



The MetroHealth System

Board of Trustees

Wednesday, May 24, 2023

The MetroHealth System Board Room (K-107) or via Zoom

Audit and Compliance Committee

Regular Meeting

The MetroHealth System Board of Trustees

AUDIT & COMPLIANCE COMMITTEE

DATE: Wednesday, May 24, 2023

TIME: 12:00-2:00 pm

PLACE: MetroHealth Board Room K-107 / Via Zoom
<https://us02web.zoom.us/j/81342534902>

AGENDA

I. **Approval of Minutes**

Committee Meeting Minutes of March 22, 2023

II. **Information Items**

- A. Ethics and Compliance Update – Cheryl Forino Wahl and Robin Barre
- B. Internal Audit Update – Jim Mylen, Jerrod Holloway and Veronica Despoth, KPMG
- C. Enterprise Risk Management Update – Jim Mylen, Cheryl Forino Wahl, Laura McBride

III. **Executive Session**

Return to Open Meeting

IV. **Recommendation/Resolution Approvals**

- A. No Items at this time.

The MetroHealth System Board of Trustees

AUDIT AND COMPLIANCE COMMITTEE

Wednesday, March 22, 2023

2:30 – 3:00 pm

Meeting held at MetroHealth Board Room K-107 and via Zoom

Meeting Minutes

Committee Members Present:	Ms. Maureen Dee-R, Mr. John Moss-I, Ms. Vanessa Whiting-I
Other Trustees Present:	Ms. Inajo Chappell-I, Mr. John Corlett-I, Mr. John Hairston-I, Dr. E. Harry Walker-I
Staff Present:	Dr. Airica Steed-I, Dr. Jennifer Bailit-I, Dr. Richard Blinkhorn-I, Mr. Joe Frolik-I, Mr. Geoff Himes-I, Dr. Olusegun Ishmael-I, Dr. William Lewis-I, Ms. Laura McBride-I, Ms. Christina Morales-I, Ms. Sonja Rajki-I, Mr. Nicholas Sukalac-R, Ms. Cheryl Wahl-I
Guests:	Ms. Jasmine Boutros-I, Ms. Suzanne Boutros-I, Tess Boutros-R, Ms. Veronica Despoth (KPMG)-I, Ms. Lori Kalic (RSMUS)-I, Ms. Halle Pallante (RSMUS)-I, Mr. Jim Mylen-I (KPMG)

I - In Person
R - Remote

Ms. Dee called the meeting to order at 2:35 pm.

(The minutes are written in a format conforming to the printed meeting agenda for the convenience of correlation, recognizing that some of the items were discussed out of sequence.)

I. Approval of Minutes

The minutes of the February 22, 2023, Committee meeting were approved as submitted.

Ms. Dee stated the purpose of the meeting today is to hear the results of RSM's annual audit. Members of the Board held an Audit Conference earlier with RSM to hear the results



The MetroHealth System Board of Trustees

of the audit and to have an opportunity to ask questions. Ms. Dee asked Ms. Lori Kalic, Partner, RSM to present the findings of their 2022 audit.

II. Information Items

A. 2022 Audit Report for the System's Annual Financial Statements – Lori Kalic and Hallie Pallante, RSM

Ms. Kalic presented the results of The MetroHealth System's 2022 audit, indicating that RSM has issued an unqualified opinion and that there were no audit adjustments. Ms. Kalic provided an overview of the accounting policies and practices, which included significant accounting estimates. There were no significant changes to the planned audit strategy.

Ms. Kalic stated that RSM identified a significant risk related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87-Leases after the report provided earlier. The System adopted numerous GASB Standards as disclosed in Note 2 to the financial statements. GASB Statement No. 87, Leases, had a significant impact to the financial statements and related disclosures.

Ms. Kalic also presented information on the Fair Value of Investments, Leased Assets and Liabilities, additional Matters to Report, Audit Adjustments, Uncorrected Misstatements, Internal Control Matters and Observations About the Audit Process and concluded with a Market and Industry Update.

Ms. Dee stated that the report showed we have a clean audit. She asked if there were any questions from the Board. She also thanked Ms. Morales for her significant efforts in supporting the audit process.

There was a question and brief discussion regarding Leases that had to be transitioned due to GASB 87. Ms. Kalic explained the various leases and how they are all recorded on one standard line item on the balance sheet.

IV. Recommendation/Resolutions Approvals

A. Recommendation to Accept the 2022 Audit Report for the System's Annual Financial Statements.



The MetroHealth System Board of Trustees

RSM met with the Audit and Compliance Committee and presented their Audit Report for the System's annual financial statements for the year ended December 31, 2022. The Committee unanimously approved the recommendation for full Board action.

There being no other business to bring before the Committee, the meeting was adjourned at approximately 2:54 pm.

Geoff Himes, Interim Chief Financial Officer

Cheryl Forino Wahl
Senior Vice President, Chief Ethics and Compliance
Officer / Chief Employee Engagement Officer

Next Regular Meeting: Wednesday, September 27, 2023, 3:30 – 5:00 pm
MetroHealth K107 Board Room or Zoom
<https://us02web.zoom.us/j/81342534902>





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Ethics and Compliance Program Activities

Audit and Compliance Committee of the Board of Trustees

May 24, 2023

Ethics and Compliance January – April 2023 Work Plan Status

The 2023 Ethics and Compliance Work Plan consists of 276 items/96 projects

Oversight 	74 items / 27% of work plan	 70%
Financial Incentives 	45 items / 16% of work plan	 75%
Documentation, Coding / Billing Reimbursement 	39 items / 14% of work plan	 70%
Regulatory Compliance 	16 items / 6% of work plan	 65%
Third-Party Risk Management 	11 items / 4% of work plan	 85%
Privacy and Security 	41 items / 15% of work plan	 90%
340B / Pharmacy 	40 items / 14% of work plan	 90%
Research Compliance 	10 items / 4% of work plan	 90%

2023 Theme: Focus on Fundamentals

The Audit and Compliance Committee oversees compliance program activities.

- Caremark decision creates board's duty of care oversight responsibility:
 - Ensure an adequate internal reporting process to surface "red flags"
 - Ensure adequate compliance controls to monitor for illegal activities
- Annual review of compliance work plan: design, priorities, goals
- Annual review of Code of Conduct
- Oversight of conflicts of interest
- Receive Quarterly updates from CECO

Ethics and Compliance 2023 Goals

- 1 Evaluate program design and effectiveness
- 2 Assess program resources and autonomy
- 3 Facilitate integration of ethical and compliance culture
- 4 Optimize use of data/technology/outside resources

2023 Initiatives that support our goals

<p>Evaluate Program Design and Effectiveness</p>	<ul style="list-style-type: none"> • Support the enterprise risk management program to improve risk identification and assessment process • Enhance risk assessment process for OIG work plan • Expand data analysis of investigations and corrective actions • Conduct assessment of MHS compliance program with DOJ guidance • Embedded effectiveness questions into annual training
<p>Assess Program Resources and Autonomy</p>	<ul style="list-style-type: none"> • Provide cross training opportunities to expand depth and expertise • Evaluate staffing strategies and transition primary responsibility to operations • Create and disseminate role and department-specific privacy guidance • Conduct MEL investigator training • Inventory and plan for compliance oversight for MHS related entities/joint ventures
<p>Facilitate Integration of Ethical and Compliance Culture</p>	<ul style="list-style-type: none"> • Collaborate with MHS SMEs to develop a coordinated Speak Up campaign • Address emerging regulatory changes • Use Compliance Committee to assess departmental compliance risks • Provide targeted training on hot compliance topics • Continue to engage certified privacy liaisons and train new class for certification
<p>Optimize Use of Technology/ Outside Resources</p>	<ul style="list-style-type: none"> • Expanded the subcategories in the MEL issues types • Develop audit automation procedures to replace manual audit procedures • Track and trend HIPAA breach notification matters • Use dashboards, data, and KPIs to measure effectiveness • Build custom reports/dashboards in Convercent (hotline vendor)

Recent Program Activities

We updated our department effectiveness review tool to include the 2023 DOJ guidance and World's Most Ethical topics.



- Compiled effectiveness review based on guidance from four sources
- The guidance covers several new areas
- Expect to complete self-assessment by the Q3 2023



Evaluating the impact of the March 2023 DOJ Guidance



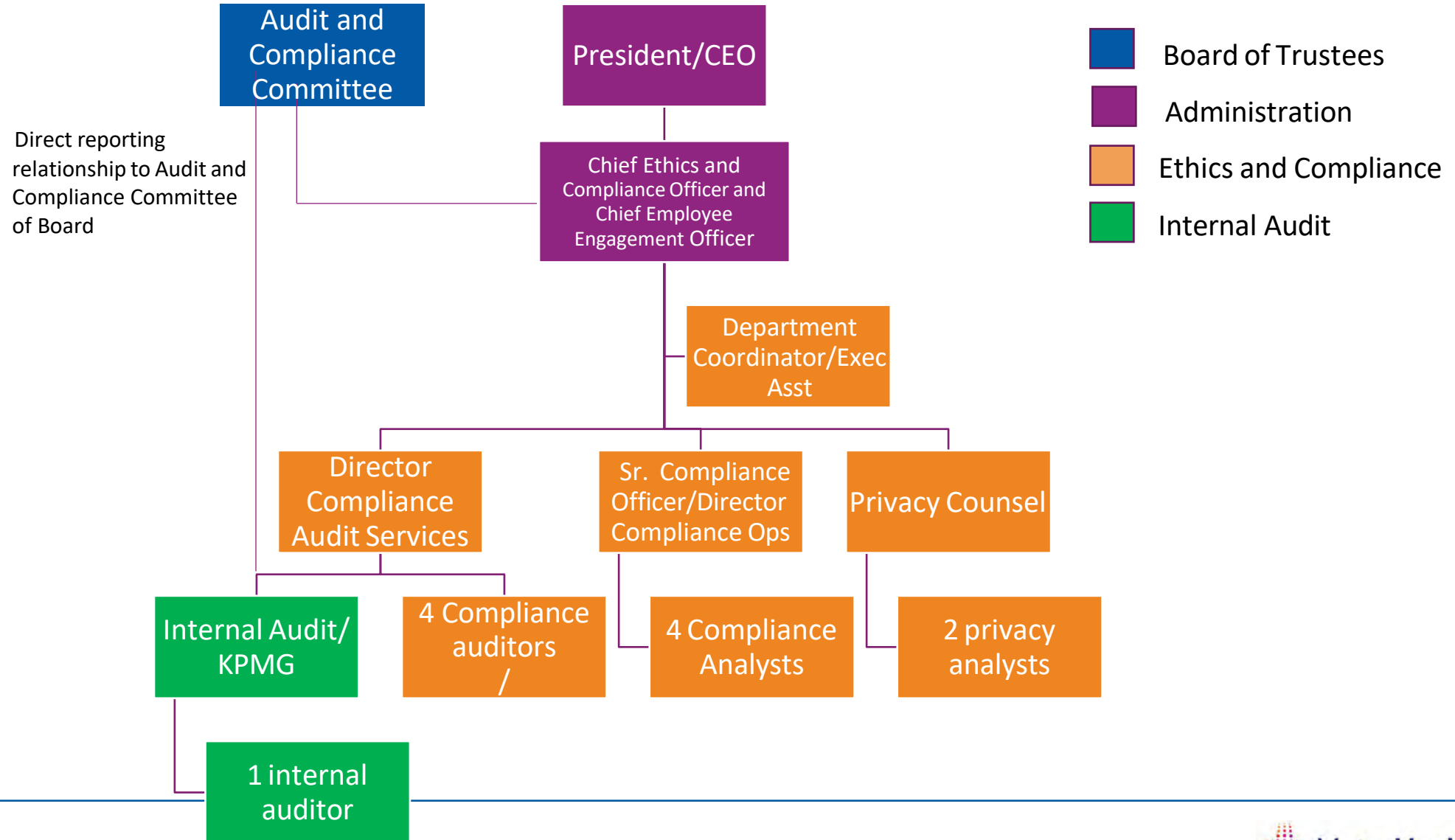
Three fundamental questions:

1. Is the compliance program well designed?
2. Is the program being applied earnestly and in good faith? In other words, is the program adequately resourced and empowered to function effectively?
3. Does the compliance program work in practice?

“...[is] the program...adequately designed for maximum effectiveness in preventing and detecting wrongdoing by employees and whether corporate management is enforcing the program or is tacitly encouraging or pressuring employees to engage in misconduct.”

Justice Manual 9-28.800

Ethics and Compliance Organizational Structure



The EC roles and responsibilities continue to grow in breadth and depth.

Privacy	Compliance Ops	Compliance Auditing
Privacy investigations	Conflicts of Interest – disclosure and review process, outside activity reviews, research COI	Internal Audit; relationship with vendor
Major breach/incident response	Annual training plan and training on COI	Regular documentation and coding audits and education; relationship with coding vendor
Office for Civil Rights reporting	Investigations involving COI, FWA, EMTALA, Code of Conduct	Routine 340B audits/ automation/ annual mock 340B audit/relationship with 340B vendors
Legal privacy issues, incl. subpoenas, court orders	Regulatory Change/ Regulators/Audit of Medicare compliance	Response to 340B manufacturer requests/demands
Research privacy waivers	Monthly government screening checks	Government audits/self-assessments
21 st Century Cures Act	Exit interviews	TPRM/Risk Assessment Process
Privacy policies	Speak Up campaign	FDR Certifications
Privacy training	Compliance Professionals of Greater Cleveland	ERM Working Group
Privacy Liaison program	Hotline administration	Research Compliance
Third party risk assessments	Policy management	Quarterly PM&R/CARF audits

We refreshed our annual compliance training launching in June.

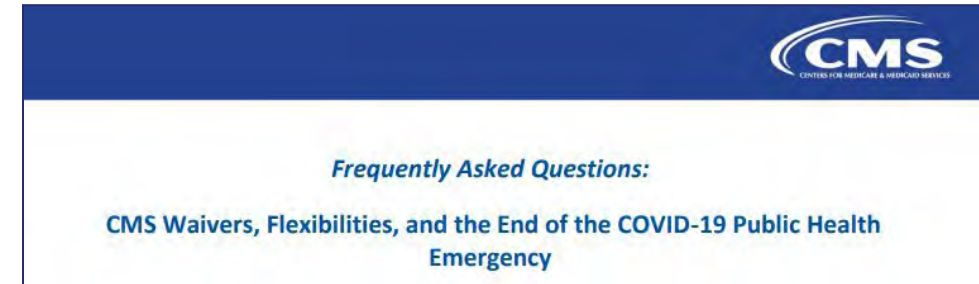


i Disclaimer: Images and videos used in this presentation are for education purposes and are not intended for commercial use. All names, characters, and stories are fictitious.

- Topics include:
 - Manager Training
 - Code of Conduct
 - Conflicts of Interest
 - Privacy
 - Fraud, Waste, and Abuse
- Test-out options
- Ethical culture survey questions
- Short, concise content
- Grey's Anatomy videos and case studies

We provided oversight as management responded to the ending of the COVID-19 PHE.

- The government issued over 175 waivers/flexibilities in three categories:
 - Ending on May 11, 2023
 - Permanent changes or
 - Remaining in effect after May 11, 2023, but ending sometime in the future
- Formed multi-disciplinary team to respond to changes impacting hospital operations and affected areas
- Compliance provided oversight to ensure compliance with rules through education, communication, and resources



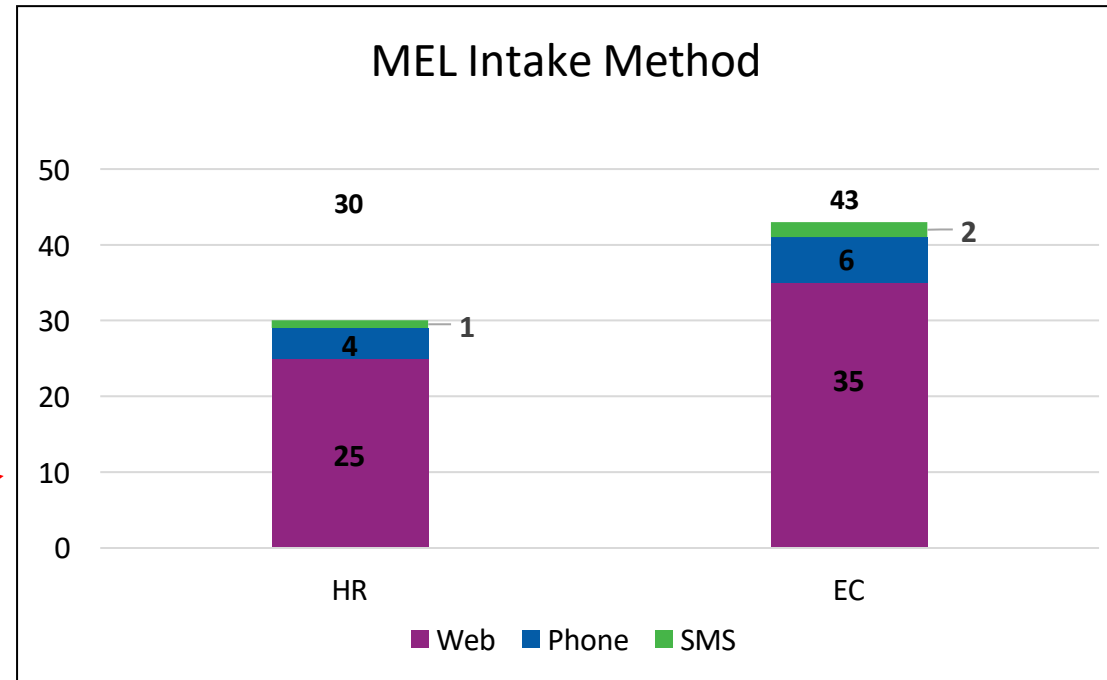
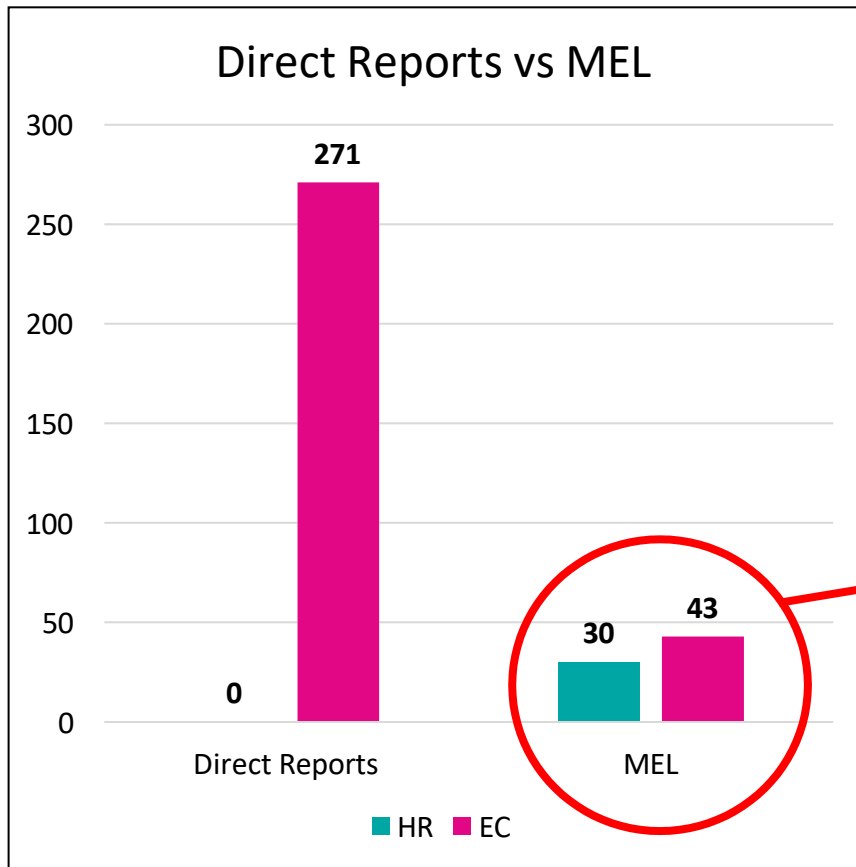
Compliance Committee will assess departmental compliance risks.

2023-24 focus: Assess departmental risks:

- Partner with an EC liaison
- Identify a potential compliance risk
- Evaluate the risk under two of the seven compliance elements:
 - Training
 - Oversight
 - Policies/Procedures
 - Communications/Hotline
 - Auditing and Monitoring
 - Responding to Detected Deficiencies
 - Enforcement of Standards

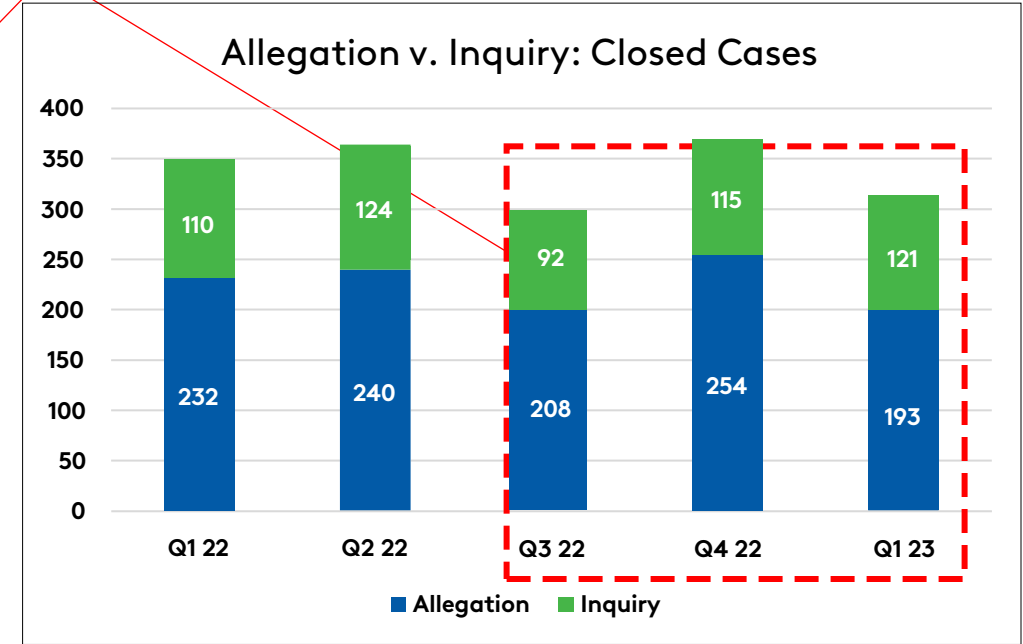
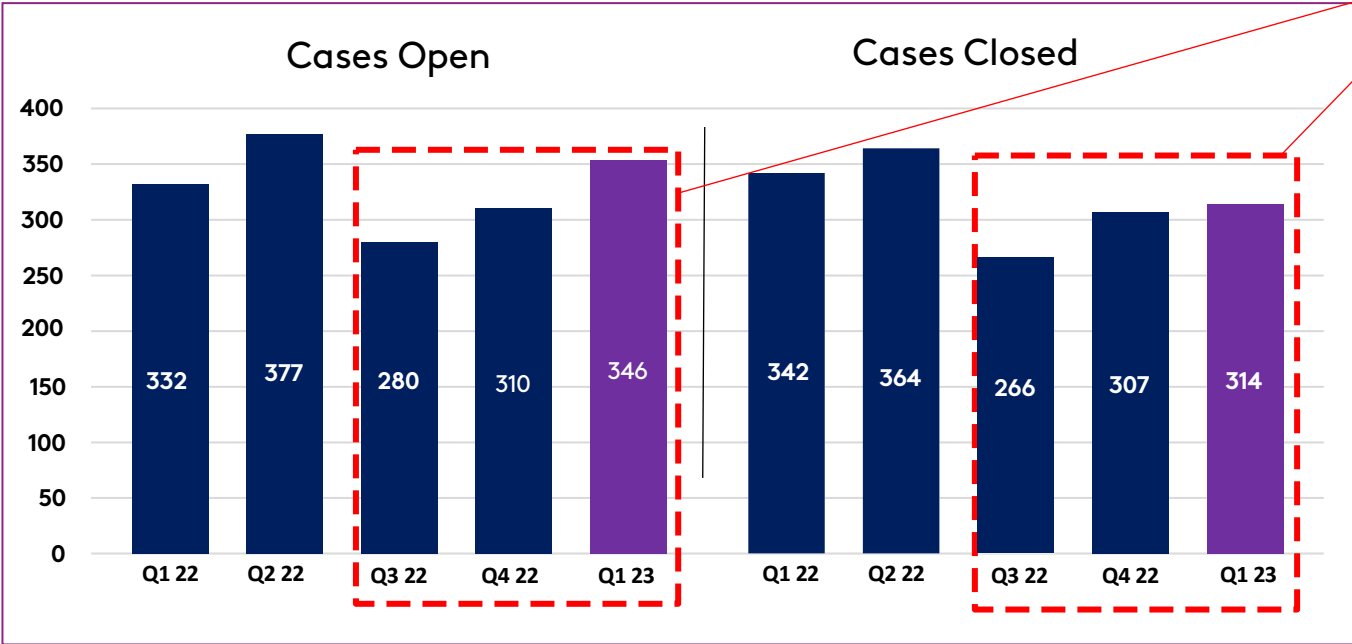
Compliance Committee Departments	
Access Center	Legal
ACO REACH	Medical Staff
Case Management/UR	Nursing
Documentation and Coding/Rev Integrity	Pharmacy
Equity, Inclusion, Diversity	Population Health
Emergency Department	Quality
Heart and Vascular	Radiology
Health Information Management	Research
Human Resources	Revenue Cycle
Information Security	Senior Health
Laboratory	Therapy Service

Q1 23 Intake Method – all closed cases (HR and EC)



EC Quarterly Case Summary

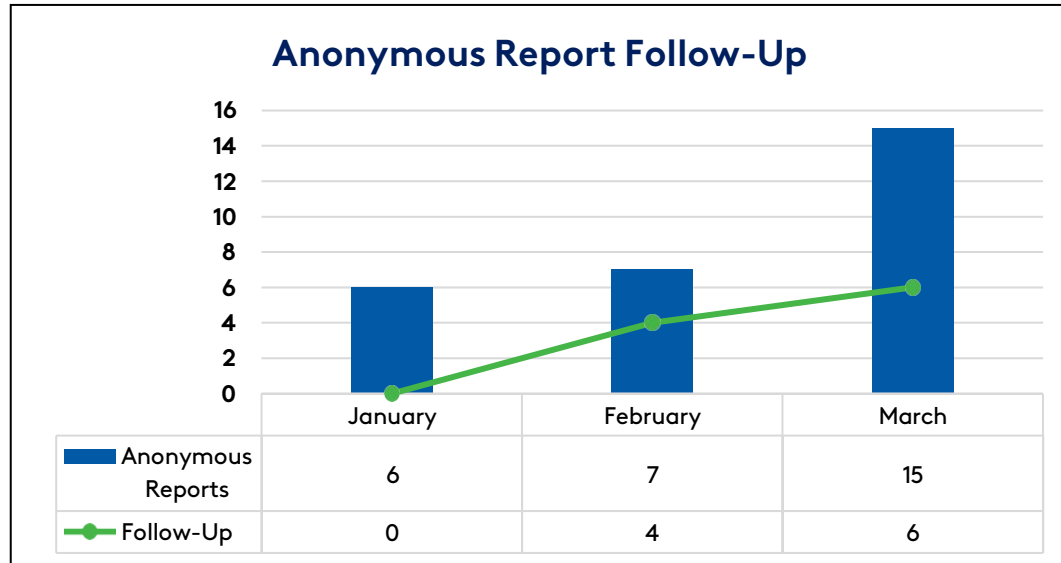
Removed HR data



Key Takeaways

- Reported allegations declined by 25% while inquiries increased
- Q4 2022 average open to close time increased to 20 days from 14 days, compared to the national benchmark of 42 days

Q1 23 Anonymity and Follow-up



Key Takeaways

- Follow-up rate for anonymous reporters: 36%
- Non-Anonymous report avg case closure time: 19 days
- Anonymous report average case closure: 41 days

Q1 23 Issue Type Summary

Q1 Top 5 Allegations	Number	% Substantiated
HIPAA	152	64%
Safety Concerns	10	60%
Compliance with Laws, Rules, and Regulations	5	0%
Conflicts of Interest	5	60%
Operational	5	25%
Identity Theft	5	80%
Poor Customer Service	5	0%

Appendix

Seven elements of an effective compliance program

T Training	<ul style="list-style-type: none"> • Annual compliance training • Education, tailored for Workforce Members, to execute responsibilities in compliance with rules, regulations, and other standards • Evaluation of training effectiveness
O Oversight	<ul style="list-style-type: none"> • Designation of a Compliance Officer with independent authority • Compliance Committee • Annual review of compliance department
P Policies and Procedures	<ul style="list-style-type: none"> • Code of Conduct - culture that values and fosters compliance • Written policies and procedures - bright-line rules that help employees carry out their job functions in a manner that ensures compliance with Federal health care program requirements and furthers the mission and objective of the hospital itself
C Communications and Hotline	<ul style="list-style-type: none"> • Open communication, without fear of retaliation • MetroHealth Ethics Line (MEL) – anonymous reporting • Alternative communication methods – Ethics and Compliance Portal, Communication Work Plan
A Auditing and Monitoring	<ul style="list-style-type: none"> • Agile audit plan, designed to minimize improper claims and billing practices risk • Trend analysis of error rates • Independent and qualified audit personnel
R Responding to Detected Deficiencies	<ul style="list-style-type: none"> • Development of effective corrective action plans (CAPs), root cause analysis, evaluation of successful CAP implementation • Prompt reporting and repayment of hospital overpayments • Disclosure to appropriate law enforcement agencies, when applicable
E Enforcement of Standards	<ul style="list-style-type: none"> • Culture that emphasizes ethical behavior • Disciplinary standards publicized, readily available, and consistently enforced • Routine checks against government sanctions lists



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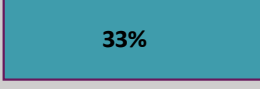
Internal Audit Report

Audit & Compliance Committee of the Board of Trustees

May 24, 2023



Internal Audit Plan Status

MetroHealth Risk Universe Category	2022 (April 2022 – March 2023) Internal Audit plan includes 54 projects	
Operational & Strategic 	12 audits	 95%
IT & Technology 	9 audits	 100%
Quality & Safety 	1 audit	 100%
Financial 	20 audits	 90%
People & Culture 	9 audits	 100%
Regulatory & Compliance 	3 audits	 33%
NOTE: <ul style="list-style-type: none"> • Three audits were added to the 2022 plan. • Four audits (two Regulatory & Compliance and two Financial) have been deferred and will be completed as part of the 2023 plan. 	Percent Complete	

Financial Reporting Controls

Process	Interim - Completion Date: 10/31		Year-end - Completion Date: 1/31*	
	Interim Control Count	Percent Complete	Year-end Control Count	Percent Complete
Business Process Controls	81	100%	19	100%
IT General Controls	34	100%	20	100%
Entity Wide Controls	2	100%	3	100%
Grand Total	117		42	

Program Overview

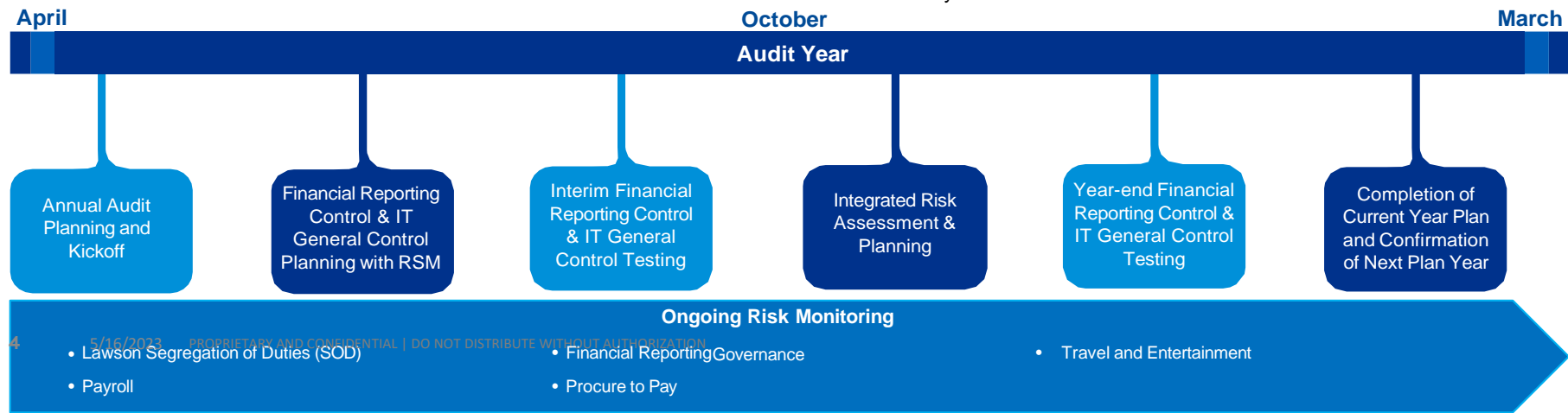
- Key controls by process and application that support financial reporting
- Internal Audit performs a test of design and effectiveness of controls over financial reporting
- Coordination with the external audit team
- Reliance on IT general controls testing and sharing of control narratives
 - Finalized and shared with external auditor

*Limited controls to be finalized after 1/31 due to nature and timing of control

Internal Audit Goals and Timeline

Enhancements to Existing Processes and Goals for FY 23

- ✓ Support the Enterprise Risk Management program
- ✓ Proactive risk assessment and communication of industry thought leadership for current and emerging risk trends
- ✓ Leverage survey feedback to enhance audit relationships and effectiveness
- ✓ Flexibility in the audit planning process to be agile and respond to management requests
- ✓ Increase use of technology:
 - Automated document request tool
 - Automated follow-up protocol around Management Action Plans
- ✓ Alignment of responsibilities for internal audit plan and updates to risk profile with management through scheduled meetings
- ✓ Use of analytics > 85% of audits

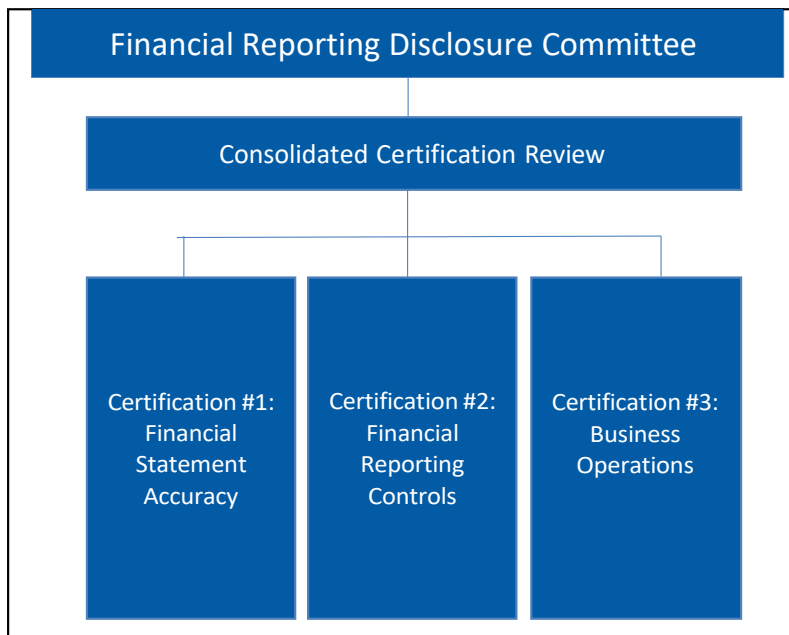


Appendix Highlights

- Appendix I: Financial Reporting Governance
- Appendix II: 2023 Metro Health Risk Review

Appendix I - Financial Reporting Governance – Q1 2023

In December 2018 MetroHealth management adopted a practice similar to those performed by publicly-traded companies filing annual reports with the Securities and Exchange Commission (SEC) in response to The Sarbanes-Oxley Act (SOX).



- ### Outcomes & Upcoming Activities
- ✓ 100% participation for all certifications.
 - ✓ Active oversight by cross-functional management team – 22 members of management complete certifications.
 - ✓ Control changes disclosed continue to be incorporated into testing procedures.
 - ✓ Certification process continues to be reviewed and updated to enhance management disclosures.
 - ✓ Participants continue to be added and modified as needed as MHS business structure changes (i.e. interim leadership changes)

Appendix II – 2023 MetroHealth Risk Universe

Operational	Financial	People & Culture	External
<ul style="list-style-type: none"> Supply Chain / Vendor Management Emergency Preparedness Facility Infrastructure Research / Grants Business Continuity Physician Compensation Integration Pharmacy Operations Expense Management Care Coordination Patient Access Inventory Management Telehealth / Telemedicine Capital Projects/Campus Transformation Accreditation 	<ul style="list-style-type: none"> Revenue Cycle Management Accounting and Reporting Budgeting and Forecasting Fraud / Misappropriation of Assets Treasury / Debt Cost Structure Payor Mix Drug Pricing / 340B Enrollment Shift to Outpatient & Ambulatory Care Litigation Management Policy Governance Fiscal Sustainability 	<ul style="list-style-type: none"> Internal / External Communication Employee Engagement / Culture Succession Planning Talent Management Social Media / Digital Marketing Wage and Hour Management Patient Satisfaction & Experience Community Mental Health Equity, Inclusion, and Diversity Collective Bargaining Agreement Ethics & Integrity Onboarding / Offboarding Workforce Health and Safety / Wellness Remote Workforce Education & Training Human Capital Executive Compensation Variable / Incentive Compensation 	<ul style="list-style-type: none"> Competition Reimbursement Levels Healthcare Reform Healthcare Policy & Regulatory Change Philanthropy Political Environment Economic Changes Consumerism Supplies & Contracting Aging Population Community Engagement Environmental Change Pricing Transparency Social Determinants of Health
Strategic	IT / Technology	Quality & Safety	Regulatory & Compliance
<ul style="list-style-type: none"> Mergers / Acquisitions Joint Ventures / Partnerships Execution of Strategic Initiatives / Competing Priorities Growth Business Model and Governance Changing Revenue Models Population Health Management New Service Offerings Board Involvement 	<ul style="list-style-type: none"> Cyber Security and Data Privacy Business Intelligence Disaster Recovery System Implementation / Upgrade Electronic Medical Records (EMR) IT Governance Incident Response Mobile Device Security Medical Device Security Storage / Cloud / SOC 2 Emerging Technologies IT Hardware / Software RPA / Artificial Intelligence / Automation 	<ul style="list-style-type: none"> Clinical Quality / Reporting Environmental Safety Quality & Patient Safety Clinical Documentation Patient Satisfaction Malpractice / Workers' Compensation Disease Management / COVID19 Continuity of Care Discharge Management Drug Diversion Patient Transportation Pollution & Waste Mental Health Parity / Behavioral Health Peer Review 	<ul style="list-style-type: none"> Privacy and Security Financial Incentives Research / Grants Pharmacy / 340B Billing and Reimbursement Documentation and Coding MACRA / MIPS / APM Antitrust / Conflicts of Interest Anti-kickback / Stark Law / Physician Contracting 2 Midnight Rule / Patient Status / Short Stays Government Audits EMTALA Regulatory Compliance No Surprises Act
<p><i>Crossing all of these risk categories is the reputational risk to the MetroHealth System</i></p>			

8 risk categories comprised of ~100 risk domains that drive MetroHealth's enterprise risk framework and overall Internal Audit and Ethics & Compliance workplans



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Enterprise Risk Management (ERM) Update

Audit and Compliance Committee of the Board of Trustees

May 24, 2023

The 2023 goals mature the ERM program and foster a risk aware culture.

1

Complete ERM risk deep-dives

2

Continuous risk identification and monitoring

3

Mature ERM program approach and methodology

4

Develop and incorporate tools/technology

The distinct scope and interrelationships of risk management functions collectively supporting the ERM program.

	ERM Program	Ethics and Compliance / Legal	Internal Audit
Objective	<ul style="list-style-type: none"> Identify, assess, prioritize, and mitigate risks that may impede attaining strategic goals and objectives. Improve decision making based on an understanding of risks Create a risk-aware culture, while taking a consistent approach to risk management 	<ul style="list-style-type: none"> Provide oversight to ensure accountability for managing threats affecting regulatory compliance, or misconduct that could lead to fines or penalties, reputational damage, or the inability to operate. Determine and prioritize risks to aid in developing the Ethics and Compliance work plan. 	<ul style="list-style-type: none"> Evaluate the risk management framework including policies, procedures and control environment. Determine and prioritize risks to aid in the developing of the Internal Audit plan. Collaborate with risk owners to develop risk management practices.
Scope	Enterprise-wide ownership for risks that significantly impact MetroHealth's ability to achieve its strategic goals and objectives.	Laws and regulations that MetroHealth must comply with, as well as organizational policies (regardless of whether polices are based on legal requirements).	Financial statement and internal control risks, as well as operational and compliance risks that are likely to materially impact the enterprise's performance or financial statements.

The Audit & Compliance Committee oversees the ERM program.

ERM Governance Framework		
Board of Trustees	<ul style="list-style-type: none"> • Receives ERM program updates 	As needed, at least annually
Audit & Compliance Committee	<ul style="list-style-type: none"> • Provides oversight on behalf of the Board of Trustees • Receives ERM program updates 	Quarterly
ERM Committee (Senior Leadership Team)	<ul style="list-style-type: none"> • Approves ERM governance framework • Prioritizes and evaluates risks 	As needed, at least annually
Risk Owners	<ul style="list-style-type: none"> • Assesses risk and evaluates mitigation activities, remediation, and action plans • Evaluates emerging risks 	On-going
ERM Working Group	<ul style="list-style-type: none"> • Executes and embeds ERM framework and process into the business • Communicates ERM framework to leadership and Board of Trustees 	On-going



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