

North Broward Hospital District Board of Commissioners  
1700 Northwest 49th Street, Suite #150, Ft. Lauderdale, Florida 33309

## AUDIT COMMITTEE MEETING

### Immediately following the Legal Affairs and Governmental Relations Committee Meeting Wednesday, October 21, 2020

The Audit Committee Meeting of the North Broward Hospital District was held on October 21, 2020 via WebEx video conference.

#### 1. NOTICE

Official notice and agenda of this meeting is attached to the Minutes, as EXHIBIT I and EXHIBIT II, as presented for consideration of the Committee.

#### 2. CALL TO ORDER

There being a quorum present, the meeting was called to order by Chair Christopher T. Ure at 11:30 a.m.

#### 3. COMMITTEE MEMBERS

*Present:*

Scott Porter, External Audit Consultant  
James Petkas, External Audit Consultant  
Commissioner Nancy W. Gregoire, Vice Chair  
Commissioner Christopher T. Ure, Chair

*Not Present:*

Commissioner Ray T. Berry

*Senior Leadership*

*Additionally Present:*

Gino Santorio/President/Chief Executive Officer,  
Alan Goldsmith/Chief Administrative Officer,  
Alex Fernandez/Chief Financial Officer,  
Linda Epstein/Corporate General Counsel,  
Jerry Del Amo/Deputy General Counsel

#### 4. GOVERNOR'S EXECUTIVE ORDER ANNOUNCEMENT

General Counsel delivered the Governor's Executive Order for the record.

"This public board meeting is being conducted through communications media technology in accordance with the Governor's Executive Order No. 20-69, as extended by the Governor's Executive Order No. 20-246 and Section §120.54(5)(b)2 of the Florida statutes. This meeting is open to the public who are able to attend this meeting via telephone conference call. The conference call information is currently posted on Broward Health's website. All the requirements of Florida's Sunshine Law are still in effect, including memorialization of minutes. While not a requirement

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under Florida law, we will attempt to record this meeting and post it on Broward Health's website for the public and for those who may not be able to attend this live telephone conference.”

## 5. PUBLIC COMMENTS

Chair Ure opened the floor for public comments, in which there were none.

## 6. APPROVAL OF MINUTES

**MOTION** It was moved by Mr. Porter, and seconded by Commissioner Gregoire, that:

The Audit Committee approve meeting minutes for September 8, 2020, as amended, to reflect a modification under section 7.1. from “Federal rewards audit” to “Federal awards audit.”

Motion was confirmed by roll-call vote:

**YES** Mr. Scott Porter, External Audit Consultant

**YES** Mr. James Petkas, External Audit Consultant

**YES** Commissioner Nancy W. Gregoire, Vice Chair

**YES** Commissioner Christopher T. Ure, Chair

Motion carried 4/0.

Mr. Porter also requested that the record note that Mr. Kozik's September 8<sup>th</sup> final reports, were never provided to the committee nor approved.

## 7. TOPICS OF DISCUSSION

7.1. External Audit Update – presented by Phillip Grice, CPA, Warren Averett

Mr. Grice shared detail to documents provided, which contained Warren Averett's assessment, as seen below:

- Required Communication Letter (draft) – summarizes the items that Warren Averett is required to report to Broward Health, as a result of the audit (for detail, see October 21, 2020 Audit Committee Book, pages 96-98).
- No Material Weakness Letter – communicates and confirms that as a result of the audit, Warren Averett did not encounter or document any material weaknesses (for detail, see October 21, 2020 Audit Committee Book, page 95).
- Financial Statement – Warren Averett opined that Broward Health was free of material misstatements and that reports within the fiscal year's financial statements

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were neutral and consistently clear (for detail, see October 21, 2020 Audit Committee Book, pages 95-98).

- Statement of Operations – figures discussed (for detail, see October 21, 2020 Audit Committee Book, page 20).
- Statements of Cash (for detail, see October 21, 2020 Audit Committee Book, pages 21-22).
- Note Disclosures (for detail, see October 21, 2020 Audit Committee Book, pages 25-85).
  - Line of Credit added this year.
  - Other Post-Employment Benefits (OPEB) – approximately \$26.5m change to that liability.
  - Corporate Integrity Agreement (CIA) – Expected end date in November 2020.
  - Business Risk and COVID-19 – Noted that adding two seats to the Board could add flexibility to business risk; COVID-19 adversely impacted global commercial activity.

Chair Ure complimented the Warren Averett team for their diligence and asked Mr. Fernandez to recognize his team as well.

Mr. Fernandez echoed Chair Ure's comments in regard to the work, timeliness and flexibility shown by the Warren Averett team.

Mr. Fernandez recognized the following Broward Health Finance Contributors:

- Alisa Bert, Vice President, Financial Operations
- Modesto Gato, Assistant Vice President, Financial Operations
- Zsolt Czira, Assistant Controller
- Damaris Alvarez, Director, Accounting Services

**MOTION** It was *moved* by Commissioner Mr. Petkas, *seconded* by Mr. Porter, that:

The Audit Committee recommend that the Board of Commissioners of the North Broward Hospital District approve the Warren Averett Audited FY20 Financial Statements, as presented.

Motion was confirmed by roll-call vote:

**YES** Mr. Scott Porter, External Audit Consultant

**YES** Mr. James Petkas, External Audit Consultant

**YES** Commissioner Nancy W. Gregoire, Vice Chair

**YES/** Commissioner Christopher T. Ure, Chair

Motion *carried* 4/0.

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## 7.2. Department Activities – presented by Brian Kozik, Interim, Internal Chief Auditor

Mr. Kozik recognized the Internal Audit staff and their contributions to the audit process.

Mr. Kozik shared the status of activities within the following areas:

- Gold Coast Home Health Care Audit, in progress
  - Objective is to verify that Gold Coast Home Health Services' operations comply with Federal/State and Medicare requirements and Broward Health policies and procedures. Identifying key risks, controls, and documenting processes.
  - Rollover audit from FY20.
  - Auditors reviewing Medicare requirements in our Broward Health policies; identifying key risk controls and documenting their understanding of the process.
- Vendor Compliance Pyxis Contract, in progress
  - Objective is to evaluate the internal controls over vendor monitoring to ensure that contract deliverables are met, in addition to review the controls ensuring the safe use of Pyxis device in the medication use process.
  - Reviewing the Master Service Agreement and other contract details to identify key focus areas for further review.
- Transaction Posting Central Billing Office (CBO) and Professional Billing Office (PBO), fieldwork, in progress
  - Objective is to ensure the internal controls in place for transaction posting and processing under the CBO and PBO are compliant with BH's established policies.
  - Two separate audits.
    - PBO fieldwork complete; awaiting report.
    - CBO fieldwork almost complete; awaiting support for testing.
- Diversion Audit, in progress
  - Objective is to review the current internal controls in place to detect and prevent diversion of medications.
  - Auditors are performing walkthroughs and identifying key risks, key controls, and documenting processes.
- Fiscal Year 2021 Work Plan Accounts Payable Audit, in progress
  - Objective is to evaluate the adequacy and effectiveness of internal controls over the accounts payable process.
- IT Auditor participation in evaluation of EMR system, in progress
- Balanced Scorecard, completed

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- Draft report, in progress
- Internal Audit Manager audited reported amounts for February and June 2020.
- Audit finalized October 12, 2020.
- Memo being drafted, and workpapers being finalized.
  
- Inventory Review, completed
  - Team members participated in inventory count at all four Broward Health hospitals.
  - Pricing differences were resolved.
  - Revision of corrected pricing files pending.
  - Final memo pending.
  
- Payroll Audit, completed
  - Draft report shared with stakeholders.
  - Closing meeting held October 19, 2020 to discuss corrective action plans.

Additional comments regarding Department Activities – presented by Cynthia Norris, Assistant Vice President, Internal Audit:

- Fiscal Year 2020 Work Plan Status, in progress
  - Budget added to 2021 Audit Plan. Includes anticipated days and hours.
  - Created a detailed resource allocation spreadsheet to monitor execution of fiscal year 2021 audit plan.
  - Created templates to assist team with documenting audit planning activities.
  
- Transition Staff to Laptop-Only Workstations
  - Improved mobility.
  - Reduced inefficiencies and slowdowns.
  - Surplus equipment to be redistributed across organization.
  
- Staffing
  - Open positions:
    - Clinical Auditor (1) – Offer to auditor declined.
    - Internal Auditor (2).
      - First candidate accepted offer and starts November 3, 2020.
      - Second candidate declined offer.

7.3. Budget – Fiscal Year 2021 – presented by Brian Kozik, Interim, Internal Chief Auditor

Mr. Kozik provided an overview and shared the Income Statement Summary – Budget Review.

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It was confirmed by Mr. Kozik that the budget was built in into the budget to allow for outside consulting expenses, if applicable, and that he would break out the categories further at the request of the committee.

It was agreed that Mr. Porter would provide a template/example to the Audit Department for review and consideration that would include department, job functions, goals, performance metrics, staffing levels, and projected hours that make up the budget (e.g. one auditor, two managers, et cetera).

Mr. Porter requested the following items be added to the next Audit Committee Meeting agenda:

- Revisions to Audit Committee Charter
- Discuss Audit Committee calendar to outline future meetings and charter requirements for committee. Mr. Porter to send examples to Mr. Kozik.

**MOTION** It was *moved* by Commissioner Mr. Porter, *seconded* by Commissioner Gregoire, that:

The Audit Committee recommend that the Board of Commissioners of the North Broward Hospital District approve the Budget for Fiscal Year 2021, as presented.

Motion *carried* unanimously.

Chair Ure opened the floor for public comments, in which there were none.

7.4. Staffing – presented by Brian Kozik, Interim, Internal Chief Auditor

Included under item 7.2 discussion by Cynthia Norris, Assistant Vice President, Internal Audit, as shown above.

## 8. **ADJOURNMENT**

There being no further business on the agenda, the Chair adjourned the meeting at 12:21p.m.

Respectfully submitted,  
Commissioner Marie C. Waugh, Secretary/Treasurer