

ALBERTINA KERR

ALBERTINA KERR CENTERS Finance, Audit & Compliance Committee

Meeting Agenda Tuesday, October 8, 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 August 13, 2019 Committee Meeting** (All)
- 4:01
pp. 5-9 **Review & Approve Committee Charter & Committee Objectives
with Recommended Revisions from August 13 Meeting** (Owen
Gibson, Holly Edgar)
- 4:20
pp. 10-15 **July & Preliminary August FY2019-2020 Financial Statements**
(Janice Jacobs)
- 5:00
pp. 16-20 **Review Compliance Dashboard** (Owen Gibson)
- 5:20
pp. 21-25 **Review Conflict of Interest Policy with Recommended Revisions
from August 13 Meeting** (Owen Gibson)
- 5:40 **Executive Session** (Committee, Owen Gibson)
- 6:00 **Adjourn** (Karen Rasmussen)

ALBERTINA KERR CENTERS
Finance, Audit & Compliance Committee Minutes
August 13, 2019
4 to 6:00 p.m.
Kerr Admin Center – 2nd Floor Board Room

Members Present

David Lake, Melissa May, Jill Nickerson, Karen Rasmussen (joined at 5:00 pm), Laura Shipley

Members Excused

David Connell, Paul Litwinczuk, Craig Payne

Community Member(s) Present

Mark Thoenes

Staff Present

Jeff Carr, Owen Gibson, Tom Hurst (Interim CFO), Melody Tripp (Interim Accounting Manager)

Guests

Gary McGee and Nathan Bresser of Gary McGee & Co LLP

Convene (Jill Nickerson for Karen Rasmussen, Chair)

Jill convened the meeting at 4:00 p.m.

Approve Minutes of June 11, 2019 Finance, Audit & Compliance Committee Meeting

ACTION: Jill Nickerson moved that the minutes of the June 11th meeting be approved. Laura Shipley seconded. The motion passed via unanimous vote.

Review Committee Charter & Committee Objectives (All)

Draft updates of the FAC Committee Charter and Committee Objectives for FY 2019-2020 were reviewed. Discussion was held about the responsibilities of the committee. Members suggested several updates that were captured for editing, including ensuring the committee objectives align with the responsibilities as outlined by the Charter. A line item for reviewing the audit plan will be added to the objectives worksheet.

There was a lengthy conversation about the policy reviews. Owen Gibson relayed that a team of Kerr staff are continuing to work on revamping the agency's policy structure, maintenance and review processes. The project has taken a few turns in the discovery phase based on the sheer numbers of and broad distribution of policies, built upon and stored over the years. An additional influence on revising and updating all agency policies is the upcoming transition from the Joint Commission to Commission on Accreditation of Rehabilitation Facilities (CARF) for accreditation. Timing for completion of the policy project is targeted for spring 2020. The FAC Committee will review final drafts of FAC related policies at the March 10, 2020 committee meeting, and conduct a review and update of policies annually at the spring meeting, prior to the auditors' review.

ACTION: Owen Gibson and Holly Edgar took note of Committee members' requests and suggestions for editing, clarity and consistency between the Charter and Objectives. Owen

and Holly will revise the documents accordingly and resubmit for review at the next FAC Committee meeting.

Audit Plan (Gary McGee, Nathan Bresser)

Gary and Nathan distributed and reviewed the financial audit timeline and deliverables (attached). Interim CFO Tom Hurst and Interim Accounting Manager Melody Tripp have met with Gary and Nathan. The scope of services will be the same as in previous years. Auditors will focus on internal control systems and processes. New rules and pronouncements were covered. Leases will be added to the debt on balance sheets. Changes to restricted funds eliminates holding temporarily restricted funds for future use. The audit will proceed on the usual annual timeline. FAC Committee members may email Gary McGee if there are any questions.

Meet with CFO Candidate

CFO candidate Marcia Stilwell was introduced to the FAC Committee as a finalist in the search for a permanent CFO. Marcia worked at Nike for 24 years and rose through the ranks to VP & Treasurer of the company. She has held various other jobs since leaving Nike in both for-profit and non-profit businesses. Members of the committee asked a variety of questions about Marcia's background and direct experience. Follow-up discussion following the interview revealed several members had concerns about the candidate's skills and experience matching the job of CFO. These concerns were noted.

ACTION: Two committee members agreed to meet with the second finalist, Janice Jacobs, as soon as possible to explore her candidacy for the position.

Update: One committee member has worked with Janice Jacobs at another non-profit. The two committee members met with her on August 20th. All three gave their support of extending a job offer provided background checks and references are positive.

