



**AUDIT COMMITTEE
MEETING AGENDA**

**June 5, 2023
10:00 A.M.
50 Water Street**

CALL TO ORDER

Ms. Sally Hernandez-Piñero

- Adoption of Minutes April 3, 2023

Ms. Sally Hernandez-Piñero

EXECUTIVE SESSION

INFORMATION ITEMS

- Internal Audits Update
- Compliance Update

Mr. Joseph O'Keefe

Ms. Catherine Patsos

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT



AUDIT COMMITTEE MEETING - April 3, 2023

As Reported by: Freda Wang

Committee Members Present: Feniosky Peña-Mora, Freda Wang, Dr. Mitchell Katz, Erin Kelly joined at 11:02

The meeting was called to order by Freda Wang, at 11:05 a.m. and noted for the record that Sally Hernandez-Piñero might be joining virtually.

Per By-Laws - Section 14. Committee Attendance. If any member of a standing or special committee of the Board will not be present at a scheduled committee meeting, the member may ask the Chair of the Board to request that another Board member, not a member of that committee, attend the scheduled meeting and be counted as a member for purposes of quorum and voting.

José Pagán has designated Erin Kelly representing Anne Williams-Isom to attend this Committee meeting and be counted as a member of purposes of quorum and voting.

Ms. Wang, requested a motion to adopt the minutes of the Audit Committee meeting held on December 5, 2022. A motion was made and duly seconded with all in favor to adopt the minutes.

Presentations:

Office of the Comptroller:

2023 Annual Audit Planning Process

Ms. Tami Radinsky, presented the Audit Planning Process. She stated that she has been working with Mr. David Guzman and James Linhart and the rest of the team to get ready for the 2023 Audit. The timing and scope of the audit are the same as in prior years. The first slide outlines our responsibilities similar to the past, which is to perform an audit for New York City Health + Hospitals for the year ending in June 2023. We will be working as well with our insurance team, who will be doing the New York City Health + Hospitals Accountable Care Organization ("ACO") financial statements for the year ending June 30, 2023, as well as the health plan statutory financial statement audit that was just presented for 2022. They will be working with 2023 shortly as well as the annual statutory financial statements for the

fiscal year ending December 31, 2023 for New York City Health + Hospitals insurance company.

Ms. Radinsky reported that they also perform a variety of other reports, such as the cost reports for fiscal year ending June 30, 2023 the AHCF and the RHCF. These are similar responsibilities to prior years, if there are any material weaknesses or significant deficiencies we will come back and present that at the end of our audit.

The next slide is the responsibility of the Board, which is those charged with governance and their responsibilities include overseeing the financial reporting process and setting a positive tone and discussing any significant matters, as well as informing Grant Thornton of any fraud that they are aware of.

Ms. Radinsky, mentioned the responsibilities of Management preparing the financial statements under US GAP, designing and implementing internal controls, communicating any significant accounting policies. Management is responsible for informing Grant Thornton of any fraud and subsequent events with a written representation letter.

Ms. Radinsky presented the timelines for the audit, which are consistent with the prior year. Grant Thornton is currently in the April-May timeframe, where they work with management to design an engagement letter to do some initial meetings and coordinate timing with the clients as well as start the planning procedures. The risk assessment is conducted in May-June, to assess whether there are any changes in the current year and build those risks into the risk assessment, which ultimately helps them develop their audit plan. Grant Thornton plans on doing that interim field work preliminary risk assessment in the beginning of the summer and the June timeframe.

Ms. Radinsky stated that Grant Thornton will be discussing testing areas whether it be over grants or significant risk areas during the year, which will make the year-end timing more efficient and an easier process. The goal is to come back in September-October to perform the final field work for the detailed testing then present that to the Audit Committee in October.

Ms. Radinsky presented the timeframe for MetroPlus, which follows on the June 30 year end. They just presented one of their financial statements and then Grant Thornton does the cost reports for the ACO.

Ms. Wang asked if the ACO June 30th was the timeframe, and Ms. Radinsky confirmed.

Ms. Wang asked if MetroPlus gets consolidated at year end, Ms. Radinsky also confirmed.

Mr. Peña-Mora stated that he recalls last year NYC Health + Hospitals received a material weakness, and asked if this will impose a delay in the timeline.

Ms. Radinsky said that they can look at that when the schedules are done, and that they will work with Mr. Guzman and Mr. Linhart on this.

Mr. David Guzman mentioned that they working to prepare these schedules; however, we have an engagement with KPMG and a lot of their work hinges on how they move forward with certain components of grants revenue. So right now, we are in a holding pattern until that work is complete.

Ms. Radinsky turned over the presentation to Steve Dioguardi.

Mr. Dioguardi, indicated the key risk areas and the key procedures they perform over these areas. He stated that they start with patient accounts, receivables, and related contracts and contractual allowances, where they spend a significant amount of time. He stated that Grant Thornton performs a host of procedures, but focus a lot on historical cash collections and seeing how those match up with the revenue streams that are recognized during the year. They also look at cash collections and how they were recorded in the prior years; accounts receivables.

Mr. Dioguardi, mentioned that they look at management and methodology for estimating allowances, paying particular attention to any assumptions that management is making. They have recognized that a lot of those assumptions manifest themselves in terms of a certain allowance type percentages. Grant Thornton tests the assumptions and usually base it on historical collections as well as other factors. The other area they pay attention to relates to revenues in the estimated settlements due to third party payors. These are generally long-term liabilities and receivables to Medicare and Medicaid as well as other payors. These are in the Medicare and Medicaid cost reports that are filed each year, which generally take about 3 to 5 years to ultimately settle with the Center for Medicare and Medicaid Services ("CMS"). Toward the end of that there is generally some type of settlement

whether it be payable from NYC Health and Hospitals back to CMS or vice versa. They look at those estimates and see how reasonable they are. Grant Thornton has a specialist that comes in to look at these assumptions.

Mr. Dioguardi stated that the pension liability expenses and overhead liabilities is a significant area of the organization's financial statements. Within these are two high-level of estimations that relate to assumptions that are utilized by the actuaries that do the ultimate calculation for NYC Health and Hospitals, which relies on those actuarial evaluations to ultimately record the liabilities and related expenses in the financial statements. From an audit perspective, Grant Thornton has its own internal specialists that do the actuaries, and they will review those actuarial evaluations and test the underlying data, to ensure that the match is ultimately reported within the financial statements.

Ms. Wang asked that if in reviewing the NYC Health + Hospitals pension, do they have the ability to pull out the NYC Health + Hospitals pieces and review them separately, and would there be an instance where they find that the sort of actuarial assumptions maybe or should be different from one population to the other.

Mr. David Dioguardi stated that what their teams have uncovered that there is no significant impact on the populations between all the different components of the pension plan. It also does not affect the ultimate liability so that we are looking at this as one large population versus individual populations from an assumption's perspective. It does not change the ultimate liability or expense all that much. So, although there could be a difference, it is not going to be material to the overall pension plan or to the overall organization within the pension plan.

Mr. Dioguardi mentioned that the first area of grant revenue, that came out in last year's report will be reviewed once management is ready to provide GT with that information. They will then review the grant schedules and start testing the underlying data, which will include all the various grant expenditures. Grant Thornton will test that underlying data to make sure it is accurate and complete. They will review management's calculations to make sure that all the expenditures are being reported for the grant revenues are unique to this year, and have not been utilized in prior years.

Ms. Radinsky noted that the key point is to make sure that the 331 data will not change as of June 30th. There will be three more months of data whether it be a high-risk area grants or fixed assets. They are trying to avoid coming in and testing the schedule on March 31st and at the end of the year and that schedule through March has changed. Once management has the March 31st data and is comfortable with it, they will come in and audit it.

Ms. Wang asked what happens in the last quarter?

Ms. Radinsky stated that they will make selections from the last periods. For example, they could pull 75% of their selections that would be in the first nine months of the year, then have 25% of their testing at year end.

Mr. Diogaardi added that the purpose is to spread out the workload over a period of time. It also helps to identify whether there are any potential problems early on that management and Grant Thornton will have the opportunity to make sure get corrected prior to closing June 30th financial statement.

Ms. Wang asked if this is a different process from prior years because of the deficiency or the weakness.

Ms. Radinsky responded that they did attempt to test early in prior years, but the data was not ready. When there is a material weakness and the sample size changes, the scope does increase. Our sample sizes will probably be higher and we might have other work that they will need to pay close attention to.

Mr. Diogaardi stated that for capital assets for fiscal year 2023, the organization is adapting a tool that simplifies all the leases the System has, whether historically they have been called operating leases or capital leases. In the past, the capital leases would appear in the financial statements as on the balance sheet. Operating leases would only manifest themselves in the financial statements as an operating lease expense within the income statement. Under GASB 87, those operating leases are now going to be behaving much like the capital leases, so all of the leases will appear on the financial statements as a lease liability.

Ms. Wang asked what drove that change.

Mr. Dioguardi responded that it was about transparency within the financial statements. For example, if you have an operating lease for a building for ten years there could be millions of dollars committed within that lease arrangement, but as an operating lease that would not show up as a liability; it would show up year to year as an expense. This makes it more transparent.

Ms. Wang asked if this was for equipment.

Mr. Dioguardi responded that the leases were for equipment and property.

Ms. Radinsky mentioned that the hardest step is to identify all the leases that are out there. Finance is going through that process right now, and is close to finalizing that data. Grant Thornton will then start to test it.

Ms. Wang stated that we do a lot on leases basis. Ms. Radinsky confirmed it was a big number on our balance sheets.

Ms. Wang asked what can we expect to see, if this will be a big change in our balance sheet

Ms. Radinsky responded that yes, that the balance sheet will grow dramatically. This happens in all organizations it is not specific to NYC Health + Hospitals, and this year is the first year we are drafting it.

Mr. Peña-Mora stated that most of the leases from property goes through the Capital Committee of which he is the chair, and they have had discussions on how do we present the leases for approval to the Capital Committee as well as to the Board. He asked if there any particular issues that we should be aware of?

Ms. Radinsky stated that they would look at the leases and get back to the Audit Committee.

Mr. Peña-Mora stated that structuring these in a particular way may help to organize how we view the leases.

Mr. Guzman stated that this would benefit us from a structure stand point so that we also can incorporate any structures to our current leases and that he would work with the Grant Thornton team on this.

Mr. Peña-Mora stated that it would be great if they looked at our new leases.

Ms. Wang asked if the utility taxes and other expenses be incorporated in the liability.

Ms. Radinsky said she would look into this once they send her the new leases.

Mr. Peña Mora, said that we are committed to some charges that we must pay, and asked Grant Thornton to look into them.

Mr. Dioguardi, mentioned that the core team audits the financial statements of MetroPlus that are presented to NYC Health + Hospitals and two of their most significant risk areas related to the claims payable. He stated that there were no notable changes to the audit procedures or risk assessment. The accounting estimates third party liabilities as well as the pension liabilities. Grant Thornton identified significant estimates related to capital assets and estimated useful lives. There will be some estimates probably within the least liability as it relates to interest rates that are used. Grant Thornton needs to ensure that any risks and material misstatement are appropriately mitigated in the financial statements and disclosures. Grant Thornton reviews the financial statements for accuracy and completeness. They make sure that anything that is applicable to the organization is required to be disclosed in the financial statements.

Mr. Peña-Mora noted that the IRS is also looking at not-for-profit organizations, and asked whether there anything that Grant Thornton is seeing from the IRS in terms of auditing that are at risk to our organization?

