



Agenda

Mangum City Hospital Authority

December 17, 2024 at 5:00 PM

City Administration Building at 130 N Oklahoma Ave.

The Trustees of the Mangum City Hospital Authority will meet in regular session on December 17, 2024, at 5:00 PM, in the City Administration Building at 130 N. Oklahoma Ave, Mangum, OK for such business as shall come before said Trustees.

CALL TO ORDER

ROLL CALL AND DECLARATION OF A QUORUM

CONSENT AGENDA

The following items are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items unless a Board member (or a community member through a Board member) so requests, in which case the item will be removed from the Consent Agenda and considered separately. If any item involves a potential conflict of interest, Board members should so note before adoption of the Consent Agenda.

1. Approve November 26, 2024 regular meeting minutes as presented.
2. Approve October 2024 Clinic Report.
3. Approve October 2024 CCO Report.
4. Approve October 2024 CEO Report.
5. Discussion related to HIM Delinquencies-none to report.

FURTHER DISCUSSION

REMARKS

Remarks or inquiries by the audience not pertaining to any item on the agenda.

REPORTS

OTHER ITEMS

6. Discussion and Possible Action to Approve Resolution No. 12-17-2024, moving the Hospital Board Meeting time from 5:00pm on the fourth Tuesday of every month, unless a holiday to 5:30pm on the fourth Tuesday of every month, unless a holiday.
7. Discussion and possible action terminating CLA as the hospital's auditing firm and engaging with PYA to take over auditing duties due to delays in CLA completing the facility's audits. PYA currently does the facility's cost reporting and is best situated to satisfy the facility's auditing requirements.
8. Discussion and Possible Action to Approve the engagement letter between PYA and Mangum Regional Medical Center for FY 2022 financial statement audit.

9. Discussion and Possible Action to Approve the engagement letter between PYA and Mangum Regional Medical Center for FY 2021 Single Audit.

EXECUTIVE SESSION

10. Discuss and possible action to enter into executive session for the review and approval of **medical staff privileges/credentials/contracts** for the following providers pursuant to 25 O.S. § 307(B)(1):

Credentialing

Andrew Carey, MD, Courtesy Staff

Re-Credentialing

John Chiaffitelli, MD, Active Staff

Terrie Gibson, MD, Courtesy Staff-Cardiologist

Mary Barnes, APRN, Courtesy Staff

Mary Holmboe, MD, Courtesy Staff-Pathologist

Ruth Oneson, MD, Courtesy Staff-Pathologist

Ricky Reaves, MD, Courtesy Staff-Pathologist

Barry Rockler, MD, Courtesy Staff-Pathologist

Sherrita Wilson, MD, Courtesy Staff-Pathologist

OPEN SESSION

11. Discussion and possible action with regard to executive session.

STAFF AND BOARD REMARKS

Remarks or inquiries by the governing body members, City Manager, City Attorney or City Employees

NEW BUSINESS

Discussion and possible action on any new business which has arisen since the posting of the Agenda that could not have been reasonably foreseen prior to the time of the posting (25 O.S. 311-10)

ADJOURN

Motion to Adjourn

Duly filed and posted at **3:00 p.m. on the 13th day of December 2024**, by the Secretary of the Mangum City Hospital Authority.

Codi Gutierrez, Secretary



Minutes

Mangum City Hospital Authority Session

November 26, 2024 at 5:00 PM

City Administration Building at 130 N Oklahoma Ave.

The Trustees of the Mangum City Hospital Authority will meet in regular session on November 26, 2024, at 5:00 PM, in the City Administration Building at 130 N. Oklahoma Ave, Mangum, OK for such business as shall come before said Trustees.

CALL TO ORDER

Chairman Vanzant called the meeting to order at 5:00pm.

ROLL CALL AND DECLARATION OF A QUORUM

PRESENT

Trustee Cheryl Lively
Trustee Michelle Ford
Trustee Carson Vanzant
Trustee Lisa Hopper
Trustee Ronnie Webb

ALSO PRESENT

Attorney Corry Kendall

CONSENT AGENDA

The following items are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items unless a Board member (or a community member through a Board member) so requests, in which case the item will be removed from the Consent Agenda and considered separately. If any item involves a potential conflict of interest, Board members should so note before adoption of the Consent Agenda.

