Parkland

Audit Committee Agenda

Committee Members
Chair: Marjorie Petty, JD
Todd Furniss, JD
Elizabeth Palacios, MD

Agenda for the ***Audit Committee*** meeting of the Dallas County Hospital District is scheduled for ***Wednesday, October 12, 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: 2622 502 1064; 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.	Parkland Health FY22 and PCHP FY21 Statutory Audit Report	*03*	10 mins	Chris Clark, Forvis
B.	Parkland Health FY22 Pre-Audit Report to the Board of Managers	*14*	10 mins	Chris Clark, Forvis
C.	DCHD Retirement Income Plan Independent Auditor's Report and Financial Statements	*23*	05 mins	Chris Clark, Forvis
D.	DCHD Supplemental Retirement Plan Independent Auditor's Report and Combined Financial Statements	*52*	05 mins	Chris Clark, Forvis

		PAGE	TIME (MIN)	PRESENTER(S)
E.	Records & Information Management (RIM) Overview	*72*	10 mins	Denise Pickett
F.	Approve Fiscal Year 2023 Annual Audit Plan (Action)	*80*	10 mins	Vic Summers
G.	Open Session Audit Follow-up Summary and Report	*88*	05 mins	Vic Summers
H.	Audit Report Summary	*94*	05 mins	Vic Summers
i.	Cash Monitoring Audit, Report No. 22-12	*95*	05 mins	Vic Summers
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	*108*	05 mins	Vic Summers
B.	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.	**Reference Documents**			
A.	Audit Plan Update – Fiscal Year 2022	*118*	05 mins	Vic Summers
VIII.	**Executive Session Reference Documents**			
A.	List each item included in the information section			
IX.	**Adjourn**			Chair

FORVIS

Parkland Health

Chris Clark / October 12, 2022

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Market Familiarity + Backyard Proximity

Healthcare Industry Footprint

DHG
~2100
Healthcare Clients

COMBINED
~6100
Healthcare Clients

BKD
~4000
Healthcare Clients

$250M
in revenue

950+
team members

175+
PPDMDs

4

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Attest Services

- Parkland Health – Financial Statement Audit as of September 30, 2022
- Parkland Center for Clinical Innovation – Financial Statement Audit as of September 30, 2022
- Parkland Health Auxiliary – Financial Statement Audit as of September 30, 2022
- Parkland Health – Uniform Guidance Audit for Federal and State Awards as of September 30, 2022
- Parkland Community Health Plan – Statutory Audit as of December 31, 2022
- Retirement Income and Supplemental Plans – Financial Statement Audit as of December 31, 2022

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Risk Areas & Key Disclosures

Based on the risk assessment process, we have preliminary identified the following:

Patient accounts receivable

Estimate of net realizable value based on collection trends

Third-party payer settlements

Receivables associated with unpaid funding from Medicaid supplemental funding programs, exposure related to potential program overpayments and Medicare cost report settlements

Self-insured risks

Reserves for unpaid claims associated with professional & general liability, workers compensation, employee health and PHP claims

Net pension liability

Liability associated with earned but unpaid pension obligations and related estimates of deferred inflows and outflows

Provider Relief Funds

Recognition of provider relief fund revenue based on consideration of COVID-19 expenses and lost revenue

Revenue recognition

Process by which revenue from patient services is recognized

Medicaid supplemental funding

Program descriptions, risks and revenue recognition

Tax revenue

Source of revenue, portions associated with operations vs debt service and the support provided by tax revenue in relation to total revenue

Pension Plans

Description of employee benefit programs and key assumptions in the measurement of the net pension liability

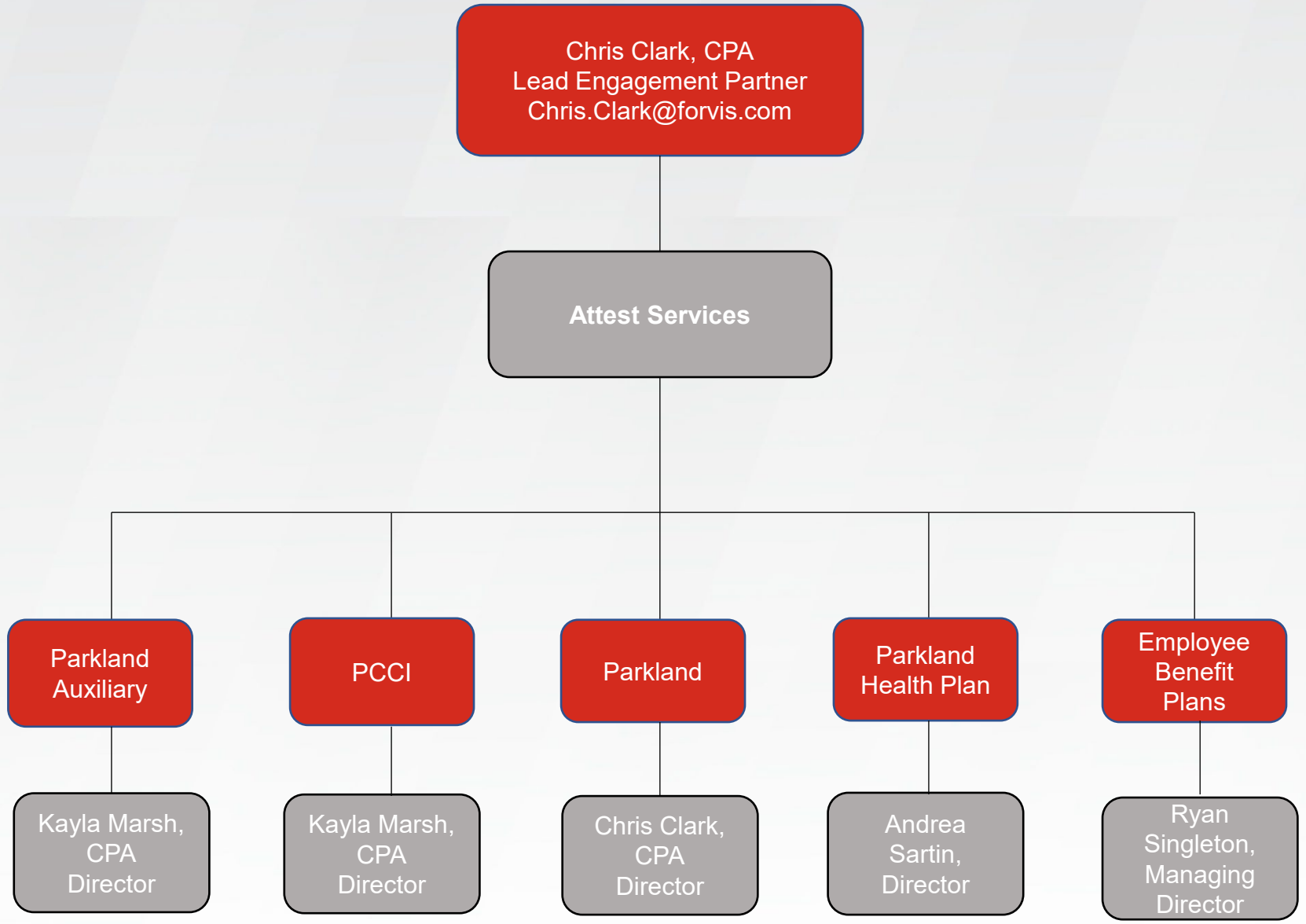
CARES Act Funding

Program support, use of funds and recoupment risk

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Engagement Team



FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Timeline

Planning
Aug/Sep 2022

- ✓ Develop audit timeline with management team
- ✓ Compile list of needed schedules and provide to the finance team
- ✓ Perform preliminary risk assessment procedures

Risk Assessment
Aug/Sep 2022

- ✓ Complete review of internal control documentation & test key controls
- ✓ Perform interviews of key personnel
- ✓ Information Technology controls review
- ✓ Perform interim procedures on certain financial statement elements

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Testing
Oct/Nov 2022

- ✓ Perform substantive procedures on material financial statement elements and key risk areas
- ✓ Evaluate significant unusual transactions
- ✓ Conclude that all identified risks of material misstatement have been addressed
- ✓ Provide draft deliverables to management for review

Finalize reviews & deliver draft materials
Dec 2022

- ✓ Work with third-parties to obtain final information needed to complete audit testing
- ✓ Draft audit report and related communications
- ✓ Engagement quality review of audit testing and deliverables
- ✓ Review draft deliverables with management

Audit Committee Meeting
Dec 2022

- ✓ Present post-audit communication to audit committee
- ✓ Discuss results of audit process and present finished audit report and related communications
- ✓ Discuss benchmarking information and industry trends

FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Q&A

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Employee Benefit Plans

Year Ended December 31, 2022

Defined Benefit Plan

- Unmodified Opinion
- No material weaknesses or significant deficiencies in internal controls
- No changes in accounting policies, which are consistent with GAAP and industry practice
- No adjustments recorded or proposed

Defined Contribution Plan

- Unmodified Opinion
- No material weaknesses or significant deficiencies in internal controls
- No changes in accounting policies, which are consistent with GAAP and industry practice
- No adjustments proposed or recorded
- One listed passed adjustment for turnaround impact of PY passed adjustment

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Parkland Community Health Plan

Year Ended December 31, 2021

Audit Results

- Opinions
  - Adverse opinion on U.S. GAAP (expected)
  - Unmodified opinion on statutory audit principles
- Qualification letter
  - Submitted to TDI disclosing qualifications of FORVIS
- Material weakness letter
  - Discloses material weaknesses identified due to audit adjustments
- Audit committee letter
  - Detailed required communications

Required Communications

- Significant Estimates
  - Investments
  - Claims incurred and unpaid
  - Related party transactions
  - Reconciliation to annual statement
- Audit Adjustments
  - Recorded
  - Passed
- Reconciliation to Annual Statement

COVID non-risk receivable	$10,400,000
Non-risk drug receivable	$ 6,668,000
Overpaid claims receivable	$11,736,000
Experience rebate accrual	$ 7,800,000
Non-admitted receivable	$ 2,214,000

- No significant changes in accounting policies or practices (*see Note 1*)
- No alternative accounting treatments
- No disagreements with management

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

Thank you!

forvis.com

The information set forth in this presentation contains the analysis and conclusions of the author(s) based upon his/her/their research and analysis of industry information and legal authorities. Such analysis and conclusions should not be deemed opinions or conclusions by FORVIS or the author(s) as to any individual situation as situations are fact specific. The reader should perform its own analysis and form its own conclusions regarding any specific situation. Further, the author(s) conclusions may be revised without notice with or without changes in industry information and legal authorities.
FORVIS has been registered in the U.S. Patent and Trademark Office, which registration is pending.

FORVIS

Assurance / Tax / Advisory

FORVIS

Parkland Health

Pre-Audit Report to the Board of Managers
Year Ended September 30, 2022

14

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

FORVIS

Contents

Introductory Matters	1
Planned Scope	2
Timing of the Audit	3
Auditing & Accounting Matters	5
Consideration of Errors or Fraud	5
Confirmation of Independence	6
FORVIS Qualifications	6
Your Engagement Team	7

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

/ Introductory Matters

The purpose of this report is to summarize various matters relating to our approach to the audit of the financial statements of Parkland Health (Parkland) and its component units as of and for the year ended September 30, 2022.

Audits of Financial Statements

We will conduct our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Texas Uniform Grant Management Standards (UGMS)*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Our audit focuses on the likelihood of a material misstatement in the financial statements

The Uniform Guidance and UGMS require that we perform the audit of compliance with types of compliance requirements described in the U.S. Office of Management and Budget Compliance Supplement and UGMS that are applicable to each major federal or state award program to obtain reasonable rather than absolute assurance about whether noncompliance having a direct and material effect on a major federal or state award program occurred.

Our audits will be made for the purpose of rendering opinions on the following financials statements:

- ✓ Parkland Health – Financial Statement Audit as of September 30, 2022
- ✓ Parkland Center for Clinical Innovation – Financial Statement Audit as of September 30, 2022 (PCCI)
- ✓ Parkland Health Auxiliary – Financial Statement Audit as of September 30, 2022 (Auxiliary)
- ✓ Parkland Health – Uniform Guidance Audit for Federal and State Awards as of September 30, 2022 (UG Audit)
- ✓ Statutory Audit of Parkland Community Health Plan, Inc. as of December 31, 2022 (Health Plan)
- ✓ Dallas County Hospital District Retirement Income and Supplemental Plans as of December 31, 2022 (Pension)

An audit of the financial statements does not relieve management or the Board of Managers of their responsibilities.

Other Services

Other services we will or have provided include:

- Preparation of a draft of the financial statements and related notes
- Preparation of a draft of the schedule of expenditures of federal and state awards
- Completion of the auditee portion of the Form SF-SAC (Data Collection Form) through the Federal Audit Clearinghouse
- Routine advice related to unusual accounting matters
- General government reimbursement support, as needed
- Nursing home UPL Monitoring assistance

The actual terms of our engagement will be more fully documented in a contract signed by you and FORVIS.

/ Planned Scope

Our audit approach emphasizes the areas of higher risk, focusing on the unique characteristics of the operating environment, the effectiveness of your internal control, and your financial statement amounts and disclosures.

Based on our understanding of your entity and our assessment of your internal control, we plan our audit to achieve the appropriate level of assurance regarding material misstatements and material weaknesses in internal control over financial reporting.

Significant Risks Identified

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and propose to address these areas as described:

- General Economic Risk
  - *Planned Audit Approach:* We will challenge estimates of allowances for contractual adjustments and doubtful accounts on patient accounts receivable, the fair value of investments and assumptions made on other key estimates. We will also challenge disclosures regarding Medicaid revenue concentrations and the impact of potential changes on future operating results.

- Risk of management override of controls
  - *Planned Audit Approach:* We will review accounting estimates for bias, review journal entries for support and propriety and evaluate the business rationale for any unusual or unexpected transactions.

- Revenue recognition
  - *Planned Audit Approach:* We will test revenue cut-off and review the status of open costs reports, review correspondence with Medicare administrative contractors and review management's estimates of the 2022 cost report settlement. We will also review estimates associated with Medicaid supplemental funding in conjunction with available external data and subsequent receipts.

- Management estimates – including – patient accounts receivable, third-party payer settlements, professional and general liability and workers' compensation reserves, reserves for incurred, but not unpaid, health claims (employee and Health Plan, net pension obligation), and property tax receivable and tax revenue
    - *Planned Audit Approach:* We will review management's estimates and challenge methods and assumptions used. We will also review historical data and consider this data in light of new economic, regulatory and other developments that might impact the future collections received or payments made. In addition, we will perform a "lookback" analysis to evaluate the reasonableness of past estimates, looking for both bias and historical accuracy. We will also review actuarial valuations and assumptions, challenge the data used in those valuations through a review of open claims listings and assessment of actuaries' qualifications.

- Compliance with Federal and State Funding Requirements
    - *Planned Audit Approach*: We will evaluate compliance with program requirements, which will include obtaining an understanding of the internal controls related to compliance and sampling of populations for compliance in relation to regulations set forth by Uniform Guidance and UGMS.

- Provider Relief Funds
    - *Planned Audit Approach:* We will review revenue recognized from Provider Relief Funds in conjunction with program rules and test management's calculation of COVID-19 related expenses and lost revenues.

