

Steve Sisolak
Governor
Chairman

Warren Lowman
Administrator
Division of Internal Audits
Governor's Finance Office



STATE OF NEVADA EXECUTIVE BRANCH AUDIT COMMITTEE

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Members

Kate Marshall
Lieutenant Governor

Barbara K. Cegavske
Secretary of State

Zach Conine
State Treasurer

Catherine Byrne
State Controller

Aaron D. Ford
Attorney General

Trudy Dulong
Public Member

MEETING MINUTES

Date and Time: June 29, 2021, 1:00 PM

Location: Old Assembly Chambers of the Capitol Building
101 N. Carson Street
Carson City, Nevada 89701

Video Conference Location: Grant Sawyer State Office Building
555 E. Washington Avenue, Ste. 5100
Las Vegas, Nevada 89101

1. Call Meeting To Order/ Roll Call/ Remarks

Governor Sisolak, Chairman, called the Executive Branch Audit Committee meeting to order at 1:00 pm. Roll call established a quorum was present.

Members Present:

Governor Steve Sisolak, Chairman
Lieutenant Governor Kate Marshall
Secretary of State Barbara Cegavske
State Treasurer Zach Conine
Attorney General Aaron Ford
Public Member Trudy Dulong

2. Public Comment

There were no requests to make public comment.

3. Approval of the January 28, 2021 Minutes.

Motion: Approve the January 28, 2021 EBAC Meeting Minutes.
By: Secretary of State Cegavske
Vote: Passed unanimously

4. Presentation of Audit Reports Pursuant to NRS 353A.085.

A. (DIA 21-06) Department of Conservation & Natural Resources, Division of Forestry – Overtime

Ashwini Prasad, Executive Branch Auditor, noted State Forester Fire Warden Kacey KC and Director Charles Daniels were representing the Nevada Division of Forestry (NDF) and the Nevada Department of Corrections (NDOC). The audit focused on NDF overtime. The first objective was to validate NDF's updated overtime policies and procedures and the second objective was to assess the impact of NDF's overtime from the closure of Ely Conservation Camp.

NDF access to NDOC inmate labor is essential to controlling firefighting costs and mitigating fire risks throughout the state. NDF's successful overtime monitoring resulted in improved performance; however, that success was blunted with the closure of Ely Conservation Camp in July 2020.

The audit made two recommendations supporting the two objectives:

First, continue successful overtime monitoring to help control NDF's personnel costs. Policies and procedures were reviewed in a proactive effort to improve overtime in response to DIA's audit of NDOC overtime in 2017. NDF updated policies and procedures on overtime and standby pay in January 2020. As a result, NDF achieved a 32% decrease in overtime since fiscal year 2019. With the closure of Ely Conservation Camp in July 2020, higher cost NDF camp crew supervisors are being used in firefighting roles in place of NDOC inmates and will increase overtime costs in fiscal year 2021.

Second, coordinate with NDOC to re-establish an inmate workforce in eastern Nevada. Coordinating with NDOC, NDF could provide vital wildland fire suppression activities and reduce the risk for potential loss of life, damages, and costs from a fire. With the closure of the Ely Conservation Camp and loss of the inmate workforce in parts of fiscal years 2020 and 2021, NDF was unable to respond to 11 fires and unable to complete 14 fuel reduction and fire suppression missions normally performed during the year. This would have resulted in \$2.2 million from federal co-operators, local jurisdictions, and other entities. Without the Ely Conservation Camp inmate workforce, NDF is limited in providing cost-efficient wildfire management for the state. The increased risk is valued at \$1.7 million for the second half of fiscal year 2021 for fires not responded to and suppression missions not completed.

Some inmates lose the opportunity to benefit from valuable life skills to help them transition back to society and earn a wage, in part, to make victims restitution payments as well as have an opportunity to shorten their sentence. Studies show rehabilitating inmates and providing life skills experience, such as firefighting, lower recidivism rates by 10%.

Secretary of State Cegavske noted that the audit did not mention a program that used college and high school youth and asked if they were still used in roles supporting NDF firefighting and fire suppression activities.

State Forester Fire Warden KC responded they do still have youth programs for prevention and mitigation efforts and they also work with the youth training camps to try to teach life skills as well. She stated they do not utilize the youth training camps anymore in project work but are working with some of the programs around the state to get that back up and running. She stated they are also trying to bring on an internship program where they could start bringing students in from both a high school and college level to get them acquainted with this type of work and see if this is something that they would like to do.

