

Legislative Counsel Bureau Audit Division



“Government auditing is essential in providing accountability to legislators, oversight bodies, those charged with governance, and the public”

Government Auditing Standards 1.03

Audit Division's Mission

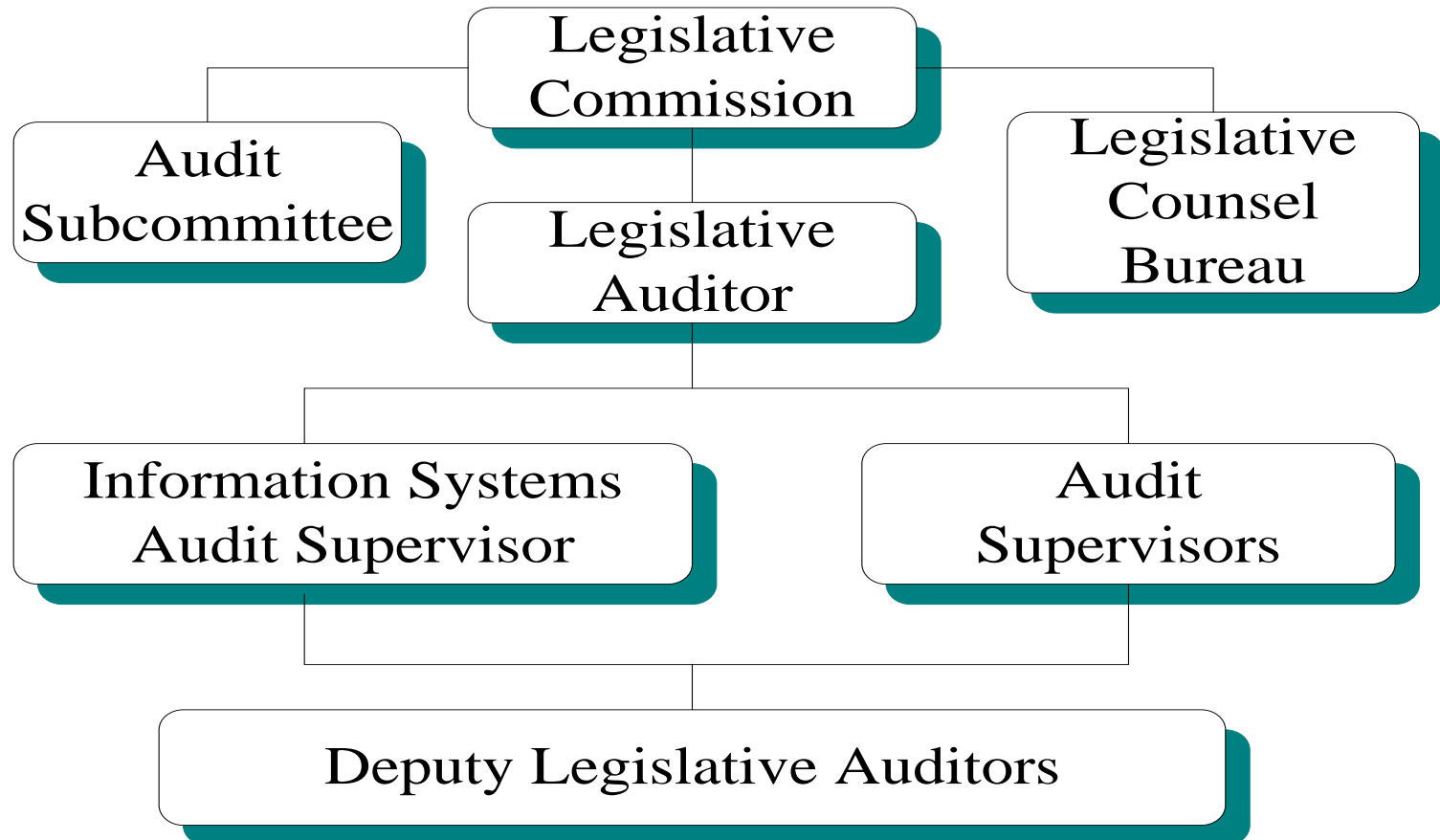
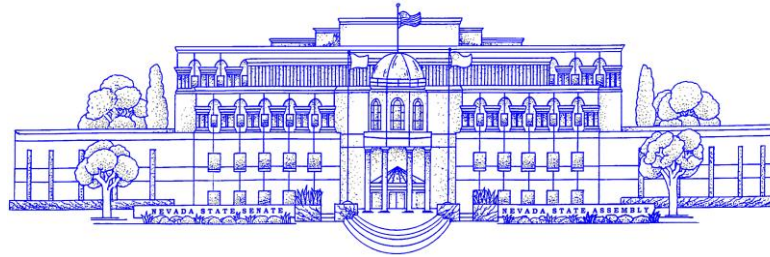
To support the Legislature in meeting its constitutional duties by providing independent and reliable information to improve accountability and effectiveness in state government.



