

Joe Lombardo
Governor
Chairman

Craig Stevenson
Administrator
Division of Internal Audits



STATE OF NEVADA EXECUTIVE BRANCH AUDIT COMMITTEE

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Members

Stavros Anthony
Lieutenant Governor

Francisco V. Aguilar
Secretary of State

Zach Conine
State Treasurer

Andy Matthews
State Controller

Aaron D. Ford
Attorney General

Dina Babsky
Member of the Public

Date and Time: October 29, 2024, 1:00 PM

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

Video Conference Location: Nevada Building - Governor's Conference Room
1 State of Nevada Way
Las Vegas, Nevada 89119

MEETING MINUTES

1. Call Meeting to Order/ Roll Call/ Remarks.

Roll call established a quorum was present:

Chair, Governor Lombardo
Secretary of State Aguilar
Attorney General Ford
Treasurer Conine
Controller Matthews
Public Member Babsky

- 2. Public Comment.** (The first public comment is limited to comments on items on the agenda. No action may be taken upon a matter raised under public comment period unless the matter itself has been specifically included on an agenda as an action item. The Chair of the Executive Branch Audit Committee will impose a time limit of three minutes. Public comment may be provided in person or via telephone. To provide public comment on an item on the agenda via telephone, dial 775-321-6111 or 702-329-3435. When prompted to provide the meeting ID, please enter 486 812 006#. When the Chair opens the public comment period, dial *5 to request to be unmuted. To resolve any issues related to dialing in to provide public comment for this meeting, please call (775) 684-0222.)

Public Comment #1: Commenter identified himself as Chris Daley of the Nevada State Education Association, the Voice of Nevada Educators for 125 years. Mr. Daley stated his intention of commenting on the audit report reviewing the 17 public school districts and State Public Charter School Authority. He proceeded, stating the Governor's Finance Office makes several good recommendations in this report, and that as an entity and an individual that attends many meetings with the State Board of Education, the Commission on School Funding, legislative committees, and subcommittees, other boards and commissions, the establishment of a single unified statewide system of accountability makes a whole lot of sense. It's also clear our State Department of Education, like public education overall, is understaffed and under-resourced. With the largest class sizes in the country, the Nevada

State Education Association appreciates the acknowledgement in this report that class sizes matter to both students and teachers.

Finally, Mr. Daley stated the Nevada State Education Association agrees with the recommendations regarding universal free student meals, before offering a few words of caution on some other items included in the report. He stated that because public education is fundamentally different than business, Nevada State Education Association takes exception to references to Forbes, Warren Buffett, and prioritizing, “income-producing potential.” He stated the reference to the State of Louisiana's recovery school district fails to contemplate Nevada's own failed achievement school district, before stressing the report's failure to acknowledge chronic underfunding of Nevada schools is most concerning. While comments from Governor Lombardo are included that he expects results and would not accept lack of funding as an excuse for underperformance, underfunding sadly remains a fixture of Nevada public education. The original charge of Nevada's own Commission on School Funding, formed in 2019, was to identify optimal funding in Nevada and chart a 10-year course to reach that. Mr. Daley continued, stating the Commission did produce a report in November of 2022 that identified those levels and did make specific recommendations around sales and property tax, and even with historic funding in the last session of 2.3 some-odd-billion dollars, Nevada still trails both the national average and what subject matter experts recommend as optimal funding. He then directed meeting attendees to a printed copy of a slide from the funding commission produced by Applied Analysis that shows Nevada remains \$4,000 per pupil behind the national average. Governor Lombardo asked if there was a slide number, to which Mr. Daley indicated he would provide the Governor a copy of the slides. Mr. Daley finished by stating the Nevada State Education Association appreciates the work of the Audit committee, but wants to make sure the work to reach optimal funding also moves forward in concept.

Governor Lombardo closed the first opportunity for public comment.

3. Approval of the February 28, 2024 Meeting Minutes. (For Action)

Motion: Approve the February 28, 2024 Meeting Minutes
By: Secretary of State Aguilar
2nd: Attorney General Ford
Vote: Passed unanimously

4. Presentation of Audit Reports Pursuant to NRS 353A.085. (Information Only)

- A. (DIA 25-01) Department of Administration, Division of Human Resource Management – Collective Bargaining Agreements; Jasdeep Bains, Executive Branch Auditor; Beatriz Mena-Ortiz, Executive Branch Audit Manager.

Executive Branch Auditor Jasdeep Bains presented the audit to the Committee, stating the audit focused on improving oversight and tracking of CBA special pay and benefits to ensure provisions are followed and applied consistently across agencies. CBA provisions are inconsistent across CBAs, resulting in vague and incomplete language. Non-standardized CBA language can make implementation challenging, especially for agencies managing

multiple CBAs. DIA makes three recommendations for DHRM to improve CBA oversight. First, DIA recommends DHRM standardize and clarify CBA language to streamline implementation of future agreements and facilitate tracking of CBA expenditures. Benefits granted under the agreements vary across bargaining units, and benefits included in more than one agreement are inconsistently applied. The FOP agreement includes provisions for recruitment bonuses but lacks clarity in evaluating employee performance for bonus eligibility. First-time-hired Correctional Officers and Forensic Specialists covered under the agreement are eligible to receive a recruitment bonus of up to \$7,500 paid in four installments after satisfactory completion of the required timeframe. The FOP agreement fails to include provisions for evaluating employee performance to determine recruitment bonus eligibility. The absence of tying an evaluation requirement to recruitment bonuses in the FOP agreement results in bonuses being paid to employees who stay less than a year or do not meet performance standards. Nearly one third of NDOC first-time-hired employees worked less than 90 days, but were eligible for the first paycheck bonus, receiving \$1,500 each. Payments to these employees totaled \$58,500 in fiscal year 2024. Specifically, four employees worked for one day, quit, and received the \$1,500 bonus.

