AGENDA
Chairman's Meeting
Indian River County Hospital District
Hospital District Conference Room/Zoom
December 17, 2025 @ 10:00 AM

I. Convene Meeting – William Cooney, M.D.- Chairman

II. 10th Street Property LOI Discussion - Frank Isele, Executive Director

III. VCOM Lease Addendum Discussion- Jennifer Peshke, Esq.

IV. VNA Retention Pond Matter Follow Up- Jennifer Peshke, Esq.

V. Approval of IRCHD Policies - Dawn Carboni, Director of Compliance and Accountability

   a. Purchasing and Procurement Policy
   b. Reserve Fund Policy
   c. Internal Audit Policy

VI. Other Business

VII. Public Comment

VIII. Adjourn

Indian River County Hospital District **POLICIES AND PROCEDURES**	**Purchasing and Procurement of Goods and Services Policy**	**Section 100**
Policy #: 100.09 **Subject: Policies**	**Effective Date: *DRAFT**	**Date of Latest Revision: 8.04.25**

PURPOSE: The procurement of goods and services for the Indian River County Hospital District ("IRCHD") is regulated by this policy. IRCHD is an independent special taxing authority created in accordance with Section 11, Chapter 61-2275, Special Acts of the 1961 Florida Legislature, as amended, and applicable state laws. The procedures established herein shall be applied to all procurements of goods and services.

LIMITATIONS OF LIABILITY AND SOVEREIGN IMMUNITY: As a governmental entity, the District is a political subdivision of the State of Florida and is entitled to sovereign immunity as provided under Florida law, including but not limited to Article X, Section 13 of the Florida Constitution and Florida Statutes Chapter 768.28. Sovereign immunity limits the District's liability in civil actions and may preclude certain types of claims or damages against the District, including punitive damages and claims exceeding statutory monetary limits. Nothing in this policy shall be construed as a waiver of the District's sovereign immunity or as an authorization for any person to assert a claim against the District beyond those permitted under applicable law. The District retains all immunities and defenses available under federal and state law, including any immunity from suit if it exists under the Florida Whistleblower Act or its federal counterpart, except to the extent such immunity is expressly waived by statute.

POLICY: Purchasing Authority

The District Board of Trustees ("Board") has delegated limited authority to the Executive Director, or their designee, to procure goods and services. Any contract for goods or services that exceeds the authority of the Executive Director, as described in Section B Part II, shall be approved by the Board.

The Executive Director, or their designee, has authority to carry out all executive procurement functions, including but not limited to: Development and advertisement of solicitation materials; Cancellation or postponement of solicitations; Determination of responsible and responsive responses; Determination of sole-source procurements; Negotiation and administration of contracts; Renewal of contracts where unilateral renewal is authorized; Other procurement functions necessary to implement this policy.

The District shall make every reasonable effort to source goods and services from Indian River County businesses. When a required good or service cannot be reasonably obtained from a qualified vendor within Indian River County, procurement efforts should next be directed to vendors within the Treasure Coast before considering vendors outside the region.

B. Purchasing Category Thresholds

I. Current Thresholds:

Category	Amount
One	Under $15,000
Two	$15,001 to $35,000
Three	$35,001 to $65,000
Four	$65,001 and over

II. It is the policy of IRCHD to require bids for the following expenditures:
- Capital Purchases- An attempt to receive 3 bids is made for all capital purchases exceeding **$35,000**. If a third bid cannot be obtained (recognizing that obtaining three bids is not always possible), it will be documented as to why the bid could not be received.
- Professional Services- Professional Services, including CPA firms and law firms, will be evaluated at least every five (5) years.
- Other expenditures- An attempt to receive 3 quotes is made for all other expenditures exceeding **$5,000**. If a third quote cannot be obtained (recognizing that obtaining three quotes is not always possible), it will be documented as to why the quote could not be received.

The decision to approve a vendor will be made by the Executive Director and/or Board Chair.

III. The procurement of goods and services where the purchase price or total contract price is estimated to be greater than **$35,000** shall be approved by the Board of Trustees, except for the purchase of certain budgeted goods and services made pursuant to Section E herein.