Lieutenant Governor Marshall stated her basic concern is she would really be interested if the audit division could do a second audit into alternative solutions or more comprehensive methods of dealing with firefighting. One of the issues she noted in this report is that NDF is paying inmates \$2.23 a day to put their life at risk. Other states have looked into recruitment programs for post-incarcerated persons. They may not be allowed to leave the county under their parole. They may not be able to work on a firefighting line because they have a record. They may not be able to get a license. There are things that we can do, for example, expedited expungement, the ability to leave their county to work fire lines. The Lieutenant Governor stated she would like to look at other pay solutions with respect to facilitating a robust firefighting force.

State Forester Fire Warden KC responded they pay more for firefighting forces. Inmates get paid by the hour, 24 hours a day; it is \$24 a day for their time on fire. NDF also validates up to 15 credits off their sentence, which can be up to 30 or 45 days off their sentence.

NDF agreed with the need to look at the pay structure. From a coming-back-to-work perspective, a lot more of the ex-inmate firefighters get jobs coming out directly into tree care industry. NDF is working with NDOC to certify NDF's program.

Lieutenant Governor Marshall noted she would still like to ask for a second audit to look at all the different options of how the state can ensure that kind of training and skill is properly paid for and that people who have that skill and who are then paroled can get those jobs.

Director Daniels stated NDOC is engaged in developing robust vocational training and educational programs for all inmates. NDOC started with private-public partnerships. They are in the discussion phase in which they can ensure that these individuals, once they leave NDOC's custody, are able to not only get a job but a job with livable wages. Regarding the closure of Ely Camp and what has transpired, every one of those inmates were transferred to another camp. If they were fire certified, they have just responded out of those other camps.

Governor Sisolak stated the presentation noted that the camp closed and the director is saying it did not close from the perspective of fire suppression and other missions accomplished from Ely Conservation Camp.

Administrator Lowman responded DIA would agree with the director's assertion that the inmates were put in other camps and other work was done but there was an amount of work that was unable to be completed that is outlined in the audit report.

Governor Sisolak asked if there was a maximum amount of good-time credit that the inmate can have taken off their sentence for fighting fires.

Director Daniels responded there is a maximum amount of credit that NDOC can give an inmate regarding any form of the collection of good time. They are entitled to a certain amount each year. Inmates working on fires could get up to a maximum amount of time off.

Attorney General Ford noted he had concerns with programs like this and the minimum wage component is concerning. He noted he would be interested in how they could value the good-time credit if they were to be counted somehow and monetized. He stated he would also like to know if we need to make statutory changes to afford more good-time credit for people who are putting their lives on the line for \$2 a day.

Governor Sisolak asked how the good-time credit is calculated. James Jones, acting deputy director responded he did not have that information with him but could get it.

Treasurer Conine asked if the cap on good-time credit is statutory or is it a policy. Director Daniels responded it was statutory.

B. (DIA 21-07) Department of Agriculture – Grants Management.1

Heather Domenici, Audit Manager noted Director Jennifer Ott and Fiscal Administrator Katie Jameson were representing the Department of Agriculture (NDA). The audit focused on NDA's fiscal processes with the objective of developing recommendations to improve oversight of federal grant programs. DIA found NDA did not timely spend \$56.3 million in federal grant funds within award periods or allowed funds to expire unspent. Award amounts are based on prior period spending on meal reimbursement claims from Nevada counties. The consequences of untimely spending cascade to future periods in the same or greater amounts as previous years. Without improving grants management and fiscal processes, Nevada could lose access of up to \$57.4 million annually in federal grant funds.

The audit made the recommendation for NDA to improve grants management and fiscal processes to improve oversight of federal grant programs which will help ensure Nevada maintains access to federal grant programs, grants are spent timely and within grant periods, federal program and accounting records adequately support expenditures, and grants management and fiscal activities align with NDA's strategic goals and agency initiatives.

NDA did not timely spend \$54.3 million in child nutrition program funding or 96% of all unspent federal funds department wide. Review of NDA grant documentation and state accounting records indicate NDA takes almost two years to fully spend and finalize a one-year child nutrition federal grant award.

Additionally, NDA grants management and fiscal processes do not ensure the integrity of federal program and fiscal records. NDA's records management practices are outdated, paper-based, decentralized, and not easily accessible to all personnel requiring access. Inadequate records management cost the state \$404,000 in a cash shortfall and an additional \$84,000 in forensic auditing services NDA engaged to review the matter. The forensic audit could not determine the cause of the shortfall.

The audit recommended NDA improve grants management and fiscal processes by working with counties for more timely claims, aligning grants management and fiscal activities with NDA's strategic goals and agency initiatives, planning the life cycle of federal program spending including overlapping award periods, clearly defining roles and responsibilities for program and fiscal personnel, identifying program and fiscal personnel in need of training and development, and monitoring progress of federal program management improvements.

In summary, improving oversight of grants management and fiscal processes will benefit the state by ensuring access to \$57.4 million annually in federal grant funds.

Director Ott noted they do have a lot to do at NDA regarding fiscal activities. She stated they do have paper processes with tracking on several different spreadsheets. NDA hired Ms. Jameson in November; she has the skill set to tackle these problems. NDA has already created a new structure in its fiscal area and are on the way to automating a lot of the record-keeping issues. The director stated the funding that USDA provides is spent in the way allotted by USDA. Nevadans are getting their allocation from USDA but NDA was just not able to communicate that to the audit committee because of the record processes.

Governor Sisolak asked if it was taking two years to spend one year's worth of grants, are they just rolling it all ahead or are they returning grant money.

Director Ott responded the bulk of the funding is through the National School Lunch and National School Breakfast Programs. The funding cycle for this program is October 1st through September 30th. We have 60 days after the grant to accept the meal claims. Schools and other agencies cannot claim the funds until after the month is complete. The audit ended on September 30th. NDA did not account for that additional 60 days where that money was then reimbursed to the schools.

Governor Sisolak asked if they were returning it to the federal government. Director Ott responded every year some funds are returned because they are only allowed to reimburse for meals served.

Governor Sisolak asked if this could be spent on some of our tribal communities, our indigenous partners. Director Ott responded no that it is a different program.

Secretary of State Cegavske asked if they have an educational program and could they explain the cash shortfall of \$404,000 and a \$1.1 million accounting error.

Director Ott responded regarding the education portion, those are requirements under those USDA funds, that we assist the distributing agency with an education component in receiving food, which could be presentations at schools or work with families one-on-one or in groups.

Referencing the \$404,000, the Director noted it was a long-standing issue at NDA that had rolled over for several budget cycles. She stated when she came into the department, NDA engaged an audit firm to research that issue and come to a conclusion so that NDA could resolve the problem, which the audit firm was unable to do. Because NDA had performed the audit, NDA was able to square the shortfall up through the most recent budget process.

She stated her unofficial suspicions are that these programs used to lie within a different department and when the decision was made to transfer the programs from that department to the Department of Agriculture, an accounting error was the reason behind the shortfall in funds. NDA has no way to confirm the Director's suspicions.

Secretary of State Cegavske asked about the \$1.1 million accounting error and stated she would like to know what year and department the \$404,000 was from. Director Ott responded she would hopefully have that answer by the end of the day.

Administrator Jameson stated that \$1.1 million the auditor noted in the audit was a fiscal year 2021 error that they have since researched and rectified. It was a data entry error and it has since been corrected. Due to our discovery of that, we have changed the staff who will be handling these to more align them with a professional level and will also add three points of reconciliation to that process to prevent anything of that nature in the future.

Secretary of State Cegavske asked how long it had been there and was it money that was being used.

Administrator Jameson responded the \$1.1 was an inaccurate job number. The error did not have any monetary impact or value. It did not change money or change anything with the draw process or the funds that NDA had already drawn. It was simply a clerical error that had to be changed and reversed.

Ms. Dulong, Public Member, asked if the feds had come in and done any work.

Director Ott responded they are in very good standing with USDA. NDA'S failure is providing the proper information to the audit committee. That is part of the paper process and the tracking process. NDA failed to pull the numerous, different

spreadsheets that are covering all the different programs and providing them in a proper format for the audit committee. NDA is working with USDA and expanding food and nutrition programs for the state.

Ms. Dulong asked if the \$404,000 cash shortfall was simply funding that was not drawn down and then not supported by expenditures or actually money that you received and then couldn't support by proper invoices.

Director Ott responded that it is unclear. It is an expense that had a placeholder in our budget that kept rolling over and not reconciled.

Governor Sisolak asked Administrator Lowman if there is an agreement that there was just a communication issue between the agency and if he was disputing that contention.

Audit Manager Domenici stated her data came directly from DAWN, which is the financial data reporting system for the state. Spending for the last fiscal year carried forward all the way through May 7th of 2021. There was a significant amount from the Child Nutrition Grant that had not been spent. Part of the lack of spending was because there is another COVID grant that NDA received that needed to be spent first. From prior years, it did take a significant amount of time and transactions that were recorded in the system for the bulk of that particular cluster were recorded about a year following the end of the period of performance or the grant award period.

Governor Sisolak stated his concern is that he did not want this to get carried forward and reported 5 or 10 years from now. He asked if there was a way that we could codify some of what has been said and get it attached to this audit so that, in the future, somebody will understand what we talked about.

