



**NEVADA LEGISLATURE  
AUDIT SUBCOMMITTEE OF THE LEGISLATIVE COMMISSION  
(Nevada Revised Statutes [NRS] 218E.240)**

**Minutes  
March 22, 2022**

The first meeting of the Audit Subcommittee of the Legislative Commission for the 2021–2022 Interim was called to order on Tuesday, March 22, 2022, at 9:00 a.m. and adjourned at 11:55 a.m. Pursuant to NRS 218A.820, there was no physical location for this meeting.

The agenda, minutes, meeting materials, and audio or video recording of the meeting are available on the Subcommittee's meeting page. The audio or video recording may also be found at <https://www.leg.state.nv.us/Video/>. Copies of the audio or video record can be obtained through the Publications Office of the Legislative Counsel Bureau ([publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us) or 775-684-6835).

**AUDIT SUBCOMMITTEE MEMBERS PRESENT:**

Assemblywoman Sandra Jauregui, Chair, Assembly District No. 41  
Senator Marilyn Dondero Loop, Vice Chair, Senatorial District No. 8  
Assemblywoman Brittney Miller, Assembly District No. 5  
Assemblywoman Jill Dickman, Assembly District No. 31

**AUDIT SUBCOMMITTEE MEMBER ABSENT:**

Senator Scott Hammond, Senatorial District No. 18

**LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:**

Daniel L. Crossman, Legislative Auditor, Audit Division  
Shannon Riedel, Chief Deputy Legislative Auditor, Audit Division  
Eugene Allara, Audit Supervisor, Audit Division  
Shirlee Eitel-Bingham, Information Security Audit Supervisor, Audit Division  
Tammy Goetze, Audit Supervisor, Audit Division  
Sandra McGuirk, Audit Supervisor, Audit Division  
Jennifer Otto, Audit Supervisor, Audit Division  
Todd Peterson, Audit Supervisor, Audit Division  
Amanda Barlow, Deputy Legislative Auditor, Audit Division  
Christopher Gray, Deputy Legislative Auditor, Information Security, Audit Division  
Scott Jones, Deputy Legislative Auditor, Audit Division  
Susan M. Young, Office Manager, Audit Division

*The minutes are recorded in the meeting order. Agenda Item VII A through Agenda Item VII F was taken out of the agenda order.*

**Assemblywoman Sandra Jauregui (Chair):**

Good morning and welcome everyone to the first meeting of the Audit Subcommittee of this interim. Will Mr. Crossman please call the roll.

**Daniel L. Crossman (Legislative Auditor):**

Mr. Crossman called roll and a quorum was present.

**Chair Jauregui:**

Thank you. Mr. Crossman. A special thank you to all of the state agency representatives that are participating in the meeting today. A couple of important housekeeping items before we begin. For those individuals on Zoom, including our Legislative Members, this chat feature is only to be used for communication with BPS for technical assistance. It is not to be used for any communication between members or presenters or to ask any other questions.

Members, please keep your cameras on throughout the committee meeting. This will help ensure we have a quorum. For members and presenters, please keep your microphone muted unless you are speaking. This will help reduce the background noise.

Before we begin, I would like to remind everyone that because we are still in a virtual setting, the public comment can be made in four different ways. We will be taking public comments at the beginning of the meeting as well as the last agenda item at the end of the meeting. The four different ways in which the public can participate in the public comment is by dialing in at (669) 900-6833 and entering the meeting ID No. 813 8576 6575 followed by the # sign. You can email your public comment to [LCAudit@lcb.state.nv.us](mailto:LCAudit@lcb.state.nv.us). Public comment may also be mailed to the Audit Division at 401 South Carson Street, Carson City, Nevada 89701 or faxed to (775) 684-6435. As always, this meeting will be recorded and will be made available on the Legislature's website.

Before we begin today's meeting, I would like to take a moment to say, I am honored to chair this committee. Audit is probably not most people's favorite word; it is probably their least. But audits are necessary to make sure government is transparent, accountable, and constantly improving.

I want to thank the members who are serving on this committee. The Subcommittee staff, IT, and BPS who are making this virtual meeting possible. A special thank you to the entire Legislative Audit Division who go out and perform the audits that allow our state government to operate at a higher level of efficiency. On behalf of this committee, we thank you for your work. Committee Members, let's go ahead and move on to the next agenda item, Agenda Item II, Public Comment.

**Dave Doyle (Nevada Chapter Chair, Family Focused Treatment Association, Eagle Quest, Director, and Foster Parent):**

Good morning, Chair Jauregui and members of the Audit Subcommittee. For the record, my name is Dave Doyle. My public comment today pertains to Section V of the Agenda, Review of Government and Private Facilities for Children. Currently, I serve as the Nevada Chapter Chair of the Family Focused Treatment Association (FFTA). The FFTA's main goal is to provide best practices, high-quality standards, and to promote positive outcomes for youth in therapeutic foster care. I am also the Director of Eagle Quest, one of the agencies being reviewed today. Most importantly, I am a dedicated foster parent in Clark County and have been for over the last 19 years. I am deeply invested in the child welfare system throughout our State, and I would greatly appreciate you taking the time to hear my public comment.

Over the last 10 years, I have developed a positive working relationship with our LCB [Legislative Counsel Bureau] reviewers. While I acknowledge the last 2 years have been unprecedented times for Nevada, I would like to put on record that the 2021 review or summary of findings process being discussed today was highly concerning. First and foremost, providers were never given a written report of the findings on the respective agency, nor were they given a chance to respond in writing. When providers reached out to the LCB, they were told the report was not public information. I ask all of you if the intent of the audit review is to promote positive change, should we not be sharing the written findings timely, so providers can make the necessary changes and improvements can be made to benefit the vulnerable children they serve. A short verbal debriefing of general findings is simply not enough, especially when the review occurred approximately 14 months ago.

Another matter in which I would appreciate your consideration would be to change the definition of a facility which this review utilizes. Do we really want non-staffed foster homes with parents to be looked at the same as a true facility such as Elko, NYTC [Nevada Youth Training Center], or Caliente [Caliente Youth Center]? We may be losing an incredible amount of resources and potential foster parents because of the expected demands of this review. It is important to understand therapeutic foster homes have multiple masters, while DCFS [Division of Child and Family Services] and DFS [Clark County Department of Family Services] are understandably pushing for normalcy for their kids and care. LCB is reviewing us to near hospital-like standards. This creates undeniable confusion for the foster parent who is desperately trying to please both entities. Please note, that we are not opposed to audits or reviews. We just would appreciate them being more indicative of what we do and who we are. We are not facilities nor are agencies licensed as foster homes are. In addition, we are already audited by DCFS, DFS, Medicaid, et cetera. FFTA would love to be involved in revising the LCB review process as it pertains to therapeutic foster care.

My last point, given the timing in which this review was facilitated amidst the pandemic, I would encourage everyone to offer providers a degree of grace. This was an incredibly challenging time for all of us. Obviously, safety issues should not be ignored, nor should they ever be. But if there was a few missing signatures as mentioned in this review, please be compassionate and understanding. We were first responders when few were, and no other agencies were in the field. We went out to our homes physically, because safety could not be ensured virtually. We were the first responders in the behavioral health care industry, and I would greatly

appreciate that being noted. Thank you so much. I truly appreciate your time and consideration that concludes my public comment.

**Chair Jauregui:**

Thank you for calling in for your public comment. Broadcast next caller please.

**Broadcast and Production Services (BPS):**

Thank you, Chair. If you wish to join the meeting and would like to provide public comment at this time, please press \*9 on your phone to take your place in the queue.

Chair Jauregui the public line is open and working; however, there are no more callers at this time.

**Chair Jauregui:**

Thank you so much. Committee members that moves us on to our next agenda item, Agenda Item III, the selection of the Vice Chair of the Audit Subcommittee. I would like to continue with the tradition of this committee. The Chair has always been from one house and the Vice Chair from the other house, and I would like to continue that through this interim. Seeing that the Chair is from the assembly, I would like to recommend that we nominate the Vice Chair to be Senator Marilyn Dondero Loop. If the committee would be okay with that, I will take a motion to approve.

ASSEMBLYWOMAN MILLER MOVED TO APPROVE SENATOR MARILYN  
DONDERO LOOP AS VICE CHAIR OF THE AUDIT SUBCOMMITTEE OF THE  
LEGISLATIVE COMMISSION.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

**Chair Jauregui:**

I apologize. Before we take the vote, I should have asked if there was any discussion from the members. Any discussion on the motion before you? Okay seeing none, let us go ahead and redo that vote.

MOTION PASSED BY MEMBERS PRESENT.

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**Chair Jauregui:**

Before we move on to Agenda Item IV, I would like first to consider a motion to accept certain 6-month reports under Agenda Item VII as the Audit Division does not have questions regarding the implementation of the audit recommendations. This would include Agenda Items VII A through Agenda Item VII F and would allow a number of the agency representatives to leave the meeting now. The remaining Agenda Items VII G through Agenda Item VII J would be taken in agenda order. Mr. Crossman would you like to make any remarks before a motion

is considered (Agenda Item VII A, Agenda Item VII B, Agenda Item VII C, Agenda Item VII D, Agenda Item VII E, and Agenda Item VII F).

**Mr. Crossman:**

Thank you, Chair. At times agencies are able to fully implement all of the audit recommendations to our satisfaction before we present the 6-month reports to the Audit Subcommittee. In these cases, as you mentioned, we have no further questions for the agencies.

I will note that in Agenda Item VII B, which is the 6-month report on the Department of Veterans Services, our letter did indicate there was one recommendation that was partially implemented, but it was expected to be fully implemented this month, and we were able to confirm full implementation yesterday on that item. Therefore, we did not have any questions for them.

So based on these circumstances as you mentioned you may wish to accept the 6-reports and I will just quickly run through those items: VII A is the Public Employees Benefits Program, Contract Management; VII B is the Department of Veterans Services; VII C is the Office of the State Treasurer, Unclaimed Property Program; VII D is the Department of Public Safety, Records, Communications, and Compliance Division, Information Security – Servers, Operating System and Database Application Software; VII E is the Public Employees' Benefits Program, Information Security – Operating System and Database Application Software; and VII F is the Department of Business and Industry, Office of the Nevada Attorney for Injured Workers. I will turn it back to you, Chair. Thank you.

**Chair Jauregui:**

Thank you, Mr. Crossman. Committee members would any of you like any of these items pulled for review? If not, I would accept a motion to approve the 6-months reports under Agenda Items VII A through VII F.

Assemblywoman Dickman I see you have your hand up.

**Assemblywoman Dickman:**

I was just wondering were there some questions in F that the auditors had? It seems like a lot of the issues did not meet the audit recommendations.

**Chair Jauregui:**

Mr. Crossman, I believe VII F all the recommendations were met, correct?

**Mr. Crossman:**

Yes, all the recommendations were considered to be fully implemented through our review process.

**Assemblywoman Jill Dickman:**

A number of these say partially implemented in the report that I have.

**Mr. Crossman:**

Chair to Assemblywoman Dickman. On the front page of the letter, we include a summary of the recommendations as reviewed by the Governor's Finance Office, Division of Internal Audits. At the time that they review these reports they will provide us a status as of that time. Subsequent to that, some time has passed, and that point was October 9, 2021, when that status you see on the front letter. But subsequent to that, progress has been made and these have been considered fully implemented at this time.

**Assemblywoman Dickman:**

Okay, Thank you. Thank you, Chair.

**Chair Jauregui:**

You are welcome, Assemblywoman Dickman and thank you. Mr. Crossman, please feel free to go directly through members for all future and at this meeting as well. Okay, members any other questions regarding any of the items before us, VII A through VII F? I do not see any hands up. If somebody would like to make a motion to approve the 6-month reports under Agenda Items VII A through VII F.

ASSEMBLYWOMAN DICKMAN MOVED TO ACCEPT THE 6-MONTH REPORTS: PUBLIC EMPLOYEES BENEFITS PROGRAM, CONTRACT MANAGEMENT; DEPARTMENT OF VETERANS SERVICES; OFFICE OF THE STATE TREASURER, UNCLAIMED PROPERTY PROGRAM; DEPARTMENT OF PUBLIC SAFETY, RECORDS, COMMUNICATIONS, AND COMPLIANCE DIVISION, INFORMATION SECURITY – SERVERS, OPERATING SYSTEM AND DATABASE APPLICATION SOFTWARE; PUBLIC EMPLOYEES' BENEFIT PROGRAM, INFORMATION SECURITY – OPERATING SYSTEM AND DATABASE APPLICATION SOFTWARE; AND DEPARTMENT OF BUSINESS AND INDUSTRY, OFFICE OF THE NEVADA ATTORNEY FOR INJURED WORKERS.

VICE CHAIR DONDERO LOOP SECONDED THE MOTION.

MOTION PASSED BY MEMBERS PRESENT.

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**Chair Jauregui:**

I would like to thank the state representatives here from those six agencies who are here and ready to answer any questions. You are more than welcome to stay and watch us and be a part of the rest of the meeting if you would like.

Okay, members Agenda Item IV presentation of the audit reports. Mr. Crossman. Would you like to provide brief remarks about the audit process before we begin diving into the reports?

**Mr. Crossman:**

Thank you, Chair. Under Agenda Item IV, we do have three performance audit reports today to present. These reports were kept confidential until presented to the Audit Subcommittee today per statute. Copies of these reports will be available on our website following the meeting. I would like to thank my team as well as the state agencies that worked to complete this work, which was definitely a unique, challenging, and difficult period of time. We appreciate the cooperation of the agencies and working with us as we work to do our job and help them to find ways to improve within their agencies. With that, Chair I will turn it back to you to introduce the first report today, thank you.

**Chair Jauregui:**

Thank you. Mr. Crossman. Okay members, our first report under Agenda Item IV A is the Department of Corrections, Use of Force. I believe we have Audit Supervisor, Eugene Allara, and Chief Deputy Legislative Auditor, Shannon Riedel, here to present the audit report.

