

**TRI-CITY HEALTHCARE DISTRICT
AGENDA FOR A REGULAR MEETING
OF THE AUDIT, COMPLIANCE AND ETHICS COMMITTEE
September 20, 2018
8:30 a.m. – 10:00 a.m.
Assembly Rm. 1
Tri-City Medical Center, 4002 Vista Way, Oceanside, CA 92056**

<p>The Committee may make recommendations to the Board on any of the items listed below, unless the item is specifically labeled "Informational Only"</p>

	Agenda Item	Time Allotted	Action/ Recommendation	Requestor/ Presenter
1.	Call to order	2 min.		Chair
2.	Approval of Agenda	2 min.		Chair
3.	Public Comments – Announcement Comments may be made at this time by members of the public and Committee members on any item on the Agenda before the Committee's consideration of the item or on any matter within the jurisdiction of the Committee. NOTE: During the Committee's consideration of any Agenda item, members of the public also have the right to address the Committee at that time regarding that item.	1 min.		Standard
4.	Ratification of Minutes- July 26, 2018	3 min.	Action	Chair
5.	Old Business – None	--	--	--
6.	New Business – Discussion and Possible Action a) Fiscal 2018 Financial Statement Audit - Moss Adams	1 hour	Discussion/ Possible Action	CFO/Moss Adams
7.	Motion to go into Closed Session			
8.	Closed Session			
	a) Approval of Audit, Compliance & Ethics Closed Session Minutes of July 26, 2018 (Authority: Government Code Section 54957.2)	5 min.	Action	Chair
9.	Motion to go into open session			
10.	Open Session			
11.	Report from Chairperson on any action taken in Closed Session (Authority: Government Code, Section 54957.1).	1 min.		
12.	Committee Communications	5 min.		All
13.	Committee Openings – None	3 min.		Chair
14.	Date of Next Meeting: October 18, 2018	1 min.		Chair
15.	Adjournment			Chair
16.	Total Time Budgeted for Meeting	1.5 hour		

Tri-City Medical Center
Audit, Compliance & Ethics Committee
 July 26, 2018
 Assembly Room 1
 8:30 a.m-10:30 a. m.

Members Present:	Director Larry W. Schallock(Chair); Director James Dagostino; Director Julie Nygaard; Kathryn Fitzwilliam, Community Member; Leslie Schwartz, Community Member; Faith Devine, Community Member
Non-Voting Members:	Steve Dietlin (CEO); Scott Livingstone, COO; Ray Rivas, CFO; Carlos Cruz, CCO
Others Present:	Teri Donnellan, Executive Assistant; Kristy Larkin, Director of Compliance, Audit & Monitoring; Maria Carapia, Contract Analyst – Compliance Manager; Jane Dunmeyer, League of Women Voters; Stacy Steizriede, Engagement Partner (Moss Adams); Annie Norviel, Audit Senior Manager (Moss Adams)
Absent:	Cary Mells, M.D.; Physician Member; Susan Bond, General Counsel

	Discussion	Action Recommendations/ Conclusions	Person(s) Responsible
1. Call to Order	The meeting was called to order at 8:30 a.m. in Assembly Room 1 at Tri-City Medical Center by Chairman Schallock.		
2. Approval of Agenda	It was moved by Director Dagostino and seconded by Director Nygaard to approve the agenda as presented. The motion passed unanimously.	Agenda approved.	
3. Comments by members of the public and committee members on any item of interest to the public before Committee's consideration of the item	There were no public comments.		
4. Ratification of minutes – April 14, 2018	It was moved by Director Nygaard and seconded by Director Dagostino to approve the minutes of April 14, 2018, as presented. The motion passed unanimously.	Minutes ratified.	
5. Old Business	None		
6. New Business	Mr. Ray Rivas introduced Stacey Steizriede, Engagement Partner and Annie Norviel, Audit Senior Manager.	Information only.	

	Discussion	Action Recommendations/Conclusions	Person(s) Responsible
<p>a) Fiscal 2018 Financial Statement Audit Entrance – Moss Adams</p>	<p>Ms. Stelzriede stated the Moss Adams audit team for Tri-City consists of herself, Annie Norviel and Brian Conner, Concurring Reviewer and Matt Parsons, Audit Senior Manager (Single Audit).</p> <p>Ms. Stelzriede and Ms. Norviel presented information on the following:</p> <ul style="list-style-type: none"> ➤ Required Communications to those Charged with Governance ➤ Our Responsibility Under US Generally Accepted Auditing Standards and Government Auditing Standards ➤ Audit Process <ul style="list-style-type: none"> • Internal Controls • Analytical Procedures • Substantive Procedures ➤ What is Materiality? ➤ Significant Audit Areas <ul style="list-style-type: none"> • Patient Revenue/Receivables • Cost Report Settlements • Self-Insurance Liabilities • Line of Credit and Long-Term Debt (HUD Financing, covenant compliance and Single Audit) • MOB Legal Proceedings ➤ Consideration of Fraud ➤ Deliverables ➤ Audit TimeLine <p>Ms. Stelzriede explained the Auditor's role is to plan and perform the audit in accordance with generally accepted auditing standards and to design the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Ms. Stelzriede emphasized that the audit of the financial statements does not relieve the Board or management of their responsibilities.</p>		

