



A CENTURY OF SERVICE

Audit Department

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February 20, 2009

Ms. Virginia Valentine
Clark County Manager
500 South Grand Central Parkway, 6th Floor
Las Vegas, Nevada 89106

Dear Ms. Valentine:

Pursuant to Audit Department policy, we performed follow-up procedures on significant findings from the Compliance with Oversight Requirements Resolutions audit dated October 29, 2007. This follow-up letter should be read in conjunction with the original audit. The follow-up procedures performed included interviews with responsible parties and an examination of related documentation. This follow-up engagement does not represent a complete reexamination of the Compliance with Oversight Requirements Resolutions audit.

The auditor's role in follow-up reviews is to compile corrective actions taken from effected Department/Division management, assess whether these responses are adequate or not adequate to correct reported deficiencies, and relay those findings to management.

It is the Department/Division management's responsibility to decide if any appropriate action should be taken in response to reported audit findings. It is also their responsibility to assume the risk by not correcting a reported condition because of cost or other consideration.

The results of our follow-up review showed that two or 50% of audit's recommendations were fully implemented. One recommendation or 25% of the audit recommendations had alternate means employed, while one or 25% was partially implemented. Attached is a grid showing corrective action taken.

For the resolution for contract purchases over \$25,000, Contracts Management now uses a checklist to ensure all requirements and appropriate signatures have been completed prior to purchase. Also, there has been some reorganization with Contract Management and Materials Management so they work in conjunction of each other. Recommendation was fully implemented. On December 2, 2008, the resolution for contract purchases was revised with some minor changes.

Risk Management is compliant with the Employee/Patient Related Settlements under \$50,000 requiring written justification and CFO approval for settlements. Recommendation was fully implemented.

Plant Operations was not soliciting 3 bids for Public Works projects over \$25,000 or preparing a quarterly report detailing the awarded project according to Nevada Revised Statutes. Audit recommended that Materials Management handle the solicitations and the reporting function. However, Plant Operations is maintaining detailed files of any project that is contracted out. Therefore, alternative means were employed. On December 2, 2008, the resolution for Public Works projects was revised with some minor changes.

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The resolution for Human Resources requires monthly reporting on staffing and salary/promotion changes for employees not covered by the collective bargaining contract. Audit's recommendation was that the Chief Human Resources Officer complies with the resolution. The Chief Human Resources Officer was compliant with reporting up to March 2008. In April, the information technology changed over to the SAP system. Human Resources had difficulty in abstracting the required monthly information from the SAP system and have not issued a report since March. Therefore, the recommendation was partially implemented.

The assistance and cooperation of hospital staff is recognized and appreciated.

Sincerely,

/s/ Jeremiah P. Carroll II

Jeremiah P. Carroll II, CPA
Audit Director

**COMPLIANCE WITH OVERSIGHT REQUIREMENTS TO RESOLUTIONS
FOLLOW-UP RESULTS
FINDINGS RECOMMENDATIONS AND CORRECTIVE ACTION TAKEN**

Item	Audit Finding	Recommendation	Corrective Action Taken			
			Fully Implemented	Partially Implemented	Alternate Means Employed	Not Implemented
1	<i>Contract Purchases over \$25,000</i> The BCC agenda item approved in August 2004 required UMC's CEO to submit a quarterly report to the County Manager on all contract purchases over \$25,000 up to \$500,000 with respect to the purchasing statute, NRS 332.	We recommend that Contracts Management develop a checklist to ensure that all procedures have been followed prior to review and approval from the DA. This would ensure that all requirements for NRS 332 have been followed and all appropriate levels of signatures are included for contract purchases. Also, Audit recommends that some reorganization be made so that Contracts Management and Materials Management work more in conjunction with each other.	X			
2	<i>Patient/Employee Related Settlements</i> The August 2004 agenda items granted the hospital's CEO the ability to approve employment related claims up to \$50,000 without BCC approval. Employment related claims consist of employee claims and patient malpractice claims. However, approval was needed from the County CFO and written documentation was needed to justify that the settlement is in the best interest of the hospital rather than going through litigation and possibly facing a larger settlement.	Risk Management comply with resolution with written justification and County CFO approval.	X			
3	<i>Public Works Projects over \$25,000</i> Audit found evidence of only one project out of three that fell under the emergency nature category with the documentation to validate it. However, the others were questionable as to the emergency nature of the projects. No documentation could be found on these other projects to substantiate the emergency nature. It was noted that no one in Plant Operations was aware of NRS 338.13682 3, that requires a quarterly report detailing awarded public work projects over \$25,000.	We recommend that UMC's Materials Management department handle the solicitation of the three quotes for public works projects exceeding \$25,000 and the requirements of the reporting function per the NRS. Plant Operations should provide Materials Management a scope of work for each project that needs to be completed so Materials Management can begin the process.			X (a)	
4	<i>Human Resources Reports to County Mgr</i> The CEO or Chief Human Resources Officer was not submitting the required reporting to the County Manager.	Chief Human Resources Officer comply with the resolution of the required monthly reports to the County Manager.		X (b)		

Footnotes:

- a) Instead of having Materials Management handle Public Works solicitations, the Associate Administrator still wanted Plant Operations to handle this.
- b) Human Resources was compliant with resolution until UMC changed over to SAP for HR and Payroll and reports became problematic to prepare.