Administrator Lowman responded DIA can certainly do that through the normal process with the six-month follow-up when NDA will provide additional information that will hopefully close out these recommendations and clarify what NDA is doing. The concerning piece to DIA was, as the audit looked back several years, there were trends that show increasing amounts of award that were not spent timely and DIA is concerned about the effect on future awards and calculating award amounts. Lowman said he thinks now NDA is on a good path and in six months, DIA will be able to report back to the committee on resolving the funding shortfall issue.

Lieutenant Governor Marshall asked if NDA had any plans to upgrade the fiscal system from what it is today. Director Ott responded they were in a strange transitional system right now where NDA is waiting for the implementation of SMART 21 grant management software to come online. The Director noted investing in an entirely new software package with state dollars would not be financially prudent. In the meantime, NDA has been working with Microsoft Power BI software tools. NDA is implementing that software in-house and moving much of our paperwork processes to a virtual process. NDA realigned its fiscal program into a centralized fiscal process. NDA is making almost weekly improvements on the system.

Treasurer Conine asked if the delta between the money that we are getting in from the federal government and the money that we are spending based on federal government expectations of the number of students who would qualify versus the number of students who have signed up and receiving benefits is the difference.

Director Ott responded the funding that the state is receiving is based on a formula that is congressionally set based on the expenditures that happened in prior years. They also look at census. They look at unemployment numbers. There are many different factors that go into the funding that is set aside for the State of Nevada.

Treasurer Conine asked if they thought there was an opportunity through education, through providing resources to the counties to get additional people signed up for programs like this and are there students who qualify that are not being served.

Director Ott responded there is a program offered by USDA called Community Eligibility Provision, which is a program NDA has been working on for the last two and a half years. NDA is working directly either with schools or school districts to obtain eligibility so that every single child within that school gets a free meal no matter what. Over the last two and a half years, that program has increased exponentially and we are continuing to do that work. That program does alter the funding formula but in a positive way.

Treasurer Conine stated these dollars are part of that billion dollars we identified and committed to going after in federal funds on an annualized basis and the systemic changes are going to be partially supported by the work in AB445.

5. Presentation of Audit Six-Month Follow-Up Status Reports Pursuant to NRS 353A.090.

A. (DIA 21-01) Department of Administration, State Public Works Division – Tenant Improvements and Building Maintenance.

Heather Domenici, Audit Manager, stated this audit focused on improving fiscal management of tenant improvements and building maintenance. She noted Administrator Ward Patrick was representing the State Public Works Division (SPWD). Both recommendations were partially implemented.

The first recommendation was for SPWD to define tenant improvement projects and establish policies and procedures to properly manage and estimate expenditures. SPWD reports it redefined tenant improvement projects and extra services to adequately differentiate them from building maintenance expenditures. SPWD updated its status report and evidenced a working, written, draft policy and procedure to document the progress. SPWD anticipates fully implementing the recommendation by November 2021.

Recommendation two is to use activity codes to track CAT 13 chargebacks. SPWD reports it tracks chargebacks by agency budget account instead of building number.

DIA reviewed chargeback transactions noting some were not coded to agency budget accounts. Full implementation of the recommendation is dependent upon consistent coding of chargebacks. DIA will follow up to ensure implementation of the new procedure.

Administrator Patrick noted SPWD requested this audit. SPWD had issues where the division was being taken advantage of and various agencies were forcing them to pay bills and not reimbursing them. As a result of the audit, that situation has been straightened out. Funds that are going into this account for Buildings and Grounds section (B&G) are intended for normal maintenance and are being used for that purpose. The issue was approximately \$300,000, which is now going to protect all the state-owned buildings, including the capitol building and the mansion.

B. (DIA 21-02) Department of Public Safety, Division of Parole and Probation – Caseloads.

Heather Domenici, Audit Manager, stated this audit focused on aligning actual and budgeted caseload ratios to improve operational effectiveness. She noted Deputy Director Sheri Brueggemann, HR Manager Mavis Affo, and PIO Kim Yoko Smith were representing the Department of Public Safety (DPS); Chief Tom Lawson was representing the Division of Parole and Probation (NPP). Both recommendations were partially implemented.

NPP reports piloting a program to assign weighted values to supervision types for cases and engaging the Enterprise Information Technology Services Division (EITS) to develop a database query capable of applying weighted values and generating reports. NPP is awaiting EITS' response regarding completion of programming work.

DPS reports it has implemented weekly recruitment meetings, increasing recruiting efforts, and following up with candidates. However, DPS did not provide evidence of a formal written plan to improve retention and recruitment for parole and probation officers and did not provide detail on efforts to improve retention in its status report. A formal written plan to improve retention and recruitment efforts for parole and probation officers and evidence of implementation will be required in order to fully implement the recommendation.

Chief Lawson provided an update on the status of the report that they requested EITS help develop. EITS provided a quote that NPP judged cost prohibitive, approximately \$10,000 to \$20,000 to generate that report. NPP looked at some in-house resources. NPP has a contractor on staff who is doing data mapping for the migration of the OTIS replacement system and is determining if able to utilize their services to assist in looking at the root data to see if able to configure that report internally. NPP has another staff member who is a management analyst and has some limited programming experience in the private sector. They have been working with the contractor as well as one of our operational captains who has the caseload knowledge. NPP has invested approximately a little over 60 total hours soft cost; NPP is already paying the staff members. They have that report close to finalized.

NPP is reconciling some issues in the numbers where our row column doesn't add up with our column values for different caseload types; NPP is not going to be able to reconcile some discrepancies on the report. For example, if there is an offender who has an active sex offender case and they also have an expired previous case in which they are on lifetime supervision for a different sex offense, they are showing up as two different entities in the report. Unfortunately, OTIS is not sophisticated enough to differentiate between those two, the active and the inactive case. NPP is trying to reconcile the report. The report shows about a 4 percent error for just the Carson City field office. NPP believes it will have a workable portion of that report to be able to examine those numbers much better and allow the supervisors a quick at-a-glance view of evaluating which officers are over or underworked based on caseload values.

Governor Sisolak asked who is charging \$10,000 to \$20,000 that you thought was too much. Chief Lawson responded that was the quote we received from EITS to generate the report that we are trying to have them update. Governor Sisolak stated he did not know if that is excessive or not but wanted to make sure he gets good information.

C. (DIA 21-03) Department of Corrections – Fiscal Processes.1

Heather Domenici, Audit Manager, noted the audit focused on improving oversight of fiscal management and accounting practices. She noted Director Charles Daniels and members of his management team were representing the Nevada Department of Corrections (NDOC). All four recommendations were partially implemented.

NDOC reports working with the Attorney General's Office to evaluate the Offenders' Store Regulations, implementing internal review measures to improve work program projections, reviewing current practices to ensure compliance with state contracting requirements, and reviewing procedures to expand parameters of paid administrative leave uses and clarifying the proper use of overtime. NDOC did not provide detail for implementing the recommended actions to assign pay location codes to conservation camps and obtain Interim Finance Committee (IFC) approval for moving employees and personnel costs between budget accounts.

The audit finding was discussed during NDOC's budget hearings during the 2021 legislative session. Legislative staff found 62 employees had been reassigned or were working in facilities other than those from which they are paid. As a result, the legislature issued a Letter of Intent to NDOC to report to the IFC and the Governor's Finance Office on a semi-annual basis to analyze where positions are being reassigned and how NDOC's administrative regulations are being used in conjunction with or to supplement its ability to transfer general fund money between budget accounts. NDOC reports it continues to work on the recommendations.

Acting Deputy Director Jones stated as far as the four recommendations go, NDOC is working on the Offenders' Store Fund with the AG's office to evaluate and make sure NDOC complies with NRS 209.221(7)(8) and the Administrative Procedures Act. Recommendation three is partially implemented. NDOC reports all converted contracts have been processed in accordance with the state administrative manual and Nevada

Revised Statutes. Insurance compliance was submitted, and some contract requirements were submitted for review and approval from the Governor's Finance Office and the Board of Examiners.

Acting Finance Section Chief Monroe reported the peer review process has been very successful. NDOC budget analysts have an opportunity to review each other's methods to improve calculations. NDOC was able to reduce the number of work programs. NDOC reported that excluding the CARES Act work programs, there were 136 work programs in fiscal 2020. In fiscal 2021, excluding the other CARES Act work programs that are not normal, there are currently 64 work programs with another 18 coming. That puts NDOC at or around 82 work programs.

Chief Leathers reported NDOC continues to address recruiting and retention. NDOC has expanded its efforts to include the wardens and their management teams at the institutions as well as NDOC's employee development team. This effort includes refreshing NDOC's flyers and the relationships with the criminal justice programs within Nevada and California. Additionally, NDOC is expanding advertisements to pay job boards to increase recruiting during the transition from EITS to the SuccessFactors system. NDOC reports seeing a loss in the number of applicants and hopes to increase those numbers through the use of the job boards and some other paid advertising.

Treasurer Conine stated recommendation four was about oversight and policies and procedures that would be used in order to not necessarily avoid overtime but make sure it was being done properly. NDOC's response sounded more about how it would avoid overtime by hiring additional people. He asked if they could talk a little bit about the policies and procedures adjustments and how those are being made to make sure that NDOC is complying from a management perspective.

Chief Leathers responded the challenge that NDOC has is it does not have enough humans which results in the additional overtime. Managing the overtime is about managing the employees that NDOC has or has available to hire and that is how, from an HR perspective, NDOC is looking at it.

Treasurer Conine asked the audit committee if he misread that finding.

Administrator Lowman responded he did not.

Governor Sisolak stated that the Treasurer's question has not been adequately answered.

Acting Deputy Director Jones stated he did not know if institutions had implemented policies to help eliminate overtime by shutdown positions, closing areas where they can better contain offenders and use the least number of guards as possible. He stated wardens get to a point where there are just not enough guards in the institutions, which requires using overtime. He asserted wardens have implemented those policies and procedures at the institutions with shutdown positions and items like that into their policy.

Treasurer Conine stated the audit is saying there is concern about the policies and procedures that NDOC is using when moving people around or when using overtime as opposed to the fact that there is overtime. We know we have a staffing problem but that doesn't appear to be what the audit is getting to. What the audit is getting to is the mechanism in which we fix the staffing problem does not appear to be effective.

Chief Leathers stated one of the things NDOC has done thus far in relation to this audit is preparing a memo to the Governor's Finance Office specifically identifying what positions they wanted to use in what areas to be forthcoming with the move of the positions versus doing it on the backend. From the human resources perspective, if NDOC communicates ahead of time instead of behind, then NDOC could at least start having those discussions on how to address the issue and the policies moving forward versus taking "Peter over here to rob Paul" to fix the problem. She asked if that addressed the question.

Treasurer Conine responded they were getting closer and he could follow up offline. The Treasurer stated, just broadly, he thought almost everyone would prefer to know about it in advance as opposed to finding out about it in the paper.

Attorney General Ford stated this is for probation as well. He stated he knew they were between a rock and a hard place when it is a personnel issue, overtime issue, and you frequently are seeking forgiveness as opposed to permission. He stated he knew the Governor has presented budgets to the legislature that reflect what they need. Overtime is a problem. On the one hand, I am not beating you up but on the second hand I want to try to help facilitate an improved process going forward.

D. (DIA 21-04) Department of Conservation and Natural Resources, Division of Environmental Protection – Certified Environmental Manager Oversight.

Michelle Isherwood, Audit Manager, noted Administrator Greg Lovato was representing the Division of Environmental Protection (NDEP). This audit had four recommendations; to date, no action has been taken.

The second recommendation was to establish rates for professional services. This recommendation was made to standardize rates, prevent rate inflation and comply with industry best practice. After discussions with NDEP, DIA looks forward to working with them on implementation of a rate schedule for certified environmental managers. NDEP asked for an extension to January of 2022 to fully implement the recommendation.

The next three recommendations have an implementation date of January 2022. The first recommendation is to ensure that costs on quotes or NTEPS (Not to Exceed Proposals) matched costs invoiced. NDEP indicated they are discussing available database options to complete this recommendation.

The third recommendation is to strengthen certified environmental manager requirements and education requirements. NDEP indicated they are in initial discussions to strengthen the program and exploring strengthening requirements.

Finally, the fourth recommendation is to perform random verification of proof and payments. This recommendation ensures that companies are paying the required co-payment under coverage terms. NDEP has been unable to work on this recommendation due to competing priorities.

Governor Sisolak stated it does not seem like there has been, with due respect, a lot of effort on making any progress on any of these recommendations or to establish the rates recommended by the audit. It seems like it just sat in a vacuum and that is not acceptable.

Administrator Lovato responded it has been a busy time the past six months.

Governor Sisolak stated he appreciated that but every one of these people have been really busy the last six months. We have been overwhelmed but we cannot keep using that as an excuse.

Administrator Lovato stated he understood. He stated NDEP has taken a very hard look at the request to establish a rate schedule. It is the division's view that establishing a rate schedule would not actually result in any cost savings to the fund. The audit team did not agree with that finding, so we are prepared to move ahead and look at adopting rate schedules that have been looked at in other states. We still think that is going to require additional review to determine what benefit would result to the fund in terms of cost savings. NDEP presented some detailed findings on that but we are prepared to move forward and look at what other states are doing. Regarding the other three recommendations, we are prepared to complete those by January 2022.

Governor Sisolak stated that is at least a firm date and he appreciated that commitment.

Treasurer Conine stated, on behalf of the Secretary of State and I, every time you are in front of this committee, we asked about site visits or we go into locations to see if the money that is being spent on things like remediation is actually happening. He asked if those site visits had commenced.

