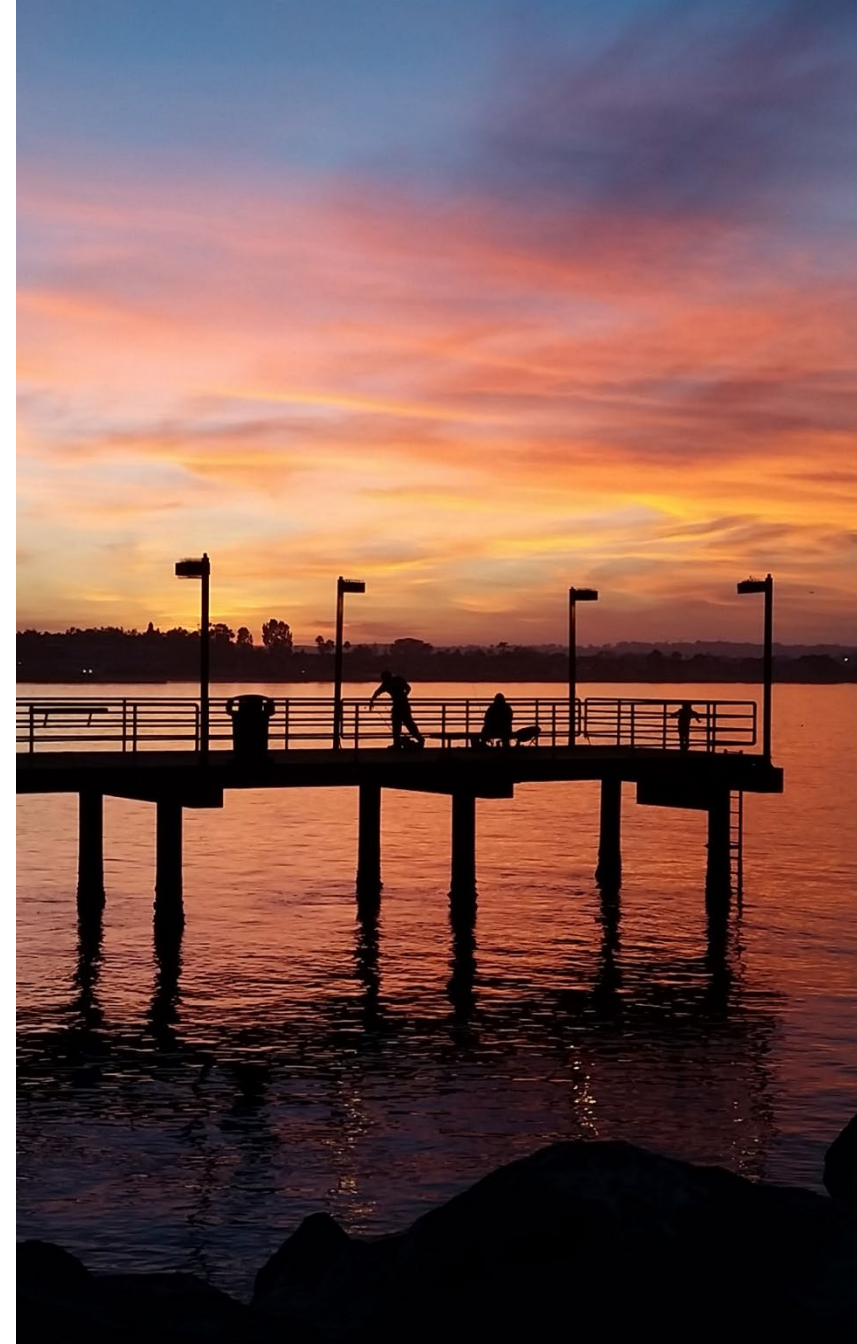


**Report to Those Charged
With Governance**
communicating required matters and
other matters of interest

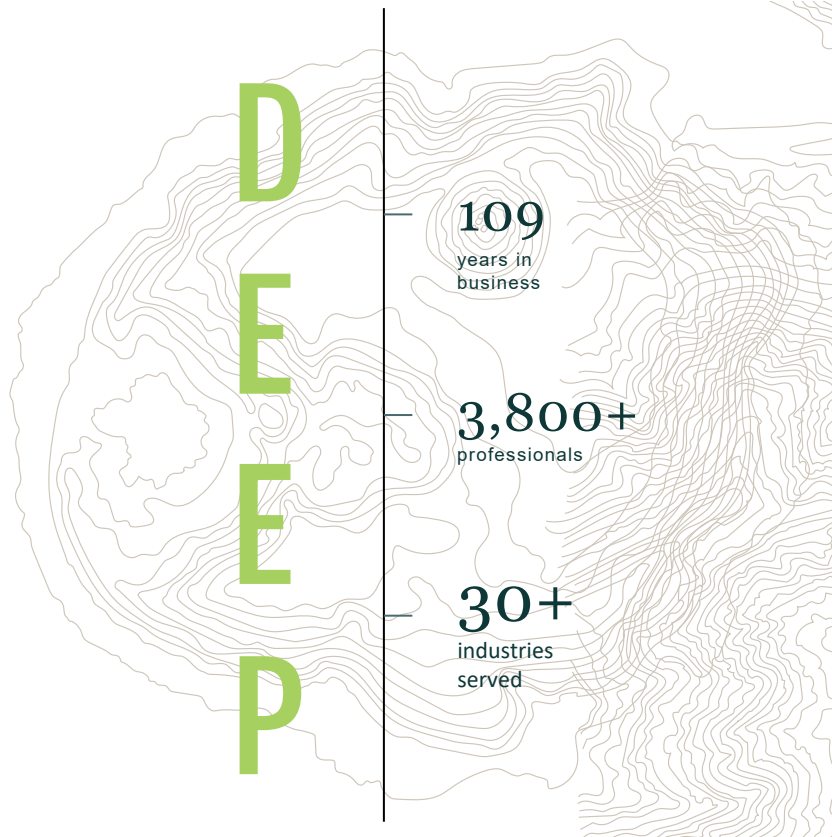


Recent Accounting Developments

- GASB Statement No. 91, Conduit Debt Obligation. Effective for the District beginning July 1, 2022.
- GASB Statement No. 93, Replacement of Interbank Offered Rates. Effective for the District beginning July 1, 2020.
- GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. Effective for the District beginning July 1, 2023.
- GASB Statement No. 101, Compensated Absences. Effective for the District beginning July 1, 2024.

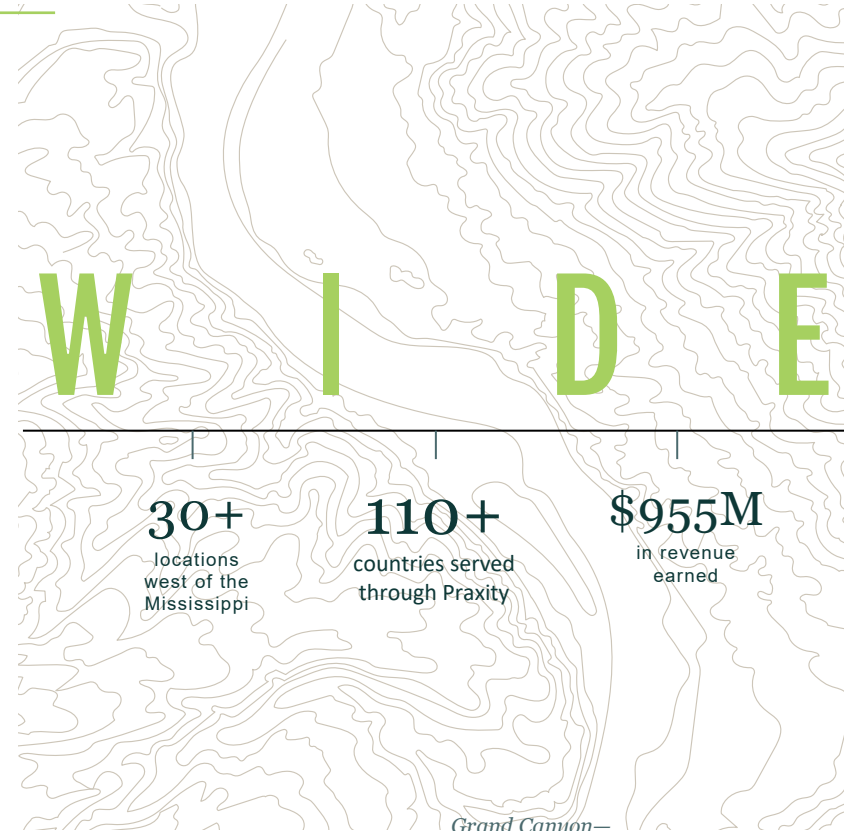


Our Expertise



*Crater Lake—
A monument to perseverance, North America's
deepest lake filled to 1,949 feet over 720 years.*

Our Reach



*Grand Canyon—
At 277 miles long and up to 18 miles
wide, this icon serves as a testament
to determination and time.*

