



**Finance & Audit Committee  
Regular Meeting Agenda & Packet**

**August 28, 2018**



## Marin Healthcare District

100B Drakes Landing Road, Suite 250, Greenbrae, CA 94904

Telephone: 415-464-2090 Fax: 415-464-2094

Website: [www.marinhealthcare.org](http://www.marinhealthcare.org) / Email: [info@marinhealthcare.org](mailto:info@marinhealthcare.org)

### FINANCE AND AUDIT COMMITTEE

#### Regular Meeting

Tuesday, August 28, 2018, 5:30pm

**Members:**

**Chair:** Larry Bedard, MD  
**Members:** Jennifer Rienks, PhD  
**Staff:** Jim McManus, CFO  
Jean Noonan, Controller  
Michael Lighthawk, EA

**Location:**

MHD Conference Room  
100B Drakes Landing Road, Suite 250  
Greenbrae, CA 94904

### CLOSED SESSION AGENDA

5:30pm

- I. **Call to Order** Bedard
  - A. Roll Call
  - B. Review of Closed Session Agenda
  - C. General Public Comment: *Any member of the public audience may make statements regarding any items on the agenda. Statements are limited to a maximum of three minutes. Please state your name if you wish to be recorded in the minutes.*
- II. **Trade Secrets** – Discussion involving trade secrets pursuant to H&S Code Section 32106, concerning new District/Hospital Programs, Services, Facilities and Strategic Planning.
- III. **Adjourn Closed Meeting** Bedard

### REGULAR OPEN MEETING AGENDA

5:45pm

- I. **Call to Order** Bedard
  - A. Roll Call
  - B. Approval of Agenda (Action)
  - C. Approval of Minutes of previous regular meeting of June 26, 2018 (Action)
  - D. General Public Comment: *Any member of the public audience may make statements regarding any items not on the agenda. Statements are limited to a maximum of three minutes. Please state your name if you wish to be recorded in the minutes.*
- II. **Review / Recommend Approval of Items Discussed in Closed Session (Action)**
- III. **Finance** McManus
  - A. Financial Report – July 31, 2018
  - B. Review and Approve District Policy Updates:
    - 1. Travel Expense Reimbursement Policy (Action)
    - 2. Financial Procedures & Internal Controls (Action)
- IV. **Agenda Items for Next Meeting** Bedard
- V. **Adjournment** Bedard

A copy of the agenda for the Regular Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting.  
American Sign Language Interpreters may be requested by calling (415) 927-5755 (voice) or (415) 927-5759 (facsimile) at least 48 hours in advance of this meeting.



**Previous Regular Meeting  
Minutes  
June 26, 2018**



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### FINANCE AND AUDIT COMMITTEE

Open Session

Tuesday, June 26, 2018, 2:10pm

#### Minutes

#### I. Call to Order & Roll Call

- Roll Call
  - ✓ Committee members present: Larry Bedard MD; Jennifer Rienks PhD.
  - ✓ Staff Present: Jim McManus CFO, Beverly Wells Assistant Controller, Michael Lighthawk EA.
- Approval of Regular Meeting Agenda: **Agenda approved.**
- Approval of Minutes of previous open meeting of May 1, 2018: **Minutes approved.**
- Approval of Minutes of previous Closed Session of May 1, 2018: **Minutes approved.**
- General Public Comment – No Public.

#### II. Finance

##### A. Financial Report – May 31, 2018

##### Balance Sheet

Jim McManus noted that Intercompany Receivables/Payables can fluctuate dramatically depending on what the hospital is reimbursing to the District for clinic expenses or other reimbursable expenses. The other ever-changing items are Hospital Construction Costs and the directly related Assets Limited to Use Bond Funds. This give and take between the two categories will be ongoing until the 2<sup>nd</sup> tranche of GO Bonds is exhausted; at which time we will switch over to the Revenue Bonds.

##### Income Statement (5 months ending May 31, 2018)

Investment Earnings are based on about \$1M invested in the District Corporate portfolio. This month's loss is reflective of the current market environment. These are not realized losses. The portfolio is primarily fixed income investments so when the market recovers the portfolio will recover.

##### ▪ Legal Fees (Follow-up)

Jim commented that the increase in legal fees may be due to the UCSF transaction. That variance discussed at the last meeting is no longer there because there was a reclass of charges from the District over to MGH.

- Clinic Activity – Jim pointed out that the MGH Clinic Reimbursement variance of \$194,214 should be \$117,375.

