Parkland

Audit Committee Agenda

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

Agenda for the ***Audit Committee*** meeting of the Dallas County Hospital District ("DCHD") is scheduled for ***Wednesday, August 20, 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: 2315 900 5864; 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 August	*6*	05 mins	Amy LaBarge
IV. Reports Requiring Deliberation(s) and Possible Action			

	PAGE	TIME (MIN)	PRESENTER(S)
A. External Quality Assessment Report *Institute of Internal Auditors (IIA) based review conducted by Forvis Mazars.*	*7-31*	15 mins	Charles Johnson, Jr. Forvis Mazars
B. Audit Committee Charter *Annual presentation of the Audit Committee Charter for Board approval; updated to reflect the new IIA Global Standards and align with Board Bylaws.*	*32-37*	05 mins	Amy LaBarge
C. Internal Audit Charter *Annual presentation of the Internal Audit Charter for Board approval; updated to reflect the new IIA Global Standards and align with Board Bylaws.*	*38-54*	05 mins	Amy LaBarge
D. Fiscal Year 2025 Audit Plan and 2026 Draft Audit Plan *Presentation of the status and proposed changes to FY2025 Audit Plan and presentation of proposed FY2026 audit plan for Board input.*	*55-65*	05 mins	Amy LaBarge
E. Internal Audit Fiscal Year 2026 Budget *Presentation of Internal Audit FY 2026 Budget*	*66*	05 mins	Amy LaBarge
F. Open Session Summary to discuss the following topics:	*67-68*	10 mins	Amy LaBarge
i. Follow-Up Report Status – Open Session *Update on corrective action plans for audits presented in prior open session Audit Committee meetings.*			
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	*70-72*	10 mins	Amy LaBarge
i. Contract Labor Audit, Report No. 24-05 *Review to provide assurance that the controls established for contract labor invoice reconciliation are operating effectively.*			
ii. Follow-up Report Status – Executive Session *Update on corrective action plans for audits presented in prior executive session Audit Committee meetings.*			
B. 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

		PAGE	TIME (MIN)	PRESENTER(S)
C.	Consultation with Attorney Tex. Gov't Code § 551.071.		15 mins	Steven Roth
i.	Pending Litigation Pertaining to a Retaliation Claim			
ii.	Review of Open Litigation, Claims, and Settlements (See Attached List)	*73-75*		
VI.	**Action Items**			
A.	Committee may take action on any agenda item(s) above			Chair
B.	Deliberation and Possible Action on the Audit Committee Charter			
C.	Deliberation and Possible Action on the Internal Audit Charter			
D.	Deliberation and Possible Action on the possible adjustment of the Fiscal Year 2025 Audit Plan			
E.	Deliberation and Possible Action Regarding the Internal Audit Fiscal Year 2026 Budget			
VII.	**Closing Remarks**			Chair
VIII.	**Possible Deliberation Regarding Documents Received by the Committee**			
A.	Open Session Audit Follow-up Reports	*77-78*		
IX.	**Possible Deliberation Regarding Executive Session Documents Received by the Committee**			
A.	Contract Labor Audit, Report No. 24-05 *Tex. Health & Safety Code* §§161.032 & 161.0315 and *Tex. Occ. Code* §160.007	*80-88*		
B.	Executive Session Audit Follow-up Reports *Tex. Health & Safety Code* §§161.032 & 161.0315 and *Tex. Occ. Code* §160.007.	*89-90*		
X.	**Adjourn**			Chair

Active Litigation Matters, August 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

Hyde, Jason J. v. Dallas County, et al.
Cause No. DC-24-18636, In the 134th District Court, Dallas County, Texas

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

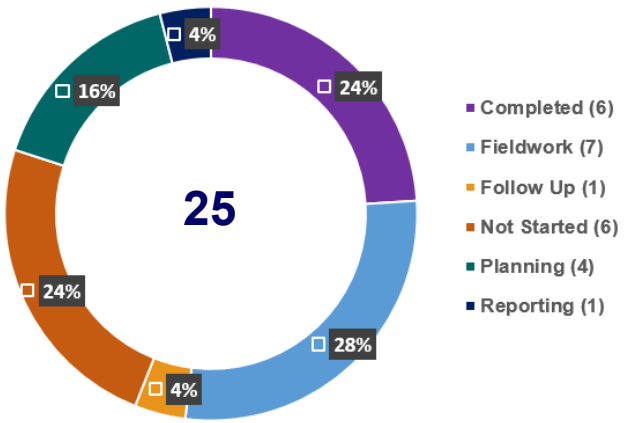
Christopher Jordan Horn v. Kristi Tillery
Cause No. JPC-25-01010-22, In the Justice Court Precinct 2, Place 2 Dallas County, Texas

CURRENT AS OF 8/5/2025
PRINTED 8/7/2025

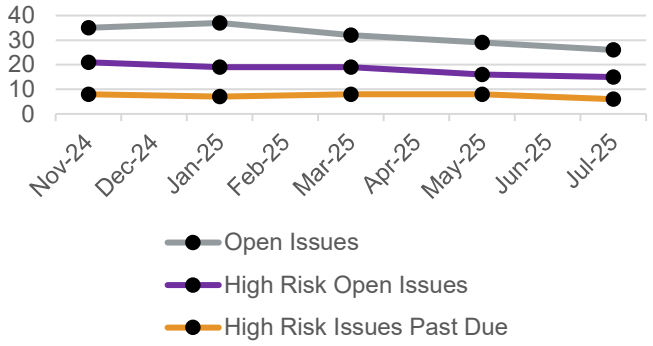
III. Open Session

August 2025 – Key Takeaways at-a-Glance*

Audit Plan Progress



Follow Up Issues



Forvis QAR	Presentation of the Institute of Internal Auditors Quality Assurance Review by Forvis Mazars. **(Page 7)**
Audit Charters	Updated Audit Committee Charter and Audit Department Charter to reflect the new Institute of Internal Auditors (IIA) Global Standards and better align with Board Bylaws. Approval requested for both. **(Pages 32 and 38)**
Audit Plan	• FY25 Audit Plan - status • FY25 Audit Plan - requesting approval to amend due to organizational support initiative, management request, and resource constraints. • FY26 Audit Plan - requesting input for the proposed plan. **(Page 55)**
FY26 Budget	Presentation of FY 2026 Internal Audit Budget. **(Page 66)**
Issues Identified	**Contract Labor (Summary, Page 71; Full Report, Page 80):** Executive Session content
Follow-up	Closed 6 issues. This completed the follow-up for 2 audits. A due date change was requested on 3 issues. **(Pages 77-78 and 89-90)**

* Excludes items to be discussed in Executive Session

EXTERNAL QUALITY ASSESSMENT REPORT

Parkland Health

April 25, 2025

forvis mazars

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April 25, 2025

Audit Committee and Management
Parkland Health and Hospital System
Dallas, TX

We have performed the procedures enumerated in Attachment E of this report, which were agreed to by management and the Audit Committee of Parkland (Parkland) pursuant to our contract dated November 7, 2024, solely to assist you with respect to an external quality assessment of the internal audit activity as outlined in The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*. Our scope period was October 1, 2023 through September 30, 2024.

Our services were provided in accordance with *International Standards for the Professional Practices of Internal Auditing* established by the Institute of Internal Auditors. We were not engaged to, and did not, conduct a financial statement audit or an examination, the objective of which would be the expression of an opinion on the financial statements or internal controls or any elements, accounts, or items thereof as part of this engagement. Accordingly, we do not express such an opinion.

Our analysis was conducted by interviews of key personnel and assessments of key documents. Our engagement did not include a detailed examination of all transactions and was not designed, and cannot be relied upon, to discover all errors, irregularities, or illegal acts, including fraud or defalcations, that may exist. Had we performed additional procedures, other findings of significance may have been reported to you.

This report summarizes the scope of the engagement, the procedures performed, and the results of our procedures. Overall, we rate Parkland's internal audit activity as **Generally Conforms** to the *Standards* and the IIA Code of Ethics. We noted areas of best practice, gaps in conformance, as well as opportunities for improvement which are detailed on the following pages. Implementation of the recommendations may improve the effectiveness and enhance the value of the internal audit activity and support conformity to the *Standards*. While we offer these recommendations, it is the Audit Committee's responsibility to determine what actions are taken to meet the *Standards* going forward.

Implementing and improving internal controls as suggested in this report can only help reduce the risk of fraud and errors, but does not provide absolute assurance that fraud or errors will be prevented. Management is responsible for the design of its controls and ongoing monitoring of their effectiveness to prevent and detect fraud.

Our report is intended for use only by Parkland's management and Audit Committee solely for reporting findings with respect to the procedures performed by us. This report is not intended to be, and should not be, used by anyone other than these specified parties unless express written consent is obtained from Forvis Mazars, LLP.

Forvis Mazars, LLP

Forvis Mazars, LLP

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Executive Summary

Under the *International Standards for the Professional Practice of Internal Auditing (Standards)*, an external quality assessment (EQA) of internal audit activity must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The qualified assessor or assessment team must demonstrate competence in both the professional practice of internal auditing and the EQA process.

Parkland's Internal Audit department consists of an SVP of Internal Audit, Director of Internal Audit, Internal Audit Manager, and 12 Senior Auditors. The Internal Audit department functionally reports to the Audit Committee and administratively reports to the CFO.

It is Forvis Mazars, LLP's (Forvis Mazars) overall rating that Internal Audit generally conforms with the *Standards* and Code of Ethics. A detailed list of conformance with individual *Standards* and the Code of Ethics is shown in Section III.

The IIA's *Quality Assessment Manual for the Internal Audit Activity* suggests a scale of three ratings, "Generally Conforms," "Partially Conforms," and "Does Not Conform." "Generally Conforms" means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the *Standards*. "Partially Conforms" means deficiencies in practice are noted that are judged to deviate from the *Standards*, but these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. "Does Not Conform" means deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities. See Attachment A for the full ratings definitions.

