



## **AUDIT AND COMPLIANCE COMMITTEE MEETING**

**Wednesday, September 17, 2025**

**4:00pm-5:00pm**

### **Conference Center Located at Highland Care Pavilion**

1411 East 31<sup>st</sup> Street Oakland, CA 94602

Ronna Jojola Gonsalves, Clerk of the Board

(510) 535-7515

### **LOCATION:**

Open Session: HCP Conference Center, see above address

Teleconference Location: 4501 Pleasanton Avenue, Pleasanton, CA 94566

### **ZOOM Meeting Link:<sup>1</sup>**

<https://alamedahealthsystem.zoom.us/j/9361457125?pwd=4JnAmhDnBaLqY4GWf4PQBwp3w0Puy2.1&omn=86004323154>

Meeting ID: 936 145 7125

Password: 20200513

One tap mobile

+14086380968,,9361457125# or

+13462487799,,9361457125#

Dial by your location

+1 408 638 0968 US (San Jose)

+1 346 248 7799 US (Houston)

+1 646 518 9805 US (New York)

Find your local number: <https://alamedahealthsystem.zoom.us/u/aeojyFgeyl>

### **MEMBERS**

Greg Garrett

Nicholas Moss, MD

Sblend Sblendorio, Chair

---

<sup>1</sup> Log into the meeting at [www.zoom.com](http://www.zoom.com). You will be directed to download the meeting app (free) if you have not used ZOOM previously. ZOOM meetings may be accessed on computers and portable devices.

***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.***

## **AUDIT AND COMPLIANCE COMMITTEE MEETING AGENDA**

**SPECIAL NOTE:** Per Brown Act requirements, Trustees of the Alameda Health System will attend board and committee meetings in person at the location(s) noticed on this agenda. Staff and members of the public may attend either in person at the location noticed on this agenda, or remotely via Zoom, using the link included on this agenda.

### **Public Comment Instructions**

If you attend the meeting in person and wish to address the Board or Committee regarding an item on the agenda or in their purview, please see the Clerk of the Board to sign up.

If you attend the meeting remotely and wish to address the Board of Trustees or Committee regarding an item on the agenda or in their purview, send an email to [cob@alamedahealthsystem.org](mailto:cob@alamedahealthsystem.org) prior to the start of the meeting, or via Zoom chat during the meeting. Your comment will be heard at the appropriate time.

Each speaker, whether in person or remote, will be allotted between one and three minutes to speak, depending on the number of speakers present.

### **OPEN SESSION / ROLL CALL**

### **PUBLIC COMMENT**

### **CONSENT AGENDA: ACTION**

A. **[ACTION: Approval of the Minutes of the June 18, 2025 Audit and Compliance Committee Meeting](#)**

*Recommendation: Motion to approve*

### **END OF CONSENT AGENDA**

B. **[DISCUSSION: Cyber Security Update](#)**  
*E'Jaaz Ali, Chief Information Security Officer*

C. **[DISCUSSION: Best Practices for Audit and Compliance](#)**  
*Marilyn Boston, Chief Compliance Officer and Chief Audit Executive*

D. **[DISCUSSION: Compliance Reporting Summary](#)**  
*Marilyn Boston, Chief Compliance Officer and Chief Audit Executive*  
*Akemi Renn, System Director, Compliance*  
*Bonny Leung, Director, Privacy and Regulatory Compliance*

- Privacy Report
- Compliance Audits and Consulting Engagements

**E. DISCUSSION: Internal Audit Reporting Summary**

*Marilyn Boston, Chief Compliance Officer and Chief Audit Executive*

*Michael Kopecky, Director, Internal Audit*

- Internal Audit Report

**F. INFORMATION/WRITTEN REPORTS: Annual Audit and Compliance Committee Agenda Calendar and Follow-Up**

**F1.** Audit and Compliance Committee Reports Annual Calendar

**F2.** Issue Tracking Form

**ADJOURNMENT**

**Our Mission**

Caring, Healing, Teaching, Serving All

**Strategic Vision**

AHS will be recognized as a world-class patient and family centered system of care that promotes wellness, eliminates disparities and optimizes the health of our diverse communities.

**Values**

Compassion, Commitment, Teamwork, Excellence, Integrity, and Respect.

**Meeting Procedures**

All items appearing on the agenda are subject to action by the Board of Trustees. Staff recommendations are subject to action and change by the Board of Trustees.

The Board of Trustees is the Policy Body of the Alameda Health System. The Board has several standing Committees where Board matters are the subject of discussion at which members of the public are urged to testify. Board procedures do not permit: 1) persons in the audience at a Committee meeting to vocally express support or opposition to statements by Board Members or by other persons testifying; 2) ringing and use of cell phones, pagers, and similar sound-producing electronic devices; 3) signs to be brought into the meeting or displayed in the room; 4) standing in the meeting room. Citizens are encouraged to testify at Committee meetings and to write letters to the Clerk of the Board or to its members, 1411 East 31<sup>st</sup> Street Oakland, CA 94602.

**Members of the public are advised that all Board and Committee proceedings are recorded (audio), including comments and statements by the public in the course of the meetings. Copies of the audio recordings will be made available to the public. Copies of the agendas and supporting documents can be found here: <http://www.alamedahealthsystem.org/meeting-agendas-and-minutes/>. By attending and participating in Board/Committee meetings, members of the public consent to audio recording of any statements they may make during the proceedings.**

**Disability Access**

The Meeting Rooms are wheelchair accessible. Assistive listening devices are available upon request at the Clerk of the Board's Office. To request accommodation or assistance to participate in the meeting, please contact the Clerk of the Board. Requests made at least 48 hours in advance of the meeting will help to ensure availability.

In order to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to perfumes and various other chemical-based scented products. Please help us to accommodate these individuals.

**The AHS Board of Trustees is committed to protecting the private health information (PHI) of our patients. We ask that speakers refrain from disclosing or discussing the PHI of others. Please also know that, should you decide to disclose your PHI, the Trustees will still likely refer your matter, to the extent it involves PHI, to the executive staff for a confidential review of the facts and for confidential handling. If you would like more information regarding the confidentiality of PHI as it relates to the Health Insurance Privacy and Accountability Act, please refer to 45CFR Section 164.101, et.seq.**

**A. ACTION: Approval of the Minutes of the June 18,  
2025 Audit and Compliance Committee Meeting**



## **AUDIT AND COMPLIANCE COMMITTEE MEETING**

**Wednesday, June 18, 2025**

**5:00pm-7:00pm**

**Conference Center Located at Highland Care Pavilion**

1411 East 31<sup>st</sup> Street Oakland, CA 94602

Ronna Jojola Gonsalves, Clerk of the Board

(510) 535-7515

### **LOCATION:**

Open Session: HCP Conference Center, see above address

Teleconference Location: 4501 Pleasanton Avenue, Pleasanton, CA 94566

### **MEMBERS**

Greg Garrett

Nicholas Moss, MD

Sblend Sblendorio, Chair

## **AUDIT AND COMPLIANCE COMMITTEE MEETING MINUTES**

**THE MEETING WAS CALLED TO ORDER AT 5:00 pm**

**ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:** Greg Garrett,  
Nicholas Moss, MD Sblend Sblendorio

**ABSENT:** None

**PUBLIC COMMENT:** None

### **CONSENT AGENDA: ACTION**

#### **A. [ACTION: Approval of the Minutes of the March 19, 2025 Audit and Compliance Committee Meeting](#)**

Trustee Garrett moved, Trustee Moss seconded to approve the Consent Agenda.

**ACTION:** A motion was made and seconded to approve the Consent Agenda.

**AYES:** Trustees Garrett, Moss, and Sblendorio

**NAYS:** None

**ABSTENTION:** None

#### **B. [DISCUSSION: Cyber Security Update](#)**

*E'Jaaz Ali, Chief Information Security Officer*

**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 Garrett asked if the St. Rose vulnerabilities listed in the presentation at 24% of the total asset vulnerabilities for the system was the same as previously reported. Mr. Ali said the St. Rose vulnerabilities stayed the same, but the AHS vulnerabilities went up one percent as a result of the Microsoft update.

Trustee Sblendorio asked how many user ID's the St. Rose team should have. Mr. Ali said they should have 1000, which is what they had currently, after implementing the policy to get rid of stale accounts. They previously had over 2000.

Trustee Sblendorio asked if Mr. Ali had oversight of the St. Rose IT team. Mr. Ali said he had oversight of their security program, and he consulted with their IT team about mitigating risks.

Trustee Garrett asked about the types of phishing emails that come in. Mr. Ali said a lot of the emails claim to be past due invoices with a 'click here to pay' button. The user then clicks on the link and is asked to input their email address.

Trustee Sblendorio asked if there was an internal plan to send out fake phishing test emails. Mr. Ali said they did send a phishing campaign to about 50 users. Some of the 50 users chosen were chosen because they had clicked on phishing emails previously and some were randomly selected. About 10% of the 50 did click. His team was going to work with Human Resources to roll out some training.

Trustee Moss asked how many phishing emails came in each day. Mr. Ali said they received about 10 million emails a month. About 85% of those 10 million were malicious.

Trustee Moss asked how much can be mitigated after emails get through. Mr. Ali said 100% of those who have clicked have been stopped by the Crowd Strike tool. Only once has it not caught the initial contact. But because they baselined all users' behavior, as soon as the bad actor started using the account in an unusual way IT was able to lock the account down to determine what happened.

Trustee Sblendorio asked if we had servers in AHS facilities. Mr. Ali said the servers that housed data were either in Las Vegas or here at Highland. The servers in Highland are in a restricted area, behind two different closed doors. The first is restricted to only certain individuals and the second is a locked door with manual keys that only a few people have. It would take a lot of collusion to access the servers, but even if they did, any physical attempt to access the server would be blocked. For example, if they tried to put a USB drive into the server, it would be blocked and lots of flags would pop up alerting the team. We would immediately contact the security team to investigate.

Trustee Garrett asked if that type of physical attack was a concern. Mr. Ali it was a concern. They took measures such as having the computers in public spaces time out faster in case someone walked by and tried to access the systems. Mr. Ali has gone to the secure area himself and tried to stick a USB device in, to test the system, and everything worked as it was supposed to.

