

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

**Wednesday, March 30, 2022 – 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: 969 6131 3767 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
<b>1. CALL TO ORDER/ROLL CALL</b>	Jack Po MD, Chair		<b>5:00 – 5:01pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Jack Po MD, 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, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Jack Po MD, Chair		<b>information 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 CAC Meeting (1/27/2022)</a> <b>Information</b> b. <a href="#">Report of Board Actions</a> c. <a href="#">Status of FY2022 Committee Goals</a>	Jack Po MD, Chair	<i>public comment</i>	<b>motion required 5:05 – 5:10</b>
<b>5. <a href="#">REVIEW PROPOSED FY2022 FINANCIAL AUDIT PLAN</a></b>	Joelle Pulver, Moss Adams Carlos Bohorquez, CFO		<b>information 5:10 – 5:25</b>
<b>6. <a href="#">DISCUSS PROPOSED FY2023 COMPLIANCE AND AUDIT COMMITTEE MEETING DATES AND PACING PLAN</a></b>	Shiraz Ali, Director Office of CEO Diane Wigglesworth, Sr. Director Corporate Compliance		<b>information 5:25 – 5:30</b>
<b>7. DISCUSS DEVELOPMENT OF FY2023 ANNUAL COMMITTEE GOALS</b>	Shiraz Ali, Director Office of CEO Diane Wigglesworth, Sr. Director Corporate Compliance		<b>information 5:30 – 5:35</b>
<b>8. <a href="#">AD HOC COMMITTEE UPDATE REGARDING COMPLIANCE COMMITTEE MEMBER RECRUITMENT</a></b>	Jack Po MD, Chair Shiraz Ali, Director of CEO		<b>information 5:35 – 5:40</b>
<b>9. ADJOURN TO CLOSED SESSION</b>	Jack Po MD, Chair	<i>public comment</i>	<b>motion required 5:40– 5:40</b>

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>10. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Jack Po MD, Chair		<b>5:40 – 5:41</b>
<b>11. 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> <i>Gov't Code Section 54957.2:</i> a. Minutes of the Closed Session of the CAC Meeting (1/27/2022)	Jack Po MD, Chair		<b>motion required 5:41 – 5:55</b>
<b>Information</b> <i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i> b. KPI Scorecard and Trends c. Activity Log January 2022 d. Activity Log February 2022 e. Internal Audit Work Plan f. Internal Audit Follow Up Table g. Committee Pacing Plan			
<b>12.</b> <i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i> - Report on Compliance Structure and Committee's Oversight of Affiliated Entities	Diane Wigglesworth, Sr. Director Corporate Compliance; Mary Rotunno, General Counsel		<b>information 5:55 – 6:05</b>
<b>13.</b> <i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i> - Report Internal Audit Activity	Alex Robison, Protiviti Mary Rotunno, General Counsel		<b>information 6:05 – 6:15</b>
<b>14.</b> <i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i> - Review OIG Work Plan and Management Response	Diane Wigglesworth, Sr. Director Corporate Compliance; Mary Rotunno, General Counsel		<b>information 6:15 – 6:25</b>
<b>15.</b> <i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i> - Review BAA Due Diligence Process and Policy	Diane Wigglesworth, Sr. Director Corporate Compliance; Mary Rotunno, General Counsel		<b>information 6:25 – 6:35</b>
<b>16.</b> <i>Gov't Code Section 54956.9(d)(2) – conference with legal counsel – pending or threatened litigation:</i> - Enterprise Risk Management	Omar Chughtai, VP of Operations; Diane Wigglesworth, Sr. Director Corporate Compliance; Mary Rotunno, General Counsel		<b>discussion 6:35 – 6:45</b>
<b>17.</b> <i>Gov't Code Sections 54957 for report and discussion on personnel matters – Senior Management:</i> - Executive Session	Jack Po MD, Chair		<b>discussion 6:45 – 6:55</b>
<b>18. ADJOURN TO OPEN SESSION</b>	Jack Po MD, Chair		<b>motion required 6:55 – 6:56</b>
<b>19. RECONVENE OPEN SESSION/ REPORT OUT</b>  To report any required disclosures regarding permissible actions taken during Closed Session.	Jack Po MD, Chair		<b>information 6:56 – 7:00</b>
<b>20. ADJOURNMENT</b>	Jack Po MD, Chair	<i>public comment</i>	<b>motion required 7:00pm</b>

**Upcoming Meetings:** April 27, 2022 (Joint Board and Committee Education), May 19, 2022



**Minutes of the Open Session of the  
Compliance and Audit Committee  
of the El Camino Hospital Board of Directors  
Thursday, January 27, 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  
Lica Hartman, Vice-Chair  
Lanhee Chen  
Julia Miller  
Sharon Anolik Shakked  
Christine Sublett

