

June 24, 2021

TO: Legal Counsel
News Media

Salinas Californian
El Sol
Monterey County Herald
Monterey County Weekly
KION-TV
KSBW-TV/ABC Central Coast
KSMS/Entravision-TV

The next regular meeting of the **CORPORATE COMPLIANCE AND AUDIT COMMITTEE - COMMITTEE OF THE WHOLE** of the Salinas Valley Memorial Healthcare System will be held **TUESDAY, JUNE 29, 2021, AT 5:00 P.M.**, in the **DOWNING RESOURCE CENTER, ROOMS A, B & C AT SALINAS VALLEY MEMORIAL HOSPITAL, 450 E. ROMIE LANE, SALINAS, CALIFORNIA, OR BY PHONE OR VIDEO (Visit svmh.com/virtualboardmeeting for Access Information).**

Please note: Pursuant to Executive Order N-25-20 issued by the Governor of the State of California in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.



Pete Delgado
President/Chief Executive Officer

Committee Members: Juan Cabrera – Chair; Joel Hernandez Laguna – Vice Chair; Pete Delgado – President/Chief Executive Officer; Augustine Lopez – Chief Financial Officer; Mike Nolan – Community Member; and Sanjeev Tandon – Community Member

**CORPORATE COMPLIANCE AND AUDIT COMMITTEE MEETING
JUNE 2021 - COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**TUESDAY, JUNE 29, 2021
5:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C
SALINAS VALLEY MEMORIAL HOSPITAL
450 E. ROMIE LANE, SALINAS, CALIFORNIA
OR BY PHONE OR VIDEO
(Visit svmh.com/virtualboardmeeting for Access Information)**

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AGENDA

1. Approval of Minutes from the Corporate Compliance and Audit Committee Meeting of March 23, 2021 (DELGADO)
 - Motion/Second
 - Action by Committee
2. Compliance Officer Report (LOPEZ / JAENICKE)
3. Public Input

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on issues or concerns within the jurisdiction of this District Board which are not otherwise covered under an item on this agenda.
4. Closed Session

(See Attached Closed Session Sheet information)
5. Reconvene Open Session/Report on Closed Session
6. Adjournment – The Corporate Compliance and Audit Committee meets quarterly. The next meeting is scheduled for **Tuesday, September 21, 2021, at 5:00 p.m.**

Notes: This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Executive Assistant during regular business hours at 831-755-0741. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

The Committee packet is available at the Committee Meeting, at www.svmh.com, and in the Human Resources Department of the District. All items appearing on the agenda are subject to action by the Committee. Staff and Committee recommendations are subject to change by the Board.

**SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM
CORPORATE COMPLIANCE AND AUDIT COMMITTEE MEETING OF THE
BOARD OF DIRECTORS – COMMITTEE OF THE WHOLE**

AGENDA FOR CLOSED SESSION

Pursuant to California Government Code Section 54954.2 and 54954.5, the board agenda may describe closed session agenda items as provided below. No legislative body or elected official shall be in violation of Section 54954.2 or 54956 if the closed session items are described in substantial compliance with Section 54954.5 of the Government Code.

CLOSED SESSION AGENDA ITEMS

- [] **LICENSE/PERMIT DETERMINATION**
(Government Code §54956.7)

Applicant(s): (Specify number of applicants) _____

- [] **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
(Government Code §54956.8)

Property: (Specify street address, or if no street address, the parcel number or other unique reference, of the real property under negotiation): _____

Agency negotiator: (Specify names of negotiators attending the closed session): _____

Negotiating parties: (Specify name of party (not agent): _____

Under negotiation: (Specify whether instruction to negotiator will concern price, terms of payment, or both): _____

- [X] **CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION**
(Government Code §54956.9(d)(1))

Name of case: (Specify by reference to claimant's name, names of parties, case or claim numbers):
_____ V. Colvin vs. Salinas Valley Memorial Hospital _____, or

Case name unspecified: (Specify whether disclosure would jeopardize service of process or existing settlement negotiations): _____

- [] **CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION**
(Government Code §54956.9)

Significant exposure to litigation pursuant to Section 54956.9(d)(2) or (3) (Number of potential cases): _____

