

**MIAMI-DADE COUNTY
OFFICE OF THE INSPECTOR GENERAL**



OIG APPENDIX A

**Foundation Health Services, Inc.
Initial Response and Addendum**

IG09-98



Foundation Health Services, Inc.

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October 15, 2010

Mr. Christopher Mazzella
Inspector General
Miami-Dade County
Office of the Inspector General
19 W. Flagler Street, Suite 220
Miami, FL 33130

Dear Mr. Mazzella:

Attached please find a copy of the Foundation Health Services response to the draft report of the Office of Inspector General's (OIG) audit of the Management and Services agreement between the Public Health Trust of Miami-Dade County and Foundation Health Services, Inc.

We have provided this written response so that it may be included in the final report issued by the OIG. Understanding that we were allowed time until October 19 to produce our response, we are pleased to provide our response in advance of that date.

Should you require any additional assistance, please let us know.

Sincerely,

Roland D. Rodriguez
President & CEO
Foundation Health Services, Inc.
Jackson Memorial Foundation

Executive Summary
Foundation Health Services Response to OIG Audit Report

Foundation Health Services (FHS) was established in 2006 to function competitively against other providers of international health care patient services, something not previously possible under the prior public hospital business model. The Jackson Memorial Foundation agreed to establish FHS at no profit to itself, at the special request of Jackson's management and the PHT. It provided over \$1 million in donor funds to seed the effort. As a **private non-profit business**, FHS could both engage in customary business development, and protect proprietary business information. Everything FHS has done has been conducted within normal and customary private business behavior.

FHS is **not** a public entity and was never expected to be so considered by its creators. The OIG's report unfortunately chooses to analyze FHS from a public perspective, a point of view that we strongly disagree with. As a result, the report presents an inaccurate and sometimes distorted view of the normal businesses practices and outstanding achievements of FHS. We take issue with a variety of alleged facts and claims presented in the report, to which we respond in detail. We were also surprised that a financial audit would be presented using the judgmental language found throughout the report.

FHS is an entity that has received \$17,250,408 (not \$18,143,957 as listed in the OIG report) from the public for international service since 2006 and created net revenue for the hospital of over **\$50,000,000, after expenses**. We congratulate the PHT and JHS management for having taken such an innovative approach to competing in the international healthcare market, an approach that now places Jackson for the first time among the major international healthcare powerhouses in the United States.

The OIG report focuses on claimed spending irregularities consisting of just over one-half of one percent of FHS operations spending over four years (approximately 0.58%). They identify problems or the alleged misuse of funds by FHS personnel, and we acknowledge that a few of these are inappropriate uses by employees, who have since been dismissed. But we strongly disagree with the negative characterizations of the business, based on a small portion of loosely documented or allegedly inappropriate expenditures prominently featured in the study; and, based on public, government auditing standards retrospectively applied to a private, not-for-profit enterprise.

FHS is not public and is not governmental in organization. FHS undergoes a yearly independent audit, receives a governance letter that is taken seriously and all matters are promptly addressed. Our auditor is MarcumRachlin, a division of Marcum LLP. Our audited financials are available upon request. We believe FHS has adequate asset management procedures, standard procurement procedures, and proper oversight of spending, including credit card spending. FHS has its own board, which includes not only prominent community members, but also members of JHS's senior management team. True, its systems are not yet perfect and will improve, but it has intelligently focused its start-up years on making money for Jackson as the hospital goes through a time of crisis.

FHS is one of Jackson Memorial Foundation's finest contributions to JHS, along with the Ryder Trauma Center and Holtz Children's Hospital. FHS is very successful, and its rapid growth has led to a small number of internal system failures. Our response clarifies why the grand majority of the criticized expenditures cited in the report are absolutely appropriate, and why a few inappropriate expenditures occurred despite our intentions to the contrary. Most importantly it clarifies that FHS, known now as Jackson Health International (JHI) is very successful and one of the brightest stars in Jackson's future.

Response to Findings of OIG Report Regarding Foundation Health Services Administrative Operations

Foundation Health Services (FHS) was established to function competitively against other providers of international health care patient services, something not previously possible in the prior public hospital business model. As a **private non-profit business**, FHS could both engage in customary business development, and protect proprietary business information. Everything FHS has done has been conducted within ordinary and customary private business behavior. FHS is **not** a public entity and was never expected to be considered so by its creators. Ever mindful however, that we use public dollars on behalf of JHS, we are careful stewards of the taxpayer's funds.

FHS is an entity that has received \$17,250,408 (not \$18,143,957 as listed in the OIG report) from the public for international service since 2006 and created net revenue for the hospital of over \$50,000,000, after expenses. The OIG report focuses on perceived spending irregularities with approximately 0.6% of FHS expenditures over four years of operations. It includes the administrations of two former operating chiefs who were separated for a variety of causes. The issues discussed regarding inappropriate or alleged undocumented expenditures which total approximately \$100,000 are addressed herein, along with comments regarding our systems and processes. We also comment on the OIG's surprising use of non-transparent language that uses common terms such as "no receipt" to describe cases where a dining receipt (but not *itemized* dining receipt) absolutely is available.

We agree with the OIG that improved controls and expenditure systems are important, and we are committed to improvement. Indeed FHS has been steadily strengthening its internal control systems throughout 2010.

We strongly disagree with the characterization of the business as wasteful, based on a small portion of loosely documented or allegedly inappropriate expenditures prominently cited in the OIG study; and, based on public, government auditing standards. Yes, it may appear that an employee bought a breakfast platter in Hialeah on a Friday to bring in to her staff; and yes, the staff did have a few birthday cakes to celebrate special occasions; and yes, it seems that a former management leader purchased more computers than necessary. We will respond in detail to every instance cited by the OIG further along in this report and our intent is not to make light of inappropriate expenditures. However, the OIG's report leaves the reader with the impression that FHS is wildly unsuccessful and uses a majority of its operating funds improperly. **The truth, buttressed by the facts, is the absolute opposite.** FHS is very successful, and its rapid growth has led to a small number of internal system failures. Hopefully our response will be helpful in understanding why we consider the grand majority of the cited expenditures to be absolutely appropriate, and why a few inappropriate expenditures occurred despite our intentions to the contrary.

The most important aspect of FHS's business success is, that despite its flaws and problems during a difficult and underfinanced start-up phase, it has managed to generate over \$50 million in net revenue to the Jackson Health System during one of the most difficult periods in the hospitals history. While the hospital suffers losses, its international business managed by FHS prospers. Few, if any, programs at JHS are as successful, or contribute so much net revenue to the JHS system.

We are aware, separately from the OIG report, that some have questioned FHS's clear success in bringing revenue to JHS, despite clear evidence to the contrary. This unsubstantiated viewpoint might color the belief of some regarding the value we provide, in light of the reported irregularities. We believe we have

specifically addressed the issue of our revenue accomplishments clearly, in writing and in person, and stand behind the revenue figures we have reported and reconciled with the hospital. Based on these revenue figures, we believe that any unintentional irregularities pale in contrast to the success.

As stated in the OIG's report on page 13, the audit was conducted with *Generally Accepted Government Auditing Standards*. Again, and it bears repeating as many times as necessary to make the point. **FHS is not public and is not a governmental agency.** If it were, it would have no reason to exist. We simply did not and were never requested to run the company as a government entity. And, had we been asked to do so, we would have said a very firm and loud "NO". The OIG's use of public auditing standards creates a biased and inappropriate picture of FHS's operations.

That said, Foundation Health Services is grateful for the guidance the OIG report has provided in helping FHS become a stronger company with better internal processes. While focusing on results is the very core of a strong and intelligent private business venture, we are certain that FHS will benefit from many of the OIG Report's recommendations.

Background

FHS is a successful start-up operation that became functional in 2006 and has grown with the speed, achievements and difficulties experienced by nearly all fast-start companies. These include double-digit growth in revenues, building infrastructure, of employees and administration. They also include senior management and employee turnover as the business struggled through initial start-up phases and addressed changing skill and experience needs. We are no different than any other successful start-up whose focus is on making money, not bureaucracy.

A private business modeled on traditional private business conduct that is then evaluated by a public-model perspective is inherently full of conflict and contradiction. Rather than being different sides of the same coin, public and private business models are very different coins. One is based on total transparency of all activity and bureaucratic processes determining the use of every penny of public funds. The other is based on quick action and keeping competitive advantage and keeping proprietary information out of the hands of market competitors. Private businesses frequently made decisions for strategic goals that require paying with current dollars for future possible benefits. Furthermore, start-up companies are frequently forced to do more with less and are often much more results-driven than process-driven in their early phases.

FHS was formed as a private non-profit business with a mission to create and manage JHS's international patient service business. The OIG's report identifies problems or alleges misuse of funds by FHS personnel, and clearly, a few of these issues are inappropriate uses by employees, since been dismissed. But we must note that the report infers that FHS must mirror the processes and rules used by government agencies. But FHS was not formed under this perspective; and, no agreement was ever reached (or even discussed!!) to handle FHS as a public company. Indeed, the very basis of FHS's creation was that it would operate as a nimble, competitive private, not-for-profit company.

We believe it would be unreasonable, in hindsight, to expect FHS to operate by public standards in a competitive environment. The auditing lens that is used – public vs. private – largely determined how expenditures were viewed by the OIG. The OIG's audit is fully presented from a public perspective with nary a comment to the contrary. From a public perspective, a restaurant receipt must include the itemized charges, showing exactly what foods were purchased. From a private company perspective, we need only

the credit card receipt. We are concerned and in disagreement that a public lens was used to make many judgments leading the OIG to label expenses as inappropriate.

If indeed, FHS is to be held to entirely public standards for expenditures, then all parties involved must evaluate the reason for FHS's existence and/or the processes to be used in the future operation of the business. We caution that relying on government entities to compete in the open market with entities that have no such constraints will ultimately cost JHS, its patients, nurses and employees, and ultimately our community. Accountability is important, but success and profit to a health system in dire need of revenue is not to be taken for granted.

FHS Relationship to PHT

Before dealing with specific areas of criticism regarding expenditures, it is important to address fundamental issues raised by the OIG that are at the heart of many of the report's unacceptable conclusions. Public criticism of the international business line, and by association the foundation, is ultimately hurtful to the foundation and the hospital. We took on the task of international patient business at the request of the PHT, with **absolutely no profit to the Foundation** and with no interest other than in helping JHS prosper. Indeed, the Foundation secured over one million dollars in donations to start the business.

The OIG comments on Page 5, regarding the PHT procurement process in assigning international care to FHS misses a core perspective. At no time was FHS presented to the PHT as a competitive company seeking to gain a contract from the PHT, and any such inference is misguided. FHS was created to serve JHS and had no interest in participating in a competitive process. Jackson Memorial Foundation was requested by JMH management and the PHT to create FHS as a dedicated effort to secure international business and provide concierge-level support. The Foundation brought to this project almost \$1.3 million in philanthropic support, plus invaluable board and management expertise. JMF provided JHS the gifts of time, money and intellectual capital. We didn't ask for this task, we were asked to do it!

What procurement process could have been asked of the PHT (as recommended in the OIG report)? How could the PHT develop an RFP to seek a private company to expand and manage JHS's international business, at no profit to the bidding company? Where can a company be found that would also provide over \$1 million in donated funds to seed the creation of the business, as JMF has done? To call this far-fetched would be a polite understatement. The FHS/JHS contract which was created and which went through a so-called "no bid" process was simply a document to formalize the relationship between the entities. It was done to provide an approved process under which the PHT could provide funds to FHS for business operations.

There are not, to our knowledge, private companies engaged in the business of fully creating and managing an international department for a public hospital. However, when private companies manage an outsourced department for a hospital, they charge a hefty fee for this service, often in the millions per year. In contrast, the PHT asked JMF, a trusted and proven partner to assist – with no profit motive – with a valuable business opportunity that JHS had not been able to carry out successfully on its own. We agreed to help.

This situation is ironic in the face of the OIG's criticism of JMF's Central Service fee (discussed in more detail further on in our response) which seeks only to recover reimbursement for the foundation's estimated

expenditures in infrastructure support of FHS, in an amount of \$472,718, or less than 7% of the current budget. JMF seeks to only recover its expenses, yet is criticized for using professional estimates rather than an hour-by-hour log of time spent by a number of employees, including the CEO.

Let us be crystal clear: the FHS budget analyzed in the OIG report was developed in conjunction with JHS management, based on the goals assigned by JHS management and the PHT. This is JHS's budget, assigned to FHS to carry out its mission. There was no self-interest or profit for the foundation. FHS did not propose a budget which required competitive comparisons, as the OIG report suggests should have happened. Instead, FHS created a budget with the full involvement and approval of JHS management, which was then presented to the PHT for approval by JHS management! The JHS President/CEO was involved in every decision and participated in every presentation.