**Members Absent**

**\*\*All via teleconference**

Agenda Item	Comments/Discussion	Approvals/ Action
1. <b>CALL TO ORDER/ ROLL CALL</b>	Chair Po called to order the open session meeting of the Compliance and Audit Committee of El Camino Hospital ("the Committee") at 5:01 pm. All Committee members participated via teleconference, and a quorum was present pursuant to Government Code Section 54953(e)(1).	<b><i>Called to order at 5:01 pm</i></b>
2. <b>POTENTIAL CONFLICT OF INTEREST</b>	Chair Po asked if any Committee members had a conflict of interest with any of the items on the agenda. None were reported.	
3. <b>PUBLIC COMMUNICATION</b>	None.	
4. <b>CONSENT CALENDAR</b>	<p>Chair Po asked if any member of the Committee would like to pull items from the open item consent calendar for discussion. No items were removed.</p> <p><b>Motion:</b> To approve the consent calendar to include:</p> <p style="padding-left: 40px;">a. Minutes of the Open Session of the CAC Meeting (11/18/2021)</p> <p><b>Movant:</b> Miller <b>Second:</b> Anolik Shakked <b>Ayes:</b> Chen, Hartman, Miller, Po, Anolik Shakked, and Sublett <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None</p>	<b><i>Consent Calendar approved</i></b>
5. <b>APPOINTMENT OF AD HOC COMMITTEE FOR RECRUITMENT OF NEW MEMBER</b>	<p>Chair Po provided a brief update on the recruitment process of the Ad Hoc Committee. Director Po and Mr. Shiraz Ali will be refining the position and determining what qualities and experiences the new members should have to enhance this committee. Director Po also noted that a list of candidates will be kept. A brief discussion ensued.</p> <p><b>Motion:</b> To approve the formation of a Compliance and Audit Ad hoc Committee with up to 3 members.</p> <p><b>Movant:</b> Sublett <b>Second:</b> Miller <b>Ayes:</b> Chen, Hartman, Miller, Po, Anolik Shakked, and Sublett <b>Noes:</b> None</p>	<b><i>Ad Hoc Committee for Recruitment of New Member approved</i></b>

	<p><b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<p><b>6. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 5:07 pm.  <b>Movant:</b> Miller  <b>Second:</b> Hartman  <b>Ayes:</b> Chen, Hartman, Miller, Po, Anolik Shakked, and Sublett  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Adjourned to closed session at 5:07 pm</i></p>
<p><b>7. AGENDA ITEM 16: RECONVENE OPEN SESSION/ REPORT OUT</b></p>	<p>The open session was reconvened at 7:13 pm. Agenda items 7-15 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 (11/18/21), and the Summary of Physician Financial Agreements.</p>	<p><i>Open session reconvened at 7:13 pm</i></p>
<p><b>8. AGENDA ITEM 17: ADJOURNMENT</b></p>	<p><b>Motion:</b> To adjourn at 7:14 pm.  <b>Movant:</b> Miller  <b>Second:</b> Hartman  <b>Ayes:</b> Hartman, Miller, Po, Anolik Shakked, and Sublett  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Chen  <b>Recused:</b> None</p>	<p><i>Meeting adjourned at 7:14 pm</i></p>

**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:** Stephanie Iljin, Manager of Administration  
**Date:** March 30, 2022  
**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:**

1. **Situation:** It is essential to keep the Committees informed about Board activity to provide context for Committee work. The list below is not meant to be exhaustive; still, it includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital's Board Advisory Committees.
2. **Authority:** This is being brought to the Committees at the request of the Board and the Committees.
3. **Background:** Since the last time we provided this report to the Compliance and Audit Committee, the Hospital Board has met three times and the District Board has met twice. In addition, since the Board has delegated specific authority to the Executive Compensation Committee, the Compliance and Audit Committee, and the Finance Committee, those approvals are also noted in this report.

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
ECH Board	February 9, 2022	<ul style="list-style-type: none"> <li>- Continuation of Resolution 2021-10 of the Board of Directors Making Findings and Determinations Under AB 361 for Teleconference Meetings</li> <li>- Minutes of the Open Session of the Hospital Board Study Session(12/01/21)</li> <li>- Minutes of the Closed Session of the Hospital Board Study Session(12/01/21)</li> <li>- Minutes of the Open Session of the Hospital Board Meeting (12/08/21)</li> <li>- Minutes of the Closed Session of the Hospital Board Meeting (12/08/21)</li> <li>- Plans, Policies, and Scope of Services</li> <li>- FY21 Period 6 Financials</li> <li>- Mountain View ED &amp; Inpatient On-Call Interventional Radiology Panel Agreement Renewal</li> <li>- Enterprise Radiology Professional Services Agreement Renewal</li> <li>- Medical Staff Report</li> <li>- Board Member Benefits Report</li> <li>- Credentialing &amp; Privileging Report</li> <li>- ByLaws</li> <li>- Investment Advisory Firm RFP</li> </ul>

