

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

**JULY 28, 2009**

**ATTENDANCE**

Present: Chairman Luis Muñoz, MD, MPH and Directors Benn Greenspan, PhD, MPH, FACHE and Heather E. O'Donnell, JD, LLM (3)

Absent: None (0)

Also Present: Michelle Agrest – Deloitte & Touche; Pitt Calkin – Interim Chief Financial Officer, Cook County Health and Hospitals System; Hon. Earlean Collins – Cook County Commissioner; Michael Fogarty – Assistant State's Attorney, Transactions and Health Law Section of the Civil Actions Bureau, Office of the State's Attorney; William T. Foley – Chief Executive Officer, Cook County Health and Hospitals System; Patrick J. Hagan – Lead Client Partner, Deloitte & Touche; Patrick Kitchen – Managing Director, RSM McGladrey; Carolyn Lopez, MD – Coordinator, ad hoc Corporate Compliance Work Group; Dorothy Loving – Executive Director of Finance, Cook County Health and Hospitals System; John Morales – Chief Financial Officer, John H. Stroger, Jr. Hospital of Cook County; Christina Ng-Tran – RSM McGladrey; Trisha Routh – Deloitte & Touche; Deborah Santana –Secretary to the Board, 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 Tuesday, July 28, 2009 at the hour of 9:30 A.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, Secretary to the Board, called the roll of members and it was determined that a quorum was present.

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Public Comments

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

The Secretary informed the Chair that there were none.

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Acceptance of the Report of the Audit and Compliance Committee  
for the meeting of May 14, 2009

**Director O'Donnell, seconded by Director Greenspan, moved to accept the report of the Audit and Compliance Committee for the meeting of May 14, 2009. THE MOTION CARRIED UNANIMOUSLY.**

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Draft of the FY2008 AFS

Patrick J. Hagan, Michelle Agrest and Trisha Routh, of Deloitte & Touche, presented a draft of the FY2008 Annual Financial Statement.

The Committee reviewed and discussed the information presented. Some of the subjects discussed included those relating to material weaknesses, accounting procedures for medical malpractice accrual and pension obligations, and the management of the pension fund.

During the discussion of the information provided, Director O'Donnell noted that the patient days were lower than expected. Additionally, Director Greenspan inquired regarding the data presented on length of stay and the patient acuity index; this can have a significant impact on reimbursement. Pitt Calkin, Interim Chief Financial Officer of the Cook County Health and Hospitals System, responded that they are in the process of investigating these questions and will report back on the subject.

With regard to the management letter, Mr. Calkin stated that although there may be repeat comments from last year, he asked them to keep in mind that the policies and procedures necessary to address the comments could not be brought forward until the budget was approved. He added that by February or March, the Lawson system should be up and running; this will allow them to present a full set of financial statements for the System and will address issues referenced in the management letter.

Chairman Muñoz inquired as to when Deloitte & Touche would be returning to the Committee with a final management letter. Mr. Hagan responded that he expects that this will occur in September.

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Approval of Audit Charter

**Director Greenspan, seconded by Director O'Donnell, moved to approve the draft Audit Charter.**

Patrick Kitchen, Managing Director of RSM McGladrey, presented information on the item.

The Committee reviewed and discussed the information provided.

**Following discussion, the motion to approve WAS TABLED.**

Mr. Calkin indicated that management would work on the suggestions made at the meeting, and would bring the draft Audit Charter back to the Committee for their meeting in September.

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Presentation of Internal Audit Risk Assessment and Internal Audit Plan

Mr. Kitchen and other key members of the internal risk assessment team from RSM McGladrey presented the Internal Audit Risk Assessment and Internal Audit Plan (Attachment #1).

The Committee reviewed and discussed the information.

The methodology used to determine the internal audit priorities was explained. With regard to those considered to be “high” priorities, Director Greenspan indicated that he would add the audit of the procurement process and the audit of professional liability risk.

With regard to timing, Chairman Muñoz asked whether the first four audits would be completed this year. Mr. Kitchen responded affirmatively. Director Greenspan stated that, if feasible, he would like to see the audit of the procurement process also done this year.

**Director O’Donnell, seconded by Director Greenspan, moved to accept the Internal Audit Plan. THE MOTION CARRIED UNANIMOUSLY.**

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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.

Dr. Lopez stated that the work group has met several times and has had a number of accomplishments. They have identified and discussed existing compliance activities at the affiliated institutions, and have obtained corporate compliance plans and policies from other institutions to assist them in their efforts.

The Committee reviewed and discussed the information provided.

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Corporate Compliance

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

William T. Foley, Chief Executive Officer of the Cook County Health and Hospitals System, presented information on the status of the selection of a Corporate Compliance Officer. He stated that they have found the individual who will be assuming the position, effective September 8, 2009. The announcement on the individual is expected to be made early next week.

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