

# The MetroHealth System Board of Trustees

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## AUDIT AND COMPLIANCE COMMITTEE

March 17, 2021

### Meeting Minutes

<b>Committee Members Present:</b>	Mr. Moss, Dr. Silvers
<b>Other Trustees Present:</b>	Ms. Dee, Ms. Kirk, Ms. Whiting
<b>Staff Present:</b>	Dr. Boutros, Ms. Barre, Mr. Fiser, Mr. Himes, Ms. McBride, Ms. Morales, Mr. Richmond, Ms. Wahl
<b>Guests:</b>	Mr. Mylen, Ms. Despoth (KPMG), Ms. Kalic, Mr. Luker, Ms. Pallante (RSM)

Dr. Silvers called the meeting to order at 2:01 p.m.

**1. Approval of Minutes**

The minutes of the December 9, 2020 Audit and Compliance Committee meeting were approved as submitted.

**2. Information Items**

**Transformation Project Construction Cost Review – David Luker, RSM**

Mr. Luker provided an update on the Transformation Project construction cost review services. Mr. Luker mentioned they continue to conduct monthly reviews through e-Builder (construction management software) of the invoices submitted by consultants and contractors, making sure there is adequate supporting documents and that invoicing is in accordance with agreements. Mr. Luker reported on procedures performed during the period around recalculation of retainage, and confirmed compliance with current statute, policy and contract requirements. Mr. Luker reviewed the payment application procedures they perform for each of the consultants, the contractor and the sub-contractors. Mr. Luker also provided an update on the interim reviews for general liability insurance, subcontractor default insurance and the information technology costs invoiced to the project. Mr. Luker noted interim audit procedures for high value subcontractors have been

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initiated, and that initial information requests have been sent to subcontractors through the prime contractor.

### **2020 Audit Report for the System's Annual Financial Statements – Lori Kalic & Hallie Pallanti, RSM**

Ms. Kalic presented the results of The MetroHealth System's 2020 external financial statement audit. 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. Ms. Pallante discussed with the Committee that the audit focused on evaluating the reasonableness of significant accounting estimates made by management, highlighting several of those estimates. RSM issued an unqualified "clean" opinion for the 2020 financial audit, with no audit adjustments and no internal control deficiencies over financial reporting. Ms. Kalic remarked that based on our size and complexity, having no audit adjustments was a significant accomplishment.

Ms. Kalic mentioned the U.S. Department of Health and Human Services (HHS) has delayed and not disclosed the date at which the Provider Relief Fund (PRF) Reporting Portal will be accessible to PRF recipients, and issuance of the reporting package associated with the Uniform Guidance audit will be provided when testing associated with the reporting requirements of the PRF can be completed.

At this point in the meeting all management left the meeting and the Audit Committee trustees and RSM audit engagement team met for discussion in Executive Session at 2:35 p.m.

Following Executive Session, the meeting reconvened in open session at 2:45 p.m.

Mr. Richmond introduced Christina Morales, Director of Accounting. Ms. Morales plays an integral role with managing the external audit along with Geoff Himes, Vice President of Finance.

### **2021 Compliance Update and 2021 Compliance Work Plan – Cheryl Forino Wahl**

Ms. Wahl provided an update on the first quarter compliance program. Ms. Wahl mentioned MetroHealth (MH) has been recognized as the 2021 World's Most Ethical Company. Ms. Wahl stated MH received a report from Ethisphere comparing our responses to other awardees with a favorable response. Ms. Wahl mentioned that in response to the ethical culture survey in 2020, we have partnered with Human Resources (HR) to develop an action plan which will be rolling out to leaders. Ms. Wahl stated they engaged Ernst & Young to assist with implementation of the 21<sup>st</sup> Century Cures Act. In addition, Ms. Wahl mentioned the Ethics and Compliance Portal was launched during the quarter. Ms. Wahl also stated the MH Ethics Line saw a twenty-eight percent increase in the number of cases

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in the fourth quarter 2020. Ms. Wahl mentioned the Committee reviewed the ten key ethics and compliance initiatives for 2021 and the progress made on the four department goals. Also, the department added a new risk domain to the work plan for third party risk management and the six month work plan is 26.5% complete and on target to complete by June 2021. Lastly, Ms. Wahl shared a KPMG thought leadership article addressing the top five priority areas on the 2021 healthcare audit and compliance committee agenda.

### **2021 Internal Audit Update and 2021 Internal Audit Plan – Jim Mylen and Veronica Despoth, KPMG**

Mr. Mylen provided an update on the 2021 Internal Audit Plan and an overview of the accomplishments and goals for the quarter. Mr. Mylen provided a report on the fourth quarter Internal Audit (IA) activities stating the overall IA plan is ninety percent complete and on-track for the year which runs through March 2021. Ms. Despoth stated the Financial Reporting Controls were tested, and the control environment was deemed effective. IA provided RSM the supporting information in advance of their external audit procedures. Ms. Despoth also shared that the Financial Reporting Disclosure Committee was formed and has been performed quarterly since December 2018. MetroHealth proactively adopted this practice as a best practice that is required by publicly traded companies filing annual reports with the Securities and Exchange Commission (SEC) in response to The Sarbanes-Oxley Act. Mr. Mylen mentioned the risk assessment procedures were completed, and the 2021 risk universe was updated. IA presented the 2021 IA plan to the committee.

Mr. Mylen provided an update on the integration with Enterprise Risk Management (ERM) program. IA will collaborate with the ERM program and management to evaluate risks and document mitigating activities for three of the top risks, IA reviewed top risks identified through risk surveys, management workshops and interviews were reviewed with the President's Cabinet.

### **Cyber Security and IT Update – David Fiser**

Mr. Fiser provided a Cyber Security Program and Information Technology (IT) update stating MetroHealth (MH) continues to conduct monthly Phishing Simulations based on real phishing attacks which are used to test all workforce members. Mr. Fiser mentioned the remote Security Operations Center (SOC) established in 2019 which is hosted and managed by MCPc providing 7x24x365 cyber security monitoring. Mr. Fiser discussed expansion of the Disaster Recovery Center (DRC) capabilities and testing continues at the Involta DRC in Akron. Mr. Fiser stated Multi-Factor Authentication (MFA) for remote access to MetroHealth Systems was completed for all remote users. Mr. Fiser stated MetroHealth is implementing Epic Radiant Radiology Information Systems (RIS), Sectra Picture Archiving and Communication System (PACS), and Epic Willow Ambulatory Pharmacy with go-lives scheduled for the third quarter of 2021. Mr. Fiser mentioned MH Old Brooklyn Campus (OBC) is scheduled for network upgrades in 2021 and that MH has been accredited by Epic

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Systems to provide Epic Community Connect hosting services to other healthcare organizations.

### 3. Recommendation/Resolutions Approvals

- A. Recommendation to the Board of Trustees of the MetroHealth System to Approve and Accept the 2020 Audit Report for the System's Annual Financial Statements Presented by RSM.

Mr. Richmond explained RSM has been engaged by the System to conduct such an audit and the Audit and Compliance Committee has met with representatives during the year to discuss RSM's independence, the scope of its services in connection with the audit and the proposed approach and plan for conducting the audit. The Committee unanimously approved the recommendation for full Board action.

Dr. Silvers indicated that all further matters to be considered at this meeting involved discussions of trade secrets and matters required to be kept confidential by law. Upon unanimous roll call vote, the Committee went into Executive Session to discuss such matters at 3:14 p.m.

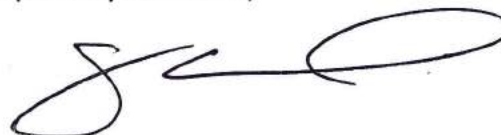
- B. Recommendation to the Board of Trustees of the MetroHealth System for Acceptance of the 2020 Results Compared to the 2020 Plan Measures and Goals and Acceptance of Achievements of Goals for the Performance Based Variable Compensation Program.

The background was discussed in Executive Session. The Committee unanimously approved the recommendation for full Board action.

Following Executive Session, the meeting reconvened in open session at 3:58 p.m.

There being no further business to bring before the Committee, the meeting was adjourned at approximately 3:59 p.m.

Respectfully submitted,



Craig Richmond  
Executive Vice President, Chief Financial and System  
Services Officer