The OIG reports that FHS maintains net assets from JHS which are labeled as "unrestricted", implying that these funds are in some way available for uses other than managing JHS's international business. This is not accurate. All net assets held by FHS are classified as "Unrestricted" based on Statements of Financial Accounting Standards (SFAS) 117 "Financial Statements of Not-for-Profit-Organizations" issued by the Financial Accounting Standards Board. Under SFAS 117, the organization is required to classify all net assets that are free of donor-imposed restrictions as "Unrestricted". All funds received under the PHT contract are to be used in fulfilling the mission of FHS and hence are "unrestricted". This issue is further illuminated later in the section: "Unrestricted Net Asset" and "Transfer of Surplus to JMF."

While the FHS board is not charged with auditing individual expenses, they do approve the budget and business goals. Unrestricted in this use means "for use without restriction in the approved business purpose". There is absolutely no evidence that any funds have been used for anything other than the stated purpose. The sentence in the contract referred to in Page 37 of the OIG report that theoretically assigns excess funds to the foundation is simply a holdover from an original contract concept which made little sense in practical reality. The proof of JMF's goodwill and intentions is that funds were never transferred to JMF from FHS, as the contract theoretically allowed.

Let us say this loud and clear: The foundation does not take money from JHS. It provides donations to JHS for its growth and improvement, and exists ONLY to help Jackson Memorial Hospital, its hard working employees, and our community.

Furthermore, the OIG report on page 5 seems to suggest by the statement that the foundation is 'the PHT's charitable arm,' some organizational responsibility and relationship that does not exist. The report cites footnote 2, on page 3 of the OIG report clearly and correctly states that "JMF was created in 1987 and is a separate and independent entity from the PHT."

Management at FHS

The OIG report does not at all address the management leadership changes at FHS during its first three years of operation, but we feel it is important to document the negative impact those changes had on the concerns noted in the report. FHS was created under the operational direction of an employee who initially worked for Jackson Health System as Director of Strategic Planning. He was hired as FHS's first COO in early 2006 by the FHS Board of Directors, with the full support of JHS management and his employment ended in March 2008.

In addition, the former Executive Vice President (EVP) who ran the company from November of 2008 was separated in September of 2009. Both of these major changes were handled without a break in stride in the company's growth. But it most certainly impacted the business issues noted in the OIG report.

In creating FHS, the foundation CEO was assigned a specific consulting role by the foundation to oversee the company's evolution. The JMF CEO was not assigned to oversee company operations, nor was he involved in any direct oversight of daily business decisions. As clearly assigned by the board in writing, his role was to serve in a consulting capacity on behalf of the FHS board of directors. During the tenures of the original COO and the subsequent EVP, the JMF CEO was not involved in supervising direct expenditures by FHS.

After the separation of the founding COO, the JMF CEO was tasked with hiring a search firm and seeking candidates to lead the company. This search firm identified a candidate who was subsequently hired as FHS Executive Vice President (EVP). Unfortunately, the JMF CEO reported various concerns regarding the new management's oversight and judgment, including poor decisions regarding expenditures. His reports led the FHS board to agree to a separation from service for the EVP.

In December of 2009, the FHS International board, with the consent of the Foundation board, requested the current Foundation CEO to serve as Interim Director of FHS. His task was to hire a strong management and business development team, and straighten out systems and management processes that were clearly in need of review and repair. Much progress has been made on these goals, despite many internal and external challenges. Systems have been improved. The JMF CEO currently continues to serve as Interim Director of FHS and will continue in this role until the FHS and JMF boards choose otherwise.

Regarding the Methodology and Timing of Funding from JHS

As the OIG report states, between October 2006 and December 2009, FHS received \$17,250,408 in public money. But as also noted in the OIG report, it was budgeted to receive \$33,220,422 for international services, plus \$2,063,381 for domestic services! FHS received only 52% of what was originally planned for budgeted and agreed to, and yet managed to surpass its goals. We cannot agree with the OIG's comments that spending less and achieving more is proof that too much has been budgeted. Rather, we would argue that if we only had received what was budgeted, our results would be that much greater.

We note that the funding delays are not a matter of complaint for FHS. JHS has been in a severe cash crunch and we fully understand the reasons for the lack of funding. FHS works only to produce revenue for JHS, and our mission is to help JHS, not complain about its challenges. There is no doubt that if it could, JHS would fund this business at greater levels and thus produce even more income for the hospital system.

But under the circumstances of diminished resources, it is also no wonder that FHS has infrastructure processes that are less ideal than desired, when it barely had the funds to successfully achieve its approved revenue goals. As a result of routine underfunding, FHS was forced to focus on what mattered most: to create revenue for a reeling JHS that was rapidly running out of cash. FHS acted as any reasonable private business would. Gains first - systems later. Processes and systems have been improving regularly as the business matures.

The OIG report comments on the budget do not capture the dilemma FHS management and its board has faced. Were the approved strategic goals to be ignored? Were opportunities to be abandoned, simply

because funding from JHS lagged behind schedule? Indeed, at the beginning of the 2009/10 budget year, \$11.3 million had been agreed upon with JHS management for the FHS budget. This was then reduced to \$9.7 million in December of 2009 as a result of budget crunches at JHS. Factually, the funds provided by JHS to FHS during the 09/10 fiscal year for international services were only \$3.7 million or only 38% of the \$9.7 million budget, and only 51% of the final \$7.2 million budget. Despite this fact, FHS has continued its double digit growth rate, while being paid irregularly and at a funding level much less than promised and budgeted.

The amount of funds identified by the OIG as inappropriate uses of local dining charges totals \$37,625, or 0.2% of the entire funded operational budget. We disagree with the assessment intensely, and defend this position in later sections of this response. But even if one accepts that all the credit card and other employee expenses cited in the report are inappropriate and not merely undocumented, this adds up to approximately \$100,000, also 0.2% of net revenue provided to JMH by FHS's international business. This amount is regrettable but incredibly small and immaterial in comparison to the positive revenue outcomes.

While the goal of zero inappropriate use is the only acceptable standard, imperfection is to be expected in all start-up businesses, especially under these circumstances of severe and routine lack of funding to match assigned goals.

Payment methodology of the FHS budget

On page 3 of the report, the OIG states that "allowing FHS to bill its approved budgeted funding as lump-sum compensation... instead of on an as-expended basis... is an atypical arrangement benefiting FHS at the PHT's expense." Further, on page 36, the OIG asserts, in part, that "budgets are estimates," and that "budgetary funds unspent at the end of the budget period typically are not disbursed to the subordinate entity but stay with the funds holder –not so with the PHT/FHS arrangement." The OIG seems to have misconstrued the proper holder of funds. FHS is a business and the fund holder once disbursement from JHS has occurred. That makes the amount of expense paid and unpaid entirely proper and business-appropriate. To suggest that the PHT is the funds holder misunderstands the business relationship. Additionally and appropriately, funds are only expended from FHS as business conduct warrants for the benefit of JHS. The OIG makes the assumption that this is a typical expense reimbursement contract. This contract was negotiated and signed under mutual agreement by both parties. The OIG's assumptions do not take into consideration the reasoning and logic behind the final contract. The PHT in essence launched FHS under the protective watch of the foundation to provide all the marketing and hospitality services for the hospital. To launch a marketing campaign a company needs to have capital. Failure by the PHT to provide operating capital to FHS would have precluded FHS from even getting off the ground. The intentions of the PHT and FHS have always been to benefit the hospital.

FHS submits budget payment requisitions to the PHT as agreed upon in the JMH/FHS contract, approved by JMH management, the PHT and the County Attorney's office. FHS followed all prescribed procedures. All funds eventually received by FHS are used solely for the purpose indicated. The OIG report mentions the amount of \$3.2 million in "net assets" noted in an end of year audit report, and confuses this figure with cash. The \$3.2 million in net assets include \$2 million in cash collected at the end of the fiscal year, plus \$800k in receivables from the Hospital, plus \$600K in property and equipment less \$400K in liabilities owed by FHS. Given the amount of liabilities outstanding at year-end, FHS's liquid cash on hand was only \$1.7 million. The grand majority of this amount was due to FHS from JMH, as the health system was months behind in payment. The funds noted were not received by FHS until much later. The OIG's analysis

of this item and the associated conclusion is incorrect. Over 38% of the \$2 million held in cash at the end of fiscal year 2009 was paid by the Hospital on September 29, 2009 and the remaining 62% was collected on August 24, 2009 -- that's less than 5 weeks before the closing of the year. Additional information on this subject is found in the section later in this response: "Unrestricted Net Asset" and "Transfer of Surplus to JMF."

Specific Responses to Findings

Exhibits attached in Appendix

Finding No. 1: Local meals and dining

It has been the practice and policy of FHS to provide receipts and simple documentation for meetings involving meals. This has been done as per our policies, with a few exceptions which are separately noted. However, the OIG demands "itemized receipts" from restaurants, which is not required by our practices. It is important to clarify that the lack of "**itemized receipts**" may be interpreted by some to indicate "**lack of receipts**", which is incorrect and highly misleading. Likewise, the lack of "documented business purpose" may indicate to some that no proper purpose was indicated, which is also an incorrect conclusion. Our business practices have not previously required detailed explanations on receipts, as these explanations can easily be inferred from the attendees. Meeting for dinner with the Minister of a specific country's government does not require a lengthy explanation to determine the purpose of the meeting. Simply stating the names of attendees often provides the context necessary to judge the business purpose, or a simple note such as "business development," would suffice.

By focusing on credit card expenditures, the OIG's report targets less than 10% of the organization's total spending and their findings focus on slightly more than half a percent (0.6%) of the organization's total spending in the course of four years. Per the OIG's finding, out of the total \$37K questioned charges only \$10K had no supporting documentation. This is 0.67% of the total credit card charges during the audit period which exceeds three years.

The OIG did not present sufficient evidence to support their conclusion that some of the \$26,400 in charges did not have an established business purpose, and we dispute their conclusion. In the course of a normal audit when confronted with items that are questionable in nature, the auditor is expected to obtain an understanding before asserting an opinion. Many of the items listed have a legitimate business reason which would have been provided to the OIG if standard auditing procedures would have been applied.

And virtually all of the charges are perfectly acceptable by private business standards!!

We must analyze the methodologies and requirements used by the OIG in judging expenses as acceptable or unacceptable. While relevant to public processes, as has been noted, FHS has been run as a private non-profit company, with a contract with JHS. The grand majority of expenses judged unacceptable are questions of a claim of insufficient documentation, or insufficient explanation, related to a paid consultant or staff event. The relevance of the meeting is not sufficiently documented by FHS staff but was judged to be perfectly appropriate by FHS management. All of these uses must be analyzed on a case by case basis, and conclusions reached as to past and present appropriateness. Only then can we use the information

gleaned to make future business decisions that are deemed acceptable by all involved parties. Creating acceptable uses and agreeing on these uses, should not be difficult. Alleging misuse, merely because documentation is incomplete by OIG standards, is not acceptable to us.

We have prepared a detailed analysis enclosed in the report of all charges. But we believe the following examples clearly show the extent of the OIG's misjudgment:

EXAMPLES OF NON-TRANSPARENT OR ERRONEOUS CLASSIFICATIONS IN OIG REPORT

For example, we refer to the 2009 Holiday party receipt presented in **Exhibit 1**: The OIG selected a pre-event proposal as proof of receipt for the event instead of the actual receipt. This was not a receipt; it was an original proposal estimate from the restaurant! Based on this, the OIG erroneously calculated that FHS tipped 49% of the total bill when in fact the total bill was not included in their report. They assumed the difference between the total estimated bill and the total actual charge was gratuity, when in fact there was additional food and beverage added to the bill. The actual gratuity was paid at a rate of 20 percent, as the contract required. This was not discussed with FHS Finance staff in order to clarify prior to inclusion in the report.

Meeting of 6/4/2009 between FHS Chairman, FHS EVP, and JMF CEO: \$51.96

Exhibit 2: The OIG report classifies this working lunch meeting between the top three leaders of the company as "no receipt" and "no stated purpose". The facts are that a receipt is included, but as in almost all other cases, an "itemized receipt" which declares exactly which meal was purchased is not attached. Although the OIG claims the receipt has "no stated purpose," it is self-evident to any reviewer that by simply reviewing the CEO's calendar such a meeting is perfectly appropriate and that no further "stated purpose" is necessary to document the legitimacy of the meeting. Why would these three FHS business leaders meet on a business day for lunch or breakfast? The answer is obvious: to discuss business. The classification of this meeting, and most others, as "no receipt, no stated purpose" by the OIG, is inappropriate.

Breakdown of Local Dining Charges Questioned by the OIG

OIG Criteria	# Trans	Cost	FHS receipts or Sufficient Documentation Substantiate Expenditure	
			Cost	# Trans
No Itemized Receipt and no explanation per OIG	117	\$ 10,495	\$ 4,455	58
No itemized receipt with explanation or explanation does not adequately describe business purpose	65	7,136	7,136	65
Itemized receipt but without explanation	61	5,105	2,816	36
Itemized receipts but individuals are employees or consultants	61	9,893	9,893	61
Itemized receipt but insufficient explanation per OIG	29	4,266	4,266	29
Discretionary spending	9	730		
TOTAL	342	\$ 37,625	\$ 28,566	249

Of the total questioned by the OIG we would agree that \$9,059 or 93 transactions did not have sufficient documentation, although we cannot agree that this automatically justifies classifying them as inappropriate use of funds. Of these expenditures, 84% or \$7,646, were generated by or under the management of the former COO, during the start-up phase of the company.

