Parkland

Audit Committee Agenda

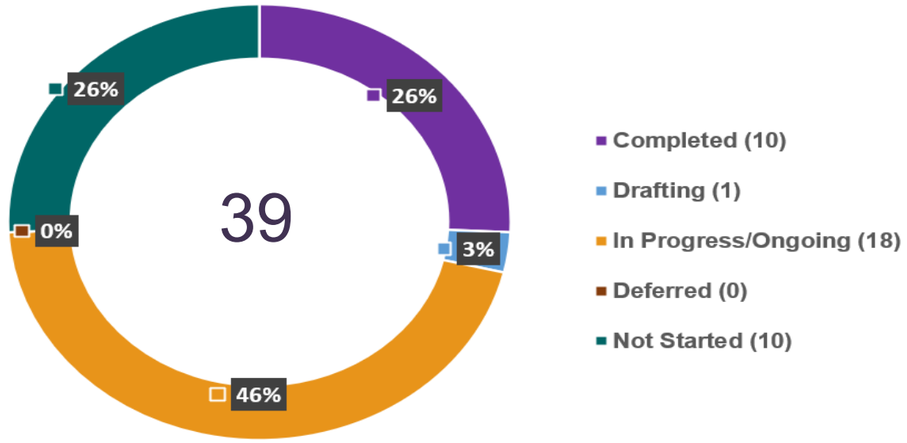
Committee Members
Chair: Todd Furniss, JD
Ramon Miguez, PE
Don O'Bannon, Esq
Elizabeth Palacios, MD

Agenda for the ***Audit Committee*** meeting of the Dallas County Hospital District is scheduled for ***Wednesday, April 12, 2023 at 12:30 PM***, at 5200 Harry Hines Blvd (WISH Building) Dallas, TX 75235, Executive Conference Room 02-175. (If assistance is needed in locating the room, please see the Administration receptionist on the 4th floor, 04-131.) A quorum will be physically present at the location of the meeting. Videoconferencing access is also possible via WebEx. That application is available at https://www.webex.com/downloads.html. Teleconferencing access is possible by calling +1-415-655-0001. Both virtual access forms require inputting (meeting number: 2621 918 3103; 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.	Audit Plan Update – Fiscal Year 2023	*3*	10 mins	Vic Summers
B.	Open Session Audit Follow-up Summary and Report	*5*	10 mins	Vic Summers
C.	Audit Report Summary	*8*	05 mins	Vic Summers
i.	Talent Acquisition Audit, Report No. 22-06	*9*	05 mins	Vic Summers

	PAGE	TIME (MIN)	PRESENTER(S)
ii. Out of County Billing Audit, Report No. 23-06	*21*	05 mins	Vic Summers
IV. Executive Session Tex. Gov't Code §§551.074, 551.076; Tex. Health & Safety Code §§161.032			
A. Executive Session Audit Follow-up Report [§§161.032]	*27*	10 mins	Vic Summers
B. Audit Reports Summary [§§161.032]	*34*	05 mins	Vic Summers
i. Foundation Software Implementation Audit, Report No. 22-27 [§§551.076]	*35*	05 mins	Vic Summers
C. Independent Briefing with Audit Committee (Verbal) [§§551.074]		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			
VIII. Executive Session Reference Documents			
A. List each item included in the information section			
IX. Adjourn			Chair

Internal Audit
Fiscal Year 2023
Audit Plan Update



	Count	Planned	Completed	Drafting	In Progress / Ongoing	Deferred	Not Started	Comments
2022 Carry Forward	**10**							
Foundation (IT Implementation)		Yes	X					
UT Contract - CVTS		Yes	X					
COVID-19 Post PHE		Yes	X					
Employee Health Plan		Yes	X					
UT Documentation Review		Yes	X					
UT RVU Payment		Yes		X				
Talent Acquisition		Yes	X					
Procurement/Contracting		Yes	X					
HIPAA Privacy		Yes	X					
Population Health		Yes	X					Risk Assessments completed for: GI & Liver Clinic, Internal Medicine Clinic, Neuro Clinic, Oak West Clinic, and Correctional Health.
Audits	**15**							
ChargeMaster		Yes			X			
Contract Labor		Yes			X			
Lower Unit of Measure (LUM) Supplies		Yes			X			
Out of County		Yes	X					
UKG - Payroll		Yes			X			
Epic - Documenation Auto-fil		Yes			X			
Network		Yes			X			
Remote Clocking		Yes			X			
Vehicles		Yes			X			
Disaster Recovery		Yes			X			
Managed Care Payors Paying Correctly		Yes					X	

