

BOARD OF TRUSTEES

Budget and Finance Committee

Thursday, May 28, 2026
9:00 AM

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 public, integrated health system dedicated to improving the health of our communities by delivering high-quality, person-centered care in collaboration with community and academic partners.

AGENDA

I. Call to Order and Record of Attendance	Ms. Ingrid Robinson	1 min
II. Approval of the Minutes of Previous Meeting	Ms. Ingrid Robinson	1 min
<ul style="list-style-type: none"> • Budget and Finance Committee Meeting – February 26, 2026 		
III. Financial Matters	Ms. Ingrid Robinson	20 min
<ul style="list-style-type: none"> A. Consideration of Acceptance of the Harris Health Second Quarter Fiscal Year 2026 Investment Report – Mr. Jay Camp 		<i>(10 min)</i>
<ul style="list-style-type: none"> B. Consideration of Acceptance of the Harris Health First Quarter Calendar Year 2026 Pension Plan Report – Mr. Jay Camp 		<i>(10 min)</i>
IV. Information Only	Ms. Ingrid Robinson	1 min
<ul style="list-style-type: none"> A. Annual Interest Rate Management Agreement Disclosure – Mr. Jay Camp B. 2025 Annual Report of the 401k and 457b Administrative Committee Activities – Mr. Jay Camp C. 2025 Annual Report of the Pension and Disability Committee Activities – Mr. Jay Camp 		
V. Executive Session	Ms. Ingrid Robinson	10 min
<ul style="list-style-type: none"> A. Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Financial Performance for the Four Months Ending April 30, 2026, Pursuant to Tex. Gov't Code Ann. §551.085 – Ms. Lisa Wright, CEO, and Ms. Anna Mateja, CFO, Community Health Choice 		<i>(10 min)</i>
VI. Reconvene	Ms. Ingrid Robinson	1 min
VII. Adjournment	Ms. Ingrid Robinson	1 min

HARRIS HEALTH
MINUTES OF THE BOARD OF TRUSTEES
BUDGET & FINANCE COMMITTEE MEETING
Thursday, February 26, 2026
9:00 AM

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
I. Call to Order and Record of Attendance	<p>Ms. Carol Paret, Presiding Officer, called the meeting to order at 9:00 a.m. It was noted that a quorum was present, and the attendance was recorded. The meeting may be viewed online through the Harris Health website: http://harrishealthtx.swagit.com/live.</p>	
II. Approval of the Minutes of Previous Meeting <ul style="list-style-type: none"> • Budget and Finance Committee Meeting – November 13, 2025 		<p>Moved by Mr. Paul Punte, seconded by Ms. Sima Ladjevardian, and unanimously approved the minutes of the November 13, 2025, meeting.</p>
III. Financial Matters		
A. Consideration of Acceptance of the Harris Health First Quarter Fiscal Year 2026 Investment Report	<p>Mr. Jay Camp, Director, Interim Controller, presented the Harris Health First Quarter Fiscal Year 2026 Investment Report. He noted that the Federal Reserve implemented two interest rate cuts during the quarter; however, despite the changing rate environment, the investment portfolio continued to perform well and generated favorable returns. A copy of the Investment Report is available in the permanent record.</p>	<p>Moved by Mr. Paul Punte, seconded by Ms. Sima Ladjevardian, and unanimously accepted that the Committee recommends that the Board approve item III.A. Motion carried.</p>
B. Consideration of Acceptance of the Harris Health Fourth Quarter Calendar Year 2025 Pension Plan Report	<p>Mr. Camp presented the Harris Health Fourth Quarter Calendar Year 2025 Pension Plan Report and reported that the portfolio maintained reasonable returns despite rate cuts by the Federal Reserve during the quarter. He highlighted that the pension plan’s year-to-date funded status had improved significantly to approximately 96.1%, compared to the mid-80% range in the prior year. Committee members discussed how this compares with peer organizations, noting that many public hospital systems maintain funded ratios around 80%, with some systems ranging between approximately 80% and slightly above 100%. Leadership attributed the improvement primarily to the performance of plan investments and continued adherence to the pension investment policy. A copy of the Pension Plan Report is available in the permanent record.</p>	<p>Moved by Ms. Sima Ladjevardian, seconded by Mr. Paul Punte, and unanimously accepted that the Committee recommends that the Board approve item III.B. Motion carried.</p>

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<p>C. Consideration of Acceptance of the Harris Health December 2025 Quarterly Financial Report Subject to Audit</p>	<p>Mr. Camp presented the Harris Health December 2025 Quarterly Financial Report, subject to audit, and reported a strong financial performance for the first quarter. The system recorded a \$76.4 million operating margin, significantly exceeding the budgeted margin of approximately \$20 million. Mr. Camp noted that favorable results were driven in part by the timing of strategic initiatives and spending related to supporting those initiatives. Ms. Victoria Nikitin, Executive Vice President and Chief Financial Officer, highlighted an emerging trend that the organization continues to monitor closely—declining patient volumes, which are currently approximately 4–5% lower compared to the prior year. While the lower volumes have contributed to improved margins in the short term due to reduced costs of care, leadership expressed concern about the longer-term implications. Dr. Esmaeil Porsa, President and Chief Executive Officer, shared that the decline in patient volumes may be influenced by broader factors, including the national political environment, uncertainty surrounding health coverage, and potential community hesitancy to seek care. He cautioned that reduced utilization could result in delayed treatment and potentially more patients presenting advanced or late-stage conditions in the future. Dr. Porsa also noted potential impacts related to changes in Affordable Care Act (ACA) subsidy requirements later in the year, which may further affect patient access and utilization. Leadership confirmed that patient volume trends are being monitored closely across both hospital and clinic settings and that updates will be provided to the Committee and Board as more data becomes available. A copy of the Financial Report is available in the permanent record.</p>	<p>Moved by Mr. Paul Puente, seconded by Ms. Sima Ladjevardian, and unanimously accepted that the Committee recommends that the Board approve item III.C. Motion carried.</p>
<p>IV. Adjournment</p>	<p>There being no further business to come before the Committee and without objection from the members, the meeting adjourned at 9:10 a.m.</p>	

I certify that the foregoing are the Minutes of the Meeting of the Budget and Finance Committee of the Board of Trustees of the Harris Health held on February 26, 2026.

Respectfully submitted,

Carol Paret, BS, Presiding Officer,
in lieu of Ingrid Robinson, MBA, Committee Chair

Recorded by Cherry A. Joseph, MBA

**Board of Trustees
Budget & Finance Committee Attendance
Thursday, February 26, 2026**

COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Carol Paret, <i>Presiding Chair</i>	Ingrid Robinson (<i>Chair</i>)	
Sima Ladjevardian, <i>Vice Chair</i>		
Paul Puente		

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Alexander Barrie	Jerald Summers
Dr. Amy Smith	John Matcek
Carolynn Jones	Louis Smith
Cherry Joseph	Maria Cowles
Daniel Smith	Olga Rodriguez
Esmail Porsa (<i>CEO & President, Harris Health</i>)	Randy Manarang
Dr. Jackie Brock	Sara Thomas
Jay Camp	Shawn DeCosta
Dr. Jennifer Small	Dr. Thomas Cummins
Jennifer Zarate	Victoria Nikitin

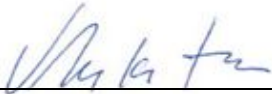
Virtual Attendee Notice: *If you joined as a group and would like to be counted as present, please submit an email to: BoardofTrustees@harrishealth.org before close of business the day of the meeting.*

Thursday, May 28, 2026

Consideration of Acceptance of the Harris Health Second Quarter Fiscal Year 2026
Investment Report

Attached for your review and acceptance is the Second Quarter Fiscal Year 2026 Investment Report for the period January 2026 through March 2026.

Administration recommends that the Board accept the Second Quarter Fiscal Year 2026 Investment Report for the period ended March 31, 2026.



Victoria Nikitin
Executive Vice President – Chief Financial Officer



Quarterly Investment Summary

Harris Health

As of March 31, 2026

Investment advice and consulting services provided by Aon Investments USA, Inc.
To protect the confidential and proprietary information included in this material, it may
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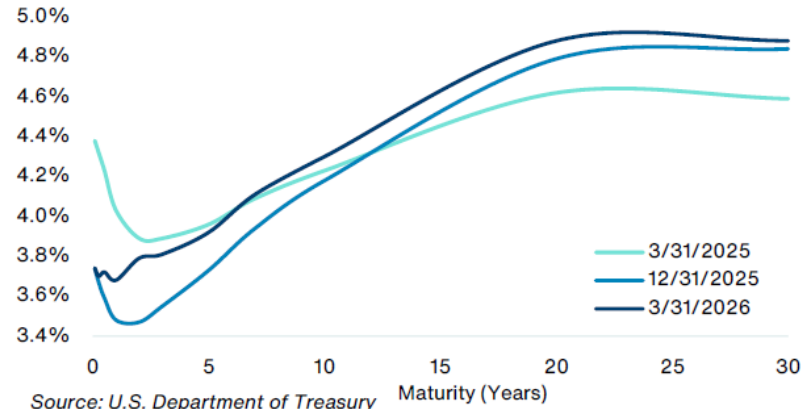
Financial Highlights

As of March 31, 2026

Review of Capital Markets

- In Q1 2026, the U.S. Federal Reserve kept rates steady at 3.75%, maintaining its “wait and see” stance.
- U.S. Treasury yields mostly rose across all maturities, with the effect more pronounced across the 2- and 3-year terms.
- The yield curve has flattened as rate cut expectations have been mostly removed from implied yields.
- The yield curve generally returned to a positive slope in March, reversing its inverted position from the past few years.
- With the outlook for interest rates uncertain and a possible pause from the Fed on lowering of rates, the investment strategy in place for Harris Health continues to strategically increase the use of treasury bills and commercial paper.

U.S. TREASURY YIELD CURVE



Source: U.S. Department of Treasury

Financial Highlights

As of March 31, 2026

Portfolio Balances

- As of March 31, 2026, total assets were valued at approximately \$2.3 billion.
- During the quarter, assets increased by \$583.1 million from the market value of \$1.7 billion on December 31, 2025.
 - The increase was primarily driven by seasonal cash inflows, including receipt of ad valorem tax revenues during the quarter (\$1,087 million), which were subsequently invested.

Balances by Account:

Account	March 31, 2026	
	Market Value	%
General Fund	\$2,150,130,676.72	93.2%
Debt Service	\$33,142,437.82	1.4%
Restricted	\$124,620,898.66	5.4%
Total	\$2,307,894,013.20	100.0%

Portfolio Returns

- During the quarter, the portfolio generated investment income of \$17.9 million.
- The portfolio produced an investment return of 0.86% for the quarter, performing in-line with the 90-Day U.S. Treasury Bill return.
- For the 12-month period ending March 31, 2026, the portfolio returned 3.88%, slightly trailing the 90-Day U.S. Treasury Bill's 4.00% return.



Financial Highlights

As of March 31, 2026

Description of Investments

- As of March 31, 2026, the portfolio was 100% invested in short duration securities, the majority of which maintained a maturity of approximately 30-90 days.
- Money market funds accounted for 69% (up from 57% last quarter) of the portfolio, followed by Local Government Investment Pools at 21%, U.S. Treasury Bills at 7%, U.S. Agency at 2%, and Commercial Paper at 1%.
- Money market assets are allocated across numerous mutual funds.
- The Local Government Investment Pool assets are split between LoneStar (44.00%), TexasCLASS (55.98%), and TexasCLASS Govt (0.02%).

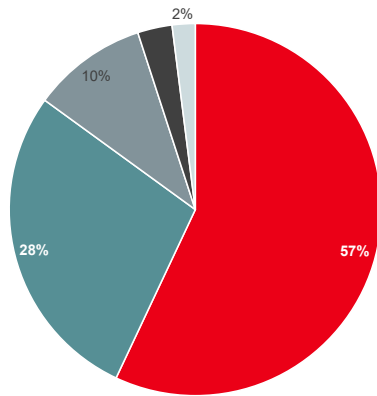
Portfolio Changes

- In late December, Aon and Harris Health Treasury confirmed the current investment strategy and invested approximately \$260 million in U.S. Treasury Bills, U.S. Agency, and Commercial Paper with maturities up to 365 days.
- During the first quarter of 2026, the collection of ad valorem taxes were temporarily held in money market funds, awaiting reinvestment opportunities to strategically extend duration and diversify exposures (i.e. more U.S. Treasury Bills, U.S. Agency, and Commercial Paper), while maintaining appropriate liquidity in the portfolio.

Financial Highlights

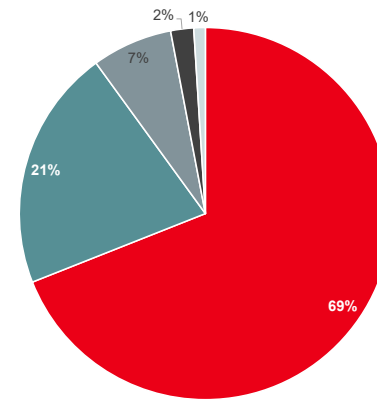
Change in Portfolio Allocation

December 31, 2025



■ Money Market ■ Local Government Investment Pool ■ U.S. Treasury ■ U.S. Agency ■ Commercial Paper

March 31, 2026



■ Money Market ■ Local Government Investment Pool ■ U.S. Treasury ■ U.S. Agency ■ Commercial Paper

Compliance Statement

Harris County Financial Management certifies that to the best of their knowledge, based on the investment statements and reporting provided to them, that Harris Health is in compliance with the provisions of Texas Government Code – Public Funds Investment Act, Section 2256.023 and with the stated policies and strategies of Harris Health.



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Aon Investments USA Inc.
200 E. Randolph Street
Suite 700
Chicago, IL 60601
ATTN: Aon Investments Compliance Officer

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HARRISHEALTH

QUARTERLY INVESTMENT REPORT SECOND QUARTER 2025-2026

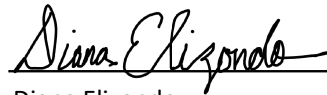
PREPARED BY:
OFFICE OF MANAGEMENT AND BUDGET
FINANCIAL MANAGEMENT

The report is presented in accordance with the Texas Government Code - Public Funds Investment Act, Section 2256.023. Financial Management certifies that to the best of our knowledge that Harris Health System is in compliance with the provisions of Government Code 2256 and with the stated policies and strategies of Harris Health System.



