Parkland

Audit Committee Agenda

Committee Members
Chair: Robert Martinez, JD
Todd Furniss, JD
Elizabeth Palacios, MD

Agenda for the ***Audit Committee*** meeting of the Dallas County Hospital District is scheduled for ***Wednesday, June 8, 2022 at 12:30 PM***, at 5200 Harry Hines Blvd (WISH Building) Dallas, TX 75235, Executive Conference Room 02-175. (If assistance is needed in locating the room, please see the Administration receptionist on the 4th floor, 04-131.) A quorum will be physically present at the location of the meeting. Videoconferencing access is also possible via WebEx. That application is available at https://www.webex.com/downloads.html. Teleconferencing access is possible by calling +1-415-655-0001. Both virtual access forms require inputting (meeting number: 2621 828 2663; meeting password: 1234) to join the meeting. The ***Audit Committee*** reserves the right to exercise discretion and may convene in Executive Session as permitted by Texas Government Code §§551.071 (consultation with attorney), 551.072 (deliberations regarding real estate), 551.074 (personnel matters), 551.076 (deliberations regarding security devices or security audits), 551.078 and/or 551.0785 (deliberations by medical committee or by governmental body that administers a public insurance, health or retirement plan regarding individuals' medical or psychiatric records), 551.085 (deliberation by governing board of certain providers of health care services), 551.087 (deliberation regarding economic development negotiations), 551.088 (deliberation regarding test item); Texas Government Code §418.183 (deliberation of information under §§418.175 – 418.182 for purposes of disaster management or disaster planning); Texas Health & Safety Code §161.032 (medical committee or medical peer review committee records, information or reports; and/or medical committee or medical peer review committee proceedings under Tex. Health & Safety Code Chapter 161 and/or Tex. Occ. Code Chapters 151 and 160); and/or as otherwise authorized by law on any item listed below. The ***Audit Committee*** may consider any of the agenda items in open or executive session and may continue the meeting as necessary to accomplish the business at the time and place designated by the Chair to reconvene.

		PAGE	TIME (MIN)	PRESENTER(S)
I.	**Opening/Call to Order/Declare a Quorum Present/Mission Statement/Opening Remarks** ***Advance Wellness | Relieve Suffering | Develop and Educate*** **I CARE** **I**ntegrity **C**ompassion and Collaboration **A**ccountability **R**espect **E**quity			Chair
II.	**Public Comments Regarding Agenda Items** *See public comment registration information and rules at https://www.parklandhospital.com/board-of-managers*			Chair
III.	**Reports Requiring Deliberation(s) or Approval(s)**			
A.	Open Session Audit Follow-up Summary and Report	*3*	10 mins	Vic Summers
B.	Audit Committee Charter – Annual Approval	*11*	05 mins	Vic Summers
C.	Audit Charter – Annual Approval	*18*	05 mins	Vic Summers

		PAGE	TIME (MIN)	PRESENTER(S)
IV.	**Executive Session** Tex. Gov't Code §§551.074, 551.076, 551.089; Tex. Health & Safety Code §§161.032			
	A. Executive Session Audit Follow-up Report	*33*	15 mins	Vic Summers
	B. Audit Report Summary	*43*	05 mins	Vic Summers
	i. Epilepsy Program (CAP) Validation Audit, Report No. 22-02	*44*	10 mins	Vic Summers
	C. Consultation with Attorney Regarding:			
	i. Status of litigation, claims, and settlements		15 mins	Steven Roth
	D. Independent Briefing with Audit Committee (Verbal)		10 mins	Chair
V.	**Action Items**			
	A. Committee may take action on any agenda item(s) above			Chair
VI.	**Closing Remarks**			Chair
VII.	**Information Only**			
	A. Audit Plan Update – Fiscal Year 2022	*54*	05 mins	Vic Summers
	B. Mid-Year Report – Fiscal Year 2022	*57*	10 mins	Vic Summers
VIII.	**Executive Session Information Only**			
	A. List each item included in the information section			
IX.	**Adjourn**			Chair

Internal Audit Services

Audit Follow-up Report Summary

April 14, 2022 – June 2, 2022

	Overall					Current Period Activity		
Session Type	Number of Audits	Number of Audits Greater than a Year Old	Number of Issues Reported	Number of Issues Addressed to Date	Number of Open Issues	Audits Closed During Period	Number of Issues Addressed	Number of Issues Where Management Accepted the Risk
Open Session	**9**	**5**	**35**	**23**	**12**	**2**	**2**	**0**
Executive Session	**4**	**2**	**23**	**8**	**15**	**0**	**0**	**0**

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Greater than 1 Year – Open Session

OPEN SESSION			
Audit	**Executive Sponsor**	**Total Observations**	**Completed Observations**
19-08 COPC	Richard Humphrey	4	2
19-12 Revenue Cycle	Frederick Cerise	3	2
20-06 Automatic Payment Processing	Richard Humphrey	2	1
20-09 Revenue Cycle	Richard Humphrey	4	3
20-11 Consignment Process	Richard Humphrey	7	4

Greater than 1 Year – Executive Session

EXECUTIVE SESSION			
Audit	**Executive Sponsor**	**Total Observations**	**Completed Observations**
17-23 Networked Medical Devices	Richard Humphrey	3	2
19-07 HIPAA Security	Richard Humphrey	7	6

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Internal Audit Services

Follow-Up Report
OPEN SESSION

Audit	Issue	Action Detail	Status	Action Needed
19-08 COPC	19-08 COPC Charge Capture Accuracy	Action: 19-08 deHaro Charge Capture Accuracy Action Owner: Gerry Baker Executive: Richard Humphrey Action Due Date: 9/30/2022 % Complete: 80	PFS published 8224-0-04 "Evaluation and Management Charging: New versus Established Visit" procedure into Policy Manager on 5/3/2022. PFS will be meeting with IT regarding updating the EPIC Tables to match procedure 8224-0-04.	ACTIONS that need to be completed prior to IAS's next retest include: a. Population Health - needs to revise POP.BOP.002.004 Population Health's "Level of Care Acuity - Technical Evaluation/Management to reference PFS's New Procedure for the Operational Definition of an Established vs New Patient and send Revised Procedure for Publication into Policy Manager; b. IT- needs to update the EPIC Tables to match PFS's Procedure on New vs Established; and c. HIM Quality Review - needs to provide education to the providers on PFS procedure on New vs Established Patient Classification.
	19-08 Compliance with ABN Procedures and Regulatory Requirements	Action: 19-08 ABN Denial Review Process Action Owner: Eboni Joseph-Wilson Executive: Edmundo Castaneda Action Due Date: 8/31/2022 % Complete: 80	A smaller group Population Health, Billing, and CDM team met to review the 7 CPT codes that were set to trigger an ABN. A report has been requested to review the data on 6 of the 7 codes that are in the current override table. The team reviewed 1,890 CPT codes and resolved to 6 that need further research. In addition, the team is reviewing the process to better understand why the system was set to trigger an ABN, etc. Once this review has been completed the team will then work with the Epic TS, Ambulatory and HB IT teams to create the new table which will be set to trigger the ABN's appropriately. There will be a testing phase once this milestone has been completed.	Population Health needs to discuss and determine roles and responsibilities regarding the National Correct Coding Initiative (NCCI) Local Coverage Determination (LCD) loads from Passport, identify the team that will be responsible for validating and communication this information to the clinics and document this process. Conduct a review and identify the root cause of why some accounts trigger an ABN and a GA modifier but no evidence of a signed ABN can be found in EPIC. The second task is to tackle the pricing table which has not been updated in about 10 years. The work on this has not begun as we have been focused on the tables LCD and LMRP tables.
19-12 Revenue Cycle	19-12 Missing Charges	Action: 19-12 Supply Charges and Drug Administration Charges - Perioperative Services Action Owner: Anil Bapat Executive: Richard Humphrey Action Due Date: 6/30/2022 % Complete: 90	Charges with a Null value issue has been identified. The interface team submitted an expedited change ticket to move the solution to Production on 5/25/2022. The WISH/Optime team will spot check items after the move to Production. After the remaining OR Clinical Bridge locations are activated, a new report will be run to determine the remaining OR supplies that need to be loaded into the Clinical Bridge.	a. The Clinical Bridge Interface team needs to move Phase 1 Peri-Op supplies to Production. b. Once Phase 1 Peri-Op supplies have been moved to Production, the WISH/Optime team needs to monitor the process to ensure completeness, accuracy and timeliness of the supply charges. c. The Clinical Bridge Interface team needs to load the remaining OR Clinical Bridge locations and determine the remaining OR supplies that need to be loaded into the Clinical Bridge.

