



AUDIT AND COMPLIANCE COMMITTEE MEETING

THURSDAY, June 14, 2018

5:30pm-7:00pm

Conference Center Located at Highland Care Pavilion

1411 East 31st Street Oakland, CA 94602

Ronna Jojola Gonsalves, Clerk of the Board

(510) 535-7515

LOCATION:

Open Session: HCP Conference Center

COMMITTEE MEMBERS

Kinkini Banerjee, *Chair*

Gary Charland

Louis Chicoine

Michele Lawrence

Anthony Thompson

Louis Chicione

MINUTES

THE MEETING WAS CALLED TO ORDER AT 5:50 pm

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Kinkini Banerjee, Louis Chicoine, Michele Lawrence, and Anthony Thompson.

ABSENT: Gary Charland

A quorum was established.

A ACTION: Consent Agenda

1. Approval of the minutes of the March 8, 2018 Audit and Compliance Committee meeting.

ACTION: A motion was made and seconded to approve the minutes of the March 8, 2018 Audit and Compliance Committee Meeting. The motion passed.

AYES: Trustees Banerjee, Chicoine, Lawrence, and Thompson

NAYS: None

ABSTENTION:

B **REPORT: External Audit Reporting**

Ben Mack, Partner, Moss Adams

Rick Kibler, VP, Compliance & Internal Audit

1. External Financial Audit Update

Mr. Mack reviewed the presentation beginning on agenda packet page 11.

Trustee Lawrence asked what a significant audit finding was. Mr. Mack explained that a significant audit finding was an audit adjustment over a million dollars, or a finding of a control weakness that was significant.

Trustee Banerjee asked how closely Mr. Mack worked with the internal auditors. Mr. Mack said that they met with Mr. Kibler regularly and they reviewed the internal audit plan.

Trustee Thompson asked if they could go directly to the Chair of the Audit and Compliance Committee if Mr. Kibler was not forthcoming. Mr. Mack said they would.

Trustee Lawrence and Mr. Mack engaged in a conversation regarding the scope of internal versus external audits. Mr. Mack said that his job was to find significant material errors well over a million dollars.

Trustee Lawrence wanted to know how a system struggling to correct things that have been amiss depended on an external auditor to help. Mr. Mack said if they were discussing having an outside firm come in and audit staffing levels, that was not his company's purview. Trustee Banerjee asked if, through the audit process, they would be able to detect risks that were not material and if they would use internal staff to assist in the process. Mr. Mack said that significant audit areas such as that were outside of their focus. He expressed confidence that the auditors would find internal errors. The internal team prepared the information and passed it on to the external auditor and the external auditor performed the audit.

Trustee Thompson asked if they would audit the Electronic Health Records project. Mr. Mack said they would audit the accumulating costs and whether the disclosure was reasonable.

C **REPORT/DISCUSSION: Internal Audit/Compliance Reporting**

Rick Kibler, VP, Compliance & Internal Audit

1. Accounts Payable Audit
2. HIPAA Walkthrough Assessment Highland

Mr. Finley, answering a question Trustee Banerjee asked, said there were signs indicating potential structural issues with the Accounts Payable process, which led to the audit. He said that the combining of contracts when Alameda and San Leandro Hospitals came into the system, without the proper processes taking place, including bringing authorizations to the Board, formed the nexus of the problem. They were in the middle of a management transition at the

time, he knew the issue existed and was looking forward to fixing the issues now that the audit was complete.

Trustee Lawrence asked if the contracts that expired were Board approved. Mr. Kibler said they were lesser dollar amounts and thus not Board approved. The overages were small for the most part. The business owners were supposed to check the scope of the contracts when they approved invoices and that wasn't happening as it should have. Trustee Lawrence asked if it was one manager or consistent across business units. Mr. Kibler said it was spread out.

Trustee Chicoine asked what the next step was. Mr. Kibler said he would follow up on the audit. The focus would be on an ongoing improvement process. Part of the process would be to educate the business owners on the importance of taking action. Mr. Moyer said while some business owners were ignoring the flags, the process was not very user friendly. They had to ask why they weren't responding and how to keep them engaged.

Trustee Lawrence recognized the contract issue was difficult, but someone was still paying the bills. Mr. Moyer said the process didn't include someone who would be able to manage that check and balance. Going forward the process would include an expiring contracts report for the executives to add an additional review, identifying current owners, and beginning the process of reviewing the policy.

Mr. Kibler, answering a question regarding the HIPAA walkthroughs, said he didn't see anything dramatically different from the first HIPAA walkthrough, they had similar findings as they did with their first round.

Trustee Lawrence asked if the first round of walkthroughs that identified findings such as the need for privacy screens resulted in actions. Mr. Kibler said an official follow up had not been completed, but some corrective actions had been.

D ACTION ITEMS: Internal Audit/Compliance Reporting

Rick Kibler, VP, Compliance & Internal Audit

1. Approval of the Internal Audit and Compliance FY2019 Annual Plan

ACTION: A motion was made and seconded to approve the Internal Audit and Compliance FY2019 Annual Plan. The motion passed.

AYES: Trustees Banerjee, Chicoine, Lawrence, and Thompson

NAYS: None

ABSTENTION:

Trustee Chicoine asked if Mr. Kibler felt his team was adequately sized to complete the plan. Mr. Kibler said he felt he could get it done. If he had a larger staff he'd have a larger plan and could accommodate more audits. He

chose the audits that were completable and were not covered by something else as priorities. Page 85 of the agenda packet, listed the risk assessment.

E INFORMATION: Status Reports (Written Reports)

Rick Kibler, VP, Compliance & Internal Audit

1. Internal Audit Reports
 - a) Status of FY2018 Internal Audit and Compliance Plan
 - b) Follow-up to Past Audit Reports

Mr. Kibler said he was running late but intended to complete the plan by the end of the year. He said he had two projects that were stalled: Ingenious Med lacked the detail to finish the reconciliation and Hospital Presumptive Eligibility was pending information from Medi-Cal.

Trustee Lawrence asked about the financial risk of not completing the Hospital Presumptive Eligibility audit. Mr. Kibler said they were authorized to give Medi-Cal coverage for two months for certain patients, per the hospital's license. In situations where the hospital paid out to non-eligible recipients they could have to pay it back.

2. Compliance Program Reports
 - a) Compliance Program Assessment
 - b) Compliance Program Report
 - c) AHS Compliance Dashboard FY17 4QTR
 - d) Status of Audit and Compliance Committee Charter

Trustee Chicoine asked about the prescription pads. Mr. Kibler said they had 14 or 15 pads missing. They started using locking cabinets and the Pyxis machines and had made at least one arrest.

F INFORMATION: Annual Audit and Compliance Committee Agenda Calendar and Follow-Up

Committee

1. Audit and Compliance Committee Master Calendar and Follow-up Worksheet
2. AHS Board of Trustees Issue Tracking Form AUDIT COMPLIANCE Committee


Trustee Banerjee mentioned the need to do an education session even if it was a self-study module. But the Board really needed some annual compliance education. She said they would add a date.

PUBLIC COMMENT - None

TRUSTEE COMMENTS - None

ADJOURNMENT - 7:32

This is to certify that the foregoing is a true and correct copy of the minutes of the Audit and Compliance Committee meeting of June 14, 2018 as approved by the Audit and Compliance Committee on September 13, 2018:



Ronna Jojola Gonsalves
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by:



M.D. Moya
General Counsel
