

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

DATE: Wednesday, March 18, 2020

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

PLACE: MetroHealth Medical Center
K107, Business Services Building

COMMITTEE TRUSTEES: Mr. McDonald (via telephone), Mr. Moss (via telephone), Dr. Silvers (via telephone)

ADDITIONAL TRUSTEES: Ms. Dee (via telephone), Mr. Hurwitz (via telephone), Ms. Whiting (via telephone)

STAFF: A. Boutros, D. Fiser, G. Himes (via telephone), L. McBride, M. Phillips,
C. Richmond, C. Forino Wahl

GUESTS: L. Kalic (RSM) (via telephone), J. Mylen (KPMG), (via telephone)

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 December 11, 2019 were approved as presented.

II. INFORMATION ITEMS

Mr. McDonald introduced Lori Kalic, RSM's Lead Audit Partner. Ms. Kalic 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. RSM audits The MetroHealth System, The MetroHealth Foundation, Recovery Resources and Select Assurance Captive LLC. RSM issued an unqualified "clean" opinion for the 2019 financial audit, with no audit adjustments.

Ms. Kalic summarized the auditor's professional responsibilities and highlighted the new accounting pronouncements and standards adopted by the System in 2019. 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. Ms. Kalic remarked that based on MetroHealth's size and complexity, having no audit adjustments was a significant accomplishment.

As it relates to the Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance, RSM expressed an opinion that MetroHealth complied in all material respects with the direct and material compliance requirements associated with the major programs.

Jim Mylen, Partner with KPMG Advisory Services, serves as MetroHealth's Director of Internal Audit. Mr. Mylen provided an update regarding the team stating KPMG leadership for 2020 is consistent with prior years with the addition of a new Internal Audit Lead named Veronica Despoth. Mr. Mylen stated the 2019 Internal Audit (IA) plan is on track and scheduled to be completed by March 31, 2020 and that planning, and fieldwork has started for the 2020 audits. Mr. Mylen proceeded with providing an update on the accomplishments and goals for the first quarter 2020 Internal Audit Plan stating the 2020 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 and eleven internal audits that will be coordinated with Legal. Mr. Mylen stated IA continues to work with finance to perform and enhance procedures for the Financial Reporting Disclosure Committee ("FRDC") which oversees procedures similar to those adopted by public companies to help ensure adequate internal controls over financial reporting as part of their Sarbanes-Oxley Act of 2002 ("SOX") compliance programs. Mr. Mylen mentioned the FRDC has been completed for the past five quarters and certifications were received from one hundred percent of those asked to participate and that in 2020 IA plans to expand the FRDC to cover strategic growth initiatives (Lumina, Recovery Resources. etc.).

Mr. Mylen provided a recap of IA 2019 actions which focused on increased internal audit communication and coordination with key stakeholders, the use of data analytics in audit procedures, and an enhanced reporting on management action plans, remediation and risk mitigation activities. Mr. Mylen also stated IA has established 2020 goals to enhance existing procedures with goals to include additional improvements to the data-driven audit and risk assessment processes, enhanced internal audit reporting and the establishment of an Enterprise Risk Management program. Mr. Mylen mentioned the 2020 Internal Audit Charter was presented by KPMG for review and approval and the signed copies were distributed.

Cheryl Forino Wahl, Senior Vice President, Chief Ethics and Compliance Officer provided an update on the first quarter compliance program stating seventy-seven percent of the 2020 work plan is completed for January and February projects. Ms. Wahl stated the work plan has been divided into ten key initiatives all of which are on track. Ms. Wahl proceeded with a review of four 2020 Ethics and Compliance goals which will further enhance the program. Ms. Wahl stated that highlights include recognition as a World's Most Ethical Company List, hiring of a new Director of Compliance, Robin Barre and the launching of a speak up video. Ms. Wahl mentioned the MetroHealth Ethics Line experienced an increase in hotline calls with 192 for the first quarter verses 173 in the fourth quarter of 2019, likely the result of the speak up campaign. Lastly, Ms. Wahl shared the Compliance Dashboard highlighting cases per quarter, days from open to close, top 5 issue types and directly reported cases.

David Fiser, Vice President, Chief Information Officer, provided a Cyber Security Program and Information Technology (IT) update stating MetroHealth continues to conduct monthly Phishing Simulations based on real phishing attacks which are used to test all workforce members on a monthly basis started in January 2019. Mr. Fiser stated the remote Security Operations Center (SOC) established in 2019 is providing 24/7/365 cyber security monitoring on a daily basis. Mr. Fiser stated the Imprivata multi-factor authentication for physicians for Electronic Prescribing of Controlled Substances (EPCS) was implemented in December 2019 and provides for a two-factor authentication via smart phone token or physical token. Mr. Fiser also stated IT established a new Security Advisory Council in December 2019 to oversee the cyber security program and initiatives, including a review of planned 2020 security projects.

Mr. Fiser provided an update on the HIPAA and Cyber Maturity Risk activities based on a prior KPMG assessment which identified ten areas of opportunity to further increase the System's security posture of which five items have been completed, with three items in-process. Two are scheduled that include Identity Access Management in 2020 and Privileged Access Management in 2021.

Mr. Fiser stated that the Disaster Recovery data center move from Elyria to Akron Involta Disaster Recovery center provided for increased disaster recovery capabilities of 150 applications, and higher level of data center redundancy. Mr. Fiser mentioned that disaster recovery plans and testing capability has been executed to date for 22 applications at the Akron Involta center and that IT will be testing an additional 14 applications in the first quarter of 2020. In addition, Mr. Fiser stated that MetroHealth has selected Involta Data Center located in Independence, Ohio for the new co-location facility for the production data center. Involta will provide a Tier III (high redundancy data center facility), stating current IT services will be moving from Old Brooklyn Campus to Involta with migration to begin in July 2020 and completion scheduled for December 2020.

III. NON-CONSENT /ACTION ITEMS

A. No items at this time

IV. CONSENT ITEMS

A. A Recommendation to Approve and Accept the 2019 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.

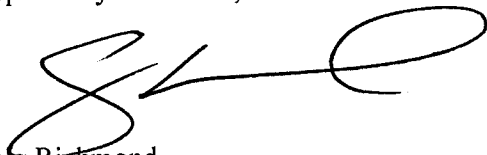
At this point in the meeting a motion was made, seconded and passed to move the Committee into Executive Session to discuss trade secrets and litigation matters. The Committee returned to regular session at 2:55 pm.

C. A Recommendation for Acceptance of the 2019 Results Compared to the 2019 Plan Measures and Goals for Performance Based Variable Compensation Program

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 2:58 p.m.

Respectfully submitted,



Craig Richmond
Executive Vice President and
Chief Financial Officer