**Eugene Allara (Audit Supervisor):**

Good morning, Chair Jauregui and Committee members. I am here today to present the Department of Corrections [Department], Use of Force audit, beginning with background information on page 2. The Department's total expenditures for the fiscal year 2021 were about \$371 million. As of January 2022, the Department had 2,236 filled positions with a vacancy rate of nearly 25%, which was almost double the rate from December 2020. During the fiscal year 2021, inmates were housed at 17 facilities throughout the State. The inmate population has been steadily declining over the past 5 years and was just over 11,000 inmates on March 31, 2021. Although the inmate population has been in decline, the percentage of inmates with violent convictions has been increasing. Exhibit 1 on page 3 shows a 5-year analysis of the inmate population and Exhibit 2 shows a 5-year analysis of the inmate population with violent offenses. The bottom of page 3 notes, while the majority of inmates have violent criminal histories, most are not involved in violent incidents during their incarceration. Only about 19% of the inmate population in 2020 had a history of institutional violence. Exhibit 3 on the top of page 4 provides a breakdown of the inmates with a history of institutional violence during 2020. Continuing on the middle of page 4, the scope of our audit included a review of the Department's processes over the use of force activities from January 1, 2019, through March 31, 2020. Our audit objective was to evaluate the Department's processes over the use of force reporting and certain related activities.

Page 5 begins the first chapter by discussing our audit findings. In the middle of page 5, we note inmate grievances alleging excessive use of force were not always reviewed or addressed timely. Inmates must use the grievance process to address any tort or claim related to their confinement. Grievances are the first step in the legal process before filing a lawsuit. On the bottom of page 5 and continuing on page 6, we tested 20 use of force grievances from a population of 83 and found that 13 of the 20 had no evidence of review by the Inspector General's [IG] Office. Three of these inmates have been paroled without their grievances being reviewed. The remaining seven were reviewed untimely, taking an average of 164 days. Department regulation requires the IG's Office to complete the review within 90 days of referral. At the bottom of page 6 and continuing to page 7, we noted grievances alleging excessive use of force were not efficiently screened by the institutions before referring to the IG's Office.

Screening is necessary to ensure resources are utilized efficiently on grievances warranting further investigation.

The middle of page 7 begins our discussion regarding the use of force review panels. The panels are necessary to determine if the use of force was justified and consistent with Department policies, procedures, and training. Our testing revealed the Department did not conduct a review panel for 9 of the 25 use of force incidents we reviewed. Additionally, for 10 incidents, the Department did not complete the review timely. On average, it took 3 months for the completion of these reviews and one review took 13 months. Department regulations require review panels to be completed within 20 or 45 days depending on the severity of the incident.

Pages 8 through 11 contain our analysis of 100 use of force incidents occurring between January 1, 2019, and March 31, 2020. Exhibit 4 on the top of page 9 provides a breakdown of incidents for 2020. The remainder of page 9 breaks down the mental health status, gang affiliation, and history of institutional violence of the 165 inmates involved in our 100 incidents review. Page 10 describes the types of activities that cause the use of force incidents we analyzed. The primary factor causing the use of force incident was inmate-on-inmate violence. Exhibit 5 on the top of page 11 provides a sample of some of the 100 incidents we reviewed. A complete list can be found in Appendix A beginning on page 23. The remainder of page 11 lists our recommendations regarding the use of force grievance investigations and review panels.

Turning to page 12, we begin our chapter related to the administrative functions of the Department. The middle of page 12 begins our discussion regarding prospective correctional officers. We note prospective officers worked in the Department's facilities without proper training or supervision. Continuing, on page 13 our testing revealed that 4 of 20 prospective officers were assigned to work posts alone. Additionally, six prospective officers were assigned to work dedicated posts, normally requiring a second certified peace officer. Further prospective officers participated in the use of force incidents against Department regulations. Finally, the Department did not develop an adequate Department-wide field training program to train and supervise prospective officers working in its facilities. For purposes of this report, we define prospective officers as those employed with the Department prior to completing academy training. While the statute allows law enforcement agencies to use prospective officers for all of these functions, using them to perform the duties of fully trained certified peace officers can be dangerous. The Department discontinued the use of prospective officers for direct inmate supervision in April 2021.

In the middle of page 14 and continuing on page 15, we note Department training was not adequately tracked; furthermore, the Department has not developed standardized training for the restraint chair. We reviewed the training files of 104 officers and found no documentation of pregnant inmate restraint training for 9 officers and staff. Additionally, six officers were issued tasers, one officer fired a blank shotgun round, and two officers used a restraint chair with no evidence their training was up to date. NAC [Nevada Administration Code] 289 prohibits officers from using weapons unless their training is current.

Beginning on page 15 and continuing through the top of page 17, we discussed the Department's weapons administrative process. Specifically, we note that the Department's



authorized weapons list is not up to date and contains some obsolete weapons. We found that 212 of the 744 weapons located at the institutions' armories were unauthorized and/or obsolete. An authorized weapons list is needed to ensure weapons reliability and quality, proper training, and weapons tracking. At the bottom of page 17, we discussed the training provided that the Department's academy did not align with 74 pistols used at the institutions. The training was out of alignment, as a different model and or caliber pistol was used at the academy than at some institutions. Specific model and caliber training is important to demonstrate the officer understands how to use the weapon properly and safely.

Page 17 begins our discussion on the Department's administrative regulations. The Department uses restraint chairs at all major institutions but has not developed an administrative regulation governing its use. Additionally, administrative regulations have not been updated for recent legislative changes related to certain law enforcement practices and for peace officer drug testing. Regulations do not address an officer or supervisor's duty to intervene to stop excessive use of force or prohibit placing a person in custody in a position that inhibits the ability to breathe. Regulations regarding officer drug testing after the use of force incidents have also not been updated. Our recommendations to improve the Department's oversight of prospective officers training and other administrative functions are listed on page 18.

Continuing on page 19, we discuss that the Department's use of force data is not accurate, complete, or reliable. Errors within the data caused the Department's primary statistical report to understate the number of use of force incidents by as much as 26% during the calendar years 2019 through 2021. Additionally, data regarding the use of force review panels results were not collected as required by regulation. Our recommendations for improving the reliability of the use of force data are listed at the bottom of page 20.

On page 21 we note the Department spent \$192,000 on 71 body cameras, supporting hardware, and licensing fees but never implemented the program. An additional \$26,500 will be incurred annually for licensing fees unless the program is terminated. Our recommendation regarding the body camera program is on page 22.

Appendix A on page 23 provides more detail regarding the 100 use of force incidents we reviewed. Appendix B on page 30 shows the letter documenting legislative requested information regarding the Department's body cameras. Our audit methodology is located beginning on page 32 in Appendix C. The Department's response to our audit recommendations is in Appendix D on page 37. This concludes my audit presentation. I would be happy to answer any questions at this time.

**Chair Jauregui:**

Thank you so much, Mr. Allara. Members of the Subcommittee, I do know that we have four members of the Department of Corrections with us today. I believe Mr. William Gittere, Charles Daniels, Brian Williams, and James Jones are here to answer any questions that we may have. As always, I will turn to the Subcommittee first for any questions.

**Assemblywoman Brittney Miller:**

Thank you, Chair Jauregui. I actually have three questions if I may.

**Chair Jauregui:**

Yes. Assemblywoman Miller, please.

**Assemblywoman Miller:**

Thank you. My questions first, and again to whomever from the Department is able to answer. My first question would go back to pages 5 through 7 about the lack of review of these excessive use of force complaints and grievances. It is really alarming to see the rate of grievances that were not reviewed properly or in a timely manner by the inspector general or the by the use of force review panel. My questions, while I see other recommendations that you have made for the Department, first question is, and I know that most people do not even realize that we have an Inspector General here in Nevada for the Department of Corrections. But my question is who does the Inspector General report to?

**Christina Leathers (Assistant to the Director, Department of Corrections):**

Good morning, Christina Leathers, Assistant to the Director for the Nevada Department of Corrections. The Inspector General reports to the Director of the agency.

**Assemblywoman Miller:**

So, the Inspector General, whose role is to be completely objective and non-biased, reports to the Director of the agency. Did I hear that correctly?

**Ms. Leathers:**

Yes, Madam. That is correct.

**Assemblywoman Miller:**

Okay. This would be more of a question to LCB. When recommendations are made towards an agency, is it just recommendations about meeting certain benchmarks or are recommendations ever made for actual statutory change?

**Mr. Crossman:**

Madam Chair, I can jump in and answer that. Our recommendations, because these are performance audits, could span various types of recommendations that would assist to fix any conditions, we identify that need some corrective action. In certain circumstances, we have made recommendations or suggestions to the Legislature to consider a statutory change. Specific to this report, we do not have a recommendation specific to the alignment of the IG reporting directly to the Department head. If that is Assemblywoman Miller where you were headed with that?

**Assemblywoman Miller:**

Yes, thank you. That is exactly where I was headed because the model of an inspector general should not be reporting to the actual person that they may be required to investigate. So, that is my first concern there.

My next question, when it comes to looking at, again, into the lack of training for our correction officers. And again, I know that this has been a consistent and ongoing issue. And my concern of course is that when we put individuals into the prisons and they are not properly trained or prepared, they become vulnerable as well as our inmates in some cases. And so, the same question because of lack of training and I will also say staffing, I know adds to this, has there been any concrete solutions? Because again, I am seeing all this kind of develop this, ensure this, and do this, but I do not see actual dates or benchmarks. The NRS [Nevada Revised Statutes] that is referenced, actually allows peace officers to be in the role for a year without being certified by POST. Again, I do not see a recommendation to change that either. I just see that it is in conflict with a practice that has been discontinued.

**William Gittere (Deputy Director, Department of Corrections):**

Regarding the training and the utilization of new officers that are pending the academy completion, in the past, the Department utilized those officers, as we were allowed to use the statute, and took the risk that they were working with trained officers side by side and helping them and learning how to do the job. It has inherent risks and we stopped that practice in April of 2021. We reissued that as an official policy just 2 months ago or a month ago following the audit. We fully accept that criticism and have taken the position now that we no longer utilize prospective officers or probationary officers before the academy to conduct any direct operations with inmates. They are only allowed to do non-correctional, non-custody duties or to observe from controlled locations where they do not interact with inmates for their safety and the safety of others.

**Assemblywoman Miller:**

Okay, so Deputy Director, I hear you saying that they are not working where they would be in direct contact with any inmates. They may be in an office, could you elaborate on that?

**Mr. Gittere:**

Yes madam. We no longer use them to work side-by-side with another officer in contact with inmates. They are only allowed to work for the training department, they are not assigned to our institutions until they complete the academy as a rule. In the scope of that training, the training department may deploy them to observe from a safe location, like a control room or elevated post to watch officers perform their jobs. Or they may be with a field training officer or supervisor instructor going through a class on how to conduct custody operations in a controlled environment but only that.

**Assemblywoman Miller:**

Great, thank you because again, we are concerned about the safety of both our officers and our inmates as well. And my final question, Chair Jauregui, is that, on page 21 where it says the Department spent \$192,000 on body cameras that had not been implemented. Again, I see the recommendations say to develop and implement a plan. So, these recommendations while from the programming standpoint are you know, represent what needs to occur. Again, I am not seeing benchmarks. I do not see dates of implementation that they need to be implemented, and I also do not see what happens if they do not? So, in this case, which is a very quantifiable, very concrete goal. So, if they do not first, when is the date where, the date

that okay, this is the date that this must be implemented. And if they do not, then what happens to the \$192,000? Is that reverted to the state budget? Does the Department still have the ability to utilize those funds? What happens if they do not implement these recommendations?

**Mr. Allara:**

Assemblywoman Miller to answer the question the funds have already been spent on the body cameras. The cameras potentially are obsolete. So, we left our recommendation very vague so if they can get the cameras up and running, we would prefer they do that. But if they do not, they are either going to have to sell them or lose some of the money and recoup it through sale or just lose all of the money because it has already been spent.

**Assemblywoman Miller:**

And so, is that a process that we would also have, that would also be monitored, or is this something that we are just trusting the Department to do? Again, when is the date that we expect this to occur or begin?

**Mr. Allara:**

They have 60 days to come up with a plan and usually by 6 months when they come back around for the 6-month report we generally expect the recommendations to be making progress, but we do have a process in place where we monitor through internal audit, and we will be a part of the follow-up.

**Assemblywoman Miller:**

Okay, I will just leave my questions at that. Thank you everyone and thank you, Chair Jauregui.

**Chair Jauregui:**

Thank you, Assemblywoman Miller. Assemblywoman Miller, remember there is the 6-month review that brings them before the Audit Subcommittee again too. And, as you saw more than half of the state agencies have completed their recommendations from the Audit Division and there is a handful that still have some recommendations to be completed that will be reviewed later on in this meeting. So, I hope that in 6 months we get to dismiss the Department of Corrections and I hope that they have their 18 recommendations completed. You did touch on a lot of the questions that I had. I want to go to the other members to see if there are any questions.

**Assemblywoman Dickman:**

Thank you, Madam Chair. I just wondered if the Department could talk a little bit about the issues that are being addressed here? How much of that has to do with staffing shortages and how short are you on staff?

**Mr. Gittere:**

Well, our staffing shortages are significant. They range from 11% at one institution to as high as 55% at the most challenging institution. Statewide, both custodial and non-custodial

personnel are approaching the 25% mark in vacancies. As I said, some of our institutions are significantly more challenged than that. And that played a significant role in many of the issues that were highlighted in the audit. I would like to say that we both respect and accept the audit findings and we are working hand in hand with the recommendations from the auditors to fix those problems. Many of the audit's findings have been assigned for review within 60 days with an affirmative plan that will be put in place to resolve those issues.

**Assemblywoman Dickman:**

So, it is probably going to be difficult to implement until you get more staff, I would expect.

