Minutes of the Audit Committee meeting of the Board of Managers of the Dallas County Hospital District, held Tuesday, January 28th, 2025, scheduled for 10:00 a.m. in the WISH Building Executive Conference Room (02-175) at Parkland Health and via Webex. These minutes do not constitute a certified agenda from the meeting.

I. Attendance and Call to Order

Committee Chair Todd Furniss, JD, noted that a quorum was physically present and called the meeting to order at 10:00 a.m. Committee members Vincent Hall; Ramon Miguez, PE, and Elizabeth Palacios, MD, attended in-person.

Board Member attendees included: Marjorie Petty, JD and Byron Cryer, MD

Staff Present (via Webex and in-person) included:

Amy LaBarge, Dir. Internal Audit
Andrea Claire, Mgr., Internal Audit
Brett Moran, ACMO-CMIO
Carolyn Foster, VP Deputy General Counsel
Carrie Berge, VP Pharmacy Services
Donna Richardson, EVP & CNE
Deborah Johnson, Dir., Information Systems IT
Edmundo Castaneda, EVP & COO
Felicia Miller, EVP & Chief Talent Officer
Fred Cerise, President & Chief Executive Officer
Gerry Baker, SVP/Revenue Cycle
James Orrison, Administrative Resident
Jessica Hernandez, SVP Chief Health Equity Officer
Joe Longo, SVP/Chief Information Officer
Keri Disney-Story, VP/Clinical Finance
Latoyia Goffney, Dir., Acc Payroll
Marsha Beasley, VP Chief Financial Officer Parkland Health Found.
Melanie Roberts, SVP & Chief Compliance & Ethics Officer
Morgan Simmons, Governance Program Coordinator
Pamela Bryant, SVP Chief Supply Chain Office
Saul Cordero, SVP Chief Governance & Strategy Officer
Steven Roth, EVP Chief Legal Officer
Tabitha Lee, VP Finance Controller
Richard Humphrey, EVP & CFO
Ron Bass, Resident

Other Attendees:
Chris Clark, FORVIS-MAZARS
Abbey Tony, FORVIS-MAZARS
Jacki Jacox, FORVIS-MAZARS

Randy Biernat, FORVIS-MAZARS
David Harwood, FORVIS-MAZARS

II. Mission Statement

Committee Chair began the meeting by stating the mission statement:
Advance Wellness | Relieve Suffering | Develop and Educate

III. Public Comments Regarding Agenda Items

No members of the public registered for comments regarding the agenda items.

IV. Conflicts of Interest

After review of the agenda, the Chair noted zero conflicts of interest for Board Members present.

V. Audit Committee Key Takeaways

Audit Committee Chair, Todd Furniss, made note of a new addition to the agenda which will be called 'Key Takeaways' and will review the overarching ideas and topics that will be addressed during the meeting. Amy LaBarge presented the Key Takeaways. Amy mentioned the financial audits will be reviewed by Lori K. Orta from Orta & Choate, although there are no material or significant deficiencies. Amy mentioned the revisions made to the FY25 Audit plan which will need the Audit Committee's recommendation for approval to the full Board. Identified issues included payroll payouts and physical inventory accuracies. Eight follow-up items were closed or completed this past month. Lastly, Amy mentioned the review of the Master Service Agreement by Forvis-Mazars will be done at the end of the meeting.

Todd discussed the goal of this takeaway slide which is to draw the Committee's focus to the most important issues within the Audit packet.

VI. Reports Requiring Deliberation(s) or Approval(s)

A. Parkland Foundation Independent Auditors' Report Financial Statements September 30, 2024, and 2023

Lori Orta from Orta & Choate reviewed the Parkland Foundation's independent audit report of the financial statements from 2023 and 2024. The auditor's opinion was an unmodified or "clean" opinion stating the financial statements were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Lori began by presenting the required communication to those charged with governance, which reviews the management responsibilities and preparation of the financial statements in accordance with the U.S GAAP. Next, Lori reviewed the

sensitive estimates and disclosures for the Parkland Foundation. Lori mentioned there were no issues in obtaining the information necessary for the audit as well as zero adjustment audits throughout the process.
Todd highlighted the positive working relationship between Parkland and Orta & Choate throughout this process and commended the Parkland team for a job well done.
Next, Lori reviewed the statements of net position and assets. The total current and noncurrent assets are $46,529,998 as of September 30th, 2024. Lori reviewed the liabilities from 2023 and 2024 which totaled to just under $3 million dollars for both years. Lori reviewed the statements of changes in net revenue which showed an increase from 2023 to 2024 by about $3 million. Lori reviewed the slight change in functional expenses from 2023 to 2024 which showed an increase in fundraising expenses and a slight decrease in the total support to Parkland as well as the management and general expenses.