Clinic Summary – Some clinics have improved. The main variance is with Urology due to Nurse Practitioner billing. CAM is very busy so elevated costs are due to the professional fees for the 3 physicians there. Marin Endocrine is likely to move closer to budget. They have a physician there who is on a guarantee.



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Dr. Chase's practice fluctuates but is positive YTD. Dr. Murphy's shortfall is due to the lack of 1-1.5 Nurse Practitioners in the practice.

The After Hours Clinic is not budgeted in 2018 and receives funding from Blue Shield. Behavioral health running higher but we're about half way to achieving budget.

### B. Review Travel Policy

The committee discussed "Travel at a reasonable cost" and comparison between flying vs. driving while keeping in mind considerations of convenience and needs of the person traveling. Jim McManus pointed out that the hospital basically leaves these issues up to managerial oversight. Discussions ensued regarding personal expense, being fiscally prudent, and policies of other organizations.

Jim McManus offered to apply his experience and knowledge of travel reimbursement policies and come up with language to address the concerns brought up by the committee. Points of interest to the committee are:

- Executive approval
- Gas mileage calculation
- Timely submission of expenses
- Taxable reimbursements

### C. Financial Procedures & Internal Controls (FPIC)

Jim pointed out that this policy was updated about two years ago and the procedures are still relevant; bank accounts and investments are still intact and the appropriate reserves are in place. Following a brief discussion of possible updates to the policy, management will bring the policy back for a final review.

## III. Scheduling

- Discuss Committee Meeting Times – The committee discussed the practicality of having an earlier meeting time. Jim McManus stated that management is open to whatever the committee wants to do and recommended introducing the possibility of having a "Board Day" to the board of directors where multiple meetings could take place in one day.

## IV. Agenda Items for Next Meeting

- ### A. Final Review of the Travel and Financial Procedures & Internal Controls Policies.

## V. Adjournment – Chair Bedard adjourned the meeting at 6:18



**MHD Financials**  
**July 31, 2018**



**To: MHD Finance and Audit Committee**  
**From: Jim McManus, CFO**  
**Re: July 2018 Financial Report**  
**Date: August 17, 2018**

**I. General Comments**

These financial statements contain, in summary format, the balance sheet and net support to the District Clinics. The Clinics, as of July 31, 2018 are comprised of 14 locations and 58 practitioners, and are reported as one combined unit.

**II. FY 2018 Income Statement and Budget**

The net District operating loss for the month was \$98,549 which was favorable to budget by \$40,275. Income included rental revenue from the hospital lease of \$43,435, interest income and net unrealized investment gains of \$10,660. The District incurred total expenses of \$152,644, including depreciation expense of \$117,971 associated with the MGH 2.0 parking garage which was completed in August, 2016.

Contributions to the District Clinics were \$1,448,725 (\$393,481 unfavorable to budget) and were reimbursed by MGH.

**III. Balance Sheet**

**Assets**

Cash at July 31, 2018 of \$2,663,283 decreased by \$1,778,966 due to the timing of District Clinic expenses and reimbursements. Accounts Receivable increased by \$39,026 from June relating to billing and collection activity for the clinics.

Intercompany Receivables (Payables) of \$912,991 represent amounts due from/to MGH for Clinic reimbursements.

Payments of \$449,160 received from the County for debt service are reflected in the Assets Limited To Use – Bond Funds balance.

In August 2016, the hospital parking facility was completed and placed into service. The cost of the garage was transferred from Hospital Construction Costs to Parking Garage. The asset is being depreciated over a period of 25 years.

Intangible Assets represent the Cardiovascular Associates of Marin (CAM) asset purchase price that was deemed to be for medical records and other intangibles (\$185,844 and \$675,660 respectively). These balances are reduced each month by amortization over a period of 15 years.

The balance of the proceeds from the bonds issued in November 2015 and the proceeds from the bonds issued in September 2017, net of issuance costs, are reflected in the account “Assets Limited to Use – Bond Funds”. These proceeds are designated for construction of



*Creating a healthier Marin together.*

the hospital replacement building. Hospital Construction Costs incurred to date are \$231,888,322.

### **Liabilities and Net Assets**

Accounts Payable of \$1,924,931 represent outstanding invoices associated with the operations of the District Clinics. Accrued Expenses of \$28,214,464 are comprised primarily of invoices payable to the general contractor and others associated with the construction of the hospital replacement building.

Bonds payable are separated into current (principal due within one year) and non-current (due in greater than one year). Bond Premium represents payments by bond purchasers greater than the face amount of the bond because the stated interest rate of the bonds was higher than the market rate at the date of issuance. The premium is amortized over the life of the bonds as a reduction to interest expense.