EXAMPLES:

(A) No itemized Receipts

It's important to note that we quickly found over 42% of the receipts for items which the OIG report inappropriately classifies in the category of "no receipts". The main reason the OIG has classified these items as "no receipts" is because the receipt found did not itemize the food and drinks consumed. We disagree with their position because there are many instances where an itemized receipt is impossible to acquire and/or our standard practices did not require one.

Exhibit 3: One good example is "Los Tres Amigos" a charge of \$175 by the EVP. A receipt was provided of the credit card charge. This is a small restaurant near JMH and this particular place does not have a computerized system where an itemized receipt would be provided. Holding FHS to these extreme standards is unrealistic.

(B) No itemized receipt with explanation or, explanation not adequate, as per OIG standards

For all the expenditures reviewed under this category, FHS staff was able to find either a receipt or a statement explaining the reason for the charge.

Examples of items listed in this category:

Exhibit 4: EVP paid for lunch on Secretary's Day for the FHS administrative assistants. Total spent for four people \$57.91.

Exhibit 5 a & b: Multiple lunch meetings by management with board members. For most of the ones reviewed, receipts were found but the OIG rejected them because the receipt did not itemize the food and drinks consumed.

Exhibit 6: VP Med. Ops., dinner with Synergy Group and Eagle Mount for nine people. The executive did not list the name of all the individuals present but the dinner purpose was stated as well as the number of attendees. A receipt of the total spent was also provided. Total spent \$996.16.

(C) Itemized receipt, but with no explanation, per OIG

FHS found that 59% of the transactions classified under this category did in fact have sufficient documentation to substantiate business purpose. The remaining 41% or 25 transactions related to individuals who have been separated from the organization, 21 of which were in 2007 by the original COO.

Exhibit 7: CEO charge at Billy's Stone Crab. The \$209.87 itemized receipt was provided and description was written in the receipt.

(D) Itemized Receipts, identified individuals are all compensated by FHS as employees or consultants

All the transactions reviewed in this category are acceptable business transactions and part of operating an organization that specializes in marketing, business development and hospitality services.

We found multiple cases where the meals questioned by the OIG involved volunteer board members or guests of JMHI who are not compensated by FHS or the PHT as stipulated in the OIG's own category.

Exhibit 8: A working lunch meeting at Jackson's Diagnostic Treatment Center building: the purpose of the meeting and the attendees were listed. In addition to FHS staff, there was also a member of the FHS all-volunteer board present, who helped organize the meeting, as well a member of Enterprise Florida, who presented. The OIG has taken the position that because FHS staff was present at this meeting it does not constitute appropriate business expenditure. Lunch was catered by Jackson Catering for \$257.50 where staff and board member met regarding Enterprise FL and International Concierge services. This was a working meeting where all the staff worked through their lunch hour and board members participated.

(E) Itemized Receipts, but insufficient explanation, per OIG standards

FHS management does not agree with the OIG's finding that any of these expenditures are questionable. This organization undergoes a financial audit every year. Under Generally Accepted Accounting Standards for non-profit organizations, there is sufficient evidence to show that these expenditures do constitute an acceptable business related purpose.

Exhibit 9: CEO's purpose stated clearly that this was an FHS Physicians Advisory Board meeting at Prime Blue Grill \$ 499.04, where both paid and unpaid physician consultants attended. Physicians made

themselves available after hours in order to facilitate a meeting. The explanations provided meet the standards of most internal control procedures.

SOME OTHER FACTS WORTH MENTIONING

1. The OIG alleged that an employee who lives in Hialeah used an FHS credit card at various fast food restaurants to purchase personal meals. The outlined charges totaling \$156.15, and others not listed, were incurred by the Finance Director and upon reviewing these charges sufficient documentation was found to establish a legitimate business purpose. The Finance Director made these purchases on her way to the office and while running errands for the organization. At times, she spent under \$10 on some of these purchases because being frugal she only purchased item from the \$1 menu. The meals were mainly purchased for staff or volunteers who assisted FHS with multiple office moves and other special projects. At times, these activities took place over the weekend to avoid interference with the regular course of business of the organization. **Exhibit 10.**

2. Au Bon Pain is an on campus vendor and is used as a meeting place for business lunches as well as providing catering services for most business meetings held at campus offices or hospital conferences. The transactions identified as Au Bon Pain were for internal meetings, using the Au Bon Pain at the Jackson campus to provide food for internal meetings. Again, the standards used by the OIG are not the standards used by FHS in assessing the appropriateness of the expense. Working meetings between staff, consultants, and others during lunchtime total only \$2,283 in four years of operations, and are reasonable expenses that maximize employee involvement by usual business standards. Using funds for modest employee recognition and birthday celebrations, or for an introductory lunch, is not inappropriate by most business standards. We make no apology for the use of these funds.

3. EVP meeting with the interior decorator who donated services to FHS. Total charges \$110.70. It is a fact that an interior designer provided in-kind consultation to the EVP in developing new offices, and it is reasonable to judge that the expenditure of \$110 to discuss these services was perfectly appropriate.

4. Expenses where there was no itemized receipt, nor written purpose, but where our review of records found receipts in our records:

Capital Grill (COO Business meeting w/ Mike Casanova Recruiting & Dr.) \$ 342.15

Capital Grill (COO Business meeting on Affiliation Agreement JMHI) \$ 634.73 – **Exhibit 11**

Morton's (COO Dinner with the Prime Minister of St. Kitts& Dr. Coy) \$ 459

Nordstrom's Café (Finance Director meeting w/ CPA Firm re: Tax return issues) \$ 61.34 (*If CPA had charged for time it would have been \$150; instead we paid \$61.34*)

World Resources Café (CEO working on a Saturday) \$97.02 was questioned because charge was incurred on a Saturday. Entrepreneurial organizations often need to work round the clock to generate revenues.

5. FHS staff meetings do not usually involve food, despite that statement in the OIG's report. That assumption appears based on those charges identified as being used during a staff meeting for a working lunch, however, the preponderance of staff meetings did not involve food and there is absolutely no evidence to the contrary. Social events involving staff, as would be logical, did involve food. Staff events are important in any company for team building, and no proof of any unreasonable expenditure for this purpose has been cited.

6. It is a normal business practice of FHS to host dinner meetings with visiting dignitaries, international clients, international government officials such as ministers, and others who are a major part of the business success for FHS. This is a normal business practice leading to increased business through enhanced relationships, and may sometimes even be provided in recognition of special loyalty and support to JHS by clients. Yes, these meetings are often in "South Florida's Finest Restaurants," as boldly proclaimed in the OIG report. Another more reasonable classification would be "Normal Business Restaurants in the South Florida Area." In the end, the amount spent is a tiny fraction of the amount of business to be gained. It is a completely normal business practice used by millions of businessmen and businesswomen worldwide.

There is no doubt that meal receipts for restaurants should be submitted along with the stated purpose. The failure of FHS staff, in some instances, to do so is not acceptable to us, and FHS standards have, and will continue to be increased. Credit card usage and controls are further discussed in Finding 15.

Clearly, FHS staff and finance staff must improve documentation of receipts, including information on meeting purposes and attendance. We were troubled by some of the OIG findings, and are committed to strengthening systems to prevent such misuse in the future. However, we believe that errors are relatively few, and systems have been significantly improved during the 2009/10 fiscal year, under the leadership of the Interim CEO. No doubt, systems are not yet perfect, but are in a constant state of analysis and improvement, incorporating as well, the OIG findings.

Finding No.2: Five-day Cruise

In 2007, the initial FHS COO planned the company's first Strategic Retreat on a cruise ship. A special rate was negotiated for this trip, allowing eight total employees to attend, not five as reported by the OIG. As indicated in the attached RCCL invoice, the FHS credit card was used to pay only for the tickets of these employees. Some family members did travel with employees but those fares were not paid by FHS, as stated in the OIG report. The fare for the children was paid personally by the employees. In our review of the items questioned by the OIG, we found 17 transactions which could be considered of a personal nature (detailed later in the report). All charges for this retreat were authorized by the former COO. **Exhibit 12**

The goal of this retreat was to establish the entire business strategy for the business. The JMF CEO was invited after approval had been granted by the FHS Chairman to the COO, and attended all aspects of the retreat without any family or spouse, representing the board. A reason for choosing the cruise was that the company's medical director was already on the cruise with his family, and had agreed to join the strategic retreat throughout the trip, on his own vacation time, in order to support the planning of medical issues. Business speed for a start-up is crucial, and the COO judged that this retreat would prove valuable in results and teambuilding.

Employees were involved in lengthy daily meetings, including about 30% of these meetings with the Medical Director, who participated on his own time during his family vacation. Only one half-day was taken off during the entire four-day cruise. FHS has a complete file on this company retreat including minutes of all meetings held during the trip. The OIG never questioned FHS management regarding this retreat. Instead they have reported their assumptions as allegations of inappropriate expenditures -- when in fact no public moneys were spent for travel fare for any of the family members that accompanied the staff.

Of course, any FHS funds spent on casino or personal services of any kind were not approved, and were inappropriate. It is regrettable that in our estimation, \$872 of questionable expenditures occurred. As previously noted, the COO was separated from the company in 2008.

Findings No. 3: Personal goods and services

We dispute the OIG report's finding in the matter of personal goods both in fact and in audit procedure. The audit draws conclusions with insufficient research into clarifying information which was available.

In November 2007, a group of employees went to Venice for the International Travel Insurance Conference. This is the principal conference where a majority of FHS's emergency travel business line was developed. Four of these employees traveled together. Their luggage was lost as the flight into Madrid arrived late and they did not make their original connection. They were rerouted Friday and arrived into Venice late Saturday. By Sunday afternoon, after numerous calls to both airlines, their luggage still had not been located. The conference was scheduled to start on Monday morning. The FHS COO took the employees to purchase approximately two outfits each, and shoes (if needed). The plan was to submit a claim to the travel insurance carrier. We are investigating to see if that happened. None of this was reported to the board by the COO, or to the foundation CEO. This is a difficult situation which should have been reported and either approved or disapproved, but the fact that the employees had no clothes, except those already worn for two days, mitigates the reasonable expenditures to purchase clothing. The staff had to attend numerous meetings and could not perform their duties wearing the same clothes day after day.

The following is a list of items claimed by the OIG report to be improper personal item purchases, with explanations of the purchase. Of the \$8,317 classified as personal expensed by the OIG we only found \$1,347 which we deem should be questionable because of insufficient documentation. A few of these items were deducted from the COO's paycheck.

- | | |
|--|---------|
| (A) Clothing purchase in Italy conference, lost luggage: | \$2,930 |
| The COO authorized to purchase clothing for 2 days until the airline was able to locate the missing suitcases. The staff had to attend numerous meetings and could not perform their duties wearing the same clothes for 4 days. This is another example where proper auditing procedures were not applied and the OIG is simply assumed that these were improper charges. | |
| (B) Computer travel and presentation case, plus one briefcase purchased for traveling: | \$ 737 |
| (C) Auto expenses (parking, gas, etc.): | \$1,790 |
| Auto expenses: Staff uses their personal autos for local travel. The nature of this business requires the staff to do a great deal of driving. At times, supervisors will authorize for gasoline, parking or other minor auto expenses to be paid with company funds. | |
| (D) Medical Conference Expenses: | \$208 |
| Medical Conference Expenses: These were small items purchased to be used at the medical conference to promote Jackson International. | |
| (E) Business Meals: | \$156 |
| Business Meals: This included 3 purchases local food establishments for staff meetings or other type functions. | |
| (F) Business Gifts Purchased in Israel: | \$584 |
| No explanation was made available by the COO. | |
| (G) Office Décor purchased in Israel & Italy: | \$272 |
| In the COO's trip to Israel the COO purchased several gifts to be used for business relations as well as things that were used in the office during his time as COO. Inappropriate. | |

(H) Travel Visa for COO in Canada Conference:	\$62
a. This was a specific charge by the Canadian Government during the time COO was attending the Canadian Medical Conference. The charge relates to his travel visa in that country.	
(I) Small gifts & cards bought for staff in the finance department:	\$15
(J) Computer parts purchased online for marketing staff:	\$15
(K) Company Retreat Expenses:	\$31
Personal Items:	<u>\$1,517</u>
Total per OIG report:	\$8,317
Personal items deducted from payroll: - Exhibit 13	<u>(\$170)</u>
Adjusted total after P/R deduction of personal expense:	<u>\$8,147</u>
Total personal items paid by FHS:	<u>\$1,347</u>

Finding No. 4: Flowers, gifts and birthday cakes

We strongly dispute the OIG report's conclusion that there is "no connection between these purchases and FHS' mission or any of its contractual responsibilities." In fact, this company is in charge of marketing and development! It would be impossible to create business relations and further the mission of FHS without occasionally showing gratitude to those business partners and associates that make it possible for the program to thrive. These expenses are not unreasonable.

- A. Hospitality and concierge services sometimes order flower arrangements for Jackson Health System management team members or VIPs that are admitted to JHS, as well as a monthly cake to celebrate hospitality coordinators birthdays. Flowers are also purchased at times for special guests. This is a routine part of our special concierge services.
- B. Movie tickets were purchased and distributed to JHS employees (including nursing, environmental services, etc.) as a motivational thank you for their support and involvement in establishing the new concierge program. These efforts were aimed at educating the JHS staff to a new process, creating teamwork rather than resistance to a new hospitality effort aimed at securing more funded patients.
- C. 20 Walgreens Gift cards were purchased and distributed during the JMHI Volunteer Appreciation Luncheon on behalf of FHS and JMHI, receipt and memo with approval sent to Finance Department prior to the event. These were for special volunteers who won these in recognition of their free service towards JHS.
- D. **Exhibit 14:** \$382.67 was spent on holiday cards for client relations and marketing in December 2009. These cards were imprinted with the JMHI name yet, the OIG considers this inappropriate use of funds. How is FHS expected to promote the Jackson name if even the mere printing of cards is to be disallowed?

Charges for gifts & birthday cakes Total: \$8,296

Birthday cakes for employees	\$852
Gifts & Flowers	\$7,444

This company is in charge of marketing and development. Repeating our earlier statement, it would be impossible to create business relations and further the mission of JMHI without occasionally showing

gratitude to those business partners and associates that make it possible for the program to thrive. These expenses are not unreasonable.

In our review of the evidence presented by the OIG, we believe additional findings in this category to be unsubstantiated, based on some of the examples of misclassified items we found:

EXAMPLES:

Exhibit 15: The Heat tickets were purchased by COO. The statement specifies that they were used for client relations for FHS with Israel. The COO in fact was trying to obtain a contract for JMH to perform the physicals for the Israeli Army. The Heat tickets were purchased in Dec. 2006 and in Nov. 2007; the COO attended a Health conference in Israel to further his efforts for JMH and Israel relations.

Exhibit 16: The OIG reviewed the invoice from All American Engraving for \$760 which clearly states that five awards were purchased with the JMHI logo. These awards were given to exemplary employees in recognition of a very successful first year of operations at FHS. Even though the OIG reviewed the documentation, they have classified this expenditure as inappropriate use of funds.

Finding No. 5: Local limousine services

Again in this finding, the OIG makes assumptions when we believe additional audit questions would have provided justifiable clarity. Just because the transportation company's name includes the word "limousine" the report seems to have classified airport shuttle service as a luxury limo service when in reality what FHS paid for were transfers to and from the airport for certain trips where the staff had to carry their presentation booth and many other marketing materials. At times, this choice saved the company money by eliminating the need for multiple transportation of staff and goods to the airport.

The limousine pick up reported on Page 24 of the OIG report for VP of Hospitality is incorrect and is completely denied by the VP of Hospitality Services. According to the VP, charges were not for personal transportation, but pickup was scheduled for convention booth and boxes with marketing material that needed to be transferred back to the office and/or airport.

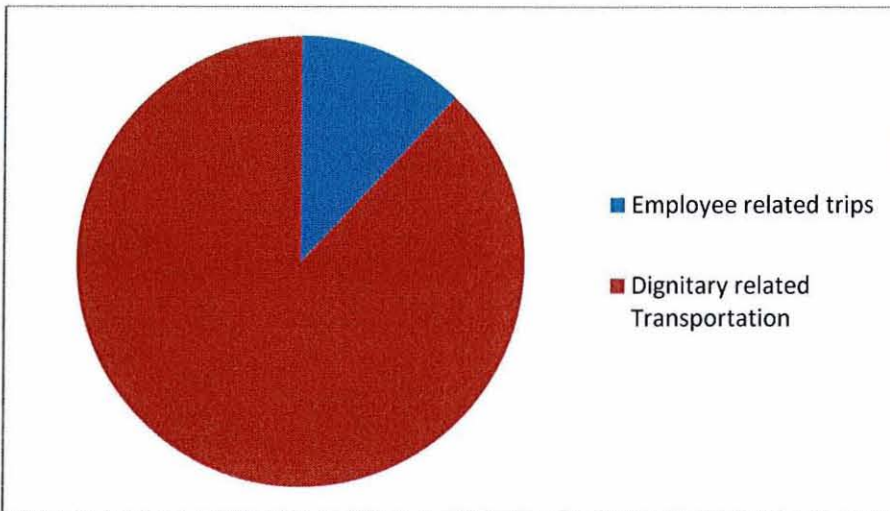
The transport company provided sedans; SUV's and vans as a transportation method. It was the practice of the original FHS COO to hire a transport company to transport staff to the airport when the trip was for an extended period of time OR when there was a lot of luggage/boxes of material or exhibit booths to be transported to the airport or to be returned. The drivers would come to the office and take the luggage/boxes/exhibit booths into their vehicles. An alternative would have been to have staff individually drive their cars, or take taxis to the airport, leading to individual expenses for transport.

In addition, sedans and in rare instances, limousine service, were sometimes provided to transport and/or pickup government dignitaries who were invited to visit FHS staff in the normal course of business development. Often, these were health ministers of foreign countries, and as such, deserving and expectant of private transport services.

In 2008, after the change in COO management, this practice was discontinued as a routine practice in order to reduce costs, and after finding alternatives which suited the business needs.

Local Limousine services \$13,090

Employee related trips	1,580	12%
Dignitary related Transportation	11,510	88%

**Finding No 6: Airlines club memberships**

The original COO for the company approved the membership into the airline club for the staff who normally traveled. FHS was new, and did not yet have sophisticated policies on what was, or was not, acceptable. In December 2008, a new Travel Policy was developed for the company which **excluded** the airline club as a non-reimbursable expense. There was only one instance post policy development where an individual had not been advised of the change in the policy and purchased a membership. That person was informed later when it was discovered and has since followed the policy. It was a simple mistake of communications, and there have been no other instances.

Finding No. 7: ATM cash advances \$810

Cash advances are indeed prohibited. However, this cash advance was NOT taken on an FHS credit card; therefore the credit card policy was not violated by this transaction. The cash advance was taken from a credit card which was issued in the name and credit of our Finance Director, since FHS had no credit and the COO had no credit cards. The Finance Director personally provided this card in a loyal effort to help the company until it had its own credit card. The use of the funds taken through the cash advance was properly documented as being used for immediate travel expenditures by the COO.

The COO was traveling to St. Kitts and needed to have cash on hand because most vendors did not accept credit cards. St. Kitts travel expenses were provided to substantiate these expenditures. **Exhibit 17.**

Finding No. 8: Questionable nursing care services

FHS does not provide any patient care as part of its mission. The case cited in the OIG report is a unique case that was referred to FHS by the then Chairman of the Board as a very important patient flying from Switzerland in a private jet and was to eventually go to his home on Fisher Island. He was first to be admitted to Jackson prior to discharge to his home. It was requested that private duty nurses be provided

during his stay. This was done via the hospital's recommended nursing agency. This was to be eventually billed to the patient but was not done. As noted, the COO subsequently separated from the company.

Finding No. 9: Questionable educational and language learning credit card charges

FHS management had valid business reasons to authorize these expenses. We strongly assert that the OIG report incorrectly evaluates both business purpose and expense propriety.

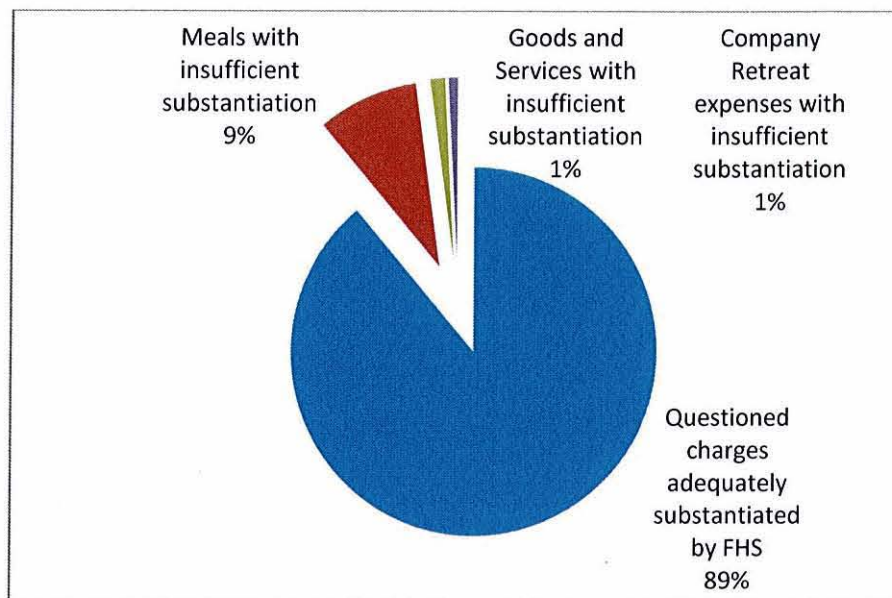
Berlitz: FHS paid for 2 Berlitz Spanish Courses for staff who were routinely traveling to Latin America in support of the FHS mission to attract international patients. The January 23, 2008 charge was for the first level Spanish course that was for the COO, VP and one staff member who were traveling into Latin America for FHS business. The second level course with the expenditure on June 30th, 2008, (which the OIG allowed in their report) was for the study of Spanish for continuing proficiency at the next level due to business meetings taking place entirely in Spanish.

FHS employs foreign-trained physicians as case managers who provide phone support to handle medical transfer processes. By using these foreign-born employees, FHS obtains a high level of medical expertise which is necessary for the safe handling of urgent cases, at a relatively reduced salary. An FHS case manager in this position averages approximately \$42,000 in salary, as compared to an equivalent nurse case manager at a minimum of \$66,000. A large proportion of medical transfer cases are handled in Spanish, although all employees are fully bilingual (English/Spanish). In an effort to perfect language skills in English, FHS provides English language support training as we improve these employees' abilities to also better deal with the English language market. In contrast with the conclusions in the OIG report, this use of English language training via computer self-teaching program is highly cost effective and justified, and a worthwhile investment in valued employees.

Other: Employees who were targeted for further development and additional responsibilities due to their performance and dedication were provided with training opportunities in order to prepare them for future responsibilities. One of these employees resigned her position in dispute with her then supervisor, the VP of Marketing and Development, who left the company two months later. It is accurate that the employee continued to take advantage of the course work which had been previously paid for, and her former supervisor did not note this issue.

Conclusion of Findings Regarding Expenditures:

Out of the total questioned charges of \$101,324, we found that FHS could sufficiently substantiate business purpose for 89% of all the charges questioned by the OIG. The remaining items are mainly attributable to the management of the former COO and the former EVP, who both separated from the company.



Findings Regarding Office Equipment & Inventory

Finding No. 10: Policy regarding asset inventory

The OIG's claim that FHS does not maintain records of all fixed assets is completely unfounded and incorrect as noted below.

All expenditures that meet the qualification of fixed assets: that they have a useful life greater than one year, and exceed a cost of \$500 are recorded as a fixed asset in the books of the organization and added to the Tax Asset Detail list on an ongoing basis. At the end of the fiscal year, the bookkeeper prepares a reconciliation of all the assets and ensures that the books and the asset detail list are in agreement. This list is also used for the purposes of calculating depreciation. The reconciliation and the Asset Detail list are audited on an annual basis by the external auditors. The auditors vouch and trace most of the asset acquisitions and ensure carrying values are reasonable.

According to the OIG report commentary, one of the items they found but could not trace to the asset detail list was two copiers. The copiers are not owned by FHS; they are leased. Accounting principles dictate that equipment held under an operating lease is not owned by the organization and GAAS specifically precludes these items from being listed as fixed assets. The lease payments are part of annual operating costs of the organization and not subject to capitalization rules.

The OIG's claim that FHS does not maintain records of all fixed assets is unfounded. Following, is a list of all the items reported by the OIG as found during their physical inventory but not recorded in the books or records of FHS:

Two Copiers:

The copiers are not owned by FHS, they are leased under a monthly operating lease. The OIG auditors never inquired of the finance staff regarding the existence of leased equipment even though the organization's financial statements have a separate expense category labeled equipment leases.

Equipment leased under an operating lease is not owned by the organization and Generally Accepted Accounting Principles dictate that items held under an operating lease cannot be capitalized. The lease payments are part of annual operating costs of the organization and not subject to capitalization rules.

Four Laptop computers:

One was purchased for VP Int. Bus. in Oct 2009 but the vendor failed to invoice the organization until October 2010. Therefore, it was just recently added to the fixed asset list. The fixed asset inventory listing provided to the OIG was for purchases up to September 30, 2010 and the purchasing records they reviewed only covered the period up to February 2010. This item will be recorded in the books for fiscal year 2010. Three of the laptops listed (Sony VAIO's) were in fact listed and recorded in FHS books. These computers were listed under asset # 24, #39 and asset #45 of the Asset Detail Listing.

