

**THE METROHEALTH SYSTEM  
BOARD OF TRUSTEES  
AUDIT AND COMPLIANCE COMMITTEE  
REGULAR MEETING MINUTES**

**DATE:** Wednesday, March 20, 2019

**TIME:** 2:00 to 4:00 p.m.

**PLACE:** MetroHealth Medical Center  
K107, Business Services Building

**COMMITTEE TRUSTEES:** Mr. Monnolly and Dr. Silvers

**ADDITIONAL TRUSTEES:** Ms. Whiting

**STAFF:** K. Blessinger, A. Boutros, MD, D. Fiser, G. Himes, M. Phillips, J. Platten, C. Richmond, C. Forino Wahl

**GUESTS:** R. Barre, J. Holloway, J. Mylen (KPMG), K. Allen, L. Kalic (RSM)

Dr. Silvers called the meeting of the Audit and Compliance Committee to order at 2:01 p.m. Please note that minutes are written to conform to the printed agenda and are not necessarily in the order of discussion.

- I. The minutes of the regular Audit and Compliance Committee meeting held on December 12, 2018 were approved as presented.

**II. INFORMATION ITEMS**

Dr. Silvers introduced Lori Kalic, RSM's Lead Audit Partner who opened the meeting by introducing the audit engagement team. Ms. Kalic and Katy Allen, Audit Manager, provided an overview of the scope of audit services performed, noting they were conducted in accordance with Auditing Standards Generally Accepted in the United States of America (GAAS), Government Auditing Standards and Uniform Guidance. Ms. Kalic mentioned the Ohio Compliance Supplement and two major programs were audited in accordance with the Uniform Guidance: WIC Special Supplemental Nutrition Program for Women, Infants, and Children and Crime Victim Assistance. RSM Audits The MetroHealth System, The MetroHealth Foundation and Select Assurance Captive LLC.

Ms. Kalic and Ms. Armul summarized the auditor's professional responsibilities and highlighted the new accounting pronouncements and standards adopted by the System in 2018. Also discussed with the Committee was the audit focused on evaluating the reasonableness of significant accounting estimates made by management, highlighting several of those estimates. Ms. Kalic led discussions around internal controls over financial reporting and compliance – uniform guidance, and noted no deficiencies were identified. RSM issued an unqualified opinion for the 2018 financial audit, with no audit adjustments. Like last year, Ms. Kalic remarked that based on our size and complexity, having no audit adjustments was a significant accomplishment.

Craig Richmond, Executive Vice President, Chief Financial Officer introduced Katherine Blessinger, Assistant Controller, to the Committee. Ms. Blessinger is responsible for the System's

Accounting department and leads the accounting and financial reporting functions. In addition, Ms. Blessinger plays an integral role with managing the external audit along with Geoff Himes, Vice President of Finance.

At this point in the meeting all management left the meeting and the Audit Committee trustees and RSM audit engagement team met for discussion.

Cheryl Forino Wahl, Senior Vice President, Chief Ethics and Compliance Officer provided an update on the first quarter ethics and compliance program activities stating that six percent of the annual work plan has been completed and twenty-one percent is in progress. Ms. Wahl stated that MetroHealth was not selected as a World's Most Ethical Company in 2019, but the organization will receive a benchmark report from Ethisphere Institute comparing MetroHealth to the organizations that won. Ms. Wahl mentioned that MetroHealth will use to report to identify areas of improvement and develop an action plan to address deficiencies prior to submitting for the 2020 application. Ms. Wahl proceeded with reviewing the four 2019 Ethics and Compliance goals: expanding the risk assessment process, implementing a strategic communication plan, measuring compliance effectiveness using data and metrics and responding to the Ethisphere benchmark report. Ms. Wahl stated that compliance reports have stabilized over the last five months averaging 42 calls per month, or 5.6 calls per 1,000 employees. Ms. Wahl also stated a task force was formed to examine onboarding and offboarding processes to ensure that access to information systems and physical facilities are properly tracked and terminated. Lastly, Ms. Wahl stated that a HIPAA Corrective Action Committee was implemented to review cases involving intentional and inappropriate access or disclosure of protected health information for personal gain or with malicious intent.

Jim Mylen, Partner with KPMG Advisory Services, serves as MetroHealth's Director of Internal Audit. Mr. Mylen introduced both Robin Barre, Director, and Jerod Holloway, Managing Director, with KPMG. Mr. Mylen shared two KPMG papers with the committee: "Healthcare 2030" and "Top 10 in 2019: Considerations for impactful internal audit departments". Mr. Mylen proceeded with providing an update on the first quarter 2019 Internal Audit Plan stating the 2019 Internal Audits are planned across six primary risk categories – financial, operational, information technology, quality, human resources and compliance. Mr. Mylen mentioned the plan includes fifteen internal audits that will be coordinated with Ethics and Compliance. Ms. Barre provided an update on the financial reporting governance processes stating internal audit worked with finance to help establish and develop procedures for a Financial Reporting Disclosure Committee (FRDC). Ms. Barre stated the FRDC will oversee procedures like those required by publicly-traded companies to help ensure adequate internal controls over financial reporting as part of their Sarbanes-Oxley Act of 2002 (SOX) compliance programs. Ms. Barre mentioned the FRDC commenced in January 2019 for the 2018 year-end close process and will continue to meet on a quarterly basis. She mentioned the January certification had a 100% response rate from participants. Ms. Barre also provided an update on their goals for 2019 stating they will focus on integrated assurance and coordination with Ethics and Compliance, increased communication of risk themes and they will continue to perform analytic procedures in the audit process. Mr. Mylen mentioned the 2019 Internal Audit Charter was presented by KPMG for review and approval and the signed copies were distributed.

David Fiser, Vice President, Chief Information Officer, provided a Cyber Security Program update. Mr. Fiser mentioned a new Information Security Officer; Greg Journey has joined MetroHealth. Mr. Fiser stated that Information Services has completed the implementation of a new cyber phishing solution called Phishme from Cofense and has been in production since January 2019. Mr. Fiser related they are currently reviewing a new secure email gateway, and remote Multi-Factor Authentication solution. Several enhancements were completed to the MetroHealth's cyber

security posture including endpoint protection, multi factor authentication for Office 365, Password Resets and Active Directory Hardening. Mr. Fiser also related that a managed security service provider has been selected for the remote hosted Security Operations Center (SOC), stating the SOC provides 24/7/365 monitoring of MetroHealth's cyber security systems for threat detection and on-site cyber remediation assistance. Mr. Fiser proceeded with providing an update on recent HIPAA Security and Cyber Maturity Assessment with KPMG, MetroHealth's Internal Auditors. KPMG recommended several areas of opportunity to further enhance security posture and information services is establishing the plan and project initiation stages for 2019.

Mr. Fiser continued with his Information Technology (IT) update stating Avalution was engaged to assist with Business Impact Analysis (BIA) reviews with various departments. Mr. Fiser further stated MetroHealth currently utilizes University Hospitals Elyria data center location as the Disaster Recovery site and was notified to vacate the Elyria Medical Center Data Center by December of 2019. The Involta Data Center which is a co-location site in Akron, Ohio has been selected for hosting MetroHealth's Disaster Recovery site. IT is finalizing the Disaster Recovery data center move planning and completing the procurement of the hardware, software and services for the Disaster Recovery site. Mr. Fiser also mentioned a firm has been selected to assist with a Technology Strategic Plan which will provide a multi-year technology plan that will further align IT priorities and goals with the System strategy. Mr. Fiser stated the Technology Strategic Plan engagement will take approximately 12-14 weeks with an estimated completion in the third quarter of 2019.

A motion was made, seconded and passed to move the Committee into Executive Session to discuss trade secrets and litigation matters. The Committee returned to regular session at 4:03 p.m.

### **III. NON-CONSENT /ACTION ITEMS**

- A. No items at this time

### **IV. CONSENT ITEMS**

- A. A Recommendation to Approve and Accept the 2018 Audit Report

The Committee unanimously approved the recommendation for full Board action.

- B. A Recommendation for the Continued Engagement of Kaufman Hall as the MetroHealth System's Financial Advisor for Transformation

The Committee unanimously approved the recommendation for full Board action.

- C. A Recommendation for Approval of the Purchase of Certain Capital Equipment

The Committee unanimously approved the recommendation for full Board action.

- D. A Recommendation for Certain Core Terms of a AFSCME Local 3360, Ohio Council 8

The Committee unanimously approved the recommendation for full Board action.

- E. A Recommendation for Acceptance of the 2018 Results Compared to the 2018 Plan Measures and Goals for Performance Based Variable Compensation Program

The Committee unanimously approved the recommendation for full Board action.

- F.** A Recommendation for the Continued Engagement of Upshur Street Consulting as Consulting as Consultants for the System

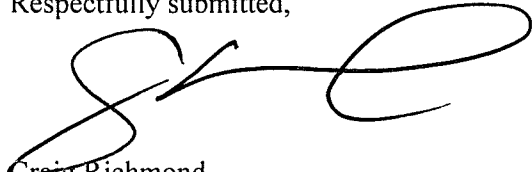
The Committee unanimously approved the recommendation for full Board action.

- G.** A Recommendation to Approve a Commitment of Funds to Assist in the Establishment of a Cuyahoga County Mental Health Diversion Facility

The Committee unanimously approved the recommendation for full Board action.

There being no further business to bring before the Committee, the meeting was adjourned at 4:05 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Craig Richmond', with a large, stylized flourish extending to the right.

Craig Richmond  
Executive Vice President and  
Chief Financial Officer