**Mr. Gittere:**

Yes, Madam. It is going to be challenging but we accept them and there is no room to fail here in that regard. We are going to spend the time and effort to get it done and get it done right. Many of the audit findings had to do with system problems and complexities that were inadequately addressed. The inmate complaints of a possible excessive or unnecessary use of force through a regular grievance system. Then the people who handle the regular grievance system are not the custody officers or custody personnel that normally participate in an event where somebody makes an at-the-moment claim of such abuse. We did not link those two systems together well enough so that they were going to be adequately reported and turned over to the Inspector General's Office. But we have closed that loop and fixed that link and that is our fix for that thought process. Staffing had an absolute impact on that. We really do not have any turnover right now. All we have are our losses and training person after person after person to fill those gaps makes those links challenging. You are absolutely right, Madam.

**Assemblywoman Dickman:**

Thank you so much and thank you Chair.

**Chair Jauregui:**

Thank you, Assembly Member. Deputy Director Gittere, I know you have mentioned that staffing shortages are an issue, but you have a 25% vacancy rate, which is double from December 2020 as it says in the report. Why are not those positions filled?

**Mr. Gittere:**

Madam the long and short of that, is that the salaries and benefits are not competitive so we cannot hire personnel.

**Chair Jauregui:**

Okay. Then I am going to go to Vice Chair. Vice Chair do you have any questions? Okay, I am just going to ahead and jump in. Assemblywoman Miller did cover a lot of what I wanted to touch on, so I am not going to ask the same questions, but I do want to add in. I know you had mentioned that as of April 2021, you have stopped using non-post certified officers in the capacity that you were using them. Now they are just in administrative offices or observing,

but what is the guarantee that you will not go back to those practices of using them if staffing shortage continues to be an issue?

**Mr. Gittere:**

Thank you for the question. While we made it an official policy, we are proposing it as a change to the administrative regulation, which will go before the Board of State Prison Commissioners for approval, and at that time it will become permanent Department policy.

**Chair Jauregui:**

Okay. And then as far as one of the other items that came out of the report was the use of obsolete firearms. Can you talk a little bit about that? I mean you made a request on your executive budget for \$200,000 for body cameras that were never going to be used. Why wasn't there a request made instead for upgraded equipment or why was the use of obsolete firearms? Again, to Assemblywoman Miller's point, it is about the safety of everyone involved, not just inmates, but the officers who were handling these weapons as well. We want to make sure we are protecting everyone within the Department of Corrections.

**Mr. Gittere:**

Well, of course. The body camera issue and the weapons issue are two separate issues. Regarding the body cameras, they were purchased with good intention to put into our system, which helps deter bad behavior on the job and also helps to capture evidence for us in use of reviewing those situations. Unfortunately, we did not do an adequate job of planning the infrastructure needs to place such a system in function. It was a much larger project than just buying the cameras and putting them together. Over time when they came on board, there were good intentions to make those work and there were small programs that were tried to put them in place. By the time we reached the point where we thought that could be done, we just could not come up with the infrastructure to make it work adequately. So that is what happened.

Now we are restudying this procedure. As Mr. Allara said, these cameras are older now and perhaps obsolete. We do have a committee that is working on that process right now. Within 60 days, they will report back to my office on whether it is possible to put them in service, that is the option we want, or if it is not physically feasible because of the obsolete nature, and we will have to try to sell them off appropriately through the system so we can recoup some of the costs. We want those systems in place. It is important to get those surveillance systems mobile, our fixed surveillance systems always functioning, and providing overwatch for us. So that is the cameras.

Regarding the obsolete weapons, when we transitioned from lethal overwatch using lethal weapons in our control room to maintain security on our tiers on the housing to less-lethal options in November of 2016, we had to remove the shotguns, place those in our armories for later disposal, and then purchase less-lethal weapons to provide the overwatch so that we can maintain the safety on those tiers for the inmates who lived there and the officers who worked there. Those weapons systems, the shotguns, and other systems that became obsolete in the same way were left in those, so they were out of service, and were safely in the arms rooms but they were not destroyed or disposed of in a timely manner. We also had other weapons

that over the years were collected either for training purposes or through an initiative to add them to our armory that did not happen. They were collected, stored, and maintained in the arms room but not used in service.

Now, we scrubbed through those weapons, and we have disposed of the shotguns. In addition, we transitioned starting 2 years ago, and I am, forgive me, I am not going to state the exact nomenclature of this particular weapons system because it is a security issue. But we transitioned from one lethal weapon system to another for fiscal reasons because it was a similar platform that was cheaper to operate over the long term. As we did that kind of unevenly over the Department because of fiscal issues and opportunities, we put that weapon system into place, into use, and then pulled the older weapons system out and stored them in our arms room. Once again, they stayed there, they were not turned in rapidly, or were taken care of in a timely manner. We are focused on that now, reducing everything in our armory. Getting rid of everything in our armory that is not specifically authorized by our administrative regulation.

**Chair Jauregui:**

That answers my question about obsolete weapons. Thank you for answering that. But one of the other findings was the unauthorized weapons. There were 171 weapons being used not on the authorized weapons list. It is on page 16 of the audit report.

**Mr. Gittere:**

So, those weapons that are not specifically authorized by our 412 [Department Administrative Regulation 412] are being disposed of. Over the years weapons systems were purchased locally for an initiative to try out a new weapon system or to do some training and those weapons systems were just maintained in those areas and they were not disposed of in a timely manner.

**Chair Jauregui:**

Thank you. I am going to go to the Committee members. Any final questions? Thank you so much. I want to thank you, Deputy Director, for being here to answer our questions and the other members of the Department of Corrections.

I did want to touch on one thing. The Department of Public Safety (DPS) has implemented body cameras. Have you reached out to that department at all to see how they put their body cameras into use, maybe as a plan or a model that you could use with your Department?

**Mr. Gittere:**

Yes, Madam, we have. We did that initially back in 2016. The Committee is talking with them again specifically about the legacy systems that we now use, because I think that they are in use by DPS or similar systems. So, yes, we are.

**Chair Jauregui:**

Okay, thank you, and again I want to thank you and I appreciate the work that happens in the Department of Corrections. One of our colleagues is a retired correctional officer at the Legislature. So, we know how hard the work is and we appreciate the work you do. I think at the end all we want to do is keep everyone safe at the Department of Corrections on both ends. Thank you. I appreciate you being here. Thank you.

Committee members if there are no other questions we can move on to our next report.

**Mr. Crossman:**

Chair Jauregui, you need a motion.

**Chair Jauregui:**

Thank you, Mr. Crossman. Okay, Committee members, I would like to take a motion to approve the report that was presented to us.

VICE CHAIR DONDERO LOOP MOVED TO ACCEPT THE PERFORMANCE  
AUDIT REPORT ON THE DEPARTMENT OF CORRECTIONS, USE OF  
FORCE.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

MOTION PASSED BY MEMBERS PRESENT.

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**Chair Jauregui:**

Thank you very much. Thank you, Mr. Crossman I appreciate that. Okay now, I would like to thank Mr. Allara for the presentation as well as the report. Okay members it looks like Agenda Item IV B is the audit report on the Department of Health and Human Services, Division of Child and Family Services, Management of Maltreatment Reports and Child Health. We have Deputy Legislative Auditor, Scott Jones, and Audit Supervisor, Tammy Goetze, here to present the report.

**Scott Jones (Deputy Legislative Auditor):**

Good morning, Chair and Audit Subcommittee. If I could direct your attention to page 1, I will begin my presentation with some background information. The introduction of the audit report includes a summary of the major child and youth welfare functions of the Division of Child and Family Services (Division). On page 2, Exhibit 1 shows Division revenues and expenditures for the fiscal year 2020. Pages 3 through 5 outlines the process by which the Division's Child Protective Services section receives alleged reports of maltreatment, and how these are screened for investigation by the Division when necessary. Exhibit 2 on page 3 shows rural child maltreatment reports received from 2016 to 2020 and Exhibit 3 on page 5 depicts the summary of the Division's process for reviewing maltreatment reports. Pages 5 through 6



outlines the Division's process for ensuring children in state custody receive required health services.

On page 6, we describe our audit scope and objective. The scope of our audit included a review of the Division's activities for the 18-month period of January 1, 2019, to June 30, 2020, including previous years for case management activities. Our audit objective was to evaluate whether the Division adequately ensures the safety and welfare of children for certain Division activities, including maltreatment report response and the supervision of medical care of children in state custody.

On page 7, we begin our findings and recommendations. We found that the Division did not completely process certain maltreatment reports and was unaware that some reports lack supervisory review. Unprocessed reports included serious allegations such as physical abuse, parental drug abuse, domestic violence, and child self-harm. As described on page 8, we found 35 reports identifying alleged victims, perpetrators, and or maltreatment incidences that did not receive complete or timely supervisory review until we notified the Division of the oversight. State law requires the Division to conduct an evaluation of reports of alleged abuse and neglect no later than 3 days after the report is received to determine whether an investigation is warranted. The Division did not comply with this requirement for these 35 reports.

Due to concerns that child safety could be in question, we immediately assessed all unprocessed reports and identified 18 reports in which the alleged victims were potentially at risk. We promptly notified the Division of these 18 reports. The Division confirmed these reports had not received proper oversight and subsequently assessed the safety of the children involved.

After assessing all unprocessed reports, we noted the case histories associated with 11 maltreatment reports showed that children were exposed to additional risk of abuse and neglect because of inadequate or untimely report processing by the Division. Additionally, a consequence of the Division failing to timely process reports was that the Division delayed reporting alleged crimes against children to law enforcement.

At the bottom of page 8, we indicate that the Division did not always have adequate report recordkeeping practices. Of 133 reports assessed from 2019, 11 were inadequately documented. Examples of inadequate report documentation included insufficient or inadequate documentation of alleged incidents, perpetrators, victims, or the Division actions in response to reports. On page 9, we state that some reports were deleted from UNITY [Unified Nevada Information Technology for Youth], Nevada's Statewide Automated Child Welfare Information System [SACWIS], even though they contained important incident-related information. Three of 133 reports assessed from 2019 were deleted from UNITY despite the fact that they contained important information regarding alleged victims of instances of abuse and neglect.

On page 10, the Division had the opportunity but did not complete the necessary investigations in response to allegations of abuse and neglect for 7 of 133 reports received in 2019. Reports not investigated by the Division included allegations of neglect, child abuse, inadequate shelter, failure to protect, threatened violence against the child, potential self-harm, and domestic violence. Critical reasons for the Division to investigate maltreatment allegations are

to protect children and to restore caregivers to their protective role and responsibility. The causes of these maltreatment reports not being investigated were judgmental errors and supervisory noncompliance with the policy. Not investigating these reports put children at additional risk of abuse and neglect.

Continuing to page 11, the Division does not analyze Medicaid claims of children in state custody for injuries or medical assessments indicative of abuse and neglect. Both state and federal entities have evidence of the child welfare benefits of utilizing Medicaid claims to identify potential incidents of child abuse and neglect. We queried 2018 and 2019 Medicaid claims of children in state custody for diagnosis codes indicative of possible abuse and neglect. Out of 62,162 Medicaid claims, 22 claims contained the specified diagnosis codes. For all but one claim, the Division was aware of the injuries and had previously assured the safety of the children. This analysis did not include children in state custody, in Clark, and Washoe Counties; however, expanding this analysis statewide would provide additional opportunities to identify potential maltreatment. In Exhibit 4, we provide the general protocol for our identification of Medicaid claims that indicate possible abuse and neglect.

On page 12, we provide six recommendations to improve the processing of maltreatment reports.

On page 13, we described that the Division was lacking its monitoring of health care for children in state custody. Many children in state custody in 2019 did not receive the required preventative health and dental care. As shown in Exhibit 5 on page 14, 29% of children in state custody did not receive the required preventative healthcare and 28% did not receive any preventative dental care. Caseworkers and supervisors did not adequately ensure that children receive the required health care. When children do not receive required health care, they are at an increased risk of preventable illness.

Page 14 describes for 80% of children in state custody for all of 2019, the Division did not maintain complete health records in UNITY. Maintaining complete records of health care for children in state custody facilitates continuity of care and supports the welfare of children.

Page 15 shows that the Division's prescribed healthcare schedule for children in state custody was not updated to align with Medicaid medical standards. Because the policy does not meet federal requirements and American Academy of Pediatrics recommendations, children could be receiving inadequate health care.

On page 16, we provide five recommendations to improve the Division's oversight of health care services for children in state custody.

To conclude, the report appendices begin on page 17. Appendix A is our audit methodology and Appendix B is the Division's response. As indicated on page 26, the Division accepted all 11 recommendations. Chair and members of the Audit Subcommittee that completes my presentation. I would be happy to answer any questions.

**Chair Jauregui:**

Thank you so much, Mr. Jones. Committee members we do have, I believe it is, Karla Delgado with the Division of Child and Family Services here to answer any questions that we may have.

I am going to start with committee members first. Committee members any questions for the Division of Child and Family Services. Okay, I am going to go ahead. Assemblywoman Miller, do you want to get questions started?

**Assemblywoman Miller:**

Chair Jauregui, please continue and then come back to me.

**Chair Jauregui:**

Okay, thank you so much. I do want to start. I want to ask Mr. Jones a question really quick. Mr. Jones, do you know if other states use Medicaid claims to assess potential abuse? Is that a common practice, do you know?

**Mr. Jones:**

So, in our preliminary analysis, we actually reviewed a statewide audit that was in Massachusetts where they did an assessment similar to the one that we did. We patterned our space on Massachusetts and they were able to see great benefits. There was also a federal report that completed a similar assessment from the Office of Inspector General that showed the benefits of this assessment at this point. So, that is how we based our analysis.

**Chair Jauregui:**

Thank you that is a great idea. Ms. Delgado, have you used this in the past to identify potential abuse? Have you used Medicaid claims in the past?

**Ms. Delgado:**

We have not.

**Chair Jauregui:**

Okay, perfect, and is this the first time this has been a recommendation for your Division?

**Ms. Delgado:**

Yes.