- Information Technology
    - *Planned Audit Approach:* We will use FORVIS IT specialists to review controls surrounding the implementation process, security and data integrity. We will also challenge access controls to identify segregation of duties conflicts.

We welcome any input you may have regarding the risk areas identified above, any other significant risk areas in your opinion, or other matters you believe warrant particular attention during the audit.

We may identify additional significant risks as we complete risk assessment procedures.

We plan to use the internal audit function for vouching support obtained during audit procedures.

/ Timing of Audit

Audit Timeline: Our Five Phase Approach to Financial Statement Audits:

Planning – August-October 2022

- Communicate risks and accounting issues with Audit Committee
- Develop audit timeline with management team
- Compile list of needed schedules to send to management

Risk Assessment – August-September 2022

- Complete review of internal control documentation
- Identify key controls
- Perform interviews of various accounting/finance personnel
- Information technology controls review

Fieldwork, Testing and Audit Procedures – October-November 2022

- Assess risk of material misstatement for significant financial statement amounts and disclosures
- Perform substantive tests on material account balances and risk areas
- Evaluate significant unusual transactions
- Conclude all identified risks of material misstatement have been addressed
- Ask management to correct misstatements the auditor identifies

Delivery and Review of Draft Financial Statements, Auditors' Reports and Management Letter – December 2022

- Work with third parties to obtain any final information needed to complete audit testing
- Concurring reviewer to review engagement documentation and deliverables
- Provide draft deliverables to management team for review

Presentation to the Audit Committee and Final Reports – December 2022

- Present required post-audit communication to Audit Committee
- Discuss results of audit process and present finished audit report and management letter
- Discuss benchmarking information with Audit Committee

Ongoing Communication

Regular communication between the Audit Committee and the auditors is critical to the success of the audit. Accordingly, the audit team will be available to the Audit Committee at any time throughout the audit. In addition, there may be instances which require communication during the audit (prior to delivery of the financial statements), such as:

- Fraud involving senior management
- Illegal acts
- Significant deficiencies and/or material weaknesses
- Material instances of noncompliance for federal award programs

We understand the appropriate persons in the governance structure with whom to communicate is Jeff Tillotson, JD, Audit Committee Chair, and Paula Dobbs-Wiggins, MD, Board of Managers Chair.

If for any reason any member of the Audit Committee would need to contact us, please contact Chris Clark, Partner, at chris.clark@forvis.com or at 469-341-0790.

/ Auditing & Accounting Matters

We wish to communicate the following significant matters related to the financial statement audit to you that are, in our judgment, relevant to your responsibilities in overseeing the financial reporting process:

Critical Accounting Policies and Practices

- Preparation of significant estimates
- Internal control and how those controls are serving to prevent or detect fraudulent activity

Critical Audit Areas

- Valuation of patient accounts receivable
- Estimates of amounts due to and from third-party payers, including supplemental Medicaid payment receivables.
- Valuation of ad valorem taxes receivable
- Estimates of self-insured risks and other significant estimates
- Net pension obligation
- Valuation of investments
- Recognition of Provider Relief Fund revenue

/ Consideration of Errors or Fraud

One of the most common questions we receive from boards of directors and audit committees is, “How do you address fraud in a financial statement audit?” Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

➢ Engagement Team Brainstorming

- Discussion among key engagement team members regarding the entity’s selection and application of accounting principles, including related disclosure requirements, and how and where the entity’s financial statements might be susceptible to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the entity could be misappropriated
- An emphasis is placed on the need to maintain a questioning mind throughout the audit and to exercise professional skepticism in gathering and evaluating evidence

➢ Inquiries of Management and Others

- Inquiring of the Audit Committee Chair, the chief executive officer, the chief financial officer, the chief members of the internal audit team, the accounting manager, and others
- Inquiries about the risks of material misstatement include specific inquiries regarding fraud risks, such as whether the individual has knowledge of any fraud or suspected fraud affecting the entity

➢ Reviewing Accounting Estimates for Bias

➢ Evaluating Business Rationale for Significant Unusual Transactions

➢ Incorporating an Element of Unpredictability into the Audit Each Year

/ Confirmation of Independence

This communication is to provide you with the information regarding our independence with respect to Parkland, and its components, and facilitate our discussion with you regarding independence matters.

We are communicating all relationships between our firm or any of its affiliates and Parkland, and its components that may reasonably be thought to bear on independence as of the date of this communication. We are not aware of any such relationships and confirm that we are independent in compliance with the rules of the AICPA, and other applicable professional organizations and regulatory bodies.

/ FORVIS Qualifications

FORVIS is a top-ten national CPA and advisory firm. Our 530 partners and approximately 5,500 employees are located in 70 markets throughout the United States, the United Kingdom and the Cayman Islands, offering solutions for clients in all 50 states and internationally. FORVIS and its subsidiaries offer clients a variety of services in accounting, audit and assurance, tax, risk management, technology, corporate finance, forensic and valuation services, and wealth management. We combine the insight and ideas of multiple disciplines to provide solutions in a wide range of industries, including health care, commercial products, financial services, technology and services, private equity, private client, construction and real estate, nonprofit, education and public sector, insurance, and dealership organizations.

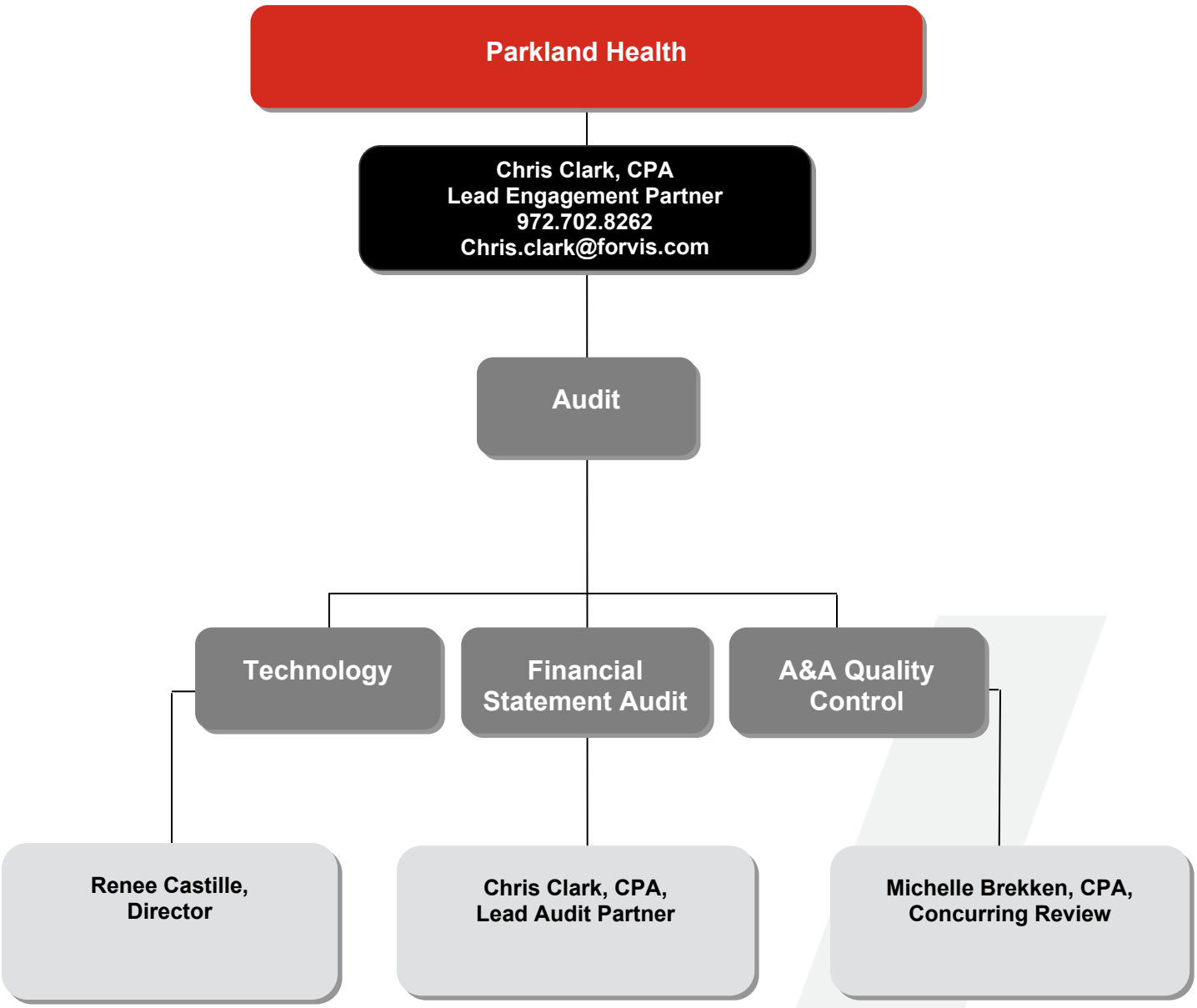
FORVIS is a member of the AICPA and its three audit quality centers – Center for Audit Quality, Employee Benefit Plan Audit Quality Center, and Government Audit Quality Center. FORVIS is also registered with the PCAOB. Our most recent PCAOB report had no findings, and our most recent peer review report was unqualified with no letter of comments.

FORVIS' health care industry is one of the firm's largest, with over 6,000 health care clients, 950 dedicated team members, and 175 partners and managing directors. Thirty-five percent of our DFW practice revenue is derived from services to the health care industry. FORVIS prepares more hospital cost reports than any other service provider.

FORVIS is the professional services firm of choice to 6,100+ healthcare providers nationwide

/ Your Engagement Team

The most critical factor in providing high-quality service is choosing your engagement team. We take team selection seriously and have the appropriate team of advisors to meet your needs. Your proposed engagement team has decades of combined experience in the health care industry and in the state of Texas.



Parkland

Dallas County Hospital District Retirement Income Plan

Independent Auditor's Report and Financial Statements

December 31, 2021 and 2020

Dallas County Hospital District Retirement Income Plan

December 31, 2021 and 2020

Contents

Management's Discussion and Analysis (Unaudited) 1

Independent Auditor's Report 5

Financial Statements

Statements of Fiduciary Net Position 7

Statements of Changes in Fiduciary Net Position 8

Notes to Financial Statements 9

Required Supplementary Information

Schedule of Changes in Net Pension Liability (Unaudited) 22

Schedule of Employer Contributions (Unaudited) 23

Schedule of Money-Weighted Average Rate of Return (Unaudited) 24

Schedule of Significant Actuarial Assumptions (Unaudited) 25

Schedule of Direct and Indirect Fees and Commissions (Unaudited) 26

Dallas County Hospital District Retirement Income Plan

Management's Discussion and Analysis (Unaudited)

December 31, 2021 and 2020

Our discussion and analysis of the Dallas County Hospital District Retirement Income Plan (Plan) financial statements provides an overview and analysis of the financial activities of the Plan for the years ended December 31, 2021 and 2020.

Financial Highlights (Dollars in thousands)

- The Plan's total net position increased by $224,433 in 2021 compared to an increase of $201,400 in 2020. The increase in 2021 and 2020, respectively, was primarily due to increasing market values in the investment portfolios in 2021 and 2020.
- The Plan's total net investment earnings in 2021 was $171,163, an increase of $13,599 compared to an increase of $157,564 in 2020. The investment income in 2021 and 2020 was due to net appreciation in values of investments.
- The Plan's employer contributions were $72,500 in 2021 compared to $59,072 in 2020. Employer contributions are determined by the Plan's actuaries based on the accrued obligation and the actuarial determined contributions to the Plan. The funding increase of $13,428 from 2020 to 2021 was largely due to the Board's decision to fund the plan in excess of the actuarial determined obligation. Employee contributions were $50,396 in 2021 compared to $47,987 in 2020. The increase in employee contributions was mostly due to an increase in active plan members.
- Total payments to participants increased by $6,383 to $69,373 in 2021 and increased by $6,131 to $62,990 in 2020. Payments in 2021 and 2020 increased mostly due to increased numbers of retirees.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements. The Plan's financial statements are composed of financial statements and notes to the financial statements.

Financial Statements

The financial statements are designed to provide readers with an overview of the Plan's finances.

The statements of fiduciary net position present information on all of the Plan's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating.

The statements of changes in fiduciary net position present information showing how the Plan's net assets changed during the most recent calendar years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis (Dollars in Thousands)

The Plan's assets include investments reported at fair value as of December 31, 2021 and 2020. These assets are held in trust for pension benefits.

The total return on investments in 2021 was 12.6% compared to a total return of 13.3% in 2020. The investment income decrease from 2020 to 2021 was primarily due to weaker appreciation in market values of investment securities. For 2021, the Plan's domestic equity strategies returned 25.0% as compared to the Russell 3000 Index of 25.7%. The Plan's international equity strategies returned 8.4% as compared to the MSCI ACWI ex US composite index of 8.3%. The fixed income strategies returned -1.2% as compared to the Bloomberg Capital Aggregate Index of -1.5%. The Plan's emerging market equity strategies returned -5.8% as compared to the MSCI Emerging Market Index of -2.5% for the year.

Investment Policy

The Plan's Investment Policy requires the Plan to maintain target asset allocations and ranges for the total fund. As of December 31, 2021, the Investment Policy's asset allocation and ranges are as follows:

	2021	Policy Balance Target	Policy Range
Domestic Equity	35.9%	36.0%	31-41%
International Equity	20.2%	20.0%	14-26%
Emerging Markets Equity	3.6%	4.0%	2-6%
Fixed Income	29.3%	30.0%	26-34%
Real Estate	10.5%	10.0%	7-13%
Cash Equivalents	0.5%	0.0%	0-5%

All asset classes were within their strategic target ranges and the Dallas County Hospital District (District) adhered to the Plan's Investment Policy during the year ended December 31, 2021.