The net assets of the District are \$36,333,699.



**Marin Healthcare District  
Balance Sheet  
July 31, 2018**

	<b>07/31/2018</b>	<b>06/30/2018</b>	<b>Change</b>	<b>12/31/2017</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	2,663,283	4,442,249	(1,778,966)	3,715,366
Net Patient Accounts Receivable	3,977,071	3,938,045	39,026	3,279,765
Other Receivables	69,086	86,622	(17,536)	93,717
Intercompany Receivables (Payables)	912,991	513,325	399,666	359,809
Inventories	15,692	15,692	-	15,692
Tax Revenues Receivable	-	-	-	5,518,615
Prepaid Expenses	755,770	352,850	402,920	224,782
<b>Total Current Assets</b>	<b>8,393,893</b>	<b>9,348,783</b>	<b>(954,890)</b>	<b>13,207,746</b>
Property, plant, and equipment, net	4,780,651	4,824,103	(43,452)	5,088,035
Parking Garage, net	24,637,162	24,719,634	(82,472)	25,214,468
Hospital Construction Costs	207,251,160	200,961,281	6,289,879	161,419,902
Intangible Assets, net	481,677	486,447	(4,770)	515,067
Assets Limited To Use - Bond Funds	227,898,334	232,298,766	(4,400,432)	272,262,340
Notes Receivable	139,486	146,877	(7,391)	195,587
Deposits & Retainers	72,633	72,633	-	72,633
<b>Total Non-Current Assets</b>	<b>465,261,103</b>	<b>463,509,741</b>	<b>1,751,362</b>	<b>464,768,032</b>
<b>Total Assets</b>	<b>473,654,996</b>	<b>472,858,524</b>	<b>796,472</b>	<b>477,975,778</b>
<b>Liabilities and Net assets</b>				
<b>Current Liabilities</b>				
Accounts Payable	1,924,931	1,958,339	(33,408)	1,851,374
Accrued Expenses	28,214,464	27,208,763	1,005,701	31,087,929
Intercompany Payables	1,000,000	1,000,000	-	1,000,000
Current Bond Maturities	6,050,000	6,050,000	-	6,050,000
Current Maturities of Long-Term Obligations	-	-	-	-
<b>Total Current Liabilities</b>	<b>37,189,395</b>	<b>36,217,102</b>	<b>972,293</b>	<b>39,989,303</b>
Bonds Payable	372,690,000	372,690,000	-	372,690,000
Bond Premium	26,919,761	27,001,129	(81,368)	27,489,342
Long-Term Obligations, Less Current Maturities	522,141	518,045	4,096	493,425
<b>Total Liabilities</b>	<b>437,321,297</b>	<b>436,426,276</b>	<b>895,021</b>	<b>440,662,070</b>
<b>Net Assets</b>				
Net Assets - Beginning Balance	37,091,305	37,091,305	-	25,767,421
Net (Loss)/Income	(757,606)	(659,057)	(98,549)	11,546,287
<b>Total Net Assets</b>	<b>36,333,699</b>	<b>36,432,248</b>	<b>(98,549)</b>	<b>37,313,708</b>
<b>Total Liabilities and Net Assets</b>	<b>473,654,996</b>	<b>472,858,524</b>	<b>796,472</b>	<b>477,975,778</b>