**Chair Jauregui:**

Okay, thank you. And then, as you know, the audit reports are kept confidential and I know there are responses, but could you walk us through a little bit about the first question I had which was regarding the children exposed to additional maltreatment and it was on page 8 of the report. I know that one of the items that I highlighted was delayed reporting on alleged crimes of sexual abuse against children to law enforcement. Do you have a specific number of how many reports were delayed for that specific category?

**Ms. Delgado:**

I do not have that number handy right now, but I can submit it after this meeting to you, Chair.

**Chair Jauregui:**

Thank you so much. And then I just want to go back to start from the beginning. I know that the report had identified that there was a lack of, I guess review of the rural maltreatment of children reports that were coming in. But I also see on the graph on page 3 that it looks like there was a drop in the amount of reports that the Division was receiving. And so, I just need help understanding if there was a significant drop, it looks almost like from 4,200 at the height to 3,600 received in 2020. While there was a significant drop in the amount of reports received, there was a significant amount of reports that were not reviewed.

**Ms. Delgado:**

I know that one of the reasons for the significant drop was when Nevada went to the COVID-19 pause. The children were not being seen at school and teachers are one of our biggest reporters and have eyes on those children. I know that that is one of the drops, but I do want to defer over to Laurie Jackson who is here with me, and she can expand on that.

**Laurie Jackson (Social Services Manager, Division of Child and Family Services, Department of Health and Human Services):**

All across the entire state saw a significant drop in child abuse reports. I think that along with domestic violence reports went up, because children were not seen in doctor's offices, at school, many of them were not outside, and many were not even seen. So, throughout the entire pandemic, there was a significant decrease in reports across the United States.

**Chair Jauregui:**

Okay, so there was a drop in the amount of reports that were received, but one of the audit findings was that from the reports that were received, they were not processed properly or there was a lack of review. So, if we are seeing a reduction in the number of reports we were receiving, did staffing levels go down or was there a reason the reports were not being reviewed as there was a drastic drop?

**Ms. Jackson:**

I think what you are speaking to in the report is that our information services system upgraded and changed our system a little bit right before the pandemic started. So, that would have been 2019. And the report is referencing referrals, so calls that came in or that we are beginning to enter our system as not being disposed of properly or reviewed properly.

**Chair Jauregui:**

Thank you. Well, thank you for that. I do have another question on the reports that were deleted out of UNITY. Could you talk a little bit about why those reports were deleted? What happens to the staff members who intentionally delete reports and why they would be deleted?

**Ms. Jackson:**

In the upgrade from our SACWIS system, which is called UNITY, from UNITY 2 to UNITY 3 in that upgrade, we went to a cloud-based system. Within that system, a couple of things happened, and we have worked with IS [information systems] since to repair those. Reports that were entered that were not dispositioned were not all reports. What would happen is I would start a report, I might get more information so I would go back to find it, could not find it, and then we would start another one. So, of these reports, technically, I think the word would be a referral, were deleted between the consent of myself and our information systems. Those reports did not contain information of abuse or neglect. They were reports that were started by a worker and had no other additional information in them. If that is clear.

**Chair Jauregui:**

Thank you. If you could just also touch on the children that did not receive the required health care. I know there were about 30% that had received no preventative health care and no preventative dental care. Could you speak a little bit to that?

**Ms. Jackson:**

One of the challenges is our SACWIS system in UNITY. Again, that upgrade kind of occurred right before the pandemic started. And so, one of the issues I think was more of a data entry than a lack of our clients or our children in our care receiving that care. We have since addressed that. We have asked our state oversight, has updated the policy for health care for the periodicity table to be correct. We have had the community health nurses come to all of our offices and train all of our staff workers. Because not all of our staff workers have children and so, they would actually know those tables and those things that are necessary. We have also worked with our foster care unit in order to address being more mindful of getting those records. I asked to have a report that we can review monthly to make sure that no children fall through the cracks.

**Chair Jauregui:**

Thank you for answering all the questions. I feel like most of the problems stemming from the upgrade to this UNITY system, even the lack of reporting, the deleted files, and preventative health care. When was UNITY implemented again?

**Ms. Jackson:**

UNITY itself was implemented in I think 2000–2001. It has gone through several upgrades there was UNITY 1, UNITY 2 and we are currently onto UNITY 3, which is a cloud-based app, which is probably the extent of my technical knowledge.

**Chair Jauregui:**

Okay. It was this upgrade then you are saying that caused a lot of the issues.

**Ms. Jackson:**

I think it was a combination of the upgrade, the Windows not being used quite the same, and a lack of training to use those Windows. So, it was a little bit of the perfect storm, and we have since addressed that.

**Chair Jauregui:**

Members any other questions for the Division? Assemblywoman Miller, please.

**Assemblywoman Miller:**

And thank you, Chair Jauregui, because this time you asked most of my questions. So, I just want to go back to page 10, because there is something that keeps sticking out. It is a very alarming comment that is written in the audit, and it says in the last sentence on page 10, the causes of these maltreatment reports not being investigated were judgmental error and supervisory noncompliance with policy. So, I see in the recommendations that there have been recommendations and there has been an acknowledgment by the Department as well as the lack of training and the necessity for further training. That can help with judgmental errors, terms like noncompliant; supervisory noncompliance though seems more intentional. That is a concern for me. But my question goes back to, I will take it to a more generalized approach, the same as with the Department of Corrections and having sensitivity knowing that again, just like our people that work in Corrections, our people that work in child welfare and safety, foster care, and CPS [Child Protective Services] that often staff is overworked and underpaid, but yet, all enter this profession with the right intention, which is to serve the community and protect our people and our children. Can someone give a brief idea as to, what does the staffing, turnover, pay, and caseload look like in the Department and if any of that is connected to some of these concerns identified through the audit?

**Ms. Jackson:**

Thank you for the question. Yes, I do believe it is much like the Department of Corrections. Our staffing levels at this point in time have never fallen below the 22% vacancy rate. We are currently at about a 36% to 37% vacancy rate. We are spread out throughout the state. So where one office may be staffed, our Elko and Winnemucca offices are chronically understaffed. So, I think that does, if that answers your question, I think that that does have a huge impact on workloads. Our caseload sizes do fluctuate, but for the most part, most of our caseworkers are carrying probably between 27 to 33 cases depending on the office. Some of our offices, unfortunately, because they are so small, have to carry a mix of CPS cases, permanency cases, and occasionally adoption cases, so they do not have the ability to transfer because another unit is understaffed. Here in Carson, we are currently down seven workers, and we cover the Lyon, Douglas, and Carson Counties, which are three of the largest counties within Nevada outside of Washoe and Clark [Counties]. So, I am hoping that answers your questions. Please ask again if I did not. I think you, you asked about there was a huge pay differential here in between the State and Washoe and Clark County. So, I can speak between here [Carson] and Washoe [County], which is who we compete with for workers, the pay differential ranges between \$14,000 for some of our lower paid workers up to almost \$46,000 for the same job.

**Assemblywoman Miller:**

Right, thank you for that. And, I imagine there is not a differential necessarily in housing because I know it is expensive there as well. Just one follow-up Chair, if I could just so everyone can have an idea of what a more effective or manageable caseload would look like. You say 27 to 33 cases each. Is there any kind of professional standards or recommendations? What would the ideal caseload be?

**Ms. Jackson:**

The ideal caseload for our safety model, which the State is using, is between 15 and 18 children.

**Assemblywoman Miller:**

Okay, thank you for that. Thank you, Chair.

**Chair Jauregui:**

Thank you. Assemblywoman Miller for those questions. I do have a question from Assemblywoman Dickman.

**Assemblywoman Dickman:**

Thank you, Chair. I just wondered if we could go back for a second to page 8, Chair Jauregui, where he brought up the fact that the alleged crimes of sexual abuse against children were delayed in being reported in one report, the delay was over 3 months, while another report was delayed for over a year. I mean you cannot help but wonder what might have happened to these children. My question would just be, once these changes are implemented could this ever happen again?

**Ms. Jackson:**

We have created reports where we are checking to make sure that our reports that are coming in are disposed of timely and that they are within policy and procedure. We are also instituting our quality assurance unit to do periodic reviews of all the reports that are not assigned for investigation to check and see if they are within policy and procedure. They have not so far found anything, but if they did then we would provide training to that supervisor and oversight with a supervisor who has had a bit more experience.

**Assemblywoman Dickman:**

Thank you and thank you, Chair.

**Chair Jauregui:**

Thank you, Assemblywoman Dickman. And members of the Committee, any other questions? I want to thank you both for being here and answering our questions. I know that you have accepted the 11 recommendations from the Audit Division. So, your 60-day corrective plan is due June 15 and then the 6-month report to us from the Audit Division is going to be in

December. With that, I want to thank you again for being here. Members of the Committee, I would take a motion to approve the report.

VICE CHAIR DONDERO LOOP MOVED TO ACCEPT THE PERFORMANCE AUDIT REPORT ON THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, DIVISION OF CHILD AND FAMILY SERVICES, MANAGEMENT OF MALTREATMENT REPORTS AND CHILD HEALTH.

ASSEMBLYWOMAN MILLER SECONDED THE MOTION.

MOTION PASSED BY MEMBERS PRESENT.

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**Chair Jauregui:**

Thank you, members, and thank you again both for being here today. I am glad we overcame our technical challenges. Members, our next item is Agenda Item IV C, the audit report from the Department of Health and Human Services, Division of Health Care Financing and Policy, Information Security. We do have Deputy Legislative Auditor, Christopher Gray here to present and I believe Shirlee Eitel-Bingham with him as well. Mr. Gray, are you with us?

**Christopher Gray (Deputy Legislative Auditor, Information Security):**

Good morning, Madam Chair, and members of the Audit Subcommittee. I am here today to present the Division of Health Care Financing and Policy, Information Security audit. I will begin my presentation with background information found on pages 1 and 2. The mission of the Division of Health Care Financing and Policy is: 1) to purchase and provide quality health care services to low income Nevadans in the most efficient manner; 2) to promote equal access to health care at an affordable cost to the taxpayers of Nevada; 3) to restrain the growth of health care costs; and 4) to review Medicaid and other state health care programs to maximize potential federal revenue. The Division administers both Nevada Medicaid and Check Up programs.

The Medicaid Management Information System, known as MMIS, is a computerized claims processing and information retrieval system that the Nevada Medicaid program must have to be eligible for federal funding. The centers for Medicare and Medicaid services validate and certify state MMIS systems. Gainwell Technologies, also known as the fiscal agent, has been contracted to manage and maintain Nevada's MMIS.

The scope of our audit covered the systems and practices in place during the fiscal year 2021, and our audit objective was to determine if the Division of Health Care Financing and Policy (Division) had adequate controls to ensure user access controls adequately protect its sensitive information and to monitor its MMIS change management process.

Our findings begin on page 3, where we explain that the background investigation process at the Division could be strengthened. Specifically, 84 non-Division state employees and 4 of 7 information technology contractors were given access to the MMIS system without verifying or documenting a background check had been completed. In addition, on page 4, 2 of 10 fiscal



agent employee' user accounts were enabled before the Division received background investigation results. One of those accounts had access to MMIS 12 days before a background check packet was submitted or approved. Moving on to page 5, all six newly hired Division employees in 2021 did not receive a preliminary background investigation or submit their background investigation packet before they were given access to the MMIS. The average time the six employees had access to MMIS before receiving fingerprint background investigation results was approximately 37 days. Background investigations help reduce the risk that sensitive data will be accessed by disreputable individuals.

The MMIS contains protected health information, which includes information about health status, provision of health care, or payment for health care. As of July 2021, there were 711 user accounts allowing access to Nevada MMIS, including Division and non-Division state employees and fiscal agent employees.

State security standards require that fingerprint based background investigations be conducted on state employees and IT [information technology] contractors who work for or provide IT services to the State. Although the Division policies outlined a process for verifying contractors pass an appropriate background check before granting MMIS access, this process was not followed.

Moving on to page 6, we have included three recommendations to improve controls on background investigations to help ensure that access to the MMIS is safeguarded.

On page 7, we explain that the Division does not actively manage MMIS user accounts. Specifically, the Division does not ensure MMIS access is needed for non-Division state employees. The Division also does not ensure that user accounts of former state employees and its fiscal agent are disabled timely. And, the Division does not ensure documentation used to authorize MMIS access is complete or reviewed periodically. Accounts still valid after a user leaves an enterprise makes it easier for an external or internal threat actor to gain unauthorized access to enterprise data using valid user credentials.

On page 8, it is noted the state security standards indicate that access rights for every state system shall be reviewed in the event of a change of access, whether by the termination of a contract, employment, or service. The Division has a policy that requires IT staff to disable a user account within 24 hours of notification. However, this policy does not address timely notification of IT staff. In addition, the policy does not address reviewing user accounts to determine if access is still required.

On page 9, we explain that the Division does not properly document system access authorization or documentation was inaccurate on several of the security access request forms, which are used to grant access to MMIS. A security access request form contains details of an employee or contractor requesting access to Division resources. The Division did not follow its documented procedure for MMIS account review, which is to compare roles and account status with the security access request form on file. To verify users in the system, the procedure also requires a routine reconciliation of the user roles and account state with the security access request form on file.

On page 10, we have included three recommendations to improve the controls associated with MMIS user access management.

On pages 11 through 12, we explain that the Division's MMIS enhancement process is effective in ensuring changes to the system are prioritized and completed. A documented change management plan is utilized and monitored. Proper management of this process helps ensure changes to the MMIS meet the needs of the project stakeholders and align with available resources.

Our audit methodology begins on page 13, the agency's response follows, and on page 19 we note that the Division accepted our six recommendations. That concludes our presentation, we are happy to answer any questions. Thank you.

**Chair Jauregui:**

Thank you, Mr. Gray. We appreciate you being here and presenting the report. Committee members any questions? I just have two, so I will go to you first. Okay, I am going to go ahead and jump in. Mr. Gray, I have one question. I know that in two different places in the report it said that nine employees have not logged into MMIS, since before June 2021, and then there were also four, I think it looks like, employees who were no longer with the Division still had access. So, for the nine employees, do you know if they were who had not logged in before 2021, if it was because their roles changed so they no longer needed to access MMIS. I guess access just was not turned off by IT. Was that the case or were they, no?

