

ALBERTINA KERR

ALBERTINA KERR CENTERS Finance, Audit & Compliance Committee

Meeting Agenda Tuesday, August 13, 2019 4 to 6 p.m. Kerr Administration Center 2nd Floor Board Room

- 4:00 p.m. **Convene** (Karen Rasmussen, Chair)
- 4:00
pp. 2-4 **Approve Minutes of June 11, 2019 Committee Meeting** (All)
pp. 5-8 **Review & Approve Committee Charter**
p. 9 **Committee Objectives for Reference**
- 4:10 **Audit Plan** (Gary McGee of Gary McGee & Co, LLP)
- 4:35 **Meet with CFO Candidate** (All)
- 4:45 **Financial Update** (Jeff Carr, Tom Hurst)
pp. 10-16 Review FY2018-2019 Close
Review Preliminary July 2019 Performance
Discuss \$500k Contingency: Sufficient Amount?
- 5:15 **Compliance** (Owen Gibson)
pp. 17-19 Review Compliance Policy Draft, Conflict of Interest Policy
pp. 20-21 Review Procedure Conflict of Interest
p. 22 Review Memo to Board Re: Conflict of Interest Attestations
pp. 23-27 Reference Material: Compliance Risk Report
- 5:50 **Executive Session** (Committee, Owen Gibson)
- 6:00 **Adjourn** (Karen Rasmussen)

ALBERTINA KERR CENTERS
Finance, Audit & Compliance Committee Minutes
June 11, 2019
4 to 6:00 p.m.
Kerr Admin Center – 2nd Floor Board Room

Members Present

David Connell, Melissa May, Jill Nickerson, Craig Payne, Karen Rasmussen, Laura Shipley (via conference call)

Members Excused

Paul Litwinczuk

Community Member(s) Present

None present

Staff Present

Jeff Carr, Owen Gibson, Jerry Hoffert

Convene (David Connell, Chair)

David convened the meeting at 4:05 p.m.

Sincere gratitude was expressed by all to David Connell for executing the duties of Chair of the Finance, Audit & Compliance Committee for the past two years. Chair Elect Karen Rasmussen will assume the role of Chair at the next FAC Committee meeting in August.

Approve Meeting Minutes of April 9, 2019 Finance, Audit & Compliance Committee Meeting

Correction: Jill Nickerson was in attendance at the April 9th meeting.

ACTION: Karen Rasmussen moved that the minutes of the April 9th meeting be approved. Craig Payne seconded. The motion passed via unanimous vote.

Evaluate Committee Performance

All goals were achieved as set out for FY2018-2019. The goals for FY2019-2020 were reviewed and accepted.

CFO & Accounting Department Transitions

There was a lengthy discussion about transition plans for the CFO and key accounting staff openings. All agreed to postpone conducting an RFP for auditors and maintain Gary McGee & Co. LLC through this transition and next fiscal year cycle. An interim CFO and interim Accounting Manager will start prior to Jerry Hoffert's departure to ensure time for training. Board members will have an opportunity to provide input on the new CFO selection process.

Compliance Updates (Owen Gibson)

- Several internal audits were conducted over the past 45 days. The strong coder in billing has been of significant assistance to the processes and documentation in the Revenue Cycle department. Clean audits in children's mental health services can be attributed to excellent coding practices.

- Kaiser was not meeting documentation expectations per their contract with Kerr, but that has been corrected.
- Accounting is updating Business Associate Agreements.
- Lean management methods have been implemented in the Compliance Department, including updating audit processes.
- A very large project is underway to overhaul Kerr's agency policies' organization, storage and maintenance. This will also ensure Kerr's readiness for CARF accreditation.
- Compliance is looking into exit reviews collected from employees leaving Kerr to address any issues that may be revealed. The top two reasons people leave are issues with 1) supervisors, and 2) training. Both are being addressed by the development of new onboarding and training programs.
- A lapse in supervision at a group home resulted in a client gaining access to a Kerr laptop with staff and client information. IT was able to secure the information and it is believed the incident had minimal impact. Employees were offered credit monitoring. The supervisor is no longer with Kerr.
- The Portland Art and Learning Studios experienced licensure issues due to deviating from the staffing model. The team reorganized, reduced census and is doing better. The State will revisit the program soon.
- There has been no vehicle fleet damage this year to date. There have been some safety complaints, which receive follow up from HR with management.
- Owen is still gathering attestations from board members regarding conflicts of interest.

ACTION: Jeff Carr and Owen Gibson will report out to the FAC Committee at the next meeting on the Conflict of Interest policy, process of review and definitions of conflict of interest.

Financial Updates (Jerry Hoffert)

- Jeff Carr and the FAC Committee thanked Jerry for his many years of service to Kerr.
- Jerry recapped current and projected performance in the operating budget. As of April 30, 2019, results show a \$114k deficit against a budgeted \$200k surplus. Some of this is due to timing of grants.
- The FY2019-2020 budget shows \$41.9 million in program revenue and \$43.5 in total revenue. Most programs are tracking and budgeted to return positive results.
- The Studios program is a risk area and will require private funding. The challenge is shifting more activity out into the community, as opposed to in-facility activities, as outside reimburses at a higher rate. Another challenge is in creating an understanding in the community that this is an art program for people with IDD, and many are serious artists, and how to sell that.
- Outpatient Mental Health is budgeted for less growth. Productivity is improving, due in much part to visibility, accountability and focus. Kaiser is the bulk of revenue in MH services.
- Revenue increases in Employment Services.
- The SAIF dividend is not factored in to this year's budget.
- The budget is balanced with zero wage increases. Funds allocated from the State will drive internal wage rate decisions. Some loan assistance allowances will be included, such as for doctors and social workers with master's degrees if they get licensed.
- DSP training will see a significant change this year, including three weeks of training at the start of hire.

- The Program Manager II position, where a PM manages two houses, will be eliminated in kids' homes. All PMs will be responsible for just one house, increasing oversight and support for homes.
- Epic drives the IT budget increase as implementation rolls out to the group homes this year. Expenses will remain high for a few years as capital and operating expenses continue. Eventually, those expenses will decrease.
- Branding will incur expenses as the new brand continues to roll out.
- In the consolidated budget, all restricted funds are for workforce housing.
- TOKNA revenues are on a downward trajectory.
- Top priority capital expenses are budgeted at \$1.99 million. Secondary items are budgeted at \$1.5 million.
- The 165th group home will be converted into an IDD subacute program. The State is encouraging Kerr to pursue this concept and have suggested they will provide funding.
- Wages depend on the final budget allocation from the State, which is scheduled to be final on June 30th. HR conducted a full wage review and is preparing a wage structure reset, including entry to progression, fixes some existing inequities and compression issues, and provides a roadmap to future wage management.
- There was discussion regarding the potential impact of increased rates from the State.

Jerry Hoffert will be leaving Kerr at the end of June. Jerry was thanked and recognized for his many years of hard work and service to Kerr.

ACTION: Karen Rasmussen moved that the proposed FY2019-2020 Operating, Capital, Cashflow & Foundation Budgets be recommended to the full Governing Board for approval. Jill Nickerson and Craig Payne seconded. The motion passed via unanimous vote.

Executive Session

Committee members entered executive session at 6:00 pm.

