Parkland

Audit Committee Agenda

Committee Members
Chair: Todd Furniss, JD
Vincent Hall
Ramon Miguez, PE
Elizabeth Palacios, MD

Agenda for the ***Audit Committee*** meeting of the Dallas County Hospital District is scheduled for ***Wednesday, September 11, 2024 at 11:30 AM***, 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: 2630 520 4621; 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.	Forvis Report on Internal Audit Services Assessment	*4*	15 mins	Charles Johnson, Jr. Forvis Mazars
B.	Open Session Summary to discuss following topics:	*18*	15 mins	Vic Summers

		PAGE	TIME (MIN)	PRESENTER(S)
	i. Update on the FY24 Internal Audit Services Audit Plan and Schedule			
	ii. Internal Audit Services FY25 Budget			
	iii. UTSW – MSA Denials 31 Audit, Report No. 24-02 *Presentation concerning adherence to process and contractual requirements.*			
	iv. Open Session Audit Follow-up Reports *Update on corrective action plans for audits presented in prior open session Audit Committee meetings*			
IV.	**Executive Session**			
A.	Executive Session Summary to discuss following topics: [§§161.032]	*23*	15 mins	Vic Summers
	i. UTSW Contract FY23 Documentation Review, Report No. 23-32 *Presentation regarding the billing of MSA RVU claims per contractual and regulatory requirements.*			
	ii. Out of State Workers Audit, Report No. 24-06 *Presentation regarding adherence to process and regulatory requirements for the employment of out of state employees.*			
	iii. Executive Session Audit Follow-up Reports *Update on corrective action plans for audits presented in prior executive session Audit Committee meetings*			
B.	Consultation with Attorney regarding: [§§551.071]		10 mins	Steven Roth
	i. Review of Open Litigation, Claims, and Settlements **(See attached List of Litigation)**	*27*		
	ii. Update on Legal Issues with Contract Labor (Verbal)			
C.	Discussion regarding report and/or information provided by the Chief Audit Executive and related items on this agenda (Tex. Health & Safety Code §§161.032 & 161.0315 and Tex. Occ. Code §160.007)		10 mins	Chair
V.	**Action Items**			
A.	Committee may take action on any agenda item(s) above			Chair
VI.	**Closing Remarks**			Chair
VII.	**Possible Deliberation Regarding Documents Received by the Committee**			
A.	Fiscal Year 2024 Audit Plan Update and Schedule	*28*		
B.	UTSW - MSA Denials 31 Audit, Report No. 24-02	*35*		
C.	Open Session Audit Follow-up Reports	*40*		

		PAGE	TIME (MIN)	PRESENTER(S)
VIII.	**Possible Deliberation Regarding Executive Session Documents Received by the Committee**			
	A. UTSW Contract FY23 Documentation Review, Report No. 23-32 [§§161.032]	*44*		
	B. Out of State Workers Audit, Report No. 24-06 [§§161.032]	*55*		
	C. Executive Session Audit Follow-up Reports [§§161.032]	*63*		
IX.	**Adjourn**			Chair

Parkland

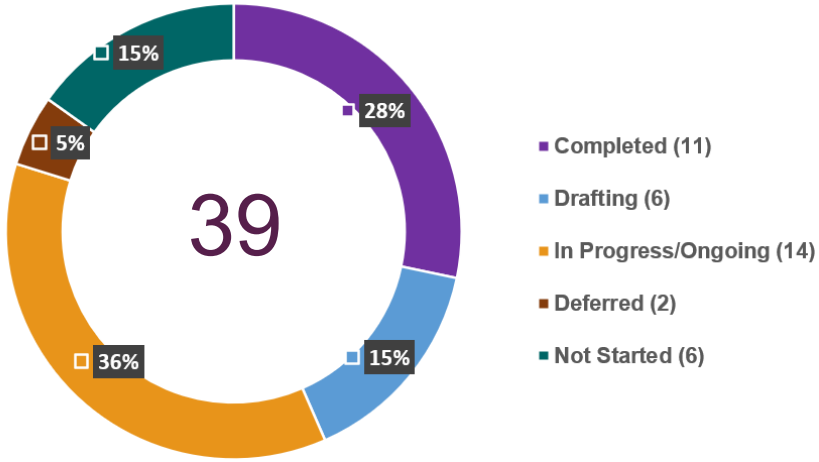
Internal Audit Services

Open Session Summary

Audit Committee Meeting
September 11, 2024
Presented by: *Vic Summers, Chief Audit Executive & Senior Vice President of Internal Audit Services*

Open Session Summary

- **2024 Audit Plan**
  - Projects Completed or Drafting – 44%
    - Includes a management request regarding Colonoscopies
  - Projects In Progress – 36%
  - Projects Not Started – 15%
  - Project Deferred – 5%
  - See the Audit Plan Update in the Reference Section



- **2024 Audit Schedule**
  - Information only, can address any questions
  - See the Audit Schedule in the Reference Section

- **2025 Audit Budget**
  - The total 2025 audit budget is $2,259,205 with 15 FTEs.

