AUDIT COMMITTEE
MEETING AGENDA

February 13, 2014

11:00 A.M.

125 Worth Street,
Rm. 532
5th Floor Board Room

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CALL TO ORDER — Ms. Emily A. Youssouf

- Adoption of Minutes December 10, 2013 — Ms. Emily A. Youssouf

INFORMATION ITEMS

- Audits Update — Mr. Chris A. Telano
- Compliance Update — Mr. Wayne McNulty

EXECUTIVE SESSION

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT

MINUTES

AUDIT COMMITTEE

MEETING DATE: December 10th, 2013
TIME: 8:30 AM

COMMITTEE MEMBERS
Emily A. Youssouf, Chair
Josephine Bolus, RN

OTHER MEMBERS OF THE BOARD
Michael A. Stocker, MD

STAFF ATTENDEES
Antonio Martin, Executive Vice President/COO
Salvatore J. Russo, Senior Vice President & General Counsel, Legal Affairs
Deborah Cates, Chief of Staff, Chairman's Office
Patricia Lockhart, Secretary to the Corporation, Chairman's Office
Marlene Zurack, Corporate Chief Financial Officer
Jay Weinman, Corporate Comptroller
James Linhart, Deputy Corporate Comptroller
Christopher A. Telano, Chief Internal Auditor/AVP, Office of Internal Audits
Wayne McNulty, Corporate Compliance Officer
Gassenia Guilford, Assistant Vice President, Central Office Finance
Devon Wilson, Senior Director, Office of Internal Audits
Steve Van Schultz, Director, Office of Internal Audits
Zhanna Kelley, Assistant Director, Office of Internal Audits
Carlotta Duran, Assistant Director, Office of Internal Audits
Carol Parjohn, Audit Manager, Office of Internal Audits
Frank Zanghi, Audit Manager, Office of Internal Audits
Sonja Aborisade, Associate Confidential Examiner, Office of Internal Audits
George Asadoorian, Supervising Confidential Examiner, Office of Internal Audits
Jonathan Delgado, Supervising Confidential Examiner, Office of Internal Audits
Cynthia McIntosh, Supervising Confidential Examiner, Office of Internal Audits
Roger Novoa, Supervising Confidential Examiner, Office of Internal Audits
Delores Rahman, Supervising Confidential Examiner, Office of Internal Audits
Armel Sejour, Supervising Confidential Examiner, Office of Internal Audits
Satish Malla, Confidential Examiner, Office of Internal Audits
Jean Saint-Preux, Confidential Examiner, Office of Internal Audits
Rosemarie Thomas, Confidential Examiner, Office of Internal Audits
George Payyapilli, Confidential Examiner, Office of Internal Audits
Gillian Smith, Confidential Examiner, Office of Internal Audits
Peter Lynch, Senior Director, Office of Facility Development
Krista Olson, Director, Corporate Budget
Alice Berkowitz, Assistant Director, Corporate Budget
Richard Marin, Associate Executive Director, Contracts, Generation+Northern Manhattan
Robert R. Miller, COO/Deputy Executive Director, Kings County Hospital Center
Julian John, Chief Financial Officer, Central Brooklyn Family Health Network
Anthony Manwaring, Controller, East New York Diagnostic & Treatment Center
Ronald Townes, Associate Director, Finance, Kings County Hospital Center
Louis Villalon, Deputy Chief Financial Controller, Coler♥Goldwater Specialty Hospital & Nursing Facility
Rolando Caldea, Controller, Coler♥Goldwater Specialty Hospital & Nursing Facility
Rick Walker, Controller, North Brooklyn Healthcare Network
Daniel Frimer, Controller, Coney Island Hospital
Gary Imperato, Materials Manager, Coney Island Hospital
Aaron Cohen, Chief Financial Officer, Bellevue Hospital Center
Timi Diyaolu, Controller, Bellevue Hospital Center

OTHER ATTENDEES
NYSNA: Eileen Schneider
DC37: Moira Dolan
OMB: Megan Meagher, Kristyn Raffaele

DECEMBER 10, 2013
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
NYC HEALTH AND HOSPITALS CORPORATION

A meeting of the Audit Committee was held on Tuesday, December 10, 2013. The meeting was called to order at 8:34 AM by Ms. Emily A. Youssouf, Committee Chair. Ms. Youssouf asked for a motion to adopt the minutes of the Audit Committee meeting held on October 10, 2013. A motion was made and seconded with all in favor to adopt the minutes. An additional motion was made and seconded to hold an Executive Session of the Audit Committee to discuss matters involving Corporate Compliance.