Adjourn (David Connell)

David adjourned the meeting at 6:20 p.m.

Recorded by Holly Edgar, Corporate Secretary

ALBERTINA KERR CENTERS, INC.
Board of Directors
Finance, Audit & Compliance Committee Charter

Purpose

The primary functions of the Finance, Audit & Compliance Committee are to assist the Board of Directors in fulfilling its oversight responsibilities including: regular monitoring of financial results; the integrity of financial reporting processes, organizational budgeting processes, systems of internal accounting and financial controls; investment policy and procedures; adequate levels of insurance coverage; the integrity of an annual independent consolidated audit of Kerr's financial statements; and systems in place to effectively manage program-related business risks and a Corporate Compliance Program. As a standing committee of the Board, the Committee shall routinely report its major deliberations and recommendations to the Board of Directors in a timely manner.

Membership

The Committee shall be appointed by the Board and shall be comprised of at least three (3) directors. In aggregate, Committee members will have experience with reviewing and analyzing financial statements and knowledge of federal and state Medicaid laws, rules and regulations. The Board of Directors will designate a Chairman for the Committee. The Committee may, with the approval of the Board of Directors, appoint expert advisors to serve on the Committee as non-voting members.

Authority and Responsibility

- 1. Review of interim financial statements.** Management is responsible for preparing Kerr's financial statements on a monthly basis. The Committee shall review the interim financial statements with management at least quarterly.
- 2. Budgets.** The Committee shall review the annual operating, capital and Kerr Foundation budgets prepared by management and recommend budgets to the Board of Directors.
- 3. Investment oversight.** The Committee will consult annually with the Foundation Treasurer on the following three issues: a) review the Investment Policy and make recommendations for changes, if any, to the Foundation Board of Trustees and Board of Directors; b) review the performance of Kerr's investment advisors regarding compliance with Investment Policy and performance against agreed upon benchmark comparisons; and c) ensure that a review of the qualifications and performance of the investment advisors is conducted periodically.

4. Policy review and formulation. Within the purview of its purpose, authority and responsibility, the Committee shall periodically review existing board policies regarding budgeting, financial conditions, risk management, and other current applicable policies and recommend amendment, if any, to the Board of Directors. The Committee, within its purpose and areas of authority and responsibility, may recommend elimination of policies or recommend additional policies that may be necessary in its judgment to provide appropriate governance of the organization.

5. Investigative authority. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of Kerr as approved by the Board of Directors.

6. Independent auditors. The Committee shall have a clear understanding with management and the independent auditors that they are ultimately accountable to both the Committee and the Board of Directors. The committee shall have the authority and responsibility to evaluate the auditors' performance and, where appropriate, recommend to the Board of Directors replacement of the independent auditors. The Board of Directors will act on the Committee's recommendation.

In its capacity as a Committee of the Board of Directors, the Committee shall discuss with the independent auditors the overall scope and plans for their audits including their responsibilities and the adequacy of staffing.

Periodically, but at least every five years, the Committee will review the qualifications and performance of Kerr's independent auditors and make a recommendation to the Board of Directors about retaining the current auditors or going through an auditor selection process to retain current auditors or select new auditors.

The Committee shall establish policies and procedures for the engagement of the independent auditors to provide permissible non-audit services.

The Committee shall review and discuss with management and the independent auditors management's processes to ensure Kerr's maintenance of strong internal controls.

The Committee shall review with management and the independent auditors the annual audited financial statements of Albertina Kerr Centers, Inc. and the Albertina Kerr Centers Foundation, Inc., including (a) their judgment about the quality and acceptability of the accounting treatment of significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (b) the clarity of the disclosures in the financial statements; and (c) appropriateness of critical accounting policies. Two

representatives of the Operations Committee shall be included in this review process.

7. Review of annual 990 tax filings. Prior to their submission to the Internal Revenue Service, the Committee shall review the annual 990 tax statement filing of Albertina Kerr Centers, Inc. and Albertina Kerr Centers Foundation, Inc. which are prepared by the independent auditor.

8. Oversight of the Corporate Compliance Program. The Committee shall recommend approval to the Board of Directors Standards of Conduct, a Corporate Compliance Plan and applicable policies and procedures which ensure compliance with regulations related to Federal, State and local statutes, and administrative rules relating to the receipt and use of Federal Medicaid funds. The Committee shall receive direct reports from the Corporate Compliance Officer on at least a quarterly basis, and take action as appropriate, regarding risk identification, establishment or revision of policies and procedures, results of compliance audits and investigations, status of compliance with training and communication requirements, enforcement and disciplinary actions taken, and planned corrective actions and prevention activities.

9. Complaint process. The Committee shall establish and oversee a process whereby corporate officers, employees and contractors may anonymously report any potential violations of applicable Federal, State or local law and regulations. The Committee shall ensure that all reported potential violations are addressed in a timely manner and that no recrimination will result as a result of good faith reporting of potential violations

10. Insurance coverage. The Committee shall review periodically, but at least annually, the organization's insurance coverage, including general and professional liability, property, automobile, and directors and officers.

11. General Risk Assessment and Management. The Committee shall annually review and approve a general risk assessment and management plan and monitor risk areas outlined in the plan on a quarterly basis.

12. Meetings. The Committee shall meet as often as may be deemed necessary or appropriate in its judgment, at least quarterly each year, and at such times and places as the Committee shall determine. The majority of the members shall constitute a quorum. The Committee shall meet separately, at least annually, with the independent auditors to discuss any matters that they wish to bring to the Committee's attention.

13. Charter. The Committee shall review and assess the adequacy of the Charter periodically as conditions dictate, but at least annually, and recommend to the Board of Directors for its approval any modifications to this Charter.

14. Annual performance evaluation. The Committee shall annually review its own performance and report the results of such reviews to the Board of Directors.

Revised to Reflect Consolidation of the Operations Committee and Audit & Compliance Committee. Approved by the Finance, Audit & Compliance Committee on September 19, 2017

Reviewed by the Finance, Audit & Compliance Committee August 13, 2019

ALBERTINA KERR CENTERS

2019-2020 Finance, Audit & Compliance Committee Objectives

	Objective	Completed	In Process	To Be Completed
1	Review monthly & year to date financial statements	Ongoing		Agenda item for each meeting
2	Review Compliance Dashboard Report	Ongoing		Agenda item for each meeting
3	Executive Session for Committee members and Chief Compliance Officer	Ongoing		Agenda item for each meeting
4	Review Board policies related to the Committee	Ongoing		As needed
5	Review and recommend modification(s) of the Committee Charter			August 13, 2020
6	Meet with financial auditor and recommend Board acceptance of 2018-2019 financial audit results			November 5, 2019
7	Review of 5 year capital and reserve plan			January 7, 2020
8	Monitor financial reserves			January 7, 2020
9	Review current investment policy and portfolio benchmark performance			January 7, 2020
10	Review Risk Management Assessment			March 10, 2020
11	Review federal 990 tax filings for AKC, Inc. and AKCF, Inc. prior to submission			March 10, 2020
12	Evaluate financial auditor performance and decide to continue with vendor or send RFPs			March 10, 2020
13	Review Corporate Compliance Plan			June 9, 2020
14	Recommend board approval of 2020-2021 Operating, Capital, Cashflow and Foundation Budgets			June 9, 2020
15	Evaluate Committee performance against 2019-2020 goals and establish goals for 2020-2021			June 9, 2020

Meeting Schedule for 2019-2020

August 13, 2019
 October 8, 2019
 November 5, 2019
 January 7, 2020
 March 10, 2020
 June 9, 2020

Rev 06/05/19

**Albertina Kerr Centers
YTD Operating Recap
For The Month Ending
June 30, 2019**

	6/30/2019 YTD Contract and Program Revenue	6/30/2019 YTD Grant and Contribution Revenue	6/30/2019 YTD Other Revenue	YTD Total Revenue	YTD Direct Expenses	YTD Margin Generated	YTD Indirect Expenses	YTD Indirect Allocation	YTD Total Expenses	YTD Operating Results	YTD Operating Budget	YTD Actual Vs. Budget	Annual Budget
Programs													
Adult Group Homes	14,590,684			14,590,684	14,288,594	302,090		1,300,629	15,589,223	(998,539)	(224,400)	(774,139)	(224,400)
<i>Clackamas Co. Group Homes & CI</i>	5,079,901			5,079,901	5,183,367	(103,466)		468,345	5,651,712	(571,811)	(407,809)	(164,002)	(407,809)
<i>Multnomah Co. Group Homes & CI</i>	3,594,827			3,594,827	3,533,936	60,891		322,991	3,856,927	(262,100)	(48,200)	(213,900)	(48,200)
<i>Washington Co. Group Homes & CI</i>	1,966,106			1,966,106	1,825,660	140,446		165,805	1,991,465	(25,359)	121,323	(146,682)	121,323
<i>Marion Co. Group Homes & CI</i>	3,949,850			3,949,850	3,745,631	204,219		343,488	4,089,119	(139,269)	110,286	(249,555)	110,286
Employment Services	1,570,798			1,570,798	1,457,302	113,496		136,267	1,593,569	(22,771)	(18,306)	(4,465)	(18,307)
Studios	1,446,152	300,000		1,746,152	1,706,785	39,367		156,632	1,863,417	(117,265)	(139,725)	22,460	(139,725)
Kids DD Group Homes	12,663,854	194,463		12,858,317	10,728,354	2,129,963		1,003,718	11,732,072	1,126,245	806,751	319,494	794,336
Transition-Aged Group Homes	2,358,375			2,358,375	2,516,314	(157,939)		223,205	2,739,519	(381,144)	(474,327)	93,183	(474,327)
Kerr Bikes	116,658			116,658	-	116,658		-	-	116,658	30,137	86,521	30,137
Outpatient Mental Health	1,277,721			1,277,721	1,699,772	(422,051)		139,516	1,839,288	(561,567)	(240,932)	(320,635)	(240,932)
Subacute	5,871,194			5,871,194	5,148,813	722,381		424,672	5,573,485	297,709	284,498	13,211	284,498
Program Oversight and Other	3,630	131,866	33,696	169,192	273,461	(104,269)		114	273,575	(104,383)	-	(104,383)	-
Total Programs	39,899,066	626,329	33,696	40,559,091	37,819,395	2,739,696	-	3,384,753	41,204,148	(645,057)	23,696	(668,753)	11,280
Admin & Other													
Trfs from Foundation and Govt Grants		395,976		395,976	125	395,851			125	395,851	454,266	(58,415)	454,266
Investment Spending Rate			295,572	295,572		295,572			-	295,572	329,268	(33,696)	330,049
Campus Buildings		2,050		2,050	125,174	(123,124)			125,174	(123,124)	(132,066)	8,942	(132,066)
Indirect Admin	141,357	1,847	5	143,209		143,209	3,570,681	(3,532,740)	37,941	105,268	(26,857)	132,125	(44,547)
Other Pooled Direct Costs	(1,639)			(1,639)	2,685	(4,324)			2,685	(4,324)	(56,344)	52,020	(30,500)
Total Admin & Other	139,718	399,873	295,577	835,168	127,984	707,184	3,570,681	(3,532,740)	165,925	669,243	568,267	100,976	577,202
Total Operating (Before Contingency)	40,038,784	1,026,202	329,273	41,394,259	37,947,379	3,446,880	3,570,681	(147,987)	41,370,073	24,186	591,963	(567,777)	588,482
Contingency										-	(500,004)	500,004	(500,000)
Total Operating										24,186	91,959	(67,773)	88,482

**Albertina Kerr Centers
MTD Operating Recap
For The Month Ending
June 30, 2019**

	6/30/2019	6/30/2019	6/30/2019										
	MTD	MTD		MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	Annual
	Contract	Grant and	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	Budget
	and Program	Contribution	Other	Total	Direct	Margin	Indirect	Indirect	Total	Operating	Operating	Actual Vs.	
	Revenue	Revenue	Revenue	Revenue	Expenses	Generated	Expenses	Allocation	Expenses	Results	Budget	Budget	
Programs													
Adult Group Homes	1,238,120			1,238,120	1,216,815	21,305		112,943	1,329,758	(91,638)	(46,317)	(45,321)	(224,400)
<i>Clackamas Co. Group Homes & CI</i>	416,257			416,257	430,326	(14,069)		40,448	470,774	(54,517)	(47,777)	(6,740)	(407,809)
<i>Multnomah Co. Group Homes & CI</i>	316,560			316,560	302,568	13,992		27,777	330,345	(13,785)	(12,078)	(1,707)	(48,200)
<i>Washington Co. Group Homes & CI</i>	183,999			183,999	154,247	29,752		14,937	169,184	14,815	11,065	3,750	121,323
<i>Marion Co. Group Homes & CI</i>	321,304			321,304	329,674	(8,370)		29,781	359,455	(38,151)	2,473	(40,624)	110,286
Employment Services	117,630			117,630	130,972	(13,342)		11,706	142,678	(25,048)	(11,517)	(13,531)	(18,307)
Studios	86,435	8,333		94,768	111,365	(16,597)		7,288	118,653	(23,885)	707	(24,592)	(139,725)
Kids DD Group Homes	1,071,130	194,463		1,265,593	929,704	335,889		88,659	1,018,363	247,230	(3,679)	250,909	794,336
Transition-Aged Group Homes	208,139			208,139	215,402	(7,263)		19,279	234,681	(26,542)	(48,181)	21,639	(474,327)
Kerr Bikes	42,306			42,306	-	42,306		-	-	42,306	3,987	38,319	30,137
Outpatient Mental Health	118,860			118,860	151,704	(32,844)		11,368	163,072	(44,212)	(296)	(43,916)	(240,932)
Subacute	452,345			452,345	445,457	6,888		36,579	482,036	(29,691)	18,842	(48,533)	284,498
Program Oversight and Other	-	3,000	2,808	5,808	5,808	-		-	5,808	-	-	-	-
Total Programs	3,334,965	205,796	2,808	3,543,569	3,207,227	336,342	-	287,822	3,495,049	48,520	(86,454)	134,974	11,280
Admin & Other													
Trfs from Foundation and Govt Grants		105,816		105,816		105,816			-	105,816	(56,019)	161,835	454,266
Investment Spending Rate			24,631	24,631		24,631			-	24,631	27,439	(2,808)	330,049
Campus Buildings				-	9,518	(9,518)			9,518	(9,518)	(10,782)	1,264	(132,066)
Indirect Admin	(544)		-	(544)		(544)	319,598	(297,497)	22,101	(22,645)	(1,160)	(21,485)	(44,547)
Other Pooled Direct Costs				-	2,173	(2,173)			2,173	(2,173)	(4,020)	1,847	(30,500)
Total Admin & Other	(544)	105,816	24,631	129,903	11,691	118,212	319,598	(297,497)	33,792	96,111	(44,542)	140,653	577,202
Total Operating (Before Contingency)	3,334,421	311,612	27,439	3,673,472	3,218,918	454,554	319,598	(9,675)	3,528,841	144,631	(130,996)	275,627	588,482
Contingency										-	(41,667)	41,667	(500,000)
Total Operating										144,631	(172,663)	317,294	88,482

