Parkland

Audit Committee Agenda

Committee Members
Chair: Todd Furniss, JD
Reina Gonzalez
Ramon Miguez
Elizabeth Palacios
Yasmin Simon

Agenda for the ***Audit Committee*** meeting of the Dallas County Hospital District ("DCHD") is scheduled for ***Wednesday, June 11, 2025 at 10:00 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: 2319 257 7603; 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 This agenda has been developed by the Chief Governance Officer in consultation with the Board Chair, CEO, and reviewed and affirmed by Counsel.			Chair
II. Public Comments Regarding Agenda Items *See public comment registration information and rules at https://www.parklandhospital.com/board-of-managers*			Chair
III. Report on the Audit Committee Packet Key Takeaways for the Month of June	*6-8*	05 mins	Amy LaBarge
IV. Reports Requiring Deliberation(s) or Approval(s)			
A. Internal Audit Services 2025 Mid-Year Activity Report	*9-14*	05 mins	Amy LaBarge

	PAGE	TIME (MIN)	PRESENTER(S)
B. Open Session Summary to discuss the following topics:	*15-19*	15 mins	Amy LaBarge
i. Overview of progress on Parkland's 2025 Audit Plan *The 2025 Audit Plan was adopted for Parkland by the Board of Managers in 2024.*			
ii. Third Party Contract Management Audit *A review of the controls ensuring oversight of third-party services and accuracy in billing.*			
iii. Follow-Up Report Status – Open Session *Update on corrective action plans for audits presented in prior open session Audit Committee meetings.*			
C. Presentation of the 2025 Parkland Compliance Program Effectiveness Assessment – Full Report by Ankura	*20-27*	15 mins	Lisa Taylor - Ankura
V. Executive Session *Tex. Health & Safety Code* §§161.032 & 161.0315 and *Tex. Occ. Code* §160.007; Tex. Gov't Code §§551.071.			
A. Executive Session Summary to discuss following topics: *Tex. Health & Safety Code* §§161.032 & 161.0315 and *Tex. Occ. Code* §160.007	*29-30*	05 mins	Amy LaBarge
i. Follow-up Report Status – Executive Session *Update on corrective action plans for audits presented in prior executive session Audit Committee meetings.*			
B. Presentation of the 2025 Parkland Compliance Program Effectiveness Assessment – Full Report by Ankura *Tex. Health & Safety Code* §§161.032 & 161.0315 and *Tex. Occ. Code* §160.007.	*31-55*	15 mins	Lisa Taylor - Ankura
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.		05 mins	Chair
D. Consultation with Attorney Tex. Gov't Code § 551.071.		15 mins	Steven Roth
i. Review of Open Litigation, Claims, and Settlements (See Attached Lists)	*56-60*		
ii. Update to Legal Issues Related to Contract Labor			
VI. Action Items			
A. Committee may take action on any agenda item(s) above			Chair

		PAGE	TIME (MIN)	PRESENTER(S)
VII.	**Closing Remarks**			Chair
VIII.	**Possible Deliberation Regarding Documents Received by the Committee**			
	A. Third Party Contract Management Audit, Report No. 25-04	*62-66*		
	B. Open Session Audit Follow-up Reports	*67-69*		
IX.	**Possible Deliberation Regarding Executive Session Documents Received by the Committee**			
	A. Executive Session Audit Follow-up Reports *Tex. Health & Safety Code* §§161.032 & 161.0315 and *Tex. Occ. Code* §160.007.	*71-73*		
X.	**Adjourn**			Chair

Active Litigation Matters, June 2025

Construction Cleaning, Inc. v. Dallas County Hospital District
Cause No. CC-24-02035-C, In the County Court at Law No. 4, Dallas County, Texas

Dallas County Hospital District v. Morgan McAnelly, et.al.
Cause No. DC-22-02879, In the 44th District Court, Dallas County, Texas.
On appeal to the 5th Court of Appeals, Dallas, Texas, Cause No. 05-23-01295-CV

Dallas County Hospital District v. Goldwire, et. al.
Cause No. DC-23-01996, In the 68th District Court, Dallas County, Texas

Dallas County Hospital District v. Haley Burr, et. al.
Cause No. DC-23-20781, In the 101st District Court, Dallas County, Texas

Paul Aaron French a.k.a. Michael Vega v. Dallas County, et al.
Cause No. 3:22-CV-02702-E, In the US District Court, Northern District of Texas, Dallas Division

Shamond Lewis v. Dallas County, et al.
Cause No. 3:23-CV-00381-D, In the US District Court, Northern District of Texas, Dallas Division

Oludele Oladoja v. Dr. Zia Rehman
Cause No. 3:24-CV-02709-K-BN, In the US District Court, Northern District of Texas, Dallas Division

Dallas County Hospital District v. BARA, a Joint Venture
Cause No. DC-24-01577, In the 192nd District Court, Dallas County, Texas

Alejandrino Lopez v. Dallas County Hospital District d/b/a Parkland Health System d/b/a Parkland Memorial Hospital
Cause No. 4:25-CV-568, In the US District Court, Eastern District of Texas, Sherman Division

Angelica Reyna v. Parkland Health & Hospital System
Cause No. CC-24-08766-C, In the County Court at Law No. 3, Dallas County, Texas

Brandon Norwood v. Dallas County Hospital District
Cause No. 3:23-CV-01490-S, In the US District Court, Northern District of Texas

Alvah Johnson, Michael Pierce and Theodore Bramble v. Dallas County Hospital District
Cause No. 3:23-CV-01574-N, In the US District Court, Northern District of Texas

Edrise Newton v. Dallas County Hospital District d/b/a Parkland Health & Hospital System
Cause No. 3:24-CV-3008, In the US District Court, Northern District of Texas, Dallas Division

Mitzi Errett v. Parkland Health and Hospital System
Cause No. CC-22-05572-A, In the County Court at Law No. 1, Dallas County, Texas

Kiana Johnson v. Dallas County Hospital District
Cause No. CC-24-01307-B, In the County Court at Law No. 2, Dallas County, Texas

Giovonni Shelton v. Parkland Health
Cause No. 3:24-CV-2190, In the US District Court, Northern District of Texas, Dallas Division

Christopher Jordan Horn v. Kristi Tillery
Cause No. JPC-25-01010-22, In the Justice Court Precinct 2, Place 2 Dallas County, Texas