Additional information required pursuant to Section 54956.9(e): _____

Initiation of litigation pursuant to Section 54956.9(d)(4) (Number of potential cases): _____

[] **LIABILITY CLAIMS**
(Government Code §54956.95)

Claimant: (Specify name unless unspecified pursuant to Section 54961): _____

Agency claimed against: (Specify name): _____

[] **THREAT TO PUBLIC SERVICES OR FACILITIES**
(Government Code §54957)

Consultation with: (Specify name of law enforcement agency and title of officer): _____

[] **PUBLIC EMPLOYEE APPOINTMENT**
(Government Code §54957)

Title: (Specify description of position to be filled): _____

[] **PUBLIC EMPLOYMENT**
(Government Code §54957)

Title: (Specify description of position to be filled): _____

[] **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
(Government Code §54957)

Title: (Specify position title of employee being reviewed): _____

[] **PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**
(Government Code §54957)

(No additional information is required in connection with a closed session to consider discipline, dismissal, or release of a public employee. Discipline includes potential reduction of compensation.)

[] **CONFERENCE WITH LABOR NEGOTIATOR**
(Government Code §54957.6)

Agency designated representative: (Specify name of designated representatives attending the closed session): _____

Employee organization: (Specify name of organization representing employee or employees in question): _____, or

Unrepresented employee: (Specify position title of unrepresented employee who is the subject of the negotiations): _____

[] **CASE REVIEW/PLANNING**
(Government Code §54957.8)

(No additional information is required to consider case review or planning.)

[] **REPORT INVOLVING TRADE SECRET**
(Government Code §37606 & Health and Safety Code § 32106)

Discussion will concern: (Specify whether discussion will concern proposed new service, program, or facility):

Estimated date of public disclosure: (Specify month and year): _____

[X] **HEARINGS/REPORTS**
(Government Code §37624.3 & Health and Safety Code §§1461, 32155)

Subject matter: (Specify reports concerning medical staff privileges, medical audit report, hospital internal audit report, or quality/safety/assurance report):

- 1. Privacy Audit Results
- 2. Systems Security Awareness

[] **CHARGE OR COMPLAINT INVOLVING INFORMATION PROTECTED BY FEDERAL LAW** (Government Code §54956.86)

(No additional information is required to discuss a charge or complaint pursuant to Section 54956.86.)

ADJOURN TO OPEN SESSION

**MINUTES OF THE MARCH 2021 CORPORATE COMPLIANCE
AND AUDIT COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

TUESDAY, MARCH 23, 2021

**5:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C
SALINAS VALLEY MEMORIAL HOSPITAL
450 E. ROMIE LANE, SALINAS, CALIFORNIA
OR BY PHONE OR VIDEO**

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Committee Members Present: Juan Cabrera, Chair; Joel Hernandez Laguna, Vice Chair; Augustine Lopez, Sanjeev Tandon, Mike Nolan by teleconference; Pete Delgado in person.

Other Board Members Present, Constituting Committee of the Whole: Richard Turner, constituting Committee of the Whole.

Also Present: Adrienne Laurent, Renée Jaenicke, Alan Edwards, Derek Ames, and Karen Schroeder in person; Shereen Martin, Audrey Parks, Scott Cleveland, Jim Garrett, Micheal Curatolo, and David Finn by teleconference.

A quorum was present and the meeting was called to order at 5:04 p.m. by Juan Cabrera, Committee Chair.

**APPROVAL OF MINUTES FROM THE CORPORATE COMPLIANCE AND AUDIT
COMMITTEE MEETING OF NOVEMBER 18, 2020**

Pete Delgado, President/Chief Executive Officer, recommended the Corporate Compliance and Audit Committee approve the minutes of the Corporate Compliance and Audit Committee Meeting of November 18, 2020. This information was included in the Committee packet.

No Public Input.

MOTION: The Corporate Compliance and Audit Committee approves the minutes of the Corporate Compliance and Audit Committee Meeting of November 18, 2020, as presented. Moved/Seconded/Motion Carried. Ayes: Cabrera, Hernandez Laguna, Delgado, Lopez, Nolan, Tandon; Noes: None; Abstentions: None; Absent: None; Motion Carried.