Audit	Issue	Action Detail	Status	Action Needed
20-06 Automatic Payment Processing	20-06 Lack of Management Oversight	Action: 20-06 Absence of Exception Procedures for LUM (low unit of measure) Vendors Action Owner: Pamela Bryant Executive: Richard Humphrey Action Due Date: 6/30/2022 % Complete: 90	IAS retested and reviewed the results with Supply Chain Management on 4/28/2022 and again on 5/20/2022. For 3 of 10 retested items Supply Chain will provide supporting documentation where Parkland did not pay for the supply items not received or provide evidence (such as a container contents label) that items were received at a different location or delivery date/time.	Supply Chain needs to provide supporting documentation supporting the order, receipt, and payment of lower unit of measure items.
20-09 Revenue Cycle	20-09 Undocumented Collection Activity and Untimely Submission of Appeals	Action: 20-09 Workqueue Consolidation (WQ) and Implementation of Scoring Methodology Action Owner: Wanda Hall Executive: Richard Humphrey Action Due Date: Unexpired Denials 06/30/2022 Expired Denials 7/31/2022 % Complete: 80	IAS completed retesting and met with PFS on 5/23/2022 to discuss results. PFS will be review the WQ logic to ensure that accounts are being sent to PFS Management when account escalation is needed.	a. PFS needs to ensure that the WQ logic for Unexpired Denials is working as intended and escalation to PFS management occurs to ensure the unexpired accounts are worked in a timely manner and provide IAS with a new action due date for retesting. b. PFS needs to ensure that the WQ logic for Expired Denials is working as intended and escalation to PFS management occurs to ensure that collectors are documenting appeals, additional account information is provided, etc. in a timely manner and provide IAS with a new action due date for retesting.

Audit	Issue	Action Detail	Status	Action Needed
20-11 Consignment Process	20-11 Pricing Inconsistencies Were Identified	Action: 20-11 Pricing Inconsistencies - Perioperative Services Action Owners: James Floyd (Contracting); Cynthia Hamilton (Clinical Bridge Implementation); and Mary Alexander (Supply Data Integrity Maintenance) Executive: Richard Humphrey Action Due Date: 10/31/2022 % Complete: 75	IAS retested and identified a control gap on how the latest contract price is not being pulled correctly from INFOR into EPIC. IAS shared retest results with Supply Chain, PFS, Corporate Compliance and IT on 3/23/2022. PFS Management will review accounts and apply credits as applicable.	a. Supply Chain - Needs to develop a system to ensure prices for consignment items are current and updated in INFOR, and to ensure current contract prices are reflected in INFOR. b. PFS - Needs to review accounts and apply credits as applicable for the 7 outlier vendor items identified during IAS's last retest.
	20-11 The Recall Process Is Decentralized	Action: 20-11 The Recall Process Is Decentralized Action Owner: Michael Lane Executive: Roberto de la Cruz Action Due Date: 6/30/2022 % Complete: 10	A team representing Quality & Safety Operations, Safety & Clinical Risk Management and Supply Chain are reviewing all procedures that cover Parkland's Recall process. The team will crosswalk them in order to gain a better understanding of Parkland's current Recall process design and organizational reporting.	Quality & Safety Operations, Safety & Clinical Risk Management and Supply Chain need to centralize the recall process and finalize the recall policy.
	20-11 Tracking and Monitoring of Consignment Items Were Lacking	Action: 20-11 Tracking and Monitoring of Consignment Items were Lacking Action Owner: Mary Alexander Executive: Richard Humphrey Action Due Date: a. 5/31/2022 b. Sometime in FY 2023 % Complete: 75	a. Supply Chain is implementing a process to identify Consignment inventory in the Peri-Op areas. b. Supply Chain is also working with INFOR to determine system capabilities for identification of consignment products and identify plan for implementation. However, this project will not begin until after Parkland has implemented a Perpetual Inventory System.	a. Supply Chain needs to implement a process that physically identifies Consignment from Parkland Owned supplies. b. Supply Chain needs to implement a Perpetual Inventory System and work with INFOR to identify and separate Consignment from Parkland Owned supplies.
21-05 Surgical Count Process	21-05 Inconsistent Evidence of Surgical Count Competencies	Action: 21-05 Lack of Evidence of Surgical Count Competency Training for Labor and Delivery Action Owner: Marjorie Quint-Bouzid Executive: Donna Richardson Action Due Date: 7/31/2022 % Complete: 90	IAS is currently retesting.	L&D needs to conduct annual training for applicable members of the team and include routine assessment of count competencies.

Audit	Issue	Action Detail	Status	Action Needed
		Action: 21-05 Lack of Evidence of Surgical Count Competency Training for Electrophysiology (EP) Lab Action Owner: Donna Hale Executive: Donna Richardson Action Due Date: 7/31/2022 % Complete: 0	Staff in Procedural Areas will be educated.	Electrophysiology (EP) Lab management needs to provide evidence of Surgical Count Competency Training for staff in Procedural Areas.
		Action: 21-05 Quality Assurance Activities Were Not Conducted in All Count Service Areas Action Owner: Donna Hale Executive: Donna Richardson Action Due Date: 7/31/2022 % Complete: 0	Perioperative and Procedural Services is developing an annual competency plan with a remedial training plan for gaps in orientation training.	a. Perioperative Procedural Educators need to confirm status of surgical count training records for Procedural Departments. b. An annual competency plan will be developed with a remedial training plan for gaps in orientation training. Include Unit based Council representatives.
	21-05 Interventional Radiology and Cath Lab Surgical Count Processes are Not Documented	Action: 21-05 Absence of a documented procedure Surgical Counts are not performed in Interventional Radiology and Cath Lab Action Owner: Donna Hale Executive: Donna Richardson Action Due Date: 7/31/2022 % Complete: 0	Perioperative and Procedural Services met with the Chiefs on 5/18/2022 to discuss practice compliance standards. In addition, Policy PS 04-03 has been revised and will be reviewed at PSEC and Practice changes will be discussed at the Interventional Radiology Process Improvement meeting and IR Operations Committee.	Perioperative and Procedural Services need to: a. Develop and implement a Spot audit calendar. b. Revise Policy PS 04-03 and add a quality section to address annual competency, spot audits and remedial education and training. c. Provide training to procedural staff in IR/EP/CL/Radiology/GI regarding policy PS 04-43 revisions. d. Develop a team Education Plan.