	Count	Planned	Completed	Drafting	In Progress / Ongoing	Deferred	Not Started	Comments
Paitent Property		Yes			X			
Price Transparency Compliance		Yes			X			
Telehealth		Yes					X	
Population Health		Yes			X			Correctional Health Audit
Affiliates	**3**							
PCHP		Yes			X			Management Request - Review and periodic monitor the delegate entity agreement established between PCHP and Parkland.
Foundation		Yes					X	
PCCI		Yes					X	
Annuals	**11**							
Quality Assurance Review		Yes					X	Annual internal review as required by the Institute of Internal Auditor Standards.
RCA Validation		Yes					X	Validate prior RCA corrective actions have been sustained. Deferred to FY 2023 after consultation with Quality & Risk Management
HIPAA Privacy		Yes					X	Annual review that typically includes areas of high concern by the OCR. Collarboration project with Corporate Compliance.
External Audit (Interim & Final)		Yes					X	Assistance with external audit testing and following up on the prior year deficiencies.
Physical Inventory		Yes					X	Annual sampling of inventory counts to ensure accuracy.
HIPAA Self-Monitoring		Yes					X	
Follow-up Monitoring		Yes			X			Review of past audit findings and reporting progress and/or completion.
Treatment Team (1st on call response)		Yes			X			Validation of treatment team assignments in EPIC.
Annual Audit Plan		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.
Audit /GRC Management System RFP & Implementation		Yes			X			The procurement and implementation for the replacement of the Audit & GRC application.was cancelled. IAS is working through alternatives to ensure a viable solution is found that facilitates adherence with IIA Standards as well as a tool for organization's ERM process.
	39	**39**	**10**	**1**	**18**	**0**	**10**	
			26%	**3%**	**46%**	**0%**	**26%**	
Management/BOM Requests		Yes						
Management 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
	39		**10**	**1**	**18**	**0**	**10**	
			26%	**3%**	**46%**	**0%**	**26%**	

Internal Audit Services

Audit Follow-up Report Summary

February 15, 2023 – April 5, 2023

	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**	**14**	**9**	**5**	**0**	**0**	**0**
Executive Session	**6**	**2**	**34**	**12**	**22**	**0**	**0**	**0**

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Internal Audit Services

Follow-Up Report
OPEN SESSION

Audit	Issue	Action Detail	Status	Action Needed	Risk to Parkland if Corrective Actions are Not Implemented
19-08 COPC	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: 7/31/2023 % Complete: 80	The ABN project has increased in the scope of the project. Per Epic, Parkland cannot implement a phased approach and start with codes that requires an ABN, it is an all or nothing. As a result, every procedure code that Parkland has the charge master will need to be reviewed by the department, not just the known codes that require an ABN.	Parkland's Senior Management needs to determine the project priority regarding the EPIC representative's recommendation that requires all Parkland clinical charge codes to be reviewed prior to implementation. EPIC's recommendation would broaden the scope of project and number of process owners involved to include inpatient, pharmacy, laboratory, ancillary services, etc.	Failure to implement corrective actions could result in non-compliance with federal/state billing regulations and could subject Parkland to regulatory sanctions, civil and/or criminal penalties and negative publicity. If under billing it would result in lost revenue.
19-12 Revenue Cycle	19-12 Missing Charges	Action: 19-12 Supply Charges and Drug Administration Charges - Perioperative Services Action Owners: David Alexander Executive: Donna Richardson Action Due Date: 6/30/2023 % Complete: 75	The Clinical Bridge team has completed 40% of the items. The team identified a disconnect for a few items that is no longer updated because the contract has changed. The team will review a few examples to determine the root cause. The team is also reviewing the Lowest Unit of Measure for supplies has been updated in INFOR to ensure that the correct cost is applied in EPIC.	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. Phase 1 has been completed and accomplishments include: 1. The Clinical Bridge is up and running 2. 375 OR supplies are processing successfully 3. 17 chargeable GI Lab supplies are available for IAS to test 4. The completion, documentation, approval and publication of the OR Clinical Bridge - New Supply Request Workflow	Failure to implement corrective actions could result in non-compliance with federal/state billing regulations and could subject Parkland to regulatory sanctions, civil and/or criminal penalties and negative publicity. If under billing it would result in lost revenue.
20-11 Consignment Process	20-11 Pricing Inconsistencies Were Identified	Action: 20-11 Pricing Inconsistencies - Perioperative Services Action Owner: Mary Alexander Executive: Pamela Bryant Action Due Date: 6/30/2023 % 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. There is a flag in INFOR to ID consignment; however, Supply Chain is not currently using. Supply Chain wants to implement a Perpetual Inventory System and work with INFOR to identify and separate Consignment from Parkland Owned supplies.	Failure to implement corrective actions could result in non-compliance with federal/state billing regulations and could subject Parkland to regulatory sanctions, civil and/or criminal penalties and negative publicity. If under billing it would result in lost revenue. Potential of co-mingling consignment with Parkland owned supplies. Potential of not being able to determine consignment expenditures if combined with Parkland owned inventory. Potential negative publicity associated with non-compliance with billing regulations.
	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: Pamela Bryant Action Due Date: 6/30/2023 % Complete: 75	Supply Chain is working on building Parkland's Perpetual Inventory for Surgical Services. Supply Chain and Surgical Services team are developing new processes and making some physical changes to restrict access to protect the integrity of inventory counts.	Supply Chain needs to implement a Perpetual Inventory System and work with INFOR to identify and separate Consignment from Parkland Owned supplies.	Potential non-compliance with federal/state billing regulations could subject Parkland to regulatory sanctions, and civil and/or criminal penalties. Potential of over/under billing. Potential of co-mingling consignment with Parkland owned supplies. Potential of not being able to determine consignment expenditures if combined with Parkland owned inventory.

