



## MINUTES

### ***Southern Nevada District Board of Health Audit Committee Meeting***

625 Shadow Lane  
Las Vegas, Nevada 89106  
Clemens Room

***Friday, June 20, 2008, 1:00 PM***

#### **I. CALL TO ORDER**

Mr. Michael Walsh, Director of Administration, called the meeting of the Southern Nevada District Board of Health Audit Committee to order at 1:05 PM. He reported that the meeting had been noticed in accordance with Nevada's Open Meeting Law and that a quorum was present.

#### **BOARD MEMBERS:**

##### **(Present)**

Ricki Barlow	Councilman, Las Vegas (participated via telephone)
Jim Christensen, MD	At-Large Member, Physician (participated via telephone)
Timothy Jones	At-Large Member, Regulated Business/Industry
Robert "Bubba" Smith	Councilmember, Mesquite

##### **(Absent)**

Susan Crowley	At-Large Member, Environmental Specialist
Mary Jo Mattocks, RN	At-Large Member, Registered Nurse

#### **LEGAL COUNSEL:**

Stephen R. Minagil, Esq.

#### **EXECUTIVE SECRETARY:**

Lawrence Sands, DO, MPH	Chief Health Officer
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#### **STAFF:**

Michael Walsh, Sylvia Claiborne, Kieawa Mason, Jim Osti, Patricia O'Rourke-Langston and Valery Klaric, Recording Secretary.

#### **PUBLIC ATTENDANCE:**

Michael Biel	Kafoury, Armstrong and Company
Anna Danchik, CPA	Kafoury, Armstrong and Company
Tami Miramontes, CPA	Kafoury, Armstrong and Company
Wendy Smith	Self

#### **II. RECOGNITION**

##### **Certificate of Achievement in Financial Reporting: Comprehensive Annual Financial Report (CAFR) 2007**

Michael Walsh, Director of Administration, reported that the Government Finance Officers' Association annually reviews and rates all audited government agency financial statements. He reported that the health district received the commendation for the fifth consecutive year and commended Sylvia Claiborne and the finance department staff for their efforts and hard work.

**III. DISCUSSION – ACTION**

**A. Elect Audit Committee Chairperson**

Mr. Timothy Jones was nominated as Chairperson of the Audit Committee and accepted the nomination.

*Motion made by Member Smith, seconded by Member Christensen and carried unanimously that Timothy Jones is elected Chairperson of the Audit Committee.*

Chairman Jones chaired the remainder of the meeting.

**B. Approve Minutes/Audit Committee Meeting: 3/17/2008**

Minutes of the March 17, 2008 Audit Committee Meeting were approved as presented.

*Motion made by Member Christensen, seconded by Member Smith and unanimously carried to approve the Audit Committee Minutes of March 17, 2008.*

**C. Audit Plan Presentation by Kafoury, Armstrong and Company**

Tami Miramontes, agent and shareholder with Kafoury, Armstrong and Company, introduced Michael Biel and Anna Danchik, Audit Managers. She reported that the American Institute of Certified Public Accountants changed auditing standards ranking Two-Way Communication as the most important and reviewed the following:

**OBJECTIVES**

**Two-Way Communication**

- a. Clarifying their responsibilities under generally accepted auditing standards
- b. Provide overview of planned scope and timing of the audit
- c. Obtain relevant information from the SNHD as overseer of the financial reporting process
- d. Communicate significant audit findings.

**RESPONSIBILITIES**

**Responsibility Under Generally Accepted Auditing Standards:**

- To express an opinion on the basic financial statements
- To provide reasonable, not absolute, assurance of detecting material misstatements
- To consider internal controls over financial reporting as a basis for designing audit procedures, but not for the purpose of expressing an opinion on the effectiveness of Southern Nevada Health District's internal control over financial reporting.
- To communicate significant matters relevant to the responsibilities of those charged with governance in overseeing the financial reporting process

**AUDIT SCOPING**

- Understand Southern Nevada Health District
- Assess Risk
- Perform Procedures

**AUDIT TIMING**

- Interim
  - Internal control evaluation – May and June
  - Tests of controls as applicable – May and June
- Fieldwork – August and September
- Delivery of Draft Financial Statements and Draft Audit Report to Management – September 12, 2008
- Finalize Audit Report – October 27, 2008
- Communication of Significant Audit findings to the Audit Committee

**COMMUNICATION OF SIGNIFICANT AUDIT FINDINGS**

- Our views on the qualitative aspects of Southern Nevada Health District's significant accounting practices
  - Accounting policies
  - Accounting estimates
  - Financial statement disclosures

- Significant difficulties encountered
- Uncorrected and material corrected misstatements
- Disagreements with management
- Identified control deficiencies
- Other items

Audits are performed on major federally funded programs based on various factors, i.e., risk, dollars and new programs and they review financial statements and test compliance and internal controls over laws or regulations. They will also look at other programs, depending on risk level, looking at material correctness.

Discussion followed regarding receipt of funding to offset expenditures resulting from the hepatitis C investigation. Mr. Walsh reported that funds allotted to the hepatitis C investigation were requested and attached to bills by Senator Reid, but disbursement has not been received to date and may not occur until late 2008 or early 2009. The state redirected federal grant money to reimburse the Health District \$270,000 of the \$300,000 spent for the call center, mailings and other expenses and Mr. Walsh reported that our costs continue to grow. Ms. Miramontes stated that this would be pre-classified as a federal expenditure and all federal dollars spent are done on an expenditure versus receipt basis and based on predetermined thresholds that deem what needs to be done. Both high and low risk programs and most of the district programs will be reviewed comparing prior information when needed.

Anna Danchik discussed Audit Scoping under the new Risk Assessment Standards, and stated that auditors will perform many different procedures this year. The first step is to understand the Health District, looking at transactions in accounts payable, cash disbursement and other areas and internal controls in place to determine if they are properly designed and operating as intended. Auditors will look at any fraud inquiries of people outside of accounting, talk with managers, staff, and board members to identify areas where people feel there is a risk of material misstatement in the financial statement. High risk areas will be reviewed for potential misstatement and after completion auditors will assess risk levels and focus procedures on those areas. It is a risk-based approach to the audit to find where problems could exist and they will design audit programs to address findings and will look at previous findings.

Mike Biel discussed Audit Timing and reported the audit is underway. He has been meeting with the finance staff to review procedures and systems in place to understand controls used in areas such as accounts payable and payroll, which is a big part of the audit. Understanding the existing procedures and controls helps to determine where to focus. Auditors will test controls in place, work on year-end fieldwork and have scheduled times for inventory observations on June 30, 2008 and, when completed, will draft financial statements. The audit is compared with the budget as well as with other public entities to determine if there are any identifiable trends. The audit is done on a fiscal year basis ending June 30, 2008, and auditors look at subsequent events to the date of the report for significant items that need to be disclosed in the financial statements. Tami Miramontes encouraged committee and board members to contact them with any questions, concerns or any areas that need focus and informed the committee that if any large irregularities were found that Kafoury, Armstrong and Company, at their own discretion, would immediately notify the appropriate persons, depending on the level of involvement. Mr. Jones asked that Audit Committee member contact information be forwarded to Kafoury, Armstrong and Company.

During the audit process they will provide a verbal update on status of the audit and Mike Walsh asked if the committee would like a mid-audit progress report. The committee agreed to hold an interim meeting at the end of August and will update the Board of Health at their August meeting. Auditors will finalize their report October 27, 2008 and communicate audit findings to the committee.

*Motion made by Member Christensen, seconded by Member Smith and carried unanimously that Kafoury, Armstrong and Company provide a verbal audit update to the committee at the end of August.*

Mr. Jones referenced the Environmental Health fee change enacted last year to cover the division's operational and administrative costs and asked for a report to determine if that goal is being accomplished. Mr. Walsh noted this requirement is part of the NRS statutes. Kafoury, Armstrong and Company representatives were excused from the meeting.

**D. Committee Charter Creation**

Michael Walsh prepared a draft Audit Committee Charter utilizing the AICPA Audit Committee Guide focusing on health district needs during preparation. The charter outlines the goals and objectives of the Audit Committee. The committee discussed adoption of the charter with the understanding that they have the ability to revise and update the document.

*Motion made by Member Christensen, seconded by Member Barlow and unanimously carried to accept the Audit Committee Charter as presented with the committee having the authority to revise the document as necessary.*

**E. Audit Committee Recommendations to the Southern Nevada District Board of Health**

Chairman Jones reiterated plans for a verbal audit update presentation to the committee at the end of August, 2008 and requested that the report be ajenized to provide a committee update at the August Board of Health meeting. Discussion was held with auditors, Kafoury, Armstrong and Company, regarding focus of the audit. Mr. Jones asked that committee and Board of Health members notify him of any items or focus areas they would like the auditors to address at the August update meeting.

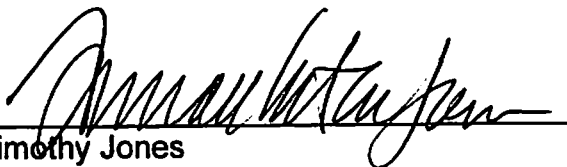
**IV. PUBLIC COMMENT**

Chairman Jones declared the public hearing open and asked if anyone from the public wished to speak to this matter. No one came forward to speak and Chairman Jones closed the public hearing.

**V. ADJOURNMENT**

There was no further business to come before the Committee. The meeting adjourned at 1:45 PM.

SUBMITTED FOR BOARD APPROVAL

  
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Timothy Jones  
Chairman, Audit Committee

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