COMPLIANCE OFFICER REPORT

Renée Jaenicke, Director of Internal Audit and Compliance, provided a comprehensive Compliance Officer Report, Scott Cleveland, Controller, provided commentary regarding the updated ACH Policy and Procedure; and Shereen Martin, Director of Health Information Management/Privacy Officer, provided commentary on the Privacy Mock Audit. This information was included in the Committee packet. The following topics were reviewed and discussed:

- Education – Conflict of Interest
- Compliance and Audit Dashboard
 - Action plans completed and average rating
 - Staff education completed
 - Press Ganey ethics score which has seen continued improvement
 - Statement of Economic Interest completed timely
 - Review of exclusions checks
 - AB 1234 Training completed timely
 - Median days to close Hotline issues
- Update on Compliance Efforts
 - Electronic Funds Transfer (ACH) Review
 - Privacy Mock Audit –updated policies and procedures will be brought to the Board for approval in March.
 - The SVMHS Conflict of Interest Code approved by the Board in September 2020, was approved by the Monterey County Board of Supervisors on October 27, 2020.
- Update on FEMA Funds
 - A cross functional team has been assembled to review FEMA requirements and application process for COVID expenditures.

The Committee commended the outstanding efforts of Augustine Lopez, Chief Financial Officer; Renée Jaenicke, Director of Internal Audit and Compliance; and the FEMA team.

PUBLIC INPUT

None.

CLOSED SESSION

Juan Cabrera, Committee Chair, reported that the item to be discussed in Closed Session is: Hearings/Reports – Systems Security Update. The meeting was adjourned into Closed Session under the Closed Session protocol at 5:37 p.m.

RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION

The Committee reconvened Open Session at 6:07 p.m. Mr. Cabrera announced that in Closed Session, Hearings/Reports – Systems Security Update, was discussed. No action was taken in the Closed Session.

ADJOURNMENT

There being no other business, the meeting was adjourned at 6:08 p.m. The Corporate Compliance and Audit Committee meets quarterly. The next meeting is scheduled for Tuesday, June 22, 2021, at 5:00 p.m.

Juan Cabrera, Chair
Corporate Compliance and Audit Committee

/ks



Corporate Compliance and Audit Committee
June 29, 2021



Topics

- Education
- Update on Compliance Efforts
 - Self-Assessments
 - Follow-Up Status
- Update on FEMA and Stimulus Audits
- Impact of COVID-19 on Compliance/Audit Work
- Questions/Comments

Compliance and Ethics

Resolving Ethical Dilemmas

According to an article promoted by the Society of Corporate Compliance and Ethics, we can use three steps to resolve an ethical dilemma:

1. **Analyze consequences.** Who will be helped by what you do? Who will be harmed? What kinds of benefits and harms are we talking about and which are more valuable? How does this look over the long run as well as the short run?
2. **Analyze actions.** Consider all of the options from a different perspective, without thinking about the consequences. How do the actions measure up against moral principles (e.g., honesty, fairness, equality, respecting the dignity of others, etc.)? Do any of the actions you observed or are considering “cross the line”? (This line is different for everyone.)
3. **Make a decision.** Take both parts of your analysis into account and make a decision.

Still have questions?
Anonymous reporting and questions answered at:
<http://www.ethicspoint.com>

888-274-8231 – Ethics Point

Types of Assurance

Topic	Risk-Based Audit	Self-Assessment
Who performs	Audit/Compliance	Process Owner based on questions from Audit/Compliance
Based on	Board-approved risk-based audit plan	Board approved risk-based audit plan <u>or</u> request by leader
Objectives and scope	Determined by risk and agreed upon by process owner	Defined by process owner
Process	Questions, walkthrough, document review, data analysis	Questions and answers, some document analysis
Opinion	Opinion expressed about processes and controls	No opinion
Recommendations	Recommendations and action plans made	Recommendations made Action plans if high risk area identified
Follow-up	Formal follow-up by due date	Informal follow-up unless high risk area identified

Supply Inventory Self-Assessment

- **Objective: Educate leaders on control points and recommend improvements.**
- **Scope: Materials Management Central Supply**
- **Areas Reviewed:**
 - Segregation of duties
 - Physical security
 - Inventory counts
 - Expired inventory
 - Consigned inventory
- **10 strong controls identified**
- **7 recommendations to strengthen controls**
- **Materials Management Director comments**



Memorandum

DATE: April 30, 2021

TO: Judi Melton, Director of Materials Management
Kyle Dixon, Materials Management Manager

CC: Augustine Lopez, Chief Financial Officer

FROM: Renée W. Jaenicke, Director of Internal Audit & Compliance

RE: Supply Inventory Self-Assessment

Other Self-Assessments Underway

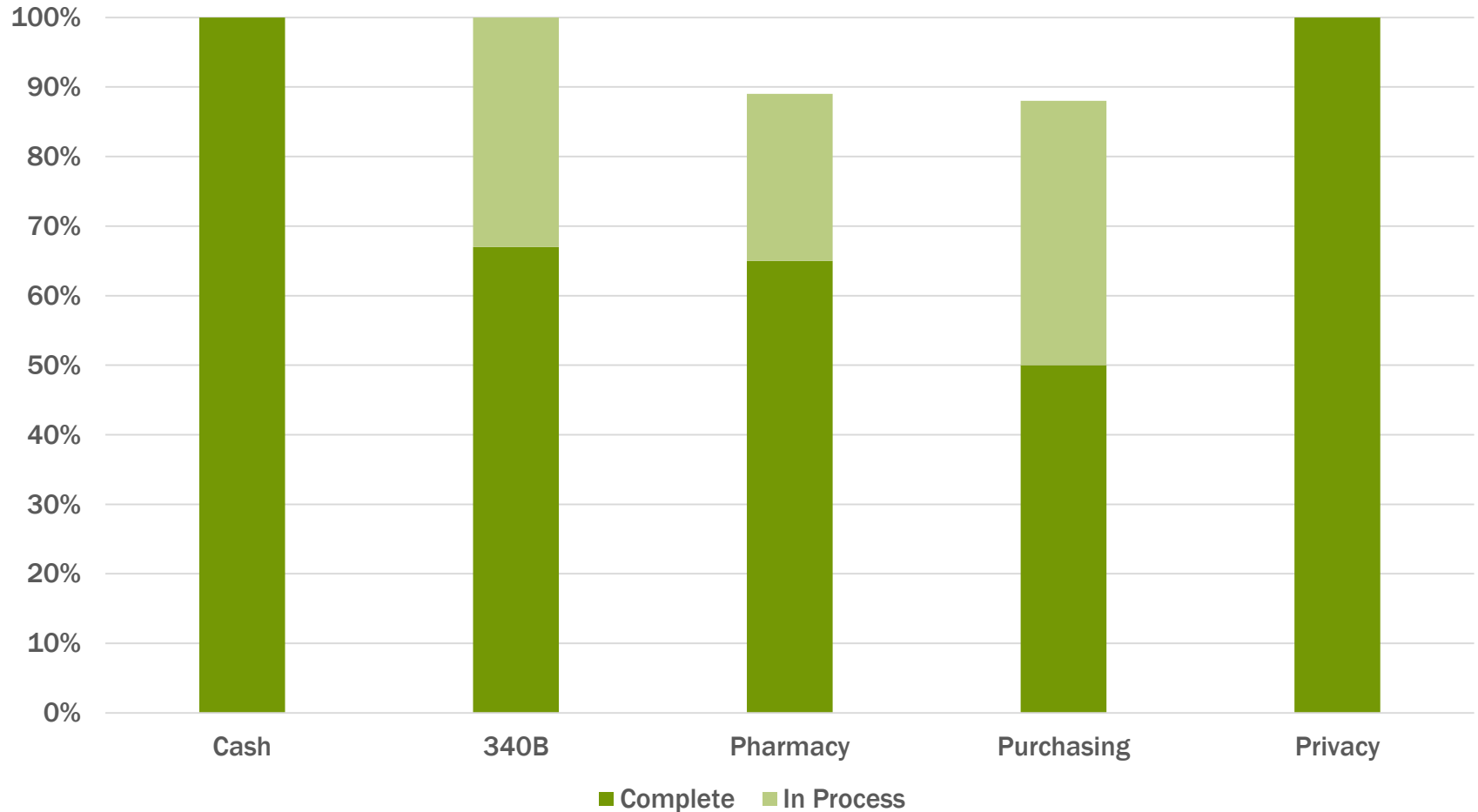
- In Process
 - Fixed Assets

Segregation of Duties:

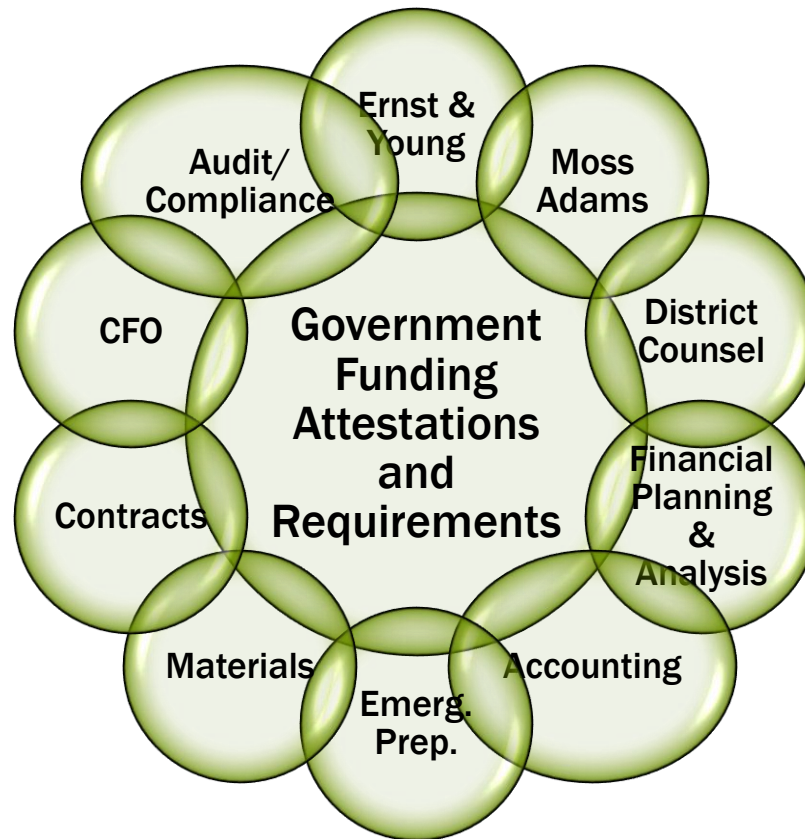
Please enter the name and title of the individuals in the shaded fields below. If N/A, please an "X" in the "N/A" cell. Note: These duties start with receipt of the fixed asset. Materials management responsibilities related to POR and PO were evaluated separately during the Purchasing Audit.

Activity	Custody	Approval	Record	Reconcile	N/A
Receive asset	Department or Materials Management				
Assign and record asset tag			Materials Management and Biomed assigns Accounting records		
Update fixed asset sub-ledger			Accounting through Meditech		

Action Plans Complete by Due Date



FEMA: Cross Functional Team



FEMA Application Process

Develop

- Set up process for capturing information.
- Run report and *review for data integrity*.
- Document contractual requirements.
- Document exclusions checking requirements.

Document

- Provide basic documents that apply to the application.
- *Review to ensure documentation supports claim.*
- *Review to ensure only reimbursable items*
- *Categorize expenses into FEMA-required elements*

Memos and Application

- Prepare, update, and sign memos describing our process for capturing and reviewing items submitted.
- Prepare, update, and sign representation memo.
- *Upload* and submit application in Grants Portal



FEMA Application Process

FEMA Review

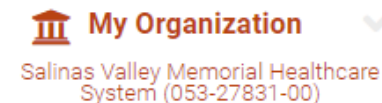
- FEMA and California Office of Emergency Services (Cal OES) review to ensure various requirements met.

Respond to RFI's

- FEMA and/or Cal OES submit Requests for Information (RFI's).
- We respond.