Summary of Observations

Observations are divided into three categories:

- Industry Standards and Best Practices
- Gaps in Conformance with the *Standards* or the Code of Ethics
- Opportunities for Continuous Improvement

Detailed observations begin on the next page.

Detailed Observations

Industry Standards & Best Practices

We identifed in **bold/underlined text** areas where Internal Audit is operating in a leading practice manner when compared to other internal audit activities.

1: Structure of the Internal Audit Function

Relevant Standards

***Standard 2000* – Managing the Internal Audit Activity** – The chief audit executive (CAE) must effectively manage the internal audit activity to ensure it adds value to the organization.

***Standard 2030* – Resource Management** – The CAE must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

***Standard 2340* – Engagement Supervision** – Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.

Parkland's internal audit function organizational structure conforms to the relevant IIA Standards and is typical of similarly situated organizations and industry peers with similar total internal audit FTEs.

- Parkland internal audit function's organization and the roles of the function's leadership is as follows:
  - A Chief Audit executive (CAE).
  - A Director of Internal Audit, supervised by the CAE, manages a team of four information system internal auditors.
  - An Internal Audit Manager, supervised by the Director, manages a team of four financial/operational internal auditors.
  - The CAE directly supervises four compliance internal auditors as well as a department administrative assistant.
  - The CAE directly supervising internal auditors performing fieldwork.

2: Type, Focus, & Relevance of Internal Audit Engagements

Relevant Standards

***Standard 2010* – Planning** – The chief audit executive (CAE) must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals.

- ***Standard 2010.A1*** – The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.
- ***Standard 2010.A2*** – The CAE must identify and consider the expectations of senior management, the board, and other stakeholders for internal audit opinions and other conclusions.

***Standard 2100* – Nature of Work** – The internal audit activity must evaluate and contribute to the improvement of the organization's governance, risk management, and control processes using a systemic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.

Parkland's annual internal audit plan development process conforms to the relevant IIA Standards and is typical compared to similarly situated organizations.

- Parkland's internal audit function's engagements are determined through the annual audit plan process, which is the primary driver of the type, focus, and relevance of internal audit engagements. The internal audit function's process has the following components:
  - Meeting with Parkland leaders to discuss and assess risks in their areas of responsibility and provide suggestions for the upcoming annual internal audit plan
  - Seeking input on the annual internal audit plan from the Audit Committee and Board of Managers
  - Considering results of Parkland's enterprise risk management program
  - Internal audit function's own assessment of risks to Parkland from prior internal audit results and other internal audit monitoring activities
  - Proposing a list of internal audit engagements to executive management and seeking input on proposed engagements
  - Conducting an internal audit resource analysis to identify available hours to complete the proposed annual audit plan
  - Finalizing the annual audit plan engagements' engagement scope and hour budget
  - Presenting to and receiving the Audit Committee approval of the 2024 internal audit plan.
- Our review of the approved fiscal year 2022, 2023, and 2024 internal audit plans and their supporting documentation show that the internal audit plan contains topical and functional audits typical of other healthcare organizations and contemplated by the *Standards*.
- Parkland's internal audit function revises the plan and schedule as the year progresses and organizational needs change. This **aligns with internal audit best practices to prefer shorter planned audit plan timeframes (two six-month plans developed and updated/approved twice a year) or other dynamic adjustments** to the approved internal audit plan between formal approvals to allow for a nimble internal audit response to changing risks and organization needs.
- Parkland internal audit reserves amounts of **open time on annual plan for unplanned projects not expected at the time of plan approval**.

3: Number of Audits & Related Efficiency

Relevant Standards

Standard 1200 – Engagements must be performed with proficiency and due professional care.

***Standard 2020* – Communication and Approval** – The chief audit executive (CAE) must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The CAE must also communicate the impact of resource limitations.

***Standard 2060* – Reporting to Senior Management and the Board** – The CAE must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the *Standards*. Reporting must also include significant risk and control issues, including fraud risks, governance issues, and other matters that require the attention of senior management and/or the board.

Benchmarking finds the number of Parkland internal audit engagements in line for the number of Parkland internal audit FTEs. Productivity ratios of overall audit plan hours compared to FTEs of about 65% on average at Parkland are in alignment with typical 65% to 70% productivity ratios for similar health systems.

- **Parkland's internal audit function aligns with best practices for monitoring hours and status**. Internal audit function policies require the following two relevant actions for monitoring and reporting on engagement progress and hours budget which align with:
  - Weekly project meetings and manager meetings between Parkland internal audit team members.
  - Biweekly email engagement status reports are provided to all levels of management of the audited area, including the responsible executive management members.
- A recent policy revision **requiring executive management approval of changes related to the management action plan due dates has assisted in better understanding and monitoring of management action plans** requiring longer completion periods of time.

4: Function Size, Experience, Qualifications, & Reporting Relationships

Relevant Standards

Standard 1200 – Engagements must be performed with proficiency and due professional care.

Standard 2020 – Communication and Approval – The chief audit executive (CAE) must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The CAE must also communicate the impact of resource limitations.

Standard 2060 – Reporting to Senior Management and the Board – The CAE must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the *Standards*. Reporting must also include significant risk and control issues, including fraud risks, governance issues, and other matters that require the attention of senior management and/or the board.

Standard 1100 – Independence and Objectivity – The internal audit activity must be independent, and internal auditors must be objective in performing their work.

Standard 1110 – Organizational Independence – The chief audit executive (CAE) must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The CAE must confirm to the board, at least annually, the organizational independence of the internal audit activity.

- ***Standard 1110.A1*** – The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The CAE must disclose such interference to the board and discuss the implications.

Standard 1111 – Direct Interaction with the Board – The CAE must communicate and interact directly with the board.

Standard 1210 – Proficiency – Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

Standard 1230 – Continuing Professional Development – Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.

Standard 2000 – Managing the Internal Audit Activity – The CAE must effectively manage the internal audit activity to ensure its adds value to the organization.

Standard 2020 – Communication and Approval – The CAE must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The CAE must also communicate the impact of resource limitations.

Standard 2030 – Resource Management – The CAE must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

Standard 2230 – Engagement Resource Allocation – Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.

Standard 2340 – Engagement Supervision – Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.

- Parkland's internal audit function reports functionally to the Board of Managers through the Audit Committee and administratively to the chief financial officer. The SVP Internal Audit (CAE) has standing meetings with the Chief Financial Officer and periodic meetings with the President and Chief Executive Officer.
    - This reporting structure conforms to relevant IIA Standards and is typical of similarly situated organizations and industry. There can be a variety of CAE administrative reporting relationships to other executive officers, including administratively reporting to a chief executive officer, chief administrative officer, general counsel, chief compliance officer, or chief risk officer.
    - Typically, the CAE does not have other assigned responsibilities outside of leading the internal audit function, however, the healthcare industry does have a higher level of combined chief compliance officer/chief audit executive roles as well as some also having oversight roles of the organization's enterprise risk management functions.
- Reviews of Parkland internal audit function professional's biographical summaries find **above average experienced and credentialed internal audit professionals**:
    - Only one Parkland internal audit function staff member does not hold at least one professional certification.
    - Most have above average years of healthcare and internal audit experience when compared to the Association of Healthcare Internal Auditors survey.
    - Internal and external training received by staff reflect typical amounts and types of training compared to similarly situated organizations.

5: Internal Audit Working Relationship with Other Assurance Providers

Relevant Standard

***Standard 2050* – Coordination and Reliance** – The chief audit executive (CAE) should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts.

Internal audit and other assurance providers **use the same risk definition and ratings scale, which is an industry best practice**.

Gaps in Conformance with the Standards or the Code of Ethics

Forvis Mazars did not identify any gaps in conformance with the *Standards* or code of ethics during this EQA.

Opportunities for Improvement

Observations of opportunities to enhance the efficiency or effectiveness of Internal Audit infrastructure or processes. These do not indicate a lack of conformance with the *Standards* or Code of Ethics. They may offer suggestions on how to better align with criteria defined in the *Standards* or Code of Ethics or may be operational ideas based upon the experience of the external assessment team working with other internal audit activities. A management response and action plan is normally included for each opportunity for continuous improvement noted.

1: Type, Focus, & Relevance of Internal Audit Engagements

Relevant Standards

***Standard 2010* – Planning** – The chief audit executive (CAE) must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals.

- ***Standard 2010.A1*** – The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.
- ***Standard 2010.A2*** – The CAE must identify and consider the expectations of senior management, the board, and other stakeholders for internal audit opinions and other conclusions.

***Standard 2100* – Nature of Work** – The internal audit activity must evaluate and contribute to the improvement of the organization's governance, risk management, and control processes using a systemic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.

Opportunity #1 – Executive Management Feedback on Audit Plan

- Our interviews with internal audit stakeholders identified interest in better understanding the process for selecting internal audit engagements on the plan as well as the frequency and duration of approved internal audit engagements.
- **Recommendation**: We recommend that the process of proposing the final list of internal audit engagements to executive management be revisited to ensure a high level of individual and collective executive management discussions with the internal audit function prior to the audit committee approval of internal audit plan and its resource plan. Executive management feedback during this portion of the formation of an internal audit plan is critical to ensure good alignment with organization's risks, objectives, and needs and if conducted appropriately, allows the internal audit function to maintain its objectivity as to the type and amount of internal audit engagements.

Management Response

- We will provide the draft audit plan to executive management to ensure high level executive management discussions with the internal audit function prior to audit committee approval of the annual audit plan.

Opportunity #2 – Audit Plan Coordination with Other Service Providers

- During our assessment we did not see documentation of the involvement or input of Parkland's other assurance functions [corporate compliance and privacy, quality/patient safety/risk management, legal affairs, Health Information Management (HIM) and information security] outside of the enterprise risk management program. The CAE does seek informal input from the leaders of these areas early in the annual audit plan development

process and incorporates this input into the annual audit plan, but this input is not formally documented nor is the proposed plan reviewed with the assurance group's workplans prior to final approvals.