We accomplish our mission by:

- Providing factual information to the Legislature on the operations of agencies, programs, activities, and functions
- Working with agencies to identify opportunities to improve accountability, reduce waste, and enhance program effectiveness
- Recommending to the Legislature the amendment of existing or enactment of new laws to improve the functioning of state agencies

LEGISLATURE



Audit Division Foundations



Types of Audits

Performance Audits

- Provide objective analysis to improve program performance, reduce costs, facilitate decision making, and contribute to public accountability.

Financial Audits

- Determine whether entity's reported financial condition is presented in accordance with recognized criteria.

How are audits selected?

Legislative Auditor's Biennial Audit Plan

- The Legislative Commission approves the plan biennially
- The plan consists of audits selected based on a risk analysis

Directed by the Legislature

- The Legislative Commission can require an audit
- The Legislature can mandate an audit through legislation

Why do we perform audits?

- Audits conducted under statutory mandate
 - NRS 218G.010 to 218G.350
- Purpose of audits:
 - Improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operation of state agencies, programs, activities, and functions

Benefits of Legislative Audits

- Save taxpayer dollars by identifying waste and inefficiencies and identifying ways to enhance revenues
- Improve program performance and effectiveness
- Ensure internal control systems are effective
- Determine compliance with laws and regulations
- Hold public officials accountable

Preparation and Presentation of Audit Reports

- Agency provided draft report
 - Report draft discussed in exit conference
- Agency provides written response to audit and accepts/rejects recommendations
 - Response included in audit report
- Audit report presented to Audit Subcommittee
 - During session, report may be issued if subcommittee does not call meeting

Audit Report Recommendations

Constructive Suggestions for Change

Specific and Action Oriented

Reviewed with Agency Management

Audit Follow-Up Process

- 60 Day Plan of Corrective Action (NRS 218G.250)
 - LCB Audit and Department of Administration, Internal Audit Division review plan developed by agency management
- 6 Month Report on Status of Recommendations (NRS 218G.270)
 - Prepared by Department of Administration
 - Legislative Auditor reviews and provides to Audit Subcommittee

Benefits of Recent Audits

- Taxpayer Dollars Saved
 - Ex: Division of Health Care Financing and Policy
 - Savings of about \$49 million over last biennium by recovering Medicaid claim overpayments and controlling costs related to medical services
- Citizens Better Served Through Improved Programs
 - Ex: Division of Parole and Probation
 - Public safety can be improved through improved management practices for high-risk offenders.

