



AUDIT COMMITTEE  
MEETING AGENDA

July 12, 2021  
10:00 A.M.  
125 Worth Street,  
Room 532  
New York, NY 10013

---

CALL TO ORDER

- Adoption of Minutes May 10, 2021

Ms. Sally Hernandez-Piñero

Ms. Sally Hernandez-Piñero

INFORMATION ITEMS

- Audits Update
- Compliance Update

Mr. Chris A. Telano

Ms. Catherine Patsos

EXECUTIVE SESSION

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT



## MINUTES

VIRTUAL  
AUDIT COMMITTEE

MEETING DATE: May 10, 2021  
TIME: 10:00 A.M.

### COMMITTEE MEMBERS

Sally Hernandez-Piñero  
Jose Pagán, PhD  
Mitchell Katz, MD  
Feniosky Peña-Mora  
Freda Wang

### STAFF ATTENDEES

Colicia Hercules, Chief of Staff, Chairman's Office  
Janny Jose, Executive Secretary, Chairman's Office  
Kim Mendez, Sr. Vice President, EITS Administration  
Deborah Brown, Sr. Vice President, Legislative Analysis  
Jay Weinman, Corporate Comptroller  
Jeff Lutz, Sr. Asst. Vice President, Enterprise Infrastructure  
Nicole Fleming, Controller  
Catherine Patsos, Chief Compliance Officer  
Christopher A. Telano, Chief Internal Auditor  
Devon Wilson, Senior Director, Office of Internal Audits  
Erica Nairne-Hamilton, Audit Manager, Office of Internal Audits  
Carlotta Duran, Assistant Director, Office of Internal Audits

### OTHER ATTENDEES

**Grant Thornton:** Tami Radinsky, Lead Engagement Partner; Lou Feuerstein, Relationship Partner;  
Dana Wilson, Insurance Partner; Steven Dioguardi, Lead Audit Senior Manager



## VIRTUAL - AUDIT COMMITTEE MINUTES

May 10, 2021

### CALL TO ORDER

Committee Members Present: Sally Hernandez-Piñero, Mitchell Katz, José Pagán, Feniosky Peña-Mora, Freda Wang,

The meeting was called to order by Ms. Hernandez-Piñero, Board Chair at 10:13 A.M.

Ms. Hernandez-Piñero asked for a motion to adopt the minutes of the Audit Committee meeting held on May 10, 2021. A motion was made and seconded with all in favor to adopt the minutes.

Grant Thornton LLC was represented by Tami Radinsky, Lead Engagement Partner; Lou Feuerstein, Relationship Partner and Steven Dioguardi, Senior Manager to present their 2021 audit plan.

Ms. Radinsky reported on the deliverables that Grant Thornton will perform during the 2020 audit season.

- New York City Health + Hospitals Corporation ("NYC Health + Hospitals") for the fiscal year ending June 30, 2021.
- MetroPlus Health Plan's annual statutory financial statements for the fiscal year ending December 31, 2021.
- H+H Insurance Company's annual statutory financial statements for the fiscal year ending December 31, 2021.
- Performing the following audits, as applicable, of cost reports for the year ending June 30, 2021 and issuance of certifications and attestation reports:
  - Annual Reports of Ambulatory Health Care Facilities (AHCF-1)
  - Annual Reports of Residential Health Care Facilities (RHCF-4)

Ms. Radinsky stated those charged with governance are responsible for:

- Overseeing the financial reporting process
- Setting a positive tone at the top and challenging NYC Health + Hospital's activities in the financial arena
- Discussing significant accounting and internal control matters with management
- Informing us about fraud or suspected fraud, including its views about fraud risks
- Informing us about other matters that are relevant to our audit, such as:
  - Objectives and strategies and related business risks that may result in material misstatement
  - Matters warranting particular audit attention
  - Significant communications with regulators
  - Matters related to the effectiveness of internal control and your oversight responsibilities
  - Your views regarding our current communications

Management is responsible for:

- Preparing and fairly presenting the consolidated financial statements including supplementary information in accordance with US GAAP
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting
- Communicating significant accounting and internal control matters to those charged with governance
- Providing us with unrestricted access to all persons and all information relevant to our audit
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses
- Adjusting the financial statements, including disclosures, to correct material misstatements
- Informing us of subsequent events
- Providing us with certain written representations

Ms. Radinsky presented the Audit Timeline as follows:

May 2021	Client acceptance	<ul style="list-style-type: none"> <li>• Client continuance</li> <li>• Issue engagement letter</li> <li>• Conduct internal client service planning meeting, including coordination with audit support teams (IT, tax, valuation)</li> </ul>
May 2021	Planning	<ul style="list-style-type: none"> <li>• Meet with management to confirm expectations and discuss business risks</li> <li>• Discuss scope of work and timetable as well as identify current year audit issues</li> <li>• Initial Audit Committee communications (e.g., discuss recently issued accounting pronouncements of relevance)</li> </ul>
May/June 2021	Preliminary risk assessment procedures	<ul style="list-style-type: none"> <li>• Develop an audit plan that addresses risk areas</li> <li>• Update understanding of internal control environment</li> <li>• Coordinate planning with management and develop work calendar</li> </ul>
June 2021	Interim fieldwork	<ul style="list-style-type: none"> <li>• Perform walkthroughs of business processes and controls</li> <li>• Perform selective substantive testing on interim balances</li> </ul>
September/October 2021	Final Fieldwork	<ul style="list-style-type: none"> <li>• Perform final phase of audit and year-end fieldwork procedures</li> <li>• Meet with management to discuss results, including review of draft financial statements, misstatements (if any) and completeness/ accuracy of disclosures</li> <li>• Present results to the Audit Committee</li> </ul>
October 2021	Deliverables	<ul style="list-style-type: none"> <li>• Financial Statements</li> <li>• Listing of unrecorded misstatements and omitted disclosures (if any)</li> </ul>
December 2021	Deliverables	<ul style="list-style-type: none"> <li>• Present final management letter to the Audit Committee</li> </ul>
December 2021/January 2022	MetroPlus Health Plan	<ul style="list-style-type: none"> <li>• Perform walk-throughs of business processes and controls</li> <li>• Perform control testing over significant business processes</li> <li>• Perform selective substantive testing on interim balances</li> </ul>
February 2022/March 2022	MetroPlus Health Plan	<ul style="list-style-type: none"> <li>• Perform final phase audit and year-end fieldwork procedures</li> <li>• Meet with management to discuss results, draft financial statements and other required communications</li> <li>• Issue the final audit report and other deliverables</li> </ul>
April 2022 /August 2022	Cost Report Certification and HHC Insurance Company	<ul style="list-style-type: none"> <li>• Perform applicable audit procedures and issue auditor's reports on cost reports for the skilled nursing facilities (RHCF-4) and diagnostic and treatment centers (AHCF)</li> <li>• Perform H+H Insurance Company audit and issuance of audit report</li> </ul>
Timing to be determined	HHC ACO, Inc.	<ul style="list-style-type: none"> <li>• Perform HHC ACO, Inc. audit and issuance of audit report</li> </ul>

Ms. Radinsky turned the meeting over to Mr. Dioguardi to discuss the significant risks in our areas of focus throughout the audit.

Mr. Dioguardi stated that a lot of our focus is on the higher risk audit areas. Those are the areas that include a lot of management, judgments estimate. There is also some technical expertise required to evaluate the balances that are also being reported within the financial statements.

The first two items, the Patient Accounts Receivable, Patient Revenues, as well as, the Estimated Settlements from Third-Party Payers, there is a high level of estimation that that goes on within these areas. Assessing collectability of

receivables, and also assessing amounts that might potentially have to be paid back to some of the governing payers, Medicare, Medicaid, etc.

Management performs the estimate and we test management's estimate, reviewing all the underlying data that goes into the estimates throughout the cluster report process, as well as, other matters that might arise where there's a settlement to paid payers.

