



September 11, 2024

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 OF THE WHOLE** of **SALINAS VALLEY HEALTH¹** will be held **WEDNESDAY, SEPTEMBER 18, 2024, AT 4:30 P.M., DOWNING RESOURCE CENTER, ROOMS, A, B, & C, SALINAS VALLEY HEALTH MEDICAL CENTER, 450 E. ROMIE LANE, SALINAS, CALIFORNIA.** (*Visit [SalinasValleyHealth.com/virtualboardmeeting](https://www.SalinasValleyHealth.com/virtualboardmeeting) for Public Access Information.*)

A handwritten signature in black ink, appearing to read "Allen Radner".

Allen Radner, MD
President/Chief Executive Officer

¹ Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

Committee Voting Members: **Juan Cabrera**, Chair; **Catherine Carson**, Vice Chair; **Allen Radner, MD**, President/CEO; **Gary Ray**, Chief Legal Officer, and **Rakesh Singh, MD**, Medical Staff Member.

Advisory Non-Voting Members: Mike Nolan, Community Member, Sanjeev Tandon, Community Member, Administrative Executive Team.

**CORPORATE COMPLIANCE AND AUDIT COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY HEALTH¹**

**WEDNESDAY, SEPTEMBER 18, 2024, 4:30 P.M.
DOWNING RESOURCE CENTER, ROOMS A, B & C**

**Salinas Valley Health Medical Center
450 E. Romie Lane, Salinas, California**

(Visit [SalinasValleyHealth.com/virtualboardmeeting](https://www.SalinasValleyHealth.com/virtualboardmeeting) for Public Access Information)

AGENDA

1. Call to Order / Roll Call

2. Public Comment

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.

3. Approval of Minutes from the Corporate Compliance and Audit Committee Meeting of December 12, 2023. (CABRERA)

- Motion/Second
- Public Comment
- Action by Committee

4. Compliance Program Report (RAY/JAMES)

5. Closed Session

6. Reconvene Open Session/Report on Closed Session

7. Adjournment

The Corporate Compliance and Audit Committee meets quarterly. The next meeting is scheduled for **Wednesday, December 11, 2024 at 4:30 p.m.**

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.

The Committee packet is available at the Committee Meeting, at <https://www.salinasvalleyhealth.com/about-us/healthcare-district-information-reports/board-of-directors/meeting-agendas-packets/2024/>, and in the Human Resources Department of the District located at 611 Abbott Street, 2nd Floor, Salinas, California, 93901. All items appearing on the agenda are subject to action by the Committee.

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 Board Clerk during regular business hours at 831-759-3050. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

**CORPORATE COMPLIANCE AND AUDIT COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY HEALTH¹**

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

HEARINGS/REPORTS

(Government Code §37624.3 & Health and Safety Code §§1461, 32155)

Subject matter: (Specify whether testimony/deliberation will concern staff privileges, report of medical audit committee, or report of quality assurance committee):

1. Quality Assurance Report

ADJOURN TO OPEN SESSION

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

CALL TO ORDER
ROLL CALL

(Chair to call the meeting to order)

PUBLIC COMMENT

SALINAS VALLEY HEALTH¹
CORPORATE COMPLIANCE AND AUDIT COMMITTEE
COMMITTEE OF THE WHOLE
MEETING MINUTES DECEMBER 12, 2023

Committee Members Present

In-person: Chair Juan Cabrera, Allen Radner, MD, Augustine Lopez, and Mike Nolan;

Via Teleconference: Mike Nolan and Sanjeev Tandon;

Committee Members Absent: Vice-Chair Catherine Carson;

Other Board Members Present, Constituting Committee of the Whole: Director Victor Rey (via teleconference).

Victor Rey joined at 5:10 p.m.

1. CALL TO ORDER/ROLL CALL

A quorum was present and Chair Cabrera called the meeting to order at 5:02 p.m. in the Downing Resource Center Conference Rooms CEO Conference Room 117.

2. APPROVAL OF THE MINUTES OF THE CORPORATE COMPLIANCE AND AUDIT MEETING OF SEPTEMBER 26, 2023

Approve the minutes of the Corporate Compliance and Audit Committee for the September 26, 2023 meeting, as presented. The information was included in the Committee packet.

