

# Memorial Healthcare System

Financial Reports for June 2023

July 26, 2023  
Board Meeting



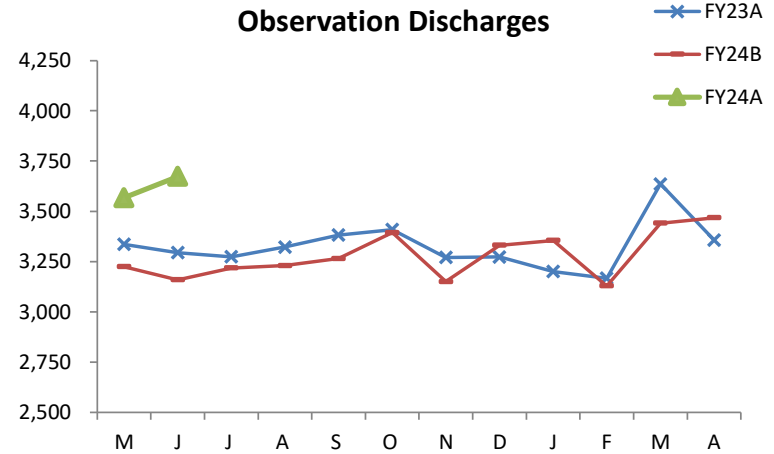
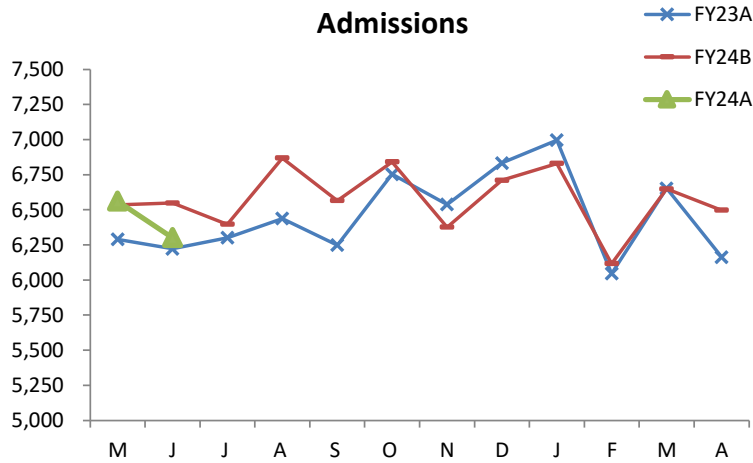


## Memorial Healthcare System - Executive Summary - MTD June 2023

- Inpatient Revenue was above budget due to 1.6% higher patient days, and 14.3% higher cardiac surgeries
- Outpatient Revenue was above budget due to 16.3% higher observation discharges, 3.2% higher outpatient visits, and 5.1% higher outpatient surgeries
- Net Revenue of \$255.0M was above the budget of \$240.2M, and Income from Operations of \$7.8M was higher than the budgeted loss of (\$2.3M)
- Excess of Revenues over Expenses was \$16.5M, including an unrealized gain of \$5.4M, compared with the budgeted Excess of Revenues over Expenses of \$1.0M

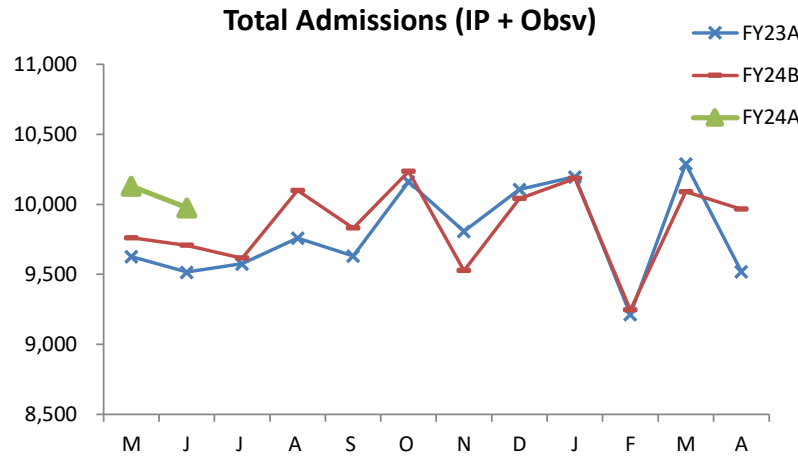


### Memorial Healthcare System - Consolidated Volumes - June 2023



	<u>FY24A</u>	<u>FY24B</u>	<u>FY23A</u>	<u>vs FY24B</u>	<u>vs FY23</u>
<b>MTD:</b>	6,302	6,548	6,222	-3.8%	1.3%
<b>YTD:</b>	12,864	13,084	12,512	-1.7%	2.8%

	<u>FY24A</u>	<u>FY24B</u>	<u>FY23A</u>	<u>vs FY24B</u>	<u>vs FY23</u>
<b>MTD:</b>	3,674	3,159	3,294	16.3%	11.5%
<b>YTD:</b>	7,242	6,383	6,630	13.4%	9.2%

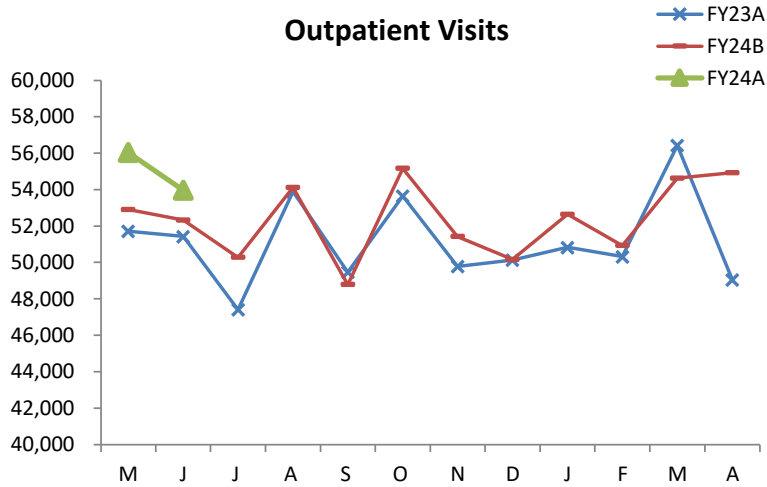


	<u>FY24A</u>	<u>FY24B</u>	<u>FY23A</u>	<u>vs FY24B</u>	<u>vs FY23</u>
<b>MTD:</b>	9,976	9,707	9,516	2.8%	4.8%
<b>YTD:</b>	20,106	19,467	19,142	3.3%	5.0%



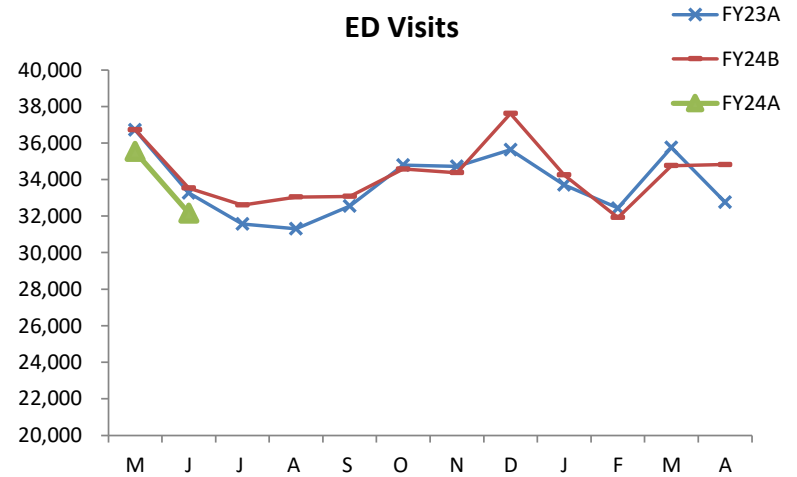
### Memorial Healthcare System - Consolidated Volumes - June 2023

**Outpatient Visits**



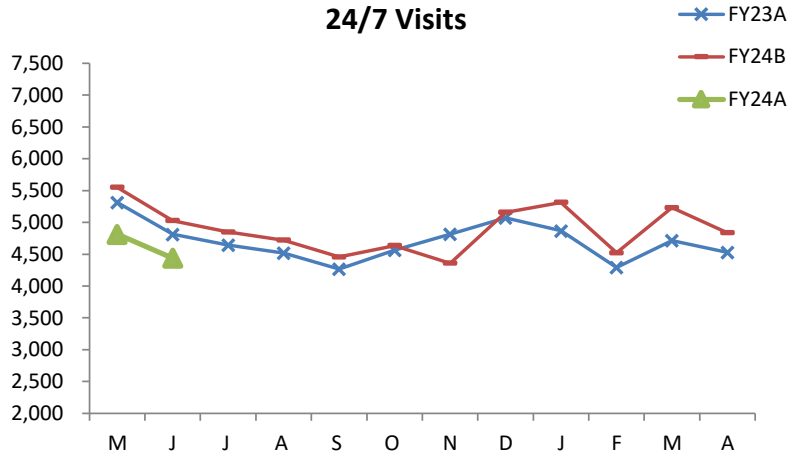
	<u>FY24A</u>	<u>FY24B</u>	<u>FY23A</u>	<u>vs FY24B</u>	<u>vs FY23</u>
<b>MTD:</b>	53,971	52,318	51,423	3.2%	5.0%
<b>YTD:</b>	110,011	105,217	103,141	4.6%	6.7%

**ED Visits**



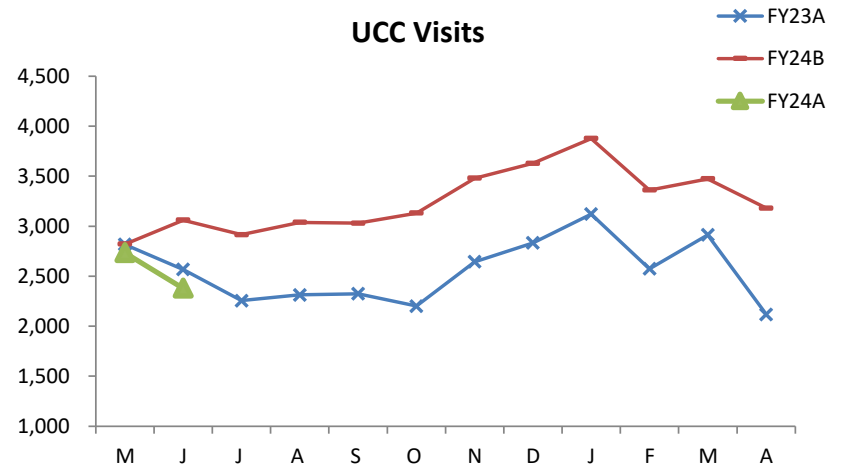
	<u>FY24A</u>	<u>FY24B</u>	<u>FY23A</u>	<u>vs FY24B</u>	<u>vs FY23</u>
<b>MTD:</b>	32,169	33,532	33,266	-4.1%	-3.3%
<b>YTD:</b>	67,703	70,259	69,992	-3.6%	-3.3%

**24/7 Visits**



	<u>FY24A</u>	<u>FY24B</u>	<u>FY23A</u>	<u>vs FY24B</u>	<u>vs FY23</u>
<b>MTD:</b>	4,441	5,027	4,813	-11.7%	-7.7%
<b>YTD:</b>	9,256	10,578	10,128	-12.5%	-8.6%

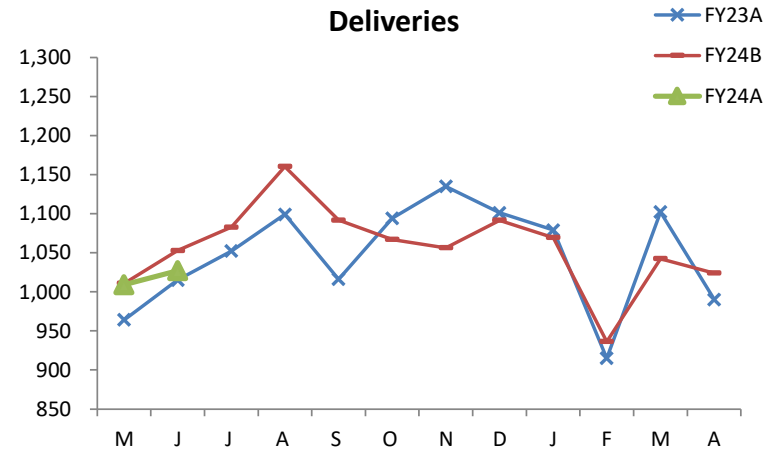
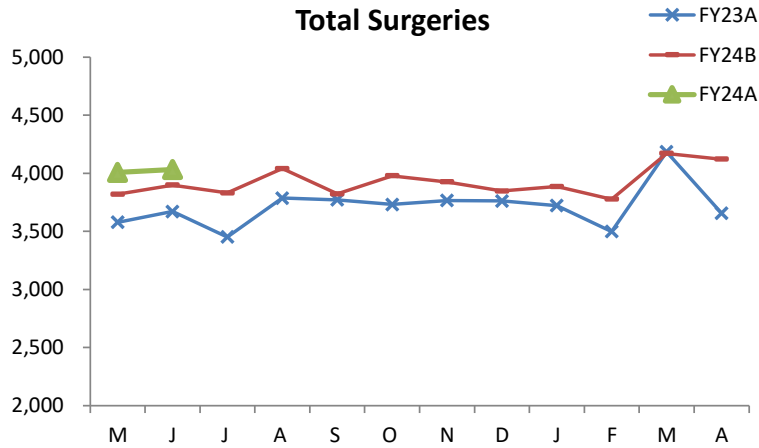
**UCC Visits**



	<u>FY24A</u>	<u>FY24B</u>	<u>FY23A</u>	<u>vs FY24B</u>	<u>vs FY23</u>
<b>MTD:</b>	2,380	3,061	2,567	-22.2%	-7.3%
<b>YTD:</b>	5,115	5,882	5,384	-13.0%	-5.0%



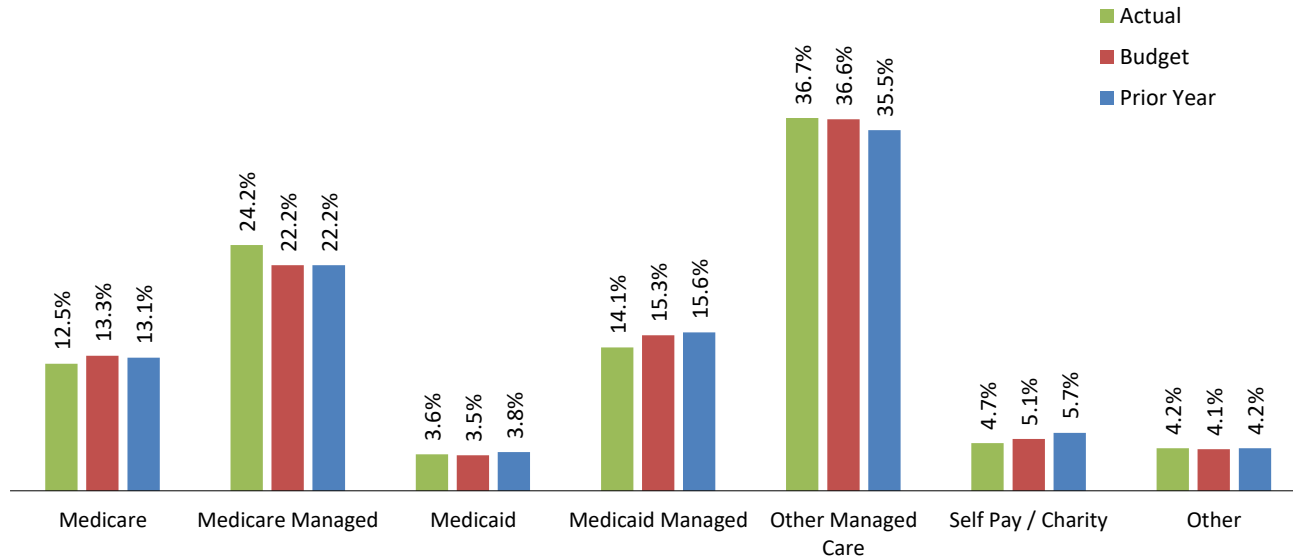
### Memorial Healthcare System - Consolidated Volumes and Payor Mix - June 2023



	<u>FY24A</u>	<u>FY24B</u>	<u>FY23A</u>	<u>vs FY24B</u>	<u>vs FY23</u>
<b>MTD:</b>	4,033	3,898	3,671	3.5%	9.9%
<b>YTD:</b>	8,041	7,718	7,249	4.2%	10.9%

	<u>FY24A</u>	<u>FY24B</u>	<u>FY23A</u>	<u>vs FY24B</u>	<u>vs FY23</u>
<b>MTD:</b>	1,027	1,053	1,015	-2.4%	1.2%
<b>YTD:</b>	2,036	2,063	1,979	-1.3%	2.9%