**Marin Healthcare District  
Income Statement - Actual vs. Budget  
For the Seven Months Ended July 31, 2018**

	July Month-to-Date			July Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Rental Revenue	\$43,435	\$43,435	\$0	\$304,045	\$304,045	\$0
Other Revenue	0	0	0	0	0	0
Investment Earnings	10,660	250	10,410	(2,309)	1,750	(4,059)
<b>Total Income</b>	<b>54,095</b>	<b>43,685</b>	<b>10,410</b>	<b>301,736</b>	<b>305,795</b>	<b>(4,059)</b>
Legal Fees	5,066	3,333	(1,733)	21,866	23,333	1,467
Accounting Fees	1,667	2,500	833	11,667	17,500	5,833
Board Compensation	500	1,017	517	8,300	7,117	(1,183)
Board Expenses	9,773	2,083	(7,690)	14,533	14,583	50
Depreciation Expense	117,971	151,242	33,271	825,797	1,058,697	232,900
Consulting Fees	0	0	0	0	0	0
Charitable Contributions	0	500	500	0	3,500	3,500
Community Education	0	4,167	4,167	50,433	29,167	(21,266)
Dues	1,000	1,000	0	7,000	7,000	0
MGH Program Support	16,667	16,667	(0)	116,667	116,667	0
Advertising	0	0	0	1,195	0	(1,195)
<b>Total Expense</b>	<b>152,644</b>	<b>182,509</b>	<b>29,865</b>	<b>1,057,458</b>	<b>1,277,564</b>	<b>220,106</b>
<b>Net District Operating Income</b>	<b>(98,549)</b>	<b>(138,824)</b>	<b>40,275</b>	<b>(755,722)</b>	<b>(971,769)</b>	<b>216,047</b>
<b>Non-Operating Income/Expense</b>						
<b>Clinic Activity</b>						
Net Loss From Clinics	(1,448,725)	(1,055,244)	(393,481)	(8,212,229)	(7,603,521)	(608,708)
MGH Clinic Reimbursement	1,448,725	1,055,244	393,481	8,212,229	7,603,521	608,708
<b>Net Clinic Activity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Bond-Related Revenue/Expense</b>						
Tax Revenue	0	0	0	0	0	0
Bond Fund Earnings (transferred to construction in progress)	0	0	0	0	0	0
Bond Issuance Costs	0	0	0	(1,884)	0	(1,884)
<b>Net Income/(Loss)</b>	<b>(\$98,549)</b>	<b>(\$138,824)</b>	<b>\$40,275</b>	<b>(\$757,606)</b>	<b>(\$971,769)</b>	<b>\$214,163</b>


Marin Healthcare District  
1206b Clinics  
Summary of Profit & Loss - Accrual Basis  
For the Seven Months Ended July 31, 2018

Managed Clinics	# MD/NP	# Of Months	MTD			Monthly Invest/MD	YTD			Avg. Annual Invest/MD
			Actual	Budget	Variance		Actual	Budget	Variance	
San Rafael Medical Center	1.00	7.00	(1,943)	(2,936)	993	(1,943)	(17,424)	(20,551)	3,127	(29,870)
Marin Medical Group (MMG)	3.67	7.00	(56,145)	(49,273)	(6,872)	(15,297)	(406,418)	(342,192)	(64,226)	(189,829)
El-Ghoneimy	1.50	7.00	(16,960)	(4,011)	(12,949)	(11,328)	(36,318)	(27,164)	(9,154)	(41,584)
Tamalpais Internal Medicine (TIM)	2.00	7.00	(34,863)	5,993	(40,856)	(17,432)	4,088	41,861	(37,773)	3,504
Cardiology Associates (CAM)	18.18	7.00	(652,538)	(564,756)	(87,782)	(35,892)	(4,268,183)	(4,361,207)	93,024	(402,455)
Urology	5.00	7.00	(132,618)	(105,629)	(26,989)	(26,522)	(800,509)	(699,557)	(100,952)	(274,447)
Vascular Surgery	3.30	7.00	(230,298)	(125,391)	(104,907)	(69,787)	(868,584)	(819,390)	(49,194)	(451,212)
Marin Endocrine	3.00	7.00	(45,113)	(36,039)	(9,074)	(15,038)	(286,737)	(252,158)	(34,579)	(163,850)
2 Bon Air - Rheumatology/Chase	3.35	7.00	(27,462)	(4,413)	(23,049)	(8,195)	(41,348)	(29,959)	(11,389)	(21,153)
Murphy	3.60	7.00	(36,937)	6,585	(43,522)	(10,268)	(62,767)	103,657	(166,424)	(29,913)
Novato Medical Office	5.00	7.00	(26,936)	(27,963)	1,027	(5,387)	(129,267)	(108,483)	(20,784)	(44,320)
<b>Totals</b>	<b>49.60</b>		<b>(\$1,261,814)</b>	<b>(\$907,833)</b>	<b>(\$353,981)</b>		<b>(\$6,913,467)</b>	<b>(\$6,515,143)</b>	<b>(\$398,324)</b>	
Palliative Care	0.00	0.00	(\$1,183)	(\$23,566)	\$22,383		\$32,138	(\$128,622)	\$160,760	
After Hours Clinic	0.00	4.00	\$24,307	\$0	\$24,307		\$64,960	\$0	\$64,960	
Clinic Administration	0.50	7.00	(\$146,950)	(\$97,895)	(\$49,055)		(\$1,020,126)	(\$708,228)	(\$311,898)	
Behavioral Health (Note 1)	8.00	7.00	(\$60,111)	(\$25,950)	(\$34,161)	(\$7,514)	(\$367,083)	(\$181,528)	(\$185,555)	(\$78,661)
<b>Closed/Inactive Clinics</b>	<b># MD/NP</b>	<b># Of Months</b>	<b>MTD</b>			<b>Monthly Invest/MD</b>	<b>YTD</b>			<b>Avg. Annual Invest/MD</b>
			<b>Actual</b>	<b>Budget</b>	<b>Variance</b>		<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	
West Marin Medical Center (Pt. Reyes)	0.00	0.00	(2,931)	0	(2,931)		(8,348)	(70,000)	61,652	
Soluna Health	0.00	0.00	(42)	0	(42)		(303)	0	(303)	
<b>Totals</b>	<b>0.00</b>		<b>(\$2,973)</b>	<b>\$0</b>	<b>(\$2,973)</b>		<b>(\$8,651)</b>	<b>(\$70,000)</b>	<b>\$61,349</b>	
<b>Total All Clinics</b>	<b>58.09</b>		<b>(1,448,725)</b>	<b>(1,055,244)</b>	<b>(393,481)</b>		<b>(8,212,229)</b>	<b>(7,603,521)</b>	<b>(608,708)</b>	

