



AUDIT COMMITTEE
MEETING AGENDA

December 7, 2021

12:00 P.M.

50 Water Street
15th Floor
Rm. 15A&B
[VIRTUAL](#)

CALL TO ORDER

Ms. Sally Hernandez-Piñero

- Adoption of Minutes October 18, 2021

Ms. Sally Hernandez-Piñero

INFORMATION ITEMS

- Grant Thornton June 30, 2021 Management Letter
- Audits/Compliance Update

Ms. Tami Radinsky

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT



MINUTES

AUDIT COMMITTEE

MEETING DATE: October 18, 2021

TIME: 10:00 A.M.

COMMITTEE MEMBERS

Sally Hernandez-Piñero

Jose Pagán, PhD

Mitchell Katz, MD

Fenosky Peña-Mora

Freda Wang

OTHER COMMITTEE MEMBERS

Matthew Siegler

STAFF ATTENDEES

Colicia Hercules, Chief of Staff, Chairman's Office

Janny Jose, Executive Secretary, Chairman's Office

Andrea Cohen, General Counsel

John Ulberg, Senior Assistant Vice President, Finance

Jay Weinman, Corporate Comptroller

Catherine Patsos, Chief Compliance Officer

Devon Wilson, Senior Director, Office of Internal Audits

Erica Nairne-Hamilton, Audit Manager, Office of Internal Audits

Carlotta Duran, Assistant Director, Office of Internal Audits

OTHER ATTENDEES

Grant Thornton: Tami Radinsky, Lead Engagement Partner; Lou Feuerstein, Relationship Partner; Dana Wilson, Insurance Partner; Steve Villiani, Senior Manager.



VIRTUAL AUDIT COMMITTEE MINUTES
OCTOBER 18, 2021

Call to Order

Committee Members Present: Ms. Sally Hernandez-Piñero, Jose Pagán, Matthew Siegler representing Dr. Mitchell Katz; Dr. Mitchell Katz joined at 10:02, Feniosky Peña-Mora, Freda Wang

The meeting was called to order by Ms. Sally Hernandez-Piñero at 9:34 A.M.

Ms. Hernandez-Piñero informed the Committee that Matthew Siegler will be representing Dr. Mitchell Katz in a voting capacity until he is able to join later in the meeting.

Ms. Hernandez-Piñero asked for a motion to convene an executive session to discuss confidential and privileged matters that may be related to anticipated or actual litigation, as well as certain personnel matters. A motion was made and seconded with all in favor.

The Committee reconvene in open session at 10:07

Ms. Hernandez-Piñero reported that during the executive session the Committee reviewed and approved the fiscal year 2021 Corporate Compliance Workplan.

Ms. Sally Hernandez-Piñero asked for a motion to adopt the minutes of the Audit Committee meeting held on July 12, 2021. A motion was made and duly seconded with all in favor to adopt the minutes.

Ms. Hernandez-Piñero introduced the first action item by asking that Ms. Catherine Patsos will read a proposed resolution.

Ms. Patsos read the resolution:

Resolution Adopting the New York City Health and Hospitals Corporation's (the "System") revised Principles of Professional Conduct ("POPC"), which, sets forth in the System's compliance expectations and commitment to comply with all applicable Federal and State laws. The POPC serves at the System's code of conduct, as required by 18 NYCRR § 521.3(c)(1), and as recommended by the U.S. Department of Justice Criminal Division "Evaluation of Corporate Compliance Programs," updated June 2020. The revised POPC also updates the System's gift policy as detailed in Operating Procedure 50-3 "Policy on Gift Exchange and Receipt"

Ms. Patsos illustrated the proposed revisions as follows:

Introduction

- The Principles of Professional Conduct ("POPC") sets forth NYC Health + Hospitals' compliance expectations and commitment to comply with all applicable Federal and State laws.

- It describes NYC Health + Hospitals' standards of professional conduct and efforts to prevent fraud, waste, and abuse.
- The POPC also serves as the formal "Code of Conduct" for NYC Health + Hospitals' workforce members and business partners.
- A Code of Conduct is required by NYS Social Services Law and regulation.

Substantive Changes to the POPC

- POPC Overview –Added Language - New York State Social Services Law requires the System to establish written policies and procedures that describe compliance expectations as embodied in a code of conduct. The Federal Office of Inspector General's Compliance Program Guidance for Hospitals also discusses the need for standards of conduct for healthcare facilities. Additionally, the Centers for Medicare and Medicaid Services ("CMS") requires Medicare Managed Care Plans and their participants to have a code of conduct.
- POPC Core Objectives –Added Language - *The POPC serves as the System's standard of professional conduct*, and its core objectives are to ensure that System workforce members, and as applicable, its business partners.
- Changed Sub-section B to iCARE model rather than Guiding Principles - Uphold NYC Health + Hospitals' values by continuously reinforcing the five essential features of the NYC Health + Hospitals iCARE.
- POPC Core Objectives - Added language from MetroPlus' updated Employee Handbook in Sub-section O. Fulfill MetroPlus' Mission to provide a caring, high-quality customer experience to preserve and improve the health and lives of New Yorkers with its integrated health care system.
- Responsibilities of NYC Health + Hospitals Workforce Members Under the POPC – added from the POPC FAQs:
 - ✓ Fulfilling the System's mission and upholding the System's values;
 - ✓ Preventing, identifying, and correcting unlawful and unethical behavior and fraud, waste and abuse;
 - ✓ Maintaining a respectful, healthy, productive, and safe work environment; and
 - ✓ Delivering high quality, medically necessary care and services
 - ✓ to all individuals regardless of their ability to pay.
- Examples of Unprofessional Conduct
 - ✓ New language regarding Conflicts of Interest in Sub-section J. Failing to comply with Chapter 68 of the New York City Charter or the NYC Health + Hospitals Code of Ethics, as applicable.
 - ✓ New sub-section K to replace previous policy on Gifts. Failing to comply with the System's Gift Policies.
 - ✓ New language regarding HIPAA Compliance in Sub-section N. Failing to comply with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and other privacy laws and regulations and System HIPAA Operating Procedures.
- How to Report Issues or Violations
 - ✓ Language added regarding contacting MetroPlus, Medicare, and Medicare plan sponsors for violations, in addition to the OCC.

Technical Changes to the POPC

- The section headings in the Table of Contents were revised to phrase them as statements rather than questions.
- The sections were reformatted to enumerated lettered and numbered format, instead of bullets.
- Updated the address and phone number of the OCC.
- In Section X "Stay Informed," deleted language regarding issues that are not currently handled by the OCC, such as workplace safety and environment of care issues and discrimination and sexual harassment issues.

Ms. Wang asked, since the Code of Conduct covers our business partners, as well as, all of the staff and members of the system. How do we engage with them?

Ms. Patsos responded that that is incorporated in the contracts and it's always part of the POPC.

Ms. Wang asked, how do we monitor that, is there some mechanism where we're ensuring that the they're following or that they're in line with our Code of Conduct?

Ms. Patsos answered that that is a very good question. It is something that we have not been able to do. If there was something that were to come to our attention that where they were not in compliance with our Code of Conduct, then we would have to take action in that regard and mitigate the issues that they may not be in compliance.

After discussion and upon motion made and duly seconded the Committee voted unanimously to accept the revisions.

Ms. Hernandez-Piñero introduced the information item regarding the Fiscal Year 2021 Draft Financial Statements and Related Notes. Mr. Jay Weinman, Corporate Comptroller and James Linhart, Deputy Corporate Comptroller, reported on the results of the Financial Statements.

