

Stoughton Hospital Association Finance Committee

Monday, June 27, 2022 | 7:30 a.m. – 9:00 a.m.

Phone: 312.626.6799 | Meeting ID: 865 4940 9821 | Passcode: 812521

Zoom Link: <https://us06web.zoom.us/j/86549409821?pwd=V3NndnhWd2VWaHRtYjFCbTZxcXEwZz09>**Board Members Present:** Tom Fendrick | Donna Olson | Matt Kinsella | Margo Francisco | Dr. Aaron Schwaab | Glenn Kruser | Kris Krentz**Hospital Staff Present:** Michelle Abey | Dan DeGroot | Teresa Lindfors | Laura Mays | Brian Swain | Angie Polster**Guest Presenter:** Gwen Moser (Eide Bailly)

Item	Discussion	Presenter
1.	Call to Order	Tom Fendrick
	Mr. Fendrick called the June 27, 2022 Finance Committee meeting to order at 7:29 AM.	
A	2. Single Audit	Michelle Abey / Gwen Moser
	a. Single Audit Report	
	b. Single Audit Governance Letter	
	c. Management's Response to Auditor Findings	
	Ms. Abey shared Stoughton Health's results from the recent Single Audit, which is required for all nonprofit organizations who receive \$750,000 or more of federal financial assistance within the fiscal year. Ms. Abey shared there were three findings/material weaknesses/significant deficiencies:	
	1. Compliance Requirement: Preparation of Schedule of Expenditures of Federal Awards (SEFA):	
	• Findings: Stoughton Health did not have internal control system designed to provide for complete and accurate schedule of expenditures of federal awards. Auditors assisted with preparation of schedule.	
	- Corrective Action Plan: Two members of accounting team will attend one hour annually of continuing education on federal award reporting compliance.	

2. Compliance Requirement: Auditee must establish and maintain effective internal control over federal awards.
 - Findings: Stoughton Health calculated claimed expenses based on officers who attended COVID-19 meetings. Claimed \$116 of costs that were questioned. Also claimed 3 days infection prevention cost center payroll costs outside period of availability.
 - Corrective Action Plan: Ensure attendees are clearly documented at key meetings where attendance will be claimed as allowable expenses. Also run more detailed reports to establish proper cut-off of expenses.

3. Compliance Requirement: Auditee must establish and maintain effective internal control over federal award to ensure compliance.
 - Findings: Stoughton Health excluded bad debt from amounts reported for lost revenue, and no evidence was retained that the hospital's special report submitted was reviewed and approved by a separate individual aside from the individual who inputted and submitted said report.
 - Corrective Action Plan: HHS guidance was unclear on how to report bad debt expense related to reporting of lost revenue. Plan to include with Phase 4 funding report submission. Developed policy for documenting in writing review and approval of any future submissions.

Ms. Moser discussed that findings are consistent with what they are seeing with other hospitals who haven't had a single audit in the past and had to this year due to the Provider Relief funding. She also indicated that because there weren't material questioned costs it is unlikely that Stoughton Hospital will need to pay any of the money back.

Ms. Abey shared Stoughton Health has approximately \$500,000 in federal funds remaining. Ms. Olson recognized Ms. Abey and her team for doing a wonderful job in reporting, adding the findings were minimal.

Action: Ms. Olson made a motion to approve review and acceptance of the Federal Awards Reports in Accordance with Uniform Guidance for September 30, 2021. Ms. Francisco seconded the motion. Motion carried.

3. Master Facility Plan Update

Administrative Team

Ms. Lindfors shared a summary of the reason behind the need for Stoughton Health's Master Facility Plan expansion. She stated there is a lack of available space for the hospital's growth needs adding plans for this 50,000 square foot expansion would allow for increased patient volumes and would also provide additional cost savings and efficiencies.

