



The MetroHealth System

Board of Trustees

Wednesday, March 27, 2024

11:30am - 1:00pm

Virtual Only via Zoom

Audit and Compliance Committee

Regular Meeting

The MetroHealth System Board of Trustees

AUDIT & COMPLIANCE COMMITTEE

DATE: Wednesday, March 27, 2024
TIME: 11:30-1:00 pm
PLACE: Zoom: <https://us02web.zoom.us/j/89011110090>

AGENDA

I. Approval of Minutes

Approval of Committee Special Meeting Minutes from February 28, 2024

II. Information Items

- A. Presentation of Annual Audit of System Financial Statements – L. Kalic (RSM)
 - *Resolution for Acceptance of MetroHealth System Annual Audit*
- B. Ethics & Compliance Update – S. Partington
- C. Internal Audit Update – J. Holloway, V. Despoth (KPMG)

III. Executive Session

Return to Open Meeting

IV. Information Items

- A. Update on External Partner for Internal Audit & Future Internal Audit Structure– D. Hollings, L. McBride, R. Barre
 - *Resolution for Approval of Ernst & Young LLP as the System’s Internal Audit Partner*

The MetroHealth System Board of Trustees

AUDIT & COMPLIANCE COMMITTEE SPECIAL MEETING

Wednesday, February 28, 2024

1:30-2:30 pm

MetroHealth Board Room

K107 / Via Zoom

Meeting Minutes

Board Members: Ms. Inajo Davis Chappell-R, Mr. John Corlett-I, Ms. Maureen Dee-I, Mr. John Moss-I, Dr. JB Silvers-R, Dr. E. Harry Walker-I, Ms. Vanessa Whiting-R¹

Staff Present: Christine Alexander, M.D.-R, Robin Barre-I, Nabil Chehade, M.D.-I, Kimberly Cunninham-R, David Fiser-I, Derrick Hollings-I, Olusegun Ishmael, M.D.-I, Barbara Kakiris-I, William Lewis, M.D.-I, Laura McBride-I, Christina Morales-I, Sarah Partington-I, Tamiyka Rose-I, Airica Steed, Ed.D-I, Nic Sukalac-R, Dalph Watson-I¹

Guests: Sabrina Roberts-R¹

Ms. Dee called the meeting to order at 1:39 p.m.

I. Approval of Minutes

Ms. Dee asked for a motion to approve the minutes from the November 20, 2023 Audit & Compliance regular meeting as presented, which motion was made, seconded and unanimously approved.

II. Information Items

With no informational items on the agenda, the meeting proceeded into executive session.

¹ I-In-person, R-Remote

The MetroHealth System Board of Trustees

III. Executive Session

Ms. Dee asked for a motion to recess into executive session to discuss hospital trade secrets as defined by ORC 1333.61; to consider the appointment, employment, dismissal, discipline, promotion, demotion, or compensation of a public employee. A motion was made by Dr. Walker and seconded by Mr. Corlett to recess into executive session. The Committee held a roll call vote with all Trustees in attendance voting to approve the motion to go into executive session for the purposes stated by Ms. Dee. The Committee went into executive session to discuss the identified matters at 1:40 pm.

Following the executive session the meeting reconvened in open session at approximately 2:13 pm and welcomed back the public.

There being no further business, the meeting was adjourned at approximately 2:13 p.m.

Respectfully submitted,

THE METROHEALTH SYSTEM

Maureen Dee, Chairperson

**RECOMMENDATION TO THE BOARD OF TRUSTEES OF
THE METROHEALTH SYSTEM TO ACCEPT THE
2023 AUDIT REPORT FOR THE SYSTEM'S ANNUAL FINANCIAL STATEMENTS**

Recommendation

The Chief Financial Officer recommends that the Board of Trustees of The MetroHealth System accept the audit report for the System's annual financial statements for the year ended December 31, 2023, as prepared and presented by RSM US, LLP.

Background

Pursuant to Chapter 339 of the Ohio Revised Code, the Board is required to provide for an annual audit of the System's financial statements. Pursuant to Chapter 117 of the Ohio Revised Code, the System and the Auditor of State have engaged RSM US, LLP to conduct such an audit. RSM's audit is conducted in accordance with Generally Accepted Auditing Standards (GAAS), Government Auditing Standards (GAS), the Uniform Guidance, and the U.S. Office of Management and Budget's (OMB) Compliance Supplement and guidance provided in the audit guide titled State and Local Governments issued by American Institute of Certified Public Accountants. The RSM audit team conducted an audit conference with members of the Board of Trustees including members of the Audit and Compliance Committee and discussed RSM's independence, the scope of services performed in connection with the audit, and any findings resulting from the audit.

