



# **KERN HEALTH SYSTEMS**

## **GOVERNANCE AND COMPLIANCE COMMITTEE MEETING**

**Thursday, December 5, 2024  
at  
8:30 a.m.**

**Kern Health Systems  
2900 Buck Owens Blvd.  
4<sup>th</sup> floor – Kern River Room  
Bakersfield, CA 93308**

**For more information, call (661) 664-5000**

# **AGENDA**

## **GOVERNANCE AND COMPLIANCE COMMITTEE MEETING**

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**2900 Buck Owens Boulevard**  
Bakersfield, California 93308

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All agenda item supporting documentation is available for public review at Kern Health Systems in the Administration Department, 2900 Buck Owens Boulevard, Bakersfield, CA 93308 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday, following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

**PLEASE SILENT CELL PHONES AND OTHER ELECTRONIC DEVICES DURING THE MEETING**

### **COMMITTEE TO RECONVENE**

Members: Acharya, Hoffmann, Meave, Turnipseed  
ROLL CALL:

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT: ALL ITEMS LISTED WITH A "CA" ARE CONSIDERED TO BE ROUTINE AND NON-CONTROVERSIAL BY KERN HEALTH SYSTEMS STAFF. THE "CA" REPRESENTS THE CONSENT AGENDA. CONSENT ITEMS WILL BE CONSIDERED FIRST AND MAY BE APPROVED BY ONE MOTION IF NO MEMBER OF THE COMMITTEE OR AUDIENCE WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED BY ANYONE, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND WILL BE CONSIDERED IN LISTED SEQUENCE WITH AN OPPORTUNITY FOR ANY MEMBER OF THE PUBLIC TO ADDRESS THE COMMITTEE CONCERNING THE ITEM BEFORE ACTION IS TAKEN.

STAFF RECOMMENDATION SHOWN IN CAPS

**PUBLIC PRESENTATIONS**

- 1) This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Also, the Committee may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**

**COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS**

- 2) On their own initiative, Committee members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code Section 54954.2(a)(2))

**COMMITTEE MATTERS**

- 3) Presentation by Moss Adams to perform Enterprise Risk Assessment services from January 1, 2025 through December 31, 2025. (Fiscal Impact: \$280,000; Budgeted) **RECEIVE AND FILE; RECOMMEND ENTERPRISE RISK MANAGEMENT FIRM TO PROVIDE ENTERPRISE RISK ASSESSMENT SERVICES; REFER TO KHS BOARD OF DIRECTORS**
- 4) Discussion regarding Kern Health Systems General Counsel and reporting relationship with Board of Directors (Fiscal Impact: None) – **DISCUSS; MAKE RECOMMENDATION TO KHS BOARD OF DIRECTORS**

ADJOURN TO THURSDAY, JANUARY 30, 2025, AT 8:30 A.M.

**AMERICANS WITH DISABILITIES ACT  
(Government Code Section 54953.2)**

The meeting facilities at Kern Health Systems are accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the KHS Finance Committee may request assistance at the Kern Health Systems office, 2900 Buck Owens Boulevard, Bakersfield, California 93308 or by calling (661) 664-5000. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting material available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.



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## MEMORANDUM

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**TO:** Kern Health Systems Governance and Compliance Committee  
**FROM:** Deborah Murr, Chief Compliance and Fraud Prevention Officer  
**SUBJECT:** Enterprise Risk Assessment Update  
**DATE:** December 5, 2024

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### **BACKGROUND**

Enterprise risk management (ERM) is a methodology that looks at risk management strategically from the perspective of the entire organization whose purpose is to identify, assess, and prepare for potential harm that may interfere with an organization's operations and objectives.

Risks can be measured across several domains: compliance, legal, strategic, security, financial, and operational. It is the practices, policies, and framework for how our organization control the variety of risks it confronts.

KHS released a Request for Proposal (RFP) on August 28, 2024. Key components of the risk assessment include:

- Conduct a comprehensive risk assessment including stakeholder interviews and surveys, articulation of drivers, triggers and consequences, and clearly define risk ratings' impact and likelihood.
- Provide advice and recommendations for an ERM framework which provide standardized approaches to risk management.
- Assist KHS in developing a risk classification that can be used across the organization to provide a common understanding of the universe of risks.
- Provide training, skills, and knowledge transfer to help build a common understanding of risk.
- Provide an implementation roadmap that sets out the paths forward towards achieving each of the above-listed requirements that will be implemented as a risk management strategy.

A selection committee comprised of several internal departments reviewed, scored, and selected a vendor from the three (3) proposals submitted to perform the risk assessment for KHS. Criteria utilized for the scoring process include:

- Risk assessment process and implementation
- Department and Risk Classification Roadmap
- Project Management/Resources
- Training
- Delegation/Outsourcing Methodology
- Technology/Capabilities/Security
- Finance/Costs

Additional considerations for healthcare and California experience influenced relevance to requested scope of work and timelines.

### **REQUESTED ACTION**

Approve; Refer to KHS Board of Directors.

# **Enterprise Risk Assessment Update**

**Governance and Compliance Committee**

**December 5, 2024**



**Deborah Murr, MHA, BS-HCM, RN**  
**Chief Compliance and Fraud**  
**Prevention Officer**

# Risk Assessment Importance








**Risk Assessment** is defined as the processes of identifying, analyzing, and evaluating the severity of risks

- Evaluation of an organization's well-designed compliance program is to understand how the company has identified, assessed, and defined its risk profile, and the degree to which the program devotes appropriate scrutiny and resources to the spectrum of risks
- Federal regulators recognize and emphasize the importance of assessing and managing risk
  - DOJ's Evaluation of Corporate Compliance Programs
  - OIG-HCCA's Measuring Compliance Program Effectiveness
  - U.S. Sentencing Guidelines §8B2.1 - Effective Compliance & Ethics Program





# Enterprise-Wide Approach

	Domain	Description
	<b>Operational</b>	Operational risks relate to those risks resulting from inadequate or failed internal processes, people, or systems that affect business operations.
	<b>Clinical/Patient Safety</b>	Risks associated with the delivery of care to residents, patients, and other health care customers. Clinical risks include hospital acquired conditions (HAC), medication errors, etc.
	<b>Strategic</b>	Risks associated with the focus and direction of the organization. Risks included within the strategic domain are associated with reputation, joint ventures, competition, failure to adapt to changing times, or customer priorities.
	<b>Financial</b>	Decisions that affect the financial sustainability of the organization, access to capital or external financial ratings through business relationships, or the timing and recognition of revenue and expenses make up this domain.
	<b>Human Capital</b>	This domain refers to the organization's workforce. Included are risks associated with employee selection, retention, turnover, staffing, absenteeism, on-the-job work-related injuries, productivity, and compensation.
	<b>Legal/Regulatory</b>	Risk within this domain incorporate the failure to identify, manage and monitor legal, regulatory, and statutory mandates on local, state, and federal levels.
	<b>Technology</b>	This domain covers machines, hardware, equipment, devices, and tools; but can also include techniques, systems, and methods of organization.





# Project Deliverables

- Conduct a comprehensive risk assessment including stakeholder interviews and surveys, articulation of drivers, triggers and consequences, and clearly defined risk ratings of magnitude and likelihood
- Advise and recommendations for an ERM framework, either internal framework or external framework to provide standardized approaches to risk management
- Develop a risk classification that can be used across the organization to provide a common understanding of the universe of risks
- Provide training, skills, and knowledge transfer to help build a common understanding of risk
- Prepare an implementation roadmap that sets out the paths forward towards achieving each of the above-listed requirements through:
  - Assessment framework
  - Risk register templates