Mr. Weinman stated that today we're going over the financial statements for June 30, 2021. It's another year of COVID reporting under our belt. Lot of expenses that we'll go over. The focus is going to be on the H+H business type activities. James Linhart will review the highlights and then Grant Thornton will review their comments and the required communications. We do expect an unmodified opinion, which is basically saying that we have fairly presented the financial statements. That is good and that is what we would expect. We may have some small edits on the notes to the financial statements after this committee meeting, which will not impact the numbers. If anything significantly changes, we will bring it back to the committee, but that would be not expected. I'm going to turn this over to James Linhart, Deputy Corporate Controller, to go over the highlights.

Mr. James Linhart, Deputy Comptroller reported on following details of the variances.

Overall net deficit position improved by \$79.3 million:

				(In thousands)		
				2021	2020	Difference
Operating Revenue				10,889,909	9,053,438	1,836,471
Operating Expenses				10,706,501	9,004,981	1,701,520
Operating Income/(Loss)				183,408	48,457	134,951
Nonoperating revenue/(expense)				(126,966)	(85,413)	(41,553)
Capital contributions				446,337	460,460	(14,123)
Net increase in net position				502,779	423,504	79,275

Revenue – Increased \$1.836 billion

- Net patient service revenue increased by \$1.10 billion mainly due to increases in additional DSH and UPL revenues of \$170.3 million plus \$530 plus millions of Test and Trace outpatient program revenue and other COVID patient revenue, and \$350 million of other Non-COVID CMI increases.
- Appropriations decreased by \$92 million due to an increase in the amounts paid to the City for debt service requirements balanced against the cash received from the City.
- Grant revenue increased by \$803 million primarily due to the Test and Trace program revenue and FEMA grant revenues offset by decreases in CARES Act funding when compared to prior year.
- Other revenue increased \$55.6 million largely due to increases in 340B pharmaceutical revenue

Expenses – Increased \$1.702 billion

- Personal services increased \$246.9 million due to increases in FTE's (H+H plus T2) over prior year levels in addition to increased use of OT and Collective Bargaining increases.
- Other than personal services increased \$1.6 billion primarily related to pandemic expenditures.

- Pension decreased \$419 million resulting from increases in investment income over the course of fiscal year 2021 as calculated by the NYC Office of the actuary
- Postemployment benefits, other than pension decreased \$13.5 million due to changes in actuarial calculations as calculated by the NYC Office of the Actuary
- Affiliation contracted services increased \$88.7 million or 7% related to contractual increases and COLA settlements
- Depreciation increased \$87.6 million due to mainly due to continued spending for EPIC; EITS and related COVID purchases during the year

Other changes in net position – Increased \$14.1 million

- Capital contributions funded by The City decreased \$47.3 million because more projects were funded by NYC H+H Bonds, CARES and State CRFP funding when compared to prior year
- Capital contributions funded by grantors and donors increased by \$33.2 million due to FEMA mitigation and CRFP spending.

Significant Financial Ratios Comparison

	2021	2020	2019	
			State-Wide Avg*	NYC Avg*
Current ratio	0.98	0.98	1.59	1.62
Days cash on hand	27.12	28.22	58.00	59.00
Net days revenue in patient receivables	60.26	78.69	65.00	69.00
* Source: 2019 Institutional Cost Reports as compiled by Greater New York Hospital Association (latest data available)				

Grant Thornton Audit Report

Tami Radinsky, Lead Engagement Partner; Dana Wilson, Insurance Partner; Steve Dioguardi, Senior Manager.

Ms. Radinsky presented by outlining the audit process and its various stakeholders.

Deliverables:

Perform the audits of financial statements as prepared by management, with your oversight, conducted under US Generally Accepted Auditing Standards (GAAS) and, where applicable, under *Government Auditing Standards*:

- New York City Health +Hospitals Corporation (NYC Health +Hospitals) for the fiscal year ended June 30,2021
- HHC Accountable Care Organization Inc. annual financial statements for the fiscal year ended June 30, 2021
- Metro Plus Health Plan’s annual financial statements under GAAP for the fiscal year ended June 30,2021
- Metro Plus Health Plan’s annual statutory financial statements for the fiscal year endingDecember31, 2021
- HHC Insurance Company’s annual statutory financial statements for the fiscal year endingDecember31, 2021

Our Responsibilities:

- Performing an audit under US GAAS and *Government Auditing Standards* of the financial statements prepared by management, with your oversight
- Forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects in conformity with US GAAP
- Communicating material fraud
- Reporting material noncompliance as well as significant deficiencies and/or material weaknesses in internal control over financial reporting

- Communicating specific matters to you on a timely basis; we do not design our audit for this purpose
- An audit provides reasonable, not absolute, assurance that the financial statements do not contain material misstatements due to fraud or error. It does not relieve you or management of your responsibilities. Our respective responsibilities are described further in our contract and/or our engagement letter

Those Charged with Governance

Those charged with governance are responsible for:

- Overseeing the financial reporting process
- Setting a positive tone at the top and challenging the system's activities in the financial arena
- Discussing significant accounting and internal control matters with management
- Informing us about fraud or suspected fraud, including its views about fraud risks
- Informing us about other matters that are relevant to our audit, such as:
 - Agency strategies and related business risks that may result in heightened risks of material misstatement
 - Matters warranting particular audit attention
 - Your views regarding our current communications and your actions regarding previous communications

Management's Responsibilities:

- Preparing and fairly presenting the financial statements including required supplementary information and supplementary information in accordance with US GAAP
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting
- Communicating significant accounting and internal control matters to those charged with governance
- Providing us with unrestricted access to all persons and all information relevant to our audit
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses
- Adjusting the financial statements, including disclosures, to correct material misstatements
- Informing us of subsequent events
- Providing us with certain written representations

At this point Ms. Radinsky paused for a moment from the committee's perspective, if anyone's aware of any fraud that we should be aware of as part of our audit process?

The committee members responded no.

COVID-19 Accounting Considerations

1. Impact of various federal relief programs Entities are eligible to participate in certain federal government relief programs to mitigate the financial impacts of the pandemic.
2. Disclosures of risks and uncertainties Disclosure of risks and uncertainties related to operations/activities, accounting estimates, and vulnerabilities.
3. Insurance recoveries Entities may be entitled to reimbursement for losses under various types of insurance policies as a result of the pandemic.
4. Reserves for uncollectible accounts because of the significant economic impact of the pandemic, NYC Health + Hospitals may need to reevaluate the basis for reserves
5. Contingent losses Entities are required to recognize a contingent loss if (a) it is probable that the liability has been incurred as of the balance sheet date, and (b) the amount of the loss is reasonably estimable (as either a point estimate or a range of loss).
6. Asset impairment material assets subject to possible impairment or devaluation. Entities need to carefully identify the appropriate impairment model and consider whether the pandemic affects whether an impairment

should be recognized and, if so, the extent of the impairment. This could impact fixed assets, investments, and other assets.

7. Going concern evaluations Health Systems will need to evaluate their ability to continue as a going concern within one year after the financial statements are either issued or made available to be issued. An entity that concludes that there is substantial doubt about its ability to continue as a going concern, or that its plans alleviate such doubt, must provide disclosures to that effect.

Fraud Risks

Ms. Radinsky stated that as part of our audit process, we interview or have discussions with various levels of management throughout the organization, about 10 to 12 different people, as well as the audit committee chair, internal audit, compliance, legal, as well as, management from the finance to get sense if they're aware of any fraud, and any risks that they see that we should incorporate as part of our audit process.

Significant risks and areas of focus

Mr. Dioguardi stated that first area I want to focus on is the accounts receivable and patient service revenue. It is one of the largest line items within the financial statements of the organization. We spend a lot of our time here because there's a lot of judgment that goes into the patient accounts receivable and revenue, as it relates to allowances that are placed on these accounts as a result of the various different payers that ultimately are paying for the services that are required to patients. In looking at the receivables, the revenues and the related allowances, we focus heavily on the estimation process, and the assumptions that management is using, to determine those estimates.

We test the underlying data that management ultimately utilizes and to get comfort over the ending balances. Some of the key procedures that we performed include a revenue proof to cash. We will take the revenue, convert it to essentially a cash basis. And we'll look at all the cash that came in during the year and validate that the cash that came in during the year where it's ultimately supports the revenue balance that is being reported. In addition, we test the underlying data of those cash receipts. Also we take a look at management's historic collection activities. How has management historically collected on the receivables and how is that looking currently? Is that on track for what we've seen in the past? Are they collecting more or less and how is that in turn factored into the estimate of the ending balances? Based on our procedures that we performed and as you know Jay mentioned earlier, and James mentioned earlier, the organization is collecting quicker than last year, which is a very healthy sign that the receivables are, you know, accurate and fairly stated.

Another area we focus heavily on is estimated settlements with third parties, this is another area that relies on a lot of judgment and management estimate. The third-party payer settlement, are related mostly to the cost report outstanding and open cost support settlements with Medicare and Medicaid services. These are long-term type settlements that take quite a long time to settled and ultimately convert it to either an amount due back to the organization or amounts that the organization has to pay back to Medicare or Medicaid.

In doing so, we look at the estimates, the assumptions that management is using. And here is an area where we really use our experience within the industry to understand what is really happening out there, what we are seeing occurring that will lead us down to conclusion that manager estimates are, accurate or that can be given the information that is available at the time. Based on what we're seeing and what we tested within the third-party settlements, we are comfortable that management has fairly stated these estimated balances and that the balances are utilized the most updated information at this time.

Some of other areas we covered is capital access and construction progress. These are some things that we do typically each year. It is our normal nothing of importance to note here; however, we do take a look at these and just want to cover some of these areas. We did not encounter any indicators of impairment with the end within the assets and the capital assets.

Another key area we focus on is long-term debt, compliance with debt covenants and debt transactions. Utilizing the organization's financial results at the end of the period. We take a look at the debt covenant within the agreements and ensuring compliance. On the liability side – reliability announced due to vendors. Our concern here is about completeness. Are there any liabilities out there that have not been reported? The procedures that we perform looking at activity that occurred after June 30th is we look at significant transactions that have occurred. To make sure that those transactions, those expenses are recorded in the appropriate periods. If they are related to the Fiscal Year '21, that there is the appropriate accruals on the financial statements. Again, we have concluded that the accrued liabilities are accurate.

Post benefit and pension expenses - we have a separate valuation actuary team at Grant Thornton that takes a look at the actuarial valuations for both. The OPED and the pension liability, I am really focusing on those estimates that are being used, and underlying assumptions, including discount rates. Long rate of return and some of the other assumptions that we see. We take our experience within the industry ensuring that those assumptions are reasonable, and we have concluded that those balances are clearly stated.

Grant revenues - we spent significant amount of time in this area. There was a lot of grant activity this year and last year with CARES funding, FEMA funding and Test and Trace. In Fiscal Year '20 that's when a lot of the grant revenue related CARES ended upon getting the revenue in the current year. We did very detailed testing of all three of those pieces of grant funding to ensure that the underlying expenditures were allowable under the grant, and that the funds were spent in accordance with the grant agreements, and that the organization is performing their proper fiduciary responsibility.

Financial statement disclosure - as part of our review of the financial statements, we look at all the financial statements and at all the disclosures. We go through a checklist ensuring that all required disclosures are included within the financial statements. Essentially we are looking for completeness making sure that the financial statements are not omitting any required disclosures. We perform procedures around subsequent events, ensuring that any events that have occurred after June 30th are required to be reported within the financial statements if there are any events that need to be raised to the attention of the committee here. Do you know of anything that is not already reported within the financial statements? – No response.

Procedures performed around MetroPlus – our Grant Thornton team includes Dana Wilson, who's on the phone. He and his team are part of Grant Thornton insurance audit industry practice. They focus heavily on the claims payable reserves IBNR, a high estimation type area. The focus is on those assumptions that are being used to develop those estimates. It tests completeness and accuracy of the claims data that are provided by the external actuary, Buck. Also looking at the assumptions that Buck is using in determining their actuarial evaluation, testing any underlying data that's going into hostess. We did not have any exceptions to report based on that testing.

Ms. Wang asked if revenues are recognized when they are received?

Mr. Dioguardi answered yes, it is also looking at the cash that's received during the year. The organization's financial statements are on an approval basis, there will be amounts that are recorded on the financial statements that are receivables. Their revenue that was earned during the period, but not received until the future period. So these are amounts that are revenue earns during the Fiscal '21, but not until afterwards. We look at the revenue that Fiscal '21 and received during '21, and that's what this revenue proof is doing. Is looking at the cash that came in to support that. We then perform additional procedures around the receivable balances. Those accrual balances and that relies, you know, a lot more on historical cash collections. And a management development estimate to determine this estimated receivable amount. What they expect to receive.

Mr. Weinman added that at the end of every audit or during the next year's audit process. Looking retrospectively how well did we do when the estimate for the accounts receivable, which is based on cash. We expect, \$700 million. Did we actually collect the \$700 million? That validates the methodology that we use in the current year. So it's very important for us to be able to demonstrate that as part of the audit that our last year's AR balances were good and that's based on cash and accrual, we accrue for it upfront. The timing is the cash and we subsequently get that. Able to demonstrate that to the auditors and they -- and they're able to place reliance on our method.

Ms. Wang asked if the timing sometimes is mismatch? We might have "earned" it in Fiscal '20, but may not see the cash until '22?

Mr. Weinman responded that that's right, it is like that AR is more like 180 days, we'll collect most of the cash so it is a lot easier to project and see the results of your estimate on something like this.

Ms. Wang then asked, in terms of, for example FEMA receivable. We may have submitted a request for a certain amount, but we don't necessarily know how much they'll approve right away. So what do we accrue when? Is once we know they've approved the expenditures then we recognize the revenue?

Mr. Weinman answered yes, once they're approved and obligated and we know that those monies are due to us, then we'll accrue. And in this financial statement, we had \$532 million. Even though the submissions are higher, we can't accrue that until it's actually been approved.

Ms. Wang asked what is the most reimbursable for expenditures we have already spent.

Ms. Radinsky answered that we would select a certain expense from a detailed listing, make a sample selection and then we'd ask for the underlying support, what was those dollars used for, and does that expense meet the definition that's allowed for the grant.

Ms. Wang asked, in terms of philanthropic dollars, does that show up in the grant items?

Mr. Weinman replied that on the income statement, it is in the other revenues. We have revenue, separate from grants.

Ms. Wang asked if we have restricted dollars?

Mr. Weinman responded that we had some, do not remember offhand how much there was. It is reported on the balance sheet.

Ms. Radinsky stated that we have a separate Technology Team which focuses on healthcare. As part of the audit process, they look at systems that are financially irrelevant for financial reporting. For example, we looked at your

Peoplesoft system, your EPIC system, your Sorian system, from a high level perspective and it is referred as a design review.

They're looking at access management and change management. From an access management point of view, they'll look at provisioning, deep provisioning, and privileged user access. From a change management, they'll look at, you know, who had the ability to make changes in the system, and did they follow an appropriate process. As well as, they looked at certain stock reports, control reports, as it relates to the Sorian system. As part of this process, no significant deficiencies or material weaknesses identified.

We will comeback in the December meeting and add some value-added comments as it relates to the information technology function. The other thing they do, is high level cyber security evaluation, to get a better understanding of policies and procedures. Not a full-blown detailed cyber security test, but just looking at certain aspects as it relates to your program in general.

Required communications – we are not aware of any significant alternative accounting treatments, policies, and unusual transactions, controversial or emerging areas for which there is a lack of authoritative guidance that NYC Health + Hospitals has recorded or used. During FY 2021 the system did not adopt any accounting pronouncements other than *GASB-89 Accounting for Interest Cost Incurred Before the end of a Construction Period* as of January 1, 2021.

