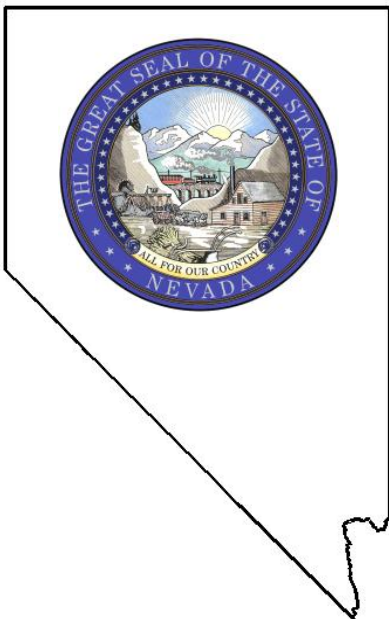


# STATE OF NEVADA

---

## Biennial Report of the Legislative Auditor



December 31, 2012  
Carson City, Nevada

---

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
401 S. CARSON STREET  
CARSON CITY, NEVADA 89701-4747  
~~Fax No.: (775) 684-6668~~

RICK COMBS, *Director*  
(775) 684-6800



LEGISLATIVE COMMISSION (775) 684-6800  
MO DENIS, *Senator, Chairman*  
Rick Combs, *Director, Secretary*

INTERIM FINANCE COMMITTEE (775) 684-6821  
MAGGIE CARLTON, *Assemblywoman, Chair*  
Cindy Jones, *Fiscal Analyst*  
Mark Krmpotic, *Fiscal Analyst*

BRENDA J. ERDOES, *Legislative Counsel* (775) 684-6830  
PAUL V. TOWNSEND, *Legislative Auditor* (775) 684-6815  
DONALD O. WILLIAMS, *Research Director* (775) 684-6825

December 26, 2012

Members of the Nevada Legislature:

I am pleased to report on the activities of the Audit Division for the biennium ended December 31, 2012. This report includes a comprehensive summary of audits issued during the biennium and also a brief overview of the Audit Division.

The Audit Division is committed to providing high quality audit reports based on independent, objective evaluations conducted in accordance with professional auditing standards. I am especially hopeful the findings and recommendations contained in our reports will assist the Legislature, the Governor, and agency heads in providing efficient and effective government services.

We gratefully acknowledge the cooperation and assistance of the members of the Legislative Commission, the Audit Subcommittee, the Interim Finance Committee, and others with whom we have worked. They made it possible for us to conduct our audits and prepare accurate and constructive reports.

Our purpose is to serve the Legislature and the citizens of Nevada. Your suggestions as to how we may continue to improve our services will always be welcomed.

For more information about Legislative Auditor reports go to: [www.leg.state.nv.us/audit](http://www.leg.state.nv.us/audit).

Respectfully,

A handwritten signature in black ink, appearing to read "Paul V. Townsend".

Paul V. Townsend, CPA  
Legislative Auditor

cc: Governor Brian Sandoval



---

## TABLE OF CONTENTS

---

Introduction.....	1
Benefits of Legislative Audits .....	2
Schedule of Reports .....	4
2011 – 2012 Biennium in Review .....	5
Recommendations to Improve State Government .....	24
Follow-Up on Audit Recommendations .....	24
Audit Legislation .....	24
Uniform System of Internal Control .....	26
Count of Money in State Treasury .....	27
Activities That Support and Enhance the Audit Function .....	28
Other Significant Responsibilities .....	29
Appendices	
A. External Quality Control Review .....	33
B. Statutory Citations – Legislative Auditor.....	34
C. 2012 – 2014 Basic Audit Program .....	37
D. Audit Division .....	40
• Organizational Chart .....	40
• Historical Listing of Legislative Auditors .....	41
• Audit Division Staff .....	42
E. Schedule of Reports Released 2011 – 2012 .....	43

## INTRODUCTION

---

The mission of the Audit Division is to improve accountability and the effectiveness of state government. This is accomplished by providing members of the Legislature with factual information concerning the operations of state agencies, programs, activities, and functions; working with state agencies to identify opportunities to improve accountability, reduce waste, and enhance program effectiveness; and recommending to the Legislature the amendment of existing laws or the enactment of new laws designed to improve the functioning of state agencies.

The key to improving any organization is an objective assessment of the performance of that organization. That is the type of assessment provided by legislative audits of state agencies. These audits, which are conducted in accordance with rigorous professional standards, provide an independent and unbiased evaluation of government operations. Performed by experienced staff who are familiar with the intricacies of government operations, the audits include specific recommendations for improvement.

### TYPES OF AUDITS CONDUCTED

The Division conducts performance audits on certain agencies and programs. Performance audits address the operational efficiency and effectiveness of programs in relation to their intended goals and objectives, sufficiency of internal controls, and compliance with laws and regulations. These audits provide important insight into agencies, especially in times of limited resources and increasing demands for public service. Historically, the Division conducted financial audits of state agencies.

The scope of the audits for the upcoming biennium will vary depending upon the nature and purpose of the agency. As in the past, the integrity of fiscal affairs will receive substantial consideration in the planning phase of each audit. Increased audit emphasis will be placed on providing an independent assessment of the performance of an agency, program, activity, or function. This will be done in order to provide information to improve public accountability and facilitate decision-making by the Legislature or those responsible for initiating corrective action. This may include determining if an agency is operating in an economical and efficient manner, or determining the extent to which a program achieves a desired level of results.

The Legislative Commission approves the biennial audit program of the Legislative Auditor and may direct him to make any special audit or investigation considered necessary. The Legislature may also direct the Legislative Auditor to conduct special audits or investigations through legislation.

### REPORTING AUDIT RESULTS

The findings and recommendations of the Audit Division are published in formal reports which include constructive suggestions for change. Since the purpose of an audit is to improve government operations, state agency officials are given the opportunity to respond to a draft report to ensure findings are accurate and conclusions are appropriate.

The comments of these officials are carefully considered in preparing the final audit report. Audit reports are presented to the Legislative Commission or the Audit Subcommittee of the Legislative Commission at public meetings. However, if the Legislature is in session and the Chairman of the Audit Subcommittee does not call a meeting within five days after being notified that an audit report is ready for presentation, the report is issued. After presentation, copies of the reports are made available to each member of the Legislature, state officials, and the public.

---

## **BENEFITS OF LEGISLATIVE AUDITS**

---

The benefits of the Audit Division's work can be measured in a number of ways. First, our audits save taxpayer dollars by identifying waste and inefficiencies and by finding ways to enhance state revenues and other resources. Second, legislative audits identify ways to improve program performance and effectiveness. Third, our audits ensure internal control systems are suitably designed to protect public resources. Fourth, we determine whether state agencies and programs are operating in accordance with laws and regulations. Finally, our audits ensure public officials are held accountable.

### **MILLIONS OF TAXPAYER DOLLARS HAVE BEEN SAVED**

Legislative audits have contributed significantly over the years to saving millions of dollars for Nevada's taxpayers. In the past two years alone, measurable financial benefits of more than \$93 million have been realized by implementing our recommendations. These savings include increased revenues and reduced costs. For instance, the Division of Health Care Financing and Policy realized savings of about \$70 million by recovering Medicaid claims overpayments and controlling costs related to medical services.

### **IMPROVED PROGRAMS TO BETTER SERVE NEVADANS**

In addition to measurable financial benefits, our work has led to improvements in programs to better serve Nevadans. By increasing program effectiveness, improved levels of service can be provided thus ensuring Nevada's citizens get the most for their money. For example, the Bureau of Services for Child Care did not always perform timely inspections of child care facilities or take timely action to help ensure fire and health inspections were performed by state and local health authorities. Additionally, better monitoring of facility employees is needed to ensure compliance with health and safety requirements including child abuse and neglect checks, and tuberculosis tests. These processes are needed to protect the health and safety of children at child care facilities. In another example, the Division of Industrial Relations did not adequately protect workers' compensation claimants' personal identifiable information including social security numbers. Improved controls over the storage and transmittal of this information are needed to protect citizens from the risk of their personal information being used fraudulently in the event of a security breach.

## FOCUS IS ON IMPROVING ACCOUNTABILITY

Although not directly measurable in terms of dollar savings, improved public accountability and management controls pay dividends by ensuring assets are properly safeguarded against waste, loss, and misuse; laws and regulations are followed; appropriate goals and objectives are met; and reliable data are obtained, maintained, and fairly disclosed. Over the past two years, our audit work continued to focus on improving the accountability of Nevada State Government. Legislators, public officials, and citizens want and need to know whether the state's funds are handled properly and in compliance with laws and regulations. They also have an interest in knowing whether state agencies and programs are achieving their purposes and whether these agencies and programs are operating economically and efficiently. This need for accountability has created a demand for more information about state government. To realize government accountability, legislators, program managers, and citizens must have credible, objective, and reliable information to assess the integrity, performance, and stewardship of the government's activities.

## SCHEDULE OF REPORTS

---

REPORT	PAGE
AGENCY AUDITS	
Office of the Governor, Office of Energy	5
Department of Administration, Public Works Division, Buildings and Grounds Section	6
Department of Business and Industry, Housing Division	7
Department of Business and Industry, Division of Industrial Relations	7
Department of Business and Industry, Division of Insurance	8
Department of Business and Industry, Office of Labor Commissioner	9
Department of Conservation and Natural Resources, Division of Environmental Protection	10
Department of Conservation and Natural Resources, Division of State Lands	11
Department of Employment, Training and Rehabilitation, Employment Security Division	11
Gaming Control Board	12
Department of Health and Human Services, Aging and Disability Services Division	13
Department of Health and Human Services, Division of Child and Family Services	13
Department of Health and Human Services, Oversight of Child Care Facilities	14
Department of Health and Human Services, Substance Abuse Prevention and Treatment Agency	15
Department of Health and Human Services, Division of Welfare and Supportive Services	16
Department of Motor Vehicles	17
Public Employees' Benefits Program	18
Office of Veterans' Services	18
INFORMATION TECHNOLOGY SECURITY AUDIT	
Department of Administration, Division of Enterprise Technology Services	19
REVIEWS REQUIRED THROUGH LEGISLATION	
Review of Governmental and Private Facilities for Children, October 2011	20
Review of Governmental and Private Facilities for Children, April 2012	21
Review of Governmental and Private Facilities for Children, December 2012	22

## 2011 – 2012 BIENNIUM IN REVIEW

---

### AUDIT HIGHLIGHTS

Over the biennium the Audit Division issued 32 audit and other reports relating to the operations of state government and other governmental agencies. Many audits completed during the biennium contributed to legislative and executive branch actions resulting in significant benefits to state government and Nevada citizens. Benefits directly attributable to or notably influenced by the audit work include elimination of waste, increased collection of revenues, and more effective government programs. While it is not the sole purpose of audits to identify ways to save money or increase revenues, many audit recommendations did, in fact, have a cost-savings impact. Consequently, we have worked closely with agency management to provide constructive recommendations which should, if properly implemented, save millions of dollars.