Financial Update (Tom Hurst, Jeff Carr)

- Review FY2018-2019 Closing
 - There will be no adjustments after preliminary financials have been submitted to the auditors. Any adjustments will be done together at the end of the process.
 - The fiscal year ended with a \$24k surplus. The surplus includes funds contributed by Washington County for the purchase of a new group home and a \$194k gift from the Swindell Foundation.
 - The \$500k contingency was used.
 - Reporting of hours and overtime, and focused management of hours, began in January and contributed to the overall reduction of hours, thus savings.
 - Weekly forecasting has helped management understand the capacity and census drivers to the bottom line.
 - June saw a seasonal reduction in census, mainly at subacute.
 - Contract labor expenses will reduce with the onboarding of Medical Director Dr. Alfredo Soto.
 - MIS expenses were not as high as expected due to a delay in the Epic roll-out. Expenses will go up as the new system is implemented.
 - Adult group homes are now filled with just two vacancies. Referrals are not fitting the Kerr model. More referrals with higher behavioral issues and more mobility requires a different level of care than the traditional Kerr model. Two adults will be moved to fill the last two vacancies

and the Autzen group home will transition from an adult home to a kids' home. The State has funding for 19 more kids' beds and has asked Kerr to take as many as possible.

- Balance sheets show cash flow in a strong position.
- The consolidated financials show a strong position as well. Investments are good and there have been no write-offs.
- A question was asked about the \$960+k increase in Accounts Receivable. The increase was due to process improvements.
- Review Preliminary July Performance
 - Subacute was down in census due to summer, and slightly under budget. Actual census was 14.55 against a budgeted 15.
 - Overtime increased slightly due to vacation coverage and increased hours while kids are not in school.
- Discuss \$500k Contingency
 - The \$500k contingency will remain the same and will be reviewed for next year's budget.
 - Behavioral Therapists' services in group homes will be unbundled which will have a positive financial impact for Kerr. A preliminary math calculation suggests a possible \$250k increase in in-home behavioral therapy services.

Compliance Updates (Owen Gibson)

Owen provided further information on the policy restructuring, reviewing and re-writing project. Policies have been managed by departments without an overall central processing point of checks, inventory and organization of the documents. A new method and structure will use CARF (Commission on Accreditation of Rehabilitation Facilities) guidelines as a basis for content and categorization. Control of revisions, additions and deletions will be maintained centrally with a single point of ownership by position, as opposed to person. As part of this project, Owen is updating the Conflict of Interest Policy and Procedure. Attestations will be processed at the beginning of each fiscal year. A list of specific positions and roles that need to comply with annual attestation will accompany the policy. Discussion was held regarding restrictions on gifts and how to track and report activity. Owen will bring any conflict findings to the FAC Committee.

ACTION: Owen Gibson will make suggested edits to the Conflict of Interest Policy and will submit it for review at the next FAC Committee meeting.

Owen pointed to the Compliance Dashboard for members to review, although he did not plan to provide a deep discussion on it at this meeting. Outcomes reported look good overall. A question was asked about the Code of Conduct Policy, and Owen replied that it will be incorporated into the Employee Handbook.

Executive Session

Committee members entered executive session at 6:15 pm.

Adjourn (Karen Rasmussen)

Karen adjourned the meeting at 6:25 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 Chair~~man~~ 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 and Investment Committee 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 the 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~~ Finance, Audit & Compliance 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 Code~~ 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 Chief~~ 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.

15. Input regarding transition of the Chief Finance Officer. In the event of transition of the Chief Finance Officer, at least two committee members will meet with CFO candidates and provide advisory input.

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 October 8, 2019

ALBERTINA KERR CENTERS

2019-2020 Finance, Audit & Compliance Committee Objectives

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

Meeting Schedule for 2019-2020

August 13, 2019

October 8, 2019

November 12, 2019

January 7, 2020

March 10, 2020

June 9, 2020

Rev 10/05/19

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

	8/30/2019 MTD Contract and Program Revenue	8/30/2019 MTD Grant and Contribution Revenue	8/30/2019 MTD Other Revenue	MTD Total Revenue	MTD Direct Expenses	MTD Margin Generated	MTD Indirect Expenses	MTD Indirect Allocation	MTD Total Expenses	MTD Operating Results	MTD Operating Budget	MTD Actual Vs. Budget	Annual Budget
Programs													
Adult Group Homes	1,304,975			1,304,975	1,179,180	125,795		120,861	1,300,041	4,934	(42,088)	47,022	(2,358,442)
<i>Clackamas Co. Group Homes & CI</i>	439,814			439,814	432,633	7,181		42,958	475,591	(35,777)	(36,072)	295	(1,051,462)
<i>Multnomah Co. Group Homes & CI</i>	329,651			329,651	279,293	50,358		30,175	309,468	20,183	(7,802)	27,985	(612,802)
<i>Washington Co. Group Homes & CI</i>	193,887			193,887	151,430	42,457		16,092	167,522	26,365	(1,039)	27,404	(280,336)
<i>Marion Co. Group Homes & CI</i>	341,623			341,623	315,824	25,799		31,636	347,460	(5,837)	2,825	(8,662)	(413,842)
Employment Services	71,869			71,869	117,323	(45,454)		9,775	127,098	(55,229)	4,847	(60,076)	(181,158)
Studios	102,225	8,333		110,558	115,478	(4,920)		11,367	126,845	(16,287)	(47,634)	31,347	(708,288)
Kids DD Group Homes	1,076,931	-		1,076,931	900,808	176,123		95,914	996,722	80,209	57,478	22,731	3,738,034
Transition-Aged Group Homes	232,427			232,427	220,820	11,607		22,629	243,449	(11,022)	(18,893)	7,871	(530,389)
Kerr Bikes	36,580			36,580	-	36,580		-	-	36,580	52,195	(15,615)	55,357
Outpatient Mental Health	143,584			143,584	134,432	9,152		12,847	147,279	(3,695)	(45,431)	41,736	(227,202)
Subacute	363,365			363,365	389,701	(26,336)		34,534	424,235	(60,870)	(66,904)	6,034	(162,917)
Program Oversight and Other	-	1,245	2,864	4,109	15,388	(11,279)		-	15,388	(11,279)	-	(11,279)	(1,065)
Total Programs	3,331,956	9,578	2,864	3,344,398	3,073,130	271,268	-	307,927	3,381,057	(36,659)	(106,430)	69,771	(376,070)
Admin & Other													
Trfs from Foundation and Govt Grants	-	(71,177)		(71,177)	-	(71,177)			-	(71,177)	36,520	(107,697)	1,040,478
Investment Spending Rate	-		24,421	24,421	-	24,421			-	24,421	27,439	(3,018)	327,420
Campus Buildings	-	-		-	16,777	(16,777)			16,777	(16,777)	(11,259)	(5,518)	(141,769)
Indirect Admin	-	-	-	-	317,666	(317,666)	(358,880)	-	(41,214)	41,214	(29,428)	70,642	(138,388)
Other Pooled Direct Costs	-			-	(43,202)	43,202			(43,202)	43,202	(462)	43,664	(7,621)
Total Admin & Other	-	(71,177)	24,421	(46,756)	291,241	(337,997)	(358,880)	-	(67,639)	20,883	22,810	(1,927)	1,080,120
Total Operating (Before Contingency)	3,331,956	(61,599)	27,285	3,297,642	3,364,371	(66,729)	(358,880)	307,927	3,313,418	(15,776)	(83,620)	67,844	704,050
Contingency										-	(41,667)	41,667	(500,000)
Total Operating										(15,776)	(125,287)	109,511	204,050

**Albertina Kerr Centers
YTD Operating Recap
For The Year to Date Ending
August 30, 2019**

	8/30/2019	8/30/2019	8/30/2019										
	YTD	YTD		YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	Annual
	Contract	Grant and	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	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	2,550,431			2,550,431	2,345,647	204,784		216,641	2,562,288	(11,857)	(133,627)	121,770	(2,358,442)
<i>Clackamas Co. Group Homes & CI</i>	864,662			864,662	851,036	13,626		76,308	927,344	(62,682)	(93,500)	30,818	(1,051,462)
<i>Multnomah Co. Group Homes & CI</i>	646,729			646,729	566,057	80,672		54,135	620,192	26,537	(30,675)	57,212	(612,802)
<i>Washington Co. Group Homes & CI</i>	377,895			377,895	304,870	73,025		29,318	334,188	43,707	(7,522)	51,229	(280,336)
<i>Marion Co. Group Homes & CI</i>	661,145			661,145	623,684	37,461		56,880	680,564	(19,419)	(1,930)	(17,489)	(413,842)
Employment Services	211,238			211,238	239,178	(27,940)		19,998	259,176	(47,938)	9,423	(57,361)	(181,158)
Studios	194,601	16,667		211,268	226,440	(15,172)		19,946	246,386	(35,118)	(89,507)	54,389	(708,288)
Kids DD Group Homes	2,143,760	-		2,143,760	1,795,391	348,369		172,918	1,968,309	175,451	81,187	94,264	3,738,034
Transition-Aged Group Homes	454,541			454,541	430,033	24,508		39,713	469,746	(15,205)	(55,404)	40,199	(530,389)
Kerr Bikes	55,418			55,418	-	55,418		-	-	55,418	95,074	(39,656)	55,357
Outpatient Mental Health	252,022			252,022	264,076	(12,054)		20,410	284,486	(32,464)	(103,782)	71,318	(227,202)
Subacute	733,801			733,801	833,008	(99,207)		66,345	899,353	(165,552)	(184,053)	18,501	(162,917)
Program Oversight and Other	-	2,193	5,728	7,921	7,921	-		-	7,921	-	20	(20)	(1,065)
Total Programs	6,595,812	18,860	5,728	6,620,400	6,141,694	478,706	-	555,971	6,697,665	(77,265)	(380,669)	303,404	(376,070)
Admin & Other													
Trfs from Foundation and Govt Grants	-	(84,269)		(84,269)	-	(84,269)			-	(84,269)	41,264	(125,533)	1,040,478
Investment Spending Rate	(50)	-	-	(50)	-	(50)			-	(50)	54,878	(54,928)	327,420
Campus Buildings	-	-		-	19,716	(19,716)			19,716	(19,716)	(22,444)	2,728	(141,769)
Indirect Admin	-	-	48,842	48,842	579,151	(530,309)	(616,815)	-	(37,664)	86,506	(58,868)	145,374	(138,388)
Other Pooled Direct Costs	-			-	-	-			-	-	(924)	924	(7,621)
Total Admin & Other	(50)	(84,269)	48,842	(35,477)	598,867	(634,344)	(616,815)	-	(17,948)	(17,529)	13,906	(31,435)	1,080,120
Total Operating (Before Contingency)	6,595,762	(65,409)	54,570	6,584,923	6,740,561	(155,638)	(616,815)	555,971	6,679,717	(94,794)	(366,763)	271,969	704,050
Contingency										-	(83,334)	83,334	(500,000)
Total Operating										(94,794)	(450,097)	355,303	204,050