Significant Risks and other areas of focus	Planned Procedure
Patient accounts receivable, related contractual and uncollectable allowances and net patient service revenue	<ul style="list-style-type: none"> <li>• Review account reconciliations including completeness and accuracy testing of the aged patient trial balances</li> <li>• Perform analytical procedures over key indicators such as days in accounts receivable, account write offs and aging of balances</li> <li>• Perform cut-off testing</li> <li>• Review management's methodology for estimating allowances</li> <li>• Perform medical record testing for existence (no confirmation procedures) and detail test of subsequent cash receipts</li> <li>• Perform a hindsight analysis of the prior year accounts receivable balance by reviewing cash collections on prior year balances</li> <li>• Perform cash to revenue proof to assist in the validation of the revenue balance</li> </ul>
Estimated settlements due to third-party payers and net patient service revenue	<ul style="list-style-type: none"> <li>• Review account reconciliations and roll-forwards and agree significant reconciling items to supporting schedules and documentation.</li> <li>• Perform detailed account balance testing</li> <li>• Review management's methodology for estimating amounts</li> <li>• Review the financial statement presentation and disclosures</li> </ul>
Net pension liability, expense and OPEB liabilities	<ul style="list-style-type: none"> <li>• Review management's analysis of pension and accrued postretirement benefit obligations</li> <li>• Assess the reasonableness of actuarial assumptions, including discount factor, trend rates and cash flows, amongst others</li> <li>• Select a sample and test participant census data</li> </ul>
Expenditures	<ul style="list-style-type: none"> <li>• Select a sample of expenditures and trace to supporting documentation to assess propriety and categorization/functionalization of balances</li> <li>• Analytically review and perform predictive tests of payroll and other operating expenses for reasonableness</li> </ul>
Accounts Payable and Accrued liabilities, Including malpractice reserves and contingencies	<ul style="list-style-type: none"> <li>• Perform detail testing of management's calculations, including underlying inputs and data provided to specialists used in actuarial calculations for medical malpractice, workers compensation, pension and self-insurance health liabilities</li> <li>• Obtain and review outside actuarial reports used to determine pension and malpractice liabilities</li> <li>• Assess for reasonableness the assumptions used in developing estimates</li> <li>• Perform a search for unrecorded liabilities</li> <li>• Test the completeness and accuracy of accounts payable aged trial balance</li> <li>• Review payroll accruals for reasonableness</li> </ul>
Management override of controls – (presumed fraud risk and therefore significant risk in all audits)	<ul style="list-style-type: none"> <li>• Consider the design and implementation of entity-level controls, including information technology controls, designed to prevent/detect fraud.</li> <li>• Assess the ability of the NYC Health + Hospitals to segregate duties in its financial reporting, information technology, and at the activity-level.</li> <li>• Conduct interviews of individuals involved in the financial reporting process to understand whether they were requested to make unusual entries during the period and (2) whether they are aware of the possibility of accounting misstatements resulting from adjusting or other entries made during the period.</li> <li>• Perform risk assessment for journal entries and detail test a sample of journal entries based On our risk assessments to ensure propriety of the entries.</li> </ul>
Accounting estimates	<p>The preparation of NYC Health + Hospital's financial statements requires management to make multiple estimates and assumptions that affect the reported amounts of assets and liabilities as well as the amounts presented in certain required disclosures in the notes to those financial statements. The most significant estimates relate to contractual allowances, the allowance for doubtful accounts, third-party liabilities, malpractice liabilities and actuarial estimates for the pension plan. Our procedures have been designed in part, to review these estimates and evaluate their reasonableness.</p>
Financial statement disclosures	<p>Our procedures will also include an assessment as to the adequacy of NYC Health + Hospital's financial statement disclosures to ensure they are complete, accurate and appropriately describe the significant accounting policies employed in the preparation of the financial statements and provide a detail of all significant commitments, estimates and concentrations of risk, amongst other relevant disclosures required by accounting standards and industry practice.</p>

Mr. Dioguardi concluded his presentation by noting the other areas of the audit focus will be to perform substantive testing on key account balances as of June 30, 2021, as follows:

- Confirmation of cash and cash equivalents.
- Test significant fixed asset additions and disposals, as applicable.
- Test deferred revenue, as applicable.
- Obtain debt rollforward and test payments throughout the year and compliance with debt covenants
- Perform an analytical review of revenues and expenses.
- Identify and test non-routine transactions to ensure appropriate accounting treatment.
- Independently confirm with internal and external legal counsel the potential exposure associated with outstanding claims, as applicable. Identify contingent liabilities or assets requiring accounting treatment or footnote disclosure.
- Perform fraud procedures
  - Journal entry testing
  - Review inter-company accounts
  - Vendor test

Mr. Dana Wilson reported on the significant risks related to MetroPlus and the insurance company. The MetroPlus scope of audit really covered an 18-month period. It covers the period, Fiscal Year ending June 2021. In that respect, we have already an audited period, the six-month period, July 31, 2020 through December 31, 2020, when we did the calendar year on December 31, 2020. We when break the audit up into the 2 six-month period, we'll audit the next period from January 1st to June 30th in connection with a bigger audit. Then we'll come back and audit the period from July 1, 2021 to December 31, 2021. That is the most effective way to do that. Because we are doing two separate audits, and we break those up in six months to be more effective and more efficient working with your team. A lot of our effort is focus on investments and cash that help MetroPlus. That's the biggest assets that are on the books. Then we focus a lot of our efforts, again, on premium, collections, and also incurred but not reported loss reserves because obviously those are the volume on the expense side.

Ms. Radinsky continued with the Technology Support Process. We have a team that focuses on healthcare, IT, Information Technology Risks. As part of the process, they do not look at every system within HHC, only those systems that are financially dependent to those systems that we rely on. At the end of the audit, they will come back to you with any control findings they may have or any value-added comments that they see as part of the process.

**Covid-19 Pandemic – Accounting Considerations.** The accounting considerations that we will focus on as part of our audit process are as follows:

1. **Asset impairment** - Material assets subject to possible impairment or devaluation. Health Care Systems need to carefully identify the appropriate impairment model and consider whether the pandemic effects whether an impairment should be recognized and, if so, to extent. This could impact fixed assets, investments, and other assets.
2. **Insurance recoveries** - Health Care Systems may be entitled to reimbursement for losses under various types of insurance policies as a result of the pandemic.
3. **Contingent losses** - A Health Care System is required to recognize a contingent loss if: (a) it is probable that the liability has been incurred as of the balance-sheet date; and (b) the amount of the loss is reasonably estimable (as either a point estimate or a range of loss).
4. **Going concern evaluations** - Health Care Systems will need to evaluate their ability to continue as a going concern within one year after the financial statements are either issued or made available to be issued. A Health Care System that concludes that there is substantial doubt about its ability to continue as a going concern, or that its plans alleviate such doubt, must provide disclosures to that effect.
5. **Impact of various federal relief programs** - Health Care Systems continue to be eligible to participate in certain federal government relief programs to mitigate the financial impacts of the pandemic. The appropriate accounting and financial reporting (presentation) of the various relief programs such as PPP loans, Provider Relief Funds, etc. continues to be a consideration.

6. **Uniform Guidance compliance** – Health Care Systems should evaluate nature and amounts of funding received under Federal COVID-19 awards that may trigger the need for presentation on the SEFA as well as new Federal programs subject to audit.
7. **Reserves for uncollectible accounts** - Because of the significant economic impact of the pandemic, Health Care Systems may need to re-evaluate the basis for reserves on certain accounts such as student accounts, contributions and loans receivable, as well as other reserves.
8. **Disclosures of risks and uncertainties** - Disclosure of risks and uncertainties related to operations/ activities, accounting estimates, and vulnerabilities, among others specified in ASC 275, should be considered when preparing the financial statement footnotes.

Mr. Feuerstein outlined the six GASBs issued that will impact the organization over next two to three years.

Title	Effective fiscal year ending
GASB 84 - <i>Fiduciary Activities</i>	Periods beginning after December 15, 2019**
GASB 87 - <i>Leases</i>	Periods beginning after June 15, 2021**
GASB 89 - <i>Accounting for Interest Cost Incurred before the end of a Construction Period</i>	Periods beginning after December 15, 2020**
GASB 90 - <i>Majority Equity Interest – on amendment of GASB Statements No. 14 and No. 61</i>	Periods beginning after December 15, 2020**
GASB 91 – <i>Conduit Debt Obligations</i>	Periods beginning after December 15, 2021**
GASB 92 – <i>Omnibus 2020</i>	Periods beginning after June 15, 2021*

\* Effective dates vary by topic.

\*\* Reflective of effective date deferrals under GASB 95.

Mr. Weinman commented that we are adopting GASB 87. This year, the City is instituting that early, and we are implementing it.

Ms. Fleming added that we are also early adopting 89 this year.

Ms. Hernandez-Piñero asked about GASB 87, and the estimate of the time and the financial impact.

Mr. Weinman responded that we are going through that currently. We do not have a number right now. This is a pretty extensive GASB reporting. We will have it for the audit, and we will be able to update the committee on that, once we get that calculated.

Ms. Wang asked if GASB 89 will have a big impact

Mr. Weinman answered that it is somewhere between \$15 and \$20 million. It's not going to be significant for us on the bottom line, but basically instead of including the cost in the asset itself, and we appreciate it, it will be expensed. But it is relatively small for our financial statements material impact.

Ms. Wang asked if the risk assessment, other than the COVID risks that you highlighted, are there any new risks this year or risks that may have dropped off from prior years? Or is it pretty consistent?