Statements of Fiduciary Net Position
(Dollars in Thousands)

	2021	2020	2019
Assets			
Investments			
Cash and cash equivalents	$ 17,379	$ 27,844	$ 29,158
Domestic equities	571,575	501,213	421,162
Non-U.S. equities	324,178	276,215	245,206
Emerging market equities	57,809	61,769	52,488
Domestic fixed income	313,490	338,741	300,385
Non-U.S. fixed income	88,522	21,306	16,615
Real estate	168,370	108,649	108,680
Other investments	63,804	38,447	12,520
Total investments	1,605,127	1,374,184	1,186,214
Receivables			
Accrued interest and dividends	1,536	1,405	1,780
Investments sold but not settled	98	1,544	221
Other receivables	102	-	9,472
Total receivables	1,736	2,949	11,473
Total assets	1,606,863	1,377,133	1,197,687
Liabilities			
Accrued administrative expenses	680	577	424
Investments purchased but not settled	7,052	1,858	15,642
Other liabilities	-	-	8,323
Total liabilities	7,732	2,435	24,389
Net Position Restricted for Pensions	$ 1,599,131	$ 1,374,698	$ 1,173,298

Changes In Fiduciary Net Position
(Dollars in Thousands)

	2021	2020	2019
Additions			
Contributions			
Employer contributions	$ 72,500	$ 59,072	$ 46,700
Employee contributions	50,396	47,987	46,107
Total contributions	122,896	107,059	92,807
Investment earnings			
Net appreciation in fair value	160,804	145,778	173,230
Interest	7,657	8,208	9,289
Dividends	4,841	5,693	8,535
Other	1,365	721	1,428
Investment management expense	(3,504)	(2,836)	(2,585)
Net investment earnings	171,163	157,564	189,897
Total additions	294,059	264,623	282,704
Deductions			
Benefit payments to participants	57,489	52,286	47,907
Refunds to former participants	11,884	10,704	8,952
Administrative expenses and other	253	233	226
Total deductions	69,626	63,223	57,085
Net Increase In Plan Net Position	224,433	201,400	225,619
Net Position Restricted for Pensions, Beginning of Year	1,374,698	1,173,298	947,679
Net Position Restricted for Pensions, End of Year	$ 1,599,131	$ 1,374,698	$ 1,173,298

FORVIS

14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254
P 972.702.8262 / **F** 972.702.0673
forvis.com

Independent Auditor's Report

Board of Managers
Dallas County Hospital District
Dallas, Texas

We have audited the accompanying financial statements of the Dallas County Hospital District Retirement Income Plan (Plan), which comprise the statements of fiduciary net position as of December 31, 2021 and 2020, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

PRAXITY™ Empowering Business Globally

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Dallas County Hospital District Retirement Income Plan as of December 31, 2021 and 2020, and the changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 2 through 4 and the supplemental *Schedule of Changes in Net Pension Liability*, *Schedule of Employer Contributions*, *Schedule of Money-Weighted Average Rate of Return* and *Schedule of Significant Actuarial Assumptions, Schedule of Direct and Indirect Fees and Commissions* on pages 22 through 26 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

FORVIS, LLP

Dallas, Texas
September 1, 2022

Dallas County Hospital District Retirement Income Plan

Statements of Fiduciary Net Position

December 31, 2021 and 2020

(Dollars in Thousands)

	2021	2020
Assets		
Investments		
Cash and cash equivalents	$ 17,379	$ 27,844
Domestic equities	571,575	501,213
Non-U.S. equities	324,178	276,215
Emerging market equities	57,809	61,769
Domestic fixed income	313,490	338,741
Non-U.S. fixed income	88,522	21,306
Real estate	168,370	108,649
Other investments	63,804	38,447
Total investments	1,605,127	1,374,184
Receivables		
Accrued interest and dividends	1,536	1,405
Investments sold but not settled	98	1,544
Other receivables	102	-
Total receivables	1,736	2,949
Total assets	1,606,863	1,377,133
Liabilities		
Accrued administrative expenses	680	577
Investments purchased but not settled	7,052	1,858
Other liabilities	-	-
Total liabilities	7,732	2,435
Net Position Restricted for Pensions	$ 1,599,131	$ 1,374,698

Dallas County Hospital District Retirement Income Plan

Statements of Changes in Fiduciary Net Position

Years Ended December 31, 2021 and 2020

(Dollars in Thousands)

	2021	2020
Additions		
Contributions		
Employer contributions	$ 72,500	$ 59,072
Employee contributions	50,396	47,987
Total contributions	122,896	107,059
Investment earnings		
Net appreciation in fair value	160,804	145,778
Interest	7,657	8,208
Dividends	4,841	5,693
Other	1,365	721
Investment management expense, net	(3,504)	(2,836)
Net investment earnings	171,163	157,564
Total additions	294,059	264,623
Deductions		
Benefit payments to participants	57,489	52,286
Refunds to former participants	11,884	10,704
Administrative expenses and other	253	233
Total deductions	69,626	63,223
Net Increase In Plan Net Position	224,433	201,400
Net Position Restricted for Pensions, Beginning of Year	1,374,698	1,173,298
Net Position Restricted for Pensions, End of Year	$ 1,599,131	$ 1,374,698

Dallas County Hospital District Retirement Income Plan

Notes to Financial Statements

December 31, 2021 and 2020

Note 1: Description of the Plan

The following description of the Dallas County Hospital District Retirement Income Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan, created on January 1, 1982, is a single-employer, defined benefit pension plan covering all full-time employees of the Dallas County Hospital District (District). The Plan's assets are overseen by the Board of Managers of the District (Board), who are responsible for setting and changing benefit and contribution levels. The Board hires investment consultants and has appointed an Investment Committee composed of industry experts to provide advice on investment strategy, review investment manager performance and to recommend changes in the management of the Plan's assets to the Board for approval. Bank of New York Mellon (BNY Mellon) serves as the trustee for the Plan. Milliman U.S.A. serves as the Plan's record keeper, administrator and actuarial consultant. Callan LLC serves as the Plan's investment consultant. The Plan is a fiduciary component unit of the District.

Investments

As detailed by the Plan's Investment Policy, the Plan is permitted to invest in the following types of investments: equities, fixed income securities, private real estate, mutual funds, money market funds, collective trusts, derivative financial instruments and cash equivalents.

Eligibility

Full time employees become eligible to participate in the Plan upon employment.

Contributions and Vesting

Participants are required to contribute 6.2% of their base salaries for 2021 and 2020. Participants are always 100% vested in their contributions. Participants whose employment terminates prior to having completed a five-year period of service required for pension benefits are entitled to a refund of their contributions.

The District's pension liability, expense and required contributions are calculated by the actuary using the entry age normal actuarial cost method. The District's practice is to contribute to the Plan an amount equal to the actuarial determined contribution as calculated by the Plan's actuary for the year. The District, at its discretion, can elect to contribute amounts other than the actuarial determined contribution. The actuarial valuation is calculated as of the beginning of each calendar year.

Dallas County Hospital District Retirement Income Plan

Notes to Financial Statements

December 31, 2021 and 2020

Participation

Plan participation as of the valuation dates is composed of the following:

	January 1	
	2022	2021
Retirees and beneficiaries currently receiving benefits	3,396	3,169
Terminated plan members entitled to but not yet receiving benefits	4,570	4,289
Active plan members	11,610	11,833
Terminated plan members with contributions owed	1,718	1,322
Total	21,294	20,613

Pension Benefits

Participants are entitled to basic monthly pension benefits at normal retirement age (65) equal to (a) plus (b) but not greater than (c) as follows:

(a) 1.25% of final average annual earnings multiplied by the years of service prior to January 1, 1982. Final average earnings is the average earnings for the five-year period within the last ten years of service before the normal retirement date that yields the highest average. Earnings are defined as basic compensation and exclude bonuses, overtime pay and other forms of compensation.

(b) 2.5% of final average annual earnings, as described in (a) above, multiplied by the years of service after December 31, 1981.

(c) 60% of final average annual earnings, as described in (a) above.

For those participants hired after January 1, 1982, the benefit will be the greater of:

(a) 2.5% of final average annual earnings, as described in (a) above, multiplied by the years of service after January 1, 1982, not to exceed 60% of final average earnings, as described in (a) above; or

(b) 4% of final average annual earnings, as described in (a) above, up to $10,000 multiplied by the years of service after January 1, 1982 (capped at 25 years), plus 2% of the final average earnings, as described in (a) above, if any, which is between $10,000 and $30,000, multiplied by the years of service after January 1, 1982 (capped at 25 years).

The above calculations may be limited by Internal Revenue Code regulation 401(a)(17) for participants employed after January 1, 1996.

Actual benefits to be paid, however, may vary depending on, among other things, actual retirement date, form of payment elected and certain limitations as described in the Plan.

The Plan permits early retirement at age 55 through 64, upon which the participant is eligible for a reduced benefit, provided that the participant has completed five years of full-time service. The Plan also allows for a postponed retirement for employees desiring to continue working past age 65. Pension benefits are paid to married participants in the form of a 50% joint and survivor annuity and to single participants in the form of a life annuity, unless an election is made to receive an alternate distribution available under the Plan.

Death Benefits

If an active married participant is eligible for an early retirement, normal retirement, or postponed retirement at the time of death, or if a terminated married participant was eligible for early retirement prior to termination but died before pension benefit payments commenced, the spouse is entitled to a preretirement death benefit. The monthly benefit is equal to 100% of the retirement amount the participant could have received had he or she retired the day before their death.

Administrative Expenses

The Plan is responsible for expenses related to its operations; however, the District, at its discretion, elects to pay certain Plan expenses.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The Plan is maintained on the accrual basis of accounting in accordance with principles generally accepted in the United States of America. Employer and employee contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. Benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the Plan. Purchases and sales of investments are recorded on a trade-date basis.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of fiduciary net position and changes therein, disclosure of contingent assets and liabilities and the actuarial present value of the actuarial accrued liability. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Plan contributions are made and the actuarial present value of the actuarial accrued liability is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

Investment Valuation and Income Recognition

Investments in mutual funds, corporate equities, and fixed income securities are reported at fair value based on published market prices. Short-term money market funds are reported at cost, which approximates fair value. Investments in collective trusts and hedge funds are reported at net asset value as a practical expedient for fair value. Purchases and sales of securities and related income are recorded on a trade-date basis. Interest is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Note 3: Investments

All of the Plan's investments are held by its trustee. The District's Board authorizes various portfolio managers to manage investments within the guidelines of the Plan's Investment Policy. This policy mandates a diversified portfolio with investments, either directly or in common collective trusts or mutual funds, in fixed income securities, international and domestic equity securities, derivatives, hedge funds, private real estate and cash equivalents.

The Plan has entered into certain derivative financial instruments including forward foreign exchange contracts, futures contracts, written options and credit default swaps as described below. The instruments' maturity periods vary depending upon the objectives for which the instruments are held. These instruments are recorded at fair value as of December 31, 2021 and 2020. The fair values of these instruments are included in other investments in the statements of fiduciary net position. Changes in fair value are accounted for as net appreciation or depreciation in fair value of investments.

Following is a description of the valuation methodologies used for Plan assets measured at fair value.

Money market and commingled liquidity funds: Valued based on amortized cost, which approximates fair value.

Mutual funds: Valued based on quoted market prices.

Corporate and government bonds: Valued based on quoted market prices.

Equity Securities: Valued at the closing price on the last business day of the Plan year reported on the active market on which the individual securities are traded.

Real estate investments: Real estate investments are valued at the net asset value as a practical expedient for fair value based upon the fair values of the underlying net assets of the trust or fund. Real estate investments can be redeemed quarterly with a ninety day notice.

Equity and debt securities held in mutual funds and commingled trusts: Investments placed through mutual funds and commingled trusts are valued at their respective quoted share prices at the end of the year.

The fair values of investments in excess of 5% of the Plan's fiduciary net position at December 31, 2021 and 2020, are separately identified below (amounts in thousands).

	2021	2020
Mellon Capital Markets S&P 500 Index Fund	$ 424,954	$ 362,454
Dodge & Cox International Equity Fund	123,877	107,927
MFS International Equity Fund	129,336	110,349
Wells Fargo Small Mid Cap Fund	N/A	78,215
Western Asset US Core Plus, L.L.C.	156,297	135,793
JPMCB Real Estate Fund	86,535	N/A

During 2021 and 2020, the fair value of the Plan's investments (including investments bought, sold, and held during the year) appreciated (depreciated) as follows (amounts in thousands):

	2021	2020
Domestic equities	$ 118,352	$ 95,337
Non-U.S. equities	24,433	22,905
Emerging market equities	-	7,691
Domestic fixed income	(10,759)	19,293
Non-U.S. fixed income	(599)	(510)
Real estate	29,704	(1,216)
Other investments	(327)	2,278
Total	$ 160,804	$ 145,778

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of investments in debt instruments will adversely affect the fair value of an investment. The Plan's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. The Plan seeks to minimize interest rate risk with the short-term nature of many of the investments.

Security Type	December 31, 2021 Fair Value	Average Maturity in Years	December 31, 2020 Fair Value	Average Maturity in Years
Fixed income				
Corporate bonds	$ 122,593	10.2	$ 92,580	11.8
Asset backed bonds	16,154	2.7	28,673	1.9
U.S. Treasury bonds	68,036	20.2	40,001	16.5
Other government bonds	5,211	6.8	5,511	9.0
Federal National Mortgage Association – mortgage backed securities	47,322	4.2	27,241	4.1
Federal Home Loan Mortgage Corporation - mortgage backed securities	32,221	4.2	28,938	4.0
Government National Mortgage Association – mortgage backed securities	3,301	4.8	4,535	4.3
Corporate mortgage backed securities	18,652	3.3	111,262	4.6
Total U.S. fixed income portfolio	313,490		338,741	
Non-U.S. bonds	88,522	10.8	21,306	10.6
Total fixed income investments	$ 402,012		$ 360,047	

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the Plan would not be able to recover the value of its investments. The Plan does not have a formal policy for custodial credit risk. As of December 31, 2021 and 2020, all investments are held by the trustee for the benefit of the Plan.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Plan's investment policy addresses concentration limits on a manager basis. Except for U.S. Government and agency obligations, no other individual issuer's fixed income securities shall exceed 5% of the market value of the portfolio. Investments in the common stock of a U.S. corporation may not exceed 5% of the Plan's assets. As of December 31, 2021 and 2020, the Plan did not hold more than 5% of assets in any single issuer other than mutual funds, collective trusts, limited liability companies, U.S. Government obligations, or obligations of U.S. Government chartered entities.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's Investment Policy requires that fixed income securities be oriented toward risk averse, investment grade securities (as rated by Moody's, Standard & Poor's, or equivalent rating agency). Corporate bond investments can only be made in companies on which sufficient historical data on operating results is available to reach a reasonable conclusion as to their suitability for this portfolio.

Below are the Plan's direct fixed income investments at fair value as of December 31, 2021 and 2020 (amounts in thousands):

	Rating	2021	2020
U.S. fixed income			
	AAA	$ 195,481	$ 143,077
	AA+	1,986	2,404
	AA	1,304	5,461
	AA-	2,482	3,681
	A+	5,821	6,989
	A	8,070	8,781
	A-	21,596	25,403
	BBB+	23,740	25,550
	BBB	23,996	20,493
	BBB-	5,879	6,101
	BB+	1,323	-
	BB	-	1,278
	BB-	-	202
	CCC+ or less	-	-
	Not Rated	21,812	89,321
Total U.S. fixed income		$ 313,490	$ 338,741
Non U.S. fixed income			
	AAA	$ 1,434	$ 4,251
	A+	1,319	-
	A	1,656	1,735
	A-	3,254	1,168
	BBB+	5,076	1,583
	BBB	4,887	3,404
	BBB-	70,896	9,165
	BB	-	-
	BB-	-	-
Total non U.S. fixed income		$ 88,522	$ 21,306
Total fixed income investments		$ 402,012	$ 360,047

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. Several of the Plan's collective trusts held international stocks and bonds which have exposure to foreign currency risk as of December 31, 2021 and 2020. In addition, one fixed income manager makes use of foreign denominated credit default swaps and currency options in a portfolio for hedging strategies. The Plan's foreign currency net assets (foreign currency denominated investments) were $408,870 (25.8% of fiduciary net position) and $359,290 (26.1% of fiduciary net position) at December 31, 2021 and 2020, respectively.