**Mr. Gray:**

Yes, in most cases they had changed positions, have changed roles, and they did not warrant access and so they did not use it.

**Chair Jauregui:**

Okay, thank you. I think information security is one of the most important topics right now. I know that because as the Chair of Commerce and Labor, I have seen privacy bills come before our committee over the last two sessions and they increase in number. The only question I have, I know we have quite a few people here from the Division, is there any concern of there being HIPAA violations? What kind of information do these people have access to? I am assuming names, date of birth, address, Social Security numbers, but then also available billable health care services that they are receiving? Is there any HIPAA violation and would we be in jeopardy of losing any federal dollars for being in violation of HIPPA policy?

**Jared Davies (Information Security Officer, Division of Health Care Financing and Policy, Department of Health and Human Services):**

I would say that we are not at risk for HIPPA violations. Our fiscal agents are allowed access to that protected health information to perform their job duties on a regular basis. While their role may have changed, they would still have access to that system in other areas. They should not be going in and looking for information that does not pertain to any duty that they are currently performing, but they do have access to it.

**Chair Jauregui:**

What about the four nonemployees that were no longer contracted with the Division?

**Mr. Davies:**

In those instances, they had terminated their service with the fiscal agent, we were not notified of it, and it was not until the audit occurred that we were made aware that they had left service.

**Chair Jauregui:**

Okay. Members any other questions for the Division? I know you have accepted the six recommendations and you have 60 days to create your corrective plan. Information security to me is just one of like one of the most important things because we all know someone who is been impacted by it, right? So, I am going to the members before we go into action. Members, any questions? Mr. Davies, it looks like we have no further questions for you. With that, I will go to the members to look for a motion to accept the report.

ASSEMBLYWOMAN DICKMAN MOVED TO ACCEPT THE PERFORMANCE  
AUDIT REPORT ON THE DEPARTMENT OF HEALTH AND HUMAN  
SERVICES, DIVISION OF HEALTH CARE FINANCING AND POLICY,  
INFORMATION SECURITY.

ASSEMBLYWOMAN MILLER SECONDED THE MOTION.

MOTION PASSED BY MEMBERS PRESENT.

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**Chair Jauregui:**

Thank you, Mr. Davies, for being here today.

**Mr. Davies:**

Thank you very much.

**Chair Jauregui:**

Okay, members that concludes all of our items under Agenda Item IV. So, we can move on to Agenda Item V which is the presentation of a review of government and private facilities for children [Governmental and Private Facilities for Children – Surveys, Observations, and Inspections]. I am going to go to Mr. Crossman first for some brief remarks.

**Mr. Crossman:**

Thank you, Chair. One of our roles is to review governmental and private facilities for children on an ongoing basis and provide information to assist in Legislative oversight. Ultimately, our goal is to help ensure adequate protection of children in these homes and facilities. These facilities are defined in statute and that governs which facilities we go see. Our efforts in this area are to perform as many inspections as practical and possible.

This year we have 20 facilities that we did have the opportunity to review. In the last couple of years, we have shifted from more towards an inspection process rather than a longer,

more thorough review and the intent of that is to try to have the opportunity to get our eyes on as many facilities as possible with the limited resources we have.

An inspection of a home or facility includes a review of policies and procedures, a review of certain files, as well as a physical inspection. Then, we communicate the information and observations after these inspections. During the year, we have also made contact with all of the 59 facilities that are listed in our report that fall under our statutory authority. That is part of our annual survey process.

Furthermore, we review during the year complaints. This year, we reviewed more than 600 complaints that were submitted to us, and we then follow up with facilities when deemed appropriate. We have also worked closely with representatives from DCFS as well as Washoe County Human Services Agency and the Clark County Department of Family Services throughout the year. I will now turn the time over to Sandra McGuirk, Audit Supervisor, and she will walk us through the report.

**Chair Jauregui:**

Thank you so much, Mr. Crossman, and thank you Ms. McGuirk for being here with us.

**Sandra McGuirk (Audit Supervisor):**

Good morning, Madam Chair, and members of the Subcommittee. I am here to present our Governmental and Private Facilities for Children – Surveys, Observations, and Inspections report. Our work was conducted pursuant to the provisions of NRS 218G.570 through to 218G.595, which requires us to determine if the facilities adequately protect the health, safety, and welfare of the children in the facilities and whether the facilities respect the civil and other rights of the children in their care.

On pages 1 through 5, we discussed background information and the type of work we completed. We completed inspections of four children's facilities and surveys and observations of 16 children's facilities. Surveys of children's facilities were conducted in response to the COVID-19 pandemic and related restrictions, during which we did not perform on-site, physical observations. However, after restrictions were lifted, we completed observations at most of the surveyed children's facilities.

On page 6, we discuss our inspections of four children's facilities. At one facility, P6 Family Services, we identified various concerns regarding the care of the children. Continuing on page 6 and on page 7, we discuss P6 Family Services (P6). All three P6 foster homes provide specialized foster care. Each home is licensed separately by Washoe County Human Services Agency. This was our second visit to one of the P6 homes. At two of three P6 homes, we noted several issues that prompted us to question whether P6 adequately protected the children in its care. Some of these significant issues observed at the homes included: human feces in a child's bedding and on the walls, the children's bathroom had mold, a child's bedroom did not have a bed, and cleaning supplies were unsecured. In addition, medication records were unsecured, incomplete, inaccurate, and required documentation was missing. We determined the homes did not meet minimum foster care standards established in statutes. Subsequent to our inspection, Washoe County closed one of the two homes we inspected.

Continuing on page 8, we discussed 16 children's facilities that we surveyed and observed. However, at 4 of the 16 facilities, Tahoe House Family Services, 3 Angels Care, Eagle Quest, and 180 Community Wellness Centers, we identified various concerns regarding the care of the children.

On page 8, we discuss Tahoe House Family Services, a home that provided specialized foster care, which was licensed by the state's DCFS. Some of the significant issues observed and noted at the home included: medication records were incomplete, inaccurate, and required documentation was missing; a child's file did not contain evidence to support whether treatment services were provided; and the home was dirty and disorganized. In addition, there was no evidence to support whether significant events, including alcohol consumed by a child in the home, were communicated to the facility's licensing agency. We determined facility management did not meet the minimum foster care standards established in statutes. Following our visit to the home, DCFS stopped placing children at Tahoe House and subsequently revoked its license.

On page 10, we discuss 3 Angels Care, a foster care agency. All eight homes operated by 3 Angels Care are licensed separately by Washoe County Human Services Agency (Washoe County) to provide specialized care. This was our second visit to one of 3 Angels Care homes. Some of the significant issues observed at each of the three homes included: two unsecured prescription medication pills on the carpet of a child's bedroom; several areas of the home were dirty, such as the children's bathrooms and children's bedrooms contained empty snack wrappers, partially eaten food, and garbage. In addition, we observed pillows without pillowcases, a bed without a bed frame, overflowing laundry baskets, and disorganized piles of clothing in a closet. We determined the homes did not meet minimum foster care standards established in statutes. Following our visits to the homes, we contacted Washoe County to discuss our concerns. Washoe County issued a corrective action plan to one of the three homes we observed.

On page 12, we discuss Eagle Quest, a foster care agency. All 58 homes operated by Eagle Quest are licensed separately by Clark County's Department of Family Services to provide specialized care. Some of the significant issues observed at the homes included: incomplete medication records; unsecured tools, cleaning chemicals, and alcohol; and homes were dirty. Following our visits to the homes, we contacted Clark County to discuss our concerns. Clark County and Eagle Quest's management confirmed our concerns were addressed promptly.

On page 13, we discussed 180 Community Wellness Centers, a foster care agency. All five of 180's homes are licensed separately by the Clark County Department of Family Services (Clark County) to provide specialized foster care. Some of the significant issues observed at one of the homes included unsecured psychotropic and non-psychotropic medication and the home smelled of marijuana. Following our visit to 180's home, we contacted Clark County to discuss our concerns. Clark County confirmed our concerns were addressed by facility management.

Appendix A on page 15 contains a list of surveys, observations, and inspections we completed. Appendix B on pages 16 through 18 provides some background, population, and staffing information on the 59 children's facilities in Nevada. That concludes my presentation. I would be happy to answer any questions the Subcommittee may have. Madam Chair, if it is okay

with you, I would like to address some of the issues brought up by Mr. Doyle from Eagle Quest during public comment.

**Chair Jauregui:**

Yes, Ms. McGuirk, please.

**Ms. McGuirk:**

Thank you. First and foremost, our expectations of facilities are adjusted based on the types of facilities we observe and review. For example, level of security, staff to youth ratios, use of force, and the Prison Rape Elimination Act. With respect to facilities having the opportunity to respond in writing, we have been transparent regarding our concerns, discussing our concerns with both the facility and the licensing agency. If depending on the egregiousness of the issues we note, if we need additional assurance, we do obtain additional information as needed from both the facility and the licensing agency. So, for example with Eagle Quest, we did in fact discuss the issues that we noted at the homes with Mr. Doyle and his management team. Mr. Doyle took the opportunity to confirm via email, I believe, that the issues had been addressed and corrected within 2 days of us bringing it to his attention. We subsequently followed up with the licensing agency to obtain their input and they confirmed the same thing that Mr. Doyle was concerned about. So, in this case we felt that there was no additional response needed by him. That concludes my comments. Thank you.

**Chair Jauregui:**

Thank you so much, Ms. McGuirk. I do see I have a question from Vice Chair Dondero Loop. Vice Chair, please.

**Vice Chair Dondero Loop:**

Thank you very much and thank you for the information. I have a couple of questions. On page 15 where you list the type of work where the survey observations are, almost all of these are 6 months apart. So even if somebody observes something wrong and then sends you an email and says I have fixed it. Is there a follow-up? Six months is a long time, I realize you need staff and that it is time-intensive, but 6 months is a long time. If all I have to do is email you; is there a follow-up so that I know what is in the email is accurate.

**Ms. McGuirk:**

Vice Chair Dondero Loop, depending on the egregiousness; yes, we do determine whether we need to go out to the facility sooner rather than later. As you know, we have 59 facilities within the state. We are constantly juggling our resources against the number of facilities we have. Plus, we also are assessing our risk on a very frequent basis. For example, for the ones that have more egregious issues such as P6 Family Services, we do go to them sooner rather than later. If needed, we get additional information from both the facility themselves and the licensing agency. Hopefully, that addresses your concern.

**Vice Chair Dondero Loop:**

Well, I do not know if it does. I appreciate the answer. I just think that anything with children who are vulnerable is egregious. You may find one pill on the floor and that may never happen again but how do you know it does not happen again if there is no consistent follow-up? I guess that would just be one example.

**Ms. McGuirk:**

If I could take the time to address that? The licensing agencies are the ones that are responsible for more frequent going in and out of the homes. Our process is a secondary review to make sure everybody is on the same page. I am not saying that nothing is egregious. I am just trying to weigh things up. So, apologies if I misspoke.

**Chair Jauregui:**

Vice Chair, I believe we do have Cindy Pitlock from the DCFS on here too as well, so we can ask them. That is a great question. I would like to know in addition to the audits that the Audit Division provides, how often is DCFS visiting these homes and doing their inspections?

**Cindy Pitlock (Administrator, Division of Children and Family Services, Department of Health and Human Services):**

I would like to defer that comment to Laurie Jackson who would be able to answer it more in depth.

**Ms. Jackson:**

In regard to the report for facilities, Tahoe House was the one that fell under our purview. Tahoe House had significant issues. We worked with licensing. We were there weekly. We had a corrective action plan. It was literally until the day that we made the mutual decision that perhaps this was not the field for them, and they should close their doors. Does that answer the question? I apologize.

**Chair Jauregui:**

Ms. Jackson for those who hold licenses under your purview, how often do you inspect their homes in addition to the few our Audit Division does?

**Ms. Jackson:**

By statute, the licensing division would go once a year. But when we have children placed in a facility such as Tahoe House, we are seeing that facility monthly, the caseworkers do that. We also have youth parole children who were replaced at Tahoe House and their youth parole officers were also going and seeing them monthly and reporting back to us so that we could continually address concerns as we found them or as follow up to make sure that they were being addressed.

**Chair Jauregui:**

Just to recap, you said per NRS you are only required to inspect them once a year though, correct?

**Ms. Jackson:**

Correct.

**Vice Chair Dondero Loop:**

Chair, I want to chime in there. So, when you closed Eagle Quest or whoever it may be, is that all their facilities or just that one house?

**Ms. Jackson:**

Tahoe House was a single facility here in Carson and it was not a chain event. They do not have multiple houses. They had one house here in Carson.

**Vice Chair Dondero Loop:**

But if I understand you correctly, if the owner had more than one home, you would only close the home that had the problem?

**Ms. Jackson:**

For that question, I do not have multiple homes within my jurisdiction. I think Clark representatives and Washoe representatives with Eagle Quest have multiple homes. I would think that they might be better to address that.

**Chair Jauregui:**

Vice Chair it looks like Tahoe House fell under the Division of Child and Family Services. But I know that one of the facilities that was reviewed P6 which fell under the Washoe County Human Services jurisdiction had two homes and only one of them were closed after the audit findings. So, the other one remained open. So hopefully that helps.

**Vice Chair Dondero Loop:**

Thank you.

**Chair Jauregui:**

You are welcome, Vice Chair. Sorry, I interrupted your line of questions. I do not know if you were done.



**Vice Chair Dondero Loop:**

I was just very concerned that we would allow someone to continue with their business, if you will, if they have a home that does not have that quality of care. It is all good. Thank you for the answers.

**Chair Jauregui:**

Thank you, Vice Chair. And again, might be worth looking at NRS that only requires one annual review of the homes. And I know and probably it is an issue we see with all of our state agencies just not enough people to work within each division. I did have a question, and this might be for Ms. McGuirk or Mr. Crossman. Mr. Crossman in your remarks, you had mentioned that the Division had received over 600 complaints in 2020. Was that correct?