1. Approve October 22, 2024 regular meeting minutes as present.
2. Approve October 2024 Medical Staff meeting minutes as presented.
3. Approve October 2024 Quality Report.
4. Approve October 2024 Clinic Report.
5. Approve October 2024 CCO Report.
6. Approve October 2024 CEO Report.
7. Approve the following forms, policies, appointments, and procedures previously approved, on 11/14/2024 Quality Committee and on 11/21/2024 Medical Staff.

Discussion and Possible Action to Approve the Policy and Procedure:MRMC-340B
Drug Discount Purchasing Program.

Discussion and Possible Action to Approve the Policy and Procedure: MRMC-
Compliance Manual with Table of Contents attached.

Discussion related to HIM Delinquencies-none to report.

Motion to approve Consent Agenda.

Motion made by Trustee Webb, Seconded by Trustee Lively.

Voting Yea: Trustee Lively, Trustee Ford, Trustee Vanzant, Trustee Hopper, Trustee Webb

FURTHER DISCUSSION

None.

REMARKS

Remarks or inquiries by the audience not pertaining to any item on the agenda.

None.

REPORTS

8. Financial Report for October 2024.

October 2024 Financial Statement

- Statistics

- o The average daily census (ADC) for October 2024 was 7.26 – (Year-To-Date 10.50 PY fiscal year end of 11.47).
- o Year-To-Date Acute payer mix was approximately 55% MCR/MCR Managed Care combined.
- o Year-To-Date Swing Bed payer mix was 91% MCR & 9% MCR Managed Care. For the prior year end those percentages were 90% & 10%, respectively.

- Balance Sheet Highlights

- o The cash balance as of October 31, 2024, inclusive of both operating & reserves, was \$1.15M. This an increase of \$623K from September 30, 2024, balance was primarily due to an increase in receipts.
- o Days cash on hand, inclusive of reserves, was 23.2 based on October expenses.
- o Net AR decreased by \$123K from October.
- o Payments of approximately \$1.15M were made on AP (prior 3-month avg was \$1.68M).
- o Cash receipts were \$596K more than in the previous month (\$1.78M vs \$1.18M).
- o The Medicare principal balance was completely paid off in the month of August.

- Income Statement Highlights

- o Net patient revenue for October 2024 was \$1.52M, which is approximately an increase of \$122K from the prior month.
- o Operating expenses, exclusive of interest & depreciation, were \$1.53M.
- o 340B revenue was \$19K in October, this is consistent with the prior month. YTD revenue was \$163K. Net profit from this service line YTD is \$36K.

- Clinic (RHC) Income Statement Highlights - actual & projected (includes swing bed rounding):
 - o Current month average visits per day = 6.64
 - o Projected operating revenues (YTD) = \$418K
 - o Projected operating expenses (YTD) = \$852K
 - o Projected operating loss (YTD) = -(\$433K)

Vanzant asked for the loss for the prior 4 years at the clinic to be pulled to be reviewed for comparison. He also asked how the loss affects the cost report. Boyd explained that currently the losses are combined but that he can isolate them for review. Webb asked if the hospital has considered having specialists come to the clinic once or twice a month. Martinez explained they currently have a Cardiologist with the Integris Group that comes, and they are always looking for others that are willing to come to this area. It is difficult to find physicians that are willing to come this far. Vanzant stated that his concern is that the hospital will be in financial jeopardy due to the clinic's lack of income. Hopper discussed that once the community sees that these providers will be here long term then they may begin seeing more patients. She discussed that people do not like to change providers and until they see some consistency at the clinic, they are not going to change providers. Webb discussed boosting the Facebook advertisements for the new provider.

OTHER ITEMS

9. Discussion and Possible Action to Approve the Service of Cybersecurity and Infrastructure Security Agency (CISA) for assessment and tabletop services of cybersecurity

Calvin Harley with Cybersecurity and Infrastructure Security Agency introduced himself and explained what they do. He explained that they help companies mitigate risk vulnerabilities through their networks. They also do assessments, tabletop exercises, scenarios and workshops with staff. The packets that were presented have things they offer and these are free of charge. This service is available because the hospital is owned by the City of Mangum.

