



MINUTES

**Southern Nevada District Board of Health Meeting
Finance Committee Meeting
November 30, 2017 - 2:00 pm
Lake Mead Trail Conference Room
280 S. Decatur Blvd., Las Vegas, Nevada 89107**

BOARD: Scott Nielson, Chair – At-Large Member, Gaming
(Present) Bob Coffin – Councilmember, City of Las Vegas (*arrived at 2:09 p.m.*)
Douglas Dobyne – At-Large Member, Regulated Business/Industry
Marilyn Kirkpatrick – Commissioner, Clark County

(Absent): Frank Nemeec – At-Large Member, Physician

ALSO PRESENT:
(In Audience)

LEGAL COUNSEL: Annette Bradley, Legal Counsel

EXECUTIVE SECRETARY: Joseph Iser, MD, DrPH, MSc, Chief Health Officer

STAFF: Markie Dixon, Emmy Lou Garcia, Andy Glass, Michael Johnson, Fermin Leguen (via teleconference), Sharon McCoy-Huber, Edie Mattox, Michelle Nath, Jacqueline Reszetar, Janet Webster, Jacqueline Wells

I. CALL TO ORDER

Dr. Iser called the Southern Nevada District Board of Health Finance Committee meeting to order at 2:02 p.m.

- II. 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 step up to the speaker's podium, clearly state your name 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 Chairman or the Board by majority vote.

Victoria Harding, SNHD/SEIU enjoys coming to the Finance Committee meetings as it gives her an indication of what is going on at the District and learning about finances. She has tons of respect for Dr. Iser financially and the Finance team. Noting that the FTEs have significantly gone down over the years, she wishes staffing levels would go back up when money is available.

Seeing no one else, this portion of the meeting was closed.

III. ADOPTION OF THE NOVEMBER 30, 2017 AGENDA (for possible action)

A motion was made by Member Dobyne seconded by Member Nielsen unanimously carried to adopt the November 30, 2017 Finance Committee Agenda as presented.

IV. 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 Kirkpatrick seconded by Member Dobyne and unanimously carried to appoint Member Nielson as Chair of the Finance Committee.

2. **Approve Finance Committee Meeting Minutes – March 20, 2017** (***for possible action***)

A motion was made by Member Kirkpatrick seconded by Member Dobyne seconded and unanimously carried to adopt the minutes of the March 20, 2017 Finance Committee meeting minutes as presented.

3. **Receive/Discuss Accept Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended June 30, 2017**; direct staff accordingly or take other action as deemed necessary (***for possible action***)

Sharon McCoy-Huber, Financial Services Manager introduced Tammy Miramontes, who serves as the Engagement Partner for the SNHD Audit and Richard Walker, Manager, both from Eide Bailly, the District's current auditing firm.

Ms. Miramontes reviewed the Independent Auditor's Report and in their opinion, the financial statements were presented fairly, in all material respects, and the year ended in accordance with generally accepted accounting principles.

Member Coffin arrived 2:09 p.m.

Regarding internal controls, there were two items were determined to be material weaknesses in internal control which could be materially impacted if not corrected.

1) 2017-A Material Weakness in Financial Close and Reporting Controls

Criteria: Governmental entities should have a robust system of internal controls over the financial close and reporting process so as to prevent, detect, and correct potential misstatements. These robust processes should include the timely reconciliation of significant account balances.

Condition: The District's financial close and reporting processes were not performed in a timely manner for the year ended June 30, 2017. In testing of significant account reconciliations, including those over Cash and Accounts Receivable, it was noted that reconciliations of the year end balances were not completed until two or more months after year-end. Additionally, it was noted that monthly reconciliations over cash disbursement accounts were not performed during the year from September 2016 to June 2017.

Cause: Staffing shortages and the reassignment of responsibilities in these areas, was the primary cause of the breakdown in controls.

Effect: A breakdown in controls of this magnitude could lead to a material misstatement of an account or balance that the District would not detect or correct in a timely manner.

Recommendation: Management revisit the assignment of staff to these critical controls to ensure that reconciliation processes are regularly performed by a knowledgeable staff member in a timely manner.

Ms. McCoy-Huber attributed the staffing shortages to the death of one employee and a supervisory vacancy for part of this time. Also during that period, staff was in the process of training and going live with the new ERP system. Staff was working night and day to maintain day to day operations and the close-outs fell behind. There was also a change in banks during this time. This error has been corrected and will not reoccur.

**2) 2017-B Noncompliance with Nevada Revised Statutes Budget Requirements
Material Noncompliance
Material Weakness in Internal Control Over Compliance**

Criteria: Nevada Revised Statute (NRS) 354.626, *Unlawful expenditure of money in excess of amount appropriated; penalties; exceptions*, states that "No governing body or member thereof, officer, office, department or agency may, during any fiscal year, expend or contract to expended any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function, other than bond repayments, medium-term obligation of repayments and any other long-term contract expressly authorized by law."

NRS 354.598005, *Procedures and requirements for augmenting or amending budget*, allows for the transfer of budget appropriations between functions and/or funds if such a transfer does not increase the total appropriation for any fiscal year and is not in conflict with other statutory provisions. Budget appropriations may be transferred in the following manner:

- a) The person designated to administer the budget for a local government may transfer appropriations within any function.
- b) The person designated to administer the budget may transfer appropriations between functions or programs within a fund, if:
 - (i) The governing body is advised of the action at the next regular meeting; and
 - (ii) The action is recorded in the official minutes of the minutes of the meeting.
 - (iii) Upon recommendation of the person designated to administer the budget, the governing body may authorize the transfer of appropriations between funds or from the contingency account, if:
 - 1) The governing body announces the transfer of appropriations at a regularly scheduled meeting and sets forth the exact amounts to be transferred and the accounts, functions, programs and funds affected;
 - 2) The governing body sets forth its reasons for the transfer; and
 - 3) The action is recorded in the official minutes of the meeting.

Condition: The Health District transferred \$826,000 from the General fund to the Capital Projects fund, however this transfer was not a part of the final approved budget, nor did the Health District follow the procedures required by NRS 354.598008 (c) above to amend its budget. Additionally, the Health District's Bond Reserve Capital Projects fund exceeded available budget appropriations in the amount of \$58,033 and the Internal Service fund exceeded available budget appropriations in the amount of \$33,874.

Cause: Controls over adhering to the NRS budget requirements were not properly implemented to prevent material noncompliance from occurring.

Effect: The Health District is in material noncompliance with the NRS budget requirements identified above.

Recommendation: Management revisit the Health District's process for monitoring, amending, and augmenting its final budget.

Ms. McCoy-Huber was not aware the fact that if funds were transferred budget amendment was required as the General Fund budget was not exceeded. This error has been corrected and will not reoccur.

Staffing in the Finance program was discussed and Ms. McCoy-Huber does not feel that she has adequate staff to complete job requirements. It was recommended by the Board that management consider reorganization of this program.

There was one material noncompliance found within federal awards.

**1) 2017-001 Direct Program
Department of Health and Human Services
CFDA #93.217, 2017
Family Planning Services**

**Program Income
Material Noncompliance
Material Weakness in Internal Control Over Compliance**

Criteria: As a condition of receiving Federal awards, non-Federal entities agree to comply with laws, regulations, and the provisions of grant agreements and contracts, and to maintain internal control to provide reasonable assurance of compliance with these requirements.

The Family Planning Services program requires that patients served under the federal program may be charged for the services if they are able to demonstrate the ability to pay. It is the responsibility of the District to obtain verification of each patient's ability to pay, and to apply a sliding discount to the patient's charges based upon their income level as it relates to Federal Poverty Guidelines.

Condition: Four encounters were identified where the patients were placed into payment brackets which were not supported by proof of income verifications obtained by the District.

Cause: Controls over patient income verification were not properly designed to ensure that adequate information was obtained to justify the patient's payment bracket.

Effect: A patient could be charged despite the patient not having the ability to pay.

Questioned Costs: None reported.

Context/Sampling: A sample of 40 encounters, from a complete population in excess of 1,000 of the District's encounters for the Family Planning Services program, was tested for proper income verification support. Based on Eide Bailly's sampling

methodology, it was noted that this is a statistically valid sample, and that the issues identified appear to be systemic.

Recommendation: It was recommended that management revisit the patient enrollment process with the Family Planning department, to correct the breakdown in controls over the process, to avoid noncompliance in the future.

Ms. McCoy-Huber noted process have been put in place to prevent this problem from reoccurring.

A motion was made by Member Kirkpatrick and seconded by Member Dobyne to recommend acceptance of Comprehensive Annual Financial Report to the full Board at the December 14, 2017 Special Meeting.

4. **Review/Discuss/Accept Cost Allocation Study**: direct staff accordingly or take other action as deemed necessary (*for possible action*)

Janet Webster, Accounting Supervisor, reviewed the Cost Allocation Study, noting the allocation has went down from 33.69% to 28.88%, primarily because the District now has fewer rental properties. It was recommended that a "Total Department Expenditures for 2015" column be added to this report for clarity. Ms. McCoy-Huber will amend and present at next Finance Committee meeting.

A motion was made by Member Dobyne and seconded by Member Kirkpatrick to accept the Cost Allocation Study with the direction to ensure that this report is updated to include the total departmental expenditures for 2015 prior to the next Finance Committee meeting.

5. **Discuss and Approve Recommendations to the Southern Nevada District Board of Health Special Meeting on December 14, 2017**: direct staff accordingly or take other action as deemed necessary (*for possible action*)

A motion was made by Member Dobyne and seconded by Member Kirkpatrick to bring the following recommendations to the Board

- Review Finance staff update
- Accept audit report as presented
- Advise that cost allocation is lower

Member Coffin believes the District may benefit from having an internal auditor. Direction was given by Chair Nielson for staff look at other organizations of this size to determine the staffing threshold and affordability. To be discussed at next Finance Committee meeting.

- V. **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. No action may be taken upon a matter raised under this item of this Agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken pursuant to NRS 241.020. Comments will be limited to five (5) minutes per speaker. Please step up to the speaker's podium, clearly state your name 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 Chairman or the Board by majority vote.

Victoria Harding, SNHD/SEIU, noted that overtime for all employees is reported to the Board regularly in the Administration monthly report, however, it does not indicate where the employees work. Had that information been available, it would have seen been clear that that Finance employees were working overtime, many almost working a double shift. Ms. Harding believes

attrition happens and it has been bad over the last couple of years. Ms. Harding is one of two Disease Investigators in Epidemiology whereas there used to be eight. Ms. Harding comes in and fails every day, public health is not being taken care of and sometimes it may take up to a month to get to her clients. The staffing levels are so low it has become a culture that employees are surviving rather than thriving. Ms. Harding understands that it takes money to hire additional staff, but there needs to be a change in thinking about what the District needs and how to get there. Employees are burned out and leaving in alarming numbers. Regarding refusal of services for inability to pay, during her time at the District, she has never been allowed to refuse someone for inability to pay. The idea of having a hardship policy to her is strange, because the directive has always been to not turn anyone away. Having the ability to bill is great, but we should remember public health is priority.

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

XI. ADJOURNMENT

The Chair adjourned the meeting at 3:26 p.m.

Joseph P. Iser, MD, DrPH, MSc
Chief Health Officer/Executive Secretary

/jw