Calculation of Money Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

Fair Value Measurements

The Plan's investments are recorded at fair value as of December 31, 2021 and 2020, and have been categorized based upon a fair value hierarchy in accordance with GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by GASB 72. The hierarchy is based on the valuation inputs used to measure fair value of the assets. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value on a recurring basis:

Level 1 Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date

Level 2 Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (quoted market prices for similar assets or liabilities) or indirectly (corroborated from observable market information)

Level 3 Unobservable inputs for an asset or liability

Dallas County Hospital District Retirement Income Plan

Notes to Financial Statements

December 31, 2021 and 2020

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021 (amounts in thousands)				
Domestic equities	$ 571,575	$ 146,622	$ 424,953	$ -
Non-U.S. equities	324,178	253,213	70,965	-
Emerging market equities	57,809	-	7,103	50,706
Domestic fixed income	313,490	-	313,490	
Non-U.S. fixed income	88,522	-	88,522	-
Real estate	168,370	-	-	168,370
Other investments	63,804	-	63,804	-
Total investments	1,587,748	$ 399,835	$ 968,837	$ 219,076
Cash and cash equivalents	17,379			
Investments at fair value	$ 1,605,127			

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020 (amounts in thousands)				
Domestic equities	$ 501,213	$ 138,657	$ 362,556	$ -
Non-U.S. equities	276,215	107,929	168,286	-
Emerging market equities	61,769	-	7,132	54,637
Domestic fixed income	338,741	40,001	298,740	
Non-U.S. fixed income	21,306	-	21,306	-
Real estate	108,649	-	-	108,649
Other investments	38,447	-	38,447	-
Total investments	1,346,340	$ 286,587	$ 896,467	$ 163,286
Cash and cash equivalents	27,844			
Investments at fair value	$ 1,374,184			

Note 4: Actuarial Methods And Assumptions

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long term expected rate of return.

Valuation date	January 1, 2022	January 1, 2021
Measurement date	December 31, 2021	December 31, 2020
Investment rate of return	6.00%	6.00%
Inflation	2.50%	2.50%
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	22 year, closed	23 year, closed
Amortization growth rate	4.00%	4.00%
Salary increases including inflation	Graded table	Graded table
Mortality	Separate rates using Pub-2010 Public General Mortality Tables by gender and MP-2021 (generational with convergence to long term rate of 0.75% in 2037)	Separate rates using Pub-2010 Public General Mortality Tables by gender and MP-2020 (generational with convergence to long term rate of 0.75% in 2036)

GASB Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67) requires a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on Plan investments may be used to discount liabilities to the extent that the Plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20 year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. GASB 67 does allow for alternative evaluations of projected solvency. The following circumstances justify an alternative evaluation of sufficiency for the Plan:

- The District has at least a five-year history of paying at least 100% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution).
- The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the Plan to a 100% funded position by the end of the amortization period.

- The projections regarding future solvency assume that Plan assets earn the assumed rate of return and there are no future changes in the Plan provisions or actuarial methods and assumptions. Therefore, the projections will not reflect any adverse future experience which might impact the Plan's funded position.

Based on these circumstances, the detailed depletion date projections will show that the Fiduciary Net Position is projected to be sufficient to cover benefit payments and administrative expenses.

Note 5: Net Pension Liability

	December 31, 2021	December 31, 2020
Total pension liability	$ 1,984,070	$ 1,847,213
Fiduciary net position	1,599,131	1,374,698
Net pension liability	384,939	472,515
Fiduciary net position as a % of total pension liability	81%	74%
Covered payroll	721,279	706,911
Net pension liability as a % of covered payroll	53%	67%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions in *Note 4*. There have been no significant changes between the valuation date and the fiscal year end.

Sensitivity Analysis

The following presents the Net Pension Liability of the District, using the discount rate of 6.0%, as well as a calculation of the Net Pension Liability if it were calculated using a discount rate that is 1 percentage point lower (5.0%) or 1 percentage point higher (7.0%) than the current rate.

	1% Decrease to 5.0%	Current Discount Rate 6.0%	1% Increase to 7.0%
Total pension liability	$ 2,270,046	$ 1,984,070	$ 1,749,473
Fiduciary net position	1,599,131	1,599,131	1,599,131
Net pension liability	670,411	384,939	150,342

Note 6: Related Party Transactions

The Plan's investments include common/collective trusts sponsored by BNY Mellon. BNY Mellon serves as the trustee as defined by the Plan.

Note 7: Federal Income Tax Status

The Plan received a determination letter from the Internal Revenue Service (IRS) dated September 29, 2011, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, the related trust is exempt from taxation. The Plan has been amended since receiving the determination letter. The District believes the Plan is operated in compliance with the applicable requirements of the IRC and therefore believes the Plan is qualified and the related trust is tax-exempt.

The Plan is subject to audits by the IRS; however, there are currently no audits in progress for any tax periods.

Note 8: Plan Termination

Although the District has not expressed any intent to terminate the Plan, in the event the Plan terminates, the fiduciary net position will be allocated to provide the following benefits in the order indicated:

(a) Annuities for participants who received (or were eligible to receive) benefits at least three years prior to termination of the Plan. Annuities will be based on Plan provisions in effect five years prior to the termination date.

(b) All other vested benefits.

(c) All nonvested benefits.

If the fiduciary net position is not sufficient to fully provide the amounts required in a particular class, assets will be allocated pro rata in the first class in which an insufficiency exists. If the fiduciary net position exceed the Plan's actuarial accrued liability, the excess assets will be distributed to the Plan's sponsor.

Note 9: Subsequent Events

The Plan has evaluated subsequent events through September 1, 2022, the date the financial statements were available to be issued. The Plan determined there were no events that required disclosure or recognition in these financial statements.

Required Supplementary Information

Dallas County Hospital District Retirement Income Plan

Required Supplementary Information

Schedule of Changes in Net Pension Liability (Unaudited)

(Dollars in Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	$ 68,967	$ 65,820	$ 51,516	$ 47,055	$ 44,513	$ 41,024	$ 39,886	$ 37,881
Interest on total pension liability	112,920	106,382	102,108	95,249	89,044	83,217	78,296	72,677
Effect of plan changes	-	-	-	-	(4,577)	-	-	-
Effect of economic/demographic gains (losses)	15,847	8,301	(1,105)	7,645	8,896	2,439	(2,122)	8,589
Effect of assumption changes or inputs	8,496	(8,557)	207,447	(1,020)	-	-	-	-
Benefit payments	(69,373)	(62,990)	(56,859)	(53,984)	(49,644)	(44,312)	(49,392)	(32,637)
Net change in total pension liability	136,857	108,956	303,137	94,945	88,231	82,368	66,668	86,510
Total pension liability, beginning	1,847,213	1,738,257	1,435,120	1,340,175	1,251,944	1,169,576	1,102,908	1,016,398
Total pension liability, ending	1,984,070	1,847,213	1,738,257	1,435,120	1,340,175	1,251,944	1,169,576	1,102,908
Fiduciary Net Position								
Employer contributions	$ 72,500	$ 59,072	$ 46,700	$ 40,000	$ 27,915	$ 28,083	$ 24,540	$ 22,811
Member contributions	50,396	47,987	46,107	44,223	37,530	30,270	28,409	27,427
Investment income (loss) net of investment expenses	171,163	157,564	189,897	(54,170)	127,553	54,075	(10,005)	41,788
Benefit payments	(69,373)	(62,990)	(56,859)	(53,984)	(49,644)	(44,312)	(49,391)	(32,637)
Administrative expenses	(253)	(233)	(226)	(241)	(258)	(260)	(234)	(200)
Net change in Plan fiduciary net position	224,433	201,400	225,619	(24,172)	143,096	67,856	(6,681)	59,189
Fiduciary net position, beginning	1,374,698	1,173,298	947,679	971,851	828,755	760,899	767,580	708,391
Fiduciary net position, ending	1,599,131	1,374,698	1,173,298	947,679	971,851	828,755	760,899	767,580
Net pension liability	$ 384,939	$ 472,515	$ 564,959	$ 487,441	$ 368,324	$ 423,190	$ 408,677	$ 335,328
Fiduciary net position as % of total pension liability	80.60%	74.42%	67.50%	66.03%	72.52%	66.20%	65.06%	69.60%
Covered payroll	$ 721,279	$ 706,911	$ 685,520	$ 659,891	$ 632,669	$ 613,367	$ 571,215	$ 554,120
Net pension liability as % of covered payroll	53.37%	66.84%	82.41%	73.87%	58.22%	68.99%	71.55%	60.52%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Dallas County Hospital District Retirement Income Plan

Required Supplementary Information

Schedule of Employer Contributions (Unaudited)

December 31, 2021

(Dollars in Thousands)

Calendar Year Ended	Actuarial Determined Contribution	Actual Employer Contributions	Contribution Surplus (Deficiency)	Covered Payroll	Contribution as a % of Covered Payroll
2008	$ 12,080	$ 12,080	$ -	$ 390,371	3.09%
2009	17,414	17,415	1	435,387	4.00%
2010	16,564	16,604	40	444,668	3.73%
2011	16,457	16,457	-	450,601	3.65%
2012	16,022	16,022	-	483,135	3.32%
2013	21,277	21,277	-	519,193	4.10%
2014	22,811	22,811	-	554,120	4.12%
2015	24,540	24,540	-	574,215	4.27%
2016	28,083	28,083	-	613,367	4.58%
2017	27,915	27,915	-	632,669	4.41%
2018	28,827	40,000	11,173	659,891	6.06%
2019	37,005	46,700	9,695	685,520	6.81%
2020	59,072	59,072	-	706,911	8.36%
2021	60,976	72,500	11,524	721,279	10.05%

Dallas County Hospital District Retirement Income Plan

Required Supplementary Information

Schedule of Money-Weighted Average Rate of Return (Unaudited)

December 31, 2021

Fiscal Year Ending December 31,	
2014	6.15%
2015	-1.03%
2016	7.22%
2017	15.58%
2018	-5.24%
2019	19.94%
2020	13.42%
2021	11.23%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Dallas County Hospital District Retirement Income Plan

Required Supplementary Information
Schedule of Significant Actuarial Assumptions
as of year ending December 31, 2021 (Unaudited)

Valuation date	January 1, 2022	January 1, 2021
Measurement date	December 31, 2021	December 31, 2020
Investment rate of return	6.00%	6.00%
Inflation	2.50%	2.50%
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	22 year, closed	23 year, closed
Amortization growth rate	4.00%	4.00%
Salary increases including inflation	Graded table	Graded table
Mortality	Separate rates using Pub-2010 Public General Mortality Tables by gender and MP-2021 (generational with convergence to long term rate of 0.75% in 2037)	Separate rates using Pub-2010 Public General Mortality Tables by gender and MP-2020 (generational with convergence to long term rate of 0.75% in 2036)

Dallas County Hospital District Retirement Income Plan

Required Supplementary Information

Schedule of Direct and Indirect Fees and Commissions

as of year ending December 31, 2021 (Unaudited)

	Direct and Indirect Fees and Commissions					
Asset Class	Management Fees Paid from Trust	Management Fees Netted from Returns	Total Investment Management Fees	Brokerage Fees/Commissions	Profit Share / Carried Interest	Total
Cash	$ -	$ -	$ -	$ -	$ -	$ -
Public Equity	1,475,524	2,038,432	3,513,956	-	-	3,513,956
Fixed Income	497,608	354,338	851,946	-	-	851,946
Real Assets	1,261,923	-	1,261,923	-	-	1,261,923
Alternative/Other	-	-	-	-	-	-
	$ 3,235,055	$ 2,392,770	$ 5,627,825	$ -	$ -	$ 5,627,825

Investment Services	
Custodial	$ 252,674
Research	-
Investment Consulting	188,288
Legal	-
Total investment services	$ 440,962
	$ 6,068,787

Parkland

Dallas County Hospital District
401(a) Supplemental Retirement Plan
403(b) Supplemental Retirement Plan
457(b) Supplemental Retirement Plan

Independent Auditor's Report and Combined Financial Statements

December 31, 2021 and 2020

Dallas County Hospital District
401(a) Supplemental Retirement Plan
403(b) Supplemental Retirement Plan
457(b) Supplemental Retirement Plan

December 31, 2021 and 2020

Contents

Management's Discussion and Analysis (Unaudited) 1

Independent Auditor's Report 5

Combined Financial Statements

Statements of Fiduciary Net Position 7

Statements of Changes in Fiduciary Net Position 8

Notes to Financial Statements 9

Dallas County Hospital District
401(a) Supplemental Retirement Plan
403(b) Supplemental Retirement Plan
457(b) Supplemental Retirement Plan
Management's Discussion and Analysis (Unaudited)

Our discussion and analysis of the Dallas County Hospital District 401(a) Supplemental Retirement Plan, the Dallas County Hospital District 403(b) Supplemental Retirement Plan and the Dallas County Hospital District 457(b) Supplemental Retirement Plan (collectively, the "Plans") combined financial statements provides an overview and analysis of the financial activities of the Plans for the years ended December 31, 2021 and 2020. The December 31, 2019 balances are included for comparative purposes.

Financial Highlights (Dollars In Thousands)

- The Plans' total net position increased by $198,033 in 2021, and the Plans' total net position increased by $118,057 and by $194,668 in 2020 and 2019, respectively.
- The Plans' total net investment income for 2021 was $169,856, an increase of $43,455 from 2020. The Plans' total net investment income for 2020 was $126,401, a decrease of $44,162 from 2019.
- The Plans' employer contributions were $29,739 in 2021, an increase of $1,895 from 2020. The Plans' employer contributions were $27,844 in 2020, an increase of $964 from 2019. Employer contributions increased in 2021 largely due to increased employee participation and the required funding match. Total employee contributions, including rollovers, were $62,891 in 2021, an increase of $7,166 from 2020. Total employee contributions, including rollovers, were $55,725 in 2020, an increase of $2,435 from 2019.
- Total interest on notes receivable from participants for 2021 was $755, a decrease of $148 from 2020. Total interest on notes receivable from participants for 2020 was $903, a decrease of $26 from 2019.
- Total benefit payments were $64,295 in 2021, a decrease of $27,596 from 2020. Total benefit payments were $91,891 in 2020, an increase of $35,995 from 2019. The decrease in 2021 is due to relaxed Covid-19 withdrawal limits from the Plans during 2020. Total administrative expenses were $913 in 2021, a decrease of $12 from 2020. Total administrative expenses were $925 in 2020, a decrease of $173 from 2019.

Overview of the Combined Financial Statements

The combined statements of fiduciary net position presents information on all of the Plans' assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the combined Plans are improving or deteriorating.

Dallas County Hospital District
401(a) Supplemental Retirement Plan
403(b) Supplemental Retirement Plan
457(b) Supplemental Retirement Plan
Management's Discussion and Analysis (Unaudited)

The combined statements of changes in fiduciary net position presents information on the Plans' net asset changes during the most recent calendar years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Notes to the Combined Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the combined financial statements.

Financial Analysis (Dollars In Thousands)

The Plans' assets include investments reported at fair value and contract value as of December 31, 2021 and 2020. These assets are held in trust for pension benefits. Charles Schwab Trust Company (Schwab) serves as the trustee for the Plans.

During 2021, most of the Plan's fund options gained value. Eleven of the funds performed over their respective benchmarks while three of the funds underperformed for the year.

During 2020, all of the Plan's fund options gained value. Six of the funds performed over their respective benchmarks while nine of the funds underperformed for the year.

Total net appreciation in fair value of investments for 2021 was $128,101 compared to appreciation of $105,058 and $143,829 in 2020 and 2019, respectively. Total dividend income increased by $20,412 to $41,755 in 2021 and decreased by $5,391 to $21,343 in 2020.