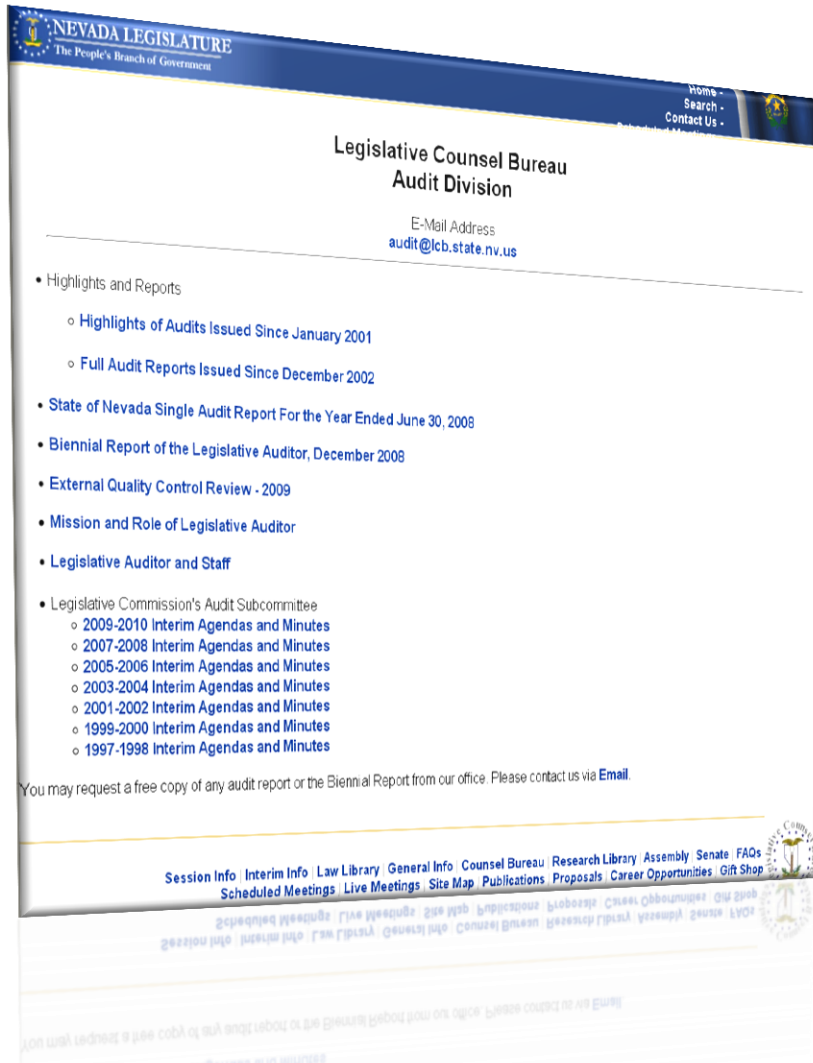
Benefits of Recent Audits (cont.)

- Reducing Unnecessary Spending
 - Ex: Motor Pool Division
 - Audit found that 162 of 736 (22%) agency assigned vehicles were driven less than 6,000 miles in a year, resulting in agencies paying too much for transportation costs.
 - Identified potential savings of \$1.6 million if vehicle purchases were delayed and 73 underutilized vehicles were eliminated.
 - Follow-up work in November 2012 identified 70 Motor Pool vehicles were eliminated. Therefore, the savings estimate was realized.

Benefits of Recent Audits (cont.)

- Assisting Legislature in Addressing Statewide Issues
 - Ex: Contracts With Consultants (A.B. 463 – 2009)
 - Audit requested through legislation to address concerns regarding contracts with current and former state employees.
 - Identified 250 current and former state employees were paid \$11.6 million over a 2-year period.
 - Identified numerous instances of contract abuse.
 - Found A.B. 463 not implemented by state agencies. Therefore, audit recommended additional legislation (A.B. 240 – 2011).
 - Audit recommendations to strengthen oversight and transparency implemented by Department of Administration.

LCB Audit Division Website Resources



Audit Highlights

Audit Reports

Biennial Report
of the Legislative
Auditor

Audit
Subcommittee
Agendas and
Minutes

Single Audit
Report

Other Audit Division Functions

- Child Welfare Responsibilities
 - Child Fatalities (NRS 218G.550-.555)
 - Review child welfare agency case files of children, having prior contact with the agency, who suffer a fatality or near fatality to determine whether the case was handled in accordance with laws.
 - Release certain information to the public concerning children having prior contact with a child welfare agency who suffer a fatality or near fatality (if the agency refuses to disclose the information).
 - Facility Reviews (NRS 218G.570-.585)
 - Conduct reviews, audits, and unannounced site visits evaluating whether governmental and private facilities adequately protect the health, safety, and welfare of children and respect their civil and other rights.

Other Audit Division Functions (cont.)

- Single Audit (NRS 218G.330-.350)
 - Audit of federal programs at the state level
 - Contract with a public accounting firm
 - Monitor firm's performance and contract compliance
- State Boards Financial Review (NRS 218G.400)
 - Receive and review Regulatory Boards' financial statements

Any Questions?

Paul Townsend, Legislative Auditor

Phone: 684-6815

Email: townsend@lcb.state.nv.us