Internal Audit Services

FY 2025 Budget

(As of August 8, 2024)

	FY2024 Budget	FY2024 Projected	FY2025 Budget	Comment
Salaries	$2,219,833	$2,074,795	$2,195,385	Includes Merit
FTEs	*16.5*		*15*	
Professional Fees	4,261	0	50,000	For Quality Assurance Review
Supplies	4,467	2,114	2,230	
Other Expense	44,178	46,017	11,590	Continuing Education, Excludes Building Expenses
Total Expenses	**$2,272,739**	**$2,122,926**	**$2,259,205**	

Parkland | *Care. Compassion. Community.*

Open Session Summary

- **Audit Report Summary**
  - **UTSW – MSA Denials 31 Audit**
    - Overall, the results of this audit demonstrated that the claims billing and appeals process is adhering to Master Services Agreement (MSA) guidelines; however, improved documentation at processing decision points is recommended.
    - See next slide and the full UTSW – MSA Denials 31 Audit Report in Reference section

- **Follow-up Report Status**
  - 0 audits and 0 issues were addressed during the period
    - See Audit Follow-up Report Summary in Reference Section
    - See Closure Report in the Reference Section
  - Continue to work with management on all open issues
  - Progress being made on all issues
  - Received 1 action due date change since the last audit committee meeting, and the extension was approved by Executive Leadership.
    - See the Follow-up Report in the Reference Section

UTSW – MSA Denials 31 Audit

Report No. 24-02

Overall, the claims billing and appeals process is adhering to Master Services Agreement (MSA) guidelines; however, improved documentation at processing decision points is recommended.

Reason for Audit

To determine if Parkland's billing and appeals process for claims classified as Pending met the business rule requirements of the MSA. Additionally, on-going monitoring of coverage updates was reviewed for determining eligible refunds on previously paid claims.

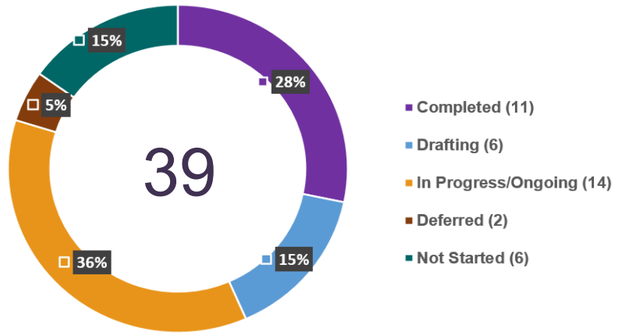
Results

Top Performance: Ongoing monitoring for coverage updates on previously settled claims.

Recommendation/Action Plan

Evaluation of Denial 31 claims is a multiphase process. Clearly defined processes and maintenance of information are needed to support decisions made at each stage of processing.

Internal Audit
Fiscal Year 2024 Audit Plan
Update



	Count	Priority	Planned	Completed	Drafting	In Progress / Ongoing	Deferred	Not Started	Comments
2023 Carry Forward	**7**								
UT RVU Payment		High	Yes		October				Validates the accuracy of Third-Party Administrator (TPA) payments for UT MSA RVU claims.
Network		High	Yes	X					Review of network-layer processes and protections for non-IT controlled applications (i.e. cloud applications).
Vehicles		High	Yes	X					Evaluate whether all Parkland owned vehicles are physically identified and properly accounted for, acquired, maintained, and disposed. Review processes and controls to ensure Parkland policies and procedures and State requirements for ownership/insurance/registration are followed
Disaster Readiness		High	Yes	X					Review of Parkland's procedures designed to ensure disaster readiness - the ability to continue operations during a disaster and recover after the disaster ends.
UT Documentation Review		High	Yes	X					Evaluating the accuracy of UT billed RVU claims compared to provider documentation
Telehealth (Combined with Virtual Visits below)		High	Yes						Combine with Virtual Visits and include a review of processes, controls, and regulatory compliance. Ensure IT platform security controls are adequate, and review accuracy of patient charges.
Population Health		High	Yes	X					Evaluation of processes and controls relating to Correctional Health including pharmacy Pyxis medication overrides, completeness of intake medical appointments, evaluation of timely response to safety posts, review of processes for safeguarding assets, and patient requests for health appointments.
Physical Inventory		Medium	Yes	X					FY 2023 Annual sampling of pharmacy and supplies inventory counts to ensure accuracy. Physical counts begin in September.
Audits	**14**								
Assets		High	Yes			X			Review of the control environment to ensure accuracy and completeness of asset records, evaluate processes to ensure safeguarding of assets, and compliance with regulations regarding assets used in patient care.
Payroll		High	Yes			X			End to end review of the payroll process to ensure accuracy and completeness of employee pay, compliance with established procedures, and compliance with applicable regulations.