B. DCHD Parkland Health Financial Statement Audit, Fiscal year 2024
Chris Clark presented the agenda for the presentation and discussed the required communications between Forvis-Mazars and Parkland. Chris mentioned for the financial audit, grant compliance audit and overall coordination, there was full cooperation and assistance from management and finance teams. The auditor's opinion was an unmodified or "clean" opinion with no material weaknesses or significant deficiencies. Next, Chris presented the audit risk areas and key disclosures which include third-party payer reimbursements, reserves for self-insured risk, allowance for uncollectible property taxes and net pension liability. Additionally, Chirs mentioned the financial disclosures which include Medicaid reimbursement programs, property tax revenue and pension plans. Chris presented the financial statement which had no audit adjustments. Chris mentioned one variance from a past adjustment related to DSH program revenue. Chris provided an overview of the financial statements from the past five years. There was a change in net income of $141,207,000 in 2024.
The committee discussed the statements of revenue and expenses while considering the changes from 2020 to present day.
Chris presented an industry comparison chart with the amount of total assets, total debt, supplemental, and pension status among other county hospital in Texas. Next, Chris presented on the days cash on hand between Parkland, District averages and Moody's average. Chris mentioned Parkland remains consistent in following the actuary's recommendation regarding funding the pension plan over 30 years. Chris pointed out the change in accounting standards which will be issued in 2025 and defines compensated absences and requires liabilities be estimated for leave. Chris assured the Committee that Forvis will be working through the adoption process with Parkland this year.

The Committee asked further questions and discussed the report with the Forvis-Mazars team.

C. Open Session Summary to discuss following topics:

i. Fiscal Year 2025 Audit Plan Revisions – *Approval Needed*

ii. Update on Fiscal Year 2025 Audit Plan

iii. Physical Inventory – Fiscal Year 2024 Audit, Report No. 24-23

iv. Open Session Audit Follow-up Reports

Amy LaBarge presented on the open audit summary and asked the committee in the interest of time if she could combine the audit plan status with resources. Amy reviewed the audit plan progress as approved from November 2024 and discussed the recommended changes to the Committee. The new audit plan seeks to remove lower-level risks and add higher-level risks from PCHP. Amy mentioned the expansion of the third-party audit process to now include PCHP as well.

Todd motioned to recommend the revised Audit Plan for 2025 to the full Board for approval. Elizabeth Palacios confirmed the motion, Vincent Hall seconded the motion.
The recommendation passed unanimously.

Lastly, Amy presented the physical inventory audit report. Amy reviewed the reason for the audit Which overall, is to continue improvements to current inventory practices and adjust for any variances between shelf counts and system data. The results from the pharmacy demonstrated an error rate of 2.7% (3/111) indicating that Syft counts were within the allowable 10% error rate. Amy mentioned the recommendation and action plan are to continue cycle counts to physical quantities, investigate material variances and make necessary adjustments to ensure accuracy of the inventory system.

VII. Executive Session

At 10:53 a.m., the Committee moved into Executive Session as permitted by the closed meeting exceptions specified on the agenda.

Members of management were excused from the discussion of topics as necessary.

A. Presentation by Forvis Mazars on review of Master Service Agreement for Physician Services between Parkland and UT Southwestern.
Tex. Gov't Code § 551.071, *Tex. Health & Safety Code* §§ 161.032 & 161.0315 and *Tex. Occ. Code* §160.00.

B. Executive Session Summary to discuss following topics:
Tex. Health & Safety Code §§161.032 & 161.0315 and *Tex. Occ. Code* §160.00.

i. Payroll Audit, Report No. 24-08
Presentation regarding payroll processing accuracy and compliance with regulations.

ii. Executive Session Audit Follow-up Reports
Update on corrective action plans for audits presented in prior executive session Audit Committee meetings

C. Discussion regarding report and/or information provided by the Chief Audit Executive and related items on this agenda. *Tex. Health & Safety Code* §§161.032 & 161.0315 and *Tex. Occ. Code* §160.007

D. Consultation with Attorney.
Tex Gov't Code § 551.071.

i. Review Open Litigation, Claims, and Settlements.
(See attached list)

ii. Update on Legal Issues Related to Contract Labor

Chair adjourned Executive Session and moved into Open Session at 11:39 am.

The Committee requested an update on the MSA direction and relationship based on the Forvis-Mazars reported findings at the next Audit Committee meeting.

VIII. Action Items

A. Committee may take action on any agenda item(s) above.

IX. Adjourn

With no further business to discuss, the Committee Chair entertained a motion to adjourn the meeting at 11:39 a.m.

SO RECORDED:

Todd Furniss
Todd Furniss (Mar 13, 2025 09:58 CDT)
Todd Furniss, JD

Steven Roth (Mar 6, 2025 16:42 CST)
Steven Roth, JD, MPH

Committee Chair Assistant Secretary

Active Litigation Matters, January 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

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

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

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

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

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

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

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

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 District, Cause No. 3:24-CV-3008, In the US District Court, Northern District of Texas, Dallas Division

Sheri Kowalski v. Alan D. Townsend, et al., Cause No. 23-0341, In the Supreme Court of Texas

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

Michelle Cummings v. Dallas County Hospital District, DC-24-06306, In the 14th District Court, Dallas County, Texas

Dallas County Hospital District vs. Purdue Pharma L.P., et al., consolidated into MDL Case *In Re: Texas Opioid Litigation*, Cause No. 18-0358, pending in the 152nd District Court, Harris County, Texas

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

Patricia Erving v. Parkland Hospital, et al., Cause No. DC-24-21415, In the 162nd District Court, Dallas County, Texas

Sir Gregory P. Jackson v. Parkland Memorial Hospital, Cause No. DC24-19670, In the 14th District Court, Dallas County, Texas
Leticia Moreno, Individually and as Representative of the Estate of Juan Valenzuela, Deceased, and as Next Friend of D.V.M., vs. Dallas County Hospital District d/b/a Parkland Health and The University of Texas Southwestern Medical Center, Cause No. DC-24-21234, In the 116th District Court, Dallas County, Texas