

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

DATE: Wednesday, September 9, 2020

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

PLACE: MetroHealth Medical Center
R170, Rammelkamp Building

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

ADDITIONAL TRUSTEES: Ms. Dee, Ms. Whiting

STAFF: D. Fiser, G. Himes, L. McBride, M. Phillips, C. Richmond, C. Forino Wahl

GUESTS: J. Mylen, V. Despoth (KPMG) (via telephone), L. Abernethy, J. Croy, S. Draxler, L. Kalic, D. Luker, H. Pallante (RSM) (via telephone)

Dr. Silvers called the meeting of the Audit and Compliance Committee to order at 2:04 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 10, 2020 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 provided an overview of the scope of audit services and highlighted the audit and attestation services performed by RSM. Ms. Kalic summarized the auditor's responsibilities under US Generally Accepted Auditing Standards (GAAS), the risk-based audit approach and the risk assessment process. For 2020 the financial statement audit will include, The MetroHealth System, the MetroHealth Foundation financial statements' and the Select Assurance Captive, LLC financial statements. 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 mentioned that HRSA has indicated that stimulus funds from the CARES Act are subject to the Single Audit which will likely significantly impact the Single Audit.

Linda Abernethy, RSM's Government Industry Partner provided an overview of current and upcoming accounting pronouncements required to be implemented by the System. Ms. Abernethy discussed with the Committee pronouncements for 2020 which included GASB Statement 88 – Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. GASB Statement No. 90 – Majority Equity Interests, and GASB Statement No. 97 – Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.

Cheryl Forino Wahl, Senior Vice President, Chief Ethics and Compliance Officer provided an update on the third quarter compliance program activities stating the overall 2020 work plan is sixty-five percent complete. Ms. Wahl mentioned the four departmental goals which are designed to improve the effectiveness of the program remain on track. Ms. Wahl stated that highlights include completing an ethical culture survey in partnership with Human Resources and Ethisphere; launching the second phase of the speak up campaign and publishing a new non-retaliation policy in response to ethical culture survey; transforming the Code of Conduct into a digital interactive experience; using humorous video shorts to engage employees in annual compliance training; preparing for the World's Most Ethical Company application and developing compliance standards based upon the Department of Justice guidelines. Ms. Wahl mentioned the MetroHealth Ethics line saw a slight decrease in the number of cases in the second quarter likely due to the number of employees working remotely. Ms. Wahl stated the number of cases reported directly to compliance increased signaling a continuous increase in trust among employees reporting issues directly to Compliance.

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 introduced David Luker, RSM Director who is part of the team and who will be assuming Mr. Croy's responsibilities at the next Audit and Compliance committee. Mr. Croy stated they continue to conduct monthly reviews through e-builder of the invoices submitted by consultants and contractors, making sure there is adequate supporting documents and that invoicing is in accordance with agreements. Mr. Croy provided a review of the procedures they perform for each of the major consultants, the contractor and the sub-contractors including labor and equipment rates. Mr. Croy also provided an update on the interim reviews for general liability insurance, subcontractor default insurance and the information technology costs invoiced to the project.

Jim Mylen, Partner with KPMG Advisory Services, who serves as MetroHealth's Director of Internal Audit introduced Veronica Despoth, Internal Audit Lead and Director, IT Advisory Services who is part of the internal audit team. Mr. Mylen and Ms. Despoth provided an update of the 2020 Internal Audit Plan and an overview of the accomplishments and goals for the third quarter. Mr. Mylen provided a report on the third quarter Internal Audit (IA) activities stating the overall IA plan is forty percent complete and on-track for the year which runs through March 2021. Ms. Despoth stated the Financial Reporting Control test procedures were started in August and are designed to test the effectiveness of the internal controls over financial reporting. Ms. Despoth mentioned internal audit coordinates planning and test procedures with the external auditor and testing is on track to be completed by the end of October and year-end control testing will be performed in December and January. Ms. Despoth stated the Financial Reporting Governance program continues to be performed on a quarterly basis and the financial certification recipients were updated to include Recovery Resources, Lumina Imaging and Select Assurance Captive covering all entities that are consolidated in the MetroHealth financial statements.

Mr. Mylen mentioned planning for 2021 will start in October with updated risk assessment procedures and that internal audit will collaborate with the Enterprise Risk Management (ERM) working group to refresh their internal audit risk universe and develop the 2021 internal audit plan. Mr. Mylen, Ms. Wahl, Laura McBride, Deputy General Counsel, provided an update of the Enterprise Risk Management (ERM) and Risk Assessment program. They stating ERM risk workshops are being planned for October and an ERM governance structure has been developed and the working group provided updates to the President's Cabinet.

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. Mr. Fiser discussed with the Committee the adoption of the industry best practice approach of implementing security safeguards using a defense-in-depth methodology. Mr. Fiser also stated the remote Security Operations Center (SOC) established in 2019 is providing hosted and managed by MCPc provides 24/7/365 cyber security monitoring. Mr. Fiser shared IT's expansion of the Disaster Recovery center capabilities continued at the Akron Involta Disaster Recovery Center. Mr. Fiser mentioned Multi-Factor Authentication for remote access to MetroHealth Systems was completed in August and migration of Old Brooklyn Campus production data center to Involta data center in Independence is scheduled for completion in November of 2020.

III. NON-CONSENT /ACTION ITEMS

A. No items at this time

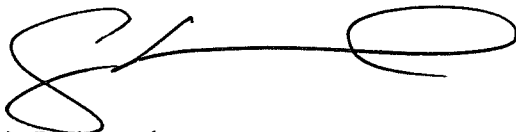
IV. CONSENT ITEMS

A. No items at this time

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 4:09 pm.

There being no further business to bring before the Committee, the meeting was adjourned at 4:10 p.m.

Respectfully submitted,



Craig Richmond
Executive Vice President and
Chief Financial Officer