

# NOTICE OF MEETING

## **NORTH BROWARD HOSPITAL DISTRICT**

### **BOARD OF COMMISSIONERS**

An Audit Committee meeting will be held at 10:00 a.m., on Wednesday, February 17, 2021, at the Broward Health Corporate Spectrum Location: 1700 Northwest 49 Street, Fort Lauderdale, Florida, 33309. The purpose of this committee meeting is to review and consider any matters within the committee's jurisdiction.

Persons with disabilities requiring special accommodations in order to participate should contact the District by calling 954-473-7481 at least 48 hours in advance of the meeting to request such accommodations.

Any person who decides to appeal any decision of the District's Board with respect to any matter considered at these meetings will need a record of the proceedings, and for such purpose, may need to ensure that a verbatim record of the proceedings is made which record includes testimony and evidence upon which the appeal is to be based.

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

## **AUDIT COMMITTEE MEETING** **10:00 a.m., Wednesday, January 20, 2021**

The Audit Committee Meeting of the North Broward Hospital District was held at 10:14 a.m., on January 20, 2021, at the Broward Health Corporate Spectrum Location, 1700 NW 49<sup>th</sup> Street, Suite 150, Fort Lauderdale, Florida 33309.

### **1. NOTICE**

Official notice and agenda of this meeting is attached to the minutes, titled 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 Stacy L. Angier at 10:14 a.m.

### **3. COMMITTEE MEMBERS**

*Present:*

James Petkas, Expert Consultant  
Scott Porter, Expert Consultant  
Ray T. Berry, Commissioner  
Nancy W. Gregoire, Vice Chair  
Stacy L. Angier, Chair

*Senior Leadership*

*Additionally Present:*

Gino Santorio, President/Chief Executive Officer  
Alan Goldsmith, Chief Operating Officer  
Alex Fernandez, Chief Financial Officer  
Linda Epstein, Corporate General Counsel  
Jerry Del Amo, Deputy 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 December 16, 2020.

Motion *carried* without dissent.

### **6. TOPIC OF DISCUSSION**

- 6.1. Broward Health Single Audit (Presenter - Christopher L. Smith, CPA, Warren Averett)

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Mr. Smith reviewed the Single Audit independent auditor's report. (For details, please see pages 8 through 117 of the Meeting Book.)

### **Two auditor reports were issued:**

- Government Auditing Standards Report (unmodified report).
  - No material weaknesses were identified.
  - No reportable non-compliance issues were identified.
- Report on each major program in accordance with the uniform guidance under the federal rules and the rules of the auditor general for the state of Florida (unmodified report).
  - No material weaknesses in internal control were identified.
  - No reportable non-compliance issues were identified.
  - Uninsured COVID Testing and Treatment was the major program audited this year.
  - Compliance opinion included in this report (unmodified).

It was defined that an unmodified opinion states that, in all material respects, the compliance requirements were met.

- A new paragraph was added in the current year's report to note that the Children's Diagnostic and Treatment Center (CDTC) engaged its own auditors to perform an audit of their federal and state programs.
- A new paragraph was added to the notes of the Schedule of Expenditures of Federal Awards, related to the Provider Relief Funds that the District received in response to COVID. Said information was excluded from the 2020 audit; however, will be included in the 2021 audit report.
- It was clarified that the section titled Schedule of Findings and Questioned Costs on pages 98-99 were brief summaries of the outcomes presented in the auditors' reports.
  - This is the first year Broward Health qualified as a low-risk auditee since Warren Averett has been contracted with Broward (2016), indicating a notable improvement.
- Management letter required by the Auditor General of the State of Florida. No information was included to report any findings or noncompliance.

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

The Audit Committee recommend that the Board of Commissioners of the North Broward Hospital District approve Broward Health's Single Audit, as presented.

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Motion confirmed by roll call.

- YES** James Petkas, Expert Consultant
- YES** Scott Porter, Expert Consultant
- YES** Ray T. Berry, Commissioner
- YES** Nancy W. Gregoire, Vice Chair
- YES** Stacy L. Angier, Chair

Motion *carried* 5/0.

- 6.2. Department Activities (Presenters – Brian Kozik, Interim Internal Chief Auditor; Cynthia Norris, AVP, Internal Audit)

Mr. Kozik briefly shared department updates and the status of current audits within the plan.