Motion to approve the hospital to work with CISA.

Motion made by Trustee Vanzant, Seconded by Trustee Lively.

Voting Yea: Trustee Lively, Trustee Ford, Trustee Vanzant, Trustee Hopper, Trustee Webb

10. Discussion and Possible Action to Approve the eClinicalWorks work order for the interface between eClinicalWorks and TruBridge for the Mangum Clinic.

Martinez explained that there is currently no bridge between the clinic and the hospital computer programs. When a patient is sent to the clinic for a blood draw the lab reports do not communicate between the two different systems. This interface would allow this to happen. They are currently having to fax orders and reports between the clinic and hospital. The cost is a one-time charge of \$5000.00 and an annual 18% maintenance fee for the length of the agreement. Truebridge was built more for a hospital setting and ECW is faster and built more for a clinical setting and this is why the two separate systems were put in. The clinic sends approximately 4 to 6 orders for labs per day. The board does not think this is cost-effective at this time and is open to revisiting once the numbers go up.

No action taken.

11. Discussion and Possible Action to Approve the TruBridge eClinicalWorks Bidirectional performance interface agreement.

No action taken.

12. Discussion and Possible Action to Approve the TruBridge and eClinicalWorks interface performance expectations agreement.

No action taken.

13. Discussion and Possible Action to Approve the CareLearning-Third Party Content Usage Agreement for the education platform used by the hospital.

Allows the hospital to upload education materials to the new pyxis. The cost for all Cohesive facilities is \$500 but the cost is split and will only cost our hospital \$100.

Motion to approve.

Motion made by Trustee Ford, Seconded by Trustee Hopper.

Voting Yea: Trustee Lively, Trustee Ford, Trustee Vanzant, Trustee Hopper, Trustee Webb

14. Discussion and Possible Action to Approve the Tecumseh Oxygen & Medical Supply Agreement for the Provision & Maintenance of Durable Medical Equipment and Business Associate Agreement.

This is a medical equipment vendor that would save the hospital money on wound vacs as well as some other equipment that the hospital does not have or needs more of. There is no cost unless they are renting equipment. There is no one local of this size for them to use. The hospital would use them more for swing bed patient needs. Vanzant asked who the owner or majority stake holder is for Tecumseh Oxygen & Medical Supply. Martinez stated he did not know and that he had only met with Rick and did not recall his last name. Boyd stated that Cohesive did just purchase Tecumseh Oxygen & Medical Supply. Kendall stated due to Cohesive owning this company, the DME vendor should be bid out before making a decision. Any entity that is owned by the management company should be disclosed and per State Law there must be bids. Martinez explained this would not be an exclusive contract, they could use other vendors. Webb made a motion to approve prior to the information about Cohesive owning the company and did withdraw his motion after learning this information. There are currently contracts with Medi-ride and Staffing Solutions which Cohesive owns and they are non-owning minority stakeholder ERCM. It was an oversight that it was not disclosed that Cohesive owns Tecumseh.

No action taken.

15. Discussion and Possible Action to Approve the Business Associate Agreement Between Mangum Regional Medical Center and Sinor EMS for transport services to and from the hospital.

Martinez explained this was on the last meeting and got skipped over. There is no exclusivity for this transport company.

Motion to approve.

Motion made by Trustee Ford, Seconded by Trustee Hopper.

Voting Yea: Trustee Lively, Trustee Ford, Trustee Vanzant, Trustee Hopper, Trustee Webb

16. Discussion and Possible Action to Approve ACH authorization form for current vendor Nuance Communications due to changes in their payment policies.

Martinez explained that since 2023 Nuance has stopped taking checks, but the hospital was just notified. They cannot do an ACH without authorization from the board. This is for the Dragon transcription program for the physicians at the clinic for \$202.00.

Motion to approve

Motion made by Trustee Webb, Seconded by Trustee Hopper.