Report on Board Actions  
 March 30, 2022

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
	February 23, 2022 (Retreat)	- N/A
	March 9, 2022	<ul style="list-style-type: none"> <li>- Approval of Enterprise Strategy</li> <li>- Minutes of the Closed Session of the Hospital Board (02/09/2022)</li> <li>- Minutes of the Closed Session of the Hospital Board Study Session (02/23/2022)</li> <li>- Credentialing and Privileges Report</li> <li>- Continuation of Resolution 2021-10 of the Board of Directors Making Findings and Determinations Under AB 361 for Teleconference Meetings</li> <li>- Minutes of the Open Session of the Hospital Board (02/09/2022)</li> <li>- Minutes of the Open Session of the Hospital Board Study Session (02/23/2022)</li> <li>- Medical Staff Report</li> <li>- Plans, Policies, and Scope of Services</li> </ul>
<b>ECHD Board</b>	January 25, 2022	<ul style="list-style-type: none"> <li>- Continuation of Resolution 2021-10 of the Board of Directors Making Findings and Determinations Under AB 361 for Teleconference Meetings</li> <li>- Community Benefit Spotlight: Resolution 2022-01</li> <li>- ECHD FY22 YTD Financial Approval</li> <li>- El Camino Healthcare District Board Members Transition to W-2 Employees and Worker's Compensation Insurance: Resolution 2022-03</li> <li>- FY22 El Camino Hospital Board Member Election Ad Hoc Committee Recommendation</li> <li>- FY22 El Camino Healthcare District Policy ByLaw Review AdHoc Committee Recommendations</li> <li>- Minutes of the Closed Session of the District Board Meeting (12/01/21)</li> </ul>
	March 15, 2022	<ul style="list-style-type: none"> <li>- Approval of Enterprise Strategy</li> <li>- Continuation of Resolution 2021-10 of the Board of Directors Making Findings and Determinations Under AB 361 for Teleconference Meetings</li> <li>- Minutes of the Open Session of the District Board Meeting (12/01/21)</li> <li>- Minutes of the Open Session of the District Board Meeting (01/25/22)</li> <li>- El Camino Healthcare District Board Health and Safety Code: Resolution 2022-02 – Public Hearing</li> <li>- District Board Mission Statement Ad Hoc Committee Formation</li> <li>- ECHD FY22 YTD Financial Approval</li> <li>- Minutes of the Closed Session of the District Board Meeting (01/25/22)</li> </ul>

Report on Board Actions  
 March 30, 2022

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
<b>Executive Compensation Committee</b>	March 3, 2022	<ul style="list-style-type: none"> <li>- Minutes of the Open Session of the ECC Meeting (11/4/2021)</li> <li>- Minutes of the Closed Session of the ECC Meeting (11/04/2021)</li> <li>- Proposed FY22 Individuals Goals of Chief Quality Officer</li> </ul>
<b>Compliance Committee</b>	N/A	
<b>Finance Committee</b>	January 31, 2022	<ul style="list-style-type: none"> <li>- Minutes of the Open Session of the Finance Committee (11/22/2021)</li> <li>- Minutes of the Closed Session of the Finance Committee (11/22/2021)</li> <li>- FY22 Period 5 Financials</li> <li>- FY22 Period 6 Financials</li> <li>- MV Chemistry Line Replacement Project Request</li> <li>- MV Hospitalist Professional Services Agreement</li> <li>- MV Interventional Radiology Call Panel Agreement</li> </ul>

**List of Attachments:** None.

**Suggested Committee Discussion Questions:** None.

## FY22 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. Provide guidance to the organization on risk tolerance related to Enterprise Risk Management.	Q1 FY22 ( <del>Presenting 9/30/21</del> ) Revised to present on 11/18/21	Committee reviews and provides recommendations to the Compliance Officer and recommends if any information should be presented to the Board. Reviewed on 11/18/21
2. Receive education on new OIG guidance regarding compliance programs and fraud alerts.	Q3 FY22 (Presenting 1/27/22)	Committee receives education and recommends information that should be presented to the Board. Education presented on 1/27/22
3. Review identified cyber risks for the organization in the context of critical business functions and how the cybersecurity plan and initiatives are protecting critical business activities within the IT strategic plan.	Q4 FY22 (Presenting 5/19/22)	Committee reviews and provides recommendations to the CIO and CISO.

#### SUBMITTED BY:

**Chair:** Jack Po, MD

**Executive Sponsor:** Diane Wigglesworth





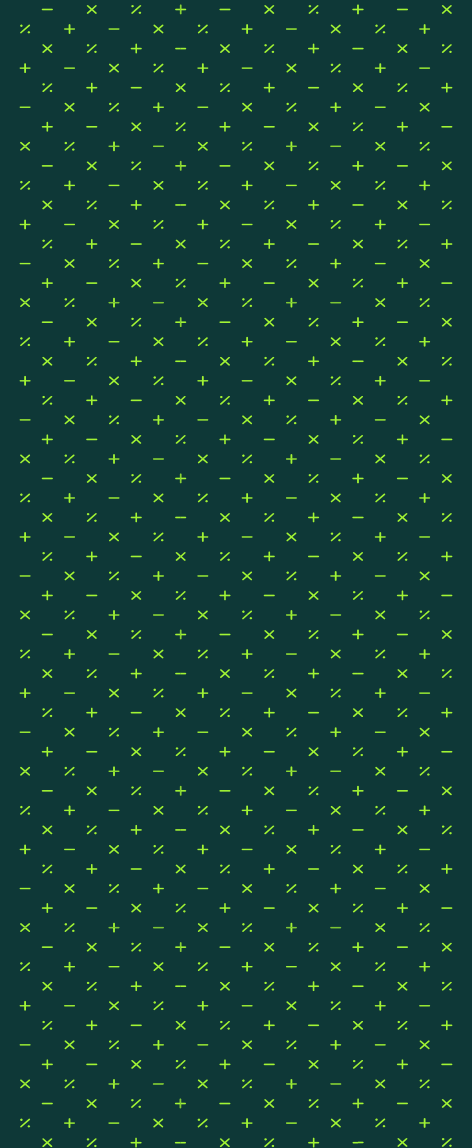
MOSSADAMS

# El Camino Healthcare District

## 2022 AUDIT PLANNING

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Discussion with Audit Committee



# National Health Care Practice

Health care is one of our firm's largest and most successful practice areas. For more than 45 years, we've recognized the value of having dedicated industry professionals. Unlike many of our competitors, our Health Care Group includes 100% industry-focused professionals who specialize in navigating the complexities of today's health care landscape.