**Albertina Kerr Centers
P&L YTD Budget
For The Month Ending
June 30, 2019**

Description	YTD Actual 6/30/2019		YTD Budget 6/30/2019		Variance \$'s Better/(Worse)	Variance %	Annual Budget
Revenue							
Contract and Program Revenue	39,915,275	96.4%	42,202,645	97.3%	(2,287,370)	-5.42%	42,202,645
Grants Received Directly in AKC	-	0.0%	194,000	0.4%	(194,000)	-100.00%	194,000
Trfs from Fdn and Net Assets Released	1,019,617	2.5%	611,489	1.4%	408,128	66.74%	805,491
Investment Spending Rate	329,274	0.8%	330,049	0.8%	(775)	-0.23%	330,049
In Kind Contributions	131,866	0.3%	45,000	0.1%	86,866	193.04%	45,000
Total Revenue	41,396,032	100%	43,383,183	100%	(1,987,151)	-4.58%	43,577,185
Expense							
Salaries & Wages	26,795,544	64.8%	27,438,738	64.1%	643,194	2.34%	27,438,785
Employee Benefits	4,014,394	9.7%	4,207,011	9.8%	192,617	4.58%	4,208,212
Payroll Taxes	2,603,230	6.3%	2,646,100	6.2%	42,870	1.62%	2,648,329
Contracted Direct Labor	282,602	0.7%	79,732	0.2%	(202,870)	-254.44%	79,732
Other Employee Related Costs	421,776	1.0%	432,365	1.0%	10,589	2.45%	432,366
Professional Fees & Insurance	541,586	1.3%	644,159	1.5%	102,573	15.92%	644,159
Telecommunications	105,983	0.3%	135,046	0.3%	29,063	21.52%	135,046
Facilities & Occupancy	2,499,977	6.0%	2,688,698	6.3%	188,721	7.02%	2,688,698
Utilities	593,167	1.4%	661,363	1.5%	68,196	10.31%	661,363
Equipment	302,649	0.7%	280,180	0.7%	(22,469)	-8.02%	280,180
Program & Office Supplies	1,058,835	2.6%	1,162,272	2.7%	103,437	8.90%	1,162,272
MIS	1,153,050	2.8%	1,401,938	3.3%	248,888	17.75%	1,401,938
Vehicle Expenses	550,986	1.3%	541,226	1.3%	(9,760)	-1.80%	541,226
PR & Fundraising	60,293	0.1%	206,293	0.5%	146,000	70.77%	206,293
Cost of In-Kind Goods/Services	131,866	0.3%	45,000	0.1%	(86,866)	-193.04%	45,000
Training and Other	374,735	0.9%	316,787	0.7%	(57,948)	-18.29%	316,788
Interest Expense	223,182	0.5%	252,093	0.6%	28,911	11.47%	252,093
Admin and Bldg Costs Allocated to AKF	(342,009)	-0.8%	(347,777)	-0.8%	(5,768)	1.66%	(347,777)
Total Expense	41,371,846	100%	42,791,224	100%	1,419,378	3.32%	42,794,703
Net (Deficit) / Surplus (Before Contingency)	24,186		591,959		(567,773)	n/a	782,482
Contingency	-		(500,000)		500,000		(500,000)
Net (Deficit) / Surplus	24,186		91,959		(67,773)		282,482
	24,186.00		91,959.00				
	-		-				

**Albertina Kerr Centers
P&L Month Budget
For The Month Ending
June 30, 2019**

Description	Jun-19 Actual		Jun-19 Budget		Variance \$'s Better/(Worse)		Variance %	Annual Budget
Revenue								
Contract and Program Revenue	3,292,029	89.6%	3,611,160	100.8%	(319,131)	-8.84%		42,202,645
Grants Received Directly in AKC	-	0.0%	-	0.0%	-	0.00%		194,000
Trfs from Fdn and Net Assets Released	351,002	9.6%	(55,788)	-1.6%	406,790	-729.17%		805,491
Investment Spending Rate	27,439	0.7%	27,504	0.8%	(65)	-0.24%		330,049
In Kind Contributions	3,000	0.1%	-	0.0%	3,000	0.00%		45,000
Total Revenue	3,673,470	100%	3,582,876	100%	90,594	2.53%		43,577,185
Expense								
Salaries & Wages	2,304,153	65.3%	2,410,390	64.9%	106,237	4.41%		27,438,785
Employee Benefits	342,222	9.7%	361,314	9.7%	19,092	5.28%		4,208,212
Payroll Taxes	215,274	6.1%	224,622	6.0%	9,348	4.16%		2,648,329
Contracted Direct Labor	25,419	0.7%	6,379	0.2%	(19,040)	-298.48%		79,732
Other Employee Related Costs	33,249	0.9%	36,090	1.0%	2,841	7.87%		432,366
Professional Fees & Insurance	49,224	1.4%	53,199	1.4%	3,975	7.47%		644,159
Telecommunications	10,019	0.3%	11,254	0.3%	1,235	10.97%		135,046
Facilities & Occupancy	205,495	5.8%	231,205	6.2%	25,710	11.12%		2,688,698
Utilities	42,218	1.2%	56,266	1.5%	14,048	24.97%		661,363
Equipment	28,453	0.8%	28,355	0.8%	(98)	-0.35%		280,180
Program & Office Supplies	103,693	2.9%	99,083	2.7%	(4,610)	-4.65%		1,162,272
MIS	85,929	2.4%	122,721	3.3%	36,792	29.98%		1,401,938
Vehicle Expenses	48,507	1.4%	41,603	1.1%	(6,904)	-16.59%		541,226
PR & Fundraising	6,031	0.2%	15,149	0.4%	9,118	60.19%		206,293
Cost of In-Kind Goods/Services	3,000	0.1%	-	0.0%	(3,000)	0.00%		45,000
Training and Other	42,723	1.2%	23,536	0.6%	(19,187)	-81.52%		316,788
Interest Expense	11,273	0.3%	21,080	0.6%	9,807	46.52%		252,093
Admin and Bldg Costs Allocated to AKF	(28,043)	-0.8%	(28,374)	-0.8%	(331)	1.17%		(347,777)
Total Expense	3,528,839	100%	3,713,872	100%	185,033	4.98%		42,794,703
Net (Deficit) / Surplus (Before Contingency)	144,631		(130,996)		275,627	n/a		782,482
Contingency	-		(41,667)		41,667			(500,000)
Net (Deficit) / Surplus	144,631		(172,663)		317,294			282,482

**Albertina Kerr Centers
Balance Sheet - Board
For The Month Ending
June 30, 2019**

	<u>Balance June 30, 2019</u>	<u>Balance May 31, 2019</u>	<u>Net Change</u>
Assets:			
Cash and Cash Equivalents	\$987,906	\$1,324,090	(336,184)
Contract/Program Receivables	2,697,869	2,441,420	256,449
Less: Allowance for Doubtful Accounts	(174,439)	(164,696)	(9,743)
Contributions Receivable	(43,131)	(18,125)	(25,006)
Other Receivables	86,230	90,417	(4,187)
Prepaid Expenses, Deposits & Other Current Assets	448,434	477,202	(28,768)
Other Long-Term Assets	172,499	173,483	(984)
Fixed Assets, Net	15,070,202	14,715,174	355,028
Due From / (To) Other Funds	(2,805,653)	(2,845,408)	39,755
Total Assets	16,439,917	16,193,557	246,360
Liabilities:			
Accounts Payable and Accrued Expenses	300,087	321,194	(21,107)
Accrued Payroll Liabilities	676,023	513,653	162,370
PAL Liability	610,211	617,294	(7,083)
Contract Overpayments/Advances	224,962	254,181	(29,219)
Unemployment Reserve	222,811	203,949	18,862
Long-term debt	4,781,355	4,803,451	(22,096)
Total Liabilities	6,815,449	6,713,722	101,727
Unrestricted Net Assets:			
Available for General Operations	(233,838)	(2,330)	(231,508)
Investment in Land, Buildings and Equipment	9,858,306	9,482,165	376,141
Total Net Assets	9,624,468	9,479,835	144,633
Total Liabilities and Net Assets	16,439,917	16,193,557	246,360

**Albertina Kerr Centers, Foundation, and Kerr Bikes
Consolidated Statement of Financial Position
For the Twelve Months Ending June 30, 2019**

	6/30/2019	6/30/2018
Assets:		
Cash and Cash Equivalents	1,787,640	2,143,367
Cash Held for Others	147,077	147,479
Investments	8,861,537	8,692,900
Accounts Receivable	2,697,869	1,735,298
Less: Allowance for Doubtful Accounts	(174,439)	(49,892)
Grants Receivable	(100,000)	49,700
Contributions Receivable	39,324	133,919
Other Receivables	86,230	118,669
Prepaid Expenses, Deposits and Other Current Assets	490,181	578,169
Charitable Remainder Trusts Receivable	659,749	628,995
Other Long-Term Assets	212,508	224,310
Fixed assets, Net	21,493,300	21,694,702
Total Assets	36,200,975	36,097,616
Liabilities:		
Accounts Payable and Accrued Expenses	497,434	990,360
Accrued Payroll Liabilities	1,273,336	1,346,176
Personal Accrued Leave (PAL) Liability	610,211	589,429
Contract Overpayments/Advances	263,112	143,537
Unemployment Reserve	222,811	231,641
Long-Term Debt	4,781,355	5,051,951
Total Liabilities	7,648,259	8,353,094
Net Assets:		
Available for General Operations	7,316,888	7,334,936
Investment in Land, Buildings and Equipment	10,442,251	10,128,157
Temporarily Restricted Net Assets	8,535,033	8,027,311
Permanently Restricted Net Assets	2,258,543	2,254,119
Total Net Assets	28,552,716	27,744,523
Total Liabilities and Net Assets	36,200,975	36,097,617

Albertina Kerr Centers, Foundation, and Kerr Bikes
Consolidated Statement of Activities
For the Twelve Months Ending June 30, 2019

	Actual	Budget	Variance
Revenue			
Contract and Program Revenue	39,927,069	42,211,745	(2,284,676)
Contribution and Event Revenue (Net of Event Expenses)	2,661,776	2,580,636	81,140
Sales to the Public (Net of Cost of Goods Sold)	702,262	737,805	(35,543)
Investment Income	461,904	344,400	117,504
In-Kind Contributions	441,092	200,000	241,092
Total Revenue	44,194,103	46,074,586	(1,880,483)
Expenses			
Salaries & Wages	27,629,800	28,311,377	681,577
Employee Benefits	4,108,657	4,298,030	189,373
Payroll Taxes	2,677,901	2,722,697	44,796
Contracted Direct Labor	282,602	79,733	(202,869)
Other Employee Related Costs	426,513	435,167	8,654
Professional Fees & Insurance	852,296	814,922	(37,374)
Telecommunications	1,295,418	1,586,111	290,693
Facilities & Occupancy	3,155,097	3,421,443	266,346
Equipment	344,598	322,526	(22,072)
Program & Office Supplies	1,235,782	1,227,399	(8,383)
Vehicle Expenses	552,324	542,938	(9,386)
PR & Fundraising	194,131	413,760	219,629
Training & Other	630,788	1,094,616	463,828
Total Expenses	43,385,907	45,270,719	1,884,812
Net Income / (Loss) Before Contingency	808,196	803,867	4,329
Contingency	-	(500,000)	500,000
Net Income / (Loss)	808,196	303,867	504,329

Chapter: Quality and Compliance

SECTION: CONFLICTS OF INTEREST

Definitions: A "family member" means husband or wife, registered or unregistered domestic partner, natural, foster or adoptive parent, child or sibling, stepparent, stepchild, stepsibling, mother-in-law or father-in-law, son-in-law or daughter-in-law, brother-in-law or sister-in-law, grandparent or grandchild or any other person that lives in the same household as you. A "financial relationship" means: (i) serving as an employee, consultant, contractor or board member, (ii) being entitled to receive income, royalties, or payments, or (iii) having a significant investment or ownership interest.

A Conflict of Interest occurs when a Kerr employee is in a position to make or influence a decision or take action on behalf of Kerr that results in personal gain for the employee (or family member) as a result of the employee's business dealings, other financial interests (including gifts) or personal interests. Such circumstances can include a financial or personal interest that compromises his or her fiduciary duty or job responsibilities at Kerr, his or her professional judgment in the delivery of client care, or the services and operations of Albertina Kerr.

All decisions and actions you make must be based on the best interests of Kerr and those we serve, and not on personal interests or gain. You must avoid any situation that causes or appears to cause a conflict between your personal or personal business interests and Kerr's interests.

You should promptly disclose any situations constituting or appearing to constitute a potential conflict of interest to your supervisor. The supervisor will notify the Chief Compliance Officer, who will determine if the situation represents a conflict of interest. Board Members should report any Conflicts of Interest to the Board Chair and Kerr's Chief Compliance Officer.

Kerr leaders shall promptly investigate and attempt to resolve situations constituting or appearing to constitute a conflict of interest. Kerr leadership shall review all contractual, referral, and other relationships between internal and external providers to ensure their appropriateness and avoid potential conflicts of interest.

All Kerr employees and Board Members with a significant program, financial oversight or clinical roles are required to complete a Conflict of Interest Attestation within 45 days of joining Albertina Kerr and annually after that. The Chief Compliance Officer will designate the Kerr employees that are required to complete this attestation.

Here are some types of conflicts that could exist:

Business Relationships

As an employee or member of the board of directors, you must place the interests of Kerr ahead of your personal interests and to advance Kerr's legitimate interests whenever the opportunity arises. If you are presented with a business opportunity because of your position at Kerr, you should first inform the Director of your program, or your SLT member for administrative staff

before pursuing the opportunity in your individual capacity. A Board Member receiving such an opportunity should disclose the opportunity to the Chair of their Board for Board consideration. No Kerr employee or member of the board of directors may use Kerr property or information resulting from his/her position for personal gain or to compete with Kerr. Any business relationships between yourself or family member and Kerr must be reported to the Chief Compliance Officer for review.

Fair Dealing

Kerr is committed to conducting its business fairly and in accordance with the highest ethical standards. All employees and members of the board of directors are obligated to deal fairly with fellow employees, those we serve, vendors, competitors, and other third parties. Employees should not take unfair advantage of anyone through manipulation, concealment, or abuse of privileged information, misrepresentation, or any unfair dealing practice.

Additionally, no employee, member of the board of directors, or other representing Kerr shall offer or accept a bribe, kickback or improper favor to secure a business advantage.

Gifts

If an employee or Board member receives cash, checks, gifts or items, etc. for donation, you must forward the item to the Development Department for proper handling.

Employees, Board Members, and their family members should refuse accepting personal gifts from a person or organization performing services under a contract, seeking to perform services under a contract with Albertina Kerr, or are in a position to profit from the action or decision of a Kerr employee. However, if the gift is given with no obligation, is consistent with normal business courtesies, and is either hand-made or is of nominal value (less than \$100), they may be accepted.

Gifts of greater than \$100 may be accepted with permission of a Senior Leadership Member. Board Members should consult the Board Chair before accepting gifts greater than \$100. Gifts of more than \$100 or total gifts of greater than \$250 total from any single vendor or individual for 12 months must be reported to the Chief Compliance Officer.

You should never accept gifts or other gratuities (unless they are hand-made or of nominal value, less than 10 dollars per year) from clients and their family members. If a client or family member would like to donate to Kerr, please work with the Development Department to help that client or family with their gift. Gifts to staff from clients or guardians may be permitted during special events approved by the Director of the program (for example, an employee holiday fund) that benefits a group of staff.

When giving gifts, make sure they are in keeping with the business relationship and do not appear to attempt to obligate or influence the recipient to do business with Albertina Kerr. Do not offer any gift if it is against the policy of the recipient's organization as many companies have policies that do not allow any gifts. Licensed Medical Providers providing Medicaid services may not give gifts of any value to clients or potential clients we serve.

Personal Relationships

Kerr protects those we serve and does not engage in conduct with those we serve that may be interpreted as exploiting the person we serve for our own gain.

Employees will not engage in or solicit sexual acts or engage in any conduct, verbal behavior or other communication with or towards a person served or their family member that may reasonably be interpreted as sexual, seductive or sexually demeaning. This prohibition applies to current and former people served and their family members.

A Kerr employee is prohibited from directly or indirectly supervising a family member if that person is working in a program or department where they have administrative responsibility. Any exceptions to this policy must be approved by the Chief Human Resources Officer or CEO. A family member may volunteer in programs where an employee has a supervisory responsibility if approved by the Director of the program. All volunteers must be routed through the Kerr volunteer orientation process.

Outside Employment

Employees are subject to the following limitations regarding outside employment:

- The outside employment must not interfere with the performance of the employee's duties at Kerr.
- The employee will not accept payment from another employer for duties that are part of his or her employment with Kerr.
- The employee will not perform work for another employer during the employee's regular or assigned working hours except while the employee is on paid time off or unpaid leave.
- Employees must respect proprietary Agency information and not share such information with their other employers.
- The employee will not engage in outside work that directly competes with Kerr's operations.

Please see the Employee Handbook for more information.

Political Activity

Kerr may take public positions on matters of public policy and may engage in advocacy and lobbying activities on issues directly related to fulfillment of the board-approved mission, vision, and values. The agency is expressly prohibited by federal law from supporting or opposing candidates for public office.

Grassroots and direct political lobbying activities for tax-exempt organizations are permitted within specified dollar amounts as regulated by federal law. Agency expenses incurred in grassroots and direct lobbying activities shall be accurately recorded on its books and reported on annual tax returns or other required statements.

Use of agency funds for a political activity must be approved and authorized by the CEO or the Board of Directors.

Rev. 08/06/2019

See also: Procedure: Quality and Compliance: Conflict of Interest

PROCEDURE

Albertina Kerr

POLICY CHAPTER: QUALITY AND COMPLIANCE

SECTION: CONFLICTS OF INTEREST

PROCEDURE AREA: ALL PROGRAMS

1. The Chief Compliance Officer is responsible for the administration and tracking of the Annual Conflict of Interest Attestation.
2. The Chief Compliance Officer will determine the Albertina Kerr staff members required to complete this attestation. Determination will be made based on the scope and responsibility of the staff member's role or their clinical duties for Albertina Kerr. All Board Members will be required to complete the attestation.
3. The attestation will be completed within 45 days of hire or appointment to the board of directors. The attestation will also be completed annually during the last quarter of the fiscal year.
4. This attestation will be reviewed and retained by the Chief Compliance Officer.
5. If there is a noted conflict of interest, the following process will apply:
 - a. If an Albertina Kerr employee reports a conflict of interest, the issue will be reviewed by the Chief Executive Officer (CEO), Chief Human Resources Officer (CHRO) and the Chief Compliance Officer (CCO) and action will be taken as needed. If the conflict of interest involves the CEO, CHRO, or CCO, the issue will be reviewed by the Finance, Audit, and Compliance Committee.
 - b. If an Albertina Kerr board member reports a conflict of interest, the issue will be reviewed by the Finance, Audit, and Compliance Committee. This committee will forward the matter to the Board of Directors as needed for review, deliberation, and action. At the next meeting of the Board of Directors, the Board will conduct an executive session and the board member with the potential conflict will be excused from the proceedings. The board member will abstain from any votes or deliberation regarding the issue. The Chair of the Board of Directors (or designee) will review the conflict of interest with the board members, including the potential impact on the agency. Once the conflict of interest has been discussed, the Board will determine the best action to mitigate any potential impact on the operations of Albertina Kerr. This action will require a majority vote of approval by the board and will be documented clearly in the board minutes.

PROCEDURE

Albertina Kerr

Sources:

Rule	Summary	Last rule revision date
CareOregon	Guidance on conflict of interest requirements	2019
EthicsPoint	Guidance on conflict of interest requirements	2018
IRS form 1023	COI and tax exempt requirements	2018
PeaceHealth COI policy	Institutional policy for conflicts of interest	2015
OAR 411-004-0020	COI requirements licensing	2018

Revision and Approval History:

Policy	Revised by	Revision Date	Approved by	Approval Date
Conflict of Interest	Owen Gibson	08/06/19	FAC Committee	TBA
Procedure	Revised by	Revision Date	Approved by	Approval Date
Conflict of Interest	Owen Gibson	08/06/19	FAC Committee	TBA

Compliance Dashboard

Updated August 6th, 2019

Chief Compliance Officer Comments

Over the last two months, my primary focus has been the redesign of Kerr's policies and procedures. Overall, Kerr's policy and procedures have not been an effective way of informing staff of their day to day duties and responsibilities. This is due to multiple policies that are strewn across several systems. Also, there has not been a good process to manage Kerr-wide policy integration and changes. To address this issue, we are moving to a system where all policies are consolidated into 17 chapters along with Kerr's bylaws. All procedures will then be accessed through one of the 17 chapters. The design goal of the policies will allow new staff to review the "spirit" of each policy with an easy way of accessing more detailed procedures or desk manuals. All existing Kerr policies are being reviewed to ensure they meet current rules. The goal is to have all policies updated by January 2020 in anticipation of CARF's visit. Also, I am working with the Chief Human Resources Officer to integrate Kerr's Code of Conduct into the employee handbook. Kerr's privacy policy and other compliance policies will be submitted to this group for review as they are completed.

