



**Palomar Pomerado Health  
INTERNAL AUDIT & COMPLIANCE  
BOARD SUB-COMMITTEE MEETING**  
PPH Corporate Building  
456 E. Grand Ave.  
1<sup>st</sup> Floor Conference Room  
September 15, 2009

AGENDA ITEM/ PRESENTER/ORIGINATING DATE	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY/FINALIZED
<b>CALL TO ORDER</b>	8:00 A.M. by Dir Greer. Quorum comprised of Directors Greer, Krider, and Kaufman.  <b>Also attending:</b> Janine Sarti, Michael Covert, Bob Hemker, Lachlan Macleay, MD, Tom Boyle, Marty Knutson, Tammy Boring, and Donna Goh.		
<b>NOTICE OF MEETING</b>	Notice of Meeting was posted consistent with legal requirements.		
<b>PUBLIC COMMENTS</b>	None		
<b>APPROVAL OF MINUTES</b> •	The minutes of August 18, 2009 were reviewed and approved.	<b>MOTION:</b> by Dir Kaufmann, 2 <sup>nd</sup> by Dir Krider and carried to approve the August 18, 2009 minutes as submitted.  All in favor — none opposed.	
• <b>Welcome / Introductions</b>	Mr. Boyle introduced Tammy Boring, Senior Compliance Auditor, who has been on board with Internal Audit Services for a month. Coming from the University of Nevada, Tammy is not only a RN, but also a certified coder, and a HIPAA specialist. The department is thrilled to have such a qualified person on staff to deplete the current back-log that resulted from previous reduction in staff. Dir Greer extended a warm welcome on behalf of the committee.		

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<ul style="list-style-type: none"> <li>• Overview of the Internal Audit Function</li> </ul>	<p>Keeping ever current with ever changing methodologies, Mr. Boyle came across a summary from a survey conducted by Price Waterhouse Coopers that covered audit trends, technology, staffing, and the greater picture of risk management. Using this informational data, Mr. Boyle assessed how close PPH Internal Audit is compared to peer-organizations' auditing functions.</p> <p>Mr. Boyle presented an overview of the Internal Audit function. Highlights include:</p> <ul style="list-style-type: none"> <li>• Continuous monitoring is now the cutting-edge methodology for auditing. <ul style="list-style-type: none"> <li>✓ ACL is the tool and IA is actively using it.</li> <li>✓ More controls are tested on transactional levels.</li> <li>✓ Proves to be quicker than traditional audit methods.</li> </ul> </li> <li>• Engaging more departments in self-assessment and to independently provide their areas of risk. <ul style="list-style-type: none"> <li>✓ Internal Audit (IA) reviews and validates data using various measures, indicators, surveys, including the Balanced Scorecard.</li> <li>✓ IA identifies hot spots and commonalities.</li> </ul> </li> <li>• Current test-project, Billing Assurance, targets major surgical procedures. <ul style="list-style-type: none"> <li>✓ Goal is to have report delivered to surgery department within 24 hours of encounter and before bill drops.</li> </ul> </li> <li>• Continuous monitoring covers 100% of cases and proves timelier.</li> <li>• Continuous virus protection is the analogy for continuous monitoring.</li> <li>• IA is always looking at what makes the</li> </ul>	<p>The Price Waterhouse Coopers article will be electronically e-mailed to members of the committee.</p> <p>Internal Audit Presentation is available on the Leadership Drive.</p>	

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	<p>best sense when considering outsourcing tasks.</p> <ul style="list-style-type: none"> <li>• Compliance risk plan includes structure from the OIG plan.</li> <li>• Highly considering using Enterprise Risk Management methodology as ERM is rapidly becoming a trend since it appears to be a more organized approach for risk management.</li> <li>• IA is also currently finalizing the risk assessment for FY10. Assessment include: <ul style="list-style-type: none"> <li>✓ Updating risk priorities within organization.</li> <li>✓ IA's plan for each assessed area.</li> </ul> </li> <li>• There is still a need for a non-clinical/operational auditor as the senior compliance auditor that has been filled by Tammy Boring targets mainly clinical functions/areas.</li> </ul>	<p>The committee recommends that Mr. Boyle present quantifiable risk assessment to justify this need.</p>	
<ul style="list-style-type: none"> <li>• <b>Red Flag Plan</b></li> </ul>	<p>Ms. Knutson shared that the Federal Trade Commission has issued a regulation that requires a Red Flag Plan to be implemented by the organization on November 1, 2009. This date has been extended several times previously and this will be the final dead-line for implementation. FTC requires that the plan be approved by governing bodies prior to implementation.</p> <p>Ms. Knutson reviewed the documented plan with the committee. The plan identifies what PPH will do to prevent misuse of identification. As all procedures relate to policies, Ms. Knutson will share the policy this plan falls under with Dir. Greer as requested.</p> <p>The Red Flag plan was reviewed and approved.</p>	<p>Ms. Knutson will share an electronic copy of the policy that covers the Red Flag Plan with Dir. Greer.</p> <p><b>MOTION:</b> by Dir Greer, 2<sup>nd</sup> by Dir Krider and carried to approve the Red</p>	

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		Flag Plan as submitted. All in favor — none opposed.	
<ul style="list-style-type: none"> <li>The Legal-Compliance-Internal Audit Function</li> </ul>	The three departments have met and would like to provide to the committee a more detailed presentation at the next meeting in October, 2009.		
<ul style="list-style-type: none"> <li>Date/Time &amp; Location of next meeting</li> </ul>	Tuesday, October 20, 2009, 8:00 A.M. in the Corporate Conference Room @ 456 E. Grand.		
(FINAL) ADJOURNMENT	9:40 A.M.	Dir Greer moved to adjourn. Dir Kaufman 2 <sup>nd</sup> motion.	
SIGNATURES			
<ul style="list-style-type: none"> <li>Committee Chairperson</li> </ul>	 [Linda C. Greer, R.N.]		
<ul style="list-style-type: none"> <li>Secretary to Committee</li> </ul>	 [Donna Goh]		