Note 1 - Up to \$200K of Behavioral Health Clinic losses is included in the Program Support payments by the District to MGH.



# **Travel Reimbursement Policy (Revised)**

	Policy #: Originated by: Origination Date: Current Review Date: Current Revision Date: Approved by:	FIN 1600 Office of the CHRO 03/2010 01/2011, 08/2018 08/2018 CEO, MHD F&A
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## TRAVEL EXPENSE REIMBURSEMENT POLICY

### I. PURPOSE

The purpose of this Travel Policy is to establish approval procedures, impose certain limitations on travel reimbursement and identify expense guidelines to promote prudent and cost effective travel.

~~The purpose of this policy is to establish guidelines for travel and travel-related expense reimbursement so that all persons involved are aware of the process, the definitions, and the payment of out-of-pocket expenses.~~

### II. POLICY

The Board of Directors recognizes the need to reimburse District staff and directors for reasonable and necessary travel expenses incurred while participating in educational programs and other business related activities. The Marin Healthcare District (MHD) will reimburse travel and travel-related expenses incurred by District Staff, Directors, officials, ~~employees,~~ volunteers, and contracted consultants to attend MHD meetings and approved activities ~~provided~~ utilizing the following procedures ~~are followed.~~

### III. PROCEDURE

#### Out-of-Pocket Expenses Approval

- All approvals are subject to review and concurrence by the Board, and as requested by the Board from time to time. An ~~employee~~ District Staff, and ~~or~~ Board Directors who wishes reimbursement for travel and travel-related expenses must complete, sign and submit an **MHD Travel Expense Reimbursement Form** (updated annually) along with all supporting receipts to ~~his/her the~~ CEO or CFO supervisor within thirty (30) days of the ending date of travel for approval. The Chair of the Board of Directors shall review/approve expense reimbursements submitted by ~~the other Directors and by~~ the CEO. The applicant, CEO and Board Chair's signatures ~~employee's / Board Director's signature~~ serves as an affidavit that the claim for reimbursement is valid. No expenses incurred by a companion traveling with District Staff or a Director will be reimbursed by the District.

Group travel of District Staff and Directors must be approved by the board in advance of travel and be budgeted. Non-budgeted travel must be approved in advance by either the Board Chair, CEO, or CFO.

#### Limitations on Expense Reimbursement

Reimbursement for expenses shall not exceed that which is reasonable and necessary for travel to the precise destination and date of the covered occurrence, whether by private automobile or common carrier. Expense costs for extra days prior to or after a conference, meeting, or authorized event will be reimbursed only if such extension is warranted in purpose for the business needs of the District. District Staff and Board Members should consult with the Board Chair, CEO, or CFO in advance of any travel if there are questions regarding the reasonable and necessary expenses.

- ~~2. A separate *MHD Travel Expense Reimbursement Form* shall be submitted for expenses incurred in separate months. For example, if travel began in one month and ended in the following month, the expenses will be separated by month and recorded onto two forms.~~

#### Limitation of Attendance

District Staff and/or Directors are authorized to attend and travel to those educational programs or other business related activities that have been approved by the board and budgeted. The Board Chair, CEO, or CFO may approve new travel and expenses as needed to serve the business of the District.