11 Desktop computers:

Out of the 11 found by the OIG, but not listed in FHS's asset inventory, six were purchased by Jackson Memorial Foundation with donated funding. These assets were not transferred into the asset inventory of FHS because their value at the time was de minimus. The other five can be identified in the fixed asset list under numbers #49, #9 and #41.

Five Printers:

The five printers not recorded in the Asset Inventory listing were all purchased for amounts below the fixed asset threshold of \$500 as stipulated in our policy. The OIG had a copy of this policy and was specifically told numerous times by management that any items purchased for less than \$500 is not considered to be a capitalizable fixed asset.

27 Computer Monitors:

As previously explained to the OIG, the monitors are purchased as a peripheral to the computer and their cost is not isolated. At the time the computers are purchased, the monitors are included as part of the computer and the manufacturer does not provide a separate serial number for the monitor.

One Scanner:

The Scanner is part of the copy machine and is included in the lease agreement with Ricoh.

Four Other items:

One HP Computer Processor was purchased on November 2009 and will be recorded in the financial records for fiscal year ending 9/30/2010.

One Konica Minolta Hub which is also part of the copier lease and not owned by FHS.
Two credit card terminals which are owned by the Hospital and provided to FHS to facilitate the preauthorization of charges for International Patients. All payments go directly into the Hospital Merchant services account.

We disagree with this finding and assert that all fixed assets owned by FHS are properly recorded in the company's book and reconciled to the Fixed Asset Listing. As shown above, all items not part of the fixed asset inventory comply with generally accepted accounting guidelines.

Finding No. 11: Inventoriable pieces of office equipment

One area noted in the report is that of missing capital equipment. The OIG could not find 31 fixed assets, but this count is completely incorrect.

According to FHS records, there are only three missing computers which are also attributed to an employee who was let go partly due to suspicion of theft. These machines represent less than two tenths of one percent (0.176) of the depreciated book value of all FHS capital assets. Or, to put it another way: \$1,120 of a total \$636,777. We would prefer to have NO missing equipment, but such events are commonplace in the normal course of business and in this case inconsequential. Nonetheless, FHS is adopting stronger control processes for capital equipment to prevent future losses to every extent possible. FHS has also hired an outside firm to perform a complete physical inventory to ensure the reliability of all fixed asset records.

Notwithstanding, the value of the items not located during this investigation are less than 1% of the total fixed assets owned by FHS.

Total cost of missing items	\$	10,118	1%	of total assets
Net book value of missing items		6,262	0.8%	of total assets

Following is a list of all the items reported by the OIG as NOT found during their physical inventory, along with explanations of their status:

1. Seven laptop computers

One laptop purchased in May 2007 was reported stolen during a recent business trip. The other six laptops reported by the OIG as not being able to be located have been confirmed by our staff as presently and in the possession of FHS staff members.

2. Fourteen Desktop computers

Six desktops reported by the OIG are located in the following departments:

One in Marketing

One in Med Ops

One in Hospitality

Three are located in the FHS storage area

One of the desktops listed in inventory was returned to Dell and a credit memo was recorded in the books.

Of the remaining seven, three have been identified and four are being investigated.

Because of multiple moves and changes in management, many computers have been moved and reassigned. FHS will be implementing a new system of tracking asset locations.

3. Three Computer Monitors

One- 24-inch monitor (\$629) is utilized for trade shows and is located in the marketing office inside a black shipping crate. The other two monitors are under the fixed asset threshold of \$500 and not part of the fixed asset inventory. These items were purchased for Executive VP and Managing Directors no longer employed by the organization.

4. Three Printers

One printer was returned to the manufacturer; two are in the Finance Office. All these items were under the fixed asset threshold of \$500.

5. Three Shredders

Shredders are under the capitalization threshold of \$500 and not recorded in fixed assets.

Furthermore, shredders are highly utilized equipment and frequently replaced. On average, the useful life of a shredder is less than two years. Currently, FHS has four shredders located in suite 829 and they were in plain sight when the OIG auditors performed their inventory count. Going forward, FHS will not be purchasing shredders because they are now using a document shredding service.

6. One Plasma High-Definition TV

This asset is in Jackson Memorial Hospital's west wing Quite Room. The OIG auditors were taken to this room accompanied by our staff members and shown the TV twice according to FHS staff.

Finding No. 12: Poor procurement planning

Unused computers	24,000
Incompatible phone system	<u>56,665</u>
Total	\$ 80,665

The OIG report notes poor procurement planning leading to the purchase of a phone system incompatible with the JHS system. We acknowledge the accuracy of this finding. The FHS EVP, acting on his own accord, and with no guidance or input from the board, other management, or the hospital, moved forward with this purchase in order to reduce the costs of international phone calls. There is no doubt better solutions were available, and this error was a poor management decision. The executive is no longer with the company.

The OIG report notes the purchase of computers that were not put in service for lengthy periods of time. Again we conclude that the EVP acted without seeking proper guidance from others, and acted in haste. We must note however, that FHS had been asked to prepare to assist the hospital with cash billing systems and processes currently handled by UM. These computers were purchased in anticipation of this function, which was never carried out due to lack of operational funding to hire the employees needed for this purpose. The computers were eventually put into service at FHS, replacing older models and are being used for expansion in other areas. There is no doubt that this could have been handled in a more cost effective and productive manner. We agree that the FHS EVP used poor judgment, without consultation with JMF CEO or board in expending significant funds to replace computers that could have had a longer useful life.

We do not agree that FHS currently does not have the systems in place to effectively manage future purchases of goods and services. The systems anticipated by the OIG are more applicable to larger companies, government organizations, and companies with many more years of existence. Our systems can, must and will continue to improve.

Finding No. 13: Excessive computer procurements

These figures have been inflated and based on unsubstantiated assumptions listed in findings 10, 11 & 12. There is no record of why the previous management leader engaged in such purchases. There are 58 employees, not 33 as asserted in the OIG report. In interviews with current employees, they recall that the EVP felt that the current computers were deficient and old, and thus, he replaced all of them. Regarding the older desktop computers and laptops which were not on any FHS record, we believe that these are computers donated by JMF in the initial startup of the company. We do not dispute that the former EVP could have purchased fewer computers.

Based on FHS's count, we have purchased 85 computers, not 100. Most marketing staff have both a laptop for travel and a desktop for office use. We agree that in some cases this is excessive and have re-evaluated this for future purchase decisions.

Total Employees	58
Total Desktops	70
Old computers not disposed of	<u>-12</u>
Total Purchased Computers:	<u>58</u>
Total Lap tops Purchased:	15 Used solely for traveling

Finding No. 14: Central services cost allocation methodology

We believe the OIG report incorrectly evaluates cost allocation issues regarding Central Service fees. These fees have increased as the operations budget and revenue has increased. This is completely logical and is to be expected.

In 2009, JMF's management internal analysis revealed that **the Foundation was subsidizing FHS** operational HR and Finance services, and a methodology was established which provided a best estimate of actual costs. Finance and HR employees were complaining of excessive work and the inability to properly carry

out their tasks on behalf of the Foundation. As a result, the department was expanded, and shared costs were estimated using professional analysis by financial consultants and internal staff, not simply best guess. Based on the 2009 analysis, the HR costs are primarily allocated as a percentage of employees in each company. FHS has over 65% of the budgeted employee positions for FY2009/2010. Additionally, there were seven open FHS positions at the time of the analysis while the foundation had no open positions. More than 40% of these employees are non-exempt, requiring significantly greater resources in monitoring time tracking and processing payroll. Considering these facts, a 65% allocation of total Human Resources department cost is more than reasonable. In fact, had a time-based cost allocation method been employed as the OIG report suggests, it is likely that an allocation of over 85% of the human resources costs could be attributed to FHS.

What is most apparent and important to the Foundation is that it would be inappropriate to use donations to subsidize the operational costs of a JHS business line such as international. Central Service fees to FHS were increased in order to protect the Foundation from the inappropriate use of donor funds. The greatest increase to Central Services came about when the previous position of Executive Vice President was eliminated, at a savings of over \$254,000. As a result, the JMF CEO stepped in as an interim CEO of FHS starting in September of 2009, adding \$157,500 to the Central Service budget, a net savings of \$96,500 to FHS!!

To depict FHS's fees used to reimburse JMF for appropriate support expenditures as inappropriately subsidizing JMF services is not accurate. JMF provides millions to JHS every year, freely and willingly. It does not need, or desire, funds from JHS to support its own expenses. Without FHS, these costs would not exist, and would not require reimbursement. JMF simply seeks the reasonable reimbursement of the incremental costs of providing infrastructure to the business. Conversely, FHS could create its own separate business infrastructure, and pay every penny of its cost, rather than leverage what already exists at JMF Central. No doubt this would be more easily transparent and visible, but also considerably more expensive for FHS. It would ultimately use many more of the public dollars under discussion.

JMH's management, in the original structuring of the business explicitly advised against creating a separate FHS infrastructure and even stated "Why would you have a separate back-office, when the Foundation Central Services already can provide this at a reduced cost to FHS"? This is shown below through a listing of minimum employees needed to run FHS's equivalent infrastructure:

Executive VP	\$254,000
Director of HR	\$99,000
HR Assistant	\$63,000
Finance Director	\$100,000
Payroll Clerk	\$45,000
Finance Assistant	\$45,000
Communications Director	\$90,000
Administrative Assistant (min 1)	\$58,000
<hr/>	
TOTAL	\$754,000

NOTE: base salaries + fringe (varies per individual between 22%-28%, based on benefit enrollment.)

An additional advantage of a Central Service unit is its ability to provide extra resources when required, through sufficient overall staffing. Responding to this OIG study, for example, required the involvement of every single member of the Central Service team (eight individuals) in a focused effort which included weekends. This alone would have further driven FHS's share of central services much greater in FY2009/2010 if a time-tracking cost allocation method had been utilized as the OIG suggests.

The methodology used to assess the actual estimated COST to the foundation of providing these services was well documented and sufficient for FHS's accountants, auditors and board. The OIG believes a more rigorous system should be used, as if JMF were a for-profit company seeking profit, rather than an organization whose very mission, history and existence is based on GIVING money to JMH.

The Foundation does not need money from Jackson; Jackson needs money from the Foundation!! As a final note, since JMF exists for the sole purpose of providing funds to JMH, even if there would be, which there is not, excess charges to FHS for Central Services, the "extra" would ultimately end up back with JMH.

While we respect that the OIG regularly analyzes such issues with the perspective of preventing the misuse of public money by external private companies, this approach is not, in our view, appropriate in this situation. And we do not believe the OIG audit expresses the authority or expertise to substitute its opinion on how FHS should make such decisions, in contrast to the careful recommendations of management, external accountants, external auditors and the FHS board.

Finding No. 15: Internal Controls/Credit Cards

The OIG report claims that credit card spending was unsupervised. This statement is incorrect. In fact, only VP's and directors are issued credit cards. This distribution practice maintains appropriate supervisory control. The finance department reviews and reconciles all credit card charges and an independent, external CPA also spot checks transactions on an ongoing basis. Claims that this does not happen are incorrect. Issues that have been brought up to management by the external CPA have been addressed by management, in meetings with the CPA. The JMF CEO was never questioned on this matter by the OIG.

The OIG report also maintains that there is "little evidence that FHS management has made much effort" to establish good business practices. In fact, members of the staff have even been separated from the company due to their lack of transparency and not following procedures. We believe these actions support a finding of both supervision and good business practice.

With respect to office equipment procurements, record keeping and inventory, the OIG report alleges that FHS lacks a complete asset listing. FHS does in fact have such a listing and is able to identify all fixed assets in their records. This same listing is used by the external auditors year after year without any adverse findings.

The OIG report claims that no determination of needs has been made by management with respect to equipment purchases. We believe this finding is incorrect and that management did in fact have a plan and was proactive in determining the needs of a growing organization. However, since the Hospital failed to provide all the funding as originally promised, many of the organizations plans had to be changed midstream. In this context, the report also claims there were no written or approved purchase requisition forms. In fact, FHS has a policy that all purchases must have a properly executed requisition. These purchase records were made available for the OIG's review.

The OIG report implies that providing FHS employees with more than one credit card is somehow inappropriate. We disagree. The facts are that FHS is a new business with little credit, and the Visa credit card often does not have enough credit to support a team of professionals traveling during a one month cycle. It is a fact that FHS employees have at times found themselves in foreign countries, with denied credit leading to difficulties in paying hotel or other bills, and with Finance staff making emergency payments to the Visa card in order to provide available credit to stranded employees. We have at times had to resort to emergency measures to rescue these employees! The Amex card is used as a secondary card to support activities, when necessary. There is absolutely nothing wrong with this practice.

Summary: Internal Controls were not enforced for credit card usage and procurement & record keeping of equipment

1) Credit Card Usage:

- a) Claim: Employee credit card spending was unsupervised;
 - i) Fact: Only VP's and Directors are issued credit cards.
- b) Claim: No evidence that management made any efforts to establish good business practices:
 - i) Fact: Both COO/VP's and one staff have been separated partly due to lack of transparency and/or not following procedures
- c) Claim: Lack of finance reviews and reconciliation of charges;
 - i) Fact: External CPA reviews credit card charges and spot checks transactions on an ongoing basis. Issues have been brought up to management and addressed by management.