Ms. Bains continued, stating DIA's second recommendation is for DHRM to develop a database to track and monitor CBA pay, benefit provisions, and covered positions. DHRM currently lacks a comprehensive tracking mechanism. Additionally, NEATS lacks controls to prevent inaccurate coding of special pay types by employees, leading to inconsistencies in reporting and potential overpayments. This has resulted in CBA payments being potentially underestimated due to reliance on incomplete reports. Moreover, there is inaccurate tracking of pay and benefits due to varying processing methods for special pay. Multiple codes are used to track the same special pay types, leading to discrepancies in reporting and difficulty in identifying the reasons for adjustments in salary. A more uniform and centralized reporting system to standardize pay codes and ensure accurate tracking of covered employees is necessary. DHRM faces challenges in accurately identifying CBA covered employees, resulting in non-covered employees receiving CBA benefits. System reports are constrained by data inputs available, while other special pay reports are unavailable, making it difficult to identify payments made to ineligible employees. In these cases, reviewing paychecks is the only way to identify payments made to these employees. Some state agency leadership disclosed they were unaware of CBA covered positions in their agency and the associated benefits. DIA had to inform these agencies of eligible employees. The audit found bilingual pay lacks consistency, with issues noted in payments and inaccurate records of bilingual employees. Documentation provided for payments is insufficient, and the approval process for bilingual pay is not consistently followed. Three of the four CBAs allow employee certification by agency leadership meanwhile the fourth requires certification of proficiency from an accredited institution. Only agency memos were required for employees to receive the bilingual pay salary adjustment for all CBAs. This resulted in noncompliance with bilingual pay requirements. The audit found both overpayments and underpayments for covered employees in addition to payments to non-covered employees in fiscal year 2024.

Lastly, Ms. Bains stated that DIA's final recommendation is for DHRM to offer guidance and tools to assist agencies in tracking and monitoring CBAs prior to implementation. DHRM oversees the special pay process and provides guidance to agencies. Delays in issuing guidance for the 2023 – 2025 biennium caused management issues leading to delayed

payments and pay codes confusion. DIA recommends DHRM implement a standardized framework to include regularly scheduled training sessions; periodic bulletins to publish FAQs and changes in procedures; mechanisms for soliciting feedback from agencies; and validating agency payments to ensure compliance with CBA provisions. Documented standardized processes, tools, and clear guidance before implementation can help ensure effective tracking and monitoring of CBA provisions and lead to accurate and timely payments to eligible employees. DIA would like to thank DHRM and staff for their time and input throughout the audit. Ms. Bains finished her presentation by stating DHRM Administrator Bachera Washington and staff are available to answer any questions the Committee may have.

Governor Lombardo asked whether any Committee members had any questions of Ms. Bains and agenda item 4A.

State Controller Matthews recalled previous discussions about standardizing the language, asking, as a means of clarification, who exactly would be responsible for determining that standardized language. He then asked if that would be DHRM itself.

Administrator Stevenson responded, stating DHRM has a labor relations unit known as the LRU, and that unit is responsible for collective bargaining at the state. DIA envisioned the labor relations unit to be responsible for standardizing the CBA language, and the labor relations unit would basically spearhead that initiative.

Attorney General Ford thanked Administrator Stevenson for the helpful briefing the day prior. He then thanked Controller Matthews for his questions, before asking if Administrator Stevenson could speak to the Committee about the difficulties in standardizing CBA language, which are negotiated between different bargaining units. He pointed out that he suggested to Administrator Stevenson the day prior that DIA should say out loud what other states were looked at to see whether it's feasible and what the common practice is relative to standardizing CBAs.

Administrator Stevenson responded, stating the difficulty in implementing this and standardizing it across multiple different collective bargaining agreements is exactly what Attorney General Ford just said – it will not be possible to have a standard form agreement for every single union. He continued, stating DIA envisions other changes to standardize the agreements. For example, the appendix of every single agreement should list the positions eligible to receive or to be in that bargaining unit. DIA found that some do not list those positions, which is inconsistent. Listing the covered positions in every agreement would be one way to standardize the agreements. Additionally, while the method of negotiating the agreements can't be changed, certain aspects could be standardized, such as the application of pay codes. For instance, a personal leave day granted by a union ought to be standardized throughout the agreements. DIA is not saying one agreement gets three personal leave days and another one gets five. Rather, DIA wants the application of those leave days to be a standardized practice. Administrator Stevenson continued, stating that it should either be a timesheet-driven pay code or a non-timesheet-driven pay code, but agencies should not treat each of those special pays their own way. For example, some agencies code special leave to admin leave, which is not appropriate, but the agency didn't

know how to code it. So some of the ways the CBAs are implemented are already standardized in practice, but the agreements themselves have inconsistencies that could be made more consistent without changing the terms of the agreement. He noted Executive Branch agencies have struggled with those inconsistencies, pointing to a theoretical agency managing 3 agreements. It may not be clear to that agency when shift differential pay is managed a certain way on one agreement, while there's a different qualifying period for shift differential on a different agreement. He continued, stating it might be that during the next round of negotiations, unions continue to negotiate the shift differential as they're allowed to do, DHRM should define the qualifying period for consistent application across agreements. Administrator Stevenson finished by stating those are the ways the agreements could be standardized without interfering with the legitimate labor negotiation process, before confirming that no survey of other states was conducted to determine if they have standardized agreements in response to the second part of Attorney General Ford's question.

Attorney General Ford thanked Administrator Stevenson for answering his questions, before noting the issue of NEATS inability to provide assistance came up during his briefing with Administrator Stevenson. He asked if Administrator Stevenson would speak about that issue out loud and provide the Committee his suggestion on that issue.

Administrator Stevenson responded, stating NEATS, which stands for the Nevada Employee Action and Timekeeping System, is quite frankly an antiquated system with system limitations. As an example, he pointed to employees' ability to stack special pays up to either 15% or 20%. An employee claiming three different 5% special pays would be a 15% stack. NEATS does not have the ability to prohibit folks from exceeding that stack or that limit. DIA anticipates that the CORE.NV project will provide DHRM with a better way of managing the special pay. He pointed to the current system being limited to job and activity codes and reason codes as an example. DIA hopes the CORE.NV implementation will offer a few more tools to list special types of pay. He then pointed to his earlier reference to separating admin leave from special leave granted in CBAs, before stating that DIA sees the creation of a pay category completely of its own, such as one that will track those leave days. The benefit of being able to do that in a system that's better than NEATS is that decision-makers could then run ad hoc reports that will show how many personal leave days this union took or the cost of overtime or backfilling a position when that employee was out. Administrator Stevenson expressed his belief that the ability to run those types of reports would be a huge value to decision-makers, before stressing those abilities are currently unavailable in NEATS unfortunately. Attorney General Ford thanked Administrator Stevenson.

Public Member Dina Babsky asked whether a system upgrade to NEATS would be necessary to implement the new codes and report writing ability. Administrator Stevenson confirmed that was correct. Ms. Babsky then asked if there was any idea how much such an upgrade would cost. Administrator Stevenson stated that DIA is hoping that the CORE.NV project's timekeeping module will simply replace NEATS and have that additional functionality. He added that while he has no idea what that cost is or what portion of the CORE.NV project is going towards it, DIA does not anticipate an additional cost to replace NEATS.

Governor Lombardo asked Administrator Stevenson if anyone with DIA could speak to CORE.NV and whether that's a viable solution. Controller Matthews indicated he could touch on it briefly, stating that while he's not the expert on the HR facet of the CORE.NV project, it's his understanding the new implementation should go a long way toward addressing some of the concerns that came up during the meeting.

DHRM Administrator Washington stated the upgraded system should assist with generating necessary reports and accurately accounting for employee time. She noted the current system is significantly limited, and the upcoming upgrade is expected to improve functionality. Governor Lombardo asked if there was a timeline for the system changes. Administrator Washington responded, stating many changes will be implemented by January 20, 2025, with the HR portion of the CORE.NV upgrade scheduled for July 2025. Governor Lombardo noted that finalized collective bargaining agreements on the CBAs are expected around June 2025. Administrator Washington acknowledged this, then added that she is currently in negotiations with multiple bargaining units. She explained that while each unit has its own specific requests, DHRM's goal is to standardize certain articles where feasible. However, due to the unique nature of each unit's requests, full standardization across all agreements is not possible. She emphasized that efforts to standardize were already underway prior to the report's release.

Attorney General Ford asked Administrator Washington if she knew what other states do relative to the standardization component being discussed, after noting the auditors didn't check. Administrator Washington stated she doesn't know, but she does know that the language stated in certain articles that are standardized across CBAs is very different, there and DHRM recognizes that issue as a team. When DHRM first started workshopping with the other agencies on these bargaining units, the goal all along has been to standardize that process. It just makes sense to do so with those articles that belong in all CBAs and are similar to standardized those. Administrator Washington added that all of DHRM's CBAs and the list of positions covered under the CBAs are on the DHRM website and accessible to every employee of the state.

Governor Lombardo expressed his belief it would not be necessary to explore other states. Clark County, being the largest contributing factor in the extensive experience in CBAs, has probably standardized CBAs through its own efforts, along with their financial office. Administrator Washington stated that DHRM will definitely look at that. Governor Lombardo stated it's probably a lot simpler to do that because of the changes in the laws and everything else that goes along with it.

Treasurer Conine stated he had one more question to ask. Pointing to page 10, he noted there was a comment about the recruitment bonuses at NDOC. Reading from report, he then stated 443 correctional officers were hired, 28% increase in filled positions among those new hires, 110% or 25%. He then stated the kind of summation or conclusion being made is that the recruitment bonuses weren't strongly correlated to the ability to fill those positions. He questioned this data, indicating that three quarters of the positions using the recruitment bonus would suggest a relatively strong correlation, before stating he wants to make sure DIA isn't unintentionally suggesting new hire bonuses weren't effective if they were in some way effective. NDOC has made really great strides in filling those positions so he wants to

make sure DIA doesn't put something out there that might leave the Legislature or anyone else to think the bonuses were not an effective tool if they worked for three quarters of the hires. Treasurer Conine finished by asking where DIA got that language, or whether he was missing something.

Administrator Stevenson thanked Treasurer Conine for the question, then stressed that DIA is not saying there's no correlation or a weak correlation. The statement that the bonuses are not strongly correlated was more based on the fact that rehires are not eligible for that recruitment bonus and NDOC got a big chunk of rehires. DIA feels that contributed to it not being a very strong correlation. The other aspect is that NDOC underwent a very large and coordinated effort to increase recruitment statewide, which he's sure Treasurer Conine is aware of. NDOC had money appropriated to them to increase their recruitment efforts, as well as money to do a survey on muster pay. For those reasons, DIA feels it wasn't a super strong correlation, although it is still correlated. Administrator Stevenson finished by conceding the report could have been better written to state there was a correlation, just not directly.

Treasurer Conine inquired as to whether anyone from NDOC was present. After receiving no response, he acknowledged the matter could be followed-up on offhand, before stating he wants to make sure whether or not the bonuses are effective tool for NDOC is on record as the process of figuring out how to continue filling those staffing holes commences.

Governor Lombardo moved onto agenda item 4B after receiving no further questions.

- B. (DIA 25-02) Nevada Department of Veterans Services – Southern Nevada State Veterans Home; Marty Schaefer, Executive Branch Auditor; Craig Stevenson, Administrator.

Executive Branch Auditor Marty Schaefer presented the audit to the Committee, stating the audit focused on improving operations of the Southern Nevada State Veterans Home. DIA made six recommendations. First, DIA recommends the department submit applicable past due debts to the State Controller to commence collection efforts. On July 1st, 2024, over \$1 million was 90 days or more past due from South Home residents, including over \$980,000 that was outstanding for 210 or more days. None of the debt has been assigned to the Controller. Unless alternate arrangements are agreed to by the Controller, agencies must assign debts that have been outstanding for 60 days. Assigning past due debt will increase the likelihood of recovering funds and will allow the department to write off uncollectable accounts.

Mr. Schaefer continued, stating DIA's second recommendation is to pursue an updated memorandum of understanding with the State Controller's Office. The department faces challenges to managing accounts receivable, such as the extensive Medicaid application approval process for residents unable to self-pay. Due to this process, commencing collection efforts at 60 days is impractical for balances tied to a pending Medicaid application. In 2011, the department signed an MOU with the Controller's Office to exempt those balances. The MOU lacks details to better assist the department in managing its accounts receivable. For example, it does not indicate how soon after Medicaid coverage is

denied those balances should be submitted for collections. An updated MOU would provide better guidance for resolving issues related to accounts receivable and past due debts.

Mr. Schaefer stated that DIA's third recommendation is to record accounts receivable in accordance with Generally Accepted Accounting Principles. Prepayments from South Home residents are credited to accounts receivable, as are system-generated refunds. These are improper accounting entries that understate an entity's financial assets according to Generally Accepted Accounting Principles. Agencies submit receivables to the Controller's Office, which are compiled into the State's financial statements. The inaccurate South Home balance results in an inaccurate state-wide balance. Statute requires Generally Accepted Accounting Principles be followed throughout the accounting process, at both the agency and state-wide levels. The recording process must be revised to ensure compliance with statute and to reflect accurate receivables.

He then stated that DIA's fourth recommendation is to revise the admission application to include Medicaid information. Applicants must meet stringent eligibility requirements to qualify for Medicaid coverage. Approximately \$228,000 of the past due debt is the responsibility of residents that were denied coverage. The South Home application for admission does not address Medicaid, which limits transparency in the admissions process. Documenting Medicaid information on the admission application would compel South Home applicants to ask clarifying questions, share important information, and seek a greater understanding of eligibility. Addressing these matters during the admissions process would minimize the financial liabilities for both the South Home and its residents.