IV. Purchases of goods and/or services ***shall not be divided*** to avoid the requirements of Section D herein.

V. Every procurement of contractual services in excess of the threshold amount provided in CATEGORY TWO, except for the providing of health and mental health services or drugs in the examination, diagnosis, or treatment of sick or injured IRCHD employees or the providing of other benefits shall be evidenced by a written

agreement embodying all provisions and conditions of the procurement of such services, which shall, where applicable, include, but not be limited to, a provision:

- All bills for fees or other compensation for services or expenses be submitted in detail sufficient for a proper pre-audit and post audit
- Allowing unilateral cancellation by the agency for refusal by the contractor to allow public access to all documents, papers, letters, or other material made or received by the contractor in conjunction with the contract, unless the records are exempt
- Specifying a scope of work that clearly establishes all tasks the contractor is required to perform
- Dividing the contract into quantifiable, measurable, and verifiable units of deliverables that must be received and accepted in writing by the IRCHD before payment. Each deliverable must be directly related to the scope of work and specify a performance measure
- Specifying the criteria and the final date by which such criteria must be met for completion of the contract
- Specifying that the contract may be renewed for a period that may not exceed 3 years or the term of the original contract, whichever is longer, specifying the renewal price for the contractual service as set forth in the bid, proposal, or reply, specifying that costs for the renewal may not be charged, and specifying that renewals are contingent upon satisfactory performance evaluations by the agency and subject to the availability of funds
- Specifying the financial consequences that the agency must apply if the contractor fails to perform in accordance with the contract
- Addressing the property rights of any intellectual property related to the contract and the specific rights of the state regarding the intellectual property if the contractor fails to provide the services or is no longer providing services.

C. Informal Competitive Solicitation – Categories One, Two and Three

For purchases under Categories One through Three, informal solicitation methods may be used unless exempt per Section E. Contracts shall be awarded based on best value, "Best value" meaning the highest overall value to the District based on objective and subjective factors that include, but are not limited to, price, quality, design, workmanship, and vendor's history of performance with the District. The District shall encourage participation from local, minority, and small businesses and engage in outreach efforts to promote inclusivity.

I. Purchases **under $5,000** may be made without seeking competitive price quotes if the Executive Director or designee considers the price to be reasonable based on research, experience, purchase history, or other information.

II. Category Two purchases shall be made by obtaining three or more written quotations whenever practical. If after reasonable effort, only one quotation is received, the purchase may be made provided that the pricing is determined to be fair and reasonable.

III. Category Three purchases shall be made by obtaining three or more written quotations from qualified sources. If only one quotation is received in a period of time, the purchase may be made provided that the pricing is determined to be fair and reasonable, subject to Board of Trustee approval.

D. Formal Competitive Solicitation – Category Four

For the procurement of goods and/or services for Category Four, the competitive solicitation methods described in this section shall be used, unless the procurement is exempted from competitive solicitation as described in Section E. Any formal competitive solicitation shall be made available simultaneously to all vendors, must include the time and date for the receipt of bids, proposals, or replies and of the public opening of bids (if required), and must include all contractual terms and conditions applicable to the procurement, including the criteria that will be used to evaluate the bid, proposal, or reply.

I. **Request for Proposals (RFP)**- This policy applies to all procurement activities conducted by the IRCHD, including the acquisition of commodities, contractual services, and professional services. It is applicable to any procurement exceeding the threshold amount of $35,000 as defined in Section 287.017, Florida Statutes, for CATEGORY TWO purchases. The policy ensures compliance with state laws governing competitive solicitation and applies to all IRCHD staff, including but not limited to the Executive Director, Directors, Coordinators, Program Partners, Financial Assistance, all full-time and part-time employees, independent contractors, agents, trainees, volunteers, its Board Members or other persons involved in the procurement process.

E. Request For Proposals PROCEDURE:

- Identify the needs and specifications of the project based on IRCHD priorities and strategic project development.
- Determine the scope of the project and deliverables, including developing benchmarks, budgets, timelines, and industry standards.
- Establish and announce the IRCHD staff member who will be responsible for enforcing performance and serve as a liaison between contractor and the agency.
- Define minimum eligibility criteria for contractors or suppliers, include proof of financial stability, relevant work experience, and provisions for small businesses, minority-owned businesses, and veteran-owned firms to promote equitable opportunities.

- Specify additional factors for added preference if applicable.

The following must be included in the RFP:

- Timeline (launch date, due dates, bidder's conference details, etc.)
- Submission instructions
- Communication rules
- Required documents
- Pertinent information about IRCHD
- Issue a public advertisement in accordance with statutory requirements or directly invite proposals from qualified vendors, including multiple electronic platforms and notification of registered contractors or solicitors to ensure maximum participation.
- All competitive solicitations must be provided at the same time and must specify the deadline and public opening date for bids, proposals, or replies. Additionally, they must outline all applicable contractual terms and conditions, as well as the criteria for evaluating the acceptability and relative merit of each submission. Governed by Chapter 287, Florida Statutes, particularly Section 287.057.
- Allow sufficient time for vendors to prepare and submit proposals.

