

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

DATE: Wednesday, September 11, 2019

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

PLACE: MetroHealth Medical Center
K107, Business Services Building

COMMITTEE TRUSTEES: Mr. McDonald, Mr. Moss and Dr. Silvers

ADDITIONAL TRUSTEES: Ms. Dee

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

GUESTS: R. Barre, J. Mylen (KPMG), J. Croy, L. Kalic, H. Pallante (RSM)

Mr. McDonald called the meeting of the Audit and Compliance Committee to order at 2:00 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 June 12, 2019 were approved as presented.

II. INFORMATION ITEMS

Mr. McDonald introduced Lori Kalic, RSM's Lead Audit Partner who opened the meeting by introducing the audit engagement team. Ms. Kalic and Hallie Pallante, Audit Manager, provided an overview of the scope of audit services and highlighted the audit and attestation services performed by RSM. For 2019 the financial statement audit will include, The MetroHealth System, the MetroHealth Foundation financial statements' and the Select Assurance Captive, LLC financial statements. Ms. Kalic summarized the auditor's responsibilities under US Generally Accepted Auditing Standards, the risk-based audit approach and the risk assessment process. Ms. Kalic presented the timeline of the audit engagement and the anticipated completion dates of all audit procedures were reviewed with the Committee. In addition, Ms. Kalic provided an overview of current and upcoming accounting pronouncements required to be implemented by the System. Ms. Kalic discussed with the Committee pronouncements for 2019 included GASB Statement No. 83 – Certain Asset Retirement Obligations, GASB Statement No. 84 – Fiduciary Activities, GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements and GASB Statement No. 90 – Majority Equity Interests.

Cheryl Forino Wahl, Senior Vice President, Chief Ethics and Compliance Officer provided an update on the third quarter compliance program activities stating thirty-eight percent of the work plan has been completed. Ms. Wahl stated the Ethics and Compliance Department continues to make significant progress on its 2019 goals. Internal Audit and Compliance are working to further integrate the annual risk assessment process in preparation for their 2020 work plans and they have begun to outline a framework with Legal to develop an enterprise risk management strategy for the organization. Ms. Wahl mentioned that Ethics and Compliance has increased its communication

efforts which includes establishing a blog, a monthly book club and hosting a lunch and learn on specific ethics-related topics.

Ms. Wahl stated that compliance reports have remained steady over the last three months, and HIPAA cases remain the top reported issue for review. The case closure time averages eighteen days, whereas the national benchmark is thirty days. Ms. Wahl shared that the privacy team has conducted twenty live presentations and three HIPAA walk-throughs resulting in an increase in the number of reported HIPAA concerns, stating this is a positive trend that is likely to continue as employees become more aware of HIPAA issues. Lastly, Ms. Wahl stated the coding audit team with the Compliance department continues to develop targeted educational materials to assist with on-going documentation training efforts.

John Croy, RSM Senior Director and National Leader of Construction Advisory Services, provided an update on the Transformation Project construction cost review services. Mr. Croy indicated RSM reviewed the Guaranteed Maximum Price (GMP) contract for Phase C. The review identified potential adjustments to the contract for consideration that have been shared with Walter Jones, Senior Vice President Campus Transformation. Mr. Croy stated they continue to conduct monthly reviews of the major vendors and contractors participating in the project as well as participating in the pencil draw process (draw invoice review).

Jim Mylen, Partner with KPMG Advisory Services, serves as MetroHealth's Director of Internal Audit. Mr. Mylen introduced Robin Barre, Director, who is part of the Internal Audit team. Mr. Mylen and Ms. Barre provided an update of the 2019 Internal Audit Plan and an overview of the accomplishments and goals for the third quarter. Mr. Mylen proceeded with providing an update on the third quarter 2019 Internal Audit Plan stating Internal Audit (IA) continues to perform quarterly analytics and auditing procedures for payroll, procure to pay, and segregation of duties within the financial reporting system. Mr. Mylen mentioned that IA and management collaborated to improve the procedures in place to monitor system access and ensure appropriate segregation of duties through automation and updated reporting.

Ms. Barre mentioned in late 2018, IA worked with Finance to establish and develop procedures for a Financial Reporting Disclosure Committee ("FRDC"). The FRDC oversees procedures similar to those adopted by public companies to ensure adequate internal controls over financial reporting as part of their Sarbanes-Oxley Act of 2002 ("SOX") compliance programs. Ms. Barre stated the FRDC has been completed for the past three quarters and certifications were received from one hundred percent of those asked to participate. The IA plan is on track and consists of fifty-two projects. The plan includes fifteen internal audits that will be coordinated with Ethics and Compliance and seven internal audits that will be coordinated with Legal. Mr. Mylen stated the annual enterprise risk assessment planning for 2020 will be an integrated process between IA and Ethics and Compliance that will begin next quarter. Risk assessment interviews will be performed in the fourth quarter and the preliminary 2020 IA plan will be developed and presented to the Audit and Compliance Committee of the Board of Trustees in December.

David Fiser, Vice President, Chief Information Officer, provided a Cyber Security Program update. Mr. Fiser stated that Information Services continues to enhance the cyber phishing program and that monthly phishing tests have been completed for January through July. Mr. Fiser mentioned that additional phishing and cyber education for employees was provided in March and April including in-person follow-up Phishing training provided by the Information Security Officer. Mr. Fiser shared that enhanced security for remote access using a remote Multi-Factor Authentication solution is to be implemented by the end of the year. Mr. Fiser also discussed that MCPc has been selected for a remote hosted Security Operations Center (SOC). The SOC provides 24/7/365 monitoring of MetroHealth's cyber security systems for threat detection and on-site cyber

remediation assistance. As previously discussed, Mr. Fiser provided an update on the HIPAA Security and Cyber Maturity Assessment with KPMG. KPMG recommended several areas of opportunity to further enhance security posture and information services continues to establish an overall plan and project initiation stages throughout 2019.

Mr. Fiser continued with his Information Technology (IT) update stating Information Services has completed the Business Impact Analysis (BIA) reviews with various departments. As previously discussed, Mr. Fiser mentioned network connectivity to the Akron Involta Disaster Recovery co-location site has been established and tested. IT has initiated the Disaster Recovery data center move from the University Hospitals Elyria Medical Center Data Center location and is completing the procurement of the hardware, software and services for the Disaster Recovery with a target 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 4:00 p.m.

III. NON-CONSENT /ACTION ITEMS

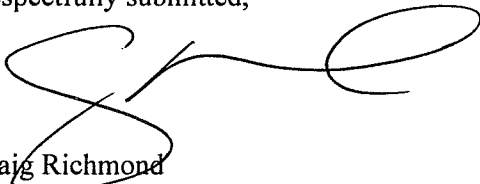
A. No items at this time

IV. CONSENT ITEMS

A. No items at this

There being no further business to bring before the Committee, the meeting was adjourned at 4:00 p.m.

Respectfully submitted,



Craig Richmond
Executive Vice President and
Chief Financial Officer