Trustee Moss asked if AHS owned the equipment at the Las Vegas location. Mr. Ali said it was a co-location owned by Switch. AHS had a cage in the facility. Switch had incredibly strict protocols for access. He said there were literally machine guns and guards to protect the equipment.

**C. DISCUSSION: Compliance Reporting Summary**

*Marilyn Boston, Chief Compliance Officer and Chief Audit Executive*

*Akemi Renn, System Director, Compliance*

*Bonny Leung, Director, Privacy and Regulatory Compliance*

- Privacy Report
- Compliance Audits and Consulting Engagements

Trustee Garrett asked if the number of inappropriate access events had increased. Ms. Boston said they had, but also they have expanded the level of sensitivity of the events that Protenus catches, so that has also caused an increase. Ms. Leung said they were training the system to more correctly catch events that needed to be caught and not catch events that were valid.

Trustee Garrett asked if cost savings were accrued by not having to staff a position to do the work Protenus does. Ms. Boston said this was one of the reasons they selected Protenus. They did not have the staff to cover all of these tasks, and they didn't have the insight and proactivity they had now.

Trustee Moss asked if there was a systematic reason why the 340B program errors were so much greater in the first quarter. Ms. Boston said there was a modifier that needed to be appended to the drugs, and it wasn't for a time. That issue was addressed.

Trustee Garrett asked if they could implement identity software to understand when someone has privileges and then pick up when there is provider billing somewhere they are not privileged. Mr. Ali said that was internal to EPIC. Ms. Boston said there could be issues when a provider is privileged for Highland and then does services in Alameda. They must be privileged in both hospitals. It has been suggested that physicians should be automatically credentialed in both, and they were working on that.

**D. ACTION: Approval of 2026 Internal Audit Annual Workplan**

*Marilyn Boston, Chief Compliance Officer and Chief Audit Executive*

*Michael Kopecky, Director, Internal Audit*

Trustee Sblendorio asked if, once the Board approved the budget, staffing in the depart was aligned with the slide saying 60% of the plan was Risk Based Audits, 5% was Recurring Audits, etc. Mr. Kopecky said that was correct.

Trustee Moss moved, Trustee Garrett seconded to approve the Internal Audit Annual Workplan.

**ACTION:** A motion was made and seconded to approve the Internal Audit Annual Workplan.

**AYES:** Trustees Garrett, Moss, and Sblendorio

**NAYS:** None

**ABSTENTION:** None



**E. DISCUSSION: Internal Audit Reporting Summary**

*Marilyn Boston, Chief Compliance Officer and Chief Audit Executive*

*Michael Kopecky, Director, Internal Audit*

- Internal Audit Report
- Financial Audit & Tax Services Quote

Trustee Garrett asked, regarding the Engineering Infrastructure and Facilities Management Audit, when “work order closed dates” took place before the work order was created, if any of these instances were maliciously done. Mr. Kopecky said they did not go into that level of detail. They were still waiting for management response regarding what corrective action would be taken.

Trustee Sblendorio asked if the reason they had so many open audits was because of staffing concerns. Ms. Boston said it was primarily the time it took to get responses from the operational leaders.

Trustee Garrett asked about the audits that were, in some cases, a year past the expected implementation dates. Mr. Kopecky said that one of them was related to AHMG. There might have been some conversations about it that he wasn’t aware of. Ms. Boston said the Payroll and Timecard Audit was similarly an AHMG audit. Mr. Kopecky said their follow up attempts were received well, so it wasn’t an issue in that respect.

Trustee Sblendorio asked if the summary of the Financial Audit and Tax Services Quote presentation was that staff was going to recommend Moss Adams/Baker Tilly. Mr. Kopecky said that was correct.

**E1 Moss Adams – Financial Audit Plan**

*John Feneis, Moss Adams, Assurance Director*

*Brian Conner, Moss Adams, Engagement Partner*

**F. INFORMATION/WRITTEN REPORTS: Annual Audit and Compliance Committee Agenda Calendar and Follow-Up**

**F1.** Audit and Compliance Committee Reports Annual Calendar

**F2.** Issue Tracking Form

**F3.** Fiscal Year 2026 Ranked Audit Universe Report

**ADJOURNMENT: 6:43**

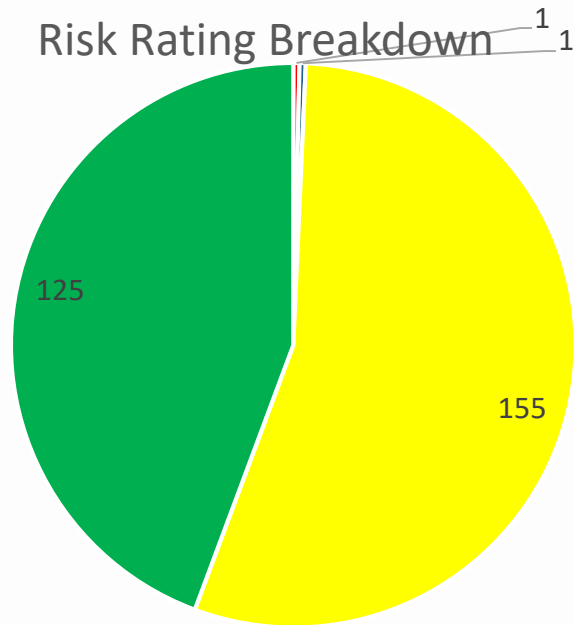
## **DISCUSSION: Cyber Security Update**

# Cybersecurity Report

E'Jaaz Ali ( CISO)

# Risk Management Dashboard

open risk	% risks >= Threshold	% risks >= threshold in progress	Risk closed last 30 days	Risk assessments completed last 90 days
282 ( -37)	54.7	100%	12	36



■ Critical ■ High ■ Medium ■ Low

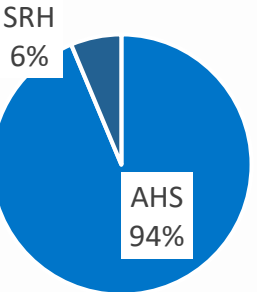
	Rare	Unlikely	Potential	Likely	Almost Certain
Critical	0	152	1	1	1
Major	0	17	2	0	0
Moderate	0	31	9	0	0
Minor	0	46	22	0	0
Insignificant	0	0	0	0	0