Voting Yea: Trustee Lively, Trustee Ford, Trustee Vanzant, Trustee Hopper, Trustee Webb

17. Discussion and Possible Action on why payroll checks are being processed a year or more late.

Martinez explained this is for Cohesive staffing which is about a year behind. Cohesive has already paid the employees and the hospital is trying to get caught up on paying Cohesive. Hopper asked how payroll is current and is the hospital debt increasing? Boyd explained they are paying the latest invoices first and these are the latest invoices, that is what is being paid now. Part of the management fees are being used to pay part of the payroll. Due to the ERS debt, Cohesive gave the hospital a type of loan so that payroll could be paid since the Hospital was not in a place to make payments until 2024. There is debt that is still being accrued. This information is reflected on the financials under AP Cohesive line. Hopper stated that the item was not worded exactly the way it was meant. Boyd stated that the debt is a combination of all debts including the ERS debt. He will try to put something together to better explain the debts. Vanzant stated that the report would be helpful for the meeting with the City Council to help show where the hospital started and where it is now.

EXECUTIVE SESSION

18. Discuss and make possible action to enter into executive session for the review and approval of **medical staff privileges/credentials/contracts** for the following providers pursuant to 25 O.S. § 307(B)(1):

OPEN SESSION

19. Discussion and possible action with regard to executive session.

STAFF AND BOARD REMARKS

Remarks or inquiries by the governing body members, City Manager, City Attorney or City Employees

Martinez stated that the December 17th meeting there will be no quality, medical staff or financial reports for this meeting. The meeting can either be moved to December 30th or the reports will be on the January meeting. It was chosen to hold the board meeting on December 17th and have the reports at January's meeting.

There was discussion about moving the meeting to a time later than 5:00pm. The times discussed were 6:00 pm and 5:30 pm. This will be added to the meeting agenda for December.

The secretary announced that the meeting with the city council will be on January 7th.

The credentialing will be at December's meeting.

NEW BUSINESS

Discussion and possible action on any new business which has arisen since the posting of the Agenda that could not have been reasonably foreseen prior to the time of the posting (25 O.S. 311-10)

None.

ADJOURN

Motion to Adjourn

Motion made by Trustee Lively, Seconded by Trustee Vanzant.

Voting Yea: Trustee Lively, Trustee Ford, Trustee Vanzant, Trustee Hopper, Trustee Webb

Meeting adjourned at 6:25 pm.

Carson Vanzant, Chairman

Codi Gutierrez, City Clerk



Clinic Operations Report

Mangum Family Clinic

November 2024

Monthly Stats	November 23	November 24
Total Visits	212	133
Provider Prod	140	165
RHC Visits	186	131
Nurse Visits	9	2
Televisit	0	0
Swingbed	17	3

Provider Numbers	RHC	TH	SB
Ogembo	115	0	
Chiaffitelli		0	3
Sanda	16	0	
other			

Payor Mix	
Medicare	38
Medicaid	39
Self	6
Private	49

Visits per Geography	
Mangum	103
Granite	10
Altus	2
Duke	8

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Visits	167	123	164	166	164	127	148	198	192	202	133		

Clinic Operations:

- Dr. Sanda faced credential issues for most of the month. Credentialing team working diligently on private payers now.

Quality Report:

Improvement Measure	Actual	Goal	Comments
Reg Deficiencies	0	0	10 audited
Patient Satisfaction	4	5	3 noted "excellent"
New Patients	25	10	
No Show	10.91%	<12%	12
Expired Medications	0	0	None noted.

Outreach:

- Nothing specific to report. Clinic continues to support the community by providing quality compassionate care.

Summary :

Very solid month considering holiday hours and credentialing issues. The Clinic continues to stand firm and committed to the community.

"You love, you serve, and you show people you care. It's the simplest, most powerful, greatest, success model of all time." Joe Gordon.



Chief Clinical Officer Report November 2024

Patient Care

- MRMC Education included:
 1. Nursing documentation/updates are communicated to nursing staff weekly.
 2. Nurse meeting is scheduled for 12/19/2024 to discuss any issues and updates.
 3. Pyxis integration and setup have commenced, go live date is scheduled for the end of January 2025.
- MRMC Emergency Department reports that there are 0 patients Left Without Being Seen (LWBS).
- MRMC Laboratory reports 0 contaminated blood culture set(s).
- MRMC Infection Prevention reports 0 CAUTI.
- MRMC Infection Prevention report 0 CLABSI.
- MRMC Infection Prevention reports 0 HAI and 0 MDRO for the month of November.