Acceptance of the 2023 Audit Report for the System's Annual Financial Statements

RESOLUTION XXXXX

WHEREAS, the System's independent auditors, RSM US, LLP, have prepared a report detailing the findings of their annual audit of the System's annual financial statements for the year ended December 31, 2023 (the "2023 Audit Report");

WHEREAS, RSM conducted an audit conference with the members of the Board of Trustees including members of the Audit and Compliance Committee regarding the 2023 Audit Report and discussed the conduct and scope of the audit, including the work with the System's management team; and

WHEREAS, the Audit and Compliance Committee recommends that the Board of Trustees accept the 2023 Audit Report for the System's annual financial statements as prepared and presented by RSM.

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees of The MetroHealth System hereby accepts RSM US LLP's 2023 Audit Report for the System's annual financial statements for the year ended December 31, 2023.

AYES:

NAYS:

ABSENT:

ABSTAINED:

DATE:



MetroHealth
Devoted to Hope, Health, and Humanity

Ethics and Compliance Program Activities

Audit and Compliance Committee of the Board of Trustees

March 27, 2024

Ethics and Compliance – By The Numbers

KEY UPDATES

- Confidentiality of Substance Use Disorder (SUD) Patient Records (Part 2 Modifications) finalized 2/8/2024 (under review, compliance date 2/16/2026)

WORK PLAN*

90% YTD

METROHEALTH ETHICS LINE (MEL)

Cases opened	901 (148)
Cases closed	912 (150)
Inquiries	335 (54)
Allegations	577 (96)

POLICIES

85% YTD

TRAININGS

Targeted New Hire	110 (14)
Specialized	52 (10)

* See Appendix for additional information


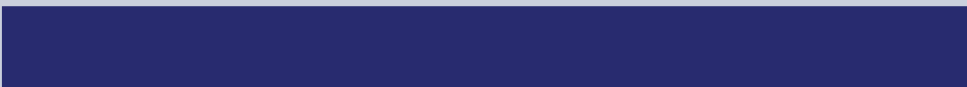







By The Numbers - Legend

Workplan	
Data	% completion based on targets set for end of quarter
MetroHealth Ethics Line (MEL)	
All data	YTD (Q#)
Inquiries	MEL submission that does not allege wrongdoing; seeks guidance
Allegations	MEL report that involves an accusation of wrongdoing by an MHS workforce member (employee, vendor, etc.)
Policies	
Data	% of Ethics and Compliance policies updated during the calendar year
Training	
All data	YTD (Q#)
Targeted New Hire	Trainings by Ethics and Compliance team beyond general orientation
Specialized	Trainings on specific topics (new regulations, billing and coding issues, etc.)

Appendix

Ethics and Compliance January – December 2023 Work Plan Status

The 2023 Ethics and Compliance Work Plan consists of 459 items/122 projects

Oversight 	137 items / 30% of work plan	 85%
Financial Incentives 	64 items / 14% of work plan	 90%
Documentation, Coding / Billing Reimbursement 	68 items / 15% of work plan	 85%
Regulatory Compliance 	23 items / 5% of work plan	 85%
Third-Party Risk Management 	18 items / 4% of work plan	 95%
Privacy and Security 	75 items / 16% of work plan	 90%
340B / Pharmacy 	52 items / 11% of work plan	 95%
Research Compliance 	22 items / 5% of work plan	 90%

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









MetroHealth
Devoted to Hope, Health, and Humanity

Internal Audit Report

Audit & Compliance Committee of the Board of Trustees

March 27, 2024

Internal Audit Plan Status

MetroHealth Risk Universe Category	2023 (April 2023 – March 2024) Internal Audit plan includes 42 projects	
Operational & Strategic 	8 audits	100%
IT & Technology 	4 audits	100%
Quality & Safety 	1 audit	100%
Financial 	16 audits	100%
People & Culture 	11 audits	100%
Regulatory & Compliance 	2 audits	100%
		Percent Complete

Financial Reporting Controls

Process	Interim - Completion Date: 10/31/23		Year-end - Completion Date: 1/31/24*	
	Control Count	Percent Complete	Control Count	Percent Complete
Business Process Controls	77	100%	22	100%
IT General Controls	28	100%	30	100%
Entity Wide	2	100%	2	100%
Grand Total	107		54	

Program Overview

- Annual review of financial reporting business process key controls and related applications
- Internal Audit performs a test of design and effectiveness of controls over financial reporting
- Coordination with external audit team for IT general controls testing and business process narratives
- Change in 2023 scope – addition of IT general controls testing over Clarity database (operational reporting tool)

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

Appendix

Internal Audit 2023 Enhancements and Goals

- 1 Enterprise risk management support *[goal achieved]*
- 2 Proactive risk assessment and emerging risks communications *[goal achieved]*
- 3 Increase use of technology through automated document requests, surveys, and management action plan tracking *[tool deployment deferred to 2024 per MHS request]*
- 4 Agile audit planning and response to management requests *[goal achieved]*
- 5 Alignment of responsibilities for internal audit plan *[goal achieved]*
- 6 Use of analytics >85% of audits *[goal achieved]*



MetroHealth
Devoted to Hope, Health, and Humanity





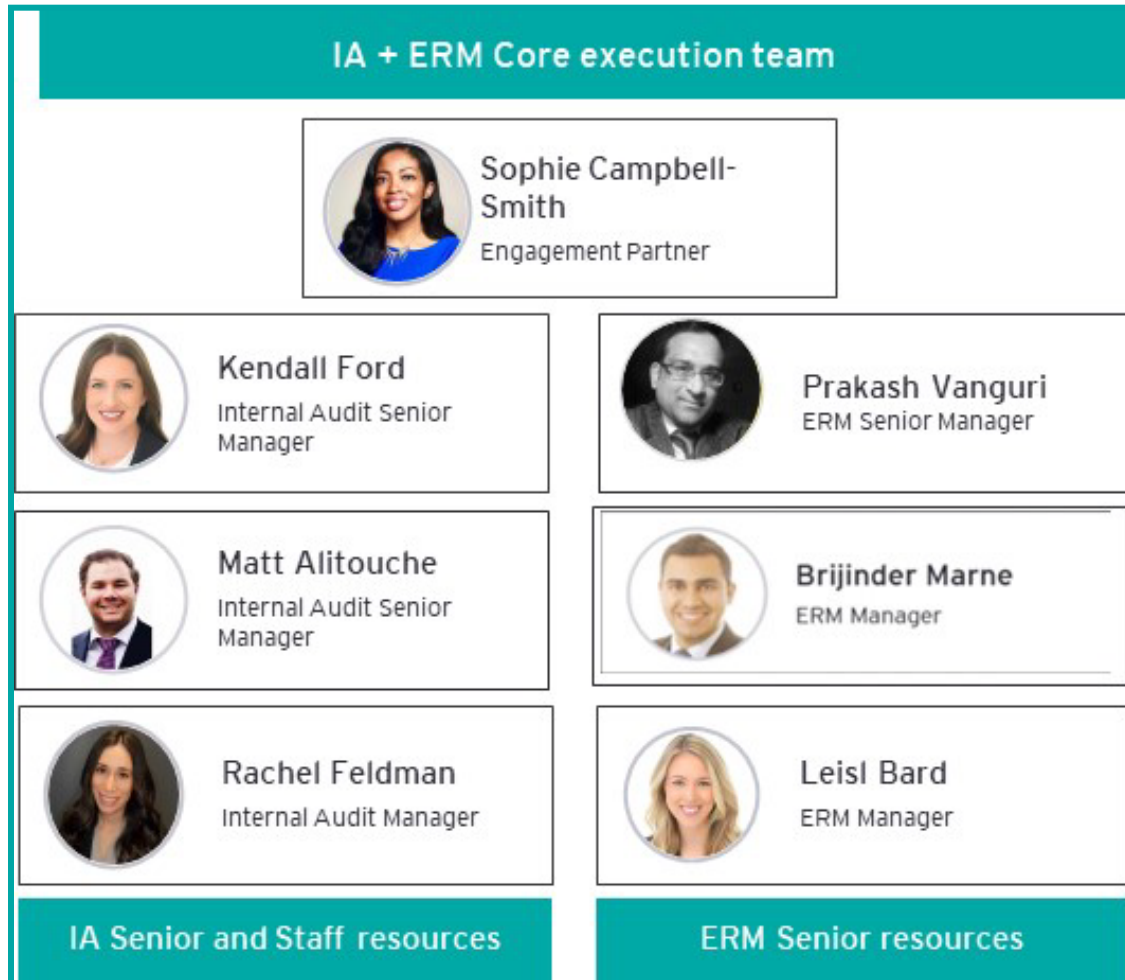
MetroHealth
Devoted to Hope, Health, and Humanity