Fraud and illegal acts - No irregularities, frauds or illegal acts involving senior management or that would cause a material misstatement to the financial statements, came to our attention as a result of our audit procedures.

The financial statements as Mr. Dioguardi mentioned, discloses any significant risks and uncertainties, as it relates to estimates, which we spent some time talking about. The main item that I want to talk about here, is our requirements as auditors to report any significance deficiencies or material weaknesses. We don't opine on internal controls, as it relates to this financial statement audit, but what we do is, is we identify any control findings of significances. There are three different categories. There is a plain control finding, that adheres to a significant deficiency, which is the middle level and then a material weakness, which is the most severe type of internal control finding.

In this audit, we identified two significant deficiencies related to these areas. The first one was grant revenue and the second is inventory. As required communications, we need to report to the audit committee that these particular control findings are significant deficiencies that we identified. The first one relates to the grant revenue; our finding here relates to the supporting documentation that was not maintained in sufficient detailed by funding source. there was a delay in us receiving the auditable information or documentation to support the revenue. We recommend that on a periodic basis, management maintained by funding source, that's the key element here, a listing on a monthly basis that includes the appropriate documentations.

The second finding relates to inventory -- there were inventory purchases and usages throughout the year, that were not accounted for on a timely basis. As a result, management on the Finance Department identified an adjustment at the year end. We recommend that there is additional control and communication from the Supply Chain Department that needs to be implemented to ensure the inventory purchases and usages and the activity is reported on a monthly basis. So that throughout the year this is kept up to date, and that there's not an adjustment that needs to be identified at your year end.

No significant issues identified throughout the audit process. In fact there was full collaboration and communication with the Finance Team.

In terms of our healthcare literature, our white papers that we issue which none of you subscribe to it, I can put you on the mailing list, but this is just really list our firm commitment to diversity. A lot of boards and audit committees have been asking about. It relates to our mission. I know that this is of interest to many members of various healthcare and non-for-profit, audit committees, that I personally serve as partner on.

Ms. Hernandez-Piñero asked Finance to report back to the Audit Committee regarding the deficiencies relating to the grant revenue recognition into the inventory to update on the processes you put in place.

Mr. Ulberg answered yes, and stated that I want to thank Grant Thornton. It's never easy to audit Health + Hospitals. Even on a good day, and with COVID, you just have to look at the number and see the volatility and they've done a remarkable job. They're very professional and patient with us. I'd also like to thank my own team for that. But the two findings we accept those. We welcome the process. We will get better at understanding those two issues and we will come back with a corrective action plan to present to the Audit Committee, We do take these issues very serious and we feel a responsibility to fix it.

Ms. Hernandez-Piñero asked for a motion to accept the financial statements, it was seconded and duly approved.

Ms. Hernandez-Piñero introduced the information item regarding Corporate Compliance.

Ms. Patsos, Chief Compliance Officer provided an Audit update and informed the Committee that:

1. An oversight audit by the NYC Comptroller's Office of NYC Health + Hospitals Auxiliaries, Final Report was issued on June 16, 2021. Dr. Katz received a letter dated August 12, 2021 from the NYC Comptroller's Office requesting a status report on the progress made in implementing the recommendations in the report. The response is due November 15, 2021.
2. The NYC Comptroller's Office review of the NYC Health + Hospitals controls over nursing homes was received on August 13, 2020 - this audit is ongoing
3. An update on the dissolution of Friends of North Central Bronx Hospital Auxiliary Inc, and Sea View Hospital and Home Auxiliary Inc. was included along with a status update on the 2018, 2019, and 2020 auxiliary audits.

AUXILIARY	CALENDAR YEARS REVIEWED	2018 REVENUES	2019 REVENUES	2020 REVENUES
East New York Diagnostic & Treatment Center	2019/2020	NA	\$5,522	\$4,650
Coney Island Hospital	2019/2020	NA	\$5,906	\$5,003
Jacobi Medical Center	2018/2019/2020	\$537,664	\$457,149	\$232,607
Renaissance Health Care	2018/2019/2020	\$16,788	\$20,666	\$12,184
Coler Hospital	2018/2019/2020	\$187,498	\$229,285	\$91,790
Carter Hospital Center	2018/2019/2020	\$226,599	\$29,893	\$12,309
Cumberland Diagnostic & Treatment Center	2018/2019/2020	\$104,367	\$76,782	\$31,683
Woodhull Medical Center	2019/2020	NA	\$234,293	\$19,925
Gouverneur Hospital	2018/2019/2020	-\$146,562	\$997,683	\$751,055
Metropolitan Hospital Center	2018/2019/2020	\$1,538,040	\$744,114	\$147,938
Bellevue Association	2019	NA	\$243,272	\$83,823
Lincoln Hospital Center	2019	NA	\$99,403	\$17,339
Kings County Hospital Center	2018/2019	\$58,804	\$21,142	\$43,407
Sea View Hospital and Home	2018/2019	\$110,468	\$42,748	\$21,600
Dr. Susan Smith McKinney Nursing & Rehabilitation Center	2018/2019	\$80,714	\$77,547	\$12,102
Elmhurst Hospital Center	2018/2019	\$422,419	\$335,651	Pending
Children of Bellevue	2018/2019	\$1,112,221	\$1,154,967	Pending
Bellevue Hospital Center	2018/2019	\$151,939	\$938,114	Pending
Harlem Hospital Center	2018/2019	\$9,946	\$12,201	Pending
Friends of Harlem Hospital Center	2018/2019	Pending	Pending	Pending
Friends of North Central Bronx Hospital	2018/2019	Pending	Pending	Pending
Queens Hospital Center	2018/2019	Pending	Pending	Pending

Ms. Patsos continued on with the Corporate Compliance Update.

Monitoring Excluded Providers - During the period June 24, 2021 through September 30, 2021, there were no workforce members who appeared on an exclusion list.

Reported Breaches - We had thirty-six (36) incidents entered in the case management system. Of the 36 incidents, nine (9) were found, after investigation, to be violations of NYC Health + Hospitals' HIPAA Privacy and Security Operating Procedures; fifteen (15) were found NOT to be a violation of NYC Health + Hospitals' HIPAA Privacy and Security Operating Procedures; and twelve (12) are still under investigation.

Of the nine (9) incidents confirmed as violations, eight (8) were determined to be a breach. Two involved employees disclosing information inappropriately to unauthorized individuals; one was caused by a patient identification error during registration; one involved an employee accessing a patient chart without justification; one was regarding COVID vaccination forms for six patients found in the subway; one involved an employee entering documentation into the wrong patient's chart; one was caused by inappropriate proxy access being granted; and one where a vendor experienced a data incident impacting three patients

Office for Civil Rights ("OCR") Reports Regarding HIPAA Incidents - We received four (4) letters between June 24th and September 30th. One from Metropolitan, regarding a charge nurse, who posted patient information on Facebook. They determined to resolve this through the provision of technical assistance, which they provided to us with a letter. Two (2) letters regarding Elmhurst received in August. Both of them regarding a nurse that had posted information on social media. Again, they decided to resolve this through technical assistance. And then in September 29th, we received a data request regarding an incident that occurred with a former vendor. The System will respond to that request.

Compliance Reports - there were a total of eighty-six (86) compliance reports entered into the tracking system. The tracking database utilizes colored flags (red, yellow, and green) to represent the severity of the reports. During the reporting period, there were no red reports, thirty-two (32) yellow reports, and fifty-four (54) green reports.

Principles of Professional Conduct ("POPC") – Discussed in the training session.

OP 50-3: Policy on Gift Exchange and Receipt - We have finalized our OP50-3 Policy and gift exchange.

OP 250-22: HIPAA Security Policy – Biomedical Device On-Boarding Procedure - HIPAA security policy and biomedical device on boarding procedure was signed by Dr. Katz and therefore updated.

Status Update – HHC ACO, Inc. - On August 25, 2021, HHC ACO Inc. ("HHC ACO") received its un-embargoed report from CMS regarding the performance year ("PY") 2020 shared savings performance results. HHC ACO was able to save CMS \$15,712,618, resulting in an earned performance payment of \$11,415,299. This marks HHC ACO's eighth consecutive year of shared savings, as well as the highest shared savings received by HHC ACO. Their PY2020 quality score was 96.87%, which was initially 93.44%.

FY2022 Risk Assessment - We have reviewed and approved the HIPAA Risk Analysis and Security Assessment.

HIPAA Risk Analysis and Security Assessment - We have engaged Coalfire Systems Inc., to conduct our annual HIPAA enterprise wide risk analyses and security assessments. They are currently drafting reports from workbooks for the neighborhood health centers. This is their final phase of review for this year and also the end of their contract. We have issued a RFP for a new vendor to conduct the same analysis for the next time three year period.

There being no other business, the meeting was adjourned at 10:58 A.M.

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December 7, 2021

Management and Board of Directors
New York City Health and Hospitals Corporation
New York, New York

Ladies and Gentlemen:

In connection with our audit of New York City Health and Hospitals Corporation's ("NYC Health + Hospitals" or the "System") financial statements as of June 30, 2021, and for the year then ended, auditing standards generally accepted in the United States of America ("US GAAS") require that we advise management and the Board of Directors (hereinafter referred to as "those charged with governance") of the following internal control matters identified during our audit.

Our responsibilities

Our responsibility, as prescribed by US GAAS, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error. An audit includes consideration of internal control over financial reporting (hereinafter referred to as "internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we express no such opinion on internal control effectiveness.

Identified deficiencies in internal control

We identified the following internal control matters that are of sufficient importance to merit your attention.

Significant deficiencies

Our consideration of internal control was not designed to identify all deficiencies in internal control that, individually or in combination, might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control ("control deficiency") exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in

internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We identified the following significant deficiencies:

Supporting Documentation for Grants Revenue not sufficiently maintained

Observation

In connection with the FEMA/PRF funding received, Grant Thornton was initially provided with a financial model designed to determine applicable COVID related expenses not reimbursed by any other source. The model contained allocations and assumptions that could not be readily supported through documentation. In addition, the model was not reconciled to the 2021 operating results as disclosed in the financial statements. This caused a delay in the receipt of auditable documentation to support the revenue recorded.

Recommendation

We recommend that a formal analysis, by funding source, be performed, reviewed and approved on a quarterly basis, inclusive of appropriate documentation, and that the analysis be reconciled to the operating results as disclosed in the financial statements. This improved process will help to ensure that the financial statements include an accurate and timely reporting of NYC Health + Hospitals' recognition of FEMA and PRF funding.

Management's Response 2021

Management agrees with the auditor's recommendation regarding a quarterly analysis and review of COVID eligible expenses as reconciled to the financial statement. On a quarterly basis, the system will conduct an analysis of total COVID costs – both discretely identified costs and any allocated baseline costs – and conduct a reasonableness test of those total costs in context to related revenues and the financial statement taken as a whole. The reconciliation will include a review of all documentation for discretely identified costs, and anticipated assignments to FEMA, Provider Relief, and other available funding sources per grant guidelines available at the time. An examination of recorded and deferred revenue will improve management's analysis and assist in determining the reasonableness of total COVID costs.

Lack of Timely Accounting and Reporting for Inventory Purchases and Usage

Observation

We noted that inventory purchases and usage throughout the year were not accounted for on a timely basis, resulting in a large management prepared adjustment at year-end.

Recommendation

We recommend that management implement additional controls to ensure inventory purchases and usage activity is accurately recorded on a monthly basis to ensure timely, proper and complete accounting for inventory balances and related other than personal service expenses.

Management's Response 2021

This past year was particularly challenging due to the disrupted global supply chain systems and caused us to place numerous emergency orders for supplies for our Health System outside of the usual ordering process. As noted, a reconciliation of inventory purchases and supplies for FY21 was completed at year end.

For FY22 and going forward, Supply Chain leadership, in concert with each facility Materials Manager, has refined the processes associated with the monthly review and reconciliation of “End of Month” inventory values for each perpetual inventory location. We have identified reports to utilize for this requirement, developed a standard log for all facilities to document their reconciliation outcomes, and held an educational in-service with the staff. Once finalized, the “End of Month” inventory reconciliation procedure will be distributed to the Materials Management teams at the facilities. This review and reconciliation processes have been added as a standard item to our monthly Materials Management meeting agenda. Reconciliation results will be shared with the Office of the Comptroller to permit any needed inventory adjustments to be made timely.

Control deficiencies

A deficiency in internal control (“control deficiency”) exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

Status of Prior Years Comments

Information Technology - User Access Review

Observation

We noted that the Organization does not perform a formal periodic review of Network, PeopleSoft, Unity, Soarian, and EPIC user entitlements to ensure access changes were conducted in accordance with management’s expectations.

Recommendation

We recommend management perform a comprehensive review of user access entitlements on a regular basis (i.e., at least once per fiscal year). The review should be performed by department heads and/or business owners independent of security administration functions, based on system reports provided by system administrators and include the following:

- Review Network, PeopleSoft, Unity, Soarian, and EPIC account listings to ensure generic/group IDs are appropriate (use of such is strongly discouraged and should be minimized to the extent possible)
- Review Network, PeopleSoft, Unity, Soarian, and EPIC account listings to ensure accounts for terminated employees have been disabled or removed
- Review individual user access to ensure access is restricted to appropriate functions based on current job responsibilities
- Review access to powerful privileges, system resources and administrative access to ensure access is restricted to a very limited number of authorized personnel

The access review should be formally documented by the department head and evidence retained. Any identified conflicts in access rights should be followed up and resolved in a timely manner.

Management’s Response 2019

NYC Health + Hospitals is in the process of implementing the compliance module of SailPoint IdentityIQ. The first re-certification processes to be configured are EPIC users, non-employee, PeopleSoft HR roles, and PeopleSoft ERP roles. All re-certifications will be performed on a quarterly basis and will be functional during fiscal year 2019 (this will

not cover Unity or Soarian at this time). The result of the re-certification process will be to either revoke or extend access to the network/application.

All privileged accounts (administrative access) are tied to the end user account within SailPoint IdentityIQ. When a user is terminated, their privileged account is also terminated.

As part of the periodic review, the contingent worker testing was completed in October 2019, and the launch of the re-certification process began during November 2019. Certifications for ERP and Payroll systems' access are still underway. The recertification process is being deployed during December 2019 following testing that was completed in November 2019. This process will cover contingent workers. All other certifications will be worked on during fiscal year 2020.

Grant Thornton Update 2020

Consistent with FY19, we noted that the Organization did not perform a formal periodic review of Network, PeopleSoft, Unity, Soarian, and Epic user entitlements to ensure access changes were conducted in accordance with management's expectations. However, it is important to note that the Unity was decommissioned in June, 2020.

Management's Response 2020

In concert with current monthly system review and de-activation of access control processes, within CY 2021, NYC H + H EITS will develop an additional standard process to audit and track user access entitlements as outlined in the finding.

Grant Thornton Update 2021

GT was able to confirm that this deficiency was appropriately resolved, as evidenced by procedures performed during the 2021 audit. We consider this comment to be resolved.

Patient Accounts Receivable and Net Patient Service Revenue - Credit balances in patient accounts receivable

Observation

During our audit of Patient Accounts Receivable as of June 30, 2018, we noted that credit balances in patient accounts receivable totaled approximately \$80 million, similar to that reported in prior years' audits. Through audit procedures performed, we determined that the portion of the credit balances that represented liabilities due to patients and payors was immaterial. The credit balances primarily appear to be a result of billing adjustments. However, we noted that management does not have a formal policy in place to accumulate and analyze the credit balances at the patient level in order to determine the proper accounting treatment for the credit balances.

Recommendation

We recommend that management develop a process to analyze the nature of the credit balances within patient accounts receivable and on a monthly basis, record adjustments in the accounting records to reflect their proper disposition. In addition, management should investigate and determine the root cause for the credit balances in order to develop solutions to address systematic issues that result in credit balances within accounts receivable.

Management's Response 2018

Through the implementation of our new billing system, EPIC, credit balances are electronically queued and routed to employee workflows for follow up. This process will greatly increase our ability to track and correct incorrect postings and reduce overall

credit balances. Additionally, NYC Health + Hospitals is enrolling more payors into electronic remittances so that payments are properly recorded to the correct patient account, thus reducing credit balances

Grant Thornton Update 2019

In 2019, we noted that the total credit balances continue to increase. Through the audit procedures we performed, we determined that the portion of the credit balances that represented liabilities due to patients and payors was again immaterial. The credit balances primarily appear to be a result of billing adjustments. However, management has not completely reviewed and determined proper accounting treatment for the credit balances. In addition, the root cause of the increase in the credit balances should be determined in order to ensure that the credit balances are reduced each year rather than increasing each year.

Management's Response 2019

Implementation of EPIC continued during FY 2019 and Revenue Cycle Services and hospital patient accounting focused on claims submission and resolution of denials to protect NYC Health +Hospital's cash flow. Credit balance resolution has been delayed due to the creation of a new contract module in EPIC. A significant amount of fine tuning is needed to get expected reimbursement amounts correct. This is the reason for the change in credit balances between fiscal years. EPIC has not solved the credit balance issue, though it will make its resolution easier as we address the problem in coming months.

A new Variance Unit was established to review both underpayments and credit creation, which will also assist in the credit balance review process. Once the unit is fully staffed during fiscal year 2020, a formalized policy will be created. Additionally, NYC Health + Hospitals is moving forward with a centralized cash posting unit which will help in the identification and processing of any refunds or adjustments and reduce the level of credit balances.

Although NYC Health + Hospitals has moved to more electronically posted remittances and reducing errors, the newly implemented contract module along with the assistance of the two units mentioned will help in evaluating credit balances.

Grant Thornton Update 2020

In 2020, we noted that the total credit balances continued to increase. Through the audit procedures performed, we determined that the portion of the credit balances that represented liabilities due to patients and payors was again immaterial. The credit balances primarily appear to be a result of billing adjustments. However, management has not completely reviewed and determined the proper accounting treatment for the credit balances. In addition, the root cause of the increase in the credit balances should be determined in order to ensure that the credit balances are reduced each year rather than increasing each year.

Management's Response 2020

We are continuing to develop processes to review and correct improper posting causing these credit balances.

Grant Thornton Update 2021

In 2021, we noted that the total credit balances decreased but still exist. Through the audit procedures performed, we determined that the portion of the credit balances that represented liabilities due to patients and payors was again immaterial. The credit balances primarily appear to be a result of billing adjustments. However, management

has not completely reviewed and determined the proper accounting treatment for the credit balances. In addition, the root cause of the credit balances should be determined in order to ensure that the credit balances are reduced each year.

Management's Response 2021

The payment variance unit that was established in FY20 has implemented a standard internal audit process to review payments when implementing a new contract or updates to an existing contract's reimbursement terms. In collaboration with the Managed Care team, we've developed a contract implementation checklist which includes payment validation. Now, when we update contract rates we have a process to follow up to determine if the payer is paying accurately and if the system is calculating adjustments correctly.

Through this collaborative proactive process across our enterprise we have seen some initial good results that we believe will continue to increase in the future and help to reduce our credit balances.

System response

The System's written response to the internal control matters identified herein has not been subjected to our audit procedures and, accordingly, we express no opinion on it.

* * *

The purpose of this communication is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the System's internal control. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,





**AUDIT COMMITTEE OF THE
NYC HEALTH + HOSPITALS
BOARD OF DIRECTORS**

Audit Committee Report

**Office of Corporate Compliance
Internal Audits**

December 7, 2021

**Catherine G. Patsos, Esq., CHC
Chief Corporate Compliance Officer**

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A. EXTERNAL AUDITS

1. NYC Health + Hospitals Controls Over Nursing Homes – NYC Comptroller’s Office

Audit Notification Letter Received – August 13, 2020
Preliminary Entrance Conference – August 19, 2020
Status – Ongoing

Since the last Audit Committee meeting, the Chief Corporate Compliance Officer requested a status update and was advised that the Auditors were finalizing the filed work stage of the audit, and moving into the report writing stage. The Auditors from the NYC Comptroller’s Office also requested the following:

- List of 60-day personal protective equipment (PPE) supply to determine the burn rate and minimum quantity that is required for the facilities to keep on hand.
- Purchasing and usage history of protective gowns.
- Training material and documents used for cycle counts.
- Policies that outline the rules on useful life of medical surgical items.
- Counting event details such as items counted and adjustments done as a result of the previous physical inventory count.

2. NYC Health + Hospitals Oversight of Auxiliaries – NYC Comptroller’s Office

Audit Notification Letter Received – March 13, 2020
Preliminary Entrance Conference – June 23, 2020
Final Report Date – June 16, 2021

Dr. Katz received a letter dated August 12, 2021, from the NYC Comptroller’s Office requesting a status report on the progress made in implementing the recommendations in the audit of NYC Health + Hospitals Oversight of its Auxiliaries. The letter requested that NYC Health + Hospitals respond by November 15, 2021. The response was sent on November 15, 2021.

B. INTERNAL AUDIT ACTIVITIES

1. *System-Wide Review of Nurse Hiring*

Entrance Conference (Nursing and Human Resources) – November 29, 2021

Fieldwork Start Date and Document Request – November 30, 2021

Final Report Date – To be Determined

Audit Work Plan – In development

Objective of the audit:

- To evaluate the onboarding of nurses including direct hire nurses, agency nurses and travel nurses;
- To verify proper background check such as fingerprints, employment eligibility, verification of New York State licenses;
- To ensure that annual performance evaluations of direct hire and agency nurses are completed; and
- To ensure that proper documentation is maintained and reviewed by relevant parties.

2. *Auxiliary Dissolution*

Dissolution proceedings are being planned for Friends of North Central Bronx Hospital Auxiliary Inc. and Sea View Hospital and Home Auxiliary Inc. The dissolution proceedings were mutually agreed upon by the parties. The Office of Legal Affairs has engaged Katten Muchin Rosenman to assist with these dissolutions.

There is no additional update since the last Audit Committee meeting.

3. *Auxiliary Audits*

Final reports for Calendar Year (CY) 2020 have been completed by the outside CPA firm, The Bonadio Group, and reviewed by the Office of Internal Audits for 17 of the 22 Auxiliaries. Fifteen (15) reports were Compilations as the Auxiliaries' revenues were below \$250,000; two (2) were Reviews as the Auxiliary's revenues were between \$250,000 and \$750,000. Five (5) reports remain outstanding for CY2020.

For each of CYs 2018 and 2019, one report (The Queens Hospital Center Auxiliary Inc.) remains outstanding due to the lack of appropriate personnel responsible for maintaining financial records within this Auxiliary. (See the list on the following page.)

The New York State Charities Bureau requires that a review, compilation or audit report accompany the CHAR500 New York State tax form submitted by the Auxiliaries. The type of report required is based on the total revenue of the entity.

AUXILIARY	CALENDAR YEARS REVIEWED	2018 REVENUES	2019 REVENUES	2020 REVENUES
East New York Diagnostic & Treatment Center	2019/2020	NA	\$5,522	\$4,650
Coney Island Hospital	2019/2020	NA	\$5,906	\$5,003
Jacobi Medical Center	2018/2019/2020	\$537,664	\$457,149	\$232,607
Renaissance Health Care	2018/2019/2020	\$16,788	\$20,666	\$12,184
Coler Hospital	2018/2019/2020	\$187,498	\$229,285	\$91,790
Carter Hospital Center	2018/2019/2020	\$226,599	\$29,893	\$12,309
Cumberland Diagnostic & Treatment Center	2018/2019/2020	\$104,367	\$76,782	\$31,683
Woodhull Medical Center	2019/2020	NA	\$234,293	\$19,925
Gouverneur Hospital	2018/2019/2020	-\$146,562	\$997,683	\$751,055
Metropolitan Hospital Center	2018/2019/2020	\$1,538,040	\$744,114	\$147,938
Bellevue Association	2019/2020	NA	\$243,272	\$83,823
Lincoln Hospital Center	2019/2020	NA	\$99,403	\$17,339
Kings County Hospital Center	2018/2019/2020	\$58,804	\$21,142	\$43,407
Sea View Hospital and Home	2018/2019/2020	\$110,468	\$42,748	\$21,600
Dr. Susan Smith McKinney Nursing & Rehabilitation Center	2018/2019/2020	\$80,714	\$77,547	\$12,102
Harlem Hospital Center	2018/2019/2020	\$9,946	\$12,201	\$5,334
Bellevue Hospital Center	2018/2019/2020	\$151,939	\$938,114	\$543,122
Friends of North Central Bronx Hospital	2018/2019	\$131,555	\$74,525	Pending
Elmhurst Hospital Center	2018/2019	\$422,419	\$335,651	Pending
Children of Bellevue	2018/2019	\$1,112,221	\$1,154,967	Pending
Friends of Harlem Hospital Center	2018/2019	\$133,487	\$215,341	Pending
Queens Hospital Center	2018/2019	Pending	Pending	Pending



**AUDIT COMMITTEE OF THE
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Audit Committee Report

Corporate Compliance Report

December 7, 2021



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I. Monitoring Excluded Providers

Responsibilities of the System for Sanction List Screening

- 1) To comply with Federal and state regulations, and consistent with the recommendations of the NYS Office of the Medicaid Inspector General (“OMIG”) and the U.S. Department of Health and Human Services Office of Inspector General (“OIG”), each month the Office of Corporate Compliance (“OCC”) reviews the exclusion status of the System’s workforce members, vendors, and agency staff.
- 2) To ensure that NYC Health + Hospitals (the “System”) does not conduct business with individuals or entities that are a threat to the security, economy or foreign policy of the United States, the OCC also screens all NYC Health + Hospitals workforce members, vendors, and agency staff against the databases of the United States Department of Treasury Office of Foreign Asset Control (“OFAC”).

Exclusion and Sanction Screening Report for Oct. 1, 2021 through Nov. 16, 2021

- 3) During the period of October 1, 2021 through November 16, 2021, there were two (2) workforce members who appeared on an exclusion list, and one (1) workforce member whose license was temporarily suspended.
- 4) On October 11, 2021, the OCC learned that a PAGNY physician’s medical license was temporarily suspended effective September 24, 2021. Investigation revealed that the last day he worked for the System was June 18, 2021. He was terminated on June 21, 2021.
- 5) On October 18, 2021, the OCC learned that an agency workforce member on our COVID-19 Take Care team was excluded by the OMIG and the OIG and appeared on General Services Administration System of Award Management (“SAM”) exclusion list, effective September 19, 2019. The workforce member worked from September 15, 2021 through October 12, 2021, when she was terminated by the agency. The COVID-19 Take Care team is funded by FEMA and the NYC Office of Management and Budget (“OMB”). Evaluation of whether the System must deduct the cost of the services provided by this agency workforce member from the pending submission to FEMA, and what if any action must be taken with respect to the OMB funds is currently underway.



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- 6) On October 28, 2021, the OCC learned that an agency workforce member who commenced a part-time position as a service aide at NYC Health + Hospitals/Harlem on September 27, 2021, was on the SAM exclusion list, effective October 16, 2014. He was taken off duty on October 29, 2021, and an evaluation of any potential overpayment is underway.

Death Master File and National Plan and Provider Enumeration System Screening

- 7) The Centers for Medicaid and Medicare Services' ("CMS") regulations and the contractual provisions found in managed care organization provider agreements require screening of the System's workforce members, certain business partners, and agents to ensure that none of these individuals are using the social security number ("SSN") or National Provider Identifier ("NPI") number of a deceased person. This screening may be accomplished by vetting the SSNs and NPIs of such individuals through the Social Security Administration Death Master File ("DMF") and the National Plan and Provider Enumeration System ("NPES"), respectively.
- 8) No providers were identified on the DMF or NPES during the period October 1, 2021 through November 16, 2021.

II. Privacy Incidents and Related Reports

Breach Defined

- 9) A breach is an impermissible use, access, acquisition or disclosure under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") Privacy Rule that compromises the security and privacy of protected health information ("PHI") maintained by the System or one of its business associates.
- 10) Pursuant to 45 CFR § 164.402(2), unless an exception applies, the unauthorized use and/or disclosure of PHI is presumed to be a breach unless the System can demonstrate, through a thorough, good faith risk assessment of key risk factors, that there is a low probability that the PHI has been compromised.



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Reported Breaches for the Period of Oct. 1, 2021 through Nov. 16, 2021

- 11) During the reporting period, twenty-one (21) incidents were entered in the case management system. Of the twenty-one (21) incidents, two (2) were found after investigation to be violations of NYC Health + Hospitals' HIPAA Privacy and Security Operating Procedures; five (5) were found not to be a violation of NYC Health + Hospitals' HIPAA Privacy and Security Operating Procedures; and fourteen (14) are still under investigation.
- 12) Of the two (2) incidents confirmed as violations, both were determined to be breaches. One breach involved an inappropriate disclosure of PHI by the System's record release vendor. The second breach involved a resident who lost a document containing PHI for three patients while in route from one facility to another.

Office for Civil Rights ("OCR") Reports Regarding HIPAA Incidents

- 13) The OCC received one letter from the OCR between October 1, 2021 and November 16, 2021. The letter, dated October 15, 2021, concerned the OCR's investigation into an incident that occurred in March 2011 at NYC Health + Hospitals/Jacobi ("Jacobi"), which involved the unauthorized disclosure of PHI by a Jacobi surgeon. Based on the corrective action taken by the System, and the additional security controls that were implemented, in response to this incident, as well as the System's recent submission to the OCR of its comprehensive enterprise-wide HIPAA Risk Analysis and Risk Management Plan, the OCR closed its review of this matter as of October 15, 2021.

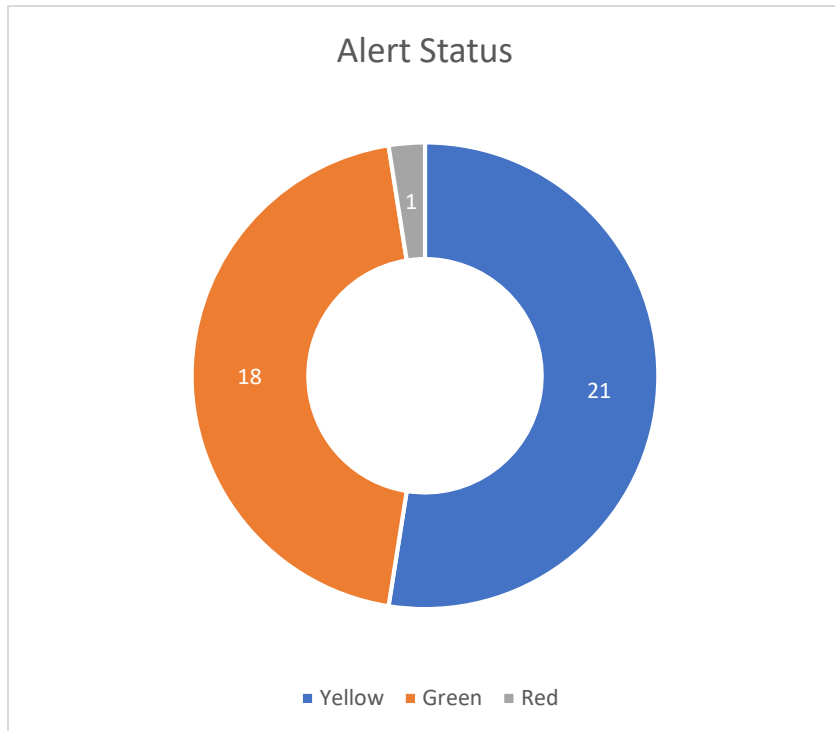
III. Compliance Reports

Summary of Reports for the Period of Oct. 1, 2021 through Nov. 16, 2021

- 14) During the period October 1, 2021 through November 16, 2021, there were a total of forty (40) compliance reports entered into the OCC's tracking system.
- 15) The tracking database utilizes colored flags (red, yellow, and green) to represent the severity of the reports. During the reporting period, there was one (1) red report, twenty-one (21) yellow reports, and eighteen (18) green reports. The red report concerned patient abuse; however, the anonymous reporter discontinued the call

before the call center could obtain any details or provide the reporter with the case number.

Alert Status	
Green	18
Yellow	21
Red	1
Total	40

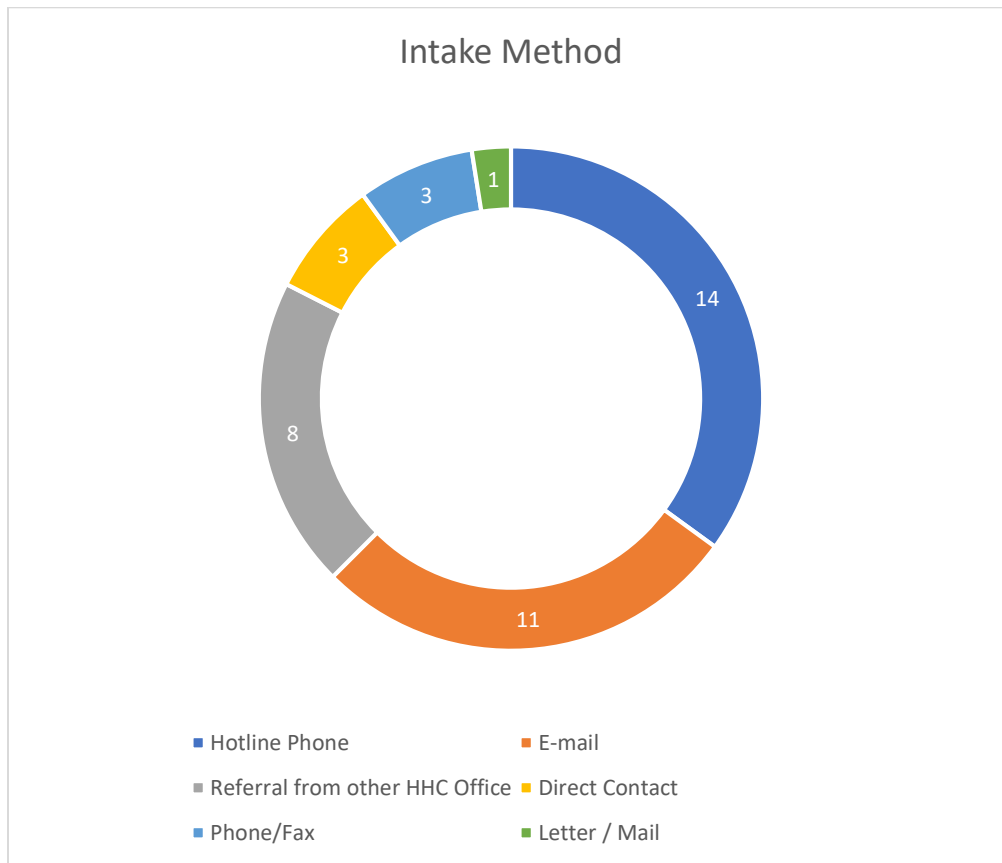


- 16) In addition, the database tracks reports by intake and issue type.

Intake method:

Intake Method	
Direct Contact	3
E-mail	11
Hotline Phone	14

Letter / Mail	1
Phone/Fax	3
Referral from other HHC Office	8
Total	40



Issue type:

Issue Type	Count
Billing and Coding Issues	1
Conflict of Interest	4
Discrimination or Harassment	4
Environment, Health, and Safety	1



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Corporate Compliance Report

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Falsification of Records	2
Gifts and Kickbacks	2
HR/Labor Relations Issues	5
Inquiry/Guidance Request	4
Misconduct or Inappropriate Behavior	4
Misuse of Assets	1
Patient Care and Patient Rights	4
Accounting and Auditing Practices	1
Patient Abuse	1
Theft	3
Retaliation or Retribution	3
Total	40



IV. Principles of Professional Conduct (“POPC”)

- 17) Due to the change in the System’s gift policy as it relates to gifts from patients and their family members, the OCC revised the POPC to comport with the new policy, and to make it more reader-friendly. The OCC provided the revised POPC, which also noted the changes that were made to it, to the Board of Directors on October

28, 2021. Upon resolution of the Board of Directors, the revised POPC was approved on that date.

V. OP 50-1: Corporate Compliance and Ethics Program

- 18) The OCC is revising the System’s OP 50-1: *Corporate Compliance and Ethics Program*, which sets forth the core components of NYC Health + Hospitals’ Compliance Program, as well as workforce members and business partners’ responsibilities and prohibited acts under the Compliance Program, and the responsibilities of the OCC.

VI. OP 120-19: Corporate Records Management Program

- 19) A subcommittee of the Records Management Governance Committee is revising OP 120-19 *Corporate Records Management Program*. A draft of this OP will be presented to the Records Management Governance Committee for review at its next meeting. A key feature of the revised OP 120-19 is that the record retention schedule will be searchable for ease in determining the record retention requirements for specific types of records.

VII. HIPAA Risk Analysis and Security Assessment

- 20) To ensure the System’s compliance with the requirements of HIPAA and HIPAA regulations, in 2019, the System engaged a third-party vendor, Coalfire Systems, Inc. (“Coalfire”), to conduct annual HIPAA enterprise-wide Risk Analyses and Security Assessments for a three-year period. Coalfire’s Risk Analyses involve on-site and remote interviews of key facility and Central Office personnel, and in-person and virtual walk-throughs of the System’s acute care facilities, skilled nursing facilities, and Diagnostic and Treatment Centers (“D&TCs”), and a sample of the Gotham Health clinics. In addition, Coalfire performs penetration tests of NYC Health + Hospitals’ systems and applications to determine their vulnerability to unauthorized access. It also assesses a sample of the System’s vendors to determine their compliance with HIPAA and the security of the System’s PHI that they maintain.



**AUDIT COMMITTEE OF THE
NYC HEALTH + HOSPITALS
BOARD OF DIRECTORS**
Corporate Compliance Report
50 Water Street, Room 1515
New York, NY 10004
December 7, 2021 @ 12:00 PM

- 21) Coalfire is currently finalizing the remaining reports and workbooks, which is the final phase of their review. Coalfire will present its findings to System leadership in January 2022.

- 22) Because Coalfire’s contract is coming to an end, in August 2021, The OCC and the Information and Security Risk Management (“ISRM”) team issued a RFP for a vendor to conduct the System’s next phase of its HIPAA Risk Analysis and Security Assessment. Six vendors submitted proposals, and two of those vendors have made presentations to the Evaluation Committee. The OCC and ISRM team hope to secure a vendor by the end of this year.