## Top Risks

1. Data Loss Prevention
2. Identity Governance
3. End of Life Assets
4. Critical Vuln
5. High Vuln

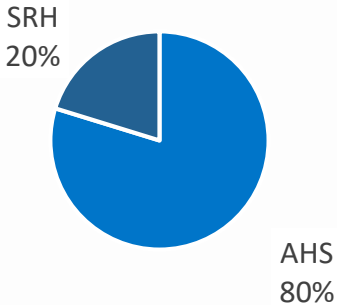
# Asset Management Management Dashboard

## Assets



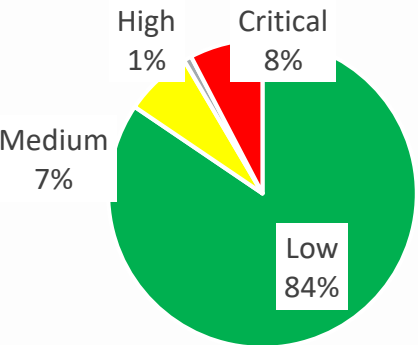
■ AHS ■ SRH

## Vulnerabilities



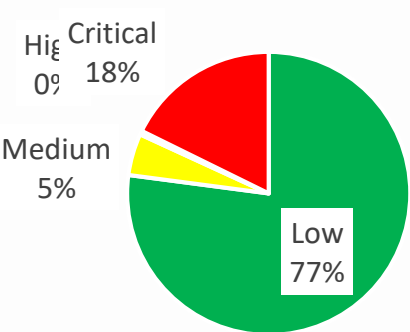
■ AHS ■ SRH

## AHS Vulnerabilities



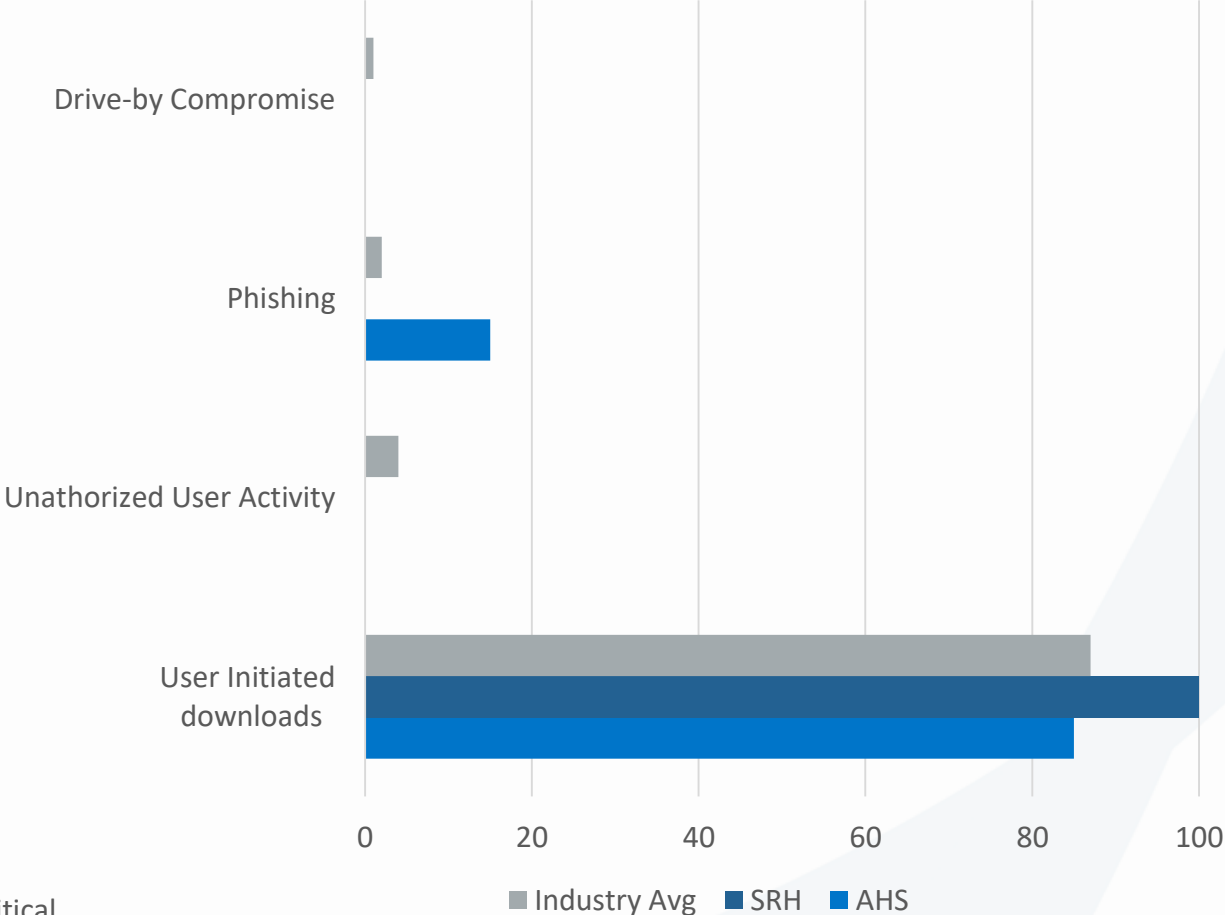
■ Low ■ Medium ■ High ■ Critical

## SRH Vulnerabilities



■ Low ■ Medium ■ High ■ Critical

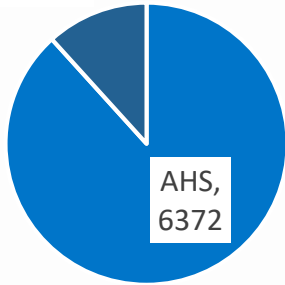
## Asset Attack Vectors



# Identity Governance

Total Users

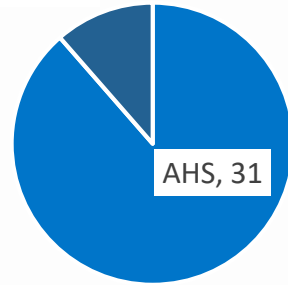
SRH, 846



■ AHS ■ SRH

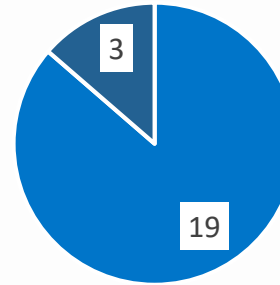
Total Privileged

SRH, 4



■ AHS ■ SRH

Weak Passwords



■ AHS ■ SRH

## Highlights

1. Increase in Privileged account protected in Privilege Access Management
2. 26B passwords added to dark web caused an increase of common passwords
3. Overall identity risk is lowered

AHS Identity Risk Matrix

### Risk Matrix

Likelihood	Consequences		
	Minor	Moderate	Major
	0	0	0
	0	1	0
Unlikely	5	2	0

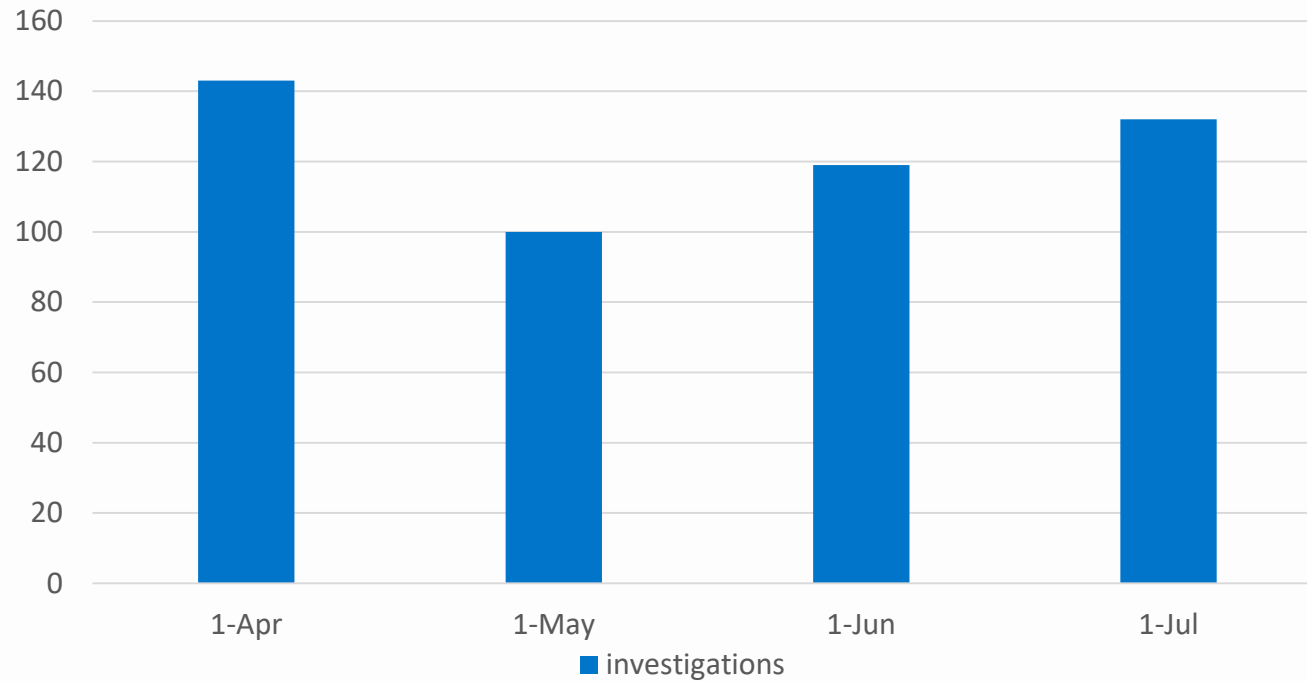
SRH Identity Risk Matrix

### Risk Matrix

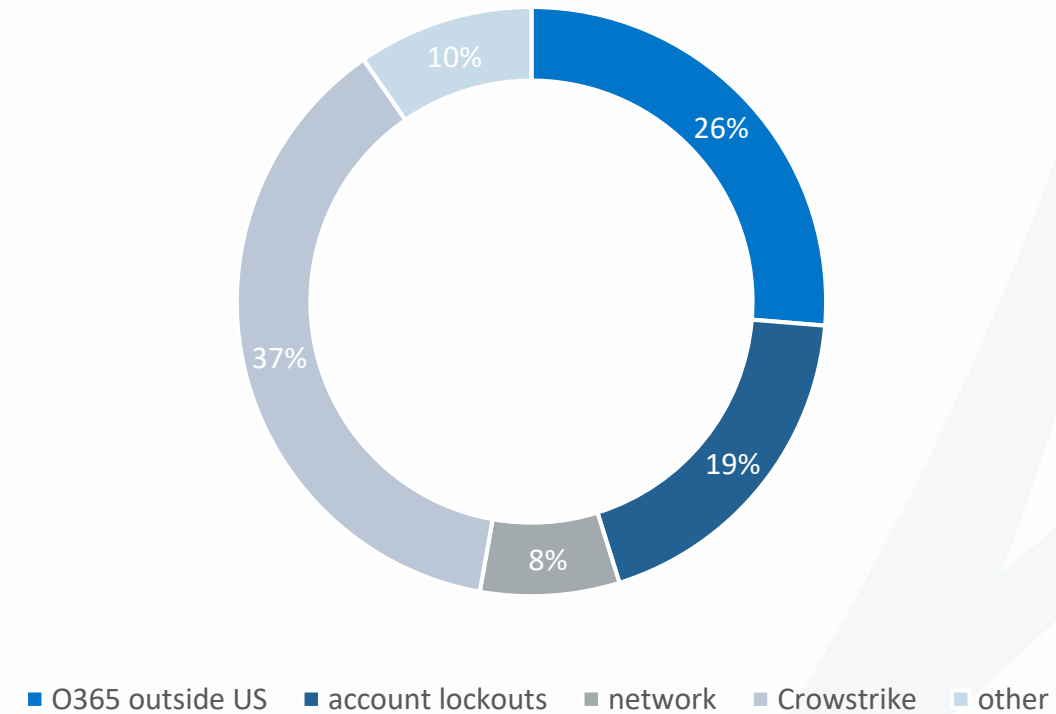
Likelihood	Consequences		
	Minor	Moderate	Major
	0	0	0
	0	0	0
Unlikely	5	2	0