- **Recommendation:** Revise the internal audit plan development process to provide more formal coordination efforts with each assurance group throughout the creation and drafting of the annual internal audit plan.

Management Response

- We will include more formal coordination efforts with each assurance group throughout the creation and drafting of the annual internal audit plan.

Opportunity #3 – Annual Audits

- Each annual internal audit plan has a certain number of annual audits performed each year. The level of these annual audits has trended down with increased evaluation by internal audit, management, and the audit committee as to their value. While some level of annual internal audit engagements are necessary, these engagements should be evaluated through the risk assessment process and, if found to be assessing lower-risk areas, be assigned to a less frequent cycle or performed by other assurance providers.
- **Recommendation:** Continue focus on lowering the amount of internal audit function annual audit engagements and hours spent on annual audits.

Management Response

- We will continue to focus on lowering annual engagement hours spent on annual audits to allow for more advisory engagements and risk-based audits to ensure optimal added value.

Opportunity #4 – Advisory Engagements

- Currently Parkland's internal audit function conducts few advisory engagements annually. Advisory engagements can educate departments and functions as they are developing or implementing processes or initiatives to help management consider governance, risk management, and control processes. The internal audit function may uncover more opportunities to add more value and assist with managing risk if they are actively identifying advisory service needs.
- **Recommendation:** Document policies and procedures covering the roles, responsibilities, and guidelines for advisory engagements and actively market and identify opportunities to provide advisory engagements.

Management Response

- We will document policies and procedures covering the roles, responsibilities, and guidelines for advisory engagements and actively market and identify opportunities to provide advisory engagements.

2: Number of Audits & Related Efficiency

Relevant Standards

Standard 1200 – Engagements must be performed with proficiency and due professional care.

***Standard 2020* – Communication and Approval** – The chief audit executive (CAE) must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The CAE must also communicate the impact of resource limitations.

***Standard 2060* – Reporting to Senior Management and the Board** – The CAE must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the *Standards*. Reporting must also include significant risk and control issues, including fraud risks, governance issues, and other matters that require the attention of senior management and/or the board.

Opportunity #5 – Audit Status Reporting

- Regular internal audit plan status reports provided to executive management and the audit committee identify the status of each engagement but do not provide information on the calendar or hours budget status or provide reasons for delay in completion. Parkland internal audit management tracks performance against hourly budgets using the recently implemented ServiceNow software and uses this information in weekly supervision of engagements in process. Teammate (internal audit management software) will be implemented in October 2024 to assist with supervision of engagements.
- **Recommendations:** Increased focus and involvement by executive management reviewing and challenging Parkland internal audit function's engagement level scope and plan at the beginning of the engagement and monitoring of biweekly engagement status reports will assist with more efficient engagements, particularly during the reporting portion of the engagement. Best practices call for executive management touchpoints at critical stages of each engagement to ensure clarity on the effort and timelines of internal audit and affected management/staff requirements.
- Update management reporting packages for annual audit plan and related engagement-level status reports to clearly identify actual performance to budgeted hours and calendar timelines, including descriptions of reasons for delay. Consider establishing a focused and collective meeting with executive management to provide regular updates on the internal audit plan and use subsets of these reports for a modified status report provided to the audit committee. Consider tracking internal audit plan progress by calendar or Gantt Chart visualization.

Management Response

- We will work with executive management to increase focus and involvement regarding engagement level scope and plan at the beginning of the engagement and monitoring of biweekly meetings and engagement status reports. We will update management reporting packages for the annual audit plan and related engagement-level status reports to clearly identify actual performance to budgeted hours and calendar timelines including descriptions of reasons for delay. We will consider establishing a focused and collective meeting with executive management to provide regular updates on the internal audit plan and use subsets of these reports for a modified status report provided to the audit committee. We will continue to track internal audit progress via Gantt Chart visualization.

Opportunity #6 – Engagement Tracking Policy Updates

- Internal audit function policies currently require "Budget Justification Forms" for audits where audits are not expected to achieve their planned budget. The internal audit function has discontinued using "Budget Justification Forms" and instead has moved to discussions in the internal weekly project meetings and weekly manager meetings. This change has not been updated in the internal audit function policies.
- **Recommendation:** Update the internal audit function policies to clearly define the current processes for monitoring engagement status and hours.

Management Response

- We will update the internal audit function policies to clearly define the current processes for monitoring engagement status and hours.

3: Function Size, Experience, Qualifications, & Reporting Relationships

Relevant Standards

Standard 1200 – Engagements must be performed with proficiency and due professional care.

Standard 2020 – Communication and Approval – The chief audit executive (CAE) must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The CAE must also communicate the impact of resource limitations.

Standard 2060 – Reporting to Senior Management and the Board – The CAE must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the *Standards*. Reporting must also include significant risk and control issues, including fraud risks, governance issues, and other matters that require the attention of senior management and/or the board.

Standard 1100 – Independence and Objectivity – The internal audit activity must be independent, and internal auditors must be objective in performing their work.

Standard 1110 – Organizational Independence – The chief audit executive (CAE) must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The CAE must confirm to the board, at least annually, the organizational independence of the internal audit activity.

- ***Standard 1110.A1*** – The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The CAE must disclose such interference to the board and discuss the implications.

Standard 1111 – Direct Interaction with the Board – The CAE must communicate and interact directly with the board.

Standard 1210 – Proficiency – Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

Standard 1230 – Continuing Professional Development – Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.

Standard 2000 – Managing the Internal Audit Activity – The CAE must effectively manage the internal audit activity to ensure its adds value to the organization.

Standard 2020 – Communication and Approval – The CAE must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The CAE must also communicate the impact of resource limitations.

Standard 2030 – Resource Management – The CAE must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

Standard 2230 – Engagement Resource Allocation – Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.

Standard 2340 – Engagement Supervision – Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.

Opportunity #7 – Staffing & Co-Sourcing

- Relevant benchmark information from the AHIA survey identifies a higher staffing ratio compared to similar sized organizations:
  - Parkland Internal Audit has a total of 15 FTEs composed of the following:
    - One Chief Audit Executive
    - One Director
    - One Manager
    - Four Financial/Operations Auditors
      - This team has been reduced by one FTE since 2022
    - Four Information Systems Auditors
    - Four Compliance Auditors
      - This team's manager position was eliminated by Parkland management in FY 2016
- Parkland does not regularly contract or co-source with external firms in completing engagements on the internal audit plan
  - Construction auditing was co-sourced between 2011 and 2018 during construction of the Parkland Hospital; since then, construction auditing has been performed using in-house Parkland internal audit staff.
  - Co-sourcing is used by 66% of the survey respondents in the AHIA survey.
- **Recommendations:** There are a variety of internal audit staffing strategies to consider and there is not a "one-size fits all" or formulaic approach to these decisions. We have provided in Attachment F advantages and disadvantages for different internal audit staffing strategies.
  - Consider the following to ensure effective and efficient allocation of resources in support of Parkland internal audit function efforts:
    - Act on the other assurance provider recommendations in Section 02.02 and Section 02.05 to improve coordination and possible reliance by Parkland's internal audit function on others Parkland assurance providers.
    - Explore opportunities to co-source certain Parkland internal audit engagements with qualified service providers.

Management Response

- We will consider staffing strategies to ensure effective and efficient allocation of resources in support of Parkland internal audit function efforts including other assurance providers within Parkland and opportunities to co-source certain Parkland internal audit engagements with qualified service providers.

4: Internal Audit Working Relationship with Other Assurance Providers

Relevant Standard

Standard 2050 – Coordination and Reliance – The chief audit executive (CAE) should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts.

Opportunity #8 – Reliance on Other Assurance Providers

- Our interviews with Parkland leadership, assurance providers, and the CAE and associated internal audit documentation found varying levels of understanding regarding coordination in the formation of the internal audit plan and conduct of individual internal audit engagements. Regular meetings between the CAE and other assurance providers provide appropriate and critical forums for information sharing, but there is no evidence of how this coordination impacts internal audit's workplans and engagements.
    - Other assurance providers at Parkland identified in our engagement are:
        - Corporate compliance and privacy
        - Quality/patient safety/risk management
        - Legal affairs and enterprise risk management
        - Health information Management
        - Information Security
- Parkland's internal audit function does not formally rely on the work of other assurance providers, which is considered a best practice.
- Per IIA Standard 2050: "*In coordinating activities, the chief audit executive may rely on the work of other assurance and consulting service providers. A consistent process for the basis of reliance should be established, and the chief audit executive should consider the competency, objectivity, and due professional care of the assurance and consulting service providers. The chief audit executive should also have a clear understanding of the scope, objectives, and results of the work performed by other providers of assurance and consulting services. Where reliance is placed on the work of others, the chief audit executive is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.* "
- We did not see documentation of the involvement or input of Parkland's other assurance functions outside of the enterprise risk management program. The CAE does seek informal input from the leaders of these areas early in the annual audit plan development process and incorporates this information in the proposed plans. However, this input and coordination is not formally documented nor is the proposed annual internal audit plan reviewed with the assurance group's workplans prior to final approvals.
- Parkland's internal audit function coordinates engagement scopes with some of the other assurance providers to prevent overlap (this includes Privacy, IT network or security, and the Cause Analysis work completed with Quality). Reviews of engagement-level planning did not identify documentation demonstrating coordination with other assurance providers and how that is incorporated into audit plans and audit procedures.
- **Recommendations:**
    - Parkland's internal audit function should establish more formality and consistency in coordination activities with other assurance providers and strive to identify opportunities to rely on their work to lessen required internal audit engagements. Formal documentation of current meetings and planning sessions should be created with a focus on comparing respective risk assessment results (both the annual risk assessments and engagement-level risk assessments) and accompanying workplans to identify opportunities for increased coordination. Parkland internal audit function's implementation of the Teammate application provides an opportunity to formally document various risk registers and workplans to further assist in these efforts.
    - The Parkland internal audit function should explore opportunities to formally rely on other Parkland assurance providers who are operating at high levels of maturity. Such an initiative could explore the opportunity to move some current internal audit efforts to other assurance providers as long as Parkland internal audit function's assessment of their work provides a basis for that reliance in accordance with IIA Standards.