Ms. Radinsky mentioned that they have worked with the System's tax team, and they are the best ones to share best practices.

Mr. Diogaurdi stated that from an IRS perspective it is important to note that this is related to other federal funding that has been received through the Provider Relief Fund grants. The U.S. Department of Health and Human Services Office of Inspector General ("OIG") has already started to perform their audits of organizations' expenditures of these funds.

Ms. Radinsky, mentioned that the oversight agencies are more interested in FEMA expense, and whether the FEMA expenses are appropriate.

Ms. Radinsky, stated that they are working with a technology team who specializes in health care as part of their audit, and they look at the System's key financial systems that impact the finance part of NYC Health and Hospitals. They do not do control-based audits; but they do understand the key systems and they identify any information technology risks and any controls that support, and test the designs effectiveness of them. Then, they come back at the end of the year and report on any recommendations or enhancements.

Ms. Radinsky commented on gaps in GASB 87, and in conjunction with GASB 87 is GASB 96, which is very similar to GASB 87. It focuses on the technology arrangements that NYC Health + Hospitals has.

Internal Audits:

NYC Comptroller's Office: Medical and Surgical supplies in the nursing homes.

Mr. O'Keefe stated that this audit started in 2020. The last request for an update came in January. We responded in February that all of their recommendations have been implemented, so this audit can be closed.

On February 13, 2023 there was an entrance conference with the New York City Comptroller's Office and NYC Health + Hospitals initiating a review of access to mental health services within Correctional Health Services and the process for providing those services. This audit is in the information gathering and scoping period. They have collected documents and had interviews with people. They estimate that this audit will take 12 - 18 months.

Nurse on boarding update

Mr. O'Keefe reported that Internal Audits has made a System-wide review on agency nurse hiring, and should be finished with this in the next couple of months.

Patient Valuables (Bellevue Hospital)

Mr. O'Keefe mentioned that this audit is looking into everything that is handled for the patient from cash, jewelry, clothes and whatever else comes with the patient to the hospital and how it is handled at our facilities. We assess if these items are being returned to the right patient or if the items are not being collected.

Dr. Katz commented that Internal Audits should make sure that we consider unusual items to be vouchered as well. We have had controversy in that a patient who has marijuana, whether this gets returned to them? If they have a knife is this returned? There might be differences in local processes as to what happens with these items.

Mr. O'Keefe mentioned that Internal Audits is looking to update the property policy that was written in 1993. Those items will have to be taken into account. We are looking at Bellevue and already have seen where patients come in with bikes, which we do not normally think as being vouchered.

Dr. Katz stated that in 1993 marijuana was illegal but today it is not, so we have to make sure that the policy and the practice go hand in hand.

Mr. O'Keefe stated that the identification of the property should be very descriptive.

The idea of using lockers for patients' property that they want to hold onto, such as cash, cell phone, etc. was discussed.

Mr. O'Keefe stated that Internal Audits is undertaking the risk assessment process. They are working with an outside consultant to try to develop a risk assessment process for the System, which would help Internal Audits develop an audit plan for the year. It will take some time to get a good plan up and running for a system as large as NYC Health + Hospitals.

Mr. O'Keefe mentioned that they are a small department with only three people, and there will be four people as of next week.

Dr. Katz, mentioned that this is very important to Sally, and she has wanted to see this happen.

Mr. O'Keefe, stated that Internal Audits has not done a comprehensive risk assessment, and that they are still trying to catch up on the

audits that were already on the way. They are also looking at cashiering as well as some other audits many of which have not been reviewed in several years. Internal Audits has been speaking with various facilities and Central Office to learn what risks they see, working with Catherine Patsos in the Office of Corporate Compliance.

Auxiliary Audits:

Mr. O'Keefe reported that they are working with an outside auditing company The Bonadio Group. Internal Audits did go through an analysis of the Auxiliaries' finances to make sure they are getting the appropriate audit service (i.e. report, compilation or audit), and not getting a higher level of service. As a result, they downsized a lot of the audits to reports.

Office of Corporate Compliance Reports:

Monitoring Excluded Individuals and Vendors

Ms. Catherine Patsos reported that from November 17, 2022 through March 13, 2023, there were no individuals or entities that were on the Office of Inspector General or the Office of the Medicaid Inspector General's exclusion lists. Nor were there any providers identified on the National Plan and Provider Enumeration System or the Death Master File.

Privacy Incidents and Related Reports

Ms. Patsos reported that there were 98 incidents that were entered into the Office of Corporate Compliance's case management data system. Of those, 38 were found to be violations of NYC Health + Hospitals HIPAA policies and procedures, and 25 were not violations. Of the 98, 35 are still under investigation. Of the 38 that were violations, 21 were determined to be breaches. Those breaches resulted from a variety of causes, including providing the incorrect after visit summary or discharge paperwork to a patient, registration errors, emailing PHI, providing a wrong medication to a patient (which was stopped before the patient took the medication), photographs of patients, reviewing colleagues medical records without justification, looking up medical records without justification, vendor disclosing information to the wrong recipient, and documentation being provided to the wrong patient.

Ms. Patsos reported that there were 54 HIPAA incidents that were reported during the December Audit Committee meeting, of which 33 were

still under investigation at the time of that meeting. All 33 of them have since been closed. Of the 33 incidents that were still under investigation, 22 were found to be violations of the System's Operating Procedures, and 11 were not violations. Of those 22 incidents, 9 were determined to be breaches, which resulted from registration errors, providing the wrong after visit summary to a patient, uploading documentation to the wrong patient medical record, the accessing of medical records of a colleague, a missing hard drive, and a vendor disclosing medical records to a wrong recipient.