Internal Audit Services

Follow-Up Report
OPEN SESSION

Audit	Issue	Action Detail	Status	Action Needed	Risk to Parkland if Corrective Actions are Not Implemented
	20-11 The Recall Process Is Decentralized	Action: 20-11 The Recall Process Is Decentralized Action Owner: Michael Lane Executive: Roberto de la Cruz Action Due Date: 6/30/2023 % Complete: 40	A team representing Quality & Safety Operations, Safety & Clinical Risk Management and Supply Chain has: 1. Completed a cross walk of Parkland's current Recall process design and organizational reporting policies and have aligned them. 2. 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. 3. Identified the need to add a position to support Parkland's Recall Process. This position will report to the Quality & Safety Operations department.	Quality & Safety Operations, Safety & Clinical Risk Management and Supply Chain need to centralize the recall process and finalize the recall policy.	Potential patient safety if the identification of recall products are not identified and communicated to the affected providers and patients. Potential for inconsistent oversight, management, documentation of issues and corrective response. Potential negative publicity associated with non-compliance with patient safety recall communication and processes.

Internal Audit Services
April 2023 Audit Committee Meeting
Reports Summary (Open Session)

Parkland

Audit Title	Objective	Significance	Results/Conclusion	Follow-up
Importance Rating – High				
23-06 Out of County Billing	Internal Audit Services (IAS) conducted an audit to determine whether appropriate notification guidelines were followed for accounts that were flagged as Out of County – Indigent Care in Epic, whether the relevant patient county was billed for services provided at Parkland, and if Parkland received payment for those services.	The area received a High Importance Risk Rating because Parkland is eligible to receive reimbursement for services provided from other counties for Out of County Patient care costs.	Overall, Parkland is not adequately following the 72-hour notification guideline outlined in Chapter 61 of the Texas Health and Safety Code and is not receiving payments for services provided to out of county patients. Controls are functioning as intended for consistently billing the counties for services provided. IAS recommends a quality assurance program be implemented to ensure notifications are being sent to the counties in a timely manner. **Performance Rating:** Medium	**Committee** None **IAS** Routine Follow-up process
22-06 Talent Acquisition	Internal Audit Services (IAS) conducted a risk-based review of Parkland's Talent Acquisition Department. The review aimed to ensure Talent Acquisition's operational compliance with established policies and procedures.	This area received a high rating for importance because Talent Acquisition is charged with attracting, retaining, and developing the organization's workforce, which is essential to support Parkland's delivery of excellent patient care.	Overall, Talent Acquisition has existing operational controls in place to address compliance with laws and regulations. Although these controls do exist, IAS identified areas of process deficiencies, monitoring shortfalls, and outdated procedures. Additionally, document retention practices should be strengthened to ensure effective support for financial, reporting and quality control processes. **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
April 2023

Audit Title	22-06 Talent Acquisition
Performance Rating - Importance Rating	Medium - High
Audit Group	Internal Audit
Audit Start Date	04/19/2022
Audit End Date	04/12/2023
Auditors	Silvia Zuniga, Senior Information Systems 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
Stacy Dorsey	Senior Vice President, Workforce Strategy and Chief, Talent Management Administration
Shannon Mosley	Senior Director, Talent Acquisition

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Background

Parkland Health (Parkland) is one of the largest public hospital systems in the country, with an average of more than 1 million visits annually. Hence, making Parkland a major economic engine for Dallas County, employing and training thousands of people. In fiscal year 2022, Parkland posted 6,480 open positions, received about 97,827 application s for clinical and non-clinical positions and hired 4,050. Parkland employees for fiscal year 2022 totaled 13,103.

Parkland's Office of Talent Management (OTM) Division is responsible for attracting, retaining, and developing the organization's workforce. The mentioned responsibilities are distributed among various departments within the Division. The departments include Strategic Operations, Talent Management Acquisition, Talent Management Learning and Development, Talent Management Experience, Patient Relations, Shared Services, and Volunteer Services.

At the forefront, the Talent Acquisition (TA) Department oversees the hiring of individuals, also known as the Talent Acquisition process. The process begins with job posting and culminates with an employee's first day at Parkland. This multi-step process consists of the following stages:

- Strategy Planning
- Requisition Requests
- Talent Search
- Candidate Identification
- Interviewing
- Talent Selection
- Pre-Boarding (*all activities that happen prior to the start of the new hire)*

To effectively manage the tasks and candidate groups within this process, the Talent Acquisition Department is divided into four teams of TA Partners and TA Coordinators. The teams are led by an Executive Recruiting Manager, TA Manager, TA Sourcing Manager, and TA Support Services Supervisor.

Audit Purpose/Rationale

Internal Audit Services (IAS) conducted a risk-based review to ensure Talent Acquisition's operational compliance with established policies and procedures. The period of activity covered by the review was from April 2021 through December 2022. Steps performed during the audit included the following:

- Assessed Talent Acquisition's adherence to the documented Talent Acquisition Process.
- Performed compliance testing of Talent Acquisition Service Level Agreements.
- Evaluated compliance and effectiveness of the Sign-On Incentive Process.
- Reviewed the intake meeting process to identify internal candidates.
- Analyzed Talent Acquisition reporting.
- Conducted testing of the Salary Offer Process.
- Evaluated Talent Acquisition's compliance with document retention requirements.
- Executed I-9 forms and E-Verify compliance testing.
- Performed testing on background check, health and drug screening authorizations.
- Validated completeness of background check, health and drug screening results for hire eligibility.

Performance Risk Rating: **Medium**

This audit received a medium rating for performance due to moderate control weaknesses identified in Talent Acquisition's operational, financial and document retention processes. Inefficient and inconsistent implementation of existing controls increases Talent Acquisition's risk of negative financial impact, delayed talent acquisition, ineffective communication with hiring leaders, insufficient internal mobility, deficient document retention, and ineffective reporting.