Then Ms. Youssouf stated that the first action item on the agenda is the KPMG Management Letter and turned the presentation over to them. She asked them to introduce themselves. They introduced themselves as follows: Jim Martel, Engagement Partner; Camille Fremont, Senior Manager and Maria Tiso, Account Executive.

Mr. Martell stated that the Management Letter is a criticism letter, observations in terms of issues relating to internal control. He outlined the different levels of the Management Letter: one being more operational in nature, such as the one you received, and one is called the material weakness and/or significant deficiencies. The good news is that HHC has not receive either one of these types of letters -- ours is a letter of observations which would give us concern as it relates to the overall preparation of the financial statements. The comments that you have embodied in this Management Letter are recommendations to improve internal controls and Ms. Fremont will walk you through some of the comments. The Management Letter is broken up into several sections, one is current year comments, but more importantly, there is an industry issue comment which is more important to the Audit Committee because that is where the industry is going.

Ms. Fremont began the presentation by stating that on page two is the matrix of observations, it lists which networks and facilities they went to for their site visits and any comments they had. Ms. Fremont said that the first area they looked at is the affiliations and there continues to be contracts that are executed after the beginning of the contract period as well as certain recalculation documents that were not prepared on a timely basis. KPMG continues to recommend that management continue to work with affiliates to ensure that all contracts are signed prior to the commencement of the contract period and those recalculation documents are done timely.

Ms. Fremont continued and said that the next area within the Management Letter pertains to Construction Management. During the current year, KPMG realized that the construction in progress balance at year end did not include approximately $16 million related to the major modernization project at the Henry J. Carter Center. KPMG recommends that management ensure that they have all facts, including the construction in progress balance so that the balance is accurate at year end.

Ms. Fremont then said that last area she will briefly speak on is materials management. They noted that purchased items are received at the departmental level, so there is no centralized receiving department. They noticed in some situations that the individual who ordered the goods was also the individual receiving the goods so there is a lack of segregation of duties. KPMG recommends that management create a process as to ensure that there is some sort of segregation of duties between who orders the goods and who ultimately receives it.

Ms. Youssouf commented that regarding Construction Management, the Capital Committee has worked hard with staff to try to make significant changes in that process and she thinks that we are well underway to do that.

Ms. Fremont commented that the comment they are bringing to your attention is more of a reconciliation issue between all the books and records to ensure communication among all departments. Then Ms. Fremont said that she will turn over the letter to Mr. Martell so he can discuss some of the industry observations.

Mr. Martell stated that industry issues are issues that are affecting the not-for-profit world and the healthcare institutions. Healthcare transformation, there are a lot issues going on as it relates to day-to-day operations, new organizations and new contracts. HHC could be a winner or could be a loser, but the evaluation is you got to be able to look at it half full, half empty and so forth. The biggest issue as it relates to transformation is that this is not stopping. Just because the changes came in this past September, October, there are constantly ongoing changes and the organization needs to retool itself on an ongoing basis. Physician integration, joint venturing – the organization has done a lot of changes over the past years with PAGNY – you are reacting to the requirements of the physicians groups. Here in the Northeast we tend to be a little slower in terms of competitiveness and in terms of doing joint venturing, but obviously the corporation is dealing with things such as the lab at North Shore. Again this is more in terms of what your competitors are doing to grow their bottom line, grow their revenue stream. Even though it may not be something that is your competency, you know very well that your competitors are trying to make it their core competency. Mr. Martell thinks that the joint venturing aspect is extremely important.

Ms. Youssouf asked if there are any areas in joint venturing that he thinks HHC should look at, she knows that the senior staff is spending an enormous amount of time doing that, but is there anything that really pops out from the competitors. To which Mr. Martell responded that the only thing that the competitors have a little more leeway in the way of governing structure is versus being a hospital sponsored by the City so you have to deal with that. A lot of these competitors are doing outsourcing, joint venturing with security, housekeeping, but they are also doing other things with outsourcing. For example, their CBO, their PHI filing, their building system and some of them are looking at outsourcing the entire financial management responsibility that will do all the billing on behalf of the organization. The key thing with HHC is the revenue stream which is Medicaid and Medicare, and the managed care organization of MetroPlus which gives HHC an opportunity to deal with other organizations. There are things for HHC to maneuver within the transformation and changes, but at the same time you just got to be aware of it. So the short answer is he has not looked at in terms of what HHC is not doing. What HHC is doing under the restrictions is, by far, as much at this point in time.

Mr. Martell continued by stating that ICD-10 is coming, management has hired consultants. It is there, it is going to be live and it is going to be problem. It is an issue that will culminate next year, and hopefully there will be enough coders around to help all of us in the healthcare industry. The Privacy Corporate Compliance program has really taken on a lot of the issues relating to the entire world associated with not only privacy but all compliance issues unto itself. Again these are the things that your colleagues are dealing with in the top 10 of the audit committee boardrooms.

Mr. Martell then continued with cloud computing – it is becoming more and more prevalent, it is here. It is eliminating data store warehouses. Every technology company is advertising that they have the ability to store all the information for you and have it secured. The cloud computing is something that is very, very prevalent going on outside of New York and also inside of New York.

Ms. Marlene Zurack, Senior Vice President, Finance, asked Mr. Ramlakhan to approach the table. He introduced himself as Enrick Ramlakhan, Assistant Vice President of Business Applications. He stated that this is something they are looking at and have to tread carefully. We have to make sure the advantages and disadvantages are there, also we need to ensure that the costs are also controlled, because when you go to Cloud a lot of services we take for granted are no longer provided. We are going to get there; it is a matter of how safe we will be.

Ms. Youssouf asked if cloud computing is going to replace or is it in addition. Mr. Ramlakhan responded that it would be in addition to, and ultimately, maybe 10 years from now it may replace.

Committee Member, Mrs. Josephine Bolus asked how you will be able to conform to that. To which Mr. Ramlakhan answered that there are various methods we have to evaluate and testing safeguards are in place. It is up to us, as the custodians of that data to ensure that whoever we put in charge of it, that it is always encrypted and it is safe.

Mr. Youssouf asked if there is a large system that is currently totally converted to Cloud. Mr. Martell answered no, not yet.

Ms. Tiso added that a lot of the systems are years away of implementing Cloud. A lot of them started eliminating some of the data storage warehouses and she thinks that when you put all the information on the file tapes most of that information is being transported to the Cloud now instead of the data centers.

Mr. Ramlakhan added that when we look at some applications, we do look at some Cloud based organizations. We call it software as a service – we have application service product. We do not house all – we have some of it here on-site and we have to have that ability to have certain sensitive data, obviously restore it to backup. It is not something we can wait until the next day to get backup, downtime has to be as minimal as possible.

Mr. Martell then continued with the last two comments – the SEC (Securities Exchange Commission) and the healthcare agency metrix. Obviously HHC has issued debt and whether it is debt of their own or debt through the City, there are certain financial reporting requirements. HHC does provide quarterly or semiannually reports that are given to the filing centers, but the biggest issue at least with the SEC is that there will be and there is just starting to be reviews performed by them where in the past there were never or limited. As you go forward, the cost of bonds are actually traded, and when you trade bonds, it is just like having stock, you have the public purchasing and selling these particular instruments. There are requirements that the SEC is now going to start implementing over the not-for-profits and oversight associated with that. We have seen the SEC get involved with several not-for-profits over the past year relating to questions and concerns relating to the financial statements. As you move forward, it may not be today or tomorrow, maybe three years or four years down the road, there will be more oversight as relates to quarterly filing and annual filings associated with the SEC.

Ms. Youssouf asked if he was referring to continuing disclosure. Mr. Martell answered yes, since there are quarterly filings, that becomes public information and people perhaps purchase or sell the bonds based on this information.

Ms. Youssouf asked if that was one of the problems Detroit, and the State of Illinois had. Mr. Martell said absolutely and Miami.

Ms. Zurack stated that the Finance Committee is submitted the quarterly financials, and what we do is an excerpt on a document that we have disclosed to the market for as long as she has been at HHC which is 13 years.

Ms. Youssouf asked what it is called. To which Mr. Martell responded post it, and then anybody has access to it.

Ms. Zurack added that years ago we used to have to mail a significant amount of our bonds and it is posted to EMMA (Electronic Municipal Market Access) as of maybe 5 years ago.

Ms. Youssouf asked if there is anything pending with the SEC that we should especially keep our eyes on? To which Mr. Martell answered that the SEC has not come out and formally had reviews or audit work plans, but he does believe that the municipal markets are going to become more stringent.

Then Mr. Martell jumped to the final comment – the metrics. There is this whole issue of a public entity versus a private entity and a private entity could be a non-SEC company that issues stock. Most people think that not-for-profits are private entities, but the accounting guidance has come out and said if you have conduit debt, which HHC has conduit debt, it is issued through DASNY (Dormitory Authority of the State of NY) it is considered a public entity.