### Payor Mix (Gross Revenue) - YTD FY2024





## Memorial Healthcare System - Operating Statement - June 2023

	Variance		Month to Date				\$ thousands	Year to Date			Variance	
	vs PY	vs Budget	Prior Year	Budget	Actual			Actual	Budget	Prior Year	vs Budget	vs PY
A	17.5%	1.0%	701,204	816,423	824,214	Inpatient Revenue	1,704,164	1,633,558	1,423,221	4.3%	19.7%	
B	19.4%	8.5%	676,516	744,349	807,979	Outpatient Revenue	1,609,873	1,506,061	1,326,420	6.9%	21.4%	
<b>C</b>	<b>18.5%</b>	<b>4.6%</b>	<b>1,377,720</b>	<b>1,560,771</b>	<b>1,632,193</b>	<b>Total Patient Revenue</b>	<b>3,314,037</b>	<b>3,139,619</b>	<b>2,749,641</b>	<b>5.6%</b>	<b>20.5%</b>	
D	22.1%	6.5%	1,090,579	1,250,453	1,331,348	Contractual Allowances	2,712,412	2,514,126	2,175,862	7.9%	24.7%	
E	(17.7%)	(23.8%)	65,378	70,566	53,785	Charity Care	111,390	141,748	126,518	(21.4%)	(12.0%)	
F	(22.9%)	(21.2%)	22,684	22,189	17,483	Provision for Bad Debt	30,290	44,516	48,828	(32.0%)	(38.0%)	
<b>G</b>	<b>19.0%</b>	<b>4.4%</b>	<b>1,178,642</b>	<b>1,343,208</b>	<b>1,402,616</b>	<b>Total Deductions</b>	<b>2,854,092</b>	<b>2,700,390</b>	<b>2,351,208</b>	<b>5.7%</b>	<b>21.4%</b>	
<b>H</b>	<b>15.3%</b>	<b>5.5%</b>	<b>199,078</b>	<b>217,563</b>	<b>229,577</b>	<b>Net Patient Revenue</b>	<b>459,945</b>	<b>439,230</b>	<b>398,433</b>	<b>4.7%</b>	<b>15.4%</b>	
I	(16.4%)	>100%	12,703	5,182	10,616	Disproportionate Share Distributions	15,268	10,363	17,388	47.3%	(12.2%)	
J	(3.1%)	(14.8%)	15,303	17,412	14,835	Other Operating Revenue	31,494	34,766	28,115	(9.4%)	12.0%	
<b>K</b>	<b>(9.1%)</b>	<b>12.6%</b>	<b>28,006</b>	<b>22,593</b>	<b>25,450</b>	<b>Total Other Operating Revenue</b>	<b>46,762</b>	<b>45,129</b>	<b>45,503</b>	<b>3.6%</b>	<b>2.8%</b>	
<b>L</b>	<b>12.3%</b>	<b>6.2%</b>	<b>227,084</b>	<b>240,156</b>	<b>255,028</b>	<b>Net Revenue</b>	<b>506,707</b>	<b>484,358</b>	<b>443,936</b>	<b>4.6%</b>	<b>14.1%</b>	
M	2.7%	2.9%	116,030	115,726	119,112	Salaries & Wages	240,098	233,951	235,468	2.6%	2.0%	
N	39.1%	(2.2%)	14,125	20,091	19,649	Employee Benefits	39,386	40,368	29,594	(2.4%)	33.1%	
O	37.9%	6.4%	5,016	6,501	6,915	Professional Fees	13,042	12,926	9,688	0.9%	34.6%	
P	17.1%	7.8%	45,259	49,151	53,003	Supplies Expense	106,701	101,350	90,133	5.3%	18.4%	
Q	(8.0%)	(8.8%)	25,169	25,384	23,152	Purchased Services	46,692	50,633	50,781	(7.8%)	(8.1%)	
R	30.1%	(1.9%)	5,770	7,654	7,506	Facilities Expense	14,041	15,230	12,704	(7.8%)	10.5%	
S	32.4%	4.1%	7,305	9,290	9,673	Depreciation & Amortization	19,316	18,601	14,550	3.8%	32.8%	
T	(5.9%)	(5.6%)	8,686	8,653	8,171	Other Operating Expense	16,155	17,452	17,832	(7.4%)	(9.4%)	
<b>V</b>	<b>8.7%</b>	<b>2.0%</b>	<b>227,360</b>	<b>242,450</b>	<b>247,181</b>	<b>Total Expenses</b>	<b>495,431</b>	<b>490,511</b>	<b>460,750</b>	<b>1.0%</b>	<b>7.5%</b>	
<b>W</b>	<b>&gt;100%</b>	<b>&gt;100%</b>	<b>(276)</b>	<b>(2,294)</b>	<b>7,847</b>	<b>Income/(Loss) from Operations</b>	<b>11,276</b>	<b>(6,153)</b>	<b>(16,814)</b>	<b>&gt;100%</b>	<b>&gt;100%</b>	
X	N/A	N/A	-	-	(4)	Tax Revenue	-	-	-	N/A	N/A	
Y	(16.0%)	(1.3%)	(2,355)	(2,695)	(2,731)	Interest Expense	(5,357)	(5,394)	(4,997)	0.7%	(7.2%)	
Z	>100%	N/A	(36,725)	-	5,408	Unrealized Gain/(Loss)	(23,775)	-	(20,150)	N/A	(18.0%)	
AA	>100%	(0.3%)	2,013	6,023	6,002	Investment & Other	13,902	12,063	(360)	15.2%	>100%	
<b>AB</b>	<b>&gt;100%</b>	<b>&gt;100%</b>	<b>(37,067)</b>	<b>3,328</b>	<b>8,675</b>	<b>Total Non Operating Revenue/(Loss)</b>	<b>(15,230)</b>	<b>6,669</b>	<b>(25,507)</b>	<b>&lt;(100%)</b>	<b>40.3%</b>	
<b>AC</b>	<b>&gt;100%</b>	<b>&gt;100%</b>	<b>(\$37,343)</b>	<b>\$1,034</b>	<b>\$16,521</b>	<b>Excess/(Deficit) of Revenues over Expenses</b>	<b>(\$3,953)</b>	<b>\$516</b>	<b>(\$42,322)</b>	<b>&lt;(100%)</b>	<b>90.7%</b>	
<b>AD</b>	<b>&gt;100%</b>	<b>79.3%</b>	<b>\$9,042</b>	<b>\$13,117</b>	<b>\$23,517</b>	<b>EBITDA</b>	<b>\$44,495</b>	<b>\$24,706</b>	<b>(\$2,631)</b>	<b>80.1%</b>	<b>&gt;100%</b>	



**Memorial Healthcare System - Operating Statement - MTD June 2023**

\$ thousands	Month to Date		Variance	
	Actual	Budget	vs Budget	
A Inpatient Revenue	824,214	816,423	7,791	Higher patient days and cardiac surgeries
B Outpatient Revenue	807,979	744,349	63,631	Higher observation discharges, outpatient visits, and outpatient surgeries
<b>C Total Patient Revenue</b>	<b>1,632,193</b>	<b>1,560,771</b>	<b>71,422</b>	
D Total Deductions	1,402,616	1,343,208	59,407	
<b>E Net Patient Revenue</b>	<b>229,577</b>	<b>217,563</b>	<b>12,014</b>	Higher gross revenue impact from higher volumes and favorable payor mix
<b>F Total Other Operating Revenue</b>	<b>25,450</b>	<b>22,593</b>	<b>2,857</b>	Higher Disproportionate Share revenue, partially offset by lower retail pharmacy revenue
<b>G Net Revenue</b>	<b>255,028</b>	<b>240,156</b>	<b>14,872</b>	
H Salaries & Wages	119,112	115,726	3,386	Higher labor costs from staffing to higher volumes, partially offset by lower incentive pay
I Employee Benefits	19,649	20,091	(442)	Lower pension contributions due to increase in pension asset value, and lower FICA, partially offset by higher medical claims
J Professional Fees	6,915	6,501	414	Higher consulting fees
K Supplies Expense	53,003	49,151	3,852	Higher medical and surgical supplies and implants due to volume, lower rebates, and higher small equipment
L Purchased Services	23,152	25,384	(2,232)	Lower purchased outside labor, partially offset by higher reference lab
M Facilities Expense	7,506	7,654	(148)	Lower gas and fuel expenses
N Depreciation & Amortization	9,673	9,290	383	
O Other Operating Expense	8,172	8,653	(481)	Lower software purchases
<b>P Total Expenses</b>	<b>247,181</b>	<b>242,450</b>	<b>4,732</b>	
<b>Q Income/(Loss) from Operations</b>	<b>7,846</b>	<b>(2,294)</b>	<b>10,140</b>	
R Total Non Operating Revenue/(Loss)	8,675	3,328	5,347	Higher unrealized investment gains
<b>S Excess/(Deficit) of Revenues over Expenses</b>	<b>16,521</b>	<b>1,034</b>	<b>15,487</b>	



## Memorial Healthcare System - Operating Statement - YTD June 2023

\$ thousands	Year to Date		Variance	
	Actual	Budget	vs Budget	
A Inpatient Revenue	1,704,164	1,633,558	70,606	Higher patient days and cardiac surgeries
B Outpatient Revenue	1,609,873	1,506,061	103,811	Higher observation discharges, outpatient visits, and outpatient surgeries
<b>C Total Patient Revenue</b>	<b>3,314,037</b>	<b>3,139,619</b>	<b>174,417</b>	
D Total Deductions	2,854,092	2,700,390	153,702	
<b>E Net Patient Revenue</b>	<b>459,945</b>	<b>439,230</b>	<b>20,715</b>	Higher gross revenue impact from higher volumes
<b>F Total Other Operating Revenue</b>	<b>46,762</b>	<b>45,129</b>	<b>1,634</b>	Higher Disproportionate Share Revenue, CMS Innovation Incentive Payments, and medical research revenue, partially offset by lower external contract pharmacy revenue
<b>G Net Revenue</b>	<b>506,707</b>	<b>484,358</b>	<b>22,349</b>	
H Salaries & Wages	240,098	233,951	6,147	Higher labor costs from staffing to higher volumes, partially offset by lower incentive pay
I Employee Benefits	39,386	40,368	(982)	Lower pension contributions due to increase in pension asset value
J Professional Fees	13,042	12,926	116	Higher legal fees and physician fees, partially offset by lower consulting fees
K Supplies Expense	106,701	101,350	5,351	Higher medical and surgical supplies, drugs, and implants dues to volume increases
L Purchased Services	46,692	50,633	(3,941)	Lower purchased outside labor
M Facilities Expense	14,041	15,230	(1,188)	Lower repair and maintenance project expenses, lower gas and fuel expenses, and lower electricity expenses
N Depreciation & Amortization	19,316	18,601	716	
O Other Operating Expense	16,154	17,453	(1,299)	Lower software purchases
<b>P Total Expenses</b>	<b>495,431</b>	<b>490,511</b>	<b>4,919</b>	
<b>Q Income/(Loss) from Operations</b>	<b>11,277</b>	<b>(6,153)</b>	<b>17,430</b>	
R Total Non Operating Revenue/(Loss)	(15,230)	6,669	(21,899)	Higher unrealized investment losses, partially offset by higher realized investment gains
<b>S Excess/(Deficit) of Revenues over Expenses</b>	<b>(3,953)</b>	<b>516</b>	<b>(4,469)</b>	





## Memorial Healthcare System - Consolidated Balance Sheet and Key Indicators - June 2023

\$ thousands	06/30/2023	05/31/2023	4/30/2023
A CASH AND INVESTMENTS	\$ 2,437,656	\$ 2,445,411	\$ 2,453,740
B PATIENT ACCOUNTS RECEIVABLE (NET)	352,165	331,194	340,203
C RESTRICTED ASSETS AND ASSETS WHOSE USE IS LIMITED	79,928	80,320	108,875
D CAPITAL ASSETS (NET)	1,268,639	1,264,944	1,289,985
E OTHER ASSETS AND DEFERRED OUTFLOWS	544,181	466,213	368,256
F TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 4,682,569	\$ 4,588,082	\$ 4,561,059
G CURRENT LIABILITIES	\$ 538,755	\$ 517,681	\$ 558,217
H LONG TERM DEBT	883,631	883,813	896,929
I ESTIMATED CLAIMS LIABILITY	29,443	29,143	28,486
J OTHER NON-CURRENT LIABILITIES AND DEFERRED INFLOWS	360,499	303,725	213,233
K TOTAL LIABILITIES AND DEFERRED INFLOWS	1,812,328	1,734,362	1,696,865
L NET POSITION	2,870,241	2,853,720	2,864,194
M LIABILITIES, NET POSITION AND DEFERRED INFLOWS	\$ 4,682,569	\$ 4,588,082	\$ 4,561,059
N DAYS CASH ON HAND	324.4	327.5	330.1
O CASH TO DEBT (%)	260.8	261.3	258.4
P NET DAYS IN AR	44.7	42.0	39.5
Q DEBT TO NET POSITION RATIO	0.33	0.33	0.33
R DEBT TO CAPITALIZATION	0.25	0.25	0.25
S DEBT TO CASH FLOW	3.30	3.48	4.00
T MADS* COVERAGE	5.03	4.80	4.22

\* MAXIMUM ANNUAL DEBT SERVICE

# South Broward Hospital District

BOARD OF COMMISSIONERS

Brad Friedman, *Chairman* • Elizabeth Justen, *Vice Chairman* • Steven Harvey, *Secretary Treasurer*  
Jose Basulto • Douglas A. Harrison • Dr. Luis E. Orta • Laura Raybin Miller

K. Scott Wester, *President and Chief Executive Officer* • Frank P. Rainer, *Senior Vice President and General Counsel*

**FROM:** David Smith, Executive Vice President and Chief Financial Officer, MHS

**TO:** K. Scott Wester, President and Chief Executive Officer, MHS

**CC:** Frank P. Rainer, Senior Vice President and General Counsel, MHS

**DATE:** July 19, 2023

**SUBJECT: SOUTH BROWARD HOSPITAL DISTRICT PROPOSED TAX MILLAGE RATE FOR FISCAL YEAR 2024**

---

We have received the 2023 Broward County Property Appraiser's Certification of Taxable Value, totaling \$83,565,440,249 for property in the South Broward Hospital District (District). Compared with last year's assessed valuation of \$74,216,508,895 this year's valuation is an increase of \$9,348,931,354 or 12.6%. This change amounts to an increase of \$7,657,929,506 or 10.3% related to previously existing property and an increase of \$1,691,001,848 or 2.3% related to new construction.

At the July 26 Board Meeting, the District Board of Commissioners (Board) will adopt a "Proposed Millage Rate" based on these new, assessed values. The Board also shall establish the date, time, and place of the first required public hearing of the tentative tax budget. Such a hearing is required to be held between September 3 and September 18 and is not to conflict with the County Commission or School Board public hearing dates. The School Board meetings are scheduled for August 1 and September 12, while the County Commission meetings are scheduled for September 7 and 19. The District's final public hearing is required to be held within 15 days of the first public hearing.

When establishing millage rates for the current fiscal year, the Board must take into consideration previously enacted tax relief legislation. Key to the various calculations continues to be the Rolled-Back Rate (RBR), which is the millage rate that would raise the same amount of revenue as last year when applied to the current year's assessed value, less the value of any new construction and the dedicated increment values of the Community Redevelopment Agencies (CRAs).

MEMORIAL HEALTHCARE SYSTEM

MEMORIAL REGIONAL HOSPITAL • MEMORIAL REGIONAL HOSPITAL SOUTH • JOE DIMAGGIO CHILDREN'S HOSPITAL  
MEMORIAL HOSPITAL WEST • MEMORIAL HOSPITAL MIRAMAR • MEMORIAL HOSPITAL PEMBROKE • MEMORIAL MANOR

3501 Johnson Street, Hollywood, FL 33021 • 954-987-2000 • MHS.net

The following is a summary of the voting requirements and the millage rates per requirement:

- Simple Majority vote 0.0000 to 2.1818 mils

The maximum millage rate allowed by a Simple Majority vote of the Board is equal to the rate that would raise the same amount of revenue as last year's simple majority rate (excluding new construction and CRA dedicated increment values), adjusted by the change in per capita Florida personal income.

- Two-Thirds vote: 2.1819 to 2.4000 mils (110% of the maximum millage rate allowed by Simple Majority vote)
- Unanimous vote or Referendum of the voters: 2.4001 to 2.5000 mils (statutory maximum millage)

The millage rate proposed at the July board meeting can be reduced at the Preliminary Tax Hearing, but any increase would be extremely difficult to accomplish, due to notice requirements. After the Preliminary Hearing, a reduction can be made but there can be no increase.

In order to assist in the determination of a Proposed Millage Rate, I have enclosed a schedule showing several alternative millage rates for the current year, including the Rolled-Back Rate. Also attached is the proposed September calendar, which is in compliance with the Statutory Timetable.

Should you have any questions regarding these matters, please contact me at your convenience.

**SOUTH BROWARD HOSPITAL DISTRICT  
TAX FUND BUDGET - SENSITIVITY ANALYSIS  
FY 2024**

		PRIOR YEAR'S RATE	BREAK EVEN RATE	ROLLED-BACK RATE (RBR)	TAX REVENUE RATE (\$50M)	BUDGET BOOK	
		FY2024	FY2024	FY2024	FY2024	FY2024	FY2023
		A	B	C	D		
		NO CHANGE	7.2% DECREASE	9.2% DECREASE	615.5% INCREASE	PROJECTED BUDGET	ACTUAL
<b>ROLLED-BACK RATE IS 0.0917</b>							
1	<b>ASSESSED VALUATIONS (In thousands)</b>	\$ 83,565,440	\$ 83,565,440	\$ 83,565,440	\$ 83,565,440	\$ 77,554,448	\$ 74,216,509
2	<b>MILLAGE RATE</b>	<b>0.1010</b>	<b>0.0937</b>	<b>0.0917</b>	<b>0.7227</b>	<b>0.0995</b>	<b>0.1010</b>
3	% Change from Rolled-Back Rate	10.14%	2.18%	0.00%	688.11%	8.51%	-3.26%
4	% Change from Prior Year Rate	0.00%	-7.23%	-9.21%	615.54%	-1.49%	-11.71%
5	<b>GROSS TAXES LEVIED</b>	\$ 8,440,000	\$ 7,830,000	\$ 7,663,000	\$ 60,393,000	\$ 7,717,000	\$ 7,496,000
a	Difference from Prior Year Actual	\$ 944,000	\$ 334,000	\$ 167,000	\$ 52,897,000	\$ 221,000	\$ (237,000)
b	Variance from Prior Year Actual	12.59%	4.46%	2.23%	705.67%	2.95%	-3.16%
<b>TAX FUND REVENUE</b>							
5	Gross Taxes Levied	\$ 8,440,000	\$ 7,830,000	\$ 7,663,000	\$ 60,393,000	\$ 7,717,000	\$ 7,496,000
6	Less:						
a	Discounts on Taxes	70,000	65,000	63,000	500,000	94,000	62,000
b	Uncollectible Taxes	1,000	1,000	1,000	8,000.00	1,000	1,000
7	<b>TAXES PAID BY DISTRICT RESIDENTS</b>	\$ 8,369,000	\$ 7,764,000	\$ 7,599,000	\$ 59,885,000	\$ 7,622,000	\$ 7,433,000
a	Difference from Prior Year Actual	\$ 936,000	\$ 331,000	\$ 166,000	\$ 52,452,000	\$ 189,000	\$ (64,000)
b	Variance from Prior Year Actual	12.59%	4.45%	2.23%	705.66%	2.54%	-0.86%
8	Revenue Collection Fees	167,000	155,000	152,000	1,198,000.00	152,000	149,000
9	<b>DISTRICT TAX RECEIPTS</b>	\$ 8,202,000	\$ 7,609,000	\$ 7,447,000	\$ 58,687,000	\$ 7,470,000	\$ 7,284,000
a	Difference from Prior Year Actual	\$ 918,000	\$ 325,000	\$ 163,000	\$ 51,403,000	\$ 186,000	\$ (64,000)
b	Variance from Prior Year Actual	12.60%	4.46%	2.24%	705.70%	2.55%	-0.88%
Other Deductions from Tax Revenue:							
10	Property Appraiser's Fee	47,000	47,000	47,000	* 47,000	48,000	47,000
11	Community Redevelopment Agencies	373,000	361,000	357,000	1,439,000.00	360,000	356,000
12	Medicaid Match	7,201,000	7,201,000	7,201,000	7,201,000	7,062,000	6,881,000
Total Other Deductions from Tax Revenue		\$ 7,621,000	\$ 7,609,000	\$ 7,605,000	\$ 8,687,000	\$ 7,470,000	\$ 7,284,000
13	<b>NET TAX REVENUE/(EXPENSE)</b>	\$ 581,000	\$ -	\$ (158,000)	\$ 50,000,000	\$ -	\$ -
14	TAX RECEIPTS FROM PRIOR TAX YEARS AND OTHER ADJUSTMENTS	-	-	-	-	-	-
15	<b>TOTAL NET TAX REVENUE/(EXPENSE)</b>	\$ 581,000	\$ -	\$ (158,000)	\$ 50,000,000	\$ -	\$ -
a	Difference from Prior Year Actual	\$ 581,000	\$ -	\$ (158,000)	\$ 50,000,000	\$ -	\$ -
<b>TAX FUND PATIENT CARE EXPENDITURES</b>							
16	Memorial Primary Care	581,000	-	0	50,000,000	-	-
17	Other SBHD Charity Care	-	-	-	-	-	-
18	Other SBHD Operating Fund Flow**	-	-	(158,000)	-	-	-
<b>TOTAL TAX FUND PATIENT CARE EXPENDITURES</b>		\$ 581,000	\$ -	\$ (158,000)	\$ 50,000,000	\$ -	\$ -

\*\* Negative amount indicates that operations had to cover some or all of the Tax Fund obligations.

## DESCRIPTION OF TAX FUND COMPONENTS

- 1 ASSESSED VALUATIONS (IN THOUSANDS)**

These values (illustrated in thousands) are provided by Broward County on the Certification of Taxable Value (form DR-420).
- 2 MILLAGE RATE**

The millage rate is multiplied by the Assessed Valuation (In Thousands) to derive the gross taxes levied. Per statutory guidelines, the District's maximum allowed millage rate is 2.5000.
- 3 % CHANGE FROM ROLLED-BACK RATE**

The percentage change in the millage rate from the year's rolled-back rate. The rolled-back rate is the rate that would generate the same tax revenues as the prior year, less allowances for new construction, additions, rehabilitative improvements increasing assessed value by at least 100%, annexations and deletions.
- 4 % CHANGE FROM PRIOR YEAR RATE**

The percentage change in the millage rate from the prior year millage rate.
- 5 GROSS TAXES LEVIED**

Total taxes levied on the assessed valuations per the given millage rate.

  - a Difference from Prior Year Actual**

The dollar difference in gross taxes levied per the given millage rate versus those levied in the prior year.
  - b Variance from Prior Year Actual**

The percentage change in gross taxes levied per the given millage rate versus those levied in the prior year.
- 6 LESS:**
  - a Discounts on Taxes**

The discounts that taxpayers receive by paying their property taxes prior to the due date.
  - b Uncollectible Taxes**

The taxes that are not collected from taxpayers (bad debt).
- 7 TAXES PAID BY DISTRICT RESIDENTS**

Total amount of ad valorem taxes paid to the District for the given year.

  - a Difference from Prior Year Actual**

The dollar difference in taxes paid by District residents versus those paid in the prior year.
  - b Variance from Prior Year Actual**

The percentage change in taxes paid by District residents versus those paid in the prior year.
- 8 REVENUE COLLECTION FEES**

Represents collection fees charged by the Broward County Tax Collector.  
This is 2.0% of collected funds (i.e., 2.0% of taxes paid).
- 9 DISTRICT TAX RECEIPTS**

Total amount of tax revenue actually received by the District for the given year.

  - a Difference from Prior Year Actual**

The dollar difference in tax revenue received by the District versus that received in the prior year.
  - b Variance from Prior Year Actual**

The percentage change in tax revenue received by the District versus that received in the prior year.

- 10** **PROPERTY APPRAISER'S FEE**  
Fees charged by Broward County Property Appraiser's Office.
- 11** **COMMUNITY REDEVELOPMENT AGENCIES**  
The portion of taxes that must be remitted to the cities of Hollywood, Hallandale Beach and Davie for their community redevelopment agency programs.
- 12** **MEDICAID MATCH**  
The State of Florida has determined an amount due from each county. That amount is allocated to all counties based on a blend of each county's total Medicaid expenditures and number of Medicaid eligible enrollees per county. The District's share is 27.4% of the amount allocated to Broward County, based on historical hospital inpatient utilization.
- 13** **NET TAX REVENUE/(EXPENSE)**  
Total net tax revenue for the given year available for patient care; i.e., gross taxes levied less discounts on taxes, uncollectable taxes, revenue collection fees, Property Appraiser's fee, community redevelopment agency assessments, and Medicaid match.
- 14** **TAX RECEIPTS FROM PRIOR TAX YEARS AND OTHER ADJUSTMENTS**  
Collections and adjustments related to prior tax years.
- 15** **TOTAL NET TAX REVENUE/(EXPENSE)**  
Total net tax revenue (for all years), received in the given year, available for patient care.
  - a** **Difference from Prior Year Actual**  
The dollar difference in total net tax revenue per the given millage rate versus those in the prior year.
- 16** **MEMORIAL PRIMARY CARE**  
Funding for the clinics and programs offered by Memorial Primary Care.
- 17** **OTHER SBHD CHARITY CARE**  
Tax funds allocated to offset charges for services rendered at District hospitals to patients qualifying as "indigent" under the District's indigent care policy guidelines. The annual income test currently used by the District corresponds to 200% of the Federal Poverty Guidelines.
- 18** **OTHER SBHD OPERATING FUND FLOW**  
Non-tax, District operating funds needed to cover expenditures not otherwise provided by the Tax Fund.

**Prior Year's Rate**

**Sources & Uses of Tax Funds Based on Millage Rate of 0.1010**

<u>Sources of Funds</u>	<u>Funds</u>	<u>Millage Breakout</u>	<u>% Breakout</u>
Gross Taxes Levied by SBHD	\$ 8,440,000	0.1010	100.0%
<b>Total Sources</b>	<b>\$ 8,440,000</b>	<b>0.1010</b>	<b>100.0%</b>

<u>Uses of Funds</u>			
Medicaid Match	\$ 7,201,000	0.0862	85.3%
Community Redevelopment Agencies	\$ 373,000	0.0045	4.4%
Hallandale Beach	200,000		
Hollywood Downtown	103,000		
Davie	70,000		
Uncollected Taxes	\$ 71,000	0.0009	0.8%
Discounts on Taxes	70,000		
Uncollectible Taxes	1,000		
Broward County Revenue Collector's Fees	\$ 167,000	0.0020	2.0%
Property Appraiser's Fee	\$ 47,000	0.0006	0.6%
Memorial Primary Care	\$ 581,000	0.0070	6.9%
<b>Total Uses</b>	<b>\$ 8,440,000</b>	<b>0.1010</b>	<b>100.0%</b>

## Proposed MHS FY2023-2024 Tax Budget Hearing Calendar

### September

S	M	T	W	T	F	S
					1	2
3	<del>4</del>	5	6	<del>7</del>	8	9
10	11	<del>12</del>	13	14	<del>15</del>	<del>16</del>
<del>17</del>	18	<del>19</del>	20	21	22	23
<del>24</del>	<del>25</del>	26	27	28	29	30

### Key Dates and Deadlines

#### September

13	First (Tentative) Tax Hearing (meetings must be held between Sept 3 to 18)
27	Final Tax Hearing & Board Meeting (must be held within 15 days of First Tax Hearing)
29	Deadline for Property Appraiser to receive final resolutions of adopted millage (3 days after final tax hearing)
<del>15-17</del>	Rosh Hashanah 9/15 - 9/17
<del>24-25</del>	Yom Kippur 9/24 - 9/26
<del>12</del>	School Board Second Public Hearing
<del>7, 19</del>	Broward County Commission First & Second Public Hearing





**GRID OF OPTIONS FOR MOTIONS TO ADOPT A MILLAGE RATE**

<u>MOTION #1</u>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
PROPOSED MILLAGE RATE	<b>0.1010</b>	<b>0.0937</b>	<b>0.0917</b>	<b>0.7227</b>
% DIFFERENCE VS ROLLED-BACK	<b>10.14%</b>	<b>2.18%</b>	<b>0.00%</b>	<b>688.11%</b>
ROLLED-BACK MILLAGE RATE	<b>0.0917</b>	<b>0.0917</b>	<b>0.0917</b>	<b>0.0917</b>

**NOTE:  
ONLY DECREASES TO SELECTED RATE CAN BE ACHIEVED AT SUBSEQUENT HEARINGS.**

**MOTION #2**

**TAX HEARING DATES:**

**FIRST**                      Wednesday, September 13, 2023 at 5:30 PM

**FINAL**                      Wednesday, September 27, 2023 at 5:30 PM

# South Broward Hospital District

## BOARD OF COMMISSIONERS

**Brad Friedman**, *Chairman* • **Elizabeth Justen**, *Vice Chairman* • **Steven Harvey**, *Secretary Treasurer*  
**Jose Basulto** • **Douglas A. Harrison** • **Dr. Luis E. Orta** • **Laura Raybin Miller**

**K. Scott Wester**, *President and Chief Executive Officer* • **Frank P. Rainer**, *Senior Vice President and General Counsel*

**Group:** S.B.H.D. Audit and Compliance Committee      **Date:** July 18, 2023  
**Chairman:** Steven Harvey      **Time:** 2:01 p.m.  
**Vice Chairman:** Douglas Harrison      **Location:** Executive Conference Room

**In Attendance:** Steven Harvey, Brad Friedman, Elizabeth Justen, Christopher McFarlane (Non-Voting), Scott Wester, Leah Carpenter, David Smith, Jeffrey Sturman, Holly Neville, M.D., Frank Rainer, Pascale Prepetit, Irfan Mirza, Christina Mullins, Kimisha Smith, Richard Leon, Denise DiCesare, Robin Conner, Valerie Morris, Anastasia Webb, Carlos Hernandez of RSM US LLP, Kirk Cornack of RSM US LLP, Anil Harris of RSM US LLP, Betty Martin of Zomma Group, LLP, Jenny Ballesteros of Zomma Group, LLP, and Dan Lewis

---

## 1. PUBLIC MEETING NOTICE REQUIREMENT

Mr. Frank Rainer, Senior Vice President and General Counsel, confirmed that all public notice requirements had been complied with.

## 2. REVIEW OF THE AUDIT AND COMPLIANCE THIRD QUARTER REPORT:

### I. WRITTEN STANDARDS AND PROCEDURES

The Drug and Smoke Free Workplace, Records Management, and Federal and State Government Agency Audits, Interviews and Searches were reviewed, and none were revised during the quarter.

### II. COMPLIANCE OFFICER

Ms. Denise DiCesare, Chief Compliance and Internal Audit Officer, attended one session each of Association of Certified Fraud Examiners – Detecting Fraud with Data Analytics Conference, and Health Care Compliance Association – Healthcare Enforcement Compliance Conference, during the quarter, as part of her ongoing efforts to stay abreast of emerging industry compliance matters.

### III. TRAINING AND EDUCATION

The Compliance Department provided compliance training at thirteen sessions of New Employee Orientation, two sessions of Leadership Essentials, one session of the Compliance Working Committee, and Department Leaders presentations to MRHS on Conflicts of Interest and to MPG Practice Leaders on the Compliance Program.

### IV. MONITORING AND AUDITING

#### MEMORIAL HEALTHCARE SYSTEM

MEMORIAL REGIONAL HOSPITAL • MEMORIAL REGIONAL HOSPITAL SOUTH • JOE DIMAGGIO CHILDREN'S HOSPITAL  
MEMORIAL HOSPITAL WEST • MEMORIAL HOSPITAL MIRAMAR • MEMORIAL HOSPITAL PEMBROKE • MEMORIAL MANOR

## **V. RESPONSE AND PREVENTION**

### **A. Internal Audits were conducted of:**

- Internal Audit of Independent Contractors at MHS; and
- Internal Audit of Multi-Factor Authentication and Password Management for Community Platforms of Epic Extended by Memorial Healthcare System.

Opportunities for improvement in record documentation were noted in the Internal Audit of Independent Contractors at MHS. Management has developed detailed corrective action plans for each of these audits.

### **B. Recurring internal audits were conducted of:**

- Construction Projects;
- Requests For Proposal And Competitive Quotes; and
- Board Expenses.

No irregularities were found in the audits.

### **C. Compliance audits were conducted of:**

- 340B Program at Memorial Healthcare System Contract Pharmacies - FY 2023 Fourth Quarter;
- Tacrolimus Therapeutic Drug Assay at MRH;
- Drug Dispensations for International Patients at Memorial Specialty Pharmacy; and
- Polysomnography in the Pediatric Sleep Disorders Center at JDCH.

Opportunities for improvement in record documentation were noted in the Drug Dispensations for International Patients at Memorial Specialty Pharmacy and Polysomnography in the Pediatric Sleep Disorders Center at JDCH. Management has developed detailed corrective action plans for each of these audits.

### **D. Follow-up compliance audit was conducted of:**

- Remote Cardiac Device Evaluation Services, MPG.

Opportunities for improvement in record documentation were noted in the Follow-Up Compliance Audit of the Documentation of Remote Cardiac Device Evaluation Services. Management has developed a detailed corrective action plan for this audit.

