



Legislative Counsel Bureau Audit Division

Auditing

Boards and Commissions Training
February 15, 2018



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

Government Auditing Standards - 1.03



Executive Branch – Division of Internal Audits

- Conducts audits approved by the Executive Branch Audit Committee
- Provides training and assists agency staff in developing internal controls
- Reviews internal controls and expenditures for adherence to state requirements



Legislative Branch- Legislative Counsel Bureau Audit Division

Conducts audits:

- Of State agencies based on schedule approved by the Legislative Commission
- Based on specific request by the Legislative Commission
- As mandated through legislation



Sunset Subcommittee of the Legislative Commission – NRS 232B

- Conducts reviews of boards and similar entities
- Selects entities to review each interim
- Determines whether those entities should be continued, modified, consolidated, or terminated
- Can request LCB Audit to audit boards



Why is Fiscal Oversight Especially Important for Boards?

- Boards' budgets are not included in Executive Budget
- Budgetary oversight is reduced
- Higher risk of weak internal controls
- Increased risk of fraud



Recent Board Frauds

- 2002 - \$760k embezzled from Dental Examiners
- 2005 - \$38k embezzled from Certified Court Reporters
- 2006 - \$62k embezzled from Osteopathic Medicine
- 2008 - \$11k embezzled from Osteopathic Medicine
- 2014 - \$35k embezzled from Board of Podiatry
- 2016 - \$unknown – Board of Physical Therapy
- 2017 - \$unknown – Board of Examiners for Marriage and Family Therapists and Clinical Professional Counselors
- 2018 - ?



Audit Requirements – NRS 218G.400

- Annual audit or other financial information annually – Due December 1
- Annual revenues > \$200k → CPA-prepared annual audit
- Annual revenues < \$200k → self-prepared annual balance sheet



Biennial Report Option

- In lieu of annual audit or balance sheet, Board can elect to have CPA-prepared biennial audit
- Boards that do not submit quarterly disciplinary and regulatory reports, required by NRS 622.100, will be required to have an annual audit



Reserves / Fund Balances

- Audit Division calculates adjusted net reserves for Sunset Subcommittee (informational purposes only)
 - Why the 6-month reserves measurement
 - GASB 68 (Pension Liability) adjustment



Quarterly Reporting Requirements – NRS 622.100

Information required to be submitted to LCB:

- Number of licenses issued
- Number of licenses removed
- Number of disciplinary actions taken against licensees



Additional Reporting Requirements – SB 69

- Effective June 2017, additional requirements include:
 - Number of applications received
 - Number of applications rejected
 - Average number of days between rejection (for incomplete submission) and resubmission
 - Number of applications denied with reasons for denial
 - Number applications reviewed



Suggestions for Board Members

- Be an active participant in financial oversight
- Follow up on findings in audit reports to ensure corrective action is taken
- Request copies of balance sheets and financial statements...and ask questions



Other Suggestions

- Be aware of delays in submitting financial and disciplinary information
- Consider risks associated with biennial audits
- Ask questions of Board management and members, and utilize available resources



Questions?



Where to Turn For Help?

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