	Discussion	Action Recommendations/ Conclusions	Person(s) Responsible
	<p>Ms. Norviel explained how the auditors will gather information to identify fraud-related risks of material misstatement and the procedures to be performed which will include but not be limited to testing and analyzing significant accounting estimates or biases.</p> <p>Ms. Norviel stated interim work on the Audit began in May where the first step was to test internal controls and make sure they are effective. Analytical procedures were also done in which they looked at historical data, ratios and Substantive Procedures. Ms. Norviel stated the audit team will be on site in August to go through the next steps of the audit.</p> <p>Ms. Stelzriede explained that Materiality is the amount of misstatement that could influence the economic decisions of users, taken on the basis of the consolidated statements. She stated the auditors do their own estimates and see if they agree with managements. Ms. Stelzriede also explained that auditors are required to design their audit to detect fraud. They also focus on security and access.</p> <p>Ms. Norviel explained the Deliverables which include an audit report on the financial statement of Tri-City Healthcare District as of and for the year ended June 30, 2018. With regard to the Single Audit (HUD) they will issue a GAGAS Report on Internal Control over Financial Reporting and on Compliance and Other Matters and a report on Compliance for each Major Program and Report on Internal Control over Compliance Required by Uniform Guidance.</p> <p>With regard to timing of the audit, Ms. Stelzriede stated she expects to present the audit results to the committee and the Board at their September meetings</p> <p>Ms. Stelzriede also provided an update of New Standards which included GASB 84 – Fiduciary Activities, GASB 85 – Omnibus 2017, GASB 86 – Certain Debt Extinguishment Issues, GASB 87 – Leases, GASB 88 – Certain disclosures</p>		

	Discussion	Action Recommendations/ Conclusions	Person(s) Responsible
	<p>Related to Debt, and proposed changes for the Data Collection Form that will be effective for 2019.</p> <p>Lastly, Ms. Stelzriede commented on the 2018 Health Care Conference entitled Disruption/Innovation/Transformation which is scheduled on November 15-16, 2018 and which is often attended by C-Suite Executive Teams and Board members to share industry knowledge, best practices and new ideas.</p> <p>Committee members asked questions of the auditors throughout the presentation.</p> <p><i>Ms. Stelzriede and Ms. Norviel left the meeting at 9:11a.m.</i></p>		
<p>b) Administrative Policies & Procedures:</p> <p>1) 8610-262 – Ethics in Provision of Services</p> <p>2) 8610-596 – Identity Theft (Red Flag Rules)</p>	<p>Mr. Carlos Cruz stated amendments to Policy 8610-262 were made for clarification. Committee members did not have any questions.</p> <p>Minor revisions were requested to Policy 8610-596 for clarification.</p> <p>It was moved by Director Dagostino to recommend approval of Policy 8610-262 as written and 8610-596 with amendments as described.</p>	<p>Recommendation to be sent to the Board of Directors to approve Policy 8610-262 – Ethics in Provision of Services and 8610-596; item to be placed on Board agenda and included in Board packet.</p> <p>Recommendation to be sent to the Board of Directors to approve Policy 8610-596 – Identity Theft (Red Flag Rules) following amendments as described.</p>	Ms. Donnellan
7. Motion to go into Closed Session	It was moved by Ms. Fitzwilliam and seconded by Director Dagostino to go into closed session a 9:12 a.m. The motion passed unanimously.		
11. Open Session	The committee returned to open session at 10:00 a.m. with attendance as previously noted.		

	Discussion	Action Recommendations/ Conclusions	Person(s) Responsible
12. Report from Chairperson on an any action taken in Closed Session (Authority: Government Code, Section 54957.1)	Chairperson Schallock reported no action was taken in closed session.		
13. Comments from Committee Members	There were no comments from members of the committee.		
14. Committee Openings	There are no committee openings.	None	
15. Date of Next Meeting	The Committee's next meeting is scheduled for September 20, 2018.		
16. Adjournment	Chairman Schallock adjourned the meeting at 10:01 a.m.		