



**AUDIT AND COMPLIANCE COMMITTEE MEETING  
THURSDAY, March 8, 2018  
5:30pm-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

**COMMITTEE MEMBERS**

Kinkini Banerjee, *Chair*  
Gary Charland  
Michele Lawrence  
Anthony Thompson  
Louis Chicione

**MINUTES**

**THE MEETING WAS CALLED TO ORDER AT 6:05PM**

**ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:** Kinkini Banerjee, Gary Charland, Louis Chicoine, Michele Lawrence, and Anthony Thompson.

**ABSENT:**

A quorum was established.

**A ACTION: Consent Agenda**

1. Approval of the minutes of the November 2, 2017 Audit and Compliance Committee meeting.

**ACTION:** A motion was made and seconded to approve the minutes of the November 2, 2017 Audit and Compliance Committee Meeting. The motion passed.

**AYES:** Trustees Banerjee, Charland, Chicoine, Lawrence, Thompson

**NAYS:** None

**ABSTENTION:**

**END OF CONSENT AGENDA**

**B** **REPORT: Educational Session**

*Diana Thamrin, System Director, Pharmacy*  
*Rick Kibler, VP, Compliance & Internal Audit*

1. 340B Steering Committee

Ms. Thamrin reviewed the presentation beginning on page nine of the agenda packet.

Based on a question from Trustee Lawrence, Ms. Thamrin said accountability was managed through weekly huddles, performance evaluations, and regular audits.

Trustee Banerjee asked if the oversight committee would be ongoing to sustain compliance efforts, and how the Electronic Health Records (EHR) program would interact with it. Ms. Thamrin said having a permanent oversight committee was a required component of Alameda Health System's (AHS) participation in the 340B program. She added that the new EHR would help with the reconciliation of records, by eliminating the multiple systems used currently, creating one source of reliable information.

Trustee Chicoine asked how the rebate process worked. David Cox, Chief Financial Officer, said AHS paid for the medications, received rebates, billed for the services, and then received Medi-Cal and Medicare payments. Unreimbursed costs were added to a P14 cost report for refunds.

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

*Rick Kibler, VP, Compliance & Internal Audit*

1. Compliance Risk Assessment

Mr. Kibler reviewed the report beginning on page 19 of the agenda packet.

Trustee Banerjee explained that risk related to the medical or patient side of the business fell under the purview of the VP of Quality. When the risk was related to financial or regulatory items, it was the purview of the VP of Compliance.

Trustee Charland asked if they considered the Office of the Inspector General Risk Plan in their scoring, if it increased the risk factor. Mr. Kibler said it could elevate the score a little because when OIG expressed concerns about an issue, he had to be more concerned as well.

Trustee Charland asked if there were many items on the Epic list they would have to consider. Mr. Kibler said Epic would be mostly out of the box, which would help mitigate the risk. Mr. Kibler emphasized that the list was as he knew it at the time.

Trustee Banerjee asked Mr. Kibler to explain why the provider OakCare was listed as a medium risk. She also asked the Chief Financial Officer to explain if, when contracts were negotiated, the risk level was connected to the process. Mr. Kibler said that OakCare was a large medical group who had a large chunk of the physician business for AHS. Some

issues included potential Stark Law violations or kick back issues, and financial control issues. He included those items on the list to determine if it was something that needed additional auditing. David Cox, Chief Financial Officer, said they projected performance, invoicing, and controls over amendments, adjustments, etc. Mr. Kibler said that in the past they had issues following AHS policies for reimbursements and such. Mike Moye, General Counsel, added that OakCare was a large corporation and the degree of the risk had to do with the scope of services they provided as well as the opportunities AHS had to exert control over them. The risk level was not unique to OakCare. It was an indication of the obligation to understand the relationship and the inherent risks.

Trustee Banerjee asked if historical performance was considered when the contract was negotiated. Mr. Cox said most negotiations were conducted by Dr. Jamaledine and his team. The contract function reported up to the General Counsel by design, to cover financial and legal oversight.

Trustee Charland asked about Fair Market Valuations (FMVs). Mr. Moye explained the contracting team had access to the Medical Group Management Association (MGMA) database and the MD Ranger data reports on physician compensation benchmarks. In some instances, the contracts team completed their own analysis using those tools. However, the majority of the FMVs were conducted through Carnahan Group, which analyzed against every database they had access to. They would then provide an opinion on whether there was an issue with the proposed compensation.

**D ACTION ITEMS: Compliance Reporting**

*Rick Kibler, VP, Compliance & Internal Audit*

1. Approval of a revised Committee Charter

Mr. Kibler reviewed the information beginning on page 27 of the agenda packet. He recommended that in section 3.1 the second paragraph, change as follows:

The VP Internal Audit/Corporate Compliance Officer should be formally appointed by the Board of Directors, and report directly to the Board Audit and Compliance Committee and administratively to the CEO, working under the Audit and Compliance Committee Charter of responsibilities and authorities, which allows him/her to work autonomously of other organizational functions and on behalf of AHS itself.

Trustee Thompson said the best practice was to move the reporting relationship to the CEO. Mike Moye, General Counsel, added that the decision reflected guidance from the Office of the Inspector General and their preference that the compliance officer report directly to the board. He said that at a recent conference out of 42 general counsels most of them, about 3 to 1, were also in charge of compliance. He clarified that he wasn't advocating one way or the other, but sharing the standard practice in the industry. He said the most important component was for the compliance officer to have the independence to do their job, regardless of reporting relationship.