The following summarizes the results of the audits and reports issued in the 2011 – 2012 biennium. The full text of each report and audit highlights including the significant findings can be found at: [www.leg.state.nv.us/audit](http://www.leg.state.nv.us/audit).

### AGENCY AUDITS

#### OFFICE OF THE GOVERNOR

##### OFFICE OF ENERGY

The Office can improve its oversight of energy grants. Periodic reports from subrecipients were infrequent and unsupported. When reports were provided, information was not always complete or reliable. In addition, the Office has not developed a site monitoring schedule to ensure projects comply with grant requirements. Furthermore, grant payments to subrecipients were not always managed according to federal regulations and guidance.

The Office's energy reduction planning and project selection processes can be improved. A plan to reduce grid-based energy consumption in Executive Branch agencies has not been prepared as required by statute. As a result, the State may have missed opportunities to further reduce energy costs in state buildings over the past 6 years. In addition, an energy plan would have been a useful tool when allocating ARRA funding. Finally, the Office needs to ensure that planned solar projects at state agency sites adequately protect State interests and result in lower energy costs.

The Office can take steps to improve the reliability and effectiveness of its performance measures. Current practices for developing and monitoring performance measures make it difficult to assess performance. Additionally, the Office has changed its measures in each of the last three Executive Budgets, making it difficult to assess performance over time. Finally, we could not verify the reliability of measures because documentation supporting reported results was not maintained.



The following is a selected finding from our report.

- The Office has not prepared a plan requiring Executive Branch agencies to reduce grid-based energy purchases for state-owned buildings by 20% by 2015, as required by state law. Additionally, required biannual reports on the general progress toward energy reduction in state buildings have not been provided to the Legislative Commission. During our audit, the Office began taking some steps to develop a plan.

## DEPARTMENT OF ADMINISTRATION PUBLIC WORKS DIVISION

### BUILDINGS AND GROUNDS SECTION

Buildings and Grounds can improve its oversight of activities related to the proper administration of performance measures, leasing, and procurement card activities. We found reported results for performance measures were not always reliable because errors were made regarding calculations and classifications. In addition, a weighted average methodology provides a more accurate reflection of B&G's activities. Due to calculation and methodology errors, the measures reported by B&G were significantly different than those determined after corrections were made. Since measures are used by the Legislature and other stakeholders to determine B&G's performance, accuracy and reliability are critical to assessing performance and ensuring public trust.

Administration and documentation over certain leasing activities can be improved. B&G did not always analyze or document certain facets of lease negotiations. As a result, we could not always determine whether leases were advantageous to the State. Additionally, errors and inaccuracies were noted regarding the number and amount of renegotiated leases and related savings published by B&G. Leasing activities are a significant function for B&G and better procedures will help ensure the State receives the best lease rates available.

Purchase card transactions were not always in compliance with B&G or statewide policies and procedures. Our testing revealed transactions exceeded established limits, improper transaction approvals, incomplete agreements, and other minor errors. Furthermore, B&G has a significant number of cardholders and monthly financial exposure from issued purchase cards. While we did not find instances of fraud or abuse, items purchased can be easily converted to personal use making proper and effective controls necessary.

The following are selected findings from our report.

- Payment errors were made in 5 of 29 renewed and renegotiated leases tested for about \$145,000 in overpayments. While B&G negotiates and executes lease agreements, agencies make quarterly payments. The majority of the overpayment, related to one lease agreement, has been recovered.
- Purchase card transactions exceeded established limits in 6 of 26 purchases reviewed. Limits were exceeded because transactions were split and limits were

electronically adjusted temporarily by B&G personnel. We also found certain purchase card agreements, also required by statewide policies were not always fully executed prior to card issuance.

- B&G has significant exposure to potential loss because it has issued procurement cards to most employees and monthly limits are high for certain cards. Also, some employees used cards infrequently indicating cards may not be a necessity.

## DEPARTMENT OF BUSINESS AND INDUSTRY

### HOUSING DIVISION

The Division's oversight of ARRA weatherization funding was effective and helped ensure funding was spent timely and appropriately. As of December 2011, about \$35.7 million was expended to install weatherization measures in low-income homes and typically included attic and floor insulation, energy efficient windows, or solar screens. Controls to monitor subrecipients and contractors' activities were established by the Division and contributed to the program's success. However, the Division can strengthen a few processes related to subrecipients' documentation of inspections and verification of applicants' program eligibility.

The Division has established an effective method to collect reliable performance information for the weatherization program. Specifically, it developed a database that tracks subrecipient weatherization activities, and staff performs procedures to validate the information reported in the database. Reliable information is important so the Division can monitor subrecipients' activities and report program results. Although we found the reported information to be reliable, the Division can improve the accuracy of data in a few areas.

## DEPARTMENT OF BUSINESS AND INDUSTRY

### DIVISION OF INDUSTRIAL RELATIONS

While assessments are accurate and timely, the Division can improve its revenue collection process through improvements to internal controls and accounts receivable lists. For example, internal controls were not adequate to ensure collection efforts were timely and in compliance with state law. In addition, past due debts from fines and penalties were not transferred to the State Controller's Office during the required timeframe. Furthermore, accounts receivable reports are not reliable. Finally, policies and procedures over collection efforts are not adequate.

The Division does not adequately protect claimants' personally identifiable information, such as social security numbers. Although we did not identify indications of a security breach, personally identifiable information was stored unencrypted on several of the Division's databases. In addition, the Division sends and receives unencrypted emails containing social security numbers and other sensitive information. In the event of a security breach, Nevada citizens could be at risk of having their personal information used in a fraudulent manner.

Oversight of the VERSA information system needs improvement. The VERSA system is used to monitor the OSHA Mechanical Unit inspections (boilers, elevators, and other equipment) and Workers' Compensation cases. We found past and current efforts to manage the contract and vendor have resulted in a system with dual entry of data into other programs and a lack of reporting capabilities. In addition, better prioritization in resolving problems should be implemented. Key decisions in the procurement and development phases could have prevented some of the problems associated with the system.

The following are selected findings from our report.

- The Division did not turn over past due fines and penalties in accordance with time limits specified in statute. We identified over \$180,000 in past due fines and penalties that should have been turned over to the Controller's Office for collection. Our review of 42 Workers' Compensation cases with outstanding debt identified 35 cases that should have been turned over to the Controller's Office that were either late or not sent at all. For example, 11 cases that were turned over were an average of 6 months past due at the time. In addition, for 24 cases not turned over, the investigation had been completed 2½ years prior to our testing. Further, the Division had not sent demand letters requiring payment for 19 of the cases which were an average of 16 months overdue.
- Our testing of 25 OSHA cases with outstanding balances identified 12 that should have been turned over to the Controller's Office for collection, but had not been. These cases were between 9 and 619 days past the Controller's 60-day requirement at the time of testing. By not turning the debt over to the Controller's Office, the Division was unable to participate in the state's Debt Offset Program, which helps ensure collection of money owed to the State. Under this program, a vendor can be put in a hold status which would cause any payment made to the vendor to be rejected. The amount of the payment is then applied to the outstanding debt due to the State.

## DEPARTMENT OF BUSINESS AND INDUSTRY

### DIVISION OF INSURANCE

The Division of Insurance (DOI) needs to improve its oversight of accounts receivable. We found DOI did not adequately monitor its accounts receivable for certain fees and taxes. For example, collection efforts were often not timely for annual fees and examination fees. Further, accounts were not turned over to the State Controller's Office in a timely manner and some captive insurers did not pay past due premium tax. Improvements to these processes would help ensure prompt payment from active companies, and reduce the risk that delinquent accounts from inactive companies are not paid.

Better monitoring of required industry reports is needed to help ensure adequate financial and market regulation. We found DOI did not always take appropriate action to ensure required industry reports were submitted and reviewed timely. Timely submittal and

review of financial and other important reports facilitates timely detection of problems, which helps protect consumers. Further, enforcement efforts were not consistent and timely when entities did not comply with reporting requirements.

Examinations of title companies and self-insured workers' compensation companies were not performed as required. Examinations can identify deficiencies that require corrective action. Timely detection and correction of financial concerns help ensure consumers are adequately protected.

The following is a selected finding from our report.

- Our review of past due annual fees found: (1) untimely collection efforts, (2) accounts for inactive companies were not sent to collections timely, (3) invoices improperly issued were not voided timely, and (4) payments were not entered in the accounting system timely. All 36 invoices tested had problems. For example, two active companies owe annual fees that were due March 2011. There was no evidence of collection efforts prior to our inquiries in May 2012. NRS 680A.180 requires each insurance company authorized to transact insurance in Nevada to pay an annual continuation fee. If the continuation fee is not paid timely, an insurer's certificate of authority expires at midnight on May 31.

## DEPARTMENT OF BUSINESS AND INDUSTRY

### OFFICE OF LABOR COMMISSIONER

By modifying its longstanding practices, the Office can get money to claimants faster, eliminate many time-consuming tasks performed by staff, and reduce the risk of money being lost or stolen. The current process for remitting money to claimants is inefficient and delays the delivery of money to claimants by 2 to 3 weeks. Most of the inefficiencies are a result of the Office's practice of depositing money received from employers into its outside bank account and then writing checks to disburse the money to claimants. Significant improvements can be achieved by sending checks received from employers directly to claimants, as is done in other states.

Although the Office resolved many claims timely, it can improve the effectiveness of its claim investigations by monitoring timeliness better, assessing penalties more consistently, and reporting amounts unpaid by employers to the State Controller to pursue collection. Finally, sufficient and reliable management information is needed to oversee investigations and to report important information to external parties, including the Governor, Legislature, and State Contractors' Board.

The following are selected findings from our report.