# 24x7 Security Operation Center

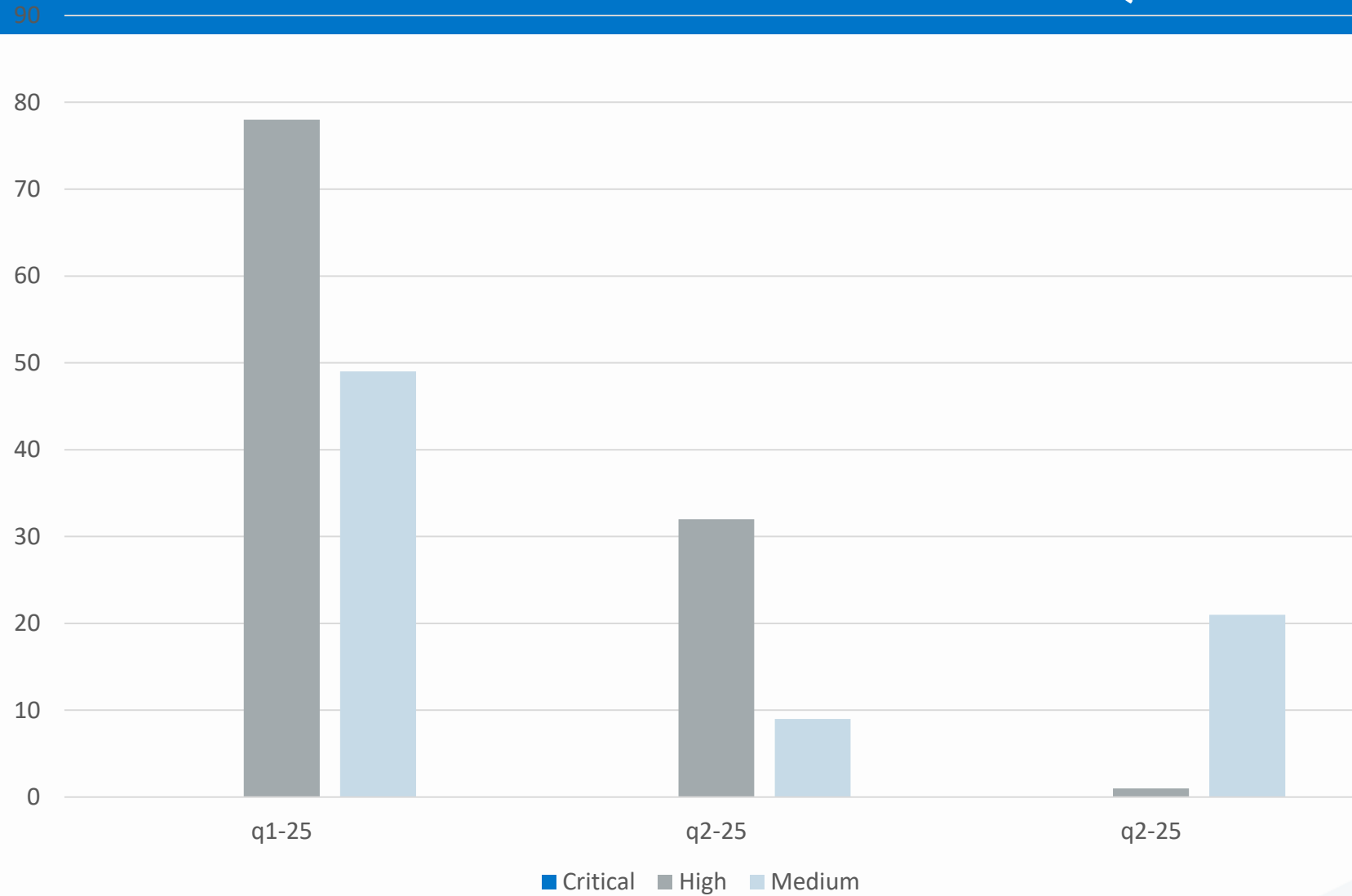
Investigation History



Investigations



# TIME TO RESOLVE INCIDENTS BY SEVERITY ( in minutes)





# Any Questions/Comments

**Thank You**  
For Your Attention!

Any Questions





**Compliance Best Practices**  
Board Audit & Compliance Committee Meeting  
September 17, 2025

# Purpose

- Discuss the standard best practices for compliance and internal audit programs.
- Discuss the top five (5) compliance risks for healthcare organizations
- Discuss strategies to mitigate those risks



# Industry Best Practices

- **Compliance Programs**

1. **Leadership & Oversight** – Independent Compliance Officer, Board access
2. **Risk Assessment & Auditing** – Risk reviews, monitoring, analytics
3. **Culture & Reporting** – Tone at the top, safe reporting channels
4. **Training & Communication** – Tailored training, clear policies
5. **Standards & Continuous Improvement** – Code of Conduct, consistent enforcement, recognition

- **Internal Audit**

1. **Risk-Based Audit Planning** – Alignment with the organization's strategic, operational, financial, compliance, and IT risks
2. **Coordination with Compliance & Enterprise Risk Management** - Internal audit provides independent assurance and testing.
3. **Focus on High-Risk Areas in Healthcare** - Prioritize audits in areas that regulators emphasize.
4. **Effective Communication & Reporting** - Provide clear, actionable audit reports with risks, root causes and recommendations.
5. **Continuous Improvement & Professional Standards** - Follow IIA International Professional Practices Framework (IPPF) & maintain staff competency.

# Healthcare Industry Top Five Risks

## • Risks

1. **Billing, Coding & False Claims** – audit & monitoring essential
2. **HIPAA & Data Privacy** – cybersecurity + staff training critical
3. **AKS & Stark Law** – manage financial relationships proactively
4. **Quality & Patient Safety** – compliance tied to care delivery
5. **Conflicts of Interest** – strong governance and transparency

## • Impact

1. Violations of the False Claims Act (FCA), civil monetary penalties, repayments, federal programs exclusion.
2. OCR fines, breach notification costs, reputational harm, cybersecurity vulnerabilities.
3. Heavy fines, FCA liability, reputational damage, potential exclusion from Medicare/Medicaid.
4. Liability under FCA for 'worthless services', lawsuits, and reputational harm.
5. Undisclosed interests, fiduciary duty breaches, regulatory scrutiny, erosion of trust.



# Innovative Strategies for Success

## 1. Automation of Routine Compliance Tasks

- **Policy Management:** Automated distribution, attestation tracking, and version control of compliance policies.
- **Conflict of Interest (COI) Disclosures:** Online forms with automated reminders and dashboards for tracking responses.
- **Form 700 / Regulatory Reporting:** Moving from manual processes to automated platforms reduces errors and ensures deadlines are met.

## 2. Data Analytics for Risk Detection

- **Billing & Coding Audits:** Use analytics to identify outliers (e.g., unusual billing patterns, high-frequency services).
- **Pharmacy/Controlled Substances:** Automated monitoring for drug diversion and discrepancies.
- **HIPAA Monitoring:** Log monitoring systems detect suspicious access to patient records.  
→ This shifts audit from **random sampling** to **continuous, targeted auditing**.

## 3. Case Management & Incident Tracking Systems

- **Hotlines & Reporting:** Digital, anonymous reporting tools integrate directly into case management systems.
- **Investigation Management:** Technology enables standardized documentation, workflows, and time tracking for investigations.
- **Dashboards:** Provide real-time visibility to executives and Boards on open issues, trends, and outcomes.

## 4. Integration with Enterprise Risk Management (ERM)

- Technology platforms can align **compliance, internal audit, risk, and quality data** into a single dashboard.
- Boards and executive teams can see a **real-time risk heat map** and monitor mitigation progress across functions.

## 5. Training & Education

- **e-Learning Platforms:** Interactive, role-specific compliance modules that track completion.
- **Gamification:** Quizzes, scenario-based learning, and microlearning help with retention.
- **Tracking & Reporting:** Automated reporting ensures the Board and regulators can see 100% completion rates.

## 6. Artificial Intelligence & Machine Learning

- **Natural Language Processing (NLP):** AI can scan policies, contracts, and clinical research agreements for compliance risks.
- **Predictive Analytics:** Identify patterns that suggest fraud, abuse, or regulatory gaps.
- **Chatbots:** Provide 24/7 answers to common compliance or audit questions for staff.

## 7. Secure Collaboration & Documentation

- Cloud-based audit tools provide **secure workpapers, evidence repositories, and sign-offs**.
- Technology ensures **audit trails** that regulators expect for accountability.

# Questions or Comments?



## **DISCUSSION: Compliance Reporting Summary**





## Audit and Compliance Summary Report – September 2025



## Privacy Report

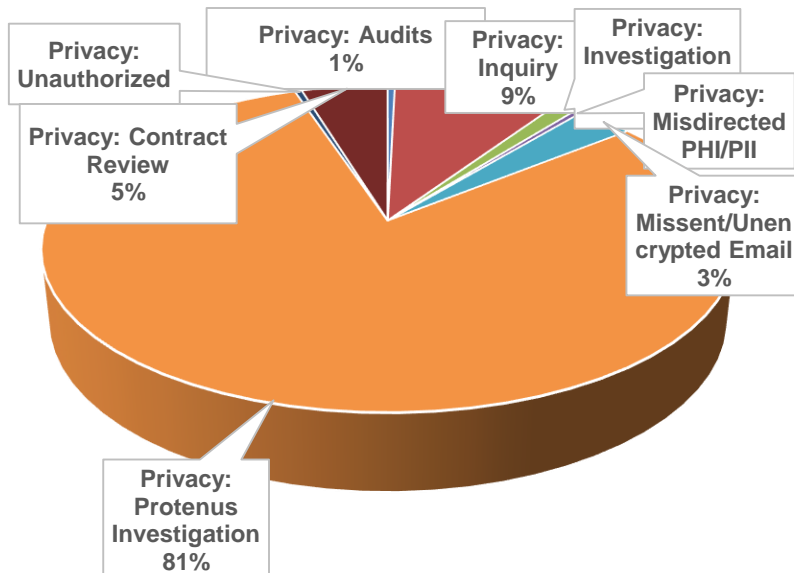
Marilyn Boston, Chief Compliance Officer and Chief Audit Executive  
Bonny Leung, Director, Privacy and Regulatory Compliance

# Privacy Dashboard

4<sup>th</sup> Quarter FY2025: April 1, 2025 – June 30, 2025

Privacy Reported Issues	1 <sup>st</sup> QTR	2 <sup>nd</sup> QTR	3 <sup>rd</sup> QTR	4 <sup>th</sup> QTR
New This Period*	257	128	205	253
Closed This Period	306	101	216	192
Total Pending Resolution	127	94	150	58
Reported To Government Agency	0	1	0	0
New High-Risk Cases	0	1	0	0