Trustee Thompson asked if the charter should read that the VP of Compliance (VP) had unmediated access to the General Counsel and report administratively to the CEO. Mr.

Moye said that did not need to be legislated. There should be a natural collaboration between the General Counsel and the VP.

Trustee Banerjee said the VP's performance evaluation should be a 360, as the committee only interfaced with him four times a year.

**ACTION:** A motion was made and seconded to approve the revised Audit and Compliance Committee Charter as revised in section 3.1 to read "...and report directly to the Board Audit and Compliance Committee and administratively to the CEO..." The motion passed.

**AYES:** Trustees Banerjee, Charland, Chicoine, Lawrence, Thompson

**NAYS:** None

**ABSTENTION:**

## 2. Approval of a revised Code of Conduct

Mr. Kibler reviewed the information beginning on page 34 of the agenda packet.

Trustee Banerjee asked if the Code of Conduct (Code) should apply to the Board of Trustees and staff. Mr. Kibler said that on page two, the proposed Code indicated that it applied to all employees, contract employees, volunteers, providers and others engaged in our work environment or acting on behalf of Alameda Health System (AHS).

Based on Trustee questions, Mr. Kibler indicated that workforce members would sign that they've received and read the Code.

Trustee Banerjee said the same Code should also apply to the Board of Trustees. Mike Moye, General Counsel, said the Board of Trustees was accountable to the Brown Act and certain government provisions that apply to the Board of Trustees and not employees so the Board of Trustees had a separate Code.

Mr. Moye said that if the Committee approved the Code they would have to hold a meet and confer with the unions which might require some minor edits. The Chief Human Resources Officer had no concerns.

Trustee Lawrence asked about the rollout plan. Mr. Kibler said there wasn't one in place yet, but they would develop the rollout during the meet and confer process. They would develop a process to ensure compliance with new employees and develop a tracking mechanism. Trustee Lawrence asked Mr. Kibler to bring the rollout plan to the Committee when developed.

Trustee Banerjee said the Compliance program needed to be robust, and staffing should be considered carefully.

**ACTION:** A motion was made and seconded to approve the revised Alameda Health System Code of Conduct. The motion passed.

**AYES:** Trustees Banerjee, Charland, Chicoine, Lawrence, Thompson

**NAYS:** None

**ABSTENTION:**

**E. INFORMATION: Status Reports (Written Reports)**

*Rick Kibler, VP, Compliance & Internal Audit*

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

Mr. Kibler reviewed the information beginning on page 57 of the agenda packet. He added that some audits were behind schedule, due to the work done on the Leadership Academy Compliance module and two large audits at the beginning of the year. He was reallocating resources to catch up.

Trustee Thompson asked which uncompleted report presented the highest risk. Mr. Kibler said it was the IM to Sorian reconciliation. All charges might not have crossed from one system to the other. He wanted to identify opportunities to bill charges that were unbilled. He anticipated completing the audit by June.

Trustee Lawrence said that prevention was more important than remediation and his work on the Skills Lab was preventative.

Trustee Thompson asked why the penetration testing had been postponed. Mr. Kibler said he had been working with the Information Technology team on the project. The new Chief Technology Officer was developing a plan to take corrective action and update the software. Updating the Windows server to a supported version would eliminate many of the other issues.

Trustee Banerjee asked why some of the easy to fix issues identified in the Health Insurance Portability and Accountability Act (HIPPA) walkthrough assessment would not be completed until June. Mr. Kibler said that during follow up work, he found there were still some public facing computers that did not have privacy screens and some minor equipment issues that required IT work. He was working with appropriate staff on logistics and updates for corrective actions.

Trustee Charland asked what was needed in the redesign of the reception areas identified on the HIPPA assessment. Mr. Kibler said he wanted them to put up privacy panels and line designations.

Trustee Thompson said the committee wanted to see a redacted registry of hotline calls, a volume report, or a summary of the types of issues reported. Mr. Kibler said he could create a report with category summaries. The Trustees requested he bring that to the next meeting.

Trustee Thompson asked how serious the issue of multiple stolen prescription pads was. Mr. Kibler said they had taken steps to secure the pads during the day and improved the reporting process. A former employee that was involved had been arrested. They were working on installing locking cabinets and using the locking Pyxis machines. He said that Epic would have online prescription capabilities.

2. Compliance Program Reports
  - a) Compliance Program Assessment
  - b) Compliance Program Report
  - c) AHS Compliance Dashboard FY17 4QTR

**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 said it would be helpful for the full Board of Trustees to get a high-level Compliance Assessment plan or education session. Trustee Lawrence said it might be a good topic for the retreat in April. Mr. Kibler said he could put something together.

**PUBLIC COMMENT:** None

**TRUSTEE REMARKS:** None

**ADJOURNMENT:** 7:10PM

This was to certify that the foregoing was a true and correct copy of the minutes of the regular meeting of March 8, 2018 as approved by the Audit and Compliance Committee on June 14, 2018:

  
Ronna Jojola Gonsalves  
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: \_\_\_\_\_

  
M.D. Moye  
General Counsel