Ms. Patsos reported that the Office of Corporate Compliance ("OCC") received three letters from the Office for Civil Rights ("OCR") between November 17, 2022 and March 13, 2023. On November 22nd the OCC received a letter regarding a complaint that the OCR received in October 2022, from patient who alleged that, despite several attempts at requesting their medical records, they were not provided. The OCR determined to resolve this matter informally by providing technical assistance, by enclosing material explaining privacy rule and patients' right to access their medical records.

The next letter received on February 16th, 2023 regarding a complaint that the OCR received on November 9, 2022, from a patient who alleged that Jacobi had denied their request for an accounting of the disclosure of their medical record. The OCR again determined to resolve this matter informally by providing the same technical advice. The OCC, however, did investigate this complaint, and discovered that Jacobi had sent the individual an accounting of their disclosures on November 9, 2022, which happened to be the same day that the OCR received the complaint. That accounting of disclosures indicated there were no disclosures of records outside of the allowable disclosures for treatment, payment or health care operations, and the OCC will inform the OCR of that finding.

On February 24, 2023, the OCC received a letter from the OCR regarding a complaint it received on November 18, 2022, from a patient who alleged that Woodhull had disclosed their protected health information when a physician disclosed that information to the physician's family member. The OCR did request data and information on this particular incident, which the OCC provided on March 20, 2023. The OCC did investigate this incident and determined that there was insufficient evidence to support the complainant's allegations.

Compliance Reports

Ms. Catherine Patsos reported that, during the reporting period, there were a total of 83 compliance reports entered into the tracking database, 2 of which were red reports that were actually the same allegations about a workforce member using foul language with a patient. This allegation was determined to be unsubstantiated. There were also 41 yellow and 40 green, which were of lesser impact.

Billing and Coding Auditing Services:

Ms. Patsos reported that the OCC has engaged KPMG to conduct billing and coding auditing services, and that this process is underway. KPMG has been in the process of gathering information and conducting interviews with various people throughout the System in order to prepare their risk assessment to determine which areas of billing and coding they will be reviewing. This risk assessment is about to be completed this week.

Ms. Patsos also mentioned that the OCC will be recruiting a compliance coder, who will work with KPMG, since part of their scope is to educate someone from the OCC on billing and coding auditing.

Ms. Wang asked if this person will look at practices to audit billing and compliance, and whether KPMG will help us to determine what to review.

Ms. Patsos responded that KPMG will do the risk assessment to determine which areas of billing and coding need to be reviewed based on the documentation that they have received and interviews they have conducted. For example, KPMG interviewed people from Managed Care, from Health Information Management department, and Revenue Cycle. Based on that information they will determine the risk areas that will be reviewed.

Ms. Wang asked if once this is done will the information be shared with the Audit Committee.

Ms. Patsos responded that yes, it will be.

Dr. Katz commented that the use of the consultants is to get them to teach the organization how to do it, rather than our hiring someone and assuming that one or two people can figure it out. We have KPMG that can advise us, but we get the advantage of their knowledge.

Ms. Wang agreed that this would be a good idea.

HIPAA Risk Analysis and Security Assessment:

Ms. Patsos reported that for 2023, Coalfire has assessed all the Skilled Nursing Facilities ("SNFs") and are currently gathering documentation and conducting interviews with the Acute Care Facilities.

Ms. Wang asked if there were any finding.

Ms. Patsos responded that the OCC just received the workbooks, which identify different risks and compliance areas for the SNFs. These are currently being reviewed and have not yet been finalized. .

Ms. Wang asked if these reports will be shared with the Audit Committee?

Ms. Patsos replied yes, they will be.

Ms. Patsos informed the committee that in December 2022 OMIG issued a final ruling that affected the requirements of an effective compliance program. OMIG made major changes to the compliance program requirements including that contracts with certain vendors must specify that they are subject to the System's compliance program. Those would be vendors that are subject to the System's risk areas. In addition, the OCC must review all compliance policies and procedures at least annually and determine that they are being followed and are effective, evaluate the effectiveness of the System's compliance training and make sure that the OCC does routine internal and external audits. The OCC must also conduct annual reviews of the compliance program to determine whether the requirements have been met and whether it is effective. This would include onsite visits, interviews, record reviews and surveys. The results of the reviews must be shared with the Chief Executive Officer, Senior Management, the compliance committee, and the Board of directors.

There are also new requirements for the System's Enterprise Compliance Committee, which include coordinating with the Chief Compliance Officer to ensure that the System's policies and procedures are current, accurate and complete, and that the compliance training is completed, advocating for the adoption and implementation of required modifications to the compliance program and allocation of resources to the Chief Corporate Compliance Officer.

Ms. Wang asked if this is a big change, and if we have to put in place a lot of processes, and whether there was a plan for compliance with the new requirements.

Ms. Patsos stated that the OCC will be adding this to the Corporate Compliance Work Plan.

Ms. Wang asked if there is a timeline for implementing the requirements.

Ms. Patsos stated that the regulations are in effect as of the end of March, and that OMIG has always had the authority to review the compliance program requirements, but now they have specifically put into their regulations their ability to audit.

Finally, in the Compliance/HIPAA training completion, the System had higher completion rates in various different areas across the Systems.

Mr. Peña-Mora, asked Mr. O'Keefe if his meetings with management include Gotham, or only the major facilities.

Mr. O'Keefe mentioned this will happen at the larger facilities first, but we want to meet with everyone across the Systems.

Ms. Wang proposed to convene to go to executive session.

Returning from executive session.

Ms. Wang opened the floor to old business, new business.
None.

She moved to adjourn the meeting at 11:04am.



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

Audit Committee Meeting

Office of Internal Audits

June 5, 2023

**Joseph O'Keefe, CPA CHC
Chief Internal Audit Officer**

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A. EXTERNAL AUDITS

1. *Audit of the Department of Correction's Efforts to Ensure Access to Mental Health Services for Inmates*

Audit Notification Letter Received – January 31, 2023

Entrance Conference – February 13, 2023

Status: In progress

On February 13, 2023, an entrance conference was held between NYC Health + Hospitals personnel and the New York City Comptroller's Office.