## \*Q4 New Cases

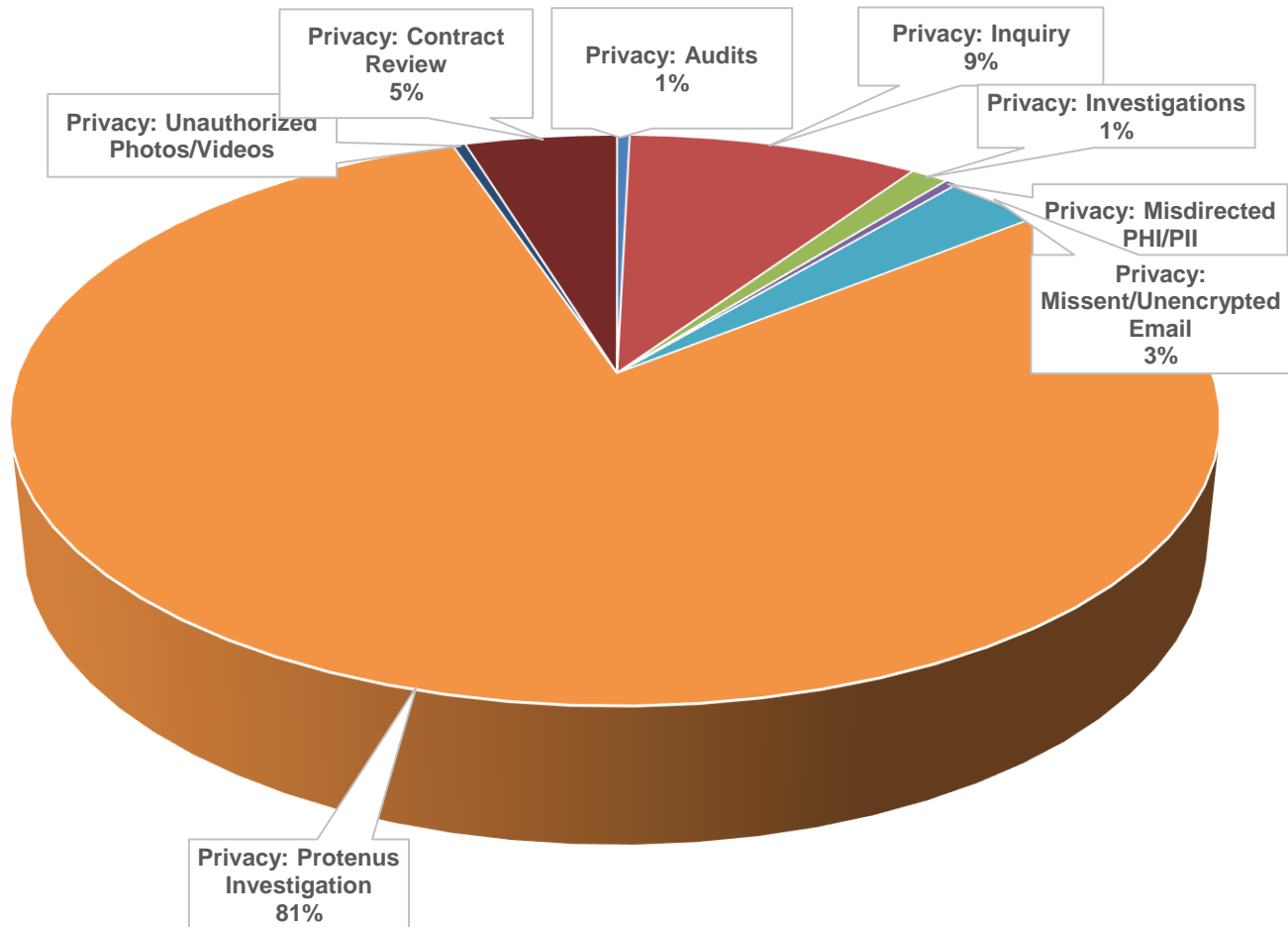


Issue Type	New Privacy Cases Reported
Privacy: Protenus Investigations (204)	<ul style="list-style-type: none"> <li>Self Access</li> <li>Family Member Access</li> <li>Suspicious Activity</li> <li>Coworker Access</li> <li>VIP</li> <li>Neighbor Access</li> </ul>
Privacy: Missent/Unencrypted Email (8)	<ul style="list-style-type: none"> <li>Zix Notifications</li> </ul>
Privacy: Misdirected PHI/PII (1)	<ul style="list-style-type: none"> <li>Pharmacy PHI Concern</li> </ul>
Privacy: Inquiry (23)	<ul style="list-style-type: none"> <li>Privacy Inquiries/Questions</li> </ul>
Privacy: Unauthorized Photos/Videos (1)	<ul style="list-style-type: none"> <li>Unauthorized Video by Security Guard</li> </ul>
Privacy: Audit (1)	<ul style="list-style-type: none"> <li>Audit of EHR for Possible Snooping</li> </ul>
Privacy: Investigations (3)	<ul style="list-style-type: none"> <li>Possible Unauthorized Access</li> <li>Privacy/HIPAA Concerns</li> </ul>
Privacy: Contract Review (12)	<ul style="list-style-type: none"> <li>BAA Reviews</li> </ul>

