



The MetroHealth System

Board of Trustees

Wednesday, February 28, 2024

1:30pm - 2:00pm

The MetroHealth System Board Room K-107 or via Zoom

Audit and Compliance Committee

Special Meeting

The MetroHealth System Board of Trustees

AUDIT & COMPLIANCE COMMITTEE SPECIAL MEETING

DATE: Wednesday, February 28, 2024
TIME: 1:30-2:00 pm
PLACE: MetroHealth Board Room K-107 / Via Zoom
<https://us02web.zoom.us/j/84927687929>

AGENDA

I. Approval of Minutes

A. Approval of Committee Meeting Minutes from November 20, 2023

II. Information Items

None

III. Executive Session

Return to Open Meeting

IV. Recommendation/Resolution Approvals

A. Resolution for Approval of the Engagement of an Internal Audit Partner

The MetroHealth System Board of Trustees

AUDIT AND COMPLIANCE COMMITTEE

Monday, November 20, 2023

12:00 – 2:00 PM

Meeting held at MetroHealth Board Room K-107 and via Zoom

Meeting Minutes

Committee Members Present:	Maureen Dee-R, John Moss-I, Vanessa Whiting-R
Other Trustees Present:	Inajo Davis Chappell-I, John Hairston-R, J.B. Silvers-I, E. Harry Walker-I
Staff Present:	Airica Steed-R, Agnieszka Ardelt-R, Robin Barre-I, Laura Black-I, Richard Blinkhorn-I, Nabil Chehade-I, Kim Cunningham-R, Will Dubé-I, David Fiser-I, Derrick Hollings-I, Julie Jacono-I, Greg Journey-I, William Lewis-I, Laura McBride-I, Christina Morales-I, Sarah Partington-I, Nic Sukalac-R, Dalph Watson-R, Darlene White-I
Guests:	Leslie Baird-R, Veronica Despoth (KPMG)-R, Jerrod Holloway (KPMG)-R, Jim Mylen-I (KPMG)

Ms. Dee called the meeting to order at 12:02 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 September 27, 2023 Committee meeting were approved as submitted.

II. Review of Audit and Compliance Committee Charter

Ms. Dee noted that a draft update to the Committee Charter had been circulated. Ms. McBride noted that a summary of the key changes was also provided. She also explained that the updated charter was based on the Committee's current charter, last updated 2019, along with some recommendations from the Governance Institute and others. The charter continues to reflect the Committee's focus on three areas: (1) External Audit; (2) Internal Audit; and (3) Ethics and Compliance.



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Ms. Dee asked for a motion to approve the proposed charter, as submitted. The Committee unanimously approved the charter and Ms. McBride informed the group that the charter would now move on to Governance Committee for next steps.

III. Information Items

A. Ethics and Compliance Updates

Ms. Partington shared that the Ethics and Compliance team is looking to move toward a dashboard format for bringing information to the Committee. Routine data reporting is included – regarding the workplan, policies, reports received, etc. Also, there is a section highlighted for Key Updates. Ms. Partington noted that for this meeting, the key update was that the Office of Inspector General issued a new compliance guidance program approximately two weeks ago. The original plan dates to 1998 and touched on high-risk areas for hospitals program and hit on the seven elements of a successful compliance program. In 2005, they updated their guidance plan to include more high-risk areas for compliance to focus on. Then, on November 6, 2023, the OIG released updated general compliance program guidance. The team is currently evaluating this guidance and will be reviewing it with Dr. Steed prior to coming back to the Board at the next meeting to share thoughts and recommendations.

B. Internal Update Update - *J. Mylen, J. Holloway, V. Despoth (KPMG)*

Ms. Despoth informed the Committee that there were no major key points or updates to discuss since the Committee's last meeting in September. Currently, KPMG are on track in the completion of their audit year end (March 31, 2024). They are more than halfway complete.

Ms. Despoth also noted that KPMG has completed interim testing of financial reporting, business process controls and related applications. As a reminder, Internal Audit performs the design and effectiveness test on financial reporting controls twice per year, during the interim period and again at year's end. This is coordinated with the external auditor, RSM. All testing is being reviewed and will be finalized by March 2024.

C. Enterprise Risk Management Update

Ms. Barre reminded the Committee that MetroHealth is in the process of completing a refresh of the System's top enterprise risks for 2024. The next step is

¹ In-Person/Remote

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a survey process. Ms. Barre invited the Trustees to participate in this process by completing a survey, which will be shared via email after the meeting. The process will ultimately lead to a presentation of the proposed top risks to the Board at the December full Board meeting.

Ms. Dee asked for a motion to move into executive session to discuss hospital trade secrets as defined in ORC.13331.61 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. Mr. Moss made the motion and Dr. Walker 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 12:30 pm.

Following the executive session, the meeting reconvened in open session at approximately 2:00 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 2:00 pm.

THE METROHEALTH SYSTEM

Maureen Dee, Chairperson



RECOMMENDATION FOR THE APPROVAL OF THE ENGAGEMENT OF AN INTERNAL AUDIT PARTNER

Recommendation

The President and Chief Executive Officer recommends that the Board of Trustees of The MetroHealth System authorize the engagement of a partner to perform Internal Audit services and Enterprise Risk Management (“ERM”) services on behalf of the Board and the System.

Background

The Board and the System has engaged external partners to coordinate the System’s Internal Audit function for several years. Although the System has used various program structures over time, most recently, the System has fully outsourced the Internal Audit function to the external partner. The current external partner’s contract expires at the end of March 2024.

After discussion with the Board’s Audit & Compliance Committee, the System publicly issued a request for competitive sealed proposals (the “CSP”) seeking to establish a new relationship(s) with an external firm to support the Internal Audit function and the ERM program. The CSP was issued in November and was executed in accordance with the System’s procurement processes. Respondents were asked to provide detail on their internal audit and ERM experience and expertise, along with technology tools to support their work. Respondents were also asked to share their perspectives on the different models used to by healthcare entities to perform the Internal Audit function: fully outsourced, co-sourced, or fully insourced.

Twelve firms responded to the CSP. This pool of firms was narrowed to four finalists, each of whom made presentations to a committee including representatives from the Audit & Compliance Committee, Ethics & Compliance, Finance, Information Services, and Legal. All of the finalists have significant experience in internal audit services and enterprise risk management generally and healthcare specifically.

It is recommended that the President and CEO be authorized to negotiate and enter into an agreement with at least one of the finalists in accordance with the System’s assessment of the responses, which was previously shared with the Audit & Compliance Committee.

Approval of the Engagement of an Internal Audit Partner

RESOLUTION XXXXXX

WHEREAS, the Board of Trustees of The MetroHealth System has been presented a recommendation for the authority to engage an internal audit partner from among the respondents to the System's publicly issued request for competitive sealed proposals; and

WHEREAS, the Board's Audit & Compliance Committee has reviewed this recommendation and now recommends its approval.

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees of The MetroHealth System hereby approves of the System's engagement of a partner to support the internal audit program and report to the Board, to be paid out of general operating funds.

BE IT FURTHER RESOLVED, the President and Chief Executive Officer is hereby authorized to negotiate and execute agreements and other documents consistent with this resolution.

AYES:

NAYS:

ABSENT:

ABSTAINED:

DATE: