

COUNTY OF ORANGE
AUDIT OVERSIGHT COMMITTEE

MEETING MINUTES
Wednesday, November 2, 2005, 3:00 p.m.

The Audit Oversight Committee of the County of Orange met on November 2, 2005 at 3:05 p.m., at the Hall of Administration, Building 10, Fifth Floor, Conference Room A, Santa Ana, California.

Members Present/Absence Noted:

Present: Supervisor Bill Campbell, Chairman, Board of Supervisors
Supervisor Tom Wilson, Vice-Chair, Board of Supervisors
Mr. David Sundstrom, Auditor-Controller
Mr. Tom Mauk, County Executive Officer
Dr. Dave Carlson, Public Member, Chair, Audit Oversight
Absent: Mr. John Moorlach, Treasurer-Tax Collector, Ex-Officio Member

1. Call to Order: (Dave Carlson, Ph.D., Chair, Audit Oversight Committee)

Dr. Carlson, Chair, called to order the meeting on November 2, 2005 at 3:05 p.m. Dr. Carlson asked for roll call before proceeding with the agenda.

Committee Members: Mr. Sundstrom, Dr. Carlson, Supervisor Wilson, Supervisor Bill Campbell, Mr. Tom Mauk,

Guests:

Ed Corser, CFO; Internal Audit Staff: Peter Hughes, Ph.D., Eli Littner, Autumn McKinney, Alan Marcum,, Michael Goodwin, Camille Gackstetter, Abdul Khan, Renee Aragon; Auditor-Controller Staff: Claire Moynihan, Denise Steckler; Shaun Skelly; Macias, Gini and Company, James Godsey, Jane Yan; County Counsel: District 5 Staff: Kelly Channing; District Three staff: Bryan Rayburn; Phillip Russell, Grand Juror; Health Care Agency: Julie Poulson, Director, David Riley, Dr. Jeff Nagel; County Counsel Jim Bersenger.

Supervisor Wilson arrived at 3:10 p.m. and Supervisor Campbell arrived at 3:12 p.m.

2. Approval of Minutes from August 4, 2005, (Dave Carlson, Ph.D., Chair, Audit Oversight Committee)

Recommended Action: Approved

Approved as recommended with a minor correction to a typo error.

3. Health Care Agency Compliance Program Update

Recommended Action: Discussion, Presentation

Dr. Hughes introduced Ms. Poulson, Dr. Nagel and Mr. Riley and Ms. Poulson gave a brief history of the compliance program. Dr. Nagel is a certification among few and considered an expert. OC is a leading compliance program

Dr. Nagel provided an overview of elements in the Health Care Agency Compliance program. Health care entities continue to be subject to increased risk and the compliance programs were established to monitor these risks. In 2003, all Counties were required by the State Office of Inspector General to establish compliance programs. HIPAA regulations required an official privacy officer. HCA designated Ms. Vicky Landrus as the HIPAA Privacy Officer. Dr. Nagel aquired the CHC (Certification in Health Care Compliance) designation.

The HCA/Compliance Program includes risk management as part of the program. Compliance covers both financial controls and compliance with regulations and procedures. A Code of Conduct was established for the HCA workforce and is included in annual performance evaluations. All HCA employees received 1 hour 30 minute general compliance training and annual survey of employees was also established. There is coordination with Union representatives for all training. Additional specialized training for clinicians and billing staff was also established. Supervisor Campbell requested a copy of the survey sent to employees. Additionally a 24/7 Hotline is provided through an outside vendor. It is not enough to have a compliance program as it must be effective program. Benchmarking was established to monitor the progress of the assessment tool and the compliance program. It is rated and reassessed every year.

4. Auditor-Controller Request for an Additional Internal Audit Division (Dr. Peter Hughes, David Sundstrom, Auditor-Controller)
Recommended Action: Discussion

This item was deferred to a date uncertain.

5. Status Report #1, Period 6/30/05 to 9/30/05 (Dr. Peter Hughes, Director, IAD)
Recommended Action: Approve, Receive and File

Dr. Hughes report that Internal Audit was half-way completed with its 18 month audit plan ending June 30, 2006. In response to Board interest in the cash handling process at the OC Zoo, Dr. Hughes identified a revision to the audit plane to replace the review of the pension accrual process with the tax apportionment and tax receipting and disbursement at the OC Zoo. On page 5, the CEO asked about scope of the performance measure audit at JWA. Dr. Hughes stated the new initiative was at the request of the AOC, and was to validate the self-reported performance achievements as stated in the business plans of the various county departments. The Auditor-Controller and John Wayne Airport were the first two departments identified for this review. The audit validates the self-reported performance achievements as stated in their business plan. The CEO asked if the criteria used was from the business plan process. Dr. Hughes stated IAD was not inventing the criteria, just validating what they report on and identify themselves in their business plans.

Approved as Recommended.

6. External Audit Coverage, First Quarter, FY 05/06 Status Report (Dr. Peter Hughes, Director, IAD)
Recommended Action: Approve, Receive and File.

We define as any audit conducted of any county departments or agencies other than the Board's Internal Audit Department. Includes State auditors or contract CPA's used by departments and agencies. The total active audits were 129. There was extensive audit coverage occurring annually in addition to what IAD performs. IAD built off of the identified coverage so as not replicate unnecessarily any audits. As a result of feedback from the AOC, IAD identified any possible material issues. Four audits revealed reimbursements to the County.

Approved as Recommended.

7. Executive Summaries of Audit Assignments, Period 06-30-05 to 09-30-05 (Dr. Peter Hughes, Director, IAD)
Recommended Action: Approved.

Dr. Hughes explained the intent and process of the executive summaries to inform the AOC from one quarter to the next of the audit activity and summarize the findings. The Follow-Up Audit progress was also monitored through the Executive Summaries. Effective structures and timely release was also monitored at monthly Board of Supervisor meetings.

8. Next Meeting: Set next AOC meeting date:

Because of the changing Chairman and Vice-Chairman, the next AOC meeting was later calendared.

- ◆ Agenda Item Suggestions/Action: None.

10. Public Comments

Chair Campbell stated that although item 4 was deferred, he encouraged cooperation of the Auditor-Controller staff and Internal Audit Department to develop audit experience for the A-C accountants.

11. Adjournment

The meeting was adjourned at 3:45 p.m.