



# Legislative Counsel Bureau Audit Division

## Auditing

Boards and Commissions Training  
January 28, 2026



# Government Auditing Standards Government Accountability Office (GAO)

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

Source: GAO *Government Auditing Standards: 2024 Revision* (paras. 1.05)



# Executive Branch Division of Internal Audits

- Executive Branch Audit Committee directs audits, or state government leaders can request audits.
- Division of Internal Audits performs audits addressing the efficiency and effectiveness of state agency management and operations.

Source: Governor's Finance Office, Division of Internal Audits *2025 Annual Report*



# Executive Branch

## Division of Internal Audits

The Division of Internal Audits consists of two sections:

- Internal Audit
- Compliance Review

Source: Governor's Finance Office, Division of Internal Audits *2025 Annual Report*



# Standards for Internal Control in the Federal Government - GAO

“Internal control is a process effected by an entity’s oversight body, management, and other personnel designed to provide reasonable assurance that the objectives of an entity will be achieved.”



Source: GAO. | GAO-25-107721

Source: GAO *Standards for Internal Control in the Federal Government: 2025 Revision* (paras OV1.01)



# Examples of Internal Controls

- Segregation of Duties - More than one person issues and records checks.
- Physical Controls - Safes, locks, and security cameras.
- Reconciliations - Bank statements or credit card statements.
- Authorization Processes - Large purchases requiring a higher level of approval.
- Transaction and Activity Reviews - Reviewing the number of new or renewed licenses to monitor board performance or anomalies.
- Information Processing Controls - Reviewing data entry to ensure accuracy and completeness.



# Legislative Branch Legislative Counsel Bureau (LCB) Audit Division

LCB Audit conducts performance audits that address:

- Operational efficiency and effectiveness of programs,
- Sufficiency of internal controls,
- Compliance with laws and regulations, and
- Adequacy of information security.

Source: *Biennial Report of the Legislative Auditor, December 31, 2024*



# Sunset Subcommittee of the Legislative Commission NRS 232B

- Conducts reviews of no less than 10 boards and commissions each legislative interim;
- Recommends whether those boards or commissions should be terminated, modified, consolidated, or continued; and
- Can make a recommendation to the Legislative Commission for LCB Audit to audit a board.



# Why Is Fiscal Oversight Especially Important for Boards?

- Some boards' budgets are not included in the Executive Budget,
- Budgetary oversight is reduced,
- Higher risk of weak internal controls, and
- Increase risk of fraud.



# Historical 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 - \$9k embezzled from Board of Examiners for Marriage and Family Therapists and Clinical Professional Counselors.
- 2018 - \$20k diverted in unauthorized pay from Board of Massage Therapy by a prior Executive Director.



# Recent Board Issues

- FY 2023 - Benefit overpayment made to the Executive Director upon retirement.
- FY 2023 - Deceased employee's sick leave payout.
- FY 2023-2024 - Board Treasurer failed to disclose financial interests related to his salary.

Source: *Biannual Status Reports on Audits of Certain State Boards, January 2025 and January 2024*



# Audit Requirements

## NRS 218G.400

- Annual audit or other financial information annually – Due December 1<sup>st</sup>;
- Annual revenues  $>$  \$200k  $\rightarrow$  CPA-prepared annual audit; or
- Annual revenues  $<$  \$200k  $\rightarrow$  self-prepared annual balance sheet.
- In lieu of annual audit or balance sheet, a board can elect to have a CPA-prepared biennial audit.



# Quarterly Reporting Requirements

## NRS 622.100

Information required to be submitted to the LCB:

- Number of licenses issued,
- Number of applications received for licensure,
- Applications rejected as incomplete,
- Average number of days between rejection and resubmission of completed application,
- Number of applications denied,
- Reasons for application denial, and
- Number of applications reviewed individually.



# Suggestions for Board Members

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



# Other Suggestions

- Be aware of delays in submitting financial and disciplinary information.
- Ask questions of board management and members and utilize available resources.



# Resources

- The Legislative Counsel Bureau, Administrative Division, Information Technology Services (referred to as the LCB Helpdesk) at 775-684-1300, or email at [helpdesk@lcb.state.nv.us](mailto:helpdesk@lcb.state.nv.us).
- Your Deputy Attorney General.
- Executive Branch's Division of Internal Audits has link on their website relating to developing internal controls:  
<https://budget.nv.gov/IAudits/About/FinancialMgmt/FinancialMgmt/>



# Resources

## The Department of Business and Industry, Office of Nevada Boards, Commissions, and Councils Standards (Office)

- Established by SB 431 during 2023 Legislative Session.
- NRS 232.8413-8415 gives the Office purview over professional and occupational licensing boards.
- Their purpose is to establish centralized administration, uniform standards, uphold transparency and consumer protection, and ensure efficacy and efficiency.
- Deputy Director Nikki Haag can help answer board questions:

**Nikki Haag**  
**Deputy Director**  
**Office of Nevada Boards, Commissions, and Councils Standards**  
Department of Business and Industry  
T: 775-684-2927  
E: [Nikki.Haag@business.nv.gov](mailto:Nikki.Haag@business.nv.gov) | W: [business.nv.gov](http://business.nv.gov)





# Questions?

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