Mr. Schaefer continued, stating DIA's fifth recommendation is to submit the Medicaid application at the start of the admissions process and train staff on updated admission processes. Medicaid applications are submitted no less than 30 days from a resident's move-in date, an approach derived from the statutory requirement that applicants be institutionalized for 30 consecutive days to qualify. However, applications may be processed sooner if the applicant's physician states that the stay is likely to be at least 30 consecutive days. Obtaining this statement from the physician will allow the South Home to proactively prepare and submit Medicaid applications at the start of the admissions process. Even when a 30-day stay is not anticipated, proactively compiling the necessary information will ensure the South Home is prepared when residents unexpectedly require a longer stay and need Medicaid coverage. In addition, staff should be trained on updated admission processes to limit misunderstandings with South Home applicants and reduce the number of financial complications that arise long after a resident is admitted.

Lastly, Mr. Schaefer stated DIA's sixth recommendation is to seek a BDR to join the Nurse Licensure Compact. Research shows Nevada is facing a critical nursing shortage. Among the strategies proposed to combat the crisis is to enact Nevada's membership into the Nurse Licensure Compact. As of July of this year, Nevada was one of only four states that had not yet joined the compact or have pending legislation to do so. While membership in the compact does not alleviate a nursing shortage, it does enhance disaster preparedness by allowing nurses to quickly practice across state lines. The need for quick mobilization was on display at the onset of the COVID-19 pandemic, when the state had to wait approximately three weeks from the declaration of a national emergency for an emergency directive to

allow out-of-state nurses. In contrast, compact member states could utilize out-of-state nurses immediately. Membership also enhances access to care by increasing the pool of eligible providers. Online healthcare has expanded drastically, but the state is limited to nurses with a Nevada license to provide online services. Likewise, only nurses with a Nevada license can instruct online nursing courses. Utilizing out-of-state nurses online would free up limited available nurses for in-person services. It would also support recent state legislation to expand online healthcare and postsecondary nursing education. Both veteran's homes in the state are skilled nursing facilities. As a direct stakeholder, the department has a vested interest in helping to advance and modernize the nursing profession, which can be carried out through efforts to join the compact. DIA would like to thank the Department of Veteran Services management and staff for their time and input throughout the audit. Mr. Schaefer finished his presentation by stating Director Mary Devine and her staff are available to answer any questions the Committee may have at this time.

Governor Lombardo asked whether any Committee members had any questions of Mr. Schaefer and agenda item 4B.

Controller Matthews thanked Mr. Schaefer for his presentation, before noting that some of these recommendations touch on the Controller's Office. He stated that what DIA is recommending is very sensible and that his office is here and ready to land whatever cooperation we can to implement those recommendations, which he felt goes without saying. He then pointed out that some of the debt owed to South Home, was attributed to denied retroactive Medicaid coverage, before asking Administrator Stevenson how someone could be approved for Medicaid, but denied retroactive coverage at the same time.

Administrator Stevenson explained that denied retroactive coverage typically occurs due to a five-year look-back period with Medicaid. Medicaid looks at assets for the last five years and if any non-exempt assets are over the threshold, Medicaid will be denied. He then offered an example, stating that some folks may have sold a secondary residence four and half years before entering the South Home, which is a non-exempt asset. Those folks will be ineligible for Medicaid coverage their first six months in the home. Six months in, they'll be past that five-year look-back and will be eligible for Medicaid, but will be denied retroactive coverage. The five-year look-back, especially as it relates to assets, tends to be the main reason why applications are denied. NDVS vets the Medicaid applications before they're submitted, but a resident may not know that a transfer to a child was a transfer of assets. The resident might have just thought they were passing down the family home. Administrator Stevenson finished by stating those are the sorts of situations that could lead to denied coverage, which typically involves the five-year look-back period.

Controller Matthews thanked Administrator Stevenson, then indicated he had a couple more questions to ask. He asked if DIA had an ideal time frame and whether 70 days was too much or too little, in regards to the second recommendation and the 70 days outlined in the MOU.

Administrator Stevenson responded, stating that anything less than 90 days would be too soon. He pointed out that NDVS is currently at 70 days, while it's typically 60 days across the state before debts get sent to Controller Matthews. Too long would be over six months

in Administrator Stevenson's opinion. 90 days coincides with a Medicaid disability determination, which is a good threshold for doing nothing less than 90 days. He stated that, in practice, it's up to Controller Matthews and NDVS to arrive at an agreed-upon time frame. He finished by stating 120 days makes a lot of sense to DIA. That's not quite double 70 days, but it's an adequate amount of time to get these debts over to Controller Matthews.

Controller Matthews thanked Administrator Stevenson for the recommendation. He then asked how resident prepayments should be recorded in lieu of crediting accounts receivable, as related to the accounts receivable issue noted in recommendation three, before immediately asking if DIA has any thoughts on that.

Administrator Stevenson stated that DIA is recommending NDVS debit cash and credit a liability account, then added for the non-accountants in the room, we want that money to go in to the resident trust fund. Under federal regulations, all money held on behalf of a resident must be maintained in an interest-bearing account, which are already set up. DIA recommends that a prepayment is applied to that resident's trust fund where it will at least earn a small amount of interest. He explained that NDVS has the authority to move money from the trust fund to pay a balance due to the South Home with a proper signature on file, which is called a snatch-and-grab.

State Controller Matthews promised he had one last question, before pointing to recommendation six on the compacts. He asked if Administrator Stevenson could point to any data on the benefits of participating in those interstate compacts, which he recalled was the Nurse Licensure Compact or the Interstate Medical Licensure Compact.

Administrator Stevenson responded, noting he could refer Controller Matthews to data from the IMLC, which is for medical practitioners, but is similar to the nurse licensure compact, which is for nurses. He pointed to a press release issued by the Board of Medical Examiners in July 2024 that showed medical licenses issued in the state increased by 42%, a number he feels is quite alarming. Administrator Stevenson stressed the increase is a big win for the Board of Medical Examiners, which they attribute to participating in the IMLC. He then also referenced the emergency directive issued during COVID that allowed out-of-state nurses to practice in Nevada, under which 1,200 waivers were issued to RNs, LPNs, APRNs and CNAs - a big number per Administrator Stevenson. He finished by stressing the waivers were due to the directive as opposed to participation in the NLC, but the effect is analog to the IMLC or the nurse licensure compact and represents the type of numbers available.

Attorney General Ford thanked Administrator Stevenson and continued to discuss the topic. He pointed out the report indicates over a million dollars is more than 90 days past due and none of it's been submitted to the Controller, before asking if someone could speak to the Committee as to what the problem is and why the debt hasn't been submitted.