Our team supports a wide range of clients from individual clinics to health systems, from surgery centers to long-term care facilities, and from ancillary health care providers to private equity firms investing in the health care sector.

—  
*Expertise*

D

3,700+  
health care clients

E

285+  
health care  
professionals

E

30  
health care partners

P

Leadership involvement  
with AICPA Health Care  
Expert Panel and HFMA  
National Principles and  
Practice Board

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



# Hospitals and Health Systems

Moss Adams has a dedicated Hospitals Practice serving more than 1,200 hospitals and hospital systems across the nation. Our work extends well beyond traditional accounting services and includes consulting, provider reimbursement enterprise systems, lean transformation, compliance and assistance on an array of issues in health care financial management.

We leverage our deep knowledge of the national marketplace and local competitive environments to provide customized solutions that make a difference to your organization.

Who we serve:

- Integrated health systems
- Tertiary care teaching hospitals
- Hospital districts
- University-based hospitals
- Critical access hospitals
- Pediatric hospitals
- For-profit and not-for-profit organizations
- Community and sole community hospitals



**1,200+ Clients**

Hospital and health system clients nationwide, with clients ranging in size from 25 to over 1,600 beds



**285+ Professionals**



**30+ Trade Organizations**

Participation in over 30 national, regional, and state health care and hospital industry organizations including AHA, HASC, HFMA, HCNCC, AzHHA, IHA, WSHA, HCCA, and many more.

# Dedicated Professionals

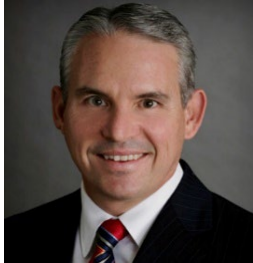


ENGAGEMENT PARTNER

**Joelle Pulver, CPA**  
*Partner*

Joelle has been in public accounting since 2002. She is well-versed in health plans, integrated health systems, hospitals, senior living facilities, and other health care organizations. Joelle possesses a significant amount of experience in auditing and supervising audit engagements of health care entities in California and Oregon, and has audited health plans, IPA, and other types of risk-bearing organizations.

Joelle’s health care audit experience includes district hospitals, rural and regionally integrated hospitals, critical access hospitals, rural and community-based primary care facilities, critical care outpatient care facilities, outpatient surgery centers, management service organizations, independent physician associations, large medical groups, Knox-Keene licensed organizations, senior living organizations, and supporting community foundations.



CONCURRING PARTNER

**Chris Pritchard, CPA**  
*Partner*

Chris has practiced public accounting since 1991, serving integrated health systems, FQHCs, managed care organizations, ambulatory surgery centers, Knox-Keene licensed health plans, rural and regionally integrated hospitals, rural and community-based primary care facilities, outpatient care facilities, outpatient surgery centers, large medical groups, independent physician associations, and third-party payers. In addition to his experience auditing and supervising audit engagements of health care entities, he has managed numerous consulting engagements, including internal audits. He has also assisted numerous organizations with strategic management decision engagements, cash flow projections, budgeting projects, and other operational engagements. Chris was an active member of the AICPA’s national Health Care Expert Panel, where he provided technical guidance on various publications. He’s published national articles and speaks frequently on health care financial reporting and other current topics



# Dedicated Professionals



EBP ENGAGEMENT PARTNER

**Bertha Minnihan, CPA**  
*Partner*

Bertha leads the assurance practice for Moss Adams Northern California region. She oversees audit quality, staffing and engagement management and client service. Northern California assurance practice specializes in a variety of industries and service lines with over 300 professionals serving clients.

Bertha has served as the National Practice Leader for the employee benefit plan practice at Moss Adams. She has extensive experience directing all phases of audits for a variety of benefit plans, including 401(k), 403(b), pension, employee stock ownership, health, and welfare benefit plans. She has also worked with a number of 11-K clients. Her ERISA expertise includes the specialized knowledge required for audits, Form 5500s, and related filings. Bertha provides various consulting services related to the ERISA industry nationwide and dedicates her time to staying on top of the DOL requirements while they are still in the proposal and discussion stage.