PUBLIC COMMENT:

None.

MOTION:

Upon motion by Committee member Lopez, and second by Committee member Nolan, the September 26, 2023 minutes of the Corporate Compliance and Audit Committee were approved, as presented.

ROLL CALL VOTE:

Ayes: Chair Cabrera, Lopez, Nolan, and Tandon;

Noes: None;

Abstentions: Dr. Radner;

Absent: Vice-Chair Carson

Motion Carried.

3. CONSIDER RECOMMENDATION FOR BOARD OF DIRECTORS APPROVAL OF THE YEARS ENDED JUNE 30, 2023 AND 2022 DRAFT AUDITED FINANCIAL STATEMENTS FOR SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM. CONSIDER RECOMMENDATION FOR BOARD OF DIRECTORS APPROVAL OF THE YEAR ENDED JUNE 30, 2023 DRAFT SINGLE AUDIT REPORT FOR SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM.

Augustine Lopez, CFO, Scott Cleveland, and Chris Pritchard and Kimberly Sokoloff of Moss Adams, provided a comprehensive overview of the audited financial statements. This information was included in the Committee packet. Moss Adams issued an unmodified opinion that the consolidated financial statements are presented fairly and in accordance with U.S. generally accepted accounting principles. (US GAAP).

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

The presentation included an overview of the following:

- Scope of Services
- Auditor Opinion and Report of Independent Auditors and Consolidated Financial Statements with Supplementary Information for Salinas Valley Memorial Healthcare System for years ended June 30, 2023 and 2022
- Significant Risks/Trends
- Matters to be Communicated to the Governing Body
- Consolidated Statements of Net Position
- Consolidated Operations
- Other Information including unrestricted cash and investments, days in accounts receivable, operating margin, and operating margin index
- Notes to Consolidated Financial Statements
- Supplementary Information on Consolidating Statement of Net Position, June 30, 2023
- Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Communications with the Board of Directors
- GASB Accounting Updates

PUBLIC COMMENT:

None.

BOARD MEMBER DISCUSSION: Details of the draft report were clarified.

MOTION:

Upon motion by Committee member Lopez, and second by Committee member Dr. Radner, consider recommendation for Board of Directors approval of the years ended June 30, 2023 and 2022 draft audited financial statements for Salinas Valley Memorial Healthcare System. Consider recommendation for Board of Directors approval of the year ended June 30, 2023 draft single audit report for Salinas Valley Memorial Healthcare System.

ROLL CALL VOTE:

Ayes: Chair Cabrera, Dr. Radner, Lopez, Nolan, and Tandon;

Noes: None;

Abstentions: None;

Absent: Vice-Chair Carson

Motion Carried.

4. CONSIDER RECOMMENDATION FOR BOARD OF DIRECTORS APPROVAL OF THE YEARS ENDED DECEMBER 31, 2022 AND 2021 DRAFT AUDITED FINANCIAL STATEMENTS FOR THE SALINAS VALLEY MEMORIAL HEALTHCARE DISTRICT EMPLOYEE'S PENSION PLAN.

Augustine Lopez, CFO, Scott Cleveland and Kory Hoggan of Moss Adams provided a comprehensive overview of the audited financial statements. This information was included in the Committee packet.

Kory Hoggan of Moss Adams stated that Moss Adams issued an unmodified opinion of the financial statements of Salinas Valley Memorial Healthcare District Employees' Pension Plan for year ended December 31, 2018, and are presented fairly in accordance with accounting principles generally accepted in the United States of America. Key areas reviewed by Mr. Hoggan were:

- Pension Financial Highlights
- Significant Audit Areas
- Required Communications

PUBLIC COMMENT:

None.

BOARD MEMBER DISCUSSION: Details of the draft report were clarified.

MOTION: Upon motion by Committee member Lopez, and second by Committee member Dr. Radner, the Corporate Compliance and Audit Committee recommends the Board of Directors accept the Draft Report of Independent Auditors and approve the Draft Audited Financial Statements for Salinas Valley Memorial Healthcare District Employees' Pension Plan for years ended December 31, 2022 and 2021, as presented.

