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February 8, 2024

Members of the Nevada State Legislature
Legislative Building
Carson City, Nevada

Biannual Status Report on Financial Information of Certain State Boards

Nevada Revised Statutes (NRS) 218G.400 requires certain boards to be audited annually or biennially by contract auditors. The audit report must be filed by the board on or before December 1 of each year in which an audit is conducted. Statute also requires boards with revenue less than \$200,000 for any fiscal year to complete a self-reported balance sheet and submit it to the Legislative Auditor and the Chief of the Budget Division on or before December 1 following the end of that fiscal year.

The Audit Division reviews the reported financial information for unusual or unique financial circumstances or conditions we consider significant and reportable to the Legislature. Our review is limited to the financial information provided by the boards and does not constitute an audit.

Financial Report Not Filed

The following board did not submit the required financial report due December 1, 2023:

- Board of Dental Examiners of Nevada (Audited Annual Report)

The board indicated the fiscal year 2023 audit will be submitted following board approval at its March 2024 board meeting. The board has not submitted financial statements timely for several years. Fiscal year 2022 audited financial statements were received by the Audit Division in October 2023 with a qualified opinion on the governmental activities and unmodified opinion on the general fund. The audit included the following seven findings: (1) lack of staff experience to prepare financial statements, (2) review and oversight of year-end adjustments lacking, (3) expense and capital asset support missing along with misclassified revenues and expenses, (4) inadequate management review of Public Employees' Retirement System (PERS) and Other Postemployment Benefits (OPEB) actuary reports, (5) new lease accounting standards not implemented, (6) license fees not aligned with approved fee schedule, and (7) audited financial statements not approved by the Board of Directors and subsequently submitted to Legislative Council Bureau (LCB) by December 1, 2022.

Financial Issues Noted

The following boards submitted the required financial reports due December 1, 2023, but still had items pending as of the date of this letter.

- Nevada Board of Homeopathic Medical Examiners – The board has successfully transitioned financial information from prior years into an accounting system. The board is working on providing documentation from fiscal year 2022 and responses for fiscal year 2023 regarding differences in its bank reconciliation and other payments. We identified \$7,500 in cash withdrawals, which the board indicated were for board member and staff compensation. We have requested additional information and are waiting for responses to gain a better understanding of these cash transactions and accounting implications.
- State Board of Oriental Medicine – The board is working with their accountant on reconciling financial reporting differences.

Findings Reported on Audits

Based on the audited financial statements submitted for fiscal year 2023, several boards had repeat and significant findings. Below is our summary of those findings reported by the boards' independent auditors:

- Board of Examiners for Social Workers – Audit included three findings: (1) repeat finding regarding lack of staff experience to prepare financial statements, and (2) lack of review over year-end adjustments. In response to the repeat findings, the board indicated they had hired an experienced contractor in April 2023 to prepare the financial statements and year-end accounting adjustments. Further, (3) a deceased employee's sick leave payout may not be compliant with state law and policies.
- Nevada State Board of Optometry – Audit included two findings: (1) repeat finding regarding year-end expenditure adjustments, untimely benefit payments, and changes to prior year transactions signifying the absence of controls over expenditure recording increasing the possibility of misstatements. The board agrees to implement internal control procedures for expenditures. Further, (2) a benefit overpayment of \$13,655 was made to the Executive Director upon retirement. The board acknowledged the overpayment and the Executive Director agreed to return the overpayment. The board indicated it is seeking future guidance from the Department of Business and Industry for better internal control processes.
- State Board of Pharmacy – Audit included three findings: (1) repeat finding regarding lack of controls over year-end reconciliations and adjustments, (2) PERS and OPEB actuary reports not adequately reviewed, and (3) GASB 87 over leases not

being implemented. Management implemented controls to provide for a two-step review of the actuarial reports and documentation of the review, and took steps to ensure all new pronouncements were implemented.

