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THE STATE OF NEVADA LEGISLATIVE COUNSEL BUREAU

April 15, 2026

Members of the Legislative Commission
Legislative Building
Carson City, Nevada

Audit reports of the Legislative Auditor are submitted to the Audit Subcommittee before the reports are presented to the Legislative Commission, as provided for in Nevada Revised Statutes 218G.240 and 218G.615. On April 15, 2026, the Legislative Auditor presented the following reports to the Audit Subcommittee of the Legislative Commission:

- *Multi-Agency Information Security – Division of Public and Behavioral Health, Office of the Secretary of State, Cannabis Compliance Board, and Employment Security Division (LA26-07);*
- *Report on the Count of Money in the State Treasury, June 30, 2025 (LA26-08);*
- *Compliance with the Annual Report of Accountability – Clark County School District, Washoe County School District, and State Public Charter School Authority (LA26-09);*
- *Response to the Opioid Epidemic: Funds and Activities – Division of Public and Behavioral Health, Attorney General's Office, and Department of Human Services (LA26-10); and*
- *Governmental and Private Facilities for Children – Inspections, December 2025 (LA26-11).*

Summaries of these reports are enclosed for your review. The Audit Subcommittee recommends the Legislative Commission accept these five reports.

Respectfully presented,

A handwritten signature in black ink, reading "Shea Backus".

Assemblymember Shea Backus, Chair
Legislative Commission's Audit Subcommittee

Audit Highlights



Highlights of performance audit report on Multi-Agency, Information Security, the Division of Public and Behavioral Health, the Office of the Secretary of State, the Cannabis Compliance Board, and the Employment Security Division issued on April 15, 2026.

Legislative Auditor report # LA26-07.

Background

The Division of Public and Behavioral Health's (DPBH) mission is to protect, promote, and improve the physical and behavioral health of the people of Nevada. DPBH is part of the Department of Health and Human Services.

The Nevada Secretary of State is elected to a 4-year term and is responsible for maintaining the official records of the acts of the Nevada Legislature and the Executive Branch of State Government.

The Cannabis Compliance Board (CCB) consists of five Governor appointed board members. The CCB governs Nevada's cannabis industry through strict regulation of all areas of its licensing and operations, protecting the public health and safety of citizens and visitors while holding cannabis licensees to the highest ethical standards.

The Employment Security Division (ESD) has a vision of creating success for businesses and Nevadans. ESD exists to empower a vibrant labor market in Nevada by creating business and worker connections with high-quality, demand-driven services. ESD is a division of the Department of Employment, Training and Rehabilitation.

Purpose of Audit

The purpose of the audit was to determine if the selected agencies have adequate information security controls in place over risk assessment, asset inventory, vulnerability management, and security awareness training to ensure the protection of information technology systems and the data those systems process, store, and transmit. This audit included the systems and practices in place during calendar years 2023 and 2024.

Audit Recommendations

This audit report contains 27 recommendations to improve information security controls across 4 agencies.

The Division of Public and Behavioral Health accepted the seven applicable recommendations. The Office of the Secretary of State accepted the seven applicable recommendations. The Cannabis Compliance Board accepted the six applicable recommendations. The Employment Security Division accepted the seven applicable recommendations.

Recommendation Status

Each agency's 60-day plan for corrective action is due on July 11, 2026. In addition, the 6-month report on the status of audit recommendations is due on January 11, 2027.

Multi-Agency Information Security

Division of Public and Behavioral Health (DPBH)

Summary: Information system controls at DPBH need improvement to strengthen security, efficiency, and oversight of their operating information technology (IT) environment. Weaknesses identified include: DPBH has not completed a risk assessment of the full operating IT environment, the inventory and control of enterprise assets does not include a physical inventory of assets, the continuous vulnerability management program lacks documented procedures, and the security awareness training program lacks internal policies and procedures.

