



**AUDIT COMMITTEE
MEETING AGENDA**

July 16, 2024
10:00 A.M.
50 Water Street

CALL TO ORDER

- Adoption of Minutes May 6, 2024
- Executive Session

Ms. Sally Hernandez-Piñero

INFORMATION ITEMS

- KPMG 2024 Financial Audit Planning Presentation
- Internal Audits Update
- Compliance Update

Mr. David Guzman
Ms. Maria Tiso

Mr. Joseph O'Keefe

Ms. Catherine Patsos

OLD BUSINESS

Ms. Sally Hernandez-Piñero

NEW BUSINESS

ADJOURNMENT



AUDIT COMMITTEE TALKING POINTS – May 06, 2024

As Reported by: Ms. Sally Hernandez-Piñero

Committee Members Present: Mr. José Pagán, Dr. Katz, and Freda Wang

The meeting was called to order by Ms. Sally Hernandez-Piñero at 12:04 P.M.

Ms. Sally Hernandez-Piñero asked for a motion to adopt the minutes of the Audit Committee meeting held on February 5, 2024. A motion was made and duly seconded with all in favor to adopt the minutes.

Ms. Sally Hernandez-Piñero called on Mr. Guzmán to read and presented the resolution of Independent Audit Services for the record.

Authorizing the New York City Health and Hospitals Corporation (the "System") to execute an agreement with **KPMG LLC for the provision of audit services on behalf of the System, including its subsidiaries**, for an initial period beginning June 2024 through the end of the CY 2027 Audit period for an amount not to exceed \$5,566,000 over the full term. The System will have the right to terminate the agreement without cause with 30 days' notice.

Mr. Guzmán provided background on the resolution and reported that financial statements for the Health and Hospitals Corporation and its subsidiaries must be audited by an independent CPA firm as well as stated as such in the New York City Health and Hospital Corporate bylaws. Federal and State agencies also requires independent audit certification. He mentioned that Grant Thornton is the incumbent vendor, their recent contract expired in 2021 and had contract value of \$3,871,500. In 2021 an extension was signed and expires when all audits covering fiscal year end and calendar year end 2023 have been completed. Which is around the issuance of the financial statements for 1 of our subsidiaries on or around March/April 2024. The extension contract value was \$2,019,500.

The entities that fall within scope of the audit are The New York City Health and Hospitals Corporation, Metro Plus, HHC INSURANCE, HHC ACO, NY Community IPA(FY25-27) and Metro Plus OneX (CY26-27). The audit services cover tax return prep and state charities reporting for the Gotham health FQHC.

Mr. Guzmán turned it over to Mr. James Linhart Deputy Comptroller to discuss RFP process.

Mr. James Linhart discussed RFP Minimum Criteria that was establish first was that the audit firm needs to be on The New York City Comptroller's Pre-Qualified CPA listing, be registered with the New York State Department of States to do business, licensed and active in public accounting for at least 9 years and of those 9 years at least 5 of those years of successful experience auditing the revenue, expenditures and programs of State or local governments and health systems with revenues and expenditures over \$1.0 billion and the

bidder needs to have a MWBE Status Utilization Plan or Waiver request in order to participate in the RFP.

The scoring of the substantive criteria was 40% based on experience, 20% of cost, 10% expertise in federal and New York state reimbursement methodologies and regulations, 10% experience with public bond offerings and related requirements of underwriters and attorneys, 10% of depth of tax consulting division and 10% MWBE utilization.

The evaluation committee was made up of 7 individuals they were members of the audits, finance department and the reimbursements teams. One-member from Office of Legal Affairs, one-member internal audits team and 2 individuals from facilities finance and other subsidiaries. He discussed the Overview of Procurement process on November, 14th of 2023 the application to issue request for proposal approved by CRC, On February 20th, 2023 the RFP was posted on City Record and sent directly to 41 Vendors. On February 26, 2024 they held a Pre-proposal conference 8 vendors had participated in the proposal conference, On March 13th, 2024 we had received 6 proposals. The evaluation committee submitted their 1st set of scores on April 1st, 2024, and since the score for the top two bidders were within 5% of each other, it was deemed that a second vote was required. In the 2nd scoring, the evaluation committee selected KPMG.

Mr. David Guzman stated that KPMG was the top bidder, KPMG has done and continues to do some consulting /advisory work within the system, in accordance with the various professional auditing standards, including AICPA and GAO, KPMG must perform an analysis and determine that none of its advisory work would compromised its independence as our auditor.

In addition, KPMG has completed an initial independence analysis at our request, which we have reviewed carefully, and which determined that they do not have any advisory work with H+H that would impair KPMG'S independence as our auditor. KPMG will complete a full independence and risk clearance process if they are approved for the auditor work. David stated we will work closely with our counsel and KPMG to ensure that independence issues are fully analyzed and that appropriate safeguards, if any, are implemented before finalizing a contract with KPMG.

Mr. James Linhart stated that MWBE goal setting methodology for KPMG that they said can achieve a 25% goal and they are using vendor Katigbak CPA, otherwise known as TEAM Avaloria.

Ms. Sally Hernandez-Piñero asked David if Grant Thornton original contract was for 4 years before the extensions?

Mr. David Guzman responded yes.

Ms. Sally Hernandez-Piñero second question was we have a new accounting firm coming on how do we see that affecting the time line to complete the audit?

Mr. David Guzman responded that KPMG was actually our audit firm before Grant Thornton, so they have familiarity with our System, there will be a transition period and some incremental effort pursuant associated with that transition as there will be a discovery process. He does not believe there will any delay in terms of that transition process, this year will be atypical relative to prior years. We have been with the same firm for 6 years and a lot of that

work, unfortunately will fall on the Comptroller's division; he stated he is ready to take it on. I am sure Grant Thornton will also work with KPMG in accordance with auditing standards to really facilitate a professional transition.

Dr. Katz stated that Grant Thornton is not going away, it is in their interest to be cooperative just like KPMG had the contract before they are going to want it in the future. Periodically you should change auditors. They have looked at our System for 6 years it will be helpful to see what another auditor sees, Katz believes the transition would be pretty smooth.

Mr. James Linhart pointed out that the audit team that KPMG is proposing is familiar with us they were a part of our audit team back in 2017 predated Epic. With the discovery stage every Auditor and Accounting firm always give the courtesy of the new accounting firm the rights to open up the books and take a look and clip whatever is needed, they would share their work papers with them it is a normal practice.

