



## AUDIT AND COMPLIANCE COMMITTEE MEETING

TUESDAY, July 16, 2013

### MINUTES

#### TAB #1 CLOSED SESSION

ROLL CALL WAS TAKEN AND THE FOLLWING TRUSTEES WERE PRESENT:

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

OPEN SESSION – THE MEETING WAS CALLED TO ORDER AT 6:30 PM

#### Tab #2 ACTION: Approval of Minutes

*ACTION: A motion was made and seconded to approve the minutes of the March 19, 2013 Audit and Compliance Committee meeting as presented. The motion was approved.*

*MOTION: Trustee Lewis*

*SECOND: Trustee Boggan*

*AYES: Trustees Miller, Boggan, and Lewis*

*NAYS: None*

*ABSTAIN: None*

*ABSENT: None*

#### TAB #3 Old Business

A. None

#### TAB #4 External Audit Reporting

##### REPORT: Introduction of MGO Audit Team and Annual Audit Work Plan

Ms. Schales introduced Annie Louie, Director, MGO. Ms. Louie stated that MGO had already started the interim phase of the audit and would be performing the final phase of substantive tests in August. The critical audit dates were outlined in the Audit Plan and the delivery of the financial statements and management letter coincides with the planned

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Audit and Compliance Committee and Board of Trustee meetings in September, October and November.

**TAB #5    Internal Audit Reporting**

*Rick Kibler, Director of Internal Audit*

**A.    REPORT: Update on FY2013 Internal Audit Annual Plan**

The FY2013 Audit Plan was presented and approved by the Audit and Compliance Committee in July 2012 and is 95% complete.

All projects identified in the FY2013 Audit Plan, with the exception of the Federally Qualified Health Care Billings audit and the Bad Debt/Collections audit, were completed during the year. The fieldwork for these audits was completed and draft reports released; however, Patient Accounting Management has been heavily involved in the Soarian Financial System implementation and has been unable to officially respond to report findings.

**B.    REPORT: Status on FY2010, FY2011 and FY2012 External Financial Audit Management Letter Action Plan**

As previously reported, all items relating to the FY2012 and FY2011 audits by MGO have been closed. The FY2010 audit has one issue still outstanding. This issue relates to the IT Strategic Plan and will be addressed with the hiring of a new Chief Information Officer.

**C.    REPORT: Claim Denial Management Audit Findings Status**

The primary objectives of the review were to determine if there was adequate and timely follow-up on underpaid or denied Medi-Cal and Medicare claims. Internal Audit identified two items relating to control deficiencies in the processing of claim payments.

Internal Audit reviewed the Action items and management's reported corrective action through interview, observation and testing as considered necessary, and has determined that one of the original two items is complete.

**D.    REPORT: Medi-Cal Timely Filing Audit Findings Status**

The primary objectives of the review were to determine if Medi-Cal claims were being submitted within the required time frame for reimbursement. Internal Audit identified two items relating to control deficiencies in Medi-Cal claims processing relating to timely filing.

Internal Audit reviewed the Action items and management's reported corrective action through interview, observation and testing as considered necessary, and has determined that both items are complete.

**E.    ACTION: FY2014 Internal Audit Plan**

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- Internal Audit performed a risk assessment similar to last year and identified 18 primary operations and 50 sub-operations within AHS as the audit universe for planning purposes.
  - Each primary and sub operation was evaluated based on the perceived compliance risk, financial risk and the likelihood of problems within the area.
  - The primary operations were recorded on a HEAT map to provide a better understanding of the perceived risk in each area.
  - Projects were identified for each primary function that fell in the upper right quadrant of the HEAT map (high financial risk and high likelihood of problems).
  - The high risk audit priorities were presented to senior management for their review and input to ensure these projects were the best use of Internal Audit time and resources.
  - Primary areas of focus are Billings, Reimbursement and Soarian Financials.

***ACTION:*** A motion was made, seconded, and unanimously approved that the FY2014 Internal Audit Plan as presented be recommended to the Board of Trustees for approval.

**MOTION:** Trustee Lewis

**SECOND:** Trustee Miller

***AYES:*** Trustees Miller and Lewis

***NAYS:*** None

***ABSTAIN:*** None

***ABSENT:*** Trustee Boggan

**TAB #6 Compliance Update**

**A. REPORT: Compliance Program Update**

Mr. Habig presented an update on the Alameda Health System Institutional Compliance Program. A compliance resource survey was completed that identified the various areas of AHS that had compliance risks. The level of risk was ranked for each area and the number of people assigned to evaluate and mitigate risk were identified. As part of the Compliance Program Action Plan, gaps in compliance coverage were identified and recommendations identified to improve the program going forward. Actions to be taken by Mr. Habig include the hiring of a full-time compliance analyst.

The Committee advised that its primary concern was that a compliance program be in place, coverage was adequate and that there was an organizational understanding of the program. This doesn't necessarily mean that the program requires a new hire. Trustees also identified the following areas for consideration in the program:

- EVS for Medical waste
- Food Services
- Hazardous materials

Mr. Habig indicated he would consider the Committee's comments as he moves forward with the program.

**TAB #7 Annual Audit and Compliance Committee Agenda Calendar and Follow-up**

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

**TAB #8 Reading Materials**

A. **None**

**TAB #9 REPORT: Legal Counsel's Report on Action Taken in Closed Session**

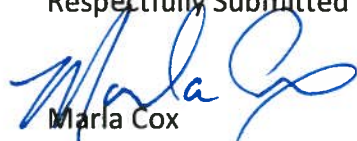
Douglas B. Habig, General Counsel, reported in Closed Session the committee reviewed matters pertaining to significant exposure to potential litigation: no action was taken.

**Public Comments: None.**

**Board of Trustees Remarks: None.**

**ADJOURNMENT: THE MEETING WAS ADJOURNED AT 8:15 PM**

Respectfully Submitted by:

  
Maria Cox  
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by:

  
Douglas Habig, Esq.  
General Counsel