Key Findings: DPBH has not conducted and documented a security risk assessment or an annual security controls self-assessment as required by state standards. (page 5) DPBH does not conduct a physical inventory of IT assets. (page 7) DPBH does not have a policy or process in place to track how long a vulnerability has been active nor do they have the ability to identify what vulnerabilities are being worked on or remediated. (page 9) DPBH utilizes the State's enterprise-managed security awareness training and simulated phishing platform as their primary cybersecurity training tool; however, the agency does not have any internal policies specific to security awareness training. (page 11)

Office of the Secretary of State (SOS)

Summary: Information system controls at SOS need improvement to strengthen security and improve oversight of the operating IT environment. Weaknesses identified include: a documented full risk assessment or annual self-assessment of information security controls has not occurred, the inventory and control of enterprise assets lack consistency and completeness, the continuous vulnerability management program lacks documentation and remediation processes, and the security awareness training program does not ensure all employees are completing their initial and annual training.

Key Findings: SOS has not completed a documented full risk assessment or prepared an annual self-assessment of information security controls. (page 14) SOS conducts semi-formal annual inventory procedures; however, there are no documented procedures for conducting the annual inventory and pertinent information is missing. (page 15) SOS lacks documented procedures for maintaining its vulnerability management program and tracking of vulnerabilities found in the operating IT environment. (page 16) SOS utilizes the State's enterprise-managed security awareness training and simulated phishing platform as its primary cybersecurity training tool. All 129 agency employees were properly enrolled in the security awareness training program and required to complete their annual training or initial security awareness training within the first 90 days of employment as required by state policy. However, training was not always completed on time. (page 18)

Cannabis Compliance Board (CCB)

Summary: Information system controls at CCB need improvement as there is a lack of documented policies and procedures. Weaknesses identified include: a full information security risk assessment has not occurred, the inventory and control of enterprise IT assets process does not follow CCB policy, the continuous vulnerability management program is not fully implemented, and the security awareness training program needs improvement.

Key Findings: CCB has been active for over 4 years and has not conducted and documented a full information security risk assessment. (page 21) While CCB is conducting an annual inventory of assets, they are not updating state inventory records, which does not follow their internal policy to ensure state inventory compliance. (page 22) CCB's continuous vulnerability management program includes several areas without oversight or operating procedures and limited documentation. (page 24) CCB utilizes the State's enterprise-managed security awareness training and simulated phishing platform as their primary cybersecurity training tool. We evaluated the security awareness training program of CCB and found there could be some improvements to CCB's procedures. (page 26)

Employment Security Division (ESD)

Summary: Information system controls at ESD need improvement to strengthen security and improve oversight of the operating IT environment. Weaknesses identified include: an overall risk assessment for ESD's operating IT environment remains undocumented, the asset inventory process lacks consistency and completeness, the continuous vulnerability management program lacks documentation and training, and the security awareness training program does not adhere to internal policies.

Key Findings: An overall security risk assessment for ESD's operating IT environment remains undocumented. (page 29) ESD depends on the Department of Employment, Training, and Rehabilitation's (DETR) IT team and an internal group to manage its computer inventory process. The agency has an internal inventory policy, but it has not been updated in over 16 years. (page 30) DETR's Information Security Officer oversees ESD's continuous vulnerability management program. During the audit, DETR was using the State's enterprise-managed vulnerability management software for vulnerability scanning. Out of 54 devices tested, 33 (61%) were scanned and each had at least one critical or high vulnerability. (page 31) ESD utilizes the State's enterprise-managed security awareness training and simulated phishing platform as their primary cybersecurity training tool. At the time of this audit, internal policies for follow-up on incomplete training were not consistently enforced. (page 33)

Audit Highlights



Highlights of performance audit report on the Compliance with the Annual Report of Accountability, Clark County and Washoe County School Districts, and State Public Charter School Authority, issued on April 15, 2026.

Legislative Auditor report # LA26-09.