A second meeting was held with Correctional Health Services (CHS) on March 6, 2023 to get a general overview of the mental health services provided by CHS to DOC detainees. From the meeting a summary of what was discussed was provided to CHS to review for accuracy.

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

Status: Ongoing

Objective of the audit:

- To evaluate the onboarding of nurses, including direct hire nurses, agency nurses and travel nurses;
- To verify proper background checks, such as fingerprints, employment eligibility, and 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.

Agency Nurses - On April 12, 2023, the Nursing Administration unit provided the Office of Internal Audits (OIA) responses to our preliminary observation based on the test work that was done.

To evaluate if the internal controls are working efficiently, OIA management has decided to modify the scope to review more current hires. The initial scope covered the period September 2020 to December 2021.

Direct Hires – Access to the OnBase HR system was granted. We reviewed our sample selection and was not able to locate some of the supporting documentation.

We are currently working with HR to evaluate more current hires similar to the agency nurses to evaluate if the internal controls are working efficiently.

2. Patient Valuables

Bellevue Hospital Center

Entrance Conference – March 16, 2023

Status: In progress

The objectives of the audit are to obtain reasonable assurance regarding the efficiency and effectiveness of the overall process related to Patient's Property, Monies and Valuables. We will also ensure that adequate internal controls exist over the process of collecting, recording, safeguarding, distributing and accounting for Patient's Property, Monies and Valuables.

Based on our evaluation, the Patient Valuables process is outdated and manually intensive in nature. For best practices, Bellevue management should consider working with Central Office EITS to implement a Patient Valuables Tracking System.

The implementation of a Patient Valuables Tracking system will improve the efficiency of the front-line staff while reducing the need to deal with administrative details and allows hospital personnel to focus on patient care.

This will be accomplished by considering the following:

- a. Collecting patient valuables starts with scanning a patient's barcoded wristband and a property barcode to initiate the tracking record. A property barcode can be attached to a property bag or a large item. Using barcodes to accurately associate the property with a patient begins the chain of custody for the patient valuables. Every interaction an employee has with the valuables will be recorded including the location of the property.
- b. To enhance efficient data entry, multiple photos can be captured of an item and can provide information that would be time-consuming to key-in such as an item's make, model and serial number.
- c. Barcodes are used to provide rapid, accurate and consistent recording of the property's location. These labels can be affixed to a bin, shelf or other location. This will result in retrieving valuables faster.

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- d. Enhancing of return of patient valuables. To retrieve property, the nurse scans the patient's wristband then all property bags along with their locations are displayed. This will ensure that upon discharge no belongings are left behind.

Jacobi Medical Center

Entrance Conference – Rescheduled for May 31, 2023

The objectives of the audit are to obtain reasonable assurance regarding the efficiency and effectiveness of the overall process related to Patient's Property, Monies and Valuables. We will also ensure that adequate internal controls exist over the process of collecting, recording, safeguarding, distributing and accounting for Patient's Property, Monies and Valuables.

Kings County Hospital Center

Entrance Conference – Pending (Notification letter sent on May 16, 2023)

The objectives of the audit are to obtain reasonable assurance regarding the efficiency and effectiveness of the overall process related to Patient's Property, Monies and Valuables. We will also ensure that adequate internal controls exist over the process of collecting, recording, safeguarding, distributing and accounting for Patient's Property, Monies and Valuables.

We will also conduct a similar review at NYC Health + Hospitals/Elmhurst.

3. *Other Activities*

- a) We are currently meeting with various levels of Management at Central Office, and we will be doing the same thing at the facilities to get an understanding of what the areas of concern are at each facility. The information will be incorporated into our Risk Assessment document and assist us in developing an audit plan for the upcoming Fiscal Year.
- b) Various meetings have been held with an outside consultant to develop a robust system-wide Risk Assessment. This process is being performed jointly with the Office of Corporate Compliance. This process will be shared with the audit committee once completed.

4. *Auxiliary Audits*

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 annual revenue of the Auxiliary.

The Bonadio Group has completed fourteen (14) draft reports for Calendar Year (CY) 2021. The Office of Internal Audits has reviewed and finalized those reports. Twelve (12) reports were Compilations as the Auxiliaries' revenues were below \$250,000, one (1) was a Review as the Auxiliary's revenues were between \$250,000 and \$750,000; and another was an Audit.

Two (2) reports remain outstanding for CY2020: Friends of North Central Bronx Hospital, and Queens Hospital Center. For Queens Hospital, the Office of Internal Audits reached out management on May 2, 2023 advising them that the Bonadio Group needs two individuals to sign the representation letter. This is required because it is a review report. Once this is done we will issue the reports to the appropriate individuals.

For Calendar Year (CY) 2022, the Office of Internal Audits has reviewed 5 draft reports, these reports will be issued once they become final.