	Count	Priority	Planned	Completed	Drafting	In Progress / Ongoing	Deferred	Not Started	Comments
Out of State Workers		High	Yes	X					Review for compliance with applicable regulations including Payroll setup, Taxes, Federal & Respective State Law
Contract Labor		High	Yes			X			Review the newly established invoice and payment process to ensure accuracy.
Role Based Access		High	Yes		October				Review of processes for provisioning of badge and IT access rights according to job needs.
Cigna		High	Yes			X			Review to ensure compliance with the contract and accuracy of claim payments.
Patient Scheduling Process		High	Yes		October				Review of the patient scheduling control environment to ensure resources, wait times, and patient experience are optimized.
Patient Registration Process		High	Yes					X	Review the patient registration controls designed to ensure accuracy and completeness of the information recorded.
Virtual Visits (Combined with Telehealth above)		High	Yes		October				End to end review of process including regulatory compliance, IT controls, patient flow, and scope of practice. Determine how does the process work, who initiates service, how are vitals taken, who is eligible, established vs new, who staffs, scope of practice maintained, are there wait times, is this tracked, scheduling zip codes.
UTSW - 31 Denials		High	Yes	X					MSA - 31 Denials - October, Third-Party Billing/Payment Analysis Forvis - September, Documentation Review - October
UTSW - 3rd Party Billing		High	Yes		X				MSA - 31 Denials - October, Third-Party Billing/Payment Analysis Forvis - September, Documentation Review - October
UTSW - Documentation Review		High	Yes			X			MSA - 31 Denials - October, Third-Party Billing/Payment Analysis Forvis - September, Documentation Review - October
Parkland/PCHP Delegated Entity Agreement		High	Yes	X					Review of Parkland readiness for Delegated Entity (DE) Audit. Validation of prior action plans from the PCHP DE audit. Review of entity MSA to ensure contract compliance.
Construction Contract/Project Review		High	Yes					X	Review to ensure compliance with the contract and accuracy of invoice payments.
Affiliates	**4**								
PCHP		High	Yes				X		Review of the completeness and accuracy of claim payments. Defer to FY2025, due to organization transition.
Foundation		High	Yes					X	Parkland Focus Funds
PCCI		High	Yes				X		Review to be decided using a project-level risk assessment. Defer to FY2025, project not started
Nursing Homes		High	Yes		October				Oversight, IJ Corrective Action Validation
Annuals	**11**								
Quality Assurance Review		Medium	Yes			X			Annual internal review as required by the Institute of Internal Auditing Standards. Prepare for external review.
Cause Analysis Validation		Medium	Yes					X	Validate prior RCA corrective actions have been sustained. Deferred to FY 2023 after consultation with Quality & Risk Management.
HIPAA Privacy		High	Yes					X	Annual review that typically includes areas of high concern by the OCR. Collarboration project with Corporate Compliance.

	Count	Priority	Planned	Completed	Drafting	In Progress / Ongoing	Deferred	Not Started	Comments
External Audit (Interim)		Medium	Yes	X					Assistance with external audit testing and following up on the prior year deficiencies.
External Audit (Final)		Medium	Yes			X			Assistance with external audit testing and following up on the prior year deficiencies.
Physical Inventory		Medium	Yes			X			FY 2024 Annual sampling of inventory counts to ensure accuracy. Physical counts begin in September.
HIPAA Self-Monitoring		Low	Yes					X	Random sampling of Epic patient record access was appropriate by Internal Audit Services, Corporate Compliance, and Legal Affairs personnel.
Follow-up Monitoring		High	Yes			X			Routine monitoring of previously reported issues and management action plans.
Annual Audit Plan		High	Yes			X			Ongoing identification of key issues and risks in the development of the annual audit plan.
Enterprise Risk Management (ERM)		High	Yes			X			Participation in conducting the annual risk assessment, monitoring of progress of identified risks, and reporting of key institutional risks.
Audit /GRC Management System (RFP & Implementation)		High	Yes			X			Continue evaluation of audit management software that will provide efficiencies in adhering to internal audit standards.
	36			10	6	12	2	6	
				28%	17%	33%	6%	17%	
Management/BOM Requests	**3**								
Pharmacy Invistics Implementation		Medium				X			Participate in the implementation to enhance drug diversion and inventory understanding and ensure proper internal controls are implemented.
Contract Labor		High				X			Attorney Work Product Privilege
Colonoscopy - Screening vs. Diagnostic		Medium		X					Review if billing is appropriate for the service provided.
	39			11	6	14	2	6	
				28%	15%	36%	5%	15%	

Internal Audit
Fiscal Year 2024 Audit Plan
Schedule

Reporting Months: *January, April, June, September, October*

	Priority	Project Start	Project End	Report Month	Comments
2023 Carry Forward					
UT RVU Payment	High		December 2023	**October**	Validates the accuracy of Third-Party Administrator (TPA) payments for UT MSA RVU claims.- Working through results
Network	High		January	**April**	Review of network-layer processes and protections for non-IT controlled applications (i.e. cloud applications).
Vehicles	High		October 2023	**January**	Evaluate whether all Parkland owned vehicles are physically identified and properly accounted for, acquired, maintained, and disposed. Review processes and controls to ensure Parkland policies and procedures and State requirements for ownership/insurance/registration are followed
Disaster Readiness	High		January	**June**	Review of Parkland's procedures designed to ensure disaster readiness - the ability to continue operations during a disaster and recover after the disaster ends.
UT Documentation Review	High		Dec-23	**September**	Evaluating the accuracy of UT billed RVU claims compared to provider documentation - August Meeting moved to September
Population Health	High		December 2023	**January**	Evaluation of processes and controls relating to Correctional Health including pharmacy Pyxis medication overrides, completeness of intake medical appointments, evaluation of timely response to safety posts, review of processes for safeguarding assets, and patient requests for health appointments.
Physical Inventory	Medium		October 2023	**January**	FY 2023 Annual sampling of pharmacy and supplies inventory counts to ensure accuracy. Physical counts begin in September.
Audits					
Parkland/PCHP Delegated Entity Agreement	High	October 2023	December 2023	**January**	Review of Parkland readiness for Delegated Entity (DE) Audit. Validation of prior action plans from the PCHP DE audit. Review of entity MSA to ensure contract compliance.
UTSW - 31 Denials	High	October 2023	February	**September**	MSA - 31 Denials - August Meeting moved to September

	Priority	Project Start	Project End	Report Month	Comments
Virtual Visits	High	October 2023	August	**October**	End to end review of process including regulatory compliance, IT controls, patient flow, and scope of practice. Determine how does the process work, who initiates service, how are vitals taken, who is eligible, established vs new, who staffs, scope of practice maintained, are there wait times, is this tracked, scheduling zip codes.
Contract Labor	High	August	October	**January 2025**	Review the newly established invoice and payment process to ensure accuracy.
Out of State Workers	High	April	June	**September**	Review for compliance with applicable regulations including Payroll setup, Taxes, Federal & Respective State Law - August Meeting moved to September
Patient Scheduling Process	High	April	July	**October**	Review of the patient scheduling control environment to ensure resources, wait times, and patient experience are optimized.- Drafting
Payroll	High	March	July	**October**	End to end review of the payroll process to ensure accuracy and completeness of employee pay, compliance with established procedures, and compliance with applicable regulations.-
Role Based Access	High	Aoril	July	**October**	Review of processes for provisioning of badge and IT access rights according to job needs.-
Construction Contract/Project Review	High	July	September	**January 2025**	Review to ensure compliance with the contract and accuracy of invoice payments. - Not Started
Patient Registration Process	High	June	September	**January 2025**	Review the patient registration controls designed to ensure accuracy and completeness of the information recorded.- Not Started
Assets	High	June	September	**January 2025**	Review of the control environment to ensure accuracy and completeness of asset records, evaluate processes to ensure safeguarding of assets, and compliance with regulations regarding assets used in patient care.- In Progress
Cigna	High	June	September	**January 2025**	Review to ensure compliance with the contract and accuracy of claim payments. - In Progress
UTSW - 3rd Party Billing	High	March	June	**October**	Third-Party Billing/Payment Analysis - Forvis conducting, August Meeting moved to September
UTSW - Documentation Review	High	October 2023	September	**September**	Documentation Review

