

**ALBERTINA KERR CENTERS**  
**Finance, Audit & Compliance Committee Minutes**  
**March 10, 2020**  
**5 to 7:00 p.m.**  
Kerr Admin Center – 2<sup>nd</sup> Floor Board Room

**Members Present**

David Connell, David Lake (via phone), Paul Litwinczuk, Melissa May, Karen Rasmussen, Laura Shipley

**Members Excused**

Jill Nickerson, Craig Payne

**Staff Present**

Jeff Carr, Owen Gibson, Janice Jacobs

**Convene**

The meeting convened at 4 p.m. Karen Rasmussen, Chair, joined shortly after.

**Approve Minutes of the January 7, 2020 Finance, Audit & Compliance Committee Meeting**

**ACTION: Paul Litwinczuk moved that the minutes of the January 7, 2020 meeting be approved. Laura Shipley seconded. The motion passed via unanimous vote.**

**Policy Update Review** (Owen Gibson, Holly Edgar)

Three finance related policies were included in the meeting packet for members to review. New formatting and categorization will eventually be used for all Board policies. The content of the three policies were discussed at length: Budgeting, Financial Conditions, and Signatory Authority. Language and updates to several authorization amounts were noted and will be revised and presented to the full Board for approval. (Updated policies are attached to these minutes for reference.)

**Financial Updates** (Janice Jacobs)

- January and MTD FY2019-2020 were reviewed. Adult group home beds are full. Kids' group home performance dropped slightly. The Autzen group home will be on board in February which should have a positive impact going forward. Employment Services are strong. Outpatient Mental Health census dropped slightly. Subacute performed better in January than in December, and a restricted grant was released to subacute, helping revenue. MTD performance overall shows a \$59k surplus against a budgeted deficit. YTD performance is \$277k behind budget. Bonus accrual of \$160k will not likely be paid out. Contract revenue is good against plan. Salaries are above budget due to a 12% vacancy rate used in budgeting. Actual vacancy rates have run below budget since July, helping with overtime expenses but increasing salaries. Investment income will be negatively impacted in February's reporting due to market downturns. Subacute should receive a \$114k bonus from Kaiser.
- The financial impact of the emerging coronavirus situation will be tracked via use of a project code. Added expenses plus lost revenues will be tracked. The tracking will be used as data in the event the State offers any reimbursement funds. A Personal Accrued Leave bank (PAL, Kerr's vacation and time off program) may be used for lower wage loss of hours. Kerr leadership will hold regular communications as the situation evolves.
- The Federal 990's were distributed for review.

**ACTION: David Connell moved that the Federal 990 filing be accepted and submitted to the Board for review prior to filing. Laura Shipley seconded. The motion passed via unanimous vote.**

- The Finance Department priorities plan was reviewed. The Paycom payroll conversion is complete and the allocation changes are in process. Other items are still in progress. Software issues are being addressed with updates and new modules to streamline allocations.
- Audit issue updates were reviewed.

**ACTION: Gary McGee & Co. will review and report in late April.**

- The Revenue Cycle team has reconciled 90% of accounts. Items still in process include account reconciliations, including donors to the database.
- All systems have upgraded to Blackbaud software, including updated accounting mapping. The third party Accounts Payable system, Avid, will be terminated and A/P functions will move in-house. Overall, the department is making progress.

#### **Compliance Dashboard** (Owen Gibson)

Owen reviewed highlights of the compliance dashboard. Substantiated abuse findings were discussed. A new abuse allegation tracking system is in place. When abuse allegation clusters appear in the tracking, Compliance and management will look closer for causes and corrective action. HIPAA risks were audited internally. No breaches were found so far this calendar year. An internal audit of Portland Art and Learning Studios related to Epic implementation returned very positive results. Oregon Health Authority and Oregon Department of Human Services reviewed subacute and Outpatient Mental Health records. Overall results of that survey were good with only minor issues noted. Revenue Cycle is doing an excellent job with billing. No paybacks have occurred since 2018. Client account audits will begin in the 4<sup>th</sup> quarter. The State will review Kerr's disaster recovery plan in 2020. The Compliance Department is looking into feedback found in staff voluntary exit surveys pointing to work culture issues. A question was asked about founded abuse instances; Owen confirmed staff involved were terminated.

#### **Kerr Risk Management Assessment** (Owen Gibson)

Owen reviewed the "heat map" visual aid for identifying likeliness and impact of different violations, highlighting the areas of focus. A composite scoring system is used to determine likeliness and impact. It was noted that Disaster Recovery looks at the agency as a whole for operational recovery.

#### **Committee Objectives** (Karen Rasmussen, All)

The objectives were reviewed; no changes.

#### **Discussion: Coronavirus** (Jeff Carr)

Jeff provided an update on how Kerr is managing the fast changing outbreak of coronavirus. Leadership is communicating with staff regularly on hygiene techniques and using signage as aids and reminders. Supply shortages could create significant challenges. Staff are currently sourcing supplies, and will create outbreak kits in the event of a quarantine(s). Two group homes are medically fragile and are at high risk for serious illness should a resident become infected. The vacant 165<sup>th</sup> group home will be cleaned and prepared as a quarantine location. Homes with vacancies may consolidate to create quarantine space if

necessary. A two-hour video meeting was held earlier today with key leadership attending. The group will meet regularly to discuss updates to the situation, Kerr's status, and communication with employees. The goal is to facilitate preparation, yet calm. Administrative support positions will be moved to remote locations (work from home) where possible.

**Executive Session**

Committee members entered executive session at 7 pm.

**Adjourn** (Karen Rasmussen)

Karen adjourned the meeting at 7:05 p.m.

Recorded by Holly Edgar, Corporate Secretary