Importance Risk Rating: **High**

This area received a high rating for importance because Talent Acquisition is charged with attracting, retaining, and developing the organization's workforce, which is essential to support Parkland's delivery of excellent patient care.

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 is 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

Overall, Talent Acquisition has existing operational controls in place to address compliance with laws and regulations. Although these controls do exist, IAS identified areas of process deficiencies, monitoring shortfalls, and outdated procedures. Additionally, document retention practices should be strengthened to ensure effective support for financial, reporting and quality control processes. Existing operational, financial and documentation processes Areas where controls function as intended include the following:

Top Performance

- I-9 Form and E-Verify Compliance
- Background Check Health & Drug Screening Compliance
- Talent Acquisition Partner's collaboration throughout the Audit

Issues/Findings

Issue 1: Inefficient Execution and Monitoring of Sign-On Agreement Process
Risk Rating: High
Risk: Inability to recover funds paid to attract and retain new hires who failed to meet the agreement.

According to Parkland's Hiring Incentives Sign-On 5000-2100 Procedure, employees who receive a sign-on payment and resign or are terminated for cause prior to the expiration of 1 calendar year following the date on which Employee first report to work for Parkland, will have a repayment obligation as follows:

Employment Start to Termination	% Owed by Employee
Less than 6 months	100%
6 months to 12 months	50%

After analyzing the amounts of the Sign-On Incentives awarded during the 5/11/2021- 12/3/2022 period and the Breach of Contract Payments file received from Parkland Accounting, IAS was able to determine that 27 of 30 (90%) termed employees have not met Sign-on agreements repayment obligations, with an unrecovered amount of $116,894.18 or 83% of total $140,250 sign-on amount awarded. Fifteen individuals left before the 6-month mark incurred a repayment obligation of 100%. Twelve individuals left before the 12-month mark incurred a repayment obligation of 50%.

During the review IAS, also noted that 2 of 30 (7%) termed employee sign-on agreements contained pay-out errors. One individual received 50% ($1,750) more than what the Sign-On Agreement determined. Another individual received the 90-day pay-out ($2,500) after termination.

Furthermore, Parkland's Hiring Incentives Sign-On 5000-2100 Procedure states that the amounts must be approved by the Talent Acquisition VP or her proxy prior to offering the Sign-On Incentive, and that the applicant who accepts the job offer and sign-on incentive must execute the Sign-On Agreement prior to onboarding. It also states that if the start date changes for any reason, the Sign-On agreement must be updated with a new date and initialed by the Talent Acquisition Vice President or her proxy. After reviewing the executed agreements, IAS observed that 16 of 30 (53%) termed employee Sign-On Agreements contained execution errors

- 6 agreements were signed by the employee after the employee's start date
- 4 agreements were signed by the Vice President after the employee's start date
- 4 agreements did not contain a date for the Vice President signature
- 2 agreements reflected the incorrect start date without required initials or correction

Failure to adequately execute and monitor Sign-On Incentives can result in non-compliance with Parkland's Sign-On Incentive Procedure, monetary loss, and high talent turnover for Parkland.

Recommendation

Talent Acquisition should develop a process to ensure that agreements are adequately reviewed, timely executed, and monitored post execution. The process should clearly define the responsible parties throughout the lifecycle and include training.

The Office of Talent Management should continue to work with Accounting and Legal Affairs to improve the processes and controls related to recovering funds from sign-on bonus breaches, possibly via automation. All processes should be reviewed and approved by the Legal Department prior to implementation.

Management Response Issue 1

Stacy Dorsey, Senior Vice President, Workforce Strategy and Chief, Talent Management Administration

Action Plan: The identified deficiency in collection of outstanding balances is not managed in the TA area. While the sign on agreements are part of the talent acquisition process, the process and monitoring of repayment is not owned within the TA function. We are happy to partner with legal and finance to address anything we can do to assist in needed process improvements.

In response to the 2 of 30 (7%) termed employee sign-on agreements contained pay-out errors. One individual received 50% ($1,750) more than what the Sign-On Agreement determined. Another individual received the 90-day pay-out ($2,500) after termination. In reviewing the payment errors. The first error identified was not a TA error. This was a late termination that resulted in an employee receiving a payout on their final check, with the termination being processed at a later date. The second incentive error of overpayment was an administrative error within the TA team. We are implementing an additional QA with processing incentive payments. Deadline to implement – April 28, 2023

Prior to the audit we identified a need to automate our sign on agreement process. Currently the deficiency in having agreements signed timely is due to a very manual process of emailing PDF documents back and forth between the recruiter, TA manager, SVP, and candidate. We have outlined a new process utilizing a “DocuSign” tool, to allow us to create, track, and sign agreements all within the system. This will ensure we know where each document is in the process and that they are signed timely. This will be implemented by the July 1, 2023.

Target Completion Date: QA Process implementation April 28, 2023, DocuSign implementation July 1, 2023

Issue 2: Inconsistent Reporting and Monitoring of Talent Acquisition Service Level Agreements
Risk Rating: High
Risk: Untimely hiring process, and poor working relationships with hiring leaders.

Talent Acquisition has Service Level Agreements (SLAs) that outline expectations for Time to Fill and other key stages of the Talent Acquisition process.