I. Entity Evaluation Plan

- Develop a detailed evaluation plan, including procedures, criteria, and decision-makers.
- Establish and announce the review committee with diverse experience and require conflict-of-interest disclosures.

II. Public Input and Comments

- Distribute draft RFP to Board of Trustees to allow for feedback during a public meeting to clarify the request and allow a question-and-answer session as required under Florida's Sunshine Law.

III. Prepare the Final Document

- Incorporate feedback from IRCHD stakeholders and legal counsel and finalize the RFP document.

IV. Publication of RFP

- Advertise the RFP electronically for at least 10 days before the deadline, as per Florida Statutes, Section 287.042(3)(b)(1).

V. Receive Proposals

- Organize and file received proposals for evaluation.
- Release sealed bids as public records once opened.
- Ensure the review committee has complied with conflict-of-interest disclosures and the IRCHD has avoided, neutralized, or mitigated significant potential organizational conflicts of interest before awarding a contract as required under Florida Statutes, Section 287.057(19).

VI. Evaluate Proposals

Requests for Proposal responses will be evaluated on the ability to provide and/or coordinate the provision of the requested services, and on a competitive financial basis while balancing the health needs of the community. The following criteria will be used:

- Clarity of project goals, objectives and action steps to achieve desired outcomes.
- Meaningful benchmarks (i.e. health outcomes, quality measures, productivity indicators, access targets) and indicators of success.
- Proposal should identify ancillary community benefits (healthcare savings, work productivity improvements, etc.) to achieve the expected amount of health improvement.
- Projected community support as measured by volumes of patients.
- Financial sustainability of the business plan and continued commitment to community health.

VII. Award the Contract

- The board must approve the final award decision in a public meeting.
- Award the contract based on the established evaluation criteria and make a formal announcement of the award consistent with Government in the Sunshine requirements.
- Document the basis for the award in the contract file.

Prohibited Actions

Communication Restrictions:

- Board members must avoid direct communication with vendors during the RFP process to prevent undue influence or the appearance of impropriety.
- All inquiries must be directed to the designated committee or member.
- Conflict of Interest: Board members must disclose any potential conflicts of interest and recuse themselves, if necessary, as required by Florida's ethics laws (Florida Statutes, Section 112).

II. **Request for Qualifications (RFQ)** shall be used to procure the services of architects, landscape architects, professional engineers, and registered surveyors and mappers. It may also be used when the District wants to select a vendor based solely on their professional skill and knowledge, and where price is not a selection factor.

- Requests for Qualifications shall be made available simultaneously to all vendors and must include a statement describing the contractual services sought and qualifications required.
- The Executive Director, or designee, may evaluate and rank the statements of qualifications, or may appoint a selection committee to assist with evaluating and ranking of the statements of qualifications. Meetings of the selection committee must be publicly noticed and comply with the Florida Sunshine law.
- A vendor that is in default on any contract with an agency or has otherwise repeatedly demonstrated a recent inability to fulfill the terms and conditions of previous state contracts or to adequately perform its duties under those contracts may not submit a bid, proposal, or reply to an agency or enter into or renew a contract to provide any goods or services to an agency after its placement, pursuant to this section, on the suspended vendor list. The Division of State Purchasing procures state contracts and agreements for commodities and services that are frequently used by multiple State and County agencies. Active state contracts and agreements can be found by visiting: https://vendor.myfloridamarketplace.com/search/vendor

F. Exceptions to Competitive Process

Certain purchases made by the District are exempt from the competitive processes outlined here. The current list of purchases exempt from the competitive process include legal services, training, insurance services, food and beverage, consultant and professional services that are part of an existing contract that meet the State thresholds, purchase of information technology software applications and equipment directly from the manufacturer, developer, or producer of the product or service, including annual licenses, maintenance, support, and upgrades to existing information technology software, hardware, or firmware.

G. Responsiveness and Responsibility Determinations

The District will award its contracts to the responsive, and responsible vendor offering the best value, and whose offer or proposal is technically compliant with the District's requirements. The use of the term bidder shall be understood to include any participant in the District's procurement process, and the term bid shall be understood to include any offer in response to a solicitation.