Ms. Freda Wang ask does your audit delivery date change?

Mr. James Linhart answered no the audit delivery does not change it is due on October 18, we have to deliver it to the Comptroller's office for the City.

Ms. Freda Wang asked does the contract actually start like June 1st or June 30th? Can they get started before the end of the fiscal year?

Mr. James Linhart answered we are timing to start in June, we are not and can not provide them with any information or anything like that until the next round because we would have to take this to the Board.

Sally Hernandez-Piñero asked if there are any other questions this item is an item for voting. I will take a motion for adoption of the resolution, naming KPMG our auditors for the next auditing period she asks for a second Ms. Freda Wang said yes, Dr. Katz said yes and Mr. José Pagán said yes motion adopted.

Ms. Sally Hernandez-Piñero called on Ms. Catherine Patsos to read and present the resolution of Appointment of Record Management Officer for the record.

Approving the designation of Sofia Khalid, Executive Compliance and Privacy Officer, as the New York City Health and Hospitals Corporation (the "System") Record Management Officer (the "RMO"), as that term is defined under New York State Education Department regulations found at 8 NYCRR § 185.1(a), to coordinate the development of and oversee the System's records management program in accordance with the requirements set forth under Article 57-A of the New York State Arts and Cultural Affairs Law and the implementing regulations thereof.

Ms. Catherine Patsos stated that pursuant to the arts and cultural affairs law, all government, and public benefit corporations, which include the System are required to designate a records management officer which we currently have a vacancy in that position, Catherine and the Chief Corporate compliance officer nominates Sofia to serve as the Systems RO and Dr. Kats agrees with Catherine selection. She stated that Sofia is currently an Executive Compliance and Privacy Officer, she handles the matters related to Bellevue and Elmhurst and also assist Catherine with various system-wide compliance

matters and legal issues.

Sofia also manages HIPPA Compliance and Privacy including participating in the Annual Risk Assessments in reviewing and responding to potential compliance issues and complaints. Sofia has been part of the office of Compliance since April 2023 and prior to that Sofia was an Associate Compliance officer from 2016 to 2021 in between that she served as Deputy Data Privacy Compliance Council at Bloomberg where she served as a project manager for Data Protection Impact Assessments. Catherine confirm that Sofia has a Doctorate Degree she is licensed to practice in the State of New York, she also holds a certificate healthcare compliance, Sofia received her Health Care Compliance certificate from Seton hall in June 2016. I believe she was well qualified to carry out the functions set forth in the applicable law. With the approval of the audit committee I asked for the recommendation of the systems Audit Committee of Board of Directors to appoint Sofia Khalid Systems RMO.

Ms. Sally Hernandez-Piñero accepted a motion for adoption of the resolution all in favor please say yes everyone agreed.

Ms. Sally Hernandez-Piñero called on Joseph O'Keefe from Internal Audits Department.

Joseph O'Keefe started with the Internal Audit updates. The first audit he mentioned was the Correctional Health which the City Comptroller are auditing, he mentioned that's been going on for about a year it has been stuck in various legal issues over the last year and they are now starting to make some headway and progress in this audit.

The second item, the State Comptroller is auditing the Language Services provided by Health and Hospitals. The audit started back in December 2023, he mentioned the audit was reviewing whether or not we have adequate supervision of Language Services. He went on to discuss the third item which is of The BeHeard Program behavioral health audit. He mentioned that audit has also been going on for little under a year which the city comptroller office is auditing. He asked if anyone had a question?

Freda Wang asked him 2 are from the City and 1 is the state?

Joseph O'Keefe responded yes and clarified that Language Access is the New York State Comptroller and the other 2 are with the city.

The next item he presented was the 14 Internal Audits Planned for FY24. He mentioned 6 of the audits are completed 6 are in progress and 2 have not yet started.

Freda Wang asked would you anticipate to do all 14 still?

Joseph O'Keefe responded that they will be started but whether they will be completed by the end of the fiscal year he was not sure.

Freda Wang asked do we usually get a report on the audit?

Joseph O'Keefe responded yes, you will be getting the audits in reports under separate cover.

The last item he discussed was Auxiliary Audit, he mentioned they will be performed by Bonadio Group on our various Auxiliary. You can see there are various states of progress and completion. The CY-23 is the last year that the Internal Audit Department will pay for those Auxiliary Audits it is going to be the responsibility of the Auxiliary to complete its audit and pay for them.

Freda Wang asked what is the legal relationship of the auxiliary?

Joseph responded we have no legal relationship to the Auxiliary they are independent 501C3s, we have been paying for it because we have history with them and it one way to reassures us that its actually getting done.

Freda Wang asked so in the revenues slide in 2022 are those negatives are for the year?

Joseph Okeefe responded most of them are due to losses on investments and the facilities that were impacted were Bellevue, Gouverneur and Coler.

Ms. Sally Hernandez-Piñero called on Catherine Patsos to give an update on Compliance.

Catherine Patsos mentioned some of the activities of the office of Corporate Compliance in the last meeting and she reported the 2025 risk assessment. She also met with Internal Audit and prepared the draft risk assessment which was presented to the Enterprise Risk and Compliance Committee in February meeting and again in the April meeting when the risk assessment was approved by ERCC.

She went on to discuss Coalfire 2024 Risk Analysis as required by the HIPAA regulations and the document collection interviews in site visits for the skilled nursing facilities and the acute care facilities have been completed the same for the diagnostic treatment centers and the neighborhood health clinics also has started and the interviews for those sites began in April and the site visit will occur in May.

She went on to discuss Updates and New Operating procedures for code of ethics new operating procedure. Changes are as follow: Existing Code of Ethics, which applies to non-employees of the System, is very outdated and does not align with operations of the System, the revised Code of Ethics incorporates the conflicts of Interest Law requirements for System employees and Board Member, The revised code of Ethics also aligns with the current System operations, including the operation of Faculty Practice Plan and Affiliation Agreements, The revised Code of Ethics was approved by Dr.Katz on April 9, 2024 and the OCC will be sending a system-wide email alert workforce members of the OP. The Social Media Use was also revised : Updating this Operation Procedure to align with current social media outlets, and System values and philosophies and The OCC will be sending a system-wide email alert informing workforce members of the revised OP. The next update is Procedure for Identification of Unidentified Patients

Ms. Sally Hernandez-Piñero asked does the Compliance Plan come to the Audit Committee or The Board?

Ms. Catherine Patsos responded yes it goes to the Audit Committee in Executive Session in July.

Catherine went on to her next slide and mentioned she is working with the Data Analytics Team to develop a Policy Management Tool, that will allow us to automate the ease of Drafting and revising all kinds of resource documents, including offering procedures, policies, guidance documents, and tips sheets. Anything that is considered a resource for workforce numbers. She presented it to the Stakeholders on March 15, 2024 to get feedback on the tools. Catherine is currently working with EITS to have this tool into production and revising Operating Procedures to be completed by July 2024, notifications will be sent out to the owners of those operating procedures that it is time for them for review and revision.

Ms. Sally Hernandez-Piñero asked can you fresh our memories on the Genesis?

Catherine stated this is actually a work plan item to update the life of operating procedure library and then its kind of evolved into creating a system that can instead of just getting everybody to update their operating procedure let's put in place a tool that will assist in that process and get all the tools that would help facilitate the process and make it easier for operating procedures owners to get them up to date.

Freda Wang asked, can everybody access the library to look for operating procedures?

Catherine responded yes even on the Internet, keyword, Searchable and Tags.

Freda Wang asked is there a policy of how often OB needs to updated.

Catherine responded it really depends on the individual operating procedure but what is stated in the operating procedure on how frequently it needs to be updated. She also conducted workforce compliance survey in December 2023, unfortunately the response rate was much lower than the previous year, but she is planning to coordinate survey on compliance weeks so that the Compliance Officers encourage the people to take the survey at the high level. She reported that there was an increase in respondents that know how to contact the Office of Corporate Compliance or their Compliance Officers similar to last year. The supervisors and managers were the point of contact for people who had a compliance issue, which is fine as long as the supervisor managers knows to bring them to the Office of Compliance. The training provided good guidance and key lessons from it. She mentioned more than half of them want to see more electronic communications which will be implemented, as we roll out our communications plan in the coming months.

Her next slide was Compliance Report Metrics it displayed 1st quarter comparison from 2022,2023 and 2024 and we did have increase in 2024 1st quarter.

Ms. Sally Hernandez-Piñero asked what kind of cases that comes first in compliance report metrics?

Catherine responded it can be misconduct, inappropriate behavior, Human Resources issues, patient care, patient rights, falsification of record, Billing compliance and etc.

Ms. Sally Hernandez-Piñero asked if there was one category that jumped out, right in terms of a traumatic increase?

Catherine responded for compliance issues we do get a lot of human resources and labor relations types of issues.

Freda asked just on the compliance slide was there a big drop in 2023 just that quarter dropped or was the whole year a lot lower than?

Catherine responded the whole year was not a lot lower it was just the timing.

Ms. Sally Hernandez-Piñero stated asked is there any old business or new business to bring before the Committee.

Hearing none the Committee adjourn at 12:40.



New York City Health and Hospitals Corporation Discussion with those charged with governance

Audit plan and strategy for the year ending June 30, 2024

July 16, 2024





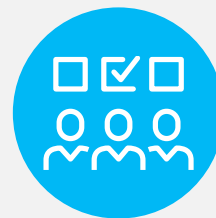
Delivering a better audit experience drives us

With KPMG, you can expect an experience that's better for your team, your organization, and the capital markets. An experience that's built for a world that demands agility and integrity.

We aim to deliver an exceptional client experience by focusing on:



Quality



Experience



Productivity



Insights

See how. 

Key themes for our discussion



Modernizing the audit experience



Enhancing your experience



Scope of the audit



Required communications



Audit Committee insights



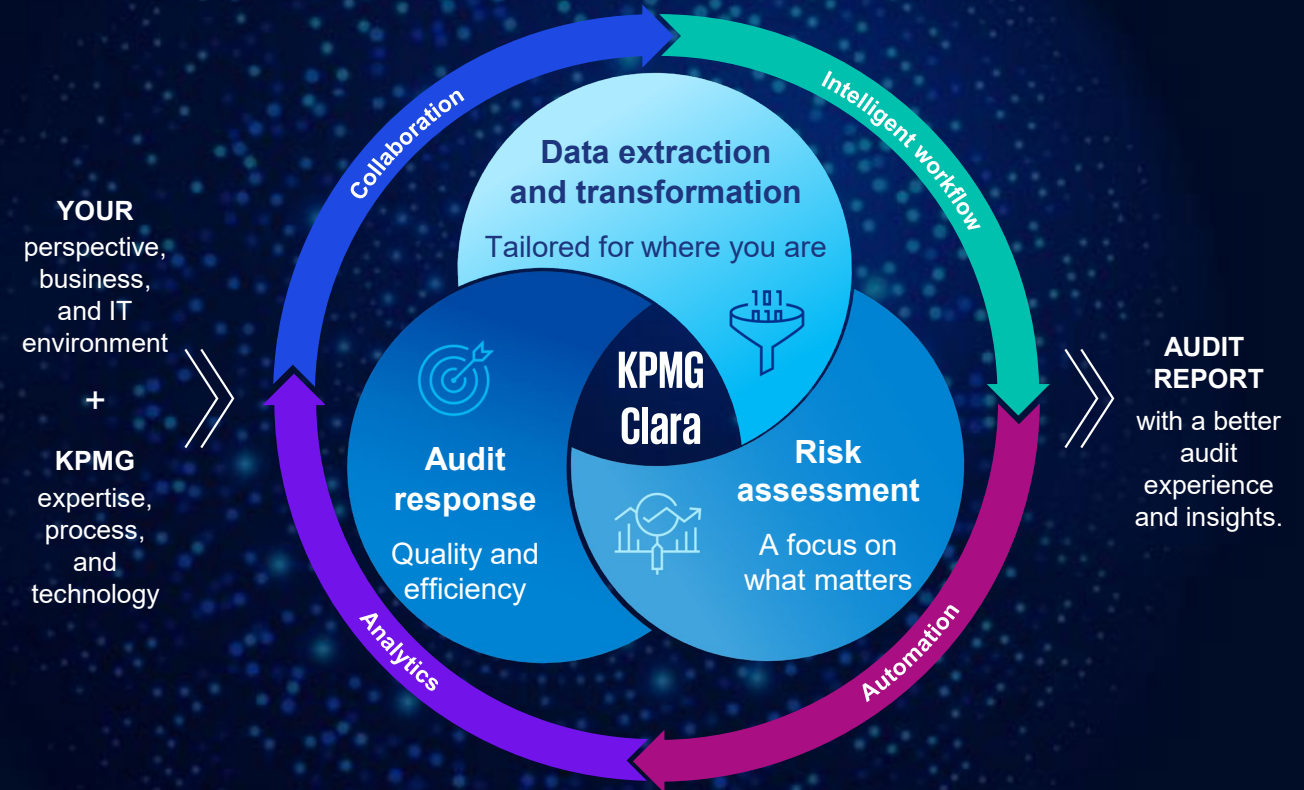
Key risks and our Audit Plan

An audit aligned to you

Your business is unique. We begin by listening—helping us better understand you and your organization in order to align our efforts.

Powered by our [KPMG Clara](#) platform, we bring clarity to the audit through a modernized approach that effectively coordinates the audit, powers our process with automation and analytics, and supports clear and transparent communication through the cycle.

KPMG Clara



Engagement management to fit your team

KPMG and New York City Health + Hospitals (the Corporation) have a joint interest in driving quality. That's why we're:



Aligning on key expectations to drive quality and an exceptional client experience



Actively listening to your feedback to inform our audit strategy and deliver value in the moments that matter



Proactively communicating and coordinating with all levels of management and those charged with governance, including updates on key milestones

Deliverables

- Auditor's report on the financial statements of New York City Health and Hospitals Corporation (the Corporation) as of and for year ended June 30, 2024
- Auditor's report on the financial statements of HHC ACO, Inc. as of and for year ended June 30, 2024
- Auditor's report on the statutory financial statements of MetroPlus Health Plan, Inc. as of and for year ended December 31, 2024
- Auditor's report on the statutory financial statements of HHC Insurance Company, Inc. as of and for year ended December 31, 2024
- Debt compliance letter in connection with the Corporation's outstanding bonds
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Auditor's reports in connection with cost reports for RHCF-4 (skilled nursing facilities) and AHCF-1 (diagnostic and treatment centers)



Client service team

National Sector Leader – Healthcare
Ash Shehata

Tax Principal
Felicia Tucker

Subject Matter Professionals
Steve Eisenstein – Actuary, Retirement Benefits
Emily Punttenney – Actuary, Claims Payable

Subcontractor
Katigbak CPA PLLC (d/b/a TEAM Avaloria)

Audit Engagement Partners / Managing Director

Maria Tiso – Lead Partner
Camille Fremont – Partner
Ryan Santonacita – Managing Director

Audit Engagement Senior Managers

Yimiao Chen (Lead)
Chris Dominianni (Cost Reports)

Audit Managers / Senior Associates / Associates

William Worswick – Manager
Lauren Kane – Manager
Steven Kucharczyk – Manager
Rudy Ricketts – Senior Associate
Various senior associates and associates

Account Executive
Jane Letts

Engagement Quality Control Reviewer
Steve Reader

MetroPlus Health Plan, Inc. and HHC Insurance Company, Inc.
Partner: Jocelyn Denalsky
Senior Manager: Eric Crossett



Required communications to those charged with governance

Prepared on: July 10, 2024

Presented on: July 16, 2024



Audit plan required communications and other matters

Our audit of the New York City Health and Hospitals Corporation (the Corporation) as of and for the years ended June 30, 2024, will be performed in accordance with auditing standards generally accepted in the United States of America, as well as the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. (MetroPlus Health Plan, Inc. and HHC Insurance Company, Inc., component units of the Corporation, are not audited in accordance with GAS).

Performing an audit of financial statements includes consideration of internal control over financial reporting (ICFR) as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's ICFR.

Matters to communicate		Response
Role and identity of engagement partner	✓	Lead audit engagement partner is: Maria Tiso
Significant findings or issues discussed with management	X	
Materiality in the context of an audit	✓	Page 10.
Our timeline	✓	Page 11.
Risk assessment: Significant risks	✓	Page 12.
Risk assessment: Additional risks identified	✓	Page 13.
Involvement of others	✓	Page 14.
Newly effective accounting standards	✓	Page 15.
Independence	✓	Page 16.
Responsibilities	✓	Page 17.
Inquiries	✓	Page 18.

✓ = Matters to report X = No matters to report

Materiality in the context of an audit

We will apply materiality in the context of the preparation and fair presentation of the financial statements, considering the following factors:

<p>Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.</p>	<p>Judgments about materiality are made in light of surrounding circumstances and are affected by the size or nature of a misstatement, or a combination of both.</p>	<p>Judgments about materiality involve both qualitative and quantitative considerations.</p>
<p>Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered.</p>	<p>Determining materiality is a matter of professional judgment and is affected by the auditor's perception of the financial information needs of users of the financial statements.</p>	<p>Judgments about the size of misstatements that will be considered material provide a basis for</p> <ol style="list-style-type: none">Determining the nature and extent of risk assessment procedures;Identifying and assessing the risks of material misstatement; andDetermining the nature, timing, and extent of further audit procedures.

KPMG proposed audit timeline

June 2024 – July 2024

Client onboarding, independence and planning procedures

- Perform independence clearance procedures under AICPA rules
- Perform due diligence inquiries with management and other (e.g. lawyers, bankers, predecessor auditors)
- Review of predecessor auditor workpapers
- Perform background checks of management members and client
- Provide engagement letter and general “prepared by client” (PBC) documentation list to management
- Planning and initial risk assessment procedures, including:
 - Involvement of others
 - Identification and assessment of risks of misstatements and planned audit response for certain processes
- Obtain and update an understanding of the Corporation and its environment
- Communicate audit plan

July 2024

Year-end

- Inquire of those charged with governance, management and others within the Corporation about risks of material misstatement
- Evaluate design and implementation (D&I) of entity level controls and process level controls for certain processes
- Ongoing risk assessment procedures, including:
 - Identification and assessment of risks of misstatements and planned audit response for remaining processes
- Communicate audit plan
- Identify IT applications and environments
- Perform tests of operating effectiveness (TOE) of relevant entity level and process level controls

July 2024 – October 2024

Year-end

- Perform process walkthroughs and identification of process risk points for remaining processes
- Evaluate D&I of process level controls for remaining processes
- Evaluate D&I of general IT and automated controls
- Perform TOE of relevant process level, general IT, and entity-level controls, where applicable
- Perform substantive audit procedures
- Evaluate results of audit procedures, including control deficiencies and audit misstatements identified
- Review financial statement disclosures
- Present audit results to those charged with governance and perform required communications

November 2024 – May 2025

Other deliverables

- Present and issue management letter for the Corporation
- Plan and perform audits for the following entities:
 - MetroPlus Health Plan, Inc.
 - HHC ACO, Inc.
 - HHC Insurance Company, Inc.
- Plan and perform audits for regulatory reports (AHCF-1 and RHCF-4) for the Corporation’s entities (timing to-be-determine based on State of New York)

Filing date: Issue audit report for the Corporation on financial statements in October 2024.

Risk assessment: Significant risks

Significant risk	Susceptibility to:	
	Error	Fraud
Management override of controls Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.	No	Yes



Risk assessment: Additional considerations

Audit areas

- Cash and cash equivalents
- AWUIL and U.S. government securities
- Due from / to third party payors
- Due from / to the City of New York
- Existence and accuracy of patient accounts receivable and net patient service revenue
- Premium receivable and revenue
- Grant receivable and grant revenue
- Appropriations revenue
- Lease liabilities
- Accounts payable and accrued salaries, fringe benefits, payroll taxes, and expenses
- Long-term debt and debt compliance
- Operating expenses (payroll, supplies, affiliation services)
- Capital assets, net
- Financial reporting
- Legal inquiries

Estimates

- Valuation of patient accounts receivable, net
- Valuation of claims payable liability
- Valuation of pension obligation
- Valuation of post-retirement obligations

Information technology matters

- Obtain general information and understanding of technology environment, including updates to new systems
- Test system-generated reports utilized during the audit

Involvement of others

Audit of financial statements	Extent of planned involvement
Internal Audit (IA)	The audit team will review all reports issued by IA and assess the impact of the IA's efforts on our planned audit approach and establish an appropriate level of coordination between KPMG and IA plans.
KPMG professionals with specialized skill or knowledge who are involved in performance of audit procedures	The engagement team will engage firm specialists to assist in the audit areas of pension, post-retirement benefits liabilities, and claims payable liability.

Newly effective accounting standards

Effective for 2024	Expected impact	Early adoption permitted
GASB 100, <i>Accounting Changes and Error Corrections</i> – an amendment of GASB Statement No. 62.	●	✓
Effective for 2025 and beyond		
GASB 101, <i>Compensated Absences</i>	●	✓
GASB 102, <i>Certain Risks Disclosures</i>	●	✓
GASB 103, <i>Financial Reporting Model Improvements</i>	●	✓

Expected impact: high ● moderate ● low ● none ○

Newly effective accounting standards

Effective for 2024	Expected impact
GASB 100, <i>Accounting Changes and Error Corrections</i> – an amendment of GASB Statement No. 62.	Low
<p>This Statement defines types of accounting changes as:</p> <ul style="list-style-type: none">• Changes in accounting principles• Changes in accounting estimates• Changes to or within the financial reporting entity• Corrections of an error (not an accounting change) <p>For each type, accounting and reporting requirements, as well as disclosures are outlined.</p> <p>Effective for fiscal years beginning after June 15, 2023.</p> <p>Potential impact: Organizations should review the definitions of various changes and update presentation and disclosures, as needed.</p>	

Shared responsibilities: Independence

Auditor independence is a shared responsibility and most effective when management, those charged with governance and audit firms work together in considering compliance with the independence rules. In order for KPMG to fulfill its professional responsibility to maintain and monitor independence, management, those charged with governance, and KPMG each play an important role.

System of Independence Quality Control

The firm maintains a system of quality control over compliance with independence rules and firm policies. Timely information regarding upcoming transactions or other business changes is necessary to effectively maintain the firm's independence in relation to:

- New affiliates (which may include subsidiaries, equity method investees/investments, sister companies, and other entities that meet the definition of an affiliate under AICPA independence rules)
- New officers or directors with the ability to affect decision-making, individuals who are beneficial owners with significant influence over the Corporation, and persons in key positions with respect to the preparation or oversight of the financial statements

Certain relationships with KPMG

Independence rules prohibit:

- Certain employment relationships involving directors, officers, or others in an accounting or financial reporting oversight role and KPMG and KPMG covered persons.
- The Corporation or its directors, officers, from having certain types of business relationships with KPMG or KPMG professionals.

Responsibilities



Management responsibilities

- Communicating matters of governance interest to those charged with governance.
- The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.



KPMG responsibilities – objectives

- Communicating clearly with those charged with governance the responsibilities of the auditor regarding the financial statement audit and an overview of the planned scope and timing of the audit.
- Obtaining from those charged with governance information relevant to the audit.
- Providing those charged with governance with timely observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process.
- Promoting effective two-way communication between the auditor and those charged with governance.
- Communicating effectively with management and third parties.



KPMG responsibilities – other

- If we conclude that no reasonable justification for a change of the terms of the audit engagement exists and we are not permitted by management to continue the original audit engagement, we should:
- Withdraw from the audit engagement when possible under applicable law or regulation;
- Communicate the circumstances to those charged with governance, and
- Determine whether any obligation, either legal contractual, or otherwise, exists to report the circumstances to other parties, such as owners, or regulators.
- Forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared, in all material respects, in accordance with the applicable financial reporting framework.
- Establishing the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.
- Communicating any procedures performed relating to other information, and the results of those procedures.

Inquiries

Are those charged with governance aware of:

- Matters relevant to the audit, including, but not limited to, violations or possible violations of laws or regulations?
- Any significant communications with regulators?
- Any developments in financial reporting, laws, accounting standards, corporate governance, and other related matters, and the effect of such developments on, for example, the overall presentation, structure, and content of the financial statements, including the following:
 - The relevance, reliability, comparability, and understandability of the information presented in the financial statements
 - Whether all required information has been included in the financial statements, and whether such information has been appropriately classified, aggregated or disaggregated, and presented?

Do those charged with governance have knowledge of:

- Fraud, alleged fraud, or suspected fraud affecting the Corporation's?
 - If so, have the instances been appropriately addressed and how have they been addressed

Additional inquiries:

- What are those charged with governance's views about fraud risks in the Corporation?
- Who is the appropriate person in the governance structure for communication of audit matters during the audit?
- How are responsibilities allocated between management and those charged with governance?
- What are the Corporation's objectives and strategies and related business risks that may result in material misstatements?
- Are there any areas that warrant particular attention during the audit and additional procedures to be undertaken?
- What are those charged with governance's attitudes, awareness, and actions concerning (a.) the Corporation's internal controls and their importance in the entity, including oversight of effectiveness of internal controls, and (b.) detection of or possibility of fraud?
- Have there been any actions taken based on previous communications with the auditor?
- Has the Corporation entered into any significant unusual transactions?
- Whether the entity is in compliance with other laws and regulations that have a material effect on the financial statements?
- What are the other document(s) that comprise the annual report, and what is the planned manner and timing of issuance of such documents?



Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

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Office of Internal Audits Update

Audit Committee Meeting
July 16, 2024

Joseph O’Keefe, CPA CHC – Chief Internal Audit Officer

External Audits Update

- **EXTERNAL AUDITS - Audit of the Department of Corrections 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
- Coordination on audit taking place between Agencies under review and Mayor’s Office of Community Mental Health
- On February 13, 2023, an entrance conference was held between NYC Health + Hospitals personnel and the New York City Comptroller’s Office (CO).
- Audit is on-going

External Audits Update

- **EXTERNAL AUDITS - Audit of Language Access Services**
- Audit Notification Letter Received – December 21, 2023
- Entrance Conference – January 17, 2024
- Status: In progress
- Audit by The Office of State Comptroller looking at Language Access Services provided
- Audit is on-going

External Audits Update

- **EXTERNAL AUDITS - Audit of the Behavioral Health Emergency Assistance Response Division's and New York City Police Department's role in the response and treatment of mental health crisis**
- Audit Notification Letter Received – August 11, 2023
- On September 13, 2023, an entrance conference was held between NYC Health + Hospitals personnel and the New York City Comptroller's Office (CO).
- At the entrance conference, the CO made various requests for information, which were supplied.
- Audit is on-going

- Number of Audits on FY 2024 Plan. 14
- Completed Audits 6
- In Progress 7
- Not Started 1

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 fifteen (15) reports for Calendar Year (CY) 2021. The Office of Internal Audits has reviewed and issued those reports. Twelve (12) reports were Compilations as the Auxiliaries' revenues were below \$250,000, two (2) were Reviews as the Auxiliaries' revenues were between \$250,000 and \$750,000; and another was an Audit. Four (4) reports remained in a pending status and 2 will be dissolved.

For Calendar Year (CY) 2022, The Office of Internal Audits has finalized and issued eleven (11) reports. Nine (9) reports were Compilations, one (1) Review and (1) Audit. Seven (7) reports remained in a pending status and 2 will be dissolved. A management decision was made not to complete two of the auxiliaries because of the revenue. The cost outweigh the benefit.

Auxiliary Audits List Status Update as of April 19, 2024

	CALENDAR YEARS REVIEWED	2018 REVENUES	2019 REVENUES	2020 REVENUES	2021 REVENUES	2022 REVENUES
Jacobi Medical Center	2018 – 2022	\$537,664	\$457,149	\$232,607	\$70,021	\$33,985
Renaissance Health Care	2018 – 2022	\$16,788	\$20,666	\$12,184	\$11,828	\$11,475
Coler Hospital	2018 – 2022	\$187,498	\$229,285	\$91,790	\$97,923	(\$108,876)
Carter Hospital Center	2018 – 2022	\$226,599	\$29,893	\$12,309	\$8,329	\$5,355
Gouverneur Hospital	2018 – 2022	(\$146,562)	\$997,683	\$751,055	\$658,222	(\$1,109,261)
Woodhull Medical Center	2019 – 2022	NA	\$234,293	\$19,925	\$22,984	\$61,717
South Brooklyn Health (formerly Coney Island Hospital)	2019 – 2022	NA	\$5,906	\$5,003	\$5,233	\$5,369
Children of Bellevue	2018 – 2022	\$1,112,221	\$1,154,967	\$986,097	\$532,834	\$1,332,137
Lincoln Hospital Center	2019 – 2022	NA	\$99,403	\$17,339	\$4,717	\$4,864
Bellevue Hospital Center	2018 – 2022	\$151,939	\$938,114	\$543,122	\$834,950	(\$880,396)
Cumberland Diagnostic & Treatment Center	2018 – 2022	\$104,367	\$76,782	\$31,683	\$30,240	\$4,735
East New York Diagnostic & Treatment Center	2019 – 2021	NA	\$5,522	\$4,650	\$4,950	NA
Metropolitan Hospital Center	2018 – 2021	\$1,538,040	\$744,114	\$147,938	\$203,738	Pending
Elmhurst Hospital Center	2018 – 2021	\$422,419	\$335,651	\$1,026,642	\$240,491	Pending
Dr. Susan Smith McKinney Nursing & Rehabilitation Center	2018 – 2021	\$80,714	\$77,547	\$12,102	\$4,600	Pending
Bellevue Association	2019 – 2020	NA	\$243,272	\$83,823	Pending	Pending
Friends of Harlem Hospital Center	2018 – 2020	\$133,487	\$215,341	\$276,382	Pending	Pending
Kings County Hospital Center	2018 – 2020	\$58,804	\$21,142	\$43,407	Pending	Pending
Sea View Hospital and Home	2018 – 2020	\$110,468	\$42,748	\$21,600	Dissolution	Dissolution
Harlem Hospital Center	2018 – 2020	\$9,946	\$12,201	\$5,334	NA	NA
Queens Hospital Center	2018 – 2020	\$330,779	\$29,649	\$28,153	Pending	Pending
Friends of North Central Bronx Hospital	2018 – 2019	\$131,555	\$74,525	Dissolution	Dissolution	Dissolution

Audit Committee Meeting

July 16, 2024

Corporate Compliance Report

Catherine Patsos - Corporate Compliance Officer



Compliance Activities

- **FY2025 Risk Assessment Update**
 - The Office of Corporate Compliance (“OCC”) and Internal Audits prepared the Draft FY2025 Risk Assessment, and presented it to the Enterprise Risk and Compliance Committee (“ERCC”) in February.
 - At the April 30, 2024 meeting, the ERCC discussed the Draft FY2025 Risk Assessment further.
 - The ERCC approved the final FY2025 Risk Assessment at its June 21, 2024 meeting. The Compliance risks from that Risk Assessment are incorporated into the FY2025 Corporate Compliance Work Plan, which is being presented to the Audit Committee for review and approval.

Compliance Activities (cont'd)

- **Coalfire 2024 Risk Analysis**
 - Document collection, interviews, and site visits for the Skilled Nursing Facilities and the Acute Care Facilities has been completed, and the OCC is reviewing the workbooks for these facilities.
 - Document collection, interviews, and site visits have been completed for the Diagnostic & Treatment Centers and Neighborhood Health Clinics. The workbooks for these facilities are being prepared by Coalfire.

Compliance Activities (cont'd)

- HIPAA Risk Analysis & Security Assessment RFP
 - Coalfire's contract ends on December 31, 2024.
 - On June 11, 2024, the Contract Review Committee approved the OCC's request to issue a RFP to identify a vendor to provide HIPAA Risk Analysis and Security Assessment services for three years with two one-year options to renew.
 - The RFP will be sent to existing known vendors, and will be posted to the City Register this month.

Compliance Activities (cont'd)

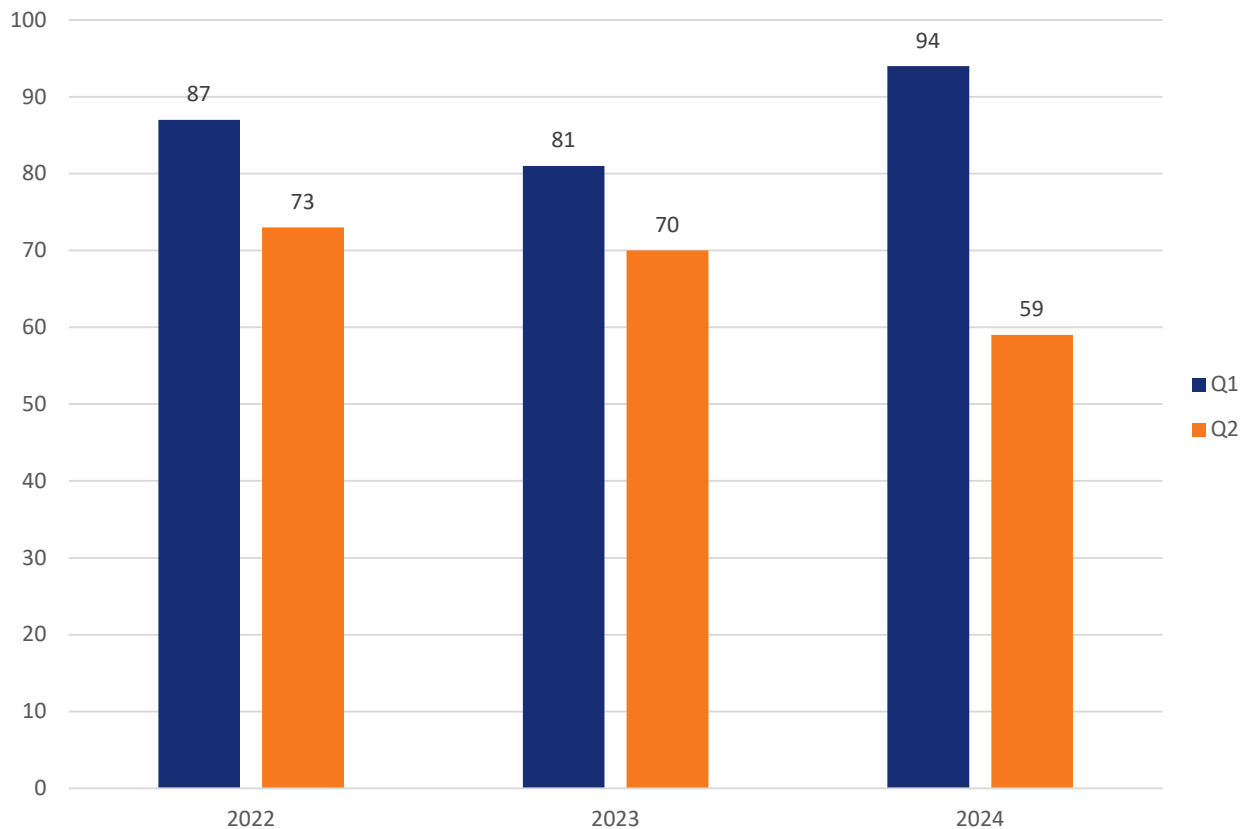
- General Compliance Training Module has been completed, and enrollment will occur this month. The module is split into two parts:
 - Fraud, Waste, and Abuse
 - Code of Conduct
- Appointment of a new Corporate Records Management Officer
- OCC Communications Plan:
 - Hot Topics emails
 - Posting Compliance FAQs on the OCC's Intranet page
 - Compliance screen savers
 - Articles in the Insider
 - Infographics

New Regulatory Rules

- On February 16, 2024, the U.S. Department of Health and Human Services published its final rulemaking in the Federal Register on the confidentiality of Substance Use Disorder Patient Records. The final rule became effective on April 16, 2024; however, compliance with the rule isn't required until February 16, 2026.
- On April 26, 2024, the Office for Civil Rights ("OCR") published its final rulemaking on Reproductive Health Care Privacy in the Federal Register.
- Both final rules will require changes to the System's Notice of Privacy Practices ("NPP"), and will likely require changes to the Treatment, Payment, and Health Care Operations ("TPO") form.
- The OCC will be working with the Office of Legal Affairs to effectuate these changes. The OCC will also be revising the System's HIPAA Privacy Operating Procedures as necessary to comport with these final rules.

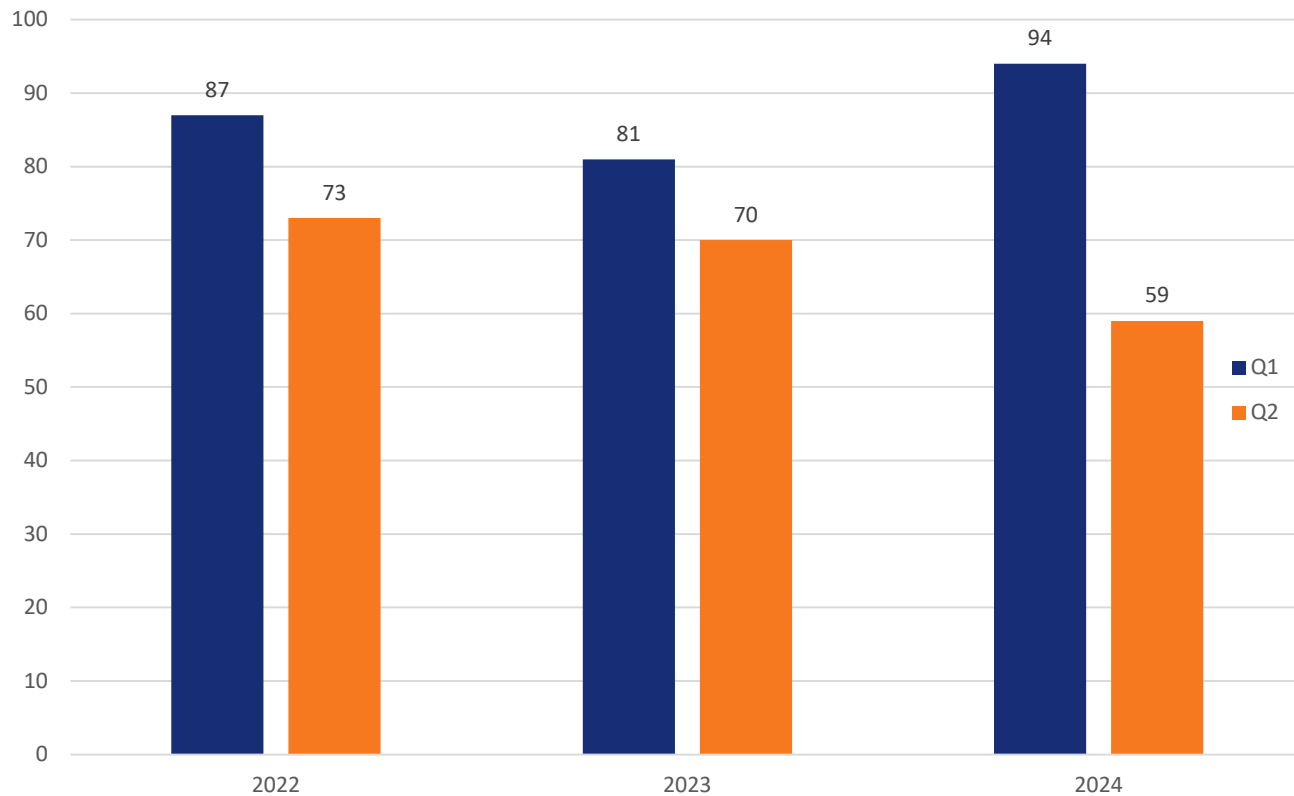
Compliance Report Metrics

- Comparative analysis of compliance cases for 2022, 2023, and 2024 (Q1 and Q2)



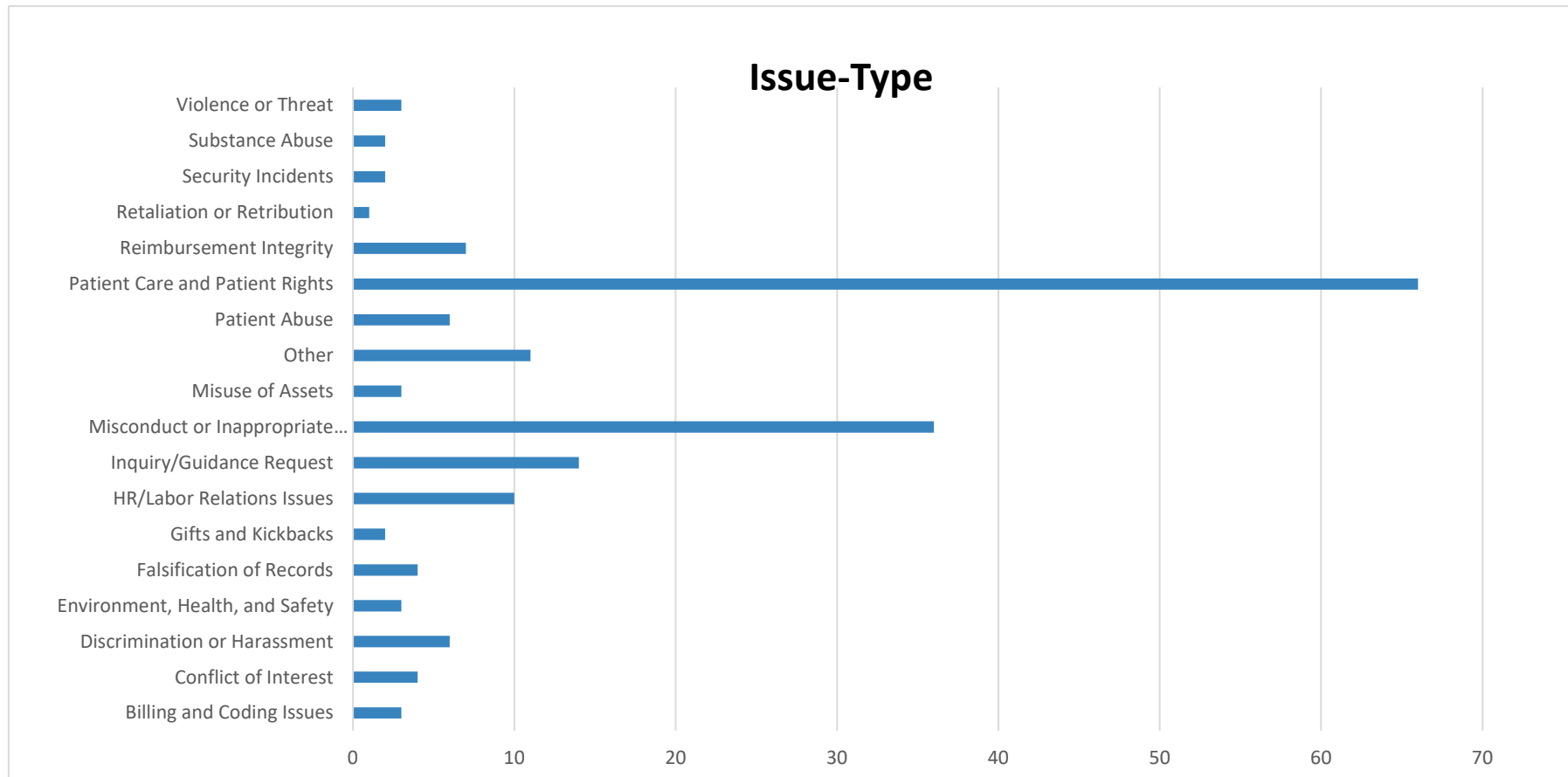
Privacy Report Metrics

- Comparative analysis of privacy cases for 2022, 2023, and 2024 (Q1 and Q2)



Issue Types

■ Non-privacy issue types for 2024



Reporting Source

- Reporting source for 2024 indicates how the OCC was contacted

