



**SONOMA VALLEY HEALTH CARE DISTRICT
AUDIT COMMITTEE
REGULAR MEETING AGENDA
Tuesday, June 3, 2014
5:00 p.m.**

**Location: Schantz Conference Room
Sonoma Valley Hospital – 347 Andrieux Street, Sonoma CA 95476**

AGENDA ITEM	RECOMMENDATION	
MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
1. CALL TO ORDER/ANNOUNCEMENTS	Nevins	Inform
2. PUBLIC COMMENT SECTION <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration. At all times please use the microphone.</i>		
3. CONSENT CALENDAR <ul style="list-style-type: none"> • AC Minutes from 10.15.13 	Nevins	Action
4. SVHCD 2014 AUDIT PLANNING	Moss Adams LLP	Inform/Action
5. ADJOURN	Nevins	

3.

CONSENT CALENDAR



**SONOMA VALLEY HEALTH CARE DISTRICT
AUDIT COMMITTEE
MEETING MINUTES
TUESDAY, October 15, 2013
Basement Conference Room**

Audit Committee Members	Board, Staff, Other	Moss Adams LLP
Bill Boerum Rick Reid Dennis Ciocca Dick Fogg James Hagood Kelly Mather	Mary Smith, Finance Committee Jane Hirsch, Board of Directors Gigi Betta, Board Clerk	Rianne Suico, Moss Adams Ben Mack, Moss Adams

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
MISSION AND VISION STATEMENTS	<i>The mission of the SVHCD is to maintain, improve and restore the health of everyone in our community. The vision of the SVHCD is that SVH will be a nationally recognized, compassionate place of healing known for excellence in clinical quality. We serve as the guide and indispensable link in our community members' health care journey.</i>		
1. CALL TO ORDER	<i>Boerum</i>	Inform	
	6:04 PM Mr. Boerum confirmed a quorum, announced that Ms Nevins is excused from attendance, welcomed Mr. Ciocca to the Committee and thanked Ms Hirsch and Ms Smith for their participation.		
2. PUBLIC COMMENT SECTION	<i>Boerum</i>		
	No public comment.		
3. CONSENT CALENDAR	<i>Boerum</i>	Action	
AC Meeting Minutes 5.28.13		MOTION to approve Minutes by Fogg and 2 nd by Hagood . All in favor.	
4. PRESENTATION OF 2012-13	<i>Moss Adams</i>	Inform/Action	

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW -UP
AUDITED FINANCIALS			
	<p>Ben Mack and Rianne Suico gave the Report of Independent Auditors. Specific questions on the Consolidated Financials, Communications with Board and Communication of Internal Control Related Matters were taken after the presentation.</p> <p>Following the Moss Adams presentation, Mr. Boerum led the Committee through the consolidated financial reports page by page. He and other Committee members asked for clarifications and suggested several edits, changes and additions to the Moss Adams reports.</p>		
5. ADJOURN	<i>Boerum</i>		
	8:00 PM		

4.

2014 AUDIT PLANNING



Sonoma Valley Health Care District

**Audit Committee
2014 Audit Planning**

June 3, 2014

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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AGENDA

- Your service team
- Independence and service considerations
- Audit emphasis
- Risks discussion
- Consideration of fraud
- Audit timeline
- Audit deliverables
- Expectations
- Accounting and auditing updates

SERVICE TEAM

Name	Role	Contact
Ben Mack	Engagement Reviewer	Ben.Mack@mossadams.com 415-677-8261
Brian Conner	Concurring Reviewer	Brian.Conner@mossadams.com 209-955-6114
Monica Li	In-Charge Senior	Monica.Li@mossadams.com 415-677-8227

INDEPENDENCE AND SERVICE CONSIDERATIONS

Relationships between Moss Adams and Sonoma Valley Health Care District:

- Annual financial statement audit for the year ended June 30, 2014
- Assist management with drafting the financial statements and related footnotes for the year ended June 30, 2014
- Mid-Year review of AR as of December 31, 2013

2014 HOSPITAL AUDIT EMPHASIS

- Accounts receivable and net patient service revenue valuation
- Self-insurance reserves
- Third-party settlements

RISKS DISCUSSION

What are your views regarding:

- Entity's objectives, strategies, and business risks that may result in material misstatements
- Significant communications with regulators
- Attitudes, awareness, and actions concerning
 - Entity'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

Do you have any areas of concern?