### **E. The following other reports were provided to the Committee:**

Mr. Richard Leon, Vice President and Chief Information Security Officer, provided the Committee members with the services provided by Protiviti during the quarter and the remediation to the subsequent observations.

Committee members were provided with a copy of the Investor Contact Log for the quarter.

Committee members were provided with a copy of the list of RSM and Zomma Group Non-Audit Engagements for the quarter.

Committee members were provided with an update on the nationwide audit and investigation activities of various federal and state agencies.

## **VI. OPEN LINES OF COMMUNICATION**

### **A. Hotline Calls**

During the quarter, 37 calls, four of which were callbacks, were placed to the System's Compliance Hotline covering 27 new topics and one old topic.

Four topics were compliance allegations (four calls). Two topics were HIPAA privacy allegation (two calls). Two topics were quality of care or service allegations (two calls). All the calls were investigated and none of the compliance allegations were substantiated.

All the calls were investigated and none of the compliance allegations were substantiated.

Finally, one topic was a test call (one call), two topics were informational (four calls), and 16 new topics and one old topic (20 calls, four callbacks) were employee-management relations issues. The employee-management relations issues have been forwarded to the Employee Relations and Human Resources Departments.

### **B. Privacy Report**

Ms. Pascale Prepetit, Corporate Director of Privacy and Chief Privacy Officer, updated the Committee on the number of investigations for the first quarter of calendar year 2023 and the HIPAA/FIPA breaches that resulted from those investigations. Ms. Prepetit also updated the Committee on the status of an OCR case notification and a case resolution.

## **VII. ENFORCEMENT AND DISCIPLINE**

Sanction checks were conducted of employees, physicians, vendors, volunteers and students. One non-staff referring physician was sanctioned. Accounts Receivable Management was notified so that appropriate action can be taken.

## **VIII. NEW BUSINESS**

### **PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2023:**

Mr. Carlos Hernandez of RMS US LLP reviewed the 2023 Audit Results, including the Required Communications, and Management Letter (required by the Florida Auditor General) indicating a clean audit with an unmodified opinion, with no material weaknesses or significant deficiencies to report. The System adopted Governmental Accounting Standards Board (GASB) Statement No. 87, Leases during the current period which resulted in a restatement of the financial statements as of May 1, 2022. As a result, certain lease-related balances were restated, but RMS's opinions are not modified with respect to this matter. Also, the U.S. Court of Appeals for the D.C. Circuit issued its opinion in favor of the plaintiff hospitals, concluding that patient days paid for with Florida Medicaid Waiver funds from the Low Income Pool (LIP) must be regarded as Medicaid patient days for purposes of computing Medicare Disproportionate Share (DSH) payments. RSM observed that the receivable was recorded after the Centers of Medicare and Medicaid Services confirmed formal payment as appropriate and reasonable. Mr. Cornack reviewed the Significant Accounting Estimates and the Uncorrected Misstatements. Mr. Anil Harris reviewed the audited financial statements for the fiscal year ended April 30, 2023.

***Request Board Approval of the Audited Financial Statements, Audit Results Report and Management Letter for the Fiscal Period Ended April 30, 2023***

Ms. Betty Martin of ZOMMA Group, LLP, provided an update regarding the April 30, 2023, MHS Single Audit, noting an unmodified opinion for Memorial Healthcare System.

***Request Board Approval of the Single Audit Report and Schedule of Federal Awards, State Financial Assistance, and Local Awards and Supplementary Information for the Fiscal Period Ended April 30, 2023***

There being no further business, the meeting was adjourned at 3:29 p.m.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Steven Harvey". The signature is written in a cursive style with a large, sweeping initial "S" and a long, horizontal flourish extending to the right.

Steven Harvey  
Chairman  
Audit and Compliance Committee



MEMORIAL REGIONAL HOSPITAL • MEMORIAL REGIONAL HOSPITAL SOUTH • JOE DIMAGGIO CHILDREN'S HOSPITAL  
MEMORIAL HOSPITAL WEST • MEMORIAL HOSPITAL MIRAMAR • MEMORIAL HOSPITAL PEMBROKE

**DATE:** April 30, 2023  
**TO:** K. Scott Wester, President and Chief Executive Officer, MHS  
**SUBJECT:** **AUDIT AND COMPLIANCE – FOURTH QUARTERLY REPORT  
FISCAL YEAR 2023**

---

Attached is a copy of the fourth quarterly report of fiscal year 2023 summarizing the activities of the Internal Audit and Compliance Department from February 1, 2023, through April 30, 2023, for your records.

Please let me know if you have any questions regarding this report.

A handwritten signature in black ink that reads 'Denise D. DiCesare'.

Denise (Denny) DiCesare  
Chief Compliance and Internal Audit Officer

cc: Leah Carpenter, Executive Vice President and Chief Operations Officer, MHS  
Matt Muhart, Executive Vice President and Chief Strategy Officer, MHS  
Dave Smith, Executive Vice President and Chief Financial Officer, MHS  
Frank Rainer, Senior Vice President and General Counsel, SBHD

## **I. WRITTEN STANDARDS AND PROCEDURES**

The following policies and procedures were reviewed and/or revised during the quarter:

Reviewed:

- Drug and Smoke Free Workplace,
- Records Management, and
- Federal and State Government Agency Audits, Interviews and Searches

Revised:

- None.

## **II. COMPLIANCE OFFICER**

The Compliance Officer attended the following meetings during the quarter:

- Association of Certified Fraud Examiners – Detecting Fraud with Data Analytics Conference, and
- Health Care Compliance Association – Healthcare Enforcement Compliance Conference.

## **III. TRAINING AND EDUCATION**

The following compliance training was provided during the quarter:

- New Employee Orientation: Thirteen Sessions,
- Leadership Essentials: Two Sessions,
- Compliance Working Committee: One Session,
- Department Leaders – MRHS on Conflicts of Interest, and
- Department Leaders – MPG Practice Leaders on Compliance Program.

## **IV. MONITORING & AUDITING**

### **V. RESPONSE & PREVENTION**

#### **A. Internal Audit**

#### **Internal Audit of Independent Contractors at Memorial Healthcare System**

##### **Background**

The Wage and Hour Division of the United States Department of Labor (DOL) is revising its interpretation of independent contractor status under the Fair Labor Standards Act (FLSA). The DOL published a Notice of Proposed Rulemaking (NPRM) in October 2022 which proposes to rescind the rule, “Independent Contractor Status under the Fair Labor Standards Act (2021 IC Rule)”. The NPRM’s intent is to replace the 2021 IC Rule with an analysis for determining

employee or IC status that is more consistent with the FLSA as interpreted by longstanding judicial precedent. The DOL believes its proposed rule will reduce the risk that employees are misclassified as ICs, while providing certainty for organizations that engage with individuals who are in business for themselves. The Wage and Hour Division is responsible for determining whether an employee has been misclassified as an IC and has been denied critical benefits and labor standards protections. If a worker is determined to be an employee, then the organization must withhold and remit to the Internal Revenue Service (IRS) income, Social Security, and Medicare taxes from the wages paid to the employee. The matching employer portion of Social Security, Medicare, and unemployment taxes on wages paid to an employee are also due to the IRS. There is no obligation to withhold or pay taxes on payments made to ICs.

The Compliance and Internal Audit Department was asked by Margie Vargas-Hernandez, Senior Vice President and Chief Human Resources Officer, MHS to perform an internal audit of the processes in place at Memorial Healthcare System (MHS) to identify, manage, and comply with Federal statutes governing ICs. The purpose of this internal audit was to evaluate the onboarding of ICs within MHS to ensure compliance with federal laws.

We met with department leaders in Supply Chain Management (SCM), Human Resources (HR), Legal Department, Accounts Payable (AP), Corporate Finance, and Mr. Joseph Palmar from the Palmar Consulting Group (PCG) to gain an understanding of the current process within MHS to onboard ICs. We obtained a download of IRS 1099 forms issued to MHS vendors for fiscal year 2022 from AP and selected a sample of 22 vendors for testing.

### **Observations**

There is currently no MHS policy or procedures governing the identification, classification, and onboarding of individuals to determine if those individuals should be an employee as opposed to an IC. There is no clear process for classification of individuals per the IRS rules before they are onboarded in SCM. Coordination between MHS departments in onboarding ICs is currently lacking and there is evidence that department leaders require education in the requirements of the IRS and DOL over ICs in hiring or contracting decisions. There is currently an 'independent contractor' clause that is written into MHS contracts with individuals who perform services, determined to satisfy the definition of IC. Of the 22 vendors reviewed, we located 11 contracts in MediTract, contract management software. The remaining 11 vendors were additions by AP to facilitate miscellaneous, one-time payments. Five of the 11 contracts reviewed were correctly categorized as ICs and had the IC clause in the contract; three were physician agreements and satisfied the categorization of employee with no IC clause; and the remaining three were neither IC nor employee and therefore not applicable to this audit. Vendor credentialing were all appropriate.

### **Recommendations**

We recommended that a policy and procedure be drafted to govern the process of onboarding vendors which specifically references the DOL and IRS Federal Statutes over ICs. We recommended coordination between MHS Legal Department, HR and SCM in the process of onboarding ICs. We recommended that MHS leadership be educated on the DOL and IRS rules which provides guidance for onboarding ICs.

The results of our audit were communicated to Margie Vargas, Dave Smith, Executive Vice



President & Chief Financial Officer, MHS; Frank Rainer, SVP & General Counsel, SBHD; Saul Kredi, Vice President, SCM; Richard Holcomb, Administrative Director, Total Rewards, MHS; and Rebecca Farmer, Associate General Counsel, MHS who agreed with our findings and recommendations. Margie Vargas, Dave Smith, Frank Rainer and Saul Kredi have submitted an action plan.

## **Internal Audit of Multi-Factor Authentication and Password Management for Community Platforms of Epic Extended by Memorial Healthcare System**

### **Background**

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) Security Rule states that covered entities must ensure the confidentiality, integrity, and availability of all electronic protected health information (ePHI) the covered entity or business associate creates, receives, maintains, or transmits. Furthermore, the HIPAA Security Rule states that covered entities must protect against any reasonably anticipated access of such information that are not permitted or required. The Florida Statute on Security of Confidential Personal Information states that each covered entity, governmental entity, or third-party agent shall take reasonable measures to protect and secure data in electronic form from unauthorized access. The HIPAA Security Rule and the Florida Statute on Security of Confidential Personal Information collectively describe what information should be protected, who should have access to said information, and agree that a responsible party should be assigned for these protections. The Memorial Healthcare System (MHS) Information Management Plan states that “Remote Access to the MHS technology systems and applications is provided via secure methods such as Secure Socket Layer Virtual Private Network (SSL VPN) and Multi-Factor Authentication (MFA)...” An SSL VPN connection uses end-to-end encryption to protect data transmitted between the remote user device and the on-network servers. SSL VPN is also the current National Institute of Standards and Technology (NIST) accepted standard to enable authorized user remote access.

With the proliferation of remote work and the continued geographical expansion of the MHS business footprint, it is of paramount importance that MHS validate and verify all users who have remote access to the MHS Epic platform. The MHS Cyber Security Department implemented a DUO Security MFA and a Google Authenticator solution to provide for MFA. Both solutions are available as an application on the authorized user’s phone. The DUO Security MFA solution must be registered by verifying a correct MHS password and scanning a code. Once the phone is registered, and when trying to sign-in remotely, the user’s phone is notified (by receiving an automated phone call, a six-digit code, or a push notification). Access is granted to the user only after the username/password combination is confirmed, and notification is approved on the user’s phone. The Google Authenticator offers a six-digit code that changes every thirty seconds. If the username/password combination and correct code is not entered on time, a new code is provided which the user must now enter. Epic Systems Corporation (Epic) introduced their own solution, Stargate that allows trusted users to connect securely. MHS has set in place a Periodic Access Review (PAR) policy wherein on a monthly basis the entities requesting remote access into the MHS Epic platform must verify that users are still employed with the entity and still require the agreed upon level of access. The purpose of this audit was to ensure MFA and password management is active for all Epic community platforms on all external Epic accounts where MHS is the business associate or when MHS is the covered entity providing access to a business associate.

## **Observations**

We reviewed 120 accounts: 30 from PlanLink, 30 from Epic CareLink, 30 from Community Connect, and 30 from generic MHS Vendor access. The PlanLink review found 30 accounts used the Google Authenticator for MFA and 29 of the thirty accounts had passwords that were newer than 180 days and the one outlier updated their password on the day they connected past the 180-day threshold. The Epic CareLink review showed all 30 accounts used the Google Authenticator and that all 30 had passwords that were newer than 180 days. The Community Connect review found that 26 of 30 accounts are connected via the Business to Business (B2B) VPN, two are physically located in the Memorial Regional Hospital (MRH) Medical Office Building and two are remotely connecting over the Epic Stargate solution. We also found that 23 accounts had passwords under the 180-day threshold and the remaining 7 accounts were newly created with users that have yet to sign-in to create a password. The MHS Vendor access review found 20 accounts connect using the DUO Security MFA, seven connect locally from their business office at MRH and Memorial Hospital West (MHW) Medical Office Buildings, and three connect remotely using a B2B VPN configuration. We also found that all 30 vendor accounts had passwords that were newer than 180 days.

## **Recommendations**

None.

Jeffrey Sturman, Senior Vice President and Chief Digital Officer, MHS agreed with our analysis of the Community Epic MFA.

## **South Broward Hospital District Construction Projects**

Twenty-five payment vouchers for 12 construction projects were audited during the quarter, as shown on Exhibit A. No irregularities were found during these audits.

## **South Broward Hospital District Requests for Proposal and Competitive Quotes**

Eight Requests for Proposal and 30 Competitive Quotes were audited during the quarter, as shown on Exhibit B. No irregularities were found during these audits.

## **Board Expenses**

Board Expenses were audited during the quarter. The list of expenses audited for the quarter will be presented and discussed during the meeting.

## **B. Compliance**

### **Compliance Audit of the 340B Program at Memorial Healthcare System Contract Pharmacies - FY 2023 Fourth Quarter**

#### **Background**

The 340B Program is administered and overseen by the Health Resources and Services Administration (HRSA) which is within the Health and Human Services (HHS) Department. The

340B Drug Pricing Program requires drug manufacturers to provide outpatient drugs to eligible health care organizations/covered entities at significantly reduced prices. To participate in the 340B Program, eligible organizations must register and be enrolled with the 340B Program and comply with all the requirements, that includes maintaining an up-to-date 340B database; recertifying eligibility every year; and preventing duplicate discounts by having mechanisms in place to prevent receiving a 340B price and a Medicaid drug rebate for the same drug. To prevent duplicate discounts, Memorial Healthcare System (MHS) bills Medicaid for 340B purchased medications, meaning it carves-in Medicaid which is approved by HRSA/ Office of Pharmacy Affairs (OPA). Covered entities are subject to audit by the manufacturers and/or the federal government. Any covered entity that fails to comply with 340B Program requirements may be liable to the manufacturers for refunds of the discounts obtained. To be eligible to receive 340B-purchased drugs, patients (1) must have an established relationship with the covered entity such that the entity maintains records of the individual's care; and (2) must receive health care services from a health care professional employed by the covered entity or under contract or other arrangement with the covered entity such that responsibility for the care remains with the covered entity. Under the guidelines, an individual is not considered a patient of the covered entity if the only health care service received by the individual from the entity is the dispensing of a drug for subsequent self-administration or administration in the home setting. An individual may receive a 340B drug in connection with treatment rendered outside the covered entity if the treatment is proximate in type and time to prior services provided by the covered entity. A non-hospital prescription is proximate in type and time to hospital-based services if the prescription or refill is presented within an appropriate timeframe of the MHS encounter and the prescriber's services are part of the same continuum of care as the prior hospital encounter. A continuum of care exists if MHS makes a referral to the outside provider for follow-up care and there is an established patient care relationship with MHS. The only exception is patients of state-operated or -funded acquired immunodeficiency syndrome (AIDS) drug purchasing assistance programs. The Ryan White Clinic provides Human Immunodeficiency Virus (HIV)/AIDS treatment and related services to low-income people living with HIV/AIDS. All prescriptions written in this location and prescriptions of continuum care for Ryan White patients are 340B eligible. MHS participates in the 340B Program for Memorial Regional Hospital (MRH) which includes Memorial Regional Hospital South (MRHS) and Joe DiMaggio Children's Hospital (JDCH); Memorial Hospital Pembroke (MHP); Memorial Hospital West (MHW); and Memorial Hospital Miramar (MHM).

HRSA has developed guidelines to allow covered entities to contract with one or more outside pharmacies to act as dispensing agents. The covered entity and contract pharmacy must establish and maintain a tracking system to prevent diversion of drugs to individuals who are not patients of the covered entity. MHS uses Verity Solutions Group, Inc.'s (Verity) application to help manage its contract pharmacy arrangements. There are seven contract pharmacies and a Ryan White Clinic. The purpose of this audit was to determine if MHS contract pharmacies are in compliance with the HRSA 340B Program requirements.

### **Observations**

All 176 340B contract pharmacy claims submitted met the 340B eligibility requirements. We noted one claim was matched to an incorrect patient with an encounter date in the future. According to 340B management, this error occurred due to a manual matching process that was performed by a 340B auditor. Manual matching occurs when a pharmacy claim is linked to a correct or preferred

patient's encounter by manually selecting the contact serial number (CSN). This process is only performed when correcting 340B eligible claims which appear ineligible in Verity data because the system's logic was unable to match to the correct or preferred CSN when comparing the pharmacy data to Epic data.

### **Recommendations**

Subsequent to this observation, the claim has been linked to the correct patient and encounter date. Also, the 340B management has taken steps to limit manual matching and developed a process to accurately perform manual matching when needed.

Dorinda Segovia, Vice President & Chief Pharmacy Officer, MHS and Scott Davis, Vice President, Reimbursement and Revenue Integrity, Corporate Finance, MHS agreed with this audit and since there were no recommendations, an action plan was not required.

### **Compliance Audit of Documentation and Billing of Tacrolimus Therapeutic Drug Assay (CPT code 80197) at Memorial Regional Hospital**

#### **Background**

Tacrolimus, also known as FK-506 or by its trade name, Prograf and Advagraf, is a valuable medication used for post-transplant patients. Tacrolimus can be used solely or in combination with other immunosuppressive agents for the prevention and treatment of organ rejection in solid organ transplant such as kidney, heart and liver. Tacrolimus has a narrow therapeutic drug index. Monitoring drug level assay is a valuable tool in adjusting drug levels to their therapeutic range in order to prevent or treat organ rejection while simultaneously minimizing toxicity and adverse reactions.

The Memorial Transplant Institute (MTI) has the Adult Kidney Transplant Center and the Adult Heart Transplant Center at Memorial Regional Hospital (MRH). The Memorial Adult Kidney Transplant Program and Adult Heart Transplant Program have defined guidelines for post-transplant follow-up care with clinical and laboratory (lab) results obtained periodically at stated intervals. The frequency of clinical and lab follow-up could vary based on individual clinical parameters. Testing for tacrolimus therapeutic drug assay begins in the post-transplant stage after immunosuppression therapy had started. Monitoring of tacrolimus follows a scheduled drug assay testing based on patient's post-transplant day status. Current Procedural Terminology (CPT) code 80197 is the procedural code for therapeutic drug assay for tacrolimus.

Memorial Healthcare System's (MHS) Compliance and Internal Audit Department received a Comparative Billing Report (CBR), an educational letter from First Coast Service Options, Inc. (FCSO), our Medicare Administrative Contractor (MAC), indicating that their recent data analyses identified that an aberrancy existed at MRH for CPT code 80197, therapeutic drug assay, Tacrolimus. In response to this notice, the Compliance and Internal Audit Department performed an audit for CPT code 80197 at MRH. With this background, the purpose of this audit was to determine if documentation supports medical necessity for Tacrolimus therapeutic drug assay (CPT Code 80197) and the accuracy of coding, charging and billing at MRH.

## **Observations**

We reviewed a total of 30 Medicare patients. We noted that 20 out of 30 patients had organ transplant performed at MRH and are enrolled with the Memorial Transplant Program with follow-up care at the MTI. Seven out of 30 patients had organ transplant at a non-MHS facility and have follow-up care at the MTI. One out of 30 patients had bone marrow transplant and had follow-up care with the Memorial Moffitt Cancer Center. The remaining two patients had organ transplant or graft at a non-MHS facility and have follow-up care with a non-MHS or a non-MPG provider. All 30 patients had a provider order for tacrolimus therapeutic drug assay and documentation supporting medical necessity for the procedure. On the 28 patients followed up at MHS, all had medical record documentation of patient condition to justify order frequency and followed the recommended post-transplant management guidelines schedule. We reviewed a total of 30 patients with 176 dates of service. Two out of 30 patients only had orders for post-transplant laboratory. Twenty-eight patients were followed up at MHS. We noted that 21 out of the 28 patients, had dates of service post 36 months of organ transplant and seven patients with less than 36 months. All 30 accounts were verified with current Medicare benefits during the dates of service. All 176 dates of service were coded, charged, billed, and paid appropriately. Based on the outcome of this audit, the suspected aberrancy indicated in the FCSO CBR is not substantiated and the data is believed to be a correlation result due to the order frequency based on the patient's clinical parameters necessitating frequent monitoring.

## **Recommendations**

None.

Peter Powers, Chief Executive Officer, MRH and Walter Bussell, Chief Financial Officer, MRH have been notified of the results of this audit. There are no findings or recommendations, therefore an action plan is not required.

## **Compliance Audit of Drug Dispensations for International Patients at Memorial Specialty Pharmacy**

### **Background**

Memorial Specialty Pharmacy (MSP) offers unique pharmacy services by providing medications used for the treatment of complex and chronic health conditions. Such medications may often be costly, requiring special storage and handling to maintain effectiveness of the medication, and may not be readily available from other pharmacies. Among the targeted services offered, international patients encompass the medically vulnerable population with complex and chronic medical diseases including those with Oncologic conditions. International patients are defined as those who may have a resident address, prescriber or receiving treatment outside of the United States (US) and are private pay.

The US Food and Drug Administration (FDA) is responsible for enforcing the Federal Food, Drug, and Cosmetic Act (FD&C Act) to oversee the safety of food, drugs, medicinal devices, and cosmetics, including those provisions concerning FDA-regulated products that are exported from the US. Pharmacies exporting drugs and biologics to foreign countries would need a license for exporting drugs or certification issued by the FDA. MSP does not have the license to dispense

pharmaceutical products outside of the US and does not export medications outside of the country.

The MSP International Patient Program had its inception around 2020. Patients are referred to the program via electronic prescription by the patient's provider in the US, email to MHSSpecialtyPharmacy@mhs.net, or the Memorial Global Health. Memorial Global Health provides personalized coordination of specialized and emergency medical services for adult and pediatric international patients throughout the Memorial Healthcare System (MHS) to deliver safe, high quality, and premier clinical expertise on complex medical conditions. With this background, the purpose of this audit was to determine if drug dispensations for international patients at MSP are in accordance with international regulations and Florida laws for medication dispensation by Pharmacy and determine if the services are charged, coded, and billed correctly.

### **Observations**

We reviewed a total of 36 international patient accounts at the MSP. All 36 accounts had a documented referral date in CareTend, which is the pharmacy operating system. We observed 20 out of 36 prescriptions were sent electronically and 16 were faxed or scanned into CareTend. One out of the 16 faxed or scanned prescription was missing the date the prescription was written. According to pharmacy management, the prescription should have been annotated with the date medication was ordered. The order date for the medication was noted in the patient's supporting documents, i.e., patient intake and progress report. Thirty-four out of 36 patients had the patient's diagnosis documented in CareTend as part of the patient's database, scanned progress notes, or listed in the prescription. There were two patient accounts that had no patient diagnosis in the medical records. According to pharmacy management, diagnosis or progress notes are not required for prescription dispensing. For the 34 patients with listed diagnoses, we were able to confirm that medications dispensed were appropriate for the patients' medical condition. All 36 medications in our sample were non-controlled substances, of which 31 were chemotherapy drugs.

All 36 patient accounts reviewed had prescribers with active medical license documented in CareTend. We noted that two out of 36 patients had their medications delivered to a specified address. The rest of the 34 patients had designated third-party agents or had picked up their own medications at the MSP. We observed 19 out of 36 medications dispensed required refrigeration and noted shipping label contained instructions to maintain temperature which were appropriate. All 36 patient accounts reviewed had listed third-party agents in the medical records as their designated agent for medication pickup and payment. As part of their existing process, MSP asks for identification cards (ID) for third-party agents prior to dispensing medication and logs the transaction. We noted 23 out of 36 accounts had a common third-party agent who was listed as the prescriber's medical office case manager. Further research revealed that the agent is affiliated with a business for distributing medical goods throughout South America. We were unable to find documentation other than being the designated third-party agent. Eight out of 36 accounts were with another third-party agent who was associated with multiple businesses, one of which is the pharmacy transferring prescriptions to MSP and pharmacy benefits manager (PBM) which functioned as a liaison for the patient in procuring the medication. As international patients are private pay patients, they were quoted a set price for the medication. We were unable to find other documentation than being the designated third-party agent. Subsequently, pharmacy management developed a process for international patients to obtain and verify consents for third-party agents via phone call or email and place in CareTend. Completing the International patient's intake form is also part of the new process and has information for the designation of the third-party agents including the relation to the

patient.

All 36 patient accounts reviewed were charged, coded, and billed appropriately using the National Council for Prescription Drug Programs, Inc. (NCPDP) format for pharmacy billing. All accounts were private pay patients and were paid appropriately.

### **Recommendations**

We recommended pharmacy management include in their target scope checking for adequacy and completeness of prescription elements in their ongoing quality audits.

Dorinda Segovia, Vice President, Pharmacy Services, MHS and Sergio Santos, Admin Director-Finance-Ancillary Services, Corporate Finance, MHS, agreed with the finding and recommendation of this audit and has provided an action plan.

### **Compliance Audit of Documentation and Billing of Polysomnography in the Pediatric Sleep Disorders Center at Joe DiMaggio Children's Hospital**

#### **Background**

Sleep disorders are conditions that impair or prevent restful sleep and can affect overall health, safety, and quality of life. When abnormal sleep patterns are not easily explainable, expert opinion and sleep studies are performed to diagnose a variety of sleep disorders.

Polysomnography (PSG) refers to the continuous and simultaneous monitoring and recording of various physiological and pathophysiological parameters of sleep. Monitoring is conducted in a sleep laboratory facility where a technologist is physically present to supervise the recordings during sleep time and can intervene, if needed. PSG is distinguished from other sleep studies by the inclusion of sleep staging as determined by standard sleep scoring techniques with additional parameters monitored. PSGs are ordered according to the patient's age group, i.e., for patients younger than six years old, or six years and older. PSG with continuous positive airway pressure (CPAP) titration is ordered for any age and is done when moderate or severe sleep apnea has been diagnosed or strongly suspected. Orders can be overnight or split-night which is a combination of the diagnostic study for the first part of the night and titration study for the second half of the night to determine the CPAP pressure needed to offset apnea. The multiple sleep latency (MSLT) is used to diagnose narcolepsy and excessive daytime sleepiness. It is a full-day test that consists of four or five scheduled naps to measure how quickly you fall asleep during the day. MSLT is always performed following an overnight PSG. The Centers for Medicare and Medicaid Services (CMS) covers PSG under the Hospital Outpatient Prospective Payment System (OPPS). All sleep services CPT code (95800-95811) includes recording, interpretation, and written report. Also, the Healthcare Common Procedure Coding System (HCPCS) modifier 52 is used to report if less than the required sleep hours or nap opportunities are recorded.

JDCH Sleep Disorders Center is accredited by the American Academy of Sleep Medicine (AASM) to perform in-center diagnostic PSG, MSLT. The purpose of this audit is to determine if documentation supports medical necessity and the accuracy of coding, charging, and billing for PSG performed in the Pediatric Sleep Disorders Center at JDCH.

## **Observations**

All 30 accounts with 36 studies reviewed had documentation of provider order, appropriate diagnosis that supports medical necessity, and documentation of previous PSG study, when needed. All 36 orders had documentation of approval by the department supervisor or the medical director to ensure it conforms to the AASM practice parameters and the required documentation was received prior to scheduling. All studies were attended by a qualified technologist as required by AASM. The recordings for all 36 studies were performed using Natus Sleep Works PSG software and are stored in the database. Of the 36 studies, twelve diagnostic overnight PSG monitoring, twelve PSG with CPAP titration including four split-night studies; six MSLT studies following overnight PSG studies were completed according to AASM guidelines. All interpretations and reports were completed by qualified physicians and results were reviewed by the medical director. All reports remain in a secure shared folder and are uploaded under the corresponding study order either by the interpreting provider's office or sleep study department as required by CMS. Of the 36 studies, 26 reports were uploaded to the appropriate study order completed, of which some reports took up to two months to be uploaded after the study was completed. Eight reports were not uploaded to the specific study completed and two reports were uploaded to different study performed on a different date of service. Subsequent to this finding, management has corrected and uploaded all the reports. Of the four split-night PSG with CPAP titration reviewed, one did not concur with the order of overnight PSG with CPAP titration. All 36 study reports had the appropriate and required documentation specific to the study completed as required by AASM.

In one of 36 studies reviewed, the CPT code for the order and procedure performed did not concur with the CPT code charged. Subsequent to this finding, Accounts Receivable Management (ARM) rebilled the study with the appropriate CPT code although reimbursement was not affected. One study was performed while the patient was admitted as inpatient and was billed accordingly. Of the six MSLT studies following an overnight PSG performed, one study was billed using one account number with the associated CPT codes for the studies performed and dates of service. The remaining five MSLT studies had two different account numbers used to bill for the PSG followed by MSLT performed during same encounter. According to pre-services management, two different account numbers were created because studies were scheduled on different dates and pre-services staff were not aware that the MSLTs were performed after PSG studies were completed. Reimbursement was not affected for these studies. One of 36 studies was pending payment. Thirty-five of 36 studies were reimbursed appropriately.

## **Recommendations**

We recommended the sleep study management develop a process to ensure all reports are uploaded within appropriate time frame to the correct study completed and continue to monitor accuracy of process. We recommended a process to ensure that the accurate CPT codes are selected for studies performed and continue to monitor for accuracy of the process. We recommended pre-services management reeducate staff to create only one account number for MSLT following an overnight PSG study. We recommended sleep study management work with pre-services management to ensure only one account number is created when scheduling the MSLT studies. We recommended pre-services management review the five MSLT encounters with two different account numbers and collaborate with ARM to bill with one account number, if appropriate. We recommended ARM review accounts with MSLT retrospectively and rebill with one account number, if appropriate.



Caitlin Stella, Chief Executive Officer and Administrator, JDCH and Ananda Rampat, Chief Financial Officer, JDCH agreed with the findings and recommendations and will provide a detailed action plan.

## **Follow up Compliance Audit of Remote Cardiac Device Evaluation Services, Memorial Physician Group Professional Coding & Billing**

### **Background**

Memorial Cardiac and Vascular Institute's (MCVI) electrophysiologists (EPs) are nationally known experts in treating arrhythmias. For treating patients with life-threatening arrhythmias, a cardiac implantable electronic device (CIED) may be needed. Follow-up evaluation of CIEDs can be achieved through remote monitoring which is the new standard of care. The Centers for Medicare and Medicaid Services (CMS) considers CIED management as a diagnostic medical procedure and requires a written order or plan or intent to order by the treating practitioner who uses the results to treat the patients. Since March 2021, Memorial Healthcare System (MHS) has contracted with BioBridge Solutions, Inc./Daniel Benhayon Lanes, MD for a cardiac device data management software solution to monitor these devices. BioBridge qualified for the sole source exemption, under Section 112.313(12)(e), Florida Statutes and the special taxing district exemption under 112.313(7)(a)1 because of conflicting employment or contractual relationships. The Sole Source Legal Opinion was presented to the Board of Commissioners of South Broward Hospital District requesting two-thirds affirmative vote, which was received. In 2021, we performed a compliance audit of remote cardiac evaluation services. We noted that policies and procedures did not include remote cardiac device monitoring, BioBridge has three features to qualify for sole source exemption, the patient data transmitted to BioBridge did not have a formal process, patient education about BioBridge was not included in the patient's medical record, BioBridge was not enrolled as a Medicare provider, and billing for BioBridge's technical component cannot exceed the acquisition cost. We noted the accounts reviewed did not meet ordering, documentation, and diagnosis or procedure coding requirements. The accounts were on hold and no bills were submitted to the insurances. We made recommendations to address the identified areas of improvement. The purpose of this follow up audit is to determine if the recommendations on the previous audit were completed.

We noted a policy was created for billing remote cardiac device monitoring. We conducted partial market analysis to review BioBridge's sole source exemption status and noted two other companies offer nine of the 10 features that BioBridge offers. BioBridge confirmed that they were no longer a sole source since none of the technicians are EPs. We were informed by the practice management that the patients are given education about BioBridge during their enrollment. BioBridge is an enrolled Medicare provider.

### **Observations**

We reviewed 20 accounts with some accounts having more than one finding. We noted that for all accounts reviewed the technical component was not billed. We verified with the Memorial Physician Group (MPG) Business Office that billing for technical component is under testing mode.

We noted that for 11 of the 20 accounts the Current Procedural Terminology (CPT) codes used for

billing the professional component were supported by medical record documentation. Of the 11 accounts, there were two accounts for devices with dual capacity that had reported additional CPT codes for remote monitoring without supporting medical necessity orders. Of the remaining nine accounts, none had medical necessity orders and five accounts had no technical report and physician's evaluation to support the reported CPT codes.

We noted an area of improvement with the ICD-10-CM diagnosis codes used. None of the 20 accounts reviewed had ICD-10-CM code to indicate the presence of an implanted cardiac device. Nine accounts had ICD-10-CM codes reported that were not supported due to the lack of medical necessity orders. Seven accounts had ICD-10-CM codes appropriately reported and supported by medical record documentation. Four accounts required additional or different ICD-10-CM codes.

### **Recommendations**

We recommended that MHS verify if BioBridge continues sole source exemption and initiate a request for proposal when the contract expires if applicable. We recommended to continue educating the patients that the remote patient monitoring services are provided by the physician owned BioBridge. We recommended MPG Business Office continue ensuring documentation, coding, and billing requirements are met before billing for technical component of the cardiac device evaluation services. We recommended that the billing amount not exceed the acquisition cost of the technical component. We recommended reeducating the physicians, practice users, coders, and billers on the medical necessity and medical record documentation requirements for cardiac device evaluation services in accordance with Medicare guidelines. We recommended that MPG Business Office continues to verify medical necessity is appropriately documented prior to billing. We recommended that the practice users continue to verify the medical record documentation, and medical necessity orders exist to support billing. We recommended that MPG Business Office correct and rebill or refund accounts as appropriate.

Mario Salceda-Cruz, Chief Operating Officer, MPG and Esther Surujon, Chief Financial Officer, MPG agreed with the findings and recommendations and have provided an action plan.

### **D. Services Provided by Protiviti**

A list of Services Provided by Protiviti for the quarter will be discussed during the meeting.

### **E. Other Reports**

#### **Investor Log**

The Investor Contact Log for the quarter is attached for your review. See Exhibit C.

#### **Non-Audit Engagements**

A list of RSM and Zomma Group Non-Audit Engagements for the quarter is attached for your review. See Exhibit D.

#### **Compliance Environment**

A discussion of Nationwide Audit and Investigation Activities for the quarter will be held during

the meeting.

## **VI. OPEN LINES OF COMMUNICATION**

### **A. Hotline Calls**

During the quarter, 37 calls, four of which were callbacks, were placed to the System's Compliance Hotline covering 27 new topics and one old topic. Four topics were compliance allegations (four calls). Two topics were HIPAA privacy allegation (two calls). Two topics were quality of care or service allegations (two calls). All of the calls were investigated and none of the compliance allegations were substantiated.

Finally, one topic was a test call (one call), two topics were informational (four calls), and 16 new topics and one old topic (20 calls, four callbacks) were employee-management relations issues. The employee-management relations issues have been forwarded to the Employee Relations and Human Resources Departments.

## **VII. ENFORCEMENT & DISCIPLINE**

Sanction checks were conducted of employees, physicians, vendors, volunteers, and students. There was one referring physician who was sanctioned during the quarter.



	MOB II Second Floor Pediatric Fit Out Thornton Construction Co. Inc. #800122 MHM	MOB Women Center ANF Group, Inc. #450218 MHM	Memorial Cancer Center Expansion DPR Construction #431019 MHW	Hurricane Hardening Thornton Construction Co. #410121 MRHS	Family Birthplace Replacement Thornton Construction Co. #430321 MHW
	Amount	Amount	Amount	Amount	Amount
Original Contract Sum	\$ 10,650,417	\$ 35,067,236	\$ 86,165,924	\$ 13,613,113	\$ 2,110,655
Prior Change Orders		(5,101,409)	(14,889,724)		
Budget Transfer			(714,000)		
Current Change Orders	(1,799,954)	(750,000)		(2,984,941)	18,616
Prior Owner Purchase Orders					242,404
Current Owner Purchase Orders					
Current Contract Sum to Date	\$ 8,850,463	\$ 29,215,826	\$ 70,562,200	\$ 10,628,172	\$ 2,371,674
Previous Payments	1,948,226	27,790,363	38,829,442	8,336,264	1,878,933
	2 827,218		16 4,294,567 17 2,597,309 18 2,567,431	13 303,097 14 174,971	9 248,297 10 202,877
Total Payments	2,775,444	27,790,363	48,288,749	8,814,331	2,330,107
Balance	\$ 6,075,019	\$ 1,425,464	\$ 22,273,451	\$ 1,813,840	\$ 41,568
Owner Purchased Materials					
Retainage	104,936		2,128,213	463,912	
Payments	2,775,444	27,790,363	48,288,749	8,814,331	2,330,107
Work completed	\$ 2,880,379	\$ 27,790,363	\$ 50,416,962	\$ 9,278,244	\$ 2,330,107
Status	Active	Active	Active	Active	Active

	Lift Station & Force Main Thornton Construction Co. #401720 MHM	Completed MRI Expansion Engel Construction, Inc. #402417 MRH	Memorial Cancer Institute ANF Group, Inc. #401820 MHS	Emergency Department Trauma Center Turner Construction Company #400222 MRH	JDCH Vertical Expansion Robins & Morton Group #460117 JDCH
	Amount	Amount	Amount	Amount	Amount
Original Contract Sum	\$ 4,677,865		\$ 3,318,035	\$ 16,401,716	\$ 108,993,259
Prior Change Orders			(642,606)		
Budget Transfer			64,000		
Current Change Orders	(526,524)		182,424	(3,300,002)	(16,270,441)
Prior Owner Purchase Orders					1,176,495
Current Owner Purchase Orders					
Current Contract Sum to Date	\$ 4,151,340		\$ 2,921,853	\$ 13,101,714	\$ 93,899,313
Previous Payments	3,943,773		2,744,328	716,250	81,518,585
			21 64,000	2 144,888	25 3,038,502
				3 234,261	
				4 1,204,696	
Total Payments	3,943,773		2,808,328	2,300,095	84,557,086
Balance	\$ 207,567		\$ 113,525	\$ 10,801,619	\$ 9,342,226
Owner Purchased Materials					
Retainage	207,567			46,006	1,304,611
Payments	3,943,773		2,808,328	2,300,095	84,557,086
Work completed	\$ 4,151,340		\$ 2,808,328	\$ 2,346,101	\$ 85,861,697
Status	Active		Active	Active	Active

**Memorial Healthcare System  
RFP and Competitive Quote Audits**

RFPs	Current Phase - 4th Quarter FY 2023	Audited Through	Exceptions
1 Investment Advisory	Selection	Analysis	None
2 Disaster Debris Removal and Disposal	Analysis	Analysis	None
3 Valet Parking Service, Booth Attendant and Shuttle Services	Analysis	Analysis	None
4 Care Coordination Center Software	Selection	Selection	None
5 Clinical Trial Management System	Selection	Selection	None
6 Clinical Engineering Computerized Maintenance Management System	Oral Presentation	Receipt	None
7 Case Management Utilization Review	Selection	Advertising/Mailing	None
8 Release of Patient Medical Information	Oral Presentation	Receipt	None

**Memorial Healthcare System  
RFP and Competitive Quote Audits**

<b>Completed Competitive Quotes</b>	<b>Amount \$</b>	<b>Exceptions</b>
1 Cloud Software Integration for Workday Implementation & Data Conversion Consultant	429,598	None
2 Three Year Subscription for Voice Equipment System for MHS	391,598	None
3 Consulting Services for Implementation of Workday and Warehousing Integration	832,500	None
4 Four Year Support Services for Electroencephalography Equipment at MRH	103,829	None
5 Three Year Service Agreement for Laboratory Equipment Systemwide	1,128,281	None
6 Implementation of Segmentation Firewalls at Regional Data Center	663,641	None
7 Annual Maintenance 360 Encompass Coding Solution for MHS	1,755,820	None
8 ProCare Service Agreement for Endoscopy Equipment at MHM	712,407	None
9 Three Year Service Maintenance Agreement Building Automation System for JDCH	511,680	None
10 Three Year Fire Alarm Renewal Service Agreement for JDCH	266,136	None
11 Five Year Service Agreement for Upgraded Magnetic Resonance Imaging Machines Systemwide	4,355,190	None
12 Increased Epic Software Licenses for MHS	114,268	None
13 Wireless Connectivity for Memorial Cancer Institute at MHW	103,421	None
14 Memorial Hospital Miramar Medical Office Building Second Floor Pediatric Specialties Center Construction Project	8,850,463	None
15 Lighting & Fixtures for Family Birthplace Project Fourth Floor MRH	550,000	None
16 Air Handling Units for Family Birthplace Project at MRH	583,795	None
17 Drywall Material for Family Birthplace Project at MRH	1,000,934	None
18 Structured Cabling for Family Birthplace Project at MRH	378,221	None
19 Sprinkler System for Family Birthplace Project at MRH	100,000	None
20 Nurse Call & Paging System for Family Birthplace Project at MRH	917,422	None
21 Magnetic & WaveID+ Proximity Card Reader Timeclocks for MHS	391,500	None
22 Focused Ultrasonicator for Molecular Genetics at MRHS	128,817	None
23 Stretchers for Adult Emergency Department at MHM	116,006	None
24 Furniture Installation for Memorial Cancer Institute Expansion at MHW	2,606,060	None
25 Surgical Light Integration System for Emergency Department and Trauma Renovation Project at MRH	554,285	None
26 Wireless Controller and Access Points Upgrade for MRHS	492,025	None
27 Plumbing Supplies for Family Birthplace Project at MRH	484,572	None
28 MHS & JDCH Websites Ecosystem Redesign	452,910	None
29 Elevator Upgrade with Door Lock Monitoring at MRH	378,000	None
30 Analyzer Equipment for Laboratory at MRH	375,109	None



**Memorial Healthcare System  
Investor Contact Log  
Fiscal Year 2023**

<b>Quarter: Ended</b>	<b>Contact:</b>	<b>Representing:</b>	<b>Discussion:</b>
July 31, 2022	None		
October 31, 2022	None		
January 31, 2023	Christopher Grimbel	Fidelity	One-off investor inquiry
April 30, 2023	Stephen Infranco and Mar Arcas	S&P Global Ratings	Annual update presentation and post-ratings action call
	Beth Wrexler	Moody's Investor Service	Pre-ratings action call
	Amy Johonnett and Christopher Grimble	Fidelity	Bold holder inquiry call

**Memorial Healthcare System  
Non Audit Engagement Report  
Q4 FY 2023**

<b>Quarter Ended</b>	<b>RSM US LLP Engagement:</b>		
Q4 FY2023	For professional services rendered and expenses incurred in connection with implementing GASB 87 Technical Lease accounting.	\$	9,765
	Total	\$	9,765
Q4 FY2022	Total spend, provided for comparative purpose	\$	29,582

<b>Quarter Ended</b>	<b>Zomma Group LLP Engagement:</b>		
Q4 FY2023	For professional services rendered and expenses incurred in connection with Non Audit Engagements.	\$	-
Q4 FY2022	Total spend, provided for comparative purpose	\$	-



MEMORIAL REGIONAL HOSPITAL • MEMORIAL REGIONAL HOSPITAL SOUTH • JOE DIMAGGIO CHILDREN'S HOSPITAL  
 MEMORIAL HOSPITAL WEST • MEMORIAL HOSPITAL MIRAMAR • MEMORIAL HOSPITAL PEMBROKE

**To:** Denise DiCesare, Chief Compliance and Internal Audit Officer, MHS

**Date:** June 13, 2023

**From:** Margie Vargas-Hernandez, Senior Vice President & Chief Human Resources Officer, MHS <sup>DS</sup>  
 Frank Rainer, Senior Vice President & General Counsel, SBHD  
 Dave Smith, Executive Vice President & Chief Financial Officer, MHS  
 Saul Kredi, Vice President, Supply Chain Management, MHS

**Subject: Action Plan: INTERNAL AUDIT OF INDEPENDENT CONTRACTORS AT  
 MEMORIAL HEALTHCARE SYSTEM**

Attached is our Action Plan, which identifies the steps which will be taken to address the recommendations made in the above referenced audit.

Recommendations	Response/Action Plan	Estimated Completion Date
We recommend that a policy and procedure be drafted to govern the process of onboarding vendors which specifically references the Department of Labor (DOL) and Internal Revenue Service (IRS) Federal Statutes over independent contractors.	On 4/25/23, policy and procedure and Independent Contractor Questionnaire (ICQ) were drafted and disseminated to the team; HR disseminated a revised ICQ to team on 4/26. Both the policy and procedure and ICQ are pending final reviews by team members.	June 23, 2023
We recommend coordination between MHS Legal Department, Human Resources and Supply Chain Management in the process of onboarding independent contractors.	On 4/25/2023, Process Improvement, HR, and Purchasing met to map the present and future state process for independent contractors. Roll out date pending policy completion.	June 23, 2023
We recommend that MHS leadership be educated on the DOL and IRS rules that provides guidance for onboarding independent contractors.	The team discussed a plan to educate users on the new process and rules once the policy and procedure and ICQ are finalized.	by October 31, 2023

cc: K. Scott Wester, President and Chief Executive Officer, MHS



MEMORIAL REGIONAL HOSPITAL • MEMORIAL REGIONAL HOSPITAL SOUTH • JOE DIMAGGIO CHILDREN'S HOSPITAL  
MEMORIAL HOSPITAL WEST • MEMORIAL HOSPITAL MIRAMAR • MEMORIAL HOSPITAL PEMBROKE

**To:** Denise DiCesare, Chief Compliance and Internal Audit Officer, MHS  
**Date:** May 31, 2023  
**From:** Dorinda Segovia, Vice President, Pharmacy Services, MHS

A handwritten signature in black ink that reads 'Dorinda Segovia'.

Sergio Santos, Admin Director-Finance-Ancillary Services, Corporate Finance, MHS

A handwritten signature in blue ink that reads 'S. Santos' followed by the date '06/13/2023'.

**Subject:** **Action Plan: COMPLIANCE AUDIT OF DRUG DISPENSATIONS FOR INTERNATIONAL PATIENTS AT MEMORIAL SPECIALTY PHARMACY**

Attached is our Action Plan, which identifies the steps which will be taken to address the recommendations made in the above referenced audit.

<b>Recommendations</b>	<b>Response/Action Plan</b>	<b>Estimated Completion Date</b>
We recommend pharmacy management include in their target scope checking for adequacy and completeness of prescription elements in their ongoing quality audits.	Pharmacy quality auditing will ensure that during the dispensing process the following was validated: <ul style="list-style-type: none"><li>- Prescription source verification</li><li>- Prescription order review was compliant with state laws and regulations.</li></ul>	Expected completion is Sept 15 <sup>th</sup> , 2023

cc: K. Scott Wester, President and Chief Executive Officer, MHS



MEMORIAL REGIONAL HOSPITAL • MEMORIAL REGIONAL HOSPITAL SOUTH • JOE DIMAGGIO CHILDREN'S HOSPITAL  
 MEMORIAL HOSPITAL WEST • MEMORIAL HOSPITAL MIRAMAR • MEMORIAL HOSPITAL PEMBROKE

**To:** Denise DiCesare, Chief Compliance and Internal Audit Officer, MHS  
**Date:** June 16, 2023  
**From:** Caitlin Stella, Chief Executive Officer and Administrator, JDCH *CRS Stella*  
 Ananda Rampat, Chief Financial Officer, JDCH *AR*  
**Subject:** **Action Plan: Compliance Audit of Documentation and Billing of Polysomnography in the Pediatric Sleep Disorders Center at Joe DiMaggio Children's Hospital**

Attached is our Action Plan, which identifies the steps which will be taken to address the recommendations made in the above referenced audit.

Recommendations	Response/Action Plan	Estimated Completion Date
<p>We recommend the sleep study management develop a process to ensure all reports are uploaded within appropriate time frame to the correct study completed and continue to monitor accuracy of process.</p>	<p>Acknowledgment of the findings of this audit related to the timeliness of uploaded reports.</p> <p>Pediatric Pulmonary group has hired two physicians certified in sleep studies. One has a start date of Aug 2023 and the other has a start date of Nov 2023.</p> <p>Once the physicians begin their time at JDCH, Sleep Center leadership team will conduct monthly review specific to TAT.</p> <p>Will investigate with EPIC team and Natus vendor to develop a report exclusive to the TAT to monitor and review monthly.</p>	<p>Aug 2023 &amp; Nov 2023</p> <p>Aug 2023</p> <p>7/30/23</p>
<p>We recommend a process to ensure that the accurate CPT codes are selected for studies performed and continue to monitor for accuracy of the process.</p>	<p>Acknowledgment for the need to ensure an accurate process related to the selection of CPT codes.</p> <p>Met w/ Sleep Lab leadership, Pulmonary Group office manager, PreServices, Billing, Centralized scheduling.</p> <p>Centralized scheduling is currently scheduling both PSG &amp; MLST when ordered at the same time. They create one HAR at the time of scheduling for the combined ordered study.</p>	<p>6/21/23</p>

	<p>Sleep Center supervisor will be trained by PreServices in learning to create the HAR.</p> <p>In the future this will be automated to create one consistent process regardless of who is scheduling, so the order drives the combined HAR.</p>	<p>6/30/23</p> <p>TBD</p>
<p>We recommend pre - services management reeducate staff to create only one account number for MSLT following an overnight PSG study.</p>	<p>PreServices' current workflow is to create one HAR for all exams scheduled on the same day. For these tests that are scheduled on different days, we will ensure 1 HAR is assigned for both. An email has been sent to the PreServices staff on 6/10/23 informing them of the change in process.</p>	<p>6/10/23</p>
<p>We recommend sleep study management work with pre - services management to ensure only one account number is created when scheduling the MSLT studies.</p>	<p>The management teams for both the Sleep Lab and PreServices departments met on 6/16. Initial discussions were related to Sleep Lab and/or PAC creating the HAR at time of scheduling vs PreServices creating one at time of pre-registration. A follow up meeting is scheduled on 6/21 to include PAC's management team in the discussion. Automating this workflow was also brought to the table, with a subsequent IT ticket being placed once all discussions are had.</p>	<p>6/23/23</p>
<p>We recommend pre - services management review the five MSLT encounters with two different account numbers and collaborate with ARM to bill with one account number, if appropriate.</p>	<p>The encounters were reviewed and separate HAR's were created due to the current workflow of creating one HAR for all exams scheduled on the same day. These accounts were emailed to the Billing Director (Melissa Burns) on 6/10/23 for review and rebill.</p> <p>Accounts reviewed and none of them required rebilling.</p>	<p>6/10/23</p> <p>5/10/23</p>
<p>We recommend ARM review accounts with MSLT retrospectively and rebill with one account number, if appropriate.</p>	<p>Accounts reviewed and none of them required rebilling.</p>	<p>6/20/23</p>

cc: K. Scott Wester, President and Chief Executive Officer, MHS



MEMORIAL REGIONAL HOSPITAL • MEMORIAL REGIONAL HOSPITAL SOUTH • JOE DIMAGGIO CHILDREN'S HOSPITAL  
MEMORIAL HOSPITAL WEST • MEMORIAL HOSPITAL MIRAMAR • MEMORIAL HOSPITAL PEMBROKE

**To:** Denise DiCesare, Chief Compliance and Internal Audit Officer, MHS

**Date:** April 4, 2023

**From:** Mario Salceda-Cruz, Chief Operating Officer, MPG <sup>DS</sup>MSC  
Esther Surujon, Chief Financial Officer, MPG <sup>DS</sup>ES

**Subject: Action Plan:** Follow up Compliance Audit of Remote Cardiac Device Evaluation Services, Memorial Physician Group Professional Coding & Billing

Attached is our Action Plan, which identifies the steps which will be taken to address the recommendations made in the above referenced audit.

Recommendations	Response/Action Plan	Estimated Completion Date
We recommend that MHS verify if BioBridge continues sole source exemption and initiate a request for proposal when the contract expires if applicable.	Michele Slane or delegate will verify if Biobridge continues to qualify for sole source exemption. Based on outcome, Michele Slane or delegate will initiate an RFP if necessary.	May 30, 2023
We recommend continuing educating the patients that the remote patient monitoring services are provided by the physician owned BioBridge.	Yana will ensure the staff is educating the patients related to the fact that the remote patient monitoring services are provided by physician owned Biobridge.	May 30, 2023
We recommend MPG Business Office continue ensuring documentation, coding, and billing requirements are met before billing for technical component of the cardiac device evaluation services.	In process	Ongoing

We recommend that the billing amount not exceed the acquisition cost of the technical component.	Completed in August 2022 prior to audit.	N/A
We recommend reeducating the physicians, practice users, coders, and billers on the medical necessity and medical record documentation requirements for cardiac device evaluation services in accordance with Medicare guidelines.	Yvonne will coordinate with PM and provide refresher training to the providers and practice within sixty days	June 30, 2023
We recommend that MPG Business Office continues to verify medical necessity is appropriately documented prior to billing.	We are unable to verify every transaction prior to submission. Since the next recommendation is that the practice verify medical record documentation and medical necessity orders to support billing, the business office will implement a process to audit 10 claims “prebilling” every month to review medical necessity and documentation are in order. We will take necessary actions to include expansion (if necessary) of the audit based on our findings.	June 1, 2023
We recommend that the practice users continue to verify the medical record documentation, and medical necessity orders exist to support billing.	Yana will remind staff of required medical necessity order for diagnostic services.	May 1, 2023
We recommend that MPG Business Office correct and rebill or refund accounts as appropriate.	Completed	April, 2023

cc: K. Scott Wester, President and Chief Executive Officer, MHS



**South Broward Hospital District  
d/b/a Memorial Healthcare System  
Single Audit Report and Schedule of  
Expenditures of Federal Awards, State Financial Assistance,  
Local and Other Entities Awards and  
Supplementary Information and  
Schedule of Findings and Questioned Costs  
For the Year Ended  
April 30, 2023**

**South Broward Hospital District d/b/a Memorial Healthcare System  
Table of Contents**

---

<b>Independent Auditor’s Report</b>	1 – 3
<b>Independent Auditor’s Report on Compliance for Each Major Federal Program on Internal Control Over Compliance Required by the Uniform Guidance</b>	4 – 6
<b>Schedule of Expenditures of Federal Awards, State Financial Assistance, Local and Other Entities Awards</b>	7 – 9
<b>Notes to the Schedule of Expenditures of Federal Awards, State Financial Assistance, Local and Other Entities Awards</b>	10 – 13
<b>Schedule of Findings and Questioned Costs</b>	14 – 16
<b>Supplementary Information</b>	
Actual Expenses and Revenue Schedule	17
Schedule of Bed-Day Availability Payments	18
Schedule of State Earnings	19
Schedule of Related Party Transaction Adjustments	20



**ZOMMA GROUP**  
CPAs AND CONSULTANTS

**Independent Auditor's Report**

To the Board of Commissioners of  
South Broward Hospital District d/b/a Memorial Healthcare System

**Report on Schedule of Expenditures of Federal Awards, State Financial Assistance, Local and Other Entities Awards**

**Opinion**

We have audited the accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance, Local and Other Entities Awards of South Broward Hospital District d/b/a Memorial Healthcare System (the System) for the year ended April 30, 2023, and the related notes (the Schedule).

In our opinion, the Schedule referred to above presents fairly, in all material respects, the expenditures of Federal Awards, State Financial Assistance, Local and Other Entities Awards of the System for the year ended April 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Title 45 CFR Part 74, Appendix E, *Principles for Determining Cost Applicable to Research and Development Under Grants and Contracts with Hospitals* (Uniform Guidance). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Schedule**

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.



## Auditor’s Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



## **Other Matters**

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the Schedule. The accompanying Actual Expenses and Revenue Schedule, Schedule of Bed-Day Availability Payments, Schedule of State Earnings, and Schedule of Related Party Transaction Adjustments are presented for purposes of additional analysis as required by the State of Florida Department of Children and Families Community Substance Abuse and Mental Health Services Grants and are not a required part of the Schedule. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Schedule. The information has been subjected to the auditing procedures applied in the audit of the Schedule and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Schedule or to the Schedule itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the Schedule as a whole.

*ZOMMA Group, LLP*

ZOMMA Group, LLP

Coral Gables, FL

July 18, 2023



**ZOMMA GROUP**  
CPAs AND CONSULTANTS

**Independent Auditor’s Report on Compliance for Each Major Federal Program on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Commissioners of  
South Broward Hospital District d/b/a Memorial Healthcare System

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited South Broward Hospital District d/b/a Memorial Healthcare System’s (the System) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the System’s major Federal programs for the year ended April 30, 2023. The System’s major Federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended April 30, 2023.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Title 45 CFR Part 74, Appendix E, *Principles for Determining Cost Applicable to Research and Development Under Grants and Contracts with Hospitals* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program. Our audit does not provide a legal determination of the System’s compliance with the compliance requirements referred to above.



## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the System's Federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the System's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the System's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the System's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the System's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



## Report on Internal Control Over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designated for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*ZOMMA Group, LLP*

ZOMMA Group, LLP  
Coral Gables, FL  
July 18, 2023



**South Broward Hospital District d/b/a Memorial Healthcare System  
Schedule of Expenditures of Federal Awards, State Financial Assistance,  
Local and Other Entities Awards  
For the Year Ended April 30, 2023**

Federal Agency / Passed Through Agency	Program Title	CFDA Number**	Contract Number	Expenditures		
				Direct Award	Indirect Award	Total
<b>FEDERAL AWARDS</b>						
<b>Federal Communication Commission</b>	COVID-19 Telehealth Program	32.006	637	\$ 876,164	\$	\$
				<b>876,164</b>		
	<b>Total Federal Communication Commission</b>			<b>876,164</b>		<b>876,164</b>
<b>U.S. Department of Health &amp; Human Services</b>						
<i>Passed through North Broward Hospital District</i>	Consolidated Health Centers	93.224	Unknown		58,217	
					<b>58,217</b>	
<i>Passed through Health Resources and Services Administration</i>	Provider Relief Fund	93.498	Unknown	5,579,759		
				<b>5,579,759</b>		
<i>Passed through OIC of Broward County Inc.</i>	Teenage Pregnancy Prevention Program (PAUSE)	93.297	1 TP1AH000254-01-01		180,737	
					<b>180,737</b>	
<i>Passed through NIH, Alliance for Clinical Trials in Oncology Foundation &amp; Partners</i>	Cancer Treatment Research	93.395	1UG1CA189823-01		37,383	
					<b>37,383</b>	
<i>Passed through NIH, Florida Association of Pediatric Tumor Programs, Inc.</i>	Cancer Control	93.399	Unknown		106,793	
					<b>106,793</b>	
<i>Passed through State of Florida Department of Health</i>	Injury Prevention and Control Research and State and Community Based Programs	93.136	BW756		195,984	
	Injury Prevention and Control Research and State and Community Based Programs	93.136	BW794		50,069	
					<b>246,053</b>	
<i>Passed through Broward Regional Health Planning Council</i>	Maternal, Infant, & Early Childhood Home Visiting Program	93.505	NFP-MHS 21-22		104,393	
	Maternal, Infant, & Early Childhood Home Visiting Program	93.505	NFP-MHS 22-23		208,510	
					<b>312,903</b>	
<i>Passed through Broward Regional Health Planning Council</i>	COVID-19 Community-Based Workforce Outreach	93.011	HRSA 21-1326		274,934	
					<b>274,934</b>	
<i>Passed through Early Learning Coalition of Broward County</i>	Childcare stabilization	93.575	240-21		85,374	
					<b>85,374</b>	
<i>Substance Abuse and Mental Health Services Administration</i>	Solutions and Opportunities for Uplifting Life	93.696	1H79SM086844-01	222,875		
				<b>222,875</b>		
<i>Passed through Broward Healthy Start Coalition, Inc.</i>	Medical Assistance Program	93.778	MHS18HS		571,645	
					<b>571,645</b>	
<i>Passed through DCF, Broward Behavioral Health Coalition, Inc.</i>	State Opioid Response Grants	93.788	34368-22		2,102,525	
					<b>2,102,525</b>	
<i>Passed through Broward County Board of Commissioners</i>	HIV Emergency Relief Project Grant	93.914	21-CP-HCS-8312-RW-01		983,456	
					<b>983,456</b>	
<i>Passed through Broward County Board of Commissioners</i>	Health Literacy Program	93.137	22-CP-HCS-8312-HL-01		95,279	
					<b>95,279</b>	
<i>Passed through State of Florida Department of Health</i>	HIV Prevention Activities - Health Dept. Based	93.940	CODPK		139,510	
					<b>139,510</b>	
<i>Passed through DCF, Broward Behavioral Health Coalition, Inc.</i>	Block Grants for Community Mental Health Services	93.958	34368-22		2,748,286	
					<b>2,748,286</b>	
<i>Passed through DCF, United Way of Broward County Inc., Passed through DCF, Broward Behavioral Health Coalition, Inc.</i>	Block Grant for Prevention and Treatment of Substance Abuse	93.959	65301		622,216	
	Block Grant for Prevention and Treatment of Substance Abuse	93.959	34368-22		965,928	
					<b>1,588,144</b>	
<i>Passed through Broward Healthy Start Coalition, Inc. Passed through State of Florida Department of Health</i>	Maternal and Child Health Services Block Grant	93.994	MHS18HS		1,028,330	
	Maternal and Child Health Services Block Grant	93.994	COQVO		220,815	
					<b>1,249,145</b>	
	<b>Total U.S. Department of Health &amp; Human Services</b>			<b>5,802,634</b>	<b>10,780,384</b>	<b>16,583,018</b>
<b>Federal Emergency Management Agency</b>						
<i>Passed through State of Florida Division of Emergency Management</i>	Regional Cooling Tower Wind Retrofit	97.039	4337-52-R		810,368	
					<b>810,368</b>	
	COVID-19 Public Assistance Program	97.036	Z2024		529,224	
					<b>529,224</b>	
	<b>Total Federal Emergency Management Agency</b>			-	<b>1,339,592</b>	<b>1,339,592</b>
	<b>Total Federal Awards</b>			<b>\$ 6,678,798</b>	<b>\$ 12,119,976</b>	<b>\$ 18,798,774</b>

\*\* All programs are grouped and totaled by CFDA / CSFA.

Continued on next page

The accompanying notes are an integral part of this Schedule.

**South Broward Hospital District d/b/a Memorial Healthcare System  
Schedule of Expenditures of Federal Awards, State Financial Assistance,  
Local and Other Entities Awards  
For the Year Ended April 30, 2023**

Federal Agency / Passed Through Agency	Program Title	CSFA Number**	Contract Number	Expenditures		
				Direct Award	Indirect Award	Total
<b>STATE PROJECTS</b>						
<b>Florida Division of Emergency Management</b>	Local Emergency Management and Mitigation Initiatives	31.064	19-SP-XX-11-16-08	\$ 97,240	\$	
				<b>97,240</b>		
	<b>Total Florida Division of Emergency Management</b>			<b>97,240</b>		<b>97,240</b>
<b>Department of Children and Families</b>	Community Substance Abuse & Mental Health Services	60.153	34368-22	32,983		
				<b>32,983</b>		
	<b>Total Florida Division of Children and Families</b>			<b>32,983</b>		<b>32,983</b>
<b>State of Florida Department of Health</b>	Trauma Center Financial Support	64.075	MOU TRA11	242,392		
				<b>242,392</b>		
	Children's Specialty Health Care- Contracted	64.076	COQAF	145,309		
				<b>145,309</b>		
	<b>Total State of Florida Department of Health</b>			<b>387,701</b>		<b>387,701</b>
	<b>Total State Projects</b>			<b>517,924</b>		<b>517,924</b>
<b>LOCAL GOVERNMENT AWARDS</b>						
<b>Broward County Commissioners</b>	Consumer Support Project	N/A	22-CP-HCS-0126-01	332,829		
	Psychiatric Inpatient Services	N/A	22-CP-HCS-0126-01	960,904		
	Adult Mental Health Program	N/A	22-CP-HCS-0126-01	269,522		
				<b>1,563,255</b>		
	Post-Acute Sequela of Covid Center	N/A	581197v4	360,146		
				<b>360,146</b>		
	Primary Care Services	N/A	19-CP-HCS-8312-01	4,984,957		
				<b>4,984,957</b>		
	Behavioral Health -Substance Abuse	N/A	19-CP-CSA-8312-01	256,881		
				<b>256,881</b>		
	Airport Mental Health services - Outpatient	N/A	22-CP-CSA-0126-01	195,000		
				<b>195,000</b>		
	<b>Total Broward County Commissioners</b>			<b>7,360,239</b>		<b>7,360,239</b>
<b>Broward County Sheriff's Office</b>	New Day Counseling Program	N/A	10-2608	15,867		
				<b>15,867</b>		
	<b>Total Broward County Sherriff's Office</b>			<b>15,867</b>		<b>15,867</b>
<b>Children Services Council of Broward County</b>	CSC Youth Force Program	N/A	20-2170	502,932		
				<b>502,932</b>		
	CSC Youth Force PYD	N/A	20-2172	190,680		
				<b>190,680</b>		
	New DAY Program	N/A	22-2176	586,004		
				<b>586,004</b>		
	Family TIES Program	N/A	19-2178	821,220		
				<b>821,220</b>		
	Teen REACH Program	N/A	19-2179	432,856		
				<b>432,856</b>		
	Supporting MOMS Program	N/A	19-2177	555,030		
				<b>555,030</b>		
	CSC HEAL	N/A	21-2174	444,980		
				<b>444,980</b>		
	Behavioral Respite & Engagement for At-Risk-Kids (BREAK)	N/A	21-2173	109,690		
				<b>109,690</b>		
	Healthy Youth Transition	N/A	20-2171	671,645		
				<b>671,645</b>		
	<b>Total Children Services Council of Broward County</b>			<b>4,315,037</b>		<b>4,315,037</b>
	<b>Total Local Government Awards</b>			<b>\$ 11,691,143</b>	<b>\$</b>	<b>\$ 11,691,143</b>

\*\* All programs are grouped and totaled by CFDA / CSFA.

Continued on next page

The accompanying notes are an integral part of this Schedule.

**South Broward Hospital District d/b/a Memorial Healthcare System  
Schedule of Expenditures of Federal Awards, State Financial Assistance,  
Local and Other Entities Awards  
For the Year Ended April 30, 2023**

Agency / Passed Through Agency	Program Title	CFDA/CSFA Number**	Contract Number	Expenditures		
				Direct Award	Indirect Award	Total
<b>OTHER ENTITIES AWARDS</b>						
<b><u>KID INC Kinship Initiatives Support Services (KISS)</u></b>	Kids in Distress	N/A	KID-MHS-20-1	\$ 255,222	\$	\$ 255,222
<b><u>Broward Healthy Start Coalition</u></b>	Project HOPE	N/A	HOPE2022MHS	66,329		66,329
<b><u>Miami Rescue Mission</u></b>	Medical and Support Services	N/A	Unknown	28		28
<b><u>City of West Park</u></b>	Families Matter	N/A	Unknown	147,572		
	Youth Force	N/A	Unknown	159,207		306,779
<b><u>Girls and Boys Club</u></b>	Case Management Services	N/A	Unknown	63,242		63,242
<b><u>Essential Hospital Association</u></b>	Improving Obsteric Outcomes	N/A	27-1021-011	20,000		20,000
<b><u>Broward County Public School</u></b>	Childrens Mental Health	N/A	34368-BSC	19,960		19,960
<b><u>State of Florida Department of Health</u></b>	Primary Care Services	N/A	BW744	149,986		149,986
<b><u>FADAA</u></b>	MAT Program	N/A	Unknown	15,570		15,570
<b><u>United Way</u></b>	Teens & Fentanyl Dangers	N/A	Unknown	45,843		45,843
<b>Total Other Entities Awards</b>				<b>942,959</b>		<b>942,959</b>
<b>Total Award Expenditures Per Schedule FY 2022</b>				<b>\$ 19,830,824</b>	<b>\$ 12,119,976</b>	<b>\$ 31,950,800</b>

\*\* All programs are grouped and totaled by CFDA / CSFA.

**South Broward Hospital District d/b/a Memorial Healthcare System  
Notes to the Schedule of Expenditures of Federal Awards,  
State Financial Assistance, Local and Other Entities Awards  
For the Year Ended April 30, 2023**

---

**Note 1 Purpose of the Schedule**

The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance Local and Other Entities Awards, hereafter referred to as “the Schedule,” of South Broward Hospital District d/b/a Memorial Healthcare System (the System) is supplementary information and is an important part of the reporting package required by:

- Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Title 45 CFR Part 74, Appendix E, *Principles for Determining Cost Applicable to Research and Development Under Grants and Contracts with Hospitals* (Uniform Guidance).

As a result, some amounts presented in the Schedule may differ from amounts presented in, or used in the presentation of the Schedule of the System.

The Schedule includes the grant activities for the System for the year ended April 30, 2023. The auditor is required to determine and provide an opinion on whether the Schedule is presented fairly, in all material respects, in relation to the Schedule as a whole. Further, the information in the Schedule serves as the primary basis for the auditor’s major programs, which is a key component of performing a single audit. The Schedule also provides assurance to those agencies that award financial assistance, that their programs or grants are included in the audit.

**Note 2 Summary of Significant Accounting Policies**

**Basis of Presentation**

The information in the Schedule is presented in accordance with the Uniform Guidance. The Schedule, at a minimum, entails the following:

1. Listing of individual Federal, State, Local and Other Entities programs by awarding agency for which the System expended funds for the year ended April 30, 2023
2. Total Federal, State, Local and Other Entities awards expended for the year ended April 30, 2023
3. Catalog of Federal Domestic Assistance (CFDA) and Catalog of State Financial Assistance (CSFA) number for each program that had expenditures for the year ended April 30, 2023
4. The name of the pass-through entity and the identifying number assigned by the pass-through entity for awards received as a subrecipient
5. The total amount provided to subrecipients from each Federal, State and Local program, if any
6. Notes that describe the significant accounting policies used in preparing the Schedule and notes indicating the indirect cost rate applied

**South Broward Hospital District d/b/a Memorial Healthcare System**  
**Notes to the Schedule of Expenditures of Federal Awards,**  
**State Financial Assistance, Local and Other Entities Awards**  
**For the Year Ended April 30, 2023**

---

**Note 2 Summary of Significant Accounting Policies (continued)**

**Basis of Presentation (continued)**

**Reporting Entity**

The System's reporting entity is described in Note 1 of the Schedule. The Schedule includes all Federal and State assistance programs administered by the System during the year ended April 30, 2023, that are subject to a Uniform Guidance audit.

**Basis of Accounting**

The expenditures presented on the Schedule are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and following the Uniform Guidance, wherein certain types of expenditures are unallowable or have conditions or limits as far as the reimbursement.

- Indirect Costs – The Schedule includes a portion of allocated costs from a federally approved indirect cost rate plan. The System did not elect to use the 10% de minimis cost rate.
- Matching Costs – All expenditures are recorded based on funded amounts, while additional costs, such as matching costs, are not included in the Schedule.
- Capital Costs – The System records grant funds restricted for the acquisition of capital assets as non-operating revenue in the accounting period in which they are earned and become measurable.

Because the Schedule presents only a selected portion of the operations of the System, it is not intended to and does not present the financial position, changes in net assets or cash flows of the System.

**Note 3 Pass-Through Federal and State Assistance**

- The majority of the System's Federal assistance is received from pass-through entities and are identified as such on the Schedule. State Funds are typically directly awarded from the State but can also be awarded through a pass-through entity.
- The System records expenditures of Federal programs and State awards when paid in cash to a pass-through entity (Subrecipients of the District). For the year ended April 30, 2023, the System did not pass-through any funds to sub-recipients as reflected on the Schedule.

**South Broward Hospital District d/b/a Memorial Healthcare System  
Notes to the Schedule of Expenditures of Federal Awards,  
State Financial Assistance, Local and Other Entities Awards  
For the Year Ended April 30, 2023**

---

**Note 4 Federal Programs and State Awards Not Subject to a Uniform Guidance Audit**

Matching Resources and Maintenance of Effort amounts for Federal programs as well as vendor-relationship specified contracts, are listed on the Schedule, but are not included when computing the threshold for single audit requirements totals.

**State Contracts on the Schedule, not Subject to a Uniform Guidance Audit or Section 215.97, F.S:**

- BW744 – State of Florida Department of Health – Vendor relationship

**Note 5 Program Clusters**

The U.S. Office of Management and Budget Compliance Supplement defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. There were programs that met this criterion for the current year.

**Note 6 Contingencies**

Grant monies received and disbursed by the System are for specific purposes subject to review by grantor agencies. Such reviews may result in requests for reimbursement due to unallowable expenditures. Based on prior experience, the System does not believe that such unallowances, if any, would have a material effect on the financial position of the System. As of April 30, 2023, management is not aware of any material questioned or unallowable costs as a result of grant audits in process or completed.

**Note 7 COVID-19 Provider Relief Fund**

In response to the COVID-19 pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provides emergency assistance and health care response for affected individuals, families, and businesses. During the year ended April 30, 2022, the System recognized approximately \$5.5 million of Provider Relief Funds (PRF) through the CARES Act. These funds were not included in the Schedule for the year ended April 30, 2022, following a provision in the 2021 OMB Compliance Supplement Addendum allowing entities to defer reporting such funds. In accordance with the 2021 OMB Compliance Supplement Addendum, these funds have been included in the Schedule for the year ended April 30, 2023.

**Note 8 State of Florida Department of Children and Families**

The State of Florida Department of Children and Families requires the accompanying Actual Expenses and Revenue Schedule, Schedule of Bed-Day Availability Payments, Schedule of State Earnings, and Schedule of Related Party Transaction Adjustments be presented for their contract year ending June 30, 2022.

**South Broward Hospital District d/b/a Memorial Healthcare System  
Notes to the Schedule of Expenditures of Federal Awards,  
State Financial Assistance, Local and Other Entities Awards  
For the Year Ended April 30, 2023**

---

**Note 9 Subsequent Event**

Subsequent events have been evaluated through July 18, 2023, which is the date the Schedule was available to be issued. There were no events of this nature requiring recording or disclosure in the Schedule for the year ended April 30, 2023.

**South Broward Hospital District d/b/a Memorial Healthcare System  
 Schedule of Findings and Questioned Costs  
 For the Year Ended April 30, 2023**

**Part I – Summary of Auditor’s Results**

**Financial Statements Section**

The auditor’s report and opinion on the Schedule and report on compliance and internal control based on the audit of the Schedule were prepared by other auditors.

Type of auditor's report issued (unmodified, qualified, adverse, or disclaimer). Unmodified

Internal control over financial reporting:

Material weakness(es) identified?          Yes   X   No

Significant deficiency(ies) identified that are not considered to be material weaknesses?          Yes   X   None reported

Noncompliance material to the schedule noted?          Yes   X   No

**Federal Awards and State Financial Assistance Section**

Type of auditor's report issued on compliance for major programs unmodified, qualified, adverse, or disclaimer). Unmodified

Internal control over major programs:

Material weakness(es) identified?          Yes   X   No

Significant deficiency(ies) identified that are not considered to be material weaknesses?          Yes   X   None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?          Yes   X   No



**South Broward Hospital District d/b/a Memorial Healthcare System  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended April 30, 2023**

**Part I – Summary of Auditor’s Results (continued)**

**Federal Awards and State Financial Assistance Section (continued)**

Identification of major Federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
32.006	COVID-19 Telehealth Program
93.498	COVID-19 Provider Relief Fund
93.788	State Opioid Response Grants
93.914	HIV Emergency Relief Project Grant
93.958	Block Grants for Community Mental Health Services
93.994	Maternal and Child Health Services Block Grant
97.039	Regional Cooling Tower Wind Retrofit
93.505	Maternal, Infant, & Early Childhood Home Visiting Program

Dollar threshold used to distinguish between Type A and Type B programs:

- Federal Programs \$ 750,000

Auditee qualified as low-risk auditee for Federal purposes?  Yes  No

**Part II – Financial Statement Findings Section**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violation of provisions of contracts and grant agreements, and abuse related to the Schedule for Government Auditing Standards that require reporting in a Uniform Guidance and *Government Auditing Standards* audit.

- **No matters were reported.**

**South Broward Hospital District d/b/a Memorial Healthcare System  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended April 30, 2023**

**Part III – Federal Awards Findings and Questioned Cost Section**

This section identifies the audit findings required to be reported by the Uniform Guidance (for example, material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving Federal awards that are material to a major Federal program.

- **No matters were reported.**

**Part IV – Other Matters**

**Corrective Action Plan – Current Year Findings**

This section is intended to address each audit finding included in the current year auditor's reports.

- No corrective plan per 2 CFR sections 200.511(a) and 200.511(c) of the Uniform Guidance Section .315 is required because there were no audit findings related to Federal programs.

**Summary Schedule of Prior Audit Findings – Federal programs**

This section reports the status of any audit findings included in the prior audit's Schedule of findings and questioned costs related to Federal awards. The summary Schedule also includes audit findings reported in the prior audit's summary Schedule of prior audit findings except audit findings listed as corrected or no longer valid or not warranting further action.

- No Summary of Prior Audit Findings per Uniform Guidance Subpart F 200.516 is required because there were no prior audit findings related to Federal programs.

## **Supplementary Information**

Table with columns for FUNDING SOURCES & REVENUES (A), Case Management (02), Crisis Support/Emergency (04), Drop-In/Self Help Ctr. (07), Inpatient (09), Outpatient (Indiv.) (14), Outreach (15), Incidental Expenses (28), Recovery Support (Indiv.) (46), CAT Team (B4), Mental Health Total (B), Assessment (01), Crisis Support/Emergency (04), Intervention (Indiv.) (11), Medical Services (12), Medication-Assisted Tx (13), Outpatient (Indiv.) (14), Outreach (15), Inpatient Detoxification (24), Incidental Expenses (28), Aftercare (Indiv.) (29), Outpatient Detoxification (32), Outpatient Group (35), Intervention (Group) (42), Aftercare (Group) (43), Recovery Support (Indiv.) (46), Recovery Support (Group) (47), Prevention - Indicated (48), Substance Abuse Total (C), Total for State SAMH-Funded Covered Services or Projects (B+C) (D), Total for Non-State-Funded Covered Services or Projects (E), Total for All Covered Services or Projects (D+E) (F), Total Funding (F+G) (N).

Table with columns for EXPENSE CATEGORIES (A), Case Management (02), Crisis Support/Emergency (04), Drop-In/Self Help Ctr. (07), Inpatient (09), Outpatient (Indiv.) (14), Outreach (15), Incidental Expenses (28), Recovery Support (Indiv.) (46), CAT Team (B4), Mental Health Total (B), Assessment (01), Crisis Support/Emergency (04), Intervention (Indiv.) (11), Medical Services (12), Medication-Assisted Tx (13), Outpatient (Indiv.) (14), Outreach (15), Inpatient Detoxification (24), Incidental Expenses (28), Aftercare (Indiv.) (29), Outpatient Detoxification (32), Outpatient Group (35), Intervention (Group) (42), Aftercare (Group) (43), Recovery Support (Indiv.) (46), Recovery Support (Group) (47), Prevention - Indicated (48), Substance Abuse Total (C), Total for State SAMH-Funded Covered Services (B+C) (D), Total for Non-State-Funded Covered Services (E), Total for All Covered Services (D+E) (F), Total Expenses (F+G+H+I) (J).

Table with columns for UNREARNS FUNDS, FUNDING ALLOCATIONS, AND EXCESS FUNDS (A), Unearned Funds (B), and Total Funding (F+G) (N).

**South Broward Hospital District d/b/a Memorial Healthcare System  
Schedule of Bed-Day Availability Payments  
For the Contract Year Ended June 30, 2022**

Program	Cost Center	State Contracted Rate	Total Units of Service Provided	Total Units of Service by 3rd Party Govt. or State Agencies	Local or Other Agencies	Eligible for Payment by Department	Amount Paid for Services by the Department	Maximum \$ Value of Units in Column F	Amount Owed to Department (G-H or \$0, whichever is greater)
A	B	C	D	E	F	G	H	I	
Children's Mental Health	Crisis Stabilization Unit	-	-	-	-	-	-	-	-
Adult Mental Health	Crisis Stabilization Unit	-	-	-	-	-	-	-	-
Children's Substance Abuse	Substance Abuse Detox	\$ 369.29	2,190	458	1,732	\$ 169,140	\$ 639,610	-	
Adult Substance Abuse	Substance Abuse Detox	-	-	-	-	-	-	-	
Adult Mental Health	Short-term Residential Treatment	-	-	-	-	-	-	-	

Total Amount Owed to Department = \$           -

**South Broward Hospital District d/b/a Memorial Healthcare System**  
**Schedule of State Earnings**  
**For the Contract Year Ended June 30, 2022**

---

Total Expenditures (Line 1)	\$ 9,852,704
Less Other State and Federal Funds (Line 2)	-
Less Non-Match SAMH Funds (Line 3)	(5,995,769)
Less Unallowable Costs per 65E-14, F.A.C. (Line 4)	-
Total Allowable Expenditures (Line 5: Sum of lines 1, 2, 3, and 4)	3,856,935
 Maximum Available Earnings (Line 6: Line 5 times 75%)	 2,892,701
 Amount of State Funds Requiring Match (Line 7)	 1,262,342
Amount Due to Department (Line 6 - Line 7 or \$0, whichever is less)	\$ -

This computation determines whether local match requirements (as stated in the Department of Children and Families Substance Abuse and Mental Health Contract) have been satisfied. The computation of allowable matching is governed by Chapter 65E-14 Community Substance Abuse & Mental Health Services - Financial Rules.

**South Broward Hospital District d/b/a Memorial Healthcare System**  
**Schedule of Related Party Transaction Adjustments**  
**For the Contract Year Ended June 30, 2022**

---

	Related Party	Allocation of Related Party Transactions Adjustment				
		State-Designated Cost Centers				
		1	2	3	.....	Total
<b>Revenues From Grantee</b>						
Rent	XXX					
Services	XXX					
Interest	XXX					
Other	XXX					
Total Revenue From Grantee	XXX					NOT APPLICABLE
<b>Expenses Associated with Grantee Transactions</b>						
Personnel Services	YYY					
Depreciation	YYY					
Interest	YYY					
Other	YYY					
Total Associated Expenses	YYY					
<b>Related Party Transaction Adjustment</b>		<i>ZZZ</i>	<i>ZZZ</i>	<i>ZZZ</i>	<i>ZZZ</i>	<i>ZZZ</i>