## Privacy Dashboard

4<sup>th</sup> Quarter FY2025: April 1, 2025 – June 30, 2025

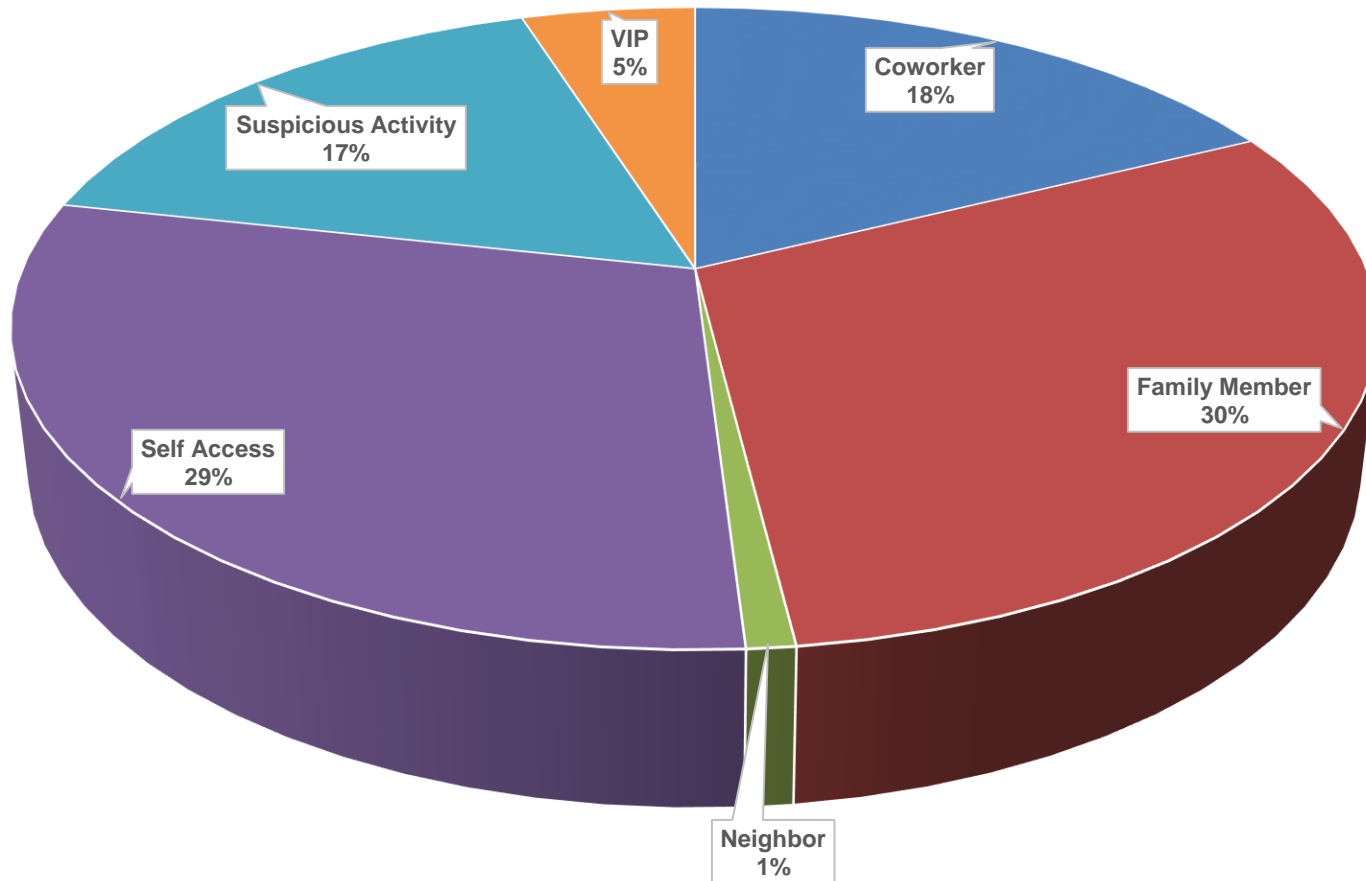
**\*Q4 New Cases**



## Protenus Dashboard

4<sup>th</sup> Quarter FY2025: April 1, 2025 – June 30, 2025

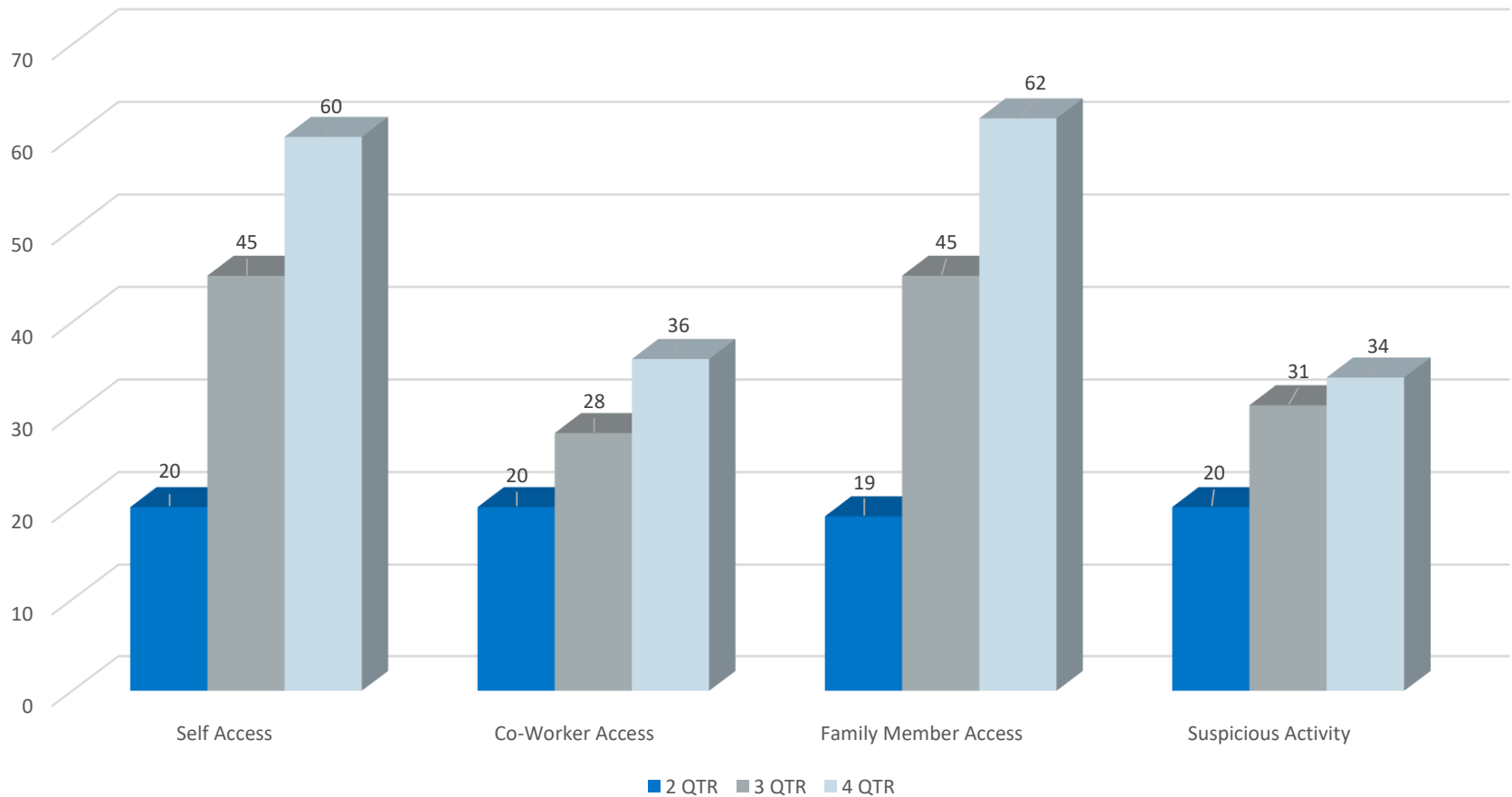
**\*Q4 New Protenus Cases**





# Top Areas of Concerns

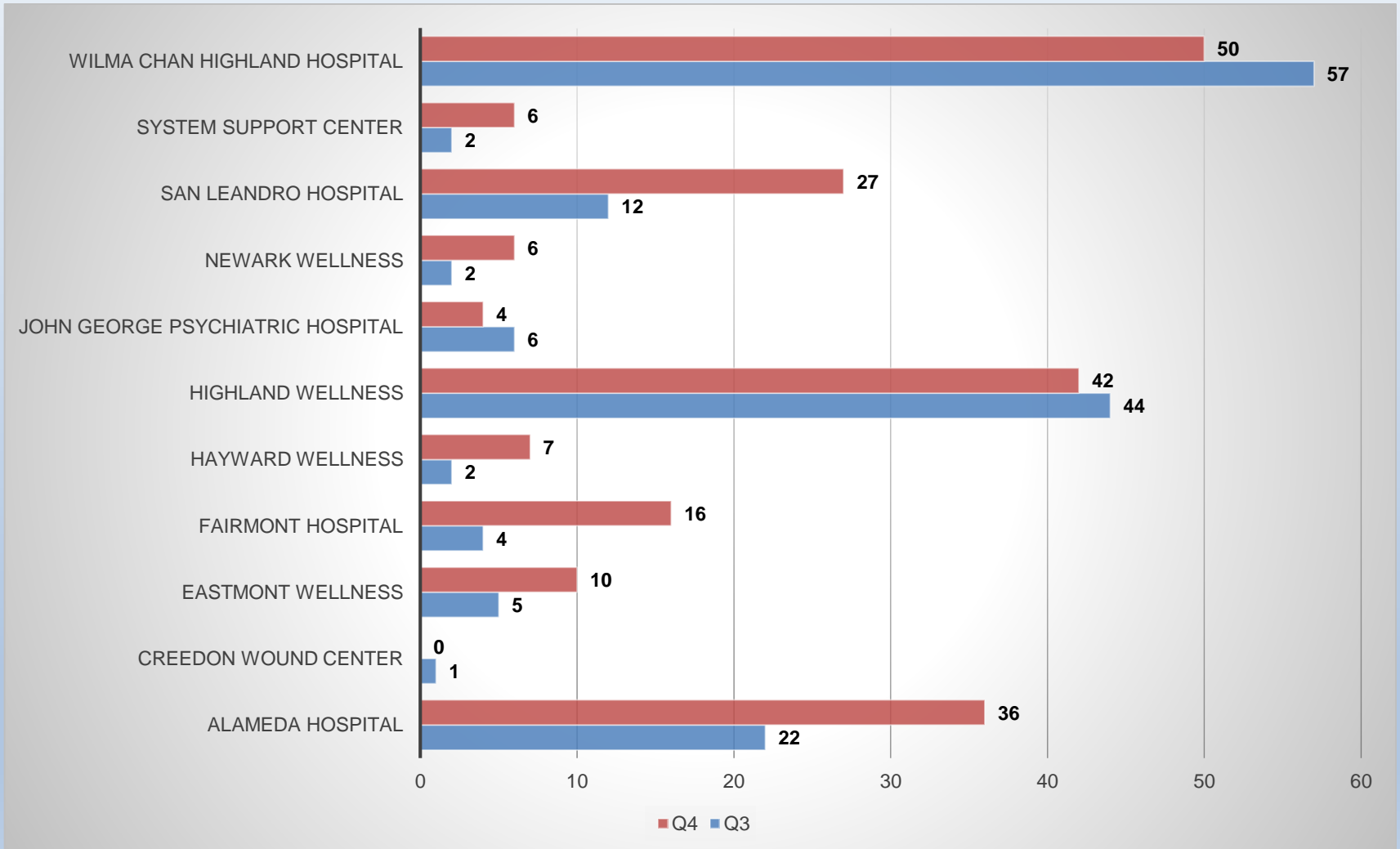
Type of Access Trends



## Protenus Dashboard

4<sup>th</sup> Quarter FY 2025: April 1, 2025 – June 30, 2025

\*Q3 and Q4 Protenus Cases By Location





## Compliance Audits and Consulting Engagements

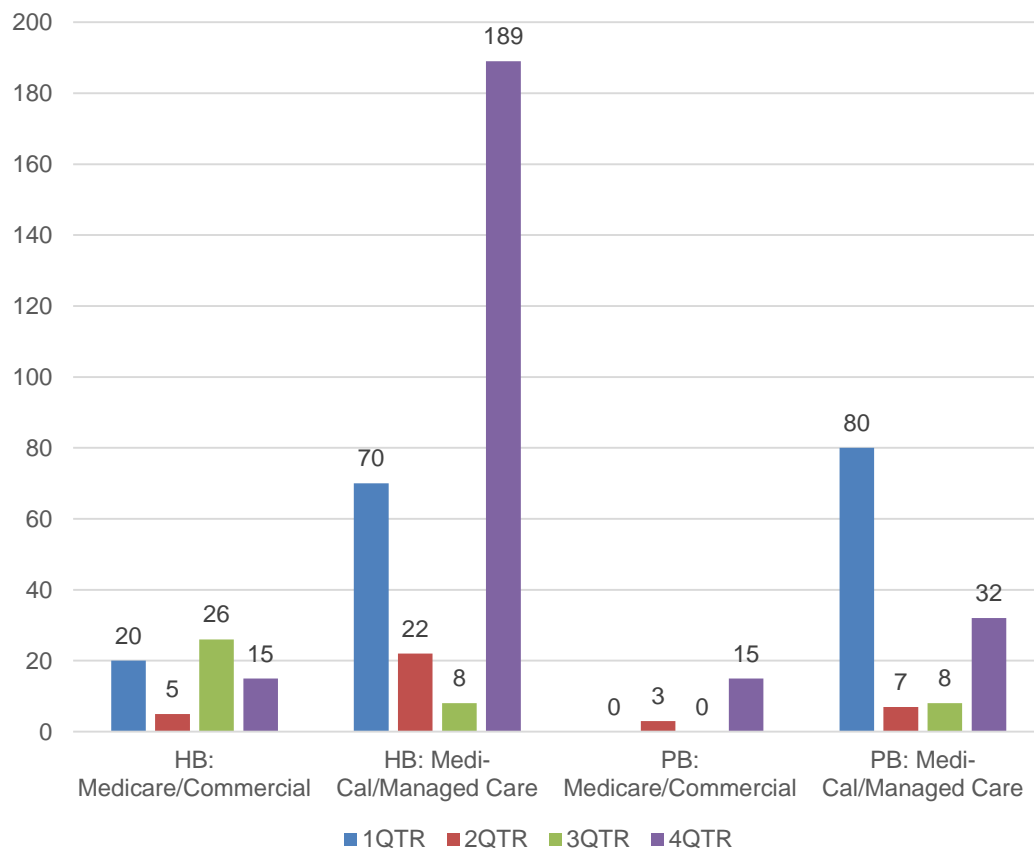
Marilyn Boston, Chief Compliance Officer and Chief Audit Executive  
Akemi Renn, Director, System Compliance



# 340B Compliance Audits

## HRSA 340B Drug Pricing Program

340B Error Rate Trend



Prevent Regulatory Penalties	Compliance ROI
<p>HRSA Penalties for Covered Entities:</p> <ul style="list-style-type: none"> <li>• Repayment of Discounts</li> <li>• Disqualification from the 340B Program</li> <li>• Removal of Contract Pharmacies from 340B Program</li> </ul>	<p>\$17M FY 2024 Savings due to drug discounts.</p> <p>Conducting quarterly audits to identify errors so corrections can be made promptly.</p>

## Compliance Audits and Investigations

Audit Description	Status	Preventing Regulatory Fines and Penalties	Financial Impact (Costs, Savings, Revenue)	ROI: Operational Efficiencies
<b>CMS Warning Letter – Hospital Price Transparency Violation</b> The availability of clear and accessible information about the cost of healthcare services and items, allowing patients and consumers to make informed choices	<b>Completed:</b> Corrections made to resolve potential penalties	Public Health Service Act (PHS) - \$310 - \$5,500 per hospital for 31 to 550 beds, times \$10 for each number of beds	Cost Savings: \$2,934,600/year (804 beds total x \$10 x 365)	Annual audits will be conducted by Internal Audit team to ensure CMS Price Transparency requirements are continually met.
<b>FQHC Ancillary Services</b> All-Inclusive Clinic Services that do not allow separate reimbursement for ancillary services.	In Progress	Federal funding under Section 330 of the Public Health Service Act (PHS): Refunds required.	Pending Audit Results	Annual audits will be conducted to ensure compliance with FQHC rules.
<b>Assessment of Providers Privileges at Alameda Hospital</b>	Pending	Regulations for physicians without hospital privileges within a specific hospital campus can impact physicians' ability to practice in a hospital setting, receive payment from Medicare/Medicaid, and maintain hospital accreditation.	Pending Audit Results	As of June 2025, hospital applications for privileges at the Core Hospitals will include Alameda Hospital.