Ms. Radinsky responded that it should be pretty consistent, but we are still in the risk assessment phase. We will sit down with Jay and the team, and see if there are any changes, any new event. Obviously, besides COVID, we had a lot of focus on that last year and the year before. We will have to assess that if there is something that's of heightened risk that we didn't look at in the past. For whatever reason, we'll come back to the Committee if it's significant enough and let you know.

Ms. Radinsky thanked Health and Hospitals Finance team for their work and cooperation. She further assured the committee that the work was never impacted by the COVID-19 restriction, therefore the audit will be presented on-time, with any issues and findings presented before the Committee in October.

Ms. Hernandez-Piñero introduced the next agenda item - the Audit Update.

Mr. Telano, Senior Assistant Vice President, Internal Audits reported about the external audits currently being conducted by outside agencies. This audit is of the Oversight of Auxiliaries, is coming to an end. A preliminary draft report was issued on April 19, 2021 and an exit conference was held on May 4<sup>th</sup>. Subsequent to this meeting, a final draft report will be issued, at which time a formal response to the Auditors Findings and Recommendations are required within 10 business days. A detailed summary of this report will be discussed at the next meeting.

As noted at previous Committee meetings, the purpose of the audit was to determine whether NYC Health + Hospitals implemented sufficient controls to effectively monitor the performance and activities of the auxiliaries.

The NYC Comptroller's Office is also conducting the audit of Controls Over Nursing Homes. Since the last Committee meeting, the Comptroller's Office continued to gather information from the Chief Executive Officers of the five (5) nursing homes and the Central Stores Managers, who oversee the medical/surgical inventory on a day-to-day basis.

Most recently, they have requested view-only access to the perpetual inventory system so that they can better evaluate the processes involved regarding the ordering, receiving, storing and using of medical surgical inventory, including Personal Protective Equipment. This request has been referred to the Legal Department of NYC Health + Hospitals for proper resolution.

Internal Audits conducted a review of the Controls Over the Laptops issued to individuals for the purpose of conducting Health + Hospitals business.

Our audit tests included comparing the Central Office Enterprise Information Technology Services Department (or EITS) list of employees issued laptops to the lists maintained by each facility. We also tested to ensure the names of the individuals on the lists were those of current employees. The four facilities we selected for our test work were Elmhurst, Kings County, Bellevue and Jacobi as those were the sites, other than Central Office, with the highest number of laptops.

- A review of the lists from these 4 facilities revealed that less than 4% of the names listed were of employees no longer working for Health + Hospitals. Hence, our conclusions were that, for the most part, adequate controls were in effect.
- When conducting the same test of 248 of the 1,310 names on the list of Test & Trace personnel, we found an error rate of 25%.

We recommended that research be done to determine the disposition of the laptops assigned to those terminated employees. EITS responded that they would coordinate with Human Resources to ensure that they are notified timely of terminated employees and that an additional comparison of the EITS and facility lists would be done more immediately.

Internal Audits also compared the EITS list with the lists of the 4 facilities selected and determined that a total difference of 292 laptops existed. We also noted that:



- 669 laptops on the EITS list were not on the facility list.
- 362 laptops on the facilities list were not on the EITS list.
- In addition, when comparing the serial numbers of the devices on both lists, there were 76 instances in which the assigned employee on the facility lists differed from the Most Frequent Logged-in employee indicated on the CO EITS list.

EITS responded that improvements in classifying the different laptops would be implemented and rolled out to all facilities.

Lastly, our review of the list maintained by EITS revealed that it differs in format from the one kept by the facilities. While the facility lists show the name of the employees to which the laptop is assigned, the EITS list showed the User with the most amount of times logged onto the device and the last logged on user. When comparing this information, we noted:

- 96 instances in which a device assigned to an employee from one facility was last Logged-on by an individual from a different facility. In 15 instances, the Assigned User, Last Logged-on User and Most Frequent User were all from different sites.
- There were many instances in which an employee was the Most Frequent User and Last Logged-on User for two or more devices. Nine EITS employees utilized 5 or more devices. During the audit, we were informed that employees should not be assigned more than one laptop, except when EITS staff is troubleshooting issues.
- 174 devices did not indicate an asset tag.

EITS responded that they are in the process of implementing and enforcing a one device policy; with each employee utilizing a single primary device. Exceptions will be documented with justifications as to why the employee requires to utilize more than one laptop.

The audits of Auxiliaries are done by an outside CPA firm. As shown on the table, final reports for Calendar Year 2020 have been completed and reviewed by the Office of Internal Audits for 9 of the 22 Auxiliaries. Eight (8) reports were Compilations as revenues were below \$250,000; one was a Review as revenues were between \$250,000 and \$750,000.

For CY 2018/2019, one audit report was issued since the last Committee meeting. Four reports remain outstanding due to the lack of appropriate personnel responsible for maintaining financial records within these Auxiliaries.

The report issued, for the Children of Bellevue Auxiliary, had one management letter comment. The balance of net assets with donor restrictions was incorrectly reported and a restatement was required to correct the classification of net assets between net assets without donor restrictions and net assets with donor restrictions. The adjustment was recorded by Auxiliary management upon notification of the error.

The New York State Charities Bureau requires that a review, compilation or audit report accompany the CHAR500 New York State tax form submitted by the Auxiliaries. The type of report required is based on the total revenue of the entity.

AUXILIARY	CALENDAR YEARS REVIEWED	2018 REVENUES	2019 REVENUES	2020 REVENUES
East New York Diagnostic & Treatment Center	2019/2020	NA	\$5,522	\$4,650
Coney Island Hospital	2019/2020	NA	\$5,906	\$5,003
Jacobi Medical Center	2018/2019/2020	\$537,664	\$457,149	\$232,607
Renaissance Health Care	2018/2019/2020	\$16,788	\$20,666	\$12,184
Coler Hospital	2018/2019/2020	\$187,498	\$229,285	\$91,790
Carter Hospital Center	2018/2019/2020	\$226,599	\$29,893	\$12,309
Cumberland Diagnostic & Treatment Center	2018/2019/2020	\$104,367	\$76,782	\$31,683
Woodhull Medical Center	2019/2020	NA	\$234,293	\$19,925
Gouverneur Hospital	2018/2019/2020	-\$146,562	\$997,683	\$751,055
Bellevue Association	2019	NA	\$243,272	Pending
Lincoln Hospital Center	2019	NA	\$99,403	Pending
Metropolitan Hospital Center	2018/2019	\$1,538,040	\$744,114	Pending
Bellevue Hospital Center	2018/2019	\$151,939	\$938,114	Pending
Kings County Hospital Center	2018/2019	\$58,804	\$21,142	Pending
Sea View Hospital and Home	2018/2019	\$110,468	\$42,748	Pending
Dr. Susan Smith McKinney Nursing & Rehabilitation Center	2018/2019	\$80,714	\$77,547	Pending
Elmhurst Hospital Center	2018/2019	\$422,419	\$335,651	Pending
Children of Bellevue	2018/2019	\$1,112,221	\$1,154,967	Pending
Harlem Hospital Center	2018/2019	Pending	Pending	Pending
Friends of Harlem Hospital Center	2018/2019	Pending	Pending	Pending
Friends of North Central Bronx Hospital	2018/2019	Pending	Pending	Pending
Queens Hospital Center	2018/2019	Pending	Pending	Pending

Ms. Hernandez-Piñero introduced the next agenda item – Corporate Compliance Update.

Ms. Catherine Patsos, Chief Corporate Compliance Officer provided an update on the exclusion sanctions. On April 13, 2021, the OCC learned that a physician employed by PAGNY appeared on the OIG and System for Award Management (“SAM”) exclusion lists. The PAGNY physician provided staff training at NYC Health + Hospitals/Harlem,

and did not provide clinical services. He was removed from the training team upon notification of his exclusion. The OCC is evaluating whether this physician's exclusion will result in an overpayment.

Reported Breaches for the Period of March 1, 2021 through April 23, 2021. During the Reporting Period, thirty-one (31) incidents were entered in the case management system. Of the thirty-one (31) incidents entered in the case management system, eighteen (18) were found after investigation to be violations of NYC Health + Hospitals' HIPAA Privacy and Security Operating Procedures; six (6) were found NOT to be a violation of NYC Health + Hospitals' HIPAA Privacy and Security Operating Procedures; and seven (7) are still under investigation.

Office for Civil Rights ("OCR") Reports Regarding HIPAA Incidents. The OCC received one phone call and one letter from the OCR between March 1, 2021 and April 23, 2021.