Fahad Gulzar

Interim Deputy Executive Director, OMB



Diana Elizondo

Investment Director



Mark LaRue

Investment Manager

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Section II: Total Rate of Return vs. Benchmark

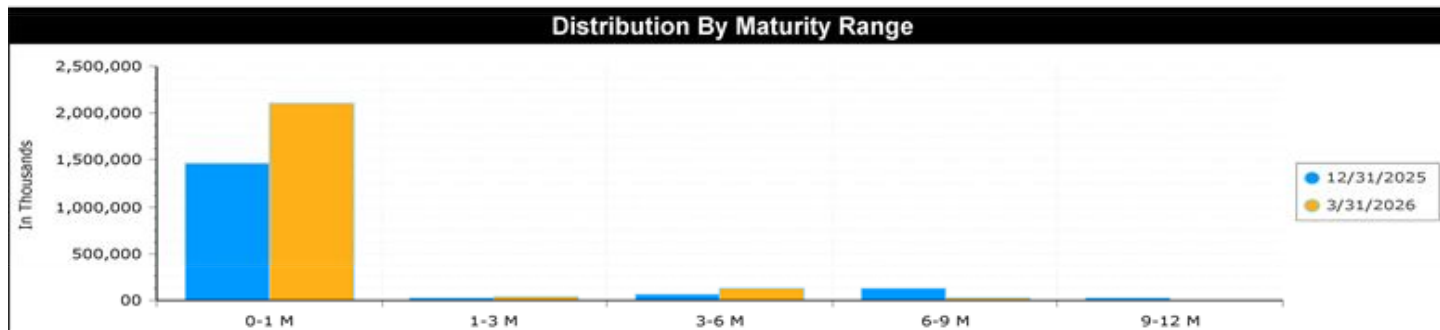
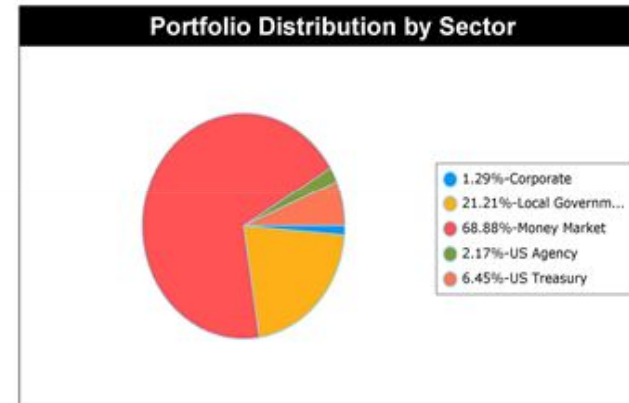
Section III: Current Portfolio Holdings & Quarterly Income

Summary of Portfolio Balances & Characteristics

December 31, 2025 through March 31, 2026

Book & Market Value Comparison							
Month	Market Value	Book Value	Unrealized Gain/Loss	YTM @ Cost	YTM @ Market	Duration	Days To Maturity
Beginning	1,724,755,184.70	1,724,752,289.76	2,894.94	3.54	3.53	0.08	31
1/31/2026	2,002,738,442.14	2,002,795,006.21	-56,564.07	3.34	3.34	0.06	23
2/28/2026	2,274,710,905.13	2,274,785,807.98	-74,902.85	3.23	3.23	0.04	17
3/31/2026	2,307,894,013.20	2,308,044,547.54	-150,534.34	3.33	3.34	0.03	13
Average	2,195,114,453.49	2,195,208,453.91	-95,832.07	3.30	3.30	0.04	18

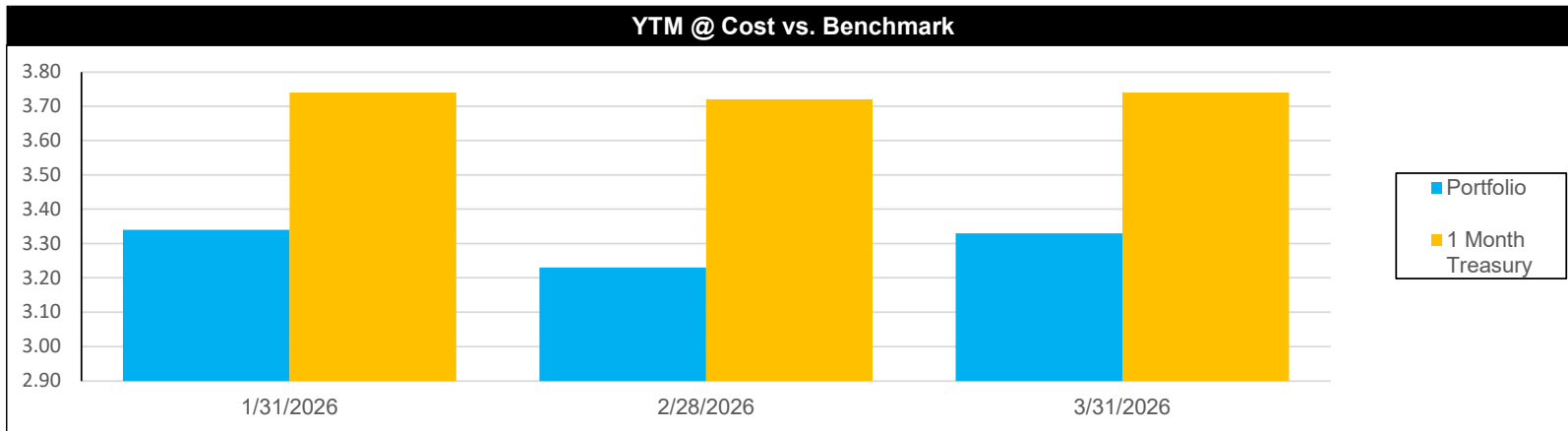
Quarterly Investment Income By Sector		
	Ending BV + Accrued Interest	Investment Income-BV
Certificate of Deposit	\$0.00	\$0.00
Commercial Paper	\$108,162,059.65	\$728,431.04
Local Government Investment Pool	\$489,613,277.36	\$4,575,803.30
Money Market	\$1,511,410,852.32	\$10,673,166.48
Municipal	\$0.00	\$0.00
US Agency	\$50,501,243.05	\$448,750.00
US Treasury	\$149,369,407.93	\$1,453,520.05
Total	\$2,309,056,840.31	\$17,879,670.87



Portfolio Yield vs. Benchmark Treasury

December 31, 2025 through March 31, 2026

Month	Beginning BV + Accrued Interest	Interest Earned During Period-BV	Realized Gain/Loss-BV	Investment Income-BV	Average Capital Base-BV	YTM @ Cost	1 Month Treasury
Beginning	1,818,915,112.92				1,808,829,492.26		
1/31/2026	1,725,467,944.52	5,655,210.12	0.00	5,655,210.12	1,709,283,053.74	3.34	3.74
2/28/2026	2,003,709,439.97	5,890,222.05	0.00	5,890,222.05	2,012,595,789.87	3.23	3.72
3/31/2026	2,275,899,304.94	6,334,238.70	0.00	6,334,238.70	2,276,321,117.15	3.33	3.74
Total/Average	2,001,692,229.81	17,879,670.87	0.00	17,879,670.87	1,999,399,986.92	3.74	3.73



HARRISHEALTH

Portfolio Holdings & Quarterly Earnings

Begin Date: 12/31/2025, End Date: 3/31/2026

Description	CUSIP/Ticker	Ending Face Amount/Shares	Beginning MV	Ending MV	Ending BV	Investment Income-BV	Ending YTM @ Cost	Maturity Date
H9902 Hospital - General Fund								
BARCLAYS CAPITAL INC 0 6/15/2026	06743VFF2	10,000,000.00	9,827,300.00	9,918,800.00	9,919,762.57	96,284.92	3.905	6/15/2026
FHLB 3.55 9/23/2026-26	3130B8XV9	25,000,000.00	24,988,000.00	24,977,250.00	25,000,000.00	221,875.00	3.550	9/23/2026
FNMA 3.63 12/18/2026-26	3136GCBN4	25,000,000.00	24,976,750.00	24,964,250.00	25,000,000.00	226,875.00	3.630	12/18/2026
H9902 HHS Cigna Health Benefits MM	D6332-HHSJPM	7,709,748.25	21,628,280.66	7,709,748.25	7,709,748.25	88,470.57	2.650	N/A
H9902 HHS FSA Plan MM	D6670-HHSJPM	202,407.74	261,961.19	202,407.74	202,407.74	1,183.55	2.650	N/A
H9902 HHS Gen Fd CJTXX MM	M5375-HHSCJTX	384,537,077.26	182,898,831.35	384,537,077.26	384,537,077.26	1,638,245.91	3.550	N/A
H9902 HHS Gen Funds OGVXX MMF MM	M5375-HHSOGVXX	302,755,542.17	101,709,264.92	302,755,542.17	302,755,542.17	1,046,277.25	3.550	N/A
H9902 HHS General Funds JPM MM	D5375-HHSJPM	714,825,551.09	310,958,234.77	714,825,551.09	714,825,551.09	5,174,929.23	2.750	N/A
H9902 HHS HRA ZBA MM	D5680-HHSJPM	947,827.72	1,100,477.76	947,827.72	947,827.72	6,630.67	2.650	N/A
H9902 Hospital - Cadence General Funds MMF MM	M3837-OGVXX	0.00	1,539,383.09	0.00	0.00	6,396.60		N/A
H9902 Restr Donations JPM MM	D7157-HHSJPM	35,620.38	297,988.07	35,620.38	35,620.38	1,004.13	2.750	N/A
H9902 Restr Donations JPM MMF MM	M7157-HHSOGVXX	730,725.92	724,225.38	730,725.92	730,725.92	6,500.54	3.550	N/A
H9902 Unrestr Donations JPMMM	D6757-HHSJPM	173,141.91	172,015.51	173,141.91	173,141.91	1,126.40	2.650	N/A
H9902 US Bank Open CP MM	OPENCPH9902	78,311,883.52	46,780,775.89	78,311,883.52	78,311,883.52	361,283.80	3.250	N/A
LoneStar H9902 LGIP	LONESTARH9902	215,443,919.41	213,432,092.54	215,443,919.41	215,443,919.41	2,011,826.87	3.784	N/A
NORDEUTSCHE LANDESBK NY 0 4/20/2026	65558NDL9	10,000,000.00	9,886,600.00	9,980,400.00	9,979,831.91	95,533.06	3.839	4/20/2026
SUMITOMO MIT/SINGAPORE 0 5/18/2026	86564XEJ9	10,000,000.00	9,857,200.00	9,950,000.00	9,950,581.65	94,630.87	3.820	5/18/2026
T-Bill 0 9/3/2026	912797RS8	50,000,000.00	48,860,500.00	49,226,500.00	49,273,873.88	421,621.62	3.491	9/3/2026
TexasCLASS H9902 LGIP	TXCLASSH9902	215,899,231.35	213,880,150.20	215,899,231.35	215,899,231.35	2,019,081.15	3.777	N/A
T-Note 1.5 8/15/2026	9128282A7	20,000,000.00	19,747,400.00	19,830,400.00	19,846,380.21	175,624.25	3.585	8/15/2026
T-Note 1.625 5/15/2026	912828R36	20,000,000.00	19,859,400.00	19,946,800.00	19,953,082.77	176,768.17	3.565	5/15/2026
T-Note 1.875 6/30/2026	9128287B0	20,000,000.00	19,842,000.00	19,908,600.00	19,916,277.38	176,954.65	3.582	6/30/2026
T-Note 1.875 7/31/2026	912828Y95	20,000,000.00	19,808,800.00	19,876,800.00	19,887,822.92	176,145.95	3.582	7/31/2026
T-Note 2.375 4/30/2026	9128286S4	20,000,000.00	19,925,200.00	19,978,200.00	19,980,921.05	177,304.44	3.562	4/30/2026
T-Note 4.625 3/15/2026	91282CGR6	0.00	20,037,400.00	0.00	0.00	149,100.97		3/15/2026
TORONTO DOMINION BANK 0 3/17/2026	89119BCH7	0.00	9,922,100.00	0.00	0.00	80,698.39		3/17/2026
Sub Total/Average H9902 Hospital - General Fund		2,151,572,676.72	1,352,922,331.33	2,150,130,676.72	2,150,281,211.06	14,632,373.96	3.320	

H9906 Hospital - SPFC

Description	CUSIP/Ticker	Ending Face Amount/Shares	Beginning MV	Ending MV	Ending BV	Investment Income-BV	Ending YTM @ Cost	Maturity Date
H9906 Hospital - SPFC MM	D2538-HHSJPM	3,523.44	4,265.37	3,523.44	3,523.44	33.51	2.650	N/A
H9906 SPFC JPM MMF MM	M2538-HHSOGVXX	56,275.78	56,275.78	56,275.78	56,275.78	349.70	3.550	N/A
TexasCLASS H9906 LGIP	TXCLASSH9906	1,039,928.68	1,030,203.25	1,039,928.68	1,039,928.68	9,725.43	3.777	N/A
Sub Total/Average H9906 Hospital - SPFC		1,099,727.90	1,090,744.40	1,099,727.90	1,099,727.90	10,108.64	3.762	
H9917 Hospital - Ser 2010 DS								
H9917 Ser 2010 DS MM	D2565-HHSJPM	44,461.66	44,172.41	44,461.66	44,461.66	289.25	2.650	N/A
H9917 Ser 2010 DS MMF MM	M2565-HHSOGVXX	6,022,973.27	5,969,392.71	6,022,973.27	6,022,973.27	53,580.56	3.550	N/A
TexasCLASS H9917 LGIP	TXCLASSH9917	70,069.82	69,414.52	70,069.82	70,069.82	655.30	3.777	N/A
Sub Total/Average H9917 Hospital - Ser 2010 DS		6,137,504.75	6,082,979.64	6,137,504.75	6,137,504.75	54,525.11	3.546	
H9918 Hospital - Ser 2010 DSR								
H9918 Ser 2010 DSR MM	D2763-HHSJPM	43,879.56	43,594.10	43,879.56	43,879.56	285.46	2.650	N/A
H9918 Ser 2010 DSR MMF MM	M2763-HHSOGVXX	6,025,340.08	5,971,738.51	6,025,340.08	6,025,340.08	53,601.57	3.550	N/A
TexasCLASS H9918 LGIP	TXCLASSH9918	68,271.75	67,633.25	68,271.75	68,271.75	638.50	3.777	N/A
Sub Total/Average H9918 Hospital - Ser 2010 DSR		6,137,491.39	6,082,965.86	6,137,491.39	6,137,491.39	54,525.53	3.546	
H9920 Hospital - Rev & Ref Ser 2016 DS								
H9920 Ser 2016 DS MM	D1898-HHSJPM	74,229.62	73,746.71	74,229.62	74,229.62	482.91	2.650	N/A
H9920 Ser 2016 DS MMF MM	M1898-HHSOGVXX	10,264,778.63	10,173,462.88	10,264,778.63	10,264,778.63	91,315.75	3.550	N/A
TexasCLASS H9920 LGIP	TXCLASSH9920	94,237.33	93,356.06	94,237.33	94,237.33	881.27	3.777	N/A
Sub Total/Average H9920 Hospital - Rev & Ref Ser 2016 DS		10,433,245.58	10,340,565.65	10,433,245.58	10,433,245.58	92,679.93	3.546	
H9921 Hospital - Rev & Ref Ser 2016 DSR								
H9921 Ser 2016 DSR MM	D2078-HHSJPM	75,584.85	75,093.13	75,584.85	75,584.85	491.72	2.650	N/A
H9921 Ser 2016 DSR MMF MM	M2078-HHSOGVXX	10,166,107.55	10,075,669.54	10,166,107.55	10,166,107.55	90,438.01	3.550	N/A
TexasCLASS H9921 LGIP	TXCLASSH9921	117,670.73	116,570.31	117,670.73	117,670.73	1,100.42	3.777	N/A
TexasCLASS Govt H9921 LGIP	TXCLASSGH9921	74,832.97	74,177.88	74,832.97	74,832.97	655.09	3.545	N/A
Sub Total/Average H9921 Hospital - Rev & Ref Ser 2016 DSR		10,434,196.10	10,341,510.86	10,434,196.10	10,434,196.10	92,685.24	3.546	
H9924 Hospital - Capital Assets Series 2020								
H9924 Capital Assets Ser 2020 MM	D9218-HHSJPM	2,674.61	2,657.21	2,674.61	2,674.61	17.40	2.650	N/A
TexasCLASS H9924 LGIP	TXCLASSH9924	371,140.64	367,669.74	371,140.64	371,140.64	3,470.90	3.777	N/A
Sub Total/Average H9924 Hospital - Capital Assets Series 2020		373,815.25	370,326.95	373,815.25	373,815.25	3,488.30	3.769	
H9925 Hospital - Capital Gift Proceeds								
H9925 HHS Capital Gift Proceeds MM	D0208-HHSJPM	325,980.50	843,090.46	325,980.50	325,980.50	1,640.64	1.050	N/A
TexasCLASS H9925 LGIP	TXCLASSH9925	56,433,974.68	55,906,206.31	56,433,974.68	56,433,974.68	527,768.37	3.777	N/A

