

## BOARD OF TRUSTEES

### Compliance and Audit Committee

Thursday, September 12, 2024  
10:00 A.M.

BOARD ROOM  
4800 Fournace Place, Bellaire, Texas 77401

The meeting may be viewed online at: <http://harrishealthtx.swagit.com/live>

*Notice: Some Board Members may participate by videoconference.*

#### Mission

Harris Health is a community-focused academic healthcare system dedicated to improving the health of those most in need in Harris County through quality care delivery, coordination of care, and education.

## AGENDA

- |  |                                  |
|--|----------------------------------|
| <b>I. Call to Order and Record of Attendance</b>   | <b>Ms. Carol Paret    2 min</b>  |
| <b>II. <u>Approval of the Minutes of Previous Meeting</u></b>  | <b>1 min</b>                     |
| <ul style="list-style-type: none"> <li>• <u>Compliance and Audit Committee Meeting – May 16, 2024</u></li> </ul>   |                                  |
| <b>III. <u>Presentation Regarding the Harris Health System Quarterly Internal Audit Update as of September 12, 2024 – Ms. Sharon Brantley Smith, Chief Assistant County Auditor</u></b>  | <b>10 min</b>                    |
| <b>IV. <u>Presentation Regarding Compliance Education – U.S. Department of Health and Human Services, Office of Inspector General's General Compliance Program Guidance (November, 2023) – Ms.Carolynn Jones</u></b>   | <b>15 min</b>                    |
| <ul style="list-style-type: none"> <li>• <u>Compliance Program Infrastructure: The Seven Elements [Part 2 of 3]</u></li> </ul>   |                                  |
| <b>V. Executive Session</b>  | <b>Ms. Carol Paret    60 min</b> |
| <b>A. <u>Presentation Regarding Harris County Auditor's Report Related to Details of Past-due High-priority Management Action Plans (MAPs), Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health &amp; Safety Code Ann. §161.032, Tex. Gov't Code Ann. §418.183 and Tex. Gov't Code Ann. §551.071 – Ms. Sharon Brantley Smith, Chief Assistant County Auditor</u></b> | <b>(10 min)</b>                  |
| <b>B. <u>Presentation Regarding Harris County Auditor's Report Related to Baylor Provider Invoicing, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health &amp; Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §551.071 – Ms. Sharon Brantley Smith, Chief Assistant County Auditor</u></b>   | <b>(10 min)</b>                  |

- C. [Presentation Regarding Harris County Auditor’s Report Related to Nursing Licenses, Pursuant to Tex. Health & Safety Code Ann. §161.032 – Ms. Sharon Brantley Smith, Chief Assistant County Auditor](#) (10 min)

- D. [Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Tex. Health & Safety Code Ann. §161.032, and Possible Action Upon Return to Open Session – Ms. Carolynn Jones](#) (30 min)

VI. Reconvene	Ms. Carol Paret	1 min
VII. Adjournment	Ms. Carol Paret	1 min

**HARRIS HEALTH SYSTEM**  
**MINUTES OF THE BOARD OF TRUSTEES**  
**COMPLIANCE & AUDIT COMMITTEE MEETING**  
**Thursday, May 16, 2024 | 10:00 AM**

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<b>I. Call to Order and Record of Attendance</b>	Ms. Carol Paret, Committee Chair, called the meeting to order at 9:42 a.m. It was noted there was a quorum present and the attendance was recorded. The meeting may be viewed online through the Harris Health website: <a href="http://harrishealthtx.swagit.com/live">http://harrishealthtx.swagit.com/live</a> .	
<b>II. Approval of the Minutes of the Previous Meeting</b> Compliance and Audit Committee Meeting – February 15, 2024		<b>Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret, and unanimously approved the minutes of the February 15, 2024 meeting</b>
<b>III. Presentation of the Harris Health System Independent Auditor’s Planning Communication Regarding the Harris County Hospital District 401(k) and the Harris County Hospital District Pension Benefit Plans for the Year Ended December 31, 2023</b>	Mr. Ryan Singleton, Managing Director, FORVIS, delivered a presentation of Harris Health System Independent Auditor’s Planning Communication Regarding the Harris County Hospital District 401(k) and the Harris County Hospital District Pension Benefit Plans for the Year Ended December 31, 2023. He outlined the scope, audit standards, planned timing, and major risks of material misstatement identified during the audit planning phase. A copy of the presentation is available in the permanent record.	<b>As Presented.</b>
<b>IV. Information Only</b>		
<b>A. Independent Auditor’s Pre-audit Communication for the Harris County Hospital District 401(k) Plan Year Ended December 31, 2023</b>	A copy of the pre-audit communication is available in the permanent record.	

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<b>B. Independent Auditor's Pre-audit Communication for the Harris County Hospital District Pension Plan Year Ended December 31, 2023</b>	A copy of the pre-audit communication is available in the permanent record.	
<b>V. Presentation Regarding the Harris Health System Quarterly Internal Audit Update as of May 16, 2024</b>	Mr. Michael Post, Harris County Auditor, introduced Ms. Sharon Brantley as the Chief Assistant County Auditor for the Harris County Auditor's Office. Ms. Sharon Brantley, presented on the Harris Health System Quarterly Internal Audit Update as of May 16, 2024. She gave an overview of the two (2) completed engagements and seven (7) ongoing engagements, which are expected to be reported at the September 2024 Compliance and Audit Committee meeting. She also summarized the outstanding management action plans and shared insights related to the Medical Device Security Audit. Ms. Brantley noted that planning for the annual risk assessment will commence in July, with draft audit plans expected to be prepared in October. A copy of the presentation is available in the permanent record.	<b>As Presented.</b>
<b>VI. Consideration of Recommendation for Approval of the 2024 Compliance and Audit Committee Goals to the Harris Health System Board of Trustees</b>	<p>Ms.Carolynn Jones, Executive Vice President, Chief Compliance and Risk Officer, presented the recommended 2024 Compliance and Audit Committee Goals to the Harris Health System Board of Trustees for approval as follows:</p> <ul style="list-style-type: none"> <li>• To receive comprehensive education on the U.S. Department of Health and Human Services Office of Inspector General's General Compliance Program Guidance issued in November 2023, with a specific focus on Board Compliance Oversight;</li> <li>• To review and recommend for adoption to the Board, annual Compliance Program, Internal Audit, and Internal Quality Audit Plans; and</li> <li>• To review and make recommendations regarding Compliance Program, Internal Audit, and Internal Quality Audit completed and in progress auditing and monitoring activities.</li> </ul>	<b>Moved by Ms. Jennifer Tijerina, seconded by Ms. Carol Paret, and unanimously accepted that the Committee recommends that the Board approve item VI.</b>

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<p><b>VII. Presentation Regarding Compliance Education – U.S. Department of Health and Human Services, Office of Inspector General’s General Compliance Program Guidance (November, 2023)</b></p> <ul style="list-style-type: none"> <li>Health Care Fraud Enforcement and Other Standards: Overview of Certain Federal Laws [Part 1 of 3]</li> </ul>	<p>Ms. Carolynn Jones, Executive Vice President, Chief Compliance and Risk Officer, delivered a presentation regarding Compliance Education – U.S. Department of Health and Human Services, Office of Inspector General’s General Compliance Program Guidance (November, 2023). She delivered a high-level overview of the key laws, statutes, and regulations including: 1) the Federal Anti-Kick Back Statute, 2) the Physician Self-Referral Law, 3) False Claims Act (FCA), 4) Civil Monetary Penalty Authorities, 5) Exclusion Authorities, 6) the Criminal Health Care Fraud Statute, and 7) the Health Insurance Portability and Accountability Act (HIPAA) Privacy and Security Rules. A copy of the presentation is available in the permanent record.</p>	<p><b>As Presented.</b></p>
<p><b>VIII. Executive Session</b></p>	<p>At 10:19 a.m., Ms. Carol Paret stated that the Compliance &amp; Audit Committee would go into Executive Session for Items ‘A through E’ as permitted by law under Tex. Occ. Code Ann. §§151.002 and 160.007, Tex. Gov’t Code Ann. §551.085 and Tex. Health &amp; Safety Code Ann. §161.032.</p>	
<p><b>A. Review of the Audited Financial Statements for the Twelve Months Ending December 31, 2023, Pursuant to Tex. Gov’t Code Ann. §551.085 for Community Health Choice, Inc. and Community Health Choice Texas, Inc.</b></p>		<p><b>No Action Taken.</b></p>

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<b>B. Presentation Regarding Harris County Auditor's Report Related to Medical Device Security, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Occ. Code Ann. §160.007 and Tex. Health &amp; Safety Code Ann. §161.032</b>		<b>No Action Taken.</b>
<b>C. Presentation Regarding Harris County Auditor's Report Related to HIPAA Privacy Controls, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Occ. Code Ann. §160.007 and Tex. Health &amp; Safety Code Ann. §161.032</b>		<b>No Action Taken.</b>
<b>D. Presentation Regarding Harris County Auditor's Report Related to Details of Past-due High-priority Management Action Plans (MAPs), Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Occ. Code Ann. §160.007 and Tex. Health &amp; Safety Code Ann. §161.032</b>		<b>No Action Taken.</b>

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<b>E. Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Tex. Health &amp; Safety Code Ann. §161.032, and Possible Action Upon Return to Open Session</b>		
<b>IX. Reconvene</b>	At 11:33 a.m., Ms. Carol Paret reconvened the meeting in open session; she noted that a quorum was present and that no action was taken in Executive Session.	
<b>X. Adjournment</b>	There being no further business, the meeting adjourned at 11:33 a.m.	

I certify that the foregoing are the Minutes of the Meeting of the Compliance and Audit Committee of the Board of Trustees of the Harris Health System held on May 16, 2024.

Respectfully submitted,

Ms. Carol Paret, BS, Committee Chair

Recorded by Cherry A. Pierson, MBA

Thursday, May 16, 2024

**Harris Health System Board of Trustees Board Meeting – Compliance & Audit Committee Attendance**

**Note:** For Zoom meeting attendance, if you joined as a group and would like to be counted as present, please submit an email to: [BoardofTrustees@harrishealth.org](mailto:BoardofTrustees@harrishealth.org) before close of business the day of the meeting.

BUDGET & FINANCE COMMITTEE MEMBERS PRESENT	BUDGET & FINANCE COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Afsheen Davis	Dr. Andrea Caracostis ( <i>Ex-officio</i> )	
Carol Paret ( <i>Presiding Committee Chair</i> )		
Jennifer Tijerina		

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Anthony Williams	Michael Hill
Bruce Tran ( <i>Harris County Auditor's Office</i> )	Michael Kaitschuck
Carolynn Jones	Dr. Michael Nnadi
Catherine Walther	Michael Post ( <i>Harris County Auditor's Office</i> )
Cherry Pierson	Nicholas J. Bell
Cornelius "Sebastian" Berry ( <i>Harris County Attorney's Office</i> )	Olga Rodriguez
Daniel Smith	Omar Reid
Derek Curtis	Patricia Darnauer
Ebon Swofford ( <i>Harris County Attorney's Office</i> )	R. King Hillier
Elizabeth Hanshaw Winn ( <i>Harris County Attorney's Office</i> )	Randy Manarang
Dr. Esmail Porsa ( <i>Harris Health System President &amp; CEO</i> )	Ryan Singleton ( <i>FORVIS</i> )
Dr. Glorimar Medina	Dr. Sandeep Markan
Dr. Jennifer Small	Sara Thomas ( <i>Harris County Attorney's Office</i> )
Jennifer Zarate	Sharon Brantley-Smith ( <i>Harris County Auditor's Office</i> )
Jerry Summers	Shawn DeCosta
John Matcek	Dr. Steven Brass
Kari McMichael	Dr. Tien Ko
Lisa Wright ( <i>Community Health Choice</i> )	Travis Belson ( <i>FORVIS</i> )
Louis Smith	Veronica Kasdorf
Matt Howell ( <i>FORVIS</i> )	Vivian Ho-Nguyen
Dr. Maureen Padilla	



Thursday, September 12, 2024

Presentation Regarding the Harris Health System Quarterly Internal Audit Update  
as of September 12, 2024

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*Sharon Brantley Smith*

Sharon Brantley Smith

Chief Assistant County Auditor, Harris Health  
Harris County Auditor's Office



# **Harris Health System Internal Audit Quarterly Update as of September 12, 2024**

Michael Post, Harris County Auditor

Sharon Brantley Smith, Chief Assistant County Auditor, Harris Health

**HARRISHEALTH**



## **Our Mission**

Provide independent, objective assurance and consulting services, utilizing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

## **Our Goal**

Serve as a trusted assurance partner by completing at least 75% of the annual Audit Plan by fiscal year-end and providing deliverables that add value and support Harris Health's achievement of its Strategic Plan.

# Audit Plan Status

**HARRISHEALTH**

# Completed Engagements

Audit	Objective	Scope Period	Overall Conclusion
<b>Baylor Provider Invoicing (Co-sourced with Corporate Compliance)</b>	Determine whether controls exist to ensure Baylor physician services invoices are complete, compliant with the agreement, and accurate prior to payment.	July 2021 – June 2023	<i>This is a privileged engagement. Results will be discussed in Executive Session.</i>
<b>Nursing Licenses</b>	Validate the risk reduction strategies in place for ensuring nursing licenses are current.	May 2023 – March 2024	<i>This is a privileged engagement. Results will be discussed in Executive Session.</i>
<b>M/WBE Program and Policy</b>	Validate the status of corrective action plans from the 2022 Disparity Study and evaluate compliance with Harris Health's M/WBE Program Policy.	May 2022 - November 2023	<p>Harris Health has implemented corrective action plans from the 2022 Disparity Study and established a Contractor Diversity Program that aligns with the organization's M/WBE Program Policy established in September 2022. As the Contractor Diversity Program matures, there are opportunities to ensure the completeness of contract data in PeopleSoft and B2GNow, improve communication and documentation for consistency, timely M/WBE evaluations of new contracts and contract renewals, and enhance the monitoring of M/WBE contracts.</p> <p><i>See <b>Appendix A</b> for full report.</i></p>

# Completed Engagements (continued)

Audit	Objective	Scope Period	Overall Conclusion
Benefits Eligibility	Evaluate controls for ensuring benefits eligibility for spouses and dependents.	January 2023 – December 2023	<p>Harris Health has implemented policies and procedures to govern benefits eligibility for spouses and dependents. There is an opportunity, however, to improve controls over benefits eligibility by ensuring:</p> <ul style="list-style-type: none"> <li>• The retention of supporting documentation for dependent eligibility</li> <li>• Efficient controls to prevent ineligible dependents over the age of 26 from receiving benefits</li> <li>• Automated controls to prevent simultaneous enrollments</li> <li>• Formalized procedures for the appeal process</li> <li>• Consistency between benefit policies and guidelines</li> </ul> <p>See <b>Appendix B</b> for full report.</p>

# In-Progress Engagements

Audit	Objective	Scope Period	Status	Expected Compliance and Audit Committee Presentation Date
IT Asset Management	Determine whether IT assets are properly tracked and retired.	December 2023 – May 2024	Fieldwork	November 2024
UKG Post-Implementation Audit	Determine whether the UKG timekeeping system is operating effectively according to intended outcomes.	September 2023 – May 2024	Fieldwork	November 2024
Outpatient Appointment Utilization	Evaluate operational processes for identifying and following up on trends and root causes for outpatient appointment cancellations, no-shows, and rescheduling.	February – July 2024	Planning	November 2024
Inpatient Non-Formulary Drug Process	Evaluate processes and controls for the utilization of non-formulary drugs and related trends.	February – August 2024	Planning	TBD

## In-Progress Engagements (continued)

Audit	Objective	Scope Period	Status	Expected Compliance and Audit Committee Presentation Date
<b>Drug Oversight Assessment</b>	Determine whether the Controlled Substances Oversight Committee and the Opioid Task Force are fulfilling their responsibilities in preventing or detecting irregularities in medication management.	September 2023 – September 2024	<b>Planning</b>	<b>TBD</b>
<b>Evaluation of Patient Care in EC Boarding (Co-sourced with Accreditation)</b>	Determine whether patients in LBJ and Ben Taub EC Boarding are properly monitored to avoid hospital preventable injuries.	TBD	<b>Planning</b>	<b>TBD</b>



## Engagements Starting in FY24 Quarter 4

Audit	Objective
Cybersecurity Training Compliance	Assess compliance with the State's annual cybersecurity training and reporting requirements.
Outsourced Medical Services Contracts	Evaluate controls for ensuring correct payments to outsourced medical services vendors.

## Engagement Starting in FY25 Quarter 1

Audit	Objective
Correctional Health Provider Invoicing	Evaluate controls for ensuring provider invoices are complete and accurate prior to payment and providers worked scheduled time.

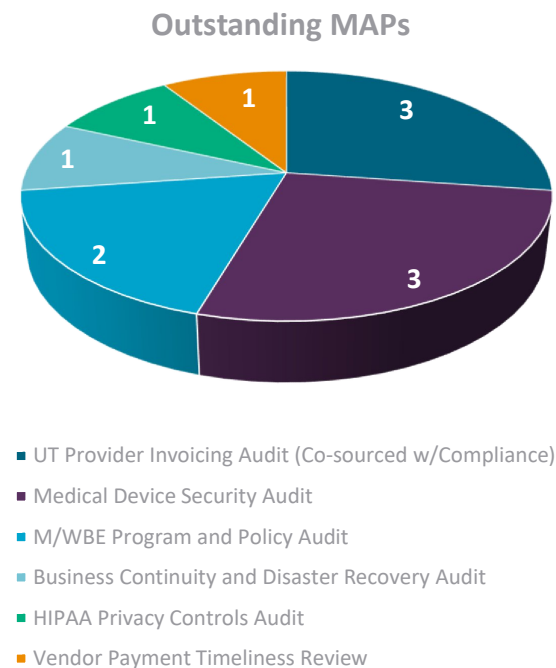
## Follow-up on Management Action Plans

At the end of each engagement, Internal Audit requests action plans and implementation dates from management to remediate the risks identified during the audit. Internal Audit follows up to confirm implementation of the management action plans (MAPs) and provides updates to the Compliance and Audit Committee on any past-due MAPs with a HIGH priority for implementation.