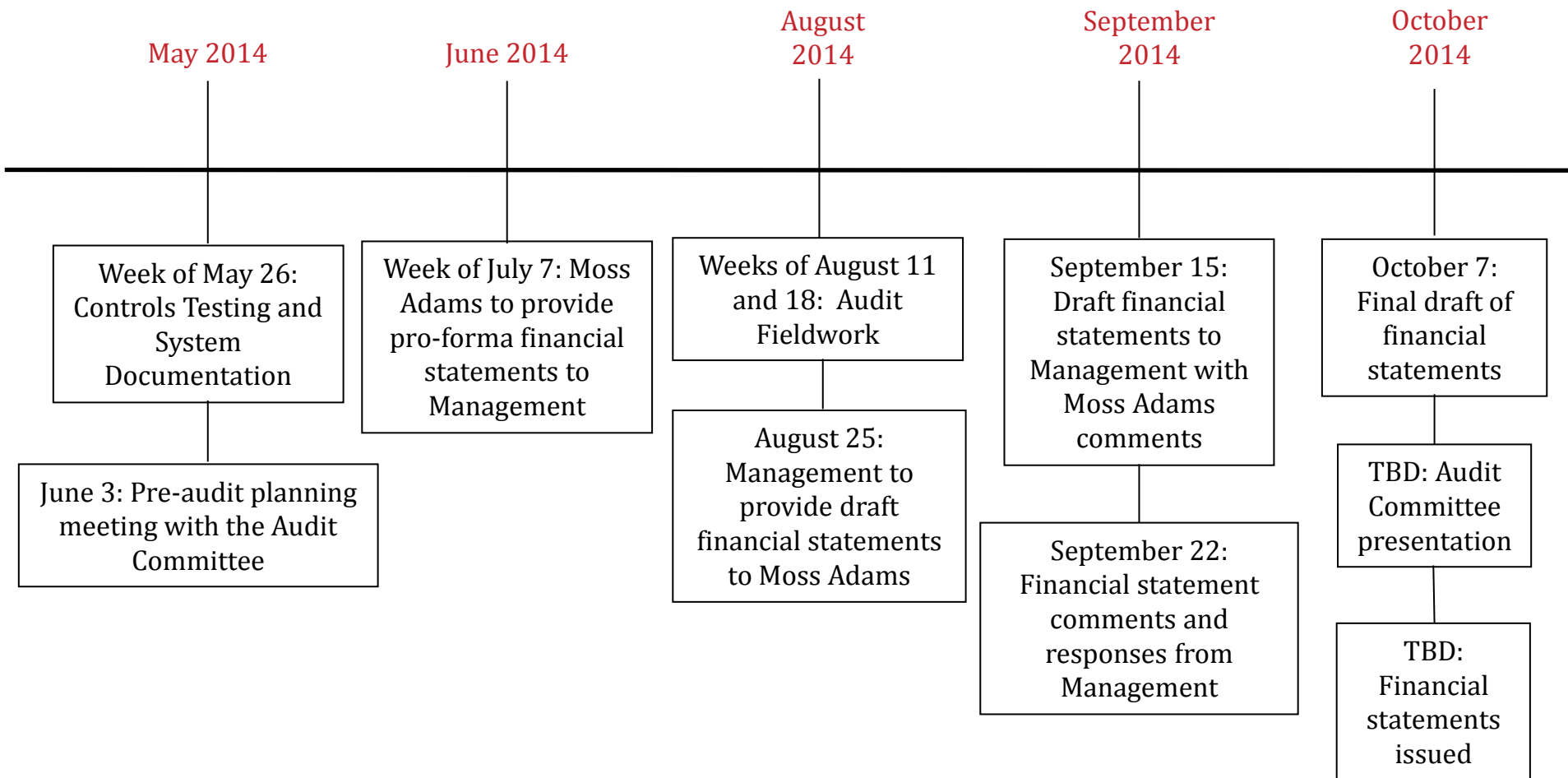
CONSIDERATION OF FRAUD IN A FINANCIAL STATEMENT AUDIT

SAS No. 99, *Consideration of Fraud in a Financial Statement Audit* was issued to heighten the awareness of auditors to the potential for fraud when planning and executing audits. SAS No. 99 also emphasizes the need for increased professional skepticism throughout the audit engagement. The following provides a summary of fraud related procedures that are integrated in our risk based audit:

Procedures to Address the Risk of Fraud

- **Engagement team discussion**
- **Identify the risks of material misstatement due to fraud**
- **Perform procedures to address identified risks**
- **Procedures to address the risk of management override of controls, including:**
 - Test high-risk areas (i.e. AR valuation allowance) at a high level, developing our own expectations;
 - Examine selected non-standard journal entries and other adjustments for evidence of possible material misstatement due to fraud;
 - Review accounting estimates for biases that could result in material misstatement due to fraud;
 - Evaluate the business rationale of significant unusual transactions inclusive of related-party transactions;
 - Evaluate cash disbursements for unusual payments; and
 - Test below-scope items to ensure compliance with your policies.

2014 HOSPITAL AUDIT TIMELINE



AUDIT DELIVERABLES

- Report of Independent Auditors for the Financial Statements of Sonoma Valley Health Care District
- AU-C 260, *Communications with Those Charged with Governance*
- AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit*
- Best practice comments

EXPECTATIONS

Sonoma Valley Health Care District will:

- Close books and records before beginning of field work.
- Provide auditor requested information in client audit preparation schedule as agreed.

Moss Adams will:

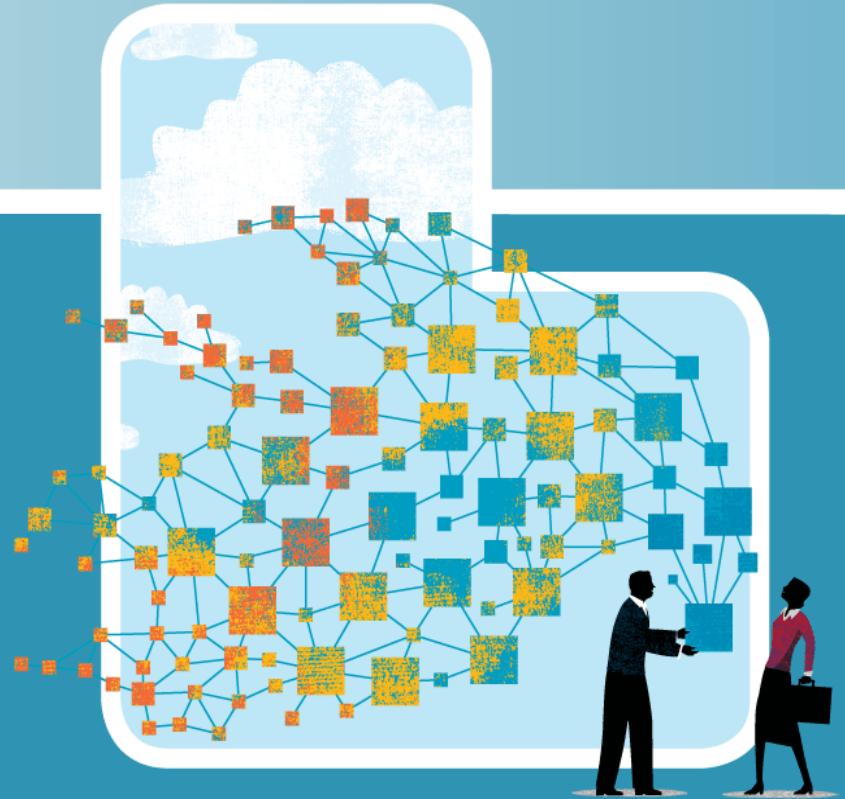
- Communicate any proposed adjustments with Management when identified.
- Communicate any control deficiencies with Management when identified.

ACCOUNTING & AUDITING UPDATES

*Effective for Sonoma Valley Health Care District
in FY 2014:*

- *GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

Questions?



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