No more than two members of the Board, and less than a quorum of a Standing Committee of the Board, are authorized to meet together for business purposes unless there is appropriate public notice of the meeting. Attendance at educational conferences, seminars and social activities by more than two members of the Board is not a violation of this provision or the Brown Act.

#### Auto Travel

2. Personal automobile expenses are reimbursed at the current IRS mileage rate in effect for that fiscal year. ~~at the time of travel.~~ Trips to/from the airport near the city of residence are ~~only~~ reimbursable for if the mileage from the person's home or from the District Office if the person is traveling from outside a 50 mile radius from the airport. of the airport trip exceeds the mileage to the District office; if so, the mileage to/from the airport near the city of residence is reimbursable to the extent of the excess mileage of the airport trip.

A staff person or director who uses his/her personal automobile for transportation on District business may be reimbursed for the actual mileage driven

on business and shall report such mileage on the 2<sup>nd</sup> tab of the District Expense Reimbursement Form. Reimbursement shall be made at the per-mile rate allowed by the Internal Revenue Service for that fiscal year. Staff or board members should consult with the Board Chair, CEO or CFO prior to using a personal vehicle for travel if the use of the vehicle would exceed reasonable and necessary expenses from an alternate method of travel. Those who use a personal automobile for District business shall carry automobile insurance coverage that complies with California law.

Parking, tolls, use of taxis, and public transportation are reimbursed at actual rates.

Receipts or approved Manual Receipts are required.

The use of a rental car by a staff member or director shall be reimbursed when it is economically reasonable to rent a vehicle rather than use taxis or public transportation. Rental car discounts must be used whenever possible. If available, a compact vehicle will be requested, unless several staff or Board members will be using the vehicle together. Full insurance coverage must be purchased in connection with any car rental.

3.

#### Air Travel

3. Airline travel should be ~~planned and booked reserved~~ far enough in advance (e.g., greater than fourteen days) ~~if possible~~ to take advantage of advance purchase fares. Reimbursement will be approved only for coach fares; no business or first class tickets will be approved.

4. If savings can be realized on the airfare by having a staff member or director extend their stay to include a Saturday night, at his or her option, said Trustee or staff member may extend his or her stay in order to realize such savings. The District shall reimburse the cost associated with the additional lodging and meals resulting from an extended itinerary, not to exceed the savings in airline fare.

#### 4. Lodging

5. Lodging expenses for approved travel will be reimbursed for actual cost of room and applicable occupancy tax(es). ~~up to the rates set forth by the U.S. General Services Administration. The rates can be accessed on the Internet at: [www.gsa.gov](http://www.gsa.gov). Lodging receipts should be itemized to differentiate the charges. Personal expenses associated with lodging related to alcoholic beverages, tobacco, in-room movies, barber/beauty shop, gifts, magazines, personal telephone calls, mini-bar charges, etc., Personal expenses associated with lodging (e.g., movies, entertainment, mini-bar items, etc.) are not reimbursable. The District will not pay for overnight accommodations in locations that are within fifty (50) miles of the District Office or the person's home unless pre-approved by the Board Chair.~~

6. If, at the conclusion of a business-related trip, it would be impractical for a staff member or director to return home the same day and arrive home prior to 10:00 p.m. California time due to the distance that must be traveled, or the unavailability of a return flight, the staff member or director may lay over for one additional night and the District shall reimburse the costs associated with the additional lodging and meals resulting from the extended stay. In the case of an extended trip or an emergency situation, laundry and dry cleaning expenses may be reimbursed.

#### 5. Meals

~~6.—Meals and Incidentals during approved travel will be reimbursed at actual cost of the meal plus up to 15% tip. Incidentals such as tips given to porters, baggage handlers, bellhops, and hotel maids shall be reimbursed by the District when reasonable and fair, for actual expenses up to the rates set forth by the U.S. General Services Administration. The rates can be accessed on the Internet at: [www.gsa.gov](http://www.gsa.gov). Federal travel regulations define “incidental expenses” as fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards and stewardesses. Federal per diem rates for various places are accessed on the Internet as [www.gsa.gov](http://www.gsa.gov).~~

7.