A total of **11** MAPs are outstanding for seven engagements (**Figure 1**). The table below indicates **five** of these are high-priority, past-due MAPs. **Details of the six MAPs will be discussed in Executive Session.**

Project Name	High-Priority Past-Due MAPs
UT Provider Invoicing Audit	1
Medical Device Security Audit	1
M/WBE Program and Policy Audit	1
Business Continuity and Disaster Recovery Audit	1
Vendor Payment Timeliness Review	1
<b>Total</b>	<b>5</b>

Figure 1



# Annual Risk Assessment Update



**33**  
Surveys

Risk assessment surveys were sent to 33 leaders, including Legal Counsel and the Compliance and Audit Committee.



**33**  
Scheduled Interviews

Group interviews were scheduled to discuss risks and areas of concern with a total of **88** individuals, including Harris Health executives and their respective teams.



**40%**  
Survey Response Rate

The survey response rate is better than in prior years.



**November**  
**2024**

Risks identified during the interviews are being assessed to identify value-added audit projects for FY2025. After additional input from executive leaders, the FY2025 Internal Audit Plan will be presented for Compliance and Audit Committee approval in November.

# **Appendix A**

## **Report – M/WBE Program and Policy Audit**

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SYSTEM**

## **Internal Audit Report M/WBE Program and Policy Audit**

**May 7, 2024**

**Audit Team:**  
Arlen Garcia  
Carmen Garcia  
Juliet Ashaolu

**Leslie Wilks Garcia, M.Jur., CPA, CFE**  
*First Assistant County Auditor*  
*Accounting Division*



**MICHAEL POST, CPA, CIA**  
**HARRIS COUNTY AUDITOR**

1001 Preston, Suite 800  
Houston, Texas 77002-1817  
(832) 927-4600

Fax (713) 755-8932  
Help Line (832) 927-4558

May 7, 2024

Dear Maria Cowles – *Executive Vice President, Chief Strategy Officer*:

Harris Health System Internal Audit (Internal Audit) has completed the M/WBE Program and Policy Audit. The audit results are included in the attached report.

We appreciate the time and attention provided by your team. Please expect an email request to complete our Post-Engagement Survey. We look forward to your feedback. If you have any questions, please contact Sharon Brantley Smith, Chief Assistant County Auditor – Harris Health at 713-274-5689.

Sincerely,

A handwritten signature in blue ink that reads "Michael Post".

Michael Post  
County Auditor

Report Copies: Dr. Esmaeil Porsa, Louis Smith, Carolynn Jones, Victoria Nikitin, Ronald Fuschillo, Derek Holmes, Kari McMichael, Anna Vaughn, Kris Jackson, Kathy Karmazin-Calin, DeWight Dopslauf, Jack Adger, Jeffrey Dansdill, Sara Thomas, Holly Gummert, Melissa McCord, Paige McInnis



# Executive Summary



## OVERALL CONCLUSION

Harris Health System (Harris Health) has implemented corrective action plans from the 2022 Disparity Study and established a Contractor Diversity Program that aligns with the organization's Minority and Woman-Owned Business Enterprise (M/WBE) Program Policy, established in September 2022. Notable accomplishments include:

- ✓ Establishment of a Contractor Diversity department to increase the number of M/WBEs doing business with Harris Health by addressing market barriers through educational initiatives, collaborative efforts, and innovative strategies.
- ✓ Collaboration among Harris Health's Contractor Diversity and Contract Administration departments, the Harris County Purchasing department, and Harris County Attorney's Office to integrate an M/WBE evaluation process in the development of contracts and contract renewals.
- ✓ Coordination with Harris Health's Information Technology department to facilitate the transmission of contract data from PeopleSoft to the B2GNow diversity tracking and management system, which is necessary for M/WBE contract monitoring and reporting.
- ✓ Issuance of the first Contractor Diversity Annual Report in February 2024 to provide an overview of the program and accomplishments for fiscal year 2023.

As the Contractor Diversity Program matures, there are opportunities to ensure the completeness of contract data in PeopleSoft and B2GNow, enhance processes for timely M/WBE evaluations of new contracts and contract renewals, and enhance the monitoring of M/WBE contracts.

## SUMMARY OF AUDIT ISSUES

1. Thirty contracts were missing key information and not transmitted from PeopleSoft to B2GNow.
2. Manual processes in the procurement and administration of contracts have resulted in inefficiencies in tracking contracts requests and renewals for evaluation.
3. The full scope of M/WBE contract monitoring is not occurring as prescribed by policy.

The audit issues, management's action plans to address the issues, and background information regarding this audit are discussed in more detail on the following pages. Each issue is ranked based on the likelihood and impact of the risk to Harris Health.



# Audit Objective and Scope



## OBJECTIVE

To validate the status of corrective action plans from the 2022 Disparity Study and evaluate compliance with Harris Health's M/WBE Program Policy.

## SCOPE

The scope for this audit was May 2022 through November 2023 to encompass the period following the issuance of the Disparity Study, the formulation of the M/WBE Program Policy, and assess adherence to the established Policy.





# Issues & Management Action Plans

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SYSTEM





## 1. Eligible Contracts Not Transmitted to B2GNow [HIGH]



**What is the Issue:** Thirty contracts with start dates from October 2022 to October 2023 that are eligible for B2GNow are missing key information in PeopleSoft and were not transmitted to B2GNow as part of the monthly interface process. As of March 2024, the contracts were still unresolved.

**Why it Happened:** All responsible parties are not effectively collaborating to ensure the B2GNow interface data files and monthly error logs are consistently retrieved and reviewed to resolve discrepancies.

**Why it Matters:** Inaccurate and incomplete data sets in B2GNow impact the ability to report and monitor achievement of Contract Diversity goals.

**What is Expected:** The Information Technology department's quick reference guide (QRG), *B2GNow Interface – Data File & Error Log Retrieval*, outlines steps for retrieving the data files and error logs. The QRG should be followed, and the files and logs should be reviewed to resolve any issues.

**What Action(s) are Suggested:** Contractor Diversity, Purchasing, Contract Administration, and Accounts Payable should collaborate to update PeopleSoft with the missing information for the 30 contracts and ensure the contracts transmit to B2GNow. The departments should agree upon the responsibility for periodically retrieving and reviewing the B2GNow interface data files and error logs and promptly resolving any discrepancies. Documentation and follow-up should occur to ensure the process is consistently performed.



# 1. Management's Action Plan



## **Responsible Parties:**

Derek Holmes, VP Contract Administration & Contractor Diversity  
Consuela Floyd, M/WBE Program Manager  
Vivian Santiago, Business Equity Analyst  
Jack Adger, Assistant Purchasing Agent  
Jeffrey Dansdill, Administrative Director, Process Improvement and Compliance  
Kris Jackson, Director, Accounts Payable

*Purchasing has entered the missing information for the 30 contracts identified during the audit, and Contractor Diversity is validating the contracts are transmitted to B2GNow.*

*Purchasing will follow the QRG as published and ensure the Contract Expiration Date, Contract Value, and Department ID are entered into the PeopleSoft Contract Module. Accounts Payable will follow the QRG as published and ensure the Employee ID Numbers and Tax Identification Numbers are entered into the PeopleSoft Vendor Module. Contractor Diversity will retrieve the PeopleSoft Query: HCHD\_SC\_DEI\_CNTRCTS\_MISS\_INFO2 to determine if the discrepancies identified in the error logs have been addressed.*

*Contractor Diversity will collaborate with IT to determine the feasibility of allowing Contract Monitoring Officers the ability to enter required contract information in the Contract Request. Purchasing will be kept informed about the status of this development.*

**Due Date:** May 31, 2024



## 2. Manual Processes in Contract Procurement and Administration [HIGH]



**What is the Issue:** Manual processes in the procurement and administration of contracts have resulted in inefficiencies in tracking contract requests and renewals for evaluation. The following issues were noted:

- The M/WBE evaluation process was not completed for five (5) contract requests before the requests were sent to the County Attorney for legal review. The Purchasing department is responsible for populating the M/WBE Evaluation Form and routing it via email to Contractor Diversity, where the evaluation process should be performed before legal review.
- Contract renewals are manually tracked via Excel spreadsheets, and the full functionality of PeopleSoft is not utilized to facilitate automated tracking. For example, renewal dates were not populated in PeopleSoft for five (20%) of 25 contracts reviewed, and a Purchasing Buyer was not set up to receive contract renewal alerts in the system for seven (28%) of 25 contracts.
- M/WBE Evaluation Forms are manually sent to Contractor Diversity via email and challenges during the audit process indicated that the forms are not organized and retained in a manner to facilitate easy retrieval.

**Why it Happened:** The responsibility for manually initiating M/WBE Evaluation Forms rests with the Purchasing department while they are working to fulfill all other purchasing responsibilities with their current staffing challenges. Additionally, there are no documented guidelines requiring responsible departments to consistently enter certain contract data into PeopleSoft, utilize the system to track and monitor contract renewals, and ensure organized recordkeeping.

**Why it Matters:** Failure to appropriately manage the contract request and renewal process could result in inconsistent, untimely M/WBE evaluations and failure to include M/WBE goals in the contracts. Populating renewal dates and activating alerts in PeopleSoft can facilitate monitoring of contract renewals so M/WBE Evaluation Forms can be submitted to Contractor Diversity timely.



## 2. Manual Processes in Contract Procurement and Administration (continued) [HIGH]



**What is Expected:** M/WBE Program Policy Section III requires that every Harris Health-funded contract over \$50,000 in the M/WBE Contract Categories be evaluated to determine the appropriate method for enhancing M/WBE participation.

**What Action(s) are Suggested:**

- Management should enhance processes and consider automation where possible, to ensure the M/WBE Evaluation Forms are easily accessible and are complete before providing contract requests to the County Attorney's Office.
- Contractor Diversity and the Purchasing department should collaborate to document a standardized procedure requiring consistent entry of renewal dates and contract renewal alerts in PeopleSoft for automated tracking. The alerts should be sent to all parties responsible for the renewal process. Alternatively, management may consider additional software tools to assist in automating and streamlining the contract request and renewal process.



## 2. Management's Action Plan



### **Responsible Parties:**

Derek Holmes, VP Contract Administration & Contractor Diversity  
Consuela Floyd, M/WBE Program Manager  
Jack Adger, Assistant Purchasing Agent  
Jeffrey Dansdill, Administrative Director, Process Improvement and Compliance  
Christina Ervin, Manager, Contracts Administration  
Holly Gummert, Deputy Division Director, Transactions Lead

*Contractor Diversity and Purchasing will collaborate to fill out M/WBE forms for contracts and attach them to the Contract Request (CRN). This form will be completed before the CRN is routed to the County Attorney's Office.*

*Contract Administration will generate a report to identify contracts with missing Contract Renewal Dates and Expiration Dates. Missing buyers will also be considered for the next version of the report.*

*The responsible parties will collaborate to document a standardized procedure for processing contracts that includes contract data entry and staff responsibilities. The procedure will specify required fields and alerts for contracts.*

**Due Date:** May 31, 2024



### 3. M/WBE Contract Monitoring Needs Improvement [MODERATE]



**What is the Issue:** The monitoring procedures observed for M/WBE contracts were not sufficient to confirm the status and validation of contract requirements, per policy. The following issues were noted:

- Two (15%) of 13 sampled contracts in B2GNow contained inaccuracies.
- One vendor did not confirm receipt in B2GNow of payments that were reflected in PeopleSoft. Additionally, payments confirmed in B2GNow for two subcontractors did not match the payment amounts in PeopleSoft.
- Due to limited staff, Contractor Diversity performs periodic spot checks to validate the value of work performed by contractors. These spot checks do not include all the validation requirements outlined in the M/WBE Program Policy.
- Procedures have not been developed to close out M/WBE contracts and assess whether vendors complied with the M/WBE goals.

**Why it Happened:** The Contractor Diversity Program is continuing to mature, and the department is not fully staffed.

**Why it Matters:** The deficiencies listed above could affect program monitoring effectiveness and result in inaccurate data and reporting.

**What is Expected:** M/WBE Program Policy, Section VII, C.2 requires monitoring of awards and payments to M/WBEs on Harris Health contracts, prime contractor's use of M/WBE subcontractors, prime contractors' progress in achieving contract goals, and other M/WBE development and contracting efforts.

**What Action(s) are Suggested:** Contractor Diversity should enhance the current monitoring process in place to ensure:

- Contract information in B2GNow is validated for accuracy.
- Payments reported by M/WBE vendors and vendors' subcontractors in B2GNow reconcile to the payments recorded for the contract in PeopleSoft. A process should be in place to resolve any discrepancies identified.
- Work performed by contractors conforms to the validation requirements outlined in the policy.
- Evidence of vendor communication and contract monitoring is consistently documented in B2GNow.
- Post-contract compliance procedures are finalized and implemented.

The documented process should specify responsible parties and frequency of monitoring activity, considering the complexity of the contract and level of detail required per contract. Additionally, Contractor Diversity should assess if additional staff is needed to comply with the monitoring requirements outlined in the policy and seek support and approval from Harris Health leadership.



### 3. Management's Action Plan



**Responsible Parties:**

Derek Holmes, VP Contract Administration & Contractor Diversity  
Consuela Floyd, M/WBE Program Manager  
Vivian Santiago, Business Equity Analyst  
Christina Ervin, Manager Contracts Administration  
Tamala Austin, Business Equity Outreach Manager

*Contractor Diversity will collaborate with Harris Health Leadership to ensure we have sufficient staff to monitor active contracts. We currently have a M/WBE Project Monitor position posted, and the current strategy of growing the team as the need increases will continue to be monitored.*

*Contractor Diversity will continue to draft administrative procedures for staff to implement and follow. Since the M/WBE program is in its infancy, we expect for procedures to remain fluid to test for best practices. In addition, the team will continue to host trainings for contractors and create online trainings for their use.*

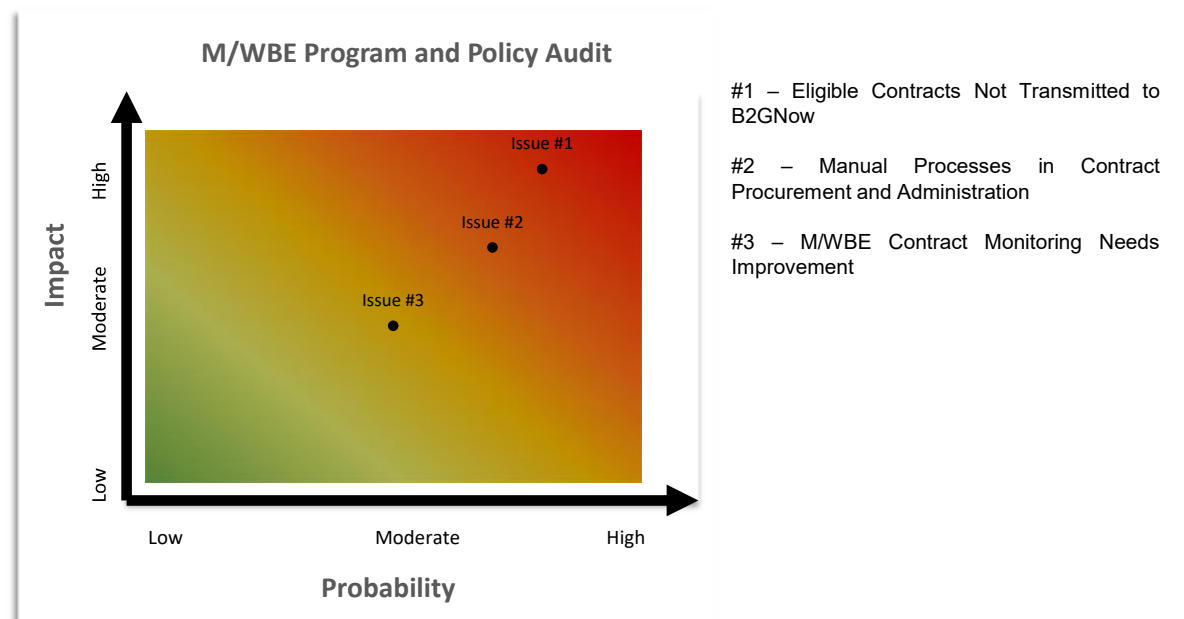
*Contract Administration will start sending expiring contracts to the M/WBE Program Manager monthly, so the team can begin providing evaluations of contracts.*

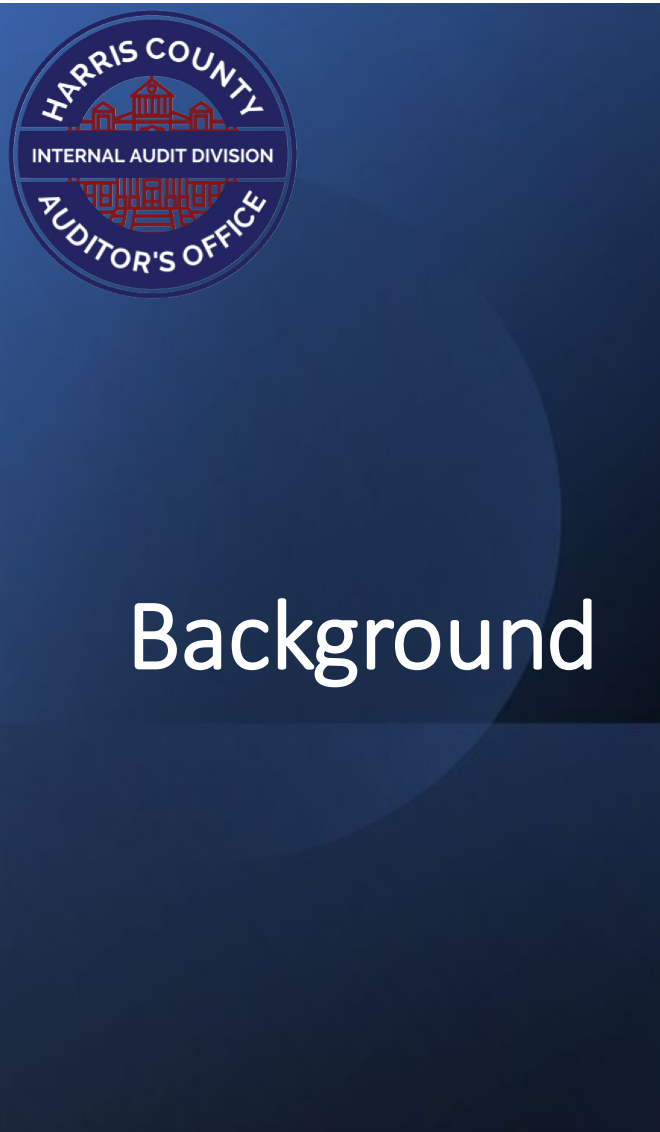
**Due Date:** July 31, 2024





Internal Audit ranks audit issues as High, Moderate, or Low based on the impact and probability to related business process risks. The assessment is based on auditor judgment and consideration of the controls and/or control gaps identified. Impact represents the auditor's perceived effect of the risk on the achievement of the business function's goals, strategies, reputation, and/or finances. Probability relates to the perceived likelihood that the risk will occur.





