

Minutes of the Meeting of the Audit and Compliance Committee of the Board of Directors of the Cook County Health and Hospitals System (CCHHS) held Wednesday, April 20, 2022 at the hour of 9:00 A.M. This meeting was held by remote means only, due to the determination that a public health emergency exists.

I. Attendance/Call to Order

Chair Koetting called the meeting to order.

Present: Chair Mike Koetting and Directors Hon. Dr. Dennis Deer, LCPC, CCFC; Ada Mary Gugenheim and Robert G. Reiter, Jr. (4)

Directors Robert Currie, Joseph M. Harrington and Otis L. Story, Sr.

Absent: None (0)

Additional attendees and/or presenters were:

Nicole Almiro - Chief Corporate Compliance and Privacy Officer

Jeff McCutchan – General Counsel

Angela O'Banion – Interim Chief Information Officer

Jerry Pagell – Network Information Officer

Israel Rocha, Jr. – Chief Executive Officer

Deborah Santana – Secretary to the Board

Tom Schroeder – Director of Internal Audit

The next regular meeting of the Audit and Compliance Committee is scheduled for Friday, June 17, 2022 at 8:30 A.M.

II. Electronically Submitted Public Speaker Testimony

There was no public testimony submitted.

III. Report from Director of Internal Audit (Attachment #1)

A. Action Item – Approval of proposed Internal Audit Charter (included in Attachment #1)

Tom Schroeder, Director of Internal Audit, provided an overview of the information regarding the proposed Internal Audit Charter. The Committee reviewed and discussed the information.

IV. Action Items

A. Accept Minutes of the Audit and Compliance Committee Meeting, January 21, 2022

Chair Koetting inquired whether any corrections were needed to be made to the Minutes.

B. Any items listed under Sections III, IV and V

Director Reiter, seconded by Director Deer, moved to approve the proposed Internal Audit Charter, and to accept the January 21, 2022 Audit and Compliance Committee Meeting Minutes. On the motion, a roll call vote was taken, the votes of yeas and nays being as follows:

Yeas: Chair Koetting and Directors Deer, Gugenheim and Reiter (4)

Nays: None (0)

Absent: None (0)

THE MOTION CARRIED UNANIMOUSLY.

V. Closed Meeting Items

A. Report from Director of Internal Audit

B. Report from Chief Corporate Compliance and Privacy Officer

C. Discussion of Personnel Matters

Director Reiter, seconded by Director Deer, moved to recess the open meeting and convene into a closed meeting, pursuant to the following exceptions to the Illinois Open Meetings Act: 5 ILCS 120/2(c)(1), regarding “the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public body to determine its validity,” and 5 ILCS 120/2(c)(29), regarding “meetings between internal or external auditors and governmental audit committees, finance committees, and their equivalents, when the discussion involves internal control weaknesses, identification of potential fraud risk areas, known or suspected frauds, and fraud interviews conducted in accordance with generally accepted auditing standards of the United States of America.”

On the motion to recess the open meeting and convene into a closed meeting, a roll call was taken, the votes of yeas and nays being as follows:

Yeas: Chair Koetting and Directors Deer, Gugenheim and Reiter (4)

Nays: None (0)

Absent: None (0)

THE MOTION CARRIED UNANIMOUSLY and the Committee convened into a closed meeting.

Chair Koetting declared that the closed meeting was adjourned. The Committee reconvened into the open meeting.

VI. Adjourn

As the agenda was exhausted, Chair Koetting declared the meeting ADJOURNED.

Cook County Health and Hospitals System
Minutes of the Audit and Compliance Committee Meeting
April 20, 2022

ATTACHMENT #1

COOK COUNTY
HEALTH



Audit and Compliance Committee

Internal Audit

April 20, 2022



COOK COUNTY
HEALTH

Internal Audit



Open Meeting

Internal Audit Charter



COOK COUNTY
HEALTH

Internal Audit Charter

- ❑ Best practice suggests Boards review and approve their Internal Audit (IA) function's charter annually
- ❑ The following slides summarize guidance from the Institute of Internal Auditors (IIA) relating to governance and implementation of the IA charter
- ❑ The CCH IA charter is included in the materials provided to the Audit and Compliance Committee (ACC) members
- ❑ There are no updates to the charter reviewed and approved in 2021
- ❑ We are asking the ACC members to review and approve IA's charter

Cook County Health (CCH) Internal Audit Charter	February 19, 2021
Mission Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.	
Internal Audit will align its activities with the mission and strategy of CCH. Internal Audit will promote good controls and serve as an educational resource to its stakeholders with respect to risk management, control and governance processes. Internal Audit will maintain a collaborative approach to its work practices and will ensure its work product provides value added outputs for its stakeholders.	
Role <ul style="list-style-type: none">• Internal Audit's role is determined by the CCH Board of Directors through its Audit and Compliance Committee.• Internal Audit's responsibilities are defined by the CCH Board of Directors through its Audit and Compliance Committee.	
Professional Standards <ul style="list-style-type: none">• Internal Audit will govern themselves by adherence to the Institute of Internal Auditor's "Code of Ethics". http://www.theiia.org/guidance/standards-and-guidance/ippf/code-of-ethics/english/• The Institute's "International Professional Practice Framework" shall constitute the operating procedures for the department. These documents are considered an addendum to this Charter. http://www.theiia.org/guidance/standards-and-guidance/ippf/standards/• Internal Audit will adhere to all CCH policies and procedures and all Internal Audit procedure manuals.	
Authority Internal Audit is authorized to: <ul style="list-style-type: none">• Have unrestricted access to all functions, records, property and personnel.• Have free, open, and timely access to the Chief Executive Officer and the CCH Board of Directors through its Audit and Compliance Committee.• Allocate department resources, set frequencies, select subjects, determine scope of work and apply the techniques required to achieve audit objectives.• Obtain the necessary assistance of personnel in the organization when performing audits, as well as other specialized services from within or outside the organization.	
Independence <ul style="list-style-type: none">• All audit activities shall remain free of influence by any element in the organization, including matters of audit scope, procedures, frequency, timing, or report content, required to permit the independence required to render objective reports.• Internal auditors shall have no operational responsibility or authority over any activities they review.• Internal auditors shall not develop or install systems or procedures, prepare records or engage in any other activity that they would normally audit.	

Internal Audit Charter

(The following 3 slides are excerpts from the Institute of Internal Auditors (IIA) Practice Standards)

INTERNATIONAL STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING (STANDARDS)

Attribute Standards

1000 – Purpose, Authority, and Responsibility

The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. **The chief audit executive (CAE) must periodically review the internal audit charter and present it to senior management and the board for approval.**

Interpretation:

The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. **Final approval of the internal audit charter resides with the board.**

Internal Audit Charter

1110 – Organizational Independence

The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. **The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.**

Interpretation:

Organizational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board:

- ❑ Approving the internal audit charter;
- ❑ Approving the risk based internal audit plan;
- ❑ Approving the internal audit budget and resource plan;
- ❑ Receiving communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters;
- ❑ Approving decisions regarding the appointment and removal of the chief audit executive;
- ❑ Approving the remuneration of the chief audit executive; and
- ❑ Making appropriate inquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations.

Internal Audit Charter

Considerations for Implementation

Based on this foundational work, the CAE (or a delegate) drafts an internal audit charter. The IIA offers a model internal audit activity charter that may be used as a guide. Although they vary by organization, charters typically include the following sections:

Introduction – to explain the overall role and professionalism of the internal audit activity, citing the relevant elements of the International Professional Practice Framework (IPPF).

Authority – to specify the internal audit activity’s full access to the records, physical property and personnel required to perform its engagements and to declare its accountability for safeguarding assets and confidentiality.

Organization and Reporting Structure – to document the CAE’s reporting structure. The CAE reports functionally to the board and administratively to a level within the organization that allows the internal audit activity to fulfill its responsibilities. This section may delve into specific functional responsibilities, such as approving the charter and audit plan, and hiring, compensating, and terminating the CAE; as well as administrative responsibilities, such as supporting information flow within the organization or approving human resource administration and budgets.

Independence and Objectivity – to describe the importance of internal audit independence and objectivity and how these will be maintained, such as prohibiting internal audit from having operational responsibility or authority over areas audited.

Responsibilities – to lay out major areas of ongoing responsibility, such as defining the scope of assessments, writing an audit plan and submitting it to the board for approval, performing assessments, communicating the results, providing a written audit report, and monitoring corrective actions taken by management.

Quality Assurance and Improvement – to describe the expectations for maintaining, evaluating, and communicating the results of a quality program that covers all aspects of the internal audit activity.

Signatures – to document the agreement between the CAE, a designated board representative, and the individual to whom the CAE reports, with the date, name, and title of signatories.



Thank you. ↗



COOK COUNTY
HEALTH

**Cook County Health (CCH)
Internal Audit Charter**

February 19, 2021

Mission

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal Audit will align its activities with the mission and strategy of CCH. Internal Audit will promote good controls and serve as an educational resource to its stakeholders with respect to risk management, control and governance processes. Internal Audit will maintain a collaborative approach to its work practices and will ensure its work product provides value added outputs for its stakeholders.

Role

- Internal Audit's role is determined by the CCH Board of Directors through its Audit and Compliance Committee.
- Internal Audit's responsibilities are defined by the CCH Board of Directors through its Audit and Compliance Committee.

Professional Standards

- Internal Audit will govern themselves by adherence to the Institute of Internal Auditor's "Code of Ethics". <http://www.theiia.org/guidance/standards-and-guidance/ippf/code-of-ethics/english/>
- The Institute's "International Professional Practice Framework" shall constitute the operating procedures for the department. These documents are considered an addendum to this Charter. <http://www.theiia.org/guidance/standards-and-guidance/ippf/standards/>
- Internal Audit will adhere to all CCH policies and procedures and all Internal Audit procedure manuals.

Authority

Internal Audit is authorized to:

- Have unrestricted access to all functions, records, property and personnel.
- Have free, open, and timely access to the Chief Executive Officer and the CCH Board of Directors through its Audit and Compliance Committee.
- Allocate department resources, set frequencies, select subjects, determine scope of work and apply the techniques required to achieve audit objectives.
- Obtain the necessary assistance of personnel in the organization when performing audits, as well as other specialized services from within or outside the organization.

Independence

- All audit activities shall remain free of influence by any element in the organization, including matters of audit scope, procedures, frequency, timing, or report content, required to permit the independence required to render objective reports.
- Internal auditors shall have no operational responsibility or authority over any activities they review.
- Internal auditors shall not develop or install systems or procedures, prepare records or engage in any other activity that they would normally audit.

- Internal Audit reports functionally to the CCH Board of Directors through its Audit and Compliance Committee and administratively to the Chief Executive Officer.
- Internal Audit periodically reports to the CCH Board of Directors through its Audit and Compliance Committee and to CCH Senior Leadership as outlined in the section on Accountability.

Accountability

Internal Audit is accountable to the CCH Board of Directors through its Audit and Compliance Committee and to CCH Senior Leadership to:

- Report significant issues related to the process for controlling the activities of the organization, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of internal audit resources.
- Coordinate with and provide oversight of other control and monitoring functions.

Audit Scope

The scope of the work of Internal Audit is to determine whether the network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are identified and managed.
- Interaction with various governance groups occurs as needed.
- Significant financial, managerial and operating information is accurate, reliable and timely.
- Employee's actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans and objectives are achieved.
- Quality and continuous improvement are fostered in control processes.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed properly.

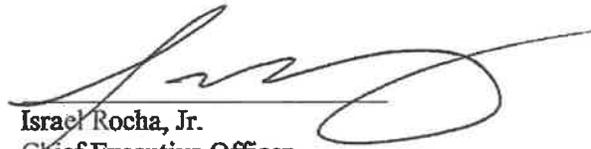
Responsibility

- Develop an annual audit plan using risk-based methodology, including any risk or control concerns expressed by management, and submit the plan to the CCH Board of Directors through its Audit and Compliance Committee and to CCH Senior Leadership for approval.
- Implement the audit plan and any special requests by the CCH Board of Directors, its Audit and Compliance Committee, and CCH Senior Leadership and management.
- Maintain a professional audit staff capable of meeting the requirements of this Charter.
- Establish a quality assurance program whereby the director of internal audit assures the operations of internal audit.
- Perform consulting services in addition to assurance services. Consulting services are defined as "advisory and related client services activities, the nature and scope of which are agreed with the client and which are intended to add value and improve the organization's governance, risk management and control processes without the internal auditor assuming management responsibility." Examples include counsel, advice, facilitation, and training.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations and control processes, coincident with their development, implementation and/or expansion.

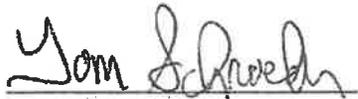
- Issue periodic reports to the CCH Board of Directors through its Audit and Compliance Committee and to CCH Senior Leadership summarizing results of internal audit activities.
- Inform the CCH Board of Directors through its Audit and Compliance Committee, and CCH Senior Leadership of emerging trends and successful practices in internal auditing.
- Provide the CCH Board of Directors through its Audit and Compliance Committee, and CCH Senior Leadership a list of internal audit measurement goals and results.
- Assist in the investigation of significant suspected fraudulent activities.
- Consider the scope of work of the external auditors and regulators for the purpose of providing optimal audit coverage at a reasonable cost.



Mike Koetting
Audit and Compliance Committee Chair



Israel Rocha, Jr.
Chief Executive Officer



Tom Schroeder
Director of Internal Audit