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

Description	Actual	Actual	Actual Var \$'s	Actual Var	Budget	Budget Var. \$'s	Budget Var.	YTD	YTD Budget	YTD Bud Var \$'s	YTD Var.	Annual
	7/31/2019	8/30/2019	Fav/(Unfav)	%	8/30/2019	Fav/(Unfav)	%	Actual	8/30/2019	Fav/(Unfav)	%	Budget
Revenue												
Contract and Program Revenue	3,243,398	3,293,750	50,352	1.5%	3,316,881	(23,131)	-0.7%	6,537,148	6,585,325	(48,177)	-0.74%	45,404,060
Grants Received Directly in AKC	-	-	-	0.0%	-	-	0.0%	-	-	-	0.00%	-
Trfs from Fdn and Net Assets Released	15,649	(24,638)	(40,287)	163.5%	83,392	(108,030)	-129.5%	(8,988)	125,681	(134,669)	1498.32%	1,987,156
Investment Spending Rate	27,285	27,285	-	0.0%	27,285	-	0.0%	54,570	54,570	-	0.00%	327,420
In Kind Contributions	948	1,245	297	23.9%	-	1,245	0.0%	2,193	-	2,193	100.00%	50,000
Total Revenue	3,287,280	3,297,642	10,362	0.3%	3,427,558	(129,916)	-3.8%	6,584,923	6,765,576	(180,653)	-2.74%	47,768,636
Expense												
Salaries & Wages	2,230,723	2,163,365	67,358	3.1%	2,242,466	79,101	3.5%	4,394,088	4,546,882	152,794	3.48%	30,947,544
Employee Benefits	310,915	331,928	(21,013)	-6.3%	343,699	11,771	3.4%	642,843	686,639	43,796	6.81%	4,178,225
Payroll Taxes	205,390	213,217	(7,827)	-3.7%	207,227	(5,990)	-2.9%	418,608	421,128	2,520	0.60%	2,818,796
Contracted Direct Labor	23,255	66,861	(43,606)	-65.2%	6,580	(60,281)	-916.1%	90,117	28,160	(61,957)	-68.75%	76,462
Other Employee Related Costs	4,311	29,131	(24,820)	-85.2%	35,799	6,668	18.6%	33,442	71,594	38,152	114.08%	429,962
Professional Fees & Insurance	42,949	58,413	(15,464)	-26.5%	48,194	(10,219)	-21.2%	101,362	99,641	(1,721)	-1.70%	608,163
Telecommunications	7,306	5,659	1,647	29.1%	9,962	4,303	43.2%	12,965	19,924	6,959	53.68%	119,544
Facilities & Occupancy	226,592	205,176	21,416	10.4%	236,941	31,765	13.4%	431,768	477,207	45,439	10.52%	2,674,199
Utilities	52,333	41,190	11,143	27.1%	53,149	11,959	22.5%	93,522	106,298	12,776	13.66%	638,035
Equipment	27,400	30,210	(2,810)	-9.3%	26,338	(3,872)	-14.7%	57,610	54,875	(2,735)	-4.75%	300,526
Program & Office Supplies	97,853	74,847	23,006	30.7%	97,315	22,468	23.1%	172,700	194,630	21,930	12.70%	1,171,108
MIS	91,209	93,422	(2,213)	-2.4%	119,041	25,619	21.5%	184,632	268,682	84,050	45.52%	1,555,165
Vehicle Expenses	39,922	36,318	3,604	9.9%	52,382	16,064	30.7%	76,239	99,127	22,888	30.02%	610,014
PR & Fundraising	80	2,669	(2,589)	-97.0%	12,863	10,194	79.3%	2,749	20,863	18,114	658.93%	151,221
Cost of In-Kind Goods/Services	948	1,245	(297)	-23.9%	-	(1,245)	0.0%	2,193	-	(2,193)	-100.00%	50,000
Training and Other	17,190	17,127	63	0.4%	27,317	10,190	37.3%	34,460	55,334	20,874	60.57%	838,405
Interest Expense	17,675	11,093	6,582	59.3%	19,672	8,579	43.6%	28,768	39,344	10,576	36.76%	236,062
Admin and Bldg Costs Allocated to AKF	(29,752)	(68,453)	38,701	-56.5%	(27,767)	40,686	-146.5%	(98,349)	(57,988)	40,361	-41.04%	(338,845)
Total Expense	3,366,299	3,313,418	52,881	1.6%	3,511,178	197,760	5.6%	6,679,717	7,132,340	452,623	6.78%	47,064,586
Net (Deficit) / Surplus (Before Contingency)	(79,019)	(15,776)	63,243	n/a	(83,620)	67,844	n/a	(94,794)	(366,764)	271,970	n/a	704,050
Contingency	-	-			(41,667)	41,667		-	(83,334)	83,334		(500,000)
Net (Deficit) / Surplus	(79,019)	(15,776)	63,243		(125,287)	109,511		(94,794)	(450,098)	355,304		204,050

