AUDIT COMMITTEE
MEETING AGENDA

June 13, 2013

12:00 P.M.

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

CALL TO ORDER — Ms. Emily A. Youssouf

- Adoption of Minutes April 11, 2013 — Ms. Emily A. Youssouf

INFORMATION ITEMS

- KPMG 2013 Audit Plan — Mr. Jim Martell
- Audits Update — Mr. Chris A. Telano
- Procurement Update — Mr. Paul Albertson
- PAGNY Update — Dr. Luis Marcos
- Compliance Update — Mr. Wayne McNulty

EXECUTIVE SESSION

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT

MINUTES

AUDIT COMMITTEE

MEETING DATE: April 11th, 2013
TIME: 12:00 PM

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
Tamiru Mammo, Chief of Staff, President's Office
Denise Soares, Senior Vice President, Generations+Northern Manhattan Health Network
Joseph Quinones, Senior Assistant Vice President, Materials Management, Central Office
Jay Weinman, Corporate Comptroller
Christopher A. Telano, Chief Internal Auditor/AVP, Office of Internal Audits
Wayne McNulty, Corporate Compliance Officer
Gassenia Guilford, Assistant Vice President, Finance, Central Office
Julian John, Chief Financial Officer, Central Brooklyn Healthcare Network
Joanne M. Lischin, Associate Executive Director, Central Brooklyn Healthcare Network
Chris Provenzano, Associate Executive Director, Generations+Northern Manhattan Health Network
Gayle Lewis, Associate Executive Director, Lincoln Medical & Mental Health Center
Peter Joss, Associate Executive Director, Material Management, Generations+Northern Manhattan Health Network
Kiho Parks, Associate Executive Director, Queens Healthcare Network
Edie Coleman, Senior Associate Director, Metropolitan Hospital Center
Sourjya Patnaik, Senior Associate Director, Woodhull Medical & Mental Health Center
Anthony Saul, Senior. Associate Director, Dr. Susan Smith McKinney Nursing & Rehabilitation Center
Mercia Franklin, Associate Director, Finance, Coler/Goldwater Specialty Hospital& Nursing Facility
Kim Wilcott, Assistant Director, Coney Island Hospital
Devon Wilson, Senior Director, Office of Internal Audits
Roger Mayer, Director, Office of Internal Audits
Chalice Diakhate, Director, Office of Internal Audits
Steve Van Schultz, Director, Office of Internal Audits
Zhanna Kelley, 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
Andre Deazle, 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
Luba Dovjenko, Confidential Examiner, Office of Internal Audits
Satish Malla, Confidential Examiner, Office of Internal Audits
Rosemarie Thomas, Confidential Examiner, Office of Internal Audits

APRIL 11, 2013
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
NYC HEALTH & HOSPITALS CORPORATION

An Audit Committee meeting was held on Thursday, April 11, 2013. The meeting was called to order at 12:05 PM by Ms. Emily Youssouf, Committee Chair. Ms. Youssouf asked for a motion to adopt the minutes of the Audit Committee meeting held on February 14, 2013. A motion was made and seconded with all in favor to adopt the minutes.

Ms. Youssouf moved on to the information items on the agenda stating that Mr. Telano will give an update on audits.

Mr. Telano addressed the Committee by saluting them and stated that the first item on the agenda is internal audit's review of the Operating Procedures 100-5 (OP 100-5). He stated that over a year ago Board Chairman, Dr. Michael Stocker and the Audit Committee requested that audits of the procurement function be conducted at all of the facilities during Fiscal Year 2013. One of the primary objectives of these audits was to gauge adherence to OP 100-5 which was rolled out in January 2012. It was requested at that time that a summary of our findings, as it relates to the OP 100-5, be presented to the Committee when all the purchasing audits were complete. The first audit began in September 2012. Since the remaining audits are now essentially complete, the memorandum in front of you discusses areas not addressed in the OP 100-5 and also sections that we believe need clarification. It should be noted that this memorandum was primarily produced from issues and information obtained during our audits and it should be considered a separate item. It is simply a list of observations made during the purchasing audits at the facilities. Also, these observations are not all inclusive. There may be other topics not addressed in OP 100-5 that Internal Audit did not come across. On the second page, there are some areas listed that are not addressed in this policy. For example, For Payment Only purchase orders. Also, it is not clear as to what contracts should be loaded into GHX and also the type of contracts that Corporate Materials Management is responsible for. In one of our audits, for example, we found that Baxter Health Care, which is an HHC corporate contract had expired the year before for that facility. When we went to GHX to look for it, there was only the expired one. The facility said that it was not their responsibility because it's an HHC contract, so it's unclear as to who's responsible for loading the contract when it expires. The use of blanket orders are not indicated in the procedure and whether bids and/or contracts being presented to the CRC and the Board as a whole should be based on accumulated activity or individual activity is not clear. The seventh item on page 2 is a list of standard operating procedures which is more or less a step-by-step guide as to how to process transactions which are not addressed at all.

Ms. Youssouf asked other individuals to the table. They introduced themselves as: Joseph Quinones, Senior Assistant Vice President of Contract Administration and Control; and Jeremy Berman, Deputy Counsel. Dr. Stocker continued by stating that four years ago the Public Authorities Accountability Act established a principle that the Board should oversee procurement. The Board looked at it and then management looked at it in January 2012. About 15 months ago there was an operating procedure revision which replaced a whole bunch of previous operating procedures. When OP 100-5 was adopted they all realized that this was a complicated and decentralized process and there were going to be changes made. What you see here is kind of the next step in the process in making the changes of having unified procurement operations. What comes to mind is that we've had enough people who do procurement at the facility level attend the Audit Committee meetings, but it's clear that there is confusion about how you follow the various operating procedures. He said that one of the things that strikes him, based on the audit, is that there is yet again another set of about 20 operating procedures called Standard Operating Procedures in an Administrative Procedure Manual which some of them are inconsistent with OP 100-5. Some of them refer back to operating procedures that no longer exist because they are replaced by OP 100-5. It is his

understanding that the people who do purchasing at the facilities are guided by these standard operating procedures and his question is why it was not changed so that they were consistent.

Mr. Quinones responded that the first thing he would have to do to answer that question is look at the objectives of the new OP 100-5 with the objectives of the group that came together to put it in place. We had 14 procedures that were incorporated into this operating procedure. Many of those procedures went in what he would call a "procedural way of what people had to do in various, very detailed steps". One of the objectives was not to have that and instead have what is called the Supply Chain Council in the procedure. He said that the Supply Chain Council existed prior to OP 100-5 was put in place. Between the Contract Review Committee, which oversees RFPs, negotiated acquisitions and sole sources, and the Supply Chain Council which does a transactional piece of the supply chain, which is a slow bid solicitations. All other small transactions that we do have the Supply Chain Council guidelines, answer questions to the supply chain and they have done that over the course of the year. He said that he was shocked at a lot of the comments made and had spoken to Mr. Telano about it. Further, he expressed that it was his understanding that this is a memorandum not an audit per se.

Mr. Quinones continued by addressing the Standard Operating Procedures (SOPs) – these SOPs were actually issued at the time that GHX was rolled out. About four years ago, way before the revised OP 100-5 was put in place, these SOPs were necessary in order to understand how we were going to have Global Healthcare Exchange (GHX) operationalized. At that time the Supply Chain Council came into existence because we needed to upgrade as one organization to actually make GHX work and the Council did not feel it was necessary to establish operational procedures that change and evolve over time again and again and have the President issue amendments to the procedures multiple times. One of the issues that we talked about in the Supply Chain Council was how many procedures we had that were actually out of sync with what we were really doing because they were never amended. So we issued these SOPs as it related to GHX and did not include them in a procedure or in any of the procedures in place at the time.

Ms. Youssouf stated that some of these look very important, like approval overrides or contract management or freight payment procedure. She then asked if the Supply Chain Council did not want to do this, maybe these items should be brought back to the Board with an explanation as to why the group thinks it's not important to have these procedures. To which Mr. Quinones replied that these procedures were in place. Ms. Youssouf asked for further explanation. Mr. Quinones responded that they are not in OP 100-5 but they are in place and people follow them.

Ms. Youssouf stated that she thought OP 100-5 was supposed to be the central place and that is where staff would look. Mr. Quinones said that the group that put together OP 100-5 believed that we should have "in-the-weeds" type of details like this but they should be issued by the Supply Chain Council – which were issued and currently followed. They have not been eviscerated – have not gone away.