# HARRISHEALTH SYSTEM

A Disparity Study was conducted by Colette Holt & Associates to evaluate Harris Health's practices in the solicitation and award of contracts to minority, and women-owned, and disadvantaged business enterprises. The Disparity Study was presented to the Harris Health Board of Trustees in April 2022. As a result of the study, Harris Health established a Contractor Diversity Program and adopted the M/WBE Program Policy in September 2022.

The M/WBE Program is an initiative aimed at fostering diversity, equity, and inclusion in the procurement and contracting processes of Harris Health. Key roles, responsibilities, and technologies related to the program are as follows:

- **Contractor Diversity** – Contractor Diversity is responsible for establishing the goals for M/WBE participation, monitoring achievement of the goals, outreach and education of Harris Health contract opportunities, and reporting the results of these activities.
- **Harris County Purchasing Department** – Responsible for the procurement of goods and services for Harris Health and ensuring that Harris Health's procurement activities follow the Harris County Hospital District Purchasing Manual.
- **Contract Administration Department** – Provides coordination of approvals of contracts/agreements between Harris County Attorney's Office, Harris County Purchasing, Commissioner's Court, and the Board of Trustees. Their role is to facilitate the contracting process, enhance communication between all associated parties, oversee the recording of contracts, ensure compliance with the contract administration process, and conduct annual evaluations for accreditation requirements.
- **Harris County Attorney's Office** – Reviews or drafts, revises, and negotiates contracts/agreements and exhibits or attachments for appropriate legal terms and conditions related to the goods and services procured by Harris Health.
- **PeopleSoft Supplier Contract Module** – A component module in the PeopleSoft database which provides a framework to create and manage purchasing and ad hoc agreements. The supplier contracts module provides an electronic repository, document authoring, and management of contract approvals and search capabilities. Internal Audit focused on the purchasing contracts in this module.
- **B2GNow** – A supplier diversity management software that streamlines vendor management, contract compliance, certification management, and spend analysis of non-contract expenditures.



## HARRISHEALTH SYSTEM

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.

The work performed required our staff to exercise professional judgment. As the engagement's scope did not include a detailed examination of all transactions, there is a risk that fraud, errors, or omissions were not detected during this engagement. Management is responsible for ensuring sufficient internal controls are in place to minimize the risk of significant fraud, errors, or omissions.

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# Thank You

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**Michael Post, CPA, CIA**

Harris County Auditor  
Mike.Post@aud.hctx.net  
Phone: 832-927-4560

**Sharon Brantley Smith, MBA, CIA, CFE, CISA**

Chief Assistant County Auditor, Harris Health  
Sharon.BrantleySmith@harrishealth.org  
Phone: 713-274-5689

The logo for Harris Health System is displayed within a thin black rectangular border. It consists of the words "HARRIS", "HEALTH", and "SYSTEM" stacked vertically in a bold, sans-serif font. "HARRIS" and "HEALTH" are in a teal color, while "SYSTEM" is in dark blue.

# **Appendix B**

## **Report – Benefits Eligibility Audit**

**HARRISHEALTH**



# HARRISHEALTH SYSTEM

## Internal Audit Report Benefits Eligibility

August 2, 2024

### Audit Team:

Veronica Kasdorf

Jayell Scott

Vince Varkey

**Leslie Wilks Garcia, MJur, CPA, CFE**  
*First Assistant County Auditor*



**MICHAEL POST, CPA, CIA**  
**HARRIS COUNTY AUDITOR**

1001 Preston, Suite 800  
Houston, Texas 77002-1817  
(832) 927-4600

Fax (713) 755-8932  
Help Line (832) 927-4558

August 2, 2024

Dear Omar Reid – *Executive Vice President and Chief People Officer*:

Harris Health System Internal Audit (Internal Audit) has completed an audit of Benefits Eligibility. The audit results are included in the attached report.

We appreciate the time and attention provided by your team. Please expect an email request to complete our Post-Engagement Survey. We look forward to your feedback. If you have any questions, please contact Sharon Brantley Smith, Chief Assistant County Auditor, at 713-274-5689.

Sincerely,

A handwritten signature in blue ink that reads "Michael Post".

Michael Post  
County Auditor

*Report Copies:* Dr. Esmaeil Porsa, Louis Smith, Carolynn Jones, Victoria Nikitin, Ronald Fuschillo, Anna Vaughn, Keith Manis, Amy Salinas, Amanda Jones-Duncan, L. Sara Thomas



# Executive Summary



## OVERALL CONCLUSION

Harris Health has implemented policies and procedures to govern benefits eligibility for spouses and dependents. There is an opportunity, however, to improve controls over benefits eligibility by ensuring:

- The retention of supporting documentation for dependent eligibility
- Efficient controls to prevent ineligible dependents over the age of 26 from receiving benefits
- Automated controls to prevent simultaneous enrollments
- Formalized procedures for the appeal process
- Consistency between benefit policies and guidelines

## OBJECTIVE

To evaluate controls for validating benefits eligibility for spouses and dependents.

## SCOPE

Processes and related documentation for the period January 2023 through December 2023.

The audit issues, management's action plans to address the issues, and background information regarding this audit are discussed in detail on the following pages. The audit issues are ranked based on the likelihood and impact of the risk to Harris Health.





# Issues & Management Action Plans

**HARRISHEALTH**  
SYSTEM





# 1. Missing Documentation to Support Dependent Eligibility [MODERATE]



**What is the Issue:** Supporting documents, such as birth certificates and dependent grandchild affidavits and/or tax returns, were missing. This prevented confirmation of benefits eligibility for 8 (17%) of 46 active employees' dependents and 6 (17%) of 36 retirees' dependents.

**Why it Happened:** The manual process for reviewing supporting documents for newly-added dependents led to an oversight in identifying missing documents. Also, there is no retention requirement for dependent benefit eligibility documentation.

**Why it Matters:** Without consistent documentation to support dependent benefit eligibility, there is an increased risk that benefits could be provided to non-qualified individuals and Harris Health could incur financial losses and legal liabilities.

**What is Expected:** Health and Related Benefits Policy 6.04 requires documents including, but not limited to, verification forms, birth certificates, and marriage certificates to support dependent eligibility. Records Retention and Destruction Policy 8.03 requires departments to retain records in accordance with appropriate records control schedules.

**What Action(s) are Suggested:** Management should enhance the review process to ensure all dependent benefit eligibility documentation is received. Management should also establish and follow clear guidelines for the retention and secure storage of the documentation. Furthermore, a periodic reverification of dependent eligibility should be established.



# 1. Management's Action Plan



**Responsible Party:** Omar Reid, Executive Vice President & Chief People Officer

**Due Date:** June 31, 2025

*To enhance the review process, Harris Health will implement a standardized checklist for verifying dependent eligibility documentation (Months 1-2) and develop a training program for staff to ensure thorough reviews. Clear guidelines for the retention and secure storage of documentation will be established and communicated (Months 3-4), including the implementation of a digital document management system. A schedule for periodic reverification of dependent eligibility documentation will be set up (Months 5-6), using random sampling for audits to ensure compliance. Findings from these audits will be integrated into the Quality Check process, and feedback will be provided to address gaps and improve compliance. Ongoing monitoring will include regular meetings to review audit results and discuss improvements, alongside continuous training and development for the verification team.*



## 2. Ineligible Dependents Over 26 Receiving Benefits [MODERATE]



**What is the Issue:** Two dependents continued to receive benefits even though they were over the age of 26 and not classified as disabled.

**Why it Happened:** Due to a manual review process, benefits were mistakenly not removed for ineligible dependents over the age of 26.

**Why it Matters:** Granting benefits to ineligible individuals could result in unnecessary increased costs for the organization, along with legal and regulatory compliance issues associated with deviations from established policies and contractual agreements.

**What is Expected:** Health and Related Benefits Policy 6.04 and Retiree Health Benefits Policy 6.04.01 state that dependents are eligible for benefits until the end of the month in which they turn 26, unless the dependent has a permanent or long-term mental or physical disability.

**What Action(s) are Suggested:** Management should enhance the process for identifying ineligible dependents over the age of 26 and ensure compliance with the benefits policies.



## 2. Management's Action Plan



**Responsible Party:** Omar Reid, Executive Vice President & Chief People Officer

**Due Date:** January 31, 2025

*To ensure compliance with dependent eligibility policies, Harris Health will conduct monthly audits to identify dependents approaching the age of 26 and perform quarterly audits to verify eligibility status. A completion tracking spreadsheet will be used for staff to log audit completion dates, reviewed monthly by managers. Training sessions will be provided to the benefits team on compliance and managing dependent benefits. Feedback from audits and employee communications will be integrated into the Quality Check process to continually improve performance. Management will monitor the implementation of new processes, conduct regular review meetings, and provide training refreshers as needed.*



### 3. No Automated Controls to Prevent Simultaneous Enrollments [LOW]



**What is the Issue:** PeopleSoft lacks automated controls to prevent an individual from simultaneously enrolling as an enrollee and spouse and to prevent parents from both enrolling their child as a benefit-eligible dependent.

**Why it Happened:** System constraints have limited the implementation of automated controls to prevent simultaneous enrollments in PeopleSoft.

**Why it Matters:** Although no simultaneous enrollments were identified during the audit, the lack of strong controls increases the risk that these enrollments could occur and lead to higher benefit premiums and administrative expenses, conflicts in coverage determination, and violation of plan eligibility rules.

**What is Expected:** Health and Related Benefits Policy 6.04 prohibits simultaneous enrollments and states that only one parent can enroll a child as a benefit-eligible dependent.

**What Action(s) are Suggested:** Management should consult with the IT department to identify possible solutions for circumventing the system constraints and implementing automated controls in PeopleSoft to prevent simultaneous enrollments. If automation is not feasible, then management should develop and implement a manual process to periodically identify and correct instances of simultaneous enrollments to ensure compliance with Policy 6.04.



### 3. Management's Action Plan



**Responsible Party:** Omar Reid, Executive Vice President & Chief People Officer

**Due Date:** January 31, 2025

*To address system constraints and prevent simultaneous enrollments, Harris Health will first collaborate with the HRIS/IT department to explore solutions and potential upgrades for automated controls in PeopleSoft. Following this, a manual review process will be developed to periodically identify and correct simultaneous enrollments, supported by a dedicated resource. Concurrently, training sessions for benefits administration staff and awareness programs for employees about Policy 6.04 will be implemented. In the subsequent months, the hospital will conduct regular audits and establish a monitoring system to ensure compliance with Policy 6.04 and detect any instances of simultaneous enrollments. A feedback mechanism will be set up to allow staff to report issues or suggest improvements, fostering continuous improvement of the controls and processes.*



## 4. Appeal Process Not Formally Documented [LOW]



**What is the Issue:** Harris Health's process for reviewing benefits eligibility appeals is not formally documented. Additionally, one of the three appeals tested was resolved in 112 days, which is beyond the informal 60-day goal for appeal responses.

**Why it Happened:** The appeal process can require collaboration with multiple stakeholders, and therefore, the lack of a formal procedure for managing and prioritizing appeals led to inconsistencies in the review process.

**Why it Matters:** The lack of formalized procedures could result in errors, delayed or mishandled appeals, employee or beneficiary dissatisfaction, and legal liabilities.

**What is Expected:** Best practices guidance from the Employee Retirement Income Security Act (ERISA) and the Affordable Care Act (ACA) states that organizations should have formalized procedures that include:

- Clearly defined steps for initiating and processing appeals
- Timelines for acknowledging receipt of appeals and reaching a resolution
- Guidelines for documentation requirements and evidence review
- Mechanisms for escalating appeals to higher levels of authority, if necessary
- Communication with the end-user regarding the status and outcome of their appeals
- Compliance with applicable laws and regulations governing benefits administration

**What Action(s) are Suggested:** Management should formally document the benefits eligibility appeals process in accordance with ERISA, ACA, and any other relevant best practices guidance.





## 4. Management's Action Plan



**Responsible Party:** Omar Reid, Executive Vice President & Chief People Officer

**Due Date:** January 31, 2025

*To enhance the benefits eligibility appeals process, the hospital system will first develop formal procedures by collaborating with key stakeholders to document the process, define clear steps for initiating and processing appeals, and establish specific timelines for each stage to ensure timely resolution. Additionally, guidelines for documentation requirements and evidence review will be included to streamline the process. Furthermore, mechanisms for escalating appeals to higher levels of authority will be developed to avoid delays and ensure thorough review. A communication plan will be created to keep end-users informed about the status and outcome of their appeals, ensuring timely and transparent communication throughout the process. Training sessions for benefits administration staff will be provided, along with awareness programs for employees and beneficiaries about the formal appeal process. An ongoing monitoring system will track the progress of appeals, ensuring compliance with documented procedures, and the process will be regularly reviewed and updated based on feedback and best practices.*



## 5. Inconsistent Benefit Enrollment Guidelines [LOW]



**What is the Issue:** The 2023-2024 Harris Health Actives Benefits Guide (Benefits Guide) does not have the same documentation requirements as Health and Related Benefits Policy 6.04. For example, Policy 6.04 states, "Proof of Grandchild residency is required by Harris Health (such as medical or dental office statements or day care or school enrollment documents showing the Grandchild's name, date of birth and home address)." These residency requirements are not in the Benefits Guide.

**Why it Happened:** There was an oversight within the Benefits Administration department that led to discrepancies and inconsistencies in Policy 6.04 and the Benefits Guide, which went unresolved during the annual update of the Benefits Guide.

**Why it Matters:** Inconsistent guidelines could result in varying processes and confusion about the necessary documentation for benefits enrollment.

**What is Expected:** Harris Health's Policy 3.01, Policies and Procedures, states that policies and procedures are to be reviewed, revised, and implemented consistently, and in a timely and appropriate manner.

**What Action(s) are Suggested:** Benefits Administration should review the Benefits Guide and Policy 6.04 to ensure consistency.



## 5. Management's Action Plan



**Responsible Party:** Omar Reid, Executive Vice President & Chief People Officer

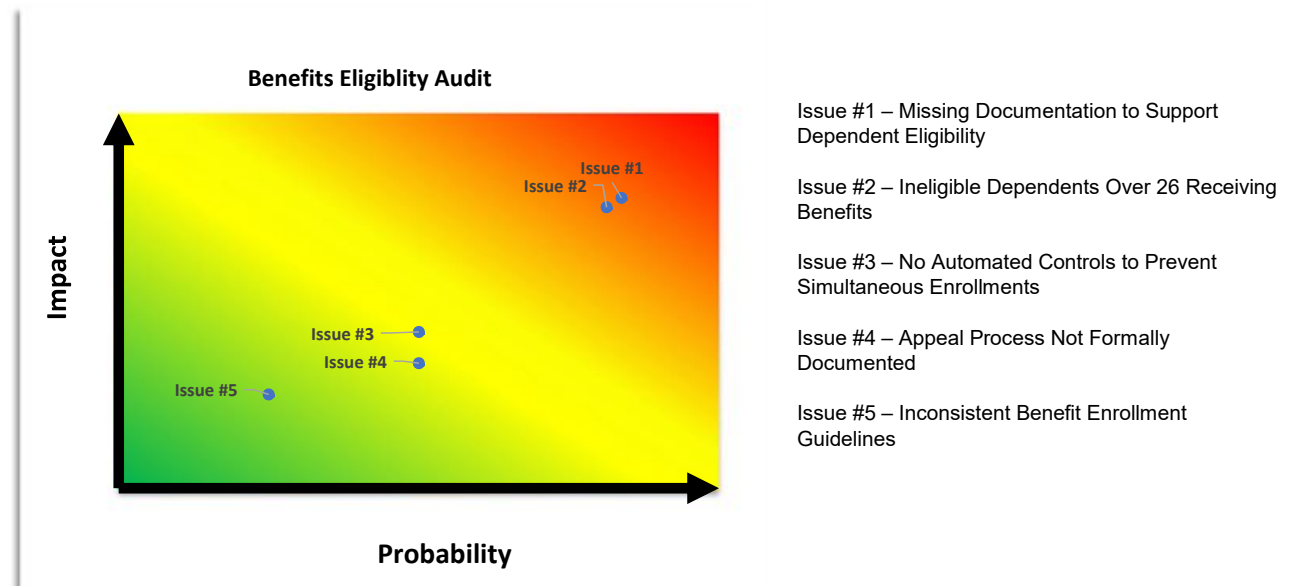
**Due Date:** January 31, 2025

*To ensure clarity and consistency in benefits documentation, the hospital system will first review and update the Benefits Guide and Policy 6.04 to identify and reconcile discrepancies, ensuring all documentation requirements are clear and consistent. Updated documents will then be submitted for formal review and approval, involving relevant stakeholders, and will be implemented and communicated to all employees. Training sessions will be provided to the Benefits Administration team, and awareness about the updates will be raised among employees. An ongoing monitoring system will be established to maintain consistency and a feedback mechanism will allow reporting of any issues. Regular reviews of all benefit-related policies and guides will be scheduled to ensure they remain up-to-date and effective.*



# HARRISHEALTH SYSTEM

Internal Audit ranks audit issues as High, Moderate, or Low based on the *impact* and *probability* to related business process risks. The assessment is based on auditor judgment and consideration of the controls and/or control gaps identified. Impact represents the auditor's perceived effect of the risk on the achievement of the business function's goals, strategies, reputation, and/or finances. Probability relates to the perceived likelihood that the risk will occur.





# Background



Harris Health's Benefits department is responsible for managing and administering the various employee benefit programs offered by the hospital. These programs are designed to support the health, well-being, and financial security of hospital employees.

Responsibilities of the department include:

- Developing and managing comprehensive benefits packages, including health insurance, dental and vision coverage, life insurance, disability insurance, and retirement plans
- Assisting employees with enrolling in benefit plans, providing information and guidance on the available options and conducting orientation sessions to educate employees about their benefits
- Providing ongoing communication to employees about their benefits, including any changes or updates to the plans, and offering support for any questions or concerns they may have



## HARRISHEALTH SYSTEM

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.