Ms. Lindfors stated there is a need for a Multi-Specialty Clinic space area as there are currently four to five rooms in the emergency room/urgent care area for two providers creating congestion. Ms. Lindfors shared there is also a need for additional space to accommodate new providers in Cardiology, Urology, and Podiatry. In addition, Ms. Lindfors stated this expansion would provide an increased footprint for Urgent Care services as they would be able to use the rooms currently occupied by Multi-Specialty Clinics.

Ms. Lindfors outlined various cost savings and efficiencies expected by the expansion to include a \$132,000 cost savings per year by relocating SWAC Rehab back to the hospital campus, effectively eliminating current lease costs. Ms. Lindfors added the expansion would allow for increased staff and equipment efficiencies by reducing FTE in Registration and housing Medical Imaging and Rehab in close proximity to Ortho and General Surgery clinic areas.

Finally, Ms. Lindfors shared current capital expected for this project is approximately \$21 million, not including finishing, furnishings or equipment. Financial and regulatory requirements by service line are currently under review.

Mr. DeGroot added the team is carefully considering whether this expansion should be constructed incrementally such as completing the first floor and shelling second floor space for future completion due to the current state of the economy and inflation. Mr. Fendrick added he appreciates the information provided for this expansion project.

Mr. DeGroot departed the June 27, 2022 Finance Committee meeting at 8:18 a.m.

Item	Discussion	Presenter
A	4. May 2022 Financials	Michelle Abey
	<p>Ms. Abey provided an overview of May 2022 financials which can be found in the June 27, 2022 Finance Committee meeting packet.</p> <p>Ms. Abey shared May 2022 operating income was \$468,864 which is above budget by \$302,808. She updated the Finance Committee on several balance sheet metrics as discussed in the executive summary. During the month of May, the Hospital received a rate adjustment resulting in ~\$358,000 being repaid to Medicare.</p> <p>Ms. Abey shared outpatient volumes were significantly above budget by \$1,730,000. The areas seeing the most significant increase over budget were Medical Imaging – specifically CT and Emergency Services including urgent cares in Stoughton, Oregon & McFarland. She noted employee benefits expense was less than budget by approximately \$82,000 primarily as the result of less PTO being used than anticipated in the budget during the month. Further, purchased services expense was higher than budget by approximately \$162,000 as a result of increased volumes resulting in additional purchased services expense and agency staff expense which is higher than budgeted.</p> <p>Unrealized gains (losses) on investments were \$32,741 below budget for the month of May as a result of continued market fluctuations. Finally, Ms. Abey shared \$500,000 (the amount of the June & September budgeted quarterly deposits combined) was transferred to investments in June at the advice of the investment advisor.</p> <p>Mr. Fendrick asked Ms. Francisco how state of SSM staffing levels have been and she stated they continue to experience challenges mainly due to open positions and pockets of staff infected with COVID which is similar to what Stoughton Health is experiencing.</p> <p><i>Action: Ms. Francisco made a motion to approve May 2022 Financials. Ms. Olson seconded the motion. Motion carried.</i></p>	
A	5. Form 990	Michelle Abey
	<p>Ms. Abey provided an overview of FY2021 IRS Form 990 which can be found in the June 27, 2022 Finance Committee packet.</p> <p><i>Mr. Kinsella departed the June 27, 2022 Finance Committee meeting at 8:32 a.m.</i></p>	

Mr. Fendrick noted preparation of Form 990 by Stoughton Health's Accounting team was very thorough and they did a great job.

Action: Ms. Olson made a motion to approve the review and acceptance of FY2021 IRS Form 990. Ms. Francisco seconded the motion. Motion carried.

6. Open Discussion

Mr. Fendrick stated there has been a great deal of effort put into this project and thanked all who have taken part.

7. Adjournment

Tom Fendrick

Action: Mr. Kruser made a motion to adjourn the June 27, 2022 Finance Committee meeting at 8:39 a.m. Dr. Schwaab seconded the motion. Motion carried.

Respectfully submitted,



Steve Staton
Secretary/Treasurer