# The MetroHealth System

# Board of Trustees

Monday, November 20, 2023

The MetroHealth System Board Room (K-107) or via Zoom

12:00 - 2:00 pm

# Audit and Compliance Committee

# Regular Meeting

# The MetroHealth System Board of Trustees

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AUDIT & COMPLIANCE COMMITTEE

**DATE:**        Monday, November 20, 2023

**TIME:**        12:00-2:00 pm

**PLACE:**       MetroHealth Board Room K-107 / Via Zoom
                 https://us02web.zoom.us/j/81342534902

## AGENDA

**I.**    **Approval of Minutes and Audit & Compliance Committee Charter**
          A. Approval of Committee Meeting Minutes from September 27, 2023
          B. Review of Audit & Compliance Committee Charter – Laura McBride

**II.**   **Information Items**
          A. Ethics and Compliance Update – Sarah Partington
          B. Internal Audit Update – Jim Mylen, Jerod Holloway, and Veronica Despoth (KPMG)
          C. ERM Update – Robin Barre
          D. Internal Audit RFP Update – Robin Barre

**III.**  **Executive Session**

Return to Open Meeting

**IV.**   **Recommendation/Resolution Approvals**
          A. No Items at this time.

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# The MetroHealth System Board of Trustees

**AUDIT AND COMPLIANCE COMMITTEE**

**Wednesday, September 27, 2023**
**3:00 – 5:00 PM**
**Meeting held at MetroHealth Board Room K-107 and via Zoom**

**<u>Meeting Minutes</u>**

| | |
|---|---|
| **Committee Members Present:** | Maureen Dee-I, John Moss-R, Vanessa Whiting-R |
| **Other Trustees Present:** | John Corlett-I, J.B. Silvers-I, E. Harry Walker-I |
| **Staff Present:** | Airica Steed-R, Sarah Alpert-I, Robin Barre-I, Laura Black-I, Richard Blinkhorn-I, Nabil Chehade-R, Kim Cunningham-R, Will Dubé-I, David Fiser-R, Joe Frolik-R, Geoff Himes-R, Derrick Hollings-I, Olusegun Ishmael-I, Laura McBride-I, Ryan Mezinger-I, Christina Morales-I, Sarah Partington-I, Deb Southerington -I, Nic Sukalac-R, Dalph Watson-I, Gregory Zucca-I |
| **Guests:** | Veronica Despoth (KPMG)-R, Jerrod Holloway (KPMG)-R, Lori Kalic (RSM)-I, Jim Mylen-I (KPMG) |

Ms. Dee called the meeting to order at 3:01 pm.

> (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 May 24, 2023 Committee meeting were approved as submitted.

## II.    Information Items

### A. 2023 Annual System Audit Kick-off – *L. Kalic, RSM*
Ms. Kalic came before the Committee to announce the kick-off of the 2023 annual System audit.  Ms. Kalic explained that the audit will be conducted in compliance

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[1] In-Person/Remote

with government and audit standards.   The RSM Audit Team is led by Hallie Pallante, Audit Senior Manager, who is assisted by a team of healthcare audit professionals, including subject-matter experts, and RSM's minority healthcare partner is Charles E. Harris and Associates; Rick Hess will serve as the Engagement Quality Reviewer and the specialists are Carrie Esler, Caryn Goettsch and Alfred Lei.

Ms. Kalic reminded the Committee that RSM takes seriously to the extent that there is any items to communicate that warrants the attention of governance, RSM will reach out to Ms. Dee in advance of the meeting in March 2024 and will review those matters with the Committee during the March meeting. Ms. Kalic also reminded the trustees that if they are each free to contact her directly, as they have unrestricted access to her and she wants to ensure RSM is identifying all audit risks and appropriately responding to those risks.  Ms. Kalic also confirmed that RSM does not provide any non-audit services to MetroHealth.

During the planning process, RSM will be gaining an understanding of internal controls, which enables them to identify key audit components and tailor their procedures to the unique aspects of our entity. The audits are subjected to the materiality threshold, which is done for the purpose to assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures.

The audit timing is comparable to last year, begin with the kick-off in September 2023, and work starting in October 2023 continuing into the early part of November 2023 and back in January 2024 to dive in.

B. **Ethics and Compliance Update –** *L. McBride, R. Barre, S. Partington*

Ms. McBride started by speaking to the transition in the Ethics and Compliance Department since Ms. Forino Wahl's transition.  Over the next few months, Ms. McBride and the Ethics and Compliance Team, along with Dr. Steed, will work together to develop a proposal for the structure of the compliance function, taking into consideration any relationship with the legal function. This proposal will be brought back to the Committee, hopefully by the November 2023 Committee meeting.

Ms. Barre provided an update on the Compliance Workplan, which consists of 366 items and 122 projects. Currently, the workplan is 80% complete. The Committee

reviewed the program goals and received updates on the Ethics & Compliance program's achievements toward those goals.  These achievements include: a recently refreshed Third-party Code of Conduct and a Spanish translation; physical security walkthroughs at MetroHealth locations; and on-site training from Suan Willeke from Ohio Ethics Commission.

Ms. Partington reviewed data from the MetroHealth Ethics Line, including a slight decline in the number of new cases opened and a slight decline in the number of cases closed.

C. **Internal Audit Update** – *J. Mylen, V. Despoth*

Ms. Despoth reviewed the Three-Line Model, a framework that helps organizations understand the roles and responsibilities of different parties of managing risks.   In this model, the three lines of defense comprise: (1) the individual risk owners; (2) risk management and compliance functions; and (3) the internal audit function.  All three lines of defense communicate with the governing body.

Ms. Despoth updated the Committee on the status of the Internal Audit workplan, which runs April 2023-March 2024. The program is well underway and on track to be finalized in March 2024. Ms. Despoth also reviewed Internal Audit's review of the financial reporting controls. The review consists of interim and year end reviews of MetroHealth's key controls by process and application that support financial reporting. KPMG coordinates with RSM to avoid double efforts on both parts, with RSM relying on some of Internal Audit's testing over the IT general controls and business process control narratives.

Mr. Holloway discussed KPMG's efforts to review the way they add value for MetroHealth by setting goals. This past year, KPMG: (1) continued to work closely to support the Enterprise Risk Management process; (2) looked to be proactive and responsive to various inputs they hear from the industry and stakeholders from MetroHealth; (3) maximize the use of technology; (4) instituted agile audit planning and responses to management requests; (5) aligned responsibilities for the Internal Audit Workplan; and (6) increased the use of analytics > 85% of audits.

D. **Enterprise Risk Management Update** – *R. Barre*

Ms. Barre reminded the Committee that the ERM program was established in 2020 and continues to make progress towards the program's goals. The ERM Working

# The MetroHealth System Board of Trustees

Group continues to partner with risk owners to complete enterprise risk deep-dives and to work to remain agile. Currently, we are working to refresh the list and identify 2024 top risks, with the goal of completing the refresh by December 2023.

Ms. Dee asked for a motion to move into executive session to discuss hospital trade secrets as defined in ORC.13331.61, to discuss the employment and compensation of public employees, and to conference with an attorney for the public body concerning disputes involving the public body that are the subject of pending or imminent court action. Dr. Walker made the motion, and Dr. Silvers seconded. The Board held a roll call vote with all Trustees voting to approve the motion to go into executive session for the purposes stated by Ms. Dee.

Members of the public were excused. The Board went into executive session to discuss the identified matters at 3:35 pm.

Following the executive session, the meeting reconvened in open session at approximately 4:59 pm and welcomed back the public via Zoom and those members of the public who remained in-person.

There being no other business to bring before the Committee, the meeting was adjourned at approximately 5:00 pm.

The MetroHealth System

Maureen Dee, Chairperson

NEXT MEETING:     Monday, November 20, 2023
                   12:00 – 2:00 pm
                  The MetroHealth Board Room (K-107) or via Zoom

# The Audit & Compliance Committee of the MetroHealth Board of Trustees

# Charter

**Purpose**

The Audit and Compliance Committee is responsible for overseeing MetroHealth's financial reporting process, systems of internal controls, and external and internal audit functions, in addition to promoting and ensuring compliance with laws and regulations applicable to MetroHealth's operations. The Committee assists in ensuring that MetroHealth produces financial statements that fairly present MetroHealth's financial condition and operations. The Committee exercises due diligence to prevent and detect criminal conduct, and to otherwise promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.