Client Service

- Total Patient Days decreased with 222 patient days in November 2024 as compared to 227 patient days in October 2024. This represents an average daily census of 7.
- November 2024 COVID-19 statistics at MRMC: Swabs (0 PCR & 34 Antigen) with 5 Positive.

Mangum Regional Medical Center												
Monthly Census Comparison												
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Inpatient	30	36	25	20	30	34	27	28	22	20	23	
Swing Bed	10	18	10	10	12	19	14	12	6	9	11	
Observation	3	1	2	2	2	0	3	0	0	1	3	
Emergency Room	175	182	131	125	144	142	132	144	143	130	112	
Lab Completed	2377	2439	2004	1832	1961	1982	1987	2103	1895	2019	1723	
Rad Completed	128	199	151	182	165	160	143	199	189	170	147	
Ventilator Days	0	0	0	0	0	0	0	0	0	0	0	

Preserve Rural Jobs and Culture Development

- MRMC continues to recruit for 2 PM RN-House Supervisor positions.
- We have one CNA position open currently and are in process of interviews.
- Patients continue to voice their praise and appreciation for the care received at MRMC. We continue to strive for excellence and improving patient/community relations.



Chief Executive Officer Report November 2024

Operations Overview

- Patient rounds continue to provide positive feedback from our patients.
- Looking at clinic collections for November we collected a total of \$1,587.49 down from \$2,477.09 at time of service.
- In the Month of November, the hospital collected \$7,846.56 total patient payments of which \$881.00 was upfront collections.
- We are hoping to have an update on the roof project in the month of December.
- We have recently brought on a Psychiatric Nurse Practitioner to start the Strong Minds Program for Mangum.
- Room remodeling is ongoing.
- We have been approved for the Title VI Grant but we are awaiting our award letter. The state is awaiting their funds from the Federal Government and then we will receive our award letter.

A RESOLUTION OF THE BOARD OF TRUSTEES FOR THE MANGUM CITY HOSPITAL AUTHORITY CHANGING THE BOARD MEETING TIME FOR THE MANGUM REGIONAL MEDICAL CENTER

Whereas, the Mangum City Hospital Authority is the governing body for the Mangum Regional Medical Center;

Whereas, the Board currently holds regular meetings on the fourth Tuesday of each month, unless there is a holiday, beginning at 5:00pm, at the City Administrative Building, 130 N. Oklahoma Avenue, Mangum, Oklahoma;

Whereas, the Board desires to adjust the time of the regular meetings to 5:30pm;

Be it Resolved, by the Board of Trustees for the Mangum City Hospital Authority that the regular meetings of the Board shall be held on the fourth Tuesday of each month, unless there is a holiday, beginning at 5:30pm, at the City Administrative Building, 130 N. Oklahoma Avenue, Mangum, Oklahoma;

Passed, Reviewed, and Approved by the Board of Trustees for the Mangum City Hospital Authority, this _____ day of _____, 2024

Carson Vanzant, Board Chair

ATTEST:

Board Secretary

December 10, 2024

Board of Directors and Management
Mangum Regional Medical Center
Mangum, Oklahoma

Dear Board of Directors and Management:

You have requested that we audit the financial statements of the business-type activities of Mangum Regional Medical Center (the Hospital) a component unit of the Town of Mangum, Oklahoma, as of December 31, 2022, and for the year then ended and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and in accordance with *Government Auditing Standards*, will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB) require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with U.S. GAAS. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI.

AUDITOR RESPONSIBILITIES

We will conduct our audit in accordance with U.S. GAAS and *Government Auditing Standards*. As part of an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the system of internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods. Additionally, our procedures do not include testing compliance with laws and regulations in any jurisdiction related to Medicare and Medicaid antifraud and abuse.

COMPLIANCE WITH LAWS AND REGULATIONS

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the Hospital's compliance with the provisions of applicable laws, regulations, contracts, and agreements.

