

# MINUTES

## NORTH BROWARD HOSPITAL DISTRICT

North Broward Hospital District Board Of Commissioners  
1700 Northwest 49<sup>th</sup> Street, Suite #150, Ft. Lauderdale, 33309

### AUDIT COMMITTEE

January 22, 2019

**CALL TO ORDER** 11:25 a.m.

#### **COMMITTEE MEMBERS**

- √ Commissioner Christopher T. Ure/Chair
- √ Commissioner Andrew M. Klein
- √ Commissioner Nancy W. Gregoire
- √ External Audit Consultant Scott Porter
- √ External Audit Consultant James Petkas

**PRESENT** Commissioner Angier, Commissioner Berry, Commissioner Waugh, Gino Santorio/President/CEO, Alan Goldsmith/Acting CAO, Alex Fernandez/Acting CFO, Jerry Del Amo/Managing Senior Associate General Counsel, Brett Bauman/Associate General Counsel Nigel Crooks/Chief Internal Auditor

**PUBLIC COMMENTS** None

Walk-on item

Commissioner Uri suggested a third-party independent audit firm be retained to identify weaknesses and suggest best practices for the Audit Committee and internal Audit department. He further stated that in addition to having a list of firms provided for conclusion in the RFP, it would be beneficial for the Audit Committee to review the language in order to have input on the expectations of the firm.

**MOTION** It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Klein, that:

**THE AUDIT COMMITTEE RECOMMEND THAT THE BOARD OF COMMISSIONERS OF THE NORTH BROWARD HOSPITAL DISTRICT ENGAGE A THIRD PARTY INDEPENDENT FIRM TO CONDUCT A REVIEW APPRAISAL OF BROWARD HEALTH'S INTERNAL CONTROLS, FUNCTIONS, STAFFING, RESOURCES, PEER REVIEW, AND BEST PRACTICES FOR THE AUDIT COMMITTEE IN TERMS OF HOW IT IS ORGANIZED AND STRUCTURED.**

Motion *carried* unanimously

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### APPROVAL OF MINUTES

1. Approval of Audit Committee meeting minutes, dated October 30<sup>th</sup>, 2018

**MOTION** It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Klein, to:

**APPROVE THE AUDIT COMMITTEE MEETING MINUTES DATED OCTOBER 30, 2018.**

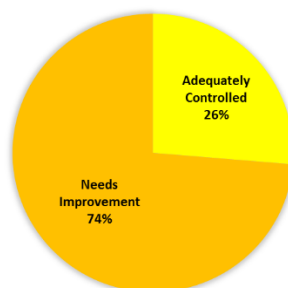
Motion *carried* unanimously.

### TOPIC OF DISCUSSION

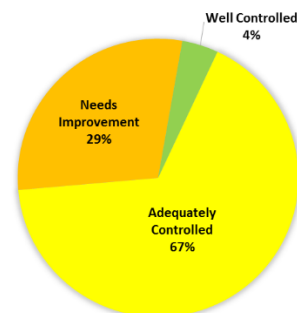
2. Internal Audit activities for related audits completed from July 2018 to December 2018

Mr. Crooks gave a graphical comparison of audits completed within a range in 2017 versus the same range in 2018. The range in both years was from July through December.

JULY 2017 - DECEMBER 2017 (19 AUDITS)






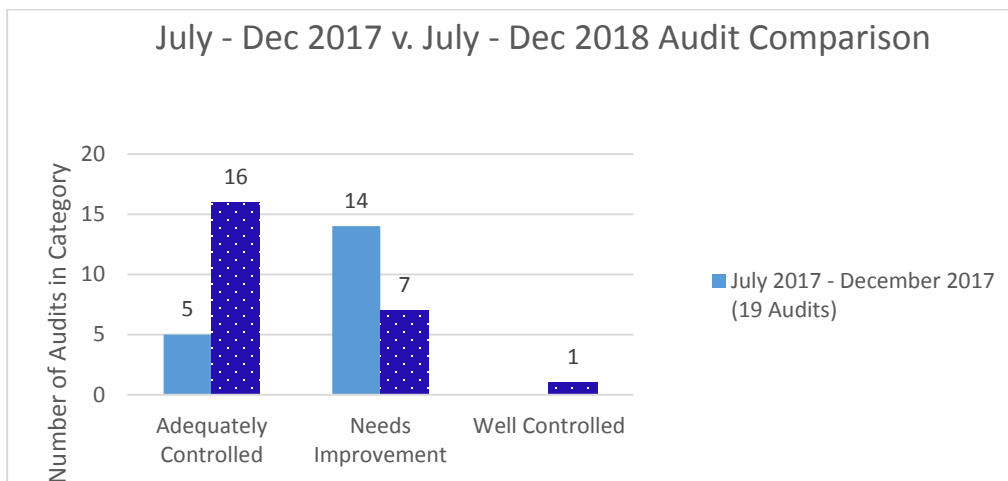
JULY 2018 - DECEMBER 2018 (24 AUDITS)



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<b>Well Controlled</b>	Audited area is well controlled, deficiencies are non-reportable and use as a discussion item with management. The residual risk after consideration of the appropriate and effectiveness of controls is <b>low</b> , and therefore is within the organization’s risk tolerance.
 <b>Adequately Controlled</b>	The deficiencies are <b>moderate</b> in nature and middle management capable of mitigating the risks. The residual risk after consideration of the adequacy and effectiveness of controls is medium according to the Broward Health’s risk assessment matrix, and thus is within the organization’s risk tolerance.
<b>Needs Improvement</b> 	There are major deficiencies and the residual risk after consideration of the adequacy and effectiveness of controls remain <b>high</b> according to the organizations’ (or division’s or entity’s) risk assessment matrix. This is above the acceptable tolerance level and slightly over Broward Health’s risk appetite.
<b>Weakly Controlled</b> 	The deficiencies are egregious in nature and internal controls are weakly controlled. The residual risk after consideration of the adequacy and/or effectiveness of controls/risk mitigators remain <b>very high</b> according to the organization’s (or division’s or entity’s assessment matrix (risk rating criteria). This is beyond the acceptable tolerance level and Broward Health’s risk appetite. BH Board and Sr. Management must be notified immediately.



<b>Audits Completed July 2018 – December 2018</b>				
Number	Audit Name	Objective	Questioned Cost	Rating
1	CHS Healthy Start Grant	Determine whether the Healthy Start program’s monies were used in accordance with the Grant requirements, and verify if there were any compliance concerns that materially affected the program.	N/A	Well Controlled
2	Non-Employed Physician Review	Determine if Broward Health’s practices are in compliance with the	N/A	Adequately Controlled

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		Corporate Integrity Agreement (CIA) requirements and examine the payments for accuracy.		
3	Temporary Labor Invoice and Time slip Review	Validate accuracy of temporary labor invoices, incurred by CHS.	N/A	Adequately Controlled
4	Compliance's Tracking & Monitoring of Hotline Claims Review	Examine whether Broward Health (BH) Compliance Department has performed the duties as required by the CIA and BH policy. This entailed determining whether hotline claims were recorded within 48 hours of receipt, tracked and monitored from open to closure.	N/A	Adequately Controlled
5	CHS Ryan White Part – A & C Grant	Evaluate whether effective internal controls are in place to prevent and/or detect improper grant expenditure. Determine whether Federal grant awards were expensed only for allowable activities. Ensure procurements were made in compliance with applicable Federal regulations.	N/A	Adequately Controlled
6	Review of compliance Dept. Monitoring – Tracking of Remunerations	Validate that the Responsible Person and the Compliance Department were tracking remunerations to and from all parties to the physician contracts (Focus Arrangements), as required by BH policy GA-004-441 (Physician and Non-Physician Financial Arrangement Review, Approval, Tracking and Monitoring).	N/A	Adequately Controlled
7	Review of compliance Dept. Monitoring – Tracking of Focus Arrangements	Validate that the Responsible Person and the Compliance Department are reviewing the contract database, internal reviews, approval process, and other Focus Arrangement procedures on an annual basis.	N/A	Adequately Controlled
8	Surgical Equipment Maintenance Follow-up	The objective of this follow-up audit was to assess whether risks were being mitigated relating to deficiencies identified in the Surgical Equipment Maintenance audit report #2017-161.	Double Billed: \$7,213 Shipping charged: \$13,582 Total: <b>\$20,795</b>	Adequately Controlled
9	Fraudulent Check Review	The purpose of this audit was to examine the financial impact on BH, and determine if proper controls were in place to mitigate check fraud.	Check Fraudulently Cashed: <b>\$24,500</b>	Adequately Controlled

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10	Tenant Lease Review Follow-up	The objective of this follow-up review is to determine whether management has taken corrective action to mitigate the risk identified in the Tenant Lease Review, Report Number 2017-161.	N/A	Adequately Controlled
11	Travel & Expense Q3 & Q4 FYE 2018	Review quarterly Travel and Expense spending to ensure adherence to BH travel and expense policy.	N/A	Adequately Controlled
12	BHMC Construction	The primary purpose of this report is to provide BH's Senior Management with an update on the Project's key procedures. The objectives of this review entails: examining expenditures relating to the Construction Manager's costs.	N/A	Adequately Controlled
13	FA Employed Physician Contract Review	Review the new contracting workflow established in January 2018 to ensure that all physician contracts and applicable supporting documentations are properly captured in the centralized tracking system, Compliance 360.	N/A	Adequately Controlled
14	PCI Assessment	Ensure that appropriate controls were in place and effectively working to protect the privacy of credit card data in compliance with PCI standards.	N/A	Adequately Controlled
15	FA Vendor Contracts Review	Examine the contract process to determine its effectiveness, efficiencies and completeness. This infers examinations of key internal controls which include: authorization and approval of contracts, compliance with BH contract and procurement policies, and adequate payments for contract deliverables.	N/A	Adequately Controlled
16	NF Vendor Contract Review	Examine the updated contract process for efficient workflow (time processing), completeness of the contract file, and determine if payments complied with the contract terms.	N/A	Adequately Controlled
17	FA Non-Employed Physician Contract Review	Examine the updated contract process for efficiency of the contract workflow, completeness of the contract file; and determine if payments meet contract terms.	Check Mailed and cashed to incorrect Physician: <b>\$477</b>	Adequately Controlled
18	Corporate Risk and Insurance Services	Evaluate the internal controls related to the claim payments and determine if their scope of work is accurate.	Payments made without documented expenses and outside	Needs Improvement

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	Department/Attorney's Invoices Review		contracted amounts: <b>\$50,191</b>	
19	CHS Travel, Seminar, and Vendor Payments Review	Examine of CHS expenditures and determine if they were properly authorized and in compliance with Government Grant requirements.	Improper authorization of cost: totaling: <b>\$9,242</b>	Needs Improvement
20	C360 Data Clean-up Project Review	Determine whether the errors identified following the C360 data migration (in 2017) were corrected, and controls were established to enhance the data quality of the contract management system.	N/A	Needs Improvement
21	Employed Physician Review	Determine whether the processes and controls designed to manage Broward Health's employed physician agreements are being performed in an effective and efficient manner, in accordance with Broward Health's policies and procedures, and to the contractual arrangements with individual physicians	Bonus over payment: <b>\$1,308</b>	Needs Improvement
22	Inpatient Pharmacy's Charge Capture Process	The objectives of this follow-up audit were to determine the status of the management responses made in the 2017 report and document its actions	N/A	Needs Improvement
23	Compensations and Benefits	Examine Broward Health (BH) compensation and benefits practices to determine the effectiveness of internal controls.	Unapproved salary increases: \$315,000 Hire-on bonus: \$5,000 Accrual double pay: \$137,076 Salary above FMV: \$40,000 Total: <b>\$497,076</b>	Needs Improvement
24	Security & Diversion Audit	Determine whether internal controls are in place for physical security and identified drug diversion. This ensures the pertinence of unauthorized access to BH's facilities, and the effectiveness of drug diversion policy.	N/A	Needs Improvement
<b>Total Questioned cost</b>			<b>\$603,599</b>	

The Committee suggested the audit deficiency rating for Compliance be modified to reflect satisfaction and unsatisfaction. It was also suggested that the rating categorization used on the Audit reports, such as Adequately Controlled, be replaced.

Commissioner Angier requested that anything deemed weakly controlled be reported to the Committee as soon as possible.

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**MEETING ADJOURNED** 12:38 p.m.

**MOTION** It was *moved* by Commissioner Klein, *seconded* by Audit Member Scott Porter, to:

**ADJOURN THE AUDIT COMMITTEE MEETING.**

Motion *carried* unanimously.

Respectfully submitted,  
Commissioner Ray T. Berry  
Secretary / Treasurer