# Agenda

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Your Service Team

Scope of Services

Auditor's Responsibility in a Financial Statement Audit

Significant Risks Identified

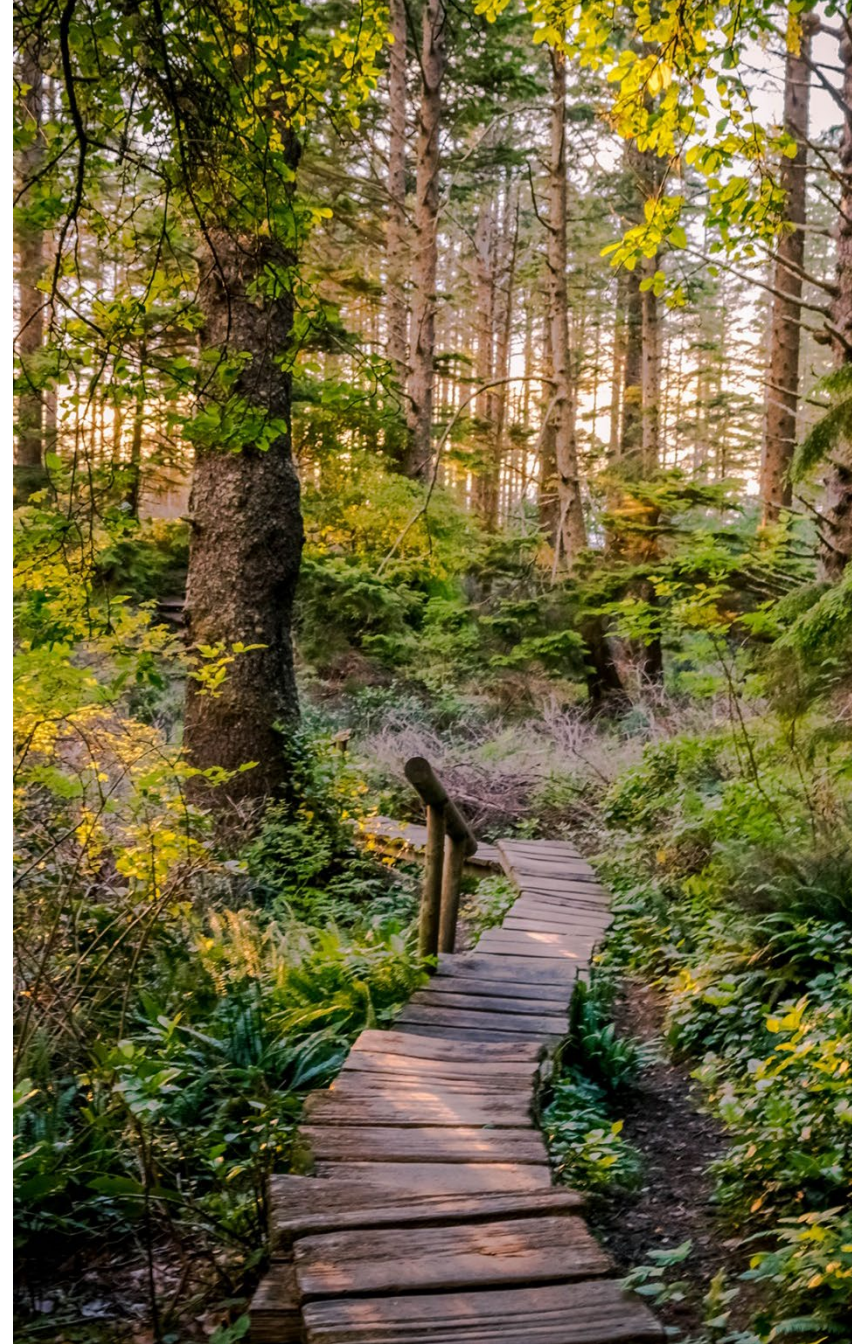
Risks Discussion

Consideration of Fraud

Audit Timeline

Audit Deliverables

Recent Accounting Developments



# Your Service Team

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**Joelle Pulver, CPA**  
*Engagement Partner*

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*Audit Senior Manager*

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(415) 677-8294



# Scope of Services

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Relationships between Moss Adams and El Camino Healthcare District:

## Annual Audit



Annual consolidated financial statement audit for the year ending June 30, 2022

## Non-Attest Services



- Assist management with drafting the consolidated financial statements for the year ending June 30, 2022
- Assist in the drafting of Auxiliary financial statements
- Assist in drafting the auditee portion of the Data Collection Form





# Auditor's Responsibilities in a Financial Statement Audit

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- 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
<b>Net patients accounts receivable &amp; revenue</b>	<ul style="list-style-type: none"><li>• Estimate of future results based on past results</li><li>• Testing of past results</li><li>• Transaction testing</li><li>• Ratio analysis</li><li>• Predictive revenue analytics</li><li>• Revenue cutoff testing</li></ul>
<b>Alternative investments</b>	<ul style="list-style-type: none"><li>• Assumptions</li><li>• Existence and valuation of assets</li><li>• Disclosures</li></ul>





# Risks Discussion

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## 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

