



Memorandum

Date: December 13, 2007
To: Southern Nevada District Board of Health
From: Lawrence Sands, DO, MPH
Chief Health Officer

LS

Subject: Formation of Southern Nevada District Board of Health Audit Committee

At the November 13, 2007 meeting of the Southern Nevada District Board of Health, it was requested that an item be agendaized to discuss formation of an audit committee of the Board of Health. As outlined in the Southern Nevada District Board of Health bylaws 4.3(h) the Chair shall "appoint a chairman and members of Board committees."

Attached is the letter from Stewart Archibald & Barney, LLP recommending the establishment of an audit committee. The auditors recommended materials from the American Institute of Certified Public Accountants (AICPA) website and the District has purchased the AICPA Audit Committee Toolkit for Government Organizations. The information available online regarding this toolkit is attached for your review.

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**STEWART
ARCHIBALD
& BARNEY, LLP**

November 2, 2007

To the Board of Health and Chief Health Officer
Southern Nevada Health District
Clark County, Nevada

In planning and performing our audit of the financial statements of the Southern Nevada Health District (District) as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. Below are our comments and suggestions regarding these matters. We previously reported on the District's internal control in our report dated November 2, 2007. This letter does not affect our report November 2, 2007 on the financial statements of the District.

Audit Committee

Observation

The District has not established an audit committee.

Recommendation

In order to strengthen financial governance and in accordance with best practices we recommend that the District establish an audit committee. An audit committee provides oversight of financial reporting, internal controls, and auditors' activities. An audit committee charter is required for most public companies. However, it is voluntary and a best practice for government organizations.

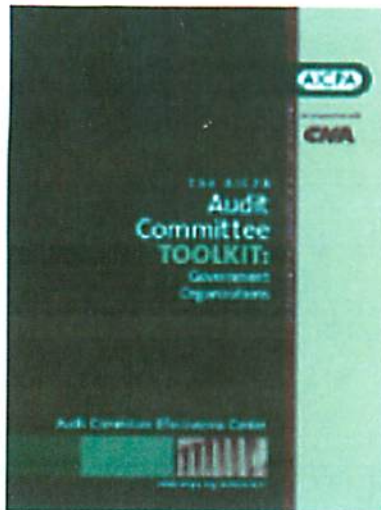
The American Institute of Certified Public Accountants audit committee effectiveness center materials can be accessed at <http://www.aicpa.org/audcommctr/homepage.htm>. This site provides audit committee toolkits and other guidance that will be helpful in establishing and operating an effective audit committee.

This report is intended solely for the use of the Board of Health, management of Southern Nevada Health District and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We would like to express our appreciation for the courtesy and assistance extended to us during our audit by all of your staff. We will be pleased to discuss the above recommendation with you in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. We will review the status of these comments during our next audit engagement.

Sincerely,

Stewart, Archibald & Barry, LLP



The AICPA Audit Committee Toolkit: Government Organizations

Publisher: AICPA

Availability: In Stock

This version of the popular audit committee toolkit is written to help audit committees of government organizations at all levels (federal, state and local) with best practices for managing and incorporating their role in the organization. This Toolkit offers a broad sampling of checklists, matrices, reports, questionnaires and other pertinent materials specifically tailored to the government sector and designed to make audit committee best practices actionable.

The AICPA Audit Committee Toolkit series is the cornerstone of the Audit Committee Effectiveness Center, located at www.aicpa.org/AudCommCtr.

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[The AICPA Audit Committee Toolkit: Not-for-Profit Organizations](#)

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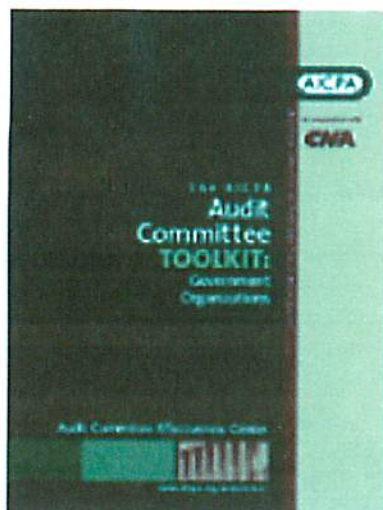
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Audit Committee Charter Matrix for Government Organizations
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