Director Devine responded, explaining the issue is due to an inadequate management control process where the home was not certain they had to submit the past due balances for collections or removal. Attorney General Ford was not clear what Director Devine meant and asked if she could explain again in a different language. Director Devine then proceeded to explain that the accounting team at the home felt if the Medicare was past due, denied,

or not paid, the balance would just be held onto. The team was unaware at the time the audit occurred that the balances should be passed back up to the headquarters office and on to the Controller's Office for disposition. Attorney General Ford asked if the South Home knew it had recourse to recover those funds. Director Devine confirmed the South home did not know. Attorney General Ford then stated that presents a great issue, before asking how far back does the one million number go. Director Devine stated six years. Attorney General Ford recalled from the conversation during his briefing that NDVS wanted to ensure recovered money goes back to the home and not the General Fund, before asking Director Devine if he was correct. Director Devine confirmed that's her understanding. Attorney General Ford then asked Administrator Stevenson if he could speak about what was said during their briefing so that everyone understands what the issue is surrounding the MOU.

Administrator Stevenson responded, explaining the issue with the MOU is that NDVS wanted a level of assurance that if the Controller collected a portion of those million dollars, the South Home would get that money back as opposed to that money going to the General Fund. DIA explained to NDVS that statute already allows that and the money would be entitled to them because NDVS is not a General Fund agency. Administrator Stevenson stated that Attorney General Ford was correct and accurate in informing him during their briefing that statute is what promulgates that rule as opposed to an MOU, before acknowledging the MOU is not the reason why the non-General Fund money is going back to the South Home. That is an important clarification because in the audit report, DIA basically said that stating that in the MOU that they get the money back would give NDVS a level of assurance that they're getting that money back, but Attorney General Ford's point is very well understood that statute is what allows them to get that money back, not an MOU.

Attorney General Ford thanked Administrator Stevenson, then indicated his second question was related to the Nurse Licensure Compact. He stated he was around when the directive related to COVID-19 was promulgated and he understands the process. He noted, however, that the issue of reciprocity among professionals is a very interesting one. He pointed out that DIA indicated that MDs have agreed to this licensure reciprocity approach, before stating that lawyers have not as an example. He feels it's something worth considering further relative to the level of training that each state requires for particular licensees to engage in a particular practice, whether it's in his instance as a lawyer, or in the instance for doctors, even though they've authorized reciprocity, and included in this would be the nurse licensing issue. He feels that we should be cognizant of that concern with the nurse licensing issue. Attorney General Ford acknowledged that DIA indicates Nevada is only one of four states who have not entered into this compact, then stated he's not quite sure what the conversation is around that, but he feels it's worth noting that may be one of the issues to consider.

Administrator Stevenson responded, stating that DIA looked at participation in the IMLC because it looked like a success story in Nevada. He referred back to the press release from the Board of Medical Examiners, which contained really encouraging news regarding the licensure of doctors in the state. That news is really the genesis of this recommendation – something should be done for nurses similar to the success story for doctors. He knows that during the last session, the SEIU union was opposed to this, who is a major player in the state. He then stressed that he didn't want to quote them, but just to paraphrase in general,

the opposition was related to the fact that if we brought in more nurses from out of state, that would lower the bargaining position of Nevada nurses. In Nevada, nurses have pretty solid job security because of the shortage. To be sure there is a shortage in other states, however, it was the SEIU's opinion that allowing out of state nurses to come in would lower the bargaining position of in-state nurses and SEIU represents in-state nurses. Attorney General Ford thanked Administrator Stevenson for the context.

Ms. Babsky had indicated she had a follow-up question regarding the six years when the debt wasn't turned over for collections. She then asked whether DIA observed the department make any kind of effort to collect on the debt themselves and whether they were successful in doing so.

Administrator Stevenson thanked Ms. Babsky for her question, then indicated DIA did not observe any such efforts. He stated he would turn matters over to NDVS if they had any comments on debt collection attempts before clarifying, in terms of debt collection, once debt hits those 60 days, it needs to be referred to the Controller. However, that does not preclude the agency themselves from making a phone call. He finished by expressing belief those types of efforts were undertaken, before giving the floor to NDVS to comment.

Director Devine stated that local calls were made to the families or the residents in an attempt to collect. The NDVS business manager and NDVS Director did actually ask for collection of those funds. She stated the matter gets very complicated, then explained that NDVS has situations where bank accounts get closed, credit cards get turned off, the check is in the mail, the resident will pay next month, the resident doesn't have this month, and situations with South Home residents and their family members. As a result of the audit, NDVS has taken a really much more proactive look at the admissions and collection process with both the finance and accounting team, and the team at the home with administration and the administration team, the business manager, to make sure that NDVS is really reviewing how administration and finances are done, as well as taking a look at the issue of back collections. She continued, stating NDVS will take a look at collections beginning in state financial year 2025 and anything that is sitting about that 90-day mark for the first quarter will be treated. NDVS will work with both the audit team and the Controller's Office to say anything that's older than that, how does NDVS look at that in bulk, and move forward with that to address that old debt and move it off the books or see what NDVS will do for collection.

Attorney General Ford recognized that the million-dollar figure was arrived at by going back six years, then asked Director Devine if she is aware how long NDVS has gone without seeking recourse for past due bills. Director Devine stated that NDVS would have to go back and do some additional research, though she believes the department has looked as far back as 10 years. To her knowledge, NDVS has never sent anything for a write-off. Attorney General Ford asked whether Director Devine knew the figure going back 10 years. Director Devine stated she did not. Attorney General Ford then asked whether, during NDVS legislative budget presentations for example, a conversation relative to unpaid fees or amounts has come up. Director Devine stated she does not believe such a conversation has come up with the legislature, but she's confident it will this time. Attorney General Ford thanked Director Devine for her answers.

Governor Lombardo moved on to agenda item 5A after receiving no further questions.

**5. Presentation of Audit Six Month Follow-up Reports Pursuant to NRS 353A.090.
(Information Only)**

- A. (EO 2023-005) Nevada Department of Education, State Public Charter School Authority, and Nevada Department of Agriculture – Review of School Districts and the State Public Charter School Authority; Craig Stevenson, Administrator.

Administrator Stevenson presented the six-month follow-up to the executive order audit, DIA report #EO 2023-005. The audit objective was to assess the sufficiency of existing audit and reporting tools for public school accountability. The Lt. Governor requested this audit report be distributed to education stakeholders and the Committee requested DIA follow up on the audit report during this meeting and allow stakeholders the opportunity to digest the report and provide public comment. To that end, a copy of the audit report was distributed to stakeholders within the Department of Education, the State Public Charter School Authority, every superintendent of every school district in the state, and to education stakeholders such as the Public Education Foundation, the Nevada State Education Association, Communities in Schools, and others. These entities also received a copy of the agenda for today's meeting, and an invitation to provide public comment to this Committee. DIA did not receive any written public comment to present to the Committee. Although DIA did have a presentation during public comment at the opening of the meeting from NSCA.

