



*MCHCD provides a hospital and fosters leadership, advocacy and collaboration
for our community health and well-being.*

Policy 21

Annual Audit of the Financial Statements of the MCHCD

October 8, 2026

This policy is to formally state the obligation of the Mendocino Coast Health Care District Board to annually engage independent certified public accountants to review the financial statements of the District in accordance with American Institute of Certified Public Accountants (AICPA) Statements of Standards for Accounting and Review Services, the Financial Accounting Standards Board (FASB) generally accepted auditing and accounting standards, and the Governmental Accounting Standards Board pronouncements, and California Government Code §26909.

Policy

Mendocino Coast Health Care District will annually, at its own expense, engage the services of certified public accountants to perform a review of the financial statements of the District. The completed audit report must be filed within 12 months after the end of the fiscal year to the State Controller and local agencies.

Audit Services Procurement

In January, the Chief Financial Officer (CFO) will present a recommendation for an independent auditing firm to the Board of Directors. If the Board accepts the recommendation, a contract for audit services will be executed. If the recommendation is rejected, the CFO will solicit proposals from other qualified firms.

When a new auditing firm is sought, the CFO will present the responses to the Request for Proposal (RFP) to the Finance Committee no later than April. The Finance Committee's recommendation will then be brought to the MCHCD Board of Directors for final approval.

Audit services are professional services. Consistent with California Government Code §53060, they are procured through a qualifications-based RFP process rather than



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through formal competitive bidding under the Public Contract Code, which governs public works construction contracts.

Schedules, information, and documentation will be prepared in a timely, complete, and accurate manner, coordinated with the district's bookkeeper, by the CFO or designee.

Upon completion of the audit, an exit interview will be conducted by the auditors with the District Manager or designee, and the Chief Financial Officer.

The final audited financial statements will be presented to the Board of Directors at a regular session of the Board in a meeting where a representative of the auditing firm is present.

APPROVAL SIGNATURES:

PAUL GARZA JR., BOARD CHAIR October 8, 2026
DATE ADOPTED

ATTEST:

SUSAN SAVAGE, BOARD SECRETARY October 8, 2026
DATE