**Responsibilities**

In fulfilling its charge, the Committee is responsible for the following activities and functions:

I.       External Audit
- Review and discuss the results of the annual audit and any other matters communicated to the Committee by the external auditors, including any significant changes in accounting principles and disclosures and the impact of such changes on MetroHealth's financial statements.
- Assess the external auditor's annual management letter regarding the internal control environment, recommendations for improvements, and management's responses, including action plans, if any, and monitor management's implementation of action plans.
- Provide input, when requested, to the formal assessment of the external audit firm facilitated by the Ohio Auditor of State at least once every five (5) years.
- Raise any concern regarding the external audit firm to the Ohio Auditor of State.

II.      Internal Audit
- Exercise functional reporting oversight of internal audit activities, including evaluation of information from internal auditors on the status of the control environment, and the review and evaluation of the findings and recommendations from completed audits.

- Approve the risk-based internal audit plan and receive communications on the internal audit activities performance relative to its audit plan and other matters, including the implementation of management action plans in response to significant audit findings.
- Make appropriate inquiries of management and the leader of Internal Audit to determine whether there may be inappropriate audit scope or resource limitations.
- Review the adequacy of the internal audit department resource plan.
- Approve the Internal Audit Department Charter.
- Review, in advance, management's proposed appointment, removal, and change in scope of responsibilities of the leader of Internal Audit.

III.    Ethics and Compliance

- Establish and oversee the implementation, maintenance, and monitoring of an effective ethics and compliance program and the processes used to develop and implement the program according to the standards set forth in the guidelines established by the United States Sentencing Commission, the Department of Justice, the Office of Inspector General, and other relevant regulatory authorities.
- Approve the risk-based compliance workplan and receive communications on the ethics and compliance program activities performance relative to its workplan and other matters, including the implementation of corrective action plans in response to significant ethics and compliance issues.
- Review and reassess the Code of Conduct at least annually, or as conditions may warrant, and recommend material changes to the Code of Conduct.
- Review: (1) those legal and compliance matters that may have a material impact on MetroHealth; (2) data to ensure that MetroHealth compliance policies are regularly evaluated and updated as needed; and (3) any material reports or inquiries received from regulating bodies or government agencies or matters reported by employees or third parties.
- Receive and assess compliance reports submitted to the Committee in accordance with MetroHealth policy.
- Review the adequacy of the Ethics and Compliance department resource plan.
- Review, in advance, management's proposed appointment, removal, and change in scope of responsibilities of leader(s) of Ethics and Compliance.
- Remain informed of current developments in the regulatory environment and of legal and regulatory requirements.

The Committee may retain, when appropriate, counsel or other consultants to assist with the duties outlined in this charter and to assess MetroHealth's audit and compliance programs and

for conducting investigations of potential violations of laws, regulations, and other allegations arising from compliance reports.

**Composition**

The Audit & Compliance Committee shall be led by a board member with an interest and background in audit and compliance matters and consist of additional board members, as identified by the Board Chairperson.  All Committee members must be able to exercise judgment independent from MetroHealth management.

The Committee shall be staffed by the CEO, General Counsel, leader(s) of Ethics and Compliance, leader of Internal Audit, and other relevant members of the executive team.

**Meeting Schedule**

The Committee shall meet at least quarterly.

At least annually, the Committee shall meet separately in an executive session without MetroHealth management, unless requested by the Committee Chair, with each of the following: (a) MetroHealth's external auditors; (b) leader of Internal Audit; and (c) leader(s) of Ethics and Compliance.

# Audit & Compliance Cmte. Charter

Summary of Key Updates/Changes

Started with existing charter and added input from industry standards and Governance Institute

Continued focus on three key areas of oversight responsibility:

External Audit

Internal Audit

Ethics & Compliance

Changes focus on alignment with required oversight and recognition of unique aspects of Ohio Auditor of State role with external audit

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# Ethics and Compliance Program Activities

Audit and Compliance Committee of the Board of Trustees

November 20, 2023

# Ethics and Compliance – By The Numbers*

## KEY UPDATES

- OIG Compliance Program Guidance – *issued 11/6; under review*

- 2023 Departmental Goals – *no material changes*

## WORKPLAN

**92% YTD**

## METROHEALTH ETHICS LINE (MEL)

| | |
|---|---|
| Cases opened | 753 (195) |
| Cases closed | 749 (198) |
| Inquiries | 271 (59) |
| Allegations | 478 (139) |