**Albertina Kerr Centers
Balance Sheet
For The Month Ending
August 30, 2019**

	<u>Balance</u> <u>August 30, 2019</u>	<u>Balance</u> <u>July 31, 2019</u>	<u>Net</u> <u>Change</u>	<u>%</u> <u>Change</u>
Assets:				
Cash and Cash Equivalents	\$1,748,468	\$1,208,693	539,775	44.7%
Contract/Program Receivables	2,031,295	2,795,935	(764,640)	-27.3%
Less: Allowance for Doubtful Accounts	(182,760)	(182,439)	(321)	0.2%
Contributions Receivable	(40,980)	(57,092)	16,112	-28.2%
Other Receivables	106,038	86,371	19,667	22.8%
Prepaid Expenses, Deposits & Other Current Assets	459,590	408,036	51,554	12.6%
Other Long-Term Assets	172,499	172,499	-	0.0%
Fixed Assets, Net	14,950,976	14,975,271	(24,295)	-0.2%
Due From / (To) Other Funds	(2,792,344)	(2,749,003)	(43,341)	1.6%
<i>Total Assets</i>	<i>16,452,782</i>	<i>16,658,271</i>	<i>(205,489)</i>	<i>-1.2%</i>
Liabilities:				
Accounts Payable and Accrued Expenses	369,897	478,727	(108,830)	-22.7%
Accrued Payroll Liabilities	837,524	919,107	(81,583)	-8.9%
PAL Liability	564,345	587,452	(23,107)	-3.9%
Contract Overpayments/Advances	234,525	200,707	33,818	16.8%
Unemployment Reserve	209,591	195,770	13,821	7.1%
Long-term debt	4,708,783	4,731,060	(22,277)	-0.5%
Total Liabilities	<u>6,924,665</u>	<u>7,112,823</u>	<u>(188,158)</u>	-2.6%
Unrestricted Net Assets:				
Available for General Operations	(283,534)	(268,222)	(15,312)	5.7%
Investment in Land, Buildings and Equipment	9,811,651	9,813,670	(2,019)	0.0%
Total Net Assets	9,528,117	9,545,448	(17,331)	-0.2%
<i>Total Liabilities and Net Assets</i>	<i>16,452,782</i>	<i>16,658,271</i>	<i>(205,489)</i>	<i>-1.2%</i>

Albertina Kerr Centers, Foundation, and Kerr Bikes
Consolidated Statement of Activities
For the month ending August 30, 2019

	Actual	Budget	Variance	% Change F/(U)
Revenue				
Contract and Program Revenue	3,294,330	3,342,916	(48,586)	-1.5%
Contribution and Event Revenue (Net of Event Expenses)	48,822	135,735	(86,913)	-64.0%
Sales to the Public (Net of Cost of Goods Sold)	93,465	89,373	4,092	4.6%
Investment Income	(58,655)	28,477	(87,132)	-306.0%
In-Kind Contributions	1,296	8,958	(7,662)	-85.5%
Total Revenue	3,379,258	3,605,459	(226,201)	-6.3%
Expenses				
Salaries & Wages	2,246,426	2,324,151	77,725	3.5%
Employee Benefits	341,213	351,511	10,298	3.0%
Payroll Taxes	220,699	214,392	(6,307)	-2.9%
Contracted Direct Labor	66,861	6,580	(60,281)	-90.2%
Other Employee Related Costs	29,620	36,207	6,587	22.2%
Professional Fees & Insurance	58,863	56,900	(1,963)	-3.3%
Telecommunications	100,879	131,876	30,997	30.7%
Facilities & Occupancy	246,891	294,573	47,682	19.3%
Equipment	34,600	30,265	(4,335)	-12.5%
Program & Office Supplies	78,442	99,525	21,083	26.9%
Vehicle Expenses	36,336	52,391	16,055	44.2%
PR & Fundraising	6,063	37,886	31,823	524.9%
Training & Other	32,225	89,713	57,488	178.4%
Total Expenses	3,499,118	3,725,970	226,852	6.5%
Net Income / (Loss) Before Contingency	(119,860)	(120,511)	651	0.5%
Contingency	-	(41,667)	41,667	
Net Income / (Loss)	(119,860)	(162,178)	42,318	