However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

MANAGEMENT RESPONSIBILITIES

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

- For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America.
- For the design, implementation, and maintenance of the system of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.
- To provide us with:
 - Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements, such as records, documentation, and other matters;
 - Additional information that we may request from management for the purpose of the audit; and
 - Unrestricted access to persons within the Hospital and others from whom we determine it necessary to obtain audit evidence.
- For including the auditor's report in any document containing the basic financial statements that indicates that such financial statements have been audited by us.
- For identifying and ensuring that the Hospital complies with the laws and regulations applicable to its activities.
- For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole.
- For acceptance of non-attest services, including identifying the proper party to oversee non-attest work.
- For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.

- For informing us of any known or suspected fraud affecting the Hospital involving management, employees with significant roles in the system of internal control and others where fraud could have a material effect on the financials.
- For the accuracy and completeness of all information provided.
- For taking reasonable measures to safeguard protected personally identifiable and other sensitive information.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

NONATTEST SERVICES

We will not assume management responsibilities on behalf of the Hospital. However, we will provide advice and recommendations to assist management in performing its responsibilities. *Government Auditing Standards* require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules of disclosures as these actions are deemed a nonattest service.

With respect to any nonattest services we perform, including drafting the basic financial statements on behalf of the Hospital, you acknowledge and understand your responsibility for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. Dennis Boyd, Chief Financial Officer, will be responsible for overseeing drafting of the financial statements and related notes.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.

- The nonattest services are limited to the financial statement preparation services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

REPORTING

We will issue a written report upon completion of our audit of the Hospital's basic financial statements. Our report will be addressed to the Board of Directors of the Hospital. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinion on the basic financial statements is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

ENGAGEMENT ADMINISTRATION, FEES AND OTHER

Matt Stuart is the engagement principal for the audit services specified in this letter. His responsibilities include supervising PYA, P.C.'s (PYA) services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our professional fee is estimated to be in a range of \$30,000 - \$35,000 for the audit as of and for the twelve-month period ended December 31, 2022. Additional expenses, including travel and out-of-pocket expenses, will be billed as incurred. We will also bill a technology fee equal to 2.75% of the total professional fees. All amounts due for actual travel and out-of-pocket expenses incurred by PYA will be stated separately on the invoices from the amounts due from service fees. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. The quality, timeliness, and accuracy of the workpapers that the Hospital's personnel prepare and the number and complexity of accounting and reporting issues and/or adjustments required directly affect our fee estimates. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are due 30 days from the date of receipt of the invoice by the Hospital. If we elect to terminate our services for nonpayment, our engagements will be deemed to have been completed upon written notification of termination,

even if we have not completed our engagements. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions selected by us for testing.

Although we will make every reasonable effort to comply with any filing or requested completion deadlines you may have, there can be no guarantee that our audit will be completed within any specific timeframe. We will discuss the timeframe and scheduling of fieldwork with management in advance. If sufficient information and supporting documentation is not available to perform audit procedures during this timeframe, the issuance of the auditor's report may be significantly delayed. We will keep you informed of difficulties in obtaining information during our audit, but the issuance of our auditor's reports is contingent upon our conclusion that appropriate audit evidence has been obtained.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

During the course of the engagements, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications. Additionally, we may request the Hospital to transmit confidential information to us through a third-party secure portal in order to facilitate delivering our services to you. We have obtained confidentiality agreements with all our service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. By your signature below, you consent to having confidential information transmitted through the secure portal. Please feel free to inquire if you would like additional information regarding the transmission of confidential information.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the Hospital's significant accounting practices.
- Significant difficulties, if any, encountered during the audit.
- Uncorrected misstatements, other than those we believe are trivial, if any.
- Disagreements with management, if any.
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process.
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures, if any.
- Representations we requested from management.
- Management's consultations with other accountants, if any.
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of PYA and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, peer reviewers, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of PYA personnel.

Board of Directors and Management
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Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We may use an international third-party service provider to assist us where necessary to help provide professional services to you or support the needs of our firm. The international third-party service provider may require access to your confidential information which will be housed securely in PYA’s network. In addition to the secure network, we require our international third-party service providers to have established procedures and controls designed to protect client confidentiality and maintain data security. Our firm will exercise reasonable care in providing you services, and our work product will be subjected to our firm’s customary quality control procedures.