**Mr. Crossman:**

Yes, that is accurate. I believe on page 4 of our report, we highlight that we received and reviewed 629 complaints during the fiscal year.

**Chair Jauregui:**

Mr. Crossman, I am curious do you know if that number increased or decreased from the previous fiscal year?

**Mr. Crossman:**

This was a decrease from the prior year. We do comment on page 4, some of those reasons that we were able to identify that it is dependent on the type of facility, age of children, number of children placed, and part of that was due to the COVID-19 pandemic and fewer children being placed in those facilities. Ms. McGuirk might be able to add a little more context to that. If you would not mind, Sandra.

**Ms. McGuirk:**

I think Mr. Crossman gave a very good synopsis. COVID-19 I believe, this is the biggest impact. Due to the COVID-19 pandemic, there was a reduction in the number of children placed in the various types of facilities so that in fact reduces the potential for complaints and grievances to be filed, which is exactly what we saw.

**Chair Jauregui:**

I am curious, and it is probably another question for the Audit Division but who filed the complaints with the Audit Division? Because these private facilities are under the jurisdiction of DCFS, correct, so would not the complaints go to DCFS or who? Who calls the Audit Division to file complaints? Where did those complaints come from?

**Ms. McGuirk:**

There is a specific statute that addresses that item. Each facility that has a child under the custody of the court or otherwise is required to send us copies of complaints, including

management's addressing of the issue. So, that encapsulates both the private and the public facilities. We do have an internal process where we are following up with the facilities to ensure that we are getting information on a monthly basis.

**Chair Jauregui:**

Thank you, Ms. McGuirk. That answered my question completely. And I do have one question and it is probably for Ms. Pitlock from DCFS. When the facility is closed, what happens to the children? Are they placed in other homes?

**Ms. Pitlock:**

Thank you for the question, Chair. So yes, every attempt is made to safely place the youth in another facility. We have established wonderful relationships with our Clark County partners and our Washoe County partners and when a situation like that happens, we literally tag team together, we get on a staffing call together, and solve problems as a collective group. Thank you for the question.

**Chair Jauregui:**

Thank you, Ms. Pitlock. My last question is going to be, I know NRS only requires one visit to each facility per year, do you know if Washoe County or Clark County if their regs [regulations] require more than one visit per year, or are they in line with what the state does?

**Ms. Pitlock:**

I would defer that question to my colleague Ms. Paoli who would probably be able to answer that more completely than I would.

**Cara Paoli (Division Director, Children Services, Washoe County Human Services Agency):**

Good morning. We have the same statutes that we fall under as the state and Clark County. We do have caseworkers that go into the home monthly that is the requirement. They are also supposed to do an environmental inspection to make sure that the home is safe, medications are locked up, and we have a list of requirements for our providers that not only are licensing team is supposed to use but our caseworkers as well.

**Chair Jauregui:**

Thank you, Ms. Paoli. And so, there are people in the homes monthly?

**Ms. Paoli:**

Correct.

**Chair Jauregui:**

Okay, thank you. I appreciate you jumping in and helping answer the question. Members, I am going to come to you, any other questions? With that, I would take a motion to approve the report.

VICE CHAIR DONDERO LOOP MOVED TO ACCEPT THE GOVERNMENTAL AND PRIVATE FACILITIES FOR CHILDREN – SURVEYS, OBSERVATIONS, AND INSPECTIONS, DECEMBER 2021.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

MOTION PASSED BY MEMBERS PRESENT.

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**Chair Jauregui:**

Our next agenda item is Agenda Item VI, the Report on Count of Money in the State Treasury. I believe we have Ms. Tammy Goetze, Audit Supervisor, here to present.

**Tammy Goetze (Audit Supervisor):**

Good morning, Chair, and members of the Audit Subcommittee. I would like to present the Report on Count of Money in the State Treasury. If you could direct your attention to the transmittal letter page. In accordance with NRS 353.060, we counted the money and securities in the State Treasury on Wednesday, June 30, 2021, and have prepared Exhibit A with supporting Schedules 1 through 3.

The Legislative Auditor is required to count the money in the State Treasury at least annually. On the count day, the State Treasurer provides a vault inventory listing to perform our physical examination of the vault's contents. The State Treasurer also provided a listing of the State's holdings with various financial institutions. We confirmed the State Treasurer's account balances directly with these financial institutions and reconciled them to the State Controller's records and the state's accounting system. In accordance with NRS 353.075, we filed this report with the Secretary of State on January 10, 2022.

Continuing to page 1 of the money count report is the count of money and securities on June 30, 2021. There were \$173 million on deposit with financial institutions, \$7.9 billion of state-owned securities, and \$2.5 billion of securities held for safekeeping for a grand total of over \$10.6 billion. Pages 3 through 25 show this exhibit's detail. That concludes my presentation. I would be happy to answer any questions.

**Chair Jauregui:**

Thank you, Ms. Goetze. I am going to come to the Committee. Committee members, any questions for Ms. Goetze? I believe we do also have from the Treasurer's Office Zach Conine, Tara Hagan, and Linda Tobin here to answer any questions. Okay, looks like we have no questions, Ms. Goetze. Committee members, I would take a motion to approve the report.

VICE CHAIR DONDERO LOOP MOVED TO ACCEPT THE REPORT ON  
COUNT OF MONEY IN THE STATE TREASURY, JUNE 30, 2021.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

MOTION PASSED BY MEMBERS PRESENT.

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**Chair Jauregui:**

Okay, Committee members Agenda Item VII is the presentation of the 6-month reports. I believe before we jump into these, I am going to go to Mr. Crossman for some brief remarks.

**Mr. Crossman:**

Thank you, Chair. I will just give a brief overview of the 6-month process. This was established in statute many years ago to help ensure audit recommendations are implemented. I believe it is important to recognize and acknowledge that the follow-up process that was put in place by the Nevada Legislature has been recognized as a best practice by the U.S. Government Accountability Office. That follow-up process begins with a plan of corrective action. We have talked about that a couple of times today. It is prepared by the audited agencies and that is 60 working days after the report is made public. Statute then requires the Director of the Governor's Finance Office, which is completed by the Division of Internal Audits, to submit a report to the Legislative Auditor, 6 months after the plan of corrective action is due. In that report, they indicate the implementation status of each recommendation after reviewing records with each agency. We then review and receive those 6-month reports, and we continue to work with and monitor the agencies on the recommendations that are not fully implemented. Today's reports include our updates after additional communication with those agencies subsequent to the 6-month reports from the Governor's Finance Office. And that is our review of other relevant documentation. With that, I will turn it back to you Chair to introduce the first 6-month report, which was Agenda Item VII G.

**Chair Jauregui:**

Thank you. Mr. Crossman. Members next is Agenda Item VII G. Which is the Delivery of Treatment Services for Children With Autism. We have Audit Supervisor, Jennifer Otto, here to give the presentation.

**Jennifer Otto (Audit Supervisor):**

Good morning. In January 2021, we issued an audit report on the Delivery of Treatment Services for Children With Autism. In October 2021, the Office of Finance indicated on their 6-month report that eight recommendations were fully implemented, and six recommendations were partially implemented. After communicating with both the Aging and Disability Services Division (ADSD) and the Division of Health Care Financing and Policy (DHCFP) and reviewing relevant documentation we have found that to date all but two recommendations have been fully implemented. Some of this information was provided subsequent to issuing the letters to the members of the Audit Subcommittee and as a result, we have modified our questions. The

following questions are for agency officials regarding the two remaining partially implemented recommendations (Agenda Item VII G).

The first question is directed to the DHCFP. For Recommendation No. 3, regarding claim investigations and the recovery of overpayments, when does DHCFP anticipate the recommendation to be fully implemented?

The second question is directed to the ADSD. For Recommendation No. 10, the Office of Finance indicated staffing issues prevented full implementation of the recommendation at the time of the review. When does ADSD anticipate full implementation of the recommendation?

**Chair Jauregui:**

Thank you, Ms. Otto. I believe we do have members here from the Divisions to answer questions. So, why do not we take Recommendation No. 3 first.

**Dr. Antonina Capurro (Deputy Division Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services):**

Good morning. I can answer Question [Recommendation] No. 3. Our DHCFP Surveillance and Utilization Review Unit or SUR Unit anticipates completion of investigating claims and overpayment recovery by April 30, 2022. I would be happy to answer any additional questions that the committee might have.

**Chair Jauregui:**

Committee members, any questions? Okay, let us move on to Recommendation No. 10. I believe this question was for ADSD and I believe we have from the Aging and Disability Services Division Mr. Rob and Ms. Jayme.

**Samantha Jayme (Health Program Manager, Aging and Disability Services Division, Autism Treatment Program, Department of Health and Human Services):**

Good morning. As of today, we have 32 kids waiting for services and we have a plan to start 13 of them this week. We have an additional two staff starting early April, so we will have this fully implemented by April 2022. Our new staff that we have coming on board will be able to handle the referrals coming in and continue to reduce our wait times. At the time of our 6-month report, our wait times were 108 days and as of this week, we are at 52 days. Again with 32 kids waiting. So, we will be fully implemented by the end of April.

**Chair Jauregui:**

Quick question, Ms. Jayme is 52 days the normal?

**Ms. Jayme:**

That is actually the shortest wait period that we have had. As of August 2021, our wait days were about 108. So, this takes into account the referral status, getting all the paperwork and the eligibility documents, and then getting them assigned to a case manager as well. We have seen that our provider capacity is growing. We have been able to hire a significant amount of

staff since our positions were unfrozen as of July 2021. So, this has helped us to reduce that wait time and get them to a developmental specialist for case management services.

**Chair Jauregui:**

Thank you, Ms. Jayme. Members, any other questions for our presenters from the Divisions.

**Vice Chair Dondero Loop:**

Thank you very much. My question is along the lines as the Chair. You have 108 days wait time. Just so I understand, you say it is going to go down to 52, which is almost 3 months, and we have, how many kids in the queue?

**Ms. Jayme:**

Thank you, Vice Chair for that question. At the time of our 6-month report, our wait days were 108; as of today, there are 52. By the end of April, we will have eliminated those wait days with our new staff coming in.

**Vice Chair Dondero Loop:**

And when you get to that, I realize more kids come in as you finish up those kids. But at the end of April, when that new staff comes in and you go down to that 58, is there ever a catch-up time? Is there ever a time when you do not have 3 months, three dozen families that are waiting for help.

**Ms. Jayme:**

Yes, thank you, Vice Chair for your question. So, we are hoping that by April we will not have any wait time and that our turnaround time will be about a week. So, we do get about 80 referrals a month on average right now. With the hiring of our new staff including the two new ones that will be starting in April that will be a good amount of staff to help cover that caseload. Then we do have vacancies that we are looking to fill, to continue with that, and keep up with that 80-person referral per month.

**Vice Chair Dondero Loop:**

Okay, thank you.

**Chair Jauregui:**

Thank you, Vice Chair. Members, any other questions? Okay with that I would look for a motion to approve this 6-month report.

VICE CHAIR DONDERO LOOP MOVED TO ACCEPT THE 6-MONTH REPORT ON THE DELIVERY OF TREATMENT SERVICES FOR CHILDREN WITH AUTISM.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

MOTION PASSED BY MEMBERS PRESENT.

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**Chair Jauregui:**

Members, Agenda Item VII H is the Department of Employment, Training and Rehabilitation (DETR), Employment Security Division. I believe we have Chief Deputy Legislative Auditor, Shannon Riedel, here to present.

**Shannon Riedel (Chief Deputy Legislative Auditor):**

Good morning, Chairwoman, and the members of the Subcommittee. Today, I will present the 6-month report related to the Employment Security Division (Agenda Item VII H). I did have a quick question Chairwoman Jauregui; procedurally, how do you want to go about this? I do have three questions. Do you want the agency to provide a response after each question or would you prefer that I just go through this report and then they answer all three questions at once?

**Chair Jauregui:**

Ms. Riedel, since DETR is going to be answering all three questions, why don't we do one at a time.

**Ms. Riedel:**

Okay great. In March of 2021, we issued an audit report on the Employment Security Division (ESD). The 6-month report prepared by the Office of Finance in December of 2021, indicated 6 of the 11 recommendations were fully implemented, 2 were partially implemented, and 3 had no action taken. The partially implemented and no action recommendations are noted in your packet and related to payment agreements, correcting collection reports, creating an aged accounts receivable report, utilizing the non-filers report, and developing policies and procedures over the controller's debt offset program (Agenda Item VII H).

Regarding payment agreements, the Office of Finance indicated the Division's revised policies and procedures did not include policies over defaults and considered the recommendation partially implemented because of this. The Division provided additional information on March 18, 2022, that shows policies have been updated to include defaults. As a result, we now

consider this recommendation to be fully implemented and we no longer have a question for the Division regarding this recommendation.

For Recommendation No. 10 regarding utilizing the Controller's debt offset program, the Office of Finance indicated ESD had not developed policies and procedures regarding this process, but they had requested a memorandum of understanding with the Controller's Office. The Division provided an update regarding this recommendation on March 18, 2022, indicating they are incorporating this recommendation into the new IS system. However, the use of the debt offset program can be implemented without the new system and we believe the following questions are still applicable and should be addressed by the Division.

The first one is: Has the Division contacted the Controller's Office and inquired about an estimated completion date for the memorandum of understanding?

**Chair Jauregui:**

Thank you, Ms. Riedel and I believe we have Ms. Lynda Parven. Did you want to answer the first question?

**Lynda Parven (Administrator, Employment Security Division, Department of Employment Security and Rehabilitation):**

Good morning and thank you for the opportunity. Yes, I would like to ask my Chief of Contributions, Jennifer Stagliano, to respond to this question.

**Jennifer Stagliano (Chief of Contributions, Employment Security Division, Department of Employment, Training and Rehabilitation):**

In regard to the debt offset program with the Controller's Office, yes, we have made contact with them. We have been dealing with Ms. Hoover over there and she has indicated that we are not eligible to participate in that offset program. At this point, we cannot really proceed with that.

**Chair Jauregui:**

Okay, were there any other solutions for the recommendation from your Division?

**Erin Fitzgerald (Manager III, Employment Security Division, Department of Employment, Training and Rehabilitation):**

Our understanding is that it is going to be implemented in the RFP [request for proposal] for our new system that was the final decision made.

**Chair Jauregui:**

Okay. And through that RFP system then there will be a development of policies and procedures to identify employers with delinquent accounts that will be part of the RFP system?



**Ms. Stagliano:**

The identification of the delinquent accounts is already something that is in place. We have been identifying those through queries run through our IT department. So, that actually is already implemented. It is just the Controller's Office's assistance with that debt offset program that we cannot implement.

**Chair Jauregui:**

Ms. Riedel, would that satisfy the recommendation?

**Ms. Riedel:**

I suppose we will have to reach out to the Controller's Office and find out what is preventing them from being able to do that. It was our understanding at the time of the audit that would be something that could be done. We will reach out to the Controller's Office and find out what the hiccup is there, and we will go from there.

**Chair Jauregui:**

Thank you, Ms. Riedel. So, do you want to continue with the next question?

**Ms. Riedel:**

I suppose Question No. 2 is not applicable at the moment until we find out more information from the Controller's Office. So, I will just move on to the third question and that relates to recommendations with no action. These included those related to correcting erroneous collection reports, creating an aged accounts receivable report, and utilizing the non-filers report to assist in prioritizing accounts and collection efforts. The Division has not taken any action on these recommendations because they plan on incorporating them into the RFP for the new system. However, the Office of Finance questioned whether action on the non-filers report should be deferred until the new system is completed.

Our audit indicated the non-filer report can be utilized to proactively engage in early collection efforts as tax liabilities typically exist regardless of whether employers file tax returns. The Division did provide an update on March 18, 2022, stating that they are working to develop a system query to identify nonfilers. However, the Division had an existing non-filers report during the audit. So, therefore we still think this last question is applicable. And, that was why does not the Division utilize the current non-filers report?

**Chair Jauregui:**

Ms. Parven.

**Ms. Parven:**

Again, I know that I have spoken with Ms. Stagliano, and she should be able to respond to this question.

**Ms. Stagliano:**

We are currently utilizing the non-filers report. We just have this query updated so that we can continue updating our processes on identifying these nonfilers and reaching out for those reports. We are also doing some cross matches on those to see which ones are true non-filers because of no payroll, versus which ones should be filing. We are currently working on that. In addition to that, we are working with the process improvement team on updating those efforts until the implementation of the new system takes place.

**Chair Jauregui:**

Then I just to confirm then the recommendation was taken, and you are using the current non-filers report?

**Ms. Stagliano:**

Right.

**Chair Jauregui:**

Perfect. Thank you, Ms. Riedel. Any other questions?

**Ms. Riedel:**

That completes this 6-month report.

**Chair Jauregui:**

Thank you. Committee members, any questions? Okay, seeing none, I would take a motion to approve the 6-month report.

VICE CHAIR DONDERO LOOP MOVED TO ACCEPT THE 6-MONTH REPORT  
ON THE DEPARTMENT OF EMPLOYMENT, TRAINING AND  
REHABILITATION, EMPLOYMENT SECURITY DIVISION.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

MOTION PASSED BY MEMBERS PRESENT.

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**Chair Jauregui:**

Moving on to Agenda Item VII I the Department of Business and Industry, Division of Insurance. We have Deputy Legislator Auditor, Amanda Barlow, here to give the 6-month report.

**Amanda Barlow (Deputy Legislative Auditor):**

Thank you. In May 2021, we issued an audit report for the Division of Insurance. The 6-month report prepared by the Office of Finance indicated that five recommendations were partially

implemented, and two recommendations have no action. We contacted the Division in February of 2022 regarding the status of the recommendations. Based on further discussion with the Division, we believe that the Division fully implemented Recommendation No. 5 regarding the storage and handling of personally identifiable information. We have two questions for the agency. First, what progress have you made towards fully implementing the remaining six recommendations? Second, what is your timeline for full implementation (Agenda Item VII I)?

**Chair Jauregui:**

Thank you, Ms. Barlow. I do believe we have Commissioner Richardson here to answer questions or do we have Director Reynolds? Who is going to be answering on behalf of the Division of Insurance?

**Barbara Richardson (Commissioner of Insurance, Division of Insurance, Department of Business and Industry):**

I am here, as well as our Chief Deputy, Stephanie McGee. First, I want to thank Chair Jauregui and the newly appointed Vice Chair Dondero Loop, and members of the Audit Committee. I do want to thank the auditing team as their input has been very helpful, not only at the beginning of the report but as we continue to work through completing all the open topics that have been presented in the report. The Division is continuing to make progress towards full and final implementation on all of the open questions and we believe we will do so within the next 6 months. I wanted to make sure to introduce the Division's Chief Deputy, Stephanie McGee, who is available online with me to respond to any specific questions on any of the items that are open.

**Chair Jauregui:**

Okay, thank you. And so again, you are working towards full implementation, and you think you will have them all fully implemented within 6 months.

**Ms. Richardson:**

Yes, that is our plan.

**Chair Jauregui:**

Will any of the outstanding six recommendations be done before?

**Ms. Richardson:**

Yes, but I will let Deputy McGee answer. She knows specifically which ones.

**Chair Jauregui:**

Thank you.

**Stephanie McGee (Chief Deputy Commissioner, Division of Insurance, Department of Business and Industry):**

I certainly wanted to express my appreciation for the auditors. Both the Legislative Counsel Bureau auditors and the Division of Internal Audit auditors were professional and really helped us to review and improve our processes. So, we really appreciate that. I would suggest that because some of these processes have been developed through the course of the audit and since the final report was issued, it is possible that we will have some of them done before the 6-month period. The concern is that because some of them are segregation of duties and certain things that need to be tested as well, we want to make sure that we have an opportunity to fully finalize the development, implementation, and test all of those procedures. So, we were suggesting a September 30 date.

**Chair Jauregui:**

Okay. I will just ask on the two items that have no action, has any action been taken? That was on Recommendation No. 4 to revise policies and procedures regarding the assessment collection and tracking of late fees. Then Recommendation No. 7, which was impose penalties in accordance with the statute or continued noncompliance. So, those two had no action taken whatsoever. Has there been any action on those two items?

**Ms. McGee:**

Yes, there has been action. The Division was working to review all. Recommendation No. 4, which was the no action, was talking about a big collection of late fees and that recommendation required us to review and really get into depth on all potential late fees and penalties that the Division could impose. So, we are working on that. I met with the Division of Internal Audits recently to discuss what we were lacking in those policies and procedures in order to get those things implemented.

So, with respect to the accounting one, I think it is just a matter of finalizing those procedures and making sure that what we are actually doing is reflected in the policy.

With respect to Recommendation No. 7, it has to do with implementing imposing penalties for continued noncompliance by the bail industry based upon our project, which was an educational project to review the bail industry. Part of knowing that there is continued noncompliance will require us to continue with that project. So, we did the initial audits, then there was COVID-19, and now we have continued with our project to educate the bail industry and follow-up on their compliance with regulations and Statutes. I would suspect with that one, I could say that there has not been any further action on those other than those cases where we have determined that there is continued noncompliance or noncompliance after additional reviews. Those have been referred to our enforcement team. The enforcement team finds that that is in fact the case, and then those will be referred to the legal section for action.

**Chair Jauregui:**

Thank you, Ms. McGee. I appreciate you being here and answering those questions. I am going to look to the committee members, any other questions? Okay, seeing none then I would accept a motion to approve the 6-month report.

VICE CHAIR DONDERO LOOP MOVED TO ACCEPT THE 6-MONTH REPORT ON THE DEPARTMENT OF BUSINESS AND INDUSTRY, DIVISION OF INSURANCE.

ASSEMBLYWOMAN MILLER SECONDED THE MOTION.

MOTION PASSED BY MEMBERS PRESENT.

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**Chair Jauregui:**

Our next item on the agenda is Agenda Item VII J which is a 6-month report from the Department of Business and Industry, Real Estate Division. We have Audit Supervisor, Todd Peterson, here to present the report.

**Todd Peterson (Audit Supervisor):**

Thank you and good morning, Chair, and the members of the Subcommittee. In September of 2020, we issued an audit report on the Real Estate Division of the Department of Business and Industry. The audit report contained 14 recommendations. The Division filed as planned for corrective action in December of 2020, and then the Governor's Office of Finance issued a 6-month report regarding the implementation status of the 14 recommendations on June 3, 2021. At that time, the Office of Finance indicated four recommendations were fully implemented, seven recommendations were partially implemented, and three recommendations had no action taken. In our letter to the Subcommittee, we have listed those recommendations identified as partially implemented or had no action taken. For the partially implemented recommendations, the Office of Finance indicated action was taken by the Division, but sufficient documentation was not available to confirm their full implementation. We contacted the Division in February 2022 and requested additional information regarding the status of the 10 remaining recommendations. After reviewing additional information and documentation provided by the Division, we have determined that 6 of the 10 recommendations have now been fully implemented.

Those recommendations still outstanding include Recommendations Nos. 1, 9, 10, and 12. For Recommendation No. 1, the Division indicated it evaluated user roles and performed updates to its database. That would allow it to segregate staff duties through defined levels of access for user roles. Staff turnover in the Division's IT section has prevented it from implementing these levels of access. The Division intends to implement levels of access once it obtains the appropriate IT staff.

For Recommendation No. 9, the Division indicated new software would be needed to implement the recommendations. The Division indicated it is currently in the process of

purchasing a new system and plans to integrate the tracking and reconciliation process into the new system.

So related to these two recommendations, we have two questions. The first one for Recommendation No. 1, when does the Division anticipate proper segregation of duties will be achieved for users of its database (Agenda Item VII J)?

**Chair Jauregui:**

With the Department of Business and Industry, Real Estate Division, I believe we have Sharath Chandra and Director Terry Reynolds as well.

**Sharath Chandra (Administrator, Real Estate Division, Department of Business and Industry):**

Thank you, to you, Madam Vice Chair, and members of the Committee. I also wanted to thank Mr. Peterson for his hard work working with us throughout the audit process and Mr. Crossman. So just to address those two questions, we have already done the hard work of finding out the segregation of the duties. Just so that the committee is clear, there are segregated duties being performed. It was not done to the level that we would like to and basically that was the recommendation or understanding of it. So, now that we have all the duties kind of segregated in the right ways because of the new updates, we are now ready to kind of implement it. I think we had again the IT turnover. We have had a lot of staff turnover, as is the case of many agencies, and I think it is just a matter of finding the staffing. Once that is done, working with the vendor and the section managers to just identify those levels of access and then kind of define what they are and when someone reaches that level of access, what is the next step. Just those technical things have to be rolled out. I do not anticipate that being much of a problem. It is just a timing thing. We just have been short-staffed and vacant positions have resulted in us not being able to implement it. I think that there is a follow-up to that.

Question No. 2 was when does the Division anticipate its new software? So, the recommendation, if my understanding is correct, was to utilize the database to track trust account reconciliation submitted for all licensed real estate brokers. So, there is a process in place. The process is not in the system. We understand that the auditors looked at it. The process that we have is a little disjointed and the ideal process would be to actually use the system of record to perform these and put the information in there so we could pull the appropriate reports. Madam Chair, I am preaching to the choir, you know how old our system is. And so, some of the things that we want to do cannot be done in the system. So, we are using Excel and another couple of mechanisms to do it. We are in the process of obtaining new software and it is a long process. It is a request for information, then a vendor selection, then actually working through the contract, and then awarding the contract. So, we are in the process of vendor selection right now. And so, we anticipate getting a vendor selected and getting into contract negotiations before the end of the fiscal year in June. Then in June hopefully, the vendor will start working on the software. That is the timeline for getting new software. The goal for us clearly is all our operations need to work through that software, whether it's audit, whether it's compliance, or whether it is licensing. So, that is the goal and so that is to answer the second question on that. On the other point, thank you, Madam, Chair. I will stop for questions if you have any.

**Chair Jauregui:**

Yes. And then Mr. Peterson, before I turn it back over to you, I do have a question for Administrator Chandra. So, then it sounds like Question No. 1, the segregation of duties, has already been achieved. Is there an RFP for the software system right now because you are saying you hope to have it secured by June 2022, so a software system has not yet been selected?

**Mr. Chandra:**

So, all the RFP process has been done. I think we have identified the vendors. We have had vendor presentations and now it is just a matter of whittling it down to the top two, then making a selection, then we get into actually working through the mechanics of the contract, then it would go for approval to the boards, and then the vendor would be awarded the contract. So, RFP, all that process is done. Now, we are just a matter of assessing what has been submitted and then going through the selection process.

**Chair Jauregui:**

And you are hoping to have that selection process completely completed by June 2022?

**Mr. Chandra:**

That is correct. Then that gives them enough time to then work through actually implementing the software and going through everything that would be required to implement new licensing software. Yes.

**Chair Jauregui:**

Thank you. And Mr. Peterson, I will hand it back over to you.

**Mr. Peterson:**

Thank you, Chair Jauregui. For Recommendations Nos. 10 and 12, the Division indicated it accepted and fully understands the basis for the recommendations, but reported it has significant constraints and fiscal staff and technology resources to fully implement these recommendations. The Division mentioned one administrative position was dedicated to trust account and administrative duties with trust account responsibilities taking approximately 10-working days each month. Furthermore, the Division indicated it would require an auditor or similar position along with some technology enhancements to implement the recommendations. We just like to note that the Audit Division, you know, did not use any special technology to evaluate broker trust account information as part of the audit. Our testing included the use of the Division's desk review guidelines to examine and identify any errors in trust account reconciliation information already submitted to the Division. Moreover, the errors we identified during our testing of broker trust account documentation, like nondescript journal entries, incomplete bank statements, and deposits listed as unknown, and suspicious withdrawals were easily identifiable by just scanning broker trust account documentation.

Finally, the audit recommendations as written, do not call for a review of all broker trust account information; instead, we recommend a risk-based approach. This builds upon the process the Division should be following based on its desk review guidelines. So, with that information, we have one question for the Division regarding Recommendations Nos. 10 and 12, which relate to trust accounts and statutory requirements that brokers file and the Division review those trust account reconciliations.

Our question is, does the Division intend to take any action to implement these recommendations and when does it intend to take this action?

**Chair Jauregui:**

Administrator.

**Mr. Chandra:**

Thank you again. As Mr. Peterson said, we do understand the recommendations and the genesis of what these requirements are. Again, 10 and 12, are the trust account reconciliations. If you recall Madam Chair, I think we had this discussion at the last meeting too. So, every broker is supposed to turn in a trust account reconciliation whether they do it, whether they have trust accounts, or they do not. So, originally our risk-based approach was based on because of historically the Division's staffing levels and our ability to monitor all these brokers. The question was we identified a segment of brokers that do use trusts and reconciliations. Within that section of trust account reconciliations, we then focused on the folks that actually used property management to do those trust account reconciliations. So, after the audit, we stepped back and said, okay, well, let us implement across the board because the risk-based approach may have been too narrow in scope, at least our interpretation of a risk-based approach. So, we stepped back, and we said, we will start requiring everybody, we will monitor everybody to submit trust account reconciliations, whether they have it or they do not. So, there are two forms and so you would submit a form saying you do not have a trust account reconciliation and we would file that, and then the other processes, you would say you do have one and then you would submit this form that the Division requires. We have now done that across all brokers as opposed to just ones with property management permits. So that was the first step.

The second one was really how deep do you go into these trust account reconciliations. And, this is where I think we have a process in place. Is it perfect? Absolutely not. I have an administrative III position doing a lot of this work. And so, the question became, well, how much am I expecting an administrative III person in addition to their regular duties perform trust account reconciliations. The goal is to give our employees the tools but also we want to adequately find the right fit. You either want someone with some auditing experience or something to be able to make determinations across the board. And so, we have made some changes currently and I think we are in a good place. It is just if we want to take this to a more dedicated risk-based approach where you would evaluate the previous year's trust account reconciliation with this one's, cross reference, and stuff, and go through different sections. It is time-consuming so I think that is where we said it is a resource issue. I mean again, we would love to do this implementation and have someone in place that could dedicate the time to do this. I think that is the dilemma, I think we will work within the framework of what we have, and I think we are in the process of reviewing how these trust account reconciliations



are done by the AA 3 [administrative assistant III], to review those procedures. I believe we could improve on it, and I think that is kind of the direction that we are going.

**Chair Jauregui:**

Mr. Peterson, would that be enough to satisfy the recommendation?

**Mr. Peterson:**

In my opinion, this would be a question for Mr. Crossman. You know, I think this would be something that we want to continue to monitor the implementation of these two recommendations. Our question as to whether or not they would take any action came from their responses and the Division of Internal Audits review during the 6-month report that no action has been taken on these recommendations. In my opinion, this would be something we would want to follow up on and see that there is some action taken so that these broker trust accounts can be properly monitored.

**Chair Jauregui:**

So, would this be processed in the form of monitoring these recommendations? Would that require we get to see these updates in a future Audit Subcommittee meeting?

**Mr. Peterson:**

I will turn that over to Mr. Crossman.

**Mr. Crossman:**

As far as going forward, I would concur with Mr. Peterson's assessment that I would like to continue to monitor that recommendation. These recommendations fall under this question. As far as from a process standpoint, this is officially the last time we would discuss the 6-month reports unless it was the desire of the Chair to have us come back and present some additional information in the future and that has been done in the past. So, I would defer to Chair Jauregui and members of the Subcommittee if they would like to have an update on this or any of the other 6-month reports that we have heard today. We are happy to bring them back at a future meeting. We do continue to monitor all these recommendations regardless of whether or not they are coming to another meeting but that is what would be the process would be just letting us know that you would like to have them back at a future meeting.

**Chair Jauregui:**

Okay. Thank you. I appreciate that. Members, any questions? Okay, well then with that I would accept a motion to approve the 6-month report.

VICE CHAIR DONDERO LOOP MOVED TO ACCEPT THE 6-MONTH REPORT ON THE DEPARTMENT OF BUSINESS AND INDUSTRY, REAL ESTATE DIVISION.

ASSEMBLYWOMAN MILLER SECONDED THE MOTION.

MOTION PASSED BY MEMBERS PRESENT.

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**Chair Jauregui:**

Thank you so much. Mr. Peterson for the presentation. Thank you so much. Administrator Candra for being with us to answer the questions. I appreciate that.

Okay, that concludes Agenda Item VII. Committee members. We can move on to Agenda Item VIII which is the National State Auditors Association Report on the Nevada Legislative Council Bureau Audit Division's System of Quality Control. We have Mr. Crossman here to make a brief presentation.

**Mr. Crossman:**

Thank you, Chair. I know at this point in the meeting everyone has had a lot of fun. So, I will make this as brief as I can. I think this is a really important item to highlight. You should have in your packet a letter from the National State Auditors Association addressed to my office entitled the peer review report. This report answers that question that you asked but many wonder who audits the auditors? Well, the answer to that question is we are audited by experienced auditors from other states. The Audit Division performs our audits in accordance with very rigorous auditing standards and those standards require that every 3 years the Division be subjected to an external peer review. Experienced auditors from the states of Wyoming, North Dakota, Georgia, and Louisiana conducted this most recent peer review, which occurred in the fall (Agenda Item VIII).

The peer review concluded that the Audit Division's system of quality control provided reasonable assurance of conformity with government auditing standards and issued a rating of pass, which is the highest rating. I have to clarify that because pass does not sound great. But that is the highest rating, they will provide. I am extremely proud of my team and their dedication and all that goes into the audit process. There is a lot that goes on behind the scenes to come up with a relatively short report. So, I would like to thank all of them for all their hard work and dedication to our processes, which resulted in a good pat on the back for our office for doing the job in the way that we are instructed to follow the standards that we must follow. Thank you very much. Thank you, Chair.

**Chair Jauregui:**

Thank you, Mr. Crossman. I do have a handful of questions for you. I am going to go to the members first. Members, any questions? Okay, I do not have any questions, but I do want to say thank you to you and the entire Audit Division for your service. As you said, I think the pass is the highest grade you can receive, which is great. And then I also want to thank you and take a moment to acknowledge that like you said that we are a model. Your division is a model for the 6-month review and in the way they conduct their audit follow-up. So, thank you for all that you do and for keeping our state functioning. Okay members there, that is a no-action item.

So that is, the second to the last agenda item, our last agenda item is public comment, Agenda Item IX.

I do want to pause just for a few moments to give those who may be listening, time to call in again. Remember we do have four ways; you can submit public comments; you can call in; mail in your public comments; email in your public comment; or fax in your public comments. You will find all forms on the methods of sending your public comments on the agenda. For those who are calling in, we will just give them a moment.

Okay. BPS can we go to our first caller for public comment?

**BPS:**

Yes, and thank you, Chair. How to provide public comment at this time, please press \*9 on your phone to take your place in the queue.

You may begin.

**Mary Nakashima (Representative, Perkins Company, Family Focused Treatment Association):**

Good afternoon, Chair Jauregui and members of the Committee. I know it has been a long day and we just wanted to offer our thanks to both the members and the staff who have worked together to put today's hearing together. Just to reiterate the FFTA [Family Focused Treatment Association] represents most of Nevada's specialized foster care providers. Our members are nationally accredited providers and only one member was mentioned today in a deficiency which was Eagle Quest, the other called out members in Agenda Item V are not members of the association. I did want to clarify for the record that none of Eagle Quest's homes were closed as a result of this or any other audit.

I am calling today because I wanted to reiterate that we take this and all the Legislative work very seriously and anytime a provider is called into question in a public or written forum, we would appreciate the ability to provide an unedited response. We know just from past experience that communication is essential between private partners who open their homes to youth during likely the most difficult time in their adolescence and government partners who review those facilities. Our members have had a transparent relationship with state local officials and we're really hoping to continue that as we know it is in the best interests of all children.

We understand that based on testimony that the Eagle Quest findings were cleared via brief email. But again, we take these bodies of work very seriously and just have some concerns that any deficiencies would be presented to an elected body in a public forum with limited notice. Our membership seeks to address all concerns in an expedited manner as that is again in the best interests of the child. And we are confident that any findings were addressed. At this time, we still have not seen the report, but we will continue to check the website now that it is been adopted. And should this committee request a response, or the auditors, we would be obviously happy to provide that. Thanks again for the work that you do for both elected officials and the public servants who work within the Division.

**Chair Jauregui:**

Thank you. Broadcast next caller, please.

**BPS:**

Thank you Chair. If you have recently joined the call and would like to provide public comment at this time. Please press \*9 on your phone or raise your hand in your Zoom window. You take your place in the queue and you are muted, please proceed.

**Fatai Langi (Director, 3 Angels Care):**

Thank you, Madam Chair and members of the Assembly [Committee]. I am a resource parent for four foster youth, biological parent to three beautiful boys, and the Director for 3 Angels care, also do some nonprofit work, family coach, and preservation advocate for families and anybody that is impacted by the foster care system. Now, these are just a few of the different hats that I juggle on a daily basis. However, it is a lifestyle, everything foster care and preservation is what I breathe day in and day out. My family and I have been a resource family for a decade, and I have seen so many changes, both good and learning ones that challenge us in the continuation of our calling that is changing this world by modeling unconditional love to foster youth and at-risk youth. So, they have an opportunity to change their narrative. Our calling has expanded to the foster children and their parents/caregivers because the trend we have experienced is a generational challenge. Kids we care for now and in the past are second, third, and even fourth generation products of foster care. I have always been a firm believer that this lane of impact is not for everyone and that it is a purpose a calling. A calling that creates vulnerability and transparency so that it promotes growth transformation and collaboration.

This actually did not come into fruition until the pandemic took place and it forced a lot of professionals to work from home, log on to Zoom, homeschool their kids, not look their best on Zoom calls, dogs barking in the background, forced to share a workspace at home with their spouses, and constantly saying I am sorry my kids are home I may get interrupted, or my connection is not the best. I experienced these transitions with my licensing agency these past 2 years, which has promoted connection, effective communication, and collaboration. Our partnership relationship with our licensing agency did not happen overnight, just like in any other relationship of getting to know people you are liked until something wrong happens, and then comes the questioning and some judgment. But I am grateful for the NRS [Nevada Revised Statutes], NAC [Nevada Administrative Codes], QPI [Nevada Quality Parenting

Initiative], and all the other alphabet regulations to help hold each other accountable for the partnership.

I just wanted to highlight this experience that we had because this is really where we saw the strengthening of our relationship and it was due to the loss of one of our 3 Angels Care admin staff, which created an opportunity for cultural awareness to take place. We had three or four Washoe County Human Services Agency workers attend the funeral service during social distancing and mask mandate moments and that supports kindness and empathy. It gave me a perspective on life that although we all have a goal to accomplish daily for kids in the foster care system, my need at that moment of mourning and sadness was important too. Cultural awareness I feel needs to be a training that all people in this lane of impact need to consider as very important for the development of our foster children and our resource families.

Recently, my agency had an unannounced visit from LCB [Legislative Counsel Bureau, Audit Division], and a comment that was made to one of the adults in the home was, did you just clean your house? You can only imagine the confusion and insult that it possibly could have left the adult as her model is cleanliness is next to Godliness. I appreciate and Sandra knows this, I value her work so much as it has ensured safety for our foster children. It has kept me accountable for sure. However, some of the recent experiences have been uncomfortable for our foster youth. It was the first time that LCB showed up and our foster youth was home as well. At one visit to one of our resource family homes, the foster youth did not know or was not really aware of who LCB was and was concerned that they were going to be separated from the family. They continued saying they were scared because they have never seen them before. After the adult explained to the youth who LCB was, it gave them a little assurance knowing their placement was not going to be interrupted or impacted.

We have experienced other challenges where unannounced visits happened and the resource family was not available for a walk-through because they worked day jobs. I am hoping there can be other ideas in collaboration so that the availability of my resource families does not delay the work of LCB. I appreciate the auditors so much for their feedback as it has helped us with the growth of the agency and reassured safety is always the top need. In closing, I want to thank my licensing agency, Washoe County Human Services Agency, for their continued support and partnership to ensure safety for all people involved including children, resource families, and community support that have a heart for this work. When the adults doing this work are being supported, the children in our foster care system thrive and have an opportunity to rewrite their story. Thank you.

**Chair Jauregui:**

Thank you for your public comment. Broadcast, do we have anyone else on the telephone line for public comment?

**BPS:**

Thank you, Chair Jauregui, the public line is open and working; however, there are no more callers at this time.

**Chair Jauregui:**

Okay, thank you. I do want to take a moment just to acknowledge that there are great facilities in our state doing work to keep our children safe and there are so many great facilities. But the job of the Audit Division is to highlight the issues and so that is what we hear. Unfortunately, we were not here to hear about all the great work sometimes that does get done in these private facilities and we are here just to highlight some of the issues that are found, but that is not to take away from any of the facilities that are doing a great job and out there doing the work to keep our children safe.

Committee members that was our last agenda item. I do want to let you know that our next meeting will be scheduled for May 4, 2022. Thank you, Committee Members, the Audit Division, all those state agencies who are here to answer questions, and those who gave public comments.

RESPECTFULLY SUBMITTED:

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Deborah A. Anderson  
Secretary for Minutes

APPROVED BY:

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Assemblywoman Sandra Jauregui, Chair to the Audit  
Subcommittee of the Legislative Commission

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Daniel L. Crossman, Legislative Auditor and Secretary to  
the Audit Subcommittee of the Legislative Commission

Date: \_\_\_\_\_