For our committee meeting, I am presenting the Conflict of Interest Policy, along with the associated procedure. Also attached is a report of the Conflict of Interest Attestations received to date. Due to the many items on the agenda, I will not be reviewing the data below with the group and present to you as written.

Respectfully Submitted,
Owen S. Gibson, MA, CHC



Risk Area	Global Area	Risk Factor (PxI)	Audit Trending
A Charges applied to correct account. Reconciling Patient Charges	A. Accounting- Incorrect Charges to Accounts/Insurance Carrier	1	
	Internal Audits	None	
	External Audits	Annual Financial Audit	
Notes:	2018 Financial Audit completed. No issues found in fiscal year 17/18 external audit regarding revenue cycle. Issues were found in the process of reconciling revenue with the GL, specifically the General Insurer Accounts Receivable account. The 2019 audit process has begun.		
B Discrepancies in the accounts of those we serve	B. Accounting- Client Accounts Discrepancies	6	
	Internal Audits	All homes are reviewed on every 2 years by accounting to review client fund accounting practices within the programs..	
	External Audits	None	
Notes:	Due to changes in staffing in accounting, the auditing of client funds by accounting staff was temporarily halted. This will resume in 2019. Kerr is working on implementing a new debit card system for all group homes that will significantly reduce the use of cash and with streamline both tracking as well as auditing. This process will also meet HCBS rules regarding client/agency fund co-mingling.		

	Risk Area	Global Area	Risk Factor (PxI)	Audit Trending	
C	Supervisory issues resulting in employment related settlements	C. Employment-Supervisory Issues	4	<p>Average of Problem with Supervisor: 4%</p> <p>Average of Moral or Ethical Issues: 14%</p> <p>Average of Poor Work Culture: 39%</p> <p>Average of Inadequate Training: 10%</p> <p>Average of Pay: 49%</p>	
	Internal Audits	Survey of staff voluntarily separating from Kerr			
	External Audits	None			
	Notes:	This is a rolling report for the last 120 days of 4 reasons that staff leave Kerr related to supervisory, training or other issues. In the last 4 months, 3.9% cited issues with their supervisor as reason for leaving Kerr. They also indicated 13.73% due to moral or ethical concerns, 39.2% poor work culture and 9.8% due to lack of training. The rate of leaving due to pay is noted for reference. Note: Within the survey, staff were allowed more than 1 reason for leaving Kerr. There was a significant decrease in the problems with a supervisor and significant increase of leaving due to pay.			
D	Documentation is inadequate or inaccurate to support service; Start and Stop Times Incorrect	D. Fraud, Waste and Abuse- Lacking Documentation	18		
E	Review and approval process for billing fails to detect inaccurate encounters; Lack of authorizations; Lack of verifying insurance coverage; Overpayments; Improper collection of co-pays.	E. Fraud, Waste and Abuse- Billing Process Errors	12		
	Internal Audits	Ongoing audits reviewing potential overpayments, Place of Services coding, type of service coding, Start and Stop times, Medical Necessity Linkages, Notice of Privacy Practices			
	External Audits	Oregon Health Authority and Oregon Department of Developmental Disabilities			
	Notes:	A review of the mental health programs was completed. No significant issues found. No overpayment issues at this time. There was significant improvement in documentation in the outpatient program from the last audit.			
F	Denial codes are used incorrectly in secondary billings.	F. Fraud, Waste and Abuse- Denial Code Management	2		
	Internal Audits	None			
	External Audits	None			
	Notes:	Metric in development			

	Risk Area	Global Area	Risk Factor (PxI)	Audit Trending																																				
G	User names and passwords are not protected; Loss due to lack of encryption or other security; Email not secured; BAA risk; PHI released improperly or lost; denying release of PHI when requested, Social Media Posts, Releasing to wrong client, Phishing, Hacking	G. HIPAA- Loss of client information	25	<table border="1"> <caption>Physical PHI Audit</caption> <thead> <tr> <th>Year</th> <th>Low</th> <th>None</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>1</td> <td>1</td> </tr> <tr> <td>2018</td> <td>1</td> <td>1</td> </tr> <tr> <td>2019</td> <td>1</td> <td>1</td> </tr> </tbody> </table>	Year	Low	None	2017	1	1	2018	1	1	2019	1	1	<table border="1"> <caption>Total BAA Missing Rate</caption> <thead> <tr> <th>Year</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>15%</td> </tr> <tr> <td>2016</td> <td>35%</td> </tr> <tr> <td>2017</td> <td>13%</td> </tr> <tr> <td>2018</td> <td>13%</td> </tr> </tbody> </table>	Year	Total	2015	15%	2016	35%	2017	13%	2018	13%	<table border="1"> <caption>HIPAA Training Completed</caption> <thead> <tr> <th>Year</th> <th>Qtr1</th> <th>Qtr2</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>98.3%</td> <td>98.0%</td> </tr> <tr> <td>2018</td> <td>98.0%</td> <td>87.5%</td> </tr> <tr> <td>2019</td> <td>87.5%</td> <td>90.0%</td> </tr> </tbody> </table>	Year	Qtr1	Qtr2	2017	98.3%	98.0%	2018	98.0%	87.5%	2019	87.5%	90.0%
	Year	Low	None																																					
	2017	1	1																																					
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Internal Audits	Inspection of physical spaces, review of Business Associate Agreements, Review of HIPAA trainings, tracking of HIPAA breaches, review of outbound emails.		<table border="1"> <caption>Total HIPAA Breach # Clients Impacted</caption> <thead> <tr> <th>Year</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>1</td> </tr> <tr> <td>2016</td> <td>35</td> </tr> <tr> <td>2017</td> <td>3</td> </tr> <tr> <td>2018</td> <td>3</td> </tr> <tr> <td>2019</td> <td>7</td> </tr> </tbody> </table>	Year	Total	2015	1	2016	35	2017	3	2018	3	2019	7	<table border="1"> <caption>% Emails sent without security</caption> <thead> <tr> <th>Year</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>28%</td> </tr> <tr> <td>2016</td> <td>20%</td> </tr> <tr> <td>2017</td> <td>1%</td> </tr> <tr> <td>2018</td> <td>14%</td> </tr> <tr> <td>2019</td> <td>3%</td> </tr> </tbody> </table>	Year	Total	2015	28%	2016	20%	2017	1%	2018	14%	2019	3%												
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2019	3%																																							
External Audits	External Audits																																							
Notes:	No additional HIPAA violations since last report. Due to significant turnover in the accounting department, the BAA audit process has been suspended. The interim CFO and next CFO will need to tackle this issue to ensure that BAA's are fully in place. In review, no significant contractors were without a BAA in the last audit.																																							
H	Lack of Disaster Recovery in place/ Disruption in business continuity	H. HIPAA- Disaster Recovery	5																																					
	Internal Audits	None																																						
	External Audits	External Audits																																						
Notes:	The 2018 Hi-tech external audit completed by Lightpoint. No significant findings. Primary issue was a lack of some specific policies. Will be addressing policy updates in 2019. Also, the IT team will be working on a "Phishing test" of staff to see how many click into a fake login.																																							
M	Lack of controls in Payroll. BOLI risk.	M. Employment- BOLI Complaints	6																																					
	Internal Audits	Review of internal controls																																						
	External Audits	Annual Financial Audit																																						
	Notes:	Due to issues with timely pay and 401k distributions, a BOLI complaint and investigation occurred. This was also noted as a finding in the 2018 audit. Internal auditing to start 2019.																																						