After review of dates in the candidate tracking system and other supporting evidence, Internal Audit Services (IAS) determined that 17 of 30 (57%) sampled items did not meet the Time to Fill Service Level Agreement. A complete breakdown of the SLAs for all the defined actions can be seen below:

Action	Service Level Agreement	Met	Not Met	Data Not Available	Total Tested	% Not Met
Intake Meeting	<24-hours after email receipt of approved from PeopleSoft	0	2	28	30	100%
Position Positing	<24-hours after completion of the intake meeting	2	0	28	30	93%
Reviewing and Routing Resumes	<5-days after position posting date; Continue process weekly as needed until position is in prepare offer stage	5	11	1	30	83%
Follow Up with Manager on Routed Candidates	<48-hours of candidate being routed in SuccessFactors; escalation to level up manager will transpire after this period	0	0	30	30	100%
Scheduling Interviews	<24-hours after selected candidates identified by hiring manager; high volume process completed <48-hours	0	0	30	30	100%
Post Interview Calibration Meeting	<2-hours following the last interview of the day	0	0	30	30	100%
Candidate Selection	<2-hours following the last interview of the day	0	0	30	30	100%
Verbal Offer Process	<36-hours after candidate has been identified during calibration meeting	1	0	29	30	97%
Written Offer Process	<24 hours after candidate accepts verbal offer	1	0	29	30	97%
Pre-Employment Process	<14 days after written offer acceptance. Background, Reference, and Occupational Health completed during this process	14	16	0	30	53%
New Hire Orientation	<2-weeks after selected candidate clears pre-employment process. Note: Nurse NHO is facilitated by Learning bi-weekly	30	0	0	30	0%
Time to Fill	<53-days after job is posted in SuccessFactors	13	13	4	30	57%

During the review Internal Audit Services noted that reporting results are not always transparent as is in the case for 4 of 13 (31%) items that met the "Time to Fill" Service Level Agreement. These items met the SLA because they were forwarded from an earlier requisition to a more recent one.

Internal Audit Services observed that the actions that involve active communication with the hiring leaders and identified as 100% Not Met in the table above do not meet the established SLA's due to lack of data. These actions include:

- Follow-up with Manager on Routed Candidates
- Scheduling Interviews
- Post Interview Calibration Meeting
- Candidate Selection

Without appropriate data, such as supporting evidence of intake meetings, interview dates, meetings with managers, and time of verbal offer process, Service Level Agreements are not measurable. IAS identified that some of the reasons for the lack of supporting evidence are:

- Lack of formal documentation of intake meetings, and other meeting with managers
- Lack of documentation of the verbal offer
- Hiring managers conduct their own interviews without updating the candidate tracking system
- Unavailability of documentation in the hiring requisition.

Another notable item is that the reports provided by the Analytics team measure time to fill from "Job Opening Date", while the SLA's measure from postdate which are not always the same day. Failure to meet Service Level Agreements causes a chain reaction that will adversely affect timely talent attraction, working relationships with hiring leaders and potentially timely delivery of patient care.

Recommendation

Talent Acquisition should evaluate the Service Level Agreements to ensure they are measurable and develop a process to attain and retain appropriate documentation. Also, Talent Acquisition should conduct a review of the Service Level Agreement and Office of Talent Management Reporting definitions to ensure they align.

Management Response Issue 2

Stacy Dorsey, Senior Vice President, Workforce Strategy and Chief, Talent Management Administration

Action Plan: While many of these activities mentioned in the SLAs are happening, we are not tracking and monitoring consistently due to system limitation and these SLAs being new to Parkland and the TA team. From a systems perspective, after setting our expectations with our team regarding SLAs we determined we were not able to track and monitor all the activities set in the SLAs. While they are still an expectation, the lack of being able to track them makes it difficult to hold recruiters accountable. As a result of this finding, we will be reassessing our SLAs to ensure they are attainable and trackable. We had already begun reeducation of the team. For example, we have already implemented a new process for documenting intake sessions in SAP. This documentation is being audited by each TA manager. By the end of this fiscal year, we will review our SLA expectations, set new/updated SLAs, communication the new SLAs, work with the talent analytics team to ensure we can track and monitor. We will also hold the teams accountable through goal setting, coaching and performance expectations.

Target Completion Date: October 1, 2023

Issue 3: Inefficient Identification of Internal Candidates
Risk Rating: Medium
Risk: Decreased employee retention leading to increased costs associated with external recruitment, and lack of employee engagement.

According to the Talent Acquisition Process, the Talent Acquisition Partner (TAP) must conduct an intake meeting with the hiring leader to discuss the identification of any internal candidates. Upon Internal Audit Services' assessment of the selected sample, it was determined that 29 of 30 (97%) did not have supporting evidence of an intake meeting or discussion of internal candidate identification.

The Posting of Job Openings Procedure declares that Managers are not allowed to conduct any interviews or engage with candidates for a job until it is officially posted. Furthermore, the Interviewing and Selection Procedure states that applicants who appear to be the best qualified after TA's preliminary review are asked to participate in at least one interview with the hiring manager and Talent Acquisition Partners are responsible for scheduling the interviews and any follow up sessions.

After analyzing the post date to interview date difference and supporting evidence of interview arrangements by the Talent Acquisition Partner in the Pathways audit status trail, Internal Audit Services determined that 5 of 30 (17%) candidates were interviewed before the position or did not have evidence of interview documentation as a result of the candidate's application being forwarded from a prior alpha requisition.

Failure to conduct and document intake meetings can lead to missed internal candidates and noncompliance with the Talent Acquisition Process. In addition, Talent Acquisition Partners' failure to coordinate and document interview supporting evidence can lead to noncompliance with the Job Openings, Interviewing and Selection procedures.