New Internal Audit Partner Selection

Audit and Compliance Committee of the Board of Trustees

March 27, 2024

Ernst & Young (EY) will be the new Internal Audit and ERM partner beginning April 2024.



- 3-year initial term agreement for Internal Audit (IA) and Enterprise Risk Management (ERM) support, with option to extend agreement for two subsequent 1-year terms
- Year 1 total professional fees are expected to be \$885,500 for 5,500 total hours, with expenses billed as incurred and estimated to be between 8-10% of professional fees
- The System will agree on an appropriate and necessary level of effort for these services with EY before the start of Year 2 and Year 3 of the agreement

RECOMMENDATION FOR THE ENGAGEMENT OF ERNST & YOUNG LLP AS THE SYSTEM'S INTERNAL AUDIT PARTNER

Recommendation

The President and Chief Executive Officer recommends that the Board of Trustees of The MetroHealth System authorize the engagement of Ernst & Young LLP ("EY") to perform Internal Audit services and Enterprise Risk Management ("ERM") services on behalf of the Board and the System.

Background

Over the past 15+ years, the Board and the System have engaged an external partner to coordinate the System's Internal Audit function. More recently, the System has drawn upon the external partner to also support the development of the System's ERM program. However, the current external partner's contract expires at the end of March 2024.

As has been discussed with the Board's Audit & Compliance Committee over the past several months, the System publicly issued a request for competitive sealed proposals (the "CSP") seeking to establish a new relationship(s) with an external firm. The CSP was issued in November 2023 and was executed in accordance with the System's procurement processes. The pool of respondents was narrowed to four highly qualified finalists, each of whom made presentations to a committee including representatives from the Audit & Compliance Committee, Ethics & Compliance, Finance, Information Services, and Legal. In February 2024, System leadership and the Board's Audit & Compliance Committee discussed the attributes of the four finalists and the Board authorized the System to negotiate with one or more of the finalists based on that discussion.

Since then, the System has reached a tentative agreement with EY to perform Internal Audit and ERM services. EY was selected because of their extensive experience supporting Internal Audit and ERM functions, their deep and relevant experience in the healthcare industry specifically, and their knowledge of the System. Under the proposed agreement, EY would serve as the System's sole Internal Audit function, with the flexibility to discuss different structures with the System and the Board in the coming months. The proposed engagement would span a 3-year initial term with option for the System to extend the agreement thereafter for two subsequent 1-year terms. Year 1 professional fees will total approximately \$885,500 and associated expenses will not exceed 8% of professional fees. The System will agree on an appropriate and necessary level of effort for these services with EY before the start of Year 2 and Year 3 of the agreement.

Approval of the Engagement of Ernst & Young LLP as the System’s Internal Audit Partner

RESOLUTION XXXXXX

WHEREAS, the Board of Trustees of The MetroHealth System has been presented a recommendation for engagement of Ernst & Young LLP as the System’s Internal Audit services and Enterprise Risk Management (“ERM”) services partner; and

WHEREAS, the Board’s Audit & Compliance Committee has reviewed this recommendation and now recommends its approval.

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees of The MetroHealth System hereby approves of the System’s engagement of Ernst & Young LLP as the System’s Internal Audit services and ERM services partner, for a 3-year engagement, with the System’s option to renew the agreement for two subsequent 1-year terms, with fees as negotiated by the System and paid out of general operating funds.

BE IT FURTHER RESOLVED, the President and Chief Executive Officer or her designee is hereby authorized to negotiate and execute agreements and other documents consistent with this resolution.

AYES:

NAYS:

ABSENT:

ABSTAINED:

DATE: