

2018-102 AUDIT SCOPE AND OBJECTIVES

Tulare Local Health Care District

The audit by the California State Auditor will provide independently developed and verified information related to the Tulare Local Health Care District (district) and its oversight of the Tulare Regional Medical Center (medical center) and Healthcare Conglomerate Associates (HCCA). The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Review and evaluate the district's spending and monitoring of its bond proceeds. At a minimum, perform the following:
 - a. Assess the district's process for spending bond proceeds related to the medical center, including HCCA's role in spending these funds.
 - b. Identify the oversight structure in place for monitoring bond proceeds and assess the adequacy of this oversight.
 - c. Determine whether expenditures related to bond proceeds were for allowable activities and were reasonable.
3. Assess the district's oversight of HCCA's management of the medical center from fiscal year 2014–15 through October 2017 including the following:
 - a. Identify and evaluate the district's revenues and expenditures related to its operation of the medical center, including identifying any significant trends and their causes.
 - b. Examine the management structures of the district and the medical center. Determine whether the structures and changes within them, including management and executive turnover, affected sound operational and financial practices.
 - c. Identify the key events leading to closure of the medical center, including the rationale behind key district actions.
4. To the extent possible, identify steps the district could take to re-open the medical center.
5. Review and assess any other issues that are significant to the audit.