

Joe Lombardo
Governor
Chairman

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



STATE OF NEVADA EXECUTIVE BRANCH AUDIT COMMITTEE

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Members
Stavros Anthony
Lieutenant Governor
Francisco V. Aguilar
Secretary of State
Zach Conine
State Treasurer
Andy Matthews
State Controller
Aaron D. Ford
Attorney General
Vacant
Member of the Public

Date and Time: July 19, 2023, 9:00 AM
Location: Old Assembly Chambers of the Capitol Building
101 N. Carson Street
Carson City, Nevada 89701
Video Conference Location: Grant Sawyer State Office Building
555 E. Washington Avenue, Ste. 5100
Las Vegas, Nevada 89101

MEETING MINUTES

1. Call Meeting to Order/ Roll Call/ Remarks

Roll Call established a quorum was present:
Chair, Governor Lombardo
Secretary of State Aguilar
Treasurer Conine
Controller Matthews

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 397 609 155#. 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 presented for the committee's information or consideration.

3. Approval of the December 14, 2022 Minutes. (For Action)

Treasurer Conine, as the only current member of the Executive Branch Audit Committee who attended the December 14, 2022 meeting, attested to the accuracy of the minutes and moved for approval. Secretary Aguilar seconded on the advice of counsel. The minutes were approved by the committee.

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

- A. (DIA 23-03) Department of Conservation and Natural Resources, Division of Water Resources – Rate Equity; Ruby Camposano, Executive Branch Auditor; Craig Stevenson, Audit Manager.

Ms. Camposano noted Adam Sullivan, State Engineer, was representing the Division of Water Resources and Jeff Mitchell, Deputy Director, was representing the Department of Taxation. Ms. Camposano highlighted that this was our second audit for the division. The division requested this audit to review the procedures related to water assessment and indirect cost allocation.

There are two types of water basins in Nevada, agricultural and municipal water basins. Agricultural water basins are basins that are predominantly, at least 50%, used for agricultural purposes. Municipal basins serve non-agricultural users. Basin management costs of the agricultural basins are paid by the water rights holder based on the proportion of water rights owned to the total water rights issued within that basin. This audit focused on water assessment and cost allocation equitability for municipal water basins that charge of a flat fee to all users within the basin.

The Division of Internal Audits (DIA) made two recommendations. First, DIA recommends the Division of Water Resources (division) reinstate the former water assessment methodology for municipal water basins. The former water assessment methodology for municipal basins was based on assessed property value.

A property value assessment for a water management fee means a large residence or commercial building with a higher property value would pay a larger assessment than a small residence. A significant difference exists in water consumption between residential and commercial users. The current methodology charges both residential and commercial users the same flat fee. Residential property owners effectively subsidize the basin water management cost of commercial and industrial property owners that generally use more water. Reinstating the former water assessment methodology that is based on assessed property value will enhance assessment equitability for municipal water users.

Second, DIA recommends the division develop an equitable basin cost allocation methodology that is consistent with accounting best practices. The division currently uses the cash balances of the basin budget accounts as the basis for assigning indirect cost allocation. This methodology is an arbitrary approach that charges expenses to the basin budget accounts with higher cash balances without consideration to the actual basin management cost incurred. This methodology is not consistent with accounting best practices and has resulted in inequitable indirect cost allocation and subsequently inaccurately billing water users.

Basin cash balances do not provide an accurate reflection of the costs and expenses associated with basin management. Accounting best practices require costs to be matched to funding sources. Allocating indirect costs based on the basin budget account's

percentage of indirect expenses to total expenses will accurately assign the division's indirect cost to the basin budget accounts that receive the benefit.

The direct expenses recorded in the respective basin budget accounts directly correlate with the operation of that basin and will provide an accurate measure of the indirect resources used. Moreover, an accurate cost allocation will provide the division with precise data and insight into basin financial activities and allow the leadership to make better informed basin management decisions.

We would like to thank the management and staff of the NDWR and Department of Taxation for the time and input throughout the audit. We will be happy to answer any questions the committee may have at this time.

Secretary Aguilar asked what is the impact of this change on a traditional farmer in the Fallon area? Is there any impact? Because I assume they use the agricultural basin, not the municipal.

Administrator Lowman responded that this audit and recommendation was focused on the municipal water basin, not the agricultural basins, so there is no impact.

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

- A. (DIA 23-01) Peace Officer Standards and Training Commission – State Support; Patti Antonucci, Executive Branch Auditor; Craig Stevenson, Audit Manager.

Ms. Antonucci noted Director Michael Sherlock and Deputy Director Chris Carter are representing the agency. This is the six-month follow-up to DIA's Commission on Peace Officers Standards and Training (POST) audit, DIA Report 23-01. The audit focused on significantly declining court assessment fee revenue, which inhibited POST's ability to meet its statutory mission.

Of the three recommendations, recommendation 3 is fully implemented, developing policies and procedures for audit follow-ups and reporting audit results to POST leadership. POST updated its administrative manual to include internal weekly audit updates and audit results are reported at the POST commission meetings.

Recommendation 1 is partially implemented. We recommended POST assess additional funding options for public protection training. POST received legislative approval to be fully funded by the state general fund during the 2023 legislative session. However, the emergency vehicle operators' course (EVOC) remains unfunded. POST requested ARPA funds unsuccessfully but continues to pursue funding through the capital improvement plan.

Recommendation 2 is also partially implemented. DIA recommended POST report meaningful public safety performance measures and outcomes. POST is updating its performance measures and will implement this recommendation in the next biennium with their agency budget request.

Treasurer Conine asked what was the capital cost of that additional emergency vehicle operations center? What's the actual number? Director Sherlock stated the CIP request is basically a start over. A CIP request was approved back in 2007, nearly fully funded at that time, but with the economic downturn, those funds were swept, and now Post needs to start over. Director Sherlock noted \$360,000 is the current request for the initial work.

Treasurer Conine asked Director Sherlock to scope the entire project. Director Sherlock responded it was about \$14 million now. Treasurer Conine asked what the timeline would be to complete the CIP funding request. Director Sherlock responded the initial request for the \$360,000 was based on the Public Works timeline with an April 1st deadline for consideration for the 2023 legislature. The remainder would follow on a subsequent request for consideration in later sessions.

Governor Lombardo asked Director Sherlock how POST was accommodating EVOC requirements in the interim? Director Sherlock responded POST was using the training center in Reno for its academy requirements, although it was a burden from moving all recruits or cadets up to Reno and other considerations. Prior to that, POST was using a parking lot here in Carson City which is just not the best or most conducive option for training. The other issue with going to the training center in Reno is there is a new cost for POST. POST has to rent that facility and is at the mercy of the facility's schedule and trying to schedule POST's people with all their needs in being considered.

Governor Lombardo clarified with Director Sherlock he was referring to the joint training center in Washoe County.

Governor Lombardo asked what POST was doing in the south?

Director Sherlock noted Metro uses the racetrack. Henderson has a facility that it's currently using. In the south, they are working on a joint EVOC location right now, in fact. There is a lot more opportunity in the south for locations that could be used for that type of training.

Director Sherlock noted much depends on the academy in the south; Nye County has an academy. Henderson and Metro are using different locations, but right now these academies are doing okay.

Governor Lombardo asked if POST was able to accommodate requirements by using the Northern Nevada Training Center, why would POST continue to pursue an EVOC of its own? Director Sherlock answered POST was limited on when it can schedule the training center in Reno. The issue is the ability to provide training for the rural and smaller agencies across the entire state is extremely limited. The priority for the Northern Nevada Training Center is the consortium, which is Washoe County, UNRPD, Reno PD, and Sparks PD. Outside of the consortium, POST is secondary in terms of scheduling and its ability to use that facility and cars and all that type of thing. POST still believes there is an extreme need for our rural agencies to be able to attend that type of training, even if it is maintenance training, we're unable to do that. Right now, POST schedules the academy and that is it because it does not have the facility to do continuing education and driving.

Secretary Aguilar asked if the south has capacity for the training, is there a reason why the south is not used for this training, especially if officers are coming from all over the state?

Director Sherlock responded that many considerations go into emergency vehicle operation training; a significant consideration is the cars required for the training. Emergency vehicle operations is a mandated subject within basic training. The POST basic training academy is in Carson City. The Las Vegas Metropolitan Police Department runs about 60 people through their academy at a time; POST is running 30 - 35 people at a time. Moving that many cadets to the south for a 40-hour course would be difficult and cost prohibitive for POST. POST cannot move the cadets in the north to the south during the basic training program to attend EVOC training. The training has to be regional in scope.

- B. (DIA 23-02) Department of Conservation and Natural Resources, Division of Water Resources – Fiscal Processes; Ruby Camposano, Executive Branch Auditor; Craig Stevenson, Audit Manager.

Ruby Camposano noted State Engineer Adam Sullivan was representing the Division of Water Resources. This is the six-month follow-up to DIA's first audit of the Department of Conservation and Natural Resources, Division of Water Resources, DIA Report #23-02. The audit focused on reducing the division's reliance on state general funds by pursuing self-sustaining funding options.

DIA made two recommendations; both recommendations have been partially implemented.

First, DIA recommended the division seek legal analysis of statute to determine allowable charges to water users. Statute allows the division to charge water users for necessary water management costs; however, the statute is not clear about what specific expenses may be charged to the water users.

The division does not currently charge all indirect costs to the water users. Instead, it relies on state general funds to pay these expenses. The division made a formal request for analysis to the Attorney General's office, and the Attorney General's office is currently analyzing this request.

Second, DIA recommended the division seek a BDR to update the fee schedules. The division received the recommendation after the BDR submission deadline for the 2023 legislative session. The division reports it will pursue the BDR during the next legislative session.

Governor Lombardo noted the Attorney General's response seemed vague and was it possible to get a more definitive answer when the opinion would be completed? Administrator Lowman responded he would reach out to the AG's office and get a timeline.

Governor Lombardo noted there was not much accomplished on the recommendations in this six-month report. Administrator Lowman agreed and pointed to DIA's assessment that the recommendations were only partially implemented.

Governor Lombardo stated it was unfair to conduct a comprehensive audit if you cannot even get a date on when the Attorney General Opinion would be issued. Administrator Lowman stated DIA would work to get a date for the committee's information.

6. Presentation of Annual Follow-Up Reports. (Information Only)

- A. (DIA 21-06) Department of Conservation and Natural Resources, Division of Forestry – Overtime; Craig Stevenson, Audit Manager.

Craig Stevenson, Audit Manager, noted Kacey KC, State Forester Fire Warden was representing the division. This is the first annual follow up to DIA's Department of Conservation and Natural Resources, Division of Forestry audit, DIA Report Number 21-06. The audit focused on overtime monitoring.

Recommendation 1 has been fully implemented and the division continues to successfully monitor overtime. Earned overtime is tracked biweekly and reports are sent to DCNR leadership for monitoring.

The second recommendation, to coordinate with NDOC to reestablish the inmate workforce, is partially implemented. The division conducts biweekly meetings with NDOC leadership to organize efforts to increase inmates available for the workforce. The average population of inmate workers remains steady at approximately 350 statewide.

Legislation passed in 2019 dramatically reduced the number of inmates available to staff conservation camps. AB 236 reduced sentencing and decreased the number of minimum security qualified inmates in the workforce and made many inmates eligible for early release. The division is working with NDOC to create a long-term plan to reestablish the inmate workforce.

- B. (DIA 21-07) Department of Agriculture – Grants Management; Beatriz Mena-Ortiz, Audit Manager.

Beatriz Mena-Ortiz, Audit Manager, noted Director J.J. Goicoechea was representing the department. This is the first annual follow-up of DIA's Department of Agriculture – Grants Management audit, DIA Report Number 21-07. The audit focused on improving oversight of grants management and accounting practices to help ensure more efficient and timely use of federal grant funding opportunities, which impacts the future dollars for the state.

One recommendation remains outstanding; NDA has partially implemented the recommendation to improve grants management and fiscal processes. As noted in the six-month follow-up, full implementation will require completion of outstanding corrective actions and evidence of formal written policies, procedures, and internal controls for grant management and fiscal processes. NDA has taken action to improve grants management and fiscal processes including updating record keeping to a paperless system, redefining the rules of program and setting up an internal tracking system so federal reimbursements are timely and expenditures are completed within the 90-day deadline.

Treasurer Conine thanked the department for the work on this audit. He noted this audit brought up a lot of problems with the grant process that is statewide that we run into everywhere. It seems like the last outstanding step or one of the last outstanding steps is simply committing everything that the department is already doing to writing. He asked for the timeline of when this would be finished.

Amara Vigil, Deputy Director, responded that the department was working on writing these policies and procedures. The department has policies in place and are working on the procedures. She estimated by the end of fiscal year 2024, the department should have the procedures outlined and put in place. The department would like to make some changes with some software that it would like to put into place, grant management software, which will change the procedures as we update them.

Treasurer Conine suggested that as the department was looking at grant management software, obviously grant management software is part of the larger conversation and there is grant management software also being looked at by a number of other agencies. As much collaboration as we can possibly get, especially through the Governor's Grants Office, will save a lot of pain in the future.

Secretary Aguilar asked why the department has to start over on policies and procedures that are related to these types of issues. Are other documents you can copy and paste from other agencies or is every agency different? Deputy Director Vigil answered each agency is different in how it manages fiscal areas. She stated the department had reached out to the Grant Management Office to get some of their policies and procedures and has been looking at those to incorporate into the department's. Director Goicoechea added the department was aware of what does not work and is changing those procedures.

Secretary Aguilar stated he assumed this situation is a regular occurrence of policy and procedures and observed that the state did not have somebody who is an expert in this type of work and it was an additional burden on staff. He asked is there a way to look at the audit, the internal audit division, to have somebody whose specialty is drafting policies and procedures?

Treasurer Conine added he thought there is something that we could all do; that is to try and unify some of this policy and procedure work, because a lot of it is the same in all agencies. He noted that if you just look at grants management, if there are 10 agencies that get federal grants, there are 14 policies about how we should manage federal grants.

Administrator Lowman responded that DIA looks to the Grants Management Office as the focal point to bring as much of an enterprise approach to policies and procedures on grant management as possible. As the deputy director accurately said, all agencies are a little different and as the Treasurer said, all grants are managed a little differently, but the Grants Office would be the expertise in the state who could work in that way.

Governor Lombardo invited his Deputy Chief of Staff, Jim Wells, to comment on the Office of Grants Management. Mr. Wells stated the Governor's office is working with the Grants

Office to update the policies and procedures for grants management that have not been updated for close to a decade. The Governor's Office expects the updates to be done sometime in the current fiscal year.

- C. (DIA 22-01) Department of Administration, State Public Works Division, Buildings and Grounds Section – State-Owned Building Rental Rates; Craig Stevenson, Audit Manager.

Craig Stevenson, Audit Manager, noted Director Jack Robb was representing the agency and attending from Las Vegas. This is the first annual follow-up to DIA's Department of Administration, State Public Works Division, Building and Grounds Section audit, DIA Report Number 22-01. This audit stemmed from questions regarding rental rate equity of state-owned buildings, specifically the Grant Sawyer Building.

There is one recommendation outstanding to enhance the transparency and accuracy of rental rate calculations for state-owned buildings. The Director has a plan moving forward for enhancing the equity and transparency of rental rate calculations for state-owned buildings and reports the new rent methodology will be rolled out for all state-owned buildings beginning with the new state campus buildings in Las Vegas. Once DIA has reviewed the new methodology and determined it meets the intent of the audit, the recommendation will be considered fully implemented.

Treasurer Conine thanked Buildings and Grounds for all the work on this audit that was kicked off when his office received its new invoice and realized it was being charged for square footage that was in an atrium four stories over an open space of ground. Treasurer Conine commented that as we move into the new office campus, some of the kind of legacy issues here should get cleaned up in the transition but was hopeful to include that new office campus and follow-ups both on the space planning side and on the charging side just to make sure we don't unintentionally put ourselves back in a jackpot, adding he knew Director Robb would not do.

Director Robb stated his department was committed to standardizing the process. The department has come up with a policy and is going to work with stakeholders to make sure that it is very transparent and equitably spread across all agencies in the new campus and other buildings the state is acquiring as well as the legacy buildings the department still maintains.

Governor Lombardo noted not all functions of the state are going to go to the campus, and obviously there are functions in the North. The Governor asked is this formula going to be provided so we can ensure the calculations are correct for the existing buildings.

Director Robb responded all formulas will be consistent statewide. The formula is going to be based on national standards and will look at distribution amongst floors on buildings that are multiple story to determine common area allocation. The allocation will look a little different on multiple story buildings when individual agencies occupy the whole floor, including common areas, restrooms, stairwells, and other areas. The allocation will be

applied consistently across the state for all state-owned buildings through Buildings and Grounds.

Treasurer Conine followed up to clarify consistency based on local market rates noting an office building in Ely is going to be a different cost per square foot than an office building in Vegas. Director Robb answered the department was approved for a standard rate across the state, whether in Elko, Ely, Reno, or Las Vegas. Director Robb stated the department hoped to work with stakeholders going forward and work through the Governor's Finance Office to come up with some methodology to not only cover the cost to have the individual agencies in these buildings but to get to a point addresses routine and preventative maintenance and stay away from deferred maintenance, which is currently plaguing the Grant Sawyer building.

Governor Lombardo interjected he did not think that response answered the Treasurer's question. The Governor asked if the department was trying to achieve a non-standard rate across the state. Treasurer Conine clarified the point he was making was perhaps the rental rates would be different for different places but it seems the agreement was or the decision was to make the rental rates consistent state-wide using the same methodologies so that a square foot in Elko would be the same cost of square foot in Las Vegas. The Treasurer noted it would mean rural tenants would be subsidizing Las Vegas in the future.

Matthew Tuma, Deputy Director, Department of Administration stated the department charges a flat rate for all state-owned office space. All entities pay the exact same rate, whether in Northern Nevada, Southern Nevada, or in a rural county. There is a different rate for storage space as well as a couple of other uses. The department is moving forward with breaking out square footage based off of building usage to make sure they are not overcharging and are charging equitably amongst agencies. As a follow up on a previous question on evaluating legacy systems, Deputy Director Tuma noted part of the Division of Public Works effort is remeasuring all existing buildings to ensure they are using updated, accurate square footage in calculations.

Governor Lombardo asked if the new formula is approved by the Division of Internal Audits or by this committee prior to implementation? Deputy Director Tuma responded that statutorily, Public Works determines what that rate is and charges that out to customers.

Governor Lombardo asked about the rate specific to the formula. Deputy Director Tuma responded that would be at the determination of the Public Works Division. Deputy Director Tuma noted the department likes to do that through a transparent process and wants to make sure they are reporting the methodology through this committee as well as ensure the legislative branch has visibility on the methodology.

Governor Lombardo asked will the audit continue; the committee would not consider this recommendation closed at this point. Administrator Lowman responded DIA will look at the methodology and assess if it meets the intent of the recommendation. Even though the major buildings in question have changed, DIA will still evaluate the methodology with respect to the audit recommendation for the next annual follow-up.

D. (DIA 22-02) Department of Public Safety, Investigation Division – Administrative Processes; Beatriz Mena-Ortiz, Audit Manager.

Beatriz Mena-Ortiz, Audit Manager, noted Deputy Director Sherry Brueggemann and Chief Ryan Miller were representing the agency. This is the first annual follow-up to DIA's Department of Public Safety, Investigation Division audit, DIA Report Number 22-02. The audit focused on improving oversight of federal grants, performance measures, and workforce diversity to help ensure more effective and efficient operations.

One recommendation remains outstanding and one recommendation is no longer applicable. Since the six-month status report, the one outstanding recommendation to better align performance measures with NDI's priorities has been fully met. NDI reported the performance measures were approved through the budget process.

NDI has not taken proactive action to promote workforce diversity. NDI reports they have no authority to implement recommendations related to recruiting and do not have the information necessary to respond to questions and or concerns related to the department's recruiting effort because recruitment is the responsibility of the department.

Governor Lombardo stated the consensus of the report is NDI does not have any authority, so that falls under the Department of Public Safety and we are done with this. Administrator Lowman responded that was correct based on NDI's official response to the follow-up.

Governor Lombardo asked if DIA audited the Department of Public Safety to ensure that the diversity question was answered in their existing policies? Administrator Lowman responded DIA had not yet audited the department. One of the approved audits on DIA's audit plan is the director's office and DIA has not yet had the time to look at a host of issues to be audited.

Governor Lombardo asked the agency representatives if that was how they saw it? Sherry Brueggemann, DPS Deputy Director replied no, that DPS had answered many questions with regard to recruiting and a report on what DPS is doing. Up until this year, DPS did not have the rates to be able to pay officers what was needed. So, DPS was extremely short of officers. She stated that thanks to all the laws that passed, DPS is looking very strong now. DPS is seeing double and triple the number of applications coming in. The quality of the applicants is still not exactly what DPS had hoped for but about 50% of them are passing the polygraph right now and that is a good thing. It was like less than 10% before of a very small number of applications. In addition, DPS has been approved for some ARPA funds; \$500,000 for a marketing campaign and that will be heard in the August IFC. Up until this point, DPS had no marketing money whatsoever.

Governor Lombardo said he appreciated the Deputy Director's comments but the question overall of the audit is diversity. The issue is not numbers but diversity. Administrator Lowman responded that was correct. As the Deputy Director noted, DPS now has tools that they did not have before so DIA would anticipate going in after some time when there is sufficient data to be able to make a more informed assessment of how diversity recruiting is working out at the director's office.

Deputy Director Brueggemann interjected that the question was originally about diversity in the Division of Investigations. NDI is a small division and the people in that division were on the very close side of retirement. The Deputy Director said there was not a lot of diversity in that division because of the number of years in by those close to retiring. NDI takes transfers from the rest of the department and it is those people who are interested in applying. If the diversity question is looked at for the entire department, the numbers are looking pretty good; definitely can look better but everything is down at this point.

Secretary Aguilar asked is there a priority for diversity within the director's office. Deputy Director Brueggemann responded there is always a priority for diversity in the director's office but we are so short staffed there is a limited number who can meet our standards because we refuse to drop those. DPS advertises on social media directed to diverse populations. DPS considered the 30 – 30 – 30 program where women are especially targeted of all races. Diversity is number one in DPS's mind at all times. DPS seems to be getting a good response from the program. DPS hopes to make it all the way through the process to validate those targets worked.

Secretary Aguilar asked if DPS had recruiting plans to target populations with the \$500,000 coming from ARPA? Deputy Director Brueggemann responded DPS definitely did but the hope for a marketing plan is to get a marketing firm to help us target those people. DPS is looking at some help with finding the targets to message.

Treasurer Conine asked when DPS was awarded \$500,000 from ARPA. Deputy Director Brueggemann stated it is supposed to happen at IFC in August. The Deputy Director stated she knew they were prioritizing work programs based on the number that were going before the August IFC but was unaware if approval for the DPS award was being postponed.

Treasurer Conine asked, assuming the award was approved, would DPS move into an RFP process. Deputy Director Brueggemann responded DPS may not have to go through an RFP process because it already has a contracted marketing company and there are a number with the state. She stated she did not anticipate having to do an RFP. DPS may be looking at suggestions or programs from the various marketing companies within the state to give their ideas and then choose one. DPS is really looking for someone who has the ideas. DPS has questions about recruiting because it is competing with local state police and in all of these areas, in every single county. DPS is competing with all of them and needs to send a message that clearly puts DPS above and beyond everyone else and that is what DPS needs help with.

Secretary Aguilar noted there are firms who have come up in the last couple years that are focused on target populations and if there is an opportunity to engage those folks; it is an opportunity. These firms may not be on the list now because they are new but they are doing great work and if there is an opportunity for DPS to consider them along with the usual suspects that are typically on that list.

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

Administrator Lowman stated DIA was requesting approval from the committee for auditing collective bargaining implementation. It may take DIA a bit to get to the audits because of the need for data and DIA would like to be able to officially monitor what is happening and make a determination when sufficient data is available to begin the audit.

Governor Lombardo asked why DIA is asking for an audit but not going to act. Administrator Lowman said approval of the audits would allow DIA to do initial work, monitoring, gathering information and determining when sufficient data was available to make meaningful audit recommendations. This audit was requested and DIA prioritizes requests; estimating perhaps six months for sufficient data to audit.

Governor Lombardo requested the audit gets top priority because his office had identified some gaps associated with implementing collective bargaining agreements that has a definitive effect on several employees. There are also budget considerations, budgetary issues, and for personnel and their quality of life.

Secretary Aguilar noted the Charter School Authority audit is scheduled to be presented at the February 2024 meeting. One of the Governor's main priorities is school access or school choice. The February 2024 date, looking at an academic year, pushes it to another year. If the audit is presented at the October 25, 2023 meeting, it will help advance that initiative. The Secretary voiced great concerns about the Charter Authority and this is an opportunity to hear from them sooner. Administrator Lowman said the audit team would do the very best they could to move the audit forward and noted DIA was also in the midst of working the audit from the Governor's Executive Order 2023-005 on district and state public charger schools.

Governor Lombardo noted some people use calendar years, fiscal years, and academic years as an excuse to delay action or interest and did not want the audit delayed. The Governor asked if modifying the executive order to be all inclusive would assist DIA. Administrator Lowman answered that DIA was fine at this time. DIA is working parallel on both audits and could get the Charter School audit finished by October as scoped and have the executive order audit completed by December 29th. DIA will present the executive order audit to the committee at the February 2024 meeting as a matter of transparency.

Governor Lombardo asked for clarification if the executive order audit was in conjunction with the separate charter school audit. Administrator Lowman said the two audits were not aligned. The charter school audit is focused on access issues and the executive order audit is focused on the question of accountability.

Governor Lombardo accepted a motion by Treasurer Conine, second by Secretary Aguilar to approve the audit plan, including moving the Charter School audit presentation to October 2024. Motion passed unanimously.

8. Committee Members' Comments

No comments by committee members.

9. 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 397 609 155#. 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.

10. Adjournment **(For Action)**

The meeting was adjourned.