



**JOHN C. FREMONT
Healthcare District**

October 16, 2024

RECEIVED

OCT 17 2024

The Honorable Michael A. Fagalde, Presiding Judge,
and Members of the Grand Jury
Mariposa County Superior Court
5088 Bullion Street
Mariposa, CA 95338

**MARIPOSA SUPERIOR COURT
ADMINISTRATION**

Re: Comments of the John C. Fremont Healthcare District's Board of Directors to the Presiding Judge of the Superior Court and Grand Jury in response to the 2023-2024 Mariposa County Civil Grand Jury Report Dated June 26, 2024

Dear Honorable Judge Michael A. Fagalde and Esteemed Members of the Grand Jury:

The John C. Fremont Healthcare District's Board of Directors ("JCFHD") is in receipt of the 2023-2024 Civil Grand Jury report titled "Mariposa County Civil Grand Jury Final Report 2023-2024". Per your request, and in compliance with section 933 of the California Penal Code, please find within this letter the response of the JCFHD Board. Overall, the JCFHD Board thanks the Grand Jury for its efforts at making the District a better healthcare district and it welcomes the efforts, findings, and recommendations of the Grand Jury and responds as set forth below.

FINDINGS UNDER THE SECTION TITLED:

JOHN C FREMONT HEALTH CARE DISTRICT INVESTIGATION

F1. Significant instability in Board leadership (3 board resignations, and 6 interim/new Chief Executive Officers since 2022) and Executive C-Suite management led to the public's diminished confidence in the John C. Fremont Healthcare District.

Response: The Board partially agrees with this finding. The three resignations referenced in this report; only one was during the current term and that was for personal reasons. However, some of the turnover in the Chief Executive Officer position was due, in part, to the regulatory requirement that general acute care hospitals must have, at all times, a named an administrator (i.e. Chief Executive Officer) pursuant to 22 CCR 70701. Due to this, when there was an unexpected departure of the Chief Executive Officer, the JCFHD Board was required to expeditiously name an interim administrator while the search for a permanent Chief Executive Officer was found. In general, recruiting for a Chief Executive Officer position in a rural area such as Mariposa has proven to be a challenge with either very few candidates responding, or those who do respond requiring a salary in excess of what the District can pay or being unqualified.

F2. The JCFHD Board of Directors withheld information between themselves leading to individual discontent and poor decision making.

Response: The JCFHD Board disagrees with this finding in that JCFHD Board members withheld information from each other only to the extent necessary in order to comply with the Brown Act. The JFCHD Board has been diligent in seeking out and obtaining training in the Brown Act and takes our responsibility to comply with the Brown Act very seriously.

F3. The JCFHD Board of Directors did not have an opportunity to vet interim CEO which led to a longer period until issues could be legally responded to and resolved.

Response: We agree with this finding. This Board inherited an Interim CEO, whose vetting process was done through the previous Board and this current Board was not privy to the process. The last permanent CEO this current Board hired was vetted through an outside agency.

F4. JCFHD Human Resources did not properly vet executive level positions leading to instability at C-suite level.

Response: We agree with this finding. The previous Human Resources Personnel did not share vetting with the Board.

F5. Multiple CEOs exceeded contractual spending limits without JCFHD Board notification eroding inherent checks and balances in organizational structure and straining the hospital financially.

Response: We agree with this finding. The current Board took swift action to remove these CEOs.

F6. The JCFHD found themselves behind in regular financial audits jeopardizing funding from governmental agencies.

Response: We agree with this finding. This current Board only had two accounting issues that were inherited. Our audits were not completed in a timely manner, by an administration that was replaced two years ago and the audits were completed last fall. Our second problem was having a few of our monthly financials not completed on time. This was rectified in a few months when a previous CEO left. The problems were never due to "difficulties navigating the Brown Act, a lack of cooperation and the accountability between Board members, or inaccessible information"

F7. Work and dialogue outside of regular, special, and emergency meetings between directors of the JCFHD puts the Board at risk of violating Brown Act practices.

Response: While the JCFHD Board agrees that such conduct risks a violation of the Brown Act, the JFCHD Board disagrees with a finding that it has engaged in such conduct in that it believes it has been diligent in minimizing any work or dialogue outside of noticed meetings. The JCFHD Board takes its responsibilities under the Brown Act seriously. The

JCFHD Board agrees to continue to monitor its conduct to ensure no inadvertent violation of the Brown Act occurs and to continue to receive such training on a regular basis.