**Albertina Kerr Centers, Foundation, and Kerr Bikes
Consolidated Statement of Financial Position
For the month ending August 30, 2019**

	8/30/2019	7/31/2019	6/30/2018
Assets:			
Cash and Cash Equivalents	2,657,440	2,126,667	2,143,367
Cash Held for Others	147,077	147,077	147,479
Investments	8,784,024	8,842,758	8,692,900
Accounts Receivable	2,031,295	2,795,935	1,735,298
Less: Allowance for Doubtful Accounts	(182,760)	(182,439)	(49,892)
Grants Receivable	(125,000)	(100,000)	49,700
Contributions Receivable	(6,863)	5,313	133,919
Other Receivables	106,038	86,307	118,669
Prepaid Expenses, Deposits and Other Current Assets	500,858	450,793	578,169
Charitable Remainder Trusts Receivable	659,749	659,749	628,995
Other Long-Term Assets	212,508	212,508	224,310
Fixed assets, Net	21,327,059	21,374,924	21,694,702
Total Assets	36,111,425	36,419,592	36,097,616
Liabilities:			
Accounts Payable and Accrued Expenses	558,864	679,237	990,360
Accrued Payroll Liabilities	1,434,837	1,516,420	1,346,176
Personal Accrued Leave (PAL) Liability	564,345	587,452	589,429
Contract Overpayments/Advances	282,379	234,765	143,537
Unemployment Reserve	209,591	195,771	231,641
Long-Term Debt	4,708,783	4,731,059	5,051,951
Total Liabilities	7,758,799	7,944,704	8,353,094
Net Assets:			
Available for General Operations	7,198,564	7,290,145	7,334,936
Investment in Land, Buildings and Equipment	10,390,784	10,395,209	10,128,157
Temporarily Restricted Net Assets	8,504,706	8,530,944	8,027,311
Permanently Restricted Net Assets	2,258,572	2,258,590	2,254,119
Total Net Assets	28,352,626	28,474,888	27,744,523
Total Liabilities and Net Assets	36,111,425	36,419,592	36,097,617

Compliance Dashboard

Updated September 27th, 2019

Chief Compliance Officer Comments

In this period, I continue to focus on development of policies for Kerr as well as supporting compliance needs of programs and administrative staff. You will see within this report that we did find a significant issue with the billing process within the group homes. Mainly, the documentation needed to bill for services for those youth on home visits was significantly lacking. We will be working to develop a strategy to both rectify the claims submitted over the three months as well as develop a process moving forward that will help mitigate these types of billing issues.

Also, a complaint of negligence was filed against Kerr for \$755,900. A speech and language pathologist (SLP) at a school in Gresham was allegedly assaulted by a client served at a Kerr group home. The claim by the plaintiff states the staff member who was assaulted should have been warned about risk from the client by Kerr directly. Kerr had notified the school district of the risk and had no knowledge of the SLP's existence. Our position is that Kerr had done its due diligence by working with the school regarding the risk of the youth to others. Kerr is being represented by Brisbee and Stockton who was assigned by Kerr's malpractice carrier. We are working with the defense counsel appointed to have the case dismissed. We have 2 million dollar coverage with no deductible in the low probability there is a judgment against Kerr.

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	<div style="text-align: center;"> <h3>Client Fund Discrepancies</h3> <table border="1"> <caption>Client Fund Discrepancies Data</caption> <thead> <tr> <th>Date</th> <th>High</th> <th>Low</th> <th>Moderate</th> <th>None</th> </tr> </thead> <tbody> <tr> <td>2/1/2017</td> <td>0</td> <td>4</td> <td>0</td> <td>2</td> </tr> <tr> <td>6/1/2017</td> <td>1</td> <td>2</td> <td>2</td> <td>0</td> </tr> <tr> <td>7/6/2017</td> <td>0</td> <td>8</td> <td>0</td> <td>3</td> </tr> <tr> <td>1/25/2018</td> <td>0</td> <td>1</td> <td>0</td> <td>2</td> </tr> </tbody> </table> </div>	Date	High	Low	Moderate	None	2/1/2017	0	4	0	2	6/1/2017	1	2	2	0	7/6/2017	0	8	0	3	1/25/2018	0	1	0	2
	Date	High		Low	Moderate	None																						
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	6/1/2017	1		2	2	0																						
7/6/2017	0	8	0	3																								
1/25/2018	0	1	0	2																								
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	<div style="text-align: center;"> <h3>Client Fund Discrepancies</h3> <table border="1"> <caption>Client Fund Discrepancies Data</caption> <thead> <tr> <th>Date</th> <th>High</th> <th>Low</th> <th>Moderate</th> <th>None</th> </tr> </thead> <tbody> <tr> <td>2/1/2017</td> <td>0</td> <td>4</td> <td>0</td> <td>2</td> </tr> <tr> <td>6/1/2017</td> <td>1</td> <td>2</td> <td>2</td> <td>0</td> </tr> <tr> <td>7/6/2017</td> <td>0</td> <td>8</td> <td>0</td> <td>3</td> </tr> <tr> <td>1/25/2018</td> <td>0</td> <td>1</td> <td>0</td> <td>2</td> </tr> </tbody> </table> </div>	Date	High	Low	Moderate	None	2/1/2017	0	4	0	2	6/1/2017	1	2	2	0	7/6/2017	0	8	0	3	1/25/2018	0	1	0	2
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7/6/2017	0	8	0	3																								
1/25/2018	0	1	0	2																								
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 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	Average of Problem with Supervisor Average of Moral or Ethical Issues Average of Poor Work Culture Average of Inadequate Training Average of Pay																																				
	Internal Audits	Survey of staff voluntarily separating from Kerr		Reason Leaving Kerr- Voluntary Separation <table border="1"> <caption>Reason Leaving Kerr- Voluntary Separation (2019)</caption> <thead> <tr> <th>Reason</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Average of Problem with Supervisor</td> <td>49%</td> </tr> <tr> <td>Average of Moral or Ethical Issues</td> <td>14%</td> </tr> <tr> <td>Average of Poor Work Culture</td> <td>39%</td> </tr> <tr> <td>Average of Inadequate Training</td> <td>10%</td> </tr> </tbody> </table>		Reason	Percentage	Average of Problem with Supervisor	49%	Average of Moral or Ethical Issues	14%	Average of Poor Work Culture	39%	Average of Inadequate Training	10%																									
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Average of Inadequate Training	10%																																							
	External Audits	None		This data was not updated for this current report.																																				
	Notes:																																							
D	Documentation is inadequate or inaccurate to support service; Start and Stop Times Incorrect	D. Fraud, Waste and Abuse- Lacking Documentation	18	Fraud Waste and Abuse Training Completion <table border="1"> <caption>Fraud Waste and Abuse Training Completion</caption> <thead> <tr> <th>Year</th> <th>Percent Completed</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>97.50%</td> </tr> <tr> <td>2017</td> <td>96.00%</td> </tr> <tr> <td>2018</td> <td>99.00%</td> </tr> </tbody> </table>		Year	Percent Completed	2016	97.50%	2017	96.00%	2018	99.00%																											
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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	Overpayment Paybacks <table border="1"> <caption>Overpayment Paybacks</caption> <thead> <tr> <th>Year</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>\$7,496</td> </tr> <tr> <td>2017</td> <td>\$0</td> </tr> <tr> <td>2018</td> <td>\$198,432</td> </tr> </tbody> </table>		Year	Amount	2016	\$7,496	2017	\$0	2018	\$198,432																											
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	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		Number of Internal Audits Completed <table border="1"> <caption>Number of Internal Audits Completed</caption> <thead> <tr> <th>Year</th> <th>Quarter</th> <th>Coding</th> <th>Medical Necessity</th> <th>Overpayment</th> <th>Place of Service</th> <th>NOPP</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td></td> <td>1</td> <td>2</td> <td>2</td> <td>1</td> <td>0</td> </tr> <tr> <td>2018</td> <td>Qtr1</td> <td>2</td> <td>3</td> <td>2</td> <td>0</td> <td>0</td> </tr> <tr> <td>2019</td> <td>Qtr2</td> <td>1</td> <td>2</td> <td>1</td> <td>0</td> <td>0</td> </tr> <tr> <td>2019</td> <td>Qtr3</td> <td>1</td> <td>2</td> <td>1</td> <td>0</td> <td>0</td> </tr> </tbody> </table>		Year	Quarter	Coding	Medical Necessity	Overpayment	Place of Service	NOPP	2017		1	2	2	1	0	2018	Qtr1	2	3	2	0	0	2019	Qtr2	1	2	1	0	0	2019	Qtr3	1	2	1	0	0
Year	Quarter	Coding	Medical Necessity	Overpayment	Place of Service	NOPP																																		
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	External Audits	Oregon Health Authority and Oregon Department of Developmental Disabilities		Error Rates Found <table border="1"> <caption>Error Rates Found</caption> <thead> <tr> <th>Year</th> <th>Quarter</th> <th>Coding</th> <th>Medical Necessity</th> <th>Overpayment</th> <th>Place of Service</th> <th>NOPP</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td></td> <td>10%</td> <td>10%</td> <td>15%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>2019</td> <td>Qtr1</td> <td>15%</td> <td>40%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>2019</td> <td>Qtr2</td> <td>65%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>2019</td> <td>Qtr3</td> <td>65%</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>		Year	Quarter	Coding	Medical Necessity	Overpayment	Place of Service	NOPP	2017		10%	10%	15%	0%	0%	2019	Qtr1	15%	40%	0%	0%	0%	2019	Qtr2	65%	0%	0%	0%	0%	2019	Qtr3	65%	0%	0%	0%	0%
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2019	Qtr3	65%	0%	0%	0%	0%																																		
	Notes:	An audit of group home coding was completed on 9/26/19. While there is a robust process for processing DD group homes claims, the documentation required to support the partial day claims was insufficient for a vast majority of the claims. A review of 86 of the 256 claims submitted since July 1, 2019 was completed. Of the 86 partial day claims reviewed, 63% of the claims did not have the required documentation needed per the Oregon Administrative Rules. In most cases, the documentation was missing. In other cases, the documentation contradicted the claim that the person was out of the home or did not have the required information that indicated the type of support given. I have recommended the development of an ongoing program/ revenue cycle quality assurance method to ensure that the billing process for group home services does not produce inaccurate claims. The revenue cycle team will be reviewing the claims submitted from 7/1/19 and will be either gathering the needed documentation to support the claims or update the claims to ensure accurate submissions.																																						
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>Qtr</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td></td> <td>98.3%</td> </tr> <tr> <td>2018</td> <td></td> <td>98.0%</td> </tr> <tr> <td>2019</td> <td>Qtr1</td> <td>87.5%</td> </tr> <tr> <td>2019</td> <td>Qtr2</td> <td>90.0%</td> </tr> </tbody> </table>	Year	Qtr	Total	2017		98.3%	2018		98.0%	2019	Qtr1	87.5%	2019	Qtr2	90.0%
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2019	Qtr1	87.5%																																									
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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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2015	1																																										
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2017	1%																																										
2018	14%																																										
2019	3%																																										
	External Audits	External Audits																																									
	Notes:	Since the last report, there was a HIPAA violation that occurred in the finance department. A list of all clients at PALS with sales during the period requested was sent to a 3rd party by accident. This breach is still under investigation. The total impacted has not yet been determined (it is fewer than 100). Also, due to significant turnover in the accounting department, the BAA audit process has been suspended. 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 2020. 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 investigation is still in progress. This was also noted as a finding in the 2018 audit. Internal auditing to start 2020.																																									