On March 23, 2021, the OCC received a telephone call from the OCR regarding a complaint filed with the OCR alleging that multiple people had accessed the complainant's medical record. The complainant also claimed that he received a letter from the OCC informing him that a breach of his PHI could not be substantiated. We sent a letter to him after conducting that risk assessment. The OCR stated that it was attempting to close out the matter with a technical assistance. On March 29th, we received a letter from the OCR, formally closing out the case.

On April 13, 2021, the OCC received a letter from the OCR regarding a complaint it received on March 25, 2021, alleging that an employee at NYC Health + Hospitals/Lincoln "was on a phone call with an unauthorized individual while collecting her protected health information." The OCR, however, determined to resolve this matter informally through the provision of technical assistance to NYC Health + Hospitals. To that end, the OCR enclosed with the letter material explaining the Privacy Rule provisions related to reasonable safeguards to share with workforce members. The OCR closed with case without further action.

Summary of Reports for the Period of March 1, 2021 through April 23, 2021. On March 22, 2021, the OCC upgraded its incident reporting database platform to a more customizable and efficient one, which also allows the OCC to report HIPAA violations in the same database. This obviates the need for a separate database for HIPAA violations and breaches. Accordingly, the OCC has discontinued the use of the HIPAA violations data base. The move to this new platform saved the System a net \$47,740 this fiscal year, and a net \$53,218.84 annually thereafter, as a result of discontinuing the use of the separate HIPAA violations database.

As a result of this change, the summary of compliance reports for this reporting period is broken into two parts: before the upgrade and after. Going forward, however, the upgraded platform will provide the OCC with better analytic tools for reporting on compliance matters. During the period March 1, 2021 through April 23, 2021, there were a total of sixty-seven (67) reports entered into the two tracking systems.

Prior to the Upgrade: For the period of March 1, 2021 through March 21, 2021, there were twenty-nine (29) compliance reports entered into the OCC's previous tracking system: none of which was classified as Priority "A," ten (10) (34.5%) were classified as Priority "B," and nineteen (19) (65.5%) were classified as Priority "C" reports. For purposes here, the term "reports" means compliance-based inquiries and compliance-based complaints.

After the upgrade, there were 38 reports entered into the new tracking system. And that tracking system replaced the, A, B and C priority designations with colored flags, which are red, yellow or green, representing the severity of

the reports. There was 1 red report, 11 yellows and 26 green reports. The red report was an anonymous complaint from a patient who claimed abuse by staff. Unfortunately, the reporter was not providing any further information, but we are referring when we get information to appropriate department.

In addition to the new tracking, the new database tracks reports by "intake" and "issue" type, as opposed to the "primary allegation" and "primary allegation type".

The Office of Corporate Compliance will be updating the Principles of Professional Conduct. This is due to a change in our Gift Policy as they relate to gifts from patients and family members. Therefore, they POPC needs to be revised to be in line with that change of policy, and we expect to have a draft by the next Audit Committee meeting.

HHC ACO Update - On April 30<sup>th</sup> representatives from the HHC ACO met with myself, Chief Compliance Officer, to evaluate the risks and prepare a risk assessment. We reviewed several topics related to issues that might have a potential impact on the HHC ACO. That included, participation in the enhanced track, participants expectations, changes in the Federal Administration, the future ACO's, meeting quality measures, readmission rates, and the care team funds. None of these issues; however, were determined to create a moderate or high risk for the HHC ACO in the coming year.

HIPAA Risk Analysis and Security Assessment – In May Coalfire will be conducting interviews with personnel at the acute care facilities and doing walkthroughs of those facilities and some of the diagnostic and treatment centers.

Ms. Hernandez-Piñero said that as many of you know, H+H was a recipient of substantial donations through 2021, and there's been a project undertaking. Ms. Deborah Brown is going to present a status report.

Ms. Brown stated that this is probably Part 1 of at least Part 2, potentially Part 3 of this conversation, as we continue to dig into this work. Our donations began in 2020, it obtained prominence in the press. We did not solicit these contributions. People were incredibly generous and donations poured in from families from individuals, and corporations. Just an overwhelming and humbling amount of spontaneous goodwill. The staff at the time, particularly James Linhart and Linh Dang worked to developed internal systems to process and record these gifts.

We set up some official measures in March and in April. We convened an Internal Philanthropy Committee which includes myself, John Ulberg, the CFO, Yvette Villanueva from HR, Andy Cohen, our general counsel, Dr. Eric Wei, Chief Quality Officer who was the lead for this work at this time and deserves an enormous amount of credit and Freda Wang our Board Member. This Committee continues to meet regularly to this point, and this work will continue to evolve over time.

### **Fundraising History**

- COVID-19 donations started in March 2020
  - H+H did not solicit contributions
  - Staff developed internal systems to process, record gifts
- Network For Good (NFG) fundraising page created in March 2020
- Donation page on H+H website created early April 2020
- Internal Philanthropy Committee convened April 2020
- Created unrestricted Giving Tuesday initiative in November 2020

- H+H donation page, NFG page modified in January 2021
- Ongoing outreach

The slide shows our April Totals. A little more in cash than in kind. The box on the side, refers that the donations came from a variety of sources. Some were from this network called Network For Good, which is kind of the easiest way to donate. Those tend to be the smaller dollar gifts, extremely appreciated. Some came into James and the Corporate Comptroller's Office. Those tended to be a little bit more meaningful numeric gift. They came from individuals and corporate donors from foundations. Some companies had matching funds, gift programs and including Goldman Sachs, for which we certainly thank Freda. And then, interestingly, some folks set up these Go Fund Me individual accounts.

**Our Totals As of 4/27/21:**

- **Cash:** \$19,410,706
- **In-kind donations:** \$15,727, 545
- **Total:** \$35,138,251

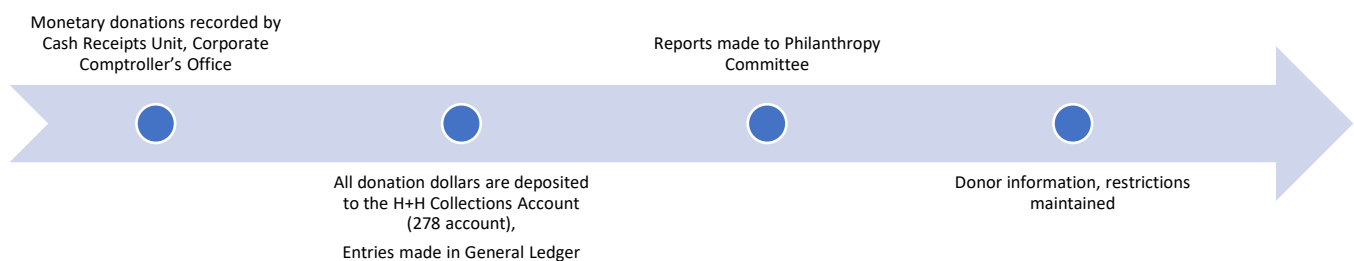
Monetary donations come from a variety of sources:

- Network for Good
- Individual and corporate donors
- Foundations
- Giving funds/ matching programs
- GoFundMe individual crowd-sourcing campaigns

**Recording Process**

When monetary donations came in, they were recorded by the Cash Receipts Unit, James Linhart and his team within the Corporate Comptroller's Office. All of those donated dollars are deposited to the H+H account. I'm told that is the 278 Account, and entered in the General Ledger. Reports are reviewed internally the team members with responsibilities for this, as well as, being reported out to the Philanthropy Committee.

Some folks asked for their donations to remain confidential and some folks directed their donations to particular facilities. We want to keep this information for two reasons: a) compliance, which is critical, and b) to ensure that we can create good relationships and properly steward these donated dollars.



Below is an example of the Accounting -- sort of the recording system that is done. It is a monster set of Excel spreadsheets. We gray out anything that wouldn't be personally identifying. So, you don't see the donor. You don't see the e-mail. You don't see anything that will take you to a particular donor, but it shows, how it's recorded, the type of donation, the account, and any notes on it, etc.

Donor	Amount	Check	Stock	ACH/Wire	Bank Account	Facility	COVID19	Other Information and Specific Use of Funds	TY Letters Sent	Email Req for Tax Notice	eMail
Domenica Bizzoco, Attorney	\$ 24,588.95	x			545			225 Sh. Texas Instruments Stock			db@bizocolaw.com
Jack Rublin Family Foundation	200,000.00				278				X	X	anaton@rudlin.com
Theresa Edward O'Toole	60,000.00			x	278				X		susan.gondock@brimellon.co
Bendit Family FDTN	25,000.00				278				X		kkbendit@gmail.com
Blanche F. Littleton FDTN/Bessemer	100,000.00				278				X		cohenja@bessemer.com
Centerview Partners LLC for Dr. Haass	5,000.00				278			In the name of Richard Hass, MD	X		blew@centerview.com
Hickrill Foundation	12,500.00				278			55K corona virus testing 55K PPE \$2.5K unrestricted	X		lNemeth@abacusny.com
Simens Foundation, Inc.	5,950.00				278				X		joanna.g.cohen@gmail.com & n
Philanthropic Trust	5,000.00		x		278			At the discretion of the charity			c.tamborra@icloud.com;
Popolare Emilia Romagna Roma Cares											giovanni.bartocci@me.com;
Fondazione (From Italy)	9,965.00			x	278			New York Kicks Coronavirus GoFundMe Page			porter.grieve@asroma.it
Balyasny Asset Management/ Citibank	25,000.00			x	278				X		
Jay Stiefeld	100.00	x			278 Check						
Schwab Charitable/Amy Woolf Charitable FDTN	1,000.00	x			278 Check						N/A
Schwab Charitable/Karen Beckus&Alan Goldberg	1,000.00	x			278 Check						N/A
Schwab Charitable/Karen Zemsky Czizik	500.00	x			278 Check						N/A
Fidelity Charitable/Anonymous	180.00	x			278 Check			Where its needed most			N/A
Fidelity Charitable/Sidney W. Kaufman	500.00	x			278 Check			Where its needed most			N/A
Fidelity Charitable/David&Sunita Fund	100.00	x			278 Check			CoronaVirus Relief			N/A

## Ongoing activity

Line-by-line review of donation spreadsheet ongoing

- Corporate Comptroller's Office, supported by consultants
- Confirmation that donations used for intended purposes
- Memorializing donor information, restrictions
- Stewardship opportunities
- Preparing for Internal Audit, draft Process Memo under review
- Developing infrastructure for system Philanthropy initiatives

There being no other business, the meeting was adjourned at 11:00 A.M.



**OFFICE OF INTERNAL  
AUDITS**

**AUDIT COMMITTEE  
JULY 12, 2021**

**Index**

**A. External Audits**.....3

    1. Oversight of Auxiliaries – NYC Comptroller’s Office.....3

    2. Controls Over Nursing Homes – NYC Comptroller’s Office.....5

**B. Internal Audit Activities**.....6

    1. Audit of Vehicles Owned & Leased by NYC Health + Hospitals.....6

    2. Auxiliary Audits.....9



**A. EXTERNAL AUDITS**

**1. NYC Health + Hospitals Oversight of Auxiliaries – NYC Comptroller’s Office**

Audit Notification Letter Received – March 13, 2020

Preliminary Entrance Conference – June 23, 2020

Final Report Date – June 16, 2021

In the final report, the Comptroller’s Office (Auditors) suggested four areas which needed improvement. NYC Health + Hospitals (H+H) officials disagreed with two of the recommendations and stated that the other two had already been addressed. The same officials advised the Auditors throughout their review that the Auxiliaries are legally independent not-for-profit corporations which H+H has limited authority. However, the Auditors made the following recommendations:

- a) *Execute written agreements with all Auxiliaries to provide the necessary guidance, restrictions, reporting requirements and other critical stipulations.*

H+H disagreed that it is practical or useful to make agreements with each of 22 Auxiliaries. Instead, H+H adopted a new Operating Procedure (OP 10-20) that established conditions for the Auxiliaries to receive H+H’s cooperation in its operations. This achieves the policy goals that might be achieved by having distinct agreements with each Auxiliary.

- b) *Review and implement comprehensive policies and procedures applicable to all Auxiliaries.*

H+H agreed that a new OP was needed but had already adopted one, effective May 1, 2021. H+H disagreed that the new OP should establish tighter controls over the Auxiliaries, given the legal independence of the Auxiliaries. Instead, H+H adopted a new OP that better defines our relationships with the Auxiliaries and establishes conditions for their fundraising in the name of H+H or our facilities. This reflects the fact that the Auxiliaries are independent corporations whose internal operations should not be regulated by H+H.

- c) *Ensure the timely completion and release of all Auxiliary finalized financial statements.*

The delay in the completion of the financial statements was an aberration due to an unexpected takeover of the prior CPA firm – an occurrence that was out of H+H’s control – and the pandemic. We discontinued our relationship with the CPA firm that caused these problems and brought in a new, more responsive CPA partner. As a result, nine of the twenty-two financial statements for CY2020 have already been issued, indicating the improved timeliness of the reports. This recommendation has thus already been addressed, both by a repeated explanation of the situation and by H+H having taken corrective action

by the retention of a new CPA firm which has already greatly improved the timeliness of the preparation of the financial statements.

- d) *Expand the oversight procedures of reviewing finalized financial statements to include practices that would allow H+H to assess each Auxiliary's performance and identify areas of concern throughout the year.*

H+H believes that it is more legally and operationally appropriate for it to establish more of an arm's length relationship with its Auxiliaries for several reasons. First, it is inappropriate for H+H to regulate the governance of independent not for profit corporations whose boards assume fiduciary obligations owed to their own organizations and not to H+H. Second, in view of the small amounts of money raised by the Auxiliaries, their limited role and their vast quantity, the time and effort required to closely control all 22 Auxiliaries is unwarranted and out of scale.

**2. NYC Health + Hospitals Controls Over Nursing Homes – NYC Comptroller’s Office**

Audit Notification Letter Received – August 13, 2020

Preliminary Entrance Conference – August 19, 2020

Status – Ongoing

Since the last Committee meeting, the Auditors from the Comptroller’s Office visited the five nursing homes (Gouverneur, Coler, Carter, McKinney, Sea View) within the System. The objectives of their visits were to:

- Obtain a physical walk through of the loading dock, central stores, and area where the 60-day supply of PPEs is stored.
- View the workstation used to enter all medical surgical items delivered by vendors and the workstation used to enter the items issued to nursing stations.
- Obtain copies or printouts of documents that accompany the processes observed, such as, but not limited to purchase orders, packing slips, and inventory lists.
- Review count sheets and related documents maintained for all cycle counts performed since May 1<sup>st</sup>, 2021.

The Auditors also observed the year-end inventory counts at NYC Health + Hospitals/Coler and requested copies of all completed count sheets, reconciliation reports created as a result of physical counts and the pre-inventory value report and the post-inventory value report for Gouverneur and Carter.

Lastly, in lieu of receiving access to the PeopleSoft nursing homes inventory system, the Comptroller’s Office requested a meeting with an H+H PeopleSoft expert who will be able to provide a walkthrough of the PeopleSoft reporting functions for inventory. The purpose for this walkthrough is to learn about the various inventory reports and to determine which of these reports can provide the best information needed to conduct the audit. The walk through is currently scheduled to take place on July 13<sup>th</sup>.

**B. OTHER AUDIT ACTIVITIES**

**1. *Internal Audit - Vehicles Owned and Leased by NYC Health + Hospitals***

There are 378 vehicles system-wide throughout NYC Health +Hospitals, including Central Office (43) and the facilities (335). The System operates a car pool service, owns automobiles, leases automobiles, and provides transportation to select staff. The vehicles in the facilities fleet are used to transport patients and administrative staff, maintenance, transporting supplies, and for other departments, such as Hospital Police, IT, and Mobile Crisis.

Our review revealed that the systems and processes in effect for the vehicles need improvement. We believe that the reason for these deficiencies is the lack of sufficient monitoring of the vehicles maintained throughout the System. As a result of the specific audit observations discussed below, we recommended that control over the vehicles system-wide be centralized and that systems, and policies and procedures be standardized.

a) Lack of the Use of a Global Fleet Management System

Only three facilities are using the Central Office Transportation contract (ARI Global Fleet Management Services) for vehicle maintenance to reduce the risk of inflated prices for parts and labor by outside vendors. Instead, the facilities are using outside vendors that are not always accessible to the sites. For example, Lincoln and Harlem use repair shops located in Brooklyn and Kings County uses a repair shop that is approximately 5 miles from the facility. Although this issue was noted during our previous audit, little or no progress was made.

b) Excessive Price of Gas Purchased

Based on an analysis done of selected facilities, we saw instances where gas was purchased exceeding the average price of gas in New York City. This was more significant for the drivers at MetroPlus who incurred 20 of the 40 gas purchases over \$4 per gallon. See the chart below of gas purchase prices ranging from \$4.00 per gallon to as high as \$5.50 per gallon during the period of January through March 2021.