	Risk Area	Global Area	Risk Factor (PxI)	Audit Trending
I	Incidents of abuse or other harm to clients	I. Licensing-Instances of Abuse	25	
	Internal Audits	RCA or independent investigations as needed		
	External Audits	OTIS investigations		
	Notes:	There has been a significant decrease in substantiated abuse findings over the last 60 days. Graphing was not available at time of report.		

	Risk Area	Global Area	Risk Factor (PxI)	Sum of Number of Issues													
J	Violating rules due to changes/Lack of monitoring rules	J. Licensing-Violating Rules	16	<p>Licensing Findings (# Violations)</p> <table border="1"> <caption>Licensing Findings (# Violations)</caption> <thead> <tr> <th>Year</th> <th>Sum of Number of Issues</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>1</td> </tr> <tr> <td>2016</td> <td>2</td> </tr> <tr> <td>2017</td> <td>8</td> </tr> <tr> <td>2018</td> <td>2</td> </tr> <tr> <td>2019</td> <td>4</td> </tr> </tbody> </table>	Year	Sum of Number of Issues	2015	1	2016	2	2017	8	2018	2	2019	4	Internal Auditing will be added here 2019
Year	Sum of Number of Issues																
2015	1																
2016	2																
2017	8																
2018	2																
2019	4																
	Internal Audits	Internal reviewed by QIC staff at least quarterly.															
	External Audits	State reviews															
	Notes:	Licensing recently returned to The Studios and they found significant improvements to the program. The admission restriction was lifted. No other significant licensing issues found since last report.															

	Risk Area	Global Area	Risk Factor (PxI)	Audit Trending																																							
K	Fleet Accidents increase costs or cause injury to staff or clients	K. Employment-Significant Fleet Accidents	15	<p>Total Fleet Damage</p> <table border="1"> <tr><th>Year</th><th>Total</th></tr> <tr><td>2017</td><td>\$21,706</td></tr> <tr><td>2018</td><td>\$22,928</td></tr> </table>	Year	Total	2017	\$21,706	2018	\$22,928	<p>Safety First Complaints</p> <table border="1"> <tr><th>Year</th><th>Total</th></tr> <tr><td>2017</td><td>10</td></tr> <tr><td>2018</td><td>20</td></tr> <tr><td>2019</td><td>15</td></tr> </table>	Year	Total	2017	10	2018	20	2019	15																								
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	Internal Audits	Reviewing damage to the fleet (insurance claims), Calls to our outside complaint number, GPS tracking of speed in Kerr owned vehicles.		<p>Number of Speeding Incidents (over 20% Limit of speed limit)</p> <table border="1"> <tr><th>Year</th><th>Total</th></tr> <tr><td>2017</td><td>16</td></tr> <tr><td>2018</td><td>20</td></tr> <tr><td>2019</td><td>8</td></tr> </table>	Year	Total	2017	16	2018	20	2019	8	<p>Type of Complaint</p> <table border="1"> <tr><th>Type</th><th>Count</th></tr> <tr><td>Ignore Stop Sign</td><td>5</td></tr> <tr><td>Merging</td><td>8</td></tr> <tr><td>Swerving</td><td>6</td></tr> <tr><td>Talking on Cell</td><td>3</td></tr> <tr><td>Texting</td><td>4</td></tr> <tr><td>Other</td><td>3</td></tr> <tr><td>Caused Accident</td><td>2</td></tr> <tr><td>Dangerous Passing</td><td>1</td></tr> <tr><td>Speeding</td><td>2</td></tr> </table>	Type	Count	Ignore Stop Sign	5	Merging	8	Swerving	6	Talking on Cell	3	Texting	4	Other	3	Caused Accident	2	Dangerous Passing	1	Speeding	2										
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Speeding	2																																										
	External Audits																																										
	Notes:	This calendar year, there have been no major accidents or fleet damage. Trending in issues are backing into vehicles at the Studios and swerving. Speeding continues to track better than last year same time.																																									
L	Staff injuries resulting in increased costs	L. Employment-Staff Injuries	10	This metric is reported to the Program and Accreditation Committee																																							
	Internal Audits																																										
	External Audits																																										
	Notes:	This metric is reported to the Program and Accreditation Committee																																									
N	Improper Physician Relationships/ Conflict of Interest/ Illegal or unethical employee behavior	N. Stark/Anti-Kickback Issues	3	<p>Navex Calls by Type</p> <table border="1"> <tr><th>Year</th><th>Qtr</th><th>Type of Call</th><th>Count</th></tr> <tr><td>2017</td><td>Qtr1</td><td>Misdirected Call</td><td>2</td></tr> <tr><td>2018</td><td>Qtr2</td><td>Misuse of Funds</td><td>1</td></tr> <tr><td>2018</td><td>Qtr3</td><td>Lack of Training</td><td>1</td></tr> <tr><td>2018</td><td>Qtr4</td><td>Privacy Violation</td><td>1</td></tr> </table>	Year	Qtr	Type of Call	Count	2017	Qtr1	Misdirected Call	2	2018	Qtr2	Misuse of Funds	1	2018	Qtr3	Lack of Training	1	2018	Qtr4	Privacy Violation	1	<p>Code of Conduct Training Completion</p> <table border="1"> <tr><th>Date</th><th>Total</th></tr> <tr><td>10/1/2015</td><td>99.5%</td></tr> <tr><td>1/1/2016</td><td>99.5%</td></tr> <tr><td>4/1/2016</td><td>99.5%</td></tr> <tr><td>7/1/2016</td><td>97%</td></tr> <tr><td>10/1/2016</td><td>97%</td></tr> <tr><td>1/1/2017</td><td>94%</td></tr> <tr><td>4/1/2017</td><td>98%</td></tr> <tr><td>7/1/2017</td><td>97%</td></tr> </table>	Date	Total	10/1/2015	99.5%	1/1/2016	99.5%	4/1/2016	99.5%	7/1/2016	97%	10/1/2016	97%	1/1/2017	94%	4/1/2017	98%	7/1/2017	97%
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	Internal Audits	Review of calls to NAVEX confidential hotline.																																									
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	Notes:	There continues to be limited calls to the NAVEX internal reporting line. No calls since the last report. The Code of Conduct for Kerr has been significantly re-written and will be integrated into the employee handbook. The code of conduct training will be integrated into the NEO process.																																									