Recommendation

Parkland's Talent Acquisition Department should ensure that the identification of internal candidates is addressed and documented during the intake meeting. Talent Acquisition should review the Interview process and develop documentation guidelines and responsibilities to share with hiring leaders. Talent Acquisition should also ensure that complete and proper documentation is maintained when moving candidates from one requisition to another.

Management Response Issue 3

Stacy Dorsey, Senior Vice President, Workforce Strategy and Chief, Talent Management Administration

Action Plan: Similar to the previous finding, while this work is completed, it is not documented consistently within our system. Our Senior Director of Talent Acquisition has already addressed this with our team, and they are now all documenting their intake sessions in the SAP system. The managers are monitoring/auditing this documentation on a consistent basis. This will continue to be part of the SLA discussion and is included in the action plan outlined in response 2.

Regarding candidate interviewing prior to a position being posted. This is a system limitation. When a recruiter has more than one of the same positions posted, they may work with hiring leaders to consider candidates for more than one position. When this happens, it may look like in the system the candidate was interviewed prior to the position being posted. For example, if the BICU has 3 ICU RN positions posted, they may fill two of the positions, and on the third requisition, want to consider someone that applied for one of the other two positions. At that time the recruiter will "move" the candidate to the third requisition, so they are still in consideration for the open role. This is a standard TA practice and is not outside of any compliance rules. All candidates being interviewed during this process have applied for positions in our system and are screened by the recruiter prior to being considered by the hiring leader.

Target Completion Date: October 1, 2023

Issue 4: Deficiencies in the use and retention of documentation used in the Offer Process.
Risk Rating: Medium
Risk: Non-compliance with document retention requirements established by the Equal Employment Opportunity Commission, and internal policies and procedures.

According to Parkland's Talent Acquisition Process and the Reclassification Procedure 5000-1700, Talent Acquisition Partners (TAPs) are required to use the Salary Offer Tool to determine the pay rate offered to the candidate and obtain approvals for any exceptions.

During the review to validate the accuracy of the Salary Offer Tool, IAS observed that 15 of 20 (75%) Salary Offer Tool calculations could not be validated due to lack of complete documentation. Talent Acquisition Partners document a snippet of the tool's result from the "Impact" tab in the candidate's profile, but without visibility to the determining factors entered in the "Recruiting Tab" of the offer tool, IAS is unable to attempt and Salary Offer Tool recreation.

Furthermore, 5 of 5 (100%) of the reviewed Salary Offer Tool snippets reflected the need for equity or comp review but lacked supporting evidence of a review by compensation.

Internal Audit Services also determined that 3 of 23 (13%) Salary Offer Tools were not traceable. Three of the five did not have a Salary Offer Tool attached to the candidate profile.

Failure to accurately use, document and retain documentation related to the offer process can result in non-compliance with requirements established by the Equal Employment Opportunity Commission, and Parkland's Talent Acquisition Process, Reclassification 5000-1700, and Interviewing and Selection 5000-1300 Procedures.

Recommendation

Compensation should provide an improved Salary Offer Tool and collaborate with Talent Acquisition leadership to implement a QA process to ensure the proper use of the tool, compensation review process and documentation of all necessary support involved process. Talent Acquisition should collaborate with Records Information Management in Legal Affairs to ensure Parkland's record retention is compliant with regulatory requirements.

Management Response Issue 4

Stacy Dorsey, Senior Vice President, Workforce Strategy and Chief, Talent Management Administration

Action Plan: The recruiters consistently followed the process that was laid out for them. Due to system limitations, they are not able to upload the salary offer tool because it is an excel document and the system doesn't allow them to upload an excel document. They upload a screen shot of the salary offer tool to show it was utilized in preparing the offer. Due to the fact the tool the recruiters use could not be uploaded, and the documentation was a screen shot, the audit team was unable to recreate the offers that were made. This is a deficiency in the tool and the system. The compensation team will be addressing this through creating a replacement salary offer tool. The goal will be to provide the recruiters a tool that makes it easy to see all the elements of the equation utilized to determine the salary. In replacing the tool, it will eliminate all the above-mentioned concerns regarding documentation and ability to audit the offer process. This will be completed by the end of the fiscal year.

Target Completion Date: October 1, 2023

Issue 5: Inadequate retention and preservation of Signed Application Disclosure and Authorization Forms for Background Checks.

Risk Rating: High

Risk: Inability to produce required hiring process documentation to support hiring decisions and compliance with Equal Employment and Opportunity Commission and Department of Labor regulations.

According to the U.S. Equal Employment and Opportunity Commission (EEOC), "Any personnel or employment records you make or keep (including all application forms, regardless of whether the applicant was hired, and other records related to hiring) must be preserved for one year after the records were made, or after a personnel action was taken, whichever comes later. The EEOC extends this requirement to two years for educational institutions and for state and local governments. The Department of Labor also extends this requirement to two years for federal contractors that have at least 150 employees and a government contract of at least $150,000.) If the applicant or employee files a charge of discrimination, you must maintain the records until the case is concluded."

Upon the review of the Authorization Forms, Internal Audit Services discovered that 30 of 30 (100%) of the Signed Application Disclosure and Authorization Forms for background checks were retrieved from the vendor site. While the contract between Parkland and GroupOne that expired on 9/30/2022 addresses the retention and availability of all the works developed in the performance of the contract for a period of 3 years after completion of the project, Parkland does not have a contract or extension that addresses retention after the 3-year period.