Funds Obligated

- FEMA approves funding and sends 90% of approved amount to Cal OES.
- Cal OES sends us 90%
- Receive other 10% at end of pandemic.



FEMA Claim Reimbursement Requests and Requests for Information (RFI's)

	(1)	(2)	(3)	(4)	(5)
	Projects	Time Period	Submission Date Estimate	Estimated ¹ Claim Submission (\$000)	# RFI's
(A)	Purchased PPE	March - June 2020	3/23/2021	\$2,742	3
(B)	Labor and Benefits	March - June 2020	3/23/2021	\$2,089	3
(C)	Purchased Materials and Contracted Services	March - June 2020	4/15/2021	\$789	3
(D)	Purchased PPE	July 2020 - December 2020	Est. 7/31/2021	\$2,029	TBD
(E)	Labor and Benefits	July 2020 - December 2020	Est. 7/31/2021	\$3,181	TBD
(F)	Purchased Materials and Contracted Services	July 2020 - December 2020	Est. 7/31/2021	\$1,569	TBD
(G)	All projects through end of pandemic	January 2021- TBD	End of Pandemic	TBD	TBD
(H)	Capital	End of Project	End of Pandemic	\$231	TBD
(I)	Vaccine Related Costs	Immaterial and not cost effective			
(J)	Close-Out of Projects with FEMA	TBD	End of Pandemic	TBD	TBD
	TOTALS			\$12,630	9

¹ Estimates are rough, based on what has been submitted to date. Submission may not = reimbursement.

Stimulus Funds – Audits Required

Distribution	Requirement	Patient Accounts
Provider Relief Funds	We will not seek to collect from patient the out of pocket expenses in an amount greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network recipient.	Reviewed accounts through May 2021.
HRSA	We will not seek to collect from patients who are uninsured.	Reviewed at least 10 accounts per month through May 2021.



Document/Page	Requirement	How to Audit
Treatment/1 Testing/2	The Recipient certifies that it is not currently terminated from participation in Medicare or precluded from receiving payment through Medicare Advantage or Part D; is not currently excluded from participation in Medicare, Medicaid, and other Federal healthcare programs; and does not currently have Medicare billing privileges revoked.	1. Do a search on the OIG's List of Excluded Individuals and Entities and save that screen print.
Treatment/1 Testing/2	The Recipient certifies that the dates of service occurred on February 4, 2020, or later.	2. Check for claims submitted to ensure dates of service are 2/4/2020 or later.
Treatment/1	The Recipient also certifies that to the best of its knowledge, the patients identified on the claim form were Uninsured Individuals at the time the services were provided.	3. Reviewed all 166 accounts sent to HRSA through 6/2/2020. Reviewing 10 to 15 accounts monthly thereafter.
Treatment/2	The Recipient also certifies that to the best of its knowledge, the patients identified on the claim form were FFCRA Uninsured Individuals at the time the services were provided.	

Impact of COVID-19 to Audit/Compliance Work

Category	% Planned	% Resulting from COVID-19 Impact ⁴	Comments
Audit Plan	31%	16%	Most on hold during last year Self-assessments used in lieu of audits
Monitoring ¹	14%	6%	
Continuing Requirements ²	12%	3%	Efficiencies and delegation
Follow-Up	8%	2%	Reduced during pandemic Increasing now
Non-Productive ³	35%	22%	Reduced during pandemic
Stimulus and FEMA	0%	51%	New category

¹ Exclusions checking, Board/CEO Packet review, other areas requested

² Includes 700 forms, AB 1234 (Ethics Training), and Promoting Interoperability

³ Includes PTO, audit plan development, policies, training, professional association, required committees.

⁴ FY 2021



Questions/Comments

PUBLIC INPUT

CLOSED SESSION

*(Report on Items to be
Discussed in Closed Session)*

*RECONVENE OPEN SESSION/
REPORT ON CLOSED SESSION*

*ADJOURNMENT – THE CORPORATE
COMPLIANCE AND AUDIT
COMMITTEE MEETS QUARTERLY. THE
NEXT MEETING IS SCHEDULED FOR
TUESDAY, SEPTEMBER 21, 2021,
AT 5:00 P.M.*