# Compliance Consulting

Consulting Engagement	Status
Patient Partner Collaboration for AHS Programs and Activities	In Progress
Vendor's Compliance with AHS Policy	Completed
Incident-To Services by Advanced Practice Practitioners (APPs)	Completed
Nephrology Professional Fee Services (PFS) with Outside Dialysis Center	Completed
Ophthalmology Provider Services for New Patients	Completed
Frick Academy Dental Project	In Progress
Billing Guidelines on FQHC and Non-FQHC Rules	In Progress
Charity Care Policy for Outpatient Medications	In Progress
Vaccine Clinic Project	In Progress
Outpatient Behavioral Health Project	In Progress

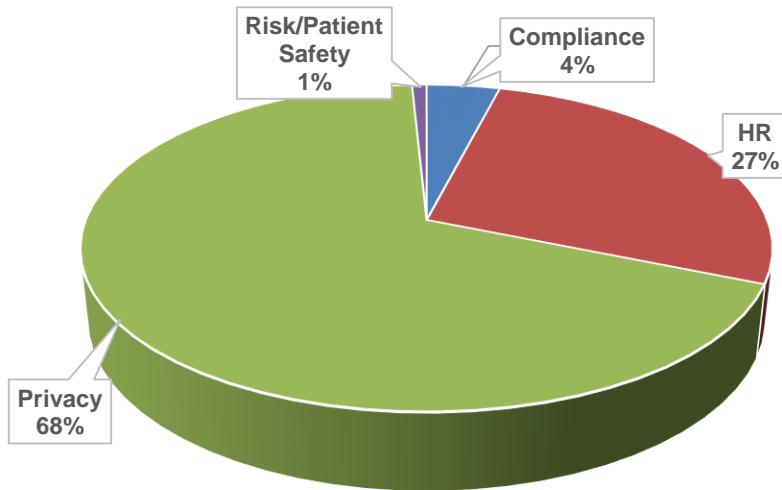


# Compliance Dashboard

4<sup>th</sup> Quarter FY2025: April 1, 2025 – June 30, 2025

Compliance Reported Issues	1 <sup>st</sup> QTR	2 <sup>nd</sup> QTR	3 <sup>rd</sup> QTR	4 <sup>th</sup> QTR
New This Period*	383	227	295	372
Closed This Period	438	251	263	338
Total Pending Resolution	217	161	426	295
Reported To Government Agency	0	1	0	0
New High-Risk Cases	3	8	4	4

## \*Q4 New Cases



Issue Type	New Cases Reported
Compliance (15)	<ul style="list-style-type: none"> <li>Fraud</li> <li>Conflict of Interest Concerns</li> <li>CMS Warning Letter - Price Transparency</li> <li>Concerns Regarding Use of Doctor Titles</li> <li>Requests for Information</li> <li>Recoup of Overpayment</li> </ul>
Privacy (253)	<ul style="list-style-type: none"> <li>Protenus Investigations</li> <li>Misdirected PHI</li> <li>Possible Unauthorized Access</li> <li>Zix: Missent/Unencrypted Emails</li> <li>Privacy: Audits</li> <li>Contract Review</li> </ul>
HR (101)	<ul style="list-style-type: none"> <li>Employee Relations Incidents</li> <li>Hostile Work Environment Allegations</li> <li>Harassment Allegations</li> <li>Retaliation Allegations</li> <li>Staffing and Scheduling Concerns</li> </ul>
Risk/Patient Safety (3)	<ul style="list-style-type: none"> <li>Patient Safety Concerns</li> </ul>

# PROJECTS



## Compliance and Internal Audit Projects

# Research Governance Structure

Key Milestones	Status
Create a Governance Structure	In Progress
Identify Key Stakeholders/Committee Members	In Progress
Create Workflow for Reviewing Potential New Research Studies	In Progress



# Policy Optimization Workflow

Key Milestones	Status
Policy Steering Committee	Completed
PolicyTech Optimization	In Progress
Migration to New Platform	Pending



# Incident Management System (EthicsPoint)

Key Milestones	Status
Contract Agreement	Completed
Configuration and Migration of Data	Pending
Configuration Review and Testing	Pending
User and Analytic Training	Pending
Go-Live	Pending

# AB 352 Reproductive Privacy

Key Milestones	Status
Regulation Review and Interpretation	In Progress
Security Assessment Review	In Progress
Epic Implementation Changes <ul style="list-style-type: none"><li>• Data segmentation</li><li>• Access control</li><li>• Disclosure restrictions</li></ul>	In Progress
Workflow Development	Pending

AB 352 adopts privacy protections for information about gender affirming care, abortion, abortion-related services, contraceptives, and to prevent out-of-state prosecution against individuals who come to California for abortion or reproductive health-related medical services or gender affirming care.

Requires AHS to develop capabilities to:

- Limit user access privileges to information systems to those persons who are authorized to access the medical information.
- Prevent the disclosure, access, transfer, transmission or processing of such information to any person or entity outside of California.
- Segregate medical information from the rest of a patient's medical record.
- Provide the ability to automatically disable access to segregated medical information by individuals and entities in another state.

## **DISCUSSION: Internal Audit Reporting Summary**



## Internal Audit Update

# FY 2026 Internal Audit Plan

## Risk Based Audits

	Status
• Hospital Registration (carryover)	In progress
• Cash Posting (carryover)	Not started
• EHR Access and Data Security	Not started
• John George Revenue Cycle	Not started
• Accreditation Management	Not started
• Post-Award and Gift Process	Not started
• Health Information Management Requests	Not started
• TBD – Senior Leadership Selection	Not started

## Recurring Audits

• CMS Open Payments and Form 700 Audit (Annual)	Not started
• AHS Website Price Transparency (Annual)	Not started
• Exclusion Testing (Monthly)	In progress

# FY 2026 Internal Audit Plan (cont.)

## Consulting, Special Projects and Mgt. Requests

## Status

- |   |             |
|---|-------------|
| • 2025 Single Audit Controls Validation Support | Completed   |
| • 2025 AHS Website Price Transparency           | Completed   |
| • 2026 Single Audit Controls Validation Support | Not started |
| • Resident Trust Account Controls Validation    | Not started |
| • Enterprise Risk Management – Inventorying     | Not started |

# 2025 Single Audit Follow-up

Internal Audit Consulting Engagement  
July 17, 2025

# Background, Scope, and Objectives

<b>Background</b>	<p>AHS is subject to an annual financial statement audit and federal program compliance audit by an independent auditor. The most recent audit was conducted by Moss Adams, LLP for the year ended June 30, 2024, and noted 7 significant internal control deficiencies:</p> <ul style="list-style-type: none"><li>• 2024-001: Right-to-Use Lease Assets and Lease Obligations – Significant Deficiency in Internal Control Over Financial Close and Reporting</li><li>• 2024-002: Timesheet versus Time Study Hours (Significant Deficiency in Internal Control over compliance – Allowable Costs/Cost Principles)</li><li>• 2024-003: Contract Requirements - Earmarking (Significant Deficiency in Internal Control over compliance and Instance of Noncompliance – Matching, Level of Effort, and Earmarking)</li><li>• 2024-004: Costs Incurred Outside Period of Performance (Significant Deficiency in Internal Control over compliance and Instance of Noncompliance – Period of Performance)</li><li>• 2024-005: Untimely Reporting (Significant Deficiency in Internal Control over compliance and Instances of Noncompliance – Reporting)</li><li>• 2024-006: Charges Not Specified in Grant Contracts (Significant Deficiency in Internal Control over compliance and Instances of Noncompliance – Allowable Costs/Cost Principles)</li><li>• 2024-007: FEMA Reporting (Significant Deficiency in Internal Control over compliance - Reporting)</li></ul> <p>AHS is required by Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> to implement corrective actions addressing the audit findings. AHS leadership has requested Internal Audit to track, facilitate as needed, and validate AHS's implementation of the recommended corrective actions.</p>
<b>Scope and Objective</b>	<p><u>Scope</u> Implemented corrective actions addressing financial statement and federal program compliance audit findings for the year ended June 30, 2024.</p> <p><u>Objective</u> 1. Track, facilitate as needed, and validate AHS's implementation of the recommended corrective actions.</p>



# Results

Summary Results	Finding No.	Finding Title	Implementation Status	Finding Likely to Repeat	IA Comments
	2024-001	Right-to-Use Lease Assets and Lease Obligations – Significant Deficiency in Internal Control Over Financial Close and Reporting	Partially Complete	TBD	<i>This is a repeat finding, Finding 2023-001.</i>  Internal Audit did not receive all requested evidence to verify implementation; and therefore, could not determine whether the finding will likely repeat.
	2024-002	Timesheet versus Time Study Hours (Significant Deficiency in Internal Control over compliance – Allowable Costs/Cost Principles)	Complete	No	
	2024-003	Contract Requirements - Earmarking (Significant Deficiency in Internal Control over compliance and Instance of Noncompliance – Matching, Level of Effort, and Earmarking)	Incomplete	Yes	<i>This is a repeat finding, Finding 2023-004.</i>  Corrective action requires monitoring the program's earmarking requirements drawn from 3 disparate systems -- Smart Care, Clinicians Gateway, and Yellowfin. According to the AHS Substance Use Disorder program team, they do not have resources to develop and implement a dashboard or other reporting to track the earmarking requirements.
	2024-004	Costs Incurred Outside Period of Performance (Significant Deficiency in Internal Control over compliance and Instance of Noncompliance – Period of Performance)	Complete	No	
	2024-005	Untimely Reporting (Significant Deficiency in Internal Control over compliance and Instances of Noncompliance – Reporting)	Complete	Yes	<i>This is a repeat finding, Finding 2023-010.</i>  The GCS data mapping worksheet and review process, although implemented, was not performed timely. As a result, AHS had untimely data submissions for Q1 and Q2 2025.
	2024-006	Charges Not Specified in Grant Contracts (Significant Deficiency in Internal Control over compliance and Instances of Noncompliance – Allowable Costs/Cost Principles)	Complete	No	
	2024-007	FEMA Reporting (Significant Deficiency in Internal Control over compliance - Reporting)	Complete	No	
	<b>Note:</b> The independent audit for the year ended June 30, 2025, may determine that controls did not effectively function during the audit period. As a result, the finding may repeat although AHS management implemented corrective action to address the finding.				