Background

The Annual Report of Accountability was established in 1989 to standardize reporting across Nevada's school districts and has been subjected to various revisions over the years. Currently, there are 14 different sections of Nevada Revised Statutes that have multiple reporting requirements. These requirements are presented on the Nevada Report Card which can be found on the Nevada Accountability Portal website at: <https://nevadareportcard.nv.gov>.

The Clark County School District (CCSD) is the largest district in Nevada with a total of 385 schools and 304,568 students at the beginning of the 2023-2024 school year.

The Washoe County School District (WCSD) was the second largest school district in Nevada with a total of 121 schools and 63,777 students at the beginning of the 2023-2024 school year.

The State Public Charter School Authority (SPCSA) is a state agency that was created through legislative action in 2011 to provide oversight of state-sponsored charter schools. The SPCSA had a total of 84 charter school campuses and 61,883 students at the beginning of the 2023-2024 school year.

Purpose of Audit

The purpose of the audit was to determine if the Districts complied with statutory requirements concerning the Annual Report of Accountability, as well as consistency, or lack thereof, in the methodology used for such reporting.

Audit Recommendations

This audit report contains 17 total recommendations to improve the controls and comparability over accountability reporting.

CCSD accepted the six applicable recommendations.

WCSD accepted the six applicable recommendations.

SPCSA accepted the five applicable recommendations.

Recommendation Status

Each district's 60-day plan for corrective action is due on July 11, 2026. In addition, the 6-month report on the status of audit recommendations is due on January 11, 2027.

Compliance with the Annual Report of Accountability

Clark County and Washoe County School Districts, and State Public Charter School Authority

Summary

The Clark County and Washoe County School Districts, and the State Public Charter School Authority (Districts) substantially complied with statutory reporting requirements for the Annual Report of Accountability, providing most accountability data metrics required by statutes. For accountability metrics within their control, the Districts achieved an average reporting compliance rate of 93%. Some accountability data metrics were not reported due to factors outside the Districts' control, such as data reported by the Nevada Department of Education (NDE) or a lack of prescribed instructions from NDE. Required accountability information gives lawmakers and citizens valuable insight into the performance of Nevada's education system. Greater collaboration between school districts, NDE, and the Legislature, would help ensure necessary accountability information is captured and reported.

The Districts generally used comparable methodologies to collect and compute accountability data. For collectability and reporting purposes, NDE separated the Annual Report of Accountability statutes into subreports. To help ensure consistent methodologies are used by school districts, NDE prescribes instructions for each subreport on what data should be collected and how to compute different metrics. However, despite this statewide direction, we identified methodology inconsistencies for three accountability subreports tested. Furthermore, SPCSA relies on each charter school to compile the reported data. Ensuring consistent methodologies are used between school districts allows decision makers to receive reliable and comparable accountability data.

The Districts have established various controls to help ensure accurate and reliable information is reported. For example, the Districts have created divisions and procedures to collect, validate, and report accountability data. However, we observed areas where controls over accountability data reported can be strengthened. Specifically, SPCSA needs to provide additional oversight of its sponsored charter school level accountability data. In addition, accountability data being reported by certain CCSD entities lacked adequate controls, and WCSD can improve controls over its final reported data to ensure errors are found before submission to NDE. Controls over the collection and compilation of accountability data help ensure consistent methodologies are used and decision makers receive reliable and comparative accountability data.

Key Findings

- The Districts achieved a high rate of compliance with nearly all statutory reporting requirements tested. Specifically, the Districts averaged a 93% compliance rate for the 50 metrics they were responsible for reporting and for which NDE prescribed instructions. However, the Districts did not report some information despite available instructions, and overall compliance with statutory requirements can improve. The Districts were assigned by NDE to report 77 of the 136 (57%) accountability metrics, but only 50 (65%) of those had prescribed instructions by NDE for how to report the information. Based on NDE's prescribed instructions, NDE compiles and reports the remaining 59 (43%) metrics from systems and information it has access to or gathers from school districts through other statutory requirements. (page 8)

- We tested accountability subreports and observed the Districts used similar methodologies for 7 of 10 subreports. However, for three subreports, we found the Districts varied in their methodologies when calculating data for teacher average daily attendance, substitute teachers, and student retention. (page 16)

- Charter schools prepare their accountability data and SPCSA has established some controls to help validate this data. However, we found charter schools were at risk of reporting inaccurate accountability data due to weaknesses within their own processes. We identified for one charter school tested, 4 of 7 (57%) long-term substitute teachers were not reported on the Nevada Report Card. In addition, we observed charter school substitute teacher practices that may conflict with statutes. For example, 16 of 16 (100%) substitute teachers tested lacked the required licenses to teach core subjects in Nevada. Furthermore, for 9 of 16 (56%) substitute teachers, the charter school waived licensing requirements allowing their Education Management Organization to use unlicensed substitute teachers in classrooms. (page 23)

- We identified areas where controls over some accountability data can be strengthened. For 2 of 10 subreports tested, we found certain CCSD entities lacked controls to ensure compliance with statutes and NDE's prescribed instructions for substitute teachers and teacher average daily attendance reporting. In addition, we found for 1 of 10 subreports tested, WCSD had errors in its reported paraprofessional data. (page 26)

Audit Highlights



Highlights of performance audit report on the Response to the Opioid Epidemic: Funds and Activities issued on April 15, 2026.

Legislative Auditor report # LA26-10.

Background

In Nevada, the Division of Public and Behavioral Health (DPBH), the Attorney General's Office (AGO), and the Department of Human Services (DHS) have supported opioid epidemic response activities.

DPBH has significant responsibilities relating to the opioid epidemic funds and activities, including oversight of federal grant funding, certification of substance use treatment providers, plans designed to support infants affected by opioid and substance use exposure, and statewide planning. Federal funding supports prevention and treatment efforts and naloxone availability.

AGO litigated and settled with entities involved in the opioid epidemic, resulting in \$1.14 billion in monetary recoveries for the State and its local governments as of May 2025. A portion of these funds are deposited in the Fund for a Resilient Nevada (FRN), which is overseen by DHS. DHS has funded and overseen multiple entities using FRN monies to support prevention, treatment, and surveillance activities related to the opioid epidemic response.

Purpose of Audit

The purpose of the audit was to determine if state agencies are adequately overseeing opioid epidemic response funding, opioid litigation recoveries, treatment providers, and statewide planning. The audit focused activities from January 2021 to September 2024 and prior years for certain oversight activities and financial documentation.

Audit Recommendations

This report includes 24 recommendations to improve DPBH's management of grants and other statewide efforts related to the opioid epidemic response, AGO's oversight of opioid litigation costs and contracting, and DHS' oversight of entities spending opioid litigation settlement funds.

DPBH accepted the 16 recommendations.

AGO accepted the 5 recommendations.

DHS accepted the 3 recommendations.

Recommendation Status

DPBH's, AGO's, and DHS' 60-day plans for corrective action are due on July 11, 2026. In addition, the 6-month reports on the status of audit recommendations are due on January 11, 2027.

Response to the Opioid Epidemic: Funds and Activities

Division of Public and Behavioral Health (DPBH)

Summary: DPBH plays an important role in the fight against opioid use disorder. From 2018 to 2023, over \$115 million in federal funds were overseen by DPBH to help counter the opioid epidemic in Nevada. We found DPBH can improve its oversight of provider activities and payments. In addition, DPBH's oversight of infant care plan preparation and administration was lacking for opioid exposed infants. Furthermore, DPBH can enhance its oversight of statewide planning and grant preparation support activities. Improved DPBH oversight of funding, planning, and treatment providers, will enhance statewide activities designed to reduce the opioid epidemic's impact on Nevada citizens.

