

**TRAVIS COUNTY COMMISSIONERS COURT ORDER FOR AN INDEPENDENT
PERFORMANCE AUDIT OF THE TRAVIS COUNTY HEALTHCARE DISTRICT**

WHEREAS, Texas Health and Safety Code, Chapter 281, Section 281.049 authorizes the Commissioners Court to prescribe specific accounting and financial control procedures for the hospital district; and Section 281.053 authorizes the County Commissioners, or its designated representatives, to gain access to and inspect all documents related to the district;

WHEREAS, the Commissioners Court seeks to order a comprehensive, independent performance audit of the Travis County Healthcare District (“Central Health”) because of public concerns about the effectiveness, efficiency, accountability, and equity of its and its providers’ expenditures and activities for the medically indigent;

WHEREAS, Central Health purports to lack contractual authority to obtain its providers’ records, which are essential for conducting a performance audit; yet these contractual provisions do not apply to the Commissioners Court’s statutory financial oversight authority to obtain records.

Therefore, the Travis County Commissioners Court orders the following:

1. The Travis County Purchasing Office shall take the appropriate steps to procure for the Commissioners Court the necessary services to perform an independent performance audit as specified herein. It shall present potential qualified audit firm candidates for the Commissioners Court’s selection by November 15, 2022. The Purchasing Office shall bring the contract for services to the Court for approval by December 13, 2022. Central Health shall reimburse in full the costs of the audit to the County. This audit will eliminate the need for a 2023 audit per the County’s 2017 financial policies.
2. The audit firm(s) shall have experience in analyzing and assessing the performance of healthcare payors and/or hospital districts related to accounting, budgeting, compliance, and management, and in particular, it shall have expertise in evaluating appropriate payor financial controls over third-party providers. The audit firm shall be free from any substantial or legal conflicts of interest. The performance audits should be thorough, professional and in accordance with the Generally Accepted Governmental Audit Standards (GAGAS) and other appropriate standards.
3. The audit firm(s) will be directed by and report solely to the County Commissioners.
4. The audit firm(s), as the County Commissioners’ agent, will have full access to all financial, medical utilization, audit, medical, and any other records, including drafts, databases, and work papers, necessary or useful in its discretion to perform this audit. This includes access to the Central Health-related documents of all its nonprofits, affiliates, providers, and vendors.
5. The audit firm(s) shall maintain the confidentiality of all confidential and privileged records and comply with all such applicable laws.
6. The scope of work for this independent performance audit will be as follows:
 - (A) an assessment of how well Central Health and its providers, including the Dell Medical School, Ascension Seton, CommUnityCare, and the Community Care Collaborative, have served the healthcare needs of the medically indigent in Travis, of how their

- performance compares to similar hospital districts' healthcare services, and of Central Health's future plans to function as a provider to a greater extent;
- (B) an assessment of the effectiveness, efficiency, equity, and accountability of the efforts of Central Health, its nonprofit, affiliates, and partners to establish an integrated delivery health care system ("IDS") for the medically indigent;
 - (C) an assessment of the quality of Central Health's health equity assessment and health equity plans, and whether they will effectively, efficiently, and equitably serve the needs of the medically indigent as compared to other health delivery approaches;
 - (D) an assessment of Central Health's financial accountability procedures and controls related to the expenditures of Central Health funds by Central Health and its third-party providers, including the Dell Medical School ("DMS"), Ascension Seton, CommUnityCare, and the Community Care Collaborative, and whether these practices meet payor industry standards as well as standards for governmental funds;
 - (E) an assessment of the public transparency and the quality of the public dissemination of information by Central Health;
 - (F) an analysis of the amount and type of all health care services (as defined in Texas Health and Safety Code, Sections 281.028 and 029) provided by DMS from Central Health's annual \$35 million payments to the medically indigent, including the number and type of aggregate patient encounters by universal diagnostic codes, universal treatment codes, costs, and any other provider accountability documentation the auditor seeks, in its discretion; as well as an analysis estimating, based on DMS accounting and other records, how much of these Central Health funds have been spent by functional expense classification categories on items other than direct health care for the indigent. This audit item shall be completed within 90 days of the audit contract's execution;
 - (G) an assessment of the appropriateness of the records kept and maintained by DMS, as well as DMS's reporting to Central Health and the public, for purposes of ensuring financial accountability and statutory compliance related to Central Health's funds;
 - (H) an assessment of the quality, relevance, and comprehensiveness of Central Health's performance metrics for itself and from its providers; and
 - (I) an assessment of Central Health's and its providers' and affiliates' compliance with applicable laws.

7. The audit firm(s) shall provide a written report of its findings and make recommendations to correct any accounting, operational, compliance, managerial or other practices. It shall also indicate best practices. This report shall be public and presented by at a public hearing.

8. Central Health shall publicly report quarterly for two years to the Commissioners Court on the recommended performance metrics and its progress on implementing the recommendations.

9. The audit firm(s) shall produce an audit letter to Commissioners Court indicating any reportable conditions found. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structures, which could adversely affect Central Health's ability to fulfill its statutory responsibilities or comply with the law.

10. The audit firm(s) shall report immediately in writing any on-going violations of law or any lack of cooperation in any manner by any person or entity with these performance audits. These reports shall be public.

SIGNED AND ENTERED THIS _____ DAY OF _____, 2022.

TRAVIS COUNTY COMMISSIONERS COURT

Andy Brown, County Judge

Jeff Travillion
Commissioner, Precinct 1

Brigid Shea
Commissioner, Precinct 2

Ann Howard
Commissioner, Precinct 3

Margaret Gómez
Commissioner, Precinct 4