REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE OF THE
BOARD OF DIRECTORS OF THE
COOK COUNTY HEALTH AND HOSPITALS SYSTEM

MAY 14, 2009

ATTENDANCE

Present: Chairman Luis Muñoz, MD, MPH and Director Benn Greenspan, PhD, MPH, FACHE (2)

Absent: Director Heather E. O'Donnell, JD, LLM (1)

Also Present: Michelle Agrest – Deloitte & Touche; Pitt Calkin – Interim Chief Financial Officer, Cook County Health and Hospitals System; Michael Fogarty – Assistant State’s Attorney, Transactions and Health Law Section of the Civil Actions Bureau, Office of the State’s Attorney; Tracy Guidry – Deloitte & Touche; Tim Heinrich, CPA – Director, McGladrey & Pullen; Carolyn Lopez, MD – Coordinator, ad hoc Corporate Compliance Work Group; Dorothy Loving – Chief Financial Officer, Provident Hospital of Cook County; Deborah Santana – Office of the Secretary to the Board; David R. Small – Chief Operating Officer, Cook County Health and Hospitals System

Ladies and Gentlemen:

Your Audit and Compliance Committee of the Board of Directors of the Cook County Health and Hospitals System met pursuant to notice on Thursday, May 14, 2009 at the hour of 2:00 P.M. at Stroger Hospital, 1901 W. Harrison Street, in the fifth floor conference room, in Chicago, Illinois.

Your Committee has considered the following items, and upon adoption of this report, the recommendations follow.

Roll Call

Deborah Santana, of the Office of the Secretary to the Board, called the roll of members and it was determined that a quorum was present.

Public Comments

Chairman Muñoz asked the Secretary to call upon the registered public speakers.

The Secretary informed the Chair that there were none.

Acceptance of the Report of the Audit and Compliance Committee for the meeting of March 12, 2009

Director Greenspan, seconded by Chairman Muñoz, moved to accept the report of the Audit and Compliance Committee for the meeting of March 12, 2009. THE MOTION CARRIED UNANIMOUSLY.
Internal Audit Status Update

Tim Heinrich and other key members of the internal risk assessment team from RSM McGladrey provided an update on the status of the internal audit (Attachment #1).

The Committee reviewed and discussed the information.

In response to Chairman Muñoz' inquiry regarding timelines, Mr. Heinrich expected that the report, which will include the results of the risk assessment and the two year plan as a result of the risk assessment, should be completed and ready for review by June 30th.

Discussion of CCHHS campus organizations

- Financial Status – reporting
- CCHHS risk management issues

This item was deferred to the next meeting of the Audit and Compliance Committee.

Update by Carolyn Lopez, MD, Coordinator of the ad hoc Corporate Compliance Work Group

Carolyn Lopez, MD, Coordinator of the ad hoc Corporate Compliance Work Group, provided the Committee with an update on the Work Group's efforts.

The Committee reviewed and discussed the information provided.

Discussion took place on the subject of training and information technology; Dr. Lopez stated that there is an online module for Cerner that is accessible to the medical staff. There were questions regarding whether this module is customizable; Chairman Muñoz stated that the Work Group should have a contact from Health Information Systems.

Corporate Compliance

- Status of the selection of a Corporate Compliance Officer
- Development of Corporate Compliance Manual and Forms

David Small, System Chief Operating Officer, provided an update on the status of the selection of a Corporate Compliance Officer. He has conducted phone interviews with four qualified candidates; this was followed by in-person interviews of three of the four candidates. The next step will be to conduct interviews of these three candidates by the following individuals: William Foley, System Chief Executive Officer; Pitt Calkin, System Interim Chief Financial Officer; Director Heather O'Donnell; and Mr. Small.
Presentation by Deloitte & Touche

- Update on audit process
- Time lines
- Issues

Tracy Guidry and Michelle Agrest, of Deloitte & Touche, provided an update on the external audit process, which included information on timelines and other issues (Attachment #2).

The Committee reviewed and discussed the information.

With regard to the previous year’s management letter which identified material weaknesses, Dorothy Loving, Chief Financial Officer of Provident Hospital of Cook County, provided additional information on the ongoing efforts and progress on addressing these issues.

Adjournment

As the agenda was exhausted, Chairman Muñoz declared the meeting ADJOURNED.

Respectfully submitted,
Audit and Compliance Committee of the Board of Directors of the Cook County Health and Hospitals System

Dr. Luis Muñoz, Chairman

Attest:

Matthew B. DeLeon, Secretary
Cook County Health and Hospitals System
Report of the Meeting of the Audit and Compliance Committee
May 14, 2009

ATTACHMENT #1
Risk Assessment Update
May 14, 2009
Risk Assessment Status

- Approximately 30% of information requested has been received

- Interviews of key CCHHS personnel began in April, 2009
  - 10 interviews completed as of May 13, 2009
  - Approximately 15 interviews to be completed

- Risk Assessment and 2-Year Internal Audit Plan to be completed by June 30, 2009
Interviews Completed

- Executive Management (Entity Level) – Strategic Plan
  - Mike Koetting
- Information Systems
  - Steven Zeelau
- Public Relations
  - Marcel Bright
- Government Regulations - HIPAA
  - Delores Campbell
- Revenue Cycle
  - Gretchen Ryan
- Safety and Environmental
  - Susanne Klein
- Inventory
  - Dan Ruiz
- Payroll
  - Maurice Walker
- Fixed Assets and Capital Expenditure
  - Kelvin Magee
- Legal
  - Deborah Fortier
Interviews Scheduled

