

**THE METROHEALTH SYSTEM  
AUDIT COMMITTEE  
BOARD OF TRUSTEES  
AUDIT COMMITTEE MEETING MINUTES**

DATE: Tuesday, March 22, 2016

TIME: 12:00 to 1:30 p.m.

PLACE: MetroHealth Medical Center  
Business Services Building  
Board Room K-107

COMMITTEE TRUSTEES: Mr. McDonald and Dr. Silvers

ADDITIONAL TRUSTEES: Ms. Dee and Mr. Spain

STAFF: M. Bechtle, B. Boulanger, M.D., K. Botros, A. Boutros, M.D., FACHE, A. Connors, M.D., J. Dickinson, G. Himes, M. Legerski, D. Lewis, M. Phillips, D. Reichert, C. Richmond, M. Stern

GUESTS: J. Mylen (KPMG), L. Kalic, J. Peters, D. Sciarappa, L. Abernathy (via phone) (RSM)

Dr. Silvers called the meeting of the Audit Committee to order at 12:08 p.m. Please note that minutes are written to conform to the printed agenda and are not necessarily in the order of discussion.

- I. Minutes of the regular Audit Committee meeting held on December 15, 2015 were approved as written.

**II. INFORMATION ITEMS**

Dr. Silvers introduced Donna Sciarappa, Regional Managing Partner, from RSM who opened the meeting by introducing the audit engagement team.

Lori Kalic, Health Care Audit Partner, from RSM continued the discussion by reviewing the scope of audit services performed noting they were conducted in accordance with Auditing Standards Generally Accepted in the United States of America, Government Auditing Standards and the Uniform Guidance.

Ms. Kalic mentioned two major programs were audited in accordance with the Uniform Guidance: Special Supplemental Nutrition Program for Women, Infants and Children (WIC) and the Hospital Preparedness Program – Ebola Preparedness and Response Activities. The auditor's professional responsibilities were summarized by Ms. Kalic as well as an explanation of new accounting pronouncement/standards adopted by the System in 2015.

Ms. Kalic also discussed with the Committee that the audit focused on evaluating the reasonableness of significant accounting estimates made by management and highlighted several of those estimates. Ms. Kalic led discussions around internal controls over financial reporting and noted RSM did identify two deficiencies associated with accounts payable cutoff and purchase

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order testing. Ms. Kalic mentioned RSM did not identify any deficiencies associated with internal controls over compliance – uniform guidance.

At this point in the meeting a motion was made, seconded and passed to move into Executive Session with the Audit Committee trustees and RSM audit engagement team.

At 12:54 pm the Audit Committee returned to regular session.

Jim Mylen, Partner, Advisory Services KPMG LLP provided a review of the 2016 Internal Audit Plan. Mr. Mylen provided an overview and status of the finalized first quarter reports which included IS Device Return Process, Inventory Receiving and Vendor Management. Mr. Mylen then discussed the 2016 internal audits that covered the following categories: operational, financial, people and culture, external, regulatory and compliance, IT/technology, quality and safety, and strategic. Lastly, Mr. Mylen discussed an updated Internal Audit Charter that is being developed and will be discussed at the June 2016 Audit Committee meeting.

Craig Richmond, SVP, Chief Financial Officer mentioned the construction cost review services currently being performed by RSM. RSM was previously selected to conduct these services specific to the System's Campus Transformation project. RSM is currently reviewing the adequacy and effectiveness of internal controls of the Department of Construction Management and then will review the construction spend associated with the Critical Care Pavilion expansion project.

Mary Legerski, Chief Compliance Officer, and Joe Dickinson, Privacy and Security Officer, were introduced for their respective updates.

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 1:35 p.m.

**III. NON-CONSENT /ACTION ITEMS**

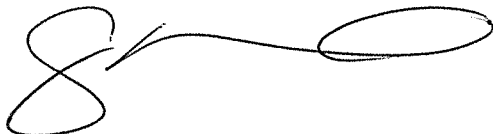
A. No items at this time

**IV. CONSENT ITEMS**

A. No items at this time

There being no further business to come before the Committee, the meeting was adjourned at 1:36 p.m.

Respectfully submitted,



Craig Richmond  
Senior Vice President and  
Chief Financial Officer