Ms. Zurack said that some say North Shore and LIJ are now public. Mr. Martell stated that all these organizations have conduit debt which raises the bar in terms of what is expected and once again added that what is going on within other boardrooms and other committee meetings are important to this committee. It is important to yourself to see what your colleagues are doing and those industry things are things that are being focused on at every meeting by other organizations, not just HHC.

Ms. Youssouf asked if there is anything we are missing? Mr. Martell answered no, that if there was something that is not being done here, it would actually end up in the corporate aspect of it. A lot of these things are just FYI to keep you informed and to keep the ball moving.

Ms. Youssouf asked if there anything about the prior year comments that we should be aware of? Mr. Martell said that they believe that the comments were cleared and there is a process in place to make sure that they continue with the ongoing recommendations.

Ms. Youssouf thanked them and asked for a motion to accept the Management Letter and it was seconded.

Ms. Youssouf then turned the presentation to Mr. Telano for the Internal Audits report.

Mr. Telano saluted the committee and began by stating that he will briefly discuss the audits on pages three and four, the City Comptroller's audits. There are four of them, and there has been minimal movement since the last meeting. They are still in the interviewing and gathering information stage. The audits are; the Emergency Wait Time, Navigant Billing Practices, the Lincoln Affiliation Agreement and the Patient Revenue and Accounts Receivable. There has been no discussion of findings as of this moment and they are just ongoing audits.

Board Chairman, Dr. Michael Stocker asked if there is any end to the Navigant audit. Mr. Telano responded that we have not heard from them in almost three months regarding this audit – no movement.

Mr. Telano moved onto the audits on pages five and six -- there were surprise cash counts done at Woodhull and the Greenpoint Community Center within a week of each other and the findings were discussed. Mr. Telano asked Mr. Rick Walker, North Brooklyn Network Chief Financial Officer to approach the table.

Mr. Telano continued by saying that one finding was found at both locations and that issue is regarding that the cashiers replace shortages with their own money and there is no log maintained to record overages and shortages, so there is no record as to the competency of the cashiers. The other issue regarding Woodhull was that cash was being moved to banks outside the facility and within the facility by the pharmacy cashier, unescorted by security or hospital police. Also at Woodhull, there were old metro cards before the rate went up valued at over $18,000 that had not been returned.

Mr. Telano continued and said that the issues related to Greenpoint was that there was minimal oversight of the cashier there. The clinical manager or the cashier supervisor who is located at Woodhull did not provide, on a daily basis or routine basis, some sort of oversight, and also that where the cashier is located, the workplace was accessible to numerous employees, and we believe there was a security issue there. Mr. Telano said that he will let Mr. Walker address those issues, if you want. Ms. Youssouf said yes, please.

Mr. Walker stated that that was quite a substantial audit, and actually he was at Woodhull all of five weeks when the audit took place and took corrective action to address each of them. For example, the cash exchange process was at Woodhull in which, with the supervisor's knowledge, someone would go to the bank to get change when they ran out, which was a long-standing practice that was identified. We have since coordinated with hospital police when, and if, that ever became necessary, we would be escorted by hospital police. More importantly, we got in touch with the controller's office and implemented a process we had at Harlem where we actually coordinated through our collections company, Carter, who would bring us change, which is even more appropriate for us. We are in the process of implementing those kinds of issues and then have the backup should something fall through and there was a need to go out, we would do that in a way that safeguarded the employees as well as the cash.

Mr. Walker stated that for each of the items, they went back and looked at the process, identified what the corporate policies were. In the case of the employee taking money out of their pocket, we in-serviced all the staff at the location as well as all cashiers performing the function that it was inappropriate for them to take cash from their person to correct any shortages -- that there was a reconciliation process now in place. Supervisors routinely sit down and go through this on a daily basis and we work with the staff to identify, if a shortage were to come up, that there is an indication that there is something in our process we need to address.

In terms of the off sites, Mr. Walker continued, we met with each of the managers and advised them that as managers they have a supervisory responsibility for the staff. In as much as the finance function, so we incorporated some reporting and routine reconciliation with the site manager where those cash functions existed. For two of the sites that were very small, they were small community-based clinics, located in housing facilities, which is pretty much like an apartment that is converted into a clinic; those sites were physically or logistically unable to meet the quote criteria for safeguarding cash. When we looked at the actual cash collected at these sites, we discontinued the cash collection, the reasoning is that we were collecting less than a thousand dollars a month, and when we went back and added the cost of the staff performing the function, it just did not pay for itself. We are billing all the patients with co-pays that we would otherwise have been collecting. This is something we implemented in my prior life at Harlem and Renaissance Network that went very well and it did not disrupt our abilities to collect cash but also at the same time helped to better manage the limited resources we have available to manage.