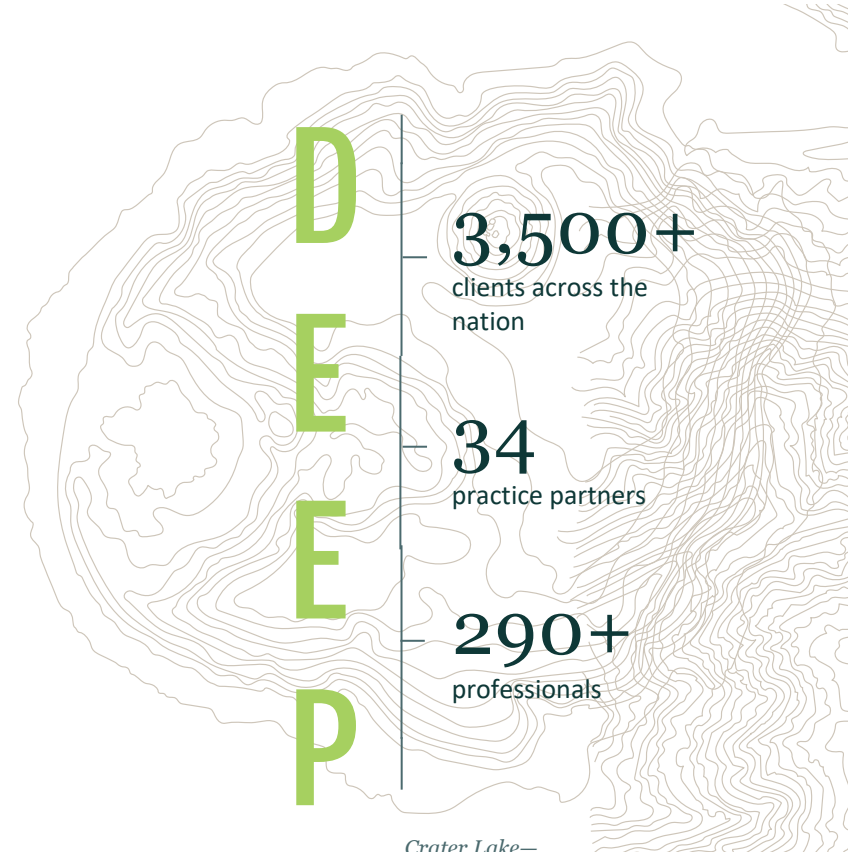


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- Knox Keene licensed health plans
- Health care ancillary services



*Crater Lake—
A monument to perseverance, North
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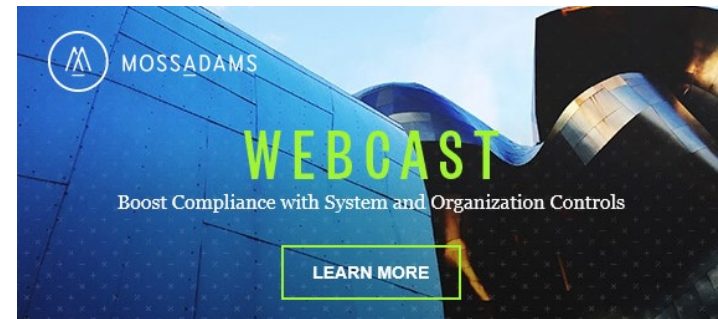
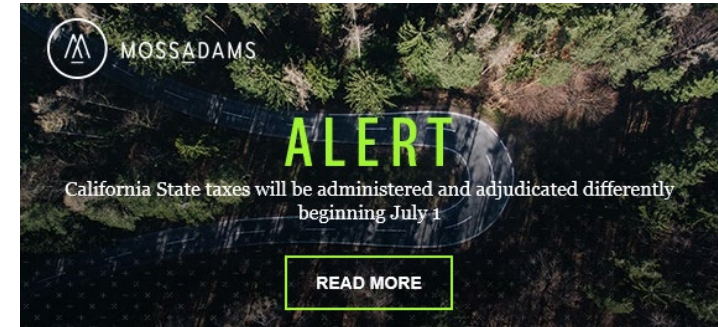
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THANK
YOU



**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING MEMO**

To: Compliance and Audit Committee
From: Diane Wigglesworth, Sr. Director Corporate Compliance
Date: February 22, 2023
Subject: FY 2024 Committee Meeting Dates and Pacing Plan

Purpose:

To discuss the proposed FY 2024 Compliance and Audit Committee meeting dates and pacing plan that will be recommend to the Hospital Board for approval.

Summary:

1. Situation: The Governance Committee is requesting the Compliance and Audit Committee provide proposed FY 2024 Compliance and Audit Committee dates and pacing plan.
2. Authority: The purpose of the Governance Committee is to advise and assist the El Camino Health Hospital Board of Directors in matters related to governance, board development, board effectiveness, and board composition. The Governance Committee ensures the Board and Committees are function at the highest level of governance standards.
3. Background: The Hospital Board of Directors utilized the services of an independent consulting firm, SpencerStuart, to conduct a Governance Assessment last year aimed at promoting optimal processes and practices. An outcome of the engagement was the recommendation to standardize pacing calendars and to evaluate and if possible reduce the number of meetings for the ECH Hospital Board and all its Advisory Committees.
4. Assessment: Based on the recommendation the Compliance and Audit committee in FY23 reduced the meetings from 6 times to 5 times a year. The meeting date was moved to the last Wednesday of the months for the months it meets and the pacing plans included all charter responsibilities.
5. Other Reviews: None
6. Outcomes: Based on the discussion of the Compliance and Audit committee, the proposed FY 2024 Pacing Plan would be presented by the Governance Committee to the Hospital Board for approval.

List of Attachments:

1. FY 2024 Proposed Committee Pacing Plan

Suggested Committee Discussion Questions:

1. Would the Committee recommend the Hospital Board adopt the proposed FY24 Committee Pacing Plan?