### Audit Activities and Updates

- Fiscal Year 2021 Audit Plan
  - 25, audits in total.
  - 7, in process.
    - 6, Internal Audit.
    - 1, External Audit Consultant (Baker Newman Noyes).
  - 18, pending commencement.
- Vendor Compliance, Pyxis Contract
  - In process.
  - Objective is to evaluate the internal controls over vendor monitoring to ensure that contract deliverables are met.
  - The Pyxis device ensures safe medication dispensing and management.
  - Anticipate moving to fieldwork week of 1/18/2021.
- Broward Health Home Health Audit (fka Gold Coast Home Health Care Audit)
  - In process.
  - Objective is to verify that Broward Health Home Health's operations comply with Federal, State, and Medicare requirements, in addition to BH policies and procedures.
  - Rollover audit from 2020.
  - Auditors reviewing Medicare requirements within Broward Health policies; identifying key risk controls and documenting their understanding of the process.
  - Anticipate moving to fieldwork week of 1/18/2021.

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- Diversion Audits
  - Two in process.
    - Drug Diversion Program Audit CHS (3 ambulatory clinics).
    - Drug Diversion Program Audit – Inpatient (4 hospitals).
  - Objective is to review the current internal controls in place to detect and prevent diversion of medications.
  - Rollover audit from 2020.
  - Anticipate moving to fieldwork week of 1/18/2021.
- Accounts Payable
  - In process.
  - Objective is to evaluate the adequacy and effectiveness of internal controls over the accounts payable process.
  - Anticipate moving to fieldwork week of 1/18/2021.
- Vendor Compliance, Aramark Contract Audit
  - In planning.
  - Objective is to evaluate internal controls over vendor monitoring to ensure that contract deliverables are met.
- Transaction Posting – Central Billing Office (CBO) and Professional Billing Office (PBO)
  - Completed.
  - Objective is to perform transaction testing (under the CBO and PBO) to verify compliance with BH's established policies.
  - Two separate audits.
    - PBO fieldwork complete; Corrective Action Plans (CAPs sent to vendor for report.
    - CBO fieldwork almost complete; CAPs sent to vendor for report.

#### Status of Audit Memos and Reports (Presenter – Cynthia Norris, AVP, Internal Audit)

- Balanced Scorecard – The Associate Vice President of Internal Audit completed a review of the balanced scorecard. An issue was identified specific to Net New Provider Growth, which was identified prior to the final scorecard draft being shared. A report with corrective action was issued on January 12, 2021.

The Audit Committee stated that final audits should be shared with the committee no less than one week prior to future meetings.

- CBO/PBO Transaction Testing - Awaiting draft report from the external consultant, Baker Newman Noyes.

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In regard to outstanding items from the May 2020 meeting, Ms. Norris shared updates with the committee.

- Audit Methodology Process
  - In process.
  - Objective is to document the audit methodology process, review the audit phases, documentation requirements, and templates for the team to use as an audit team manual.
  - Manual to be reviewed with the committee at a future meeting.
- Based on Ms. Norris's analysis of her first 100 days' analysis with the department, the following matters were identified:
  - Additional staff – Pending discussion with Human Resource and Finance departments related to adequate approvals/budget.
    - At a minimum, the department needs:
      - Clinical Auditor
      - IT Audit Supervisor
  - Training opportunities, both internal and external experts.
  - Ms. Norris gave an overview of the team's strengths and weaknesses.
    - Strengths
      - Clinical nursing experience.
      - External audit experience.
    - Weaknesses
      - Individuals needing training to improve audit skills in identification of controls and how to draft test plans.

At Mr. Porter's request, a budget amendment would be drafted by the Audit and Finance departments to be presented at a future committee meeting.

- As a cost-savings, the Audit Department will be transitioning from TeamMate to the KaiNexus platform for testing, workflows, and tracking.

Staffing (Presenter – Cynthia Norris, AVP, Internal Audit)

- IT Auditor
  - Three candidates interviewed; offer extended to one candidate with response pending.
- Internal Auditor
  - One new-hire started on December 15, 2020.