The work performed required our staff to exercise professional judgment. As the engagement's scope did not include a detailed examination of all transactions, there is a risk that fraud, errors, or omissions were not detected during this engagement. Management is responsible for ensuring sufficient internal controls are in place to minimize the risk of significant fraud, errors, or omissions.

---

# Thank You

---



**Michael Post, CPA, CIA**

Harris County Auditor  
Mike.Post@aud.hctx.net  
Phone: 832-927-4560

**Sharon Brantley Smith, MBA, CIA, CFE, CISA**

Chief Assistant County Auditor, Harris Health  
Sharon.BrantleySmith@harrishealth.org  
Phone: 713-274-5689

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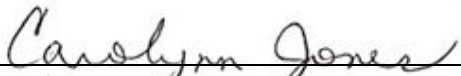
Thursday, September 12, 2024

Presentation Regarding Compliance Education –  
U.S. Department of Health and Human Services, Office of Inspector General’s  
General Compliance Program Guidance (November, 2023)

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Presentation Regarding Compliance Education – U.S. Department of Health and Human Services,  
Office of Inspector General’s General Compliance Program Guidance (November, 2023)

- Part 2 of 3 – Compliance Program Infrastructure: The Seven Elements



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Carolynn Jones, JD, CHC  
EVP, Chief Compliance & Risk Officer



# Compliance Program Infrastructure: The Seven Elements

Carolynn Jones, JD, CHC  
Chief Compliance and Risk Officer

**HARRISHEALTH**

# Today's Objective/Goal

## Review the Seven (7) Elements of an Effective Compliance Program

1. Written Policies and Procedures
2. Compliance Leadership and Oversight
3. Training and Education
4. Effective Lines of Communication with the Compliance Officer and Disclosure Program
5. Enforcing Standards: Consequences and Incentives
6. Risk Assessment, Auditing and Monitoring
7. Responding to Offenses and Developing Corrective Action Initiatives



Reference - [General Compliance Program Guidance | Office of Inspector General | Government Oversight | U.S. Department of Health and Human Services \(hhs.gov\)](#)

# 1. Written Policies and Procedures

- Through written policies and procedures, entities can provide a **roadmap** to its workforce:
  - Outlining their duties within the organization;
  - Developing workflow management;
  - Imposing documentation requirements;
  - Defining individual and organizational oversight roles; and
  - Implementing controls entity-wide to mitigate compliance risks specific to the entity.



# 1. Written Policies and Procedures

- Policies and procedures also demonstrate to the stakeholders and other interested parties, including Government regulators, how the entity strives to comply with applicable laws, regulations, and requirements.



# 1. Written Policies and Procedures

- Code of Conduct
  - [www.harrishealthcoc.org](https://www.harrishealthcoc.org)
- Compliance Policies
  - Implementation and Operation the entity's Compliance Program (including the 7 elements)
  - Processes to reduce risks caused by noncompliance with Federal and State laws.
- Policies and procedures should be easily accessible
- Policies and procedures should be kept up-to-date



## 2. Compliance Leadership and Oversight

- Boards and senior leadership are vital to effective compliance programs.
- An effective compliance program reduces and mitigates risk, provides patients safe and high-quality care, and saves costs.
- To be effective, a compliance program should have a board and senior leadership that understands its value and are committed to its success.
- One of these senior leaders should be the **Compliance Officer**.

## 2. Compliance Leadership and Oversight

- The Compliance Officer's Primary Responsibilities:
  - Overseeing and monitoring implementation and operation of Compliance Program;
  - Advising CEO, Board, and other senior leaders on compliance risks and operation of the Compliance Program;
  - Chairs Compliance Committee and Reports to Board;
  - Coordinates with Human Resources to ensure all appropriate parties are screened for possible exclusion;
  - Coordinates with others (Internal Audit, Risk, Quality, IT) to develop work plans for reviewing, monitoring, and auditing compliance risks;
  - Independently investigate matters related to compliance;

## 2. Compliance Leadership and Oversight

- The Compliance Officer's Primary Responsibilities:
  - Develop policies and programs that encourage personnel to report suspected fraud and other improprieties without fear of retaliation;
- To be effective, the Compliance Officer should maintain a degree of separation from the entity's delivery of health care items and services and related operations.
- The Compliance Officer should have the authority to review all documents, data and other information relevant to the organization's compliance activities and to interview anyone within or connected to the organization in connection with a compliance investigation.



### 3. Training and education

- All board members, officers, employees, contractors, and medical staff should receive training at least annually on the entity's compliance program and potential compliance risks.
- The training should:
  - Describe the entity's commitment to complying with Federal and State standards;
  - Review the applicable fraud and abuse laws; and
  - Explain the elements of the entity's compliance program.

## 4. Effective Lines of Communication/Disclosure Program

- An open line of communication between the compliance officer and the entity's workforce is critical to the successful implementation of a compliance program and reduction of any potential for fraud, waste, and abuse.
- Workforce members should be informed about the ways they can reach the compliance officer directly; this information should also be posted in commonly frequently physical and virtual spaces.
- Workforce members should be encouraged to bring compliance questions to the compliance officer.

## 5. Enforcing Standards: Consequences and Incentives

- For a compliance program to be effective, the organization should establish appropriate consequences for instances of noncompliance, as well as incentives for compliance.
- Consequences may involve remediation, sanctions, or both, depending on the facts. These should be consistently applied and enforced at all levels of the organization.
- Incentives may be used to encourage compliance performance and innovation.
- Both incentives and consequences are important to enforcing compliance.

## 6. Risk Assessment, Auditing, and Monitoring

- Risk assessment is a process for identifying, analyzing, and responding to risk.
- A compliance risk assessment is a process that looks at risk to the organization stemming from violations of law, regulations, or other legal requirements.
- Periodic compliance risk assessments should be conducted at least annually.

## 6. Risk Assessment, Auditing, and Monitoring

- Entities should consider using data analytics (i.e., analyzing its data) to identify compliance risk areas.
- All entities should be able to compare standard metrics of their health care operations internally to determine whether there are any outliers in any particular area of focus.
- The Compliance Committee should include in the compliance work plan a schedule of audits to be conducted based on risks identified by the annual risk assessment.

## 6. Risk Assessment, Auditing, and Monitoring

- The Compliance Committee should ensure that the Compliance Officer has the capacity to perform or oversee additional audits based on risks identified throughout the year.
- The compliance work plan should also contain routine monitoring of ongoing risks, plus the capacity to monitor the effectiveness of controls and risk mitigation.
- Entities should also periodically assess the Compliance Program's effectiveness.

## 7. Responding to Detected Offenses and Developing Corrective Action Initiatives

- Compliance Programs should include processes and resources to:
  - Thoroughly investigate compliance concerns;
  - Take the steps necessary to remediate any legal or policy violations that are found, including reporting ; and
  - Analyze the root cause(s) of any identified impropriety to prevent a recurrence.
- How an entity responds when it finds a violation resulting in a substantial overpayment or serious misconduct sets apart those that have a strong compliance program from those with a compliance program that is more form than substance.

## Other – Quality and Patient Safety

- Entities should incorporate quality and patient safety oversight into their compliance programs.
- Besides patient harm, quality and patient safety concerns, such as excessive services and medically unnecessary services, can lead to overpayments and may cause False Claims Act liability.



# Questions/Thank You!!!



Thursday, September 12, 2024

Executive Session

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Presentation Regarding Harris County Auditor's Report Related to Details of Past-due High-priority Management Action Plans (MAPs), Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032, Tex. Gov't Code Ann. §418.183 and Tex. Gov't Code Ann. §551.071.

Sharon Brantley Smith

Sharon Brantley Smith

Chief Assistant County Auditor, Harris Health  
Harris County Auditor's Office

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Thursday, September 12, 2024

Executive Session

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Presentation Regarding Harris County Auditor's Report Related to Baylor Provider Invoicing, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §551.071.

Sharon Brantley Smith

Sharon Brantley Smith

Chief Assistant County Auditor, Harris Health  
Harris County Auditor's Office

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Thursday, September 12, 2024

Executive Session

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Presentation Regarding Harris County Auditor's Report Related to Nursing Licenses, Pursuant to Tex. Health & Safety Code Ann. §161.032.

Sharon Brantley Smith

Sharon Brantley Smith  
Chief Assistant County Auditor, Harris Health  
Harris County Auditor's Office

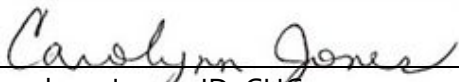
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Thursday, September 12, 2024

Executive Session

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Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Tex. Health & Safety Code Ann. §161.032, and Possible Action Upon Return to Open Session.



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Carolynn Jones, JD, CHC  
EVP, Chief Compliance & Risk Officer



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## BOARD OF TRUSTEES Joint Conference Committee

Thursday, September 12, 2024  
11:45 A.M.

*(or immediately following the Compliance and Audit Committee)*

The meeting will be conducted via Zoom and may be viewed online at:  
<http://harrishealthtx.swagit.com/live>.

### Mission

Harris Health is a community-focused academic healthcare system dedicated to improving the health of those most in need in Harris County through quality care delivery, coordination of care, and education.

## AGENDA

<b>I. Call to Order and Record of Attendance</b>	<b>Dr. Andrea Caracostis</b>	<b>2 min</b>
<b>II. <u>Approval of the Minutes of Previous Meeting</u></b>	<b>Dr. Andrea Caracostis</b>	<b>2 min</b>
• <u>Joint Conference Committee Meeting – May 16, 2024</u>		
<b>III. Physician Leadership Reports</b>	<b>Dr. Andrea Caracostis</b>	<b>15 min</b>
<b>A. Medical Executive Board (MEB) Chair/Vice Chair</b>	<b>Dr. Martha Mims and Dr. Kunal Sharma</b>	<i>(5 min)</i>
<b>B. Chiefs of Staff</b>		<i>(5 min)</i>
• Ben Taub Hospital	<b>Dr. Sandeep Markan</b>	
• LBJ Hospital	<b>Dr. Tien Ko</b>	
<b>C. Assistant Chiefs of Staff</b>		<i>(5 min)</i>
• BCM	<b>Dr. Fareed Khan</b>	
• UT	<b>Dr. Mohammad Zare</b>	
<b>IV. New Items for Discussion</b>	<b>Dr. Andrea Caracostis</b>	<b>0 min</b>
<b>A. No Updates or Items for Action</b>		
<b>V. Adjournment</b>	<b>Dr. Andrea Caracostis</b>	<b>1 min</b>

**HARRIS HEALTH SYSTEM**  
**MINUTES OF THE BOARD OF TRUSTEES**  
**JOINT CONFERENCE COMMITTEE MEETING**  
**Thursday, May 16, 2024 | 11:30 AM**

AGENDA ITEM		DISCUSSION	ACTION/RECOMMENDATIONS
I.	<b>Call to Order and Record of Attendance</b>	Dr. Andrea Caracostis, Committee Chair, called the meeting to order at 11:40 a.m. It was noted there was a quorum present and the attendance was recorded. The meeting may be viewed online through the Harris Health website: <a href="http://harrishealthtx.swagit.com/live">http://harrishealthtx.swagit.com/live</a> .	
II.	<b>Approval of the Minutes of Previous Meeting</b> Joint Conference Committee Meeting – March 21, 2024		Moved by Dr. Tien Ko, seconded by Dr. Martha Mimms, and unanimously approved the minutes of the March 21, 2024 meeting.
III.	<b>Physician Leadership Reports</b>		
	<b>A. Medical Executive Board Chair/Vice Chair</b>	Dr. Martha Mims, Chair of the Medical Executive Board (MEB), presented the MEB report. She expressed enthusiasm for the Lyndon B. Johnson Hospital (LBJ) Groundbreaking event and shared that the medical staff is eagerly anticipating the final renovation plans for Ben Taub Hospital (BTH). Additionally, she announced Ben Taub’s second annual research day and encouraged Board members to participate. Lastly, Dr. Mims reported that the MEB is currently evaluating its process for reviewing policies and procedures before they are presented to the Medical Executive Committees (MECs) and the MEB. Dr. Kunal Sharma, Vice Chair of the Medical Executive Board, echoed Dr. Mims sentiments regarding the new LBJ campus. He stated that the Bylaws committee is scheduled to meet next month to review and address the rules and regulations in the documents. Dr. Caracostis inquired whether there is a policy manual software that allows everyone to access the policies. Ms.Carolynn Jones, Executive Vice President, Chief Compliance and Risk Officer, explained that the new system, named PolicyStat, will electronically track policies and the approval process.	<b>As Presented.</b>

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	<b>B. Chief of Staffs</b> <ul style="list-style-type: none"> <li>Ben Taub Hospital</li> <li>LBJ Hospital</li> </ul>	<p>Dr. Sandeep Markan, Chief of Staff, Ben Taub Hospital (BTH), conveyed the medical staff's enthusiasm for the LBJ groundbreaking and expressed gratitude to Dr. Esmaeil Porsa, President and Chief Executive Officer, Harris Health, for his ambitious vision to meet community needs. Dr. Markan proudly recognized the extensive collaboration across the medical staff, faculty, and Harris Health administration systemwide. Additionally, Dr. Markan mentioned the opening of the observation unit and extended his thanks to Dr. Glorimar Medina, Executive Vice President, Ben Taub Hospital, and her team. Dr. Tien Ko, Chief of Staff at Lyndon B. Johnson (LBJ) Hospital, shared similar enthusiasm about the LBJ Groundbreaking and expressed gratitude to Harris Health leadership for organizing a very well-planned event. Dr. Ko wished to recognize Harris Health nurses for their hard work and dedication, especially following their recent celebration of National Hospital Week. Dr. Ko was pleased to announce that LBJ had improved its Leapfrog scores from a C to a B, reflecting Harris Health's commitment to becoming a high-reliability organization.</p>	<b>As Presented.</b>
	<b>C. Assistant Chiefs of Staff</b> <ul style="list-style-type: none"> <li>BCM</li> <li>UT</li> </ul>	<p>Dr. Mohammad Zare, Assistant Chief of Staff, University of Texas Health Science Center – Houston (UT) provided an update on behalf of Dr. Fareed Khan, Assistant Chief of Staff, Baylor College of Medicine (BCM). He reported that the medical staff is focused on enhancing access to care, managing chronic diseases, improving patient satisfaction scores, and ensuring quality in patient safety. Dr. Caracostis inquired about the status of e-consultations. Dr. Zare indicated that e-consults are being conducted for services with significant backlogs, including nephrology, endocrinology, and cardiology, and that the medical staff is closely monitoring these backlogs.</p>	<b>As Presented.</b>
<b>IV.</b>	<b>New Items for Discussion</b>		
	<b>A. Discussion Regarding Harris Health System's Utilization Focus Targets and Operational Actions</b>	<p>Dr. John Foringer, Chair, System Utilization Committee, led discussion regarding Harris Health System's Utilization Focus Targets and Operational Actions. He provided an overview of the System Utilization Committee, detailing how the two pavilions (BTH and LBJ) report to the committee, as well as the representation for both the committee and their subcommittees.</p>	<b>As Presented.</b>

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	<b>B.</b> Discussion Regarding Harris Health System's Service Line Committee for Consistent Care	Ms. Amineh Kostov, Vice President, System Service Lines, led discussion regarding Harris Health System's Service Line Committee for Consistent Care. She covered the service line structure, highlighting the four (4) formal service lines: cardiology, gastroenterology, maternal health, and behavioral health. She shared that the service line groups are multidisciplinary teams that meet biweekly and include medical leadership from relevant service lines, as well as representatives from nursing, pharmacy, and other departments. Ms. Kostov shared that the goal is to focus on operational and clinical alignment, ensuring that necessary work is carried out and relationships are developed. Dr. Brass expressed that it has been a pleasure collaborating with both medical schools to advance quality and patient safety, emphasizing that this progress would not have been possible without the dedicated physician leaders and medical staff on the call.	<b>As Presented.</b>
<b>V.</b>	<b>Adjournment</b>	There being no further business, the meeting adjourned at 12:13 p.m.	

I certify that the foregoing are the Minutes of the Meeting of the Joint Conference Committee of the Board of Trustees of the Harris Health System held on May 16, 2024.

Respectfully submitted,

Andrea Caracostis, MD, MPH, Committee Chair,

Recorded by Cherry A. Pierson, MBA

Thursday, May 16, 2024

**Harris Health System Board of Trustees Board Meeting – Joint Conference Committee Attendance**

**Note:** For Zoom meeting attendance, if you joined as a group and would like to be counted as present, please submit an email to:

[BoardofTrustees@harrishealth.org](mailto:BoardofTrustees@harrishealth.org) before close of business the day of the meeting.

COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Dr. Andrea Caracostis ( <i>Committee Chair</i> )	Ms. Sima Ladjevardian, Harris Health Board Member	
Dr. Sandeep Markan, Chief of Staff ( <i>BT Hospital</i> )	Dr. Fareed Khan, Assistant Chief of Staff ( <i>BCM</i> )	
Dr. Tien Ko, Chief of Staff ( <i>LBJ Hospital</i> )		
Dr. Mohammad Zare, Assistant Chief of Staff ( <i>UT</i> )		
Dr. Martha Mims, Medical Executive Board Chair		
Dr. Kunal Sharma, Medical Executive Board Vice Chair		
Dr. Esmaeil Porsa, Harris Health Chief Executive Officer		
Louis Smith, Harris Health Chief Operating Officer		
Dr. Steven Brass, Harris Health Chief Medical Executive Officer		
Dr. Matasha Russell, Chief Medical Executive ( <i>ACS</i> )		

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Amineh Kostov	Dr. John Foringer
Dr. Amy Smith	John Matcek
Carolynn Jones	Dr. Maureen Padilla
Cherry Pierson	Dr. Michael Nnadi
Daniel Smith	Nicholas Bell
Ebon Swofford ( <i>Harris County Attorney's Office</i> )	Olga Rodriguez
Elizabeth Hanshaw Winn ( <i>Harris County Attorney's Office</i> )	Patricia Darnauer
Dr. Glorimar Medina	Randy Manarang
Dr. Jennifer Small	Sara Thomas ( <i>Harris County Attorney's Office</i> )
Jennifer Zarate	Shawn DeCosta
Jerry Summers	