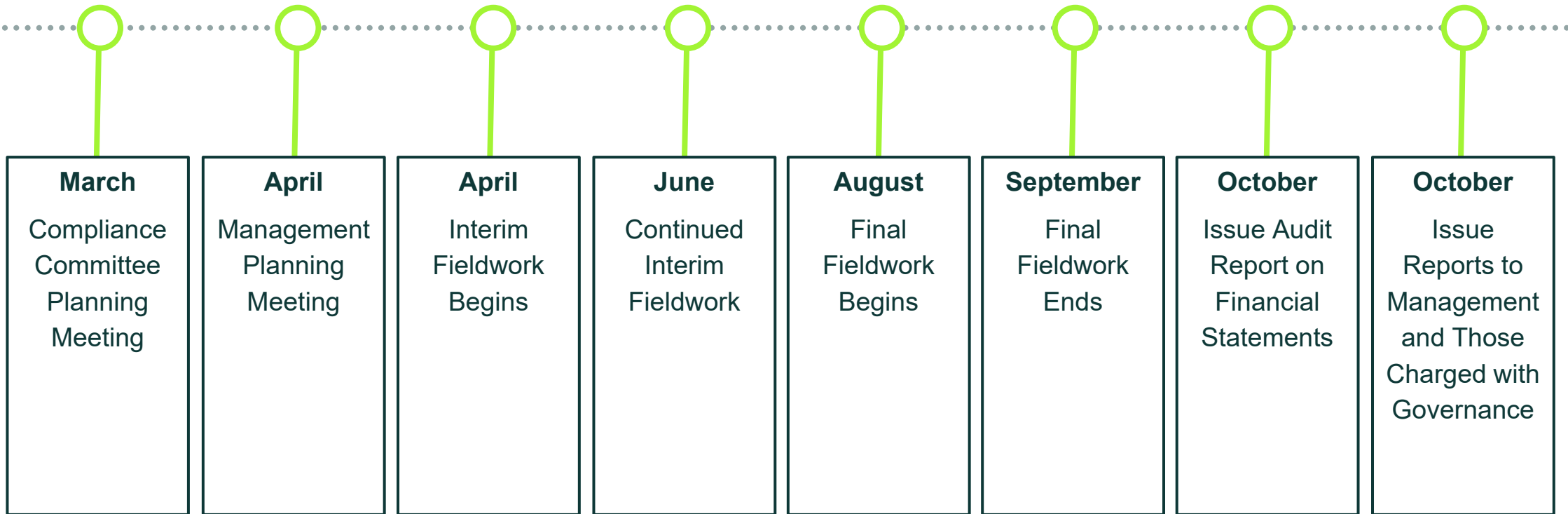
Auditor's responsibility: Obtain reasonable assurance the financial statements as a whole are free from material misstatement – whether caused by fraud or error

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



# Audit Timeline

2022



# Audit Deliverables

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**Report of Independent Auditors**  
on consolidated financial statements for the  
year ended June 30, 2022



**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



# Audit Deliverables

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## Single Audit Deliverables:

GAGAS Report on Internal Control over Financial Reporting and on Compliance and Other Matters

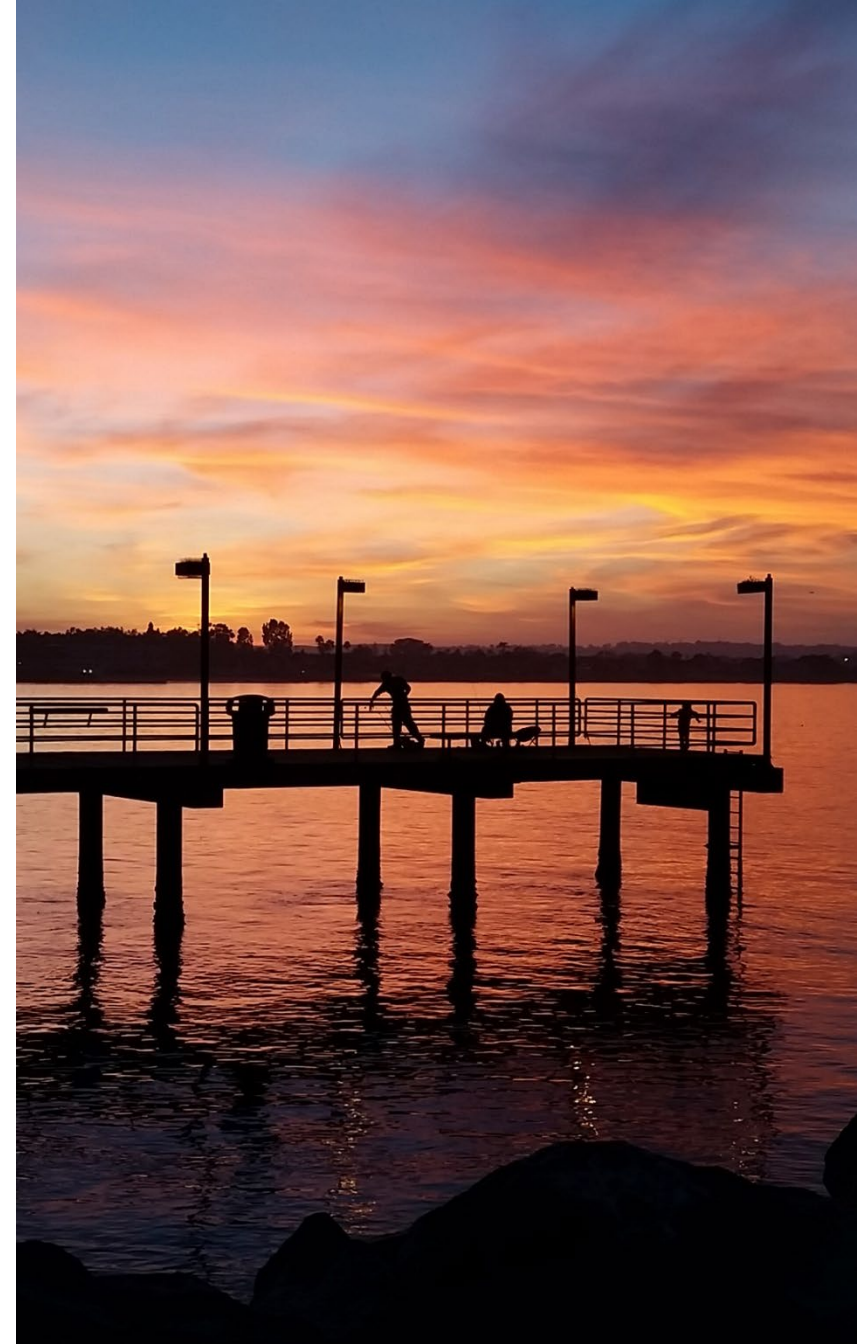
Report on Compliance with Requirements That Could Have a Direct and Material Effect on the Major Federal Programs and on Internal Control Over Compliance in accordance with the Uniform Guidance for Federal Awards (2CFR Part 200)