Administrator Lovato responded the site visits have not commenced, although NDEP has set up a policy for equipment oversight, equipment maintenance, and equipment sale that was passed by the Board to Review Claims in September 2020. The new policy sets up NDEP to start performing site visits. Administrator Lovato stated NDEP did seek additional staffing to complete these site visits in the last biennial budget that was not granted. NDEP is going to try to do what they can with the staff they have.

Treasurer Conine asked when the committee should assume those site visits are going to start. Administrator Lovato responded he would have to get back to the committee on that after consulting with staff but they will start this year.

Governor Sisolak stated NDEP has not started the site visits but was going to get to them is the same kind of thing I am getting with implementing the recommendations. Maybe some folks do not understand the urgency of some of these recommendations or comments that are made coming out of the committee. It is important that the department

and the agency understand that these are actions that we need and want to be taken. And I think they need to be maybe prioritized a little higher.

Administrator Lovato stated he understood.

Treasurer Conine stated this question is for the auditors, on recommendation number two, the department just mentioned looking at other states. He asked if they have already looked at other states with regards to setting up fees for CEM costs.

Audit Manager Isherwood responded the audit originally looked at three other states, California, Colorado and Utah. Both California and Colorado have already implemented rate schedules for certified environmental managers or the like and Utah is in the process of implementing rates. Utah has been working on it for almost two years. Utah should be implementing rates in the next several months.

Treasurer Conine stated, on recommendation number three on strengthening CEM certification requirements, I'll remind everyone that we had a previous audit that looked at some CEMs who had conducted fraud and then came back and were rehired by NDEP and continued doing the work. I would just like to state that these certifications probably should be looked at on a relatively frequent basis to make sure that the state is getting what we paid for.

Governor Sisolak noted that Lt. Gov. Marshall had to leave. She had a previous commitment, another meeting she had to get to.

E. (DIA 21-05) Department of Administration and Governor's Finance Office – Board of Pharmacy, Deferred Compensation.

Michelle Isherwood, Audit Manager, noted Executive Officer Rob Boehmer was representing the Deferred Compensation Program and Executive Secretary Dave Wuest and General Counsel Brett Kandt were representing the Board of Pharmacy. This audit was conducted to clarify the deferred compensation statutes necessary to guide agency decisions. There were two recommendations.

Recommendation number two has been fully implemented. That recommendation asked the Governor's Finance Office to refer the facts to the Office of Attorney General to determine whether open meeting laws were violated by the Board of Pharmacy on the deferred compensation match decision. The facts were referred to the Attorney General's Office on February 11, 2021 and DIA is awaiting a response.

Recommendation number one was to propose legislation clarifying state agency matching contributions to employees deferred compensation accounts. The Nevada Deferred Compensation Program committee reviewed and discussed the recommendation. The committee is discussing options and considering whether a change to NAC or statute would be appropriate. Any future legislative changes would be prepared for the 82nd legislative session in 2023.

Executive Officer Boehmer stated they are trying to really accomplish the recommendation through a change in regulation. The committee hopes it can satisfy the recommendation in that manner. The Executive Officer is working with the Attorney General's Office and Deputy Attorney General Henna Rasul to address the recommendation. If there is need to develop a statute change or recommend a statute change, the Deferred Compensation Program will be prepared in 2023 for that next session.

Secretary of State Cegavske stated she was concerned that we have one of the only boards that is double dipping. They have two contributions coming to them, the deferred compensation and then the PERS contribution. The Secretary stated she was very concerned about how it looks. We have had our problems with the dental board through the years and I just hope we get this settled sooner than later.

Governor Sisolak stated he appreciated the comment and he knew the Attorney General is probably going back to his office to make a phone call as soon as this meeting is over.

Attorney General Ford responded he was trying to figure out where we are on the opinion related to open meeting law violations. It has been assigned. We do not have an opinion yet but I can assure you that in short order we will have a response.

6. Presentation of Special Follow-up Status Report.

A. (DIA 10-06) Department of Health and Human Services, Division of Public and Behavioral Health – Rawson Neal Doctor Attendance.

Ashwini Prasad, Executive Branch Auditor, noted Administrator Lisa Sherych, Deputy Administrator Joanne Malay and Hospital Administrator Susan Lynch were representing the Division of Public and Behavioral Health. This is our 13th report on doctor attendance at Rawson Neal Hospital. The past four years, our review shows the division has consistently accounted for doctor work hours, although a large number of hours for some doctors are performed off-site away from the hospital. To account for doctor work hours, the division reconciles approved time off-site from the hospital with recorded electronic medical record entries, authorized and documented meetings, training, and other events.

