MEETING MINUTES

**Stoughton Hospital Association**

**Audit Compliance/Risk Management Committee**

Friday, February 28, 2025 | 8:30 a.m. – 9:30 a.m.

MS Teams: [**Join the meeting now**](https://teams.microsoft.com/l/meetup-join/19%3Ameeting_MjgzMjhkNzMtNzQ3My00Nzk2LWFhYmItMjYwMDY3YjNlODQ1%40thread.v2/0?context=%7b%22Tid%22%3a%22367b5c1b-0570-438f-89d9-f701fb549e26%22%2c%22Oid%22%3a%22be3212bb-d10e-4597-b89a-85f8d35f20b9%22%7d) | Meeting ID: 285 166 933 574 | Passcode: dk3WJ67o

# **Committee Function and Members**

**Committee Function:** Establish and maintain internal systems, controls and procedures to safeguard the corporation’s assets, ensure compliance, avoid fraud and accurately report financial information. Serve as the liaison, and ensure adequate communication between the Board of Directors, management and internal and external auditors. Select and determine the compensation of external auditor.

\* Directors may not service on Finance and Audit Committees simultaneously.

\* 100% independent directors per IRS 990 definition.

**Meeting Attendees:** Kris Krentz| Donna Olson | Nick Probst (virtual) | Sue Vanderbilt (virtual) | Tim Rusch | Glenn Kruser (virtual) | Matt Kinsella (virtual) | Dacia Brunner | Chris Brabant | Dr. Schwaab

|  | Item | Discussion | Presenter |
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|  |  | Call to OrderMr. Krentz called the February 28, 2025 Audit Compliance/Risk Management Committee meeting to order at 8:32 a.m.  | Kris Krentz |
| A |  | Review and Approval of November 22, 2024 Audit Compliance/Risk Management Committee Meeting Minutes***Action: Ms. Vanderbilt made a motion to approve November 22, 2024 Audit Compliance/Risk Management Committee meeting minutes. Ms. Olson seconded the motion. Motion carried.***   | Kris Krentz |
| A |  | Stoughton Hospital Association Tax Deferred Annuity 403(B) Plan FY2024 Audit Statement of Work Approval Ms. Abey provided a summary of the Stoughton Hospital Association Tax Deferred Annuity 403(B) plan FY2024 Audit Statement of Work. She noted CliftonLarsonAllen has been our auditor since 2018, and the report would require approval at the August Audit Committee meeting. Given this work needs to be done before the RFP process, Ms. Abey recommended continuing with CliftonLarsonAllen for the plan audit in 2024. Finally, Ms. Abey shared the statement work is standard, and the increase in fees was less than $1,000 which was still significant, but not out of the realm of reasonableness. ***Action: Mr. Probst made a motion to approve Stoughton Hospital Association Tax Deferred Annuity 403(B) Plan FY2024 Audit Statement of Work. Ms. Vanderbilt seconded the motion. Motion carried.***  | Michelle Abey |
|  |  | FY2025 Audit, Tax & Cost Report Preparation Request for Proposal Process (RFP) 1. Timeline
2. Request for Proposal Document
3. Audit Firms Solicited

Ms. Abey shared the request for proposal (RFP) for the selection of the FY2025 Audit, Tax & Cost Report firm will be issued Monday, March 3, 2025, and proposals will be due April 1, 2025. This will allow Ms. Abey and Ms. Brunner one- and one-half weeks to review the proposals. She stated the RFP will be issued to the five firms included in the packet. Ms. Abey shared a scoring sheet will be used to score each firm, and the top two firms would be asked to present at the Audit Committee meeting in April. Ms. Abey provided a brief overview of some of these firms:* Forvis Mazars has a large healthcare practice.
* CliftonLarsonAllen audits the 403b benefit plan and they facilitated value-based purchasing discussions in the past for the Board. Ms. Boese and Mr. Bjerke also presented at our Governing Board retreat.
* RSM (formerly McGladrey & Pullen LLP) was Stoughton Hospital’s auditor before the change to Eide Bailly LLP.

Ms. Vanderbilt commented she thought the RFP was well done and feels this is a solid list of firms. She noted she has worked with a couple of these firms in the past, and she feels they are all very capable. Ms. Vanderbilt noted her only recommendation was that once the firms are narrowed down to two, if Ms. Abey could provide the scoring tool to committee members to assist in reviewing the finalists. Ms. Abey stated she will send the scoring tool to committee members prior to the committee meeting. | Michelle Abey |
|  |  | Internal Control Review1. Cash and Accounts Receivable Controls

Ms. Brunner provided a summary of Stoughton Health’s internal controls from a cash and patient receivables aspect. She showed a summary of the cash accounts and balances, noting there is diversification of functions provided by each bank. Ms. Abey commented that the largest balance is maintained at Wells Fargo since they are the highest paying sweep at 4.25% right now. She added prior to the rate drops, when sweeps came back into paying for themselves Wells Fargo was at 5.25%. Ms. Brunner provided a summary of the five main cash controls:1. Cash Bank Account Reconciliations are prepared by the Accountant and reviewed by Accounting Manager and CFO
2. CFO and CEO have ability to approve outgoing non-Paymerang Wires.
3. Check payments require positive pay submissions with the bank. The bank detects fraud by matching the company’s issued check list with the check presented for payment before processing.
4. The entire accounting team and CFO can review all activity in the Bank accounts.
5. Paymerang, a contracted service, is responsible for verifying all change of vendor information requests.

Ms. Brunner provided an overview of accounts receivable controls:1. Monthly Review of Accounts Receivable for Uncollectible Accounts and Contractual Adjustments
2. Monthly Account Reconciliation of Patient Accounts Receivable between EPIC and the General Ledger
3. Completed by Financial Analyst and Reviewed by Accounting/Materials Manager and CFO

 Ms. Abey asked whether there were any questions related to internal controls and there were none. The committee members noted they appreciated the high-level overview. 1. Information Systems: Review of SynerComm Results

Ms. Abey provided a summary of the SynerComm blind external/internal penetration test result. She stated there were no critical, five high, twelve moderate, and one low finding. Ms. Abey stated this is the first testing that Stoughton Health has paid for in the past six years, and we plan to do more of this on the Stoughton Health network. The SSM information and cybersecurity teams do extensive testing on the SSM network functions and EPIC. Ms. Abey stated SynerComm also conducted a small social engineering test. They obtained email addresses to phish by scanning websites to pick up Stoughton Health email addresses. Finally, Ms. Abey stated the action plan to mitigate findings can be found in the February 28, 2025 Audit Compliance/Risk Management Committee meeting packet. Ms. Vanderbilt noted they used SynerComm for a short time in the past, and inevitably went in another direction.  | Michelle Abey/ Dacia Brunner  |
|  |  | Open Discussion***Action: Mr. Rusch made a motion at 9:03 a.m. to adjourn the Audit Compliance/Risk Management Committee meeting. Ms. Vanderbilt seconded the motion. Motion carried.***  |  |
|  |  | Adjournment | Kris Krentz |

Respectfully submitted,



Mr. Glenn Kruser

Secretary/Treasurer