- The information system used to record the collection and disbursement of cash held in an outside bank account is not adequately secured. Weaknesses included inadequate passwords, a lack of edit logs to track which employee creates or modifies a record, and the ability to modify system information at any time. These weaknesses increase the risk fraud could occur and go undetected. This account had disbursements of \$1.9 million in fiscal year 2010.

- The Office's process for remitting money to claimants is inefficient and delays the delivery of money to claimants by 2 to 3 weeks. Most inefficiencies are a result of the longstanding practice of depositing money received from employers and then writing checks to claimants. Other inefficiencies come from the information system itself. Other states remit checks directly to claimants, which eliminates many tasks required by the Office's current process.

## DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

### DIVISION OF ENVIRONMENTAL PROTECTION

Developing controls to consistently turn debt over to the State Controller's Office can assist the Division with collections and ensure the removal of significantly delinquent debt. Additionally, controls to ensure subsidiary ledgers are accurate will aide in correcting quarterly reporting errors. Turning debt over to the Controller's Office and improving controls can create additional efficiencies that allow staff to concentrate efforts on other Division matters.

While the Division has a strategic plan, its performance measures can be improved by focusing on outcome based measures, maintaining supporting documentation, and developing policies and procedures. Without sound performance measures, state officials and Division management may be making decisions based on unreliable and inaccurate information. Additionally, management and stakeholders cannot effectively determine if goals and objectives are being met.

Delays were made in renewing some permits. Not promptly renewing permits may result in the Division losing revenue as permits are allowed to be active for periods beyond 5 years. Prompt issuance of permit renewals will also ensure fees are collected and permittee operations are proper.

The following are selected findings from our report.

- Most bureaus did not actively submit debt over 60 days delinquent to the State Controller during fiscal year 2010 or 2011. Assembly Bill 87, passed during the 2009 Legislative Session, centralized the State's collection efforts to the Office of the State Controller after debts reach 60 days past due. Even though this requirement is relatively recent, the Division forwarded only about \$84,000 of its roughly \$2 million in debt.
- Significantly aged and uncollectible debt of nearly \$2 million continues to be carried on the Division's ledgers. Some accounts related to bankrupt and abandoned facilities have been due for over a decade, and collection is highly unlikely.
- Permit renewals were delayed. We found 8 of 73 permits were not issued as old permits expired. Although the Division has decreased the frequency of delays since our last audit, we still found notable delays between permit expiration and issuance ranging from 1 year, 2 months to 7 years, 11 months. We also reviewed several types of permit listings which indicated additional expired permits of both large and

small facilities. By not renewing some Water Pollution Control permits timely, the Division has already missed about \$23,000 in renewal fees.

## DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

### DIVISION OF STATE LANDS

The Division can take steps to strengthen the reliability of its performance measures used in the state's budget process. Some measures used in the budget process for fiscal years 2012 and 2013 were not adequately supported by underlying records and the description of one measure did not reflect what was reported. It is important for performance measures to be reliable because it can affect budget and policy decisions made by agency managers and oversight bodies, and judgments made by stakeholders and the public about the Division's operations. Reliability can be improved by enhancing written procedures on how to collect and calculate performance measurement data and providing for review of the results.

The Division has an effective process for the collection of fees. We found the Division collected and deposited fees in accordance with state laws and regulations. The Division's current process for collecting and depositing fees is much improved since the last audit. During calendar year 2011, the Division collected about \$954,000 in fee revenue.

## DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION

### EMPLOYMENT SECURITY DIVISION

Implementing certain processes can help the Division identify and prevent payments to individuals not meeting ongoing eligibility requirements. Specifically, the Division needs to compare claimant information with external sources such as records of incarceration and death. Furthermore, the Division does not have assurance claimants are not receiving workers' compensation and unemployment benefits concurrently because the Division is not requesting or comparing records with insurance providers as required by statute. Through the development of data comparisons with state and local entities, statute revisions ensuring access to records, and improvements to policies and procedures, the Division can significantly reduce improper payments to these types of ineligible individuals.

Enhancements to current processes in the Division's program to identify claimants who have returned to work can further reduce and identify improper payments to unemployed claimants. Specifically, further application of the U.S. Department of Labor's (DOL) new hire recommended operating procedures and practices used by other states with low improper payment rates could better identify and stop payments to ineligible recipients. Furthermore, policies and procedures and supervisory review enhancements are necessary to ensure the program consistently and properly classifies and processes cases.



The following are selected findings from our report.

- We estimate as much as \$5 million in improper payments could have been made to claimants who were incarcerated over the last 3 years. Our review of benefit claims paid in January 2012, identified 67 of the nearly 97,000 unemployment claimants were incarcerated in one local government detention center or a state correctional facility. These claimants received benefits of about \$241,000 during their period of confinement. We provided the Division with information regarding each claimant to allow for claims to be stopped and investigations to be initiated.
- We identified potential for improper payments continued to exist in 154 of 497, or 31%, of cleared cases where claimants returned to work. Specifically, better scrutiny of earnings reported by claimants is needed, payment stops on claims should be made to ensure benefits are not restarted, claimants should be notified of their return to work status, and the Division needs to record pertinent information into the claims information system. Based on DOL estimates, a reduction in improper payments of 10% would yield savings of \$2.9 million per year. In addition, the Division needs to develop and enhance policies and procedures over the review process and institute a routine review of examiner cases to ensure consistent case resolutions.

### GAMING CONTROL BOARD

The Gaming Control Board's activities and processes were effective in ensuring licensee audits were performed and gaming taxes collected, but some improvements to certain administrative controls can be made. The Board's Audit Division sufficiently regulated licensees compliance with gaming laws and regulations by effective report monitoring and efficient audits. In addition, the Board's Tax and License Division demonstrated an effective process for collecting gaming taxes and fees, which resulted in 99% of gaming taxes being collected during fiscal year 2010. Strong regulatory oversight is necessary to protect the integrity and the stability of Nevada's gaming industry and to ensure the accurate collection of gaming taxes and fees, which are an essential source of state revenue.

Enhancements to certain administrative controls will help ensure assets are safeguarded and transactions and reports are proper. Investigation payments received in the Board's Carson City office should be stored more securely prior to deposit. Further, improvements are needed over outside bank accounts to ensure deposits are made timely, accounts are properly administered, and inactive accounts are closed. Finally, accounts receivable reporting can be more consistent.

The following are selected findings from our report.

- The Board has an outside bank account that is no longer necessary and has not been used for several years. The Board operated this account for certain investigative activities that are now performed by the federal government. The account has a \$40,000 balance, even though no activity has occurred since April 2007.

- The Board's Tax and License Division did not consistently report accounts receivable. As of June 30, 2010, the Division reported \$97,000 in receivables to the State Controller and \$1,892,000 to the Legislative Counsel Bureau. Submitting consistent receivable reports will provide users of this information an accurate accounting of debts owed to the State.

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### AGING AND DISABILITY SERVICES DIVISION

The Aging and Disability Services Division reported some performance measures that did not accurately describe the performance of the programs. Of the five performance measures reviewed, two were significantly misleading and inaccurate, and the other three had minor errors. Management did not adequately review the calculations and descriptions of two measures to ensure the titles reflect the information reported. In addition, the Division's controls over the collection of information used to calculate the measures can be improved. These performance measures may be used by the Legislature, Governor, and Department and Division management to make critical decisions.

Two performance measures were reported as cost savings to the State for home versus institutional care, but actually reflected the estimated cost of institutional care for clients. Since the calculations did not deduct program costs and included other errors, we estimate the reported results were overstated by \$5.0 million and \$1.7 million for fiscal year 2010.

The following is a selected finding from our report.

- Descriptions for two performance measures for personal assistance services for adults with disabilities and persons with traumatic brain injuries did not accurately describe the information presented. The Division reported the two programs saved the State \$8.8 million and \$1.8 million in fiscal year 2010 by diverting adults with disabilities and persons with traumatic brain injuries from institutional care. The formulas used to calculate these amounts do not represent the programs' savings of state dollars because they did not include the costs of operating these two programs. In addition, the Division did not include potential reimbursement from the federal government for Medicaid costs incurred by the State for institutionalization. We estimate the two programs saved the State \$3.8 million and \$123,000 during fiscal year 2010.

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### DIVISION OF CHILD AND FAMILY SERVICES

Key performance measures reported by the Division were often not reliable. It is important for performance information to be reliable because it can affect budget and policy decisions made by agency managers and oversight bodies, and judgments made by stakeholders and the public about the Division's operations. Further, we found a majority



of the Division's performance measures were indicators of the agency's efforts (outputs), rather than measures that demonstrate the impact of its efforts (outcomes). Increasing the number of outcome measures would provide useful information to management and oversight bodies such as the Governor and Legislature in making budget and policy decisions.

Overall, the Division has an effective process for monitoring service contracts. However, the Division could improve its monitoring to verify all insurance requirements are continuously met over the life of the contract. In addition, because one contractor's invoices did not include adequate detail, the Division had limited assurance amounts billed were valid, accurate, and in accordance with terms of the contract.

The following is a selected finding from our report.

- The reported results for 8 of 20 performance measures we tested were not reliable. The reported results were unreliable because they were not supported by competent underlying records or used an inappropriate methodology. We found four of the measures tested did not have competent underlying records and four did not use a sound methodology. These problems with reliability were caused by the lack of written policies and procedures on how results were to be computed and by inadequate review.

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### OVERSIGHT OF CHILD CARE FACILITIES

The Bureau did not always perform timely inspections of child care facilities or take timely action to help ensure fire and health inspections were performed by state and local fire and health authorities. Although a majority of inspections were timely, it is important for the Bureau to ensure inspection requirements are always met. In addition, better monitoring of facility employees is needed to ensure compliance with key health and safety requirements. It is critical that requirements such as child abuse and neglect checks and tuberculosis tests for facility employees are always met because they protect the health and safety of children at child care facilities.

The following are selected findings from our report.

- We tested inspections of child care facilities performed by the Bureau from July 1, 2009 through March 31, 2011. Our audit found 7 of 50 child care facilities had untimely inspections. The untimely inspections ranged from 2 to 8 months late, with an average of 3.5 months late. Inspections are the primary method for the Bureau to verify child care facilities are in compliance with key health and safety requirements designed to keep children safe. NAC 432A.190 requires inspections to be made at least two times during the 12-month licensing period or once every 6 months.
- The Bureau's inspection process did not always ensure employees at child care facilities had child abuse and neglect checks required by state law. We tested inspections for 50 facilities and found 3 inspections did not have evidence the

Bureau performed a child abuse and neglect check for any of the 18 employees at these facilities. In addition, we found that checks were not performed timely for 19 of 20 employees selected. NRS 432A.170 requires the Bureau to perform the check within 3 days of the person being hired. On average, the check was performed 24 days after the person was hired. Most of the delay was because the facilities did not inform the Bureau timely when employees were hired.