Management Response

- We will establish more formality and consistency in our coordination with other assurance providers. The Parkland internal audit function will explore opportunities to rely on other Parkland assurance providers who are operating at high levels of maturity. We will explore the opportunity to rely on the work of other assurance providers for some internal audit efforts if the Parkland internal audit function assesses that their work provides a basis for that reliance in accordance with IIA Standards.

Appendix

Attachment A: Rating Definitions

GC – "Generally Conforms" means the assessor has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual *Standard* or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual *Standards* or elements of the Code of Ethics, and at least partial conformity to the others, within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, "successful practice," etc.

PC – "Partially Conforms" means the evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the individual *Standard* or element of the Code of Ethics, section, or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the board of the organization.

DNC – "Does Not Conform" means the evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual *Standard* or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board of the organization.

Attachment B: Evaluation Summary

		GC	PC	DNC
OVERALL EVALUATION		**X**		

ATTRIBUTES STANDARDS				
1000	**Purpose, Authority, and Responsibility**			
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	**X**		
1100	**Independence and Objectivity**			
1110	Organizational Independence	**X**		
1111	Direct Interaction with the Board	**X**		
1112	Chief Audit Executive Roles Beyond Internal Auditing	**X**		
1120	Individual Objectivity	**X**		
1130	Impairment to Independence and Objectivity	**X**		
1200	**Proficiency and Due Professional Care**			
1210	Proficiency	**X**		
1220	Due Professional Care	**X**		
1230	Continuing Professional Development	**X**		
1300	**Quality Assurance and Improvement Program**			
1310	Requirements of the Quality Assurance and Improvement Program	**X**		
1311	Internal Assessments	**X**		
1312	External Assessments	**X**		
1320	Reporting on the Quality Assurance and Improvement Program	**X**		
1321	Use of "Conforms with the *International Standards for the Professional Practice of Internal Auditing*"	**X**		
1322	Disclosure of Nonconformance	**X**		

		GC	PC	DNC
PERFORMANCE STANDARDS				
2000	**Managing the Internal Audit Activity**			
2010	Planning	**X**		
2020	Communication and Approval	**X**		
2030	Resource Management	**X**		
2040	Policies and Procedures	**X**		
2050	Coordination and Reliance	**X**		
2060	Reporting to Senior Management and the Board	**X**		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	**X**		
2100	**Nature of Work**			
2110	Governance	**X**		
2120	Risk Management	**X**		

		GC	PC	DNC
2130	Control	X		
2200	**Engagement Planning**			
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Program	X		
2300	**Performing the Engagement**			
2310	Identifying Information	X		
2320	Analysis and Evaluation	X		
2330	Documenting Information	X		
2340	Engagement Supervision	X		
2400	**Communicating Results**			
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	X		
2430	Use of "Conducted in Conformance with the *International Standards for the Professional Practice of Internal Auditing*"	X		
2431	Engagement Disclosure of Nonconformance	X		
2440	Disseminating Results	X		
2450	Overall Opinions	X		
2500	**Monitoring Progress**	X		
2600	**Communicating the Acceptance of Risks**	X		

CODE OF ETHICS	X		

Attachment C: Interviews Conducted

- Audit Committee
  - Todd Furniss, Audit Committee Chair
  - Dr. Elizabeth Palacios, Board
  - Ramon Miguez, Board of Managers
- Executive and Senior Leadership
  - Donna Richardson, Chief Nursing Officer
  - Steven Roth, Chief Legal Officer
  - Edmundo Castañeda, Chief Operating Officer
  - Felecia Miller, Chief Talent Officer
  - Dr. Roberto De La Cruz, Chief Clinical Officer
  - Richard Humphrey, Chief Financial Officer
  - Joe Longo, Chief Information Officer
  - Dr. Fred Cerise, Chief Executive Officer
- Internal Audit
  - Vic Summers, SVP of Internal Audit & Chief Audit Executive
  - Amy Labarge, Director of Internal Audit

Attachment D: Key Documents Assessed

Some of the key documents we utilized in performing the EQA includes the following:

- Audit Committee Charter
- Audit Committee Agenda and Minutes: June 2023 – April 2024
- Organization Chart
- Internal Audit Governance Structure and Policies
- Internal Audit Charter
- Internal Audit Standards Policy
- Internal Audit Risk Assessment
- Employee Performance Evaluations
- Enterprise Risk Management Policy
- Quality Assurance and Improvement Program: Ongoing Monitoring Report
- Quality Assurance Improvement Program: Internal Self-Assessment Checklist
- External Audit Reports
- Sample of Parkland Internal Audit Reports
- Sample of Internal Audit Workpapers

Attachment E: Scope of Services

Objectives

- The principle objective of the EQA was to assess Internal Audit's conformance with the *Standards* and the Code of Ethics.
- We also evaluated Internal Audit's effectiveness in carrying out its mission (as set forth in the internal audit charter and expressed in the expectations of management); identified successful internal audit practices demonstrated by Internal Audit; and identified opportunities for improvement to potentially enhance the efficiency and effectiveness of Internal Audit infrastructure and processes as well as value to their stakeholders.

Scope

- The scope of the EQA included Internal Audit as set forth in the internal audit charter, approved by the board, which defines the purpose, authority, and responsibility of Internal Audit.
- The EQA was concluded on April 25, 2025 and provides senior management and the board with information about Internal Audit as of that date.
- The *Standards* in place and effective as of September 30, 2024 were the basis for the EQA.

Methodology

- At our request, Internal Audit compiled and prepared information in advance of the on-site portion of the EQA. Internal Audit provided information requested in a detailed planning document checklist and answered questions related to Internal Audit governance, staff, management, and process.
- Internal Audit identified key stakeholders (Internal Audit staff, senior management, and the Audit Committee) and interviewed identified individuals. The results were tabulated by Forvis Mazars to maintain confidentiality in responses.
- Prior to commencement of the EQA, the team leader for the qualified, independent assessment team from outside the organization held a preliminary meeting with Internal Audit to discuss status in the preparation of planning materials, identify key stakeholders to be interviewed during the on-site portion of the assessment, and finalize logistics related to the EQA.
- To accomplish the objectives, the qualified, independent assessment team from outside the organization assessed information prepared by Internal Audit at the team's request; conducted interviews with selected key stakeholders to Internal Audit including the Audit Committee chair, senior executives, the external auditors, and Internal Audit management and staff; assessed a sample of internal audit projects and associated workpapers and reports; and prepared diagnostic tools consistent with the methodology established for an EQA in the *Quality Assessment Manual for the Internal Audit Activity*.

Attachment F: Benchmarking Information

Number of Audits & Related Efficiency

	Parkland Health			Relevant Benchmarks (Association of Healthcare Internal Auditors Survey Respondents with Annual Gross Revenue of $1-$5B)
	2022	2023	2024	
New Audit Engagements	10	18	16	**Assurance Engagements** 52% of Respondents: <10 engagements 38% of Respondents: 10-19 engagements 10% of Respondents: 20-25 engagements **Advisory Engagements** 71% of Respondents: <10 engagements 24% of Respondents: 10-19 engagements 5% of Respondents: 20-25 engagements 33% of respondents with $5-$10B in annual gross revenue have 20+ assurance engagements per year.
Carry-Forward Engagements	7	10	8	
Annual Engagements	18	11	10	
Exec. Management and Board of Managers Requests	0	2	2	
Total Engagements	**35**	**41**	**36**	

Hours Per Assurance Audit	455	381	587	**Annual Audit Plan Hours** 19% of Respondents: 1,000- 3,999 Hours 53% of Respondents: 4,000 – 9,999 Hours 23% of Respondents: 10,000 – 18,000 Hours 5% of Respondents had no hours budget 16% of respondents with $5-$10B have 20,000+ hours
Direct Audit Hours	20,491	22,832	22,494	
%age of Direct Audit Hours	64%	66%	65%	

Internal Audit Staff Average Years of Experience by Position (Audit, Healthcare, & Other Relevant Experience)

Position	Parkland Health 2024	Association of Healthcare Internal Auditors Survey Results
VP of Internal Audit	39 Years	22 Years
Internal Audit Director	27 Years	19 Years
Internal Audit Manager	29 Years	14 Years
Internal Audit Senior (Financial/Operational)	25 Years	14 Years
Staff Auditor (Financial/Operational)	8 Years	14 Years
Compliance Senior Auditor	27 Years	9 Years
Information Systems Senior Auditor	19 Years	18 Years

Training & Development Hours Per Year

Development Hours	Parkland Health 2024 Budget	Association of Healthcare Internal Auditors Survey Results
Average Development Hours Per Employee - Per Year (internal trainings and continuing professional education)	100 Hours	57 Hours

Staff Size: Full Time Equivalents

Parkland Health 2024	Relevant Benchmark: Association of Healthcare Internal Auditors 2022 Survey Results (by Survey Respondent Annual Revenue)		
	$500-$999 Million in Revenue	$1 Billion - $5 Billion Revenue	$5 Billion - $10 Billion Revenue
15 FTEs	1-2 FTEs (100% of Survey Respondents)	3-5 FTEs (33% of Respondents) 6-9 FTEs (67% of Respondents)	6-9 FTEs (67% of Respondents) 10-14 FTEs (33% of Respondents)

Coordination with Other Assurance Providers

Relevant Benchmark: Association of Healthcare Internal Auditors 2022 Survey Survey Respondents that Coordinate with Other Assurance Providers			
Compliance and Privacy: 84%	Information Systems Security 61%	Risk Management: 55%	Legal: 52%
Public Accounting Firm: 45%	Quality: 27%	None of These: 7%	Other: 5%

Contacts

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Director

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PARKLAND HEALTH
Audit Committee Charter

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

Purpose

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

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

Membership, Meetings, Minutes and Committee Action

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

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

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

Responsibilities

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

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

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

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

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

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

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

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

   A. Internal Audit

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

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

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

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

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

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

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

   B. External Audit

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

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

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

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

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

   C. Internal Controls

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

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

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

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

D. Legal Oversight

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

E. Reporting Responsibilities

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

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

F. Other Responsibilities

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

2) Institute and oversee special investigations as needed.

