

The MetroHealth System Board of Trustees

AUDIT AND COMPLIANCE COMMITTEE

Wednesday, November 20, 2024

1:30 pm – 3:30 pm

MetroHealth Board Room K-107 and via Zoom

Meeting Minutes

Committee Members Present: Maureen Dee-I, John Moss-I

Other Trustees Present: Inajo Davis Chappell-I, John Corlett-I, Michael Summers-I, E. Harry Walker, M.D.-I

Staff Present: Christine Alexander-Rager, M.D.-I, Robin Barre-I, Chris Briddell-I, Doug Bruce, M.D.-I, Nabil Chehade, M.D.-I, Kim Cunningham-R, David Fiser-I, Joe Frolik-I, Joseph Golob, M.D.-I, Derrick Hollings-I, William Lewis, M.D.-I, Christina Morales-I, Sarah Partington-I, Allison Poullos-I, Tamiyka Rose-I, Deborah Southerington-I, Ronald Walker-I, James Wellons-I, Darlene White-R, Nic Sukalac-R, Dalph Watson-R

Invited Guests: Jordan Pace-I (Plante Moran), Megan Warren-I (Plante Moran)

Other Guests: Guests not invited by the Board of Trustees are not listed as they are considered members of the audience, and some were not appropriately identified.

Ms. Dee called the meeting to order at 1:30 pm, in accordance with Section 339.02(K) of the Ohio Revised Code with a quorum present.

(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 September 25, 2024 Committee meeting were approved as submitted. Ms. Chappell abstained from voting as she did not attend the previous meeting.



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II. Information Items

A. Annual Audit and Compliance Committee Charter Review – C. Briddell

Ms. Dee introduced Mr. Briddell to discuss the annual Audit and Compliance Committee Charter review. Mr. Briddell noted that the Committee performs an annual review of the Charter and minor grammatical revisions, and a few substantive revisions were recommended by management for the Committee's review and consideration. The annual review process included meeting with business owners to obtain feedback regarding recommended Charter revisions and there were no recommended changes pertaining to External Audit. However, management recommended to the Committee substantive revisions in the Charter within the Internal Audit section. The first revision highlights the Committee's responsibility to champion Internal Audit to enable the function to fulfill its purpose of internal auditing and to pursue its strategy and objectives. The second revision relates to the Committee making appropriate inquiries of management and Internal Audit to determine whether any restrictions on the function's scope, access, authority, or resources limit the function from carrying out its responsibilities effectively. The third revision addresses the Committee's responsibility to authorize the appointment, removal, and change in scope of responsibilities of the Internal Audit leader(s). The last substantive recommended revision was within the Ethics & Compliance section addressing the Committee's responsibility to provide oversight of the Management Compliance Committee, by reviewing its activities and ensuring that its members collaborate with Ethics and Compliance leaders on the compliance program. Ms. Dee and Mr. Moss indicated their agreement with the recommended changes and Ms. Dee informed the Committee that the revised Charter will move forward to the Governance Committee for review, and then the revised Charter will go to the Board for approval.

B. Ethics and Compliance Updates – S. Partington

Ms. Partington shared the Ethics and Compliance dashboard updates with the Committee. The MetroHealth Ethics Line (MEL) received 630 cases opened and 581 closed, with 193 inquiries and 390 allegations. Trainings have been conducted for 85 new hires and 136 specialized trainings were conducted. The policies have been updated by 78% YTD, and the Ethics and Compliance Work Plan, consisting of 56 focus areas, is 85% completed YTD. The Code of Conduct has been updated with a new President and CEO page, new Board Chairperson page, new images, revised policy links, and a revised reporting guide. The Speak Up Campaign has been launched, and compliance week activities are planned for early December. The 2025 compliance risk assessment and Work Plan has been developed, and the Work Plan will be prepared within the next few weeks and presented to the MHS Management



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Compliance Committee in December. Upon receiving their input, the 2025 Compliance Work Plan will be finalized and presented to the Audit & Compliance Committee in early 2025.

C. Introduction of New External Auditors, Plante Moran, and 2024 External Financial Statement Audit Plan – R. Walker / C. Morales / Plante Moran

Ms. Dee introduced Mr. Walker to the Committee who then introduced the Plante Moran team, Jordan Pace and Megan Warren, as the new external financial statement auditors for The MetroHealth System. The 2024 financial statement audit plan for The MetroHealth System was presented to the Committee. Mr. Pace explained that auditors are required to have an effective two-way communication with Committee members, discussing their engagement scope, independent approach, and required communications at the end of the audit. As auditors, they have a responsibility under generally accepted auditing standards and governmental auditing standards, as MetroHealth is a governmental entity to have a single audit performed. The audit approach is risk-based which includes year-end testing, retrospective/hindsight analysis, subsequent receipts/payment testing, substantive detail testing procedures, substantive analytical procedures, recalculation and independent determination of balances, independent valuation procedures, independent confirmation procedures, and evaluation of methodologies and assumptions. In response to identified risks, specific testing of estimates, targeted testing of certain transactions, and other tests are considered necessary to verify recorded balances. The audit plan for MetroHealth's financial statements includes identifying significant risk areas such as management override of controls, improper revenue recognition and net realizable value of patient accounts receivable, pension-related obligations, medical malpractice obligations, sources of funding received, estimated third-party payer settlements, valuation of investments, significant projects capitalized during the year, debt, classification, and related tests of compliance with covenants, leases, classification, and recorded balances, disposition of joint venture, new accounting pronouncements, and financial statement presentation. The comprehensive audit will be performed under the concept of materiality and audit procedures will be centered around the greatest risk for material misstatement.

The engagement timeline for the December 31, 2024, financial statement audit is as follows:

- November - December 2024, preliminary analysis begins, including providing internal control narratives to management and preliminary discussions with management and interim testing performed.

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- January 2025 – March 2025, year-end testing will be performed. A meeting with management will be held to discuss the audit results with an issuance of final audited financial statements. The audit will be finalized and filed with the Federal Clearinghouse.

III. Executive Session

Ms. Dee asked for a motion to move into executive session to discuss hospital trade secrets as defined by ORC 1333.61. Mr. Moss made the motion and Dr. Walker seconded. Upon unanimous roll call vote, the Committee went into executive session to discuss such matters stated by Ms. Dee. Members of the public were excused, and the Committee went into executive session to discuss the identified matters at 1:59 pm.

Following the executive session, the meeting reconvened in open session at approximately 3:29 pm and welcomed back the public via Zoom and those members of the public who remained in-person.

Ms. Dee shared that the Committee received an update from Ms. Barre regarding the recommended 90-day plan to achieve a state of stability for Internal Audit, the 2025 Internal Audit budget and resource plan, and the Internal Audit Plan. Ms. Dee asked the Committee and other participating Board members for their approval of these matters, which was unanimously given.

IV. Recommendation / Resolution Approvals

A. Approval of the Engagement of a PBVC Plan Results and Goals Assessment

Ms. Dee called for a motion for the Approval of the Engagement of a PBVC Plan Results and Goals Assessment, which was given, seconded and the resolution was passed to be presented to the Board of Trustees for approval.

There being no other business to bring before the Committee, the meeting was adjourned at approximately 3:32 pm.

THE METROHEALTH SYSTEM

Maureen Dee, Chairperson