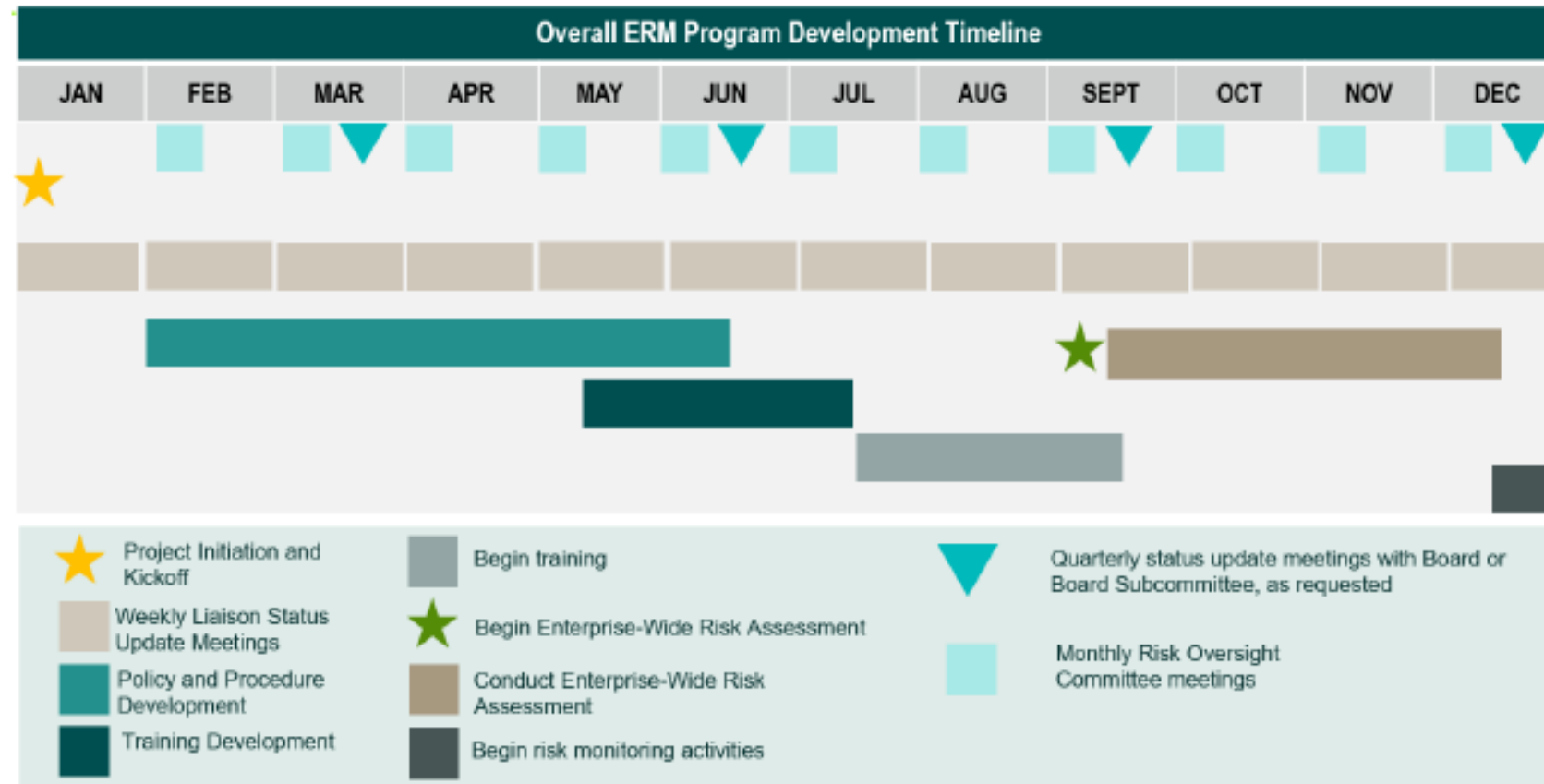
# Process and Costs Comparison

RFP Section/Category	Vendor A	Vendor B	Vendor C
Risk Assessment Process and Implementation	65 hours	10 weeks	52 weeks
Department and Risk Classification Roadmap	Yes	Yes	Yes
Project Management/Resources	Yes	Yes	Yes
Managed Medi-Cal/CA footprint	No-Commercial focus; non healthcare	No-commercial focus; limited health care	Yes-12+ LHPC health plans CA
Training	Yes	Yes + \$4800 fee	Yes
Delegation /Outsourcing Use	Yes-GRC tool sister entity	Yes	No
Technology/ Capabilities/ Security	Yes	Yes	Yes
Finances /Costs	\$19,125.00	\$154,000	\$280,000
<b>Score</b>	<b>3.8</b>	<b>4.4</b>	<b>4.9</b>



# ERM Timeline

## Overall ERM Program Development Timeline



# Board Request

Request for approval and refer to Board of Directors to authorize the CEO to approve one year contract with Moss Adams to perform Enterprise-Wide Risk Assessment not to exceed \$280K.



# You + Us = a better day!

## Questions

Deborah Murr, Chief Compliance and Fraud Prevention Officer

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(661)664-5141