Failure to adequately retain or preserve signed Application Disclosure and Authorization Forms for background checks, can lead to non-compliance with the U.S. Equal Employment and Opportunity Commission and Department of Labor regulations, as well as increase the risk of discrimination suit loss should such case arise.

Recommendation

Talent Acquisition should continue to work to address the storage and retention of data developed during the Group One contract post the agreed retention period.

Management Response Issue 5

Stacy Dorsey, Senior Vice President, Workforce Strategy and Chief, Talent Management Administration

Action Plan: I disagree with this finding; we have a standard practice of housing these forms in our vendor system. We do have an agreement with the vendor that allows us to access these documents whenever needed for audit, surveyor, or documentation purposes. We will work with legal to determine if the authorization forms need transferred to our files after the 3-year prior. We currently do not have risk as an organization in how we retain these documents. The Talent Acquisition team will work with legal to determine need to transition all current consent forms to a Parkland database.

Target Completion Date: October 1, 2023

Issue 6: Consent and Release of Liability Forms for Health and Drug Screening are not adequately reviewed and maintained.
Risk Rating: Medium
Risk: Increased risk for unfavorable position in an unemployment case or lawsuit arising from a drug test.

Parkland's Office of Talent Management Drug Free Workplace Policy & Procedure 6000-400 states, "No drug testing will be performed without an Informed Consent and Release of Liability Form signed by the employee". According to this same procedure, the form requires the employee/applicant to disclose all over-the-counter medicines recently taken or being taken at the time of the drug test.

Upon review of the response and attachments provided, Internal Audit Services determined that 30 of 30 (100%) of the forms do not include a section where the applicant can list recently or currently taken medications as is stated in Parkland's Office of Talent Management Drug Free Workplace Policy & Procedure. Also, 2 of 30 (7%) contained date field errors in the Donor Section, where one date was completely missing, and another date was one month after the test was performed

According to the Texas Workforce Commission, five elements needed by an employer to overcome an unemployment case or lawsuit arising from a drug test are:

1) a policy prohibiting a positive drug test result, receipt of which has been acknowledged by the claimant.
2) evidence to establish that the claimant has consented to drug testing under the policy.
3) documentation to establish that the chain of custody of the claimant's sample was maintained.
4) documentation from a drug testing laboratory to establish than an initial test was confirmed by the Gas Chromatography/Mass Spectrometry method; and
5) documentation of the test expressed in terms of a positive result above a stated test threshold.

Failure to adequately maintain consent documentation and misalignment of the policy to actual practice can increase the risk of an unfavorable position in an unemployment case or lawsuit arising from a drug test.

Recommendation

Occupational Health should review and modify the existing Consent and Release of Liability Form and Parkland's Office of Talent Management Drug Free Workplace Policy & Procedure to ensure they align with one another. Also, Occupational Health should develop a process to ensure adequate review and maintenance of all signed forms. Legal Affairs should be consulted for direction on retention requirements.

Management Response Issue 6

Stacy Dorsey, Senior Vice President, Workforce Strategy and Chief, Talent Management Administration

Action Plan: While the occupational health team was able to provide copies of each form, it was identified that when the form was updated to match current best practices, the policy was not updated to match. Since this audit identified the misalignment the Management Drug Free Workplace Policy & Procedure 6000-400 policy has been submitted for revisions to remove verbiage "According to this same procedure, the form requires the employee/applicant to disclose all over-the-counter medicines recently taken or being taken at the time of the drug test." from the policy to align with current urine drug screening process within the Occupational Health Department. This policy update will be completed by June 1, 2023.

To address the forms with missing/inaccurate dates, the new director of occupational health started in January and has implemented reeducation regarding the importance of accurate documentation during daily huddles and weekly staff meetings for staff.

Target Completion Date: June 1, 2023

Prepared By
Vic Summers

Prepared For
Audit Committee Meeting
April 2023

Audit Title	23-06 Out of County Process
Performance Rating - Importance Rating	Medium-High
Audit Group	Internal Audit
Audit Start Date	09/27/2022
Audit End Date	04/12/2023
Auditors	Ali Kazmi, 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
Gerry Baker	Senior Vice President, Revenue Cycle

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Background

The Out of County Indigent Health Care Program provides access to healthcare services for low-income Texas residents not qualifying for other state or federal health care programs. The Texas Health and Safety Code, Chapter 61, The Indigent Health Care and Treatment Act (Act) outlines the roles of counties, hospital districts, and public hospitals in caring for indigent residents. Individual counties may place additional restrictions on residents seeking out of county care. Per Collin County's Indigent Care Public Notice, Collin County does not provide healthcare benefits to indigent undocumented persons (non-US citizens, and non-permanent residents). In Collin County, patient net income can be up to 100% of the Federal Poverty Level (FPL), however for all other surrounding counties, net income cannot exceed 21% of the FPL. Historically, less than 1% of Parkland Health (Parkland) out of county patients have qualified for county indigent health care coverage. To receive reimbursement from the County, providers must comply with the notification timeline outlined in the Act:

- Telephone notification must be made within 72-hours of determining patient county of residence.
- Written notification must be post marked within 5 business days of determining patient county of residence.