3) Review the observations of third-party audit engagements.

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

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

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

Approvals:

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

Previously Approved
June 27, 2023
June 12, 2024

PARKLAND HEALTH
Audit Committee Charter

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

Purpose

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

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

Membership, Meetings, Minutes and Committee Action

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

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

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

Responsibilities

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

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

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

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

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

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

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

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

   A. Internal Audit

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

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

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

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

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

      6) Review the effectiveness of the internal audit function, including compliance with *The Institute of Internal Auditors' International Professional Practices Framework and Global Internal Audit Standards*

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

   B. External Audit

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

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

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

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

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

   C. Internal Controls

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

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

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

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

D. Legal Oversight

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

E. Reporting Responsibilities

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

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

F. Other Responsibilities

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

2) Institute and oversee special investigations as needed.

3) Review the observations of third-party audit engagements.

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

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

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

Approvals:

_____ _____

Audit Committee Chair **Date**

_____ _____

Dallas County Hospital District Board Chair **Date**

Previously Approved

June 27, 2023

June 12, 2024

Parkland

TO: Parkland Board of Managers

FROM: Amy LaBarge, Senior Vice President and Chief Audit Executive

DATE: Audit Committee – August 20, 2025

RE: Internal Audit (IA) Charter Revisions

Summary of key updates and enhancements to IA Charter.

1. Structural and Formatting Changes

- **Section Headings**: The updated version uses clearer, more distinct section headings such as Purpose, Scope, Responsibilities, etc., whereas the redlined version had a more narrative format with embedded subheadings.
- **Bullet Points**: The updated version uses bullet-style formatting for responsibilities, making it easier to read and reference.

2. Expanded Statement of Purpose

- More structured and formalized language in the updated version.
- Emphasizes independent, objective assurance, and advisory services.
- Focuses on enhancing and protecting organizational value.
- Added: "...and advancing responsible stewardship of taxpayer resources."
- Highlights support for both the Board of Managers and executive management.

3. Clarified Scope and Mandate

- Clearly defined areas: Risk Management, Control Systems, Governance.
- Clearly defines the authority and responsibilities of Internal Audit.
- Expanded to include fraud, waste, and abuse assessments.
- Scope now explicitly includes affiliates:
    - Parkland Community Health Plan
    - Parkland Center for Clinical Innovation
    - Parkland Foundation
    - Nursing Homes

4.New Section – Responsibilities:

This entire section is new in the July 2025 version and includes detailed responsibilities such as:

- Performing special reviews as requested.
- Conducting appraisals of resource efficiency.
- Performing risk assessments and developing audit plans.
- Coordinating with Compliance, Legal, Quality, and Safety.
- Maintaining appropriate professional staff.
- Maintaining a robust Quality Assurance and Improvement Program.

5. Detailed Professional Standards

- Aligns with the IIA's International Professional Practices Framework and Global Internal Audit Standards.
- Reinforces expectations around confidentiality, integrity, and objectivity.

6. Governance and Reporting Enhancements

- Clarified roles of Audit Committee and Executive Management.
- Emphasis on independence, objectivity, and quality assurance.
- Introduces annual objectivity assertion by the CAE.

7. Improved Stakeholder Engagement

- Outlines communication protocols with the Audit Committee and executive management.
- Includes reporting to affiliate governance bodies for relevant audits.
- Describes periodic reporting on audit results, key findings, and follow-ups.

8. Aligned Assurance

- Introduces coordination with other assurance functions to maximize coverage and reduce duplication.
- The escalation process is defined if coordination is insufficient.

9. Annual Review Requirement

- Charter must be reviewed annually by the CAE, reviewed by the Audit Committee, and approved by the Board of Managers.

10. Notable Additions or Removals

- Reduced size of document from 7 pages to 4 pages.
- Streamlined narrative content into structured sections.
- The original version included a "Mandate" subsection under Scope, which has been removed or integrated into the new Purpose and Scope sections.
- Some narrative explanations (e.g., about the CAE's meetings with the Audit Committee) were streamlined for clarity.
- Added sections: Aligned Assurance, Stakeholder Communication, Review.

~~**STATEMENT OF**~~ **PURPOSE**	~~According to the Institute of Internal Auditors "Internal auditing is an **independent, objective assurance and consulting activity** designed to add value and improve an organization's operations. Auditing assists the Dallas County Hospital District in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes. Internal Audit Services conducts reviews of operations and reports findings with recommendations to Administration and to the Audit Committee of the Board of Managers, as well as the related subsidiary committees and governance.~~ The Internal Audit function of Dallas County Hospital District is established to provide independent, objective assurance, and advisory services aimed at enhancing and protecting organizational value. The purpose is to support the board of managers and executive management in accomplishing organizational objectives by bringing a systematic approach to evaluating and improving the effectiveness of operations, risk management, control and governance processes.
SCOPE	The Internal Audit ~~Services~~ department of Dallas County Hospital District has been established, granted authority, and is responsible for the performance of its duties as set forth below. The Board of Managers has authorized the formation of an Audit Committee (See Audit Committee Charter). ~~The committee has approved this charter to set forth the purposes, structure, authority, and duties and responsibilities of Internal Audit Services.~~The Audit Committee has reviewed this charter, and the Board of Managers has approved it to set forth the purposes, structure, authority, and duties and responsibilities of Internal Audit. **Mandate** The mandate of the function is established through this charter, which outlines its role in assurance and advisory services, including evaluating the adequacy and effectiveness of the

	organization's governance, risk management and internal controls. **Scope** Internal Audit performs audits and advisory services that evaluate, assess and provide assurance in areas including, but is not limited to: • Risk management: Internal Audit assesses the effectiveness of risk management practices, ensuring risks are appropriately identified, understood and effectively managed. • Control systems: Internal Audit evaluates the reliability and integrity of financial and operational information, and the processes established to ensure compliance with policies, laws and regulations. • Governance: Internal Audit reviews corporate governance processes to ensure they align with organizational goals and standards. The scope of Internal Audit covers the entire organization, including all affiliates: Parkland Community Health Plan, Parkland Center for Clinical Innovation, The Parkland Foundation, and Nursing Homes. **Professional Standards** Internal Audit is committed to operating in conformance to The Institute of Internal Auditors' International Professional Practices Framework and Global Internal Audit Standards. This commitment requires all auditors to maintain confidentiality, integrity, and objectivity in all audit activities. **Confidentiality** Internal auditors are expected to respect the confidentiality of information obtained during the course of their work. Information will only be disclosed in alignment with legal or regulatory requirements or as otherwise approved by the Chief Audit Executive (CAE) and the Audit Committee.

~~**International Standards for the Professional Practice of Internal Auditing.**~~

~~Professional Internal Audit activities are to be conducted in compliance with all District policies and procedures. All audit work is to be performed in a manner consistent with the mandatory elements of The IIA's International Professional Practices Framework (IPPF), including the Core Principles for the Standards, the Code of Ethics, and the Definition of Internal Auditing. The Chief Audit Executive (CAE) will report periodically to senior management and the audit committee regarding the internal audit department's conformance to the Code of Ethics and the Standards. The Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the Standards constitute an addendum to the charter. Audit reports generated by IAS may state that the audit activity conforms to the Standards if the activity, within the previous five years, has undergone an external assessment and has demonstrated that the internal audit activity is in conformance with the Standards.~~

Board and Executive Management Interactions and Support

In accordance with the Audit Committee Charter, the Audit Committee is responsible for overseeing Internal Audit's independence, reviewing its charter including Internal Audit's purpose, audit plan, and budget, and ensuring the adequacy of Internal Audit's resources. The Audit Committee will review Internal Audit's strategy and its performance objectives and quality assessment plans. The Board of Managers will approve the Internal Audit Department Charter.

The CAE and Audit Committee will agree on the frequency and nature of periodic updates including audit plan results and meetings including audit committee meetings, CAE private meeting with the Audit Committee in executive session and one-on-one meetings between the CAE and the Audit Committee Chair. The Audit Committee will provide input into and review the CAE's qualifications, compensation and performance evaluation.

Executive management is expected to provide Internal Audit with support and enable access to resources, information, and personnel as necessary to fulfill its purpose and mandate. Executive management will position the CAE within the organization to enable Internal Audit's mandate, charter and purpose. Executive management will support Internal Audit's direct access and interactions with the Audit Committee, and review and support Internal Audit's charter, strategy, performance objectives, quality assessments and audit engagement results.

Independence, Reporting Structure and Objectivity

To maintain independence, the CAE reports functionally to the Audit Committee and administratively to the Chief Financial Officer (CFO). This structure ensures that the Internal Audit's charter, budget and resources are determined in alignment with organizational needs and approved by the Audit Committee.

The CAE will assert annually that they and the internal audit function are objective and free from conflicts that could threaten objectivity and impede Internal Audit from carrying out its purpose, mandate and scope of services.

