Minutes of the Audit Committee meeting of the Board of Managers of the Dallas County Hospital District, held Wednesday, January 14th, 2026, 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 Yasmin Simon, JD, Elizabeth Palacios, MD, and Reina Gonzalez, JD attended in-person.

Board Member attendees included: Vincent Hall and Marjorie Petty, JD

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

Amy LaBarge, SVP & Chief Audit Officer
Andrea Claire, Mgr., Internal Audit
Brad Nitschke, Interim Chief Legal Officer
Donna Richardson, SVP & CNO
Edmundo Castaneda, EVP & COO
Felicia Miller, EVP & Chief Talent Officer
Fred Cerise, President & Chief Executive Officer
Kareem AbdelFattah, ACMO
Keri Disney-Story, VP/Clinical Finance
Marsha Beasly, Chief Financial Officer Parkland Foundation
Michael Horne, President & CEO Parkland Foundation
Morgan Simmons, Board Governance Program Coordinator
Pam Bryant, SVP & Chief Supply Chain Officer
Saul Cordero, SVP & Chief Governance and Strategy Officer
Richard Humphrey, EVP & CFO

Other Attendees:
Chris Clark, FORVIS-MAZARS
David Harwood, FORVIS-MAZARS

II. Mission Statement

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

A. Parkland Foundation Independent Auditors' Report Financial Statements September 30, 2025 and 2024

Lori K. Orta reported that the audit resulted in a clean, unmodified opinion, noting auditors are responsible only for the opinion itself and that management met all requirements for access, internal controls, and GAAP/GASB compliance. Key estimates included allowance for doubtful accounts, cost allocations, and in-kind contributions totaling $4.5M. She highlighted large donations creating concentration disclosures, no audit difficulties or disagreements, and no corrected or uncorrected misstatements for the year.

B. DCHD Parkland Health Financial Statement Audit, Fiscal Year 2025

Lori K. Orta reviewed the Foundation's financial statements, noting total assets of $49.6 million, primarily impacted by changes in long-term pledges receivable. She reported a $400,000 decrease in refundable liabilities as conditional gifts were recognized, and minor variances in amounts due to Parkland. Total net position increased to $48 million from $43 million. Revenues reached $23 million, driven by major contributions, while expenditures totaled $18 million, largely supporting patient services. Functional expenses showed 71% programmatic spending, resulting in a $4.5 million net position increase.

C. DCHD Retirement Income Plan, Results of the 2024 Financial Statement Audit, December 31, 2024, DCHD Supplemental Retirement Plans, Results of the 2024 Combined Financial Statement Audit, December 31, 2024

David Harwood reported that audit procedures were completed and draft financials distributed, with an unmodified, clean opinion expected. He noted no material weaknesses or internal control issues and described ongoing testing for the federal and state grant compliance audit, which is expected to conclude before the manager's upcoming leave. David highlighted changes in audit coordination due to new accounting leadership and an accelerated audit timeline, commending strong communication and smooth collaboration with management. Significant audit focus areas included third-party reimbursements, patient receivable allowances, health and workers' compensation liabilities, property taxes, and pension liabilities, many requiring actuarial or specialist expertise. He noted one audit adjustment related to patient receivable classifications but emphasized overall accuracy of financial reporting.

David summarized key financial trends, including increased patient revenue, strong net position growth, and nearly $1 billion in asset expansion over five years, while acknowledging Parkland's unique operational challenges.

D. Internal Audit Annual Performance Report, Fiscal Year 2025

Rick Humphrey reviewed a requested slide his team created regarding plan valuation and funded status. Rick explained how the plan's funding status is calculated by comparing total assets to the actuarially determined liability, which reflects future benefits discounted at an assumed 6% return. He reviewed the history of lowering the discount rate from 8.5% to 6% and noted that using the consistent 6% rate shows the plan was 54% funded historically, improving to 73% before plateauing. He emphasized the significance of this more accurate measure for understanding pension obligations and guiding future capital allocation decisions.

Next, Amy LaBarge reported that Internal Audit completed 85% of its annual audit plan despite a 25% vacancy rate. She noted that 61% of follow-up items were closed and fraud procedures were incorporated across all audits. She reviewed the recent external quality assurance review, internal time allocation shifts, and a minor financial deficit driven by unbudgeted peer reviews. Amy also outlined organizational restructuring, strong engagement results, and upcoming priorities focused on audit quality, technology use, talent development, and enhanced performance measurement.

A. Open Session Summary to discuss the following topics:

i. Overview of the progress on Parkland's 2026 Audit Plan

Amy mentioned that the Audit Plan for 2026 will show two Audits closing in January 2026 thus far. Many of these audits will be ongoing through the beginning of February. Amy mentioned there may be an edit to the plan for 2026 due to the hiring freeze due to WorkDay implementation at Parkland.

ii. Revenue Cycle - Professional Billing Post Implementation Audit, Report No. 25-03

Amy reviewed the professional billing audit, mentioning that the objective was to evaluate the billing process within the EPIC software specifically assessing its performance and functionality with regulatory requirements.

iii. Physical Inventory - Fiscal Year 2025 Audit, Report No. 25-19
Amy discussed the inventory audit with the committee and mentioned an overall pharmacy inventory counting error rate of 9% within the allowable error rate of 10%. The overall error rate for supply chain was 1%, which is within the 5% limit.

iv. Follow Up Report Status – Open Session
No audits or issues were closed during the period and no action due date change requests were received.

VI. Executive Session

At 10:55 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.

E. Executive Session Summary to discuss following topics:
Tex. Health & Safety Code §§161.032 & 161.0315 and *Tex. Occ. Code* §160.007

i. Follow-up Report Status – Executive Session
Update on corrective action plans for audits presented in prior executive session Audit Committee meetings.

F. 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.

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

i. Review of Open Litigation, Claims, and Settlements
(See Attached List)

Chair adjourned Executive Session and moved into Open Session at 11:12 am.

The Chair, Todd Furniss, asked for follow-up items from the committee. None were mentioned.

VII. Action Items

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

VIII. Adjourn

With no further business to discuss, the Committee Chair entertained a motion to adjourn the meeting at 11:12 a.m.

SO RECORDED:

Todd Furniss
Todd Furniss (Mar 2, 2026 11:31:26 CST)

Todd Furniss, JD
Committee Chair

Brad Nitschke
Brad Nitschke (Mar 4, 2026 12:56:18 CST)

Brad Nitschke, JD
Assistant Secretary

Active Litigation Matters, December 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. Haley Burr, et. al.
Cause No. DC-23-20781, In the 101st District Court, Dallas County, Texas

Dallas County Hospital District v. Shiftwise, Inc., et. al.
Cause No. DC-25-10545, In the 68th Civil 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

Lewis, Shamond 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

US ex rel Chase v. UT Southwestern Medical Center, Parkland Health & Hospital System, et. al.
Cause No. 5:23-cv-00381-JKP, In the US District Court, Western District of Texas, San Antonio 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-24-08776-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

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

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

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

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

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