Leticia Moreno, Individually and as Representative of the Estate of Juan Valenzuela, Deceased, and as Next Friend of D.V.M., vs. Dallas County Hospital District d/b/a Parkland Health and The University of Texas Southwestern Medical Center
Cause No. DC-24-21234, In the 116th District Court, Dallas County, Texas

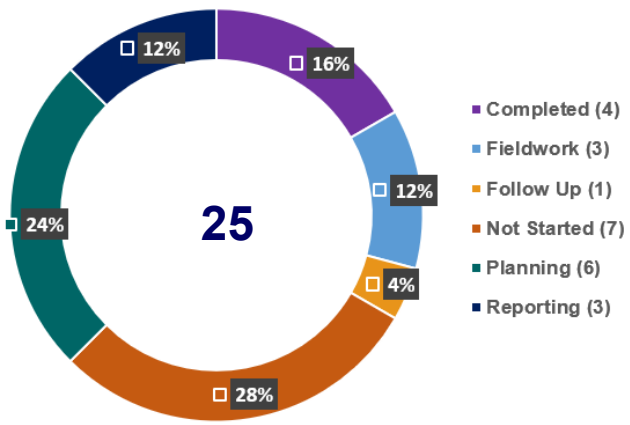
Teondra L. Sparks v. DCHD d/b/a Parkland Health
Cause No. DC-25-03767, In the 160th District Court, Dallas County, Texas

PRINTED 6/4/2025
CURRENT AS OF 6/4/2025

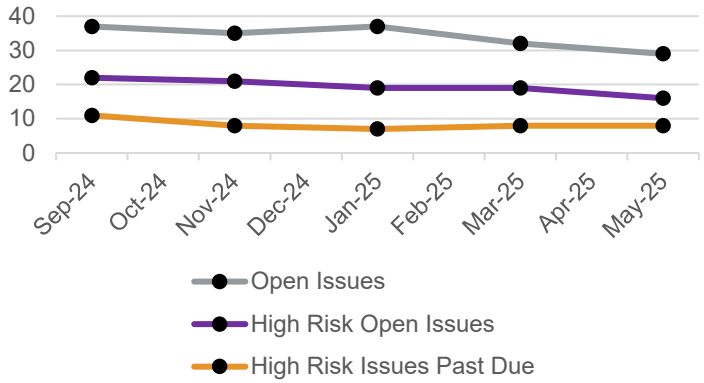
III. Open Session

June 2025 – Key Takeaways at-a-Glance*

Audit Plan Progress



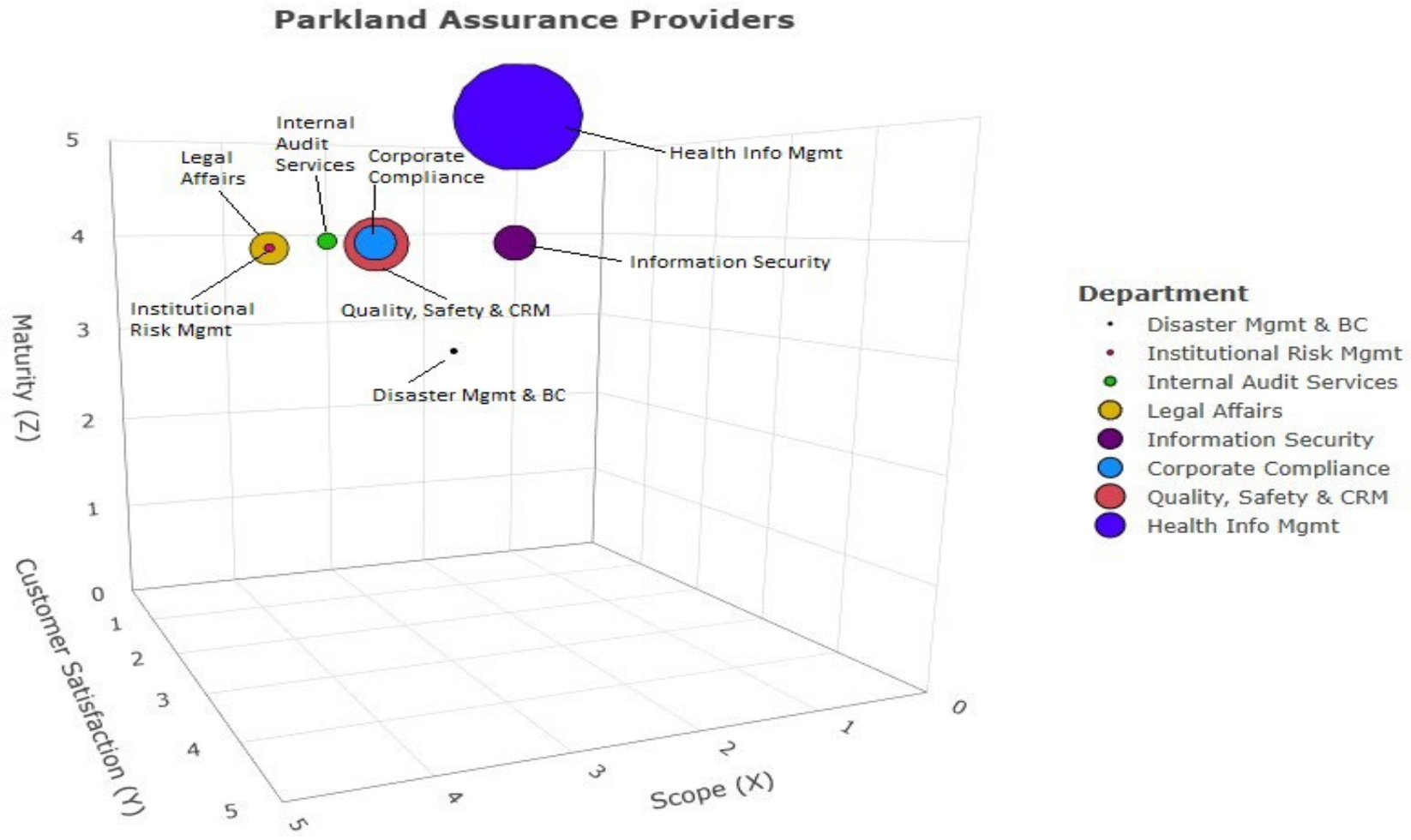
Follow Up Issues



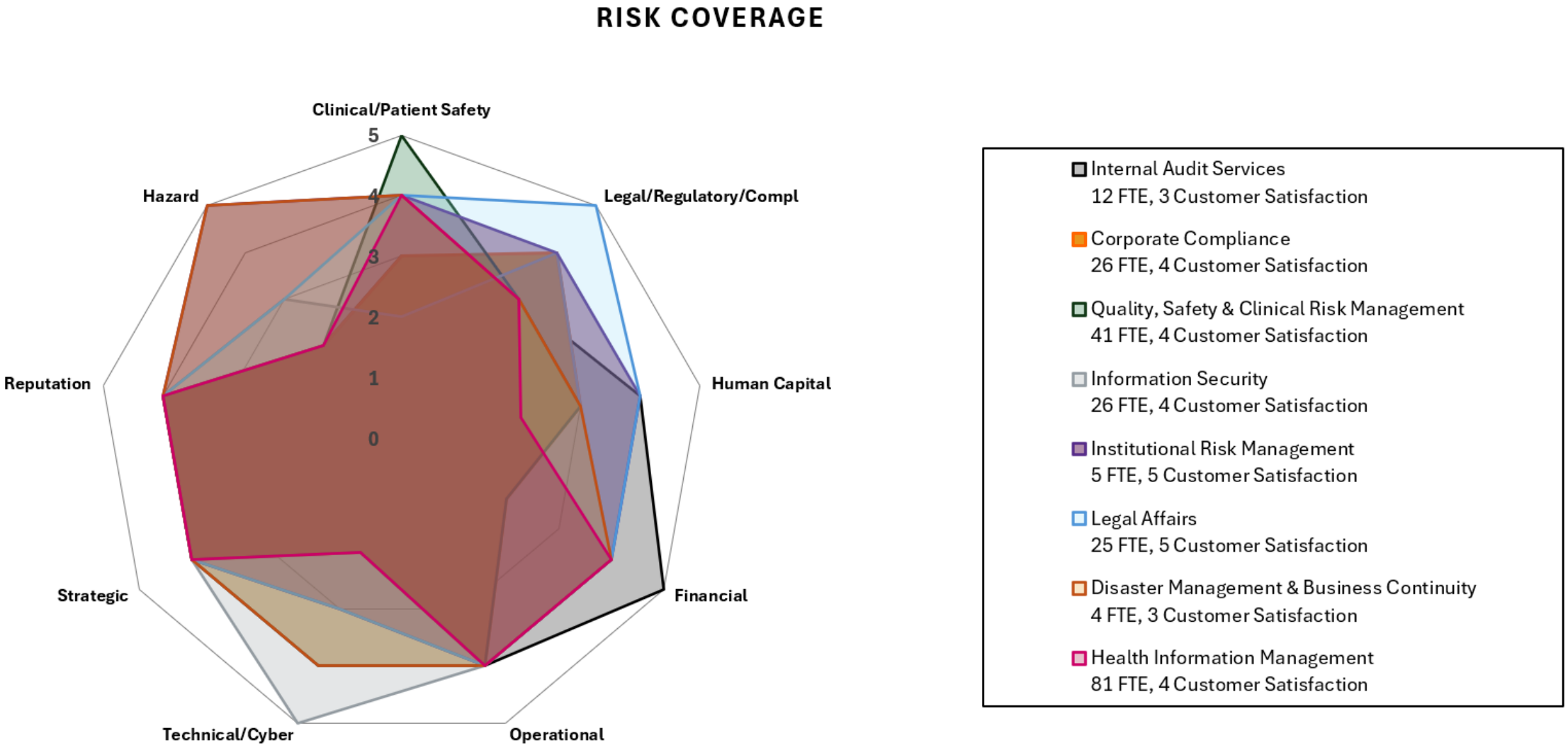
Aligned Assurance	The first graphic is a 3D model representing the assurance functions' self-reported scope, maturity and customer satisfaction. The second graphic depicts the estimated risk coverage for the assurance functions. **(Pages 7-8)**
Mid-Year Report	This report reflects the audit plan progress, a slightly negative financial position, highest scores on the external quality assurance review, and a resource summary. **(Pages 9-14)**
Audit Plan Status	No changes or updates are requested currently. See slide for audit plan progress. **(Page 16)**
Issues Identified	**Third-Party Contracts: (Page 18 Summary; Pages 62-66 Report)** • Strengthen controls intended to prevent duplicate invoice payments. • Improve clarity in service contract terms within the contract document. • Improve communication regarding contract terms and capabilities
Follow-up	Closed 11 issues. This completed the follow-up for 1 audit. A due date change was requested on 7 issues. **(Pages 67 & 71)**

* Excludes items to be discussed in Executive Session

June 2025 - Aligned Assurance Graphics



June 2025 - Aligned Assurance Graphics



INTERNAL AUDIT SERVICES
Mid-Year Performance Report
October 1, 2024 – March 31, 2025

Parkland Health

Amy LaBarge, Senior Vice President and Chief Audit Executive

Audit Committee Meeting
June 2025

Purpose

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

During Fiscal Year 2025, Internal Audit Services (IAS) presented reports and issues to Parkland Management (Management) and the Dallas County Hospital District Board of Manager's Audit Committee (Audit Committee). The projects were the result of our annual audit plan approved by the Board of Managers on November 13, 2024, and requests from Management and/or the Board. This document summarizes the internal audit activity for the plan year as of March 31, 2025.

Services

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

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

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

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

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

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

The 2025 Audit Plan outlined the internal audit projects and activities to be performed by Internal Audit Services during fiscal year 2025 in accordance with responsibilities established by the IIA Standards and consistent with the Audit Charter. The plan is prepared using a risk-based approach to ensure that areas and activities specific to Parkland Health with the greatest risk are identified for consideration to be audited. Following is the status of projects and other activity released or in progress.

Audit Plan Performance

Due to the addition of five PCHP audits and constraints in staffing and resources, the initial FY25 Audit Plan was revised on January 29, 2025, to remove four low-risk audits.

The approved 2025 audit plan included 25 audits, projects, and activities. The plan included 4 carryover projects from the prior fiscal year. As of March 31, 2025, of the 25 planned activities, 5 have been completed and 20 are in progress.

The following reports with a performance rating were presented to the Audit Committee to date during fiscal year 2025. The remaining projects and activities listed or not reflected below will be detailed by status at the end of the fiscal year.

Legend:

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

Audits	Status	Performance Rating
• 24-09 Role Based Access	Complete	
• 24-12 Assets	Complete	N/A
• 24-13 Cigna	Complete	
• 25-02 Construction Project Review	Complete	
• 25-04 Third Party Contract Management	Complete	
• 25-03 Revenue Cycle – Professional Billing Post-Implementation	In Progress	
• 25-05 Chargemaster – Procedural Areas	In Progress	
• 25-10 UT Contract MSA Documentation	In Progress	
• 25-15 Cash Monitoring	In Progress	
• 25-17 Follow-Up Monitoring	In Progress	
• 25-18 HIPAA Privacy	In Progress	
• 25-20 IAS Quality Assurance Review	In Progress	
• 25-21 HCM Software Implementation	In Progress	
• 25-22 External Audit	In Progress	
• 25-40 PCHP OIG Corrective Action Plan	In Progress	

Management/BOM Requests	Status
• 24-05 Contract Labor	In Progress
• 24-33 Contract Labor	In Progress
• 25-30 Internal Controls Training	In Progress
• 25-44 AR Credit Balances	In Progress

Activities	Status
• Enterprise Risk Management	In Progress
• FY25 Audit Planning	In Progress
• Various Committee Participation	In Progress

Follow-Up Projects

Internal Audit Services has provided quarterly reports on previously reported audit recommendations and management responses. Updates were provided to the Committee regarding the status of observations. Between October 1, 2024, and March 31, 2025, IAS tracked 54 audit issues. During the reporting period, Management addressed 21 issues and accepted the risk of 0 issues. This leaves an ending balance of 33 open issues as of March 31, 2025.

Fraud Reporting and Coordination

Parkland maintains the following fraud reporting methods:

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

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

Quality Assurance Reviews

In accordance with IIA Standards, external quality assurance reviews are conducted every five years. Internal Audit Services received the highest ratings of Generally Conforms for all previous external assessments including the most recent assessment completed in March 2025. Internal Audit Services will receive its next external quality assessment in 2030. Periodic internal assessments are also required by the standards, and the next internal assessment will be completed in 2026.

Time Summary

The following summary reflects the Audit Plan budget to the actual time dedicated for indirect and direct audit hours as of March 31, 2025.

	Time Spent	%Time	Budgeted	%Budgeted	Δ%
Indirect Hours	**4,962**	**36%**	**5,194**	**35%**	
• Working	3,112	22%	3,416	23%	
• Non-working (PTO)	1,850	13%	1,778	12%	
Direct Hours*	**8,997**	**64%**	**9,626**	**65%**	
TOTALS	**13,959**		**14,820**		

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

Financial Performance

Figures represented are as of March 31, 2025.

	Actual	Budget	Variance	Percent
Salaries	1,014,822	1,093,516	78,694	7.2%
Expense*	182,643	70,542	-112,101	-158.9%
TOTALS	**1,197,465**	**1,164,058**	**-33,407**	**2.9%**

* Includes an organizational allocation of actual rent expense of $7,811, depreciation expense of $46,541, interest expense of $7,313, and Forvis assessments expense of $104,000.

Resources

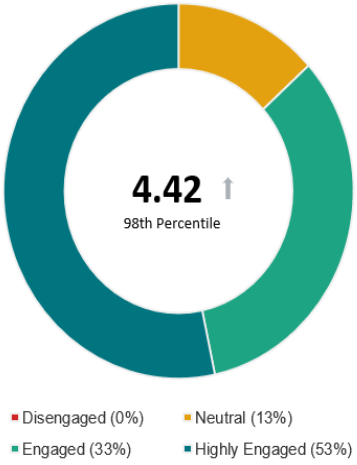
Headcount	13
Total Positions	17
Capital FTE YTD Actuals	0.0
Budget Variance	0.1
Vacant Positions	4
Future Deactivations (Terminations)	0

Employee Engagement Results

Engagement

The Engagement score provides insight into the emotional and personal connection to the organization as influenced by work experience.

Mean Score and Distribution



Comparisons

Benchmark	Difference
vs. Overall Org Avg	+0.43
vs . Nat'l Safety Net Hospital Avg 2024	+0.47