I. Bidder responsiveness refers to a bidder's unequivocal promise, as shown on the face of its offer, to provide the items or services called for by the material terms of the

solicitation. A responsive bid means one submitted at the correct time and place, in the correct format, containing all required information, signatures, and affidavits. A bid that deprives the District of the assurance that the contract will be entered into in accordance with its terms is not responsive. Any omission is normally not curable, as a bidder submitting an incomplete or qualified bid could opt in or out of the process at its will, depriving the District of a valid offer and placing that bidder at a material advantage over other bidders who have made firm offers. The determination of responsiveness is based on the application of bid requirements and legal precedent to facts is determined by District. The Executive Director has the authority to determine whether a bid is responsive or non-responsive and present such findings to the Board of Trustees for final approval.

II. A determination of bidder responsibility shall be made on a contract-by-contract basis. A responsible bidder is a bidder who the District affirmatively determines (prior to the award of a contract) has the ability, capability, and skill to perform under the terms of the contract; can provide the goods or services promptly within the time specified, without delay or interference; and has a satisfactory record of performance with the District or other public entity, including integrity and business ethics.

III. In making a determination of whether the bidder has the capability to fulfil the contract, the District may consider factors including, but not limited to: past performance of the bidder, its principals, affiliates, or supervisory personnel in the execution of prior District contracts or contracts with other public entities; any information which the District obtains relating to the performance of the bidder, its principals, affiliates, or supervisory personnel on contracts with third parties, including without limitation, contracts with other governmental entities.

IV. In making the determination whether the bidder has a satisfactory record of integrity and business ethics, the District may consider factors including, but not limited to: pending criminal charges against the contractor, its principals, affiliates, or supervisory personnel; criminal conviction of bidder, its principals, affiliates, or supervisory personnel; debarment of the bidder, its principals, affiliates, or supervisory personnel in Indian River County or any other authority; pending disciplinary proceedings against the bidder, its principals, affiliates, or supervisory personnel; pending enforcement cases, civil judgments, citations, or notices of violation of regulatory authorities with jurisdiction over the goods or services to be rendered, or any adverse determination resulting therefrom, including, but not limited to, those related to environmental protection, the health and safety of labor, and determinations by any government entity; pending investigation related to, or arising from allegations of dishonesty, illegal, or fraudulent business practices; efforts by the bidder to redress any breach of prior contracts, and compliance with settlement agreements to redress any contract deficiency; efforts by the bidder to

remediate any of the adverse conditions mentioned above, including compliance with the terms and conditions of any compliance agreement.

H. Conflict of Interest

Once proposals have been received, a copy of the List of Proposers shall be provided to each member of the Selection committee. Each member shall determine if they have a personal or financial interest in any proposer, and if the member understands and can perform impartially within the Selection Committee guidelines. If a conflict of interest exists or appears to exist, that member shall be disqualified from the Selection Committee.

I. Emergency Purchases

An emergency purchase is a procurement required due to an unforeseen, urgent need essential to protect life, health, safety, or public property.

- Prior to purchase, staff must consult the Executive Director and/or Board (based on dollar thresholds) and provide written documentation of the emergency.
- Purchasing requirements should be followed unless impossible due to the emergency.
- If the good or service cannot be obtained from a vendor on an existing IRCHD contract, the staff shall obtain a written quotation, if possible, from the vendor. The staff shall be responsible for obtaining from the vendor the necessary affidavits, insurance certificates, proof of proper licenses, trade certificates, permits, etc., as the emergency work may require.
- An explanation of the emergency should be clearly detailed in writing, and all supporting documentation will be kept on file according to FL State Record Retention Policy.

J. Sales Tax Exemption

IRCHD is exempt from Florida state sales tax. Employees must provide vendors with the exemption certificate. Reimbursements will not cover sales tax except for out-of-state travel.

K. Exceptions for Capital Contributions

I. It is not the IRCHD's general policy to provide capital contributions to healthcare providers as the Trustees prefer to use available funds to support the availability of healthcare services directly. The IRCHD already provides capital selectively as approved by Trustees to support the structures it owns. However, on occasion, the IRCHD may consider other capital contributions as an exception where providing capital to a provider meets at least certain conditions. Among those conditions are:

- **Unforeseen Circumstances:**
  Policies cannot anticipate every possible scenario. Situations may arise that were not considered during policy development.
- **Legal Requirements:**
  Court orders or changes in legislation may necessitate exceptions to existing policies
- **Technological Advancements:**
  As technology changes, old policies may become obsolete or need exceptions to allow for new more effective methods.
- **Emergency Exceptions:**
  These are put into place during times of crisis.

*Any request for capital contributions must submit a Capital Contribution Application.