Administrator Stevenson continued, stating he's pleased to report that the Nevada Department of Education, the State Public Charter School Authority, and the Nevada Department of Agriculture have made progress implementing the recommendations. Recommendations are categorized by their original anticipated implementation timeline, each with a status indicating full implementation, partial implementation, or if the recommendation is deemed to be no longer applicable. Four recommendations have been fully implemented, 14 recommendations are partially implemented, and one recommendation was deemed no longer applicable. He wanted to talk about the recommendation deemed no longer applicable. On page 10 of the report, recommendation #3.6, this recommendation required the Department of Education to determine the allowability and applicability of extrapolating pupil count error rates in a sample of schools to an entire school district. The department determined that extrapolation is allowable, but it is not common practice. Of 32 states that responded to a survey on extrapolating pupil count results, only Wyoming extrapolates the error rate to an entire school district. Extrapolating error rates typically reduces funds apportioned to school districts because pupil count audits are more likely to find overcounted pupils, rather than undercounted. In lieu of extrapolation, the department has taken action to improve its pupil count process by reevaluating staff workload and restructuring job duties to allow its audit team to focus solely on pupil enrollment audits. Additionally, NDE reports it will increase the audit sample size for the largest districts and charter schools in fiscal year 2025. For these reasons, this recommendation is deemed no longer applicable. Administrator Stevenson finished his presentation by stating the leadership from the Department of Education, the State Public Charter School Authority, and the Department of Agriculture are available to answer any questions the Committee may have.

Treasurer Conine indicated he had more of a comment than a question, before stating he appreciates the follow-up on the Lt. Governor's request to get stakeholder feedback. Treasurer Conine pointed out that during his briefing with Administrator Stevenson the day prior or the day before that, certain entities were identified as not included in the group to receive the information for feedback, including the Clark County Education Association, the Public Education Foundation, and the Nevada State Education Association. Those entities were added to the group and sent the information, which Treasurer Conine characterized as doing little service recovery. He then requested that a list of stakeholders be circulated among the Committee, in a manner appropriate from an Open Meeting Law perspective, the next time the Committee requests information be distributed out to stakeholders. This would enable the Committee to make sure it's covering its bases and would ensure the Committee is getting kind of as broad of a net of stakeholder feedback as possible. Treasurer Conine finished by pointing out this was the first time the Committee had ever taken such action, adding that it's an iterative process, but he appreciates the consideration.

Governor Lombardo requested clarification for the record, asking whether Treasurer Conine was requesting information prior to presentation upon the request and whether it was for any additional requests, not just those regulated by stakeholders. Treasurer Conine clarified, stating that if the Committee requests matters be discussed with stakeholders, he feels the Committee should be able to look a list of stakeholders and add to it, if possible. He then pointed out that he had sent the information to NSEA and CCEA only 48 hours prior and he believes they would have provided feedback, or more feedback, had they known in advance. His request is specifically towards these stakeholder things; he doesn't think the Committee needs to extend on every item. Governor Lombardo asked if the Committee members should be notified once the stakeholders have been identified. Treasurer Conine confirmed that was his request.

Governor Lombardo asked Administrator Stevenson if that sounds reasonable. Administrator Stevenson responded, stating it would be preferable. DIA doesn't necessarily know all the stakeholders and there were some the Treasurer mentioned in the pre-brief, to which DIA sent an invitation the same day. Administrator Stevenson then pointed out that DIA sent out the audit report in late February and early March to all the district superintendents. DIA met with other stakeholders, communities, and schools. DIA sent a copy to the Legislative Audit Subcommittee and to the press that asked for a copy of the audit report and ran it in the nightly news. The report was distributed to as many people as DIA could think of, but even then, a few stakeholders were missed. Administrator Stevenson feels it would be very valuable if he could solicit input from the feedback on what other stakeholders DIA needs to include. He finished by expressing his support, then thanked the Treasurer for the feedback.

Attorney General Ford thanked Administrator Stevenson, then noted they had discussed recommendation 3.6 the day prior. He stated the recommendation has been deemed no longer applicable, before asking how it made it into the first set of recommendations in the first place if it shouldn't have been included in retrospect. He pointed out that Wyoming is the only state that does what was suggested and that it seems NDE didn't like the recommendation. Attorney General Ford finished by asking Administrator Stevenson to talk

to him about the process of including a recommendation that is no longer applicable in the first instance.

Administrator Stevenson thanked Attorney General Ford for his question, then explained that the current process is different than the process under the previous administrator. As he performed the follow-up to the recommendation, he met with Department of Education and he solicited stakeholder feedback. Had he been involved in this audit report, DIA would have done a state survey the same way DIA did state surveys on both audits being presented at the meeting. He conceded that it was a missed opportunity and a state survey should have been performed. Having seen the results of NDE's state survey, it is overwhelmingly clear that no other states are doing this because no one has an appetite to reduce funding for education. He noted NDE was prepared to talk about their stance on the subject, before stating his stance is that the recommendation is no longer applicable, as he doesn't feel it's in the best interest of the state. From time to time, DIA marks recommendations as no longer applicable, which he's glad to have flexibility to do. Administrator Stevenson finished his response by stating that was his stance on the matter and that he was happy to answer any other questions, before adding his explanation is the reason the recommendation is no longer applicable now, but was applicable when the report was written.

Attorney General Ford acknowledged that just because only one of the states does it, doesn't mean Nevada shouldn't try it, before further stressing that he was not implying that Nevada can't do things other people aren't doing. He let Administrator Stevenson know he appreciated the response, then noted that the purpose of an audit of other entities is to come back with recommendations, and to do some introspection, and to come up with suggestions and ideas. He stated that giving those suggestions to entities is part of DIAs job, but it's also part of DIAs job to do its own introspection as the entity that gives recommendations. Now DIA is coming back to say its done introspection and decided that a recommendation not a good idea in the first instance. Attorney General Ford expressed his belief this lends credibility to the process itself, before thanking Administrator Stevenson for the briefing and the opportunity to have a conversation around it.

Governor Lombardo moved on to agenda item 5B after receiving no further questions.

- B. (DIA 24-01) Nevada Department of Veterans Services – Northern Nevada State Veterans Home; Marty Schaefer, Executive Branch Auditor; Craig Stevenson, Administrator.