Key Findings:

- Of 17 contracts reviewed, five entities receiving federal substance use grant funding did not submit required progress reports to DPBH. (page 18)
- Of 64 entities needing a site visit from DPBH, 15 (23%) did not receive one and 24 (38%) did not receive a timely site visit. (page 19)
- We reviewed a sample of inspection records from a vendor DPBH oversees and identified repeat noncompliance in 21 of 30 (70%) providers the vendor inspected. (page 24)
- In 9 of 20 (45%) infant care plans for patients impacted by opioids, substance use treatment referrals for the mother were not documented. (page 25)
- The comprehensive state plan for programs for alcohol or other substance use disorders did not comply with certain required statutory components. (page 28)

Attorney General's Office (AGO)

Summary: AGO allocations of settlement funds to the State and local governments were accurate; however, AGO can improve its oversight of opioid litigation costs and contractual amendments. AGO did not identify excess interest charges to the State and some inaccuracies in interest calculations. After we notified AGO regarding these errors, AGO worked with the law firm to correct the interest charges. Additionally, invoiced costs were approved for reimbursement even though some costs were unallowable or invoices were incomplete. Finally, when the contingent fee contract was amended, AGO did not post two amendments online timely, including one with a significant monetary impact. Proper oversight and review of costs help ensure AGO is appropriately and effectively overseeing litigation expenses.

Key Findings:

- AGO calculations for recoveries, contingent fees, and allocations were accurate. (page 31)
- The State was charged excess interest accrued on costs. (page 32)
- AGO did not identify unallowable costs on some invoices charged to the State. (page 36)
- AGO did not ensure two amendments to the opioid contingent fee contract were timely publicly posted. (page 39)

Department of Human Services (DHS)

Summary: DHS can improve its monitoring of entities receiving opioid litigation settlement funding and its review of annual program reporting. Specifically, DHS can improve the quality of certain Fund for a Resilient Nevada (FRN) agreements to ensure fund recipients receive adequate oversight and provide sufficient reporting. In addition, DHS did not conduct required site visits for some funding recipients. Insufficient oversight increases the risk funding will not be used effectively or in alignment with program goals. Finally, a public report submitted to state leadership contained errors in FRN expenditures supporting opioid epidemic mitigation efforts.

Key Findings:

- DHS did not conduct annual site visits for 4 of 6 (66%) grant recipients with completed grant periods in our sample. (page 44)
- All 51 FRN funded awards we reviewed had award objectives that complied with state plan and settlement requirements. (page 44)
- DHS annual reports to state leadership had errors regarding 2023 and 2024 expenditures supporting opioid epidemic response mitigation efforts. (page 47)

Report Highlights



Highlights of Legislative Auditor report on the Governmental and Private Facilities for Children – Inspections issued on April 15, 2026.

Legislative Auditor Report # LA26-11.

Background

Nevada Revised Statutes (NRS) 218G.570 through 218G.595 authorize the Legislative Auditor to conduct audits of governmental facilities for children and inspections, reviews, and surveys of governmental and private facilities for children.

As of June 30, 2025, we identified 108 governmental and private facilities that met the requirements of NRS 218G. In addition, 62 Nevada children were placed in 19 different out-of-state facilities across 8 different states as of June 30, 2025.

Statutes require facilities to forward to the Legislative Auditor copies of any complaint filed by a child under their custody or by any other person on behalf of such a child concerning the health, safety, welfare, and civil and other rights of the child. During the fiscal year ended June 30, 2025, we received 1,547 complaints from 43 facilities in Nevada. Sixty-five Nevada facilities reported no complaints were filed.

Purpose

Inspections were conducted pursuant to the provisions of NRS 218G.570 through 218G.595. This report includes the results of our inspections of 25 children's facilities. As inspections are not audits, these activities were not conducted in accordance with generally accepted government auditing standards.

The purpose of our inspections was to determine if the facilities adequately protected the health, safety, and welfare of the children in the facilities, and whether the facilities respected the civil and other rights of the children in their care.