II. Considerations:

- **Transparency:** The process of granting exceptions should be transparent and accountable.
- **Consistency:** Exceptions should be granted fairly and consistently to avoid accusations of favoritism.
- **Documentation:** All exceptions should be documented, including the reasons for the exception and the individuals involved.

Approved By: _____ _____

William Cooney, Chairman Date

Dates Reviewed:

Indian River County Hospital District POLICIES AND PROCEDURES	Reserve Fund Policy	Section 100
Policy #: 100.06 Subject: Finance Policies	Effective Date: DRAFT*	Date of Latest Revision: 7/29/2025

PURPOSE: The purpose of this Reserve Policy is to establish a framework for maintaining adequate financial reserves to ensure the financial stability, operational continuity, and long-term sustainability of the Indian River County Hospital District. The policy provides guidance on the accumulation, use, and management of reserve funds in alignment with best practices in public finance and the organization's strategic objectives.

DEFINITIONS:

- **Reserves**: Financial resources set aside for future use to mitigate risks, respond to emergencies, and support long-term objectives, not designated for current operational expenditures.
- **Unrestricted Fund Balance**: Funds available for general use at the Board's discretion.
- **Designated Reserves**: Funds set aside by Board directive for specific purposes (e.g., capital maintenance and/or replacement, disaster response, etc.).
- **Restricted Reserves**: Reserves constrained by external legal or contractual obligations.

SCOPE: This policy applies to all IRCHD personnel, including full-time and part-time employees, contractors, funded agencies, Board members, and other agents or affiliates of the District.

POLICY:

The Reserve Fund Policy is intended to:

- Ensure uninterrupted delivery of essential health services during revenue fluctuations or emergencies
- Provide a fiscal buffer for unanticipated expenditures or timing gaps in funding
- Support long-term planning for capital assets and infrastructure
- Uphold the District's fiduciary obligations
- Promote transparency and accountability to the public and stakeholders

RESERVE CATEGORIES AND TARGETS

Operating Reserve

- **Purpose**: To cover unexpected operating deficits, timing gaps in revenue, or unforeseen expenses.
- **Target Level**: 3 to 4 months of average annual operating expenditures.
- **Replenishment**: If drawn down, a replenishment plan must be submitted to the Board within 60 days and restored within 24 months.

Capital Reserve

- **Purpose**: Fund planned capital projects and maintenance/upgrades, and equipment purchases as may be identified in a Capital Improvement Plan (CIP). A 10 year CIP should be prepared upon adoption of this policy and reviewed/revised annually to budget for anticipated capital expenses.
- **Target Level**: 5–10% of total depreciable capital asset value or as identified in the 5- to 10-year CIP.

Emergency/Contingency Reserve

- **Purpose**: Address unexpected emergencies such as natural disasters, public health crises, or declared states of emergency
- **Target Level**: Minimum of 5% of annual budget or as determined by risk assessment.
- **Usage**: The Executive Director is authorized to approve emergency expenditures from the Emergency/Contingency Reserve up to the lesser of $50,000 or 0.5% of the District's annual operating budget. Expenditures made under this authority must be communicated to the Board of Trustees as soon as practicable and presented for retroactive approval at the next scheduled Board meeting.

Funding and Replenishment Strategy

- Reserves will be funded through annual budget allocations, end-of-year surpluses, interest income, or one-time revenues (e.g., grants, settlements).
- If reserve balances fall below target levels, the Executive Director will submit a written replenishment strategy to the Board within 60 days, including a funding timeline.

Governance and Oversight

- The Executive Director shall ensure reserve balances are tracked, reported quarterly, and incorporated into annual financial statements.
- Reserve balances and targets will be reviewed during the annual budget process.
- All reserve fund withdrawals require Board approval.
- This policy may be amended only with Board of Trustees approval.

Transparency and Public Accountability

- Reserve categories and balances will be disclosed in annual audited financial statements and published on the IRCHD website.
- The District will communicate this policy to stakeholders to reinforce public trust in its fiscal stewardship.

POLICY REVIEW AND MAINTENANCE

This policy will be reviewed at least every 3 years, or sooner if warranted by changes in financial conditions or regulatory guidance, by the Executive Director, Finance and Audit Committee, Board of Trustees, and reviewed by legal counsel. Revisions will be approved by the Board of Trustees and disseminated to all staff and contractors.