Audit	Issue	Action Detail	Status	Action Needed
21-20 Sanction Screening	21-20 Nursing Homes do not consistently screen staff and vendors against all exclusion lists	Action: 21-20 Ensure Nursing Home staff/vendors are screened against all exclusion lists Action Owner: Terry Reeves Executive: Frederick Cerise Action Due Date: 8/31/2022 % Complete: 85	Corporate Compliance is finalizing a plan for oversight of the Nursing Home Compliance programs.	Corporate Compliance needs to develop guidelines for oversight of the Nursing Home Compliance program, including Sanction Screening.
	21-20 Use of Attestations	Action: 21-20 Ensure validation of attestations Action Owner: Terry Reeves Executive: Frederick Cerise Action Due Date: 8/31/2022 % Complete: 85		

PARKLAND HEALTH ~~& HOSPITAL SYSTEM~~
Audit Committee Charter

The Board of Managers (the "Board") of ~~the~~ Parkland Health ~~& Hospital System~~ ("Parkland" ~~or the "System"~~) has authorized the formation of an Audit Committee (the "Committee") and approved the following charter to set forth the purposes, structure, authority, and duties and responsibilities of the Committee and the members thereof.

Purpose

The Committee, a standing committee of the Board, assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process, and the organization's process for monitoring compliance with laws and regulations.

The primary goals of the Committee are to: (a) assist the Board in fulfilling its fiduciary responsibilities relating to Parkland's legal and financial compliance with applicable laws, regulatory requirements, industry guidelines, and policies; (b) oversee applicable accounting and auditing reporting practices reflecting the condition of Parkland; (c) provide a vehicle for communication between the Board and management of Parkland with regard to proper operation of Parkland, (d) to receive and review audit reports prepared by internal and external auditors; and (e) direct the performance of special projects.

Membership, Meetings, Minutes and Committee Action

The Committee shall be chaired by a member of the Board and shall consist of the Chair and two other Board members. The executive liaisons to the Committee shall be the Chief Audit Executive and the General Counsel. The Chief Governance Officer shall assist the Committee and the Committee Chair in discharging their responsibilities. No member of the Committee shall be an officer or employee of Parkland, its subsidiaries or affiliates. All Committee members shall be independent of management and free of any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member.

The Committee will follow the operating guidelines for membership, meetings, minutes and committee actions as authorized by the Board and as amended from time to time.

The Committee will meet regularly and no less than quarterly unless the Committee determines otherwise. A majority of the Committee shall constitute a quorum for the purposes of conducting business.

Responsibilities

1. Authority – the Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

   A. Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization.

   B. Resolve any disagreements between management and the auditor regarding financial reporting.

   C. Pre-approve all audit and non-audit services.

   D. Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.

E. Seek any information it requires from employees, all of whom are directed to cooperate with the Committee's requests, or external parties.

F. Meet with Parkland's officers, external auditors, or outside counsel, as necessary.

2. In carrying out its responsibilities for each area below, the Committee will:

A. Internal Audit

1) Review and approve in conjunction with management and the Chief Audit Executive (CAE) the internal audit charter, activities, staffing, budget, and organizational structure of the internal audit function.

2) Review and approve the annual audit plan and all major changes for recommendation to the Board of Managers for final approval.

3) Ensure there are no unjustified restrictions or limitations of the CAE.

4) Approve the appointment and/or termination of the CAE.

5) At least annually, review and approve the performance of the CAE and concur with the annual compensation and salary adjustment.

6) Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *International Professional Practices Framework for Internal Auditing consisting of the Definition of Internal Auditing, Code of Ethics and the Standards.*

7) On a regular basis, meet separately with the CAE to discuss any matters that the Committee or CAE believes should be discussed privately.

B. External Audit

1) Provide oversight of Parkland's external audit function, including audit scope and approach, coordination of audit effort with internal audit, reporting obligations, and the proposed annual external audit plan.

2) Review and recommend to the Board the appointment and/or termination of the independent auditors selected to audit Parkland's financial statements.

3) Meet with the independent auditor and financial management of Parkland to review the audit for the current year including any comments or recommendations of the independent auditors for accuracy and appropriate disclosures.

4) Review changes in the accounting standards and policies applicable to Parkland with the independent auditors. Make appropriate recommendations to the Board on the findings included in the independent auditors' management letter.

5) On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

C. Internal Controls

1) Review management’s assessments of risk of criminal conduct and effectiveness of internal controls to prevent fraud and abuse, and applicable remediation steps.

2) Consider the effectiveness of the organization’s internal control system.

3) Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

4) Provide opportunities for the Chief Executive Officer, CAE, and the independent auditors to brief the Committee on their independent evaluation of Parkland’s compliance with legal, regulatory, financial, accounting, and auditing practices.

D. Legal Oversight

1) Review and oversight of significant litigation matters and settlements in conjunction with the General Counsel.

E. Reporting Responsibilities

1) Regularly report to the Board about Committee activities, issues, and related recommendations.

2) Review any other reports the organization issues that relate to committee responsibilities.

F. Other Responsibilities

1) Perform other activities related to this charter as requested by the Board.

2) Institute and oversee special investigations as needed.

3) Review the observations of third party audit engagements.

4) Annually review and assess the adequacy of the Committee charter, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

5) Confirm annually that all responsibilities outlined in this charter have been carried out.

6) Evaluate the Committee's and individual members' performance on a regular basis.

Approvals:

Audit Committee Chair	**Date**
Dallas County Hospital District Board Chair	**Date**

Previously Approved

September 23, 2020

August 25, 2021

PARKLAND HEALTH
Audit Committee Charter

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    B. Resolve any disagreements between management and the auditor regarding financial reporting.

    C. Pre-approve all audit and non-audit services.

    D. Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.

    E. Seek any information it requires from employees, all of whom are directed to cooperate with the Committee's requests, or external parties.

    F. Meet with Parkland's officers, external auditors, or outside counsel, as necessary.

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      4) Approve the appointment and/or termination of the CAE.