Executive Branch Auditor Marty Schaefer presented the six-month follow-up audit of the Nevada Department of Veterans Services, DIA Report 24-01. The audit focused on improving transparency in operations between the department, and the management company of the Northern Nevada State Veterans Home. He is pleased to report that the department has made progress implementing the outstanding recommendations. Recommendation one, to validate North Home financial data, is partially implemented. The department is collaborating with Health Dimensions Group, the new management company of the North Home, who took over in August of this year. The company is expected to record all revenue information to the electronic medical records system, while department staff are

working closely with the company to develop an understanding of the system. Any allocation of corporate costs charged to the North Home are expected to include annotated and highlighted invoices. Full implementation of the recommendation is dependent on the company sustaining financial transparency with the department.

Recommendation two, to link the management fee to services provided, is fully implemented. The new contract for management services includes a liquid damages section that outlines monetary penalties for failure to meet specified performance standards. The contract also includes a section outlining the department's intention of notifying the company in writing when services rendered do not meet the expectations outlined in the contract. If the company does not respond with a satisfactory written plan of action or remedy the deficiencies, the department may terminate the contract, withhold payment of the management fee, or take other action.

Mr. Schaefer continued by stating recommendation five, to present the North Home financial statements on the state's fiscal year basis, is partially implemented. The new contract for management services stipulates the contractor shall present all operational and financial statements on a fiscal year basis beginning July 1st and ending June 30th. While the inclusion of this stipulation is essential, the department has only received one full month of financial data from the company. Full implementation of the recommendation is dependent on confirmation that the system is generating accurate and reliable fiscal year financial data over a relevant period.

Recommendation six, to improve oversight of the management contract, is partially implemented. The department has established a number of quality assurance enhancements as part of operational oversight procedures. Some of these enhancements include onsite visits and facility inspections from leadership, bi-weekly calls to jointly address performance metrics with the South Home, and monthly meetings with the resident council president. The department recognizes that effective oversight of operations will be a collaborative effort, and they are working to develop a productive partnership with the new management company. Mr. Schaefer finished his presentation by thanking the department of Veterans Services for their assistance in preparing the report, then stating that Director Mary Devine and her staff are available for any questions the Committee may have.

Governor Lombardo asked whether any Committee members had any questions of Mr. Schaefer and agenda item 5B.

State Treasurer Conine responded by thanking NDVS for working as quickly and as efficiently as possible to try and right the ship. He pointed out the department's progress has been really tremendous, before thanking them again. Director Devine thanked State Treasurer Conine for his comment and stated that she has a great team and they're working hard to make sure this is rectified very quickly.

Governor Lombardo moved on to agenda item 5C after receiving no further questions.

- C. (DIA 24-02) State Public Charter School Authority – Equitable Access to Charter Schools; Melissa Gardner, Executive Branch Auditor; Heather Domenici, Executive Branch Audit Manager.

Executive Branch Auditor Melissa Gardner presented the six-month follow-up to the State Public Charter School Authority audit, DIA Report No. 24-02, which focused on equitable access to charter schools. One recommendation was fully implemented, and the second recommendation was partially implemented. SPCSA has fully implemented recommendations on continuing to strategically locate new charter schools near one- and two-star district schools.

Recommendation two has been partially implemented. SPCSA reports it has taken action to provide transportation to charter school pupils by pursuing additional funding for transportation through the budget process. Full implementation of this recommendation is anticipated upon approval of transportation funding by the 2025 Legislature. She finished her presentation by stating that Executive Director Melissa Mackedon is available to answer any questions the Committee may have.

Governor Lombardo asked whether any Committee members had any questions of Ms. Gardner and agenda item 5C.

Secretary of State Aguilar pointed to the discussion on transportation in recommendation two, then asked whether the BDR is going to include alignment with DMV regulations and policies. He pointed out that has been a struggle of the transportation initiative. Executive Director Mackedon responded, stating her understanding is that the DMV is going to be running a bill that would give the exempt status to charter schools that are afforded to other public entities. SPCSA's bill is more related to the funding through the auxiliary services as traditional public schools receive for transportation.

Governor Lombardo moved on to agenda item 6 after receiving no further questions.

6. Approval of the Annual Report Pursuant to NRS 353A.065. (For Action)

Executive Branch Auditor Manager Heather Domenici presented the Division's request for the Committee's approval of the 2024 annual report on Agenda Item 6. As in prior years, the report provides an overview of division organization, activities, and performance measures. The division consists of two sections, Internal Audit and Compliance Review, with the goal to improve the efficiency and effectiveness of state government, agency management, and activities. DIA operations help ensure compliance with the Governor's objectives, state and federal guidelines, and help safeguard state resources through audits, compliance reviews, internal control training, agency assistance, and monitoring. For the Internal Audit Section, three audits were completed in fiscal year 2024, with 95% of audit recommendations fully implemented. Audit staff additionally completed one six-month follow-up and multiple annual audit follow-ups for the division, as well as six follow-ups for the Legislative Counsel Bureau, Audit Division as required by statute. Three audits were in progress at fiscal year end. DIA will review the estimated benefits to Nevadans in agenda item 8 and the fiscal year 2025

annual audit plan in agenda item 9. For the Compliance Review Section, five compliance reviews were completed in fiscal year 2024, as well as providing assistance on the audit conducted pursuant to Executive Order 2023-005. Compliance review staff additionally conducted six internal control classes and expended 236 hours assisting other agencies and providing compliance-related guidance. 94% of compliance review recommendations were implemented, trainee overall test scores increased by 27%, and attendees' evaluation of training averaged 4.3 out of 5 for the year. Eight compliance reviews are planned for fiscal year 2025. Ms. Domenici finished by stating this concludes DIA's presentation of the division's fiscal year 2024 annual report. DIA respectfully requests the Committee's approval of the report following discussion and any questions the Committee may have.

Motion: Approve the 2024 Annual Report
By: Treasurer Conine
2nd: Attorney General Ford
Vote: Passed unanimously

Governor Lombardo moved on to agenda item 7.

7. Status of Outstanding Audit Recommendations. (Information Only)

Executive Branch Auditor Manager Heather Domenici stated that, at the direction of the Committee, the Division of Internal Audits annually reviews and reports on the status of agency actions taken to implement outstanding audit recommendations. DIA has provided a summary of outstanding recommendations, detail of actions taken, and recommendations implemented or remaining outstanding as of June 30, 2024. DIA would be happy to answer any questions the Committee may have.

Governor Lombardo asked whether any Committee members had any questions of Ms. Domenici and agenda item 7. State Treasurer Conine thanked DIA for giving the Committee what they were looking for as the checklist and the information DIA provided.

