

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

AUDIT COMMITTEE MEETING
Immediately following the Pension and Investment Committee
Wednesday, August 18, 2021

The Audit Committee Meeting of the North Broward Hospital District was held on August 18, 2021, immediately following the Pension and Investment Committee Meeting, at the Broward Health Corporate Spectrum Location, 1700 NW 49th Street, Suite 150, Fort Lauderdale, Florida 33309.

1. NOTICE

Notice and Agenda, titled EXHIBIT I and EXHIBIT II, are attached to the official meeting book archived at the Board of Commissioners' Office. Supporting documents, if applicable, are attached to these minutes, titled EXHIBIT III. Exhibits are presented for consideration of the Committee.

2. CALL TO ORDER

There being a quorum present, the meeting was called to order by Chair Stacy L. Angier at 12:42 p.m.

3. ROLL CALL

Present:

Ray T. Berry, Commissioner
Nancy W. Gregoire, Vice Chair
Stacy L. Angier, Chair
Vacant, External Consultant
Vacant, External Consultant

Senior Leadership

Additionally Present:

Jonathan K. Hage, Commissioner
Christopher J. Pernicano, Commissioner
Marie C. Waugh, Commissioner
Shane Strum, President/Chief Executive Officer
Alan Goldsmith, EVP/Chief Operating Officer
Alex Fernandez, SVP/Chief Financial Officer
Linda Epstein, Corporate General Counsel

4. PUBLIC COMMENTS

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

5. APPROVAL OF MINUTES

Without objection, Chair Angier approved the minutes, dated April 28, 2021.

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Motion *carried* without dissent.

6. TOPIC OF DISCUSSION

6.1. Discussion of External Audit Member (Presenter – Stacy L. Angier, Chair)

Chair Angier introduced external audit candidate, Mr. Bill Benson, Managing Partner of Keefe McCullough, LLP, and briefly spoke to his background.

Mr. Benson shared further detail about his experience and expertise in accountancy and auditing, as well his desire to serve as a member of the Broward Health Audit Committee.

MOTION It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Berry, that:

The Audit Committee recommend that the Board of Commissioners of the North Broward Hospital District appoint Bill Benson as an expert consultant to the Audit Committee.

Motion confirmed by roll call.

YES Ray T. Berry, Commissioner

YES Nancy W. Gregoire, Vice Chair

YES Stacy L. Angier, Chair

Motion *carried* 3/0.

The meeting recessed for lunch at 12:50 p.m., and reconvened at 1:16 p.m.

6.2. External Audit Update Planning and Fieldwork (Presenters – Warren Averett CPAs and Advisors)

Phillip Grice, CPA, and Michael Rebarchak, Senior Manager, gave a brief overview of Warren Averett's consulting firm and scope of work for the system.

The following topics were discussed:

- Audit schedule
- Planning
- Interim procedures
- Significant audit areas

6.3. Audit Department Activities Update (Presenters – Brian Kozik, Interim Chief Internal Auditor and Cynthia Norris, AVP, Internal Audit)

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Mr. Kozik shared the status of current and completed audits within the plan.

- Fiscal Year 2021 Audit Plan (includes Fiscal Year 2020 rollover audits)
 - (30) in total.
 - (18) completed.
 - (1) special project.
 - (3) in process (rolled over to FY22)
 - (0) planning.
 - (0) fieldwork.
 - (0) fieldwork pending.
 - (6) cancelled
 - PCI Compliance
 - COVID-19 Related Expenses
 - Document Retention
 - Identity and Access Management (first half)
 - Identity and Access Management (second half)
 - Data Lake Data Validation
 - (2) postponed
 - Operating Room (OR) Charge Recapture
 - Expense Reimbursement
 - (0) proposed for removal from audit plan.
- Fiscal Year 2022 Audit Plan
 - Current Audits
 1. Palmar Forensics
 - In process.
 - Objective is to Review vendor, employee, and dependent query results, identified by Palmar Forensics' forensic analysis and data mining efforts, as requiring additional investigation or corrective measures to verify results were appropriate, reasonable, and explainable.
 - In fieldwork stage.
 - Note: special project, treated as follow-up work.