~~**Independence**~~

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

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

	~~**Responsibilities**~~ ~~IAS is responsible for assessing the various functions and control systems within the hospital and advising Administration and the Board concerning their condition. The fulfillment of this accountability is not confined to but includes:~~ ~~• Appraising the effectiveness and application of administrative and financial controls and the reliability and integrity of data developed and reported by the hospital.~~ ~~• Evaluating the sufficiency, adequacy and compliance with hospital policies and procedures, as well as compliance with all applicable governmental laws and regulations.~~ ~~• Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.~~ ~~• Ascertaining the adequacy of controls for the safeguarding of assets, and when appropriate, verifying the existence of those assets.~~ ~~• Performing special reviews as requested by Administration and the Board.~~ ~~• Conducting appraisals of the effectiveness and efficiency in the use of hospital resources and making appropriate recommendations.~~ ~~• Performing a risk assessment and developing an annual audit plan.~~ ~~• Coordinating audit planning and scheduling activities with Administration and external auditors.~~ ~~• Coordinating audit activities with Compliance, Legal, Quality, Safety as part of the organization's enterprise risk management activity.~~

	~~• Maintain appropriate professional staff to accomplish Internal Audit Services mission.~~ ~~• Maintenance of a robust Quality Assurance and Improvement program to ensure high-quality audit results.~~ The Internal Audit function will maintain a quality assurance and improvement program to assess and enhance Internal Audit's conformance (with the International Professional Practices Framework and Global Internal Audit Standards) and performance (against Internal Audit's strategic and operational objectives). The program includes ongoing and annual internal assessments and an external assessment at least every five years, in alignment with the Global Internal Audit Standards. ~~• Monitoring and evaluating governance processes.~~ ~~• Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.~~ ~~• Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.~~ ~~IAS may periodically perform assurance and/or consulting services for internal and external clients. These services will result in a report to the requesting client. In the event of a significant compliance issue that may pose a material risk to the organization the issue will be communicated to Administration and the Board. In addition, IAS' Audit Plan Status Report to the Committee identifies all assurance or consulting projects.~~ ~~• Assurance services are categorized as follows: financial, compliance, process (operational), systems (including information technology), fraud (including ethics), and multiple objective department reviews (i.e. financial, operations, compliance, technology).~~

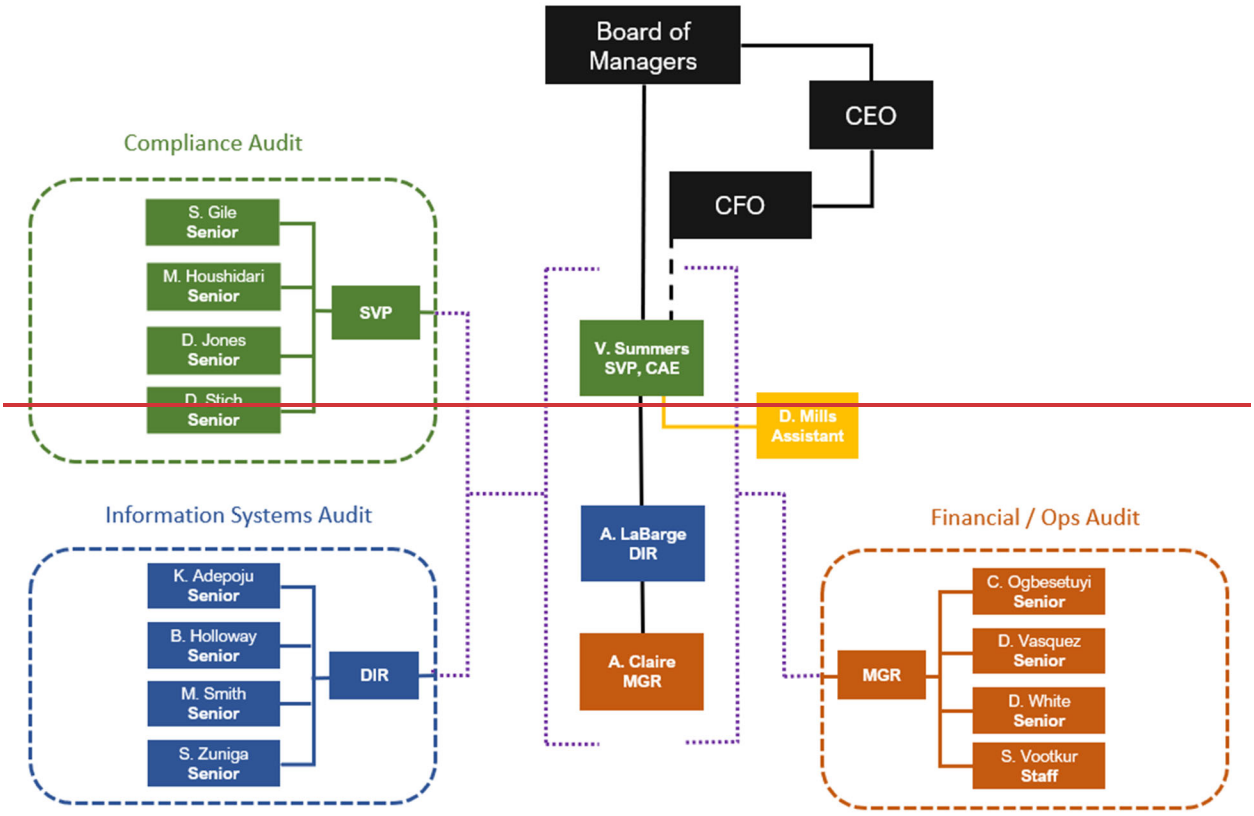
	~~• Consulting services are categorized as follows: counsel and advice, facilitation, process evaluation, and training.~~ **Aligned Assurance** Internal Audit will coordinate with other assurance functions within Dallas County Hospital District to maximize risk assurance coverage and minimize duplication. If the CAE cannot achieve an appropriate level of coordination, the issue must be communicated to executive management and if necessary escalated to the board. **Stakeholder Communication and Reporting** Internal Audit will communicate audit plan engagement results, significant findings, recommendations and conclusions as appropriate to the Audit Committee and relevant executive management on a timely basis. Periodic reports will summarize audit work performed, key findings, risk areas and follow-up on prior recommendations. For reviews and audits of Dallas County Hospital District affiliates, Internal Audit reports findings and recommendations to related affiliate committees and governance as well as executive management and the Audit Committee. ~~**Reporting**~~ ~~• A written report will be prepared and issued by the CAE or designee following the conclusion of each audit and will be distributed as appropriate. A copy of each audit report and a summarization will be forwarded to the Chairman of the Audit Committee, the Board, and the Chief Executive Officer (CEO).~~ ~~• The CAE or designee may include in the audit report the auditee's response and corrective action taken or to be taken regarding the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed. If~~

	~~management deems the identified risk as acceptable, then management may accept the risk, and this will be reflected in the final or follow-up audit report to the Board.~~ • ~~In cases where a response is not included within the audit report, management of the audited area should respond to IAS and those on the distribution list, in writing, within thirty days of publication.~~ • ~~IAS shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issue until cleared by the CAE or the Audit Committee.~~ **~~Periodic Assessment~~** ~~The CAE should periodically assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the internal auditing activity to accomplish its objectives. The result of this periodic assessment should be communicated to Administration and the Board.~~ This charter will be reviewed annually by the CAE and presented to the Audit Committee for review and to the Board of Managers for approval. This process will ensure it remains aligned with organizational needs and regulatory standards.
~~MEMBERS~~	~~The charter is applicable to Internal Audit Services staff and Parkland Management~~
~~LEADERSHIP~~	~~Board, CEO, CFO, COO, CAE~~
~~REPORTS TO~~	~~Internal Audit Services reports to the Audit Committee of the Board. The Audit Committee has final authority and responsibility to appoint and remove the CAE. (See the Board of Managers Policy Manual for the Audit Committee Charter).~~ ~~Internal Audit Services has been authorized to have full and unrestricted access to all Districts, including affiliates, records, property and personnel.~~

	The Board has granted this authority, with the concurrence of Administration. Documents and information given to Internal Audit during a periodic review will be handled in the same prudent and confidential manner as by those employees normally accountable for them. The CAE will report functionally to the Board and administratively (i.e. day-to-day operations) to the CFO. **The Board will:** • Approve the internal audit charter. • Approve the risk-based internal audit plan. • Approve the internal audit budget and resource plan. • Receive communications from the CAE on the internal audit activity's performance relative to its plan and other matters. • Approve decisions regarding the appointment and removal of the CAE. • Approve the remuneration of the CAE. • Make appropriate inquiries of District management and the CAE to determine whether there is inappropriate scope or resource limitations.
SUBCOMMITTEES	N/A
CRITICAL INTERFACES	The CAE will communicate and interact directly with the Board, including in executive sessions and between Board meetings as appropriate.
MEETINGS	N/A
MEETING MINUTES	N/A

~~AMENDMENTS TO THE CHARTER~~	~~Amendments proposed by CAE to the Board in a meeting of the Audit Committee. Members of the Audit Committee must vote to pass amendment. Annual approvals required by CAE and Audit Committee Chair.~~ ~~Amendments may also be proposed by the Governance Compliance & Ethics Committee (GCEC) in collaboration with the CAE.~~
~~REFERENCES AND DEFINITIONS~~	~~N/A~~

~~Appendix A – Organizational Chart~~



Purpose

The Internal Audit function of Dallas County Hospital District is established to provide independent, objective assurance, and advisory services aimed at enhancing and protecting organizational value and advancing responsible stewardship of taxpayer resources. The purpose is to support the board of managers and executive management in accomplishing organizational objectives by bringing a systematic approach to evaluating and improving the effectiveness of operations, risk management, control and governance processes.

The Internal Audit department of Dallas County Hospital District has been established, granted authority, and is responsible for the performance of its duties as set forth below.

The Board of Managers has authorized the formation of an Audit Committee (See Audit Committee Charter). The Audit Committee has reviewed this charter, and the Board of Managers has approved it to set forth the purposes, structure, authority, and duties and responsibilities of Internal Audit.

Scope

Internal Audit performs audits and advisory services that evaluate, assess and provide assurance in areas including, but is not limited to:

- Risk management: Internal Audit assesses the effectiveness of risk management practices, ensuring risks are appropriately identified, understood and effectively managed.

- Control systems: Internal Audit evaluates the reliability and integrity of financial and operational information, and the processes established to ensure compliance with policies, laws and regulations.

- Governance: Internal Audit reviews corporate governance processes to ensure they align with organizational goals and standards.

- Fraud/Waste/Abuse: Internal Audit will perform assessments aimed at the prevention, detection, and/or investigation of fraud, waste, and abuse.

The scope of Internal Audit covers the entire organization, including all affiliates: Parkland Community Health Plan, Parkland Center for Clinical Innovation, The Parkland Foundation, and Nursing Homes.

Responsibilities

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

- Appraising the effectiveness and application of administrative and financial controls and the reliability and integrity of data developed and reported by the hospital.
- Evaluating the sufficiency, adequacy and compliance with hospital policies and procedures, as well as compliance with all applicable governmental laws and regulations.
- Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Ascertaining the adequacy of controls for the safeguarding of assets, and when appropriate, verifying the existence of those assets.
- Performing special reviews as requested by Administration and the Board.
- Conducting appraisals of the effectiveness and efficiency in the use of hospital resources and making appropriate recommendations.
- Performing a risk assessment and developing an annual audit plan.
- Coordinating audit planning and scheduling activities with Administration and external auditors.
- Coordinating audit activities with Compliance, Legal, Quality, Safety as part of the organization’s enterprise risk management activity.
- Maintain appropriate professional staff to accomplish Internal Audit’s mission.
- Maintenance of a robust Quality Assurance and Improvement program to ensure high-quality audit results.

Professional Standards

Internal Audit is committed to operating in conformance to The Institute of Internal Auditors’ International Professional Practices Framework and Global Internal Audit Standards. This commitment requires all auditors to maintain confidentiality, integrity, and objectivity in all audit activities.

Confidentiality

Internal auditors are expected to respect the confidentiality of information obtained during their work. Information will only be disclosed in alignment with legal or regulatory requirements or as otherwise approved by the Chief Audit Executive (CAE) and the Audit Committee.

Board and Executive Management Actions and Support

In accordance with the Audit Committee Charter, the Audit Committee is responsible for overseeing Internal Audit's independence, reviewing its charter including Internal Audit's purpose, audit plan, and budget, and ensuring the adequacy of Internal Audit resources. The Audit Committee will review Internal Audit's strategy and its performance objectives and quality assessment plans. The Board of Managers will approve the Internal Audit Department Charter.

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The Internal Audit function will maintain a quality assurance and improvement program to assess and enhance Internal Audit's conformance (with the International Professional Practices Framework and Global Internal Audit Standards) and performance (against Internal Audit's strategic and operational objectives). The program includes ongoing and annual internal assessments and an external assessment at least every five years, in alignment with the Global Internal Audit Standards.

Aligned Assurance

Internal Audit will coordinate with other assurance functions within Dallas County Hospital District to maximize risk assurance coverage and minimize duplication. If the CAE cannot achieve an appropriate level of coordination, the issue must be communicated to executive management and if necessary escalated to the board.

Stakeholder Communication and Reporting

Internal Audit will communicate audit plan engagement results, significant findings, recommendations and conclusions as appropriate to the Audit Committee and relevant executive management on a timely basis. Periodic reports will summarize audit work performed, key findings, risk areas and follow-up on prior recommendations. For reviews and audits of Dallas County Hospital District affiliates, Internal Audit reports findings and recommendations to related affiliate committees and governance as well as executive management and the Audit Committee.

Review

This charter will be reviewed annually by the CAE and presented to the Audit Committee for review and to the Board of Managers for approval. This process will ensure it remains aligned with organizational needs and regulatory standards.

Parkland

INTERNAL AUDIT

Fiscal Year 2025 Annual Audit Plan

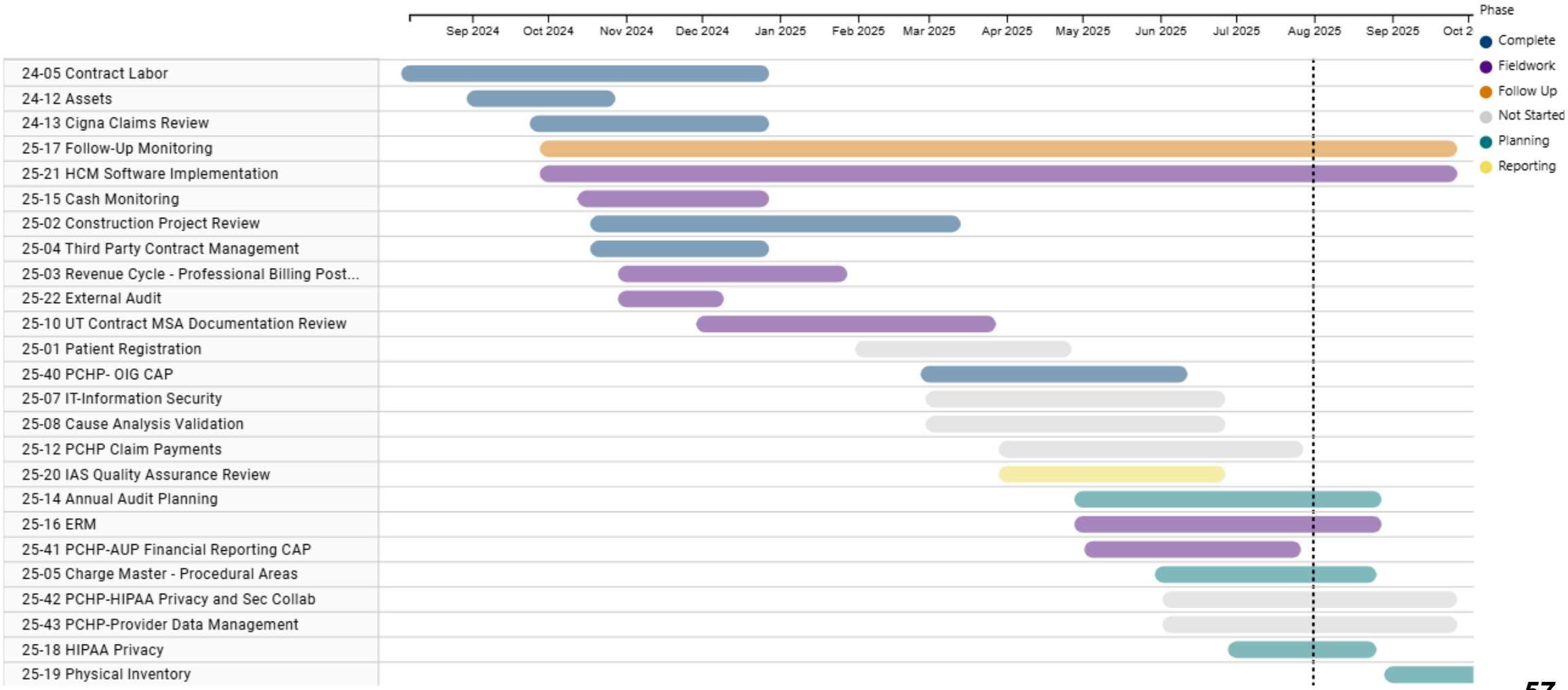
Fiscal Year 2026 Draft Annual Audit Plan

August 20, 2025 Audit Committee

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

FY2025
Audit Plan

FY2025 Audit Plan
Progress – July 2025



FY2025 Audit Plan
October 2025

2024 Carry Forward

- Assets
- Contract Labor – New Process
- Cigna – Claims Review

Annual

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

Affiliate

- PCCI (Risk)
- PCHP – Claims Payment
- Foundation – Parkland Focus Funds

Projects

- Patient Registration
- Construction Project Review
- Revenue Cycle – Professional Billing Implementation
- Third-Party Contract Management
- Charge Master – Procedural Areas
- Workforce Management
- Information Security (Cyber, Risk, Collaboration with IT)
- Cause Analysis Validation (TBD – collaboration with Quality)
- Supply Chain (Risk)
- UT Contract (Risk, MSA Documentation Review)

FY2025 Audit Plan **ADJUSTMENTS**

JANUARY 2025 APPROVED

REMOVE:

PCCI

Foundation

Workforce Management

Supply Chain

ADD:

PCHP – OIG Corrective Action Plan

PCHP – AUP Financial Reporting CAP

PCHP – HIPAA Privacy and Security

PCHP – Provider Data Management

REASON:

Adding PCHP audits per request

JULY 2025 PROPOSED*

REMOVE:

Patient Registration

Cause Analysis Validation

Charge Master – Procedural Areas

HIPAA Privacy

Information Security

ADD:

HCM Workday Support

Burn Camp

REASON:

Resources

Organization Support

Management Request

**** = Requires Board Approval***

FY2025 Audit Plan
July 2025

2024 Carry Forward

- Assets
- Contract Labor – New Process
- Cigna – Claims Review

Annual

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

Affiliate

- PCCI – Claims Payment
- PCHP – OIG CAP
- 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 Implementation
- Third-Party Contract Management
- ~~Charge Master – Procedural Areas~~
- Workforce Management
- ~~Information Security (Cyber, Risk, Collaboration with IT)~~
- ~~Cause Analysis Validation~~
- UT Contract (Risk, MSA Documentation Review)
- **HCM Workday**
- **Burn Camp**

FY2026
Draft Audit Plan

FY2026 Audit Plan **INPUTS**

Enterprise Risk Management (ERM)

- Prior year completed Entity Risk Assessment
- Current year Risk Assessment (in-progress)