- Executive Management (Entity Level) – Management Governance and Oversight
  - Bill Foley
  - Pitt Calkin
  - David Small
  - Benn Greenspan
  - Heather O’Donnell
- General Accounting
  - Mamerto Blancaflor
- Accounts Payable
  - Kumar Thakkar
- Government Regulations
  - Bob Vais
- Accounts Receivable
  - Brenda Johnson
- Human Resources
  - Cecil Marchand
Interviews to be Scheduled

- Procurement
  - Leslie Duffy
- Cook County Comptroller's Office
  - John Morales
- Treasury
  - Pending Identification of Individual to Interview
- Documentation Management
  - Pending Identification of Individual to Interview
- Information Systems
  - Pending Identification of Individuals at Director Level to Interview
May 2009 Action Items

- Continue to follow-up on outstanding information requested from CCHHS
- Continue to work with Noe Reyes to schedule all outstanding interviews/meetings with key management personnel and process owners
- Continue to identify any additional individuals to be interviewed
- Target completion date for all interviews and meetings – May 29
- Once the Auditor Assistant server for CCHHS is available, create auditable entities in Auditor Assistant software. Target completion date – May 29
## Time Line

<table>
<thead>
<tr>
<th>Milestones</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
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<tbody>
<tr>
<td>Establish Project and Communicate Project Objectives to Management</td>
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<td>Information Request (PBC List) – Requested on April 21</td>
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<td>Establish the Interview/Meeting Schedule – On-going</td>
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<td>Create Auditable Entities in Auditor Assistant (AA)</td>
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<td>Interview Key Corporate Management Personnel and Process Owners</td>
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<td>Populate Auditable Entities in AA</td>
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<td>Draft Deliverables (Risk Assessment and a 2-Year Internal Audit Plan)</td>
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<td>Discuss Deliverables with Management</td>
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<td>Finalize Deliverables for presentation to CCHHS Management and Audit Committee</td>
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Questions?
Deloitte.

Cook County Health and Hospitals System Status Meeting
May 14, 2009
Agenda

Team Roles

Team Members

Audit Timeline

Interim Testing

Status to Date
## Team Roles

### Cook County

<table>
<thead>
<tr>
<th>Engagement Management</th>
<th>Advisors</th>
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<tbody>
<tr>
<td>Patrick J. Hagan, D&amp;T</td>
<td>Mike Mayo, D&amp;T</td>
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<tr>
<td><strong>Lead Client Partner</strong></td>
<td><strong>Advisory Partner</strong></td>
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<tr>
<td>Deb DeHaas, Deloitte</td>
<td><strong>Regional Managing Partner</strong></td>
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<tr>
<th>County Audit</th>
<th>Health System Audit</th>
<th>A-133 Audit</th>
<th>Clerk of the Circuit Court Audit</th>
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<tr>
<td>Tracey Guidry, D&amp;T</td>
<td>Tracey Guidry, D&amp;T</td>
<td>Lester McKeever, WPM</td>
<td>Hilda Renteria, Prado &amp; Renteria</td>
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<tr>
<td><strong>Signing Partner, CAFR</strong></td>
<td><strong>Signing Partner, Health Systems</strong></td>
<td><strong>Signing Partner, A-133</strong></td>
<td><strong>Signing Partner, Clerk of the Circuit Court</strong></td>
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<td>Trisha Routh, D&amp;T</td>
<td>Michelle Agrest, D&amp;T</td>
<td>Donald Croswell, WPM</td>
<td>Ceci Salinas, P&amp;R</td>
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<td>Betty Sobkowicz, D&amp;T</td>
<td><strong>Senior Manager</strong></td>
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<tr>
<th>MBE/WBE Team</th>
<th>Specialized Deloitte Resources</th>
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<tr>
<td>Maria Prado</td>
<td>Brian Katz</td>
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<td>Prado &amp; Renteria</td>
<td><strong>Reimbursement</strong></td>
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<tr>
<td>John E. Wilson</td>
<td>Ricky Tay</td>
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<td><strong>John E. Wilson Ltd.</strong></td>
<td><strong>Technology Auditor</strong></td>
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<tr>
<td>Lester McKeever</td>
<td><strong>WPM</strong></td>
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<tr>
<td>Odell Hicks</td>
<td><strong>Odell Hicks &amp; Co</strong></td>
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<tr>
<td>John Hedgeman</td>
<td><strong>John Hedgeman</strong></td>
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Team Members

- Health Audit
  - Angie Pierzchalski, D&T Audit Senior *
  - James Annerino, D&T Audit Senior *
  - Carolyn Lambiasi, D&T Audit Senior Assistant *
  - Sheilla Ntambo, Odell Hicks

* Returning engagement member
Audit Timeline

- Planning: Dec. 1 – Jan. 9
- Controls/interim testing: Dec. 1 – Jan. 9
- Health final substantive fieldwork begins: April 20
- Weekly management meetings begin: April 29
- Receive CAFR and Health Systems report: TBD
- Final CAFR to be issued: Target July 31
Interim Testing

- Interim work performed (December)
  - Completed planning
  - Finalized review of Information Technology controls
  - Controls testing - design and implementation
    - Treasury
    - Fixed Assets
    - Inventory Management
    - Accounts Receivable/Revenue
    - Financial Accounting
  - Performed accounts receivable existence testing
Health Status To Date

- All substantive areas tested by the Health engagement team are in process
- Open Areas
  - Reporting
  - Update of prior year management letter comments and responses
- Discussion Item
  - Change in depreciation method for Stroger fixed assets
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