The process for notification being sent to the county is as follows:

1. Patient will arrive to Parkland via an access point (i.e., ER, Inpatient Admission, direct admission from a clinic, etc.).
2. Once patient is admitted and identified as an out of county resident, a new insurance plan is loaded into the patient's Epic account as *Out of County- Indigent Care.*
3. Patient Financial Services (PFS) will review the patient account, as well as criteria for the patient's county to determine if the patient would meet the eligibility to be funded by the patient's county. This evaluation includes whether the patient is enrolled with the respective county.
4. PFS will then notify the patients' county via phone notification which must be made within 72 hours, or written notification must be postmarked within five working days of determining patient county of residence.
5. If a patient is found to be eligible for out of county care, their accounts will be sent to a separate billing work queue in Epic where the Billing and Collections team will process the claim.
6. If the patient does not qualify for out of county status, the county will notify Parkland and the patient will then be classified as "self-pay" in Epic.

Parkland works with a third-party vendor, the Medical Advocacy Services for Healthcare (MASH), which acts as support for screening patients and their role is to aid patients with Medicare/Medicaid eligibility. The vendor also performs out of county notifications on behalf of Parkland. If the patient qualifies for Medicare or Medicaid, the county will not be billed, but a notification will still be sent out to the patient's county. If the patient already has Medicare or Medicaid, then no notification is sent out, and Medicare/Medicaid become the primary guarantor on the account, since the county will always be the payor of last resort. The current practice is to have MASH services review each patient's eligibility for their respective county, and only send out notification for eligible patients. MASH will only send notifications out for patients receiving Inpatient, Emergency Room, and Observation care. Per Parkland PFS, notifications are not sent out for out of county patients seeking outpatient care.

Audit Purpose/Rationale

Internal Audit Services (IAS) conducted a review of Epic accounts that were flagged as *Out of County – Indigent Care* to determine whether appropriate notification guidelines were followed, the relevant county was billed for services provided at Parkland, and Parkland received payment for those services. The time period covered during the review was October 1, 2022 – February 22, 2023. Steps performed during the audit included the following:

- Selected a random sample of 30 accounts with patients residing in Collin County to review whether notification guidelines are being followed, the counties are being billed, and payment was received for services provided.
- Performed stratified sample test of 30 accounts for patients residing in other counties, excluding Collin County, to review whether notification guidelines are being followed, the counties are being billed, and payment was received for services provided.

Performance Risk Rating: **Medium**

This audit received a medium risk rating for performance because inconsistencies were identified with the notification process to the County, and payments not being received for services provided.

Importance Risk Rating: **High**

This area received a high-risk rating for importance because Parkland is entitled to receive reimbursement from other counties for out of county patient care costs, yet Parkland receives minimal amounts when compared to the services provided.

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 is 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

Overall, the notification process should be reviewed to ensure notification and billing criteria align with management expectations and the Indigent Health Care and Treatment Act (Act)

IAS identified inconsistencies in practice when compared to procedure in the period reviewed for notification to the county as outlined in the Act.

Parkland has not been receiving payments for services provided to out of county patients, and Parkland received $0 for the sample during the audit period between October 2022 and February 2023.

Issues/Findings

Issue 1: **County Notification Process is Inconsistent**
Risk Rating: **Medium**
Risk: **The lack of proper notification may prevent reimbursements from counties.**

IAS identified inconsistencies in the county notification practice when compared to procedure for the period reviewed. In April 2022, the practice was modified to potentially allow for additional reimbursement; however, the procedure did not change. IAS results identified 6/60 (10%) sampled accounts where the county notification process was not properly followed according to the revised practice.

Factors that determine whether a county will be notified per procedure include, does the county have a hospital district, is the patient undocumented, does the patient have a county enrollment number, and is the patient receiving outpatient care. Any of these can determine if notification will occur. IAS results when compared to procedure identified 4/60 (6.7%) accounts where the county was not properly notified.

Currently, procedure and practice exclude notification for outpatient services. The Act allows for emergency and non-emergency services.

The Act defers to the counties for eligibility requirements. In six of the main counties identified in the procedure, undocumented persons (non-US citizens, and non-permanent residents) are ineligible for indigent healthcare benefits. Parkland will not receive reimbursement from the county for services provided.

Recommendation

The notification process should be reviewed to ensure notification and billing criteria align with management expectations and the Act. Review the notification process with PFS staff to ensure notifications are sent to the counties on a timely basis. Review the Act to ensure all requirements are being met. Consider implementing a quality assurance process.

Management Response

Gerry Baker, Senior Vice President, Revenue Cycle

We are not in agreement with the findings on the 72-hour notification process: some accounts cited were Outpatient Clinic visits and are not part of the notification process. We are only required to make notification for Emergency Room and Inpatient admissions. We screen patients and if they are determined to have some other form of coverage, are over income or are from a county that does not qualify undocumented patients, no notification is made.

Target Completion Date:

Issue 2: **Lack of Payments Received**
Risk Rating: **Medium**
Risk: **Parkland is missing out on potential reimbursement due to not following state regulations with notifications not being sent timely to counties.**

Payments were not received for any of the 60 out of county patient accounts reviewed. Total charges for out of county patient care between October 2022 and February 2023 amounted to $11,048,629.

Recommendation

Evaluate the process to ensure Parkland receives maximum reimbursement from counties. Monitor outstanding balances to ensure timely collection of payments. Consider implementing a quality assurance process.

Management Response

Gerry Baker, Senior Vice President, Revenue Cycle

Notification does not automatically guarantee that the County will pay Parkland. The statues state that notification is made and that the patient has to apply for and be granted county indigent coverage and the county then has 15 business days to qualify the person or disqualify them.

Target Completion Date: