



State of Nevada
Governor's Finance Office
Division of Internal Audits

Audit Report

Department of Administration

Division of Human Resource Management

Collective Bargaining Agreements

Improved oversight and tracking of collective bargaining agreement special pay and benefits will ensure consistency and compliance.

DIA Report No. 25-01
October 29, 2024

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Standardizing and clarifying Collective Bargaining Agreement (CBA) language will help the Division of Human Resource Management (DHRM) streamline implementation of future agreements and facilitate tracking of CBA expenditures. CBAs establish negotiated special pay requirements and benefits for covered employees, some of which are already granted through statute and regulation. Special pay types, requirements, and benefits for covered employees vary by agreement. Non-standardized language and lack of clarity across multiple CBAs leaves room for interpretation by agencies resulting in different approaches to implementation.

Additionally, CBA language is vague and incomplete. For example, the Fraternal Order of Police agreement includes provisions to pay recruitment bonuses to newly hired correctional officers and forensic specialists, but fails to measure performance for recruitment bonus eligibility. This resulted in employees receiving the first bonus installment after a single workday, as allowed in the agreement. Some employees worked one day, collected the bonus, then quit the position. CBA language should be updated and clarified to prevent misuse of CBA special pay and benefits.

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Developing a database to track and monitor CBA pay and benefit provisions and covered positions will help DHRM identify and track eligible employees, ensuring only covered employees receive CBA pay and benefits. DHRM lacks a comprehensive tracking mechanism and relies on agencies to identify and self-report eligible employees resulting in delayed approvals for CBA special pay and benefits.

Delayed approvals resulted in incorrect payments to both eligible and ineligible employees. Comprehensive data for CBA covered employees does not exist, making it difficult for DHRM to track CBA expenditures and eligible employees. State systems are limited in their ability to compile the necessary data resulting in reliance on potentially incomplete reports. Additionally, multiple pay codes are used to track identical data which misreports special pay, benefits, and hours.

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Providing guidance and tools to track and monitor CBAs prior to implementation will ensure consistent application and tracking across state agencies. DHRM is responsible for implementation and oversight of the special pay process and issuing guidance to agencies. DHRM guidance was delayed for the current agreements, affecting implementation by agencies and resulting in delayed and inaccurate payments.

Developing a standardized framework, including clear and comprehensive implementation procedures, will help agencies comply with DHRM requirements for special pay approval. Additionally, the special pay approval process lacks oversight. One Labor Relations Unit employee reviews and approves LRU-5 approval forms, without supervisory review.

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INTRODUCTION

At the direction of the Executive Branch Audit Committee, the Division of Internal Audits (DIA) conducted an audit of the Department of Administration, Division of Human Resource Management (DHRM). The audit focused on collective bargaining agreements effective July 1, 2023 for the 2023-2025 biennium. The audit's scope and methodology, background, and acknowledgments are included in Appendix A.

DIA's audit objective was to develop recommendations to:

- ✓ Improve oversight and tracking of collective bargaining agreement special pay and benefits.

Department of Administration Division of Human Resource Management Response and Implementation Plan

DIA provided draft copies of this report to DHRM for review and comment. DIA considered DHRM's comments in the preparation of this report; DHRM's response is included in Appendix B. In its response, DHRM accepted the recommendations. Appendix C includes a timetable to implement the recommendations.

NRS 353A.090 requires within six months after the final report is issued to the Executive Branch Audit Committee, the Administrator of the Division of Internal Audits shall evaluate the steps DHRM has taken to implement the recommendations and shall determine whether the steps are achieving the desired results. The Administrator shall report the six-month follow-up results to the committee and DHRM.

The following report (DIA Report No. 25-01) contains DIA's *findings, conclusions, and recommendations*.

Improve Oversight and Tracking of Collective Bargaining Agreement Special Pay and Benefits

The Department of Administration, Division of Human Resource Management (DHRM) can improve oversight and tracking of collective bargaining agreement (CBA) special pay and benefits by:

- Standardizing and clarifying CBA language;
- Developing a database to track and monitor CBA pay and benefit provisions and covered positions; and
- Providing guidance and tools to track and monitor CBAs prior to implementation.

Improving oversight and tracking of CBA special pay and benefits will ensure special pay and benefit provisions are followed and applied consistently across agencies. Employees in CBA covered positions are eligible for special pay, bonuses, special allowances, and reimbursements. Those authorized for representation must be classified employees of the Executive Branch. Some of these benefits are subject to conditions of employment that differ from statute and regulation.

Standardize and Clarify CBA Language

The Department of Administration, Division of Human Resource Management (DHRM) should standardize and clarify collective bargaining agreement (CBA) language. Standardization and clarification will streamline implementation of future agreements and facilitate tracking of CBA expenditures. Additionally, standardization will make it easier for agencies to implement CBA provisions across multiple agreements. Non-standardized language and lack of clarity across multiple CBAs leaves room for interpretation by the agency, resulting in different approaches to implementation.

Legislature Authorizes Collective Bargaining

Senate Bill (SB) 135, passed in 2019 to amend NRS 288, authorized collective bargaining between the State of Nevada and certain state employees, and established requirements concerning CBAs. Collective bargaining is a process where representatives from state Executive Branch agencies negotiate employment conditions with employees or labor organizations. This process requires both parties to meet at reasonable times and engage in good faith negotiations to establish parameters for wages, hours, and other employment terms, and to establish how issues will be addressed under agreements being negotiated.

Every CBA must be documented in writing and must: establish a grievance resolution procedure ending in binding arbitration for all employment-related issues; address union dues; and include a nonappropriation clause stating any provision requiring legislative funds is effective only if the Legislature appropriates the money. NRS 288 prohibits unfair labor practices to ensure fair negotiations and expands the duties of the Government Employee-Management Relations Board to include hearing and resolving disputes between the state and its employees. The law requires mediation and arbitration of disputes and allows for supplemental collective bargaining over specific terms and conditions of employment.

Under NRS 288, if a dispute arises regarding differences between CBA provisions and legislation, the resolution process involves mediation and arbitration. Initially, the parties attempt to resolve the conflict through mediation, where a neutral third party facilitates discussions to reach a mutually acceptable solution. If mediation fails, the dispute proceeds to arbitration, where an impartial arbitrator reviews the case and makes a binding decision based on the evidence and arguments presented. This structured resolution process ensures conflicts are resolved fairly and efficiently, balancing the interests of employees and legislative requirements.

Eligible State Job Titles Are Classified Into 15 Collective Bargaining Units

Eligible state job titles are classified into 15 collective bargaining units (bargaining units), seven of which were active in fiscal year 2024, and are represented by one of five unions. The 15 bargaining units include active bargaining units for the 2023-2025 biennium and bargaining units that have been approved but did not have an active contract in the 2023-2025 biennium. Unions are the exclusive representatives for negotiating employment-related issues for employees. Active bargaining units were represented by one of the following unions in fiscal year 2024:

- American Federation of State, County, and Municipal Employees (AFSCME);
- Battle Born Fire Fighters Association (BBFFA);
- Fraternal Order of Police (FOP);
- Nevada Peace Officer Association (NPOA); or
- Nevada Police Union (NPU).

Each bargaining unit is comprised of job titles with similar interests as defined in each agreement.¹ There are 6,750 authorized positions covered by CBAs, representing approximately 32% of all state authorized classified positions.² Approximately 74% of the CBA covered positions are filled.³ AFSCME represents the largest number of covered positions and the greatest variety of position types.

¹ Agreements only cover positions explicitly included in Appendix A of each individual agreement.

² Authorized positions as of fiscal year 2025.

³ Filled positions as of September 2024.

Exhibit I shows position types covered under each bargaining unit and their respective union for the 2023-2025 biennium.

Exhibit I

**Active Bargaining Unit Positions
2023-2025 Biennium**

Union	Bargaining Unit	Position(s)
AFSCME	A	Labor, maintenance, custodial, and institutional employees
AFSCME	E	Health care employees, physical therapists, employees in medical and professions related to health
AFSCME	F	Employees who offer health and personal care services, including those who provide care for children
NPU	G	Category I Peace Officers ^a
NPOA	H	Category II Peace Officers ^b
FOP	I	Category III Peace Officers ^c
BBFFA	K	Firefighters

Source: Collective bargaining agreements.

Notes: NRS 289 defines peace officer categories as follows:

^a Category I Peace Officers have unrestricted duties and are not otherwise listed as a Category II or Category III Peace Officer.

^b Category II Peace Officers' authority or primary duties are limited to a specific or specialized area of law enforcement.

^c Category III Peace Officers' authority is limited to correctional services, including the superintendents and correctional officers of the Department of Corrections.

All approved bargaining units are represented by a union during the 2023-2025 biennium.⁴ AFSCME's agreement includes bargaining units A, E, and F, and all three were subject to the same provisions managed under the same agreement. However, unions can have different agreements for each bargaining unit and are not required to negotiate the same agreement or provisions for all bargaining units they represent. Agreements are negotiated every two years and are in effect for a full biennium. The terms, covered positions, and union representation of existing agreements might not be included in future agreements.

Non-Standardized Language Makes Implementation Difficult

Non-standardized CBA language makes it difficult for agencies to implement CBA provisions. Implementing provisions from agreements may necessitate developing new guidance and processes every two years. The number of employees

⁴ State of Nevada & American Federation of State, County, and Municipal Employees (AFSCME), Local 4041 Collective Bargaining Agreement; State of Nevada & Nevada Police Union (NPU) Collective Bargaining Agreement; State of Nevada & Nevada Peace Officer Association (NPOA) Collective Bargaining Agreement; State of Nevada & Fraternal Order of Police (FOP), Correctional Officers Lodge 21 Collective Bargaining Agreement; State of Nevada & Battle Born Fire Fighter Association (BBFFA), Local 3895 Collective Bargaining Agreement.

represented by unions will increase in the 2025-2027 biennium with the addition of recently approved bargaining units L, M, N, and O, as follows:

- Bargaining Unit L will be represented by NPU and includes ten job titles and 185 authorized positions;⁵
- Bargaining Unit M will be represented by NPOA and includes five job titles and 31 authorized positions;
- Bargaining Unit N will be represented by FOP and includes three job titles and 153 authorized positions; and
- Bargaining Unit O will be represented by BBFFA and includes eight job titles and 20 authorized positions.⁶

The new bargaining units will cover 26 different job titles and approximately 389 newly covered, authorized positions.^{7,8} Depending on negotiations, new bargaining units may have newly established agreements or may be grouped with an existing bargaining unit, resulting in multiple bargaining units under the same agreement, similar to what occurred with AFSCME and Bargaining Units A, E, and F for the 2023-2025 biennium. In fiscal year 2024, there were 263 CBA covered positions within 30 agencies.⁹ In addition to Bargaining Units L, M, N, and O, AFSCME was approved in August 2024 to represent Bargaining Unit C, which will include the following departments and positions:¹⁰

- Department of Motor Vehicles – service technicians;
- Department of Health and Human Services, Division of Welfare and Supportive Services – family support specialists; and
- Nevada System of Higher Education Institutions – library technicians.

The new bargaining units will be eligible to join the next set of contract negotiations. Negotiations begin within 60 days after one party notifies the other of the desire to negotiate or by November 1 of even-numbered years.¹¹ FOP negotiations began in September 2024 at FOP's request.

⁵ Bargaining Unit L includes University staff. University staff were excluded from the scope of the audit.

⁶ Assistant Fire Chief – Air National Guard, Battalion Chief, Fire Captain, and Helitack Supervisor will be moving from Bargaining Unit K to Bargaining Unit O.

⁷ Bargaining Unit L will include the following job codes and titles: 13.101 Agriculture Police Officer III, 13.115 Staff Game Warden, 13.121 Game Warden IV, 13.135 Park Supervisor III (Commissioned), 13.136 Park Supervisor II (Commissioned), 13.137 Park Supervisor I (Commissioned), 13.204 DPS Lieutenant, 13.205 DPS Sergeant, 13.215 University Police Lieutenant, and 13.221 University Policy Sergeant. Bargaining Unit M will include the following title codes and job titles: 13.242 Supervisory Criminal Investigator, 13.246 Deputy Chief Investigator, 13.247 AG Criminal Investigator Supervisor, 13.255 Supervisory Compliance/Enforcement Investigator, and 13.263 Unit Manager. Bargaining Unit N will include the following job codes and titles: 13.310 Correctional Lieutenant, 13.311 Correctional Sergeant, and 13.321 Forensic Specialist 4. Bargaining Unit O will include the following job codes and titles: 1.812 Fire Management Officer II, 1.814 Fire Management Officer I, 1.816 Battalion Chief, 1.835 Helitack Supervisor, 1.850 Fire Captain, 1.868 Conservation Camp Area Supervisor, 1.870 Conservation Camp Supervisor, 11.702 Assistant Fire Chief-Air National Guard.

⁸ Based on unit petitions submitted to Government Employee-Management Relations Board.

⁹ AFSCME: 217 positions; NPU: 11 positions; NPOA: 14 positions; FOP: 6 positions; BBFFA: 11 positions.

¹⁰ Representation won through an election with the Government Employee-Management Relations Board.

¹¹ SB 135, 2019, 80th Session.

CBA's establish negotiated special pay requirements and benefits for covered employees, some of which are already granted through statute and regulation.¹² These overlapping provisions include standard pay such as overtime, shift differential, and holiday premium pay. When a CBA fails to address special pay or benefits, regulatory provisions prevail. Exhibit II shows a list of special pay and benefits granted by regulation and the CBA's.

Exhibit II

Special Pay and Benefits Granted by Regulation and the CBA's

Pay	Regulation	CBA	
		Rate	Union(s)
Acting Pay ^a	One salary grade higher: 2.5% of regular hourly rate; Two or more salary grades higher: 5% of regular hourly rate	One salary grade higher: 5% of regular hourly rate; Two or more salary grades higher: 10% of regular hourly rate	AFSCME FOP
Shift Differential Pay	5% of regular hourly rate	\$1.50 per hour or 5% of regular hourly rate ^b	AFSCME
Holiday Premium Pay	Regular hourly rate in addition to holiday pay	Time and one half of regular hourly rate in addition to holiday pay	FOP
Overtime Pay ^c	Time and one half of regular hourly rate	No difference	All CBA's
Standby Pay ^d	5% of regular hourly rate	No difference	All CBA's
Callback Pay	Two hours at a rate of time and one half of the regular hourly rate. Hours worked in excess of the first two hours must be paid as overtime at a rate of time and a half of the regular hourly rate ^e	Two hours at a rate of time and one half of the regular hourly rate	AFSCME FOP
Dangerous Duty Pay	10% of regular hourly rate	No difference	All CBA's
Special Adjustments to Pay	5% of the regular hourly rate	Rate dependent on the type of special pay	All CBA's
Compensatory Time	Time and one half of regular hourly rate	No difference	All CBA's
Tool Allowance	\$35 per month if monetary value of tool is more than \$300 but less than \$1,000. \$50 per month if monetary value exceeds \$1,000	\$1,200 per fiscal year	AFSCME

Source: NAC 284 – State Personnel System; Collective Bargaining Agreements.

Notes: ^a If the assignment is for more than 16 working days within a 30-day period, employee will receive acting pay. Acting pay is when an employee is temporarily assigned to assume the daily responsibilities of a higher classified position.

^b Employees eligible for the higher rate. Therefore, employees making \$30 an hour or less will receive \$1.50 per hour. Employees making more than \$30 an hour will receive a 5% hourly increase.

^c AFSCME and FOP include shift differential pay in the calculation of overtime pay.

^d Standby pay can be paid or accrued as compensatory time.

^e Callback pay does not apply to employees in standby status.

¹² NRS 284 and NAC 284, State Human Resources System, establish some special pay requirements and benefits.

Special Pay Requirements in CBAs Differ from Regulation

Some special pay requirements in the CBAs differ from those prescribed by regulation, particularly shift differential pay. Regulation requires employees to work an eight-hour shift with at least four hours worked in the qualifying period. Employees are to be paid shift differential for actual hours worked within the qualifying period. There is a discrepancy in the CBAs regarding which hours are defined as the qualifying period. Regulation and three of the five CBAs define the qualifying period as 6:00 pm to 7:00 am.¹³ The FOP agreement does not specify hours for the qualifying period, but provides a qualifying period is a swing, graveyard, or night shift on 12-hour schedules. Covered employees under the FOP agreement who work a qualifying shift will receive shift differential pay for all hours worked.

The NPU agreement does not address shift differential pay, while the NPOA and BBFFA agreements follow regulation. The AFSCME agreement provides shift differential pay for all hours worked in the qualifying period and if the shift includes four or more hours worked in the qualifying period, then the entire shift qualifies for shift differential. The FOP agreement requires employees work a qualifying shift to receive shift differential as allowed by the agreement.

For example, an employee whose schedule concludes at 8:00 pm would be paid differently across agreements. Under the AFSCME agreement, covered employees receive shift differential pay for hours worked between 6:00 pm and 8:00 pm. The same schedule under the NPOA and BBFFA agreements, or for a non-covered employee, would not be eligible for shift differential pay since a minimum of four hours were not worked within the qualifying period. The FOP agreement would treat all hours worked as eligible for shift differential pay if the shift was a swing shift but does not define the qualifying periods for swing, graveyard, or night shifts.

Further, employees covered under the NPU agreement receive shift differential pay inconsistently. Some employees are receiving shift differential pay only for the hours worked during the qualifying period, while others are receiving shift differential pay for the entire shift worked. Testing revealed shift differential was paid for the entire shift more often than not. The NPU agreement fails to address shift differential pay.

Acting Pay Paid at a Higher Rate

Acting pay provisions in CBAs are similar to regulation but are paid at a higher rate under the AFSCME and FOP agreements.^{14,15} Acting pay is compensated at

¹³ NAC 284.210 Differential rate of pay for qualifying shift.

¹⁴ NAC 284.206(3) Special Adjustment to Pay. Conditions for approval; request; effective date; revocation.

¹⁵ Acting pay is when an employee is temporarily assigned to assume the daily responsibilities of a higher classified position.

double the rate allowed in regulation under the AFSCME and FOP agreements. Employees covered under one of the other three CBAs or non-covered employees would be subject to regulation and receive a lesser rate when assuming responsibilities of a higher classified position.

The AFSCME and FOP agreements limit acting pay to a maximum duration of six months, while regulation allows employees to receive a higher rate for acting pay for up to one entire year after the effective date.¹⁶

DIA examination of personnel records identified one instance where an AFSCME covered employee received acting pay twice within a single year, in violation of the agreement. Acting pay was removed as a salary adjustment for the employee exactly six months following the effective date and was reinstated the next day, in what appears to be an effort to structure pay to bypass CBA provisions.

CBA Language Vague and Incomplete

The language regarding recruitment bonuses is vague and incomplete. The current FOP agreement includes provisions to pay recruitment bonuses. First-time-hired Correctional Officers at the Nevada Department of Corrections (NDOC) and Forensic Specialists at the Department of Health and Human Services, Division of Public and Behavioral Health (DPBH) are eligible to receive a recruitment bonus of up to \$7,500. The recruitment bonus is paid in four installments, with \$1,500 distributed in the employee's first paycheck. The second and third installments of \$1,500 each are paid after completion of three and seven months of service. The remaining \$3,000 is paid at 12 months of service. In fiscal year 2024, \$883,500 in recruitment bonuses were paid to Correctional Officers and \$76,500 to Forensic Specialists.¹⁷

FOP Agreement Fails to Measure Performance for Recruitment Bonus

The FOP agreement fails to include provisions for evaluating employee performance to determine recruitment bonus eligibility. First-time-hired Correctional Officers and Forensic Specialists covered under the agreement are eligible to receive a recruitment bonus paid in four installments beginning with the first day worked. However, bonuses are paid for "satisfactory completion" of periods of service without providing a description of what "satisfactory" entails or requiring evaluations to be documented and submitted to DHRM.

NRS 284.340 requires performance evaluation reports for probationary state employees be filed at the end of the third, seventh, and eleventh months.¹⁸

¹⁶ Regulation allows a 6-month extension with DHRM Administrator approval.

¹⁷ Fiscal year 2024 recruitment bonus totals as of September 2024.

¹⁸ NRS 284.340 Reports: Duties of appointing authority.

Evaluations are the state's mechanism for evaluating employee performance and communicating expectations.

The FOP agreement separately requires employees be made aware of specific work standards, performance elements, and work expectations. 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. This limits NDOC and DPBH's ability to take a proactive approach to release underperforming employees before additional recruitment bonus installments are paid.

Evaluations Not Performed for Recruitment Bonus

Satisfactory, or higher, evaluations are not required in order to receive installments of the recruitment bonus at NDOC and DPBH. HR staff at DPBH send out reminders to supervisors regarding upcoming performance evaluations and inform managers of any overdue evaluations; however, over 50% of newly hired Forensic Specialists received a recruitment bonus without an employee evaluation.

Likewise, DIA review of evaluations uploaded to HR Data Warehouse (HRDW) revealed NDOC uploaded only four performance evaluations in fiscal year 2024 for the 443 newly hired correctional officers.¹⁹ NAC 284.470 requires a report on performance to be prepared on the form prescribed by DHRM and filed in accordance with NRS 284.340.^{20,21}

One Third of NDOC Termed Employees Left Before Working 90 Days

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. Employees left or were dismissed for various reasons, including personal reasons and relocation. Specifically, 13 employees were dismissed during probation, three walked off the job, and four left for better paying positions. Five employees worked only one day, four of which received the \$1,500 bonus for that single day of work; one employee's bonus was pending.

¹⁹ One employee received the recruitment bonus, two were re-hires and not eligible for the recruitment bonus, and one terminated employment but received the initial recruitment bonus.

²⁰ NAC 284.470 Preparation, filing, contents, discussion and distribution of reports; powers and duties of employees; review; adjustment of grievances.

²¹ NRS 284.340 Reports: Duties of appointing authority.

Recruitment Bonuses Were Not Strongly Correlated to Increase in Filled Positions

NDOC is authorized to staff 1,530 correctional officer positions, encompassing both Correctional Officers and Correctional Officer Trainees. In fiscal year 2024, NDOC increased its recruitment efforts by engaging an external agency for marketing, recruiting, and onboarding. As a result, 443 Correctional Officers were hired, a 28% increase in filled positions. Among these new hires, 110 (25%) were rehires. It is important to note that the FOP agreement does not provide incentives for rehired employees and prohibits them from receiving the recruitment bonus, demonstrating the increase in filled positions is not strongly correlated to the recruitment bonus.²²

Special Pay Limits Are Inconsistent Across CBAs

Employees covered under the CBAs are entitled to certain special pay, including bilingual pay and pay for special assignments included in the agreements. The rates and criteria for receiving special pay are established within each individual CBA.

Three of five agreements impose maximum limits on salary adjustments for special pay, while two do not. The AFSCME and BBFFA agreements do not impose a limit on the number of special pay types an employee can claim at the same time, but offer the fewest number of special pay types. The NPU agreement has a 15% maximum limit on combined special pay adjustments. The NPOA agreement permits a maximum 20% limit on combined special pay adjustments, with no more than two categories to be claimed at one time.

The NPOA agreement specifically excludes bilingual pay from the imposed limit. The FOP agreement has a 10% maximum limit on combined special pay adjustments. Exhibit III shows CBA special pay types effective during the 2023-2025 biennium, by union.

²² Employees that are rehired, reappointed, or a promotional appointment are not eligible for the recruitment bonus.

Exhibit III

CBA Special Pay Types for the 2023-2025 Biennium

Special Pay	AFSCME	NPU	NPOA	FOP	BBFFA	Rate
Armorer and Transportation Staff				X		5%
Bilingual Pay	X	X	X	X		5%
Control Officer				X		5%
Correctional Emergency Response Team (CERT)				X		5%
Crisis Intervention Training (CIT)				X		5%
Critical Incident Response Team		X				5%
Field Training Officer		X	X	X		NPU: 5% NPOA: 20% FOP: 5%
Hazard Pay					X	25%
Honor Guard Duty		X				5%
Incident Pay					X	10%
Institutional Investigators				X		5%
Instructor Pay		X	X			5%
K-9 Pay		X				10%
Motors Pay		X				10%
Muster Pay				X		45 minutes overtime
Public Information Officer Duty		X				5%
Special Assignment ^a			X			Up to 20% for two special assignment categories
Task Force Special Assignments		X				5%

Source: Collective bargaining agreements.

Notes: Rate percentage increases are calculated on the regular hourly base rate.

^a Special Assignment includes dignitary protection/security, armorer, computer voice stress analyzer (CVSA)/polygraph examiner, evidence tech/custodian, and officer involved shooting (OIS)/use of force investigator.

Benefits Inconsistent Across Agreements

Benefits granted under the agreements vary across bargaining units, and benefits included in more than one agreement are inconsistently applied. For example, the rules for annual leave cash-outs differ across agreements, including frequency, timing, and allowable hours. Exhibit IV shows CBA benefits by union.

Exhibit IV

CBA Benefits by Union

Benefit	AFSCME	NPU	NPOA	FOP	BBFFA	Allowance
Annual Leave Cash Out	X	X	X	X	X	40 hours up to twice per year
Education		X				Associate's degree - \$500 per fiscal year Bachelor's/Master's degree - \$900 per fiscal year
Fitness Incentive					X	\$40 per month
Footwear Allowance		X				\$250 per biennium
Personal Leave Days	X	X	X	X		AFSCME: 4 days or 16 hours for part-time employees NPU: 1 day NPOA: 2 days FOP: 2 days
POST Certificate ^b			X			Intermediate Nevada POST Certificate - \$500 per fiscal year Advanced Nevada POST Certificate - \$900 per fiscal year
Recruitment Bonus				X		\$7,500
Relocation Stipend				X		\$5,000
Retention Bonus/Incentive	X	X	X	X	X	\$2,000 per fiscal year
Uniform Allowance ^a		X	X	X		NPU: \$1,400 per fiscal year NPOA: \$1,200 per fiscal year FOP: \$2,020 per fiscal year

Source: Collective Bargaining Agreements.

Notes: ^a Uniform allowance for the NPU agreement is only for Department of Public Safety employees.

^b Peace Officer Standards and Training (POST).

Employees covered under the AFSCME, NPU, NPOA, and BBFFA agreements can cash out up to 40 hours of annual leave twice per year in May and November. Employees covered under the FOP agreement have the same option or may cash out up to 80 hours in either month. CBAs do not allow cash-outs to reduce employee annual leave balances below 200 hours.

Additionally, there are varying eligibility criteria across CBAs resulting in stricter requirements for some special pay types. Lack of standardization complicates the process for verifying eligibility and ensuring employees meet pay and benefit criteria. Standardizing requirements across all CBAs would help streamline DHRM's oversight and monitoring processes.

Inconsistent Language between CBAs Makes Implementing Multiple Agreements Difficult

Some agencies expressed difficulties tracking special pay, which is compounded by state system reporting limitations. Inconsistent language between CBAs makes implementing multiple agreements more difficult. For example, Bargaining Unit N will become effective July 1, 2025 and will include Correctional Sergeants. Some Correctional Sergeants are currently receiving special pay granted to Correctional Officers under Bargaining Unit I. The next round of negotiations may result in Correctional Sergeants being subject to the same agreement as Bargaining Unit I or a different agreement with different provisions. A new agreement could present additional challenges to NDOC as it tries to implement and comply with different agreements in addition to regulations for non-covered employees. NDOC is currently the only agency implementing provisions from three separate CBAs for its covered employees.

Conclusion

The language regarding provisions for different types of special pay granted in CBAs is vague and incomplete. Inconsistent CBA provisions create challenges for agencies implementing and tracking special pay and benefits, leading to varied approaches and potential errors. Standardizing language across agreements would streamline the implementation process, improve consistency, and facilitate better oversight of CBA-related expenditures. This would also help ensure fair and equitable treatment of employees while reducing administrative complexities for agencies managing multiple agreements.

Recommendation

1. Standardize and clarify CBA language.

Develop a Database to Track and Monitor CBA Pay and Benefit Provisions and Covered Positions

The Department of Administration, Division of Human Resource Management (DHRM), should develop a database to track and monitor CBA pay and benefit provisions and covered positions. Developing a database will help DHRM identify and track active and inactive eligible employees, ensuring only covered employees receive CBA pay and benefits. This proactive approach will prevent inappropriate and missed payments to employees, thereby avoiding the administrative burden of taking corrective action. Monitoring CBA pay and benefit provisions and covered positions will help DHRM make informed decisions, such as cost-benefit analyses, budget allocation and forecasting, and addressing mismanagement of funds. This information will improve the negotiation process.

DHRM Lacks a Comprehensive Tracking Mechanism

DHRM lacks a comprehensive mechanism to track CBA special pay, benefits, and employee eligibility. The amount of CBA payments may be underestimated due to reliance on potentially incomplete reports because DHRM does not have a comprehensive tracking mechanism in place.

DIA had to review multiple, various reports to identify all employees eligible for special pay in fiscal year 2024. Reports included active rosters, organizational charts, and termination lists. Some system reports cannot be produced to reflect specific time frames or changes in employee status, resulting in potentially unreliable ad hoc reports. Additionally, accurate tracking of employee pay and benefits is hindered by multiple methods of processing special pay, leading to incorrectly reported agency CBA expenditures.

DIA discovered multiple pay codes were used for the same special pay salary adjustments, resulting in incomplete and inaccurate data. Additionally, available information varied across employee records. A more uniform and proactive approach is necessary to ensure comprehensive tracking of all covered employees. This approach should include implementing a centralized reporting system that consolidates data into a singular location and updates in real-time to reflect changes in employment status.

Standardizing pay codes for all special pay types will minimize discrepancies and ensure consistency in reporting. Current state systems have functional limitations and were not designed to manage the complexities of multiple bargaining units and CBAs.

NEATS Lacks Controls to Prevent Inaccurate Coding

The Nevada Employee Action and Timekeeping System (NEATS) lacks system controls to prevent inaccurate special pay coding by employees. NEATS does not prevent non-covered employees from coding to CBA-specific special pay types such as personal leave days.

NEATS does not prevent employees from stacking pay rates when calculating special pay. CBA provisions require special pay rates be calculated using the employee's regular hourly rate. Therefore, there are no system controls in NEATS to prevent an employee from coding multiple special pay types and exceeding the special pay limits established in each CBA. The combination of system limitations and inadequate oversight heightens the risk of timesheet errors, inconsistent pay practices, and overpayments to employees.

Multiple Codes Used to Track Identical Data

Agencies use different codes to track the same special pay types, which misreports special pay, benefits, and hours for the pay type. Some special pay types are salary adjustments and are automatically applied to all hours in paid status, while others are timesheet entries.²³

DIA found instances of salary adjustments coded to special pay such as motorcycle pay. However, there were also salary adjustments processed as "miscellaneous," making it difficult to identify the reason behind the adjustment. In these cases, comparing multiple paychecks is the only way to potentially identify the reason for the adjustment or the special pay type used. Additionally, DIA identified inconsistencies in coding personal leave days across various agencies. Some agencies used a dedicated code for personal leave days, while others coded these days as "administrative leave."

DHRM Faces Challenges in Identifying CBA Covered Employees

DHRM faces significant challenges in accurately distinguishing between employees covered by a CBA and non-covered employees. DIA found evidence that non-covered employees are receiving CBA benefits. Additionally, some CBA covered employees and agency leadership are unaware which positions are covered by one of the agreements and are entitled to the associated benefits.

DIA review of fiscal year 2024 salary adjustments and approval forms found some eligible employees received no special pay in fiscal year 2024 but may have been

²³ A salary adjustment is a change in employee status.

entitled to it. Forms were submitted to DHRM for employees to receive CBA benefits after DIA disclosed the oversight to agency leadership.

Additionally, non-covered employees are receiving CBA benefits, including: tool and equipment allowance; personal leave days; POST/education pay; uniform allowance; and bilingual pay. Review of fiscal year 2024 CBA special pay expenditures indicated non-covered employees receiving CBA benefits were not confined to a single agency or employee category.²⁴ The lack of reporting for which employees are eligible, have been approved for special pay types, and paid, makes it difficult for DHRM to ensure payments comply with CBA terms.

CBA Covered Employees Unaware of CBA Benefits

Some state agency leaders disclosed that they were unaware of CBA covered positions in their agency and were not informed about benefits granted to covered employees until notified by DIA. The reliance on notification from DIA indicates DHRM must improve communication with agencies and provide assistance and tools for agencies to understand, track, and monitor CBA benefits. Developing and introducing tools that allow for tracking and monitoring of CBA special pay and benefits will help agencies stay compliant and ensure employees receive the special pay and benefits they are entitled to.

Some employees that were incorrectly paid personal leave days and other special pay will eventually be covered by a CBA in the next biennium but are not eligible for these pay types in the current biennium. Some non-covered employees, such as administrative assistants, incorrectly received CBA special pay. These non-covered positions are dissimilar to positions covered by a CBA, and improper payments would have been easily identified and avoided if adequate oversight was in place.

Non-Covered Employees Receiving Personal Leave Days

DIA review of available fiscal year 2024 CBA special pay expenditures revealed at least 47 non-covered employees received CBA special pay; \$14,261 was paid to non-covered employees for personal leave days alone. Personal leave days are only authorized through CBAs on a calendar year basis, regardless of hire date and must be used in full-day increments.²⁵ Personal leave days expire at the end of each calendar year and are only valid while an employee is in a CBA covered position. Employees transferred within the same bargaining unit may retain unused

²⁴ Source: report provided by Governor's Finance Office, Budget Division.

²⁵ The AFSCME agreement grants four days to full-time employees and 16 hours to part-time employees. The NPOA and FOP agreements grant employees two days and the NPU agreement grants employees one day.

personal leave days; however, they must forfeit unused days when transferring to a different bargaining unit.

Comprehensive Data for CBA Covered Employees Does Not Exist

Comprehensive data for CBA covered employees does not exist. DIA requested DHRM provide a fiscal year 2024 report of data collected for CBA covered employees. DHRM provided a manually created list containing employee names, agencies, and job titles categorized by bargaining unit, but no other data. State systems do not have the functionality to compile this data, which may have contributed to the lack of information DHRM provided. It is difficult to monitor employees, manage special pay, and ensure compliance without an easily accessible and accurate list. Access to comprehensive information will allow DHRM and agencies to collaborate and effectively manage special pay and benefits.

DHRM Relies on Agencies to Identify and Self-Report Eligible Employees

DHRM relies on agencies to identify and report employees eligible for CBA benefits or special pay through the submission of approval forms reviewed by DHRM's Labor Relations Unit (LRU) to verify eligibility and authorize special pay processing. Form submission and approval does not ensure changes in pay status will be processed. Further, relying on agencies to submit approval forms has resulted in the inability to identify eligible employees for whom a form was not submitted. Lack of oversight may lead to inaccurate employee payments and untimely error corrections.

Incorrect Payments Across Special Pay Types

DIA found instances of incorrect payments across multiple special pay types and all CBAs, which resulted from variations in processing and improper approvals. Special pay can be processed as either salary adjustments or as pay parameters.²⁶ Salary adjustments are tracked and reported through the state's HR system, but pay parameters are not. Actual processing of special pay occurs at the agency level, resulting in inconsistent processes and unreliable information.

Special Pay Rates Are Improperly Stacked

DIA identified instances where employees improperly received stacked special pay rates. When an employee is eligible for multiple special pay types simultaneously, rates are applied individually to the regular hourly rate. Special pay rates are stacked when a special pay is calculated after another special pay has already been applied, resulting in an inflated hourly rate used for the second calculation.

²⁶ Pay parameters change employee pay, but do not affect employee status.

All CBAs require special pay to be calculated using an employee's base regular hourly rate and, therefore, should not be stacked unless specifically allowed by a CBA. For example, employees covered under FOP and NPOA agreements are eligible for shift differential when working overtime during the qualifying period. In this case, the agreements allow pay rate stacking and the employee's overtime rate is based on the greater rate.

Employees with POST Certificates or Degrees Paid Incorrectly

LRU staff stated that unions were able to negotiate for either education or POST certification pay. NPU elected to pay covered employees for degrees earned and the NPOA elected to pay for POST certification. Employees covered under the NPOA agreement are eligible for POST certification pay of either \$500 per fiscal year for an intermediate Nevada POST certificate or \$900 for an advanced certificate, depending on the highest level achieved.²⁷ Employees covered under the NPU agreement are eligible for education pay of either \$500 per fiscal year for an associate's degree or \$900 for a bachelor's or master's degree.

Employees with multiple POST certificates or degrees were paid incorrectly in fiscal year 2024. Three non-covered employees received POST certificate pay without being eligible and subsequently submitted forms approved by the LRU. The state was able to recoup \$900 from one employee in fiscal year 2024, processed as a deduction on their paycheck. DIA could not find evidence indicating \$1,800 in overpayments was recouped from the other two employees.

POST payments are difficult to track in state systems without reviewing individual employee pay stubs or accessing reports that may not always be available. DIA identified 18 eligible employees paid a combined \$15,000 in POST certificate pay in fiscal year 2024 that would not have been identified without review of a third-party report.²⁸ DIA estimates \$41,900 was paid to 51 employees for POST certificate pay, including the \$15,000 identified through the third-party report. However, the total paid could be higher because there is no reliable mechanism for tracking these payments.

DIA reviewed all fiscal year 2024 education payments associated with the NPU agreement for accuracy and compliance. Employees required to possess a bachelor's degree as a minimum qualification for their job specification are not eligible for education pay. DIA reviewed job descriptions to verify positions receiving education pay did not require a degree. DIA found multiple issues, including: one employee received education pay following denial; some employees received payments with improperly approved or missing forms; and some payments were never disbursed to approved employees.²⁹

²⁷ All NPOA covered positions require a basic POST category I or II certificate as a minimum requirement.

²⁸ Source: report provided by Governor's Finance Office, Budget Division.

²⁹ Underpaid employees were not paid as of the end of fiscal year 2024.

NPOA Special Assignment Paid without Approval

A total of \$66,254 was paid to 58 covered employees under the NPOA agreement in fiscal year 2024 for special assignment pay, \$16,908 of which was paid to 16 employees without a documented approval form.³⁰ DIA testing found 5 of 10 (50%) employees sampled were paid incorrectly, resulting in two underpayments and three overpayments.³¹ Some reasons for incorrect payment include: missing supporting documentation; errors in calculating special pay percentage; or incorrectly categorizing pay status.

Covered Employees Were Paid Hazard Pay without Prior Approval

Covered employees are eligible for hazard pay when engaging in the following activities:

- On a fire line of an uncontrolled fire;
- On a limited control flight under unusual and adverse conditions;
- Participating in ground operations beneath hovering helicopters; or
- Working in rough terrain, such as cliffs, narrow ledges, or near vertical mountainous slopes.³²

Hazard pay is a timesheet driven special pay type. Covered employees are eligible for hazard pay for the entire day when having engaged in a hazardous activity for any amount of time.^{33,34} DHRM's policy requires LRU approval prior to coding to this pay type.

DIA found 21 of 103 (20%) BBFFA covered employees were paid \$19,267 in fiscal year 2024 prior to having been fully approved, with amounts ranging from \$1,722 to \$4,371 per employee.^{35,36} Of these 21 employees, five were approved in September 2023 at the agency level but were not approved by the LRU until August 2024, immediately following DIA inquiry. DIA requested but was not provided with the remaining 16 forms; therefore, DIA could not verify whether the forms were approved by the LRU. Employees were not prohibited from coding to hazard pay prior to approval.

³⁰ Source: report provided by Governor's Finance Office, Budget Division.

³¹ Underpayment amounts were for \$842 and \$180. Overpayment amounts were for \$22, \$69, and \$151.

³² The Interagency Incident Business Management Handbook (IIBMH) definition of Hazard Pay. Any employee whose activity meetings the Hazard Pay definition qualify for twenty-five percent (25%) of their regular hourly rate of pay for all hours worked during any calendar day when performing the qualifying activity/activities.

³³ The IIBMH states that Hazard Pay shall be computed for all hours in pay status during the calendar day in which the hazardous duty is performed.

³⁴ DIA found 247 of 6,859 (3.6%) hours of hazard were spent on other job duties during fiscal year 2024.

³⁵ Source: report provided by Governor's Finance Office, Budget Division.

³⁶ Total hazard pay expended in fiscal year 2024 was \$160,359, with hours paid ranging between 228 to 606 hours per employee. All employees who received hazard pay were eligible and covered.

Insufficient Documentation and Miscalculations Resulted in Inaccurate Payments

DIA review of employee timesheets found multiple instances of insufficient or no backup documentation attached to timesheets to justify special pay for timesheet driven pay codes. Additionally, special pay was miscalculated in relation to employees' base hourly rate of pay. DIA found 3 of 15 (20%) employees tested were not paid accurately for hazard and incident pay.³⁷ Two employees were overpaid hazard pay by \$317 and \$475, and one was underpaid by \$62. Three employees were overpaid incident pay by \$27, \$78, and \$386.

Special Pay and Benefits Not Adequately Documented

Special pay and benefits are not adequately documented in existing state reporting systems to allow for comprehensive tracking. Inadequate reporting makes tracking CBA special pay and benefits difficult without significant manual effort. Agency rosters provide staffing information in real-time only, preventing access to historical information. System reports are constrained by data inputs available at the time of report generation. Any retroactive entries, such as backdating special pay, overwrite previously reported information.

DIA reviewed fiscal year 2024 recruitment bonus totals on July 31, 2024, and again on September 11, 2024. Totals reported in July were \$823,500 for Correctional Officers and \$73,500 for Forensic Specialists. According to the September report, amounts increased to \$883,500 and \$76,500, respectively, despite using the same reporting period.

Bilingual Pay Lacks Consistency

DIA identified multiple issues with bilingual pay, including discrepancies in payments and inaccuracies in DHRM records of bilingual employees. DHRM maintains a list of CBA employees approved for bilingual pay. DIA compared the DHRM list to bilingual salary adjustments and expenditures for fiscal year 2024, noting several issues including employees receiving approval for bilingual pay without the required certification.

Bilingual Pay Requirements Are Not Being Followed

Bilingual pay is granted under all CBAs, with the exception of the BBFFA agreement. DIA found inconsistencies in the approval process for bilingual pay and noted that pay requirements are not always being followed. One of four CBAs require certification from an accredited institution for bilingual pay, while the other three require certification by the department or agency. Exhibit V shows bilingual pay requirements by union.

³⁷ Incident pay is paid for hours not worked while assigned to an incident.

Exhibit V

Bilingual Pay Requirements by Union

Union	Certification	Requirement
AFSCME	Certification by Department/Division	<ul style="list-style-type: none">• Assigned work based on their bilingual skills• Participate in a statewide list and provide interpretation services to other departments/divisions
NPU	Certification by Department/Division	<ul style="list-style-type: none">• Assigned work based on bilingual skills
NPOA	Certification by Department/Division	<ul style="list-style-type: none">• Assigned work based on bilingual skills• Participate in a statewide list and provide interpretation services to other departments/divisions
FOP	Certification of Proficiency from an Accredited Institution ^a	<ul style="list-style-type: none">• Assigned work based on their bilingual skills• Participate in a statewide list and provide interpretation services to other departments/divisions

Source: Collective Bargaining Agreements.

Note: ^a Employee must be proficient in conversation, reading, and writing.

Special salary adjustment pay guidance issued by DHRM's LRU in March 2024 stated that all covered employees are considered certified and eligible for bilingual pay with the submission of an approval form and an agency memo attesting to an employee's requirement to use bilingual skills for at least 10% or more of job duties.³⁸ Non-covered employees are ineligible for bilingual pay. This guidance contradicts FOP agreement language and previous DHRM guidance requiring employees provide certification of proficiency from an accredited institution in order to qualify.³⁹

Sufficient Documentation for Payments Was Not Maintained

Payments made to covered employees for bilingual pay did not have sufficient documentation to support the payments. DHRM provided DIA with a list of covered employees receiving bilingual pay and copies of approval forms. DIA identified discrepancies in the DHRM bilingual pay list when compared to actual approval forms, including:

- Employees were incorrectly categorized under the NPOA agreement;
- Approval forms were provided for employees excluded from the DHRM bilingual list; and
- Employees were included in the DHRM bilingual list without an approved form on file.

Additionally, some employees receiving bilingual pay were excluded from the DHRM list and did not have an approved form on file, including both covered and

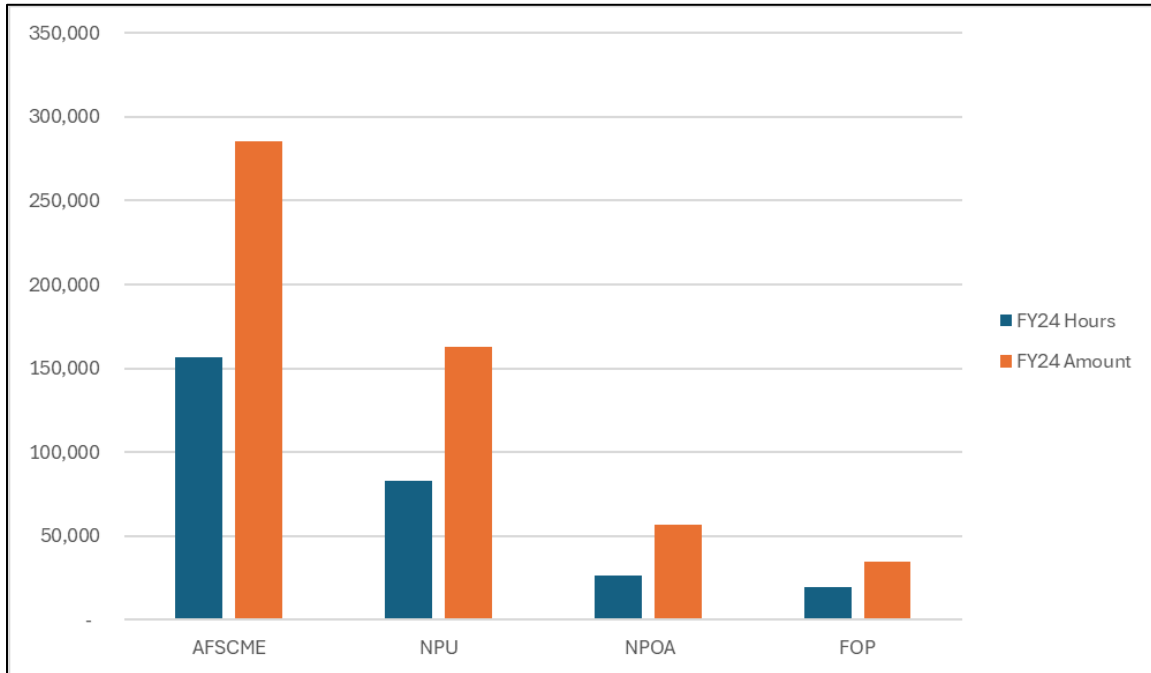
³⁸ Memos can be provided at the department or division level.

³⁹ LRU payroll guidance for FOP issued November 2023.

non-covered employees. Exhibit VI shows bilingual pay hours and amounts paid in fiscal year 2024.

Exhibit VI

Bilingual Pay Hours and Amounts Paid Fiscal Year 2024



Source: DIA analysis of available bilingual expenditures.

AFSCME represents the largest number of covered employees eligible for bilingual pay and the highest amount expended. Only 60% of AFSCME covered employees tested who received bilingual pay submitted an approval form; 21% did not include the required agency authorization memo; and 40% did not submit the approval form or the authorization memo. The approval forms were missing for 31% of NPU covered employees and 32% of FOP covered employees.

Untimely and Inaccurate Payments Resulted in Bilingual Pay Noncompliance

Untimely and inaccurate payments resulted in bilingual pay noncompliance. DIA identified factors contributing to both overpayments and underpayments of bilingual pay, including:

- Misapplied pay rates;
- Calculation errors for eligible hours;
- Typographical errors;⁴⁰
- Employees not paid when eligible; and
- Miscalculations of the 5% bilingual pay rate.

⁴⁰ One employee was mistakenly paid \$1,698 instead of \$170; the overpayment was recovered.

DIA review of all NPOA covered employees who received bilingual pay in fiscal year 2024 determined 4 of 15 (27%) employees tested were overpaid or underpaid. One employee was overpaid \$64, while the other three were significantly underpaid, the greatest by \$2,835.⁴¹

Employees Are Eligible for Bilingual Pay Only when in Paid Status

According to discussions with DHRM, covered employees are eligible for bilingual pay only when in paid status, including paid leave.⁴² Bilingual pay is coded as a salary adjustment for paid status hours in a pay period. DIA found instances of employees receiving bilingual pay when in unpaid status.

DIA discovered one covered employee worked 16 hours, recorded 64 hours of leave without pay, but received bilingual pay for all 80 hours. Only the 16 hours worked were considered paid status and the employee should not have been paid bilingual pay for the remaining 64 hours in unpaid status.

In contrast, another three employees that should have received bilingual pay for the entire 80 hours were paid for only 40 hours.⁴³ Additionally, an NPU covered employee was incorrectly paid a 10% bilingual pay rate instead of the allowable 5% rate, while several AFSCME covered employees received a flat bilingual fee of \$20. One error was found during testing of FOP covered employees, which was due to an employee receiving bilingual pay while in an unpaid status.

FOP Recruitment Bonuses Were Paid Inconsistently and Incorrectly

FOP recruitment bonuses were paid inconsistently and incorrectly. DIA tested all 93 fiscal year 2024 termed or transferred employees to determine if recruitment bonuses were appropriately paid according to the FOP agreement. DIA found four employees are still owed the initial \$1,500 bonus, despite having terminated employment. Two former employees received an extra payment of \$1,500 before being eligible for the second bonus payment.

Muster Pay is a Unique Benefit that is Costly to the State

Correctional Officers receive muster pay to account for the time spent entering the work area, receiving necessary information, and participating in work-related briefings. Muster pay cost the state \$11.7 million in fiscal year 2024, which was disbursed as overtime or banked as compensatory time. This pay increases a Correctional Officer's annual salary by an average of nearly \$5,900. A survey of neighboring states shows muster pay is either not compensated as overtime or not compensated at all. Arizona and Wyoming allow for 15 minutes of muster pay paid

⁴¹ Underpaid amounts were \$543 and \$1,578.

⁴² Paid status includes hours for which employees are compensated.

⁴³ All three employees are covered under AFSCME.

at straight time, and Oregon and Colorado do not offer muster pay to account for entry and exit into a facility.

A court ruling issued in March 2023 resulted in the state implementing muster pay. In *Walden v. State of Nevada (NDOC)*, plaintiffs alleged Nevada failed to compensate them for time spent working before or after scheduled shifts at state prisons and correctional facilities.⁴⁴ Muster pay is included as a provision in the FOP agreement for Correctional Officers, who are entitled to code 45 minutes of overtime or compensatory time for each shift worked, regardless of post or work assignment. NDOC received funding during the 2019 legislative session to conduct a staffing survey that has been budgeted since August 2023 but work has not commenced. This survey could provide insight into factors affecting vacancies and morale, and strategies to minimize muster pay such as overlapping shifts.

Conclusion

DHRM lacks a comprehensive mechanism to track CBA special pay, benefits, and employee eligibility. CBA payments may be underestimated due to reliance on potentially incomplete reports because DHRM does not have a comprehensive tracking mechanism in place. A lack of a comprehensive tracking system has led to inconsistent payments, misreporting, and administrative inefficiencies. DHRM can enhance oversight, reduce overpayments or missed payments, and support better decision-making by tracking CBA pay and standardizing pay codes for all special pay types.

Recommendation

2. Develop a database to track and monitor CBA pay and benefit provisions and covered positions.

⁴⁴ The plaintiffs filed wage and overtime claims under the Fair Labor Standards Act, Nevada's Constitution (for failure to pay minimum wages), and Nevada Revised Statutes (for failure to pay overtime and breach of contract). The settlement awarded \$55 million to affected officers.

Provide Guidance and Tools to Track and Monitor CBAs Prior to Implementation

The Department of Administration, Division of Human Resource Management (DHRM) should provide guidance to agencies prior to the implementation date of each new collective bargaining agreement (CBA). Additionally, DHRM should provide tools for agencies to track and monitor CBA benefits. Providing CBA guidance and tools will ensure consistent implementation and tracking across state agencies.

Timely Guidance Will Help Agencies Track and Monitor CBAs

DHRM is responsible for implementation and oversight of the special pay process and issuing guidance to affected agencies. Implementation guidance for the 2023-2025 biennium was not issued until November 2023, more than four months after CBA effective dates. The guidance was subsequently updated in March 2024.

The delay in providing guidance impacted agencies' ability to effectively manage and process special pay, which led to issues with implementation. Providing timely guidance to affected agencies will ensure all aspects of special pay are managed accurately, efficiently, and promptly to maintain consistency across agencies in future biennia.

Lack of Timely Guidance Resulted in Delayed Payments

Some agencies issued delayed payments to employees due to untimely DHRM guidance. Agencies expressed confusion about coding time because special pay codes were not established in the timekeeping system prior to the start of the CBA period. DHRM can better communicate CBA guidance by providing clear and comprehensive implementation procedures as part of a standardized framework for special pay types. The standardized framework could include:

- Tools and manuals for tracking employee eligibility and monitoring special pay and benefits;
- 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.

Labor Relations Unit Approval Process Can Be Improved

The DHRM Labor Relations Unit (LRU) lacks a formal process for approving special pay requests. Existing procedures do not ensure timely and accurate payments are issued to covered employees or ensure termed employees do not continue to receive special pay. Effective policies and procedures would include

review and validation of special pay approvals before covered employees are deemed eligible for special pay types.

The LRU depends on agencies with covered employees to submit a form for approval of special pay, referred to as the LRU-5. The LRU reviews the form and either approves or denies the special pay request. Agencies are only authorized to code and process special pay after receiving approval; however, current LRU-5 approval procedures lack adequate oversight. For example, only one LRU employee is required to review and approve LRU-5 forms, without supervisory review.

LRU-5 forms require four signatures consisting of the employee, appointing authority, an agency-level HR representative, and the LRU. Actual implementation and pay processing are managed by individual agencies, which is part of a segmented process that may result in delays or inaccurate payments to employees. DHRM needs to standardize and document processes, provide tools, and communicate guidance prior to implementation to ensure agencies track and monitor CBA special pay and benefits.

Conclusion

Untimely implementation guidance resulted in delayed payments and timesheet coding inconsistencies because special pay codes were not established in the system prior to CBA implementation. DHRM can better communicate CBA guidance by providing clear and comprehensive implementation procedures as part of a standardized framework for special pay types. By standardizing procedures, creating a comprehensive tracking tool, and enhancing oversight of special pay approvals, DHRM can improve accuracy, efficiency, and CBA compliance.

Recommendation

3. Provide guidance and tools to track and monitor CBAs prior to implementation.

Appendix A

Scope and Methodology, Background, Acknowledgments

Scope and Methodology

We began the audit in February 2024. In the course of our work, we interviewed members of management from the Department of Administration, Division of Human Resource Management (DHRM), Labor Relations Unit (LRU) to discuss processes inherent to collective bargaining agreements. We reviewed LRU policies and procedures, legislative history, applicable Nevada Revised Statutes, Nevada Administrative Code, employee records and timesheets, Nevada State Administrative Manual, governmental generally accepted accounting principles, and other state and federal guidelines. We concluded fieldwork in September 2024.

We conducted our audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Background

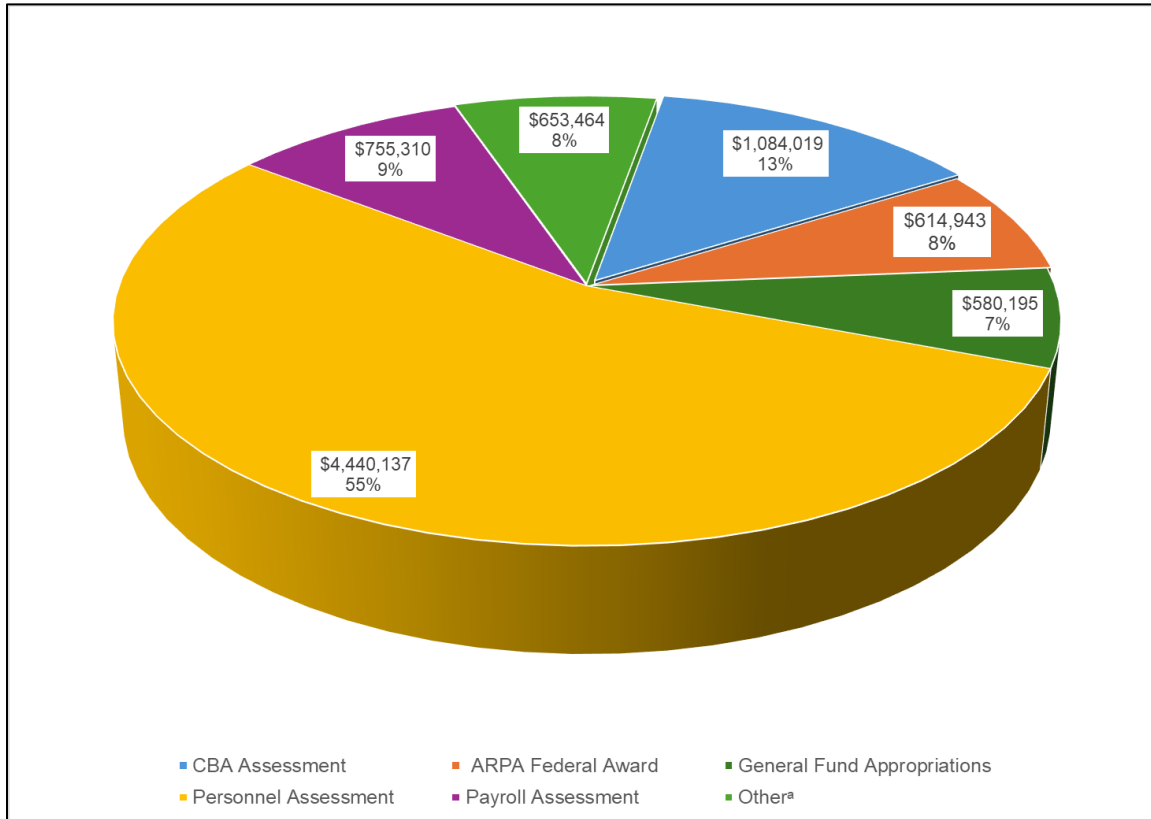
The LRU is responsible for providing expert consultation for collective bargaining implementation to State of Nevada public sector employees, employee representatives, agency representatives, and agency management. The LRU was established to provide expert advice, technical guidance, training, and policy support to the agencies concerning labor-management and labor relations arising within the collective bargaining units.

The goal of the LRU is to promote the development and growth of collaborative labor-management relationships within the state and to provide accurate and comprehensive guidance that will empower agency management to make informed decisions as labor challenges arise.

DHRM is funded by a combination of assessments, allocations, reimbursements, and other revenue. Exhibit VII summarizes DHRM's revenue by funding source for fiscal year 2024.

Exhibit VII

**DHRM Revenue by Funding Source
Fiscal Year 2024**



Source: Data Warehouse of Nevada.

Note: ^a Other includes salary adjustment funds, reimbursements, and miscellaneous revenue.

Acknowledgments

We express appreciation to the Department of Administration, Division of Human Resource Management and the Governor's Finance Office, Budget Division for their cooperation and assistance throughout the audit.

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Appendix B

Department of Administration Division of Human Resource Management Response and Implementation Plan

Joe Lombardo
Governor



Joy Grimmer
Director

Bob Ragar
Deputy Director

Bachera Washington
Administrator

STATE OF NEVADA
DEPARTMENT OF ADMINISTRATION
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October 14, 2024

Governor's Finance Office, Division of Internal Audits
209 E. Musser St., Suite 102
Carson City, NV 89701

Re: DIA Report No. 25-01 – Division of Human Resource Management Response and Anticipated Implementation Plan

Dear Mr. Stevenson,

As requested, the following information is provided as the Division of Human Resource Management's response and implementation plan for the recommendations contained in DIA Report No. 25-01. There were three recommendations issued to DHRM:

Recommendation 1: Standardize and clarify CBA language

The Division of Human Resource Management (DHRM) agrees with this recommendation and has already begun the process of standardizing and clarifying the language in the various Collective Bargaining Agreements (CBAs). However, changing the language in the CBAs cannot be done unilaterally by the DHRM. Each of the unions must agree with any changes made.

With collective bargaining entering its third round of negotiations, it is important to the DHRM that leadership and stakeholders within the State are knowledgeable and informed about the multiple CBAs. During the past six (6) months employees from the Labor Relations Unit, Attorney General's Office and the DHRM Administrator have been reviewing the language in the current contracts in order to standardize and clarify the language to the greatest extent possible. One way the DHRM is standardizing the contracts is by removing language which mirrors the Nevada Revised Statutes (NRS) and Nevada Administrative Code (NAC) and simply referring to the NRS and NAC as applicable. Now that the standardized language had been drafted, workshops are being held which allows agencies to review the language and offer feedback. The feedback helps to ensure the standardized language benefits agencies and does not hinder their ability to manage employees as needed.

The DHRM intends to propose this standardized language in all the new Supervisory Bargaining Units, and Bargaining Unit "C" which recently received exclusive representation. Unfortunately, the DHRM will need to negotiate the standardizing of language into the existing CBAs.

The DHRM is also working to provide consistency with the contract articles to assist agencies that have employees in multiple bargaining units the ability to search or reference the agreements more efficiently.

The DHRM recognizes that there are different types of added compensation in the existing CBAs, and the amounts or percentages allotted to those compensations vary. This will be a challenge to standardize. During negotiations, the Labor Organizations are allowed by statute to negotiate compensation and how best it will serve its membership. This allows for a range in the amounts the employees receive for special pays, benefits, or allowances. It is the plan for the DHRM to standardize additional compensation as much as possible, but the Labor Organizations do have the ability to declare impasse if an agreement cannot be reached. In an impasse arbitration, an arbitrator has the ability to inform the State what language will be used in the contract. Even after the arbitrator makes a decision, all compensation still needs to be approved by the Board of Examiners and allocated by the Legislature prior to it being finalized. New contracts are statutorily required to go into effect July 1, 2025. The hope of the DHRM is that these contracts will be much more standardized than the current agreements.

Recommendation 2: Developing a database to track and monitor CBA pay and benefit provisions and covered positions

The DHRM agrees with this recommendation of improved tracking of CBA added compensation and benefits.

The DHRM is currently implementing an upgrade to its Human Resource System with Advantage 4. The upgraded system has been designed to better handle the intricacies of collective bargaining. The system will be able to designate specific positions to their bargaining unit, which is a huge improvement from our current system. This will reduce the number of hours employees currently need to collect data for review.

In addition, based on the current classification study, the DHRM plans to significantly reduce the amount of job titles in each bargaining Unit, allowing Agencies to track covered employees more efficiently.

In January 2025, the State is moving to a Positive reporting model requiring employees to accurately report their time and additional compensation. The DHRM will be providing training on this before January to ensure the Agency's pay clerks are reviewing timesheets for accuracy. The DHRM will run audits and reports to verify accuracy in collective bargaining payments; however, the onus is on the Agency to accurately approve an employee's timesheet.

Recommendation 3: Providing guidance and tools to track and monitor CBAs prior to implementation.

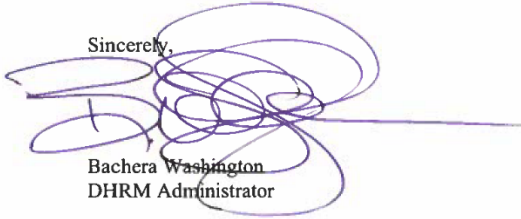
The DHRM agrees with the recommendation to improve communication and training with the various agencies prior to the implementation of the new contracts.

Once this round of negotiations has concluded, the Labor Relations Unit will begin holding training sessions to review the new contracts in-depth with each Agency. Previously, training was done individually per Agency, and usually consisted of just Human Resources and minimal Leadership. The Labor Relations Unit will be holding multiple in person and virtual training sessions in May and June, to review and answer questions for all Agencies with CBAs. Agencies having employees who fall under each bargaining unit will be notified of the training dates in advance. Previously, the Agency Leadership was responsible for selecting who would attend training, leaving a gap in the information reaching the supervisors who would most benefit. The training will be an all-encompassing session that will review language, meaning, intent, and applicable codes to different pays and leave types.

After the initial training sessions, the Labor Relations Unit will begin offering individual Agency follow-ups every quarter to educate and inform new supervisors about the collective bargaining agreements and answer any new questions the Agencies may have.

Along with Advantage 4, the DHRM will continue offering guidance through Microsoft Teams, Listserv and Outlook giving Agencies the tools they need to understand the various contracts, their intent regarding the language, and how to stay in compliance with what was negotiated.

Sincerely,

A handwritten signature in purple ink, appearing to read 'Bachera Washington', with a long horizontal line extending to the right.

Bachera Washington
DHRM Administrator

Appendix C

Timetable for Implementing Audit Recommendations

In consultation with the Division of Human Resource Management (DHRM), the Division of Internal Audits categorized the recommendations contained within this report into two separate implementation time frames (i.e., *Category 1* – less than six months; *Category 2* – more than six months). DHRM should begin taking steps to implement all recommendations as soon as possible. The target completion dates are incorporated from Appendix B.

Category 2: Recommendations with an anticipated implementation period exceeding six months.

Recommendation	<u>Time Frame</u>
1. Standardize and clarify CBA language.	June 2025
2. Develop a database to track and monitor CBA pay and benefit provisions and covered positions.	June 2025
3. Provide guidance and tools to track and monitor CBAs prior to implementation.	June 2025

The Division of Internal Audits shall evaluate the actions taken by DHRM concerning the report recommendations within six months from the issuance of this report. The Division of Internal Audits must report the results of its evaluation to the Executive Branch Audit Committee and DHRM.