Historical Performance

Year	Difference
2023 Results	+0.17

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INTERNAL AUDIT

OPEN SESSION SUMMARY

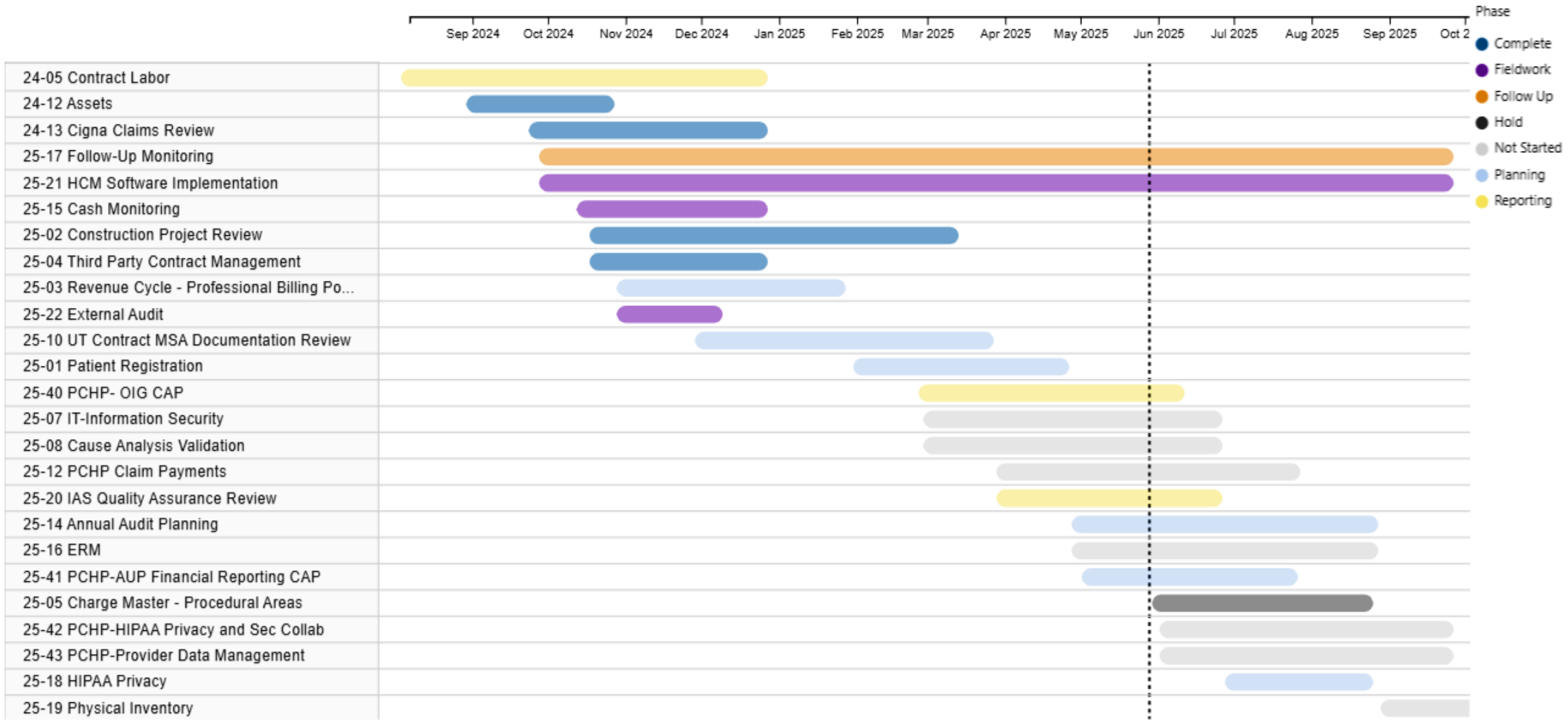
AUDIT COMMITTEE

JUNE 11, 2025

Presented by: Amy LaBarge, Senior Vice President and Chief Audit Executive

Parkland | *Care. Compassion. Community.*

FY 2025 Audit Plan Progress - June



FY 2025 Audit Plan

2024 Carry Forward

- ✓ **Assets**
- ➢ **Contract Labor – New Process**
- ✓ **Cigna – Claims Review**

Annual

- ➢ **Cash Monitoring (Fraud)**
- HIPAA Privacy (Collaboration with Compliance)
- Physical Inventory
- External Audit (Interim & Final)
- Follow-up Monitoring
- Annual Audit Plan
- Enterprise Risk Management (ERM)
- ➢ **IAS Quality Assurance Review**
- Software Implementation - Finalize

Affiliate

- PCHP – Claims Payment
- ➢ **PCHP – OIG Corrective Action Plan**
- PCHP – AUP Financial Reporting CAP
- PCHP – HIPAA Privacy and Security Collaboration
- PCHP – Provider Data Management

Projects

- Patient Registration
- ✓ **Construction Project Review**
- ➢ **Revenue Cycle – Professional Billing**
- ✓ **Third-Party Contract Management**
  (expanded to include PCHP-specific topics)
- Charge Master – Procedural Areas
- Information Security (Cyber, Risk, Collaboration with IT)
- Cause Analysis Validation (TBD – collaboration with Quality)
- UT Contract (Risk, MSA Documentation Review)

Audit Report: Third-Party Contract Management Audit, No. 25-04

Overall, Parkland business owners have processes in place to monitor third party compliance with contract terms. However, contract monitoring processes can be improved by identifying duplicate invoices prior to payment, ensuring that contractual billing terms are clear to all parties, and improving communication regarding contract terms and organizational capabilities.

Reason for Audit

Based on issues noted in prior audits, Internal Audit Services performed a review of the controls ensuring oversight of service providers and accuracy in billing.

Results

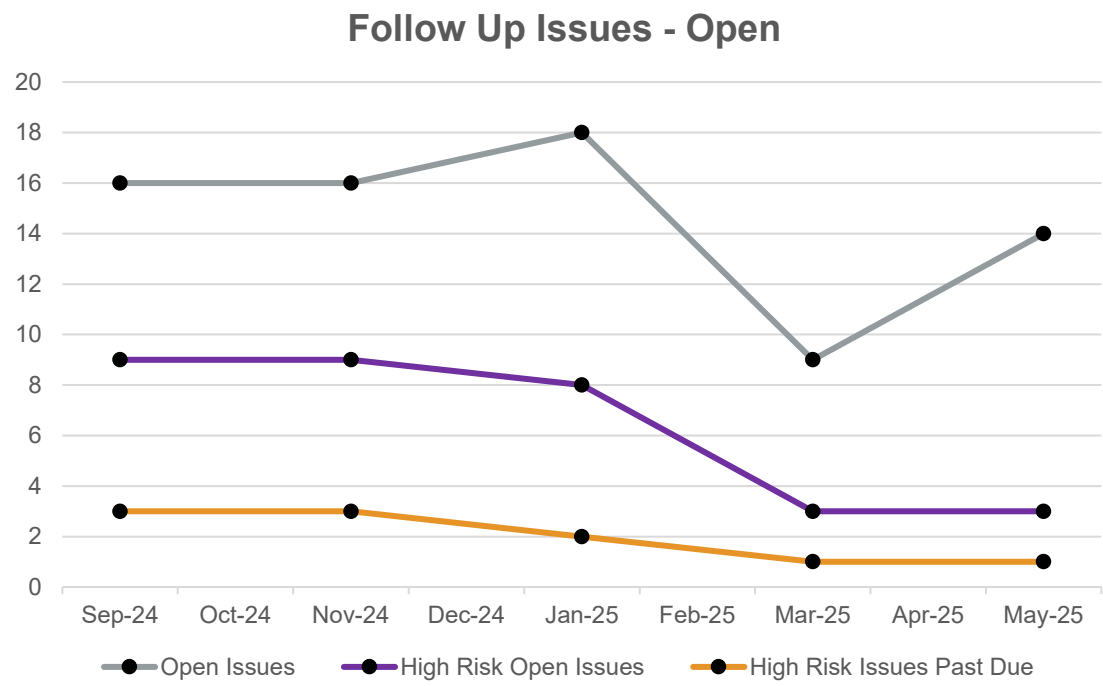
- A review of third-party invoices from Fiscal Year 2023 to Fiscal Year 2025 (through 2/28/2025) for 30 third-party contracts revealed two duplicate invoice payments.
- One contract had unclear billing terms.
- One service provider’s employees were not set up to clock in and out on Parkland's time clocks, as required by the contract. This limits the leader’s ability to validate invoice accuracy.

Recommendation/Action Plan

- Identify and research potential duplicate invoices prior to invoice payment.
- Ensure that contractual billing arrangements are clear to all parties.
- Further research Parkland’s ability to use time clocks for the vendor. Improve internal communication regarding contract terms and capabilities.

Follow-Up Report Status – Open Session

- **Three closed issues resulted in closing out one audit. Three action due date change requests were received.**
  - 23-14 Vehicles (Closed)
    - Safe Driving Program
  - 24-13 Cigna
    - Pharmacy Out-of-Pocket Max threshold incorrect for Open Access Plan Tier 2
  - 24-07 Patient Scheduling
    - Appointment Reminders Not Sent to Patients
- **See Closure and full Follow-Up Reports in Section VIII of packet.**



Parkland Compliance Program Effectiveness Assessment – Full Report

May 2025

Parkland Health - Ankura Team

Assessment Lead

Lisa Taylor

Lisa is an expert in Compliance and Privacy. She has developed and implemented effective and efficient compliance and privacy programs in both healthcare and manufacturing. Lisa utilizes lean processes to assist clients in implementing effective and efficient compliance and privacy programs.

Assessment SME

Kasie Ray

Kasie is an experienced compliance professional with expertise in multiple areas including healthcare compliance, federal grant compliance, and Human Resources. She is primarily focused on assessing the development, implementation, and effectiveness of compliance programs for healthcare systems.

Assessment SME

Ana Simon

Ana Simon is an experienced compliance professional with expertise in research compliance and healthcare disputes. She is primarily focused on clinical trial research compliance and coverage analysis auditing. Ana has supported the development of expert witness reports for managed care-related disputes.

Assessment SME

Samir Almhiemid

Samir has experience in various areas of healthcare operations that include HIPAA Privacy, CURES Act compliance, and clinical research budgeting/negotiations. Primarily, he focuses on the evaluation and development of privacy programs for healthcare systems.

Assessment SME / Project Manager

Meera Patel

Meera has experience conducting compliance and privacy effectiveness and risk assessments for various healthcare entities. She has drafted multiple compliance and privacy policies, performed due diligence on company documents, and prepared reports with actionable recommendations.

Project Description & Table of Contents

Ankura was engaged by Parkland Health to review the current design, structure, and elements of the organization's Compliance Program against government guidance and industry best practices to identify gaps and opportunities.

I. Assessment Approach and Foundational Findings 4

II. Compliance Assessment Findings 8

IV. Appendix 25

Assessment Approach Executive Summary

Compliance Effectiveness Assessment Process

Ankura used the following process to review the current design, structure, and elements of the Parkland Compliance Program:

- Documents reviewed - 335
- Interviews with compliance and operations leaders and managers – 33
- Evaluate alignment with guidance documents and industry best practices
- Identify detailed recommendations for enhanced effectiveness
- Work with Parkland Compliance Program leadership to develop strategy for implementation of recommendations

Seven Elements of Effective Compliance and Privacy Programs

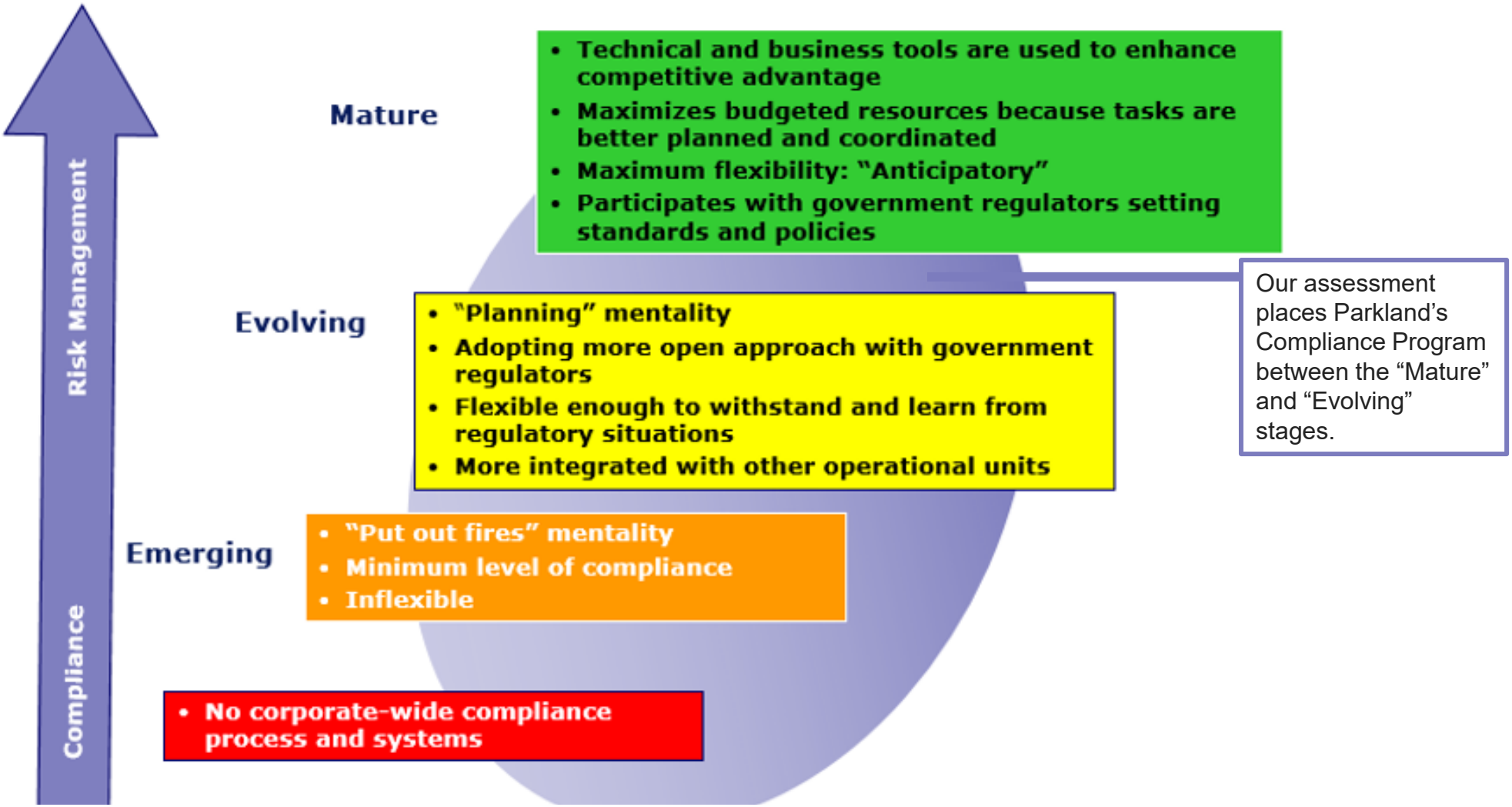
Ankura leveraged the United States Sentencing Commission Guidelines for Effective Compliance Programs (September 2018), OIG's General Compliance Program Guidance (GCPG) (November 2023), Measuring Compliance Program Guidance (March 2023), the United States Department of Justice Evaluation of Compliance Programs (updated September 2024) and the Health Insurance Portability and Accountability Act to assess Parkland's Compliance Program, aligning them with government expectations to prevent fraud, waste, abuse, and compliance risk.

Compliance

1. **Standards of Conduct, Policies & Procedures**
2. **Compliance Program Administration**
3. **Screening and Evaluation**
4. **Communication, Education, and Training**
5. **Monitoring, Auditing, and Internal Reporting Systems**
6. **Discipline for Non-Compliance**
7. **Investigation and Remedial Measures**

Note: Please see appendix for comprehensive references list

What Does Your Data Say About Your Program?



Culture of Compliance

For purposes of this presentation, recommendations are “ranked” according to the potential for organizational risk.

= Highest Risk = Moderate Risk = Lowest Risk

The following slides will outline each recommendation with an assigned a risk rank. At a glance, our assessment found:

Risk Rank	# of occurrences
	0
	9
	25

Further, this presentation identifies 3 current initiatives as industry best practice while also identifying 5 opportunities for best practice implementation.

V. Executive Session

Tex. Health & Safety Code §§161.032 & 161.0315 and Tex. Occ. Code §160.007; Tex. Gov't Code §§551.071.

VIII. Possible Deliberation Regarding Documents Received by the Committee

Prepared By
Amy LaBarge

Prepared For
Audit Committee Meeting
June 2025

Audit Title	25-04 Third Party Contract Management
Performance Rating - Importance Rating	Medium - High
Audit Group	Internal Audit
Audit Start Date	10/25/2024
Audit End Date	06/11/2025
Auditors	Denise White, Senior Internal Auditor
Audit Type	Annual Audit Plan

Distribution List

Frederick Cerise, MD	President and Chief Executive Officer
Edmundo Castañeda, FACHE	Executive Vice President and Chief Operating Officer
Richard Humphrey	Executive Vice President and Chief Financial Officer
Pamela Bryant	Senior Vice President and Chief Supply Chain Officer
Tabitha Lee	Vice President of Finance and Controller
Latoyia Goffney	Director, Accounts Payable and Payroll

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Audit Purpose/Rationale 3
Performance Risk Rating 3
Importance Risk Rating 3
Risk Rating Legend 3
Audit Conclusion 4
Issues/Findings 4
Management Response 4

Background

Like many healthcare organizations, Parkland Health (Parkland) uses third parties to perform various functions across the enterprise. After contract execution, business owners are responsible for managing contracts in coordination with the Contracts Department. Contract management involves a review of operational performance, quality indicators (if applicable), and financial performance.

This audit was extended to include Parkland Community Health Plan (PCHP) third-party contracts. The PCHP portion of the audit will be reported separately at a later date after presentation at the PCHP audit committee meeting.

Audit Purpose/Rationale

Internal Audit Services performed a review of the controls ensuring oversight of the services and accuracy in billing. The period covered by the review was Fiscal Year 2023 to Fiscal Year 2025. Steps performed during the audit included the following:

- Identified 30 third-party Parkland contracts for services. Selected 10 Parkland third-party contracts for review from a total population of 30.
- Met with Parkland business owners to discuss their processes for monitoring third party compliance with contract terms.
- Validated that third party invoices were accurate and agreed with supporting documentation.
- Performed an analysis for duplicate invoice payments for all 30 third-party contracts identified.

Performance Risk Rating: **Medium**

This audit received a medium-risk rating for performance because opportunities exist to improve the contract monitoring process. These include identifying duplicate invoices prior to payment, clarifying contractual billing terms, and ensuring accurate time tracking for invoice validation.

Importance Risk Rating: **High**

This area received a high-risk rating for importance due to the numerous functions performed by third parties.

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, Parkland business owners have processes in place to monitor third party compliance with contract terms. However, contract monitoring processes for Parkland's contracts can be improved by identifying duplicate invoices prior to payment, ensuring that contractual billing terms are clear to all parties, and establishing time tracking processes for invoice validation.

Areas where controls function as intended include the following:

Top Performance

- Business owners monitor compliance with contract terms by meeting with third parties periodically and reviewing reports.

Issues/Findings

Issue 1: Duplicate Invoice Payments
Risk Rating: Medium
Risk: Not identifying duplicate invoices prior to payment could result in the funds not being repaid to Parkland.

A review of third-party invoices from Fiscal Year 2023 to Fiscal Year 2025 (through 2/28/2025) for 30 third-party contracts revealed two duplicate invoice payments. One occurred in Fiscal Year 2023, and the other occurred in Fiscal Year 2024. In both cases, the vendor noticed the overpayment and credited it back to Parkland.

Recommendation

Identify and research potential duplicate invoices prior to invoice payment.

Management Response

Latoyia Goffney, Director – Accounts Payable and Payroll

Action Plan: We are collaborating with INFOR IT to develop a new report designed to help identify potential duplicate invoices. The report will flag invoices as possible duplicates if they share the same vendor number, invoice date, and amount within the last three months. In addition to these key fields, the report will include the invoice suffix, cancel sequence, and creation date. It will also display the vendor name, due date, contract number, and an updated Purchase Order column.

Target Completion Date: August 30, 2025

Issue 2: Unclear Contract Terms
Risk Rating: Medium
Risk: Unclear contract terms could result in billing confusion.

The Bare Roots contract has unclear terms regarding billing for inclement weather services. The pricing schedule states that Bare Roots will bill a set amount each month ($4,479.16). Another section of the contract states that inclement weather services will be billed on a per event basis at an hourly rate. Since the contract's inception in 2021, Bare Roots has billed Parkland monthly for inclement weather services.

After following up with Bare Roots, Engineering Services determined that the flat rate of $4,479.16 covered three inclement weather occurrences. Any subsequent weather events would be invoiced separately at an hourly rate.

Recommendation

Ensure that contract billing arrangements are clear to all parties.

Management Response

Pamela Bryant, Senior Vice President and Chief Supply Chain Officer

Action Plan: Supply Chain will amend the Bare Roots contract to clearly differentiate the monthly inclement weather cost verses the inclement weather cost for services above those covered in the monthly cost. These services are billed per event and at a hourly rate not a flat monthly fee.

Target Completion Date: August 30, 2025

Issue 3: No Access to Time Clocks
Risk Rating: Medium
Risk: Not providing VSA employees with access to Parkland's time clocks limits the Police Department's ability to validate invoice accuracy.

Vets Securing America (VSA) employees do not clock in and out on Parkland's time clocks, as required by the contract. Although this requirement was added to the contract in August 2024, VSA employees were never set up to use Parkland's time clocks.

Recommendation

Further research Parkland's ability to use time clocks for the vendor. Improve internal communication regarding contract terms and capabilities.

Management Response

Pamela Bryant, Senior Vice President and Chief Supply Chain Officer

Action Plan: VSA employees will be set up in UKG for clocking in and out on Parkland's time clocks.

Target Completion Date: August 30, 2025

Follow-Up Report Closures – Open Session

Audit	Issue	Action Detail	Actions Taken by Management
23-14 Vehicles	23-14 Safe Driving	23-14 Safe Driving	Institutional Risk Management (IRM) collaborated with departments responsible for overseeing drivers and their job-related driving responsibilities to enhance Parkland's driver safety program. They have worked alongside the Office of Talent Management (OTM) to identify all Parkland drivers for inclusion in the new Safe Driver Program and Training. The following evidence has been provided: - Modifications to the driver safety program; - Reviews of driver's licenses (MVRs) at the point of hire and driving violation alerts; - Annual review of insurance certificates in Parkland-owned vehicles; - Development of driver safety training; - Improved accident protocols; and - After-action reports Additionally, Institutional Risk Management worked with Supply Chain to update the driver safety sections of the Fleet Management Standard Operating Procedure.
24-13 Cigna	24-13 Pharmacy Out-of-Pocket	24-13 Pharmacy Out-of-Pocket Max threshold incorrect for Open Access Plan Tier 2	Parkland and Cigna have confirmed that the coverage parameters in the pharmacy claims system align with Parkland's Schedule of Pharmacy Benefits. To assess the impact of the threshold error, the following steps were taken: 1. Cigna conducted an analysis to verify that no Parkland employee or family member exceeded the Out-of-Pocket (OOP) maximum on the Open Access Plan (OAP) in 2024. 2. The Benefits Summary has been revised to provide clarification of Pharmacy Out-of-Pocket for Tiers 1 and 2. Pharmacy OOP is shared with medical.
24-07 Patient Scheduling Process	24-07 Appointment Reminders Not Sent to Patients	24-07 Education for Clinical Staff on Patient Communication Preferences and Phone Number Confirmation	Epic SMS Hello World is scheduled to be implemented in January 2025. In addition, Clinic Operations provided additional education to Medical Practice Assistants on the importance of capturing the patients' preference of communication and confirming the phone number of the patient to ensure notifications are going to the correct number.

Follow-Up Report Detail – Open Session

Project Name	Entity	Issue Title	Risk Rating	Recommendation Title	% Complete	Business Contact	Target Completion Date	Revised Due Date
20-11 Consignment	Supply Chain Admin	Pricing Inconsistencies Were Identified	High	Ensure Consignment Contract(s) and Price(s) are Current in Infor	90%	Pamela Bryant	12/30/2021	5/31/2025
20-11 Consignment	Supply Chain Admin	The Recall Process Is Decentralized	High	Centralize the Recall Process and Finalize the Recall Policy	70%	Michael Lane	3/31/2021	11/30/2024
20-11 Consignment	Supply Chain Admin	Tracking and Monitoring of Consignment Items Were Lacking	High	Identify and Separate Consignment from Parkland Owned Supplies in Infor	90%	Pamela Bryant	3/31/2021	5/31/2025
23-21 Patient Property	Police Department	Incomplete Property Documentation	Medium	Ensure Patient Property is Documented in EPIC is Consistent and Complete	80%	David Garcia	6/30/2024	7/31/2025
23-21 Patient Property	Police Department	Untimely Inventory of Patient Belongings	Medium	Document Patient Belongings into EPIC within 24 Hours of the Patient's Arrival	80%	David Garcia	6/30/2024	7/31/2025
24-07 Patient Scheduling	Population Health Operations	Follow-up Appointment Not Scheduled During Discharge	Medium	Schedule follow-up appointments (or place patients on recall lists) during the clinic discharge process.	70%	James Perez	3/31/2025	7/31/2025
24-07 Patient Scheduling	Population Health Operations	Inaccurate Information on Event Tracking Logs	Low	Enter accurate information into event tracking logs.	25%	James Perez; Patricia Shirey		
24-07 Patient Scheduling	Clinical Support Services	No Financial Clearance Prior to Appointments	Medium	Financial Clearance Activities for Outpatient Tests	50%	Jennifer Burnes	5/31/2025	5/31/2025
24-07 Patient Scheduling	PFS Operations	No Financial Clearance Prior to Appointments	Medium	PFS - Financial Clearance Activities for Outpatient Tests	50%	Gerry Baker	5/31/2025	5/31/2025

Follow-Up Report Detail – Open Session

Project Name	Entity	Issue Title	Risk Rating	Recommendation Title	% Complete	Business Contact	Target Completion Date	Revised Due Date
24-09 Role Based Access	IT-Information Security Management	Badge Access Control monitoring deficiency	Medium	Review and Alignment of Badge Access for Transferred Personnel	10%	Bruce McDaniels; Joseph Longo	1/31/2026	1/31/2026
24-09 Role Based Access	IT-Information Security Management	Deficient Access Management for Transfer Employees	Medium	Enhance RBAC for transferred employee	10%	Bruce McDaniels; Joseph Longo	1/31/2026	1/31/2026
24-09 Role Based Access	IT-Information Security Management	Inadequate Access Control Governance and Ownership of Roles	Medium	Establish a robust governance framework	10%	Bruce McDaniels; Joseph Longo	3/31/2026	3/31/2026
24-13 Cigna Claims Review	Benefits & Compensation	Medical claim payments are not always settled in accordance with Parkland's Benefit Plan	Low	Medical claim payments need to be consistent with Parkland's Benefit Plan.	50%	DeLancey Johnson	7/31/2025	7/31/2025
25-02 Construction Project Review	Planning, Design & Construction	Lien waivers were not always obtained.	Medium	Review lien waiver process	10%	Lance Mendiola	9/30/2025	9/30/2025
25-02 Construction Project Review	Planning, Design & Construction	Untimely payments to contractors.	Medium	Align Contract terms with system capabilities	10%	Lance Mendiola	9/30/2025	9/30/2025

IX. Possible Deliberation Regarding Executive Session Documents Received by the Committee

Tex. Health & Safety Code §§161.032 & 161.0315 and Tex. Occ. Code §160.007.