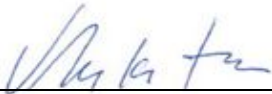
Description	CUSIP/Ticker	Ending Face Amount/Shares	Beginning MV	Ending MV	Ending BV	Investment Income-BV	Ending YTM @ Cost	Maturity Date
Sub Total/Average H9925 Hospital - Capital Gift Proceeds		56,759,955.18	56,749,296.77	56,759,955.18	56,759,955.18	529,409.01	3.761	
H9935 Hospital - 2025 Bond Proceeds								
H9935 HHS 2025 Bond Proceeds MM	D3379-HHSJPM	374,393.23	343,473.21	374,393.23	374,393.23	920.02	1.050	N/A
H9935 HHS 2025 Bond Proceeds MM	M3379-HHSOGVXX	32,677,532.06	270,298,489.77	32,677,532.06	32,677,532.06	2,243,694.79	3.550	N/A
Sub Total/Average H9935 Hospital - 2025 Bond Proceeds		33,051,925.29	270,641,962.98	33,051,925.29	33,051,925.29	2,244,614.81	3.522	
H9936 Hospital - Pasadena Square Project								
H9936 Pasadena Square Project MM	D1352-HHSJPM	5,046,081.48	5,012,020.20	5,046,081.48	5,046,081.48	34,061.28	2.750	N/A
Sub Total/Average H9936 Hospital - Pasadena Square Project		5,046,081.48	5,012,020.20	5,046,081.48	5,046,081.48	34,061.28	2.750	
H9937 Hospital - Ad Valorem I and S								
H9937 Hospital Ad Valorem I and S MM	D1520-HHSJPM	28,289,393.56	5,120,480.06	28,289,393.56	28,289,393.56	131,199.06	2.750	N/A
Sub Total/Average H9937 Hospital - Ad Valorem I and S		28,289,393.56	5,120,480.06	28,289,393.56	28,289,393.56	131,199.06	2.750	
Total / Average		2,309,336,013.20	1,724,755,184.70	2,307,894,013.20	2,308,044,547.54	17,879,670.87	3.329	

Thursday, May 28, 2026

Consideration of Acceptance of the Harris Health First Quarter Calendar Year 2026
Pension Plan Report

Attached for your review and acceptance is the First Quarter Calendar Year 2026 Pension Plan Report for the period January 2026 through March 2026.

Administration recommends that the Board accept the First Quarter Pension Plan Report for the period ended March 31, 2026.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

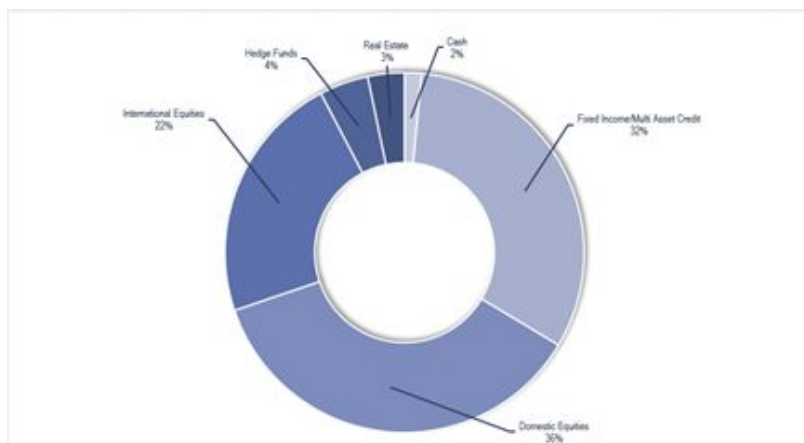
Pension Plan Summary



For the Quarter Ended and Year to Date March 31, 2026

	YEAR-TO-DATE 12/31/25	QUARTERLY 03/31/26	YEAR-TO-DATE 12/31/26
Investment Return	13.1%	-2.1%	-2.1%
Market Value of Assets (in millions)	\$ 1,191.5	\$ 1,167.0	\$ 1,167.0
Employer Contributions (in millions)	\$ 71.0	\$ 18.3	\$ 18.3
Benefit Payments (in millions)	\$ 67.2	\$ 17.3	\$ 17.3
Funded Ratio	97.6%	95.1%	95.1%

Current Asset Allocation:



*The Plan was in compliance with target asset allocations per the Board approved Pension Plan Investment Policy.

Market Updates:

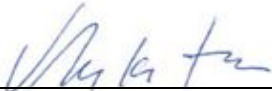
The market value of the Plan assets increased \$24.5 million this quarter and since the beginning of the calendar year. Investment return was -2.1% for the quarter ended March 31, 2026, due to the following market conditions:

- Geopolitical shocks dominated markets during the first quarter of 2026, most notably the escalation of conflict in the Middle East, which drove a sharp spike in energy prices fueling inflation concerns and volatility. There was a shift in monetary policy expectations due to resilient inflation and rising yields, all the while growth remained resilient but uneven as U.S. growth held up with solid earnings and consumption.
- U.S. equity markets declined in the first quarter of 2026, with the S&P 500 falling approximately 4–5% as elevated valuations—particularly in AI-related sectors—came under pressure and investors reassessed growth expectations amid persistent inflation and rising interest rates.
- International equities reversed prior strength and posted negative returns in the first quarter, as the tailwinds from a weaker U.S. dollar and improving global growth faded, while higher interest rates and energy price volatility weighed on developed and emerging markets.
- Fixed income markets faced headwinds in the first quarter, with rising Treasury yields pressuring bond prices as the Federal Reserve signaled a more cautious stance on rate cuts due to persistent inflation, shifting expectations toward fewer or delayed easing moves in 2026.

Thursday, May 28, 2026

Annual Interest Rate Management Agreement Disclosure [Information Only]

Texas Government Code 1371.061 requires an annual Management Report regarding any interest rate management agreement (swap) that the governing body has authorized. The requirement applies to the swap agreement that is associated with the Series 2010 Variable Rate Demand Bonds issued by the Hospital District.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

**Harris Health
Interest Rate Management Agreement (Swap) Management Report
September 30, 2025**

Texas Government Code 1371.061 requires an annual Management Report regarding any interest rate management agreement (swap) that the governing body has authorized. The requirement applies to the swap agreement that is associated with the Series 2010 Variable Rate Demand Bonds issued by the Harris Health (the System).

On September 25, 2007, the System entered into an interest rate swap agreement in connection with the Series 2007B Bonds with the settlement date on October 3, 2007. When the System refunded and refinanced the Series 2007B Bonds by issuing Series 2010 Bonds, the interest rate swap was redesignated and associated with the new debt. The derivative contained an off market element equal to the value of the swap associated with the Series 2007B Bonds on August 12, 2010. This off-market element is recorded as a borrowing payable and is amortized as an adjustment to interest expense over the life of the swap agreement. No collateral is required under the agreement.

The intention of the swap was to effectively reduce the impact of the System's variable interest rate exposure on the related bonds to a synthetic fixed rate of 4.218 percent. The termination date of the swap is February 15, 2042; the same as the Series 2010 Bonds. The System pays the Counterparty, Deutsche Bank, the difference between the fixed interest rate of 4.218 percent and the floating SIFMA Municipal Swap Index, on the 15th calendar day of every month. The effectiveness of the interest rate swap has been measured using the regression analysis method. The System has concluded that the transactions are effective.

The redesignated swap had a zero fair value at its inception date and a fair value of (\$728) thousand at September 30, 2025, and is reported as a derivative asset in the statements of net position. The fair value of the swap was determined by calculating the present value of the anticipated future cash flows for both the floating portion and the stated fixed rate portion using discount factors derived from the London Interbank Offered Rate (LIBOR) swap curve.

The System's swap agreement does not contain any out-of-the-ordinary termination events that would expose it to significant termination risk. In keeping with market standards, the System or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. If at the time of the termination the swap has a negative value, the System would be liable to the counterparty for a payment equal to the fair value of such swap. As of September 30, 2025, termination of the original swap agreement would create a liability of \$6 million and would result in a reversal of the derivative asset, the borrowing payable amount and the unamortized loss on refunding. Any resulting net change would be recorded through nonoperating expenses.

At September 30, 2025 the swap counterparty was rated A by Standards & Poor's, A1 by Moody's Investor Services, and A- by Fitch.

The continuation of the transaction is in compliance with the System's interest rate management policy which is included in the Investment Policy.

DocuSigned by:

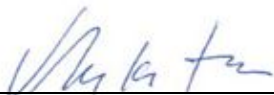
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Victoria Nikitin, Chief Financial Officer

Thursday, May 28, 2026

2025 Annual Report of the 401k and 457b Administrative Committee Activities
[Information Only]

Harris Health maintains two defined contribution plans (the Plans) – a 401K Plan and a 457B Plan – that employees may contribute to on a pre-tax basis to help meet their individual retirement goals. The 401K Plan added an employer matching feature in July, 2007, following the closure of the Pension Plan to new participants. For eligible participants hired after December 31, 2006, Harris Health will match the employee contribution to the 401K Plan, up to 5 percent of the employee's salary. The 2025 Annual Report to the Board of the 401k & 457b Administrative Committee Activities for the Plan years ended December 31, 2025 is attached, reflecting key information about the Plans, the management of Plans assets and the monitoring of Plans performance.

The report is for information only.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

2025 Calendar Year Report to the Board of Trustees Concerning Activities of the Harris Health 401K & 457(b) Administrative Committee

Pursuant to the terms of the Harris County Hospital District 401K Plan (the “401K Plan”) and the Harris County Hospital District Employees’ Deferred Compensation Plan (the “457(b) Plan”) (collectively the “Plans”), the Board of Trustees of the Harris Health System (the “Board”) appointed the Harris Health System 401K & 457(b) Administrative Committee (the “Committee”). This report is intended to inform the Board of the Committee’s activities over the 12-month period ending December 31, 2025 (“Report Period”).

The Committee actively performed its duties during the Report Period. During this period the Committee oversaw the Plans’ operations, carefully monitored the investment offerings in the Plans and the performance of service providers to the Plans and the Committee, and managed other relevant matters, including but not limited to the following specific activities:

1. Met four times during the year;
2. Assessed the quarterly reports of the investments in the Plans as provided by the Committee’s independent investment advisor, reviewing the following criteria among others: performance on a rolling and trailing return basis relative to benchmarks and appropriate universes, changes in the management teams of investment managers, significant issues affecting the firms within which the investment managers operate, investment quality of fixed income investments, diversification of holdings, the amount of risk taken, changes in investment style and cost;
3. Reviewed market environment and market outlook reports provided by the Committee’s independent investment advisor;
4. Approved changes to the Statement of Investment Guidelines for the Plans as recommended by the Committee’s independent investment advisor;
5. Reviewed an evaluation by the Committee’s independent investment advisor of the stable value fund offered in the Plans;
6. Assessed a share class analysis presented by the Plans’ independent investment advisor to determine whether Plan funds were being offered in the least expensive share class or vehicle available;
7. Approved the conversion two funds in the Plans to lower cost investment vehicles;
8. Replaced an existing fund in one asset class with a fund determined by the Committee to be better suited for inclusion in the Plan;
9. Reviewed quarterly reports prepared by the Plans’ recordkeeper reflecting demographic and financial information, including activities that were undertaken to educate the Plans’ participants about Plan features and improve Plan participation, investment diversification and deferral rates, with a goal of improving outcomes for the Harris Health System employees that participate in the Plans;
10. Received updates on the implementation of mandatory provisions of the SECURE 2.0 Act to the Plans;

11. Reviewed an independent analysis of the Plans' administrative fees as compared to a "Best-fit" subset of similar plans;
12. Negotiated with the 457(b) Plan's recordkeeper to reduce administrative fees;
13. Completed an Annual Strategic Plan for Committee activities;
14. Received notice that an independent audit of the 401K Plan had been completed;
15. Completed a review of the Plans' fiduciary governance and administrative operations;
16. Received training related to defined contribution retirement plan fiduciary governance best practices;
17. Received investment education and fiduciary updates related to defined contribution retirement plans and other developments that could affect the Plans and the Committee's work; and
18. Kept minutes of each Committee meeting, including copies of materials considered by the Committee.



Committee Chair

04/23/2026

Date Signed

Thursday, May 28, 2026

2025 Annual Report to the Board of the Pension and Disability Committee Activities
[Information Only]

The Harris County Hospital District Pension Plan is a defined benefit plan that provides a guaranteed monthly retirement income for eligible participants who were employed prior to January 1, 2007. The 2025 Annual Report to the Board of the Pension and Disability Committee Activities for the Pension Plan year ended December 31, 2025 is attached, reflecting key information about the Plan, the management of Plan assets and the monitoring of Plan performance.

The report is for information only.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

2025 Calendar Year Report to the Board of Trustees Concerning Activities of the Harris Health Pension & Disability Committee

Pursuant to the terms of the Harris County Hospital District Pension Plan (the “Plan”), the Board of Trustees of the Harris Health System (the “Board”) appointed the Harris Health System Pension & Disability Committee (the “Committee”). This report is intended to inform the Board of the Committee’s activities over the 12-month period ending December 31, 2025 (“Report Period”).

The Committee actively performed its duties during the Report Period. During this period the Committee oversaw the Plan’s operations, carefully monitored the investment offerings in the Plan and the performance of certain service providers to the Plan and the Committee, and managed other relevant matters, including but not limited to the following specific activities:

1. Met four times during the year;
2. Assessed the quarterly reports of the investments in the Plan as provided by the Committee’s independent investment advisor, reviewing the following criteria among others: performance on a rolling and trailing return basis relative to benchmarks and appropriate universes, changes in the portfolio management teams of investment managers, significant issues affecting the firms within which the investment managers operate, investment quality of fixed income investments, diversification of holdings, certain risk statistics, changes in investment style and cost, as well as asset allocation versus targets as outlined in the Statement of Investment Objectives and Guidelines;
3. Reviewed market environment and market outlook reports provided by the Committee’s independent investment advisor;
4. Reviewed reports of the Plan’s retirement statistics;
5. Completed an Annual Strategic Plan for Committee activities;
6. Approved changes to the Statement of Investment Guidelines for the Plan as recommended by the Committee’s independent investment advisor;
7. Approved the replacement of two existing funds in one asset class with a fund determined by the Committee to be better suited for inclusion in the Plan;
8. Reviewed an evaluation by the Committee’s independent investment advisor of the fees for the investments offered in the Plan;
9. Reviewed an evaluation by the Committee’s independent investment advisor of the Plan’s custody fees;
10. Received notice that an independent audit of the Plan had been completed;
11. Received training related to defined benefit retirement plan fiduciary governance best practices;
12. Received investment education and fiduciary updates related to defined benefit retirement plans and other developments that could affect the Plan and the Committee’s work; and

13. Kept minutes of each Committee meeting, including copies of materials considered by the Committee.



Committee Chair

04/23/2026

Date Signed

Thursday, May 28, 2026

Executive Session

Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Financial Performance for the Four Months Ending April 30, 2026, Pursuant to Tex. Gov't Code Ann. §551.085.



Anna Mateja
Chief Financial Officer
Community Health Choice, Inc.
Community Health Choice Texas, Inc.



On behalf of Victoria Nikitin
Victoria Nikitin
EVP & Chief Financial Officer
Harris Health

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BOARD OF TRUSTEES

Compliance and Audit Committee

Thursday, May 28, 2026
10:15 AM

(or immediately following the Budget and Finance Committee meeting)

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 public, integrated health system dedicated to improving the health of our communities by delivering high-quality, person-centered care in collaboration with community and academic partners.

AGENDA

I. Call to Order and Record of Attendance	Ms. Carol Paret	1 min
II. Approval of the Minutes of Previous Meeting	Ms. Carol Paret	1 min
<ul style="list-style-type: none">• Compliance and Audit Committee Meeting – February 26, 2026• Ad Hoc Compliance and Audit Committee Meeting – March 02, 2026		
III. Compliance and Audit Matters	Ms. Carol Paret	15 min
A. Presentation Regarding the Harris Health Quarterly Internal Audit Update as of May 15, 2026 – Mr. Mike Post, Harris County Auditor and Ms. Sharon Brantley Smith, Chief Assistant County Auditor		<i>(10 min)</i>
B. Presentation of the Harris Health 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, 2025 – Mr. Ryan Singleton, FORVIS MAZARS		<i>(5 min)</i>
IV. Information Only	Ms. Carol Paret	1 min
A. Independent Auditor’s Pre-audit Communication for the Harris County Hospital District 401(k) Plan Year Ended December 31, 2025 – Mr. Ryan Singleton, FORVIS MAZARS		
B. Independent Auditor’s Pre-audit Communication for the Harris County Hospital District Pension Plan Year Ended December 31, 2025 – Mr. Ryan Singleton, FORVIS MAZARS		

V. Executive Session	Ms. Carol Paret	70 min
<ul style="list-style-type: none"> A. <u>Presentation Regarding Harris County Auditor’s Internal Audit Report Related to Cash Handling Audit of Food and Nutrition Services, Pursuant to Tex. Health & Safety Code Ann. §161.032 and Tex. Gov’t Code Ann. §551.071 – Mr. Mike Post, Harris County Auditor and Ms. Sharon Brantley Smith, Chief Assistant County Auditor</u> B. <u>Presentation Regarding Harris County Auditor’s Internal Audit Report Related to Vaccine Management Audit, Pursuant to Tex. Health & Safety Code Ann. §161.032 and Tex. Gov’t Code Ann. §551.071 – Mr. Mike Post, Harris County Auditor and Ms. Sharon Brantley Smith, Chief Assistant County Auditor</u> C. <u>Presentation Regarding Harris County Auditor’s Status Update Related to Forvis’s Revenue Cycle Recommendations, Pursuant to Tex. Health & Safety Code Ann. §161.032 and Tex. Gov’t Code Ann. §551.071 – Mr. Mike Post, Harris County Auditor and Ms. Sharon Brantley Smith, Chief Assistant County Auditor</u> D. <u>Presentation Regarding Harris County Auditor’s Report Related to High-Priority MAP’s with Due Date Extensions, Pursuant to Tex. Health & Safety Code Ann. §161.032 and Tex. Gov’t Code Ann. §551.071 – Mr. Mike Post, Harris County Auditor and Ms. Sharon Brantley Smith, Chief Assistant County Auditor</u> E. <u>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 – Ms.Carolynn Jones</u> F. <u>Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Audit Results and Audited Financial Statements for the Twelve Months Ending December 31, 2025, Pursuant to Tex. Gov’t Code Ann. §551.085 – Ms. Lisa Wright, CEO, and Ms. Anna Mateja, CFO, Community Health Choice</u> 	<p>(5 min)</p> <p>(10 min)</p> <p>(10 min)</p> <p>(5 min)</p> <p>(20 min)</p> <p>(20 min)</p>	
VI. Reconvene	Ms. Carol Paret	1 min
VII. Adjournment	Ms. Carol Paret	1 min

[HARRIS HEALTH](#)
[BOARD OF TRUSTEES](#)
[COMPLIANCE & AUDIT COMMITTEE MEETING MINUTES](#)
[Thursday, February 26, 2026](#)

10:15 AM (or immediately following the Budget and Finance Committee meeting)

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
I. Call to Order and Record of Attendance	<p>The meeting was called to order at 9:17 A.M. by Ms. Carol Paret, Committee Chair. A quorum was noted as present, and attendance was recorded. The meeting may be viewed live via the Harris Health website: http://harrishealthtx.swagit.com/live.</p>	
II. Approval of the Minutes of the Previous Meeting <ul style="list-style-type: none"> • Compliance and Audit Committee Meeting – November 13, 2025 		<p>Moved by Mr. Paul Punte, seconded by Ms. Carol Paret, and unanimously approved the minutes of the November 13, 2025, meeting. Motion carried.</p>
III. Presentation Regarding the Harris Health Quarterly Internal Audit Update as of February 26, 2026	<p>Ms. Sharon Brantley Smith, Chief Assistant County Auditor, Harris County Auditor’s Office (“Auditor’s Office”), presented the Harris Health Quarterly Internal Audit Update as of February 26, 2026. She provided an overview of the internal audit mission and strategic goals, emphasizing the department’s role in strengthening governance, risk management, and operational effectiveness while serving as a trusted advisor to the organization. Ms. Smith also reported that the Auditor’s Office continues to monitor implementation of recommendations from prior engagements, including revenue cycle assessments conducted by Forbes and procurement-related recommendations.</p> <p>Ms. Smith summarized the status of the Fiscal Year 2026 audit plan, noting that of the eighteen planned audit projects, one had been completed, nine were in progress, and eight had not yet begun. She also reported that ten management action plans from two previous audits remain outstanding, with implementation dates extending through 2027, and that the internal audit team continues to monitor progress and coordinate with responsible leadership.</p> <p>During discussion, Board members inquired about collaboration between Harris Health leadership and the auditor’s office. Ms. Smith stated that the working relationship has become increasingly collaborative over time, with executive leadership actively engaged in developing and implementing action plans and maintaining regular communication with the audit team. Leadership also acknowledged improvements in coordination and dialogue with the Auditor’s Office. A copy of the presentation is available in the permanent record.</p>	<p>As Presented.</p>

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
IV. Executive Session	At 9:35 A.M., Ms. Paret announced that the Compliance & Audit Committee would enter into Executive Session for Items IV 'A through C' as permitted by law under Tex. Occ. Code Ann. §151.002, Tex. Gov't Codes Ann. §§418.183, 551.071, 551.089, and Tex. Health & Safety Code Ann. §161.032.	
A. Presentation Regarding Harris County Auditor's Report Related to the Referral Process, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §551.071		No action taken.
B. Report by the Vice President, Chief Information Security Officer, Regarding Harris Health's Fiscal Year 2025 Payment Card Industry (PCI) Merchant Assessment, Pursuant to Tex. Gov't Code §418.183, Tex. Gov't Code §551.089, and Tex. Health & Safety Code §161.032		No action taken.
C. 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		No action taken.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
V. Reconvene	At 10:58 A.M., Ms. Carol Paret reconvened the meeting in open session, confirmed a quorum, and noted that no action was taken in Executive Session.	
VI. Adjournment	There being no further business and without objection from the Members of the Committee, the meeting adjourned at 10:58 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 February 26, 2026.

Respectfully submitted,

Ms. Carol Paret, BS, Committee Chair

Recorded by Cherry A. Joseph, MBA

**Board of Trustees
Compliance & Audit Committee Attendance
Thursday, February 26, 2026**

COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Carol Paret (<i>Chair</i>)	Ingrid Robinson	
Dr. Marlen Trujillo		
Paul Puente		

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Adrienne Mendoza	John Matcek
Alexander Barrie	Louis Smith
Dr. Amy Smith	Maria Cowles
Anthony Williams	Dr. Matasha Russell
Arlene Alanis	Maureen Bremo
Carol Chatman	Michael Nnadi
Carolynn Jones	Olga Rodriguez
Cherry Joseph	Patrick Casey
Chris Clark (<i>Forvis Mazars</i>)	Randy Manarang
Daniel Smith	Ronald Fuschillo
Debbie Chacko	Salman Khan
Eileen Tseng Stultz	Sara Thomas (<i>Harris County Attorney's Office</i>)
Esmail Porsa (<i>CEO & President, Harris Health</i>)	Sharon Brantley-Smith
Dr. Jackie Brock	Shawn DeCosta
Jay Camp	Dr. Thomas Cummins
Dr. Jennifer Small	Victoria Nikitin
Jennifer Zarate	Vivian Ho-Nguyen
Jerald Summers	

Virtual Attendee Notice: *If you joined as a group and would like to be counted as present, please submit an email to: BoardofTrustees@harrishealth.org before close of business the day of the meeting.*

HARRIS HEALTH
BOARD OF TRUSTEES
AD HOC COMPLIANCE & AUDIT COMMITTEE MEETING MINUTES
Monday, March 2, 2026
11:30 AM

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
I. Call to Order and Record of Attendance	The meeting was called to order at 11:33 A.M. by Ms. Carol Paret, Chair. A quorum was noted as present, and attendance was recorded. The meeting may be viewed live via the Harris Health website: http://harrishealthtx.swagit.com/live .	
II. Executive Session	At 11:34 A.M., Ms. Paret announced that the Compliance & Audit Committee would enter into Executive Session for Item II 'A' as permitted by law under Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §551.085.	
A. 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, Status of Fraud and Abuse Investigations, Including Discussion Regarding Community Health Choice, Inc. and Community Health Choice Texas, Inc. Financial Information, Pursuant to Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §551.085		No action taken.

III. Reconvene	At 12:55 P.M., Ms. Carol Paret reconvened the meeting in open session, confirmed a quorum, and noted that no action was taken in Executive Session.	
IV. Adjournment	There being no further business and without objection from the Members of the Committee, the meeting adjourned at 12:55 P.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 March 2, 2026.

Respectfully submitted,

Ms. Carol Paret, BS, Committee Chair

Recorded by Cherry A. Joseph, MBA

**Board of Trustees
Ad Hoc Compliance & Audit Committee Attendance
Monday, March 2, 2026**

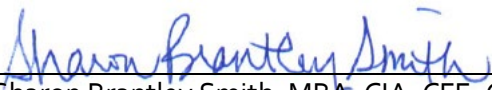
COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Carol Paret, Chair	Ingrid Robinson	
Dr. Andrea Caracostis, Ex-officio Member		
Dr. Marlen Trujillo		
Paul Puente		

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Alexander Barrie	Jerald Summers
Anna Mateja (<i>CFO, Community Health Choice</i>)	John Matcek
Anthony Williams	Lisa Wright (<i>CEO, Community Health Choice</i>)
Carolynn Jones	Louis Smith
Cherry Joseph	Maria Cowles
Daniel Smith	Olga Rodriguez
Darrin Johnson (<i>COO, Community Health Choice</i>)	Sara Thomas (<i>Harris County Attorney's Office</i>)
Esmael Porsa (<i>CEO & President, Harris Health</i>)	Shawn DeCosta
Dr. Jackie Brock	Terrica Miller (<i>CCO, Community Health Choice</i>)
Jay Camp	Victoria Nikitin
Jennifer Zarate	

Virtual Attendee Notice: *If you joined as a group and would like to be counted as present, please submit an email to: BoardofTrustees@harrishealth.org before close of business the day of the meeting.*

Thursday, May 28, 2026

Presentation Regarding the Harris Health Quarterly Internal Audit Update
as of May 15, 2026



Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP
Executive Vice President – Chief Financial Officer
Chief Assistant County Auditor, Harris Health
Harris County Auditor's Office



Harris Health Internal Audit

Quarterly Update as of May 28, 2026

Sharon Brantley Smith, Chief Assistant County Auditor – Harris Health

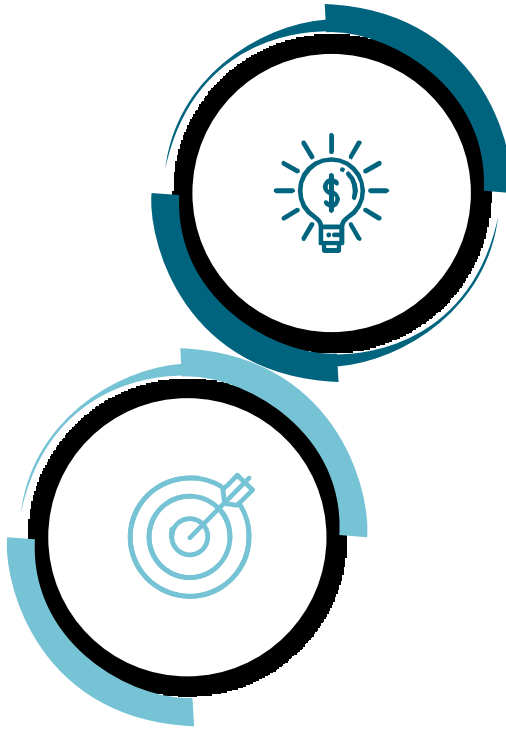
HARRISHEALTH

Internal Audit's Mission & Vision

Mission

Harris Health Internal Audit will add value by helping Harris Health:

- Improve operations and enhance its ability to achieve objectives
- Ensure effective governance, risk management, and control processes
- Improve decision-making and oversight
- Protect its reputation and credibility with stakeholders



Vision

Harris Health Internal Audit will be a trusted advisor with the proven competence, objectivity, innovation, and foresight to help drive a culture of accountability and continuous improvement.

Internal Audit's Strategic Plan at a Glance

Strategy

Strategic Objectives

1. Enhance auditors' efficiency to decrease audit turnaround time, consistently meet or exceed the goal of 75% Audit Plan completion and minimize the number of carryover audits.
2. Continue building Internal Audit's reputation as subject matter experts and trusted advisors by broadening the range of knowledge and experience in patient revenue cycle and patient care operations at Harris Health. Enhance the ability to provide insight to leadership on risks, controls, and process improvements in these areas.
3. Build a mature data analytics function to enhance the effectiveness, efficiency, and coverage of the audit process and strengthen Internal Audit's ability to identify key risks and support the organization's risk management initiatives.

Key Strategic Initiatives to Achieve Objectives

1. Refine engagement objectives and scope as part of the annual risk assessment and Audit Plan development process. Also, encourage transparency and self-reporting of control issues by Harris Health leadership and use this information to minimize or refine fieldwork procedures.
2. Continue collaborating with key Harris Health departments to secure Internal Audit's awareness and appropriate level of involvement in internal or external assessments, initiatives, workgroup meetings, etc. related to patient revenue cycle and clinical/patient care operations.
3. Implement training and collaborative brainstorming to sharpen data analysis skills and increase the usage of data analytics on audit engagements.

