

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

DATE: Tuesday, September 26, 2017

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

PLACE: MetroHealth Medical Center
K107, Business Services Building

COMMITTEE TRUSTEES: Mr. Monnolly and Mr. Schneider

ADDITIONAL TRUSTEES: Ms. Dee and Mr. Spain

STAFF: A. Boutros, M.D., G. Himes, M. Phillips, C. Richmond, C. Forino Wahl

GUESTS: D. Keeling, J. Mylen (KPMG), K. Armul, L. Kalic, L. Abernethy & S. Draxler (via phone)

Mr. Schneider called the meeting of the Audit Committee to order at 12:01 p.m. Please note that minutes are written to conform to the printed agenda and are not necessarily in the order of discussion.

- I. The minutes of the regular Audit Committee meeting held on June 27, 2017 were approved as presented.

II. INFORMATION ITEMS

Mr. Schneider introduced Lori Kalic, RSM's Lead Audit Partner, who would be discussing the scope of services for the 2017 financial statement audit. Ms. Kalic continued the discussion by introducing the RSM audit engagement team. Ms. Kalic provided an overview of the scope of audit services and highlighted the audit and attestation services, which included what MetroHealth can expect in the 2017 financial statement audit, the MetroHealth Foundation financial statements' and the Select Assurance Captive, LLC financial statements.

Ms. Kalic summarized the auditor's responsibilities under US Generally Accepted Auditing Standards, the risk-based audit approach and the risk assessment process. Majority of the discussion focused on significant judgments and estimates with highlights on several of the estimates.

Katy Armul, RSM's Audit Manager, presented the timeline of the audit engagement and the anticipated completion dates of all audit procedures were reviewed with the Committee. Ms. Armul led discussion around internal controls over financial reporting.

Linda Abernethy, RSM's Government Industry Partner & Report Quality Control Reviewer, participated by phone and led the discussion around GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions which will be implemented in Fiscal Year 2018. Ms. Abernethy also presented GASB Statement No. 87 – Leases, which will be implemented in Fiscal year 2020.

Jim Mylen, Partner with KPMG Advisory Services, serves as MetroHealth's Director of Internal Audit. Dan Keeling, Director with KPMG Advisory Services, contributed to the internal audit discussion. Mr. Mylen provided an update regarding the 2017 Internal Audit Plan and an overview and status of the five reports that were issued during the third quarter. He also presented updates on audits that are underway and the planning for the fourth quarter internal audits. Mr. Mylen reviewed the status of Management Action Plans from previously issued reports and noted the plans were on track.

In addition, Mr. Mylen discussed the planning process for the 2018 Internal Audit program, and shared the integrated risk assessment utilized to develop the internal audit plan. Lastly, Mr. Mylen submitted the updated Internal Audit Charter for review and approval by the Audit Committee. Mr. Schneider and the Committee approved the Internal Audit Charter.

Mr. Schneider introduced Cheryl Forino Wahl, Senior Vice President, Chief Ethics and Compliance Officer who recently joined MetroHealth. Ms. Wahl discussed her first ninety days and how she has been focus on continuing to establish a world class ethics and compliance program. She provided a compliance overview and stated they are currently assessing program effectiveness and identifying opportunities for improvement. Ms. Wahl shared the 2018 Compliance work plan that will focus on seven key risk areas that would be developed based on numerous factors including the 2018 OIG Work Plan and the criteria for becoming one of the World's Most Ethical Companies. Lastly, Ms. Wahl stated that the OIG Resource Guide is being used to assess the Compliance programs effectiveness.

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 1:10 p.m.

III. NON-CONSENT /ACTION ITEMS

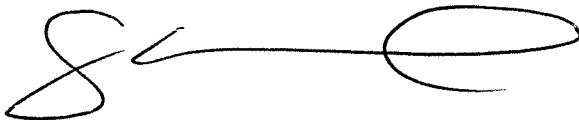
A. No items at this time

IV. CONSENT ITEMS

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

There being no further business to bring before the Committee, the meeting was adjourned at 1:12 p.m.

Respectfully submitted,



Craig Richmond
Senior Vice President and
Chief Financial Officer