## POLICIES

**93% YTD**

## TRAININGS

| | |
|---|---|
| Targeted New Hire | 107 (29) |
| Specialized | 44 (23) |

* See Appendix for additional information

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# By The Numbers - Legend
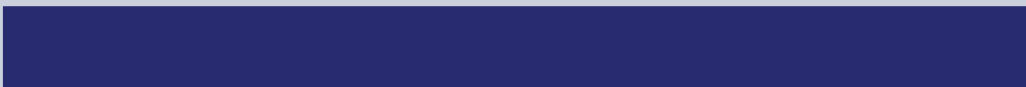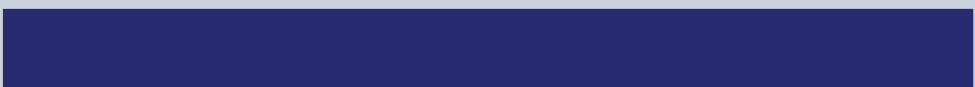
| Workplan | |
|---|---|
| Data | % completion based on targets set for end of quarter |

| 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.) |

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# Appendix

# Ethics and Compliance January – October 2023 Work Plan Status

## The 2023 Ethics and Compliance Work Plan consists of 344 items/108 projects

| Category | Items | Completion |
|---|---|---|
| Oversight | 88 items / 26% of work plan | 95% |
| Financial Incentives | 51 items / 15% of work plan | 95% |
| Documentation, Coding / Billing Reimbursement | 49 items / 14% of work plan | 80% |
| Regulatory Compliance | 13 items / 4% of work plan | 90% |
| Third-Party Risk Management | 15 items / 4% of work plan | 95% |
| Privacy and Security | 62 items / 18% of work plan | 90% |
| 340B / Pharmacy | 49 items / 14% of work plan | 95% |
| Research Compliance | 17 items / 5% of work plan | 100% |

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# 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**

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# *Interim* Ethics and Compliance Organizational Structure



**Legend:**
- Board of Trustees
- Administration
- Ethics and Compliance
- Internal Audit

Audit and Compliance Committee

President/CEO

SVP/General Counsel

Director Compliance Audit Services

Sr. Compliance Officer/Director Compliance Ops

Interim Privacy Officer

Internal Audit/ KPMG

3 Auditors / Analysts

4 Analysts

2 Privacy Analysts (1 vacant)
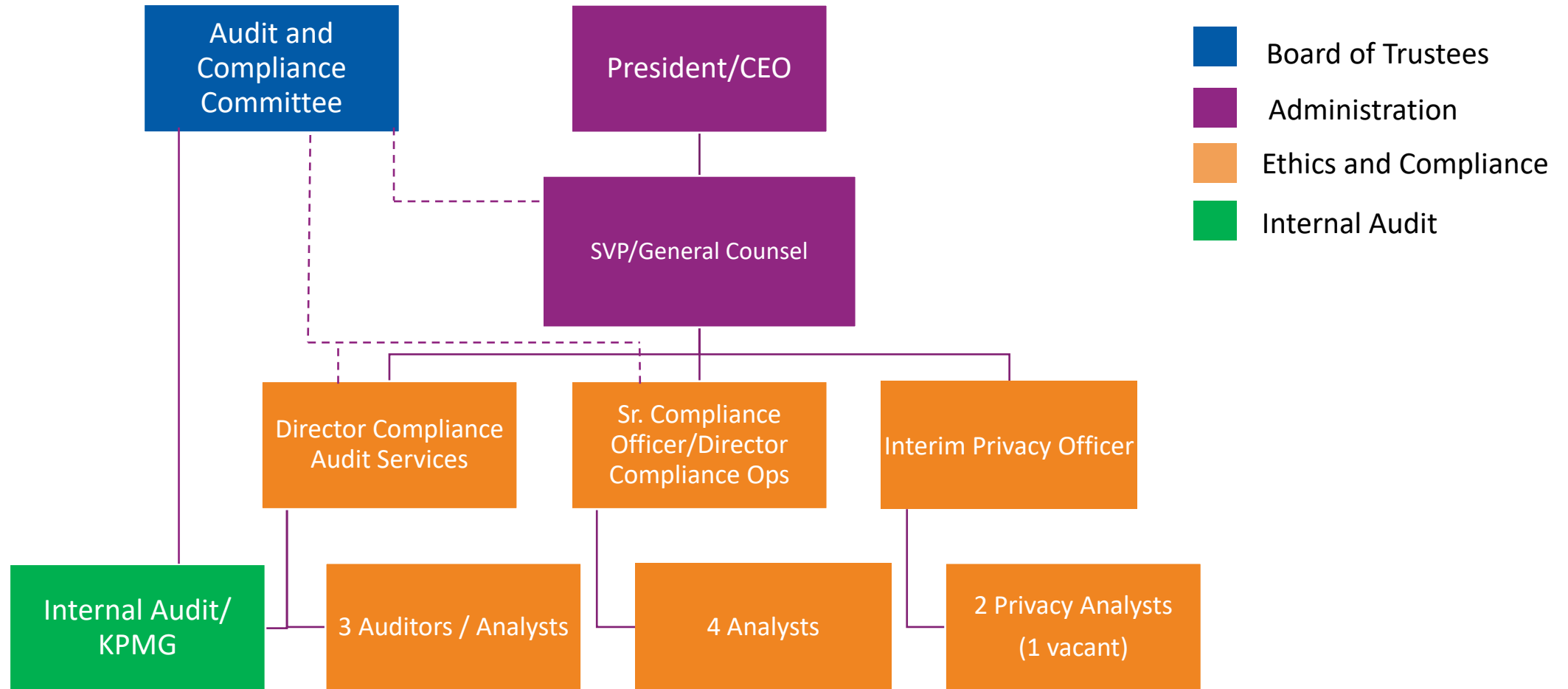
*Direct reporting relationship to Audit and Compliance Committee*

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# Enterprise Risk Management (ERM) Update

Audit and Compliance Committee of the Board of Trustees

November 20, 2023

# ERM Risk Identification and Ranking Refresh Approach

## 1 Interviews ?

- Use strategic priorities/mission and program information to frame interview questions and responses

- Complete executive and senior leader interviews

## 2 Workshop

- Conduct workshop (facilitated by KPMG ERM expert)

- Workshop discussion focuses on correct risk identification

- Key agenda items:
  - Review workshop objectives
  - Present initial risk areas
  - External perspective on top risks (KPMG)
  - Brainstorm key risks (top ~15) and agree on risk definitions

## 3 Ranking Survey

- Distribute online risk ranking survey (~30-45 minutes to complete)

- Avoid group think and complete risk rankings individually

- Rank top risks and complete impact, likelihood, perceived mitigation efforts, and velocity for each risk

## 4 Final Ranking Workshop

- Workshop discussion focused on gaining consensus of final risk rankings; final rankings should align with strategy and mission to avoid competing priorities

- Key agenda items:
  - Interpret the findings
  - Discuss possible solutions
  - Finalize ~top 10 risks
  - Identify executive risk owner(s)

- Present final rankings on December 20th Board meeting; routine reports to Board in 2024

| OCT 11-NOV 3 ✓ | NOV 14 ✓ | NOV 15-20 | DEC 5 |

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# Appendix

# MetroHealth 2023 ERM Risk Universe

## Operational
- Supply Chain / Vendor Management
- Emergency Preparedness
- Facility Infrastructure
- Research / Grants
- Business Continuity
- Physician Compensation
- Integration
- Pharmacy Operations
- Expense Management
- Care Coordination
- Patient Access
- Inventory Management
- Telehealth / Telemedicine / Virtual Care
- Capital Projects/Campus Transformation
- Accreditation

## Financial
- Revenue Cycle Management
- Accounting and Reporting
- Budgeting and Forecasting
- Fraud / Misappropriation of Assets
- Treasury / Debt
- Cost Structure
- Payor Mix
- Drug Pricing / 340B Enrollment
- Shift to Outpatient & Ambulatory Care
- Litigation Management
- Policy Governance
- Fiscal Sustainability

## People & Culture
- Internal / External Communication
- Employee Engagement / Culture
- Succession Planning
- Talent Management
- Social Media / Digital Marketing
- Wage and Hour Management
- Patient Satisfaction & Experience
- Community Mental Health
- Inclusion, Diversity, and Equity
- Collective Bargaining Agreement
- Ethics & Integrity
- Onboarding / Offboarding
- Workforce Health and Safety / Wellness
- Remote Workforce
- Education & Training
- Human Capital
- Executive Compensation
- Variable / Incentive Compensation

## External
- Competition
- Reimbursement Levels
- Healthcare Reform
- Healthcare Policy & Regulatory Change
- Philanthropy
- Political Environment
- Economic Changes
- Consumerism
- Supplies & Contracting
- Aging Population
- Community Engagement
- Environmental Change
- Pricing Transparency
- Social Determinants of Health
- Environmental, Social, Governance

## Strategic
- Mergers / Acquisitions
- Joint Ventures / Partnerships
- Execution of Strategic Initiatives / Competing Priorities
- Growth
- Business Model and Governance
- Changing Revenue Models
- Population Health Management
- New Service Offerings
- Board Involvement

## IT / Technology
- Cyber Security and Data Privacy
- Business Intelligence
- Disaster Recovery
- System Implementation / Upgrade
- Electronic Medical Records (EMR)
- IT Governance
- Incident Response
- Mobile Device Security
- Medical Device Security
- Storage / Cloud / SOC 2
- Emerging Technologies
- IT Hardware / Software
- RPA / Artificial Intelligence / Automation

## Quality & Safety
- Clinical Quality / Reporting
- Environmental Safety
- Quality & Patient Safety
- Clinical Documentation
- Patient Satisfaction
- Malpractice / Workers' Compensation
- Disease Management / COVID19
- Continuity of Care
- Discharge Management
- Drug Diversion
- Patient Transportation
- Pollution & Waste
- Mental Health Parity /Behavioral Health
- Peer Review

## Regulatory & Compliance
- Privacy and Security
- Financial Incentives
- Research / Grants
- Pharmacy / 340B
- Billing and Reimbursement
- Documentation and Coding
- MACRA / MIPS / APM
- Antitrust / Conflicts of Interest
- Anti-kickback / Stark Law / Physician Contracting
- 2 Midnight Rule / Patient Status / Short Stays
- Government Audits
- EMTALA
- Regulatory Compliance
- No Surprises Act

8 risk categories comprised of ~100 risk domains that drive MetroHealth's enterprise risk framework

Crossing all of these risk categories is the reputational risk to the MetroHealth System

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# The Audit & Compliance Committee oversees the ERM program.

| ERM Governance Framework | | |
|---|---|---|
| **Board of Trustees** | • Receives ERM program updates | As needed, at least annually |
| **Audit & Compliance Committee** | • Provides oversight on behalf of the Board of Trustees<br>• Receives ERM program updates | Quarterly |
| **ERM Committee (Senior Leadership Team)** | • Approves ERM governance framework<br>• Prioritizes and evaluates risks | As needed, at least annually |
| **Risk Owners** | • Assesses risk and evaluates mitigation activities, remediation, and action plans<br>• Evaluates emerging risks | On-going |
| **ERM Working Group** | • Executes and embeds ERM framework and process into the business<br>• Communicates ERM framework to leadership and Board of Trustees | On-going |

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# Internal Audit Plan Status

| MetroHealth Risk Universe Category | 2023 (April 2023 – March 2024) Internal Audit plan includes 41 projects | |
|---|---|---|
| Operational & Strategic | 8 audits | 65% |
| IT & Technology | 4 audits | 50% |
| Quality & Safety | 1 audit | 0% |
| Financial | 17 audits | 60% |
| People & Culture | 9 audits | 40% |
| Regulatory & Compliance | 2 audits | 10% |

Percent Complete

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# Financial Reporting Controls

| Process | Interim - Completion Date: 10/31 | | Year-end - Completion Date: 1/31* | |
|---|---|---|---|---|
| | Control Count | Percent Complete | Control Count | Percent Complete |
| Business Process Controls | 77 | 100% | 23 | 0% |
| IT General Controls | 28 | 100% | 30 | 0% |
| Entity Wide | 2 | 100% | 2 | 0% |
| **Grand Total** | **107** | | **55** | |

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

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

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# Appendix

# Internal Audit 2023 Enhancements and Goals

1. Enterprise risk management support

2. Proactive risk assessment and emerging risks communications

3. Increase use of technology through automated document requests, surveys, and management action plan tracking

4. Agile audit planning and response to management requests

5. Alignment of responsibilities for internal audit plan

6. Use of analytics >85% of audits

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