State of Audit in 2029

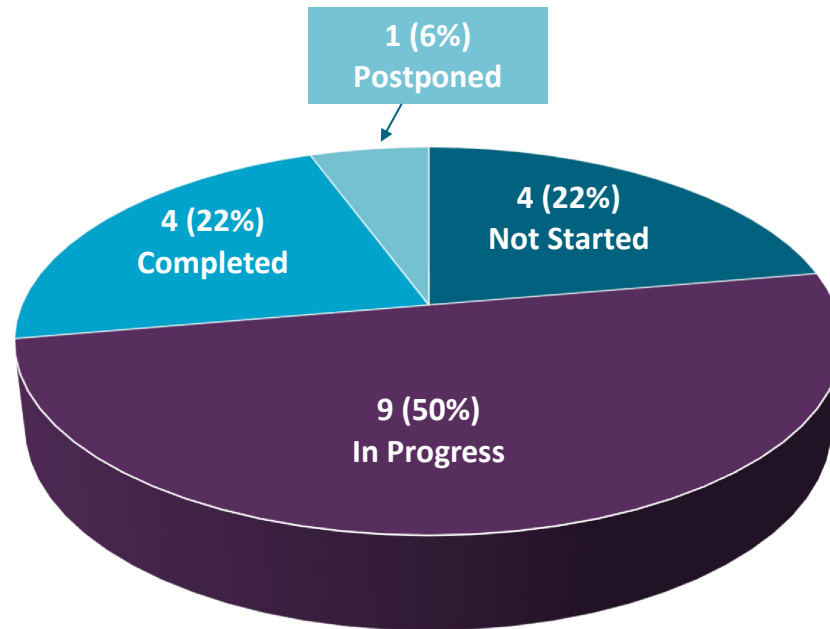
Metrics Describing End State

1. 50% reduction in average audit turnaround time, with each engagement completed within 16 weeks or less, and at least 75% completion of the Audit Plan every year.
2. 15 to 20% of Internal Audit activities each year (including trainings, audits, audit shadowing, leadership support activities, committee meetings, and other endeavours) relate to revenue cycle and patient care operations
3. 70% of audit engagements per year utilize data analytics. A thoughtful consideration of data analytics will be documented for every engagement.

Audit Plan Status

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Summary Status of FY26 Audit Plan



Total Projects: 18

Detailed Status of FY26 Audit Plan



4 (22%) Completed

1. Referral Process (*co-sourced w/Accreditation & Regulatory Affairs*)
2. Cash Handling - Food & Nutrition Services*
3. Vaccine Management*
4. Capital Asset Management

* *Attorney-client privileged engagements. Reports will be presented in Executive Session.*



9 (50%) In Progress

1. Follow-up on Recommendations from Protiviti's Procurement Assessment (**Fieldwork**)
2. Follow-up on Recommendations from Forvis's Revenue Cycle Assessment (**Fieldwork**)
3. Clinical Staff Licenses and Certifications Audit (**Fieldwork**)
4. Information Security/Technology Risk Remediation Follow-up (**Fieldwork**)
5. Contract Compliance (**Planning**)
6. LabCorp Payments (**Planning**)
7. Management Action Plan Follow-up (**Ongoing**)
8. Monitoring of Big Rocks Implementation (**Ongoing**)
9. Harris Health Organizational Meetings (**Ongoing**)



4 (22%) Not Started

1. Cybersecurity Training Compliance
2. Grant Billing Audit
3. Financial Assistance Eligibility Process Evaluation
4. FY 2027 Harris Health Risk Assessment

1 (6%) Postponed to FY27

1. Correctional Health Nursing Practices Evaluation

Engagement Updates

HARRISHEALTH

Recently Completed Engagement – Capital Asset Management

See Appendix for full report.

Objective

Evaluate controls over the tracking, safeguarding, maintenance, and disposal of major movable capital assets.

Why Was the Audit Important?

- Major movable capital assets are risky due to their mobility and likelihood of being relocated or misplaced.
- Major movable assets account for 67% of Harris Health's \$1.57 billion in capital assets.
- The current Internal Audit team has never reviewed capital assets at Harris Health.

Overall Conclusion

Harris Health has established a governance framework for managing the capital asset lifecycle, but there are opportunities to strengthen controls and improved the effectiveness of current processes. The audit revealed:

- Assets not recorded in PeopleSoft
- Asset assigned to wrong department
- Missing assets
- Inconsistent or inaccurate asset data and documentation
- Inconsistent maintenance tracking
- Delays in asset disposal
- Bypassed approvals

Management Action Plans

Planned corrective actions include reconciliation of asset information within PeopleSoft and the Technology Management Software; review and revision of existing asset management workflows; policy amendments; and development of a SharePoint tool for better tracking of asset retirements, transfers, and exchanges. Action plan due dates range from August 31, 2026, to November 1, 2027, because of the time commitment and multiple stakeholders involved.

Follow-up on Protiviti's Purchasing Recommendations

In November 2024, Protiviti assessed the current state of Harris Health's procurement processes, identified strengths and weaknesses, and benchmarked the processes against industry standards. Based on the assessment, Protiviti provided 16 detailed recommendations related to:

- Organizational structure and staffing
- Key performance indicators (KPIs) and reporting
- Process automation, efficiency, and cycle time
- Communication, training, and awareness

Harris Health's Senior Vice President for Supply Chain Management, Procurement, and Contract Administration is leading the effort of prioritizing Protiviti's recommendations, collaborating with the responsible parties on implementation, and monitoring the status. Internal Audit has initiated an engagement to monitor progress and validate implementation. It is expected to be a multi-period engagement, due to the level of coordination needed among the responsible parties, the complexity of Harris Health's processes and the related recommendations, and pending organizational technology initiatives (e.g., ServiceNow and a potential new enterprise resource planning system) that could impact contracting and purchasing.

The following pages indicate the status of the 16 recommendations as of May 11, 2026.

Follow-up on Protiviti's Procurement Recommendations (continued)

Protiviti's Recommendation	Priority per Protiviti	Priority Order per Harris Health	Responsible Area	Status
Align roles and responsibilities to promote organizational accountability. Implement a process management framework through defining clear roles, responsibilities, and process owners, conduct training, and track ownership.	High	1	Supply Chain Management	In progress. A roles and responsibilities matrix was developed for Purchasing, Supply Chain Management, and Contract Administration and was approved by Legal and the County Purchasing Agent. Purchasing is meeting weekly to complete a transition plan, and the target date for transition is July 8, 2026.
Analyze spending by category to identify savings opportunities. Establish savings targets by category and develop a prioritized sourcing wave plan.	High	2	Supply Chain Management	<p>In progress. Vendor agreements are being amended to capture the price parity component. Specifically, price proposals from vendors are being evaluated to adjust costs for the Total Joint and Spine agreements. Additionally, Trauma data is being reviewed and finalized in preparation to request price proposals. A Performance/Utilization Director will be hired to monitor all contracts.</p> <p>Furthermore, reports have been developed for Supply Chain to track and report UT's and Baylor's utilization of implants and devices in approved categories. The schools will not receive their annual incentive payout if the 90% utilization goal is not met.</p>
Define KPIs and service level agreements (SLAs). Expand target list of operating model KPIs to track to provide a more holistic view of Procurement performance and insights. Develop SLAs around the time to complete requests (e.g., contract, purchase, item add, supplier add).	Medium	3	Harris County Purchasing, Contract Administration	In progress. The first iteration of KPIs is posted on Harris Health's Purchasing intranet page. KPI definitions, data sources, and goals have been documented. Additional KPIs for other key areas will be developed after the roles and responsibilities matrix is operationalized (Harris Health Priority #1).

Follow-up on Protiviti's Procurement Recommendations (*continued*)

Protiviti's Recommendation	Priority per Protiviti	Priority Order per Harris Health	Responsible Area	Status
Expand utilization of existing technology for short-term improvement. Optimize PeopleSoft for workload assignment request management and monitoring where limited investment is required. Streamline item and supplier request process with centralized online forms.	High	4	Supply Chain Management	Pending. A demand request was submitted on April 3, 2026, for an enhancement to integrate GHX with PeopleSoft and allow contracts to be associated with purchase orders and provide data on purchasing history. The Technology Governance Committee will review the request for feasibility.
Document guidelines and standard operating procedures (SOPs). Build SOPs and training materials inclusive of step-by-step process activities and guidelines on areas of confusion. Conduct training with key stakeholders.	Medium	5	Harris County Purchasing	In progress. Harris County Purchasing is developing standard operating procedures and training in preparation for the roles and responsibilities matrix roll-out in July 2026. Any additional Purchasing procedure updates will be prioritized after the roll-out.
Improve post-execution contract handoff process. Develop a process for post-execution contract handoff to departments that is inclusive of stakeholder meetings and trainings.	Medium	6	Contract Administration	Pending. This recommendation will be implemented after the roles and responsibilities matrix is operationalized (Harris Health Priority #1).
Utilize alternative purchasing methods. Continue efforts to stand up purchasing card program.	Low	7	Harris County Purchasing	Pending. A demand request for a purchasing card program was submitted on March 12, 2026, for the Technology Governance Committee's consideration.
Drive transformational technology improvements. Drive procurement orchestration through workflow utilization. Implement and efficiently utilize Contract Lifecycle Management and Supplier Portal.	Medium	8	Supply Chain Management	In progress. Leadership has decided to use Service Now to process procurement/agreement requests that are currently processed in PeopleSoft. This will improve workflow and provide transparency. An implementation timeline is pending.
Leverage Harris Health contract templates. Utilize Harris Health contract templates previously developed by Legal to draft contracts when possible. Develop additional contract templates for categories where currently missing templates.	High	9	Legal	Implemented. As of January 2026, Legal had created 23 templates, and additional templates were in progress. Informal guidelines for use of the templates were developed, and Legal trained sourcing leaders in Purchasing on the templates.

Follow-up on Protiviti's Procurement Recommendations *(continued)*

Protiviti's Recommendation	Priority per Protiviti	Priority Order per Harris Health	Responsible Area	Status
Develop new policies where there are no existing policies and update existing policies to ensure coverage on existing gaps. Provide communication and training on updates to relevant stakeholders.	Low	10	Contract Administration, Harris County Purchasing	In progress. Contract Administration collaborated with Corporate Compliance to identify any necessary policy updates. The Signature Policy was submitted for review, and Legal's feedback on the policy is pending. County Purchasing is focusing on standard operating procedures related to the roles and responsibilities matrix and could possibly make minor edits to the Purchasing Manual based on the matrix.
Formalize utilization of contract planning tools and meetings. Formalize contract planning tools and templates, and annual planning meetings and recurring meetings throughout the year to track and prioritize new contract requests and amendments, monitor upcoming expirations, and document supplier performance and action steps.	High	11	Contract Administration	In progress. Meetings occur on Tuesdays with Contract Administration, Purchasing, Legal, Contract Portfolio Liaisons, and Buyers to discuss new and open contract requests. Additionally, Contract Administration hosts contract review and signing meetings on Thursdays with the Chief Operating Officer. The transition from an Excel contract planning tool to ServiceNow is pending.
Enhance master data management. Reconcile contract master, item master, and charge master data. Use technology to integrate data or utilize AI to perform automated reviews for discrepancies. Define and implement more frequent, proactive supplier master file cleanup activities.	Medium	12		<i>To Be Determined</i>
Develop a strategic sourcing methodology inclusive of tools and templates to be followed consistently on sourcing projects.	Medium	13		<i>To Be Determined</i>

Follow-up on Protiviti's Procurement Recommendations *(continued)*

Protiviti's Recommendation	Priority per Protiviti	Priority Order per Harris Health	Responsible Area	Status
Realign procurement organization and right-size FTEs. Transition Purchasing in-house to Harris Health and align reporting through the Chief Operating Officer. Ensure departments are appropriately sized and structured.	Medium	14		<i>To Be Determined. Purchasing reorganization could occur, but no official plans have been made. For now, Contract Administration is assuming certain responsibilities from Purchasing, and the roles and responsibilities matrix outlines the departments' respective duties and attempts to avoid accountability gaps and duplication.</i>
Develop KPI reporting dashboards. Develop automated reporting dashboards that provide real-time insights and improve visibility to KPIs.	Low	15		<i>To Be Determined</i>
Create a self-service tool to inform end-users of the statuses of their contract requests, item requests, purchase requests, and vendor requests.	Medium	16		<i>To Be Determined</i>

Follow-up on Forvis's Revenue Cycle Recommendations

In May 2024, Forvis performed the attorney-client privileged *Strategic Revenue Cycle Operational Assessment* at Harris Health. Forvis issued several recommendations based on the assessment, and Internal Audit has initiated an engagement to monitor progress with the recommendations and validate implementation.

The status of Forvis's recommendations will be presented in Executive Session.

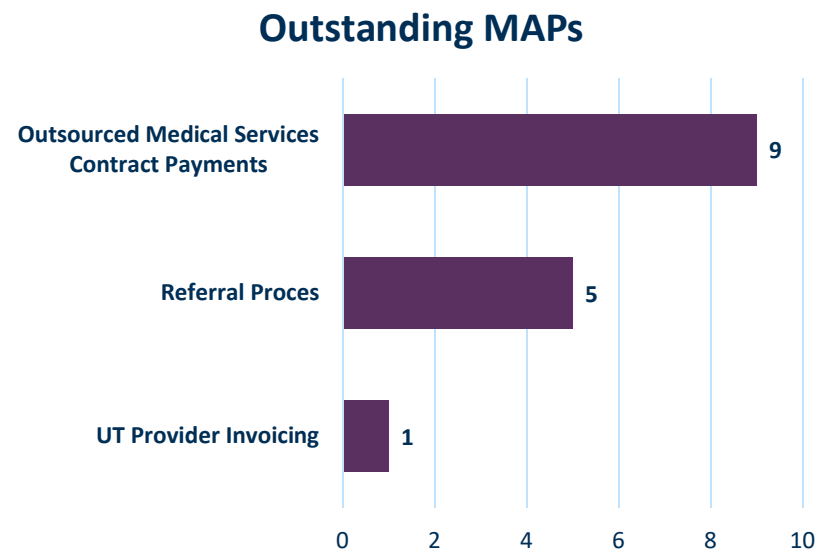
Follow-up on Management Action Plans

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 management's action plans (MAPs) and provides a monthly update on all outstanding MAPs to the responsible Executive Vice Presidents. Additionally, Internal Audit provides updates to the Compliance and Audit Committee on any past-due MAPs with a high priority for implementation.

A total of **15** MAPs are outstanding for three engagements (**Figure 1**). Due dates for the 15 MAPs range from July 1, 2026, to July 25, 2027.

There are currently no past-due, high-priority MAPs. However, leadership has proactively requested a due date extension for two high-priority action plans from the Outsourced Medical Services Contract Payments Audit. Details will be discussed in Executive Session.