By accepting the terms and conditions of our engagement, you consent to the disclosure of your confidential information to international third-party service providers, if such disclosure is necessary to deliver professional services to you or provide support services to our firm.

The Hospital’s management will represent the information provided to PYA is accurate. Except to the extent eventually determined to have resulted from PYA fraudulent behavior or willful misconduct, should the Hospital (or its duly authorized representatives) knowingly misrepresent the accuracy or completeness of the information, PYA’s maximum liability to the Hospital shall be limited to actual damages.

This engagement letter reflects the entire agreement between the Hospital and PYA relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence, and understandings, whether written or oral. The agreements of the Hospital and PYA contained in this engagement letter shall survive the completion or termination of the engagement.

Any controversy or claim arising out of or relating to the services covered by this letter or hereafter provided by us to the Hospital shall be submitted first to voluntary mediation, and if mediation is not successful, then to binding arbitration. Judgment on any arbitration award may be entered in any court having proper jurisdiction.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

* * * * *

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagements. If you have any questions, please let us know. If you agree with the terms of our engagements as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

PYA, P.C.

RESPONSE:

This letter correctly sets forth the understanding of the Board of Directors and Management of Mangum Regional Medical Center.

Acknowledged and agreed on behalf of the Hospital by:

Signature: _____

Name: _____

Title: _____

Date: _____

DRAFT

Report on the Firm's System of Quality Control

To the Partners of
PYA, P.C.
and the Peer Review Committee of the Tennessee Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of PYA, P.C. (the "firm"), in effect for the year ended May 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; an audit performed under FDICIA; and an examination of a service organization (SOC 2 engagement).

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of PYA, P.C., in effect for the year ended May 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. PYA, P.C. has received a peer review rating of *pass*.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 28, 2023

December 10, 2024

Board of Directors and Management
Mangum Regional Medical Center
1 Wickersham Dr.
Mangum, Oklahoma 73554

Dear Board of Directors and Management:

You have requested that we audit the Schedule of Expenditures of Federal Awards (the Schedule) of Mangum Regional Medical Center (the Hospital) for the year ended December 31, 2021, and the related notes to the Schedule. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards*, will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

AUDITOR RESPONSIBILITIES

We will conduct our audit in accordance with GAAS and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America; the audit requirements of Title 2 Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As part of an audit in accordance with these standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the Schedule that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule, including the disclosures, and whether the Schedule represents the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and in accordance with *Government Auditing Standards*.

AUDIT OF MAJOR PROGRAM COMPLIANCE

Our audit of the Hospital’s major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the provisions of the Uniform Guidance; and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity’s compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Hospital’s compliance with the requirements of the federal programs as a whole.

As part of a compliance audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the Hospital's major programs and performing such other procedures as we consider necessary in the circumstances. The purpose of those procedures will be to express an opinion on the Hospital's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will obtain an understanding of the Hospital's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the Hospital's major federal award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the Hospital's major federal award programs and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

MANAGEMENT RESPONSIBILITIES

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

- For the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
- For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.
- To provide us with:
 - Access to all information of which management is aware that is relevant to the preparation and fair presentation of the Schedule, such as records, documentation, and other matters;
 - Additional information that we may request from management for the purpose of the audit; and

- Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
- For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities.
- For adjusting the Schedule to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current period under audit are immaterial, both individually and in the aggregate, to the Schedule as a whole.
- For acceptance of non-attest services, including identifying the proper party to oversee non-attest work.
- For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.
- For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the Schedule.
- For the accuracy and completeness of all information provided.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the Schedule and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

NONATTEST SERVICES

With respect to any nonattest services we perform, we agree to perform the following:

- Prepare or assist with preparing the Schedule in conformity with the basis of accounting based on information provided by you.

We will not assume management responsibilities on behalf of the Hospital. The Hospital's management understands and agrees that any advice or recommendation we may provide in connection with our audit engagement are solely to assist management in performing its responsibilities.

The Hospital's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The nonattest services are limited to the services previously outlined above. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities.

REPORTING

We will issue a written report upon completion of our audit of the Hospital's Schedule. Our report will be addressed to the board of trustees of the Hospital. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinion on the Schedule is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

OTHER

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications. Additionally, we may request you to transmit confidential information to us through a third-party secure portal in order to facilitate delivering our services to you. We have obtained confidentiality agreements with all our service providers to maintain the confidentiality of your information, and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of confidential information to others. By your signature below, you consent to having confidential information transmitted through the secure portal. Please feel free to inquire if you would like additional information regarding the transmission of confidential information.

Matt Stuart is the engagement principal for the audit services specified in this letter. His responsibilities include supervising PYA, P.C.'s (PYA) services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our professional fees will be billed at our standard hourly rates ranging from \$145 to \$600 per hour and is estimated to total between \$18,000 to \$22,000 for the audit of the Schedule as of and for the twelve-month period ending December 31, 2021. Out-of-pocket expenses will be billed as incurred. The fee estimated is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. The quality, timeliness, and accuracy of the audit documentation that your staff prepares and the number and complexity of accounting and reporting issues and/or adjustments required directly affect our fee estimates. If significant additional time is necessary, we will keep you informed of any problems we encounter, and our fees will be adjusted accordingly.

Regarding the electronic dissemination of the audited Schedule, including published electronically on your website or elsewhere, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Although we will make every reasonable effort to comply with any filing deadlines you may have, there can be no guarantee that our audit will be completed within any specific timeframe. We will keep you informed of any difficulties in obtaining information during our audit, but the issuance of our auditor's report is contingent upon our conclusion that appropriate audit evidence has been obtained. Delays in providing requested information could significantly delay the completion of the audit.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records, and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

The audit documentation for this engagement is the property of PYA and constitutes confidential information. However, we may be requested to make certain audit documentation available to outside parties, including regulators, pursuant to authority provided by law or regulation or applicable professional standards. If requested, access to such audit documentation will be provided under the supervision of PYA's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the outside party, who may intend, or decide, to distribute the copies of information contained therein to others, including governmental agencies. We will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in making such audit documentation available or in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's performance of these services. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

The Hospital will represent the information provided to PYA is accurate. Except to the extent eventually determined to have resulted from PYA fraudulent behavior or willful misconduct, should the Hospital (or its duly authorized representatives) knowingly misrepresent the accuracy

Board of Directors and Management
Mangum Regional Medical Center
December 10, 2024
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of completeness of the information, PYA’s maximum liability to the Hospital shall be limited to actual damages.

You agree to share all facts that may affect your Schedule, even if you first become aware of those facts after the date of the auditor’s report but before the date your Schedule is issued.

At the conclusion of our audit engagement, we will communicate to management, and if appropriate, the board of trustees, the following significant findings from the audit:

- Our view about the qualitative aspects of the entity’s significant accounting practices.
- Significant difficulties, if any, encountered during the audit.
- Uncorrected misstatements, other than those we believe are trivial, if any.
- Disagreements with management, if any.
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process.
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.
- Representations we requested from management.
- Management’s consultations with other accountants, if any.
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

This engagement letter reflects the entire agreement between the Hospital and PYA relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence, and understandings, whether written or oral. The agreements of the Hospital and PYA contained in this engagement letter shall survive the completion or termination of this engagement.

Any controversy or claim arising out of or relating to the services covered by this letter or hereafter provided by us to the Hospital shall be submitted first to voluntary mediation, and if mediation is not successful, then to binding arbitration. Judgement on any arbitration award may be entered in any court having proper jurisdiction.

* * * * *

Board of Directors and Management
Mangum Regional Medical Center
December 10, 2024
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Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the Schedule including our respective responsibilities.

We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Sincerely,

PYA, P.C.

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Mangum Regional Medical Center by:

Signature: _____

Name: _____

Title: _____

Date: _____

DRAFT

Report on the Firm's System of Quality Control

To the Partners of
PYA, P.C.
and the Peer Review Committee of the Tennessee Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of PYA, P.C. (the "firm"), in effect for the year ended May 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; an audit performed under FDICIA; and an examination of a service organization (SOC 2 engagement).

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of PYA, P.C., in effect for the year ended May 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. PYA, P.C. has received a peer review rating of *pass*.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 28, 2023