	Priority	Project Start	Project End	Report Month	Comments
Affiliates					
Foundation	High	July	September	**January 2025**	Parkland Focus Funds - Not Started
Nursing Homes	High	March	June	**October**	Oversight, Corrective Action Validation - Drafting
PCHP	High	February	June	**Defer to FY25**	Review of the completeness and accuracy of claim payments.
PCCI	High	July	September	**Defer to FY25**	Review to be decided using a project-level risk assessment.
Annuals					
HIPAA Privacy	High	June	August	**October**	Annual review that typically includes areas of high concern by the OCR. Collaboration project with Corporate Compliance.
Annual Audit Plan	High	October 2023	September	**October**	Ongoing identification of key issues and risks in the development of the annual audit plan.- In Progress
Quality Assurance Review	Medium	June	September	**January 2025**	Annual internal review as required by the Institute of Internal Auditing Standards. Prepare for external review.
Cause Analysis Validation	Medium	June	September	**January 2025**	Validate prior RCA corrective actions have been sustained. Deferred to FY 2023 after consultation with Quality & Risk Management. Collaborating with Quality
Follow-up Monitoring	High	October 2023	September	**Bimonthly**	Routine monitoring of previously reported issues and management action plans.
Enterprise Risk Management (ERM)	High	October 2023	September	**NA**	Participation in conducting the annual risk assessment, monitoring of progress of identified risks, and reporting of key institutional risks.
Audit /GRC Management System (RFP & Implementation)	High	October 2023	September	**NA**	Continue evaluation of audit management software that will provide efficiencies in adhering to internal audit standards.
External Audit (Final)	Medium	October 2023	November 2023	**NA**	Assistance with external audit testing and following up on the prior year deficiencies.
External Audit (Interim)	Medium	June	July	**NA**	Assistance with external audit testing and following up on the prior year deficiencies.
Physical Inventory	Medium	September	October	**January 2025**	FY 2024 Annual sampling of inventory counts to ensure accuracy. Physical counts begin in September.
HIPAA Self-Monitoring	Low	September	October	**January 2025**	Random sampling of Epic patient record access was appropriate by Internal Audit Services, Corporate Compliance, and Legal Affairs personnel. Compliance implementing new software, will collaborate before start

	Priority	Project Start	Project End	Report Month	Comments
Management/BOM Requests					
Pharmacy Invistics Implementation	Medium	October	September	**NA**	Participate in the implementation to enhance drug diversion and inventory understanding and ensure proper internal controls are implemented.
Contract Labor	High	October	TBD	**TBD**	Attorney Work Product Privilege
Colonoscopy - Screening vs. Diagnostic	High	October	February	**NA**	Review if billing is appropriate for the service provided.

Prepared By
Vic Summers

Prepared For
Audit Committee Meeting
September 2024

Audit Title	24-02 UTSW – MSA Denials 31 Audit
Performance Rating - Importance Rating	Low – High
Audit Group	Internal Audit
Audit Start Date	02/02/2024
Audit End Date	09/11/2024
Auditor	D'Les Jones, Senior Compliance Auditor
Audit Type	Annual 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
Roberto de la Cruz, MD	Executive Vice President and Chief Clinical Officer
Joseph Chang, MD	Senior Vice President and Chief Medical Officer
April Audain	Vice President, UT Contracts Administration

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Background

Parkland Health (Parkland) contracts with the University of Texas Southwestern Medical Center (UTSW) through a Master Services Agreement (MSA) for the provision of medical professional services for clinical responsibilities. To ensure accurate billing of services, the MSA details requirements for billing, payment, denials, and appeals.

Claims are submitted to the Secure File Transfer Protocol (SFTP) server by UTSW for payment through the MSA contract, which are processed and adjudicated by a third-party administrator (TPA), FirstSource. Claim files, submitted monthly, are initially processed by the TPA with additional processing assistance from Parkland's Faculty Contract Office to resolve any questions on coverage.

During the monthly claim file processing, the TPA sends a file to Parkland's Faculty Contract Office to verify eligibility of coverage. This file is processed by verifying coverage in Epic's hospital account record (HAR). The eligibility determination is returned to the TPA for processing. The TPA prepares a preliminary payment file for Parkland's Faculty Contract Office for each line of business: MSA, Cardiovascular Thoracic Surgery (CVTS) and Urgent Care Center (UCC) for review.

The MSA contract details terms established by UTSW and Parkland for adjudicating billed claims for Parkland's uninsured patient population. At time of billing, payment is made on claims covered by payor plans designated as "Payable" per the MSA. Claims with coverage classified as Pending are denied with Denial code 31 indicating "patient cannot be identified as our insured" with remark code 3037 "Denied-Coverage pending 6 month" or 3038 "Denied-Coverage pending 12 month". Denial 31 appeals can be submitted either 6 or 12 months after the DOS depending on determination of the patient's financial coverage.

Refunds for claims previously paid as a Parkland covered patient that subsequently converts to another funding source are processed monthly. Additionally, Parkland queries the database of claims within 1 year from the date of service, on a rolling 6 month basis, for any claim meeting the MSA refund guidelines.

Audit Purpose/Rationale

The purpose of this review was to ensure the billing and appeals process for claims classified as Pending met the business rule requirements of the MSA. Additionally, on-going monitoring of coverage updates was reviewed for determining eligible refunds on previously paid claims. Random samples of FY (Fiscal Year) 2023 paid professional fee claims submitted by each UTSW service were selected for review.

Performance Risk Rating: **Low**

This audit received a low-risk rating due to established controls are functioning with minor gaps identified.

Importance Risk Rating: **High**

This area received a high-risk rating due to Parkland's financial obligation to provide quality patient care for Dallas County's most vulnerable patient population.

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 claims billing and appeals process is adhering to MSA guidelines; however, improved documentation at processing decision points is recommended. Evaluation of Denial 31 claims is a multiphase process. Clearly defined procedures and maintenance of information are needed to support decisions made at each stage of processing.

Ongoing monitoring of coverage updates on previously settled claims was evidenced by Parkland’s routine eligibility reporting which provides coverage updates on all claims processed during the previous 12 months. In our review of sampled claims, all accounts initially funded by Parkland that converted to a covered payor within the designated look back period, had been refunded by UTSW.

Issues/Findings

Issue 1: **Weaknesses noted in process documentation.**
Risk Rating: **Low**
Risk: **Potential non-compliance with MSA requirements**

Procedures should be strengthened providing additional screening support for processing claims of the pending payor plan. In our review of EPIC documentation, it was unclear if screening was complete, and the claim was eligible for appeal. IAS noted claims submitted for appeal prior to completion of the eligibility period and beyond the 90-day threshold for timely appeal. In these instances, additional support was provided to validate the processing of the claim.

MSA guidelines for processing Denial 31 claims requires the eligibility period associated with the pending payor plan on the claim be exhausted (or upon completion of screening, whichever comes first) and the appeal submitted within 90 days of the exhausted eligibility period. Integral to meeting these requirements is identification of the pending payor plan and related eligibility period assigned to the claim.

Factors contributing to this issue are as follows:

A. The eligibility report run by Parkland represents a snapshot of claim coverage including any pending payor plan used in screening for coverage.
B. The eligibility report used in determination of coverage is not consistently maintained.
C. EPIC documentation of coverage is updated frequently.
D. Pending payor plans used in screening for other coverage are occasionally documented in Medicaider (eligibility determination system software) instead of EPIC. The UT Contract Office does not have access to Medicaider.

Recommendation

To properly support claims processed in accordance with MSA guidelines, documentation for claims adjudication and appeals should be strengthened to reflect coverage on the claim and settlement decisions made at each phase of processing. Documentation should clearly identify pending coverage assigned to the claim and supporting information should be maintained.

Management Response

Richard Humphrey, Executive Vice President and Chief Financial Officer

Action Plan: SOP will be reviewed and updated to accurately reflect supporting documentation for current processes.

Target Completion Date: November 30, 2024

Internal Audit Services

Audit Follow-up Report Summary
June 13, 2024 – September 5, 2024

	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	**5**	**2**	**31**	**15**	**16**	**0**	**0**	**0**
Executive Session	**9**	**3**	**43**	**22**	**21**	**0**	**2**	**1**