Dr. Stocker then referred to one which he thought was pretty important – the open market incomplete purchase order procedure, procurement process for handling market incomplete purchase orders, has no date on it so you cannot tell if is before or after OP 100-5. This document does not circumvent the set HHC policy requiring dated contracts into the approval process. In references it says HHC's bid procedure found in Operating Procedure 110-6 which clearly is not in existence anymore. Mr. Quinones responded that in that particular case OP 100-5 supersedes. Dr. Stocker stated that if he were a purchaser in a facility and he knew about these things, it's got to be confusing if you have contradictory policy. Mr. Qunones stated that again, the theory was that the Supply Chain Council would give guidance in those instances and it has given guidance. There is a task force now, put together by the Executive Vice President/Chief Operating Officer, Mr.

Antonio Martin, that has a grasp of what these issues are. In fact, we've already had our first meeting with all the procurement staff. This task force is going to bring these issues to light. If there are amendments that need to happen for OP 100-5 we intend to make them, but we need to flush these out and understand what should stay and what should go. The procedure was over 100 pages and the task was to get it down to a very small amount of pages and if we started including everything that's in here right now we might go back to where we were before.

Ms. Youssouf said that she thought the task was to reduce the pages and to have it written in simple English so it's easy to follow. There are a few things here that are not clear, and we talked about this, specifically number 7, the RFQ for these different buckets. It does need to be reviewed as you are saying and you're absolutely doing the right thing, but it seems like a lot of these implementations were not carried out.

Mr. Martin said that he agreed and that he thinks that the crosswalks from the operating procedures to OP 100-5 need to be looked at again. We have made a commitment to the Board and also the President that we are going to get this right. We are doing a very thorough review of all of the operating procedures and we are engaging all of the procurement executives throughout the Corporation. Mr. Martin said that he has visited the Greater New York Hospital Association – because they're the experts, and from our visits to North Shore and Continuum, they are the ones that really have driven change and progress throughout their organization.

Mr. Martin continued by stating that they have a plan and that there is a body of work that is going to occur between now and July, that gets us ready to consolidate and then there is a body of work from July on out.

Ms. Youssouf asked about a timetable to report back. To which Mr. Martin responded that he will be doing a presentation, along with Joe Quinones in May to update the Board as to where they are in their plans. Clearly one of their plans is really to again recruit and bring on a procurement executive, somebody that will be entirely responsible for procurement and will be accountable directly to him. In May he will be presenting to Finance. Ms. Youssouf interrupted and stated that it should be the Audit Committee. Committee member Mrs. Josephine Bolus said that would be in June.

Dr. Stocker asked when they do an operating procedure, how is that seen by the rest of the organization. To which Mr. Quinones responded that he thinks the person at the facility sees patient care as their number one obligation, to make sure that supplies get to the point of use to insure that they have patient care, patient safety. He thinks that we can do a better job in making that job for them easier and he thinks this task force is going to accomplish that. Dr. Stocker commented that if we do procurement right you can save a lot of money, multiple millions of dollars given the nature of the organization's finances that directly translates to patient care.

Ms. Youssouf stated that she was going to make a similar comment. Everybody from the Board on down knows and appreciates and believes patient care is first. If we are wasting money through an inefficient process or processes it does not help in patient care. The intent of those who are refining the procurement process is not to withhold any products from anybody, but to make sure we are getting the best price, the most timely delivery and it is being done in the most fiduciary, correct manner.

Mr. Martin stated that he does not think they did a good job in terms of this procedure, he does not think they did the appropriate amount of training that should have been done for the staff. The training is actually going to occur now. He

thought there was ambiguity in the procedure that is just coming to light now and if we had been more attentive that would have come to light sooner.

Dr. Stocker stated that he remembered a comment made by a director when he asked him what you do when there is this confusion about the procedure. He responded that he calls up two or three other directors and whatever the vote is that's what we do. Mr. Martin said that we need to do a better job; that that's our job as management and that's what I'm committing to you we will fix.

Mr. Berman stated that at the time they adapted OP 100-5 revision they anticipated a need for fixes. He has maintained a running list of suggestions that have been made, and errors pointed out to him that he is encouraging people to give him because they're looking to make those corrections. As Mr. Quinones was explaining, there also needs to be a kind of consensus within the Corporation about the functioning of the operating procedures as opposed to some other sources of rules that are operated at a lower level. He thinks that the point of OP 100-5 was to try to get us up here, not to abandoned more granular level rules that operate below the level of the operating process that can be changed more easily rather than having to go through the whole process of bringing it up to the President then to the Board.

Ms. Youssouf stated that they are not trying to create more bureaucracy – they are trying to make a more efficient and cost effective function. Mr. Berman commented that some of these points were never addressed in a prior OP. They were dealt with at a level below the OP level. When we are looking to simplify and make more streamlined and clear the OP it did not seem to be within the mandate to start loading into the OP subjects that were never addressed at the OP level before. For example, the manner in which who has responsibility for issuing a contract, whether that's something done at the central office level or at the facility level, there was never an OP that addressed that, that is an operational matter.

Ms. Youssouf asked what OP stands for. To which Mr. Martin responded Operating Procedure. Ms. Youssouf then said thank you and that it is going to be better because it is an operation.

Dr. Stocker stated that he wanted to talk a little bit about internalizing in general because there is a lot of attention to this. One of the things that struck the Board was that another institution in the City who was audited by the Office of the Medicaid Inspector General (OMIG), their findings was that they had all the right policies in place; they just were not following them. Naturally we do not want to get into that position. It's a little disconcerting when you have that much energy around a change in operating procedures and you find it's not working very well when you do an internal audit. That is in part the function of an internal audit, the focus of which is to self-correct.

Mr. Quinones stated that he needed to say a few things about that – the Supply Chain Council has answered many questions that have come from across the Corporation. Some of these questions have been answered by the Council, the Contract Review Committee gets questions from its authority and those questions have been answered. His office, Materials Management has answered many questions; he thinks a lot of these things, while on paper and may be assumed to be systematic are in fact not. Again, this is a memorandum, as he understands it, of comments that were made from particular individuals, but again I talked to Chris Telano and do not know if these are systematic. It is not to say that they are not going to be addressed, clarified and made clear and if we need an amendment to the procedure we intend to do it. If we need to issue clarifications in writing we intend to do it and if we need to issue at the granular level, where we issue these other procedures and guidelines that are outside the procedure or that we can bring to the Board. Ms. Youssouf thanked him.

Dr. Stocker asked if there is a timeline on the revisions. To which Ms. Youssouf responded that he said in June.

Mr. Quinones stated absolutely, that he intends to present to them exactly what they've issued as it relates to clarification, non-OP 100-5 procedures and amendments that they would like to see in OP 100-5. Ms. Youssouf thanked him again and asked Chris Telano to continue.

Mr. Telano said that with regard to the presentation of the audit reports, there is only one today, the audit of purchasing, at Lincoln and Harlem. He asked the representatives from the sites to come to the table. . They introduced themselves as follows: Richard Marin, Network Director for Procurement and Contracts; Gail Lewis, Associate Executive Director; Peter Joss, Associate Executive Director for Procurement Management and Chris Provenzano, Associate Director of Contract and Finance at Lincoln.

Mr. Telano continued by stating that the first issue found was regarding a vendor which we were doing business with which VENDEX approval was not yet obtained. They found that the individual who ran the organization of the vendor had some conflict of interest that needed to be resolved.

Ms. Lewis said that Mr. Telano is correct and as of yesterday the delay is still in legal. When we originally had this vendor – this is a renewal – he was not a partner. Then they became a corporation with the name change and he became a partner. The issue was that this is a security system for a building. If we let go without having security there, we could have left the building without protection. It never dawned on us that it would take six months to get the VENDEX approval.

Mr. Russo asked if it's in Legal Affairs or in the Mayor's Office of Contract Services (MOCS). To which Ms. Lewis answered it is in Karen Rosen's office (in Legal Affairs).

Mr. Russo asked if Karen Rosen was reporting to you that it was in MOCS and that we had not gotten the report back. Ms. Lewis responded that it is in her office. Mr. Russo said that he would double check.

Mr. Provenzano stated that this was a vendor that had prior VENDEX approval and it had expired and this was a renewal and as Ms Lewis said, so as not to keep the building unsecured, we renewed the contract with the same vendor but the vendor caused the conflict.