Range	Number of Occurrences
\$4.00 to \$4.49	14
\$4.50 to \$4.99	18
Over \$5.00	8

We also found over 100 instances where gas was purchased for amounts that exceeded the tank capacity of the vehicle. We were informed that this occurred because fuel was being purchased for larger vehicles that could not utilize a gas station. While this was evident when the gas statement indicated “gas can” purchases, we could not verify those instances when this type of purchase was

not indicated. Because of a lack of proper monitoring of the gas statements, these large gas purchases are not all accounted for.

c) Vehicles not Utilized at the Facilities

During our site visits, we observed vehicles at Kings County and Jacobi that are not being utilized due to recurring maintenance expenses. (Please see pictures below.) During our review of the quarterly reports of vehicles utilized at each location, we found 28 vehicles that had no mileage change from September 2020 through March 2021. While we recognize that some of these vehicles were not utilized due to the pandemic, not driving these vehicles can result in maintenance issues such as dead batteries, rusting, water in the gas tank, etc. The quarterly vehicle reports received from each facility should be scrutinized for situations like this to ascertain if these vehicles are necessary.



d) Inconsistent Reporting Structure at the Facilities

From our review of the table of organizations, we noted inconsistent reporting structures for the Transportation Departments at the facilities that we visited. See chart below.

<b>Facilities</b>	<b>Reporting Structure</b>
Kings County	Hospital Police
Lincoln	Facilities Management
Jacobi/NCB	Hospital Police
Metropolitan	Clinical Supplies and Supply Chain
Queens/Elmhurst	Chief Operating Office

Management should consider a reporting structure where the facilities transportation team reports directly to Central Office Facilities Management with a dotted line to the Associate Executive Director of Support Services at the facilities.

e) No Policies and Procedures for Assigned Vehicles

There are no policies and procedures in place to indicate which personnel are eligible to receive a vehicle for business use and the criteria required in determining when a new vehicle is needed. Management agreed that Operating Procedure 170-2 would be updated to reflect such activities. If there are no policies and procedures in place, there is a risk that unauthorized personnel may be granted a vehicle for personal usage and the system may have to incur the cost.

The Central Office Transportation Department management should push to update the policy.

Facilities Management Response

The Assistant Vice President of the Office of Facilities Management agreed with all of the audit observations and stated that:

- An organizational alignment is required in order to implement the recommended centralization and consistent reporting structure of the transportation functions system-wide.
- A phased roll out plan for ARI has been created for each site.
- The facilities will be asked to better monitor their gas statements and maintenance expenses.
- Central Office Facilities Management is in the process of finalizing the Operating Procedure.

## *2. Auxiliary Audits*

Final reports for Calendar Year (CY) 2020 have been completed by the outside CPA firm (The Bonadio Group) and reviewed by the Office of Internal Audits for 10 of the 22 Auxiliaries. Nine (9) reports were Compilations as revenues were below \$250,000; one was a Review as revenues were between \$250,000 and \$750,000.

For CY 2018/2019, four reports remain outstanding due to the lack of appropriate personnel responsible for maintaining financial records within these Auxiliaries. (See the list on the following page.)

The New York State Charities Bureau requires that a review, compilation or audit report accompany the CHAR500 New York State tax form submitted by the Auxiliaries. The type of report required is based on the total revenue of the entity.

<b>AUXILIARY</b>	<b>CALENDAR YEARS REVIEWED</b>	<b>2018 REVENUES</b>	<b>2019 REVENUES</b>	<b>2020 REVENUES</b>
East New York Diagnostic & Treatment Center	2019/2020	NA	\$5,522	\$4,650
Coney Island Hospital	2019/2020	NA	\$5,906	\$5,003
Jacobi Medical Center	2018/2019/2020	\$537,664	\$457,149	\$232,607
Renaissance Health Care	2018/2019/2020	\$16,788	\$20,666	\$12,184
Coler Hospital	2018/2019/2020	\$187,498	\$229,285	\$91,790
Carter Hospital Center	2018/2019/2020	\$226,599	\$29,893	\$12,309
Cumberland Diagnostic & Treatment Center	2018/2019/2020	\$104,367	\$76,782	\$31,683
Woodhull Medical Center	2019/2020	NA	\$234,293	\$19,925
Gouverneur Hospital	2018/2019/2020	-\$146,562	\$997,683	\$751,055
Metropolitan Hospital Center	2018/2019/2020	\$1,538,040	\$744,114	\$147,938
Bellevue Association	2019	NA	\$243,272	Pending
Lincoln Hospital Center	2019	NA	\$99,403	Pending
Bellevue Hospital Center	2018/2019	\$151,939	\$938,114	Pending
Kings County Hospital Center	2018/2019	\$58,804	\$21,142	Pending
Sea View Hospital and Home	2018/2019	\$110,468	\$42,748	Pending
Dr. Susan Smith McKinney Nursing & Rehabilitation Center	2018/2019	\$80,714	\$77,547	Pending
Elmhurst Hospital Center	2018/2019	\$422,419	\$335,651	Pending
Children of Bellevue	2018/2019	\$1,112,221	\$1,154,967	Pending
Harlem Hospital Center	2018/2019	Pending	Pending	Pending
Friends of Harlem Hospital Center	2018/2019	Pending	Pending	Pending
Friends of North Central Bronx Hospital	2018/2019	Pending	Pending	Pending
Queens Hospital Center	2018/2019	Pending	Pending	Pending





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

**Audit Committee Report**

**Office of Corporate Compliance**

**July 12, 2021**



**AUDIT COMMITTEE OF THE  
NYC HEALTH + HOSPITALS  
BOARD OF DIRECTORS**  
Corporate Compliance Report  
125 Worth Street, Room 532  
New York, NY 10013  
July 12, 2021 @ 10:00 AM

**TABLE OF CONTENTS**

I. Monitoring Excluded Providers ..... 2

II. Privacy Incidents and Related Reports..... 2

III. Compliance Reports ..... 5

IV. Principles of Professional Conduct (“POPC”)..... 8

V. OP 50-3: Policy on Gift Exchange and Receipt ..... 8

VI. OP 50-1: Corporate Compliance and Ethics Program..... 9

VII. Biomedical Device Governance Committee ..... 9

VIII. Records Management Governance Committee ..... 9

IX. Status Update – HHC ACO, Inc..... 10

X. FY2022 Risk Assessment..... 10

XI. HIPAA Risk Analysis and Security Assessment ..... 10



**AUDIT COMMITTEE OF THE  
NYC HEALTH + HOSPITALS  
BOARD OF DIRECTORS**  
Corporate Compliance Report  
125 Worth Street, Room 532  
New York, NY 10013  
July 12, 2021 @ 10:00 AM

## **I. Monitoring Excluded Providers**

### Responsibilities of the System for Sanction List Screening

- 1) To comply with Federal and state regulations, and consistent with the recommendations of the NYS Office of the Medicaid Inspector General (“OMIG”) and the U.S. Department of Health and Human Services Office of Inspector General (“OIG”), each month the Office of Corporate Compliance (“OCC”) reviews the exclusion status of the System’s workforce members, vendors, and agency staff.
- 2) To ensure that NYC Health + Hospitals (the “System”) does not conduct business with individuals or entities that are a threat to the security, economy or foreign policy of the United States, the OCC also screens all NYC Health + Hospitals workforce members, vendors, and agency staff against the databases of the United States Department of Treasury Office of Foreign Asset Control (“OFAC”).

### Exclusion and Sanction Screening Report for April 24, 2021 through June 23, 2021

- 3) During the period April 24, 2021 through June 23, 2021, there were no workforce members or vendors that appeared on any exclusion lists.

### Death Master File and National Plan and Provider Enumeration System Screening

- 4) The Centers for Medicaid and Medicare Services’ (“CMS”) regulations and the contractual provisions found in managed care organization provider agreements require screening of the System’s workforce members, certain business partners, and agents to ensure that none of these individuals are using the social security number (“SSN”) or National Provider Identifier (“NPI”) number of a deceased person. This screening may be accomplished by vetting the SSNs and NPIs of such individuals through the Social Security Administration Death Master File (“DMF”) and the National Plan and Provider Enumeration System (“NPPES”), respectively.
- 5) No providers were identified on the DMF or NPPES during the period April 24, 2021 through June 23, 2021.

## **II. Privacy Incidents and Related Reports**

### Breach Defined

- 6) A breach is an impermissible use, access, acquisition or disclosure under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) Privacy Rule that compromises the security and privacy of protected health information (“PHI”) maintained by the System or one of its business associates.
- 7) Pursuant to 45 CFR § 164.402(2), unless an exception applies, the unauthorized use and/or disclosure of PHI is presumed to be a breach unless the System can demonstrate, through a thorough, good faith risk assessment of key risk factors, that there is a low probability that the PHI has been compromised.

Reported Breaches for the Period of April 24, 2021 through June 23, 2021

- 8) During the reporting period, twenty-two (22) incidents were entered in the System’s case management system. Of the 22 incidents entered in the case management system, six (6) were found, after investigation, to be violations of NYC Health + Hospitals’ HIPAA Privacy and Security Operating Procedures; eight (8) were found NOT to be a violation of NYC Health + Hospitals’ HIPAA Privacy and Security Operating Procedures; and eight (8) are still under investigation.
- 9) Of the six (6) incidents confirmed as violations, three (3) were determined to be breaches. These breaches involved: a patient obtaining access to an employee’s Rover and using it to review other patients’ information; physicians writing and publishing a case report in a medical journal about a patient without obtaining the patient’s authorization; and an employee leaving her bag on the subway, which contained notes with PHI.
- 10) In the first incident, the employee who allowed the patient to gain access to the Rover was immediately suspended, but brought back to work two days later pending a hearing. In the second incident, the article has been removed from the publication, and the physicians were counseled and enrolled in HIPAA remedial training, and documentation of the incident will be placed in their personnel files. The employee who left her bag on the subway was counseled and required to complete HIPAA remedial training.

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

- 11) The OCC received two letters from the OCR between April 24, 2021 and June 23, 2021.
  
- 12) *June 4, 2021 Letter – Kings County:*  
On June 7, 2021, the OCC received a letter from the OCR dated June 4, 2021, regarding a complaint filed with the OCR alleging that the reporter’s friend’s mother, who is employed by NYC Health + Hospitals/Kings County (“Kings County”) impermissibly disclosed his protected PHI to his friend. The OCR determined to resolve this matter through the provision of technical assistance to Kings County. To that end, OCR enclosed material with the letter explaining the Privacy Rule provisions related to Reasonable Safeguards, and encouraged the OCC to review those materials closely and to share them with Kings County staff as part of the HIPAA training the OCC provides to workforce members. The OCR, therefore, closed this case without further action.
  
- 13) *June 9, 2021 Letter – Queens:*  
On June 9, 2021, the OCC received a letter from the OCR regarding a complaint it received on March 5, 2021, alleging that NYC Health + Hospitals/Queens (“Queens”) placed her health information in her sister’s medical records and her sister’s health information in her medical records. The OCR determined to resolve this matter through the provision of technical assistance to Queens. To that end, OCR enclosed material with the letter explaining the Privacy Rule provisions related to Reasonable Safeguards, and encouraged the OCC to review those materials closely and to share them with Queens staff as part of the HIPAA training the OCC provides to workforce members. The OCR, therefore, closed this case without further action.
  
- 14) Although the OCR closed this case, the OCC determined that it should conduct an investigation of the allegations; however, there was insufficient information in the OCR’s letter to initiate an investigation. The OCC, therefore, sent a letter to the OCR on June 14, 2021, requesting additional details regarding this incident so that it could properly investigate it. No response from the OCR has been received to date.



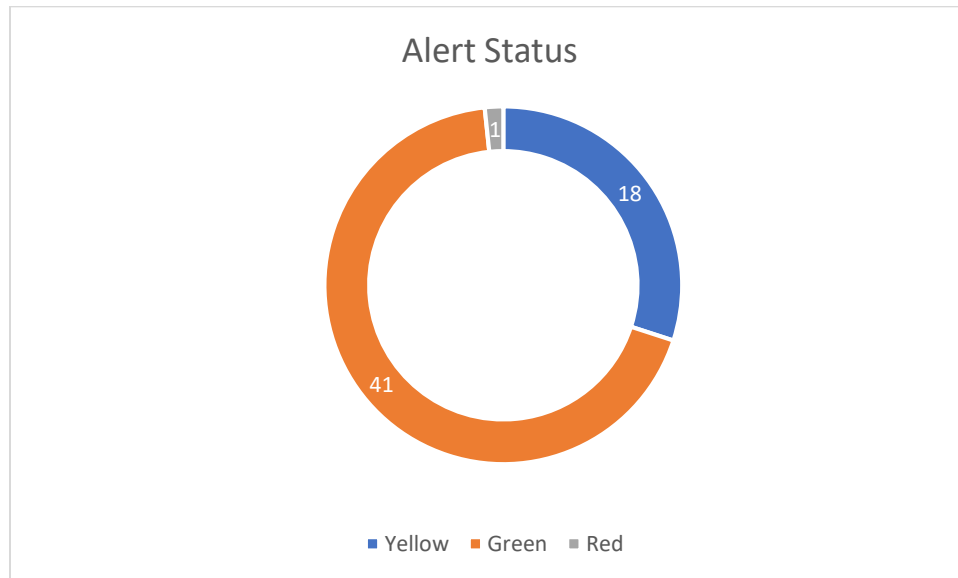
**AUDIT COMMITTEE OF THE  
NYC HEALTH + HOSPITALS  
BOARD OF DIRECTORS**  
Corporate Compliance Report  
125 Worth Street, Room 532  
New York, NY 10013  
July 12, 2021 @ 10:00 AM

### III. Compliance Reports

#### Summary of Reports for the Period of April 24, 2021 through June 23, 2021

- 15) During the period April 24, 2021 through June 23, 2021, there were a total of sixty (60) compliance reports entered into the OCC’s tracking database. The tracking database utilizes colored flags (red, yellow, and green) to represent the severity of the reports.
  
- 16) During this period, there was one (1) red report, eighteen (18) yellow reports, and forty-one (41) green reports. The red report concerned the access of child pornography websites by a social worker on a System laptop. On May 10, 2021, a social worker in the COVID-19 Isolation Hotel Program (the “Program”), was using a Program laptop and discovered that someone had accessed Google Chrome on the laptop using their personal credentials, and did not log out of the Google Chrome web browser. The social worker also noticed that the user had bookmarked various child pornography websites via the same browser. The individual whose credentials appeared in the Google Chrome browser was another social worker within the Program. The OCC referred this matter to the NYC Health + Hospitals Office of Inspector General, which was able to provide additional information to the OCC regarding the subject social worker. Human Resources was informed as soon as possible regarding the incident and was made aware of the information provided by the NYC Health + Hospitals Office of Inspector General. Subsequently, the social worker who bookmarked the websites was terminated.

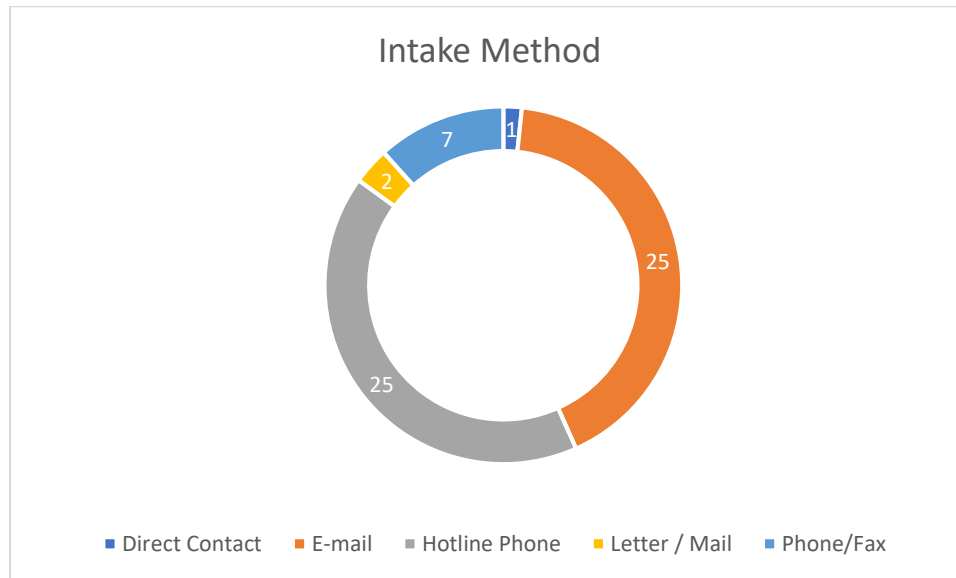
<b>Alert Status</b>	
Green	41
Yellow	18
Red	1
Total	60



17) The database also tracks reports by intake method and issue type.

Intake method:

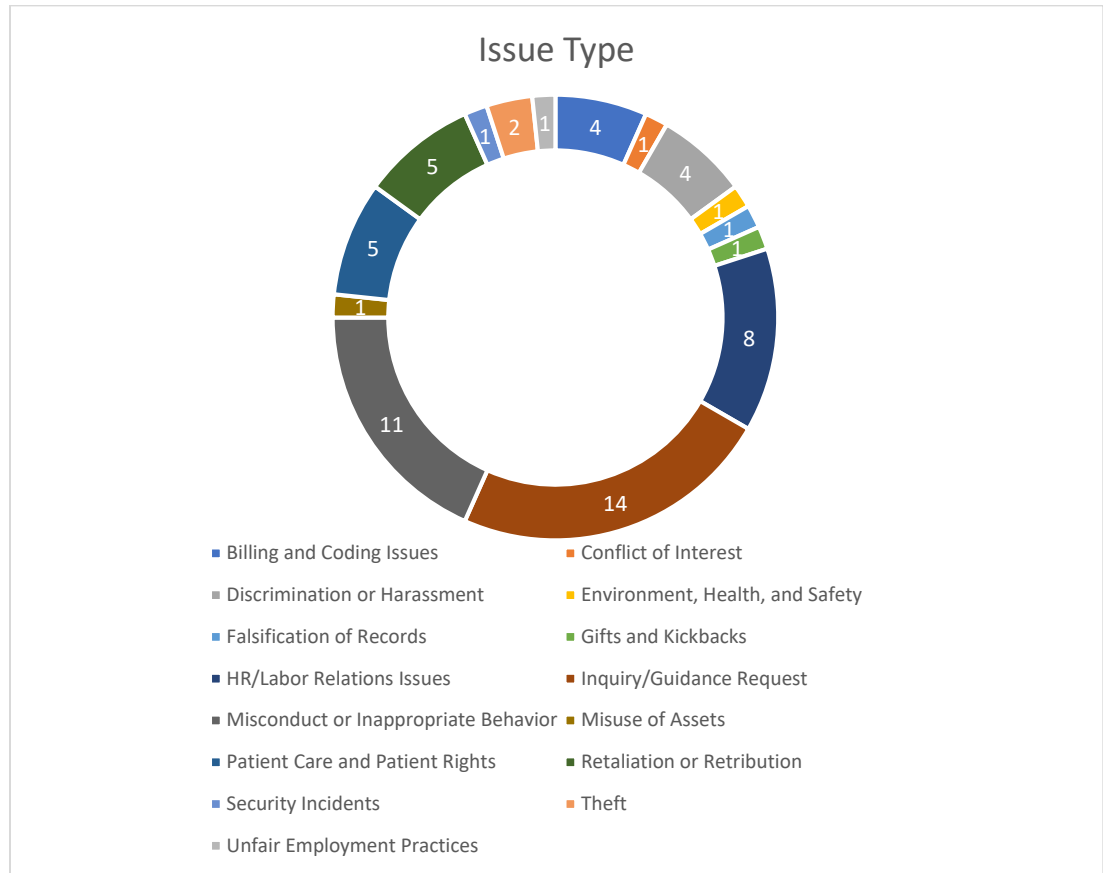
<b>Intake Method</b>	
Direct Contact	1
E-mail	25
Hotline Phone	25
Letter / Mail	2
Phone/Fax	7
Total	60



Issue type:

<b>Issue Type</b>	
Billing and Coding Issues	4
Conflict of Interest	1
Discrimination or Harassment	4
Environment, Health, and Safety	1
Falsification of Records	1
Gifts and Kickbacks	1
HR/Labor Relations Issues	8
Inquiry/Guidance Request	14
Misconduct or Inappropriate Behavior	11
Misuse of Assets	1
Patient Care and Patient Rights	5
Retaliation or Retribution	5
Security Incidents	1
Theft	2
Unfair Employment Practices	1
<b>Total</b>	<b>60</b>





**IV. Principles of Professional Conduct (“POPC”)**

- 18) Due to the change in the System’s gift policy as it relates to gifts from patients and their family members, the OCC revised the POPC to comport with the new policy, and to make it more reader-friendly. The OCC has provided a draft of the revised POPC, which also notes the changes that were made to it, to the Audit Committee members for their review and comment.

**V. OP 50-3: Policy on Gift Exchange and Receipt**

- 19) The OCC is finalizing the System’s OP 50-3: Policy on Gift Exchange and Receipt, and will circulate it to the appropriate departments in July for review and comment.

This OP is in line with the revisions to the POPC, and expands on the gift policy set forth in the POPC.

**VI. OP 50-1: Corporate Compliance and Ethics Program**

- 20) In order to comply with the U.S. Department of Justice’s June 2020 updated guidance on compliance programs, and to reflect changes in NYC Health + Hospitals’ compliance program, the OCC is revising the System’s OP 50-1: Corporate Compliance and Ethics Program. Once the OCC’s revisions are completed, it will distribute the OP to stakeholders for their review and comment. Thereafter, the OCC will present the revised OP 50-1 to the Audit Committee, as it did in 2017, when it was last revised.

**VII. Biomedical Device Governance Committee**

- 21) In an effort to identify the needs for, and risks associated with biomedical devices, to manage biomedical device lifecycles, including identifying needs, sourcing, securing, network connectivity, and disposition, and to monitor compliance with the on-boarding process as articulated in OP 250-22: HIPAA Security Policy – Biomedical Device On-Boarding Procedure, the OCC established the Biomedical Device Governance Committee. The Biomedical Device Governance Committee is comprised of representatives from Corporate Compliance, Clinical Practices, EITS and Security, Medical Informatics, Nursing Informatics, Supply Chain, and Biomedical Engineering. One of its first tasks has been to revise OP 250-22, which has been completed and sent to additional stakeholders for review and comment. The Biomedical Device Governance Committee is also developing an enterprise-wide process for procuring and tracking biomedical devices throughout the System.

**VIII. Records Management Governance Committee**

- 22) Similarly, in order to oversee and manage the System’s record storage, scanning, and destruction, the OCC established the Records Management Governance Committee. The Records Management Governance Committee works with stakeholders within NYC Health + Hospitals to develop an effective Records Management Program, support the System in an advisory capacity helping to identify risks associated with records management activities, and educate and inform workforce members about applicable policies and procedures, including OP

120-19: Corporate Records Management Program and Guidelines for Corporate Records Retention and Disposal. The Records Management Governance Committee is comprised of representatives from Corporate Compliance, EITS, Finance, Human Resources, Supply Chain, the Office of Legal Affairs, and Revenue Cycle. This committee is also revising OP 120-19 to make it more consumable and searchable.

**IX. Status Update – HHC ACO, Inc.**

- 23) On April 30, 2021, HHC ACO, Inc. (“HHC ACO”) met with the Chief Corporate Compliance Officer (“CCO”) to evaluate its risks and prepare a Risk Assessment. The Risk Assessment identified risks that, if realized, would have a significant legal, financial or reputational impact on HHC ACO. On May 18, 2021, HHC ACO’s FY2022 Risk Assessment was completed by the OCC and distributed to HHC ACO’s leadership. None of the risks identified on the FY2022 Risk Assessment, however, were determined to be moderate or high.

**X. FY2022 Risk Assessment**

- 24) On June 22, 2021, the Executive Compliance Workgroup (“ECW”) met to review the System’s Draft FY2022 Risk Assessment. Based on the ECW’s recommendations, the OCC will finalize the FY2022 Risk Assessment, and prepare the Draft FY2022 Corporate Compliance Work Plan for the ECW’s review and approval, which will then be presented to the Audit Committee for approval. The ECW also agreed to be known and function as the Enterprise Compliance Committee going forward.

**XI. HIPAA Risk Analysis and Security Assessment**

- 25) To ensure the System’s compliance with the requirements of HIPAA and HIPAA regulations, in 2019, the System engaged a third-party vendor, Coalfire Systems, Inc. (“Coalfire”), to conduct annual enterprise-wide HIPAA Risk Analyses and Security Assessments for a three-year period. Coalfire’s Risk Analyses involve on-site and remote interviews of key facility and Central Office personnel, and in-person and virtual walk-throughs of the System’s acute care facilities, skilled nursing facilities, and Diagnostic and Treatment Centers (“D&TCs”), and a sample of the Gotham Health clinics. In addition, Coalfire performs penetration tests of



**AUDIT COMMITTEE OF THE  
NYC HEALTH + HOSPITALS  
BOARD OF DIRECTORS**  
Corporate Compliance Report  
125 Worth Street, Room 532  
New York, NY 10013  
July 12, 2021 @ 10:00 AM

NYC Health + Hospitals' systems and applications to determine their vulnerability to unauthorized access. It also assesses a sample of the System's vendors to determine their compliance with HIPAA and the security of the System's PHI that they maintain.

- 26) Coalfire has begun its year three Risk Analysis engagement, and interviews with D&TC and skilled nursing facility personnel were conducted during the weeks of March 8, 2021 and March 15, 2021, respectively. It is also conducting penetration testing for the external systems and applications, and is collecting vendor profiles for the vendor risk management analysis. In May, Coalfire conducted interviews with personnel at the acute care facilities, and walk-throughs of select acute care facilities and D&TCs. In June, Coalfire conducted interviews of key personnel in Central Office departments. Coalfire is currently drafting reports and workbooks for the acute care facilities, which describe the risks identified in their review of those facilities. The next and final phase of their review will begin in July, and will cover the Gotham clinics.