



AUDIT AND COMPLIANCE COMMITTEE MEETING
TUESDAY, March 18, 2014

Executive Suite located at the Highland Care Pavilion
1411 East 31st Street Oakland, CA 94602
Marla Cox, Clerk of the Board
(510) 535-7515

LOCATION:
Open Session: HCP Conference Center

COMMITTEE MEMBERS

Kirk E. Miller, ***Chair***
Daniel Boggan, Jr.
Valerie D. Lewis, Esq.

MINUTES

OPEN SESSION – The meeting was called to order at 6:52 pm

Roll call was taken and the following Trustees were present:

Kirk E. Miller and Daniel Boggan, Jr.

A moment of silence was held for Trustee Ronald D. Nelson.

TAB #1 ACTION: Approval of Minutes

The minutes of the October 15, 2013 and January 14, 2014 Audit and Compliance Committee meeting were reviewed by the committee chair. It was noted that the October 15, 2013 minutes Closed Session should identify the subjects discussed. A motion was made and seconded to approve the minutes as amended. The motion was approved.

TAB #2 Internal Audit Reporting

Rick Kibler, Director of Internal Audit, provided an update on Internal Audit activities.

A. REPORT: Status on FY2014 Internal Audit Annual Plan

- The Annual Audit Plan is considered behind schedule.
- The audit plan should be on time by year-end.
- Final audit reports have been issued for the Meaningful Use and DSRIP DY8 audits and draft reports issued for the Central Supplies and Charge Master audits.
- Audits are currently in process for Cost Report Preparation, Soarian Contract Module and Registration/Eligibility – Patient Financial Services.

B. REPORT: Status on External Financial Audit Management Letter Action Plan

- In conjunction with the Annual Financial Audit by the CPA firm of Macias Gini & O'Connell LLP (MGO), three (3) issues were identified during the FY2013 audit. All items are outstanding and corrective action due in June 2014.
- As previously reported to the Audit and Compliance Committee, one (1) issue identified in the FY 2010 audit was still considered outstanding by AHS management. This item, the IT Strategic plan has now been completed.

C. REPORT: Electronic Health Records - Meaningful Use Audit Final Report

- As part of the Master Audit Program, Internal Audit (IA) performed a review of the Electronic Health Records Meaningful Use project to ensure that the Alameda Health System maximizes available financial incentives from Medi-Cal and Medicare.
- Meaningful use is the set of standards defined by the Centers for Medicare & Medicaid Services (CMS) Incentive Programs that governs the use of electronic health records and allows eligible providers and hospitals to earn incentive payments by meeting specific criteria.
- Issues identified during the audit included: low participation in the program; ongoing work performed by a contractor instead of a permanent employee; limited EHR technology in the Highland clinics; and, the lack of a required patient portal (patient website). Plans are in place to address all issues identified.

D. REPORT: Delivery System Reform Incentive Payment (DSRIP) DY8 Audit Final Report

- This is the third year reporting on documentation supporting the achievement of DSRIP milestones.
- AHS received \$34.6M out of approximately \$35.5M in available funding for the year.
- Documentation was considered sufficient to support the reported accomplishments for all DY8 milestones.

TAB #3 Compliance Report

Douglas B. Habig, General Counsel, reported on two significant projects that the compliance staff has been working on

1. Compliance Audit – SOAP Projects which specializes in hospital compliance programs has been engaged to conduct a comprehensive review of existing compliance efforts within AHS and identify deficiencies and areas for improvement. The results of this audit, and any corrective action taken, will be reported at the next Audit and Compliance meeting and will enable management to create a more engaged and coordinated compliance effort.
2. Private Use Restrictions – The County has financed its construction of the Highland Care Pavilion (HCP) and the Acute Tower Rebuild (ATR) through issuance of tax exempt bonds governed by IRS regulations relating to private use of such facilities (Revenue Ruling 97-13). There are strict limitations on the terms of agreements with any private person or entity that utilizes these buildings and only a certain percentage of the operations of each building may be devoted to such private use. The compliance staff has begun a review of all the contractual relationships with vendors and physicians to make sure that AHS is compliant with these rules. The effort will start with the HCP and eventually include the ATR and the Koret Building (which was also funded through tax exempt bonds). In the future, we will be reviewing such relationships with vendors and physicians who will serve in the ATR. The Committee will be kept apprised of these efforts.

TAB #4 Annual Audit and Compliance Committee Agenda Calendar and Follow-up

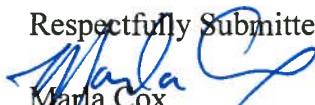
A. INFORMATION: Audit and Compliance Committee Master Calendar and Follow-up Worksheet

Public Comment: None

Board of Trustees Remarks: None

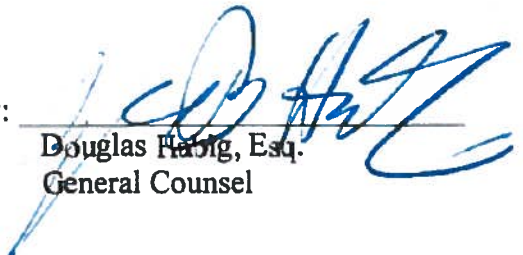
ADJOURNMENT: The meeting was adjourned at 7:25pm.

Respectfully Submitted by:


Maria Cox
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by:


Douglas B. Habig, Esq.
General Counsel