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      6) Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *International Professional Practices Framework for Internal Auditing consisting of the Definition of Internal Auditing, Code of Ethics and the Standards.*

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Approvals:

_____	_____
Audit Committee Chair	**Date**
_____	_____
Dallas County Hospital District Board Chair	**Date**

Previously Approved

September 23, 2020

August 25, 2021

STATEMENT OF PURPOSE	According to the Institute of Internal Auditors (IIA) "Internal auditing is an **independent, objective assurance and consulting activity** designed to add value and improve an organization's operations. Auditing assists the Dallas County Hospital District (DCHD) in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes. Internal Audit Services (IAS) conducts reviews of operations and reports findings with recommendations to Administration and to the Audit Committee (the "Committee") of the DCHD Board of Managers (Board), as well as the related subsidiary committees and governance.
SCOPE	The IAS department of DCHD has been established, granted authority, and is responsible for the performance of its duties as set forth below. The Board of ~~the~~ Parkland Health ~~& Hospital System~~ ("Parkland"~~ or the "System")~~ has authorized the formation of an Audit Committee. The committee has approved this~~e following~~ charter to set forth the purposes, structure, authority, and duties and responsibilities of Internal Audit Services. **International Standards for the Professional Practice of Internal Auditing (Standards)** Professional Internal Audit activities are to be conducted in compliance with all District policies and procedures. All audit work is to be performed in a manner consistent with the mandatory elements of The IIA's International Professional Practices Framework (IPPF), including the Core Principles for the Standards, the Code of Ethics, and the Definition of Internal Auditing. The Chief Audit Executive (CAE) will report periodically to senior management and the audit committee regarding the internal audit department's conformance to the Code of Ethics and the Standards. The Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the Standards constitute an addendum to the charter. Audit reports generated by IAS may state that the audit activity conforms to the Standards if the activity, within the previous five years, has undergone an external assessment and has

	demonstrated that the internal audit activity is in conformance with the Standards. **Independence** • All internal audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports. If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to the appropriate parties. • All Internal auditors must have an impartial unbiased attitude and avoid any conflict of interest. Internal auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures nor prepare records which would normally be audited. **Responsibilities** IAS is responsible for assessing the various functions and control systems within the hospital and advising Administration and the Board concerning their condition. The fulfillment of this accountability is not confined to but includes: • Appraising the effectiveness and application of administrative and financial controls and the reliability and integrity of data developed and reported by the hospital. • Evaluating the sufficiency, adequacy and compliance with hospital policies and procedures, as well as compliance with all applicable governmental laws and regulations. • Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

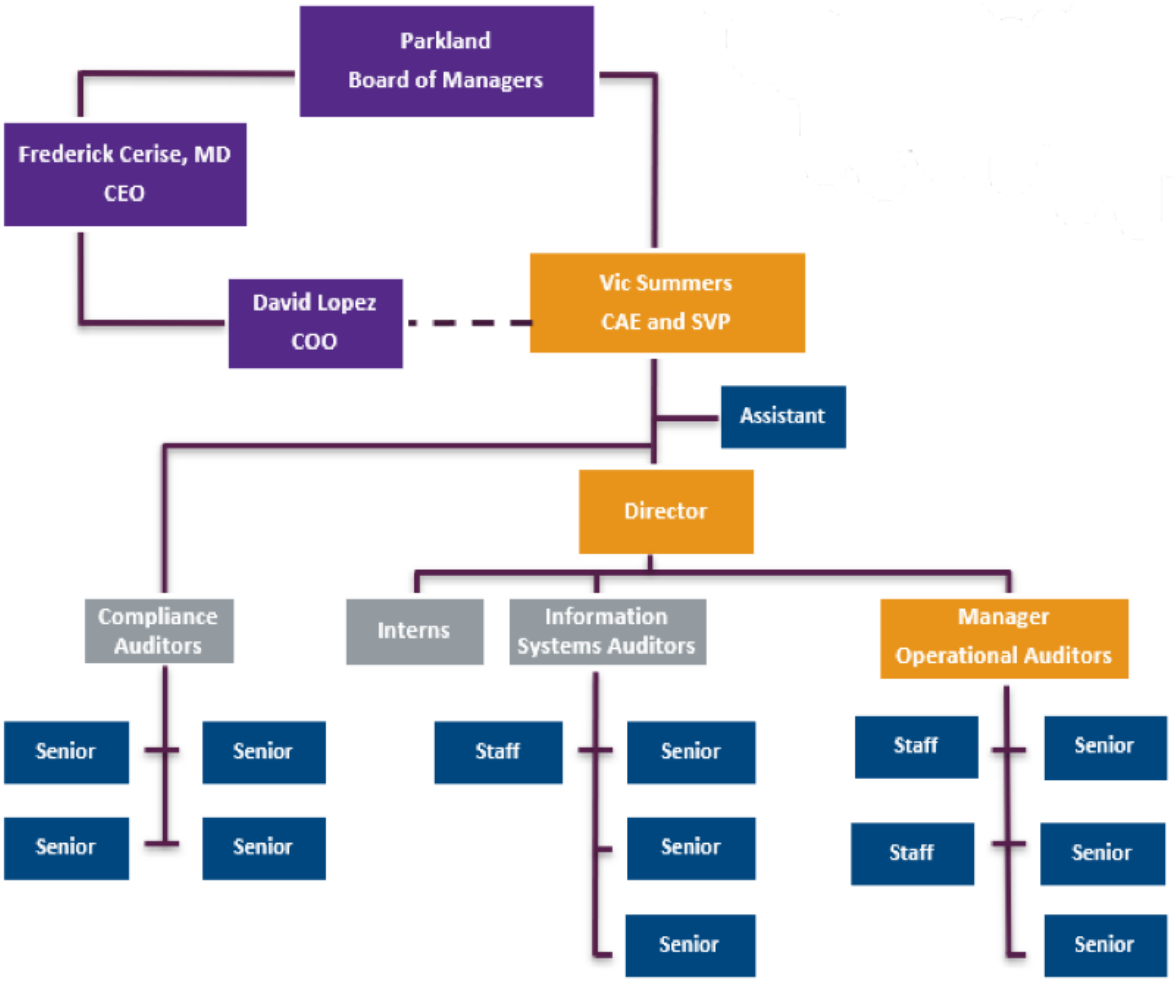
	• Ascertaining the adequacy of controls for the safeguarding of assets, and when appropriate, verifying the existence of those assets. • Performing special reviews as requested by Administration and the Board. • Conducting appraisals of the effectiveness and efficiency in the use of hospital resources and making appropriate recommendations. • Performing a risk assessment and developing an annual audit plan. • Coordinating audit planning and scheduling activities with Administration and external auditors. • Coordinating audit activities with Compliance, Legal, Quality, Safety as part of the organization's enterprise risk management activity. • Maintain appropriate professional staff to accomplish Internal Audit Services mission. • Maintenance of a robust Quality Assurance and Improvement program to ensure high-quality audit results. • Monitoring and evaluating governance processes. • Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization. • Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. IAS may periodically perform assurance and/or consulting services for internal and external clients. These services will result in a report to the requesting client. In the event of a significant compliance issue that may pose a material risk to the organization the issue will be communicated to Administration

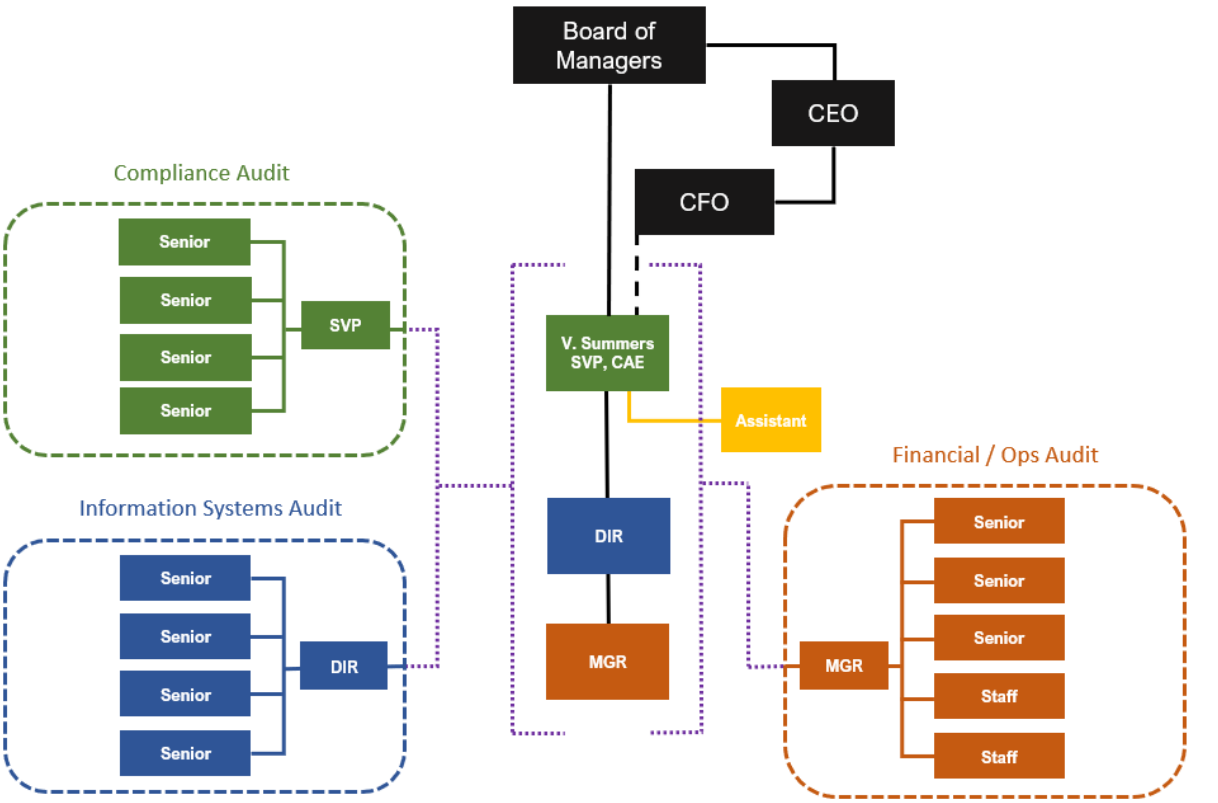
	and the Board. In addition, IAS' Audit Plan Status Report to the Committee identifies all assurance or consulting projects. • Assurance services are categorized as follows: financial, compliance, process (operational), systems (including information technology), fraud (including ethics), and multiple objective department reviews (i.e. financial, operations, compliance, technology). • Consulting services are categorized as follows: counsel and advice, facilitation, process evaluation, and training. **Reporting** • A written report will be prepared and issued by the CAE or designee following the conclusion of each audit and will be distributed as appropriate. A copy of each audit report and a summarization will be forwarded to the Chairman of the Audit Committee, the Board, and the Chief Executive Officer (CEO). • The CAE or designee may include in the audit report the auditee's response and corrective action taken or to be taken regarding the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed. If management deems the identified risk as acceptable, then management may accept the risk, and this will be reflected in the final or follow-up audit report to the Board. • In cases where a response is not included within the audit report, management of the audited area should respond IAS and those on the distribution list, in writing, within thirty days of publication. • IAS shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issue until cleared by the CAE or the Audit Committee.

	Periodic Assessment The CAE should periodically assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the internal auditing activity to accomplish its objectives. The result of this periodic assessment should be communicated to ~~senior management~~Administration and the Board.
MEMBERS	The charter is applicable to IAS staff and Parkland Management
LEADERSHIP	Board, CEO, CFO, COO, CAE
REPORTS TO	IAS reports to the Audit Committee of the Board. The Audit Committee has final authority and responsibility to appoint and remove the CAE. (See the Board of Managers Policy Manual for the Audit Committee Charter). IAS has been authorized to have full and unrestricted access to all Districts, including affiliates, records, property and personnel. The Board has granted this authority, with the concurrence of Administration. Documents and information given to Internal Audit during a periodic review will be handled in the same prudent and confidential manner as by those employees normally accountable for them. The CAE will report functionally to the Board and administratively (i.e. day-to-day operations) to ~~the COO~~ the CFO.~~.~~ **The Board will:** • Approve the internal audit charter. • Approve the risk-based internal audit plan. • Approve the internal audit budget and resource plan. • Receive communications from the CAE on the internal audit activity's performance relative to its plan and other matters.

	• Approve decisions regarding the appointment and removal of the CAE. • Approve the remuneration of the CAE. • Make appropriate inquiries of District management and the CAE to determine whether there is inappropriate scope or resource limitations.
SUBCOMMITTEES	N/A
CRITICAL INTERFACES	The CAE will communicate and interact directly with the Board, including in executive sessions and between Board meetings as appropriate.
MEETINGS	N/A
MEETING MINUTES	N/A
AMENDMENTS TO THE CHARTER	Amendments proposed by CAE to the Board in a meeting of the Audit Committee. Members of the Audit Committee must vote to pass amendment. Annual approvals required by CAE and Audit Committee Chair. Amendments may also be proposed by the Governance Compliance & Ethics Committee (GCEC) in collaboration with the CAE.
REFERENCES AND DEFINITIONS	N/A

Appendix A – Organizational Chart




Board of Managers
CEO
CFO
V. Summers SVP, CAE
Assistant
DIR
MGR
Compliance Audit
Senior
Senior
Senior
Senior
SVP
Information Systems Audit
Senior
Senior
Senior
Senior
DIR
Financial / Ops Audit
MGR
Senior
Senior
Senior
Staff
Staff

STATEMENT OF PURPOSE	According to the Institute of Internal Auditors (IIA) "Internal auditing is an **independent, objective assurance and consulting activity** designed to add value and improve an organization's operations. Auditing assists the Dallas County Hospital District (DCHD) in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes. Internal Audit Services (IAS) conducts reviews of operations and reports findings with recommendations to Administration and to the Audit Committee (the "Committee") of the DCHD Board of Managers (Board), as well as the related subsidiary committees and governance.
SCOPE	The IAS department of DCHD has been established, granted authority, and is responsible for the performance of its duties as set forth below. The Board of Parkland Health ("Parkland") has authorized the formation of an Audit Committee. The committee has approved this charter to set forth the purposes, structure, authority, and duties and responsibilities of Internal Audit Services. **International Standards for the Professional Practice of Internal Auditing (Standards)** Professional Internal Audit activities are to be conducted in compliance with all District policies and procedures. All audit work is to be performed in a manner consistent with the mandatory elements of The IIA's International Professional Practices Framework (IPPF), including the Core Principles for the Standards, the Code of Ethics, and the Definition of Internal Auditing. The Chief Audit Executive (CAE) will report periodically to senior management and the audit committee regarding the internal audit department's conformance to the Code of Ethics and the Standards. The Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the Standards constitute an addendum to the charter. Audit reports generated by IAS may state that the audit activity conforms to the Standards if the activity, within the previous five years, has undergone an external assessment and has demonstrated that the internal audit activity is in conformance with the Standards.

Independence

- All internal audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports. If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to the appropriate parties.

- All Internal auditors must have an impartial unbiased attitude and avoid any conflict of interest. Internal auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures nor prepare records which would normally be audited.

Responsibilities

IAS is responsible for assessing the various functions and control systems within the hospital and advising Administration and the Board concerning their condition. The fulfillment of this accountability is not confined to but includes:

- Appraising the effectiveness and application of administrative and financial controls and the reliability and integrity of data developed and reported by the hospital.

- Evaluating the sufficiency, adequacy and compliance with hospital policies and procedures, as well as compliance with all applicable governmental laws and regulations.

- Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

- Ascertaining the adequacy of controls for the safeguarding of assets, and when appropriate, verifying the existence of those assets.

	• Performing special reviews as requested by Administration and the Board. • Conducting appraisals of the effectiveness and efficiency in the use of hospital resources and making appropriate recommendations. • Performing a risk assessment and developing an annual audit plan. • Coordinating audit planning and scheduling activities with Administration and external auditors. • Coordinating audit activities with Compliance, Legal, Quality, Safety as part of the organization's enterprise risk management activity. • Maintain appropriate professional staff to accomplish Internal Audit Services mission. • Maintenance of a robust Quality Assurance and Improvement program to ensure high-quality audit results. • Monitoring and evaluating governance processes. • Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization. • Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. IAS may periodically perform assurance and/or consulting services for internal and external clients. These services will result in a report to the requesting client. In the event of a significant compliance issue that may pose a material risk to the organization the issue will be communicated to Administration and the Board. In addition, IAS' Audit Plan Status Report to the Committee identifies all assurance or consulting projects. • Assurance services are categorized as follows: financial, compliance, process (operational), systems (including

information technology), fraud (including ethics), and multiple objective department reviews (i.e. financial, operations, compliance, technology).

- Consulting services are categorized as follows: counsel and advice, facilitation, process evaluation, and training.

Reporting

- A written report will be prepared and issued by the CAE or designee following the conclusion of each audit and will be distributed as appropriate. A copy of each audit report and a summarization will be forwarded to the Chairman of the Audit Committee, the Board, and the Chief Executive Officer (CEO).

- The CAE or designee may include in the audit report the auditee's response and corrective action taken or to be taken regarding the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed. If management deems the identified risk as acceptable, then management may accept the risk, and this will be reflected in the final or follow-up audit report to the Board.

- In cases where a response is not included within the audit report, management of the audited area should respond IAS and those on the distribution list, in writing, within thirty days of publication.

- IAS shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issue until cleared by the CAE or the Audit Committee.

Periodic Assessment

The CAE should periodically assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the internal auditing activity to accomplish its objectives. The result of this periodic assessment should be communicated to Administration and the Board.

MEMBERS	The charter is applicable to IAS staff and Parkland Management
LEADERSHIP	Board, CEO, CFO, COO, CAE
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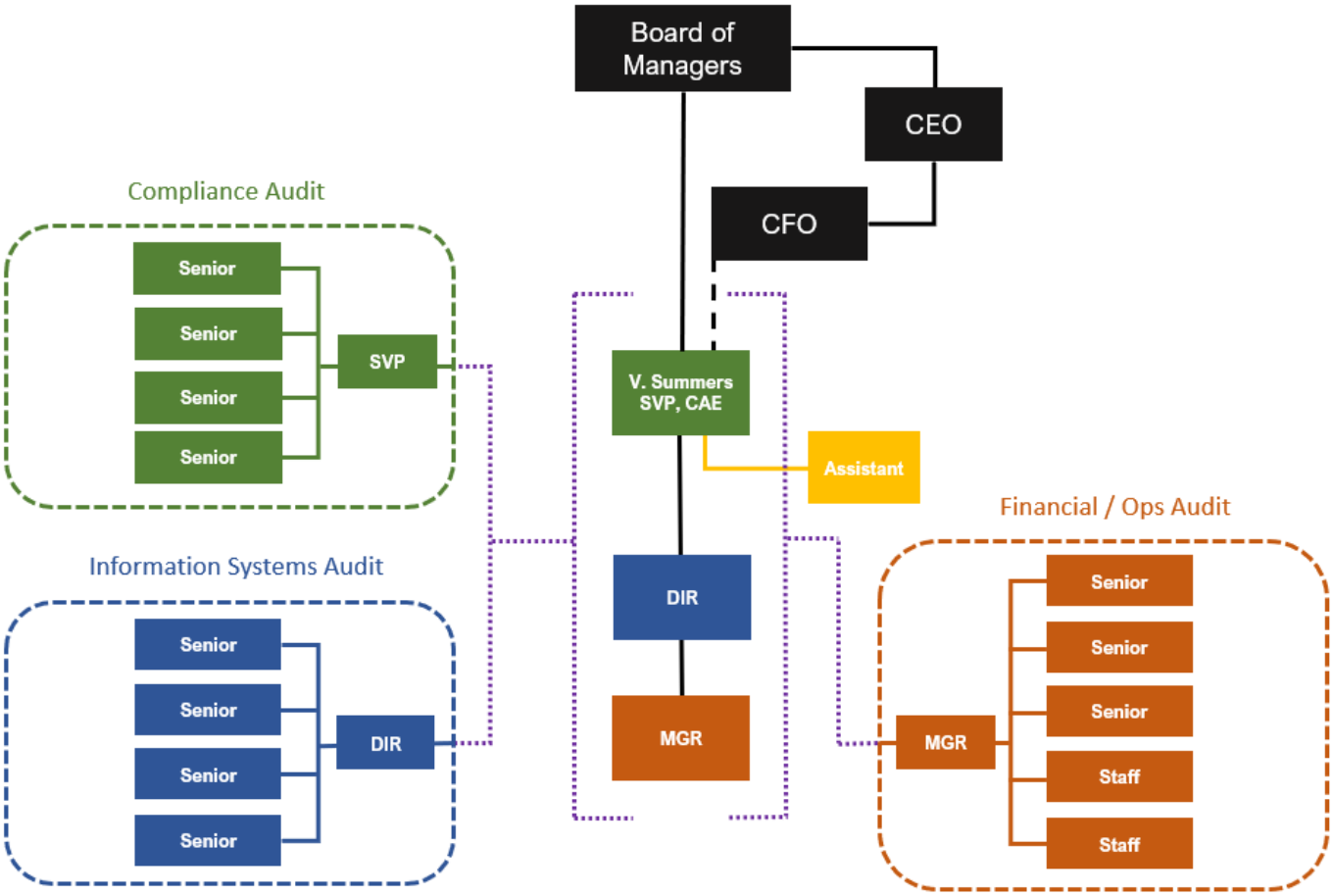
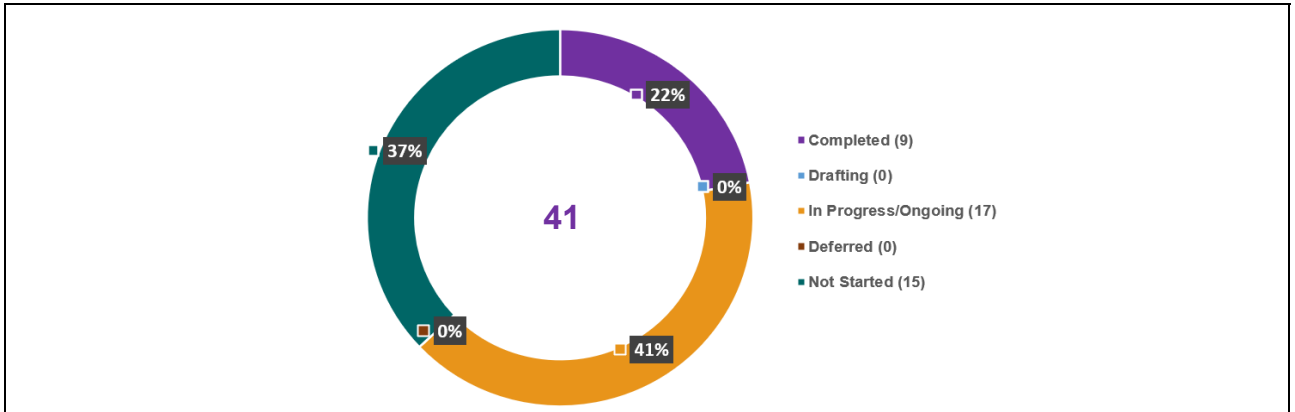
SUBCOMMITTEES	N/A
CRITICAL INTERFACES	The CAE will communicate and interact directly with the Board, including in executive sessions and between Board meetings as appropriate.
MEETINGS	N/A
MEETING MINUTES	N/A
AMENDMENTS TO THE CHARTER	Amendments proposed by CAE to the Board in a meeting of the Audit Committee. Members of the Audit Committee must vote to pass amendment. Annual approvals required by CAE and Audit Committee Chair. Amendments may also be proposed by the Governance Compliance & Ethics Committee (GCEC) in collaboration with the CAE.
REFERENCES AND DEFINITIONS	N/A

Appendix A – Organizational Chart



Internal Audit Services
Fiscal Year 2022 Audit Plan Update



	Count	Planned	Completed	Drafting	In Progress / Ongoing	Deferred	Not Started	Comments
2021 Carry Forward	**9**							
Physical Inventory		Yes	x					Observe the physical inventory process and conduct sample counts.
Surgical Count Process		Yes	x					Review of sponge count documentation and controls in Epic.
Police Inventory Process		Yes	x					Review of the inventory control environment of the Police Department.
RCA Validation		Yes	x					Validate prior RCA corrective actions have been sustained.
Drug Diversion		Yes	x					Monitoring drug diversion risk in collaboration with Parkland leaders.
Construction		Yes	x					Review of construction invoices to ensure payments are made in accordance with contractual terms.
PCCI		Yes	x					A risk based review of processes and control environment. Will focus on contract compliance.
UT Documentation Review		Yes			x			Review of the documentation for support of the submitted RVU claims and the control environment. This will be a collaborative effort with Corporate Compliance.
UT Payment Validation Database		Yes			x			Review the UT payment process around centralization of the payment process as well as the TPA processed payments.
Audits	**7**							
Employee Health Plan		Yes			x			Validate the accuracy of claim payments
Epilepsy Program CAP Validation		Yes	x					Validate corrective actions and ensure audit requirements are complete
Procurement/Contracting		Yes			x			Review of construction and IT procurement and contracting.
COVID-19		Yes					x	Review post-PHE activities and preparation.
Price Transparency Compliance		Yes					x	Review for compliance with price transparency requirements.
Talent Acquisition		Yes			x			Review operational compliance with policy and procedures.
Disaster Recovery		Yes					x	Review disaster preparation activites and subsequent recovery.

	Count	Planned	Completed	Drafting	In Progress / Ongoing	Deferred	Not Started	Comments
Affiliates	**3**							
PCHP		Yes			x			Review vendor agreement compliance.
Foundation - Software Post-Implementation		Yes			x			Post-implementation review of software processing and security roles. Deferred due to implementation delay.
PCCI		Yes					x	A risk based review of an IT application's environment.
Annuals	**20**							
Drug Diversion Risk Prevention Monitoring		Yes					x	Monitoring drug diversion risk in collaboration with Parkland leaders.
Annual Audit Plan - Fiscal Year 2023		Yes			x			The creation of the next annual audit plan, which includes an assessment of audit risk and available audit resources.
Enterprise Risk Management (ERM)		Yes			x			The assessment and summarization of organizational risk. This is done in collaboration with other Parkland departments.
IAS Quality Assurance Review - Internal Assessment		Yes					x	Annual internal review as required by the Institute of Internal Auditor Standards.
External Audit (Final FY 2021)		Yes	x					Assistance with external audit testing and following up on the prior year deficiencies.
External Audit (Interim FY 2022)		Yes					x	Assistance with external audit testing and following up on the prior year deficiencies.
Cash Monitoring		Yes					x	Perform cash monitoring activities. Development of a dashboard that identifies potential procedure variances allowing timely validation.
Physical Inventory		Yes					x	Annual sampling of inventory counts to ensure accuracy.
UT Contract Performance Validation - Treatment Team		Yes			x			Validation of treatment team assignments in EPIC.
COPC - Population Health		Yes			x			Review of a community health center for overall policy/procedure adherance including regulatory compliance.
Information Security		Yes			x			Collaborate with Information Technology to identify the scope of the audit.
Revenue Cycle		Yes					x	Review of the professional billing implementation.
Supply Chain		Yes					x	Review an area/function within Supply Chain based on a risk assessment.
Construction		Yes			x			Review of construction invoices to ensure payments are made in accordance with contractual terms.
HIPAA Privacy		Yes					x	Annual review that typically includes areas of high concern by the OCR. Collarboration project with Corporate Compliance.
Sanction Screening		Yes					x	Annual review of Parkland's compliance with the excluded entities lists.
UT Contract		Yes					x	Review of the CVTS agreement and process.
RCA Validation		Yes					x	Validate prior RCA corrective actions have been sustained.
Audit /GRC Management System RFP & Implementation		Yes			x			The procurement and implementation for the replacement of the Audit & GRC application.
Audit Follow-up Monitoring		Yes			x			Review of past audit findings and reporting progress and/or completion.
	39	**39**	**9**	**0**	**15**	**0**	**15**	
			23%	**0%**	**38%**	**0%**	**38%**	

	Count	Planned	Completed	Drafting	In Progress / Ongoing	Deferred	Not Started	Comments
Management/BOM Requests	**2**	Yes						
Management/BOM Requests								Perform reviews as requested by management or the Board. This includes integrity line investigations. Committee approved hours in the audit plan. Specific projects will be communicated upon request
Accounts Payalble Discounts					x			Review to ensure the accounts payable process is taking the appropriate discounts and/or other terms. Review requested by CEO & CFO.
Unclaimed Patient Property/Found Cash					x			Review of the process for handling found cash and unclailmed patient property.belongings. Review initiated by CAE.
	41		**9**	**0**	**17**	**0**	**15**	
			22%	**0%**	**41%**	**0%**	**37%**	

INTERNAL AUDIT SERVICES
Mid-Year Report
October 1, 2021 – March 31, 2022

Parkland Health

Vic Summers, Senior Vice President and Chief Audit Executive

Audit Committee Meeting
June 2022

Purpose

The purpose of this annual report is to provide information on the assurance services, consulting services, and other activities of the internal audit function.

