



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
Health System



**Date:** October 29, 2012  
**Board Meeting Date:** December 11, 2012  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Jean S. Fraser, Chief, Health System  
Susan Ehrlich, MD, MPP, Chief Executive Officer, San Mateo Medical Center

**Subject:** Amendment to the agreement with Kevin W. Harper, CPA & Associates

**RECOMMENDATION:**

Adopt a Resolution waiving the Request for Proposals process and authorizing an amendment to the agreement with Kevin W. Harper, CPA & Associates for financial services, extending the term through December 31, 2013, and increasing the amount by \$140,000, for a new maximum fiscal obligation of \$240,000.

**BACKGROUND:**

On January 24, 2012, the Purchasing Agent authorized an agreement with Kevin W. Harper, CPA & Associates (KHCA) for the term January 1, 2012 through December 31, 2012, in an amount not to exceed \$100,000. Under the agreement, KHCA provided San Mateo Medical Center (SMMC) with support and assistance, including assistance with Controller functions, providing technical assistance on complicated federal and state funding issues, supervising SMMC's Accounting Department; assisting with risk assessment and control documentation; and providing accounting assistance for recurring annual tasks.

**DISCUSSION:**

The amendment extends the term and scope of the agreement. The resignation of SMMC's CFO in February 2012 and the difficulty replacing the CFO has put an undue hardship on SMMC's Accounting Department. KHCA has assisted and continues to assist SMMC's Interim CFO in the development of accounting schedules that detail procedures, responsibilities, and timeframes for tasks needed, as well as helping close SMMC's accounting records at the end of the year and helping prepare annual financial statements in preparation for the year-end audit.

KHCA also provides training to SMMC accounting staff, providing examples of schedules, spreadsheets, and templates as necessary. KHCA is also conducting a review of SMMC's accounting operations, procedures, and personnel requirements; the results of this review, including findings and recommendations, are presented to SMMC management each month.

In consideration of KHCA's experience with SMMC, it is in the best interest of the County to permit KHCA to continue to perform these duties until a replacement CFO is hired and all the SMMC financial positions are filled. Accordingly, SMMC is requesting that your Board waive the Request for Proposals process in relation to this amendment.

SMMC also requests that your Board authorize the Chief of the Health System or designee to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate) and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

The amendment and Resolution have been reviewed and approved by County Counsel as to form. The Contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including insurance certification requirements.

This agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by continuing and preserving the financial methodology used in the finance department to support the care-giving activities of SMMC. It is anticipated that the percentage of reconciliation of the financial statement accounts will be complete within 60 days 100% of the time.

**PERFORMANCE MEASURE:**

Measure	FY 2011-12 Actual	FY 2012-13 Projected
Percentage of reconciliations of the financial statement accounts completed within 60 days	100%	100%

**FISCAL IMPACT:**

The revised term of the agreement is January 1, 2012 through December 31, 2013, and the maximum amount is increased by \$140,000, for a new maximum obligation of \$240,000. Funds in the amount of \$84,000 are included in the SMMC FY 2012-13 Adopted Budget, and funds in the amount of \$56,000 will be included in the SMMC FY 2013-14 Recommended Budget.

Expenses at SMMC are covered by fees for services or third-party payors whenever possible. The portion of expenses for services provided to the medically indigent or to those covered by programs that do not meet the full costs of care are covered by the

County's General Fund contribution to SMMC, and are within the existing annual appropriation.