Discussions with Executive Management

- Individual discussions with Senior Leaders
- Requested input and discussions with Chiefs

Experience from prior audits

Research upcoming changes in regulations

HHS, OIG, DOJ (etc.) hot topics

Topics from professional forums and consultant resources

INPUT FROM THE BOARD

FY2026 Audit Plan **ALIGNMENT**

Discussions are held with the following areas to ensure there is not any overlap or duplicative reviews:

- **Compliance**
- **Legal**
- **Information Security**
- **HIM**
- **Quality**

FY2026 Audit Plan **DRAFT**

FY2025 Carry Forward

- Burn Camp
- Professional Fee Billing
- UTSW Claims Review
- Cash Monitoring

Potential 2026 Audits

- Parkland Community Health Plan (PCHP)
  - 3-4 audits to be determined in collaboration with PCHP staff
- UTSW – Forvis Documentation Follow-Up
- UTSW – Claims Review Process
- Nutrition Services – Inventory control
- Prior Authorizations
- Artificial Intelligence Preparedness - Governance and Use
- Telecommunications
- Slicer/Dicer/Cogito - Reporting Accuracy
- EPIC – Jail, Behavioral Health, or MyChart Access
- HIPAA – BAA, Data Exfiltration
- Information Security – Cybersecurity
- Spiritual Care - Body release, Advance care documents
- Outsourced Contract - IT, EVS, other
- Patient Financial Assistance
- Palliative Care
- HCM Workday (Flexible)
- Cash Cameras
- Assets
- Invoice Duplicate Payments
- External Audit
- Physical Inventory
- Follow-Up
- ERM
- Audit Planning

FY2026 Audit Plan **BOARD INPUT**

Requesting the input of the Parkland Board of Managers

Internal Audit

FY 2026 Budget
(As of August 10, 2025)

Parkland

	FY 2025 Budget	FY 2025 Projected	FY 2026 Budget	Comment
Salaries *FTEs*	$2,191,198 *16*	$2,005,494	$2,172,877 *16*	Includes Merit
Professional Fees	$0	$183,395	$36,884	FY 2025: External IA Assessment, Quality Assurance Review, & Compliance Assessment FY 2026: Gartner Consulting
Supplies and Other Expenses	$13,820	$27,348	$28,204	Updated conference room equipment, replaced refrigerator, continuing education, excludes building expenses
Total Expenses	**$2,205,018**	**$ 2,216,237**	**$2,237,965**	

INTERNAL AUDIT

OPEN SESSION SUMMARY

AUDIT COMMITTEE

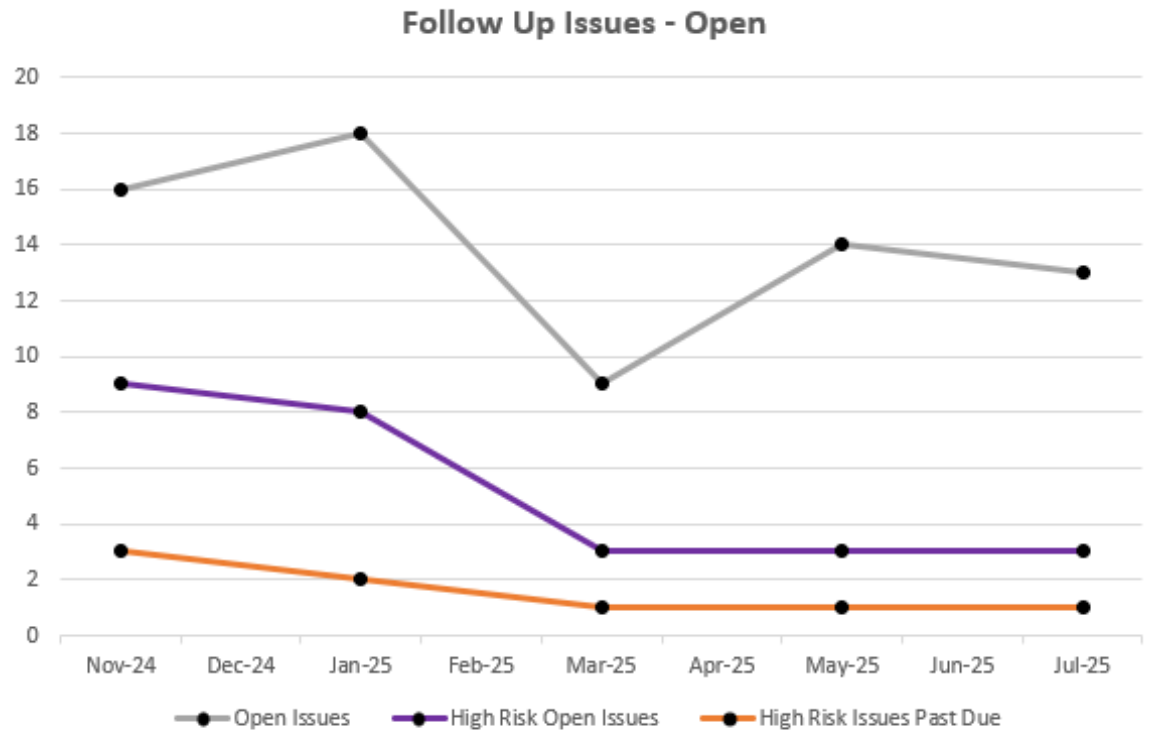
AUGUST 20, 2025

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

Parkland | *Care. Compassion. Community.*

Follow-Up Report Status – Open Session

- **Four closed issues resulted in closing out one audit. One action due date change request was received.**
  - 23-21 Patient Property (Closed)
    - Untimely Inventory of Patient Belongings
    - Incomplete Property Documentation
  - 24-07 Patient Scheduling Process
    - Follow-up Appointment Not Scheduled During Discharge
  - 25-02 Construction Project Review
    - Lien Waivers Were Not Always Obtained
- **See Closure and full Follow-up Report in section VIII.**



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

Follow-Up Report Closures - Open Session

Audit	Issue	Action Detail	Actions Taken by Management
23-21 Patient Property	23-21 Untimely Inventory of Patient Belongings	23-21 Untimely Inventory of Patient Belongings	A comprehensive yearlong review of procedures and processes related to In-Patient belongings was completed by organizations involved with In-Patient unit operations. Medical/Surgical (Med/Surg) NOS team revised the existing procedure (NSG 10-6) and moved the procedure from the Nursing Procedure Manual to Clinical Operations Procedure (CLINOPS.PC.045). Med/Surg NOS team and IT modified the related EPIC screens (flowsheets). Med/Surg NOS team created a new Pathway training for all In-Patient staff, and training has been completed.
23-21 Patient Property	23-21 Incomplete Property Documentation	23-21 Incomplete Property Documentation	Parkland's Operational, Nursing, and Police departments have completed reorganizing the LL 337 Patient Belongings Storage Room. Key activities included: 1. Revising the existing procedure (See Clinical Operations Procedure - CLINOPS.PC.045) and creating a new pathway training module. 2. Labeling all patient belongings. 3. Adding a log in the LL 337 Storage Room, where patient belongings are documented. 4. Ordinary miscellaneous patient belongings that are not secured are no longer required to be inventoried and logged in EPIC. 5. Parkland Police Department notifies Patients about unclaimed belongings by sending Certified Letters regarding patients' belongings that have been stored for over 90 days. 6. Future plans include Guest Services managing the LL 337 Storage Room. Guest Services will staff the LL 337 Storage Room with a Full-Time Equivalent position to provide coverage 24 hours a day, 7 days a week.
24-07 Patient Scheduling Process	24-07 Follow-up Appointment Not Scheduled During Discharge	24-07 Reeducation of Clinical Staff on Appointment Scheduling Process	Population Health Management updated the Appointment Policy, and each clinic leader discussed it in a team meeting with staff to ensure that follow-up appointments are scheduled at the time of discharge. In addition, clinic leadership is monitoring this audit issue.
25-02 Construction Project Review	25-02 Lien Waivers Were Not Always Obtained	25-02 Review Lien Waiver Process	Planning Design & Construction (PD&C) is working with Legal Affairs on a global update to contract forms (including the lien waivers) to ensure that all contracts follow the same processes to comply with standards.

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	75%	Pamela Bryant	12/30/2021	11/30/2025
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	75%	Pamela Bryant	3/31/2021	11/30/2025
24-07 Patient Scheduling	Population Health Operations	Inaccurate Information on Event Tracking Logs	Low	Enter accurate information into event tracking logs.	40%	James Perez; Patricia Shirey	12/31/2025	12/31/2025
24-07 Patient Scheduling	Clinical Support Services	No Financial Clearance Prior to Appointments	Medium	Financial Clearance Activities for Outpatient Tests	75%	Jennifer Burnes	5/31/2025	2/28/2026
24-07 Patient Scheduling	PFS Operations	No Financial Clearance Prior to Appointments	Medium	PFS - Financial Clearance Activities for Outpatient Tests	75%	Gerry Baker	5/31/2025	2/28/2026
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	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	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	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.	90%	Amy LaBarge	7/1/2025	7/31/2025
25-02 Construction Project Review	Planning, Design & Construction	Untimely payments to contractors.	Medium	Align Contract Terms with System Capabilities	50%	Lancaster Mendiola	9/30/2025	9/30/2025
25-04 Third Party Contract Management	Contracts	Duplicate Invoice Payments	Medium	Duplicate Invoice Report	85%	LaToyia Goffney	8/31/2025	8/31/2025
25-04 Third Party Contract Management	Contracts	No Access to Time Clocks	Medium	Contractor Access to Time Clocks	80%	Pamela Bryant	8/31/2025	8/31/2025
25-04 Third Party Contract Management	Contracts	Unclear Contract Terms	Medium	Clear Billing Terms	90%	Pamela Bryant	8/31/2025	8/31/2025

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.