# Observations and Recommendations

<b>Observations   Objective 1.</b> Track, facilitate as needed, and validate AHS's implementation of the recommended corrective actions.	<b>Recommendations</b>
<ul style="list-style-type: none"> <li>Finding 2024-001: Right-to-Use Lease Assets and Lease Obligations – Significant Deficiency in Internal Control Over Financial Close and Reporting</li> </ul>	<ul style="list-style-type: none"> <li>✓ Finalize the draft <i>GASB 87 – Lease</i> policy. Ensure evidence supporting the ongoing compliance activities, as per the policy, is made available to the external auditors during the annual financial statement audit and federal program compliance audit for the year ending June 30, 2025.</li> </ul>
<ul style="list-style-type: none"> <li>Finding 2024-003: Contract Requirements - Earmarking (Significant Deficiency in Internal Control over compliance and Instance of Noncompliance – Matching, Level of Effort, and Earmarking)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Contact the AHS Business Intelligence department to determine whether certain earmarking requirements calculations and reports can be partially or fully implemented with minimal investment.</li> </ul>
<ul style="list-style-type: none"> <li>Finding 2024-005: Untimely Reporting (Significant Deficiency in Internal Control over compliance and Instances of Noncompliance – Reporting)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Obtain documentation from Alameda County or state of California as it relates to allowing untimely quarterly data submission, if any, for the U.S. Department of Justice, Office of Victims of Crime program data.</li> </ul>

# Price Transparency

Internal Audit Consulting Engagement  
July 11, 2025

# Background, Scope, and Objectives

## Background

Hospital price transparency aims to provide patients with clear and accessible pricing information about hospital services, enabling them to make informed decisions about their healthcare.

Starting January 1, 2021, hospitals in the United States are required to comply with the Hospital Price Transparency Rule established by the Centers for Medicare & Medicaid Services (CMS). This rule mandates that hospitals provide clear pricing information in two main formats:

1. Machine-readable files: Hospitals must publish a comprehensive file that includes all items and services they offer, detailing standard charges for each.
2. Consumer-friendly displays: Hospitals are also required to present a list of at least 300 shoppable services in a format that is easy for consumers to understand and compare prices.

AHS complies with CMS price transparency requirements by ensuring that a list of standard charges for many of the services provided are accessible on its public website, [www.alamedahealthsystem.org](http://www.alamedahealthsystem.org). The standard charge lists are available for each AHS hospital – Highland Hospital, Fairmont Hospital, John George Psychiatric Hospital, Alameda Hospital and San Leandro Hospital.

## Scope and Objective

### Scope

Price transparency files accessible from AHS's public facing website, [www.alamedahealthsystem.org](http://www.alamedahealthsystem.org), for its five hospitals:

- Highland Hospital
- Fairmont Hospital
- John George Psychiatric Hospital
- Alameda Hospital
- San Leandro Hospital

### Objective

1. Verify AHS accessible price transparency files and practices comply with CMS requirements *45 CFR 180.50 - Requirements for making public hospital standard charges for all items and services.*

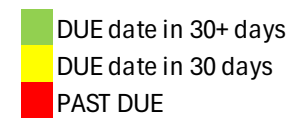
# Results, Observations, and Recommendations

<b>Results and Observations   Objective 1.</b> Verify AHS accessible price transparency files and practices comply with CMS requirements <i>45 CFR 180.50 - Requirements for making public hospital standard charges for all items and services.</i>	<b>Recommendations</b>
<p><b><u>Results</u></b></p> <p>Based on reviews of all pricing files and the ability to access to reasonably shop for pricing for AHS five hospitals, the price transparency files were found to comply with the CMS requirements <i>45 CFR 180.50 - Requirements for making public hospital standard charges for all items and services.</i></p> <p>Based on process walk-throughs performed, Internal Audit noted that AHS's Revenue Analytics department obtains pricing data from Epic and then prepares the data for upload to AHS public website. Continuing this activity in the manner observed will help ensure that pricing files are updated at least annually.</p> <p><b><u>Observations</u></b></p> <ul style="list-style-type: none"> <li>• There are no documented procedures to ensure that the pricing files are periodically refreshed and loaded to AHS's public website.</li> <li>• Internal Audit was unable to verify ongoing (i.e., subsequent) pricing file maintenance activities as this consulting effort focused on AHS's initial implementation of price transparency files on AHS's public website.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Document the price transparency data file refresh and upload activities to help ensure that the process is performed periodically and the data is complete and accurate.</li> </ul> <p>Responsible Owner(s):</p> <ul style="list-style-type: none"> <li>• Shari Johnson, VP, Revenue Cycle</li> <li>• Seth Kriz, Director, Revenue Analytics</li> </ul> <ul style="list-style-type: none"> <li>✓ Annually audit the price transparency files and shoppable features on AHS's public facing website to ensure compliance with CMS requirements of <i>45 CFR 180.50 - Requirements for making public hospital standard charges for all items and services.</i></li> </ul> <p>Responsible Owner(s):</p> <ul style="list-style-type: none"> <li>• Marilyn Boston, Chief Compliance Officer and Audit Executive</li> <li>• Michael Kopecky, Director, Internal Audit</li> </ul>

# Corrective Action Plan Status

Engagement Name	Report Issuance Date	# of Findings			Corrective Action Outstanding	Planned Implementation Date	FY 2024		FY 2025				FY 2026
		TOTAL	CLOSED	OPEN			Q3	Q4	Q1	Q2	Q3	Q4	Q4
Payroll and Timecard Audit (AHMG) Audit	2/9/2024	3	2	1	Finding 3	7/1/2024	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
CMS Open Payments & Form 700 Audit	4/5/2024	3	2	1	Finding 1	12/31/2024	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Single Audit   Year Ended June 30, 2024	4/30/2024	7	5	2	Finding 2023-001	6/30/2025	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	REPEAT FINDING				<div><div></div><div></div><div></div></div>
					Finding 2023-004	6/30/2025	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	REPEAT FINDING				<div><div></div><div></div><div></div></div>
Parking Program Audit	5/17/2024	5	3	2	Finding 2	12/31/2024	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
					Finding 4	6/15/2024	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Patient Valuables Security	8/2/2024	3	0	3	Rec. 1	12/31/2024	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
					Rec. 2	12/31/2024	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
					Rec. 3	12/31/2024	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Payroll and Timecard Audit (AHS)	9/9/2024	2	1	1	Finding 2	10/31/2024	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
E-consult Audit	11/21/2024	3	1	2	Finding 1	12/11/2024	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
					Finding 2	12/11/2024	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Vendor Risk Assessment Audit	12/31/2024	3	0	3	Finding 1	1/31/2025	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
					Finding 2	12/31/2025	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
					Finding 3	3/31/2026	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>

**LEGEND:** From Report Issuance Date

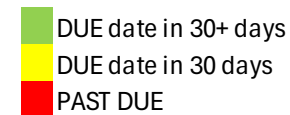


# Corrective Action Plan Status (cont.)

Engagement Name	Report Issuance Date	# of Findings			Corrective Action Outstanding	Planned Implementation Date	FY 2024		FY 2025				FY 2026
		TOTAL	CLOSED	OPEN			Q3	Q4	Q1	Q2	Q3	Q4	Q4
Accounts Payable Audit	1/9/2025	4	0	4	Finding 1	10/31/2025							
					Finding 2	1/31/2025							
					Finding 3	3/31/2025							
					Finding 4	2/28/2025							
Global Payment Program Audit	3/25/2025	2	0	2	Finding 1	9/30/2025							
					Finding 2	9/30/2025							
Primary Care Capitation Audit	4/1/2025	2	0	2	Finding 1	8/31/2025							
					Finding 2	6/30/2025							
Identity and Access Management Audit	6/27/2025	3	0	3	Finding 1	9/30/2025							
					Finding 2	3/31/2026							
					Finding 3	12/31/2025							
Engineering Infrastructure & Facilities Management	7/7/2025	3	0	3	Finding 1	9/1/2025							
					Finding 2	11/1/2025							
					Finding 3	11/1/2025							
Price Transparency	7/11/2025	2	1	1	Rec. 1	12/31/2025							

TOTAL OUTSTANDING **30**

**LEGEND:** From Report Issuance Date



## **F. INFORMATION/WRITTEN REPORTS: Annual Audit and Compliance Committee Agenda Calendar and Follow-Up**



# 2025 Audit and Compliance Committee Calendar

Topic	3/19/2025	6/18/2025	9/17/2025	11/11/2025
<b>01</b> Cybersecurity Report	Report Summary	Report Summary	Report Summary	Report Summary
<b>02</b> Compliance and Privacy Report <ul style="list-style-type: none"> <li>• Compliance Audit Summary Reports</li> <li>• Consulting Engagements</li> <li>• Dashboards</li> <li>• Projects</li> </ul>	Report Summary	Report Summary	Report Summary	Report Summary
<b>03</b> Internal Audit (IA) Report <ul style="list-style-type: none"> <li>• Audit Plan Status</li> <li>• Internal Audit Summary Reports</li> </ul>	Audit Report	Annual Audit Plan	Audit Report	Audit Report
<b>04</b> External Audit Report (Moss Adams)	No Update Will Be Presented	Annual Financial Audit Plan	Audit Update	Final Audit Report
<b>05</b> Education Session	Cybersecurity	Compliance	Internal Audit	Privacy

# 2025 Audit and Compliance Committee Issue Tracker

Topic Under Discussion	Date Raised	Assigned To	Target Due Date	Status