



AUDIT AND COMPLIANCE COMMITTEE MEETING
WEDNESDAY, JUNE 16, 2021
5:30pm-7:30pm

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: Telephonic/Electronic Meeting

Taft Bhuket, MD
Luisa Blue, Excused
Alan E. Fox, Chair, Excused
Sblend A. Sblendorio

AUDIT AND COMPLIANCE COMMITTEE MEETING MINUTES

THE MEETING WAS CALLED TO ORDER AT 5:36 pm

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT: Taft Bhuket, MD and Sblend A. Sblendorio

ABSENT: Luisa Blue, Alan E. Fox

A quorum was not established.

PUBLIC COMMENT: Non-Agenda Items

None

A. ACTION: Approval of the minutes of the February 17, 2021 Audit and Compliance Committee meeting.

Agenda Item A will be heard at the next meeting when a quorum is established.

B. DISCUSSION: External Audit Report, Financial Audit Update

John Feneis, Partner, Moss Adams
Brian Conner, Partner, Moss Adams

Mr. Conner discussed the presentation beginning on agenda packet page 12.

NOTE: In the event that a quorum of the Board of Trustees participates on this Committee, the meeting is noticed as a Special Meeting of the Board of Trustees; however, no final Board of Trustees action can be taken.

Trustee Bhuket said, in response to Mr. Conner's statement that Moss Adams was not there to opine on the operating effectiveness of the internal controls, that they would be uniquely positioned to understand what good control systems were. Their opinion would be valuable. Mr. Conner said there were standards under which auditors did opine on internal controls. Those standards did not apply to AHS. They could choose to implement them, however organizations that do not have to, usually did not because it would be cost prohibitive.

Trustee Sblendorio asked if the change in management audit was common. Mr. Feneis said it wasn't common, but they were happy to do it. In this case, with an external source, the County, requesting the CEO change, senior management felt it would be important to gain an independent view of the financial statements around the time of that transition.

Trustee Sblendorio asked if the external audit would typically be presented to the full Board. Mr. Conner said that, in the past, they presented to the Audit and Compliance Committee and the Audit and Compliance Committee presented a summary to the full Board. They would be happy to present if it would be appropriate. Trustee Sblendorio said it would be useful to present to the full Board. Trustee Bhuket agreed.

Trustee Bhuket asked about the regulatory requirement for audits. Mr. Feneis said special district requirements by the State Controller required this annual audit.

Trustee Bhuket asked about sharing with the County. Ms. Miranda said there was a deadline to provide the audited statements to them, but she didn't think they ever presented the audit to them.

Trustee Sblendorio said to get on the supervisor's agenda would be useful. Trustee Bhuket agreed.

Trustee Bhuket said they were planning on a September Board retreat, which might be a good time to have the audit presented to the full Board of Trustees.

C. DISCUSSION: Internal Audit/Compliance Reporting Summary

Akemi Renn, Interim VP, Compliance & Internal Audit

C1. Top Report Summary

C1a. 340B Update

C1b. Payroll Review

C1c. Privacy and Security

C2. External Audit Contract Status

C3. Benchmarking Report

Trustee Bhuket asked what the regulatory exposure was for the 340B compliance issue. Ms. Miranda said Epic was helpful. The 340B compliance committee tracks with the progress. The liability was an estimate because they did not know what the vendor costs were. They needed partnership with the vendors. Mr. Azizi said that it was a financial negotiation. They didn't see any sort of penalty at the moment. The \$1.2M was still under negotiation.

Trustee Sblendorio asked if they carry insurance against cyber threats. Ms. Renn said they did. Trustee Sblendorio requested they bring reports regarding the volume of threats and types of threats and how effective the response has been. Mr. Azizi said they hadn't had as many as one might imagine. They'd had a few that impacted the entire industry, but none that resulted in actual harm.

D. DISCUSSION: AHS Compliance Program Report

Akemi Renn, Interim VP, Compliance & Internal Audit

- D1. Audit and Compliance Infrastructure
- D2. Seven Elements of an Effective Compliance Program

E. ACTION ITEM: Approval of the FY2022 Annual Audit and Compliance Plan

Akemi Renn, Interim VP, Compliance & Internal Audit

Agenda Item E will be heard at the next meeting when a quorum is established.

F. INFORMATION: Document Details (Written Reports)

Akemi Renn, Interim VP, Compliance & Internal Audit

- F1. FY2021 Internal Audit and Compliance Plan Status
- F2. AHS Compliance Dashboard FY21 3QTR
- F3. Information Security Review Status
- F4. OIG 7 Elements of an Effective Compliance Program
- F5. Compliance Program Benchmark Report

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

Committee

- G1. Audit and Compliance Committee Master Calendar and Follow-up Worksheet
- G2. AHS Board of Trustees Issue Tracking Form AUDIT COMPLIANCE Committee

ADJOURNMENT: 7:39 pm

This is to certify that the foregoing is a true and correct copy of the minutes of the Audit and Compliance Committee June 16, 2021 meeting as approved on September 15, 2021:

Ronna Jojola-Gonsalves

Ronna Jojola Gonsalves
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: *shakib azizi*
[shakib azizi \(Oct 4, 2021 15:27 PDT\)](#)

Ahmad Azizi
Interim General Counsel









2021-06-15 AC Minutes FINAL APPROVED

Final Audit Report

2021-10-05

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