During Fiscal Year 2022, Internal Audit Services (IAS) presented reports and issues to Parkland Management (Management) and the Dallas County Hospital District Board of Manager's Audit Committee (Audit Committee). The projects were the result of our annual audit plan approved by the Board of Managers on October 26, 2021 and requests from Management and/or the Board. This document summarizes the internal audit activity for the plan year as of March 31, 2022.

Services

Internal Audit Services is an independent, objective assurance and consulting activity designed to add value and improve the organization's operations. Services performed include assurance reviews, consults, continuous monitoring, follow-up on prior audits, physical inventory, and continuous improvement of IAS processes.

IAS performs operational and financial audits to evaluate whether hospital departmental controls are effective and efficient, as well as to evaluate for sufficient controls over financial transactions.

Unlike independent external financial audits, internal financial audits do not express professional opinions on presentation of financial statements. Criteria used in the evaluation of the established controls are based on The Committee of Sponsoring Organizations (COSO) framework, and industry best practice criteria are used in evaluating operational effectiveness and efficiency. Frequently, these audits compare operational practices to the departmental procedures established by management.

IAS performs compliance reviews to determine whether processes and controls are compliant with regulations and functioning as intended; some examples of standards used for testing include Centers for Medicare & Medicaid Services Conditions of Participation, Joint Commission, and Federal/State laws.

IAS provides Parkland with a variety of information technology services including audits of general system controls, application controls, data integrity, physical security, information security, and internal data support. IAS also serves as consultants on various system implementation projects. Criteria used in evaluating information technology applications, procedures, and implementations are derived from COBIT (Control Objectives for Information and Related Technology) and industry best practices.

In accordance with The Institute of Internal Auditors' **International Standards for the Professional Practice of Internal Auditing (IIA Standards),** IAS performs consultation services at the request of Management. This value-added service is advisory in nature and is an independent review focusing on areas of management concern. Continuous monitoring activity is designed to provide a proactive review of high-risk topics. Issues noted during these reviews are immediately reported to management for remediation.

The 2022 Audit Plan outlined the internal audit projects and activities to be performed by Internal Audit Services during fiscal year 2022 in accordance with responsibilities established by the IIA Standards and consistent with the Audit Charter. The plan is prepared using a risk-based approach to ensure that areas and activities specific to Parkland Health with the greatest risk are identified for consideration to be audited. Following is the status of projects and other activity released or in progress.

Audit Plan Performance

The approved 2022 audit plan included 30 audits, projects, and activities. The plan included 9 carryover projects from the prior fiscal year. Of the 30 planned activities, 0 has been completed and 9 are in progress. Of the 9 carryover projects, 7 have been completed and 2 are in progress.

The following reports with a performance rating were presented to the Audit Committee to date during fiscal year 2022. The remaining projects and activities listed or not reflected below will be detailed by status at the end of the fiscal year.

Legend:

- Controls are functioning as intended.
- Some controls are in place; however, several major issues were noted that could jeopardize the accomplishment of business objectives.
- The control environment is lacking or not functioning as intended and is a contributing factor to non-achievement of business objectives.

Audits	Status	Performance Rating
• 21-05 Surgical Count Process	Completed	
• 21-08 Police Inventory Process	Completed	
• 21-18 Drug Diversion Risk Prevention Monitoring	Completed	
• 21-13 Physical Inventory	Completed	
• 21-25 PCCI	Draft	
• 22-33 Construction	Draft	
• 22-01 Employee Health Plan	In Progress	
• 22-02 Epilepsy Program CAP Validation	In Progress	
• 22-08 Population Health	In Progress	
• 22-09 Information Security	In Progress	
• 22-16 UT Contract CVTS	In Progress	
• 22-25 PCHP Vendor Management	In Progress	
• 22-27 Parkland Foundation System Implementation	In Progress	

Activities	Status
• Root Cause Analysis (RCA) Validation	Completed
• UT Payment Validation Database	In Progress
• UT Documentation Review	In Progress
• COVID-19 Community Testing	In Progress
• UT Contract Perf Validation – Treatment Team	In Progress
• Audit Follow-up Monitoring	In Progress

Follow-Up Projects

Internal Audit Services has provided quarterly reports on previously reported audit recommendations and management responses. Updates were provided to the Committee regarding the status of observations. Between October 1, 2021, and March 31, 2022, IAS has tracked 32 audit issues. Of the 32 audit issues tracked, 13 of the issues were addressed and Management accepted the risk of 1 issue. This leaves an ending balance of 18 open issues as of March 31, 2022.

Fraud Reporting and Coordination

Parkland Health maintains the following fraud reporting methods:

- Parkland's Internet home page **(https://www.parklandhealth.org/home)** and internal SharePoint site **(https://phhs.sharepoint.com/)** have ethics and compliance links to report fraud, waste, and abuse.
- Parkland has a hotline for reporting suspected noncompliance, ethics violations, and fraud at the Integrity Line maintained by an external vendor.
- The Code of Conduct includes information on fraud, waste, and abuse.

Compliance, Parkland Police, Patient Financial Services, and IAS coordinate and collaborate on investigations and allegations of fraud, waste, and abuse when appropriate.

Quality Assurance Reviews

In accordance with IIA Standards, external quality assurance reviews are conducted every five years. Internal Audit Services received the highest ratings of Generally Conforms for both previous assessments. IIA Standards require an external assessment every five years, and Internal Audit Services will receive its next external quality assessment in November 2024. Periodic internal assessments are also required by the standards, and the most recent internal assessment was completed in 2022.

Time Summary

The following summary reflects the Audit Plan budget to the actual time dedicated for indirect and direct audit hours as of March 31, 2022.

	Time Spent	%Time	Budgeted	%Budgeted	Δ%
Indirect Hours	6,418	41%	5,614	35%	-6%
Direct Hours*	9,161	59%	10,246	65%	6%
TOTALS	**15,579**		**15,860**		

* Includes Support, Special Projects, Consults, Follow-up, Affiliates, and Assurance Reviews.

Financial Performance

Figures represented are as of March 31, 2022.

	Actual	Budget	Variance	Percent
Salaries	$829,904	$899,294	-$69,391	-7.7%
Expense*	$63,156	$70,844	-$7,688	-10.8%
TOTALS	**$893,060**	**$970,138**	**-$77,078**	**-7.9%**

* Includes actual rent expense of $53,709 (budgeted $57,156)