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2. FY 2021 Inventory (FY 2021 rollover)
 - In process.
 - Objective is to provide reasonable assurance that Broward Health's inventory count and valuation (costing) are accurate and reasonably stated.
 - In fieldwork stage.
- Fiscal Year 2021 Completed Audits
 1. Vendor Compliance – Pyxis Contract.
 - Completed.
 - Objective is to evaluate the internal controls over vendor monitoring to ensure that contract deliverables are met.
 2. Broward Health Home Health Audit (f.k.a. - Gold Coast Home Health Care Audit).
 - Completed.
 - Objective is to verify that Broward Health Home Health Services' operations comply with Federal/State and Medicare requirements, and Broward Health policies and procedures.
 3. Drug Diversion Program Audit – Inpatient (4 Broward Health hospitals).
 - Completed.
 - Objective is to review the current internal controls in place to detect and prevent diversion of medications.
 4. Drug Diversion Program Audit – CHS (3 Ambulatory Clinics).
 - Completed.
 - Objective is to review the current internal controls in place to detect and prevent diversion of medications.
 5. Accounts Payable Audit.
 - Completed.
 - Objective is to evaluate the adequacy and effectiveness of internal controls over the accounts payable process.
 6. Vendor Compliance - Aramark Contract Audit.
 - Completed.

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- Objective is to evaluate internal controls over vendor monitoring to ensure that contract deliverables are met.
 - Planned for outsourcing, kept in-house.
7. Healthcare for the Homeless Grant Review.
- Completed.
 - Objective is to review subcontractor compliance and verification of Grant and deliverable requirements.
8. Negative Patient Outcomes Associated with Medication Discrepancies Review.
- Completed.
 - Objective is to ensure that controls are in place to conduct a root cause analysis for any negative patient outcome associated with a medication discrepancy, and, to ensure a corrective action plan is implemented to prevent and/or eliminate the negative outcome from occurring in the future.
- Outsourced Audits
1. Phishing Program Review
 - Completed; Report issued 6/18/21.
 - Objective is to assess the effectiveness of the Information Systems current Phishing Program, including training and awareness.
 - Vendor, ProPrivatus
 2. Patching and Vulnerability Review (FY 2021 rollover)
 - In process.
 - Objective is to review the process Broward Health's Information System uses to conduct reoccurring scanning & patch BH activities across information system.
 - Vendor, ProPrivatus.
 - In reporting stage.
 3. Billing Process – Denial Management, Physician Billing Office (PBO)
 - Completed.

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- Objective is to review the internal controls over BH's billing process are working as designed and in compliance with State and/or Federal regulations. In addition, for any payer denials, review the current formal process to address the denial with emphasis on the reason of the denial.
 - Vendor, Baker Newman Noyes.
4. Clinical Trials & Research Process
- Completed.
 - Objective is to evaluate the design & effectiveness of the current internal controls related to Clinical Trials & Research Process.
 - Vendor, Baker Newman Noyes.
5. Untimely Issuance of a New Advanced Beneficiary Notice
- Completed.
 - Objective is to ensure the strict guidelines for issuing Advanced Beneficiary Notices are followed and documented in the patient's file are adhered to. In addition, to review the internal controls in place to ensure the issuance of an ABN covering a one-year period are compliant with federal rules and regulations.
 - Vendor, Baker Newman Noyes.
6. Medical Equipment Maintenance Review
- Completed.
 - Objective is to determine the adequacy and effectiveness of internal controls over the maintenance of BH's medical equipment and to ensure compliance with federal laws/regulations, safety, reliability, and accuracy.
 - Vendor, Baker Newman Noyes.
7. Vendor Compliance - One Blood Contract (FY 2021 rollover)
- In process.
 - Objective is to evaluate internal controls over vendor monitoring to ensure that contract deliverables are met.
 - Vendor, Baker Newman Noyes.

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- 6.4. Audit Department Fiscal Year 2022 Audit Plan (Presenter – Cynthia Norris, AVP, Internal Audit)

MOTION It was *moved* by Commissioner Berry, *seconded* by Commissioner Gregoire, that:

The Audit Committee recommend that the Board of Commissioners of the North Broward Hospital District approve the Audit Department Fiscal Year 2022 Audit Plan, as presented.

Motion confirmed by roll call.

YES Ray T. Berry, Commissioner

YES Nancy W. Gregoire, Vice Chair

YES Stacy L. Angier, Chair

Motion *carried* 3/0.

- 6.5. Audit Department Fiscal Year 2022 Budget (Presenter – Brian Kozik, Interim Chief Internal Auditor)

Mr. Kozik reviewed the fiscal year 2022 budget for the Audit Department, totaling \$1.375 million dollars.

- Salaries and Benefits
- Fees for Outside Services and Software
- Supplies
- Other Expenses
 - Membership Dues
 - Seminar Fees
 - Travel (local)
- Depreciation and amortization

Mr. Kozik noted that the department remained short of two full-time staff members.

- 6.6. Discussion of Chief Internal Auditor Candidate (Presenter – Mark Sprada, Chief Human Resource Officer)

Mr. Sprada gave an overview of the search process for the Chief Internal Auditor vacant position.

- Job description
- Proposed process and timeline
 - Sourcing through professional organizations and recruiters.
 - August 18, 2021 - open position posting.

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- September 30, 2021 - close position posting.
- Board sub-committee will provide a summary report and candidate names for Board interviews.
- November 2021 Board Meeting - Board of Commissioners interview final candidates (minimum of three).
- December 2021 Board Meeting – Board of Commissioners approve Chief Internal Auditor employment agreement.
- Recommendation to establish a selection committee.
 - Membership to include:
 - Stacy Angier, Audit Committee Chair.
 - Shane Strum, President/Chief Executive Officer (or designee)
 - Linda Epstein, General Counsel.
 - Mark Sprada, Chief Human Resource Officer
 - Brian Kozik, Interim Chief Internal Auditor & Chief Compliance Officer
 - Bill Benson, External Consultant

MOTION It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Berry, that:

The Audit Committee recommend that the Board of Commissioners of the North Broward Hospital District approve the search for the Chief Internal Auditor candidate.

Motion confirmed by roll call.

YES Ray T. Berry, Commissioner

YES Nancy W. Gregoire, Vice Chair

YES Stacy L. Angier, Chair

Motion *carried* 3/0.

MOTION It was *moved* by Commissioner Berry, *seconded* by Commissioner Gregoire, that:

The Audit Committee recommend that the Board of Commissioners of the North Broward Hospital District approve the timeline for the Chief Internal Auditor candidate search, as presented.

Motion confirmed by roll call.

YES Ray T. Berry, Commissioner

YES Nancy W. Gregoire, Vice Chair

YES Stacy L. Angier, Chair

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Motion *carried* 3/0.

MOTION It was *amended* by Commissioner Gregoire, *seconded* by Commissioner Berry, that:

The Audit Committee recommend that the Board of Commissioners of the North Broward Hospital District approve a subcommittee to screen the Chief Internal Auditor candidates, where the subcommittee would be made up of the Audit Committee Chair, Chief Executive Officer or designee, General Counsel, Human Resources, Subject Matter Expert (Brian Kozik), and Bill Benson, External Expert Audit Committee Member, as presented.

Motion confirmed by roll call.

YES Ray T. Berry, Commissioner
YES Nancy W. Gregoire, Vice Chair
YES Stacy L. Angier, Chair

Motion *carried* 3/0.

7. **ADJOURNMENT**

There being no further business on the agenda, the Chair adjourned the meeting at 1:58 p.m.

Respectfully submitted,

Commissioner Christopher J. Pernicano, Secretary/Treasurer