Dr. Stocker asked how the increase on co-payment and coinsurance fit into that environment. Mr. Walker answered that most of the folks in HHC who would probably benefit from the exchange are the patients who are currently fee scale and they currently have co-pay and those persons who elect to make their payment, we were collecting those balances and we bill them and they are mailing in their payments. In that regard, I do not think there is going to be a material change for HHC, primarily the collections that we see are derived from those persons who are fee scaled and have those co-pays when visiting the center.

Dr. Stocker asked if they can pay by credit card. Mr. Walker said that they have the ability to pay by credit card.

Dr. Stocker asked if they can do it at the site. Mr. Walker responded that at the two sites they are not collecting cash that they would do it through the mail, but at all the sites it is actually by credit card or cash.

Then Dr. Stocker asked about the pharmacy. To which Mr. Walker answered that pharmacy is the same, we have a cashier at Woodhull and it is a full service cashier function.

Ms. Youssouf asked if they are finding that the payments coming in by mail equal the amount that was collected in cash. Mr. Walker responded that they have not done a comprehensive analysis that I can present to this committee. I guess we can go back and take a look at that after several months to see what is the variances in terms of what is in our lockbox versus what we otherwise are collecting in cash, but the size of those clinics and the amount of money we were collecting just did not support the FTE's that were allocated for that function.

Ms. Youssouf added that she just thinks that if, in fact, that number is going to increase, and then that is probably something you should take a look at, going forward. Mr. Walker answered by stating that we will take that into consideration and definitely take a look at it.

Mr. Telano continued his presentation by stating that the last report is on page seven of the briefing – it is the IT audit of the OTPS application and asked the representatives to please come up to the table.

Mr. Russo asked the representatives to identify themselves – they did as follows: Enrick Ramlakhan, Assistant Vice President for Business Applications and Jonathan Goffin, Director of Financial Analysis.

Mr. Telano said that within the briefing there are five areas that are discussed and he will go through them and maybe Mr. Ramlakhan can address them as he goes through them. The first one is about the user access controls, and have to do with the 18 generic user IDs and 54 user IDs that were created without the naming conventions, and then also four out five payroll department OTPS users that could create and update employee data, as well as print checks with the DEC system, which is more or less a sub of the OTPS. Also, the OTPS developer has full access to the production and testing areas which is a segregation of duty issues.

Mr. Ramlakhan remarked that all of the items, as outlined have been corrected. You have to realize, OTPS is a legacy application, and many of these pieces were not part of the base program. The team and Mr. Goffin's folks did an excellent job, they programmed and moved into production and they took the prerequisite corrective action.

Ms. Youssouf inquired and said that when you said it was not part of the legacy, even though you did not create it, isn't this stuff your department would be looking at anyway; because when you have a legacy issue, you always have to figure out what is actually functioning and what is not. Mr. Ramlakhan said absolutely, a lot of the things that a developer has to do are in production. We can do it in tests, but it also has to be migrated across and put into production, you also need access, so what we have done is, we have created a system and we have to run it by internal audit and they will get that access but they have to now go through change control. There has to be a remedy ticket already in place and then it needs to go through the business owners, the various approvals. Every time a developer goes into production, they have to have the access.

Dr. Stocker added that he is going to say something about the scope of internal audit, and that his background is definitely not internal audit. The way he sees internal audit is mostly from observation, and being on boards, is that their scope is broad and they can get into business issues. Like this recommendation about the reporting function in the system, which he agrees is probably old and difficult, and he is sure you have made many more request change systems than you have the ability to do it and you have to prioritize that. To him, it is reasonable for internal audits to say this is not functional or it could be better in terms of the utility of the reporting functions, but it is also reasonable information to say we have a long list of priorities – this is not like compliance where we have laws we have to avoid. We have a long list of priorities and we, management, will prioritize this in comparison to all the other things we have to prioritize. I think the access should not be restricted, but I think management wise, it is unusual for management to say it is just not in our priority list right now to do this and we understand your concerns.

Ms. Youssouf added that yes, while she thinks that is true, the question is internal audit's job is to one, find things that can use improvement and the business units are supposed to take back and respond appropriately saying yes, we understand that could use improvement. They are also there to keep you and us out of trouble, and the way they do that is to find things that are potential deficiencies or existing deficiencies with recommendations and how to change it so we stay out of trouble, because they are first defense against doing anything that could potentially raise a giant red flag to all of the outside agencies and regulatory bodies that look at HHC. I want to make sure you guys understand that and that they will always have your full cooperation with anything they come up with and take it as a benefit, an extra set of eyes and ears to look at your systems.

Dr. Stocker said that we are kind of taking both sides of the same task, but an audit finding just by itself is not negative, it is called a recommendation. It is just that some recommendations are more important than others, but in the end it is really all recommendations.

Then Ms. Youssouf said that if it is something you strongly disagree with as a recommendation, you do not think it should happen, then the discussion should be escalated. But if it is not, your purview to just say no, we are going do it, because then that kind of defeats the point of an audit function.

Mr. Ramlakhan said he understood – and just wanted to clarify, some of the recommendations cannot be done solely by IT. We need the business input, that is what we meant by we cannot dramatically change these things without input.

Mr. Telano continued with the second issue – password controls not being effective. When an individual has to reset their password, OTPS only prevents them from reusing the last password. So they can go back two passwords or three passwords ago and use the same one. The password strength does not comply with HHC's information systems password policies and procedures. OTPS requires six non-case sensitive characters, the policy and procedures requires a minimum of eight. Also, there are no maximum numbers of times a user can unsuccessfully attempt to log into OTPS. We tested it and after five unsuccessful login attempts, the user was locked out of a specific terminal. However, they were able to login at another terminal right away.

Mr. Ramlakhan said that they have since done the programming and moved, migrated to production the necessary codes to ensure that this does not happen. The only piece is the three consecutive unsuccessful logins, which are still coding that, but it should be done by the end of the month.

Mr. Telano continued by stating that finance has not performed an annual reconciliation of vendor accounts payable because OTPS recognized accounts payable as all open purchase orders and the general ledger recognizes the AP liability as purchase orders where the goods were actually received, so there is a disconnect within those two systems.

Mr. Ramlakhan stated that they are working with the controller's office and are going to have a report that will address that issue, they are developing one.

Mr. Weiman said that actually, this is an issue that his office brought up to internal audits because we felt that it was necessary to have a tool to reconcile the two systems. Currently, we do other testing and test the transactions to make sure that everything comes across, but as a secondary tool, we needed it, so we appreciate the comment as well and we are working on it with IT.

Ms. Youssouf stated great and appreciates you bringing something up to internal audit.

Mr. Telano said that next issue is related to the expiration of timeout. For OTPS, currently it times out in two minutes, as compared to QuadraMed, which is another sensitive system, which times out in 15 minutes so we suggested that two minutes be increased.

Mr. Ramlakhan said that again they are working with the controller's office to get to that timing. We set the maximum at 15, so we have not violated the maximum. The minimum we have not set, so we are going to work with Mr. Weiman's team and get to that appropriate minimum timing.

Mr. Telano stated that the last issue is related to the reports and the statements, so he will not go into that. On page nine it shows that all of the auxiliary reports have been completed with minimal issues noted. Page 10 is the audits in progress, and page 11 is the follow-up audits, the status of them as of today.

Ms. Youssouf noted that on the auxiliary audits, a few had one, and another had five comments. Mr. Telano said that that was discussed at last meeting related to East New York in which they had a change of a new president being brought on board and that the new president was resolving those issues.

Mr. Telano said that unless there are any questions, that concludes his presentation.

Ms. Youssouf thanked him and said that it is time for Compliance.

Mr. Wayne McNulty saluted the Audit Committee and began by reviewing page three of the Corporate Compliance Report - compliance training results. He informed the Committee that, as of December 2, 2013, 21,200 of the 23,000 HHC staff members (who were designated to complete compliance training) received compliance training. He further explained that the personnel trained included physicians; all practitioners licensed under the Education Law, such as nurses, occupational therapists, respiratory therapists; and all Group 11 employees. He stated that 91 percent of HHC staff successfully completed training corporate-wide. Mr. McNulty continued by stating that, as of the beginning of December of 2013, 89.8 percent of all HHC and affiliate physicians received compliance training. He continued by discussing the training numbers with regard to healthcare professionals. He informed the Committee that over 13,600 of the 15,000 healthcare professionals received compliance training; Mr. McNulty stated that the successful training rate for this group of individuals amounted to 91 percent corporate-wide. He added that with regard to the general workforce (Group 11 employees), 98 percent of all Group 11 employees successfully completed compliance training. He closed the topic surrounding the compliance training numbers by discussing the training of the HHC Board of Directors. He stated that nine members of the Board and six Board member designees were successfully trained.

Ms. Youssouf stated that she thinks it is great and Dr. Stocker added that one of the people is pretty new to the Board and he has committed to do that, and the others all know.

Mr. McNulty continued by turning to number two of the agenda – staffing update. He informed the Committee that there were two vacancies in the Office of Corporate Compliance ("OCC"), one in the North and Central Brooklyn Health Network and one in Central Office. Mr. McNulty expected that both of those positions would be filled within the next couple of weeks.

Mr. McNulty continued with the next topic of the report – Excluded Providers. Mr. McNulty reminded the Committee that he previously disclosed to the Committee that the OCC was made aware of an excluded attending dentist at Bellevue Hospital Center. He informed the Committee that the OCC made a self-disclosure report to the Office of the Medicaid Inspector General ("OMIG") and the United States Department of Health and Human Services Office of the Inspector General ("OIG"). He further informed the Committee that the OCC was contacted by both agencies. He stated that OMIG informed him that OMIG would not be looking into the matter further since the one Medicaid claim in question was subsequently denied.  Mr. McNulty proceeded by discussing the OIG's communication with him on this matter.  The OIG informed Mr. McNulty that, given the minuscule amount involved in the matter, the OIG would not be investigating the matter.  Rather, Mr. McNulty explained, the OIG requested that the OCC contact HHC's Medicare fiscal intermediary to work out the return payment to Medicare.  Mr. McNulty stated that the overpayment amounted to approximately a thousand to three thousand dollars.

Mr. McNulty concluded his report by requesting to discuss some compliance matters in executive session

Ms. Youssouf thanked Mr. McNulty, and then asked for a motion for Executive Session to discuss matters of confidential investigation and potential legal actions.  It was seconded with all in favor.

After returning from Executive Session, Ms. Youssouf asked if there were any old business or new business.

There being no further business, the meeting was adjourned at 9:57 A.M.

Submitted by,

Emily Youssouf
Audit Committee Chair

NEW YORK CITY
HEALTH AND
HOSPITALS
CORPORATION

# AUDIT COMMITTEE OF THE HHC BOARD OF DIRECTORS

**Corporate Compliance Report**

**February 13, 2014**

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
nyc.gov/hhc

**AUDIT COMMITTEE OF THE HHC BOARD OF DIRECTORS**

**OFFICE OF CORPORATE COMPLIANCE**

**Corporate Compliance Report**
125 Worth Street, New York, NY 10013
5th Floor Boardroom, Room 532
February 13, 2014 @ 11:00 a.m.

## Table of Contents

## I-a. Compliance Training Efforts - Update

1) The Office of Corporate Compliance ("OCC") is in the process of performing a careful review and, where necessary, updating the various compliance training modules for the 2014 training cycle.

- The Physicians' Compliance Training module is in the process of being updated and is expected to be completed by the end of February 2014.
- The Healthcare Professionals Training module is in the process of being updated and is expected to be completed by early March 2014.

2) The OCC is presently working with each HHC Network provider credentialing office to ensure that all physicians and other providers who are scheduled for re-credentialing have completed the requisite compliance training course.

3) Although the content of the compliance training updates will vary in the different training modules, all modules will be amended to address HHC's policy with regard to the use of personal e-mail accounts to conduct HHC business.

Through these training modules, workforce members will be educated about HHC's policy that prohibits the use of personal or other non-HHC issued e-mail accounts to: (i) transmit confidential, privileged, protected and/or sensitive patient, employee, or corporate information and records in the course of conducting HHC business; (ii) transmit official Corporation records in the course of conducting HHC business.

4) The 2014 compliance training cycle is from January 6, 2014 to January 5, 2015. All physicians, healthcare professionals, Group 11 employees, members of the HHC Board of Directors, and other designated HHC personnel, are required to complete compliance training during this training period.

## I-b. Compliance Training Results

1) *Results of training* - As of January 3, 2014, there were a total of 22,949 HHC personnel enrolled in the three CBT training modules. Of this amount, 21,686 (94.5%) have successfully completed either the CBT module or a live version of the compliance training.

2) *Summary of the results of training* – The statistical results of the compliance training as of January 3, 2014 in comparison with July 1, 2013 are as follows:

***a. Physician Module*:**

- On July 1, 2013, there were 4,989 physicians who were enrolled in the corporate compliance Physician training module; of these, 2,516 completed the course (or 50.43%).
- As of September 17, 2013, there were 4,824 physicians enrolled in the corporate compliance Physician training module; of these, 3,547 completed the course (or 73.53%).
- As of October 7, 2013, there were 4,867 physicians who were enrolled in the corporate compliance Physician training module; of these, 4,027 completed the course (or 82.74%).
- As of December 2, 2013, there were 4,617 physicians who were enrolled in the corporate compliance Physician training module; of these, 4,145 completed the course (or 89.87%).
- As of January 3, 2014, there were 4,601 physicians who were enrolled in the corporate compliance Physician training module; of these, 4,281 completed the course (or 93.04%)