In October 2019, the division created policies and procedures for approving doctor off-site work hours and for what purposes. During the most recent review period of fiscal year 2020, overall, on average, hospital doctors are working 40% of their compensated hours away from the hospital. Select doctors were working from 45 to 76% of their compensated time off-site from the hospital. Use of off-site hours by doctors approved for off-site work was 6% lower for the rapid stabilization unit doctors and 9% higher for the in-patient hospital doctors compared to the last review period.

In addition, use of off-site hours by doctors approved for off-site work increased by 21% during fiscal year 2020. The result is the average number of hours doctors approved for off-site work hours are on-site for patient care in the hospital is 5 hours and 27 minutes during a 10-hour workday. In many weeks there were more hours accounted for on division reports than claimed on timesheets by contract doctors who worked off-site.

Neither the affected doctors nor the division attempted to adjust compensation based on the variance between the reports and timesheets.

Three contract doctors were consistently compensated for 50 or more work hours in a week during the review period. These doctors also recorded the most approved off-site hours. The division should continue successful accountability efforts to ensure doctors work a full day, timesheets are accurate, and off-site hours are reviewed and approved.

Administrator Sherych stated they appreciated the recommendation and fully support it. This review has been many, many years and has been a wonderful process for DPBH to continue to ensure that this information is available and holding the doctors accountable for the services that they provide.

Governor Sisolak stated he agreed wholeheartedly with the recommendation that they follow up and continue to track doctors and their hours and where they are being performed. After 13 reports, maybe we need to discontinue subsequent reporting on this issue. The Division of Internal Audits is doing a lot of different auditing and I just do not know if this is the best use of ongoing time. Unless someone is vehemently opposed, The Governor proposed eliminating further special reviews and asked for any discussion.

Secretary of State Cegavske stated this whole program has been going on since I was in the Legislature. She was unsure if there is still an issue but I thought somebody needs to hold their feet to the fire, so to speak, at Rawson Neal, that we need to continue this review. She stated she thought at least the legislature needs a report on a regular basis. This is just one of those things that the Secretary was still concerned about and it just has not gone away because the accountability is not there. The Secretary noted this is an issue that keeps rearing its ugly head for us and all our committees.

Governor Sisolak stated he agreed it was an issue but he did not know if it was the best use of DIA's labor to continue to follow up.

Treasurer Conine stated he did not think there was more to be gained by additional audits here. He asked if DPBH is committed to continuing to capture this information and provide it to the committee as we might ask for it, even if it's not through the formal audit process.

Administrator Sherych stated she used to work at DIA and in quality assurance for many, many years. It is very important to her that anytime you have an issue, you need to ensure that you have implementation processes for sustainment, so absolutely.

Treasurer Conine stated he would be okay turning it back over to the agency and freeing up the EBAC's time.

Governor Sisolak stated we have a motion on the floor to discontinue the special follow-up audit of doctor attendance at Rawson Neal Hospital.

Attorney General Ford asked if the Governor would be amenable to tabling this for the next meeting because he wanted to check with my staff who work with Rawson Neal to see if

this audit helps us in advising on circumstances that arise. He stated he did not feel comfortable having the vote right now.

Governor Sisolak asked how often the Rawson Neal special review was being done.

Administrator Lowman answered DIA has been doing the special review annually. DIA will be presenting the audit plan at the next EBAC meeting and will not include the special review in the plan until the General gets back to DIA with what his office needs.

Governor Sisolak asked Attorney General Ford if he wanted to get back to Administrator Lowman personally and then the committee can decide if the Rawson Neal special review is going to be included in the audit plan.

Attorney General Ford stated that was fine. He was just suggesting that the vote on whether to proceed would be put to the next agenda.

Governor Sisolak tabled the vote until the next meeting.

7. Review of the Annual Audit Plan Pursuant to NRS 353A.038.

Warren Lowman, Administrator, stated the tab 7 shows the current audits as they are planned. The plan is very solid through the tentative February 2022 Executive Branch Audit Committee meeting. At the next meeting in October, DIA will present the proposed audit plan for Fiscal Year 2022. Any requests that the Governor or his office may have will be included on the proposed plan. DIA will do a risk assessment and include proposed audits for the committee's formal approval of the audit plan. The plan can be adjusted based on the committee's desires throughout the year.

Governor Sisolak stated they would go ahead with that plan. If anybody has any changes they would like to make to the plan, you can speak now or get a hold of the administrator and we can go from there.

8. Committee Members' Comments

There were no committee member comments.

9. Public Comments

There were no requests to make public comment.

10. Adjournment

Motion: Adjourn the June 29, 2021 EBAC Meeting.
By: Public Member Dulong.
2nd: Attorney General Ford.
Vote: Passed unanimously.