Based on the audited financial statements submitted for fiscal year 2023, several boards had less severe findings. For informational purposes, below is our summary of those findings reported by the boards' independent auditors:

- State Board of Cosmetology – Audit included one finding regarding fiscal year 2022 financial statements having some misclassified accounts, but the errors were corrected and limited to fiscal year 2022.
- Board of Examiners for Long-Term Care Administrators – Audit included one finding regarding license fees paid in advance being understated and revenues overstated by the same amount for fiscal years 2022 and 2023. The board agreed to modify their procedure for estimating license fees paid in advance.
- Board of Examiners for Marriage and Family Therapists and Clinical Professional Counselors – Audit included one finding regarding staff not having the experience required to prepare full disclosure financial statements including new pronouncements. The board agreed to implement all standards that had not been implemented to date.
- State Board of Professional Engineers and Land Surveyors – Audit included one finding regarding prior year deferred revenue underestimated by \$43,355. The board has already implemented new processes to track and make necessary adjustments to deferred revenue.
- Board of Psychological Examiners – Audit included two findings: (1) deferred licensing fee revenue account balance was incorrect due to a duplicated prior year audit adjustment, and (2) PERS monthly payments were not properly recorded, which may result in liabilities and expenses being overstated and ending fund balance being understated. With both findings, the board agreed to implement procedures to train personnel.
- Nevada State Board of Veterinary Medical Examiners – Audit included two findings: (1) lack of controls over year-end reconciliations and adjustments, and (2) PERS and OPEB actuary reports not adequately reviewed. The board agrees and will implement controls to provide and document these reviews.

We will continue to monitor the status of the financial reports not filed and financial issues noted and will provide an update regarding these issues in our July status report.

New Board

Previously under the Aging and Disability Services Division, the Board of Applied Behavior Analysis began operating as an independent entity beginning October 2021 per Senate Bill 217 of the 81st Legislative Session. The board reached out to the Audit Division in October 2023 to inquire about reporting requirements and submitted its audited financial statements in January 2024.

Boards Current with Financial Filing Requirements

The following boards submitted audit reports or balance sheets for the year ended June 30, 2023:

Nevada State Board of Accountancy
Board of Examiners for Alcohol, Drug and Gambling Counselors
Board of Applied Behavior Analysis
State Board of Architecture, Interior Design and Residential Design
Board of Athletic Trainers
Certified Court Reporters' Board of Nevada
Chiropractic Physicians' Board of Nevada
State Contractors' Board
State Board of Cosmetology
Board of Dispensing Opticians
Board of Environmental Health Specialists
Nevada Funeral and Cemetery Services Board
Nevada Board of Homeopathic Medical Examiners
State Board of Landscape Architecture
Board for the Regulation of Liquified Petroleum Gas
Board of Examiners for Long-Term Care Administrators
Board of Examiners for Marriage and Family Therapists and Clinical Professional Counselors
Board of Massage Therapy
Board of Medical Examiners of Nevada (See note 1 on Attachment A)
State Board of Nursing
Nevada State Board of Optometry
State Board of Oriental Medicine
State Board of Osteopathic Medicine
State Board of Pharmacy
Nevada Physical Therapy Board
Private Investigator's Licensing Board
State Board of Professional Engineers and Land Surveyors
Board of Psychological Examiners
Board of Examiners for Social Workers
Speech-Language Pathology, Audiology and Hearing Aid Dispensing Board
Nevada State Board of Veterinary Medical Examiners

The following boards did not submit an audit report for the year ended June 30, 2023, but are compliant with NRS 218G.400. These boards have elected to submit a biennial audit and the next audit is due in December 2024.

State Barbers' Health and Sanitation Board
Board of Occupational Therapy
State Board of Podiatry

Financial Information – All Boards

See Attachment A for an overview of financial data on all occupational licensing boards.

Regulatory And Disciplinary Filing Requirements

Each regulatory body is required by NRS 622.100 to electronically submit to the Director of the LCB a quarterly summary of each disciplinary action taken by the regulatory body and a report that includes the following: number of licenses issued; number of applications received, reviewed, and rejected; average number of days between incomplete application rejection and resubmission; number of and reasons for applications denied; number of and reasons for disqualifications due to criminal history pursuant to NRS 622.085; and the number of petitions submitted for NRS 622.085 disqualification determinations.

All boards have submitted their required quarterly information for regulatory activities and disciplinary actions to the LCB website for the preceding four quarterly reporting periods pursuant to NRS 622.100 (quarters ended December 2022, March 2023, June 2023, and September 2023).

Please contact me at (775) 684-6815 or dcrossman@lcb.state.nv.us if you have any questions regarding this letter.

Sincerely,



Daniel L. Crossman, CPA
Legislative Auditor

DLC:da
Attachment
cc: The Honorable Joe Lombardo, Governor of Nevada
Ryan Cherry, Chief of Staff, Office of the Governor
Amy Stephenson, Director, Office of Finance, Office of the Governor
Adina Fitzgerald, Director, Boards and Commissions, Office of the Governor
Dr. Kristopher Sanchez, Director, Department of Business and Industry
Nicolas C. Anthony, Research Director, Research Division, LCB
Patrick Guinan, Chief Principal Policy Analyst, Research Division, LCB

Attachment A
Occupational Licensing Boards
Financial Information
2023

Board	Revenues	Expenditures
1 State Contractors' Board	\$7,645,322	\$7,450,858
2 State Board of Pharmacy	6,538,428	6,653,605
3 Board of Medical Examiners of Nevada ¹	6,012,383	6,188,944
4 State Board of Nursing	4,627,133	4,069,935
5 State Board of Cosmetology	3,398,369	2,888,142
6 Private Investigator's Licensing Board	1,917,121	2,020,260
7 State Board of Professional Engineers and Land Surveyors	1,116,513	1,123,577
8 State Board of Osteopathic Medicine	964,925	832,130
9 Board of Massage Therapy	942,812	1,282,303
10 State Board of Architecture, Interior Design and Residential Design	879,175	859,741
11 Board of Examiners for Social Workers	743,986	599,692
12 Nevada State Board of Accountancy	677,618	800,417
13 Nevada Physical Therapy Board	594,029	700,745
14 Board of Examiners for Marriage and Family Therapists and Clinical Professional Counselors	567,399	487,537
15 Nevada State Board of Veterinary Medical Examiners	465,434	463,182
16 Board for the Regulation of Liquefied Petroleum Gas	401,195	402,464
17 Nevada Funeral and Cemetery Services Board	378,167	453,016
18 Chiropractic Physicians' Board of Nevada	354,215	349,475
19 Board of Psychological Examiners	256,364	219,494
20 Board of Occupational Therapy ²	246,818	299,712
21 Board of Applied Behavior Analysis	215,544	168,222
22 Board of Examiners for Alcohol, Drug and Gambling Counselors	207,310	298,024
23 Speech-Language Pathology, Audiology and Hearing Aid Dispensing Board	204,656	187,798
24 Board of Examiners for Long-Term Care Administrators	203,358	162,707
25 Nevada State Board of Optometry	191,965	363,587
26 Board of Dispensing Opticians	132,387	181,093
27 State Barbers' Health and Sanitation Board ²	119,202	93,505
28 State Board of Landscape Architecture	116,954	97,875
29 State Board of Oriental Medicine	97,003	69,960
30 Certified Court Reporters' Board of Nevada	78,083	91,516
31 State Board of Podiatry ²	65,554	61,760
32 Board of Athletic Trainers	59,425	41,171
33 Board of Environmental Health Specialists	43,805	35,061
34 Nevada Board of Homeopathic Medical Examiners	19,050	20,819
35 Board of Dental Examiners of Nevada ³	-	-

Source: Prepared from financial information submitted by each board. Amounts were not audited by the Audit Division, LCB.

¹ Board has a December 31 fiscal year-end. Amounts listed are from December 2022 audit report.

² Amounts listed are from the audit report for the period ended June 30, 2022, as these boards report biennially.

³ Board did not submit the required financial report timely.