Inspections included discussions with management, reviews of personnel and child files, and observations. Child and employee interviews occurred as applicable. Discussions with facility management included the following topics: medication administration, treatment plan process, abuse and neglect reporting, complaint process, employee background checks and training, Prison Rape Elimination Act, seclusion/corrective room restriction, restraints/use of force, and related policies and procedures as applicable. In addition, we judgmentally selected files to review which included: personnel files for evidence of background checks and required training as well as child files for evidence of children's or guardian's acknowledgment of their right to file a complaint, medication administered, and treatment plans as applicable.

Governmental and Private Facilities for Children – Inspections

December 2025

Summary

In 16 of 25 children's facilities inspected, we did not note significant issues that would cause us to question the health, safety, welfare, or protection of the rights of the children. However, at nine facilities we identified multiple issues that caused us to question whether facility management and/or the licensing agency adequately protected the children in their care. Based on our observations, we contacted the facilities' licensing agencies and/or placement agencies and communicated our concerns.

Sandria Foster Care Agency

We noted the following health, safety, welfare, and civil and other rights issues:

- **Health:** incomplete, inaccurate, and missing medication records; missing participation in treatment plans; untimely treatment plans; and unsecured records.
- **Safety:** unsecured, loaded firearm; unsecured medication; and missing documentation of mandatory reporting.
- **Welfare:** substance use paraphernalia, empty unsecured alcohol containers, and inappropriate content.
- **Civil and other rights:** missing documentation of complaint process acknowledgments, inaccurate fire drill records, incomplete personnel records, and insufficient policies and procedures. (page 5)

Moriah Behavioral Health Facilities

We noted the following health, safety, welfare, and civil and other rights issues:

- **Health:** incomplete, inaccurate, and missing medication records; missing participation in treatment plans; and untimely treatment plans.
- **Safety:** missing background check records, lack of increased supervision after a suicide attempt, missing documentation of mandatory reporting, unsecured chemicals and laundry supplies, items posing self-harm and ligature risks, an unsecured pool, missing and improperly charged fire extinguishers, and missing fire drills.
- **Welfare:** damage to facilities, inappropriate content, and missing and stained bedding.
- **Civil and other rights:** missing denial of rights reporting documentation, missing complaint logs, child rights were not posted, incomplete personnel records, and insufficient policies and procedures. (page 9)

Clark County Family Services Advanced Foster Care Homes

We noted the following health, safety, and civil and other rights issues:

- **Health:** incomplete, inaccurate, and missing medication records; foster parents' lack of familiarity with treatment plans; missing participation in treatment plans; and unsecured records.
- **Safety:** unsecured medication, alcohol, knives, tools, and chemicals; an unsecured pool; a missing fire escape ladder; missing fire drills; and missing electrical outlet covers.
- **Civil and other rights:** incomplete personnel records and insufficient policies and procedures. (page 15)

Other General Concerns

During our inspections, we noted concerns at 9 facilities related to notification to physician for medication refusals, 15 facilities related to fire safety, 13 facilities related to person legally responsible consent documents, 7 facilities related to denial of rights reporting, 11 facilities related to fingerprint submission documentation, 7 facilities related to mandatory reporting requirements, and 5 facilities related to completion of medication administration records in real-time. The frequency of these concerns suggests more attention is needed to improve the care of children in select areas. (page 19)

Areas for Legislative Consideration

During the 83rd Session of the Nevada Legislature, Assembly Bill 521 (2025) was passed requiring health facilities licensed by the Bureau of Health Care Quality and Compliance to screen employees having direct contact with children for substantiations of child abuse or neglect. This was an area we identified for legislative consideration in our last report in 2024 (LA26-05).

Additionally, this report contains two prior report recommendations the Legislature may want to consider that would help certain facilities improve the health, safety, welfare, and protection of the rights of the children in their care. (page 25)