ROLL CALL VOTE:

Ayes: Chair Cabrera, Dr. Radner, Lopez, Nolan, and Tandon;

Noes: None;

Abstentions: None;

Absent: Vice-Chair Carson

Motion Carried.

5. PUBIC COMMENT

None.

6. CLOSED SESSION

Chair Juan Cabrera announced that the items to be discussed in Closed Session as listed on the posted Agenda are *(1) Reports Involving Trade Secret: Trade secret, strategic planning/proposed new programs and services, and (2) Hearings and Reports*. The meeting recessed into Closed Session under the Closed Session protocol at 6:14 p.m.

7. RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION

The Committee reconvened Open Session at 6:58 p.m. Chair Cabrera reported that in Closed Session the Committee discussed *(1) Reports Involving Trade Secret: Trade secret, strategic planning/proposed new programs and services, and (2) Hearings and Reports* as listed on the agenda. No action was taken.

ADJOURNMENT

There being no other business, the meeting was adjourned at 7:00 p.m. The Corporate Compliance and Audit Committee Meets quarterly and the next meeting is scheduled for March 2024.

Juan Cabrera, Chair
Corporate Compliance & Audit Committee

Compliance Program Update

Corporate Compliance and Audit Committee



New Position, New Structure

Effective September 2, 2024

Combine these roles, previously under Augustine Lopez, Chief Financial Officer:

- Contract Administrator
- Director of Internal Audit & Compliance

Into this role, now under Gary Ray, Chief Legal Officer:

- Director of Contracting & Compliance

Streamlines expertise and captures efficiencies, as all three functions are intimately linked.

Compliance Program

Director of Contracting & Compliance and Chief Legal Officer will be collaborating in the coming months to identify Compliance program status & goals through the lens of the seven elements necessary for effective compliance:

1. Implement written policies, procedures, and standards of conduct
2. Designate a compliance officer and a compliance committee.
3. Conduct effective training and education.
4. Develop effective lines of communication.
5. Conduct internal monitoring and auditing.
6. Enforce standards through well-publicized disciplinary guidelines.
7. Respond promptly to detected offenses and undertake corrective action.

Upcoming Internal Audit Activity

- Q3/Q4 CY 2024: Annual Internal Mock Audit of 340B Program Activity
Partnering with 340B consultant: SpendMend
- Annual Financial Audit for FY2024: Independent Auditor Moss Adams
- Other Internal Audits as planned in consultation with Executive Team based on risk assessment, and with guidance from the Chief Legal Officer

Controlled Substance Oversight Committee

- ❖ Relunched August 30, 2024
- ❖ Subcommittee of the Pharmacy & Therapeutics/Infection Prevention Committee
- ❖ Advisory group for the implementation and ongoing development of a drug diversion prevention, detection and response program
- ❖ Line of communication between the Drug Diversion Response Team (DDRT), executive leadership
- ❖ Program structure, development, and policy recommendation body

Controlled Substance Oversight Committee

Next meeting in October 2024

One committee focus: Draft of the proposed Controlled Substance and Drug Diversion Management Policy.

A copy of this policy will be presented to the Board of Directors for review and approval, as would be the case for any new or modified policy document.

Biennial Conflict of Interest Code Update – Form 700

The **Political Reform Act** requires every local government agency and special district to review its Conflict of Interest Code biennially.

The **2024 Biennial Notice** form must be returned to the Clerk of the Board of Supervisors by **October 1, 2024**. If amending the code is necessary, the amended code must be submitted to the Board of Supervisors for review within 90 days after the date the agency files the Biennial Notice with the Clerk of the Board of Supervisors.

Biennial Conflict of Interest Code Update – Form 700

Salinas Valley Health intends to amend our code this cycle to revise the various titles that have evolved since last revision cycle and add/remove various required filer titles as appropriate.

The Board of Directors will need to review & vote to approve the revised COI in open session prior to submission to the Clerk of the Board. Anticipate receiving a copy for reviewing in the next 90 days.

CLOSED SESSION

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

*RECONVENE OPEN SESSION/
REPORT ON CLOSED SESSION*

ADJOURNMENT