Dr. Stocker stated that in hearing the previous conversation and asked if they have any comments, that this was their opportunity. Mr. Provenzano responded by saying that they are part of that group that's meeting to try to and review OP 100-5. This is sort of a separate issue but there are some issues with VENDEX in terms of the processing and the speed at which we get these responses. A lot of times we are caught between a rock and a hard place; a patient care issue or a safety issue, whether to go with the vendor or we wait, in this case we had to make a decision.

Ms. Youssouf commented that those decisions, the one you just described, obviously you have to keep on top of VENDEX and on top of Legal. Mr. Russo commented that the Mayor's office is very fastidious about the completion of the forms. Our office does a pre-screen to try to make sure things are in order, but then we lose control of it. He said that he would do a follow-up with the facility to see what the actual facts are. He knows in light of the Board's concern, particularly the Chair,

the importance of following up on VENDEX information very carefully, and have highlighted the same to his colleagues. He is interested in hearing more about this and he wants to see if this is actually Legal Affairs or MOCS.

Ms. Youssouf then turned to Chris Telano and asked him if he wanted to point our other things that are most important. Mr. Telano said that the next couple of bullet points are related, again to the issue and the interpretation of OP 100-5. Based on our interpretation, we believe that nine vendors should have been bid out because their activity exceeded $5,000 during a 12-month period. In the next audit item, six vendor contracts are not loaded to GHX and once again, this is confusing between OP 100-5 and what they believe locally. Because of those six contracts, three of them were local contracts and the facilities believed that they should not have to send local contracts to GHX. In conversations with Materials Management corporate office they indicated that all contracts should be going to GHX – so there is the disconnect. The last issue on the report is about returning goods advices and that also was on the memorandum and not addressed at all in OP 100-5. It just seems to be a disconnect between the various departments.

Ms. Youssouf commented that all of these items are important because the only way the Corporation can have a true accounting is if everything is on GHX and that return goods are monitored somehow.

Mr. Telano said that in the memorandum previously discussed, the majority of those issues are from the audits. It was not based just on a conversation we had with the purchasing directors. The majority of them, 17 out of 27 were directly a result of doing our audits.

Dr. Stocker asked when you are trying to figure out how you are supposed to be guided by this procedure; you have your operating procedures, but are you also guided by this administrative procedure manual.

Mr. Provenzano responded that he thinks that that is the problem. The buyers who are on the front line that have to sort of deal with everyone that's ordering stuff have to make decisions as to what to do. They use the policy as a guideline and I think with the change in the policy they sort of got a little confused.

Dr. Stocker asked if there's a single place that you can go to be guided in terms of how you do purchasing. Ms. Lewis responded yes, there's OP 100-5, but we do look at the SOPs and also call our colleagues to get clarification and consensus from them because there is a lot of ambiguity. We are trying to work it the best way we can.

Ms. Youssouf commented that the whole point of this was to make this easier and better functioning for everybody, especially the people that work for you on the front line.

Mrs. Bolus asked how often they have meetings to discuss the SOPs. To which Ms. Lewis responded that she has staff meetings twice a month with the entire procurement staff. She also has individual staff meetings once a month, her managers have meetings once a week with their staff. If we see something happening or get a new directive we immediately call.

Ms. Youssouf asked if you find a problem through one of these meetings would you boot it up eventually to somebody at central office. Ms. Lewis said yes. Ms. Youssouf asked who that would be. Ms. Lewis responded that normally she boots her concerns to Richard Olah and she also ccs Joe Quinones. She's constantly calling Richard's office or emailing him for confirmation.

Mrs. Bolus asked in how many places is there a full book with all the OPs that people can actually go and check. Ms Lewis said that there is one online but there are three manuals in the office. Her staff has no problem running into her office and asking for clarification.

Ms. Youssouf thanked them for coming in and that she really appreciates it and hopefully, with their assistance, we will try to get this procedure so it's more functional for all. Ms. Lewis thanked the Committee.

Mr. Telano said that there was nothing else and that concluded his presentation.

Ms. Youssouf stated that they were going to discuss Jacobi but they have the Joint Commission in and are not able to be here today. Then she turned to Wayne McNulty, Chief Corporate Compliance Officer, Office of Corporate Compliance ("OCC"), for his presentation.

Mr. McNulty saluted everybody and introduced himself. He started with page three of the report and discussed corporate-wide compliance training. Mr. McNulty provided that compliance training via the computer-based health care professionals' compliance training module had commenced. He informed the Audit Committee that, to date, 15,000 HHC employees were enrolled. He explained to the Committee that the health care professional's module covered all nursing personnel, adding that over 9,600 nursing staff members were enrolled to date. He told the Committee that the Health Professional's module covers licensed professionals under the Education Law such as nurses, respiratory therapists, physical therapists, and occupation therapists. Mr. McNulty stated that there was also a separate physician's module, which went live last year around June or July, as well as a Board of Directors' compliance module, which Dr. Stocker and Ms. Youssouf both have completed. He added that all members of the Board will be enrolled in the Board compliance module and will be able to complete testing off-site through their iPads. He informed the Audit Committee that he was working out the details with Chief Information Officer Bert Robles to facilitate remote access to the course by the Board.

Mr. McNulty continued by advising the Committee that the content for the general workforce module, which will cover all group 11 employees and designated group 12 employees, was also completed. He commented that over 3,000 group 11 employees were enrolled in the course. He stated that group 12 employees would be enrolled once designated by group 11 employees. Lastly, he added that, the HIPAA compliance training module was complete and the entire HHC workforce would be enrolled within the next couple of weeks, pointing out that the enrollment of workforce members in several Networks had already commenced.

Ms. Youssouf asked out of the 15,000 and the 3,000 how many additional people have to be enrolled in these two courses. Mr. McNulty answered that no additional personnel would require enrollment. In addition, he explained that the OCC has a physician's module, which the physicians have been enrolled in since last year. He stated that, upon belief, another 150 group 12 employees may be designated (who carry out) coding functions. Mr. McNulty explained that by June 30th all covered personnel would be trained; such training would be required in the next fiscal year and every year after. He told the Committee that once July 1st starts - -from July 1st to June 30, 2014 - - there would be supplemental training for all covered personnel. He further commented that New York State compliance program regulations require the subject training. He advised the Committee that covered personnel were sent notices of this mandatory requirement.

Mr. McNulty continued with item #2 – the Corporate Compliance Work Plan. He advised the Committee that the 2012-2013 Corporate Compliance Work Plan (the "Work Plan") was approved by President Aviles in December. He stated that the Work Plan would remain in effect until June 30, 2013. Thereafter in July, the fiscal year 2014 Corporate Compliance Work Plan would be released. He said that he would go into great detail as to the progress of the current Work Plan items and findings in an executive session at the June Audit Committee. Right now there were four items that were closed or pending, including excluded providers, advanced beneficiary notices, brachytherapy reimbursement and Edits 760 denials. He provided that the excluded providers item would remain as a standard item on his report to the Committee. He closed by stating that he would go into full detail with regard to OCC's findings with all Work Plan items in his report to the Committee during executive session.

Mr. McNulty continued onto page four of the agenda - - the calendar year 2013 Corporate-wide Risk Assessment ("Risk Assessment"). Mr. McNulty started by explaining that, pursuant to the New York State Compliance Program regulations, federal sentencing guidelines, and federal agency guidance, HHC/OCC was required to conduct an annual risk assessment to identify any potential corporate risks. He stated that OCC had started the Risk Assessment process. He advised the Committee that the Risk Assessment document examines why a risk assessment process is necessary; discusses the different sources that the OCC reviewed to develop the Risk Assessment process; and discusses how (the examination of) particular threats and vulnerabilities will be used to assess what items would be required on the fiscal year 2014 Corporate Compliance Work Plan. He added that the OCC will conduct surveys of the Executive Compliance Work Group and the Network Compliance Committee members to ascertain the top risks that may affect HHC; he also added that OCC would review predefined lists of potential risks from various internal and external sources such as OIG guidance, OMIG guidance, fraud alerts, and OIG and OMIG work plans, as well as compliance complaints received by the OCC. He explained that once OCC identifies these risks, the risks will be scored based on three categories: (a) reviewing the impact of the risk - - whether there is a legal, financial or reputation impact to HHC; (b) how the risk makes HHC vulnerable, which means we will look at the likelihood of the risk occurring and whether or not the risk would be detectable if it did occur; and (c) the assessment of internal controls, controls includes policies, procedures, practices, automated controls, audits and monitors - - which means conducting an assessment of the presence of internal controls that could mitigate and identify risks.

Mr. McNulty continued by explaining that, once a score is established, the risk will be prioritized and the risks with the highest scores will make the fiscal year corporate compliance work plan. The full update of the risk assessment process and the results that we have will be communicated to the Audit Committee in June. He asked if there were any questions with regard to the risk assessment process.

Mr. McNulty moved on to the compliance index – in the fourth quarter calendar year 2012, October 1, 2012 to December 31, 2012 and reported that the OCC received 69 compliance-based reports; two of these were classified as priority A, 24 as priority B and 43 as priority C. He stated that 65 percent of these reports came through OCC's compliance hotline. He advised the Committee that the detail of these reports and the first quarter reports, January 1, 2013 to March 31, 2013, will be discussed in executive session during the next Committee in June. He continued by discussing the privacy index from the same period: from October to December of 2012, OCC received 15 complaints. He reported that ten of the 15 complaints were found to be violations of the HIPAA policy's procedures.

Mr. McNulty continued on to the next page of the agenda by reporting a breach at Coney Island Hospital's Ida G. Israel Community Center in Brooklyn. He advised the Committee that the breach took place during the remnants of Hurricane Sandy. He further advised the Committee that the lease was terminated due to the destruction of the clinic but the landlord

prematurely allowed access into the clinic and certain documents and items were removed such as computers. He informed the Committee that breach notifications were sent to nearly 10,000 patients. Mr. McNulty continued by explaining the breach notification process. The breach notification process began on January 31, 2013 and concluded on February 13, 2013. The New York State Department of Cyber Security, the New York State Attorney General's office and United States Department of Health and Human Services Office of Civil Rights ("OCR") were all notified about the breach. Additionally, notification was sent to the following consumer reporting agencies: Equifax, Experian, and TransUnion. He advised the Committee that OCR, which is the agency responsible for enforcement of HIPAA, responded to OCC/HHC's report and concluded that HHC responded appropriately to the breach.

Ms. Youssouf asked if the landlord let random people in to take the computers. Mr. McNulty responded that he believed the landlord let people in to remove what the landlord thought were remnants of the destruction from the hurricane, and then people from the community came and took things from the site. After being queried by Mr. Russo for more detail, Mr. McNulty clarified that items were removed by random people only once said items were placed on the curb (outside of the site).

Ms. Youssouf asked if anyone had been sent there anticipating that we had all these files and stuff there. Mr. McNulty answered that he was not aware of any individual being sent to the site for such a purpose.

Ms. Youssouf suggested that in an emergency readiness plan, there should be measures where the facility has damage that contains these types of records; HHC should have some kind of plan how to secure that information. Mr. McNulty commented that part of HHC's response to the OCR was to develop a policy and procedure with regard to implementing controls during emergencies.

Ms. Youssouf asked that the Committee be informed when this policy/procedure is done.
Mr. McNulty moved on by providing the Committee with an OCC staffing update. He informed the Committee that the OCC had one vacant compliance officer position. He stated that the recruitment process for this position commenced and was expected to be filled by May.

Mr. McNulty moved on to the next item on the agenda, reporting that there were no disclosures with regard to excluded providers to report to the Committee.

Mr. McNulty discussed the last item on the agenda - - compliance program certifications. He informed the Committee that Mr. Aviles certified that HHC had an effective compliance program under the Department of Social Services regulations. Mr. McNulty further advised the Committee that he (Mr. McNulty) certified compliance with the Deficit Reduction Act of 2005. Both of these certifications were made in December of 2012.

Mr. McNulty concluded his report and asked if there were any questions.

Dr. Stocker commented that he wanted to report that Ms. Youssouf and he passed the compliance (training module).

Ms. Youssouf thanked them for the report.

Ms. Youssouf asked if there were any old business or new business.

There being no further business, the meeting was adjourned at 12:55 P.M.

Submitted by,

Emily Youssouf
Audit Committee Chair

KPMG

cutting through complexity

New York City Health and Hospitals Corporation

Presentation of the 2013 Audit Plan to the Audit Committee

June13, 2013

Overview of 2013 Audit Plan

Client Service Team

The following is a list of the key personnel on the audit engagement team:

KPMG Core Audit Team:

- Maria Tiso – Client Care Partner *
- Jim Martell – Lead Audit Engagement Partner *
- Greg Driscoll – Concurring Review Partner
- Camille Fremont – Engagement Senior Manager *
- Erin Murray – Engagement Manager *
- Ryan Santonacita – Lead Engagement Senior *
- Beatriz Mendoza – Engagement Senior *

KPMG Supporting Personnel:

- Kirk McNiel – Reimbursement Senior Manager
- John Boucher – Information Risk Management Partner *
- Cory DeBias – Information Risk Management Manager
- Rob Robinson – Exempt Organizations Tax Managing Director *
- Robert Mishler – Actuary Postemployment Benefit Obligation *

Watson Rice LLP *

Bronner Group LLC *

Other Professionals:

- Staff member from the Corporation's Internal Audit Department

* Represents continuity from the prior year 2012 client service team.

Deliverables

In addition to the audit of the Corporation's financial statements, KPMG will issue the following:

- Attestation reports on three RHCF-4's, six AHCF's and one LTHHC cost report
- Debt covenant compliance letters, as required
- Thirteen auditors' reports on the Corporation's compliance with subdivisions (9) and (12) of section 2807-k of the New York State Public Health Law relating to bad debt/collection efforts in compliance with regulations re: participation in the State Bad Debt and Charity Care Pools
- Statutory audited financial statements of the HHC Insurance Company, Inc (12/31/13)
- Statutory audited financial statements of the MetroPlus Health Plan (12/31/13)
- Management letter on control deficiencies and operational matters noted during our financial statement audit

Objective of an Audit

- The objective of an audit of financial statements is to enable the auditor to express an opinion about whether the financial statements that have been prepared by management, with the oversight of the Audit Committee, are presented fairly, in all material respects, in conformity with generally accepted accounting principles (GAAP).
- We plan and perform the audit to provide reasonable, not absolute, assurance that the financial statements taken as a whole are free from material misstatement, whether from error or fraud.
- We design tests of controls to obtain sufficient evidence to support the auditors' control risk assessments for purposes of the audit of the financial statements.

Audit Responsibilities

Responsibilities Under Auditing Standards Generally Accepted in the United States of America

Management is responsible for:

- Adopting sound accounting policies
- Fairly presenting the financial statements in conformity with generally accepted accounting principles (GAAP)
- Establishing and maintaining effective internal control over financial reporting (ICFR), including internal controls to prevent, deter, and detect fraud
- Identifying and confirming that HHC complies with laws and regulations applicable to its activities, and for informing us of any known material violations of such laws and regulations
- Making all financial records and related information available to the auditors
- Providing unrestricted access to personnel within HHC from whom the auditors determine it necessary to obtain audit evidence
- Adjusting the financial statements to correct material misstatements
- Providing the auditors with a letter confirming certain representations made during the audit that includes, but is not limited to, management's:
  - Disclosure of all significant deficiencies, including material weaknesses, in the design or operation of internal controls over financial reporting that could adversely affect HHC's financial reporting
  - Acknowledgement of their responsibility for the design and implementation of programs and controls to prevent, deter, and detect fraud

Audit Responsibilities (continued)

The Audit Committee is responsible for:

- Oversight of the financial reporting process and oversight of ICFR
- Oversight of the establishment and maintenance of programs and internal controls designed to prevent and detect fraud

Management and the Audit Committee are responsible for:

- Setting the proper tone and creating and maintaining a culture of honesty and high ethical standards

The audit of the financial statements does not relieve management or the Audit Committee of their responsibilities.

Audit Responsibilities (continued)

KPMG is responsible for:

- Forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared, in all material respects, in accordance with the applicable financial reporting framework
- Planning and performing the audit with an attitude of professional skepticism
- Conducting the audit in accordance with professional standards and complying with the Code of Professional Conduct of the American Institute of Certified Public Accountants, and the ethical standards of the New York State CPA society and state board of accountancy
- Evaluating ICFR as a basis for designing audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's ICFR
- Communicating to management and the Audit Committee all required information, including significant matters
- Communicating to management and the Audit Committee in writing all significant deficiencies and material weaknesses in internal control identified in the audit and reporting to management all deficiencies noted during our audit that are of sufficient importance to merit management's attention

Financial Statement Audit Timetable

April – June 2013	June – July 2013	August – September 2013	October 2013	November 2013
• Hold planning meetings with management • Determine the audit strategy • Perform analysis of business issues and identification of audit focus areas • Hold audit team planning meeting • Review of December 31, 2012 internal financial statements • Communicate with management regarding IT related procedures • Test IT General Controls • Present 2013 Audit Plan to Audit Committee	• Identify financial statement and assertion level fraud risks • Perform test of operating effectiveness of controls • Perform substantive audit procedures relative to interim account balances, including review of patient accounts receivable valuation utilizing computer assisted audit tool • Review of non-routine transactions through July • Perform preliminary SAS 99 fraud meetings • Complete interim testwork at various facilities and Central Office	• Final phase of year-end audit to begin 7/22/2013 through 9/13/2013 • Perform substantive audit procedures • Perform analytical procedures to roll forward interim account balances to year end • Update SAS 99 fraud meetings • Financial statement audit closing meetings with management • Form audit conclusions • Discuss key issues and deficiencies identified with management (provide draft management letter) • Attend Audit Committee meeting and review draft financial statements and management letter and perform required communications • Finalize and issue final financial statements and audit opinion	• Issue debt covenant compliance letters	• Present final management letter to Audit Committee

Audit Matters

We identify audit matters that could have a material impact on the Corporation's financial statements. We then consider these matters when developing our audit approach and tailor our procedures to address these risks.

Critical Audit Areas	Significant Areas	Non-Routine Transactions	Information Technology Matters
• Valuation of patient accounts receivable • Valuation of third-party and pools receivables/ liabilities • Valuation of postemployment benefit obligation other than pension (OPEB) • Going concern/Liquidity	• Patient accounts receivable (completeness, existence and accuracy) • Commitments and contingencies • Fraud or legal consideration • Related parties	• Implementation of new accounting pronouncements (see slides 15-18) • Meaningful Use attestation • Impact of Superstorm Sandy/ Potential Impairment/ Business Interruption/ FEMA Claims • Potential joint venture with Long Island Jewish for laboratory	• General information technology environment • Review and test IT access controls • Review and test the controls over changes to the IT system • Verify that the Corporation's detection controls are functioning as intended • Inform management of any performance improvement observations

Planned Use of Minority Business Enterprise (MBE) / Women's Business Enterprise (WBE) / Internal Audit

KPMG plans to utilize the MBE, WBE and internal audit in the following areas:

	MBE	WBE	Internal Audit
Site visits	X		X
Grants receivable / Grant revenue	X		
Capital assets	X		
Investments		X	
Cash			X
Payroll		X	
Debt / Deferred financing			X
Accounts payable / OTPS			X

General Considerations – Fraud Approach (How Risks are Addressed)

Identification of fraud risks

Perform risk assessment procedures to identify fraud risks, both at the financial statement level and at the assertion level

Discuss among the audit team the susceptibility to fraud

Perform fraud inquiries of management, the Audit Committee, and others

Evaluate broad programs/controls that prevent, deter and detect fraud

Response to identified fraud risks

Evaluate design and implementation of antifraud controls

Test effectiveness of antifraud controls

Address revenue recognition and risk of management override of controls

Perform specific substantive audit procedures (incorporate elements of unpredictability)

Evaluate audit evidence

Communicate to management and the Audit Committee

Planned SAS 99 Fraud Interviews

The following SAS 99 fraud interviews will be scheduled for the annual audit ending June 30, 2013:

Emily Youssouf - Audit Committee Chair

Dr. Stocker - Chairman of the Board

Alan Aviles - President and CEO

Marlene Zurack - Senior Vice President, Finance and CFO

Wayne McNulty - Corporate Compliance Officer

Ross Wilson – Senior Vice President, Quality and Corporate Chief Medical Officer

Jay Weinman - Corporate Comptroller

Salvatore Russo - General Counsel

Chris Telano - Chief Internal Auditor and Assistant Vice President

* Others may be identified during the course of the audit

Other Considerations

Liquidity

The Auditor's Responsibility under Statement on Auditing Standards No.59

- The auditor has a responsibility to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time….The auditor's evaluation is based on knowledge of relevant conditions and events that exist at or have occurred prior to the completion of fieldwork.
- The auditor's considerations should be based on knowledge of the entity, its business, and its management, and should include (a) reading of the prospective financial information and the underlying assumptions and (b) comparing prospective financial information in prior periods with actual results and comparing prospective information with the current period results achieved to date.

The following are indicators of a going concern:

- Net Asset Deficiency as of June 30, 2011, June 30, 2012, and December 31, 2012
- Loss from Operations for the years ending June 30, 2011 and June 30, 2012, and for the six month period ending December 31, 2012
- Positive working capital as of June 30, 2011, June 30, 2012, and December 31, 2012
- Positive operating cash flow as of June 30, 2011, June 30, 2012, and December 31, 2012
- HHC was in compliance with debt covenants as of June 30, 2011, June 30, 2012, and December 31, 2012

Other Considerations (continued)

Liquidity (Continued)

As a component of our audit, KPMG will obtain information about management's plans

- 2014 budgets and cash flow projections
- Written representation from management regarding plans
- Board and Finance committee meeting minutes
- Restructuring reports and findings, if applicable

Additionally, KPMG will review the

- 2013 budget to actual results (reliability of budgeting process)
- Working capital, days in accounts payable and cash flows from operations (liquidity)
- Continued support from the City of New York

New Accounting Pronouncements

GASB Statement 61, *The Financial Reporting Entity: Omnibus, an amendment to GASB Statements No. 14 and No. 34*

- Modifies certain requirements for inclusion of component units in the financial reporting entity.
- Amends the criteria for reporting component units as if they were part of the primary government in certain circumstances.
- Clarifies the reporting of equity interests in legally separate organizations. Requires a primary government to report its equity interest in a component unit as an asset.
- MetroPlus balances will need to be separately disclosed in the HHC financial statements.
  - Affects the balance sheet, the statement of revenues, expenses and changes in net deficit, and the statement of cash flows, along with new disclosures.
- Effective for June 30, 2013.

New Accounting Pronouncements (continued)

GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

- Incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:
  - Financial Accounting Standards Board (FASB) Statements and Interpretations
  - Accounting Principles Board Opinions
  - Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.
- Will have no impact as this standard is codifying standards already followed by HHC.
- Effective for June 30, 2013.

New Accounting Pronouncements (continued)

GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

- Amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.
- Deferred outflows and inflows of resources refers to the consumption/acquisition of net assets that relate to a future reporting period.
- Will result in the renaming of "Net Assets" to "Net Position" in the financial statements**.**
- Effective for June 30, 2013.

New Accounting Pronouncements (continued)

- **GASB Statement 65, *Items Previously Reported as Assets and Liabilities***
  - Effective for June 30, 2014
- **GASB Statement 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62***
  - Effective for June 30, 2014
- **GASB Statement 67 and 68, *Accounting and Financial Reporting for Pension Plans – amendments of GASB Statements No. 25 and No. 27 – 67***
  - Effective for June 30, 2014 (No. 67) and June 30, 2015 (No. 68)
- **GASB Statement 69, *Government Combinations and Disposals of Government Operations***
  - Effective for June 30, 2015
- **GASB Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees***
  - Effective for June 30, 2014

Audit Committee Resources

KPMG's Healthcare & Pharmaceutical Institute

The KPMG Healthcare & Pharmaceutical Institute has been established to provide an open forum for business leaders from across the industry to share perspectives, gain insight, and develop approaches to help balance risks and controls, and improve performance. To learn more about the HPI and become a member, please visit:

www.kpmginstitues.com/healthcare-life-sciences-institute/

KPMG's Audit Committee Institute

KPMG created the Audit Committee Institute (ACI) to serve as a resource for audit committee members and senior management. ACI's stated mission is to communicate with audit committee members and enhance their awareness, commitment, and ability to implement effective audit committee processes. The following link will take you to ACI website which contains information on upcoming seminars and publications available for download and also to become a member:

www.kpmginstitutes.com/aci/index.aspx

KPMG's Audit Committee Insights

KPMG's Audit Committee Insights is a biweekly e-mail alert that's designed to help audit committee members stay up to date on recent events. ACI editors review hundreds of respected business journals, industry publications, and association web sites to bring the information to your desktop in an easy to read email. You can click the articles that interest you. You can sign up for this e-mail at the following link or when you chose to become a member of the ACI:

http://www.kpmginsights.com/aci/insights/2012/kpmg-audit-committee-insights-newsletter.aspx

Health and Hospitals Corporation Procurement Transformation

Paul Albertson, Sr. AVP
Jun Amora, Breakthrough
Jay Fligstein, GNYHA
Francine Freise, GNYHA

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

Agenda

- Introductions
- Overview
  - Challenges
  - Assessment Approach
- Mission A3
- Procurement Target State
- Transformation Phases
- Proposed Table of Organization
- Value Analysis Structure
- 100-5 Review
- Next Steps

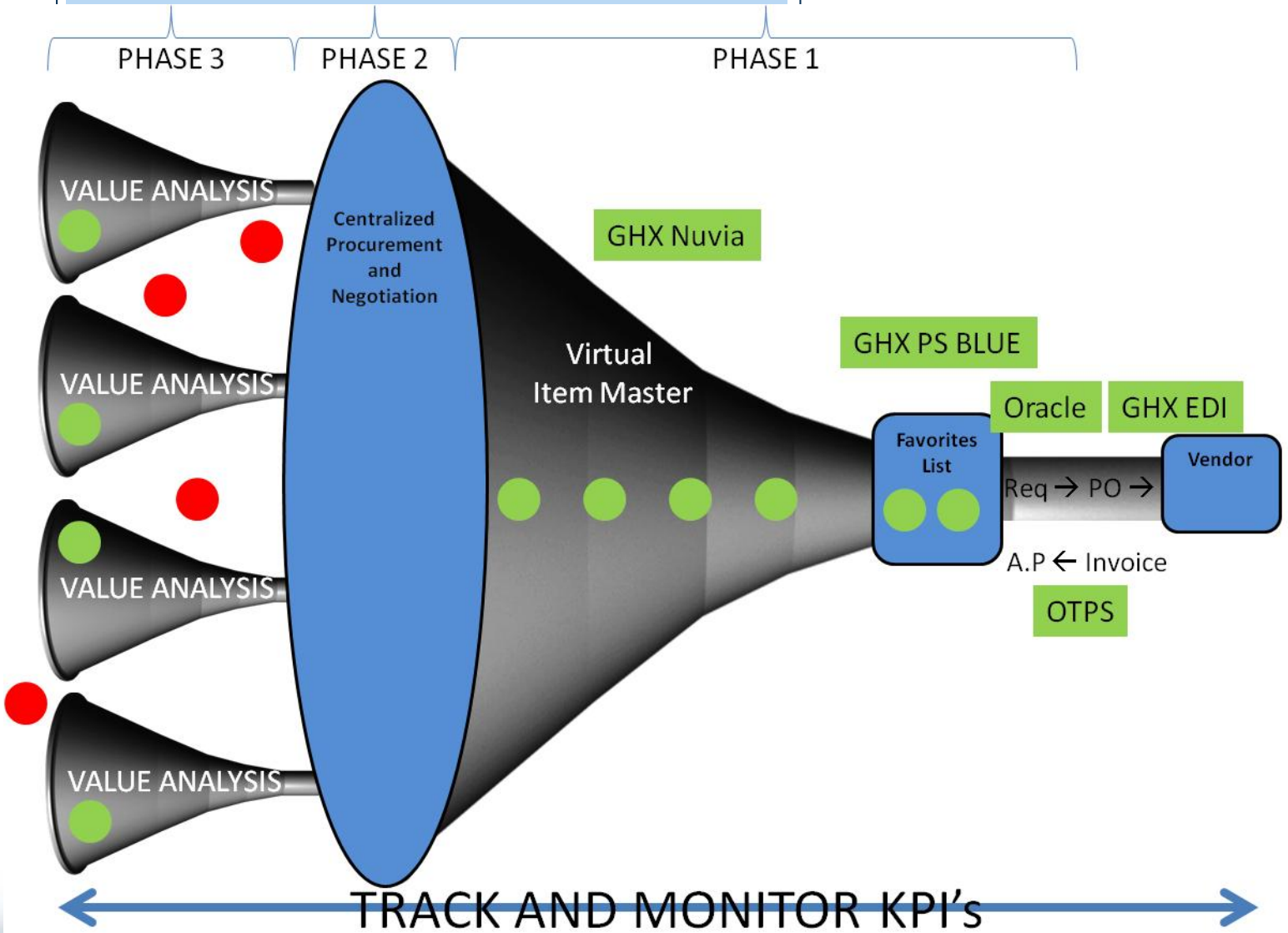
Overview

- Mindful
  - *HHC "The Road Ahead" Transformation*
- Respectful
  - *Current Governance, Technology, Culture*
- Tempered Urgency
  - *Data Mining, Collaboration, and Partnership*

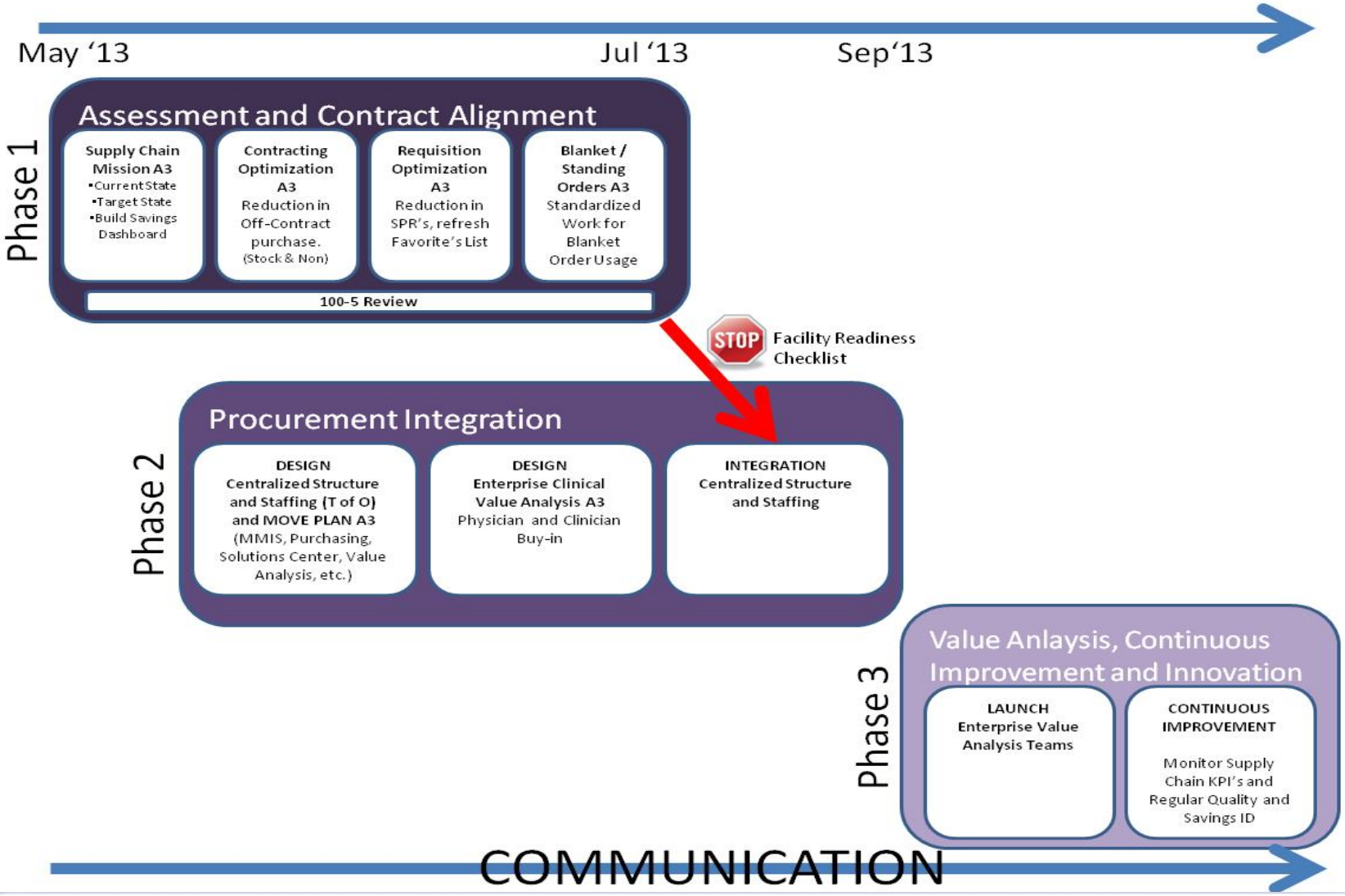
Mission A3, BOX 1

- Problem Statement
  - HHC faces a budget deficit of $1.3B for FY 2014 and will continue to face severe budget constraints over the next several years.
  - Our current decentralized procurement infrastructure is inefficient and does not allow HHC to take advantage and avail itself of preferred pricing tiers.
- Intent
  - Transform HHC supply chain into an integrated system that involves clinical input through evidence based product evaluation, standardization (to assure quality and patient safety outcomes) and aggressive negotiation to gain efficiencies and savings.

Procurement Target State



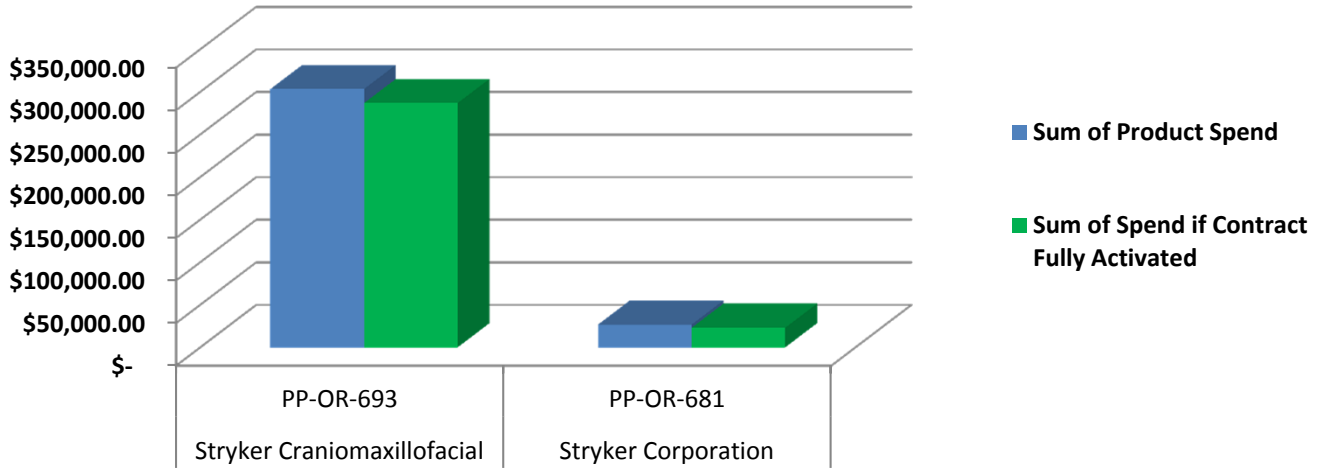
Timeline of Improvement



Contract Alignment A3's

An organizational goal of HHC is to ensure contract alignment by activating all facilities.

*Currently some facilities are activated on contracts, however there is related spend for non-activated facilities. Activating the additional facilities with off contract spend will get those facilities better pricing and increased contract alignment.

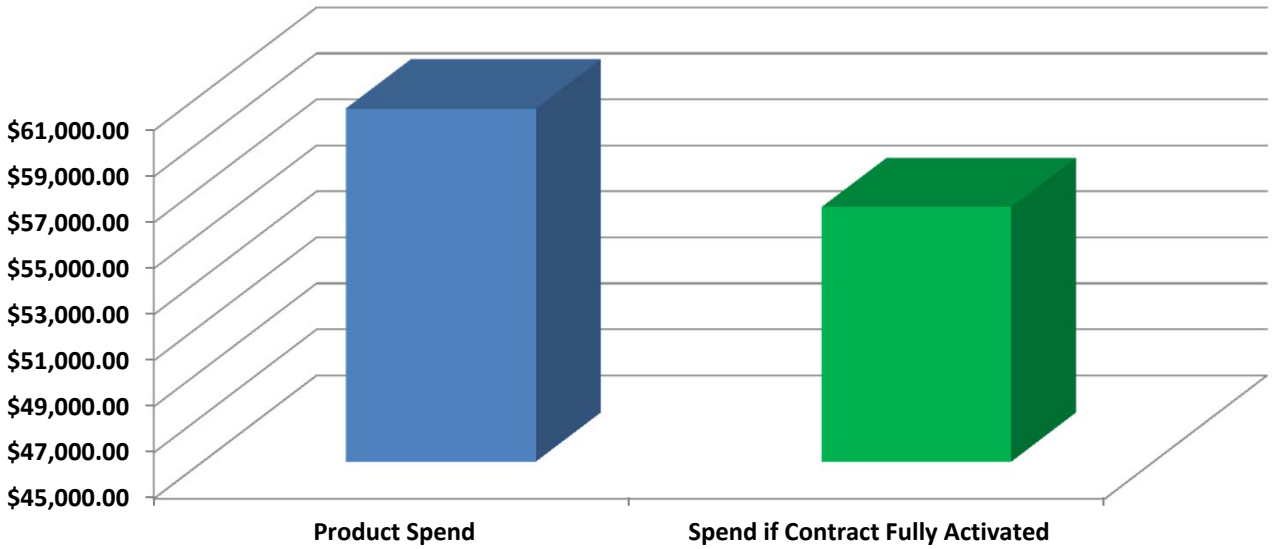


Row Labels	Product Spend	Savings at Recommended Tier w/Markup	%Savings
Stryker Craniomaxillofacial			
PP-OR-693	$ 303,368.72	$ 16,521.47	5%
Stryker Corporation			
PP-OR-681	$ 26,767.27	$ 3,772.25	14%

Contract Alignment A3's

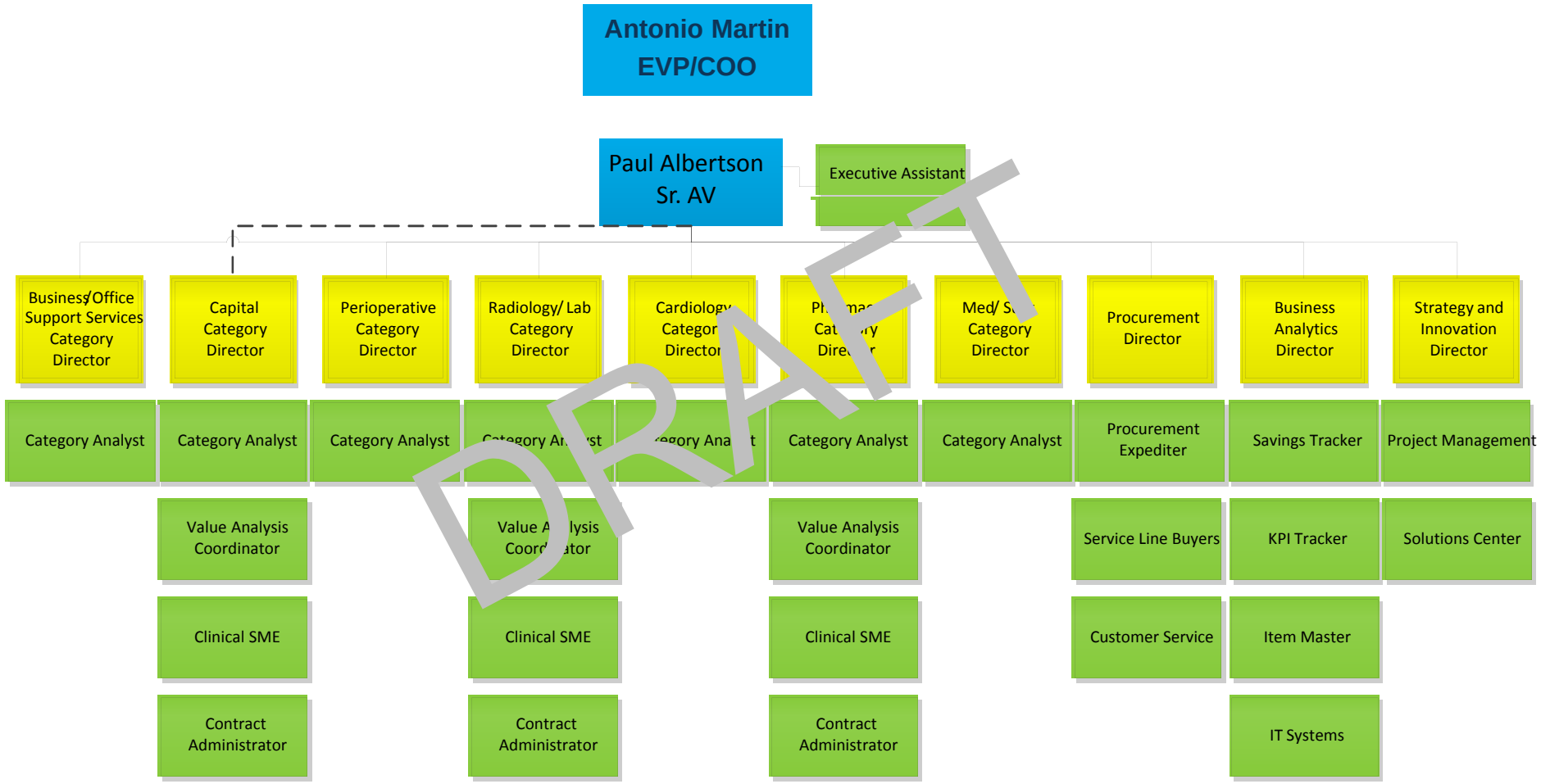
HHC is currently activated for 14 facilities on tier 2; however if the 1 facility that is currently purchasing product off contract is able to align to the contract, then all of HHC will enjoy tier 3 pricing.

PP-OR-816 Minntech Corporation



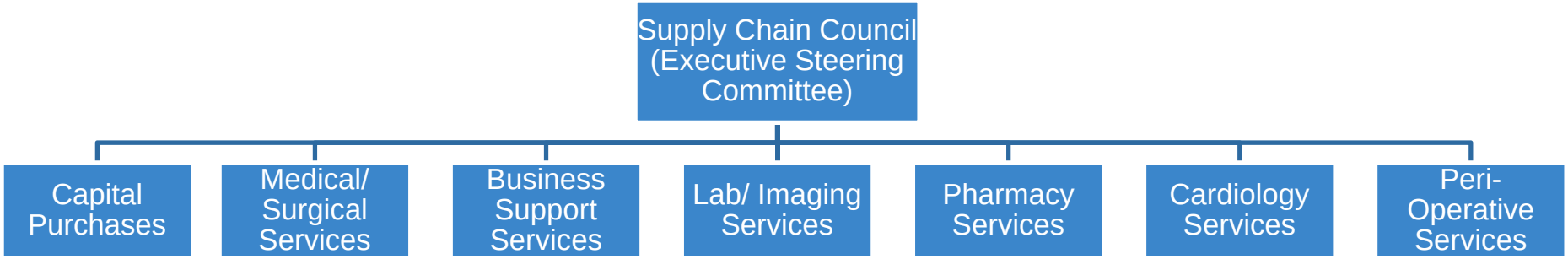
Row Labels	Product Spend	Savings at Recommended Tier w/Markup	%Savings
Minntech Corp.			
PP-OR-816	$ 60,346.00	$ 4,283.55	7%
Grand Total	**$ 60,346.00**	**$ 4,283.55**	**7%**

Proposed Table of Org



Value Analysis Structure

HHC Value Analysis Teams will be designed in cooperation with Medical Affairs and charged with the selection of products and services, using clinical evidence and cost analysis



Keys to Success:

1.) Executive Sponsorship and Leadership
2.) Clinical Engagement and Leadership (where applicable)
3.) Shared Vision, Mission and Goals
4.) Collaboration
5.) Accountability

100-5 Review

❖ Three tasks to finalize OP 100-5

1. Address the Internal Audit Findings
2. Transform the Policy to reflect a Centralized Procurement Department
3. Review and revise, as needed, the Standard Operating Procedures (SOP) that support 100-5

1. Internal Audit Findings

- Policy Omissions: 7 items
- Policy Ambiguity: 13 items
- Other Observations: 5

100-5 Workgroup

- added some missing definitions
- clarified some of the ambiguous terms
- balance of Audit findings being addressed through centralization or SOP workgroup

2. Centralization

- Revisions in OP 100-5 have been drafted to reflect a centralized procurement department

3. SOP Workgroup

- The Supply Chain Council is appointing workgroup to review, revise as needed

Next Steps

- By June 28, 2013: 100-5 will be updated to include the germane definitions, clarified terminology, and the changes to reflect a centralized procurement department.

- by August 30, 2013, the SOPs that support OP 100-5 will have been all reviewed, and revised as needed

Next Steps

1.) Work with Human Resources/Office of Legal Affairs on finalizing the Table of Organization and creating functional job descriptions.

2.) Implement solutions from Contract Management A3 Workshops;

3.) Conduct Blanket/Standing Orders A3 Workshop, implement solutions

4.) Design draft Value Analysis Infrastructure

5.) Complete proposed revisions to OP 100-5 to reflect enterprise

6.) Develop Communication Plan

Thank You

AUDIT COMMITTEE OF THE HHC BOARD OF DIRECTORS

Corporate Compliance Report

June 13, 2013

Table of Contents

I. Compliance Training

- The HHC Board of Directors ("Board") computer-based training ("CBT") module has been completed. To date, all Board members have been enrolled into the course. All Board member designees will be enrolled within the next week. Bert Robles, HHC's Senior Vice President/Corporate Chief Information Officer, Information Services ("IS"), and his staff, are working with the Office of Chairman to facilitate remote access of the CBT course by the Board members. This process has presented several technological obstacles, which are being addressed by IS.

II. CY 2012-13 HHC Corporate Compliance Work Plan

- Status of items from the CY 2012-13 Work Plan will be discussed.

III. HHC Self-Identification of Corporate-wide Risks

- OCC continues to make significant progress in identifying and prioritizing corporate-wide risks. In May, both the Executive Compliance Workgroup ("ECW") and the ECW Subcommittee on Compliance and Quality ("ECW-CQ") convened to review the OCC's corporate-wide assessment of risks document. Potential corporate risks were identified at both meetings, and the risk prioritization process was explained to ECW members.
- Network compliance committees will undergo the risk identification and prioritization process over the next couple of weeks.
- A subgroup of the ECW has been formed to identify and prioritize corporate-wide risks related to, among other things, finance, billings, and payments. The subgroup, which convened by telephone conference on May 31, 2013 and June 10, 2013, identified several corporate risks and scored the same. These identified risks will be prioritized at the next ECW meeting.

IV. Compliance Index

- For the first quarter in CY 2013 (January 1, 2013 to March 31, 2013), there were 90 compliance-based reports of which 1 was classified as a Priority "A" report, 27 as Priority "B" reports, and 62 as Priority "C" reports. For purposes here, the term "reports" means compliance-based inquiries and compliance-based complaints. Of the 90 reports received in the first quarter of CY2013, 59 (or 65.6%) were compliance complaints received on the OCC's anonymous toll-free compliance hotline.

Summary:

1) Report Classification

There are three (3) different report categories: (i) Priority "A" reports - matters that require immediate review and/or action due to an allegation of immediate threat to a person, property or environment; (ii) Priority "B" reports – matters of a time-sensitive nature that may require prompt review and/or action; and (iii) Priority "C" reports – matters that do not require immediate action.

V. Privacy Compliance Index

- During the period of January 1, 2013 through March 31, 2013, twenty-two (22) complaints were entered in the HHC HIPAA Complaint Tracking System, an HHC proprietary database. Of the 22 complaints entered in the tracking system, five (5) were found after investigation to be violations of HHC HIPAA Privacy Operating Procedures; five (5) were determined to be unsubstantiated; six (6) were found not to be a violation of HHC HIPAA Privacy Operating Procedures; and six (6) are still under investigation. Of the five (5) confirmed violations, one resulted in a breach.

VI. OCC Staffing Update

- The OCC has three vacant compliance officer positions: one in the North Bronx; one in Queens; and one in Central Office. The recruitment process for these positions has commenced and should be brought to closure by June 17, 2013.

VII. Monitoring of Excluded Providers

- No self-disclosures related to the use of excluded providers were made to regulatory bodies since the last time the Audit Committee convened in April of 2013.