# Recent Accounting Developments

## GASB 87 | Leases

- Would treat all leases as financings (no classification of capital v. operating) similar to FASB ASU 2016-02.
- Includes non-cancellable period + periods covered by options to renew if reasonably certain to be exercised.
- Lessee would record an intangible asset (amortized over the shorter of its useful life or lease term) and present value of future lease payments as a liability.
- Lessor would record a lease receivable and deferred inflow of resources for cash received up front + future payments (revenue recognized over lease term in a systematic and rational basis).
- Effective for ECH for the year ending June 30, 2022.





# Recent Accounting Developments *(continued)*

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## **GASB 89** | Interest Cost Incurred before the End of a Construction Period

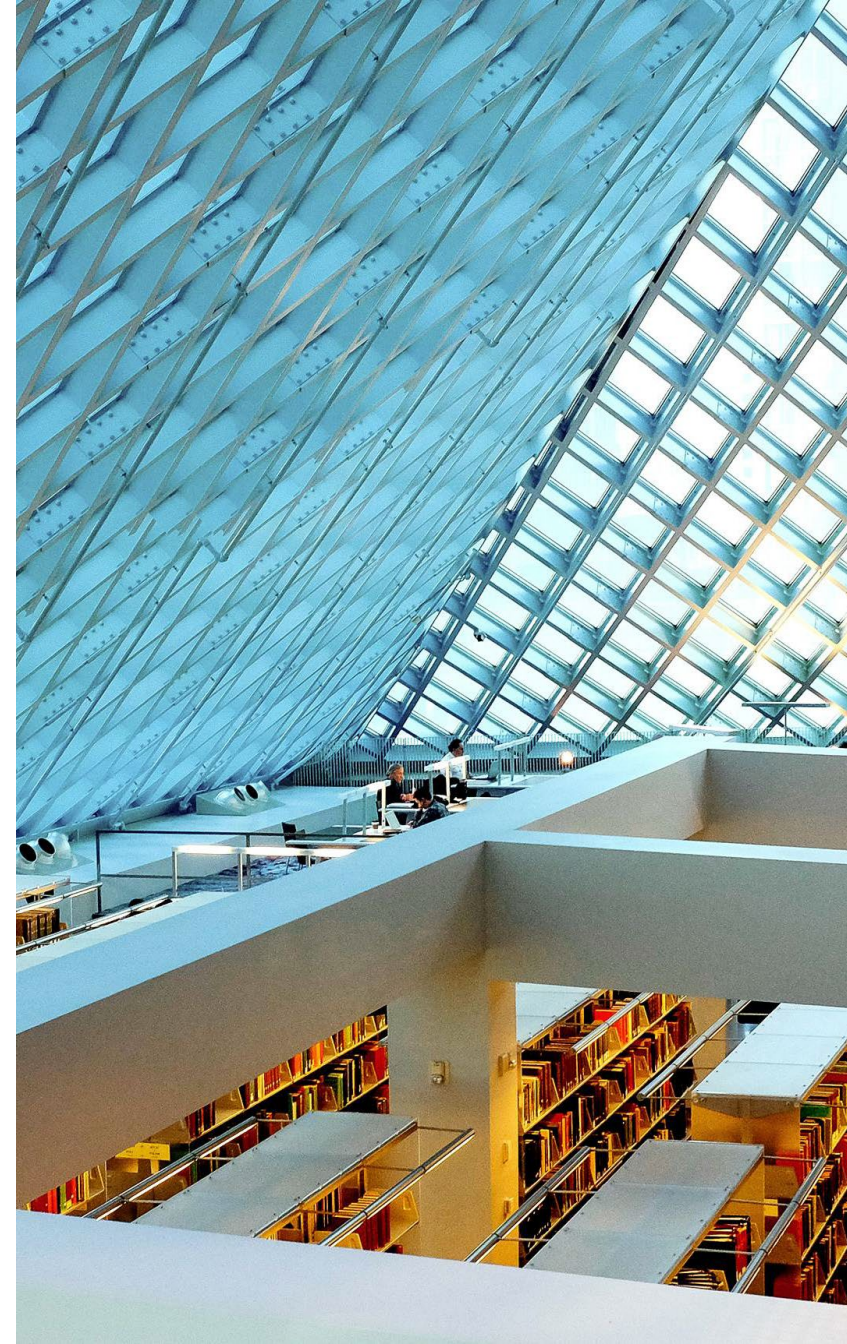
- Interest incurred during construction of an asset that was once eligible for capitalization must now be expensed as a period cost. The only exception applies to regulated entities (rate setting agencies such as utilities).
- The objective was to enhance comparability for the cost of borrowing and simplify the accounting.
- Respondents to the Exposure Draft argued that stand-alone business type entities (like hospitals) would no longer be comparable to non-governmental counterparts; however, GASB decided not to establish separate objectives for general government vs. business-type activities.
- Effective for ECH for the year ending June 30, 2022.