Approved By: _____ _____

Dr. William Cooney, Chairperson Date

Dates Reviewed:

Indian River County Hospital District POLICIES AND PROCEDURES	Internal Audit	Section 100
Policy #: 100.02 Subject: Finance Policies	Effective Date: 1/1/2023	Date of Latest Revision: 1/1/2023 *Draft 7/22/2025

PURPOSE: The purpose of this policy of the Indian River County Hospital District ("the District") is to establish and support a robust internal auditing process as an objective assessment function. This process is designed to define the intent, authority, and responsibilities of the Director of Compliance and Accountability and/or Finance and Program Specialist, and to establish the ethical framework that oversees its operations. Specifically, the Director of Compliance and Accountability is tasked to:

- **Examine and evaluate all funded agencies:** Provide objective assessments of the financial, operational, compliance, performance, and governance activities of all agencies receiving financial support from the District ("Funded Agencies").
- **Report to the Board of Trustees:** Deliver comprehensive audit reports directly to the Board of Trustees, ensuring transparent oversight of District funds.
- **Ensure Proper Stewardship:** Verify the responsible and accountable use of public fu nds provided by the District.
- **Confirm Compliance:** Verify adherence to all applicable laws, regulations, District policies, and the specific terms and conditions outlined in funding agreements.
- **Assess Effectiveness and Efficiency:** Evaluate how effectively and efficiently Funded Agencies utilize District funds to accomplish their stated goals and objectives.
- **Enhance Risk Management and Internal Controls:** By employing an organized, efficient approach to evaluate and improve the effectiveness of risk management, internal controls, performance measurement, and governance processes, the Director of Compliance and Accountability and/or Finance and Program Specialist assists the District in accomplishing its overall strategic goals and objectives.

LIMITATIONS OF LIABILITY AND SOVEREIGN IMMUNITY: As a governmental entity, the District is a political subdivision of the State of Florida and is entitled to sovereign immunity as provided under Florida law, including but not limited to Article X, Section 13 of the Florida Constitution and Florida Statutes Chapter 768.28. Sovereign immunity limits the District's liability in civil actions and may preclude certain types of claims or damages against the District, including punitive damages and claims exceeding statutory monetary limits. Nothing in this policy shall be construed as a waiver of the District's sovereign immunity or as an authorization for any person to assert a claim against the District beyond those permitted under applicable law. The District retains all immunities and defenses available under federal and state law, including any immunity from suit if it exists under the Florida

Whistleblower Act or its federal counterpart, except to the extent such immunity is expressly waived by statute.

Definitions (Key Terms)

- **District:** Indian River County Hospital District.
- **Funded Agency:** Any organization or entity (including but not limited to nonprofit corporations, governmental entities, or other service providers) receiving financial allocations, or any form of funding from the Indian River County Hospital District.
- **GAAP:** Generally Accepted Accounting Principles.
- **FASB ASC 9S8-720:** Financial Accounting Standards Board Accounting Standards Codification related to the presentation of expenses for Not-for-Profit Entities, often governing the financial reporting of many Funded Agencies.
- **HIPAA:** Health Insurance Portability and Accountability Act, a federal law protecting sensitive patient health information from disclosure without the patient's consent or knowledge.
- **PHI (Protected Health Information):** Any information about health status, provision of healthcare, or payment for healthcare that can be linked to an individual.
- **Private Inurement:** The improper use of a nonprofit organization's income or assets for the benefit of private individuals or insiders.

SCOPE: This policy governs all internal audit activities conducted by the Indian River County Hospital District pertaining to **all funded agencies** that receive financial allocations, or any form of funding from the District.

The comprehensive scope of internal audit engagements may include, but is not limited to:

- **Financial Audits:** Examination of fiscal management and validity, accuracy, and appropriate accounting of financial transactions. This includes assessing the adequacy of internal controls over financial reporting, compliance with Generally Accepted Accounting Principles (GAAP) including **FASB ASC 958-720 for nonprofit entities**, and the accurate recording and reporting of operational activities including the safeguarding of assets.
- **Operational Audits:** Evaluation of the effectiveness and efficiency of agency operations, the efficient use of funds, and the overall management activities.
- **Compliance Audits:** Verification of adherence to District policies, procedures, and contractual requirements of funding agreements, as well as relevant federal and Florida state laws (e.g., state licensing requirements for healthcare providers).
- **Information Technology (IT) Audits:** Review of general controls over systems, applications, and IT related contracts to ensure the security and integrity of data and data processing relevant to District-funded activities.
- **Performance Audits:** Assessment of program efficacy, achievement of specific deliverables and outcomes as outlined in funding agreements, and the cost-effectiveness of services provided.
- **Governance Audits:** Advise stakeholders of findings and recommendations concerning substantial risks, performance, and governance issues within Funded Agencies. Also, identifying

business, finance, and internal control/business system risks to key decision-makers (Board of Trustees and management).