Dallas County Hospital District
401(a) Supplemental Retirement Plan
403(b) Supplemental Retirement Plan
457(b) Supplemental Retirement Plan
Management's Discussion and Analysis (Unaudited)

TABLE 1

Combined Fiduciary Net Position
At December 31
(Dollars in Thousands)

Assets

	2021	2020	2019
Investments	$ 1,335,907	$ 1,137,274	$ 1,017,794
Cash	75	47	234
Receivables			
Notes receivable from participants	15,251	15,879	17,115
Total receivables	15,251	15,879	17,115
Total assets	$ 1,351,233	$ 1,153,200	$ 1,035,143
Combined Fiduciary Net Position	$ 1,351,233	$ 1,153,200	$ 1,035,143

Dallas County Hospital District
401(a) Supplemental Retirement Plan
403(b) Supplemental Retirement Plan
457(b) Supplemental Retirement Plan
Management's Discussion and Analysis (Unaudited)

TABLE 2

Changes In Fiduciary Net Position
For the Years Ended December 31
(Dollars in Thousands)

	2021	2020	2019
Additions			
Contributions			
Employer contributions	$ 29,739	$ 27,844	$ 26,880
Employee contributions	58,111	52,150	49,946
Other	4,780	3,575	3,344
Total contributions	92,630	83,569	80,170
Interest on participant loans	755	903	929
Income on investments	169,856	126,401	170,563
Total additions	263,241	210,873	251,662
Deductions			
Benefit payments	64,295	91,891	55,896
Administrative expenses	913	925	1,098
Total deductions	65,208	92,816	56,994
Net Increase In Plan Net Position	198,033	118,057	194,668
Combined Fiduciary Net Position, Beginning of Year	1,153,200	1,035,143	840,475
Combined Fiduciary Net Position, End of Year	$ 1,351,233	$ 1,153,200	$ 1,035,143

FORVIS

14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254
P 972.702.8262 / **F** 972.702.0673
forvis.com

Independent Auditors Report

Board of Managers
Dallas County Hospital District
Dallas, Texas

We have audited the accompanying combined financial statements of the Dallas County Hospital District 401(a) Supplemental Retirement Plan, the Dallas County Hospital District 403(b) Supplemental Retirement Plan and the Dallas County Hospital District 457(b) Supplemental Retirement Plan (collectively, the "Plans"), which comprise the combined statements of fiduciary net position as of December 31, 2021 and 2020, and the related combined statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

PRAXITY™ Empowering Business Globally

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined fiduciary net position of the Plans' as of December 31, 2021 and 2020, and the combined changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 1 through 4 be presented to supplement the basic combined financial statements. Such information, although not a required part of the basic combined financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements and other knowledge we obtained during our audit of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because of the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

FORVIS, LLP

Dallas, Texas
September 1, 2022

Dallas County Hospital District

401(a) Supplemental Retirement Plan
403(b) Supplemental Retirement Plan
457(b) Supplemental Retirement Plan

Combined Statements of Fiduciary Net Position
December 31, 2021 and 2020

(Dollars In Thousands)

Assets

	2021	2020
Participant Directed Investments		
Mutual funds, at fair value	$ 1,172,302	$ 969,236
Investment in insurance company separate account, at contract value	163,605	168,038
Total investments	1,335,907	1,137,274
Cash	75	47
Receivables		
Notes receivable from participants	15,251	15,879
Total receivables	15,251	15,879
Total assets	1,351,233	1,153,200
Combined Fiduciary Net Position	$ 1,351,233	$ 1,153,200

Dallas County Hospital District

401(a) Supplemental Retirement Plan
403(b) Supplemental Retirement Plan
457(b) Supplemental Retirement Plan

Combined Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2021 and 2020

(Dollars In Thousands)

	2021	2020
Additions		
Contributions		
Employer contributions	$ 29,739	$ 27,844
Employee contributions	58,111	52,150
Rollovers	4,780	3,575
Total contributions	92,630	83,569
Interest income from participant loans	755	903
Investment income		
Net appreciation in value of assets	128,101	105,058
Dividend income	41,755	21,343
Total investment income	169,856	126,401
Total additions	263,241	210,873
Deductions		
Benefits paid to participants	64,295	91,891
Administrative expenses	913	925
Total deductions	65,208	92,816
Net Increase In Fiduciary Net Position	198,033	118,057
Combined Fiduciary Net Position, Beginning of Year	1,153,200	1,035,143
Combined Fiduciary Net Position, End of Year	$ 1,351,233	$ 1,153,200

Dallas County Hospital District

401(a) Supplemental Retirement Plan
403(b) Supplemental Retirement Plan
457(b) Supplemental Retirement Plan

Notes to Combined Financial Statements
December 31, 2021 and 2020

Note 1: Description of Plans

The following brief description of the Dallas County Hospital District (District) 401(a) Supplemental Retirement Plan (401(a) Plan), the Dallas County Hospital District 403(b) Supplemental Retirement Plan (403(b) Plan) and the Dallas County Hospital District 457(b) Supplemental Retirement Plan (457(b) Plan) (Plans) provides only general information. Participants should refer to the respective plan documents for a more complete description of the Plans' provisions.

General

The Plans are defined contribution plans covering substantially all employees of the Dallas County Hospital District (District). Employees may enroll in the Plans at any time.

The Plans operate under three separate plan documents: the Dallas County Hospital District 403(b) Supplemental Retirement Plan which provides for pre-tax employee contributions under section 403(b) of the Internal Revenue Code (IRC); the Dallas County Hospital District 401(a) Supplemental Retirement Plan, which provides for after-tax employee contributions under Section 401(a) of the IRC; and the Dallas County Hospital District 457(b) Supplemental Retirement Plan, which provides increased pre-tax employee contributions under Section 457(b) of the IRC.

There were 17,439 and 17,146 participants in the Plans as of December 31, 2021 and 2020, respectively. All participants are considered general employees.

Plan Administration

The Plans are administered by the Board of Managers of the District. The Board of Managers have exclusive responsibility for the general administration of the plan and trust, and has all powers necessary to accomplish that purpose. Among other duties, the Board of Managers interpret the Plans and reviews, monitors and replaces the investment options available to Plan participants in accordance with the Plans' investment policy.

The Plans' assets are held in trust by Charles Schwab Trust Company and the Plans' recordkeeping is performed by Milliman, Inc.

Contributions

All full-time regular employees (excluding leased employees or full-time contractors) are eligible to participate upon hire and enrollment into the Plans and may choose to contribute from 1% to 75% of his/her base salary, either pre-tax, after-tax or on a combined basis, as defined by the Plans. Part-time employees are required to contribute 7.5% of their eligible compensation each pay period to the Plans as a replacement for Social Security.

Upon completing one year of service, the District matches full-time employee contributions up to 6% of a participant's eligible compensation. Part-time employee contributions are not matched by the District.

Both District and employee contributions are invested in accordance with the participant's investment elections. Participants who have attained age 50 before the end of the plan year are eligible for catch-up contributions. Contributions are subject to certain limitations.

Investment Options

All contributions are invested in various mutual funds or the MetLife Stable Value Fund (Stable Value Fund), an insurance company separate account, as directed by participants in the Plans.

Participant Accounts

Each participant's account is credited with the employee's contribution, the District's contribution and an allocation of Plans' earnings (losses) and forfeitures of terminated participant's non-vested accounts and is charged with an allocation of administrative expenses. Allocations of the Plans' earnings (losses) are based on participant account balances. Administrative expenses are assessed a flat monthly fee on each open account. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Vesting

Participants are immediately vested in their employee contributions plus actual earnings thereon. Vesting in the District's contribution portion of their accounts is based on years of service. After two years of credited service, participants vest 20% per year over five years. Participants become 100% vested after the age of 65, upon becoming fully and permanently disabled or upon death.

Notes Receivable from Participants

Employees may request a loan from their pre-tax or after-tax accounts up to the lesser of $50 or 50% of their account balances. Note terms range from one year to five years, except for loans for the purchase of a principle residence which is up to 20 years. The notes are secured by the balance in the participant's respective account and bear interest at the prime rate +1%. Notes receivable are stated at their unpaid principal balance plus any accrued but unpaid interest. Principal and interest is paid ratably through biweekly payroll deductions for active employees.

Employees may have only one loan outstanding at a time.

In 2020, the Plan Sponsor (Company) adopted the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) provisions for loan relief to 1) delay certain required loan repayments for one year and 2) increase loan limits to the lesser of $100,000 or 100 percent of the participant's vested balance for coronavirus-related loans. The CARES Act provided for the increased loan limit for coronavirus-related loans issued from March 27, 2020 through September 22, 2020. The one-year suspension of loan repayments applies to qualified participants' loan payments due between March 27, 2020, and December 31, 2020. Following the suspension period, these loans will be re-amortized over the remaining period of the loans, plus the suspension period.

Payment of Benefits

Distributions under the Plans are made as lump sum payments for the vested portion of the participant's account upon satisfaction of a qualifying event, as stipulated by the plan documents and are recorded when paid. The Plans also provide for hardship distributions.

In 2020, the Plan Sponsor (Company) implemented Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provisions for coronavirus-related distributions (CRD). Through December 30, 2020, qualified participants are permitted to take a CRD of up to $100,000 from the Plan. Participants who take a CRD have the option to have the distribution taxed over a three-year period, with the ability to recontribute up to the full amount of the distribution within three years and not be subject to federal income tax as a result. The Plan also waived minimum distribution requirements for any distribution required to be made in 2020.

Forfeitures

Should a participant terminate his or her employment prior to achieving 100% vesting in District contributions, the unvested portion is forfeited and can be used by the District to reduce matching contributions or to pay administrative expenses. Administrative expenses paid by the Plans are related to distribution and loan transactions. During the years ended December 31, 2021 and 2020, forfeitures of $1,356 and $1,244, respectively, were used to reduce the matching contributions that were required from the District. Accumulated forfeitures of $202 and $261 as of December 31, 2021 and 2020, respectively, are included in the fiduciary net position of the Plans.

Dallas County Hospital District

401(a) Supplemental Retirement Plan
403(b) Supplemental Retirement Plan
457(b) Supplemental Retirement Plan

Notes to Combined Financial Statements
December 31, 2021 and 2020

Basis of Financial Reporting

The accompanying financial statements are presented in accordance with the generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), which designates the accounting principles and financial reporting standards applicable to state and local governmental units. The Plan maintains a fiduciary fund to account for its operations and uses the accrual basis of accounting in preparing its financial statements.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

Investments held by defined contribution plans are required to be reported at fair value, except for fully benefit-responsive investment contracts. Contract value is the relevant measure for the portion of the combined fiduciary net position of the defined contribution plans attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plans.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and changes in net assets, and disclosure of contingent assets and liabilities at the date of the combined financial statements. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments in mutual funds are stated at fair value based on published prices. The investment in the insurance company product, Stable Value Fund, is stated at contract value as determined by Metropolitan Life Insurance Company (MetLife), based on deposits made plus interest earned less withdrawals and expenses. Fair values of the MetLife separate account investment were $166,290 at December 31, 2021 and $176,021 at December 31, 2020. Purchases and sales of securities and related gains/losses are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

For the Stable Value Fund, MetLife guarantees principal and accrued interest, based on credited interest rates, for participant balances as long as the contract remains active. Interest is credited to the contract at interest rates that reflect the performance of the underlying portfolio. The average yield for the separate investment account related to the Stable Value Fund was -1.7% and 5.67% for 2021 and 2020, respectively. The crediting interest rate under the insurance contract was 1.76% and 2.3% at December 31, 2021 and 2020, respectively.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

Payment of Benefits

Benefit payments are recorded when paid.

Administrative Expenses

Administrative expenses may be paid by the District or the Plan, at the Sponsor's discretion.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

Note 3: Investments

The following investments were held by the Plans at December 31:

Fund Name	Ticker ID	2021	2020
AB Discovery Value Z	ABSZX	$ 48,336	$ 34,742
American Funds EuroPacific Growth R6	RERGX	59,815	56,388
*Metropolitan West Total Return Bond	MWTSX	83,269	83,460
RBC SMID Cap Growth FD I	TMCIX	63,050	51,718
*Schwab S&P 500 Index	SWPPX	345,107	264,789
Total other mutual funds, at fair value		$ 599,577	$ 491,097

Fund Name	Ticker ID	2021	2020
*BlackRock LifePath Index Retirement K	LIRKX	$ 70,400	$ 68,615
*BlackRock LifePath Index 2025 K	LIBKX	84,500	76,981
*BlackRock LifePath Index 2030 K	LINKX	84,554	70,329
*BlackRock LifePath Index 2035 K	LIJKX	85,807	70,793
*BlackRock LifePath Index 2040 K	LIKKX	78,241	62,515
BlackRock LifePath Index 2045 K	LIHKX	66,535	51,444
BlackRock LifePath Index 2050 K	LIPKX	54,762	43,218
BlackRock LifePath Index 2055 K	LIVKX	35,507	26,593
BlackRock LifePath Index 2060 K	LIZKX	12,419	7,651
Total Target Date Mutual Funds, at fair value		572,725	478,139
*MetLife Stable Value Fund, at contract value		163,605	168,038
Total Investments		$ 1,335,907	$ 1,137,274

*Denotes investments which are greater than or equal to 5% of the Plans' net position at December 31, 2021, as applicable.

Note 4: Disclosures About Fair Value of Plan Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2021 and 2020

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
Mutual funds	$ 1,172,302	$ 1,172,302	$ -	$ -
Total investments at fair value	$ 1,172,302	$ 1,172,302	$ -	$ -
December 31, 2020				
Mutual funds	$ 969,236	$ 969,236	-	-
Total investments at fair value	$ 969,236	$ 969,236	$ -	$ -

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2021 and 2020. The Plan had no liabilities measured at fair value on a recurring basis. In addition, the Plan had no assets or liabilities measured at fair value on a nonrecurring basis. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Plan held no Level 2 or Level 3 securities measured at fair value at December 31, 2021 and 2020.

Note 5: Investment Contract with Insurance Company

The Plans have entered into a fully benefit-responsive investment contract with MetLife (Insurance Company). The Insurance Company maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate guaranteed to the Plans.

The guaranteed investment contract is fully benefit responsive; therefore, contract value is the relevant measurement. Contract value, as reported to the Plans by the Insurance Company, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against the contract value for credit risk of the contract issuer or otherwise.

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the Plan Documents (including complete or partial plan termination or merger with another plan), (2) changes to plans' prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plans or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator does not believe the occurrence of any such value event, which would limit the Plans' ability to transact at contract value with participants, is probable.

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

Note 6: Related-Party Transactions

Related-party transactions include those with fiduciaries or employees of the Plans, any person who provides services to the Plans, an employer whose employees are covered by the Plans, an employee organization whose members are covered by the Plans, a person who owns 50% or more of such an employer or employee association or relatives of such persons.

The Plans paid $913 and $925 of recordkeeping fees to Milliman during 2021 and 2020, respectively.

The District provides certain administrative services at no cost to the Plans.

Note 7: Risks and Uncertainties

The Plans invest in various investment securities, including mutual funds and an insurance company contract. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net position.

Note 8: Tax Status

The 403(b) and 457(b) plans have not requested or obtained a determination letter, as the Internal Revenue Service does not currently provide that service for these plan types. However, management believes that the current 403(b) and 457(b) plans are designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and not subject to tax.

The 401(a) program has received a determination letter from the IRS dated September 29, 2011 stating that the program, as then designed, was qualified under Section 401(a) of the IRC. The 401(a) plan has been amended since receiving the determination letter; however, plan management believes that the 401(a) plan is currently designed and being operated in compliance with the applicable requirements of the IRC and not subject to tax.

Note 9: Plan Termination

Although it has not expressed any intent to do so, the District has the right under the Plans to discontinue its contributions at any time and to terminate the Plans. In the event of the Plans' termination, participants will become fully vested in their accounts.

Note 10: Subsequent Events

Subsequent events have been evaluated through September 1, 2022, which is the date the financial statements were available to be issued.

Records & Information Management (RIM)

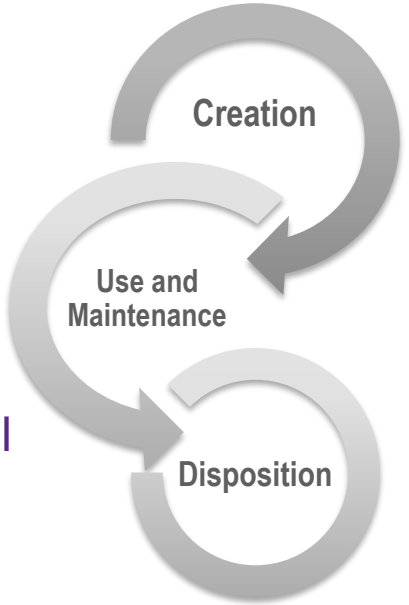
Overview

Denise L Pickett, MBA, CRM/NS/FED, IGP
Director, Records & Information Management/Public Information Act Officer (PIAO)

Why?

- Establishment – By Regulation: State of Texas Local Government Records Act (Title 6, Subtitle C, Local Government Code)
- Governance – Texas State Library and Archives Commission (TSLAC)
- Program Intent – To use the records lifecycle to ensure all needs are being met.

  To provide efficient, effective, and standardized control over the creation, organization, maintenance, use, retention, and disposition of all Parkland records and information.



RIM Organization

Steve Roth
EVP & Chief Legal Officer

Denise Pickett
Director RIM/PIAO

Department Records Coordinator

"matrixed liaisons"

Joye Timmons
RIM Analyst

Claudia Shedden
RIM Analyst

Tyrus Washington
RIM Coordinator

RIM vs HIM

RIM – Legal Affairs	HIM – Finance Administration
Focuses on non-clinical (business) records – many record types, smaller volume	Focuses on clinical records - fewer record types, larger volume
Strategically manages the direction of Parkland records & information assets	Assures availability of patient specific data/information
Manages official Parkland records retention schedule	Custodian of Legal Health Record (LHR) & resource for Designated Records Set (DRS)
Director, RIM/PIAO, serves as Records Management Officer (RMO) and Public Information Act Officer (PIAO)	Audits charts & monitors data integrity of electronic medical record
Manages hardcopy inventory & annual destruction of holdings at Iron Mountain & onsite to mitigate risks	Manages hardcopy health record at PRC & PARC facilities

Business Records History

Timeline

Pre-2013

- Hardcopy centric
- Onsite Enterprise Business Records Center (EBRC)
- Offsite records storage facility (not Parkland real estate)
- Offsite storage managed by multiple departments (invoices, ordering)

2013-2019

- Director of RIM hired (2013-2019)
- Board approved RIM Policy (2014)
- RIM Training for selected job codes
- Offsite storage managed and budgeted by RIM, EBRC inventory consolidated into account
- Records Retention Schedule reformatted & centralized
- Records disposition process centralized, procedure approved

2019-Present

- Director of RIM position filled (2019)
- Third party assessment completed – RIM maturity with roadmap/blueprint
- Email retention policy – reduce risk & storage costs
- System of Record established (Hyland OnBase)
- Electronic Records inventory Implemented to complement hardcopy inventory
- Searchable retention tool (Virgo) implemented

Future

- Focus on reducing hardcopy footprint
- Focus on managing ALL information and records assets – consistent retention applied

FY23 Projects

- Enterprise-wide email retention policy implementation
- Records Consolidation RFP – seeking vendor to consolidate Iron Mountain inventory & Parkland Records Center (PRC) into a single contract
- Charter Data Stewardship Committee
- Continued department implementation of system of record
- Essential records program development

Offsite Hardcopy Storage

2007 baseline

Inventory	24,722 boxes
Destroyed	17,834 boxes

As of 9/2022

Inventory	11,167 boxes
Destroyed	38,078 boxes

**Trending note – Since 2016, more boxes destroyed than new boxes sent offsite*

Electronic Records (2020-2022)

Electronic Records Inventory Meetings = 59 Divisions / 94 Departments

Systems/Applications Identified = 445

Email Retention Project = 70 TB starting point

Questions?

Parkland

Internal Audit Services

Fiscal Year 2023 Annual Audit Plan

Audit Committee Meeting
October 12, 2022
Presented by: *Vic Summers, Chief Audit Executive & Senior Vice President of Internal Audit Services*

Internal Audit Services

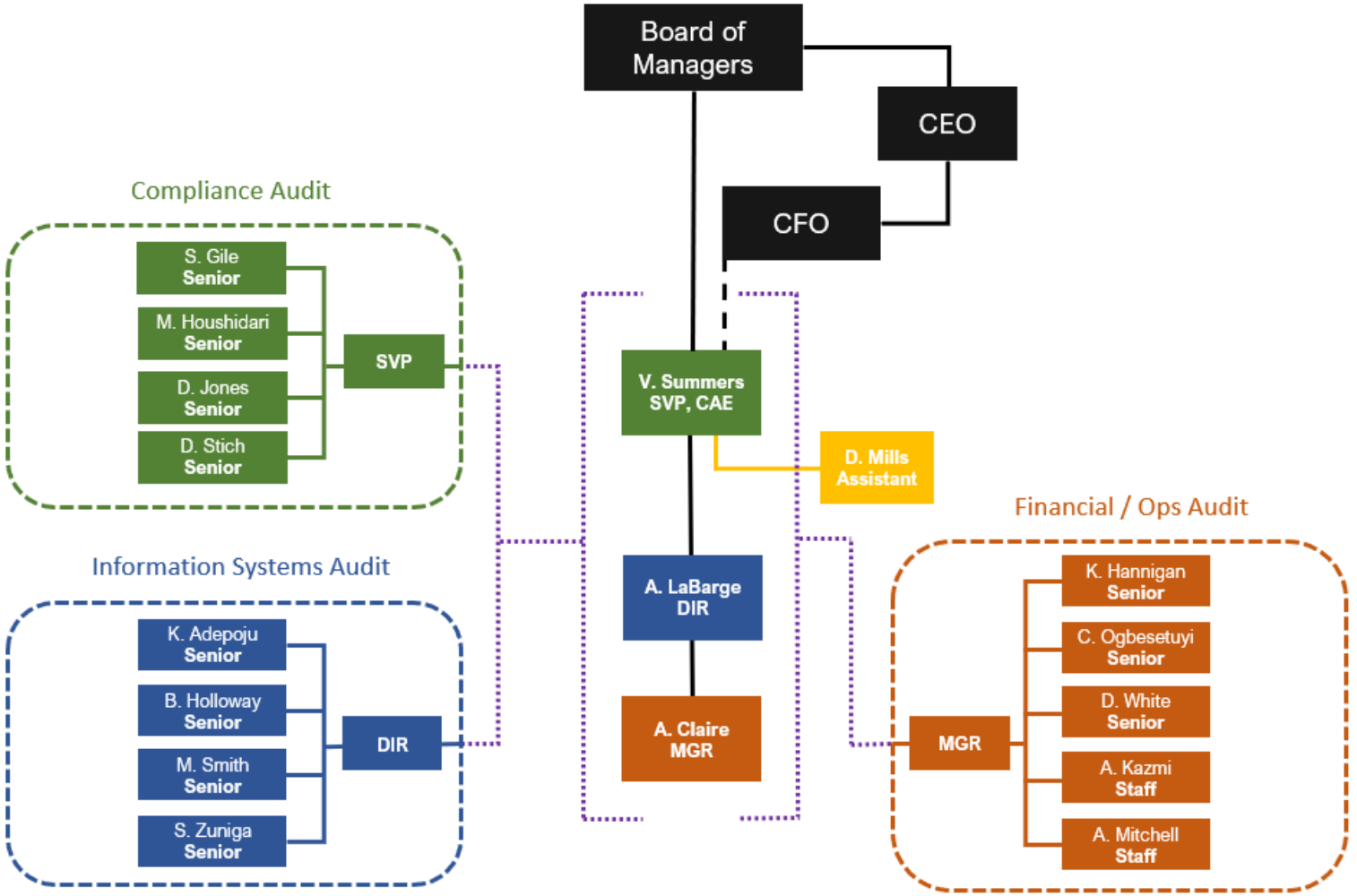
Vision

Be an innovative driver for positive change by collaborating with our clients to fulfill the organization's mission

Mission

Provide quality audit services with integrity, trust, and innovation as collaborative partners and business consultants to confirm processes are working as intended while providing insight into improvement opportunities to strengthen the organization

Organizational Chart



Parkland | *Care. Compassion. Community.*

Planning Process

Enterprise Risk Management Process (ERM)

- Meet with Parkland/Affiliate leaders
- Leaders assess their risks
- Leaders provide potential audit suggestions in their areas
- Results compiled

Provide a discussion document to the Audit Committee and Board of Managers

- Gain insight about areas impacting the District

Ongoing monitoring of activity impacting the District

Ongoing discussion with the Audit Committee Chair

Assess the information received during the planning process, consider:

- ERM results
- Inherent Risk (Likelihood x Impact)
- Management Effectiveness (internal controls)
- Residual Risk (Likelihood x Impact x Management Effectiveness)
- ERM Domains

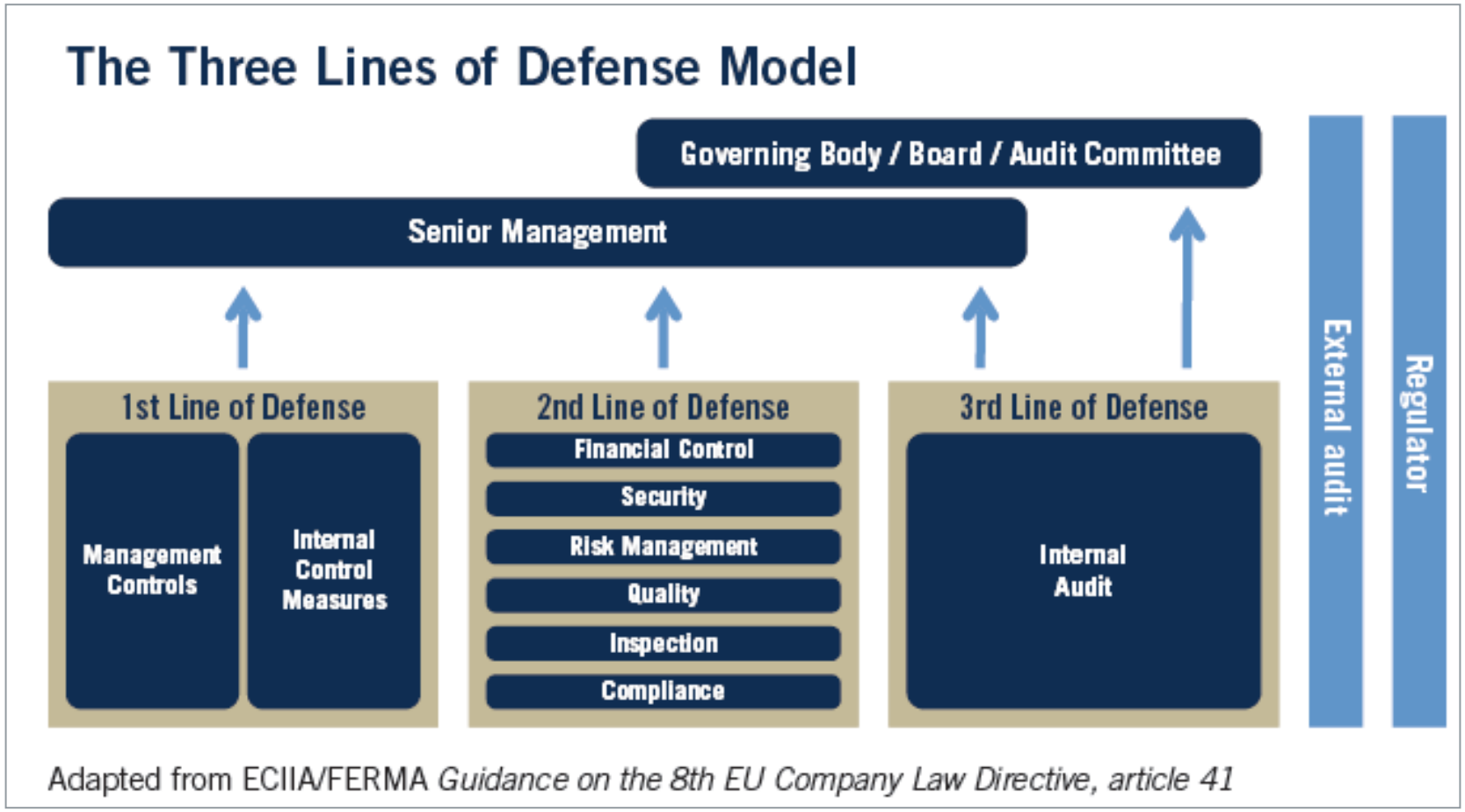
Receive feedback from Parkland Executives on the proposed plan

Conduct audit resource analysis

Develop the annual audit plan

Receive approval of the Audit Committee

Risk Management and Control



Resources

Indirect Hours		**11,488**
❖ Paid Time Off	4,088	
❖ Administrative Time	6,120	
❖ Education/Training	1,280	
Direct Audit Hours		**22,832**
❖ Carry Forward Audits	1,360	
❖ New Audits	9,363	
❖ Direct Audit Support	1,447	
❖ Parkland Affiliates	360	
❖ Follow Up	1,270	
❖ Annual Projects	4,041	
❖ Management/BOM Requests	4,990	
Total Hours		**34,320**

FY 2023 Audit Plan

Carry Forward

- Procurement/Contracting (fieldwork)
- Talent Acquisition (fieldwork)
- UT Contract - CVTS (fieldwork)
- Disaster Recovery (fieldwork)
- COVID-19 - post PHE (fieldwork)
- Population Health (fieldwork)
- Employee Health Plan (drafting)
- UT Documentation Review (drafting)
- UT RVU Payment (drafting)

Affiliate

- PCCI (risk)
- PCHP (PCHP & PH Delegated Entity CAP Validation)

Annual

- Annual Audit Plan
- Audit/GRC Management System RFP & Implementation
- Cash Monitoring (fraud)
- Enterprise Risk Management (ERM)
- External Audit (Interim & Final)
- Follow-up Monitoring
- HIPAA Privacy
- HIPAA Self-monitoring (IAS, Compliance, Legal)
- Information Security (cyber)
- Physical Inventory
- Population Health (risk)
- IAS Quality Assurance Review
- RCA Validation
- Revenue Cycle (Professional Billing Implementation)
- Supply Chain (risk)
- Treatment Team (1st on call response)
- UT Contract (risk, documentation review)

FY 2023 Audit Plan

New Projects

- Chargemaster Process
- Contract Labor (invoice & payment process)
- Epic – Documentation Auto-fil
- Lower Unit of Measure (LUM) Supplies (procurement/invoicing process)
- Managed Care Payors Paying Correctly
- Network
- Out of County (notification/billing/payment)
- Patient Property
- Price Transparency Compliance (risk)
- Remote Clocking
- UKG Payroll (pre-implementation testing)
- Vehicle Management Process
- Disaster Recovery

Internal Audit Services

Audit Follow-up Report Summary
August 11, 2022 – October 6, 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	**3**	**3**	**16**	**10**	**6**	**1**	**1**	**0**
Executive Session	**7**	**2**	**41**	**11**	**30**	**0**	**0**	**0**

Parkland | Care. Compassion. Community.

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
20-11 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

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:11/30/2022 % Complete: 85	There have been delays with the EPIC logic build. Testing of the EPIC logic build is now occurring. The EPIC Tables will match Parkland's new procedure 8224-0-04 "Evaluation and Management Charging: New versus Established Visit".	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: 12/31/2022 % Complete: 80	The following task still need to be completed before IAS can retest the ABN Process: 1. The current HB CCI load file was purchased and the file was loaded on 9/20/2022. Testing the file is in the process of being scheduled. 2. Per EPIC's best practice, Parkland will need to address the fee schedule issues by using the 8501 extension. The extension (61900) that Parkland is currently using is a manual process and does not and will not provide the most current fee schedule. 3. There is also the issue of not having a dedicated ABN SME, we are utilizing a SME that is not dedicated to Parkland and awaiting him to create the ABN utility that is needed for the 8501 extension issues. This will be escalated to Senior Management.	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.

Internal Audit Services

Follow-Up Report
OPEN SESSION

Audit	Issue	Action Detail	Status	Action Needed
19-12 Revenue Cycle	19-12 Missing Charges	Action: 19-12 Supply Charges and Drug Administration Charges - Perioperative Services Action Owners: James Floyd (Contracting); Cynthia Hamilton (Clinical Bridge Charge Load); Mary Alexander (Supply Data Integrity Maintenance); Paris Branch (Revenue Integrity) and Nathaniel Greene (Peri-Op Operations) Executive: Richard Humphrey Action Due Date: 9/30/2022 % Complete: 90	The team is still working through what needs to be done to accomplish the next set of supplies to be loaded into Production. The team is currently discussing: 1. The list of remaining supplies that need to be loaded. 2. Determining if the remaining list can be loaded as one increment or will it need to be broken up into several increments.	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.
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 Charge Load); Mary Alexander (Supply Data Integrity Maintenance); Paris Branch (Revenue Integrity) and Nathaniel Greene (Peri-Op Operations) 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. On 7/14/2022 the 7 outlier vendor items identified during retesting were added to both the Main OR and Cardiac Cath locations and contract prices are now updated daily during the 6:00 am interface run.	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.

Audit	Issue	Action Detail	Status	Action Needed
	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: 12/31/2022 % Complete: 40	A team representing Quality & Safety Operations, Safety & Clinical Risk Management and Supply Chain has completed a cross walk of Parkland's current Recall process design and organizational reporting policies and have aligned them. The team identified a gap in the stated policies and that there is not a clinical assessment for timing of removing items from shelves, need for patient disclosure, etc. The team has begun initial work on mapping out the clinical/risk component which will be reviewed by Supply Chain and other stakeholders for discussion.	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: 2/28/2023 % Complete: 75	a. Supply Chain met the 6/30/2022 Action Due Date for implementing a process to identify Consignment inventory in the Peri-Op areas. IAS validated the signage in IR, Cath Lab and Perioperative areas on 6/16/2022. A work paper was submitted to IAS management for review and this action has been marked as "Complete". b. Supply Chain is also working with INFOR to determine system capabilities for identification of consignment products and identify plans for implementation. However, this project will not begin until after Parkland has implemented a Perpetual Inventory System.	Supply Chain needs to implement a Perpetual Inventory System and work with INFOR to identify and separate Consignment from Parkland Owned supplies.

Audit Title	Objective	Significance	Results/Conclusion	Follow-up
Importance Rating – High				
22-12 Cash Monitoring Audit	The objective of the review was to ensure cash receipts are properly accounted for, cash handling policy and procedures are followed, till management controls are in place, and to assess whether the control environment is sufficient to help ensure cash is safeguarded.	Cash Handling received a high importance rating because cash is Parkland's most liquid asset and is highly susceptible to theft and other forms of misappropriation. The cash handling process is essential to Parkland's operations and to the proper stewardship of hospital resources.	Cash handling procedures were not consistently followed in observed locations resulting in opportunities for improvement to help ensure adequate protection of cash. Cash control weaknesses were identified such as lacking adequate separation of duties and cash till monitoring tools were not updated. Cash has not been collected at the deHaro COPC since a theft was discovered in December 2021. **Performance Rating:** Medium	**Committee** None **IAS** Routine Follow-up process
Importance Rating – Medium				
Importance Rating – Low				

Prepared By
Vic Summers

Prepared For
Audit Committee Meeting
October 2022

Audit Title	22-12 Cash Monitoring
Performance Rating - Importance Rating	Medium – High
Audit Group	Internal Audit
Audit Start Date	08/09/2022
Audit End Date	10/12/2022
Auditors	Kevin Hannigan, Senior Internal Auditor
Audit Type	Annual Audit Plan

Distribution List

Frederick Cerise, MD	President and Chief Executive Officer
Edmundo Castañeda, FACHE	Executive Vice President and Chief Operating Officer
Richard Humphrey	Executive Vice President and Chief Financial Officer
Felicia Miller	Executive Vice President and Chief Talent Officer
Gerry Baker	Senior Vice President, Revenue Cycle
Vivian Johnson	Senior Vice President, Clinical Services
Christina Mintner	Senior Vice President, Operations, Population Health/HOMES
DeLancey Johnson	Senior Vice President and Assoc. Chief Talent Officer
Geoffrey Camp	Vice President, Operations Support
Carrie Berge	Vice President, Pharmacy Services
Eric Walker	Vice President, Support Services
Marlin Suell	Chief of Police
Joe Mayer	Treasury Director

Table of Contents

Background....3
Audit Purpose/Rationale....4
Performance Risk Rating....5
Importance Risk Rating....5
Risk Rating Legend....5
Audit Conclusion....6
Issues/Findings....6
Management Response....9

Background

The cash handling process is an essential component of the collection of hospital funds. Due to its liquidity and transferability, cash is an asset which can be easily misappropriated without sufficient controls in place. To mitigate risks to an acceptable level, an effective internal control environment is needed. Parkland Health accepts payments at more than 40 locations throughout the hospital campus, clinics, and satellite locations throughout Dallas County. Cash, check, and credit card payments are accepted at most locations.

Parkland utilizes different Point-of-Sale (POS) applications for pharmacy and clinical operations. All pharmacy locations utilize the Emporos POS application to record payment activity. All other non-pharmacy clinical locations utilize the CORE application to record payment transactions. Both the Emporos and CORE applications are integrated with the Epic software.

Pharmacy cash collections are overseen by Pharmacy leadership and Pharmacy Technicians serve as cashiers at Parkland Hospital and COPC facilities with a pharmacy. Pharmacy locations utilize Smart Safes for cash deposits and a separate safe for starting till cash. Cash is credited to Parkland's bank accounts once it is deposited inside the Smart Safe where it stays until armored service picks it up for delivery to the bank, which is at least once per week depending on the location.

All Financial Counselors who collect cash report to Patient Financial Services (PFS), regardless of whether they are located within the main campus or at a Community Oriented Primary Care (COPC) clinic. The cashiers in the Women & Infants' Specialty Health (WISH) clinics are under the direction of PFS as well. PFS has documented Parkland's cash handling policy which is used by all Parkland departments. Pharmacy has their own cash handling policy with additional Pharmacy-specific procedures. Both policies help ensure internal controls are in place to protect and maintain the integrity of cash handling.

Non-clinical areas utilize two different POS systems, Computrition and Designa, to record payment transactions. The Cashier Office is Parkland's central cashiering area with the ultimate responsibility for recording cash payments into CORE and depositing into a Smart Safe for Dietary Services and Parking Services. Dietary Services, including the cafeteria, Parkland store, and the Starbucks locations in the Moody Clinic and the WISH Clinic use the Computrition POS application. Cash is taken to the Cashier Office daily for deposit.

Parking Services, under the direction of the Dallas County Hospital District Police Department, includes the Tower garage, Maple garage, Ambulatory Service Center surface lot and the Emergency Parking surface Lot. Parking Services utilize the Designa POS application. Cash receipts for these operations are taken to the Main Cashier Office to record cash receipts into CORE and deposit into a smart safe.

The Gift Shop is a part of the Parkland Health Auxiliary, operated by paid Parkland employees and governed by a volunteer board of directors, is a 501(3)c tax-exempt charitable entity engaged in supporting the mission of Parkland Health. The Gift Shops in the main hospital and the RJA also utilize the Computrition POS application. Cash receipts for the Gift Shop locations are taken to the Cashier Office for entry into CORE and deposited into a smart safe.

Audit Purpose/Rationale

The objective of the review was to ensure cash receipts are properly accounted for, cash handling policy and procedures are followed, till management controls are in place, and to assess whether the control environment is sufficient to help ensure cash is safeguarded. The focus of the audit was to:

- Validate cash drawer amount agreed to the POS application reports at the time of the cash count.
- Determine whether cash handling procedures are followed.
- Determine if appropriate till management controls are in place and operating effectively.
- Observe day-to-day cashier activity to ensure appropriate practices are followed.
- Assess the current control environment to determine if it is adequate to help prevent and detect theft or misappropriation of cash.

Internal Audit Services (IAS) performed unannounced cash audits during August 2022 at the following service areas:

- RJA Pharmacy
- Gift Shops
  - NPH
  - RJA
- Parkland Store
- Cafeteria
- Starbucks
  - Moody Clinic
  - WISH Clinic
- Tower Garage - East
- Maple Garage - South
- Grand Prairie COPC
- deHaro-Saldivar
  - COPC
  - Pharmacy
- Redbird COPC
- Moody Clinic
  - Breast Center
  - Diabetes Clinic
- NPH Cashier Office

Performance Risk Rating: **Medium**

Cash Handling received an overall medium performance rating because procedures were not consistently followed in observed locations resulting in opportunities for improvement to help ensure adequate protection of cash. Additionally, cash control weaknesses were identified including lack of adequate separation of duties, cash outside of register, and till monitoring controls were not operating as intended. The deHaro COPC has not collected cash since a theft was discovered on December 3, 2021.

Importance Risk Rating: **High**

Cash Handling received a high importance rating because cash is Parkland's most liquid asset and is highly susceptible to theft and other forms of misappropriation. The cash handling process is essential to Parkland's operations and to the proper stewardship of hospital resources.

Risk Rating Legend

Top Performance	• Controls are functioning as intended • Corrective action plan, if any, is simple	99-100
Low Risk	• Zero or minor weaknesses identified • Controls are functioning with minor errors or gaps identified • Corrective action plan, if any, is straightforward	95-98
Medium Risk	• Controls are present, but not yet effective or sufficient and major issues noted that could jeopardize the accomplishment of business objectives • May include a pattern of multiple minor weaknesses or newly identified findings • Corrective action plan to remediate will be moderately complex	90-94
High Risk	• Controls not yet identified, not yet implemented, ineffective or insufficient; not functioning as intended and are a contributing factor to non-achievement of business objectives • May include a pattern of moderate or significant weakness such as “second generation” findings • Corrective action plan to remediate will be complex	Below 90

Audit Conclusion

Cash handling procedures were not consistently followed in observed locations resulting in opportunities for improvement to help ensure adequate protection of cash, and cash control weaknesses were identified. For example, procedures relating to securing cash and separating cash drawers for each cashier were not consistently followed and variances were noted between cash counts and the POS system reports. Controls were not always effective, such as lacking adequate separation of duties and not running and monitoring the cash overages and shortages report in the Core system.

Since the facility's safes and the cash in the vendor's smart safe were discovered stolen in December 2021 until present, the deHaro COPC has not collected cash payments from patients.

Controls over service location tills are not consistently operating as intended. The till tracker used by Finance Administration personnel to document and monitor till amounts is not consistently updated to ensure accuracy. For example, during the deHaro COPC theft, a $900 till was stolen but remained on the till report. Additionally, the till tracker indicates a till amount for the Old Parkland Cafeteria of $3,300 which is no longer in operation.

Implementing, monitoring, and enforcing cash handling controls promotes safeguarding of cash and reduces the risk of theft or misappropriation. The following summary outlines audit observations, including questionable activities and cash handling procedure violations.

Issues/Findings

Issue 1: deHaro-Saldivar COPC Not Collecting Cash
Risk Rating: High

The deHaro-Saldivar COPC (deHaro COPC) has not been collecting cash payments since December 2021 when the vendor smart safe cash and two Parkland safes were stolen. According to COPC personnel, patients were asked to pay via credit card, through the MyChart application, or in-person at the main campus. As a result, Parkland has not received patient payments it would have otherwise received. deHaro COPC personnel have enhanced facility security by installing a security camera and badge access reader for the room where the safes will be located. Additionally, according to COPC personnel, access to the new room is further restricted to designated deHaro COPC and pharmacy personnel. However, cash is not being accepted because a new safe has not been acquired nor has a new smart safe been delivered.

The deHaro pharmacy has continued to accept cash since last December as procedures were adjusted for securing and depositing cash using a safe inside the pharmacy and ensuring pharmacy personnel made regular deposits.

Recommendation

The deHaro COPC management should acquire the replacement safe(s) needed and coordinate with Treasury personnel to request funding for the new till. The COPC should begin accepting cash payments as soon as a safe is in place. Compensating controls should be implemented so that the collection of cash payments is not disrupted while waiting for the installation of the smart safe. Any future hurdles to collecting cash payments should be addressed in a more timely manner to prevent loss of revenue.

deHaro COPC management should continue to work with the smart safe vendor to ensure another smart safe is installed in the facility's safe room as soon as possible. In addition, management should consider utilizing the smart safe model that accepts both currency and coins which is used at the RJA Pharmacy and Main Cashiers Office.

Issue 2: Till Monitoring Controls Not Operating as Intended
Risk Rating: Medium

Till amounts are monitored monthly by location, and status is recorded on a spreadsheet by Finance Administration. In December 2021, two safes and smart safe cash were discovered stolen from the deHaro-Saldivar facility (one vendor smart safe and two Parkland safes). One Parkland safe housed the $900 starting till amount for the deHaro COPC however, the $900 remained on the till report after it was stolen. Additionally, the till report shows a starting till for the Old Parkland Cafeteria of $3,300, which is no longer in operation.

Starting till amounts for Parkland's service locations and individual cashiers starting tills within the service locations may be overfunded based on the number of transactions or fee structure for the services provided. This results in having large amounts of cash that are unnecessarily at risk. For example, Parking Services has a location till amount of $3,000 per the till report and individual cashiers have starting tills of $500. Given that there may be several parking booths operating at the same time, there is a large amount cash at the parking booths that is unnecessarily at risk. Parking services recently implemented a new parking fee structure (April 2022) to help make parking more affordable for clients. Clients can now park free for up to 2 hours with a maximum charge of $5 per day. The impact of this rate structure change is fewer parking payments and less collections. However, the cashier starting till amounts have not changed.

Recommendation

PFS, Treasury, and/or accounting personnel should perform and document results for the following as indicated:

PFS and Treasury should collaborate with department leaders to ensure the appropriate individuals are assigned responsibility for each till and provide re-education to responsible individuals regarding their monthly certification and communication of till amounts to the Treasury. PFS and Treasury should coordinate to ensure independent cash till counts are periodically conducted to validate amounts on the till report.

Treasury should coordinate with accounting to reconcile the total till amount to the general ledger Petty Cash line-item amount monthly and note explanation and resolution of variances.

PFS and Treasury, in collaboration with the Department leader, should facilitate and manage the review and assessment of till amounts by location, including individual cashier starting till amounts, with applicable location management to determine if till amounts can be adjusted to reduce the risk of having too much cash assigned.

Additionally, Treasury personnel should review, and update policies and procedures related to Petty Cash and communicate the updated policies with applicable management.

Issue 3: Cash Not Appropriately Safeguarded
Risk Rating: High

Established controls over safeguarding cash as documented in Parkland's Cash Handling procedures were not followed. IAS observed cashiers sharing tills at the following locations and a segregation of duties issue at the NPH Gift Shop with a supervisor responsible for reconciling cash to POS system report performing a transaction. Sharing cash drawers and improper segregation of duties inhibits accountability for cash errors and/or thefts.

- Moody Starbucks
- Parkland Store

Cash totaling $18.03 was observed outside of cash register drawers and not properly safeguarded during the cash counts at the following service location cashier stations. Of the $18.03 observed outside of the registers, $14.06 in coins were stored in cups beneath the cash register at the RJA Gift Shop. This money was not included in daily deposits. Cash outside the drawer can be an indicator of theft as the origin of the cash is not documented. Cash not properly safeguarded was observed at the following locations:

- RJA Gift Shop
- Moody Diabetes Clinic
- Moody Breast Center
- Tower Garage

Cash counts at the following service locations did not agree with applicable POS system reports resulting in overages and shortages. According to section 23 of the Cash Handling Policy, overages and shortages of any amount will follow the HR Corrective Action and Corrective Action Grid. Two cash counts were short totaling $5.39 and three counts were over totaling $7.10 at the following cashier stations:

- Cafeteria
- Parkland Store
- Tower Garage
- Moody Breast Center
- Moody Diabetes Clinic

Recommendation

Cashiers should review and acknowledge the Cash Handling Policy. Cashier tills should not be shared, all cash, including donated cash and coins, should be secured in cash registers, and included in daily cash counts and deposits. Gift Shop personnel should ensure they have the ability to run on-demand POS system reports.

Issue 4: Cash Control Environment Improvement Opportunities
Risk Rating: Medium

IAS observed instances of non-compliance with the Cash Handling Policy during the cash counts as noted below and in Appendix I.

Counterfeit detection controls are not adequate

Bills greater than $5 were not consistently verified for authenticity as required by the Cash Handling Policy. According to cashiers at several service locations, only currency of $20 or more is verified for authenticity. Without verification, counterfeit bills could go undetected and result in financial loss.

- NPH & RJA Gift Shops
- Moody Starbucks

Trash and recycle containers and personal items near the cashier station increase the risk for mismanagement of cash

Trash and recycle containers, as well as personal bags, were observed to be underneath and too close to cash registers in several cashier stations which could allow cash to be easily swept into the trash and misappropriated. Additionally, paper clips were noted in several cash registers against the Cash Handling Policy. Paper clips can be used by a dishonest cashier to track the amount of stolen cash and manipulate register records.

- NPH & RJA Gift Shops
- Parkland Store
- Tower Garage
- Redbird Clinic
- Moody Breast Center
- RJA Pharmacy

Detective controls Can Be Improved

- Overage and shortage reports are no longer utilized to identify at-risk cashiering areas.
- Cash collections were not monitored to identify collection shortages such as the one at the deHaro COPC.
- The Gift Shop was not able to run an on-demand report at the time of the cash count which prevented verification of cash counts to the POS system.

Recommendation

PFS should review and update applicable cash policies and procedures around cash handling activities. Additionally, management at cash locations should ensure appropriate trash can placement around cashier stations, ensure counterfeit detection practices are consistently performed, and ensure cashiers review and acknowledge applicable cash handling policies.

PFS should routinely run and monitor the overage and shortage reports to identify unusual collection trends at cash collection locations. PFS should run cash collection reports to identify trends and ensure variances are investigated and resolutions documented.

Gift Shop personnel should ensure they have the ability to run on-demand POS System reports.

Management Responses

Issue 1: deHaro-Saldivar COPC Not Collecting Cash

Christina Mintner, Senior Vice President Ops-Population Health/HOMES

Action Plan: COPC management is working toward resolution of this issue and has documented a timeline of events after the theft occurred at the deHaro COPC. The COPC is waiting for the site survey to be completed as well as the safe to be installed. The COPC experienced delays in smart safe re-installation due to issues with vendor responsiveness to COPC requests. Currently deHaro is processing credit card payments only.

Target Completion Date: November 30, 2022

Issue 2: Till Monitoring Controls Not Operating as Intended

Tabitha Lee, Vice President Finance/Controller and Joe Mayer, Treasury Director

Action Plan: Treasury will collaborate with PFS and department leaders to ensure till assignments and amounts are appropriate and responsible parties for tills are re-educated to ensure accurate monthly certification and communication of till amounts. Treasury will coordinate with PFS to ensure periodic cash counts of till amounts are conducted to validate amounts on the till report. Treasury will work with accounting to reconcile the total till amount to the general ledger Petty Cash line-item amount monthly

and note explanation and resolution of variances. Treasury personnel will review, and update policies and procedures related to Petty Cash and communicate the updated policies with management.

Target Completion Date: December 31, 2022

Gerry Baker, Senior Vice President Revenue Cycle

Action Plan: PFS will collaborate with Treasury and department leaders to ensure till assignments and amounts are appropriate and responsible parties for tills are re-educated to ensure accurate monthly certification and communication of till amounts to the Treasury. PFS will coordinate with Treasury to ensure cash counts of till amounts are periodically conducted to validate amounts on the till report.

Target Completion Date: December 31, 2022

Marlin Suell, Chief of Police (Parking Services Action Plan)

Action Plan: Till amounts of $500 are needed to ensure the necessary change is on-hand for customer transactions. The tiered parking rates increased the amount of change we are now making for customers due to the lower parking fees. Smaller denominations of currency are needed more frequently.

Each till is counted and verified at the beginning and end of each shift and are locked in the safe when not in use.

Target Completion Date: Completed

Issue 3: Cash Not Appropriately Safeguarded

Sunny Suppa, Director Volunteer & Guest Services (Gift Shop)

Action Plan: All Gift Shop cashiers will be provided with an updated copy of the Cash Handling Policy and sign to acknowledge they read it. The Cash Handling policy will be magnified and posted on the communication board in the back office of the Gift Shop with the “segregation of duties” section highlights to serve as a daily reminder for the correct practice.

Target Completion Date: October 31, 2022

Marlin Suell, Chief of Police (Parking Services Action Plan)

Action Plan: All cashiers have been instructed to keep cash out of the public’s view and always properly secured. Leadership will review the Cash Handling Policy with the cashiers and will continue to conduct periodic reviews of each cashier booth to ensure compliance.

Target Completion Date: November 30, 2022

Solomon Melesse, POI-Director Dietary Services

Action Plan: Sharing Registers were observed while two new associates were being trained. New cashiers have been trained in the policy of not sharing registers.

Target Completion Date: September 30, 2022

Issue 4: Cash Control Environment Improvement Opportunities

Sunny Suppa, Director Volunteer & Guest Services (Gift Shop)

Action Plan: Manager reviewed the current cash handling policy, and a reminder has been provided to all cashiers that all bills $5 and greater must be verified. Trash and recycle bins have been moved away from the registers in accordance with the cash policy. The RJA Shop does not have any lockers for storing purses, the only space available is below the cash registers. We will have to look at other options for storage of personal items at that store. The Gift Shop receives bills from the cashier's office in bundles of 25 enclosed by paper clips. The Gift Shop will explore another option of keeping these bundles separated. In addition to the actions above, these items, the findings will be listed on an "audit follow-up checklist" to be reviewed monthly for continued compliance. The manager will reach out to the Director of Dietary Services to see how they are running on-demand reports as they use the same POS system. Additionally, the manager will also coordinate a meeting with IT Business Partner to request technical assistance to ensure Gift Shop has the reports it needs for proper control measures.

Target Completion Date: October 30, 2022

Carrie Berge, Vice President Pharmacy Services

Action Plan: RJA Anderson trash can item was corrected that day and discussed in staff huddles. This is also part of our cash audit/monitoring checks.

Target Completion Date: Completed

Marlin Suell, Chief of Police (Parking Services Action Plan)

Action Plan: Cashier booths in the parking areas are small which limits the distance between the cash station and trash container. However, all cashiers have been directed to keep the trash containers as far away and behind the cash station as possible. In addition, cashiers have been advised to keep personal items away from cash drawers per policy. Leadership will review the Cash Handling Policy with the cashiers and will continue to conduct periodic reviews of each cashier booth to ensure compliance.

Target Completion Date: November 30, 2022

Solomon Melesse, POI-Director Dietary Services

Action Plan: The trash/Recycle Container in Park market has been relocated. Paper Clips are generated from cash bundles (often, 25 one-dollar bills). Staff have been instructed to discard after unbundling. Verifying currency has been discussed with staff and tools have been confirmed as available. Employee purses and bags have been removed. Associates have been instructed to leave their purses in their locker rooms. We are working on making sure all associates have lockers.

Target Completion Date: September 30, 2022

APPENDIX I

Service Area	Location	Trash / Recycle Containers Close to Cash Register Policy Ref. 6. J.	Paper Clips in Cash Register Drawer Policy Ref. 6. I. 6	Sharing Registers Pol. Ref. 6. E. 7. A.	Not Verifying Currency for counterfeit if less than $20 Pol. Ref. 10. A. 1). a).	Money Observed outside Cash Register Drawer Pol. Ref. 6.C	Employee purses, bags not secured and close to register Pol. Ref. 6. I. 10.
OPC - Moody	Breast Center	x				x	x
	Diabetes Clinic					x	
COPC	DeHaro Clinic					x	
	Grand Prairie Clinic						
	Redbird Clinic	x					
Pharmacy	RJA	x					
	DeHaro						
Dietary Services	Park Store	x		x			x
	Cafeteria		x				
	Moody Starbucks		x	x	x		
	WISH Starbucks						
Parking Services	Maple Garage – South						
	Tower Garage - East	x				x	
Main Cashier	Register 1		x				
	Register 2		x				
Gift Shop	NPH Register1	x	x	x	x		
	NPH Register2	x	x	x	x		
	RJA	x	x		x	x	x

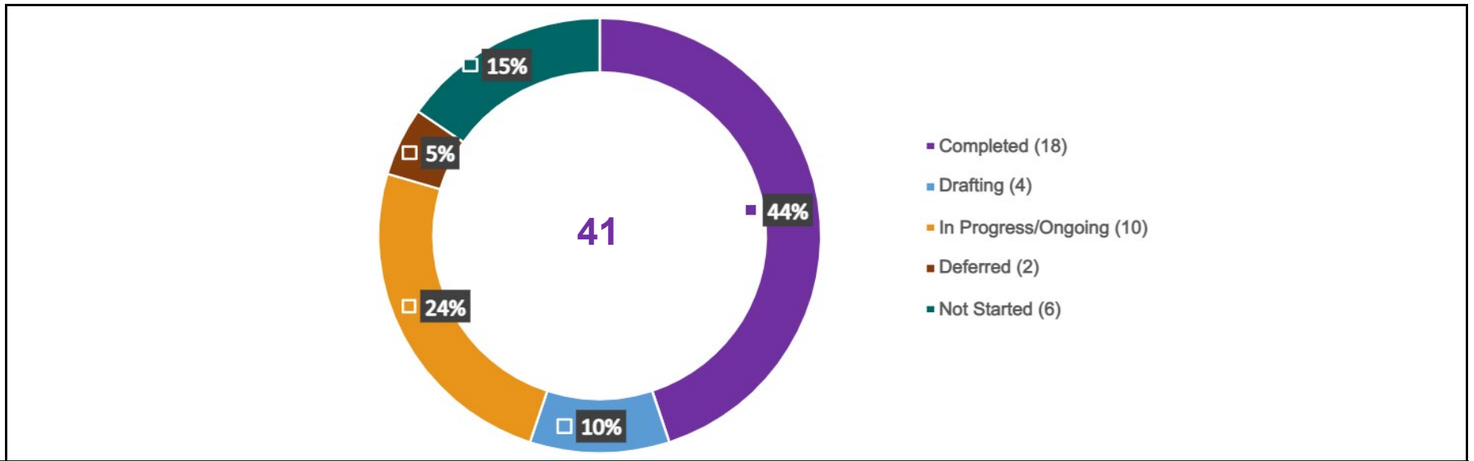
x – instance(s) of non-compliance with the Cash Handling Policy

APPENDIX II

Service Area	Location	Register Till Amount	# of Register Drawers Counted	# of Counts Agreed to System Reports	# of Register Drawers Short	# of Register Drawers Over	Amount Short	Amount Over
OPC - Moody	Breast Center	$0	3	3	0	0	$0	$0
	Diabetes Clinic	$50	2	2	0	0	$0	$0
COPC	DeHaro Clinic	$0	5	5	0	0	$0	$0
	Grand Prairie Clinic	$50	4	4	0	0	$0	$0
	Redbird Clinic	$100	2	2	0	0	$0	$0
Pharmacy	RJA	$100	3	3	0	0	$0	$0
	DeHaro	$100	2	2	0	0	$0	$0
Dietary Services	Park Store	$500	2	1	1	0	$0.50	$0
	Cafeteria	$500 / $250	3	1	1	1	$4.89	$0.01
	Moody Starbucks	$250	2	0	0	2	$0	$1.09
	WISH Starbucks	$250	2	2	0	0	$0	$0
Parking Services	Maple Garage	$500	1	1	0	0	$0	$0
	Tower Garage	$500	1	0	0	1	$0	$6.00
Main Cashier	Register 1	$0	1	1	0	0	$0	$0
	Register 2	$0	1	1	0	0	$0	$0
Gift Shop	NPH Register1	$250	1	z	z	z	z	z
	NPH Register2	$250	1	z	z	z	z	z
	RJA	$250	1	z	z	z	z	z
	TOTALS		**37**	**28**	**2**	**4**	**$5.39**	**$7.10**

z - IAS could not verify the cash counts to the POS system reports. Per Giftshop management, the Giftshop POS system is only able to do an end-of-day report at this time. The system was not able to pull a report for a mid-day cash count.

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. Deferred to FY 2023.
Talent Acquisition		Yes			x			Review operational compliance with policy and procedures.
Disaster Recovery		Yes					x	Review disaster preparation activites and subsequent recovery. FY 2023 Audit Plan.

	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. Deferred to FY 2023 after consultation with Quality & Risk Management
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**	**18**	**4**	**9**	**2**	**6**	
			46%	**10%**	**23%**	**5%**	**15%**	

	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.
Out of County Notification and Billing Process					x			Review the notification and billing process of patients receiving care from non-Dallas counties.
41			**18**	**4**	**10**	**2**	**6**	
			44%	**10%**	**24%**	**5%**	**15%**	