	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:	Since the last report, there was a founded abuse allegation in a home in Marion County. This allegation was initiated after a death in the home of a client that was ruled a natural cause. The actions of Kerr did not accelerate the death of the person served. However, in the review of the home's practices, DHS found gaps in the healthcare of the client. Kerr will be completing a root cause analysis of this client's care and we will also be responding to the allegation in writing once the analysis has been completed. Also, since the last report, there was a founded allegation of a wrongful restraint of a youth at a Multnomah County group home which resulted in the injury of a client. The staff involved in this incident have been terminated.															
J	Violating rules due to changes/Lack of monitoring rules	J. Licensing-Violating Rules	16	<p>Sum of Number of Issues</p> <p>Licensing Findings (# Violations)</p> <table border="1"> <caption>Licensing Findings (# Violations)</caption> <thead> <tr> <th>Year</th> <th>Violations</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>1</td> </tr> <tr> <td>2016</td> <td>8</td> </tr> <tr> <td>2017</td> <td>1</td> </tr> <tr> <td>2018</td> <td>2</td> </tr> <tr> <td>2019</td> <td>4</td> </tr> </tbody> </table> <p>Internal Auditing will be added here 2019</p>		Year	Violations	2015	1	2016	8	2017	1	2018	2	2019	4
Year	Violations																
2015	1																
2016	8																
2017	1																
2018	2																
2019	4																
	Internal Audits	Internal reviewed by QIC staff at least quarterly.															
	External Audits	State reviews															
	Notes:	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>Damage (\$)</th></tr> <tr><td>2017</td><td>\$21,706</td></tr> <tr><td>2018</td><td>\$22,928</td></tr> </table>	Year	Damage (\$)	2017	\$21,706	2018	\$22,928	<p>Safety First Complaints</p> <table border="1"> <tr><th>Year</th><th>Complaints</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	Complaints	2017	10	2018	20	2019	15																								
Year	Damage (\$)																																										
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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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	External Audits																																										
	Notes:	No additional information was available for this month's report.																																									
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>Completion %</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	Completion %	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.																																									
	External Audits																																										
	Notes:	There continue 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.																																									

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 following staff are required to complete the Conflict of Interest Attestation; All Board Members, all members of the Senior Leadership Team, all Directors, Associate and Assistant Directors, Facility Managers, Purchasing Coordinators, and Psychiatrists or other Medical Doctors. The Chief Compliance Officer will determine ~~the-if other~~ Albertina Kerr staff members will be 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~~ first 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. The Chief Compliance Officer will present a report to the Finance, Audit and

PROCEDURE

Albertina Kerr

Compliance Committee, in the second quarter of the fiscal year, all findings from the Conflict of Interest Attestation gathering process.

6. The Conflicts of Interest Policy and Procedure will be reviewed by the Finance, Audit and Compliance Committee on an annual basis.

b.—

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	08/23 06 /19	FAC Committee	TBA