# Recent Accounting Developments *(continued)*

## **GASB 93** | Replacement of Interbank Offered Rates

- As a result of global reference rate reform, certain interbank offered rates (IBOR), (most notably, the London Interbank Offered Rate (LIBOR)) are expected to cease to exist in their current forms at the end of 2021.
- This standard addresses accounting and financial reporting implications that result from the replacement of an IBOR.
- This standard provides exceptions for certain hedging derivative instruments and lease agreements that are amended solely to replace an IBOR rate.
- Effective date for reporting periods beginning after June 15, 2020, except for certain provisions which are effective for reporting periods ending after December 31, 2021. Effective for ECH for the year ending June 30, 2022.



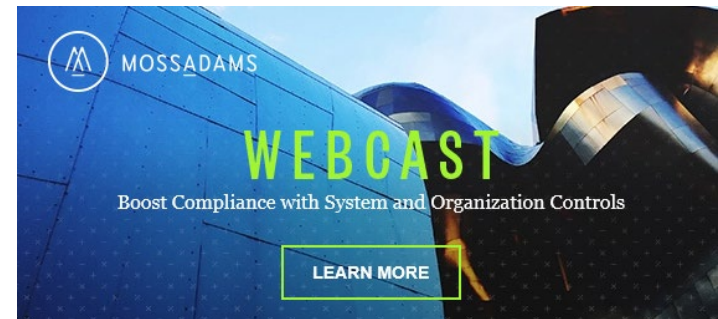
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We'll keep you informed to help you stay abreast of critical industry issues.

Moss Adams closely monitors regulatory agencies, participates in industry and technical forums, and writes about a wide range of relevant accounting, tax, and business issues to keep you informed.

We also offer CPE webinars and events which are archived and available on demand, allowing you to watch them on your schedule.



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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  
Shiraz Ali, Director Office of CEO  
**Date:** March 30, 2022  
**Subject:** FY 2023 Committee Meeting Dates and Pacing Plan

**Purpose:**

To discuss the proposed FY 2023 Compliance and Audit Committee meeting dates and pacing plan.

**Summary:**

1. **Situation:** The Governance Committee is requesting feedback from the Compliance and Audit Committee on the proposed FY 2023 Compliance and Audit Committee 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 aimed at promoting optimal processes and practices. SpencerStuart presented a summary of recommendations and an action plan to the Hospital Board on December 8th, 2021. A number of proposed steps on the action plan were assessed to be the responsibility of the Governance Committee.

The Governance Committee commissioned a multi-disciplinary task force that evaluated the Pacing Plans for the ECH Hospital Board and all its Advisory Committees. This evaluation included a legal review, management interviews, compared ECH to the practices of other Healthcare Districts and best practices established by other non-profit Hospital Boards.

4. **Assessment:** The Governance Committee is currently in the process of reviewing the proposed changes to each pacing plan with the impacted committees.
5. **Other Reviews:** None
6. **Outcomes:** Based on the discussion of the Compliance and Audit committee, the proposed FY 2023 Pacing Plan would be presented by the Governance Committee to the Hospital Board for approval.

**List of Attachments:**

1. FY 2023 Proposed Committee Pacing Plan

Proposed FY23 Pacing Plan  
March 30, 2022

**Suggested Committee Discussion Questions:**

1. Would the Committee recommend the Hospital Board adopt the proposed FY23 Committee Pacing Plan?





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

**To:** Compliance and Audit Committee  
**From:** Jack Po, Ad Hoc Committee Chair  
**Date:** March 30, 2022  
**Subject:** Ad Hoc Search Committee update regarding Compliance and Audit Committee Member Recruitment

**Purpose:**

To provide an update to the Compliance and Audit Committee on the status of the recruitment for the vacant Community Member position.

**Summary:**

1. Situation: Per the Board's Charter, the Compliance and Audit Committee shall be comprised of two (2) or more Hospital Board members. The Committee may also include 2-4 Community Members with knowledge compliance, audit, privacy or enterprise risk management. The Compliance and Audit Committee created an Ad Hoc Search Committee to add a new Community Member that would help achieve those competencies.
2. Authority: The Compliance and Audit Committee has the authority to select and recommend a Community Member to the Board of Directors for approval. All Compliance and Audit Committee appointments shall be for a term of one year expiring on June 30, renewable annually.
3. Background: The Ad Hoc Search Committee is currently reviewing multiple candidates from a variety of sources. Each interested candidate is submitting a resume and questionnaire. From the initial pool of candidates, two finalists will be selected to be interviewed by the entire Committee.
4. Assessment: The Ad Hoc Search Committee expects to recommend two finalists to be interviewed by the Compliance and Audit Committee at the May 19, 2022 meeting for the purpose of selecting a new Community Member to be presented to the Hospital Board for approval on June 8, 2022.
5. Other Reviews: N/A
6. Outcomes: N/A

**List of Attachments:**

1. N/A

**Suggested Committee Discussion Questions:**

1. N/A