

Brian Sandoval  
Governor



Jeff Mohlenkamp  
State Budget Director

Stephanie Day  
Deputy State Budget Director

STATE OF NEVADA  
DEPARTMENT OF ADMINISTRATION  
*Budget Division*

209 E. Musser Street, Room 200 | Carson City, NV 89701-4298  
Phone: (775) 684-0222 | [www.budget.nv.gov](http://www.budget.nv.gov) | Fax: (775) 684-0260

Date: May 30, 2013  
To: Jeff Mohlenkamp, Clerk of the Board  
Department of Administration  
From: Eric H. King, Analyst IV *EHK*  
Budget and Planning Division  
Subject: BOARD OF EXAMINERS **ACTION** ITEM

The following describes an action item submitted for placement on the agenda of the next Board of Examiners' meeting. An analysis of the action item and recommendation is also provided.

**DEPARTMENT-ADMINISTRATION-DIVISION OF INTERNAL AUDITS**

Agenda Item Write-up:

The Division of Internal Audits requests the modification of the following section of the State's Administrative Manual (SAM):

1. SAM Section 2404 Implementation of Legislative Audit Recommendations – Three changes are requested, including:
  - a. Changing from 30 to 45 days the deadline for agencies to submit to the Division of Internal Audits a status report and supporting documentation regarding implementation of a corrective action(s) plan that has been included in an audit accepted by the Legislative Commission. Within six-months of the submittal of a corrective action plan, the Director of the Department of Administration must report to the Legislative Auditor the extent to which any corrective or remedial actions have been carried out by an agency. Information included in the status report and supporting documentation is used to complete the report that is submitted to the Legislative Auditor;
  - b. Correcting a typographical error by replacing "re-port" with the word report, and;
  - c. Changing the statutory reference included in this section of SAM from NRS 218.824 to NRS 218G.260.

Additional Information:

None

Statutory Authority:

**NRS 218G.260 Order to withhold appropriated money from agency for failure to submit or comply with plan for corrective action.**

1. The Director of the Department of Administration shall enforce the provisions of paragraph (c) of subsection 1 of NRS 218G.250.

2. The Director of the Department of Administration may, if the Director determines that such an order is necessary and in the public interest, order the withholding of any portion of the money appropriated to an agency, including the salary of an officer of the agency in the unclassified service of the State, for the failure or refusal to submit or perform pursuant to a plan for corrective action.

3. An order to withhold money must not be entered except upon a hearing following reasonable notice to an affected agency of the State.

4. The Director of the Department of Administration shall notify the Interim Finance Committee and the State Controller of the amount of money ordered to be withheld, and the State Controller shall not allow or draw a warrant for that amount unless the order is cancelled or withdrawn.

(Added to NRS by 1987, 960)—(Substituted in revision for NRS 218.824)

REVIEWED: <u>APB</u> 6/17/13
ACTION ITEM: _____

## REQUEST FOR CHANGES TO THE STATE ADMINISTRATIVE MANUAL (SAM)

Agency Code: 081

Department: Administration

Division (if applicable): Internal Audits

Appointing authority: Steve Weinberger

Agency contact (name, phone and e-mail): Steve Weinberger, 775.687.0130,  
sweinberger@admin.nv.gov

### 1. Reason/purpose for requested changes:

- A. Change section 2404 (4) to provide additional time for the Division of Internal Audits (Division) to follow-up on Legislative Counsel Bureau (LCB) Audit recommendations as required by NRS 218G.270 (2). This will also allow additional time for the audited agency to provide information the Division requests as part of the follow-up.
- B. Change section 2404 (4) to correct a typographical error of the word “report”.
- C. Change section 2404 (4) to correct the NRS citation regarding the Director of Administration’ empowerment to withhold agency funds for not submitting a corrective action plan or performing pursuant to the plan. SAM currently cites NRS 218.824; the correct citation is NRS 218G.260 as shown below.

#### **NRS 218G.260 Order to withhold appropriated money from agency for failure to submit or comply with plan for corrective action.**

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- 2. The Director of the Department of Administration may, if the Director determines that such an order is necessary and in the public interest, order the withholding of any portion of the money appropriated to an agency, including the salary of an officer of the agency in the unclassified service of the State, for the failure or refusal to submit or perform pursuant to a plan for corrective action.

2. Existing and recommended language in SAM (*blue bold italics* is new language being proposed and ~~red strikethrough~~ is deleted language being proposed).

#### **2404 Implementation of Legislative Audit Recommendations**

4. After being notified of the acceptance by the Legislative Commission of an audit, which calls for remedial action, each agency will submit a corrective action plan to the Director of the Department of Administration within 60 working days. The agency should also submit a copy of their corrective action plan to the Division of Internal Audits and the Legislative Auditor. Within six months of the submittal of that plan, the Director of the Department of Administration will report to the Legislative Auditor on the extent to which the recommendation(s) have been carried out and the reason for any failure to carry out any of the recommendations. ~~Thirty (30)~~ **Forty-five (45)** days prior to the six-month reporting deadline, the agency shall provide the Division of Internal Audits with a ~~status re-port~~ **report** and supporting documentation for implementing the corrective plan of action. The report shall indicate for each recommendation the status as fully implemented, partially implemented or no action. Should any agency refuse to submit a plan or to perform pursuant to the plan, the Director of the Department of Administration is empowered to withhold funds from that agency. ~~(NRS 218.824)~~ **(NRS 218G.260)**.

3. Explain how the recommended change(s) will benefit agencies or create consistencies or efficiencies, etc. (provide examples if applicable):

- A. This will allow the Division of Internal Audits more time to obtain all the information required to follow-up on the LCB audit recommendations from the audited agency and, simultaneously, allow the agency more time to respond to the Division's information requests.

The follow-ups often result in procedures that are significantly time consuming for both the Division and the audited agency. The current 30 day requirement frequently requires the agency to immediately respond to the Division's information requests which results in a difficult burden on the agency.

- B. Provide for clearer guidance by correcting clerical error.  
C. Provide for clearer guidance by correcting clerical error.

4. Will recommended change have a fiscal impact (if yes, explain): No

5. Proposed effective date: Upon approval by BOE

BOARD OF EXAMINERS APPROVAL DATE: \_\_\_\_\_

*(for BOE use only)*

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