

Our Responsibilities

We are responsible for:

- Performing an audit under US GAAS, Government Auditing Standards, of the financial statements, comprised of the financial statements, prepared by management, with your oversight
- Forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects in accordance with US GAAP. Communicating material fraud.
- Reporting material noncompliance as well as significant deficiencies and/or material weaknesses in internal control over financial reporting. Communicating specific matters to you on a timely basis.

An audit provides reasonable, not absolute, assurance that the financial statements do not contain material misstatements due to fraud or error. It does not relieve you or management of your responsibilities. Our respective responsibilities are described further in our contract and/or our engagement letter.

Those Charged With Governance and Management Responsibilities

Those Charged with Governance are responsible for:

- Overseeing the financial reporting process
- Setting a positive tone at the top and challenging the Agency's activities in the financial arena
- Discussing significant accounting and internal control matters with management
- Informing us about fraud or suspected fraud, including its views about fraud risks
- Informing us about other matters that are relevant to our audit, such as:
 - Agency strategies and related business risks that may result in heightened risks of material misstatement
 - Matters warranting particular audit attention
 - Significant communications with regulators
 - Matters related to the effectiveness of internal control and your oversight responsibilities
 - Your views regarding our current communications and your actions regarding previous communications

Management is responsible for:

- Preparing and fairly presenting the financial statements including supplementary information and required supplementary information in accordance with US GAAP
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting and compliance
- Communicating significant accounting and internal control matters to those charged with governance
- Providing us with unrestricted access to all persons and all information relevant to our audit
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses
- Adjusting the financial statements, including disclosures, to correct material misstatements
- Informing us of subsequent events
- Providing us with written representations

Audit timeline & scope

<p>March 2023</p>	<p>Client continuance</p>	<ul style="list-style-type: none"> • Client continuance • Issue engagement letter • Conduct internal client service planning meeting, including coordination with audit support teams
<p>June 2023</p>	<p>Planning</p>	<ul style="list-style-type: none"> • Meet with management to confirm expectations and discuss business risks • Discuss scope of work and timetable as well as identify current year audit issues • Initial Audit Committee communications
<p>June 2023</p>	<p>Preliminary risk assessment procedures</p>	<ul style="list-style-type: none"> • Develop an audit plan that addresses risk areas • Update understanding of internal control environment • Coordinate planning with management and develop work calendar
<p>June 2023</p>	<p>Interim fieldwork</p>	<ul style="list-style-type: none"> • Perform walkthroughs of business processes and controls • Perform selective substantive testing on interim balances
<p>August – November 2023</p>	<p>Final fieldwork and reporting</p>	<ul style="list-style-type: none"> • Perform final phase of audit and year-end fieldwork procedures • Meet with management to discuss results, including review of draft financial statements, misstatements (if any) and completeness/accuracy of disclosures • Present results to Those Charged with Governance

Materiality

Materiality is the magnitude of an omission or misstatement that likely influences a reasonable person's judgment. It is ordinarily evaluated against relevant financial statement benchmark(s).

- We believe that **total revenues** is the appropriate benchmark for the audit of the financial statements.

Financial statement items greater than materiality are within our audit scope. Other accounts or classes of transactions less than materiality may be in our scope if qualitative risk factors are present (for example, related party relationships or significant unusual transactions).

Significant risks and other significant cycles and areas of focus

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Area of focus	Procedures
<p>Management override of controls</p>	<p>Performed control and process walkthroughs to obtain an understanding of operating and design effectiveness.</p> <p>Tested completeness of the journal entry population.</p> <p>Performed substantive testing through extractions based on the criteria determined through assessing the risks of the Organization.</p>
<p>Net patient service revenue</p> <ul style="list-style-type: none"> • Revenue recognition • Patient service receivable • Accrued patient service receivable and revenue • Allowance for contractual adjustments • Allowance for doubtful accounts • Contractual expenses • Bad debt expense recognition • Patient refunds 	<p>Performed control and process walkthroughs to obtain an understanding of design effectiveness.</p> <p>Analytically reviewed patient service by average invoice, department, and other relevant ratios.</p> <p>Performed detail testing on patient service revenue and receivable through statistical sampling to determine proper recognition based on service performed and evidencing subsequent collection of cash receipt.</p> <p>Performed detail testing on patient service accrued revenue and receivable to determine proper recognition.</p> <p>Assessed the adequacy of management’s calculation of allowance for contractual adjustments and bad debt reserve estimates by utilizing current year actual collections.</p>

Significant risks and other significant cycles and areas of focus- continued

Area of focus	Procedures
Pharmacy Revenue <ul style="list-style-type: none"> • Revenue recognition 	Performed control and process walkthroughs to obtain an understanding of operating and design effectiveness. Performed detail testing on pharmacy revenue through sampling to determine proper recognition based on prescription ordered and filled and evidencing subsequent collection of cash receipt.
Contract Revenue <ul style="list-style-type: none"> • Revenue recognition • Contract receivables 	Performed detail testing on contract revenue through sampling to determine proper recognition based on service and contract rates and subsequent cash collection. Confirmed outstanding contracts receivables selected for testing. Assessed for appropriate cut-off.
Other revenues – Medicaid incentive payments and grant revenue <ul style="list-style-type: none"> • Revenue recognition • Accounts receivable (other receivables) 	Performed substantive analytical procedures to determine if recognition is in line with expectations. Performed detail testing on Medicaid UPL revenue through sampling to determine proper revenue recognition.

Significant risks and other significant cycles and areas of focus- continued

Area of focus	Procedures
Financial Statement completeness and accuracy	Our procedures also included an assessment as to the adequacy of the financial statement disclosures to ensure they are complete, accurate and appropriately describe the significant accounting policies employed in the preparation of the financial statements and provide a detail of all significant commitments, estimates and concentrations of risk, amongst other relevant disclosures required by GAAP.

Summary of misstatements

Description	Increase (Decrease) to:			
	Assets	Liabilities	Equity	Net Income
<u>Uncorrected misstatements</u>				
Mojave Client Trust - Cash	(595,979)			
Mojave Client Trust - Receivable	(234,587)			
Mojave Client Trust - Payable		(830,566)		
To remove the fiduciary activity from UNLV Med's books and create a new fiduciary fund				
Net impact	<u>\$ (830,566)</u>	<u>\$ (830,566)</u>	<u>\$ -</u>	<u>\$ -</u>

Management believes the uncorrected misstatement is immaterial to the financial statements.

Other required communications

Professional standards require that we communicate the following matters to you, as applicable.

Going concern matters

Fraud and noncompliance with laws and regulations

Significant deficiencies and material weaknesses in internal control over financial reporting

Use of other auditors

Use of internal audit

Related parties and related party transactions

Significant unusual transactions

Disagreements with management

Management's consultations with other accountants

Significant issues discussed with management

Significant difficulties encountered during the audit

Other significant findings or issues that are relevant to you and your oversight responsibilities

Modifications to the auditor's report

Other information in documents containing audited financial statements



Quality of accounting practices

Accounting policies

We are not aware of any significant/unusual transactions recorded by the Organization or of any significant accounting policies used by the Organization related to controversial or emerging areas for which there is a lack of authoritative guidance.

The accounting policies are disclosed in Note B of the financial statements and appear consistent and appropriate. The Organization adopted GASB 96, Subscription-Based Information Technology Arrangements, effective July 1, 2022.

Accounting estimates

We believe the following represent particularly sensitive accounting estimates*:

- Lookback patient service revenue (e.g. accrued revenue)
- Allowance for doubtful accounts on patient service revenue
- Allowance for contractual adjustments on patient service revenue

*Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgment

Disclosures

The disclosures appear to be complete, consistent with prior year and US GAAP. Further, the disclosures provide clarity and accurately represent the transactions recorded and balances reflected at year end.



Related parties and related party transactions

Nature of related party relationships

The Organization has various transactions with the University of Nevada, Kirk Kerkorian School of Medicine (KSOM):

- UNLV Medicine reimburses KSOM for physician salaries and records related expenses
- KSOM grants UNLV Medicine access to facilities and provides support to pay facility rents.
- KSOM pays for Resolute (EPIC) annual maintenance and UNLV is invoiced on a monthly basis from KSOM.
- KSOM has contracts with UNLV Medicine for sports clinic, student health and wellness, and obstetrics and gynecology
- KSOM names UNLV Medicine as additional insured for medical malpractice claims
- KSOM makes gifts to UNLV Medicine in the form of liability forgiveness.

Significant findings or issues related to related parties

None noted.

Commitment to promote ethical and professional excellence

We are committed to promoting ethical and professional excellence. To advance this commitment, we have put in place a phone and internet-based hotline system.

The Ethics Hotline (1.866.739.4134) provides individuals a means to call and report ethical concerns.

The EthicsPoint URL link can be accessed from our external website or through this link:

https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=15191



Disclaimer: EthicsPoint is not intended to act as a substitute for a company's "whistleblower" obligations.