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### SUBSTANCE ABUSE PREVENTION AND TREATMENT AGENCY

SAPTA has not provided adequate fiscal oversight of subrecipients awarded grants for the prevention and treatment of substance abuse. In fiscal years 2010 and 2011, these subrecipients received over \$46 million to provide prevention and treatment services to Nevada citizens. Without adequate fiscal oversight, there is undue risk that subrecipients will not use grant funds for intended purposes.

We found SAPTA needs to improve its oversight of subrecipients to ensure audit requirements are met. Independent audits are one of the primary means SAPTA uses to ensure subrecipients spend grant funds for their intended purposes. SAPTA accepted audit reports on subrecipients that did not include procedures to determine whether funds were spent in accordance with grant requirements. In addition, some reports were not submitted timely. Furthermore, SAPTA did not always verify subrecipients corrected problems noted in audit reports. In one instance, SAPTA continued to fund a subrecipient despite no audit report submissions for 3 years. SAPTA subsequently cut off funding and notified federal and state authorities of concerns the subrecipient misused funds.

We also found SAPTA's direct fiscal monitoring of subrecipients was inadequate. The agency visits subrecipients periodically to determine whether they comply with grant requirements. The fiscal monitoring visits, along with audits, are the primary means to provide fiscal oversight of subrecipients. Problems noted included untimely monitoring visits of subrecipients, not documenting steps performed on visits, and untimely follow-up on problems found at subrecipients.

The following are selected findings from our report.

- We examined the last two years' audit reports on the 5 coalitions and 10 treatment providers that were awarded the most funds from SAPTA in fiscal years 2010 and 2011. The 15 subrecipients were awarded nearly \$34 million in those years, which was 73% of the total awarded by SAPTA. Eight of 30 (27%) audit reports did not examine whether funds were used for the grants' intended purposes or indicate compliance with other grant requirements.
- SAPTA did not detect that a subrecipient provided forged audit reports for several years. Forged reports were submitted for fiscal years 2007 through 2010. Due to concerns upon reviewing the photocopied reports, we contacted personnel at the CPA firm whose name was on the forged reports and verified that the firm did not

prepare them. As required by NRS 218G.140(2), we reported this information to the Governor, each legislator, and the Attorney General.

- None of the five coalitions tested had timely fiscal monitoring visits. Monitoring visits were late from 6 months to over 3 years, and averaged 20 months past due. Half of the 10 treatment providers had untimely fiscal monitoring site visits. Of these, SAPTA was unable to provide documentation when its largest treatment provider was last subject to a fiscal monitoring site visit. This provider received nearly \$7.1 million in fiscal years 2010 and 2011.

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### DIVISION OF WELFARE AND SUPPORTIVE SERVICES

The Division could improve its controls over benefits issued through the Electronic Benefits Transfer (EBT) card system to help ensure benefits are not paid to deceased clients. In some instances, the Division continued to pay benefits into EBT accounts for clients who had been deceased for months. In addition, some EBT cards continued to be used for cash or purchases for months after the clients' deaths. Problems were also noted in some EBT accounts where the Division had recorded clients' dates of death, such as accounts remaining in active status.

The Division can improve its oversight of the EBT vendor to help ensure the services and information provided are in accordance with the contract and the vendor's billings are appropriate. The vendor's reports do not always contain complete, accurate, and timely information. In addition, the vendor continued to bill for point-of-sale devices at a rate from a prior contract for 12 months after a new contract reduced the agreed-upon fee by \$10 per device.

The following are selected findings from our report.

- To analyze post-death account activity, we tested the EBT accounts for 50 of 189 clients and found the Division paid more than \$11,500 in benefits to 27 of the 50 clients after their dates of death. The Division made deposits into these accounts up to 10 months after the clients died. Of these benefits, the EBT vendor later removed \$7,225 of unused benefits from the accounts.
- The Division's controls for preventing unauthorized persons from using benefits after the death of a client can be improved. The Division relies on the EBT vendor to remove unspent SNAP benefits from accounts after 12 months. Of the 50 deceased clients' accounts we tested, 13, or 26%, had purchases or automatic teller machine transactions after the clients' dates of death. These transactions totaled \$6,502 and took place from 13 to 247 days after the clients' dates of death. Since the EBT cards were still being used, the EBT vendor did not promptly remove the benefits remaining in the accounts at the time of death.
- The Division did not adequately review the invoices from the EBT vendor before paying. The Division paid invoices where the vendor used a monthly rate for point-of-sale devices from a prior contract. We estimate the Division overpaid the vendor

by \$77,000. According to Division management, all monies from the overpayment were recouped from the vendor.

### DEPARTMENT OF MOTOR VEHICLES

The Department needs to improve its administration of controls over certain processes to ensure its revenues and assets are properly safeguarded and accounted for. We found the Department can improve its control procedures over vehicle registration decals and reconciliations of its internal records to the state accounting system. Additionally, improvements are needed to controls over the issuance of driver licenses and allowing access to the DMV information system. Enhancements in these areas will help reduce risks of loss, fraud, and abuse.

The Department should also enhance its performance management system to include more outcome oriented measures and better align its measures with programs and goals. Additionally, documentation supporting reported performance measures needs to be better maintained. These improvements should benefit the Department in evaluating the success of its programs.

The following are selected findings from our report.

- Enhancements are needed to the Department's controls over vehicle registration decals to ensure they are properly accounted for and safeguarded. We found records used to account for decals were inaccurate and unreliable in 13 of 14 months tested and some decals could not be readily accounted for. Additionally, forecasts used to determine future decal needs were inaccurate and contributed to overproduction of decals. Department records indicated more than 1 million decals were overproduced at a cost of about \$250,000 for fiscal years 2008 through 2011. The Department can enhance its processes and related policies and procedures to increase accountability for decals and reduce the risk of overproduction and undetected decal loss.
- Improvements are needed to the reconciliations of the Department's internal accounting records to the state accounting system. Reconciliations were not accurate or complete with unreconciled balances as high as \$2.5 million and unsupported adjustments of more than \$1.3 million. Additionally, some reconciliations were not reviewed timely and procedures were not always sufficiently developed to support the reconciliation process. Although we identified no evidence of missing funds, improvements to the reconciliation process and procedures would enhance the Department's ability to ensure revenues are properly recorded and distributed.
- The Department's Motor Carrier Division has not assessed administrative fines timely on some motor carriers. As of December 31, 2010, the backlog of citations was more than 1,500 valued at an estimated \$600,000 in billable assessments. Improved timeliness in issuing assessments should result in increased probability of collections.

### PUBLIC EMPLOYEES' BENEFITS PROGRAM

Beginning in fiscal year 2012, PEBP changed its health plan to a consumer driven high deductible health plan. Because of the high deductible amounts, participants have an incentive to become informed consumers when making healthcare decisions. In addition, a wide range in costs exists for some medical services; therefore, participants could save themselves and the Plan money by comparing prices among providers when feasible. Although PEBP has provided some information on costs, additional tools are needed to help participants fully assess the cost and quality trade-offs of healthcare decisions. Finally, Explanation of Benefits statements should include clear descriptions of services provided and medical procedure codes. This would help participants verify that billings are correct.

PEBP can take steps to strengthen contract oversight. We found contracts did not always include required performance standards. In addition, certain vendors should report performance information more timely, and other vendors' required evaluations were not done. We also found weaknesses in some contract provisions and information reported to PEBP was not always reliable. Finally, contracting policies and procedures were out-of-date and need revision.

PEBP's information technology controls can be strengthened. Sensitive data including credit card numbers and other information could be better protected. In addition, background investigations were not conducted on staff with access to confidential information.

The following is a selected finding from our report.

- PEBP can strengthen its monitoring of vendor performance. We found 7 of 13 contracts did not include required performance standards. In addition, when standards were included in contracts, performance results were not always reported to PEBP. Finally, evaluations or audits of vendors were not always done as required by contract.

### OFFICE OF VETERANS' SERVICES

The Nevada State Veterans' Home does not have adequate controls to ensure revenues are billed timely or accurately, and that outstanding balances are collected. During our audit, the Veterans' Home did not bill for more than \$600,000 in services timely. Although the delay should not impact the amount of Medicaid and Medicare reimbursements eventually received, it is likely that some losses will occur from private pay residents that were not billed for several months. In addition, accounts receivable balances have not been adequately monitored, and staff have not followed the state's policies for collecting and reporting accounts receivable. Most billing and collection problems stem from a lack of policies and procedures. During our audit, new fiscal staff were taking steps to develop policies and procedures and to improve the accuracy and monitoring of accounts receivable.

The Veterans' Home lacks adequate controls to ensure resident trust funds are properly safeguarded. Monthly bank reconciliations of the trust account were not completed for

extended periods of time. In addition, duties have not been adequately segregated to help protect the \$181,000 average monthly balance in the resident trust fund.

The following are selected findings from our report.

- The Veterans' Home did not always bill revenues timely or accurately. We identified billing problems from each of the four major revenue billing sources. For example, during our audit Veterans' Home staff identified \$285,000 in previously missed Medicaid reimbursements from prior months. In addition, staff did not bill Medicare for a 6-month period. We estimate that \$240,000 had not been billed; however, staff have approximately 1 year to request reimbursements from Medicare. Further, three private pay residents were not billed timely, including one resident that was not billed for 10 consecutive months of care. When a bill was finally sent, it had a balance of nearly \$53,000. For each of these revenue sources, accounting staff did not have adequate policies and procedures to guide billing activities. Policies and procedures are important because turnover occurred in key accounting positions and new staff did not have adequate guidance.
- The Veterans' Home has not actively pursued the collection of delinquent accounts for private pay residents. Delinquent accounts have not been turned over to the State Controller's Office for collection after 60 days as required by state law. As of December 2010, the Veterans' Home accounts receivable aging report showed over \$230,000 in outstanding debt between 1 and 2 years old. However, because the aging report contains inaccurate information, staff were unsure which debts and exact amounts that should be pursued for collection.

