

ALBERTINA KERR CENTERS
Finance, Audit & Compliance Committee Minutes
October 8, 2019
4 to 6:00 p.m.

Kerr Admin Center – 2nd Floor Board Room

Members Present

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

Members Excused

Craig Payne

Community Member Present

Mark Thoenes

Staff Present

Jeff Carr, Owen Gibson, Janice Jacobs

Convene (Karen Rasmussen, Chair)

Karen convened the meeting at 4:03 p.m.

Approve Minutes of August 13th Finance, Audit & Compliance Committee Meeting

ACTION: David Lake moved that the minutes of the August 13th meeting be approved. Laura Shipley seconded. The motion passed via unanimous vote.

Review & Approve Committee Charter & Committee Objective with Recommended Revisions from August 13th Meeting (Owen Gibson, Holly Edgar)

- Owen and Holly provided the revised Committee Charter and Objectives in the meeting packet. The Committee reviewed the updates.
- There was discussion regarding the timing of the audit process, including: 1) the function of the audit in the fall; 2) the review and evaluation of the auditors, also in the fall after the audit is complete; 3) review of 990 tax filings in the spring; and, 4) the selection of auditors and planning for the next audit, also in the spring.
- Janice Jacobs will conduct an insurance review and report to the Committee in conjunction with the Risk Management Assessment in the spring.

ACTION: Committee members expressed the need for a financial executive summary to accompany the regular statements. Janice will develop and provide an executive summary and welcomes any best practices and examples from Committee members.

August FY2019-2020 Financial Statements (Janice Jacobs)

- August MTD saw operating results better than budget, \$15.8K loss vs. a budgeted \$83k loss. Summer months are planned accordingly in kids' group homes while the kids are not in school. Job Services did not produce revenue in July and August during the recruitment cycle for the next Project SEARCH interns. Portland Art and Learning Studios is stabilizing and performing better than budget. Group home programs overall are strong. The combined increase in kids' DD

reimbursement rates, along with DSP wage increases, will produce significant swings in the numbers beginning in October. Kerr Bikes is seasonal. Outpatient mental health continues to see improvement in productivity and tracking services. Billable hours have increased from 19% to 40-45% currently.

- August YTD reflects reduced census in subacute during the summer months. Revenue is flat and close to budget. Expenses show underspending in July and August. Transitions in finance team management produced changes to salaries and contract labor.
- July to August on the balance sheet shows cash is up and receivables are down. Changes in staff in Accounts Payable is an area of focus in the audit and an opportunity to refine processes. The coding role at Kerr is very good. There was an adjustment for the prior year in contract receivables.
- The consolidated financials show losses in investments, but an otherwise healthy balance sheet.
- Discussion was held regarding the Investment Committee, which is a standing committee under the Foundation, meets quarterly, and manages Kerr investment funds. Investment portfolio statements are included in reports to the full Board.

ACTION: The Finance, Audit & Compliance Committee would like to see the Investment Committee Charter, the investment policy, and a Committee report.

- Discussion was held about Kerr properties being held in Albertina Kerr Centers rather than in the AKC Foundation portfolio, and the advantages and disadvantages of this alignment. Investments and fundraising performance have some impact on Kerr's operating performance. Fundraising contributes approximately \$2 million toward \$50 million in operating revenue.

Review Compliance Dashboard (Owen Gibson)

Owen commented on highlights of the report.

- A lawsuit was filed against Kerr several months ago. A kids' group home resident attacked a speech pathologist while at school. Kerr had notified the school of the potential risks with this individual. The school scheduled meetings with the speech pathologist and Kerr was unaware of that arrangement. Counsel is working to get the charges against Kerr dropped. Insurance is covering associated costs.
- Group homes continue to use Therap while Epic is in the final stages of rolling out the pilot program in four homes. The State is still not clear on rules for billing absentee beds. Epic is being built to flag entries for accurate billing. Kerr historically bills conservatively.
- A HIPAA violation was reported in the finance department involving a list of names from the PALS program. The description is noted on page 18 of the report.
- An abuse allegation was founded in Marion County and is described on page 19. Follow-up reporting, root cause analysis, and corrective actions are in process.

Review Conflict of Interest Policy with Recommended Revisions (Owen Gibson)

Changes were made in the procedural section of the policy, as highlighted in the meeting packet. The Committee reviewed the changes. Reporting to the Committee will occur in the second half of each fiscal year. Discussion was held about a Conflict of Interest policy at the staff level. COI is covered in the personnel handbook.

ACTION: Procedure number 6 will be moved before procedure number 5. A procedure number 7 will be added that requires reporting to the Committee if COI violations are discovered.

Other Discussion

A question was asked about the progress of the financial audit. The audit is going well, although a significant number of adjustments will be made. Two areas of focus are related to staff turnover and transition and the associated differences in methods of recording. The audit will serve to clear discrepancies and refine department processes.

Executive Session

Committee members entered executive session at 5:35 pm.

Adjourn (Karen Rasmussen)

Karen adjourned the meeting at 5:45 p.m.

Recorded by Holly Edgar, Corporate Secretary