- **Follow-Up Audits:** Monitoring the implementation and effectiveness of corrective actions taken by Funded Agencies in response to prior audit findings.

POLICY: The Board of Trustees authorizes the Indian River County Hospital District Director of Compliance and Accountability and/or Finance and Program Specialist to:

- Have full, free, and unrestricted access to all functions, records (financial, operational, program-specific, patient data with appropriate safeguards), physical property, IT systems, and personnel of Funded Agencies relevant to District funding and oversight.
- Obtain information and explanations from employees, officers, and Board members of Funded Agencies pertinent to audit objectives.
- Develop, execute, and report on annual audit plans approved by the Board of Trustees.
- Communicate audit findings, recommendations, and follow-up status directly to Funded Agencies' management, the Board of Trustees, and relevant District management.
- Engage external specialists or consultants when specialized expertise is required, with the prior approval of the Executive Director and/or Board of Trustees, depending on the total cost as outlined in the IRCHD Financial Policy.

INDEPENDENCE AND OBJECTIVITY

The IRCHD Staff shall maintain an unwavering commitment to independence in its planning and execution of audits and shall demonstrate an objective mindset in performing all audit work.

- Reporting Lines: The Director of Compliance and Accountability reports administratively to the Executive Director for day-to-day operations and functionally to the Board of Trustees for all audit-related matters, ensuring a direct and unhindered line of communication with the governing body.
- Freedom from Interference: Under the authority of the Board of Trustees, and with oversight by the Executive Director, the Director of Compliance and Accountability determines the scope of internal audit work, audit procedures, and reporting based on professional judgment and risk assessment. All such activities shall be carried out independently and free from interference or undue influence by District or Funded Agency management.
- Impairment Disclosure: Director of Compliance and Accountability and/or Finance and Program Specialists will avoid conflicts of interest and promptly disclose any potential impairments to their independence or objectivity to Executive Director and the Board of Trustees.

Records Retention Policy

- Funded agencies must maintain complete, accurate, and auditable financial records for a period of seven (7) years from the end of the fiscal year in which the funds were expended, or longer if required by federal/state law or grant agreements.
- Required records include, but are not limited to:
    - General ledgers and financial statements

- Invoices, purchase orders, and receipts
- Payroll records and timesheets
- Bank statements and reconciliations
- Contracts, subcontracts, and amendments
- Funding applications, reports, and correspondence

- Agencies must make these records available to the District within 15 business days of request.
- Failure to maintain or provide records may result in suspension of funding or contract termination.

Audit Schedule and Control Statistics

The District shall adopt an annual Financial Audit Schedule for all funded agencies.

- The District reserves the right to conduct internal financial audits of any funded agency at any time during the funding period or subsequent record retention period. All funding agreements shall include provisions granting the District access to financial records, supporting documentation, and personnel for audit purposes.
- The District shall conduct internal audits of funded agencies on a **rotating or risk-based schedule**, at least once every two years, or more frequently if determined necessary by the Director of Compliance or Board of Trustees based on risk indicators such as funding level, prior findings, or compliance concerns.

ROLES AND RESPONSIBILITIES

Board of Trustees:

- Approves the Internal Audit Policy and any subsequent amendments.
- Receives and reviews all audit reports, including significant findings and recommendations.
- Monitors the status of corrective actions taken by Funded Agencies.
- Ensures the District has adequate resources and appropriate authority to fulfill its responsibilities.

Director of Compliance and Accountability:

- See job description

Funded Agencies:

- Are responsible for establishing and maintaining effective internal controls over their operations and financial reporting related to District funds.
- Are responsible for ensuring strict compliance with all funding agreements, applicable laws, and regulations.
- Are required to provide the Director of Compliance and Accountability and/or Finance and Program Specialist with full and timely access to all requested financial, operational, and program records, data, systems, and personnel.
- Are expected to cooperate fully with staff during all phases of an audit.

- Are responsible for developing and implementing corrective action plans in response to audit findings and for reporting on their status.
- Are required to report to the Director of Compliance and Accountability and/or Finance and Program Specialist notification of any compliance activities they may receive from external agencies/auditors (e.g., federal grant audits, state regulatory reviews).

INTERNAL AUDIT FILES & DOCUMENTATION

All documentation (electronic and hard copies) obtained, created, or reviewed during the audit process is the property of the Indian River County Hospital District and is maintained in accordance with the District's internal record retention policy. Audit workpapers will be securely stored and detailed enough to permit an independent reviewer to understand the work performed and conclusions reached. This includes strict adherence to HIPAA regulations regarding any Protected Health Information (PHI) accessed or processed.

PROCESS: Audit Planning & Execution

Annual Audit Plan Development:

- Audit reviews are scheduled annually based on assessed risk or by management request.
- The Director of Compliance and Accountability and/or Finance and Program Specialist conducts an annual risk assessment to identify and prioritize Funded Agencies and specific areas within agencies for audit focus. Factors considered include funding levels, program complexity, prior audit history, and changes in operations or leadership.

Fieldwork & Evidence Gathering:

- Onsite visit(s) are conducted to review all documentation within the audit scope, observe functionality, and meet with management.
- Support documentation files will be reviewed and/or obtained for all reported information. The Director of Compliance and Accountability and/or Finance and Program Specialist will collect sufficient, appropriate, and reliable audit evidence to support all findings and conclusions.

PROCEDURES (Detailed Steps for Audit Engagement)

The Director of Compliance and Accountability and/or Finance and Program Specialist performs the following detailed services during an audit engagement:

1. **Notification & Planning:** Director of Compliance and Accountability and/or Finance and Program Specialist will email Agency the pre-audit questionnaire for completion and to schedule the onsite review date.
2. **Preliminary Review:** Pre-audit questionnaire will be reviewed, and any follow-up questions will be sent to agency as applicable to refine the audit scope.
3. **Information Request:** A comprehensive list of items to be available at the onsite visit will be provided to the agency.

4. **Onsite Review:** Onsite visit(s) are conducted to review all documentation in audit scope, observe functionality, and meet with management to discuss processes and controls.
5. **Evidence Collection:** Support documentation files will be thoroughly reviewed and/or obtained for all reported information, ensuring sufficient and appropriate audit evidence is gathered.
6. **Report Drafting:** The audit report draft will be completed within 4-6 weeks after the onsite Audit Review process is completed (contingent upon agency responsiveness). Upon completion of an audit or review, the Director of Compliance and Accountability and/or Finance and Program Specialist will provide the agency's management team with a formal Audit Report that will clearly include any findings and recommendations.
7. **Management Response:** The draft audit report is provided to agency management for their review and written response within 14 calendar days.
8. **Final Report Distribution:** The audit report and recommendations shall be completed within 10-12 weeks after the Audit Review process is completed, contingent on timely management response. Audit reports, incorporating management responses, as needed, will be distributed to Agency Management, the Board of Trustees, and relevant District staff for review.
9. **Follow-up & Verification:** The Director of Compliance and Accountability and/or Finance and Program Specialist will follow up on any action plans to confirm they are implemented within the specified timeframe in compliance with the recommendations and assess their effectiveness.
    - The status of all open items will be reported to management and to the Board of Trustees on a quarterly basis.
    - District staff will be required to report, in person, to the Board of Trustees on any open items in excess of 90 calendar days past due.
    - Should a Funded Agency fail to implement agreed-upon corrective actions within the stipulated timeframes, a formal "Out of Compliance" notice will be sent to the Agency's Board of Directors, and this could be formally escalated to the Board of Trustees for review and potential intervention, which may include adjustments to future funding or other appropriate actions.

Dispute Resolution

In instances where significant disagreements arise between the Director of Compliance and Accountability and/or Finance and Program Specialist and a Funded Agency regarding audit findings or corrective actions, the Director of Compliance and Accountability and/or Finance and Program Specialist will attempt to resolve the matter through documented dialogue and analysis. If resolution cannot be reached at this level, the matter will be formally escalated to the IRCHD Executive Director for final determination and guidance.

Policy Review and Amendment

This policy will be subject to a formal review by the Finance and Audit Committee and presented to the Board of Trustees for re-approval at least every **two (2) years**, or more frequently as necessitated by significant changes in regulatory requirements, District operations, internal audit standards, or the risk profile of Funded Agencies.

Continuous Improvement

The District shall review audit results annually to identify systemic issues and recommend policy or process improvements that strengthen oversight and compliance across funded agencies.

POLICY REVIEW AND MAINTENANCE

This policy will be reviewed at least annually by the Director of Compliance. Revisions will be reviewed by legal counsel and the Finance and Audit Committee. Final approval will be granted by the Board of Trustees and disseminated to all staff and funded agencies.

Approved By: _____ _____

Dr. William Cooney, Chairperson Date

Dates Reviewed:
