

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

DATE: Tuesday, March 21, 2017

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

PLACE: MetroHealth Medical Center
K107, Business Services Building

COMMITTEE TRUSTEES: Mr. McDonald, Mr. Schneider and Dr. Silvers

ADDITIONAL TRUSTEES: Ms. Dee and Mr. Spain

STAFF: A. Boutros, M.D., FACHE, G. Himes, M. Legerski, M. Phillips,
C. Richmond

GUESTS: D. Keeling (via phone), J. Mylen (KPMG), K. Armul, J. Croy (via phone), S. Draxler
(via phone), L. Kalic, D. Potak (via phone) (RSM)

Dr. Silvers called the meeting of the Audit Committee to order at 12:05 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 20, 2016 were approved as written.

II. INFORMATION ITEMS

Dr. Silvers introduced Lori Kalic, Audit Partner, from RSM who opened the meeting by introducing the audit engagement team.

Ms. Kalic continued the discussion by providing 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, Government Auditing Standards and the Uniform Guidance.

Ms. Kalic mentioned the Ohio Compliance Supplement and two major programs were audited in accordance with the Uniform Guidance: Special Supplemental Nutrition Program for Women, Infants and Children (WIC) and Special Projects of National Significance. Ms. Kalic also shared with the committee that the annual financial statement audit of The MetroHealth Foundation was recently conducted.

Ms. Kalic summarized the auditor's professional responsibilities and provided an explanation of new accounting pronouncements/standards adopted by the System in 2016. Also discussed with the Committee was 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 compliance – uniform guidance, and noted no deficiencies were identified.

At this point in the meeting all management left the meeting and the Audit Committee trustees and RSM audit engagement team met for discussion.

Craig Richmond, SVP, Chief Financial Officer continued the discussion by introducing John Croy, Senior Director, RSM and Dave Potak, Manager, RSM who provided an update on the construction cost review services currently being performed by RSM.

Mr. Croy and Mr. Potak revisited the first initiative which began in October 2015 and focused on reviewing the adequacy and effectiveness of internal controls of the Department of Construction Management to make sure they had policies and procedures in effect for the Campus Transformation project. The second review conducted by RSM focused on the construction spend associated with the Critical Care Pavilion expansion project. Mr. Croy stated that a close-out review is still to be conducted and that will validate the final accounting for the Project. An update will be provided when the close-out has been completed.

Jim Mylen, Partner, Advisory Services KPMG and Dan Keeling, Director, Advisory Services, KPMG, LLP, were introduced for their respective updates. Mr. Mylen and Mr. Keeling provided an overview and status of the first quarter 2017 internal audits and the finalization of the 2016 internal audits.

Mary Legerski, Chief Compliance Officer was introduced for her 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 12:55 p.m.

III. NON-CONSENT /ACTION ITEMS

A. No items at this time

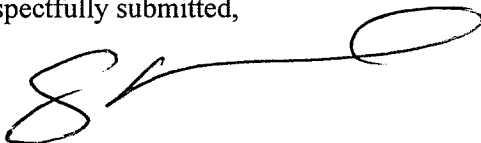
IV. CONSENT ITEMS

A. A Recommendation for the Continued Engagement of KPMG, LLP as the System's Internal Audit Consultant

The Committee unanimously approved the recommendation for full Board action.

There being no further business to bring before the Committee, the meeting was adjourned at 1:18 p.m.

Respectfully submitted,



Craig Richmond
Senior Vice President and
Chief Financial Officer