AUXILIARY	CALENDAR YEARS REVIEWED	2018 REVENUES	2019 REVENUES	2020 REVENUES	2021 REVENUES
East New York Diagnostic & Treatment Center	2019/2020/2021	NA	\$5,522	\$4,650	\$4,950
Coney Island Hospital	2019/2020/2021	NA	\$5,906	\$5,003	\$5,233
Jacobi Medical Center	2018/2019/2020/2021	\$537,664	\$457,149	\$232,607	\$70,021
Renaissance Health Care	2018/2019/2020/2021	\$16,788	\$20,666	\$12,184	\$11,828
Coler Hospital	2018/2019/2020/2021	\$187,498	\$229,285	\$91,790	\$97,923
Carter Hospital Center	2018/2019/2020/2021	\$226,599	\$29,893	\$12,309	\$8,329
Cumberland Diagnostic & Treatment Center	2018/2019/2020/2021	\$104,367	\$76,782	\$31,683	\$30,240
Gouverneur Hospital	2018/2019/2020/2021	-\$146,562	\$997,683	\$751,055	\$658,222
Metropolitan Hospital Center	2018/2019/2020/2021	\$1,538,040	\$744,114	\$147,938	\$203,738
Lincoln Hospital Center	2019/2020/2021	NA	\$99,403	\$17,339	\$4,717
Woodhull Medical Center	2019/2020/2021	NA	\$234,293	\$19,925	\$22,984
Elmhurst Hospital Center	2018/2019/2020/2021	\$422,419	\$335,651	\$1,026,642	\$240,491
Dr. Susan Smith McKinney Nursing & Rehabilitation Center	2018/2019/2020/2021	\$80,714	\$77,547	\$12,102	\$4,600
Children of Bellevue	2018/2019/2020/2021	\$1,112,221	\$1,154,967	\$986,097	\$532,834
Bellevue Association	2019/2020	NA	\$243,272	\$83,823	Pending
Friends of Harlem Hospital Center	2018/2019/2020	\$133,487	\$215,341	\$276,382.00	Pending
Kings County Hospital Center	2018/2019/2020	\$58,804	\$21,142	\$43,407	Pending
Sea View Hospital and Home	2018/2019/2020	\$110,468	\$42,748	\$21,600	Pending
Harlem Hospital Center	2018/2019/2020	\$9,946	\$12,201	\$5,334	Pending
Bellevue Hospital Center	2018/2019/2020	\$151,939	\$938,114	\$543,122	Pending
Friends of North Central Bronx Hospital	2018/2019	\$131,555	\$74,525	Pending	Pending
Queens Hospital Center	2018/2019	Pending	Pending	Pending	Pending



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

Audit Committee Meeting

Corporate Compliance Report

June 5, 2023



**AUDIT COMMITTEE OF THE
NYC HEALTH + HOSPITALS
BOARD OF DIRECTORS**
Corporate Compliance Report
50 Water Street, 17th Floor
New York, NY 10004
June 5, 2023 @ 10:00 AM

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I. Monitoring Excluded Individuals and Vendors

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 March 14, 2023 through May 17, 2023

- 3) During the period March 14, 2023 through May 17, 2023, there were four (4) individuals or entities that appeared on the OIG or OMIG exclusion lists. One (1) was a potential employee whose offer letter was rescinded upon discovery of the exclusion. Three (3) individuals were agency employees from RightSourcing, whose assignments with the System had ended prior to the sanctions being imposed. There were no exclusions that resulted in an overpayment.

Death Master File and National Plan and Provider Enumeration System Screening

- 4) 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 (“NPPES”), respectively.
- 5) No providers were identified on the DMF or NPPES during the period March 14, 2023 through May 17, 2023.

II. Privacy Incidents and Related Reports

Breach Defined

- 6) 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.
- 7) 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.

Reported Breaches for the Period of March 14, 2023 through May 17, 2023

- 8) During the Reporting Period, fifty-two (52) incidents were entered in the case management system. Of the fifty-two (52) incidents, seventeen (17) 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 thirty (30) are still under investigation.
- 9) Of the seventeen (17) incidents confirmed as violations, eight (8) were determined to be breaches. Six (6) of the breaches resulted from a registration error (*e.g.* selecting the wrong patient upon registration or patient providing incorrect information); one (1) was the result of a medication list being given to the wrong patient; and one (1) was the result of the Release of Information (“ROI”) vendor disclosing medical records to the wrong recipient.
- 10) Of the ninety-eight (98) privacy incidents that were reported during the April 2023 Audit Committee meeting, thirty-five (35) were still under investigation at that time. Thirty-four (34) of those incidents have been closed. Of those thirty-four (34) incidents, eighteen (18) were found to be violations of our HIPAA Operating Procedures; and sixteen (16) were found not to be violations. Of the eighteen (18) incidents that were found to be violations, six (6) were determined to be breaches. Of the five (6) confirmed breaches, three (3) resulted when an after-visit summary



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was provided to the wrong patient; one (1) occurred when workforce members posted PHI to social media; one (1) was the result of a document being scanned into the wrong medical record; and one (1) resulted when a workforce member handed documents containing the PHI of one patient to another patient without checking each document to verify that the PHI belonged to the patient.

Office for Civil Rights (“OCR”) Reports Regarding HIPAA Incidents

- 11) The OCC received one letter from the OCR between March 14, 2023 and May 17, 2023. On April 17, 2023, the OCC received a letter from the OCR in response to the OCC’s March 20, 2023 Data Request submission to the OCR regarding a patient’s complaint to the OCR alleging that their physician impermissibly disclosed their PHI when their physician disclosed their PHI to the physician’s family members. In its April 17, 2023 letter, the OCR concluded that it was unable to substantiate the allegations in the complaint, and therefore closed the case.

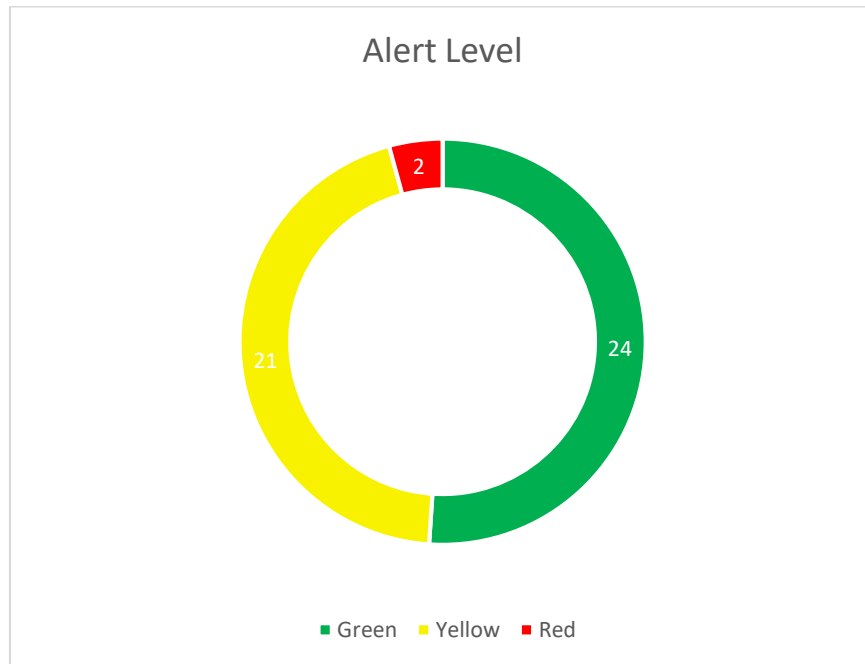
III. Compliance Reports

Summary of Reports for the Period of March 14, 2023 through May 17, 2023

- 12) During the period of March 14, 2023 through May 17, 2023, there were a total of forty-seven (47) compliance reports entered into the OCC’s tracking database.
- 13) The tracking database utilizes colored flags (red, yellow, and green) to represent the severity of the reports. During the reporting period, there were two (2) red reports, twenty-one (21) yellow reports, and twenty-four (24) green reports. One (1) red report was initiated, but never completed, by the reporter. Thus, there was insufficient information for the OCC to investigate. One (1) red report alleged the patient was mistreated by workforce members. This case was referred to Patient Experience for investigation.

Alert Status	
Green	24
Yellow	21
Red	2

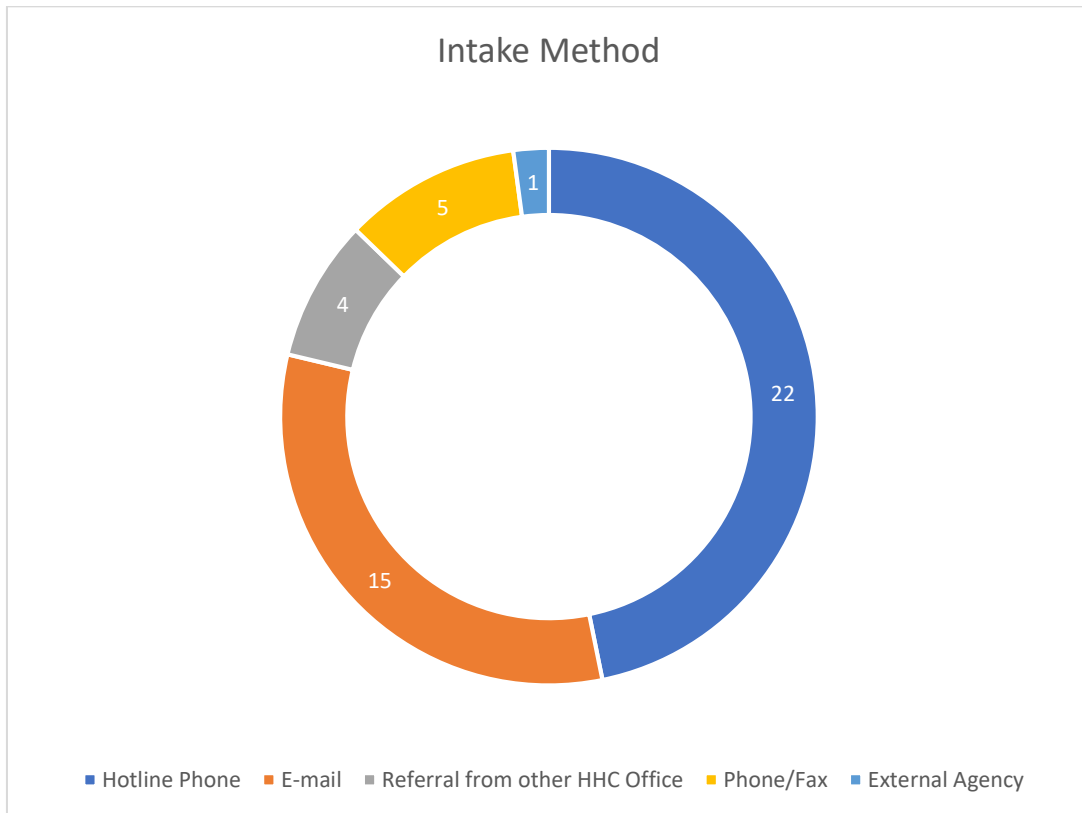
Total	47
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- 14) In addition, the database tracks reports by intake and issue type.

Intake method:

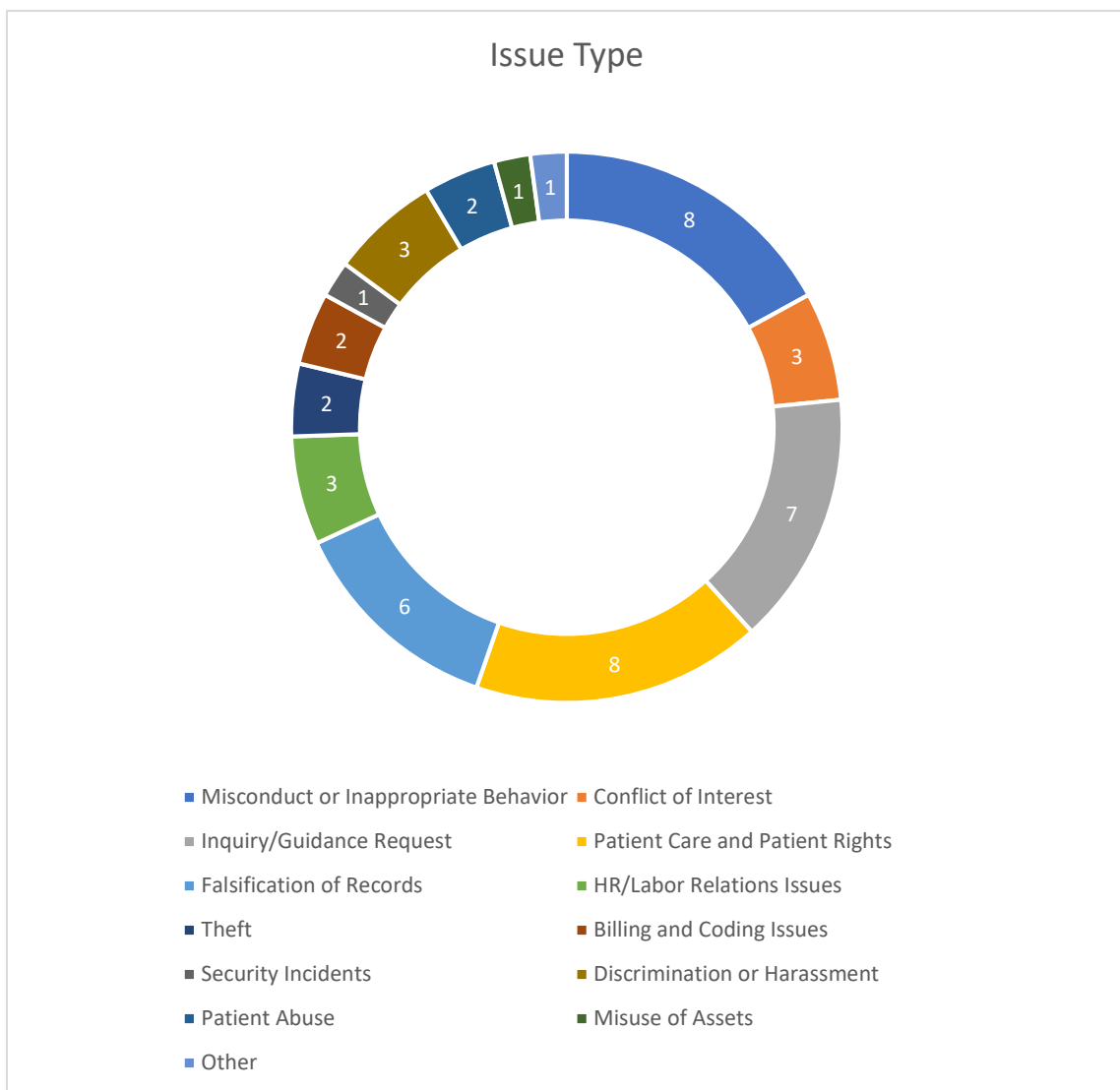
Intake Method	
Hotline Phone	22
E-mail	15
Referral from other HHC Office	4
External Agency	1
Phone/Fax	5
Total	47



Issue type:

Issue Type	
Misconduct or Inappropriate Behavior	8
Conflict of Interest	3
Inquiry/Guidance Request	7
Patient Care and Patient Rights	8
Falsification of Records	6
HR/Labor Relations Issues	3
Billing and Coding Issues	2
Theft	2
Discrimination or Harassment	3

Patient Abuse	2
Misuse of Assets	1
Security Incidents	1
Other	1
Total	47



IV. Billing and Coding Auditing Services

- 15) KPMG has made significant progress since the last Audit Committee meeting. Their Risk Assessment and Work Plan are completed, and they have kicked off the projects for inpatient, outpatient, Emergency Department (“ED”), and vendor coding retrospective audits. Samples have also been selected for these audits. KPMG has nearly halfway completed the inpatient audit fieldwork, which should be finished before July 4, 2023. Field work for all other audits has begun, and should be completed by July 21, 2023.
- 16) The findings from these audits will be utilized in the planning and scoping of focus audits in the respective categories (*e.g.*, inpatient, outpatient, and ED). The intent of this audit approach is to focus on high-risk areas that are identified in retrospective audits. The focus audits will likely begin in July or August, and will only use 2023 claims, so that the audits are more contemporaneous with the claims.
- 17) Based on the results of the retrospective and focus audits, prebill audits will be conducted in November and December

V. HIPAA Risk Analysis and Security Assessment

- 18) To ensure the System’s compliance with the requirements of HIPAA and HIPAA regulations, the System has again engaged Coalfire Systems, Inc. (“Coalfire”) to conduct its 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, in-person and virtual walk-throughs of the System’s facilities and clinics, and risk and compliance reviews of a sample of applications that create, receive, maintain or transmit ePHI. 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.



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- 19) Coalfire has assessed all of the Skilled Nursing Facilities and the acute care facilities, and is in the process of gathering documents and conducting interviews for the neighborhood health centers and school-based health centers. It has also begun its enterprise-wide review, and is continuing its review of the security controls of the System’s vendors that have access to the System’s ePHI.

VI. FY2024 Corporate Compliance Work Plan

- 20) On April 18, 2023, the Enterprise Compliance Committee (“ECC”) met to discuss the Draft FY2024 Corporate Compliance Work Plan (“FY2024 Work Plan”), which was developed from the FY2024 Risk Assessment. The FY2402 Work Plan was subsequently approved by the ECC, and includes four (4) items, one (1) of which is an acute care item, one (1) is a post-acute care item, and two (2) are System-wide items. The FY2024 Work Plan will be presented to the Audit Committee for approval and signature by the President.

VII. Enterprise-wide Risk Assessment

- 21) The OCC and the Office of Internal Audits are collaborating on the development of enterprise-wide risk assessments. The risk assessments will include compliance and operational risks, and the collaboration will allow the departments to share resources and leverage each other’s subject matter expertise. The first enterprise-wide risk assessment will be presented to the Audit Committee for FY2025.