## INFORMATION TECHNOLOGY SECURITY AUDIT

### DEPARTMENT OF ADMINISTRATION

#### DIVISION OF ENTERPRISE TECHNOLOGY SERVICES

The Division needs to strengthen information system controls to ensure adequate protection over systems and data. The availability of key state information systems can be better ensured by updating and testing the state's primary computing facility's emergency plans. Also, the security of confidential personal information could be improved with better security oversight of occupational licensing agencies or boards. In addition, web server content should be better monitored to prevent accidental release of confidential information. Furthermore, a systematic process to identify statewide information security risks could improve use of security resources.

Former employees had current network access and better controls are needed over the computing facility access cards. Computer virus protection and critical security updates need to be better monitored. In addition, stronger security can be achieved by encrypting data in newly developed software applications, alerting state agencies more timely about newly identified risks, and enforcing state password standards.



The following is a selected finding from our report.

- The State's primary computing facility did not have a written disaster recovery plan. In addition, the facility's disaster recovery capability has not been tested since 2006. Such testing reduces the time needed to restore critical IT services such as those that may impact public health and safety. In addition, the contingency plan we were provided by the Division had not been updated in over 10 years despite numerous changes in the state's information technology infrastructure and changes in employees responsible for enacting parts of the plan. Without periodic updating and testing of these plans, there is greater risk that mission critical IT resources will not be restored in an efficient and timely manner when a disaster or other major system failure occurs.

## REVIEWS REQUESTED THROUGH LEGISLATION NRS 218G.570 - 218G.585

### REVIEW OF GOVERNMENTAL AND PRIVATE FACILITIES FOR CHILDREN, OCTOBER 2011

Based on the procedures performed and except as otherwise noted, the policies, procedures, and processes in place at five of the six facilities we reviewed provide reasonable assurance that they adequately protected the health, safety, and welfare of the youths at the facilities, and they respect the civil and other rights of youths in their care. In addition, during the 10 unannounced visits conducted, we did not note anything that caused us to question the health, safety, welfare, or protection of rights of the children in the facilities.

The policies, procedures, and processes in place at one facility, Eagle Quest of Nevada, Inc., did not provide reasonable assurance that it adequately protects the health and safety of the youths in its care. Eagle Quest is a foster care agency that recruits foster parents and places youths in the foster parents' homes or in homes provided by the agency. During the year ended June 30, 2010, the agency had an average of 38 homes. We visited five of Eagle Quest's foster homes.

Eagle Quest did not ensure foster parents maintained accurate documentation of medications prescribed or administered. In addition, it did not ensure foster homes were free of safety hazards or in a safe, healthful condition. We observed significant issues at one of Eagle Quest's higher level of care homes. As a result, we contacted Clark County's Department of Family Services, which began an investigation. The six foster children in the home were moved to other homes that evening. In addition, one youth's medication file contained three different medication logs for the same medication for the same month. Due to the lack of physician's prescriptions and orders, as well as transcription errors on the medication logs, we were unable to determine if the youth was overmedicated, undermedicated, or if the medication logs were erroneously completed.

The following are selected findings from our report.

- All six facilities reviewed needed to develop or update policies and procedures. The types of policies and procedures that were missing, unclear, or outdated ranged from youths' computer use and access to social networking sites to facilities' inventory and control of keys.
- Medication administration processes and procedures need improvement at all six facilities. Youth medical files did not always contain complete or clear documentation of dispensed, prescribed medication at five of six facilities reviewed. This includes missing evidence of physicians' orders at four of six facilities and missing medication administration records at four of six facilities. In addition, youths did not always receive medications timely at three of six facilities. Three of six facilities need to develop or update their over-the-counter standing order forms. A standing order form identifies over-the-counter medications a facility may administer to youths.
- Five of the six facilities reviewed need to improve their background check policies and processes. Two facilities did not obtain dispositions of cases against employees when background checks showed arrests with no dispositions. In one instance, facility management requested the employee provide dispositions for arrests; however, there was no evidence management received or reviewed the dispositions. As a result, the employee continued employment with a felony conviction for possession and trafficking of a controlled substance for 2 years after documentation of the arrest was received. Other weaknesses noted during reviews included a facility using background checks based on names and social security numbers rather than fingerprints, files not always containing evidence a caregiver was fingerprinted; and an employee not being fingerprinted until 16 months after her hire date.

#### REVIEW OF GOVERNMENTAL AND PRIVATE FACILITIES FOR CHILDREN, APRIL 2012

Based on the procedures performed and except as otherwise noted, the policies, procedures, and processes in place at the five facilities reviewed provide reasonable assurance that they adequately protect the health, safety, and welfare of the youths at the facilities, and they respect the civil and other rights of youths in their care. In addition, during the seven unannounced visits conducted, we did not note anything that caused us to question the health, safety, welfare, or protection of rights of the children in the facilities.

The following are selected findings from our report.

- All five facilities reviewed need to develop or update policies and procedures. The types of policies and procedures that were missing, unclear, or outdated range from a timeframe to complete a youth's initial treatment plan, including when the plan should be reviewed and revised, to the control and security of keys, tools, and kitchen utensils.



- Medication administration processes and procedures need improvement at all five facilities. The medication administration process should include documentation of medications administered to youths, controls over prescribed medications, and the process used to ensure the accuracy of medication files and records. Youth medical files did not always contain complete or clear documentation of dispensed, prescribed medication at four of five facilities reviewed. Some youths' files were missing evidence of physicians' orders at three of five facilities. At one facility, some youths' files were missing up to 5 months of medication administration records. In addition, medication files and records did not always contain evidence of independent review at three of the five facilities.
- Two of five facilities needed to develop or update their over-the-counter standing order forms. A standing order form identifies over-the-counter medications a facility may administer to youths. This form helps ensure youths take only medications approved or recommended by the Federal Food and Drug Administration.
- As of March 15, 2012, we had received responses from 52 facilities. We will assess each facility's compliance with the requirements contained in the bill as we conduct future reviews and unannounced visits.

#### REVIEW OF GOVERNMENTAL AND PRIVATE FACILITIES FOR CHILDREN, DECEMBER 2012

Based on the procedures performed and except as otherwise noted, the policies, procedures, and processes in place at the six facilities reviewed provide reasonable assurance that they adequately protect the health, safety, and welfare of the youths at the facilities, and they respect the civil and other rights of youths in their care. In addition, during the 12 unannounced visits conducted, we did not note anything that caused us to question the health, safety, welfare, or protection of rights of the children in the facilities.

However, a lack of adequate supervision, including employee evaluations and training, may have contributed to numerous incidents regarding inappropriate staff behavior at Oasis On-Campus Treatment Homes, which could impact the safety and welfare of the children residing at the facility. These incidents, including inappropriate use of physical force and lack of supervision of the children by staff, were reported to Oasis's licensing agency, the Clark County Department of Family Services (DFS), in the past 2 years. Some of the reports were unsubstantiated by DFS and others were still being investigated. These reports and the subsequent DFS investigation resulted in an Oasis required action plan in June 2012.

Many of the facilities had common weaknesses. For example, policies and procedures needed to be developed or were outdated. In addition, medication administration processes and procedures needed to be strengthened.

The following are selected findings from our report.

- All six facilities reviewed needed to develop or update policies and procedures. The types of policies and procedures that were missing, unclear, or outdated ranged

from staff duties as mandatory reporters of suspected child abuse and neglect, to contraband searches, including documentation of searches.

- In addition, medication administration processes and procedures needed improvement at five of the six facilities. The medication administration process should include documentation of medications administered to youths, controls over prescribed medications, and the process used to ensure the accuracy of medication files and records. Youth medical files did not always contain complete or clear documentation of dispensed, prescribed medication at four of the six facilities. Some youths' files were missing evidence of physicians' orders at two of the six facilities. At one facility, a youth's file indicated medication was administered on days that did not exist. In addition, medication files and records did not always contain evidence of independent review at three of the six facilities.
- Don Goforth Resource Center had not developed any policies or procedures related to medication administration at the time of our review. Senate Bill 246 requires all public and private institutions to which a court commits a child to adopt a policy covering several facets of medication administration. Furthermore, it requires each institution to ensure each employee who will administer medication receives a copy of and understands the policy.
- During our reviews of the six facilities included in this report, we determined that five facilities either had incomplete medication documentation or made errors during the administration of medications that went undetected until our review. Facilities could reduce the incidence of undetected errors by implementing a process, such as an independent review, to identify errors and improve the quality of medication administration processes.
- An independent review is a process to review medication administration records and identify potential errors, fraud, or abuse. For example, Desert Willow Treatment Center has assigned staff who are not routinely involved in the medication administration process to compare medication records with physician and pharmacy orders, and verify medication records are complete. The process has contributed to the facility identifying, documenting, and addressing errors. In addition, the facility has included this process in its policies and procedures.

---

## RECOMMENDATIONS TO IMPROVE STATE GOVERNMENT

---

Audit reports issued over the biennium contained 173 recommendations to improve the operations of state government, and 171 of those recommendations were accepted by agency officials. Many of the recommendations address ways to eliminate waste, increase collection of revenues, enhance program effectiveness, improve accountability and ensure compliance with state laws and regulations.

---

## FOLLOW-UP ON AUDIT RECOMMENDATIONS

---

Chapter 419, Statutes of Nevada, 1987 (AB 540), provides for a follow-up process on audit recommendations. Sixty days after an audit report becomes a public document, the agency audited must file a report outlining a plan of action to implement the recommendations (NRS 218G.250). Six months later, a status report must be filed indicating what recommendations in the audit report have been implemented, what recommendations have not been implemented, and the reason why they have not been implemented (NRS 218G.270).

The judicial branch and statewide elected officials file their six-month status reports directly with the Legislative Auditor. The Department of Administration prepares six-month status reports on executive branch agencies and files the reports with the Legislative Auditor. The Legislative Auditor analyzes the reports and submits them to the Audit Subcommittee, Legislative Commission, and the Interim Finance Committee. Some agencies may be requested, based on the status of recommendations, to return to future meetings of the Audit Subcommittee and provide further information regarding recommendations partially or not implemented. This process provides further assurance recommendations made by the Audit Division will be properly implemented.

For the biennium ended December 2012, we received 27 six-month status reports containing 226 recommendations. Our analysis of these status reports and additional information provided to the Audit Subcommittee through the follow-up process indicates that 209 recommendations processed during the biennium were fully implemented. Six of the six-month reports, containing 17 partially implemented recommendations, remained in the follow-up process at the end of the biennium.

---

## AUDIT LEGISLATION

---

The statutory duties of the Legislative Auditor include recommending the enactment or amendment of statutes based upon the results of audits. During the 2011 Legislative Session, bills were introduced requesting the performance of audits and resulting from or related to audit recommendations directed towards improving state government. Four pieces of legislation were passed by the Legislature and subsequently signed into law by the Governor. The description and disposition of this legislation is as follows.

		NEVADA REVISED STATUTES CHAPTER NUMBER	
	SCOPE	BILL NUMBER	
AN ACT	relating to public agencies; revising the restrictions on contracts with or employment of former or current state employees by a state agency; providing certain exceptions; requiring state agencies to report all contracts for services as part of the budget process; requiring that a contractor with a state agency be in active and good standing with the Secretary of State; requiring certain reporting to the 77 <sup>th</sup> Session of the Legislature; and providing other matters properly relating thereto.	AB 240	489
AN ACT	relating to the protection of children; requiring an investigation of the criminal history of certain persons associated with certain facilities that provide residential services to children; requiring such a facility to terminate the employment of or remove from the facility certain persons based on the results of an investigation of the person's criminal history; requiring the maintenance of records concerning the employees and residents of the facility; and providing other matters properly relating thereto.	AB 536	514
AN ACT	relating to the Fund for the Compensation of Victims of Crime; revising provisions governing the disbursement of money from the Fund; and providing other matters properly relating thereto.	SB 67	212
AN ACT	relating to protection of children; requiring certain entities that have custody of children pursuant to the order of a court to adopt a policy concerning the administration and management of medication; requiring such entities to ensure that employees who will administer medication to a child receive a copy of and understand the policy; providing a penalty; and providing other matters properly relating thereto.	SB 246	259

## UNIFORM SYSTEM OF INTERNAL CONTROL

---

The Department of Administration, in accordance with Chapter 774, Statutes of Nevada, 1987 (SB 341), issued regulations in January 1988 requiring each state agency to develop a uniform system of internal accounting and administrative control. Chapter 774 also provides that we include in our biennial report a list of those agencies audited that have not developed internal control systems. The agencies identified as not having developed appropriate internal accounting and administrative control systems in audits issued between January 1, 2011, and December 31, 2012, are:

DEPARTMENT OF BUSINESS AND INDUSTRY, OFFICE OF LABOR COMMISSIONER

OFFICE OF VETERANS' SERVICES

DEPARTMENT OF HEALTH AND HUMAN SERVICES, OVERSIGHT OF CHILD CARE FACILITIES

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES, DIVISION OF ENVIRONMENTAL PROTECTION

DEPARTMENT OF ADMINISTRATION, PUBLIC WORKS DIVISION, BUILDINGS AND GROUNDS SECTION

DEPARTMENT OF MOTOR VEHICLES

DEPARTMENT OF ADMINISTRATION, DIVISION OF ENTERPRISE TECHNOLOGY SERVICES

OFFICE OF THE GOVERNOR, OFFICE OF ENERGY

DEPARTMENT OF HEALTH AND HUMAN SERVICES, SUBSTANCE ABUSE PREVENTION & TREATMENT AGENCY (SAPTA)

DEPARTMENT OF BUSINESS AND INDUSTRY, DIVISION OF INDUSTRIAL RELATIONS

DEPARTMENT OF HEALTH AND HUMAN SERVICES, DIVISION OF WELFARE AND SUPPORTIVE SERVICES

DEPARTMENT OF BUSINESS AND INDUSTRY, DIVISION OF INSURANCE

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION, EMPLOYMENT SECURITY DIVISION

PUBLIC EMPLOYEES' BENEFITS PROGRAM

## COUNT OF MONEY IN STATE TREASURY

NRS 353.060 requires the Legislative Auditor to count the money in the State Treasury at least annually. During this biennium, we conducted the money count on June 30, 2011, and June 29, 2012. Money count reports are filed with the Secretary of State and presented to the Audit Subcommittee. The following schedule summarizes the money and securities in custody of the State Treasurer as of the close of business, June 29, 2012.

Custodian	On Deposit With Financial Institutions (A)	State Owned Securities (B)	Securities Held For Safekeeping
State Treasurer	\$ --	\$2,227,670,484.91	\$ --
State Treasurer	--	--	1,075,803,625.98
Wells Fargo	11,183,669.84	--	--
Bank of America	151,271,059.02	--	--
Nevada State Bank	430,747.57	--	--
JP Morgan Chase	2,906,667.23	--	--
Nevada Bank and Trust	16,660.33	--	--
	<u>\$165,808,803.99</u>	<u>\$2,227,670,484.91</u>	<u>\$1,075,803,625.98</u>

Notes: (A) The amounts reported on deposit with financial institutions represent the institution's balance and have not been reduced by outstanding checks or increased by deposits in transit.

(B) Securities are reported at fair market value as determined by the safekeeping entity as of the close of business on the last business day in June. Fair market value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## ACTIVITIES THAT SUPPORT AND ENHANCE THE AUDIT FUNCTION

---

### PROFESSIONAL DEVELOPMENT

We place great importance on retaining and developing qualified staff. The Audit Division encourages and provides the opportunity for all staff members to develop their professional skills to the fullest extent. Government auditing standards require auditors to complete 80 hours of continuing professional education and training every two years. In meeting this requirement, continuing education and training is provided and includes such topics as current developments in audit methodology, governmental accounting, assessment of internal controls, principles of management and supervision, financial management, statistical sampling, performance auditing, program evaluation, and data analysis.

The Audit Division maintains a professional reference library to provide timely professional and technical assistance on accounting, auditing, and program evaluation issues to staff. This also facilitates the development of office policies and procedures relating to professional standards and practices. The ongoing revision of the Audit Division audit manual has resulted in numerous changes to procedures to increase the effectiveness and efficiency of the audit process, while ensuring compliance with applicable professional standards.

As part of professional development, we actively support auditors seeking professional certification and advanced degrees. All of our professional staff are either certified public accountants or have masters degrees.

### QUALITY ASSURANCE

Every three years the Legislative Auditor contracts with an external organization to perform a quality control review of the Audit Division's operations. The most recent review was completed in August 2012. We are pleased to report the office received an unqualified opinion on the review, (Appendix A) indicating that our system of quality control is appropriately comprehensive and suitably designed to ensure reasonable compliance with professional audit standards.

### INFORMATION TECHNOLOGY

The Audit Division continues to update and expand its capabilities to meet the challenges created by continued advances in information technology. Information technology is an important part of state operations as most functions of government increasingly utilize information systems to operate programs, process data, and store important information. Therefore, Audit Division staff must be knowledgeable about software applications and systems. The Audit Division continually improves on methods used to review agencies' operations that utilize information technology including personal computers, distributed networks, and mainframe systems.

---

## OTHER SIGNIFICANT RESPONSIBILITIES

---

### FEDERAL AUDIT REQUIREMENTS

The Federal Government, in 1979, transferred the responsibility for auditing federal programs to the state level. As a result, the Legislature, in 1981, created the Audit Subcommittee to address this issue. Public Law 98-502, known as the Single Audit Act of 1984, was enacted to strengthen the audit requirement. The Act was subsequently amended in 1996 in an attempt to further streamline the audit process.

The Audit Subcommittee has authorized the Legislative Auditor to contract with public accounting firms to audit these federal programs. The financing of contract audits is provided through the Department of Administration and the Audit Division's budget. During the fiscal year ended June 30, 2011, federal financial assistance expenditures totaled over \$4.9 billion.

### SCHOOL DISTRICT REVIEWS

Chapter 482, Statutes of Nevada 2005, provides that to the extent money is made available by the Legislature, every six years each school district undergo a review of its financial management principles unless an exemption is granted by the Legislature. The Legislative Auditor assists the Legislature with selecting school districts for review and also provides the State Board of Education with a list of qualified consultants to perform these reviews. In addition, the Legislative Auditor reviews the final report from each review and the plan for corrective action adopted by the school district. The Legislative Auditor then determines the extent to which the plan has been carried out, and submits a report of this determination to the Legislature.

### CHILD WELFARE RESPONSIBILITIES

Chapter 70, Statutes of Nevada 2007, requires child welfare agencies to submit case files to the Legislative Auditor of children who suffer a fatality or near fatality if the child had prior contact with the agency. The Legislative Auditor is required to review the information to determine whether the case was handled in a manner consistent with state and federal law and to determine whether any procedures could have assisted in preventing the fatality or near fatality. This statute also requires the Legislative Auditor to provide certain information about the fatality or near fatality to a member of the public upon request.

Chapter 2, Statutes of Nevada 2009, requires the Legislative Auditor to conduct reviews, audits, and unannounced site visits of residential children's facilities. These facilities include both governmental and private facilities which have physical custody of children pursuant to the order of a court. The purpose of the reviews is 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.



## SPECIAL LICENSE PLATE REVIEWS

Chapter 239, Statutes of Nevada 2007, requires each charitable organization receiving revenue from the issuance of a special license plate, to submit a balance sheet and certain financial records to the Commission on Special License Plates and the Legislative Auditor. The Legislative Auditor is required to review the reported information to determine whether the charitable organization has properly filed the appropriate documentation, committed improper practices of financial administration, and used adequate methods and procedures to ensure all money received was expended solely for the benefit of the intended recipient. The Legislative Auditor reports the results of these reviews annually to the Commission on Special License Plates.

## AUDITS OF CERTAIN STATE BOARDS

Nevada Revised Statutes 218G.400 requires boards with annual revenues less than \$50,000 to prepare a balance sheet for that fiscal year and file it with the Legislative Auditor and the Chief of the Budget Division of the Department of Administration. If revenues exceed \$50,000, the board must engage a certified public accountant or public accountant to audit the board's fiscal records of the fiscal year and file the audit report with the Legislative Auditor and Budget Division. Boards may elect to prepare the balance sheet or have the audit conducted biennially. The Legislative Auditor monitors agencies' compliance with these requirements and reviews submissions to identify control weaknesses and violations of law and regulations. A report is submitted by the Legislative Auditor to the Legislative Commission every six months detailing boards' failure to report and significant issues identified. The Legislative Commission may also direct the Legislative Auditor to perform an audit of a board's fiscal records.

# APPENDICES



## APPENDIX A

### EXTERNAL QUALITY CONTROL REVIEW



## National State Auditors Association

August 17, 2012

Mr. Paul Townsend, CPA, CIA  
Legislative Auditor  
State of Nevada  
401 S. Carson St.  
Carson City, Nevada 89701-4747

Dear Mr. Townsend:

We have reviewed the system of quality control of the State of Nevada's Legislative Counsel Bureau - Audit Division (the office) in effect for the period July 1, 2011 through June 30, 2012. A system of quality control encompasses the office's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with government auditing standards. The design of the system and compliance with it are the responsibility of the office. Our responsibility is to express an opinion on the design of the system, and the office's compliance with the system based on our review.

We conducted our review in accordance with the policies and procedures for external peer reviews established by the National State Auditors Association (NSAA). In performing our review, we obtained an understanding of the office's system of quality control for engagements conducted in accordance with government auditing standards. In addition, we tested compliance with the office's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the office's policies and procedures on selected engagements. The engagements selected represented a reasonable cross-section of the office's engagements conducted in accordance with government auditing standards. We believe that the procedures we performed provide a reasonable basis for our opinion.

Our review was based on selective tests; therefore it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it. Also, there are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control of State of Nevada's Legislative Counsel Bureau - Audit Division in effect for the period July 1, 2011 through June 30, 2012 has been suitably designed and was complied with during the period to provide reasonable assurance of conforming with government auditing standards.

L. Scott Owens, CIA, CGAP  
Team Leader  
National State Auditors Association  
External Peer Review Team

Cole Hickland, CPA, CMA  
Concurring Reviewer  
National State Auditors Association  
External Peer Review Team

## **APPENDIX B**

### **STATUTORY CITATIONS – LEGISLATIVE AUDITOR**

---

#### NRS

- |          |                                                                                                                                                              |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 218E.205 | Priorities and limitations on studies and investigations.                                                                                                    |
| 218E.240 | Legislative Commission: Audit Subcommittee.                                                                                                                  |
| 218F.100 | Creation and composition; appointment of Director and chiefs of divisions.                                                                                   |
| 218F.110 | General powers and duties.                                                                                                                                   |
| 218F.150 | Officers and employees of Legislative Counsel Bureau not to oppose or urge legislation; exceptions, conditions and limitations on disclosure of information. |
| 218G.010 | Legislative declaration.                                                                                                                                     |
| 218G.030 | Legislative Auditor: “Agency of the state” defined.                                                                                                          |
| 218G.100 | Legislative Auditor: Qualifications.                                                                                                                         |
| 218G.110 | Legislative Auditor: Powers and duties.                                                                                                                      |
| 218G.120 | Regular and special audits and investigations.                                                                                                               |
| 218G.130 | Legislative Auditor to keep file of reports and releases; confidentiality of working papers from audit.                                                      |
| 218G.140 | Report of improper practices following audit.                                                                                                                |
| 218G.150 | Report of inadequacy of fiscal records.                                                                                                                      |
| 218G.160 | Biennial report of Legislative Auditor.                                                                                                                      |
| 218G.200 | Audits of state agencies required, duty of agency personnel to assist in audit.                                                                              |
| 218G.210 | Books and records of agencies of State: Availability to Legislative Auditor.                                                                                 |
| 218G.220 | Legislative Auditor: Request for financial statements from agencies of State.                                                                                |
| 218G.230 | Audits: Discussion of preliminary audit report with head of agency audited; presentation of final report when Legislature in session.                        |
| 218G.240 | Audits: Presentation and distribution of final report; restriction on disclosure.                                                                            |
| 218G.250 | Audits: Notice to agency of acceptance of final report; submission of plan for corrective action.                                                            |

---

**APPENDIX B**
**STATUTORY CITATIONS – LEGISLATIVE AUDITOR (CONTINUED)**


---

<u>NRS</u>	
218G.260	Audits: Order for withholding money from agency for failure to submit or comply with plan for corrective action.
218G.270	Audits: Report on carrying out of recommendations of Legislative Auditor; review of report.
218G.330	Audits required by Federal Government: Arrangements with Legislative Auditor; payment of cost of audit; Audit Contingency Account.
218G.340	Audits required by Federal Government: Legislative Auditor or private firm may be chosen to conduct audit; procedure for selecting firm; combining of audits.
218G.350	Audits to ensure compliance with federal regulations: Selection of firm to perform audit; submission, presentation and distribution of report.
218G.400	Preparation of balance sheets by and audit of fiscal records of certain boards; payment of costs; removal of state officer or employee for failing to prepare balance sheet, conduct audit or maintain necessary fiscal records.
218G.450	Special audits of certain entities which receive public money.
218G.550	Notification of Legislative Auditor of fatality or near fatality of child; review of information; cooperation with Legislative Auditor by agency.
218G.555	Legislative Auditor to disclose certain data and information by request; exceptions.
218G.570	Performance audits of governmental facilities for children.
218G.575	Inspection, review and survey of governmental facilities for children and private facilities for children.
218G.580	Scope of inspection, review and survey.
218G.585	Duty of facilities to cooperate with inspection, review and survey.
218H.400	Reports by registrant; audit or investigation.
277.200	Text of compact. (Tahoe Regional Planning Agency)
353.060	Count of money in state treasury by Legislative Auditor.
353.065	Count of securities and money in custody of State Treasurer.
353.070	Actual money only to be counted.

## APPENDIX B

### STATUTORY CITATIONS – LEGISLATIVE AUDITOR (CONTINUED)

---

#### NRS

353.075	Report to be filed following count.
353.080	Failure of Legislative Auditor to perform duties: Penalties.
353.325	Distribution of audit report of state agency.
353A.020	System of accounting and control for agencies: Adoption; elements; modification; development of procedures.
353A.045	Duties of Chief of Division of Internal Audit. Consult with Legislative Auditor.
385.3789	Submission of annual reports by Commission; biennial audit of programs by Legislative Auditor.
387.613	Selection of school districts for financial management review and selection of consultants to conduct reviews.
387.639	Review of school district's report concerning progress on corrective action plan.
387.644	School district's reporting when exempt from review.
463.1593	Regulations concerning financial practices licensees: Duties of Legislative Auditor. (Gaming)
482.38277	Certain charitable organizations to prepare and file certain documents with Commission on Special License Plates; Commission to provide documents to Legislative Auditor; duties of Legislative Auditor with respect to forms and information.
482.38278	Legislative Auditor to present final written report to Commission on Special License Plates; distribution of report; contents of report.
514A.100	Mining Oversight and Accountability Commission can request special audit or investigation.
645A.050	Duties of commissioner. (Escrow Agencies and Agents)
645B.060	Duties of commissioner. (Mortgage Brokers and Mortgage Agents)
645E.300	Duties of commissioner. (Mortgage Bankers)
692A.117	Confidential Records. (Title Insurance)

## APPENDIX C

### 2012 – 2014 BASIC AUDIT PROGRAM

STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
401 S. CARSON STREET  
CARSON CITY, NEVADA 89701-4747  
Fax: (775) 684-6666

TAMMY GRACE, *Acting Director*  
(775) 684-6800



LEGISLATIVE COMMISSION (775) 684-6800  
STEVEN A. HORSFORD, *Senator, Chairman*  
Tammy Grace, *Acting Director, Secretary*

INTERIM FINANCE COMMITTEE (775) 684-6821  
DEBBIE SMITH, *Assemblywoman, Chair*  
Rick Combs, *Fiscal Analyst*  
Mark Krmpotic, *Fiscal Analyst*

BRENDA J. ERDOES, *Legislative Counsel* (775) 684-6830  
PAUL V. TOWNSEND, *Legislative Auditor* (775) 684-6815  
DONALD O. WILLIAMS, *Research Director* (775) 684-6825

May 11, 2012

Members of the Legislative Commission  
Legislative Building  
Carson City, Nevada

Schedule 1 lists the audits we currently have in progress. In accordance with NRS 218E.205, we are requesting your approval to continue these audits as we may not be able to present all of them to the Audit Subcommittee of the Legislative Commission by the start of the 2013 Session.

In accordance with NRS 218G.120, we are requesting your approval of a basic audit program, which is set forth in Schedule 2. The timing as to when we can start the audits is contingent upon the availability of the audit staff and additional requirements that may be placed upon us by the Legislative Commission and Legislature.

The proposed audits were selected using a risk assessment process. This process considered such factors as the length of time since the last audit, amount of agency revenues and expenditures, legislative and public interest, prior problems, and agency or program complexity. Audits are designed to provide information to improve public accountability and facilitate decision-making by the Legislature or those responsible for corrective action. Audit objectives may include determining if an agency is operating in an economical or efficient manner, or determining the extent to which a program achieves a desired level of program results. Audit objectives can also include evaluating agencies' compliance with laws and regulations, and determining if appropriate information technology security controls are in place to protect sensitive information against unauthorized use.

Respectfully requested,

A handwritten signature in black ink, appearing to read "Paul V. Townsend".

Paul V. Townsend, CPA  
Legislative Auditor

PVT:dw  
Enclosures

APPROVED AT THE LEGISLATIVE COMMISSION MEETING ON MAY 30, 2012



## APPENDIX C

### 2012 – 2014 BASIC AUDIT PROGRAM (CONTINUED)

---

Legislative Counsel Bureau  
Audit Division  
Audits in Progress  
May 11, 2012

Schedule 1

- Employment Security Division
- Division of Forestry
- Division of Industrial Relations
- Division of Insurance
- Public Employees' Benefits Program
- Review of Governmental and Private Facilities for Children
- Division of State Lands
- Division of State Parks
- Statewide Single Audit
- Taxicab Authority
- Division of Water Resources
- Division of Welfare and Supportive Services

## APPENDIX C

### 2012 – 2014 BASIC AUDIT PROGRAM (CONTINUED)

Legislative Counsel Bureau  
Audit Division  
Proposed Audits  
June 2012 through December 2014

Schedule 2

**State Agencies**

Department of Administration

- Hearings Division
- Library and Archives Division
- Risk Management Division

Department of Business and Industry

- Athletic Commission
- Dairy Commission
- Manufactured Housing Division
- Nevada Transportation Authority

Department of Corrections

Department of Education

Department of Employment, Training, and Rehabilitation

- Rehabilitation Division

Department of Health and Human Services

- Director's Office
- Division of Health Care Financing and Policy
- Division of Mental Health and Developmental Services

Department of Public Safety

- Director's Office
- Division of Emergency Management
- State Fire Marshal
- Nevada Highway Patrol
- Division of Parole and Probation

Department of Tourism and Cultural Affairs

- Division of Museums and History
- Nevada Arts Council
- Commission on Tourism

Department of Transportation

Department of Wildlife

Agency for Nuclear Projects

Office of Attorney General

Colorado River Commission

Commission on Mineral Resources

Supreme Court

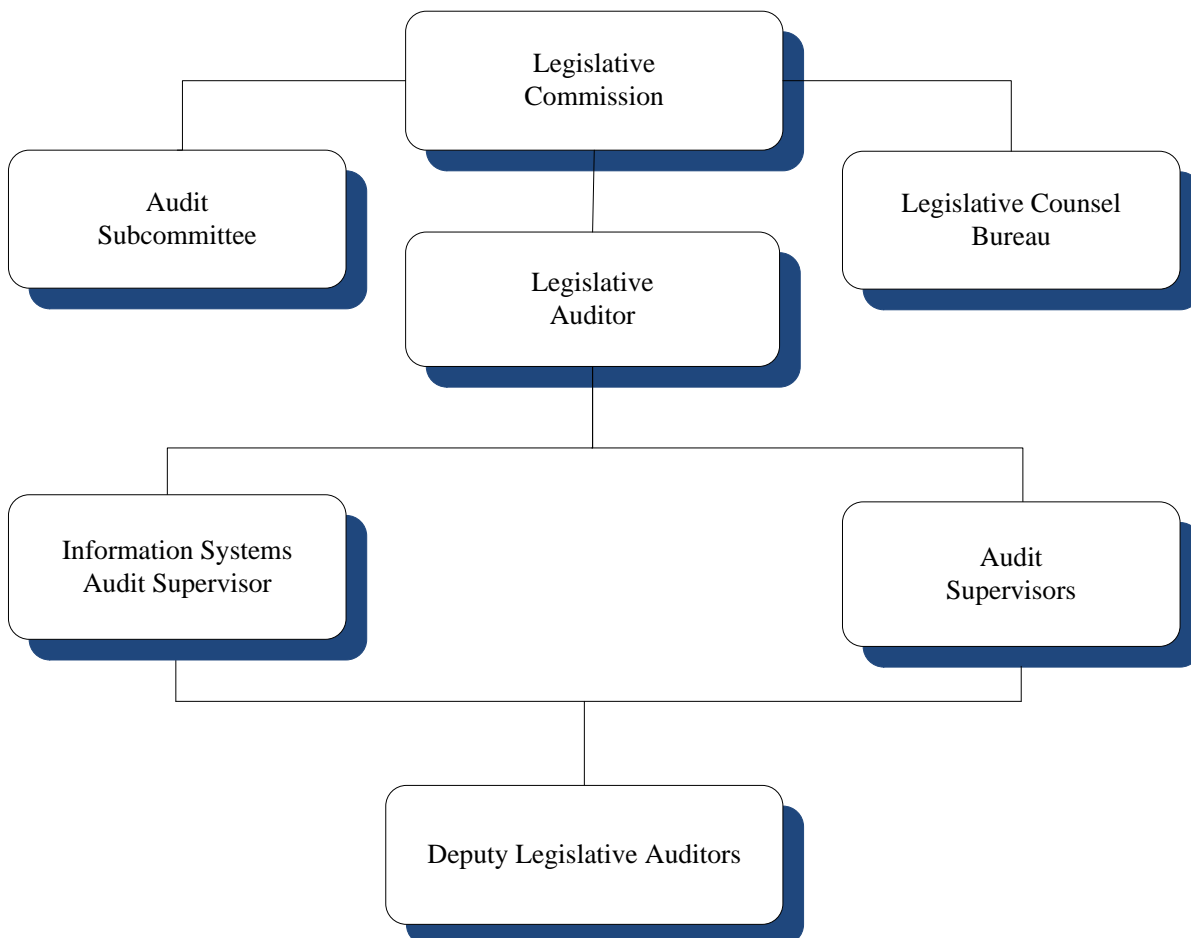
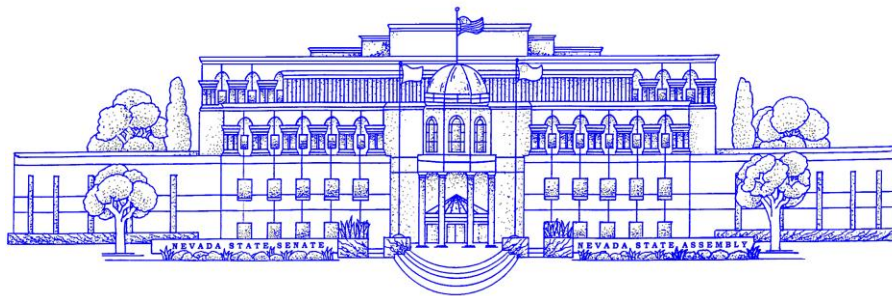
## APPENDIX D

### AUDIT DIVISION

---

## ORGANIZATIONAL CHART

### LEGISLATURE



**APPENDIX D****AUDIT DIVISION** (CONTINUED)

---

**HISTORICAL LISTING OF LEGISLATIVE AUDITORS**

<b>PAUL V. TOWNSEND</b>	<b>2001 -</b>
WM. GARY CREWS	1990 - 2001
JOHN R. CROSSLEY	1978 - 1990
EARL T. OLIVER	1971 - 1978
ROBERT E. BRUCE *	1968 - 1971
NORMAN H. TERRELL *	1963 - 1968
A. N. JACOBSEN	1949 - 1963

The Legislative Auditor is a statutory officer appointed by the Director of the Legislative Counsel Bureau, with the approval of the Legislative Commission for an indefinite term, whose qualifications and duties are defined by law. The Legislative Auditor serves as staff to the Nevada Legislature and its various committees and is the chief of the Audit Division.

---

\* The official title Fiscal Analyst (Chapter 403, Statutes of Nevada, 1963) was used for a period of ten years, 1963-1973 (Chapter 771, Statutes of Nevada, 1973); however, the principal functions and duties were auditing and accounting for the Legislative Branch of Government.

## APPENDIX D

### AUDIT DIVISION (CONTINUED)

---

#### AUDIT DIVISION STAFF

##### PAUL V. TOWNSEND, CPA, CIA

##### LEGISLATIVE AUDITOR

---

JANE E. BAILEY, MS	AUDIT SUPERVISOR
ROCKY J. COOPER, CPA, MBA	AUDIT SUPERVISOR
RICHARD A. NEIL, CPA	AUDIT SUPERVISOR
SHANNON RYAN, CPA	AUDIT SUPERVISOR
S. DOUGLAS PETERSON, CISA, MPA	INFORMATION SYSTEMS AUDIT SUPERVISOR
EUGENE ALLARA, CPA	DEPUTY LEGISLATIVE AUDITOR
DANIEL L. CROSSMAN, CPA	DEPUTY LEGISLATIVE AUDITOR
ROLAND ERICKSON, MPA	DEPUTY LEGISLATIVE AUDITOR
STEPHANY GIBBS, CPA, CGFM	DEPUTY LEGISLATIVE AUDITOR
DIANA GIOVANNONI, CPA	DEPUTY LEGISLATIVE AUDITOR
TAMMY A. GOETZE, CPA	DEPUTY LEGISLATIVE AUDITOR
MIKE HERENICK, MPA	DEPUTY LEGISLATIVE AUDITOR
SHAWN HEUSSER, MPA	DEPUTY LEGISLATIVE AUDITOR
DENNIS KLENCZAR, CPA	DEPUTY LEGISLATIVE AUDITOR
YERANIA MARTELL-DE LUCA, MBA	DEPUTY LEGISLATIVE AUDITOR
SANDRA T. MCGUIRK, CPA	DEPUTY LEGISLATIVE AUDITOR
JANZ NINO M. PENA, MS	DEPUTY LEGISLATIVE AUDITOR
TODD PETERSON, MPA	DEPUTY LEGISLATIVE AUDITOR
LEE PIERSON, MPA	DEPUTY LEGISLATIVE AUDITOR
JEFF S. RAUH, CIA, CISA, MBA	DEPUTY LEGISLATIVE AUDITOR
JILL SILVA, CPA, CIA	DEPUTY LEGISLATIVE AUDITOR
DAVID M. STEELE, CPA, MPA	DEPUTY LEGISLATIVE AUDITOR
THOMAS TITTLE, CPA, CIA, CFE	DEPUTY LEGISLATIVE AUDITOR
DONNA WYNOTT	OFFICE MANAGER
DEBORAH ANDERSON	AUDIT SECRETARY

## APPENDIX E

### SCHEDULE OF REPORTS RELEASED 2011 – 2012

#### REPORT NUMBER REPORT

12-01	Gaming Control Board
12-02	Department of Business and Industry, Office of Labor Commissioner
12-03	Office of Veterans' Services
12-04	Department of Health and Human Services, Aging and Disability Services Division
12-05	Department of Health and Human Services, Division of Child and Family Services
12-06	Department of Health and Human Services, Oversight of Child Care Facilities
12-07	Department of Conservation and Natural Resources, Division of Environmental Protection
12-08	Review of Governmental and Private Facilities for Children, October 2011
12-09	Report on Count of Money in State Treasury, June 30, 2011
12-10	Department of Administration, Public Works Division, Buildings and Grounds Section
12-11	Department of Motor Vehicles
12-12	Department of Administration, Division of Enterprise Technology Services
12-13	Office of the Governor, Office of Energy
12-14	Department of Business and Industry, Housing Division
12-15	Department of Health and Human Services, Substance Abuse Prevention and Treatment Agency
12-16	Review of Governmental and Private Facilities for Children, April 2012
12-17	Department of Business and Industry, Division of Insurance
12-18	Department of Conservation and Natural Resources, Division of State Lands
12-19	Department of Health and Human Services, Division of Welfare and Supportive Services
12-20	Department of Business and Industry, Division of Industrial Relations
12-21	Report on Count of Money in State Treasury, June 29, 2012
12-22	Review of Governmental and Private Facilities for Children, December 2012
12-23	Public Employees' Benefits Program
12-24	Department of Employment, Training and Rehabilitation, Employment Security Division