2) Office Equipment Procurements, Record Keeping and Inventory:

- a) Claim: Lack of complete asset listing
 - i) Fact: FHS does in fact have a listing and is able to identify all fixed assets in their records.
 - ii) Fact: This same listing is used by the external auditors year after year without any findings.
- b) Claim: No determination of needs made by management
 - i) Fact: Management did in fact have a plan and were proactive in determining the needs of a growing organization. However, since the Hospital failed to provide all the funding many of the organizations plans had to be changed.
- c) Claim: No written or approved purchase requisition forms
 - i) Fact: The organization has a policy that all purchases must have a properly executed requisition and these records were made available for the OIG's review.

OTHER ISSUES

Obtaining International Patients

Page 11 of the OIG report states, with no apparent purpose, that local media reported on FHS activities "...regarding FHS' alleged manipulation of numbers regarding the number of international patients receiving medical services at JHS facilities." As the OIG report does not detail an inquiry into this matter, inclusion of this assertion is difficult to understand. With an active legal case still pending, we cannot comment further. Having reported on this matter to the PHT, the Board of County Commissioners, the

County Manager and Mayor on repeated occasions, there can be no other assertion than the following: FHS is extremely successful in bringing international patients into the Jackson Health System, all numerical counting of the number of patients deemed international follows a jointly prescribed test of 14 criteria defining an international patient, who brought them to the JHS and is jointly reviewed and agreed between FHS and JHS. Any suggestion to the contrary is incorrect and an unsupported allegation which is not deserving of any mention in this report.

On page 35 the OIG asserts: "Our Auditors observed at FHS virtually no attempt by its management to implement any policy, formal or informal that might provide reasonable assurance that there be accountability and transparency." This statement is incorrect and solely based on the lack of a few receipts and a difference of opinion as to what constitutes a genuine business expense. We feel this assertion is undeserved. **FHS undergoes a thorough independent financial audit every year and every year FHS receives an unqualified opinion.** As part of our external audit of our financial statements, we receive a management letter which we review with our outside auditors and implement corrective policies and procedures. We take this seriously. It is not standard procedure for any auditor to issue convicting and damaging opinions based on expenses that are less than 1% of the total expenditures. OIG auditors are implying that 99% of the transactions are not questionable but since 1% is questionable then the entire management of the organization is guilty of lack of accountability and transparency. We do not agree and find this assertion by the OIG to be excessive and not supported by the facts.

On page 37, the OIG report claims: "Had the PHT and FHS engaged in a more standard business practice then FHS would not have \$3.2 in net assets..." The financial statement presentation is, in fact, dictated by the arrangement and wording in the contract between FHS and the PHT, a contract created under the direction of the Office of the County Attorney. It has never been the intention for FHS to have excess assets. And, it does not have excess assets. FHS needs to be fully funded so it can operate and act on behalf and to the benefit the hospital. For this purpose FHS must have operating capital, which has been affirmed by the FHS board. Because the PHT understands this need, it created the contract to ensure that this program would not be an expense reimbursement contract.

Pg. 37 "UNRESTRICTED NET ASSET" and "TRANSFER OF SURPLUS TO JMF"

Fiscal year 2009 concluded with a net surplus of \$3 million due to the Hospital's inability to meet scheduled obligations to FHS. FHS was forced to reduce its marketing efforts ... because of the erratic cash flow cycles. The hospital's unpredictable payment cycles made it virtually impossible for FHS to continue with projected liabilities. **Over 38% of the \$2 million held in cash at the end of fiscal year 2009 was paid by the Hospital on September 29, 2009 and the remaining 62% of these \$2 million was collected on August 24, 2009, that's less than five weeks before the closing of the year!**

Even though somewhat repetitive, we want to emphatically state that net assets held by FHS are classified as "Unrestricted" based on Statements of Financial Accounting Standards (SFAS) 117 "Financial Statements of Not-for-Profit-Organizations" issued by the Financial Accounting Standards Board. Under SFAS 117 the organization is required to classify all net assets that are free of donor-imposed restrictions as "Unrestricted". All funds received under the PHT contract are to be used in fulfilling the mission of FHS and hence are "unrestricted". For the funds to be classified as temporarily restricted or permanently restricted the PHT would have had to add language in the contract stipulating restriction as to specific use or timing of funds. Furthermore, the PHT resolution covers the span of three years allowing FHS to carry over any excess funding to be used in subsequent fiscal years. The organization's financial statements are subject to an

annual independent financial audit by a very reputable local CPA firm and have always received an unqualified (“clean”) opinion.

NARRATIVE CONCLUSION

In the recent past, FHS management and its board have had to deal with an extreme level of review regarding its business strategies which have led to increased business. It has been clear – yet understandable - that those who question generally are not familiar with how international health care business is secured. This is not a criticism, indeed most people don’t know how this business works, and we are happy to leave it that way so that FHS can use its internal skills and knowledge for JHS’s benefit. Most people believed, and some continue to erroneously believe, that international patients pay cash for inpatient care, when that trend is long past. Nearly all patients today are insured. FHS has created specific practices which have proven to be successful, with clear double-digit growth year after year despite every obstacle thrown at the business. We have had to overcome not only our competitors, not only a deep recession, but also the sudden crisis at JMH. Adding to the burden has been the inability of JHS to fund FHS as promised and budgeted.

Jackson Health System competes with better funded hospital with perhaps more “curb appeal.” And we compete for the same market. The hospital has come late to this business model, but we believe we do it smarter, better and with fewer dollars, producing a successful result for the hospital – which is our mission.

Unfortunately, in this case, applying public standards to a private successful effort is not appropriate. We cannot fault the OIG’s investigation, or its important role in Miami Dade County. The OIG is doing its job. But we must take issue with the conclusion that FHS must be run as a public entity, and that its systems are in a total level of disarray.

We note with interest the recent discussions regarding alternative models for JHS’s operations and governance. It is in our view, highly laudable that JMH management and the PHT, instead of simply abdicating the competitive international business to its competitors, created a model which works. FHS is a private, trusted partner with only one mission – to help JHS – running a competitive business for JHS. The opportunity exists to do even **more** with this concept.

“We can’t solve problems by using the same kind of thinking we used when we created them”

Albert Einstein

Exhibit 1

Blue Martini
950 S. Miami Ave #238
Miami, FL 33131
305-981-2583

Server: Party DOB: 12/15/2009
08:03 PM 12/15/2009
Fast Close/1 8/80002

AMEX 3145732
Card #XXXXXXXXXX1003
Approval: 161056

Amount: 3420.00
+ Included Gratuity: 684.00
+ Additional Tip _____
= Total: _____

X _____

Join us for Happy Hour
Monday - Sunday
4PM to 8PM
Thanks! Come Again
Gratuity Not Included

Customer Copy

Blue Martini
950 S. Miami Ave #238
Miami, FL 33131
305-981-2583

Server: Party 12/15/2009
Fast Close/1 8:02 PM
Guests: 0 80002

FOOD 1380.00
WINE BAR 2040.00

Subtotal 3420.00

Total 3420.00
Gratuity 684.00
Total 4104.00

Balance Due 4104.00

Join us for Happy Hour
Monday - Sunday
4PM to 8PM
Thanks! Come Again
Gratuity Not Included

Exhibit 3

LOS TRES AMIGOS RESTAURANT
1025 NW 20TH ST
MIAMI, FL. 33127
305-324-1400

Merchant ID: 8012310382
Terminal ID: 940008012310382000

Phone Order

.....2927

VISA Entry Method: Manual

Amount: \$ 175.00

Tip: 20.00

Total:

06/25/09

11:15

Inv #: 000015

Appr C #: 615281

Apprvd: Online

AVS Code:

195.00

CVV2 Code: NOT PROCESSED P

Customer Cn:

Exhibit 4

LAMON RESTAURANT
144 SOUTH WEST 8TH ST
MIAMI, FL 33130
305-792-1024
3099800000398994

Trans ID: 028100061188
ID: 001 Ref: 1
r ID: 1

Sale

XXXXX1045

Entry Method: M

19	12:1
000005	App: Code: 11
Online	Batch#: 00

\$ 5
7.00
57.91

Customer: 1000

* lunch for Administrative Appreciation day.

- Mario Mendez
- Arabe Benedetti
- Nancy Valenzuela
- Michelle Espinosa
- Damiika Nunez

Exhibit 5a

PAT SA 10/10

THE OCCAIRE[®]
Seafood Restaurant

900 South Miami Avenue
Suite 111
Miami, FL 33130
305-372-8862

Date: Jul 15 '00 02:27 PM
Card Type: Visa
Acct #: XXXXXXXXXXXX3019
Trans Key: AIA001956652034
Exp Date: 7/01
Auth Code: 31571
Check: 6946
Table: 62/1
Server: ~~623~~00 Am: G

Subtotal: 79.65

Total: 95.65

Customer Copy

Pat San Pedro
FHS board member

Exhibit 6

* photocopy from
original receipt
provided by
the OIG.

THE BLUE GRILLE
Restaurant -
Bayne Boulevard
FL 33131
358 - 5900
bluegrille.com
11/08 08:45PM
A
XXXXXXXXXX7102
XX
154
1
Fernand

996.16

INCLUDED ***

616

ergy
lemoant,

996.16

FHS *Dinos*

Exhibit 7

Billys Stone Crab
400 Ocean Drive
Hollywood, FL 33019
(954)-923-2300

Sale#: 146
Time: 4/3/09 9:43:43 PM
Table: 7
Guest: 2
Employee: Sheriff

Item	Quantity	Total
Grey Goose Martini	1	\$12.00
Jumbo Stone Dinner	2	\$133.90
Lyonnaise	1	\$6.95
Creamed Garlic Spinach	1	\$5.95
GL Wente Merlot	1	\$9.00

Subtotal \$167.80
 Tax: \$10.07
 Total: \$177.87

Your Payment: \$177.87

Tip: \$ 32.00

Subtotal CC: \$209.87

---- Credit Card ----
 Visa
 Number: xxxxxxxxxxxx3019
 Expires: XX/XX
 rodriguez/rolando d
 Authorization: 123033

I Agree to pay the amount above according to the card issuers Agreement.

*** Payments ***
 Visa \$177.87

 Thank You Come Again
 www.crabs.com



MORRISON

MANAGEMENT SPECIALISTS

A Member of the Morrison Group

Exhibit 8

Morrison Management Specialists

INVOICE

S103671427

JACKSON MEMORIAL HOSPITAL
Invoice Date: 02/06/2009
Remit To: Morrison Management Specialists
Address: 1611 NW12th Avenue, DTC 262
City / State: Miami FL33136-1096

Attention: Michelle Espinosa
Bill To: Jackson Memorial Foundation

Address 901 N.W. 17th Streets, Suite G
City / State: Miami FL 33136

Event Name

Number Served: 20
Description: DTC # 270
TIME: 12:00P.M.

Date: 02/06/2009
Tax Amount: \$0.00

Item Name	Amount
ASSORTED SANDWICHES ON KAISER ROLLS	\$0.00
ROASTED VEGETABLES	\$0.00
BISTRO POTATOES	\$0.00
REG PEPSI & D. PEPSI & B. WATER	\$0.00
ASSORTED COOKIES & BROWNIES & COFFEE	\$0.00
TOTAL:	\$0.00
	\$257.50
Sub Total:	\$257.50
Tax:	\$0.00
Total Due:	\$257.50

Authorized by:

Payment is due upon receipt of Morrison's Invoice

Received on:

2/6/09 - meeting
 Enterprise FL & International Concierge Svcs.
 Mario Mendez Mike Carricarte
 Hope Bendell Victoria Koszuliniski
 Rolando Rodriguez Thome Nicocelli
 Nancy Valenzuela Brian Palmer
 Diamela Corrales Rowena Ferrer
 Karen Mann Zully Ford
 Michelle Espinosa

Exhibit 9

FHS Physician Advisory Board
PRIME BLUE GRILLE
- Restaurant -
315 Biscayne Boulevard
Miami, FL 33131
(305) 358 - 5900
www.primebluegrille.com

438 Paul M

Tbl 171/1 Chk 6755 Gst 5
Mar24'08 06:42PM

2 Bacardi Mojito	20.00
3 g CHARD PLANDRY	36.00
1 HESS SU'KOL	67.00
1 MUSSELS SAUTE	12.00
1 SCALLOPS	14.50
1 CALAMARI	14.00
2 RIB EYE	83.00
1 WHOLE SNAPPER	29.00
1 SP/ FISH	33.50
1 CRABCAKE ENTREE	29.00
1 ARTICHOKE	9.50
1 SPINACH	8.75
1 HASH BROWN	8.75
3 CAPPUCINO	15.00
2 ICED-TEA	8.00
Food Total	242.00
Liquor Total	20.00
Wine Total	103.00
N/A BevTotal	23.00
Tax Total	31.04
08:52PM Total Due	419.04

PRIME BLUE GRILLE
- Restaurant -
315 Biscayne Boulevard
Miami, FL 33131
(305) 358 - 5900
www.primebluegrille.com

Date: Mar24'08 08:55PM
Card Type: AMEX
Acct #: XXXXXXXXXXX1003
Exp Date: XX/XX
Auth Code: 592399
check: 6755
Table: 171/1
Server: 438 Paul M

Subtotal: 419.04

TIP 80.00

TOTAL 499.04

SIGNATURE

CUSTOMER COPY

THANK YOU!

PLEASE PAY YOUR SERVER

Exhibit 10

THIS ISN'T A RECEIPT

Stored Order #
3006

2008-06-27 12:13 PM

0489 3 91 3006

Chicken for 6	34.99
6 Cornbread	
Corn	
Mashed Potatoes	
Mashed Potatoes	
Mashed Potatoes	
Sweet Potatoes	
Sweet Potatoes	
Mac & Cheese Lrg	3.99
Creamed Spinach Lrg	3.99
Phone In	42.97
7.00% Tax	3.01
Amount Due	\$45.98

Boston Market 0489
16709 NW 87th Ave.
Mialeah, FL 33014.
(954) 362-0985
2008-06-27

SALE

NAME : FORD/ZULLY
AUTH CODE : 501178
American Express
S*****1029
Trans# : 3006
Seq # : 049040

AUTH AMOUNT \$47.26

TOTAL CHARGE: \$47.26

X _____
I agree to the above total amount
as per card issuer agreement

2008-06-27 L1 T3 1:00 PM
GUEST COPY

Staff work lunch.

Exhibit 12

Ford, Zully

From: GiaCaldera@rccl.com
Sent: Tuesday, October 12, 2010 4:20 PM
To: Ford, Zully
Subject: Fw: EN 01/03/2008, Confirmation of Sailing
Zully:

Please see print screens provided below.

Thank you and kind regards,

Gia Caldera
Executive Secretary to
Henry Pujol, Vice President & Corporate Controller
Phone: 305-539-6459
Fax: 305-375-0082
E-mail: giacaldera@rccl.com

----- Forwarded by Gia Caldera/AO/MIA/RCL on 10/12/2010 04:19 PM -----

From: Carlos Rivera/IT/MIA/RCL
To: Gia Caldera/AO/MIA/RCL@RCL
Cc: IT Support PFM Accounting, Lisa Hicks/IT/MIA/RCL@RCL
Date: 10/11/2010 04:17 PM
Subject: Re: EN 01/03/2008, Confirmation of Sailing

Hi Gia:

I am providing some screen prints from our Reservation system for the two passengers you mentioned in your email. I hope this helps.

```
Time: 16:06:18      Passenger Charge Detail

Ship/Departure: EN 1/03/08      Pax Id/Se

Pax Name: KOSZULINSKI      , VICTO

Pax Folio No.: 49512741      Folio Balance:

-----
D Folio
T Origin   Store/Item   Check   Description
0 49512741 108      100 00809911 CHAMPAGNE BAR
4 49512741 108      700 00809911 CHAMPAGNE BAR
0 49512741 108      100 00809913 CHAMPAGNE BAR
4 49512741 108      700 00809913 CHAMPAGNE BAR
0 49512741 108      100 00809925 CHAMPAGNE BAR
4 49512741 108      700 00809925 CHAMPAGNE BAR
0 49512741 108      100 00809927 CHAMPAGNE BAR
4 49512741 108      700 00809927 CHAMPAGNE BAR
0 49512741 112      100 00011688 DINING ROOM BAR
4 49512741 112      700 00011688 DINING ROOM BAR
E2-Previous      E3-Exit      E4-XR
```

Time: 16:06:18

Passenger Charge Detail

User: ACAACR

Ship/Departure: EN 1/03/08

Pax Id/Seq: 5440092 1

Pax Name: KOSZULINSKI

VICTORIA

Pax Folio No.: 49512741

Folio Balance:

.00

D Folio

T	Origin	Store/Item	Check	Description	Amount	Date	ID
0	49512741	108	100 00800046	CHAMPAGNE BAR	10.06	1/04/2008	IG3
4	49512741	108	700 00800046	CHAMPAGNE BAR	10.06-	1/04/2008	IG3
0	49512741	115	100 01553095	BOLEROS TEQUILA	6.90	1/04/2008	IG3
4	49512741	115	700 01553095	BOLEROS TEQUILA	6.90-	1/04/2008	IG3
0	49512741	122	100 01416674	VIKING CROWN LOU	5.18	1/05/2008	IG3
4	49512741	122	700 01416674	VIKING CROWN LOU	5.18-	1/05/2008	IG3
0	49512741	230	100 00322706	CASINO CASHIERS	100.00	1/05/2008	IG3
4	49512741	230	700 00322706	CASINO CASHIERS	100.00-	1/05/2008	IG3
0	49512741	525	120 00000403	GRATUITIES	39.00	1/05/2008	205
4	49512741	525	700 00000403	GRATUITIES	39.00-	1/05/2008	205

Time: 16:06:18

Passenger Charge Detail

User: ACAACR

Ship/Departure: EN 1/03/08

Pax Id/Seq: 5440092 1

Pax Name: KOSZULINSKI

VICTORIA

Pax Folio No.: 49512741

Folio Balance:

.00

D Folio

T	Origin	Store/Item	Check	Description	Amount	Date	ID
0	49512741	310	100 00907160	HEALTH / BEAUTY	15.00	1/06/2008	IG3
4	49512741	310	700 00907160	HEALTH / BEAUTY	15.00-	1/06/2008	IG3
0	49512741	103	100 00432705	SCHOONER BAR	2.01	1/06/2008	IG3
4	49512741	103	700 00432705	SCHOONER BAR	2.01-	1/06/2008	IG3
0	49512741	116	100 02028331	ISLAND SALES	6.84	1/06/2008	IG3
4	49512741	116	700 02028331	ISLAND SALES	6.84-	1/06/2008	IG3

Time: 16:13:49

Passenger Charge Detail

User: ACAACR

Ship/Departure: EN 1/03/08

Pax Id/Seq: 5440092 2

Pax Name: MANN

KAREN

Pax Folio No.: 49512742

Folio Balance: .00

D Folio

T	Origin	Store/Item	Check	Description	Amount	Date	ID
0	49512742	108 100	00809915	CHAMPAGNE BAR	9.78	1/03/2008	IG3
4	49512742	108 700	00809915	CHAMPAGNE BAR	9.78-	1/03/2008	IG3
0	49512742	108 100	00809926	CHAMPAGNE BAR	2.22	1/03/2008	IG3
4	49512742	108 700	00809926	CHAMPAGNE BAR	2.22-	1/03/2008	IG3
0	49512742	129 100	00556375	LATTE-TUDES	3.16	1/04/2008	IG3
4	49512742	129 700	00556375	LATTE-TUDES	3.16-	1/04/2008	IG3
0	49512742	108 100	00800047	CHAMPAGNE BAR	9.78	1/04/2008	IG3
4	49512742	108 700	00800047	CHAMPAGNE BAR	9.78-	1/04/2008	IG3
0	49512742	122 100	01416673	VIKING CROWN LOU	9.78	1/05/2008	IG3
4	49512742	122 700	01416673	VIKING CROWN LOU	9.78-	1/05/2008	IG3

Time: 16:13:49

Passenger Charge Detail

User: ACAACR

Ship/Departure: EN 1/03/08

Pax Id/Seq: 5440092 2

Pax Name: MANN

KAREN

Pax Folio No.: 49512742

Folio Balance: .00

D Folio

T	Origin	Store/Item	Check	Description	Amount	Date	ID
0	49512742	525 120	00000404	GRATUITIES	39.00	1/05/2008	205
4	49512742	525 700	00000404	GRATUITIES	39.00-	1/05/2008	205
0	49512742	830 100	00621838	GIFT SHOP	8.99	1/06/2008	IG3
4	49512742	830 700	00621838	GIFT SHOP	8.99-	1/06/2008	IG3
0	49512742	115 100	01584951	BOLEROS TEQUILA	6.04	1/06/2008	IG3
4	49512742	115 700	01584951	BOLEROS TEQUILA	6.04-	1/06/2008	IG3
0	49512742	122 100	01423078	VIKING CROWN LOU	9.20	1/07/2008	IG3
4	49512742	122 700	01423078	VIKING CROWN LOU	9.20-	1/07/2008	IG3

Please do not hesitate to contact me at Extension 66489 should you have any questions or require additional information.

Regards,

Carlos Rivera
Financial Systems Analyst
Royal Caribbean Cruises, Ltd.
office ph. 954-517-6489

From: Gia Caldera/AO/MIA/RCL
To: IT Support PFM Accounting

Exhibit 13

04 - EXECUTIVE AND MANAGEMENT

GOLD,STEVEN S	#0008 Married/03	Gross SALARY	6,153.85 6,153.85	SS/Med Fed Wt	454.47 1,051.58	MEDICL ADV NCE	213.11 170.00	Net Pay Direct Dep	426 426
04 - EXECUTIVE AND MANAGEMENT Totals		Gross SALARY	6,153.85 6,153.85	SS/Med Fed Wt	454.47 1,051.58	MEDICL ADV NCE	213.11 170.00	1 Pay	426

99 - PAYMENT CHECKS

STATE OF FLORIDA <i>Invalid ID#</i>	#9000 Payment					PAYMNT	-150.00	Net Pay Check #60966038	15 15
99 - PAYMENT CHECKS Totals						PAYMNT	-150.00	1 Pay	15



Client: NUV
FOUNDATION HEALTH SERVICES INC

Payroll Register

Period Covered: 02/18/2007 - 03/03/2007
Check Date: 03/01/2007
Run: 1
Week: 1
Qtr: 1
Page: 2

Receipt

Order Number: 92180 Home »
 Receipt Date: 1/23/2007 5:15:30 PM Calendar »
 Credit Card Total: \$150.00
 Charged to: American Express
 Card Number: *****1011

Zully,

Thank You. Your order has been submitted. A receipt has also been sent to your email address.

Please deduct from my salary

Print this page for your records

Your Order

Billing Address	Delivery Address	Delivery Method
Steven Shai Gold 901 NW 17th Street Suite G Miami, FL USA 33136 sgold3@um- jmh.org	Same as billing address	[REDACTED]

Performance	Section	Venue
-------------	---------	-------

Single Tickets	Second Tier	KNIGHT CONCERT HALL
Idan Raichel Sunday, January 28, 2007 8pm	Center Seats	
	2 Special Event	
	Seat(s): D-112, D-113	

Price	Total
\$75.00	\$150.00

Deducted on payroll paid on 3/1/07

Subtotal \$	150.00
Handling Fees \$	0.00
Total \$	150.00

Signature
Miami Tux Dadeland
9487 S. Dixie Hwy
Pinecrest, FL 33156
305-661-0888

1/22/2007
12:26:43PM

CLK #: 2 TRANS #:
3699

Rental Orders - Gold,
1 @ \$20.00
\$20.00
Balance Due: \$101.93

\$18.69

Sub Tot

\$1.31

Sales Tax

Total: \$20.00

Total Tender \$20.00

Change: \$0.00

AMEX \$20.00

Tendered:

*Please
deduct
from
Shai's
payroll*

*Deducted
on payroll
paid 3/1/07*



Season's Greetings

Exhibit 14

Wishing you a Beautiful
Holiday Season and a New Year
of Peace and Happiness



*Medical Excellence for
a Global Community*

12/13/06 MIAMI HEAT MIAMI FL JMT-I NO Receipt Client of Relations 160.00
FEES/SERVICES CLALIT HEALTH FOND, ISRAEL

Exhibit 15

Exhibit 16

ALL AMERICAN ENGRAVING, FRAMES &

5842 COMMERCE LANE
SOUTH MIAMI, FL 33143

Date	Invoice #
11/28/2007	156127

Bill To
JACKSON MEMORIAL HOSPITAL INTERNATIONAL 901 NW 17th STREET SUITE G MIAMI, FL 33136

Ship To
S. SHAI GOLD 305-355-5544

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
	Due on receipt		11/28/2007			
Quantity	Item Code	Description			Price Each	Amount
1	Order	GLASS AWARD GLOBE COLUMN 534 PRISMA TOPMOST 8" HIGH			195.00	195.00
4	Order	GLASS AWARD GLOBE COLUMN 533 PRISMA TOPMOST 5.5" HIGH			130.00	520.00
1	Order	RUSH SHIPPING AND HANDLING CHARGE			45.00	45.00
Thank you for your business.					Total	\$760.00

PAID

JMH-I - Annual Awards
S) Shai Gold

Phone #	Fax #	E-mail
305-665-1435	305-665-9086	allamericaneng@aol.com



Foundation Health Services, Inc. 07/06
 901 NW 17th Street Suite G
 Miami, FL 33136-1135

NTHN TRUST BANK OF FL, N.A.
 63-965/660

0301

7/13/2007

PAY TO THE ORDER OF Steven S. Gold

\$ 1,500.00

One Thousand Five Hundred and 00/100

DOLLARS

Steven S. Gold
 10620 SW 72 Court
 Miami, Florida 33156

Void after 90 days

[Signature]

MEMO Petty Cash- Nevis Conference- Shai Gold

⑈00030⑈ ⑆066009650⑆ 10⑆ 2065802⑈

© 2005 INTUIT INC. # 219 1-800-433-8810

BANK OF NOVA SCOTIA 680
 PO BOX 433, FORT STREET
 BASSETTERRE, KN
 863-465-4141

Plan-Merchant ID: 67-706800000
 Term ID: 05

Cash Disbursement

Approved: Online
 07/16/07 14:47:16
 Tran #: 648 Auth: 014858
 Total: \$ 310.00

P: 1
 It: 94235
 Number: 23

VANCE USD
 \$300.00
 \$310.00
 XCC
 ECS0.00
 ECS0.00

Customer Copy

receipt for edit card

Road Trip

CASH ADVANCE

CARD ISSUER MAY CHARGE A FEE

SALES DRAFT

BANK ATLANTIC #118
 602 S DIXIE HIGHWAY
 S MIAMI, FL 33143
 TERMINAL 221748

EP000:90743 0
 07/14/07 12:40PM
 USXXXXXXXXXXXX9118
 AUTH. TRANS. ID 167195600096743
 INVOICE 51001 002
 AUTH. CODE 00247B

BIT: # 4266

DATE AMOUNT \$500.00

TOP COPY-MERCHANT BOTTOM COPY-CUSTOMER

ID TYPE: _____ EXP: _____
 RECORDS: _____

TIFFANY BAR
&
GRILL
1869-466-8433
INNER BAR

07-19-2007 MC #:0000

US *10.00

TOTAL *10.00
AMOUNT *20.00
CHANGE *10.00

PM 2-13 0069

HAVE A NICE DAY
PLEASE COME AGAIN

STATEMENT

21

DATE

13/07/07

From

JK Taxi Service

To

Mr. S. gold

Vernon & Averil's Taxi Service

Date

13/7/07

Amount

£20.45

From:

To:

Taxi #

Driver

Transportation
with Luggage
to turtle beach

US\$ 80.00

Total US\$ 80.00

previous trip to st. Kitts

45 - 6.5
= 38.5

Transport Fee conf. materials
st. Kitts → Nevis



Foundation Health Services, Inc.

Jackson Medical Towers • 1500 N.W. 12th Avenue • Suite 829- East • Miami, FL 33136-9998 • (305) 355-5544 office • (305) 355-5545 fax • www.jmhi.org

October 19, 2010

Mr. Christopher Mazzella
Inspector General
Miami-Dade County
Office of the Inspector General
19 W. Flagler Street, Suite 220
Miami, FL 33130

Dr. Mr. Mazzella:

Attached, please find an addendum to our Foundation Health Services (FHS) response to the draft report of the Office of Inspector General's (OIG) audit of the Management and Services agreement between the Public Health Trust of Miami-Dade County and Foundation Health Services, Inc.

Because we have been advised that the OIG report and the FHS are both lengthy and complex, and that a one page summary, while helpful, may be too simple, we are submitting a three-page summary of the findings and our response. As we are submitting this summary within the time allowed for us to submit response materials, we respectfully ask that it be included in the FHS response.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Roland D. Rodriguez', with a long, sweeping underline.

Roland D. Rodriguez
President & CEO
Foundation Health Services, Inc.
Jackson Memorial Foundation

Response to Findings of OIG Report Regarding Foundation Health Services Administrative Operations

INTRODUCTION:

Foundation Health Services (FHS) was established in 2006 to create and manage marketing, sales and hospitality services for international healthcare business. Previous efforts at Jackson were unsuccessful. FHS is a **private non-profit business** created by Jackson Memorial Foundation (JMF) at JMH's request in order to compete for international patients. JMF makes no profit from managing this business for JMH.

FHS has received \$17,250,408 from JMH to operate and has created over \$50 million in net revenue for the hospital, after expenses. The OIG report makes broad-based conclusions on the entire business, based on approximately \$100,000 of questioned expenditures, or approximately 0.6% of FHS expenditures over four years of operations. Our point-by-point response to OIG, summarized here, suggests the OIG's conclusions are not supported by the facts.

Out of the total questioned charges of \$101,324, almost 90 percent OIG have been substantiated in our response. The remaining items can be directly traced to decisions made by former managers who are no longer with the company.

Finding No. 1: Local meals and dining, \$37,625

- Virtually all of the charges are acceptable by private business standards
- The OIG did not present sufficient evidence to support its conclusion that most of the \$26,400 in credit card charges did not have an established business purpose, and we dispute this finding.

Finding No.2: Five-day Cruise, \$6,295

- In 2007, the initial FHS COO planned the company's first Strategic Planning Retreat on a cruise ship, taking advantage of a key physician employee's vacation schedule. A special rate was negotiated for this trip, allowing eight employees to attend, not five as erroneously reported by the OIG.
- Our analysis concluded that \$872 was found to be inappropriate spending.
- All charges for this retreat were authorized by the former COO, who is no longer with the company.

Findings No. 3: Personal goods and services, \$8,318

- We dispute the OIG report's finding in the matter of personal goods both in fact and in audit procedure. The audit draws conclusions with insufficient research into clarifying information which was available to OIG auditors. We have provided clear explanations for many of the uses.

Finding No. 4: Flowers, gifts and birthday cakes, \$8,296

- The OIG states that there is "no connection between these purchases and FHS' mission." In fact, this company is in charge of marketing and development and these are normal business expenses for client and employee recognition.
- These expenses over four years are reasonable in the context of the mission of FHS.

Finding No. 5: Local limousine services, \$13,090

- Just because the transportation company's name includes the word "limousine" the report seems to have classified airport shuttle service as a luxury service, when in reality what FHS paid for were transfers to and from the airport for certain trips where the staff had to carry their presentation booth and many other marketing materials, as well as trips for visiting dignitaries.

Finding No 6: Airlines club memberships, \$1,650

- The original COO for the company approved the membership to the airline club for the staff who normally traveled. In December 2008, a new Travel Policy was developed for the company which **excluded** the airline club as a non-reimbursable expense. There is no issue here.

Finding No. 7: Prohibited ATM cash advances \$810

- This cash advance was NOT taken on an FHS credit card; therefore the credit card policy was not violated, and the use of the funds taken through the cash advance was properly documented.

Finding No. 8: Questionable nursing care services, \$10,595

- FHS does not provide patient care. This is a one-time unique VIP case. Services were provided via the hospital's recommended nursing agency. This was to be eventually billed to the patient but was not done. The COO subsequently separated from the company.

Finding No. 9: Questionable educational and language learning credit card charges, \$14,645

- FHS management had valid business reasons to authorize these expenses for legitimate employee development purposes. We disagree with the OIG's evaluation of this expense.

Finding No. 10: Policy regarding asset inventory

- The OIG's claim that FHS does not maintain records of all fixed assets is incorrect.
- All expenditures that meet the qualification of fixed assets are recorded as a fixed asset in the books of the organization and added to the Tax Asset Detail list on an ongoing basis.
- FHS external auditors vouch for and trace most of the asset acquisitions and ensure carrying values are reasonable.

Finding No. 11: Inventoriable pieces of office equipment

- The OIG could not find 31 fixed assets, but this count is incorrect.
- WE have accounted for all fixed assets other than three missing computers. To put it another way, only \$1,120 of a total capital asset value of \$636,777 is unaccounted for.
- FHS has also hired an outside firm to perform a complete physical inventory to ensure the reliability of all fixed asset records and create more easily managed systems.

Finding No. 12: Poor procurement planning, \$80,000

- The OIG report notes poor procurement planning leading to the purchase of a phone system incompatible with the JHS system. We acknowledge the accuracy of this finding. The executive who made this decision is no longer with the company.

Finding No. 13: Excessive computer procurements

- The OIG audit alleges excessive computer purchases. Their figures have been inflated and based on unsubstantiated assumptions listed in findings 10, 11 & 12.
- We do not dispute that the former manager could have purchased fewer computers, and he is no longer with the company.

Finding No. 14: Central services cost allocation methodology questioned

- Central service fees cover only costs to the Foundation, and have increased as the operations budget and revenue has increased. This is logical and is to be expected.
- The methodology used to assess the actual estimated cost to the foundation of providing these services was well-documented and sufficient for FHS's accountants, auditors and board.
- Proposed OIG corrections would be more expensive than current allocations.

Finding No. 15: Internal Controls/Credit Cards

- The OIG report claims that credit card spending was unsupervised. This statement is incorrect as supervisors do review credit card reports, and the external CPA has met with the CEO to review credit card charges and processes. The OIG never asked the CEO for his input on this issue.
- We believe our systems support a finding of both supervision and good business practice.

OTHER ISSUES**Accountability and Transparency**

- FHS undergoes a thorough independent financial audit every year and every year FHS has received an unqualified "clean" opinion.
- We do not agree with the OIG regarding the report's conclusions on accountability and find their assertion of lack of accountability to be not supported by the facts.

Carryover assets

- On page 37, the OIG report claims: "Had the PHT and FHS engaged in a more standard business practice then FHS would not have \$3.2 in net assets..."
- FHS operates in accordance to its contract with JHS, and is funded by this contract. It must have funding on hand to enter into contractual obligations with third parties. All funds are used exclusively for FHS business, and the budget is supervised by the FHS board.
- The PHT created the contract to ensure that this program would not be an expense reimbursement contract. It was approved by the PHT and the County Attorney's office.

Procurement and criticism of a "no-bid" process

- Jackson management requested the foundation to create this business, provided the goals and the budget. The Foundation provided over \$1 million in donations and agreed to take on the task, at no profit to itself. A "no bid" contract simply represented a legal process to fund the business.

CONCLUSION

Jackson Health System competes with better-funded hospital with perhaps more "curb appeal." And we compete for the same market. The hospital has come late to this business model, but we believe we do it smarter, better and with fewer dollars, producing a successful result for the hospital – which is our mission.

Unfortunately, in this case, applying public standards to a private successful effort is not appropriate. We cannot fault the OIG's investigation, or its important role in Miami Dade County. We do not agree that FHS must be run as a public entity, and that its systems are in disarray. FHS is a private, trusted partner with only one mission – to help JHS – running a competitive business for JHS. The opportunity exists to do even **more** with this concept to bring revenue to JHS.

**MIAMI-DADE COUNTY
OFFICE OF THE INSPECTOR GENERAL**



OIG APPENDIX B

**Public Health Trust/Jackson Health System
Response**

IG09-98



HEALTH SYSTEM
October 19, 2010



Eneida O. Roldan, M.D., M.P.H., M.B.A.
President & C.E.O.

Executive Office
1611 N.W. 12th Avenue
Miami, Florida 33136-1096
305-585-6754

Mr. Christopher Mazzella
Inspector General
Miami-Dade County Office of Inspector General
19 West Flagler Street, Suite 220
Miami, FL 33130

RE: Response to OIG Draft Report, IGO9-98

Dear Mr. Mazzella,

Jackson Health System (JHS) administration and the Public Health Trust (PHT) Board of Trustees strongly support the dignified mission of the Office of the Inspector General (OIG). The core values of the JHS are predicated on transparency, ethics and strong moral commitment to the residents of Miami-Dade County. We are appreciative of the collaboration we have in place that will continue to support our unwavering pledge to provide the best health care available to the residents of Miami-Dade County.

The JHS is in receipt of the DRAFT results of your audit of the "Management and Services Agreement between the Public Health Trust of Miami Dade County and Foundation Health Services," dated October 4, 2010.

Upon review of the report, I would like to reiterate JHS's continued support of the International Program and our desire to continue to pursue the international market share. Clearly, this is an important program to JHS and to Miami-Dade County, as this book of business supports employment, enhances tax revenues and supports downstream industries. Sustainability initiatives, already in place, call for enhanced controls and adherence to best business practices and accountability. JHS protocols demand transparency, particularly when dispensing publicly funded dollars.

As part of our continuous improvement initiatives, we are currently evaluating various business models in an effort to best define our future direction. Such initiatives include but are not limited to:

- New leadership options
- Opportunities to generate increased revenue
- Public/ Private Partnership structure, which may include the University of Miami School of Medicine and Florida International University College of Medicine
- Business models to improve financial output

JHS leadership will continue to demand that our business partners be committed to demonstrating that they are good stewards of taxpayer dollars and their adherence to ethical best business practices. However, we acknowledge that there are always opportunities that can lead to improvements, thus we will continuously evolve as an organization.

We will await the final report and provide additional information regarding our progress on these endeavors upon receipt. In the meanwhile, we look forward to a continued collaboration toward the improvement of our organization.

Sincerely,

Eneida O. Roldan, M.D., M.P.H., M.B.A.
President & CEO

EOR/sch

Certified Mail Mail 7007 0001 5799 2179

MDC-OFFICE OF THE
INSPECTOR GENERAL
2010 OCT 21 PM 12:25