RECOMMENDATIONS UNDER THE SECTION TITLED:

JOHN C FREMONT HEALTH CARE DISTRICT INVESTIGATION

R1. JCFHD Board should be more diligent in vetting CEO candidates.

Response: This recommendation will be implemented with a more robust process and greater support from the Human Resources Department.

R2. JCFHD Board should be more diligent in financial review of the Healthcare District.

Response: The board agrees and the treasurer was involved in vetting financial consulting firms to select Warbird Consulting Partners to verify bank accounts, payroll, financial statements, etc. The consulting firm will make regular reports to the board during its nine-month contract.

R3. JCFHD should review existing vetting procedures for hiring C-suite level management within 6 months.

Response: The JCFHD Board will task the Human Resources Department with review of all policies for hiring of C-suite personnel and will work with legal counsel, as needed, to implement best practices. The JCFHD Board will require that Human Resources report to the JCFHD Board its progress on this matter to ensure completion within the Grand Jury's 6 month time frame.

R4. JCFHD Board of Directors should ensure adherence to existing vetting procedures for hiring C-suite level management.

Response: While the JCFHD Board is only responsible for engaging the CEO of the District and no other C-suite level management, the JCFHD Board will endeavor to adhere to vetting procedure when they hire the CEO and require staff (Human Resources) to adhere to such vetting procedures when other C-suite level management is hired.

R5. Immediately, JCFHD should make it a priority to work together and function cohesively as a team

Response: JCFHD Board agrees with this recommendation and will make this a priority.

R6. Immediately, JCFHD Board of Directors should ensure procedures for financial oversight of CEO are being followed at all times.

Response: JCFHD Board agrees with this recommendation and have made this a priority.

R7. JCFHD Board of Directors should review the organizational structure of the Healthcare District, specifically related to financial responsibilities of the CEO, COO and CFO with the intention of creating more financial oversight within their purview, within 9 months.

Response: JCFHD Board agrees with this recommendation and will ensure that this task is completed within the Grand Jury's 9 month time frame.

R8. Immediately, JCFHD Board of Directors should review and establish mechanisms to guarantee timely production of accurate audits.

Response: JCFHD Board agrees with this recommendation and have made this a priority.

R9. Immediately, the JCFHD Board of Directors should continue with the reimplementation of the JCFHD compliance hotline.

Response: JCFHD Board agrees with this recommendation and is currently working on this high priority item.

R10. JCFHD Board of Directors should practice due diligence with the Board Clerk to make certain all meeting minutes are recorded and kept as required by law.

Response: JCFHD Board agrees with this recommendation and has always made this a priority and will continue to so.

FINDINGS UNDER THE SECTION TITLED:

PARALLELS BETWEEN COUNTY GOVERNMENT AND JCFHD

F1. JCFHD and Mariposa County do not have their own clearly defined whistleblower policies making it difficult for staff to report issues of non-compliance.

Response: We agree to this finding. The JCFHD has a compliance officer who is currently working to establish compliance policies and procedures.

F2. JCFHD and Mariposa County do not have clear procedures for establishing, managing and reviewing contracts with external consultants which often leads to contract delays, deliverables that do not meet original objectives and excessive financial costs.

Response: We disagree with this finding. The JCFHD does have clear procedures for handling our contracts.

RECOMMENDATIONS UNDER THE SECTION TITLED:

PARALLELS BETWEEN COUNTY GOVERNMENT AND JCFHD

R1. JCFHD and Mariposa County Board of Supervisors should each create unique procedures of staff to report issues of non-compliance.

Response: The JCFHD's compliance officer is already creating these procedures.

R2. JCFHD and Mariposa County Board of Supervisors should establish procedures that create more strategic engagement practices with external consultants to include pre-contact negotiations, clear and timely project review mechanism and post contract review.

Response: The JCFHD does have procedures and practices that deal with pre-contract negotiations, clear and timely project review mechanism and post contract review.

In closing the JCFHD Board would like to thank the Grand Jury for their service and dedication in providing us with this detailed report.

If you have any questions, please contact District Counsel, Noel Caughman, at (925) 977-3334.

Sincerely,



Wendy Ryder-Priola

Board Chair, John C. Fremont Healthcare District Board of Directors

Reviewed:---



Honorable Michael A. Fagalde, Per PC933