Figure 1



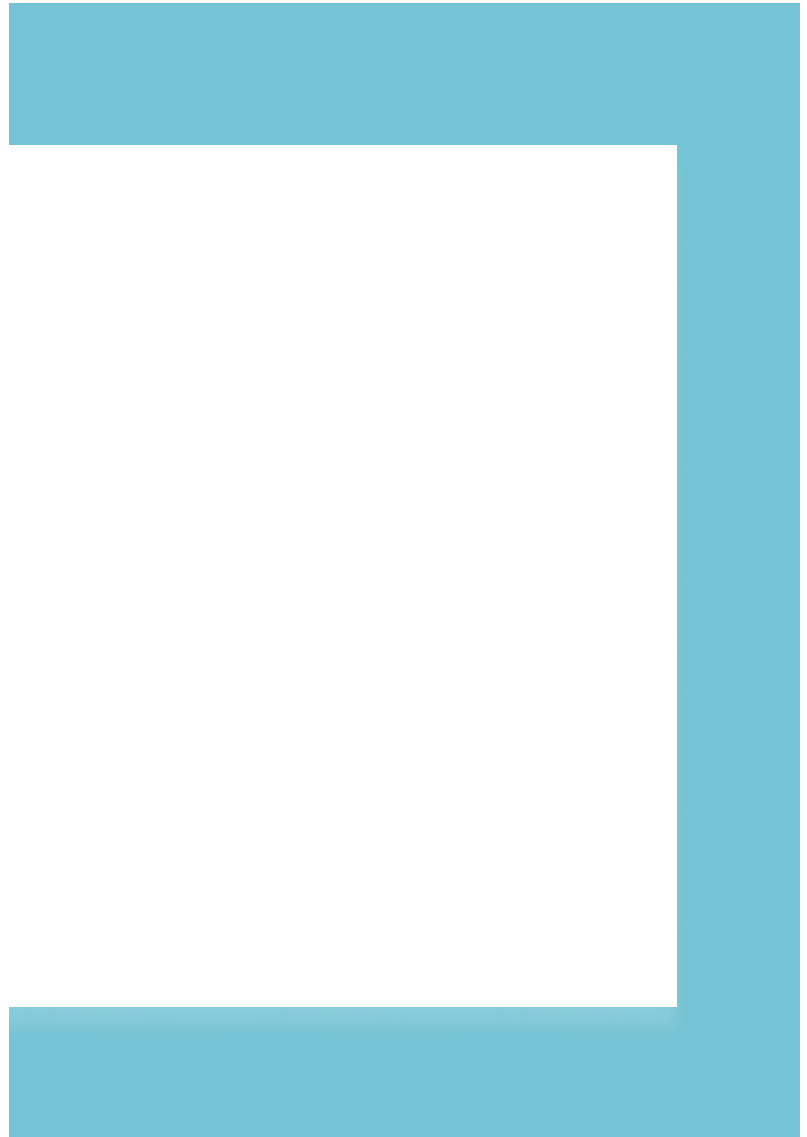
Priorities for FY26 Quarter 3



- ✓ Continue the in-progress engagements.
- ✓ Begin the FY27 Annual Risk Assessment & Audit Plan process in collaboration with Corporate Compliance and Accreditation & Regulatory Affairs



Appendix



Capital Asset Management Audit

Harris Health Strategic Pillar: *System Optimization – Harris Health will leverage people, technology and other resources to improve our value to the community.*

Audit Team: Arlen Garcia; Chad Sussen; Juliet Ashaolu

HARRISHEALTH

Leslie Wilks, M.Jur., CPA, CFE
First Assistant County Auditor



MICHAEL POST, CPA, CIA
HARRIS COUNTY AUDITOR

Glenn Holloway, CPA, CIA, CFE
Chief Assistant County Auditor – Audit Division

Sharon Brantley Smith, MBA, CIA, CFE
Chief Assistant County Auditor – Harris Health

May 11, 2026

Dear Louis Smith, Senior Executive Vice President and Chief Operating Officer and Victoria Nikitin, Executive Vice President and Chief Financial Officer:

Harris Health Internal Audit (Internal Audit) has completed an audit of Capital Assets Management. The results of our audit 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:


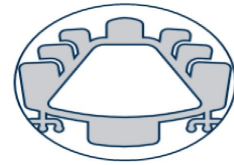
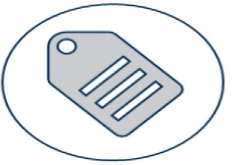


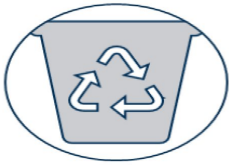
Dr. Esmaeil Porsa	Dr. Glorimar Medina	Aown Syed	Michael Beckman	James Young
Carolynn Jones	Dr. Jennifer Small	Tim Brown	Jay Camp	
DeWight Dopslauf	Teong Chai	Jake Goldstein	Victor Leger	
Monica Carbajal	Gloria Glover	Terry Elliott	Tim Tatum	
Ron Fuschillo	Jamie Hons	Chip Whitten	Anna Vaughn	

Executive Summary

OVERALL CONCLUSION

Although Harris Health has established a governance framework for managing the capital asset lifecycle, there are opportunities to strengthen controls and enhance the effectiveness of current processes. Harris Health would benefit from implementing a more robust, integrated system to track the full asset lifecycle and ensure the completeness, accuracy, and transparency of asset information. Additionally, leadership should consider the potential impact of the planned organizational expansion on asset management practices. As operations grow, adopting more advanced asset tracking solutions, such as Radio Frequency Identification (RFID) technology or other appropriate tools, could improve the efficiency and reliability of asset monitoring and control.

Below is an overview of the governance process and some of the audit issues identified. The detailed issues (ranked based on likelihood and impact of the risk to Harris Health), immediate action plans to address the issues, and background information regarding this audit are discussed in detail on the following pages. Leadership generally agrees with the issues and recommendations and plans to implement a new, centralized ERP system in the long term, in conjunction with a review of the appropriate management structure for the capital asset portfolio. This initiative will drive standardized processes, enhance visibility and control over assets, strengthen financial stewardship, and support more informed, system-level capital planning decisions.

 <p>Capital Asset Request</p> <p>Departments submit capital requests.</p> <p><i>Issue:</i></p> <ul style="list-style-type: none">- Incorrect requisition coding	 <p>Capital Approval</p> <p>Capital Asset Committee reviews and approves purchases.</p> <p><i>Issue:</i></p> <ul style="list-style-type: none">- Approval bypass	 <p>Asset Receipt & Tagging</p> <p>Property Management team tags assets and Financial Accounting records assets</p> <p><i>Issues:</i></p> <ul style="list-style-type: none">- Assets not recorded in PeopleSoft- Asset assigned to wrong department	 <p>Annual Inventory</p> <p>Departments verify asset details and location annually.</p> <p><i>Issues:</i></p> <ul style="list-style-type: none">- Missing assets- Inconsistent or inaccurate asset data	 <p>Asset Maintenance</p> <p>Departments maintain assets throughout lifecycle, with Biomedical and Facilities Engineering involvement as applicable.</p> <p><i>Issue:</i></p> <ul style="list-style-type: none">- Inconsistent maintenance tracking	 <p>Asset Disposal</p> <p>Departments initiate disposals via a form that requires multiple approvals.</p> <p><i>Issues:</i></p> <ul style="list-style-type: none">- Incomplete or inaccurate documentation- Disposal delays
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Audit Objective and Scope

OBJECTIVE

Evaluate controls over the tracking, safeguarding, maintenance, and disposal of capital assets.

SCOPE

The scope included processes and information related to major moveable assets for the period October 2024 through September 2025. The major movable assets meet or exceed the \$5,000 threshold for capitalization and are risky due to their higher mobility and likelihood of being relocated or misplaced.

Audit testing was related to the following business objectives:

- Record capital assets accurately and timely upon in-service placement.
- Ensure capital assets are available and accounted for.
- Ensure capital assets are properly maintained to operate efficiently, safely, and within expected lifespans.
- Manage the retirement or disposal of assets responsibly, efficiently, and in compliance with applicable guidelines.

Issues & Management's Action Plans



1. Inaccurate Recording and Approval of New Assets [MODERATE]

What is the Issue: Five (10%) of 50 new capital assets were not properly recorded or approved. Specifically:

- Three assets were purchased, placed in service, and documented in Accruent Technology Management Software (TMS) but were not recorded in PeopleSoft.
- One asset could not be located on-site and was assigned to the incorrect department in PeopleSoft. Further inquiry revealed the asset had been retrieved by a vendor as part of a lease agreement. A replacement asset was purchased and was not recorded in PeopleSoft.
- One asset was purchased based on a requisition that was incorrectly coded as an expense. The Financial Accounting department identified and corrected the misclassification; however, the error prevented the asset purchase from following the established capital asset approval workflow.

Why it Happened: According to management, individuals who submit capital asset purchase requests may not be fully aware of the established approval process. Additionally, assets are assigned in the financial system to the department responsible for purchasing the asset. However, individuals with the most direct operational knowledge of asset activity (e.g., personnel coordinating with servicing vendors or contractors) may not be involved in the asset validation process or have sufficient visibility to confirm the accuracy of asset data.

Why it Matters: Timely and accurate recording of capital assets is essential for reliable financial reporting and compliance with accounting standards. Routing asset purchases through established approval channels ensures alignment with organizational priorities and budgetary controls. Furthermore, proper accounting, tracking, and ongoing visibility of assets are critical to maintaining service continuity and operational effectiveness.

1. Inaccurate Recording and Approval of New Assets *(continued)* [MODERATE]

What is Expected: Policy 5.01 Capital Assets states capital assets must be recorded at historical cost. Department Directors are accountable for assets in their department, ensuring proper procurement, accurate location, timely reporting of changes or losses, and annual physical inventory. The Accounting Department records asset transactions, while Property Management oversees inventory audits, asset tagging, and disposal processes.

What Actions are Suggested: Management should strengthen controls over the capital asset purchase process to ensure completeness, accuracy, and consistency of asset records across systems. The following should be considered:

- Reinforce the capital asset policy and approval requirements by providing additional training to departments.
- Enhance department visibility over assets recorded in PeopleSoft by developing standardized guidance and/or a user-friendly reporting tool that enables departments and relevant operational personnel to access and periodically review asset inventory records for accuracy.
- Evaluate opportunities to implement a workflow, reporting tool, or system-based process that enables departments and relevant operational personnel to track and report asset changes, incorporating appropriate review and approval controls, and help maintain more current and accurate asset records.
- To reinforce accountability, capital assets that bypass the established approval process or reflect unreported changes should be tracked and periodic exception reports should be distributed to department leadership for review and corrective action.

1. Management's Action Plan

Responsible Executive Vice President: Victoria Nikitin, Executive Vice President & Chief Financial Officer

Due Date: September 30, 2026

We will assess the end-to-end special requisition process to identify control gaps related to purchases initiated through the special requisition process and implement a requirement for Financial Accounting to review and approve all general ledger coding to ensure accuracy, compliance, and appropriate oversight.

<i>Action Item</i>	<i>Description</i>	<i>Responsible Parties</i>	<i>Target Completion Date</i>
<i>Evaluate Current Process of Entering Requisitions</i>	<i>Revised the process and types of requisitions into PeopleSoft.</i>	<i>Supply Chain Management Financial Accounting IT</i>	<i>6/15/2026</i>
<i>Monitor Change in Special Requisition Process</i>	<i>Investigate the impacts and volume of special requisitions that are entered into PeopleSoft on a daily, weekly, and monthly basis. Revise the special requisition process, as applicable.</i>	<i>Supply Chain Management Financial Accounting IT</i>	<i>7/31/2026</i>
<i>Stakeholder Review and Process Validation</i>	<i>Evaluate the impact of the change to the process for special requisitions specifically addressing the workflow routing. Make additional changes as may be required.</i>	<i>Supply Chain Management Financial Accounting IT</i>	<i>9/30/2026</i>
<i>Communication and Staff Training</i>	<i>Provide a formal communication and training to all impacted departments regarding updated requisition process and the underlying expectations.</i>	<i>Supply Chain Management Financial Accounting IT</i>	<i>9/30/2026</i>

2. Discrepancies in Asset Information [MODERATE]

What is the Issue: The following discrepancies were identified between information recorded in PeopleSoft, TMS, and/or the physical location for 20 (25%) of the 79 capital assets reviewed:

- Eight assets had inconsistent serial numbers due to misalignment between PeopleSoft and TMS, or the physical assets.
- Four assets had locations in PeopleSoft that differed from those recorded in TMS.
- Two assets were listed as “In Service” in PeopleSoft but had been relocated to the Property Management warehouse for disposal.
- Two assets could not be located during on-site visits.
- Two assets had tag numbers in PeopleSoft that did not match TMS.
- One asset had no physical tag.
- One asset’s tag number in PeopleSoft erroneously included an extra character.

In addition, an analytical comparison between PeopleSoft and TMS identified serial number discrepancies for 608 assets (approximately 5% of matched records) and location discrepancies for 63 assets. These results further indicate that asset information is not consistently maintained across systems.

Why it Happened: Capital asset information is maintained in separate systems by different functional groups: Property Management and Financial Accounting update PeopleSoft, while Biomedical and Facilities Engineering update TMS. Formal processes have not been established to compare and reconcile key asset data attributes between PeopleSoft and TMS.

Departments are responsible for conducting annual physical inventories; however, the inventory listings used are generated by Property Management from PeopleSoft. As a result, departments may have limited visibility into asset information maintained in TMS. Additionally, the inventory process is manual, which increases the risk of errors. Based on discussions, serial numbers are not consistently validated as part of the annual inventory process, which may result in incomplete verification of key asset attributes.

2. Discrepancies in Asset Information

(continued) [MODERATE]

Why it Matters: Discrepancies reduce the reliability of asset records and the organization's ability to effectively track and verify capital assets throughout their lifecycle. Inconsistent or missing asset identifiers across systems hinder accurate asset verification and location tracking, which may delay maintenance and disposal activities. As a result, Harris Health may face operational inefficiencies, increased administrative costs, and reduced assurance that assets are properly accounted for and retired.

What is Expected: Policy 5.01, *Capital Assets*, states that Department Directors are responsible for maintaining accountability for all assets under their control. Additionally, the International Organization for Standardization 55001:2024 suggests that capital asset data be accurate, complete, and fully supported, ensuring all assets are properly recorded in the primary system of record. It also requires that asset information be consistently reflected across ancillary systems, with reconciliation processes in place to identify and resolve discrepancies.

What Actions are Suggested: To strengthen controls over capital asset inventory, management should:

- Review and update the asset information identified in this issue to ensure PeopleSoft accurately reflects current asset details and status.
- Develop and communicate standardized procedures outlining departmental responsibilities during the annual inventory process and throughout the year, including expectations for reporting asset acquisitions, transfers, trade-ins, disposals, or other status changes. Procedures should encourage coordination with operational personnel who may have direct knowledge of asset activity.
- Establish a periodic reconciliation process between PeopleSoft and TMS to ensure capital asset data is accurate and consistent between systems.
- Implement an appropriate process for properly approving, reporting, and tracking asset changes.

2. Management's Action Plan

Responsible Executive Vice President: Victoria Nikitin, Executive Vice President & Chief Financial Officer

Due Date: August 31, 2026

We will create a monthly reconciliation process to ensure that information entered into both PeopleSoft and TMS match. At the end of each monthly accounting close cycle Capital Assets will share a report showing all additions, transfers, and disposals entered into Peoplesoft. Operations will compare the reports to what was entered into TMS to ensure that the information matches.

<i>Action Item</i>	<i>Description</i>	<i>Responsible Parties</i>	<i>Target Completion Date</i>
<i>Evaluate Current PeopleSoft Capital Asset Transaction Reports</i>	<i>Review the reports fields of current reports to ensure it captures all information necessary to reconcile asset information in the TMS system.</i>	<i>Logistics Capital Assets BioMed IT</i>	<i>6/15/2026</i>
<i>Monitor Changes to Existing Capital Asset Transaction Reports</i>	<i>Ensure that any changes to the Capital Asset transaction reports are accurate and show a complete list of activity for the respective month.</i>	<i>Logistics Capital Assets BioMed IT</i>	<i>6/30/2026</i>
<i>Stakeholder Review and Process Validation</i>	<i>Evaluate the timing of reports produced by Capital Assets and the turnaround for reconciliation of transactions by Logistics and BioMed.</i>	<i>Logistics Capital Assets BioMed IT</i>	<i>7/31/2026</i>
<i>Communication and Staff Training</i>	<i>Provide a formal communication and training to all impacted departments regarding updated reporting processes and the underlying expectations.</i>	<i>Logistics Capital Assets BioMed IT</i>	<i>8/31/2026</i>

3. Inconsistent Maintenance Tracking [MODERATE]

What is the Issue: Maintenance activities are not systematically and consistently tracked and monitored for all capital assets across Harris Health. The following was noted:

- There is no formal system to document and track the maintenance of capital assets that are outside the responsibility of the Facilities and Biomedical Engineering departments.
- TMS does not always reflect all maintenance performed on capital assets, such as maintenance by third-party vendors.
- While some assets are recorded in TMS, other similar assets within the same departments or within different pavilions are not included. This indicates a lack of clearly defined criteria for determining which assets should be tracked in TMS.