Ms. Babsky noted she had a quick question, then pointed to the outstanding recommendations table. She noted the first line item reads no longer applicable at 101, then asked whether that is a definition to what was discussed earlier where the recommendation was no longer applicable for whatever reason the auditor called it back, before adding that's about 12.5% of overall recommendations.

Ms. Domenici thanked Ms. Babsky for her question, then explained the 101 no longer applicable recommendations span all the way back to the beginning of the Internal Audit Division, which she believes was 1999. DIA has been doing this for 25 years, so what's shown in that first line item are totals from the very beginning. DIA does have some no longer applicables. For instance, in a report presented earlier in the meeting, there was a no longer applicable in for the Board of Pharmacy because statute changed. Ms. Domenici finished by explaining the need to comply with statute nullified the recommendation.

Attorney General Ford stated he doesn't view the no longer applicable discussed earlier in the meeting as really no longer applicable. It never should have been suggested in the first

place, which is really what's being said. It's not applicable anymore because it should never have been in the list of recommendations in the first place, not because of a change in statute or some form of intervening rationale. Ms. Domenici thanked Attorney General Ford for the comment. Governor Lombardo asked Attorney General Ford if he was alluding to one specific, not all 101. Attorney General Ford indicated he was only talking about the one he commented on today, that in retrospect, the Audit Division, should not have included as the recommendation in the first place. It's not an issue of no longer applicable; the report shouldn't have had the recommendation in the first place. But DIA doesn't have a tab or doesn't have a category that can be used. DIA put it under no longer applicable instead.

Governor Lombardo asked if DIA just put on footnote two from the beginning of the Audit Division to eliminate ambiguity in case there's a concern from any other Committee member in the future. Ms. Domenici indicated it would be done.

Governor Lombardo moved on to agenda item 8.

8. Estimated Benefits to Nevadans from Audit Recommendations. (Information Only)

Executive Branch Auditor Manager Domenici stated the division develops recommendations that improve the efficiency and effectiveness of state agencies through solution-based recommendations, as discussed in the annual report. DIA estimates the monetary benefit of implementing audit recommendations when possible; however, many benefits to the state, and its citizens are not quantified. DIA had provided a report that includes recommendations with estimated monetary benefits implemented as of June 30, 2024. Benefits are carried in the calculation for nine years from implementation unless evidence suggests a lesser time period. These benefits include increased revenues, reduced spending, freed-up resources, and enhanced funding for program services. The fiscal year 2024 estimated benefits to Nevadans was \$90 for every \$1 spent on audits, which DIA will report to the 2025 Legislature as a performance measure for the Internal Audit Section of the division. This was a decrease from \$104 per dollar spent in the prior fiscal year, primarily due to the 12% cost of living adjustment to employee salaries approved by the 2023 Legislature. Going forward, DIA anticipates further decreases to the monetary benefit per dollar spent due to an additional 11% cost of living adjustment implemented at the start of fiscal year 2025, as well as anticipating a near fully staffed Internal Audit Section. Ms. Domenici concluded her presentation of the report on the estimated benefits to Nevadans from audit recommendations, stating DIA would be happy to answer any questions the Committee may have.

Governor Lombardo asked Ms. Domenici why the timeline is nine years and whether she had any history of it. Ms. Domenici responded, stating the history is that it's been that way since DIA started using this measure, which was decades ago. Her understanding is the nine-year period represents the average time to see a benefit occurring from implementation of a recommendation and DIA has continued that practice.

Governor Lombardo thanked Ms. Domenici for the clarification and moved onto agenda item 9 after receiving no further questions.

9. Approval of the Annual Audit Plan Pursuant to NRS 353A.038. (For Possible Action)

Administrator Stevenson stated that tab 9 is the Division of Internal Audits' fiscal year 2025 annual audit plan, which was approved by the Committee at the February 2024 meeting. The Committee requested the audit plan include a list of all audits previously approved by the Committee, which is being presented today for Committee action. DIA intends to present three audits at the June 2025 Audit Committee meeting. The Department of Corrections audit and the Department of Agriculture audit will be opened in the coming weeks. The Department of Transportation audit was opened in June of this year after filling a vacant audit manager position. There are three audits highlighted in green on the bottom half of the page. DIA is planning on opening those audits before the next Audit Committee meeting, unless instructed otherwise. The audit plan has been an agenda for possible Committee action. Administrator Stevenson finished by requesting the Committee's approval of the audit plan as presented and stating he would happy to answer any questions the Committee may have.

Governor Lombardo asked whether any Committee members had any questions of Administrator Stevenson and agenda item 9. He recalled from the previous meeting that either Treasurer Conine or Secretary of State Aguilar requested an audit to be added to the list, before asking if it was on the list. Treasurer Conine responded, indicating it was SPCSA. Governor Lombardo double-checked if SPCSA was on as an action item and it was.

Motion: Approve the 2025 Audit Plan
By: Attorney General Ford
2nd: Secretary of State Aguilar
Vote: Passed unanimously

Governor Lombardo moved on to agenda item 10.

10. Committee Members' Comments

Governor Lombardo pointed out that agenda item # 10 is an open opportunity for Committee member comments, before stating that he would take advantage of that because he had an question from earlier, adding he didn't think it will be a violation of anything. Addressing Ms. Domenici, Governor Lombardo pointed out that she mentioned audit follow-ups are completed for Legislative Council Bureau Audit Division per NRS, as noted on page seven of the annual report on page. He then asked why that would be per NRS.

Administrator Stevenson responded, stating that statute requires DIA to follow up on all LCB audits. The technical reason for it is that LCB follows what's called the yellow book in auditing. DIA follows the Red Book for internal audits, which does not have that requirement. DIA follows up on its own reports and well as LCB's reports.

Governor Lombardo thanked Administrator Stevenson for the clarification and welcomed Ms. Domenici on the team. Ms. Domenici thanked Governor Lombardo. Governor Lombardo moved onto agenda item 11.

11. Public Comment (This public comment period is for any matter that is within the jurisdiction of the public body. No action may be taken upon a matter raised under public comment period unless the matter itself has been specifically included on an agenda as an action item. The Chair of the Executive Branch Audit Committee will impose a time limit of three minutes. Public comment may be provided in person or via telephone. To provide public comment via telephone, dial 775-321-6111 or 702-329-3435. When prompted to provide the meeting ID, please enter 486 812 006#. When the Chair opens the public comment period, dial *5 to request to be unmuted. To resolve any issues related to dialing in to provide public comment for this meeting, please call (775) 684-0222.)

No public comment was presented for the Committee's information or consideration.

12. Adjournment (**For Action**)

Motion: Motion to Adjourn
By: Secretary of State Aguilar
2nd: Attorney General Ford
Vote: Passed unanimously