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- **Current Staffing**
  - Clinical Supervisor (1)
  - Financial Supervisor (1)
  - Senior IT Auditor (1)
  - Senior Auditor (2)
  - Internal Auditors (4)

6.3. **Audit Process Discussion/Follow Up from May 2020 Meeting**  
(Presenter – Cynthia Norris, AVP, Internal Audit)

Ms. Norris gave an overview of the audit process, from initiation to planning to field work to final reporting.

Process documentation will be added to the Board Portal upon completion.

7. **ADJOURNMENT**

There being no further business on the agenda, the Chair adjourned the meeting at 11:14 a.m.

Respectfully submitted,

Commissioner Marie C. Waugh, Secretary/Treasurer



INTERNAL AUDIT DEPARTMENT

FY2021 AUDIT PLAN  
Updated 1.19.21

Types of Audit Projects
Roll-over
Recurring
New

Project No.	Project Name	Risk Domain	Roll-over/ Recurring/ New	Departments Involved	Objective	Suggested Budget			Status
						Days	Ops / Fin Hours	IT Hours	
Operational, Financial, & Legal/Regulatory Compliance, Strategic									
1	Transaction Posting (CBO) and (PBO) <i>(performed by Baker Newman Noyes)</i>	Operational	Roll-over	CBO PBO	To ensure the internal controls in place for transaction posting and processing (under the CBO / PBO) are in compliance with BH's established policies.	-	50	0	Reporting - Awaiting final report from vendor
2	Vendor Compliance - Pyxis Contract Audit	Operational	Roll-over	District Wide	To evaluate the internal controls over vendor monitoring to ensure that contract deliverables are met.	90	300	0	Planning
3	Operating Room ("OR") Charge Capture & Reconciliation	Operational	Roll-over	District Wide	To review the internal controls in place over the Charge Capture and Reconciliation process.	90	300	50	Not started
4	Broward Health Home Health Audit	Legal/Regulatory Compliance	Roll-over	Broward Health Home Health	To verify that Gold Coast Home Health Services' operations comply with Federal/State and Medicare requirements, and BH policies and procedures.	90	400	50	Planning
5	Payment Card Industry (PCI) Compliance <i>(to be performed by RSM)</i>	Legal/Regulatory Compliance	Roll-over	District Wide	To review the internal controls to protect customer's credit card information in accordance with the Payment Card industry standards.	-	0	0	Canceled due to ongoing project to convert BH payment machines
6	Travel & Expense Reimbursements Review	Operational	Recurring	District Wide	To evaluate the internal controls over employee travel & expense reimbursements ensuring approval and reimbursement is in accordance with BH travel policy.	90	300	50	Not started
7	Vendor Compliance - Aramark Contract Audit	Operational	New	District Wide	To evaluate internal controls over vendor monitoring to ensure that contract deliverables are met.	90	300	50	Planning
8	Vendor Compliance - Top vendor #3 (Yet Unidentified)	Operational	New		To evaluate internal controls over vendor monitoring to ensure that contract deliverables are met.	90	300	50	Not started
9	Accounts Payable	Operational	New	District Wide	Evaluate the adequacy and effectiveness of internal controls over the accounts payable process.	90	350	50	Planning
10	Billing Process - Denial Management (PBO)	Operational	New	PBO	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.	90	300	50	Not started
11	Clinical Trials & Research Process	Operational	New	Cardiovascular & Cancer Research, CBO, Physician Practices, Accounting Services.	Evaluate the design & effectiveness of the current internal controls related to Clinical Trials & Research Process.	90	300	50	Not started
12	Negative Patient Outcomes Associated with Medication Discrepancies	Operational	New	Pharmacy	The objectives of the review are 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.	90	300	50	Not started
13	Untimely Issuance of a New Advanced Beneficiary Notice for an Extended Course of Treatment Over 1 Year to Medicare Beneficiaries	Legal/Regulatory Compliance	New		The objective it 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 in compliance with federal rules and regulations.	90	300	50	Not started
14	A-133 Subcontractor Monitoring (Financial Management)	Legal/Regulatory Compliance	Recurring	CHS, Accounting Services	To review compliance with subcontractors to ensure proper accounting controls are in place.	90	300	50	Not started
15	COVID-19 Related Expenses Compliance Review	Legal/Regulatory Compliance	New		To be determined in conjunction with the CFO and, the Corporate Compliance & Ethics department.	90	300	50	Not started
16	Medical Equipment Maintenance Review	Legal/Regulatory Compliance	New		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 & accuracy.	90	300	50	Not started
17	Document Retention & Destruction Review	Legal/Regulatory Compliance	New	IT & Compliance	To ensure select departments, focus on Health Information Management (HIM) is in compliance with BH' policy for document retention.	90	300	50	Not started
18	Drug Diversion Program - CHS (Ambulatory)	Legal/Regulatory Compliance	New	CHS / Ambulatory	To review the current internal controls in place to detect and prevent diversion of medications.	90	425	75	Planning
19	Drug Diversion Program - Inpatient	Legal/Regulatory Compliance	New	District Wide	To review the current internal controls in place to detect and prevent diversion of medications.	90	325	75	Planning
20	Periodic Inventory Count & Valuation of Medical Devices & Supplies	Financial	Recurring	Accounting Services, Hospital Materials Mgmt., Procurement	Monitor BH periodic physical inventory count, and validate the vendor costing of the District inventory items that are recorded in BH's financial statements.	90	300	50	Not started
21	FY 2020 Balanced Scorecard Review	Operational	Recurring	Quality / Process Improvement	To verify operational metrics and scores on the Balanced Scorecard are accurate, complete, and tie back to the supporting documentation	90	120	0	Completed / Report Issued





