

**ROSWELL PARK CANCER INSTITUTE CORPORATION  
AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

A meeting of the Audit Committee of the Board of Directors of Roswell Park Cancer Institute Corporation was held on Wednesday, March 7, 2018 at 8:30 a.m. in the Patrick Lee Conference Room, 9<sup>th</sup> Floor of the Scott Bieler Clinical Science Center.

**Present:** Dennis Szeffel, Chairman (telephonically)  
Mark Kercher  
Gail Mitchell, Esq.

**Not Present:** Frank Ewing

**Excused:** Anne Gioia  
Candace S. Johnson, PhD., President & CEO  
Michael L. Joseph, Chairman of the Board

**Present by  
Invitation:** Eugene Cullen, VP Internal Audit and Advisory Services (IAAS)  
James Farnham, Senior Associate Auditor (IAAS)  
Victor Filadora, MD, Chief of Clinical Services  
Ryan Grady, VP of Fiscal Administration  
Anne Gross, Senior Auditor (IAAS)  
Kathryn Hineman, Deputy General Counsel  
Deborah Kassirer, Manager (IAAS)  
Boris Kuvshinoff, Chief Medical Director  
Gregory McDonald, Chief Financial Officer  
Mark Salada, Senior Director, Materials Management  
Michael Sexton, Esq., Chief Institute Operations Officer & General Counsel  
Betsy Doty-Lampson, Executive Assistant to the Board

**Special  
Invitation:** Alan Gracie, CPA, Director, Healthcare Practice, Freed Maxick  
Chirico Rosa, CPA, Manager, Healthcare Practice, Freed Maxick

**I. OPENING**

Mr. Szeffel brought the meeting to order at 8:35 am. It was determined that the meeting had not achieved a quorum, and accordingly reports would be given for information purposes only and no official Committee action could be taken at this meeting.

Mr. Szeffel briefly reviewed the minutes to the previous meeting of the Committee held on October 5, 2017.

## II. STATUS REPORT AND AUDIT OPEN ITEMS

The meeting was turned over to Anne Gross who provided a status report on current audits and also gave an update on overdue audit responses. As of the meeting date there were 13 audits in which management responses are overdue, which Mr. Cullen indicated was well within acceptable guidelines.

Mr. Cullen then reviewed the annual risk survey that was circulated among clinical and administrative management for the current year. This survey is used to plan future audit needs. There was roughly 60% response rate which is slightly less than previous years.

## III. INTERNAL AUDITS AND PROJECTS

Mr. Cullen proceeded to review the Audit Plan for fiscal year 2019. He reviewed each of 13 proposed audits that are scheduled for the coming fiscal year. He noted that several of these audits will be comprehensive and in depth, and so he expects one or more of the 13 scheduled audits will have to be deferred to later time periods.

Mr. Cullen then briefly reviewed the risk analysis performed by internal audit on both the EPIC EMR project and the ERP (Enterprise Resource Planning) project. These are system selection processes that remain in process. Both appear to be following best practices. Internal Audit is going to continue to monitor these selection processes and will report back to the Committee.

Mr. Cullen also noted that the timing of implementation of the ERP project will depend to some extent on the selected implementation start on the EPIC EMR project. Both will be heavily resource-oriented projects and it will be difficult to have the projects' implementation running in parallel.

Mr. Farnham gave a report on the post contract management risk assessment. This was an audit to assess processes to ensure that contract terms are followed following execution of the contracts and that the benefits of these contracts are obtained. Internal audit recommends that a program be implemented to monitor contracts following execution.

## IV. PROCUREMENT GUIDELINES

Ms. Hineman proceeded to give a review of the proposed restatement of Roswell Park's Procurement Guidelines. She noted that this is part of a larger project being run by the Legal Department to improve purchasing processes. She reviewed the multiple modifications that were made to the existing policy. The restatement of the Procurement Guidelines will be submitted to the Board of Directors at the March 30, 2018 meeting for adoption.

## V. FY2018 INDEPENDENT AUDIT PLAN

The Freed Maxick accounting firm was invited into the meeting for a review of the Fiscal Year 2019 outside audit plan. This presentation was made by Mr. Gracie and Mr. Rosa. Mr. Gracie reviewed the process to be undertaken, noting that the audit will also cover Carlton and Michigan, LLC, the clinical practice plan division, the captive PC, and the Cuba project (GBCT). While the audit will not cover OmniSeq, LLC directly, that company's results will be incorporated. Mr. Gracie

reviewed the team that will work on the audit, along with the major risk areas to be assessed. He identified a number of them and gave comments. These include accounts receivable, self-insured risks, settlement with payors, and management override of controls.

**VI. FINANCE UPDATE**

Mr. Rosa commented on financial reporting requirements and the management letter, and then turned over the meeting report to Mr. Grady. Mr. Grady reviewed new accounting standards GASB 87 and 75. GASB 87 will require financial statement recognition of operating leases over one year as of Fiscal Year 2021. GASB 75 will require the remaining OPEB accrual will be recognized in Fiscal Year 2019. Currently only about 75% of the accrual is showed on the books thus far.

Mr. Gracie overviewed the audit procedures that are used to identify fraudulent activities.

Mr. McDonald then reviewed outside services proposed to be done by the outside auditing firm.

**VII. ADMINISTRATIVE**

The meeting then turned to a review by Mr. Sexton of the Audit Committee Charter. This is the annual review which included a number of non-material edits by the Internal Audit staff. This charter will be approved at the next duly called Audit Committee meeting.

Mr. McDonald then gave a brief commentary on the internal controls assessment, noting that he is the Internal Controls Officer for the Institution. Ms. Kassirer reviewed guidance on internal controls.

*There being no further business, the meeting was adjourned.*

Respectfully submitted,



Michael B. Sexton  
Secretary