



## MINUTES

### SOUTHERN NEVADA DISTRICT BOARD OF HEALTH FINANCE COMMITTEE MEETING

January 24, 2023 – 1:00 p.m.

Meeting was conducted via Webex Event

- MEMBERS PRESENT:** Scott Nielson – Chair – At-Large Member, Gaming  
Scott Black – Council Member, City of North Las Vegas  
Brian Knudsen – Council Member, City of Las Vegas  
Marilyn Kirkpatrick – Commissioner, Clark County
- ABSENT:** N/A
- ALSO PRESENT:** Pattie Gallo, Jose Melendrez, Tamara Miramontes, Richard Walker  
(In Audience)
- LEGAL COUNSEL:** Heather Anderson-Fintak, General Counsel
- EXECUTIVE SECRETARY:** Fermin Leguen, MD, MPH, District Health Officer
- STAFF:** Jocelyn Arriaga, Tawana Bellamy, Andria Cordovez Mulet, Monica Galaviz, Michael Johnson, Dahlia Keegan, Fernando Lara, Cassius Lockett, Jonas Maratita, Kyle Parkson, Chris Saxton, Randy Smith, Greg Tordjman, Donnie Whitaker, Edward Wynder

#### I. CALL TO ORDER AND ROLL CALL

Chair Nielson called the Finance Committee Meeting to order at 1:06 p.m. Andria Cordovez Mulet, Executive Assistant, administered the roll call and confirmed a quorum was present.

#### II. PLEDGE OF ALLEGIANCE

- III. FIRST PUBLIC COMMENT:** A period devoted to comments by the general public about those items appearing on the agenda. Comments will be limited to five (5) minutes per speaker. Please clearly state your name and address and spell your last name for the record. If any member of the Board wishes to extend the length of a presentation, this may be done by the Chair or the Board by majority vote.

Seeing no one, the Chair closed this portion of the meeting.

#### IV. ADOPTION OF THE JANUARY 24, 2023 MEETING AGENDA *(for possible action)*

*A motion was made by Member Knudsen, seconded by Member Black and carried unanimously to approve the January 24, 2023 Agenda as presented.*

#### V. CONSENT AGENDA

- 1. APPROVE MINUTES/FINANCE COMMITTEE MEETING: May 2, 2022 *(for possible action)***

*A motion was made by Member Knudsen, seconded by Member Black and carried unanimously to approve the January 24, 2023 Consent Agenda as presented.*

## VI. REPORT / DISCUSSION / ACTION

1. **Nomination of Chair of the Finance Committee**; direct staff accordingly or take other action as deemed necessary (*for possible action*)

*A motion was made by Member Black, seconded by Member Knudsen and carried unanimously to approve/retain Scott Nielson as Chair of the Finance Committee.*

2. **Receive and Discuss Annual Comprehensive Financial Audit Report from Eide Bailey and Approve Recommendations to the Board of Health on January 26, 2023**; direct staff accordingly or take other action as deemed necessary (*for possible action*)

Richard Walker of Eide Bailly attended the meeting to present the Independent Auditor's Report and the Independent Auditor's Report under Government Auditing Standards (GAGAS Report). Mr. Walker advised that they issued an unmodified audit opinion, which is the highest and cleanest opinion that can be issued. Mr. Walker further advised that the Health District adopted the GASB Statement No. 87, which covers leases, which lead to the addition of a new lease liability and right of use assets on the balance sheet. This change resulted in something that would appear as debt on the financial statements that was not related to the pension or the OPEB. This was not due to a change in strategy by the Health District but a change in the GASB standard which was required for leases that had a term that extended past one year.

With respect to the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters (GAGAS Report), Mr. Walker advised that there were three findings, as follows:

- 2022-001 – Material Weakness in Financial Close and Reporting Controls
  - Criteria – The internal control structure should include procedures to ensure management is able to identify and perform material reconciliations, accruals, and adjustments in a timely manner as part of financial and to close the trial balance at the end of the year.
  - Condition – During the course of performing the audit, it was identified that multiple year-end account reconciliations, accruals, and adjustments had not been completed prior to the start of the audit.
  - Cause – This was due to significant management turnover in the Finance Department which resulted in the Health District not being ready to commence the audit process.
  - Effect – The effect could lead to a material misstatement of an account or balance this was not detected and/or corrected.
  - Recommendation – Mr. Walker advised that their recommendation was that the new management team augment existing documentation of year-end reconciliation processes to be more specific regarding the exact reports, processes, and activities required to close out and balance all accounts. Further, they recommended that the Health District identify ways to improve management and staff retention in order to improve continuity within the controls process.

*Member Kirkpatrick joined the meeting at 1:14 p.m.*

The Chair requested that the Health District Leadership address each finding individually. Dr. Leguen provided a summary of the recent turnover in the Finance Department and recognized the assistance from Mr. Walker in identifying a contractor to assist staff prepare for the audit. Further, Dr. Leguen recognized Donnie (DJ) Whitaker as the new Chief Financial Officer and advised that the recruitment of a Controller has commenced, along with a few other positions, including a Financial Analyst. Dr. Leguen expressed his concern about ensuring consistent leadership in place and the morale of the department. Further to an inquiry, Dr. Leguen confirmed that the Chief Financial Officer reports to the District Health Officer and the remaining members of the Finance Department report to the Chief Financial Officer. Chair Nielson and Member Kirkpatrick requested an update and action plan on the recruitment efforts within the Finance Department at the next Board of Health meeting. Further to a request from Member Knudsen on the impact of the findings

on the organization, Mr. Walker advised that the findings affected the internal controls that were significant enough to be raised. Mr. Walker further advised that the Auditor's Report was still a clean, unmodified opinion, however, with the material findings, this would extend the time where the Health District would qualify as a low-risk auditee when it comes to the single audits. Mr. Walker advised that if the issues were not addressed and corrected, it could lead to serious issues that are material misstatements.

- 2022-002 – Material Weakness in Financial Close and Reporting Controls – IT Accounting System
  - Criteria – The internal control structure should include an accounting system that is capable of recording transactions and journal entries without error, and with sufficient controls to prevent errors.
  - Condition – During the course of performing the audit, it was identified that multiple funds were out of balance due to the accounting system recording one-sided entries across multiple funds.
  - Cause – This was due to a breakdown in the accounting system's automated processes and controls. The result was that multiple transactions were recorded where the system was recording transactions which impacted funds as one-sided journal entries. Further, the errors were not identified and corrected by Health District staff until the audit process had commenced.
  - Effect – The effect could lead to a material misstatement of an account or balance this was not detected and/or corrected.
  - Recommendation – Mr. Walker advised that their recommendation was that the Health District review the accounting system processes and controls, communicate with their vendor, and implement safeguards to ensure that this issue does not occur.

Dr. Leguen advised that this was closely related to the lack of proper leadership of the Finance Department at the time. Dr. Leguen further advised that the Information Technology, Finance and Human Resources Departments were reviewing alternatives to ONESolution, which was the program that was currently used in Finance and Human Resources. Dr. Leguen stated that the biggest limitation was funding for a new program/application. Ms. Whitaker advised the Committee that ONESolution provided a correction and advised how to manually correct the entry. Ms. Whitaker further advised that that a process had been implemented to review the trial balance to ensure it was correct and balanced. Mr. Walker confirmed that it was an anomaly due to a lack of staff and a program/application issue.

- 2022-003 – Material Noncompliance with Nevada Revised Statutes Budget Requirements, Material Weakness in Internal Control over Compliance
  - Criteria – NRS 354.626
  - Condition – The Health District made transfers in excess of budget from General Fund to the Special Revenue Fund without obtaining Board approval. Additionally, the Health District's Special Revenue Fund expenditures exceeded the available budget appropriations.
  - Cause – The Health District's budget augmentation did not fully take into account the increased revenues and resource demands of the special revenue funds that result from the cost allocation plan. As a result, allocations to the Special Revenue Fund from the General Fund were not adequately budgeted.
  - Effect – The Health District is not in compliance with the NRS budget requirements.
  - Recommendations – Mr. Walker advised that their recommendation was that management revisit the Health District's process for establishing, monitoring, amending, and augmenting its final budget.

Further to an inquiry from Chair Nielson, Ms. Whitaker advised that two budget augmentations were completed during the last fiscal year, however additional special revenue expenditures were received that exceeded the augmentation. Further to discuss, it was agreed that a buffer would be implemented to avoid this situation in the future. Further to a request, Dr. Leguen advised that an update on the recruitment efforts of the Finance Department would be presented at the next Board of Health meeting.

Mr. Walker advised of some clerical corrections to some of the language in the Auditor's Report, which did not change any of the opinions. Mr. Walker further stated that there were no significant difficulties encountered during the audit process and no disagreements with Management.

The Committee agreed to meet quarterly for the immediate future to focus on staffing and the progress of the recommendations outlined in the Auditor's Report.

*A motion was made by Member Black, seconded by Member Kirkpatrick and carried unanimously to accept the Annual Comprehensive Financial Audit Report, as presented, and to recommend acceptance of same to the Board of Health at their meeting on January 26, 2023.*

**3. Receive Report and Discuss FY2023 Budget Augmentation and Approve Recommendations to the Board of Health on January 26, 2023;** direct staff accordingly or take other action as deemed necessary *(for possible action)*

Ms. Whitaker presented the General Fund and Grant (Special Revenue) Fund highlights related to the two resolutions for the budget augmentation, as follows:

- **Resolution #01-23**
  - General Fund: Increase the appropriation of the General Fund by \$946,143, from \$59,147,054 to \$60,093,187
- **Resolution #02-23**
  - Grant Fund, Special Revenue: Decrease the Grant Fund (Special Revenue) by \$21,525,510, from \$123,554,647 to \$102,029,137

Ms. Whitaker compared revenue and expenses for FY2023 Adopted Budget Revenue with the FY2023 Augmented Expenses by Division. Ms. Whitaker advised that Administration appeared in the negative due to indirect costs/cost allocations. Ms. Whitaker advised that no additional changes were needed for the Capital Projects Fund or Bond Reserve Fund.

*A motion was made by Member Kirkpatrick, seconded by Member Black and carried unanimously to accept the Budget Augmentation to the Southern Nevada Health District (i) General Fund (Resolution #01-23) and (ii) Grant Fund (Special Revenue) (Resolution #02-23) Budget for the Fiscal Year Ending June 30, 2023, as presented, to meet the mandatory financial requirements of NRS 354.598005, and recommend acceptance of same to the Board of Health at their meeting on January 26, 2023.*

**VII. SECOND PUBLIC COMMENT:** A period devoted to comments by the general public, if any, and discussion of those comments, about matters relevant to the Board's jurisdiction will be held. Comments will be limited to five (5) minutes per speaker. If any member of the Board wishes to extend the length of a presentation, this may be done by the Chair or the Board by majority vote.

Seeing no one, the Chair closed this portion of the meeting.

**VIII. ADJOURNMENT**

The Chair adjourned the meeting at 2:23 p.m.

Fermin Leguen, MD, MPH  
District Health Officer/Executive Secretary

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