INTERNAL AUDIT DEPARTMENT

FY2021 AUDIT PLAN  
Updated 1.19.21

Types of Audit Projects
Roll-over
Recurring
New

Project No.	Project Name	Risk Domain	Roll-over/ Recurring/ New	Departments Involved	Objective	Suggested Budget			Status
<b>Operational, Financial, &amp; Legal/Regulatory Compliance, Strategic Hours Planned</b>						<b>5870</b>	<b>900</b>	<b>Total Estimated Hours</b>	
<b>Information Technology</b>									
22	Phishing Program Review	Technology	New	IT	To assess the effectiveness of the Information Systems current Phishing Program, including training and awareness.	90	50	300	Not Started
23	Patch & Vulnerability Review	Technology	New	IT	Review the process BH Information System uses to conduct reoccurring scanning & patch activities across Broward Health's information system.	90	50	300	Not Started
24	Identity & Access Management Review - 1st Half	Technology	New	IT	For a sample of selected departments, clinical and non-clinical, ensure that all users have information access rights in accordance with their job responsibilities.	90	50	300	Not Started
25	Identity & Access Management Review - 2nd Half	Technology	New	IT	Ensure that all users have information access rights in accordance with their business requirements, including least privilege.	90	50	300	Not Started
26	Data Lake Data Validation Process and Internal Control Review	Technology	New	IT	Review the controls in place over the reporting mechanisms and centralized data repository of the Data Lake environment.  To ensure that the data is transferred correctly (validated) an is complete during the start up process. We need to determine it was done correctly prior to launch.	90	50	300	Not Started
<b>Information Technology Audit Hours Planned</b>						<b>250</b>	<b>1500</b>	<b>Total Estimated Hours</b>	
<b>Unplanned Special Projects &amp; Follow-ups</b>									
n/a	Special Projects/ Audit Investigations (see below)	TBD	New	As needed	TBD	-	1500	0	Not started
n/a	Audit Issue Follow-Ups (see below)	-Operational -Technology -Legal / Reg / Compliance	New	As needed	Perform follow-ups for pending management action plans to ensure corrective actions are completed, per management's response. Results of follow up activity are reviewed by the Auditing/Monitoring subcommittee of the Executive Compliance Group.	-	630	0	In Progress
<b>Unplanned Special Projects &amp; Follow-ups Audit Hours Planned Information Technology Audit Hours Available</b>						<b>2130</b>	<b>0</b>	<b>Total Estimated Hours</b>	
						<b>8250</b>	<b>2400</b>	<b>Total Estimated Audit Hours Budgeted to Audit Plan (Above)</b>	

Special Projects			
Audit Report No.	Project Name / Focus	Objective	Status
TBD	Palmar Forensics	Review of 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.	Not Started

Issue Follow-up					
Audit Report No.	Audit Name	Issue No.	Issue Title	Status	Full Remediation Due Date
2020-A228	Payroll Review	1	The Payroll Director Performs Blanket	Open	3.15.21
2020-A228	Payroll Review	2	Terminated Employee Received Compensation after Termination Date	Implemented. Not Verified. Auditor is working on CAP verification testing.	11.30.20
2020-A228	Payroll Review	3	Salary Change not Timely Updated into Lawson	Implemented. Not Verified. Auditor is working on CAP verification testing.	10.30.20
2020-M260	Balanced Scorecard Review Fiscal Year 2020	1	Incorrrct New New Provider Growth Metric	Open	1.31.21

## Resolution FY21-16

### Resolution Amending the Audit Committee in the Codified Resolutions of the Board of Commissioners of North Broward Hospital District and the Audit Committee Charter

**WHEREAS**, the Board of Commissioners (the “Board”) of the North Broward Hospital District (the “District”) has established the Amended and Restated Bylaws of the North Broward Hospital District (the “Bylaws”) and its accompanying Codified Resolutions of the Board of Commissioners of the North Broward Hospital District (“Codified Resolutions”), both as amended from time to time;

**WHEREAS**, the Board, in accordance with its Bylaws and as provided in its Codified Resolutions, has established Board committees to properly exercise its Charter oversight duties;

**WHEREAS**, the Board committees meet on a regular basis to further the purposes, goals, and objectives of the Committees;

**WHEREAS**, the Board has established committee, consistent with the standards of the Institute of Internal Auditors (“IIA Standards”), to assist the Board in its Board oversight of the District’s internal audit activities (“Audit Committee”);

**WHEREAS**, Section 3.12(c)(1) of the Codified Resolutions delineates and outlines the structure of the Audit Committee;

**WHEREAS**, consistent with the IIA Standards, the Board has established an Audit Committee Charter and Section 3.12(c)(1)b. of the Codified Resolutions provides that the duties of the Audit Committee are provided in an Audit Committee Charter, adopted on August 27, 2006, as amended;

**WHEREAS**, to account for, and remain consistent with, best practices and changes to the IIA Standards, the Board wishes to amend and restate such Audit Committee Charter as set forth herein; and

**WHEREAS**, unless context otherwise requires, capitalized terms used but not defined herein have the meanings ascribed to such terms in the Bylaws and Codified Resolutions.

**NOW THEREFORE, BE IT RESOLVED**, by the Board of Commissioners of the North Broward Hospital District, that:

1. The Codified Resolutions are hereby amended as provided below. Words ~~stricken~~ are deletions; words underlined are additions.
2. The Board hereby amends Section 3.12(c)(1)b. of the Codified Resolutions to read as follows:
  - b. *Duties*. The Audit Committee’s function, independence, and duties shall be as outlined in the Amended and Restated Audit Committee Charter of the Audit Committee and Internal Audit of North Broward Hospital District, adopted on ~~August 27, 2006~~ February 24, 2021, and as amended from time to time.
3. The Board hereby establishes the Amended and Restated Charter of the Audit Committee and Internal Audit of North Broward Hospital District attached hereto as Exhibit A and incorporated herein by reference as if fully set forth herein.
4. Such Amended and Restated Charter of the Audit Committee and Internal Audit of North Broward Hospital District hereby supersedes the Audit Committee Charter, adopted on August

27, 2006, and all amendments thereto, all in effect as of the date of the ratification of this Resolution.

5. This Resolution shall take immediate effect upon ratification and hereby supersedes, amends, replaces and repeals any conflicting resolution or conflicting policy previously adopted by the Board.

**DULY ADOPTED** this \_\_\_\_ day of February, 2021.

Time Adopted \_\_\_\_\_ PM

# **EXHIBIT A**

**AMENDED AND RESTATED CHARTER OF THE AUDIT COMMITTEE  
AND INTERNAL AUDIT OF NORTH BROWARD HOSPITAL DISTRICT**

# **AMENDED AND RESTATED CHARTER OF THE AUDIT COMMITTEE AND INTERNAL AUDIT OF NORTH BROWARD HOSPITAL DISTRICT**

## **Background and Role**

The Board of Commissioners (the “Board”) of the North Broward Hospital District (the “District”), within subsection (c)(1) of section 3.12 of the Codified Resolutions of the Board (“Codified Resolutions”), established the Audit Committee as a permanent standing committee of the District and established the Internal Audit Department as an independent department with a Chief Internal Auditor. This Amended and Restated Charter of the Audit Committee and Internal Audit of North Broward Hospital District (“Audit Committee Charter”) amends and restates the original Audit Committee Charter adopted on August 27, 2006, as amended, and provides a blueprint for how internal audit should operate. This Audit Committee Charter establishes that it is vital that the District, as a special taxing district of the State of Florida, be held accountable for the use of public funds and apply sound management practices through established policies and procedures that conform with state and federal law, rules and regulations.

## **Mission and Purpose**

The mission of the Audit Committee is to enhance and protect the District’s organizational value by providing risk-based and objective assurance, advice, and insight. The Audit Committee’s purpose is to provide a structured and systematic oversight of the District’s governance, risk management, and internal control practices. The Audit Committee assists the Board and the District’s senior management by providing independent advice and guidance on the adequacy and effectiveness of—and of potential improvements to—the District’s initiatives and practices for values and ethics; governance structure; risk management; internal control framework; oversight of the Internal Audit Department and external auditors; and financial statements and public accountability reporting.

## **Standards for the Professional Practice of Internal Auditing**

The Audit Committee and the Internal Audit Department shall govern themselves by adherence to the mandatory elements of The Institute of Internal Auditors’ International Professional Practices Framework, including its Standards, Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, and Code of Ethics, as amended from time to time and then in effect (collectively, “IIA Standards”).

## **Audit Committee Values and Communication**

The Audit Committee shall conduct itself consistent with all state and federal laws that govern the District, as well as the District’s enabling legislation and charter (codified in ch. 2006-347, Laws of Florida and ch. 2007-299, Laws of Florida), the Amended and Restated Bylaws of the North Broward Hospital District (the “Board’s Bylaws”), the Code of Conduct of Broward Health, and Broward Health’s Policies and Procedures, all as amended from time to time. All communication with the District’s management and staff shall always be direct, open, and complete.

## **Scope, Authority, and Responsibilities**

The Audit Committee shall discharge its respective responsibilities in accordance with this Audit Charter. The following authority and responsibilities are hereby established:

### *Audit Committee Organization and Structure*

The following components, operational procedures, and membership and qualification requirements shall apply to the Audit Committee and its members:

1. Audit Committee Composition, Offices, and Officer Selection. The Composition of the Audit Committee shall be set forth in section 3.12(c)(1) of the Codified Resolutions and the offices and selection of officers shall be consistent with section 3.12(e) of the Codified Resolutions, all as amended from time to time.
2. Meetings and Quorum. The frequency of meetings of the Audit Committee shall be provided in section 3.12(c)(1) of the Codified Resolutions. A quorum of the Audit Committee shall be consistent with Art. III, s. 1.(b) of the Board's Bylaws.
3. Meeting Agendas. The Audit Committee chair shall coordinate with the Chief Internal Auditor to establish agendas for Audit Committee meetings.
4. Open Meetings and Meeting Minutes. Unless otherwise exempt under Florida law, all meetings of the Audit Committee shall be open to the public as provided in § 286.011, Florida Statutes, as amended from time to time and any successor statute thereof. Minutes of the Audit Committee shall be promptly recorded and made available to all Board members and Audit Committee members consistent with Art. III, s. 5. of the Board's Bylaws.
5. Competency of Members. Audit Committee members shall have sufficient competency to fulfill the roles of the Audit Committee.
6. Independence. Each member of the Audit Committee shall be independent and free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a member of the Audit Committee.
7. Terms of Appointment. Members of the Board shall serve on the Audit Committee and be appointed consistent with section 3.12(e) of the Codified Resolutions. The outside expert consultants of the Audit Committee shall serve at the pleasure of the Board and be appointed or reappointed annually at the Board's Annual Meeting and may serve on the Audit Committee up to a maximum of four (4) years (consecutively or non-consecutively).
8. Remuneration of Outside Expert Consultants. The outside expert consultants of the Audit Committee shall serve without compensation but may be paid for traveling expenses consistent with § 112.061, Florida Statutes and the District's policy governing travel and reimbursement expenditures.
9. Conflicts of Interest. As is required of all Board members, all outside expert consultants serving as Audit Committee members shall adhere and comply with the District's policies and procedures, the Code of Conduct of Broward Health, and the Board's Code of Conduct and Ethics as delineated in Art. II., s. 7 of the Board's Bylaws and section 2.7 of the Codified Resolutions (collectively, the "District's Code of Conduct and Ethics"). Outside expert consultants shall promptly disclose any conflict of interest or any appearance of impropriety to the Audit Committee and shall be required to fully, accurately and timely complete all forms required by the District, including, without limitation, a Conflict of Interest and Financial Disclosure Form. If there is any question regarding whether an outside expert consultant serving on the Audit Committee should recuse themselves from a vote, the Audit Committee shall vote to determine the appropriateness of recusal.
10. Orientation Training. All outside expert consultants of the Audit Committee shall receive the same formal orientation training provided to Board members which shall include, without limitation, training on the purpose and mandate of the Audit Committee and the District's Code of Conduct and Ethics. In accordance with section 2.7 of the Codified

Resolutions, the outside expert consultants of the Audit Committee must acknowledge receipt of compliance training and that they will comply with the District's Code of Conduct and Ethics.

11. Attendance Requirements for District Employees. The President and Chief Executive Officer (“President and CEO”), General Counsel, and the Chief Internal Auditor, or their designees shall be required to attend all Audit Committee meetings to further the purposes, goals, and objectives of the Audit Committee, provide support and relevant information to the Audit Committee, and to assist in matters falling within the jurisdiction of the Audit Committee. The Chief Internal Auditor, or another appropriate designee, shall facilitate and coordinate meetings as well as provide ancillary support to the Audit Committee, as time and resources permit.

#### *Authority of the Audit Committee*

Consistent with this Audit Committee Charter, and as otherwise permitted by the Board, in discharging its responsibilities, the Audit Committee may request the attendance of employees of the District and relevant information it considers necessary to discharge its duties. The Audit Committee shall also, to the extent permitted by state and federal law, have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the Audit Committee and/or Chief Internal Auditor will follow the Board's approved mechanism for resolution of the matter. The Audit Committee is also empowered to:

1. Request assistance from the District's Office of the General Counsel or, to the extent that there is an actual or perceived conflict of interest, request the General Counsel to engage independent counsel following the approval of the Board.
2. Recommend to the Board the appointment and compensation of advisors and external auditors as necessary.
3. Review all audit and non-audit services performed by the external auditors, including the work of any registered public accounting firm employed by the District.
4. Recommend appropriate actions to the Board to resolve any disagreements between members of senior management and external auditors regarding financial reporting and other matters.
5. Recommend to the Board the approval for all auditing and non-audit services performed by external auditors.

#### *Responsibilities of the Audit Committee*

It is the responsibility of the Audit Committee to review the internal audit activities of the District and provide the Board with independent and objective advice with respect to the following aspects of the management of the organization, as well as other duties and responsibilities delegated from the Board from time to time where not duplicative of actions by another Board committee or of the Board itself:

##### Prevention and Detection of Fraud

To obtain reasonable assurance with respect to the District's procedures for the prevention and detection of fraud, the Audit Committee may:

1. Oversee management's arrangements for the prevention and deterrence of fraud.

2. Provide oversight of the District's antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

### Control

To obtain reasonable assurance with respect to the adequacy and effectiveness of the District's controls in responding to risks within the District's governance, operations, and information systems, the Audit Committee may:

1. Review and report to the Board on the effectiveness of the District's control framework, including information technology security and control.
2. Review and provide advice to the Board on the control of the District as a whole and its individual units.
3. Review and make recommendations to the Board on all matters of significance arising from work performed by other providers of financial and internal control assurance to members of senior management and the Board.

### Financial Statements and Public Accountability Reporting

The Audit Committee is responsible for oversight of the independent audit of the District's financial statements, including, but not limited to, overseeing the resolution of audit findings in areas such as internal controls, legal and regulatory compliance, and ethics. Accordingly, the Audit Committee may make appropriate recommendations to the Board upon the Audit Committee's:

1. Review with the District's management and the external auditors the results of audit engagements, including any difficulties encountered.
2. Review and understand significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas, and recent professional and regulatory pronouncements and their impact on the District's financial statements.
3. Review the annual financial statements, and consider whether they are complete, consistent with information known to Audit Committee members, and reflect appropriate accounting principles.
4. Review with management and the external auditors all matters required to be communicated to the Audit Committee under generally accepted external auditing standards.
5. Review and understanding of the strategies, assumptions, and estimates that management has made in preparing financial statements, budgets, and investment plans.
6. Review and understanding of how management develops interim financial information and the nature and extent of internal and external auditor involvement in the process.
7. Review, at least annually, the report by the external auditor describing:
  - a. The external auditor's internal quality-control procedures; and
  - b. Any material issues raised by the most recent internal quality control review or peer review, or by any inquiry or investigation by governmental or professional authorities within the preceding five (5) years with respect to independent audits carried out by the external auditor, and any steps taken to deal with such issues.



### Audit Committee Charter

It is the responsibility of the Audit Committee to ensure that this Audit Committee Charter remain consistent with current best practices and IIA Standards. To that end, the Audit Committee shall:

1. Review this Audit Committee Charter at least annually and recommend any necessary amendments or modifications to the Board.

### *Oversight of the Internal Audit Department and External Auditors*

The Internal Audit Department shall be overseen by the Chief Internal Auditor. The scope of the Internal Audit Department's role and function encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments on the adequacy and effectiveness of governance, risk management, and control processes. In the furtherance of the Internal Audit Department's accomplishment of such goals and to obtain reasonable assurance with respect to internal audit activity, the Audit Committee may provide recommendations to the Board related to:

### Internal Audit Charter and Resources

1. The review and ratification of the Internal Audit Department Charter at least annually consistent with the mandatory guidance of the IIA Standards, the scope and nature of assurance and consulting services, and any changes in the financial, risk management, and governance processes of the District, as well as developments and best practices in the professional practice of internal auditing.
2. The review of the requested resources to achieve the internal audit plan.

### Chief Internal Auditor Performance

3. Advising the Board regarding the qualifications and recruitment, appointment, and removal of the Chief Internal Auditor.
4. Providing input to management related to evaluating the performance of the Chief Internal Auditor.
5. Recommending to the Board the appropriate compensation of the Chief Internal Auditor.

### Internal Audit Strategy and Plan

6. The Internal Audit Department's strategic plan, objectives, performance measures, and outcomes.
7. A proposed risk-based internal audit plan and internal audit projects.
8. The internal audit plan and engagement work program, including internal audit resources necessary to achieve the plan.
9. The Internal Audit Department's performance.

### Internal Audit Engagement and Follow-up

10. The review of final reports from the internal audit plan.
11. The review and tracking of management's action plans to address the results of internal audit engagements.

### Standards Conformance

12. The review of the steps taken to ensure that the Internal Audit Department's internal audit activity conforms with the IIA Standards.
13. The review of the Internal Audit Department's quality assurance and improvement program for periodic assessments of the Internal Audit Department and that the results of such periodic assessments are presented to the Audit Committee.
14. Verifying the results of the Internal Audit Department's internal and external quality assurance review and the implementation of the recommended action plan.
15. The review of any recommendations for the continuous improvement of the Internal Audit Department.

#### External Auditors

16. To obtain reasonable assurance with respect to work of external auditors, meeting with the external auditors during the planning phase of the engagement, the presentation of the audited financial statements, and the discussion of the results of engagements and recommendations for the District's management.
17. Obtaining statements from external auditors about their relationships with the District, including non-audit services performed in the past, and discussing the information with the external auditors to review and confirm their independence.

#### **Reporting on Audit Committee Performance**

The Audit Committee may report to the Board any matter it deems of sufficient importance. At a minimum, the Audit Committee shall report to the Board at least annually, and more often as requested by the Board, summarizing the Audit Committee's activities and recommendations. The Audit Committee's report may be delivered during an Audit Committee meeting attended by the Board or during a regularly scheduled meeting of the Board. The report shall at least include:

1. A summary of the work the Audit Committee performed to fully discharge its responsibilities during the preceding year.
2. A summary of the District's progress in addressing the results of internal and external audit engagement reports.
3. An overall assessment of the District's risk, control, and compliance processes, including details of any significant emerging risks or legislative changes impacting the District.
4. Details of meetings, including the number of meetings held during the relevant period and the number of meetings each member attended.
5. Any other information required by new or emerging corporate governance developments.