Furthermore, the following assets were identified during on-site visits and lacked a formal system to track maintenance activities:

Pavilion	Department	Asset Description
Ben Taub Hospital	District Linen	Scrub Station Receiver
	Nutrition Services Department	Gas Oven
Lyndon B. Johnson Hospital	District Linen	Scrub Station Dispenser
	Nutrition Services Department	<ul style="list-style-type: none"> • Dishwasher • Food Waste Disposal • Combination Oven Electric • Plate Warmer • Deep Fryer

3. Inconsistent Maintenance Tracking *(continued)*

[MODERATE]

Why it Happened: Harris Health does not have a centralized system or standardized criteria for tracking capital asset maintenance activities. While departments are responsible for monitoring maintenance for assets under their purview, they have not been provided with a uniform mechanism to track and document maintenance activities. Additionally, formal criteria have not been established to define which assets should be included in TMS. As a result, there is inconsistent inclusion of assets across pavilions, with some tracking a broader range of assets than others.

Why it Matters: Limited visibility into the condition and maintenance status of capital assets increases the risk of patient and employee safety incidents, regulatory noncompliance, and operational disruptions. Additionally, inadequate maintenance tracking can hinder the organization's ability to anticipate asset replacement needs and accurately forecast future capital expenditures.

What is Expected: The International Organization for Standardization 55000:2024 suggests that documentation of maintenance activities is essential for effective asset management, indicating all maintenance actions – preventive, predictive, and corrective – should be documented to provide a complete history of the asset's condition and interventions.

What Actions are Suggested: To strengthen oversight of capital asset maintenance, management should:

- Develop and communicate criteria for determining which assets should be included in TMS, to promote consistent practices across pavilions.
- Develop and communicate procedures to ensure maintenance activities performed by internal staff and external vendors are consistently documented.
- **Implement** a centralized system to consistently track capital asset maintenance activities and related documentation.

3. Management's Action Plan

Responsible Executive Vice President: Louis Smith, Senior Executive Vice President & Chief Operating Officer

Due Date: March 31, 2027

It was identified in advance of the audit that Dietary equipment was not managed by Facilities. The responsibility has since been formally transitioned to the Facilities team. Facilities serves as the first point of contact for all maintenance issues and supports the inclusion of all facility assets in the Computerized Maintenance Management System (CMMS) to ensure a complete and standardized system of record.

Short-Term Actions (0–6 months): *Revise the Maintenance of Equipment policy to clearly define required CMMS asset categories and standardize documentation practices for both internal staff and vendors. Complete a comprehensive gap review, including System Dietary (LBJ) equipment and scrub machines, and ensure all assets are entered into the CMMS by the established deadline. In parallel, partner with Accruent to assess the current database and recommend improvements to asset visibility and tracking. Advance the RFP with Harris County Purchasing for third party Dietary maintenance services and partner with IT, as needed, ensuring alignment with standardized CMMS tracking requirements.*

Long-Term Actions (6–12 months): *Implement standardized processes to ensure all assets, including those maintained by third party vendors, are consistently tracked in the CMMS as the single source of record, including routine transfer and archiving of external maintenance records. Strengthen governance through scheduled audits to ensure data completeness and policy compliance. Incorporate findings from the Accruent assessment and Dietary maintenance RFP into system enhancements to support sustained alignment, accountability, and operational transparency.*

This corrective action plan will be implemented, tracked and monitored by the Administrative Director of Facilities with oversight by the Senior Vice President, Facilities Construction & Systems Engineering.

4. Inconsistencies in the Capital Asset Disposal Process [MODERATE]

What is the Issue: One or more of the following inconsistencies in capital asset records and related system updates were identified for 13 (68%) of the 19 disposals reviewed:

- Disposal forms were not available to support the disposal.
- The asset status was inconsistent between PeopleSoft and TMS, with one system listing the assets as “In Service” and the other listing them as “Disposed”.
- One asset remained classified as “In Service” and “Active” in PeopleSoft and TMS, despite a completed disposal form indicating the asset was in the disposal process.
- One asset was replaced in July 2025; however, maintenance records showed activity in September, November, and December 2025. This suggests the asset was not retired timely within the systems, and the vendor continued to log maintenance work orders.
- Disposal forms lacked adequate authorization details. Specifically, the departmental leadership signature was not legible, and the signer’s title and employee identification were not documented, making it difficult to verify appropriate approval.

Why it Happened: The current asset disposal process relies on manual procedures, does not specify timelines for updating asset records in PeopleSoft and TMS, and lacks a formal communication protocol to ensure departments promptly notify Property Management of disposals. Additionally, staff turnover has contributed to inconsistent documentation.

Why it Matters: Inaccurate or inconsistent documentation and tracking of capital asset disposals could result in misstated capital asset balances and unreliable financial reporting, unauthorized removal or theft of assets, and the inability to adequately plan for asset replacements and capital expenditures. Additionally, third parties could continue billing for services and fees associated with assets that are no longer in use, leading to unnecessary costs to the organization.

4. Inconsistencies in the Capital Asset Disposal Process *(continued)* [MODERATE]

What is Expected: Policy 5.01, *Capital Assets*, states that department directors are accountable and responsible for all equipment listed for their department in the financial records. Each department handling the capital asset as it flows through Harris Health shall maintain documentation of transfer of accountability. Finally, Property Management is tasked to audit the disposal of surplus, waste, or salvage of assets.

What Actions are Suggested: To enhance controls over the capital asset disposal process, management should:

- Establish a formal, automated process for asset disposals and retirements that enforces appropriate approvals, documentation, and system updates.
- Establish timelines for updating asset records in PeopleSoft and TMS.
- Strengthen documentation requirements to ensure the disposal forms include sufficient identifying information for departments authorizing the disposals.
- Ensure disposal documentation is consistently maintained and stored within a central repository to support accessibility, completeness, and monitoring.
- Update and communicate written procedures to support effective execution of the disposal process, staff training, and consistent processes.

4. Management's Action Plan

Responsible Executive Vice Presidents: Louis Smith, Senior Executive Vice President & Chief Operating Officer
Victoria Nikitin, Executive Vice President & Chief Financial Officer

Due Date: October 1, 2027

The retirement/disposal form has been revised to reflect printed name and signature of department leadership; A Capital Assets Equipment Tracker (SharePoint tool) is being created to best manage tracking for retirements, transfers, and repair exchanges.

Action Item	Description	Responsible Parties	Target Completion Date
Review Current Disposal Documentation Process	Conduct a full review of the current retirement/disposal workflow, documentation requirements, and approval practices to identify control gaps and standardization opportunities.	Logistics Asset Management Financial Accounting BioMed	8/31/2026
Update Retirement/Disposal Form	Revise the retirement/disposal form to include mandatory fields for printed name, job title, employee ID, date of approval, reason for approval and any supporting documentation.	Asset Management Financial Accounting	10/30/2026
Develop Capital Assets Equipment Tracker (SharePoint solution)	Design and implement a centralized SharePoint-based Capital Assets Equipment Tracker to monitor asset retirements, departmental transfers, repair exchanges, approval completion and audit trail visibility.	Asset Management Financial Accounting IT	1/29/2027
Stakeholder Review and Process Validation	Engage department leaders, Finance, Compliance, and Operational stakeholders to review updated forms and the SharePoint tracking process to ensure alignment with operational needs and compliance expectations.	Logistics Asset Management Financial Accounting	5/31/2027
Communication and Staff Training	Provide a formal communication and training to all impacted departments regarding updated disposal requirements, approval expectations, documented standards and use of SharePoint tracker.	Asset Management Financial Accounting Department Leaders	10/1/2027

5. Informal Inventory Procedures [LOW]

What is the Issue: Property Management maintains written inventory procedures that have not been organizationally approved and published as part of the Document Control Center process. The procedures are shared with departments via email to support the annual inventory process.

Why it Happened: Formalizing the procedures was not considered necessary.

Why it Matters: Without formalized and approved guidelines, departments may view them as optional, resulting in inconsistent practices and limited accountability. This lack of standardization increases the risk of non-compliance, inaccurate asset records, and may result in misalignment with Harris Health's Capital Asset Policy 5.01. Additionally, approved guidelines are typically published and distributed through official channels, promoting accessibility.

What is Expected: Harris Health's Policy 3.01, Policies and Procedures, states that procedures provide a specific set of acts or operations to be carried out in a specific way. Additionally, policies and procedures should be readily accessible and facilitated to reduce practice variation, standardize practices, and serve as a resource for staff.

What Actions are Suggested: The inventory procedures should be formalized and sent for review, approval, and dissemination to the Document Control Center. In addition, Property Management should evaluate and incorporate requirements for departmental responsibility throughout the asset lifecycle, including timely notification of asset status changes and other gaps identified in this audit.

5. Management's Action Plan

Responsible Executive Vice President: Louis Smith, Senior Executive Vice President & Chief Operating Officer
Victoria Nikitin, Executive Vice President & Chief Financial Officer

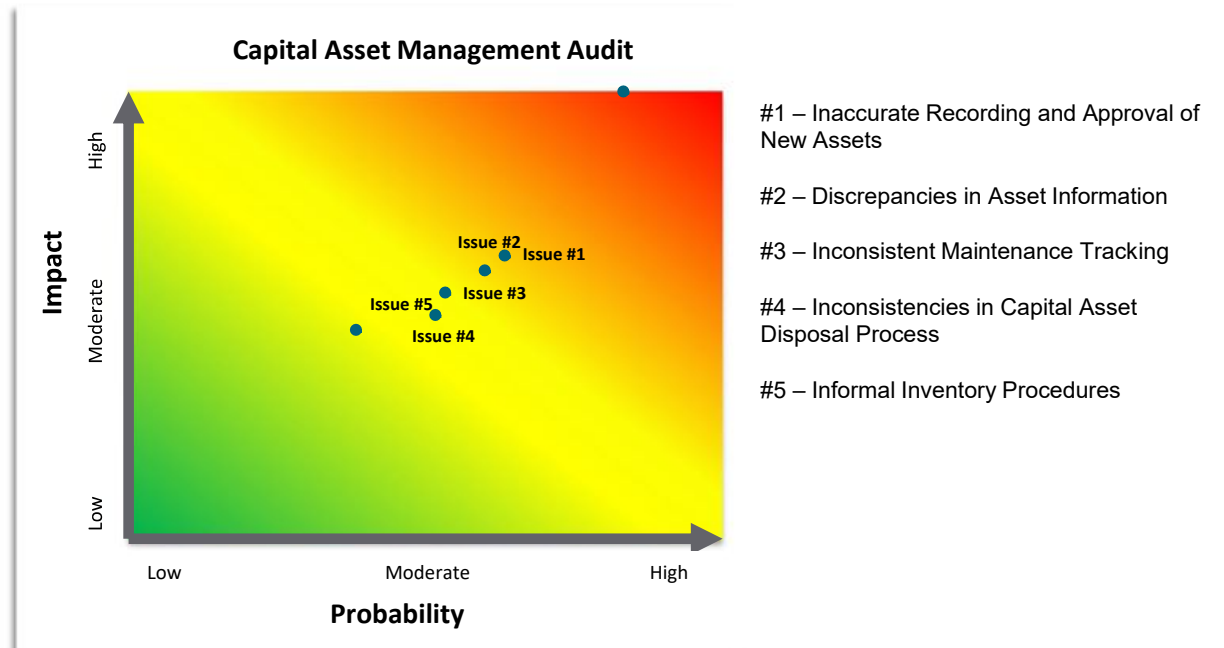
Due Date: November 1, 2027

Asset Management will partner with Financial Accounting to amend Capital Assets Policy 5.01 to include detailed inventory procedures and departmental responsibility throughout the asset lifecycle. This will allow for policy and said procedures to be readily accessible and facilitated to reduce practice variation, standardize practices, and serve as a resource for staff.

Action Item	Description	Responsible Parties	Target Completion Date
Review Existing Procedures	Conduct a comprehensive review of current Asset Management procedures, workflows, and departmental responsibilities to identify gaps, redundancies and areas requiring standardization.	Logistics Asset Management Financial Accounting BioMed	9/1/2026
Draft Policy Revisions	Amend existing Capital Assets Policy to include detailed inventory procedures, asset lifecycle responsibilities, documentation standards, reconciliation expectations and escalation process for discrepancies.	Asset Management Financial Accounting	12/31/2026
Stakeholder Review and Approval	Engage key stakeholders for review, feedback and alignment prior to final approval submission.	Asset Management Financial Accounting IT	3/1/2027
Submit Through Document Control Process	Submit the revised Capital Assets policy through formal document control and policy governance process for executive approval and official publication.	Logistics Asset Management Financial Accounting	7/30/2027
Communication and Staff Education	Develop and execute a communication and education plan to ensure all impacted departments understand the revised policy, procedural expectations, and their responsibilities related to capital asset inventory management.	Asset Management Financial Accounting Department Leaders	11/1/2027

Issue Ranking

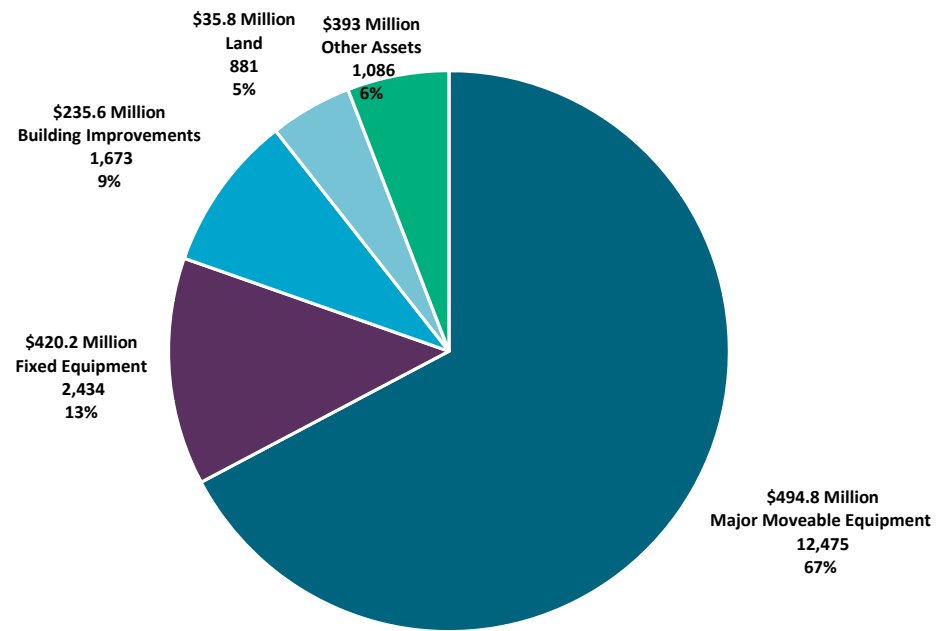
Internal Audit ranks audit issues as High, Moderate, or Low based on the *impact* and *probability* to related business process risks. The assessment is based on auditor judgment and consideration of the controls and/or control gaps identified. Impact represents the auditor's perceived effect of the 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

For fiscal year 2025, Harris Health had approximately 18,000 capital assets with a historical cost of approximately \$1.57 billion. A capital asset is real or personal property meeting the capitalization threshold for its class and having an estimated useful life of at least one year. For major movable equipment, which was the focus of the Internal Audit engagement, the threshold is \$5,000. Major movable equipment accounts for 67% of Harris Health's total capital assets.

The graph below depicts the breakdown of Harris Health's capital asset categories. The next two slides identify the stakeholders and systems involved in the organization's capital asset process and the top 10 operating units with major moveable equipment.



Note: Asset values and quantities provided by Financial Accounting from the Balance Sheet roll forward, per fiscal year 2025.

Background (continued)

The following stakeholders and systems are involved in Harris Health's capital asset management process:



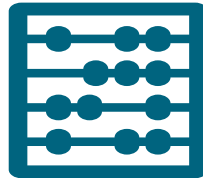
Capital Asset Committee

- Governance and Funding Oversight



Program Management Office

- Coordinates Capital Projects



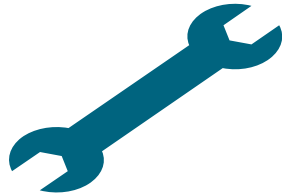
Financial Accounting Capital Asset Team

- Records and maintains Capital Assets in Financial System



Property Management

- Tag, oversee inventory, and audit disposals



Biomedical & Facilities Engineering

- Manage Capital Asset Maintenance Lifecycle



Departments

- Capital Asset Owner and Operator

PeopleSoft

- The Asset Management Module is used to manage the lifecycle of capital assets.

Trimble

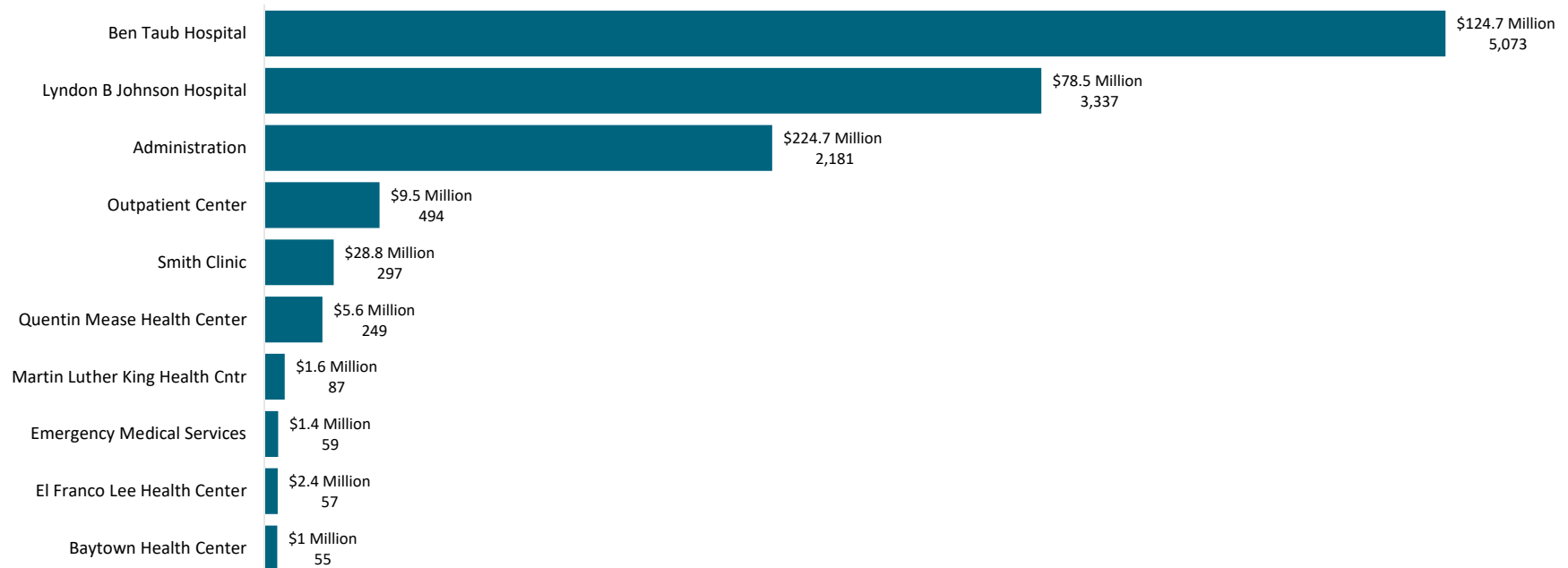
- Tracks and manages capital asset planning, acquisition, and associated costs. Capital asset requisitions begin in Trimble and flow into PeopleSoft.

TMS

- Cloud-based program used by BioMed and Facilities Engineering to manage, track, and maintain assets under their purview.

Background (continued)

Top Ten Operating Units with Major Moveable Equipment



Note: Asset values and quantities provided by Financial Accounting in the PeopleSoft report, Asset Management In-Service Assets.

Accountability

Internal Audit conducted this engagement 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@harriscountytexas.gov
Phone: 832-927-4560

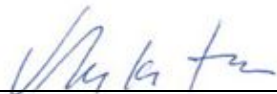
Sharon Brantley Smith, MBA, CIA, CPHRM, CFE, CISA, CGAP
Chief Assistant County Auditor, Harris Health
Sharon.BrantleySmith@harrishealth.org
Phone: 713-274-5689

Thursday, May 28, 2026

Presentation of the Harris Health 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, 2025

Representatives from the external audit firm, FORVIS MAZARS, will provide planning communication of the risk assessment and audit plan for the year ended December 31, 2025.

A copy of the presentation is attached.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

Planning Communication to the Board of Trustees, 401(k) and 457(b) Administrative Committee and to the Board of Trustees, Pension and Disability Committee

- Scope – Forvis Mazars is engaged to audit the Harris County Hospital District 401(k) and Harris County Hospital District Pension benefit plans for the year ended December 31, 2025.
- Audit standards – Forvis Mazars will conduct audit in accordance with auditing standards generally accepted in United States. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.
- Planned timing – Forvis Mazars proposes to have a draft of the 401(k) and a draft of the pension plan to management by May 27th. Expected final issuance date for both plans will be June 10th.
- Significant risks of material misstatement as noted in planning for audit engagements:

401(k) Plan

- Risk of plan management override of controls

Pension Plan

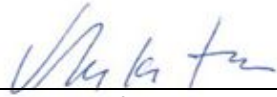
- Risk of plan management override of controls

Thursday, May 28, 2026

Independent Auditor's Pre-audit Communication for the Harris County Hospital District
401(k) Plan Year Ended December 31, 2025 [Information Only]

The pre-audit communication from the external audit firm, FORVIS MAZARS, provides an overview of the risk assessment and audit plan for the Harris County Hospital District 401(k) Plan year ended December 31, 2025.

A copy of the letter is attached.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

Forvis Mazars Planning Communication to the Board of Trustees, 401(k) and 457(b) Administrative Committee, Plan Administrator, and Management

Harris County Hospital District 401(k) Plan

December 31, 2025

Thank You for Selecting Forvis Mazars

We are grateful for the opportunity to serve Harris County Hospital District 401(k) Plan and gain insight into your employee benefit plan (Plan). This communication provides useful information relevant to your role as those charged with governance of the Plan, including summarized information required by professional standards, such as the planned scope and timing of the audit.

Our goal is to establish a foundation for effective two-way communication throughout the audit. We are available at your convenience to discuss this information and answer questions as we begin our audit.

Contacts During the Engagement

Your audit leader for any questions or communications is:

- Ryan Singleton, Managing Director | Ryan.Singleton@us.forvismazars.com | 972.788.1229

Overview & Responsibilities

Matter	Description of Audit Area
Scope of Our Audit	<p>We have been engaged to audit the financial statements of Harris County Hospital District 401(k) Plan for the year ended December 31, 2025.</p> <p>Please refer to our contract for additional information and the terms of our engagement.</p>
Audit Standards & Materiality	<p>We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.</p> <p>References to items that are material refer to misstatements, including omissions, that could, in our professional judgment, reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.</p>
Our Responsibilities	<p>We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework.</p>
Your Responsibilities	<p>Our audit of the financial statements does not relieve you or management of your responsibilities.</p>





Matter	Description of Audit Area
Distribution Restriction	This communication is intended solely for the information and use of those charged with governance, the Board of Trustees, and, if appropriate, management of the Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

Planned Timing of the Engagement

We succeed in our engagements by collaborating with management through frequent communication. We require the assistance of management and staff to prepare supporting documents, schedules, and analysis and depend on those items to be ready no later than the dates that we mutually agree will meet your deadlines.

We expect to begin our audit on approximately April 20, 2026. We anticipate that our team will be performing activities remotely during these dates.

Draft financial statements are expected to be ready May 27, 2026, and we will issue our report on approximately June 10, 2026.

Planned Audit Scope

We welcome any input you may have regarding the information discussed below. We also welcome any insight you have related to any other risk areas or other significant risk areas you believe warrant particular attention.

Extent of Testing

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Establishing Our Understanding

An audit also includes obtaining an understanding of the Plan and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we will express no such opinion.

Communicating Deficiencies or Significant Matters

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate internal control related matters that are required to be communicated under professional standards.

We will also communicate significant matters arising during the audit of the financial statements that are relevant to you in overseeing the financial reporting process as required by professional standards.

Significant Risks of Material Misstatement

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and propose to address these areas as described:

Risk Area(s)	Audit Approach
Risk of Plan Management Override of Controls	Evaluate the annual statements for unusual activity and document and walk-through Plan level controls.





Other Procedures to Be Performed

We may also request written representations from the Plan's attorneys as part of the engagement, and they may bill the Plan or Plan sponsor for responding to this inquiry.

At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

We may identify additional significant risks as we complete our procedures.

Consideration of Error or Fraud

One of the most common questions we receive from governing bodies is, "How do you address fraud in a financial statement audit?" Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

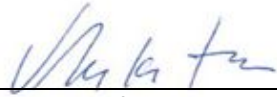
- Engagement team brainstorming
- Inquiries of management and others
- Reviewing accounting estimates for bias

Thursday, May 28, 2026

Independent Auditor's Pre-audit Communication for the Harris County Hospital District
Pension Plan Year Ended December 31, 2025 [Information Only]

The pre-audit communication from the external audit firm, FORVIS MAZARS, provides an overview of the risk assessment and audit plan for the Harris County Hospital District Pension Plan year ended December 31, 2025.

A copy of the letter is attached.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

Forvis Mazars Planning Communication to Board of Trustees, Pension and Disability Committee, Plan Administrator, and Management

Harris County Hospital District Pension Plan

December 31, 2025

Thank You for Selecting Forvis Mazars

We are grateful for the opportunity to serve Harris County Hospital District Pension Plan and gain insight into your employee benefit plan (Plan). This communication provides useful information relevant to your role as those charged with governance of the Plan, including summarized information required by professional standards, such as the planned scope and timing of the audit.

Our goal is to establish a foundation for effective two-way communication throughout the audit. We are available at your convenience to discuss this information and answer questions as we begin our audit.

Contacts During the Engagement

Your audit leader for any questions or communications is:

- Ryan Singleton, Managing Director | Ryan.Singleton@us.forvismazars.com | 972.788.1229

Overview & Responsibilities

Matter	Description of Audit Area
Scope of Our Audit	<p>We have been engaged to audit the financial statements of Harris County Hospital District Pension Plan for the year ended December 31, 2025.</p> <p>Please refer to our contract for additional information and the terms of our engagement.</p>
Audit Standards & Materiality	<p>We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.</p> <p>References to items that are material refer to misstatements, including omissions, that could, in our professional judgment, reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.</p>
Our Responsibilities	<p>We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework.</p>
Your Responsibilities	<p>Our audit of the financial statements does not relieve you or management of your responsibilities.</p>





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We welcome any input you may have regarding the information discussed below. We also welcome any insight you have related to any other risk areas or other significant risk areas you believe warrant particular attention.

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An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Establishing Our Understanding

An audit also includes obtaining an understanding of the Plan and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we will express no such opinion.

Communicating Deficiencies or Significant Matters

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate internal control related matters that are required to be communicated under professional standards.

We will also communicate significant matters arising during the audit of the financial statements that are relevant to you in overseeing the financial reporting process as required by professional standards.

Significant Risks of Material Misstatement

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and propose to address these areas as described:

Risk Area(s)	Audit Approach
Risk of Plan Management Override of Controls	Evaluate the annual statements for unusual activity and document and walk-through Plan level controls.



Other Procedures to Be Performed

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At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

We may identify additional significant risks as we complete our procedures.

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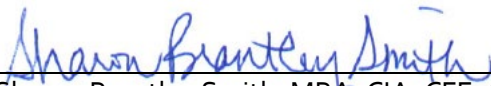
Our audit approach includes such procedures as:

- Engagement team brainstorming
- Inquiries of management and others
- Reviewing accounting estimates for bias

Thursday, May 28, 2026

Executive Session

Presentation Regarding Harris County Auditor's Internal Audit Report Related to Cash Handling Audit of Food and Nutrition Services, Pursuant to Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §551.071.



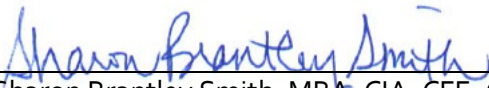
Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP
Executive Vice President – Chief Financial Officer
Chief Assistant County Auditor, Harris Health
Harris County Auditor's Office

- Pages 64-86 Were Intentionally Left Blank -

Thursday, May 28, 2026

Executive Session

Presentation Regarding Harris County Auditor's Internal Audit Report Related to Vaccine Management Audit, Pursuant to Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §551.071.



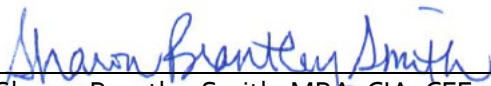
Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP
Executive Vice President – Chief Financial Officer
Chief Assistant County Auditor, Harris Health
Harris County Auditor's Office

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Thursday, May 28, 2026

Executive Session

Presentation Regarding Harris County Auditor's Status Update Related to Forvis's Revenue Cycle Recommendations, Pursuant to Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §551.071.



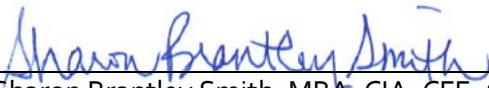
Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP
Executive Vice President – Chief Financial Officer
Chief Assistant County Auditor, Harris Health
Harris County Auditor's Office

- Pages 107-123 Were Intentionally Left Blank -

Thursday, May 28, 2026

Executive Session

Presentation Regarding Harris County Auditor's Report Related to High-Priority MAP's with Due Date Extensions, Pursuant to Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §551.071.



Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP
Executive Vice President – Chief Financial Officer
Chief Assistant County Auditor, Harris Health
Harris County Auditor's Office

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Thursday, May 28, 2026

Executive Session

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.



Carolynn Jones, JD, CHC
Executive Vice President, Chief Compliance and Risk Officer

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Thursday, May 28, 2026

Executive Session

Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Audit Results and Audited Financial Statements for the Twelve Months Ending December 31, 2025, Pursuant to Tex. Gov't Code Ann. §551.085.



Anna Mateja
Chief Financial Officer
Community Health Choice, Inc.
Community Health Choice Texas, Inc.



On behalf of Victoria Nikitin
Victoria Nikitin
EVP & Chief Financial Officer
Harris Health

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