***b. Healthcare Professionals Module:***

- On July 1, 2013, there were 15,455 healthcare professionals who were enrolled in the corporate compliance Healthcare Professionals training module; of these, 7,379 completed the course (or 47.74%).
- As of September 17, 2013, there were 15,208 healthcare professionals who were enrolled in the corporate compliance Healthcare Professionals training module; of these, 12,076 completed the course (or 79.4%).
- As of October 7, 2013, there were 15,180 healthcare professionals who were enrolled in the corporate compliance Healthcare Professionals training module; of these, 12,747 completed the course (or 83.97%).
- As of December 2, 2013, there were 14,986 healthcare professionals who were enrolled in the corporate compliance Healthcare Professionals training module; of these, 13,636 completed the course (or 91.10%).
- As of January 3, 2014, there were 14,891 healthcare professionals who were enrolled in the corporate compliance Healthcare Professionals training module; of these, 13,990 completed the course (or 93.95%).

***c. General Workforce Module:***

- On July 1, 2013, there were 3,647 general workforce members enrolled in the corporate compliance General Workforce training module; of these, 2,766 completed the course (or 75.84%).
- As of September 17, 2013, there were 3,637 general workforce members enrolled in the corporate compliance General Workforce training module; of these, 3,379 completed the course (or 92.91%).
- As of October 7, 2013, there were 3,552 general workforce members enrolled in the corporate compliance General Workforce training module; of these, 3,398 completed the course (or 95.66%).
- As of December 2, 2013, there were 3,505 general workforce members enrolled in the corporate compliance General Workforce training module; of these, 3,440 completed the course (or 98.15%).
- As of January 3, 2014, there were 3,457 general workforce members enrolled in the corporate compliance General Workforce training module; of these, 3,415 completed the course (or 98.79%).

## I-c. Compliance Training of Members of the HHC Board of Directors

1) All members of the HHC Board of Directors (the "Board") were enrolled in the Board of Directors compliance CBT module through the HHC PeopleSoft ELM. The CBT module was also available on CD for those Board members who were unable to access the module via PeopleSoft. Board members were given until November 1, 2013, to complete the CBT.

2) As of January 13, 2014, 10 of 15 (or 66.7%) Board Members successfully completed the training. Additionally, 7 Board Member designees successfully completed the training.

## II. Monitoring of Excluded Providers

1) There were no reports of excluded providers at any of the HHC facilities since the last time the Audit Committee convened in December 2013.

## III. OCC Staffing Update

1) The OCC has a total of four (4) vacancies: two (2) in Central Office; one (1) in the North and Central Brooklyn Network; and one (1) in HHC Health and Home Care. The recruitment process for these positions has commenced.

## IV. Compliance Reports

Summary of Reports

1) For the fourth quarter CY2013 there were 87 compliance-based reports of which 2 were classified as a Priority "A" reports, 34 were classified as Priority "B" reports, and 51 were classified as Priority "C" reports. For purposes here, the term "reports" means compliance-based inquiries and compliance-based complaints. Of the 87 reports received in the fourth quarter of CY2013, 51 (or 58.6%) were compliance complaints received on the OCC's anonymous toll-free compliance hotline.

Mode of Reporting

Below is a summary of how the OCC received the 87 CY2013 fourth quarter reports:

- 51 complaints (or 58.6%) received on the OCC's anonymous toll-free compliance hotline;
- 17 complaints (or 19.5%) received via Telephone
- 11 complaints (or 12.6%) received via E-Mail
- 5 complaints (or 5.7%) received via Face to Face
- 2 complaints (or 2.3%) received via Referral from other HHC Office
- 1 complaint (or 1.1%) received via Mail

Allegation Class Analysis:

The breakdown of the allegation classes of the 87 reports received in the fourth quarter of CY 2013 is as follows:

- 22 (or 25.3%) pertained to Policy and Process Integrity
- 19 (or 21.8%) pertained to Other
- 15 (or 17.2%) pertained to Employee Relations
- 14 (or 16.1%) pertained to Misuse or Misappropriation of Assets or Information
- 12 (or 13.8%) pertained to Diversity, Equal Opportunity and Respect in the Workplace
- 3 (or 3.4%) pertained to Environmental, Health and Safety
- 2 (or 2.3%) pertained to Financial Concerns

## V. HHC FY14 Corporate Compliance Work Plan

- The HHC FY14 Corporate Compliance Work Plan was approved by HHC President and Chief Executive Alan D. Aviles in December of 2013.