Internal Audit Services
Follow-Up Report

AUDIT COMMITTEE OPEN SESSION
September 11, 2024

Progress Trend Legend

↑ ***Ascend*** – significant progress, closure likely and approaching

→ ***Forward*** – moderate progress in the right direction

⇆ ***Divergent*** – progress limited, at risk of descending

↓ ***Descend*** – no development, closure unlikely and risk may be accepted

Audit	Issue	Action Detail	Status	Action Needed	Risk to Parkland if Corrective Actions are Not Implemented
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: 1/31/2024 **New Action Due Date: 2/29/2024** **New Action Due Date: 5/31/2024** **New Action Due Date: 5/31/2025 (1)** % Complete: 75	The implementation of the perpetual inventory for the OR was delayed several times and did go live in April 2024. Implementation of the perpetual inventory for the OR general supplies is the first step in automating the supply process for Parkland's OR supplies. In order to be able to manage the consignment through our ERP, all the supplies need to be built into the system and the consignment flag needs to be utilized. 1,900 items were included in the OR general stores, however the specialty supplies stocked on the third floor need to be brought into the process prior to the consignment process implementation. This build will take longer and lessons learned from the ORSC go live indicate that the proposed time frame was not sufficient.	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 this flag. 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: 1/31/2024 **New Action Due Date: 6/30/2024** **New Action Due Date: 5/31/2025 (1)** % Complete: 75		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.
	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 **New Action Due Date: 6/30/2024** % Complete: 50	A Patient Safety Clinical Manager to support Parkland's Recall Process has been hired and work has begun with ECRI (the outside vendor that supplies recall information to Parkland). Current processes are being reviewed; however, changes have not been finalized.	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.
22-06 Talent Acquisition ↑	22-06 Inadequate retention and preservation of Signed Application Disclosure and Authorization Forms for Background Checks	22-06 Retention and Preservation of Signed Authorization Forms Action Owner: Pamela Bryant Executive: Richard Humphrey Action Due Date: 10/31/2023 **New Action Due Date: 3/31/2024** **New Action Due Date: 5/31/2024** % Complete: 85	Legal Affairs, Supply Chain - Contracting, and OTM are working together to finalize a contract with Group One.	Legal Affairs, Supply Chain - Contracting, and OTM need to finalize a contract with Group One.	Inability to produce required hiring process documentation to support hiring decisions and compliance with Equal Employment and Opportunity Commission and Department of Labor regulations.
23-03 Chargemaster ↑	23-03 Charge Description Master (CDM) Pricing	23-03 CDM Pricing is not reflective of Parkland Pricing Policy Action Owner: Vic Summers Executive: Richard Humphrey Action Due Date: 10/31/2023 **New Action Due Date: 3/31/2024** **New Action Due Date: 4/30/2024** **New Action Due Date: 8/31/2024 (1)** % Complete: 90	As of 8/26/2024, ready for retesting.	Revenue Cycle needs to ensure that pricing of CDM request items adhere to Parkland's pricing policy.	Failure to ensure that pricing of CDM request items adhere to Parkland's pricing policy could result in a lack of structure and non-compliant process for maintaining the Chargemaster.

Internal Audit Services
Follow-Up Report

AUDIT COMMITTEE OPEN SESSION
September 11, 2024

Progress Trend Legend

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⇆ ***Divergent*** – progress limited, at risk of descending

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Audit	Issue	Action Detail	Status	Action Needed	Risk to Parkland if Corrective Actions are Not Implemented
	23-03 Charge Description Master (CDM) Requests	23-03 CDM Requests Not Processed Timely and Accurately Action Owner: Vic Summers Executive: Richard Humphrey Action Due Date: 3/31/2024 **New Action Due Date: 7/31/2024** % Complete: 90	Retesting Completed and Work Paper Submitted to IAS Management for Review.	Revenue Cycle needs ensure that CDM requests are processed in a timely manner to ensure availability of charging for services rendered. Thorough review of chargemaster processing prior to final approval is recommended to ensure compliance with CDM policies and procedures.	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.
		23-03 CDM Requests Not Processed Timely and Accurately Action Owner: Vic Summers Executive: Richard Humphrey Action Due Date: 3/31/2024 **New Action Due Date: 10/31/2024** % Complete: 90	Retesting Completed and Work Paper Submitted to IAS Management for Review.	Pharmacy Services should ensure that supporting documentation for Drug Replacement expense transactions are available at the time the entry is submitted to substantiate accuracy and appropriateness of the transaction.	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.
23-14 Vehicles ↑	23-14 Invoices and Payments for Repair Work on Vehicles	23-14 Invoices and Payments for Repair Work on Vehicles Action Owner: Pamela Bryant Executive: Richard Humphrey Action Due Date: 9/30/2024 % Complete: 10	Supply Chain is working with a local dealership with locations within 5 miles of Parkland to provide maintenance and repairs. Supply Chain will also go to bid to obtain a fleet fuel program. The transition plan is in process.	Supply Chain needs to work with the vendor to ensure all charges are supported by the contractual agreement and invoice documentation.	Invoices and payments for vehicle maintenance and repair work may not accurately reflect the terms of the contract and invoices may not provide adequate details to ensure proper payments.
	23-14 Disposition of Vehicles	23-14 Disposition of Vehicles Action Owner: Vic Summers Executive: Richard Humphrey Action Due Date: 9/30/2024 % Complete: 90	IAS is currently retesting Fleet Management will continue to monitor vehicle sales to ensure parkland collects revenue upon auction. Fleet Management team will remove the license plates and submit VTR-346 to help protect the district from liability for criminal or civil acts involving the vehicle and the person(s) or entity taking ownership. Reaching out to Dallas County ASC for vehicle maintenance history and Parkland Finance for depreciated value was implemented to align with new SOP the vehicles audited preceded this practice.	Supply Chain needs to continue to monitor vehicle sales to ensure Parkland collects cash when vehicles are sold and work with the Texas DMV to ensure title transfers to the new owners occur.	Disposals of vehicles may not be accurately accounted for and properly approved; titles may not be properly transferred to new owners to limit Parkland's liability.
		23-14 Disposition of Vehicles Action Owner: Vic Summers Executive: Richard Humphrey Action Due Date: 9/30/2024 % Complete: 90	IAS is currently retesting. Accounting should receive disposal report for any vehicle sold or auctioned the month the asset is decommissioned; this will also ensure the gain/loss on sale of the asset is recorded timely and removed from the books. Accounting will work closely with Supply Chain regarding status any sales in our quarterly meetings.	Accounting needs to ensure all dispositions are recorded in Infor to properly account for individual vehicles. Disposition records and vendor evaluations of disposition readiness should be maintained.	Disposals of vehicles may not be accurately accounted for and properly approved; titles may not be properly transferred to new owners to limit Parkland's liability.

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	23-14 Safe Driving	23-14 Safe Driving Action Owner: Jared Ginter Executive: Steven Roth Action Due Date: 1/31/2025 % Complete: 40	"RFP undergoing the approval process. Currently updating the Fleet Management Plan. Institutional Risk Management together with DCHDPD and Supply Chain have been working to implement Parkland's Safe Driving Program. A list of all drivers from the areas identified to oversee Parkland owned vehicles is currently being collected. In addition, Institutional Risk Management is vetting a vendor to provide ongoing training, tracking, incident management assistance, etc. "	Institutional Risk Management needs to work with departments overseeing drivers and driving responsibilities to enhance Parkland's driver safety program and ensure all drivers of Parkland vehicles are identified for inclusion in the program. When establishing driver safety program modifications, the following should be considered: annual driver's license and insurance reviews for Parkland drivers, driver safety training, and enhanced accident protocols such as driver behavior evaluation after accidents (as allowable by law and policy) and after-action reports. After the updated process is defined, Institutional Risk Management needs to work with Supply Chain to update the driver safety portions of the Fleet Management Standard Operating Procedure.	Driver's may not be properly licensed or trained to promote safe driving and accident avoidance with Parkland vehicles.
23-21 Patient Property ↑	23-21 Ineffective Property Management	23-21 Organizational Project to Redesign Patient Property Workflow (Including Procedure Updates, Training, and Monitoring) Action Owners: Donald Andriot Executive: David Garcia Action Due Date: 6/30/2024 **New Action Due Date: 2/28/2025 (1)** % Complete: 90 with Analysis Future Action Owners: TBD Executive: TBD % Complete: 55	Operational Excellence has completed process analysis and will be presenting process improvement options to Executive Leadership before implementation can proceed. Operational Excellence will be working with the Steering Committee to consolidate Parkland's multiple Patient Property procedures.	Operational Excellence needs to present the findings and potential recommendations to the Patient Belongings Improvement Steering Committee and identify process owners for each audit issue.	Ineffective management of property could result in patient dissatisfaction.
	23-21 Inaccurate Property Documentation				Inaccurate property documentation could lead to delays in retrieving property, incomplete chain of custody records, and patient dissatisfaction.
	23-21 Exclusion of Soiled Cash from Unclaimed Property Payment to Comptroller				Remitting incorrect amounts to the Comptroller could result in non-compliance with the Texas Property Code.
	23-21 Incomplete Property Documentation				Incomplete documentation could result in property being left behind when patients transfer to different units or leave Parkland.
	23-21 Untimely Inventory of Patient Belongings				Untimely inventories could result in patient belongings not being identified and inaccurate records.
	23-21 No ID Provided When Picking Up Patient Valuables				Releasing valuables without verifying the requestor's identity could result in unauthorized individuals obtaining patient property.
	23-21 Illegible Signature on Patient Valuable Envelope				Not validating the contents of patient valuable envelopes could result in patients holding Parkland responsible for valuables that were not brought into the hospital.