#### **Trips of 24 hours or longer:**

~~For each full 24-hour period of travel, an employee may claim reimbursement only for their actual expense up to the allowable limits and must submit supporting receipts.~~

##### First day of travel:

- ~~• If trip begins at or before 6 am — Breakfast may be claimed~~
- ~~• If trip begins at or before 11 am — Lunch may be claimed~~
- ~~• If trip begins at or before 5 pm — Dinner may be claimed~~

~~Continuing after 24 hours:~~

- ~~• If trip ends at or after 8 am — Breakfast may be claimed~~
- ~~• If trip ends at or after 2 pm — Lunch may be claimed~~
- ~~• If trip ends at or after 7 pm — Dinner may be claimed~~

#### **Trips less than 24 hours:**

~~Employees may **not** claim lunch or incidentals on one-day trips. When trips are less than 24 hours and there is no overnight stay, meals claimed are taxable. For travel lasting less than 24 hours, employees may claim breakfast and/or dinner (as noted above), based on the following timeframes:~~

- ~~• If trip begins at or before 6 am and ends at or after 9 am — Breakfast may be claimed~~
- ~~• If trip begins at or before 4 pm and ends at or after 7 pm — Dinner may be claimed~~





**Financial Procedures &  
Internal Controls  
(Revised)**



**Marin Healthcare District**  
**Financial Procedures and Internal Controls**  
**September 27, 2016**

**Fiscal Procedures**

The District Board has a Finance and Audit (F&A) Committee that is responsible for fiscal policy and financial management, in addition to:

- Reviewing the District's interim unaudited financial reports on a periodic basis,
- Overseeing the selection of the District's auditor and completion of its annual audit, and
- Reviewing Board policies and procedures relating to overall management of the District, compliance with state and federal regulations, and fiscal accountability.

The Committee is to be apprised of all major financial activities of the District and shall be involved in the review and approval of same as appropriate. They may include but are not limited to:

- Contract negotiations
- Loan negotiations
- Fiscal policies and procedures
- Investments

The F&A Committee will receive:

- Monthly interim financial reports, including detail of significant budget categories and variances, or more frequently, as appropriate.
- Other financial reports as may be requested from time to time.

The Board of Directors will receive at a minimum:

- Annual Audited [Financial Statements](#)

The Board will work closely with senior management to advise ~~him or her~~ on a broad variety of fiscal topics. In turn, senior management will report to the F&A Committee and the Board any conditions that warrant Board oversight and involvement.

**Bank Accounts**

The District currently has bank accounts as described below:

- Union Bank Checking Account – Issue checks to vendors for payment of invoices and reimbursements
- Union Bank Money Market Account – Interest bearing account. Funds over \$1 Million in the Union Bank Operating Account are transferred to this account on a monthly basis.
- Union Bank 1206b Checking Account – Issues checks to vendors for payment of invoices related to the 1206b Clinics and deposits of 1206b clinic revenue. This

is a zero balance account wherein the cash balance at the end of each day is swept to the Union Bank Checking Account.

Authorized signatories on these accounts are listed in the **Check Signers** section below and may be adjusted from time to time consistent with the requirement to maintain separation of duties and good internal controls.

### **Investment Account**

The District currently has one (1) investment account held with LAIF (Local Agency Investment Account). [\(WE NEED TO ADD THE INVESTMENT ACCOUNT FOR THE GENERAL OBLIGATION BONDS\)](#)

Authorized signers on this account are listed in the **Check Signers** section below.

### **Long Term Cash Management Strategy**

The District will work within the following board approved guidelines for its long-term cash management plan and will comply with California regulations governing the investments of governmental entities:

- Operating Account – approximately 3 months expenses in reserve

### **General Accounting and Auditing Operations**

The District will record all transactions using the accrual basis of accounting and will comply with Generally Accepted Accounting Principles and Governmental Accounting Standards. Project costs will be tracked in a manner that segregates the sources and uses of funds. Supporting documentation such as invoices or statements, are required for each expenditure and receipt.

The District is utilizing Paragon as its accounting software. Paragon is also utilized by Marin General Hospital (MGH) and is supported by the MGH Information Technology department and subject to all security measures employed for MGH systems. Management is not authorized to modify the source code to the accounting software. The Finance and Audit Committee will be advised of any significant change to the accounting software.

The financial statements of the District will be audited annually by an outside independent auditing firm, which shall be approved by the District Board. Currently, Moss Adams LLP Certified Public Accountants, of Stockton, CA is the independent auditor for the District and its subsidiaries.

### **Internal Controls**

The District will do its best to separate duties with the staff available with the objective of maintaining strong internal controls and to prevent the possibility of fraud. The

maintenance of internal controls is very important to the District and it will do whatever is necessary to maintain the highest standards of propriety with respect to all accounting procedures and use of funds.

Currently, segregation of duties are as follows:

1. The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are authorized signatories, as are each of the individual Directors of the District. None of these individuals are authorized to issue checks or to make direct entries to the financial records of the organization.
2. The accounting team for MGH can issue checks, with the Controller serving as a backup. None of these individuals shall be an authorized signatory on the accounts.
3. The CFO is charged with the integrity of the financial statements and is responsible for reviewing the financial statements on a monthly basis.

### **Cash Receipts**

Mail shall be opened by the Administrative Assistant, not by the Accountant or the CFO. Checks are to be immediately stamped with "FOR DEPOSIT ONLY" and bank account number by someone who is not an authorized signer.

Cash receipts are deposited when receipts reach \$500.00, after making complete copies [or images](#) of deposit slip, check, and any supporting documentation. Deposits of all receipts will be made no less than weekly by the accounting team.

Bank Reconciliations shall be prepared by the accounting team and reviewed/approved by the Controller or CFO.

### **Disbursements of Funds**

#### **General Controls**

- Checks are numbered
- Voided checks are defaced and retained
- No checks will be signed in advance.
- The CEO/CFO may authorize unbudgeted expenditures up to \$50,000 for 1206b Clinics.
- No check made out to an individual or an entity that they are otherwise employed by will be signed by that individual.
- All checks presented for signature shall have supporting documentation attached.
- All blank check stock is to be secured in a locked file cabinet.

## Check Signers

Check signers will be authorized by the F&A Committee on an annual basis and will be updated as necessary during the year. The current signatories are:

- CEO
- CFO
- All members of the Board of Directors

### Union Bank Checking Accounts

- CEO
- CFO
- All members of the Board of Directors

### Union Bank Money Market Account

- CEO
- CFO
- All members of the Board

### LAIF Account

- CEO
- CFO
- Any two Board members

## Cash Disbursements

The District will maintain all documentation necessary to trace any payment to its source. This includes but is not limited to invoices, system generated payables, management posting journal, general ledger posting journals, check registers and an orderly paid bills file.

All District invoices must be approved for payment by either the CEO, CFO, Chief Administrative Operating Officer (CAOO) or, in the absence of these three District Officers, the Controller may approve.

All District Clinic invoices must be approved by a practice manager or an executive overseeing the clinic operations.

It is permissible for invoices to be approved by email as long as that correspondence is attached to the invoice.

The MGH Accounts Payable team enters all invoices into the Paragon system and produces a Check Run report for the accounting team to review. The accounting team reviews the Check Run report and provides it to the CEO/CFO for approval. Once CEO/CFO approval has been received, the Accounts Payable team prints the checks for CEO/CFO or facsimile signature.

A copy of the District Check Run report is also provided to designated board member(s). Any questions or requests for additional information will be addressed by the accounting team.

All checks are compared to the approved Check Run report prior to distribution.

### **Petty Cash**

The District does not currently maintain a Petty Cash fund. To the extent that such fund may be established in the future, the following policies would apply:

Notice of the establishment of a petty cash fund will be sent to the MHD Board Chair and the Chair of the Finance and Audit Committee.

Acceptable uses: basic office supplies, i.e. pens, water, stamps, etc, meeting supplies.

Petty cash request form must be filled out with a due date and amount requested by the Administrative Assistant and approved and signed by the Executive Director/CEO.

At month end, Petty Cash register is reconciled and appropriately expensed by the accounting team.

### **Payroll**

The District currently does not have employees.

### **Fixed Assets Capitalization Policy**

The District will capitalize any assets over and including \$5,000 with a lifespan of 3 or more years. Capitalization includes shipping cost and installation charges necessary to make the asset useful to the District. Depreciation useful life of furniture, fixtures, equipment, and leasehold improvements is determined in accordance with industry standards. The assets are depreciated monthly utilizing a ½ year convention in the year of acquisition. Assets are tracked in a Depreciation Schedule noting purchase month and year, price, monthly expense and usable life.

Accumulated depreciation and expense is tracked on the Depreciation Schedule and recorded in Paragon on a monthly basis by the accounting team.

### **Credit Cards**

A credit card is to be used for outside purchases and deposits as required by vendors, such as travel, conferences, furniture, subscriptions, etc. The monthly credit card statement will

be reviewed and approved by the CEO. The Board Chair and the Chair of the MF&A will receive copies of the Executive credit card statement.

Any unauthorized use of the credit card will be grounds for immediate termination.  
Any incidence of fraud will be grounds for immediate termination.

### **Monthly Checklist**

Reconcile schedules with the General ledger:

- Accounting

Review the month end close and General Ledger reconciliation:

- CFO and Controller.