
ASSEMBLY BILL NO. 216—COMMITTEE ON
GOVERNMENT AFFAIRS

(ON BEHALF OF THE DEPARTMENT OF ADMINISTRATION,
DIVISION OF INTERNAL AUDITS)

FEBRUARY 28, 2003

Referred to Committee on Government Affairs

SUMMARY—Revises manner in which certain claims against state are audited. (BDR 31-491)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to state financial administration; revising the manner in which certain claims against this state are audited; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** NRS 353.055 is hereby amended to read as follows:
2 353.055 1. ~~As often as it may be deemed proper, the State~~
3 ~~Board of Examiners shall examine the books of the State Controller~~
4 ~~and the State Treasurer, and the accounts and vouchers in their~~
5 ~~offices.~~
6 ~~2.]~~ For the purpose of discharging the duties imposed on the
7 State Board of Examiners by law, the State Board of Examiners is
8 authorized to demand information, and the State Controller and the
9 State Treasurer are required to furnish to the Board without delay
10 such information as the Board may demand, touching the books,
11 papers, vouchers or matters pertaining to or cognizable in their
12 respective offices.
13 ~~3.]~~ 2. The State Controller and the State Treasurer shall permit
14 the State Board of Examiners to examine the books and papers of



1 their respective offices whenever the Board may wish to make an
2 examination, without delaying the examination on any pretense
3 whatever.

4 **Sec. 2.** NRS 353.090 is hereby amended to read as follows:

5 353.090 1. Except for claims against the Legislative Fund or
6 for the payment of the salaries of public officers, every claim for
7 payment from the State Treasury pursuant to an appropriation or
8 authorization by the Legislature must be presented to the State
9 Board of Examiners for a determination of its correctness. The State
10 Board of Examiners ~~may~~ **shall** adopt regulations providing for the
11 use of sampling procedures and postaudit techniques for making
12 such a determination.

13 2. Any money which:

14 (a) Is allocated to this state pursuant to a federal program in the
15 form of a letter of credit or its equivalent;

16 (b) Is authorized for expenditure by the Legislature;

17 (c) Has not been deposited in the State Treasury; and

18 (d) Is immediately available to this state through an automated
19 federal payment management system,
20 shall be deemed to be available for a claim for payment from the
21 State Treasury.

22 3. The State Controller shall not allow or draw his warrant for:

23 (a) Any claim of the class described in this section which has
24 not been approved by the State Board of Examiners; or

25 (b) A greater amount than allowed by the Board,
26 except when the claim has not been acted upon by the Board within
27 30 days after its presentation to the Board.

28 **Sec. 3.** NRS 353.190 is hereby amended to read as follows:

29 353.190 1. In addition to his other duties, the Chief is ex
30 officio Clerk of the State Board of Examiners. Except as otherwise
31 provided in subsection 4 of NRS 41.036, the Chief shall:

32 (a) Assist the State Board of Examiners in the examination ~~of~~
33 ~~classification and preparation for audit~~ **and classification** of all the
34 claims required to be presented to the Board ~~in~~ **pursuant to**
35 **NRS 353.090.**

36 (b) Conduct ~~an effective check and preaudit of all those claims~~
37 ~~before they are submitted~~ **a postaudit of claims that have been**
38 **presented** to the Board ~~in~~ **in the manner prescribed in the**
39 **regulations adopted pursuant to NRS 353.090.**

40 (c) Approve, on behalf of and when authorized by the Board,
41 claims against the State not required to be passed upon by the
42 Legislature.

43 (d) Each calendar quarter, provide to the Board a report of his
44 determinations regarding any claims, refunds or other payments the
45 Board has authorized him to approve on its behalf.



1 2. The rules of procedure governing the duties of the Chief
2 pursuant to this section must be adopted by the State Board of
3 Examiners.

4 3. The Chief may delegate these duties to his Deputy.

5 **Sec. 4.** NRS 353A.045 is hereby amended to read as follows:

6 353A.045 The Chief shall:

7 1. Report to the Director.

8 2. Develop long-term and annual work plans to be based on the
9 results of periodic documented risk assessments. The annual work
10 plan must list the agencies to which the Division will provide
11 training and assistance and be submitted to the Director for
12 approval. Such agencies must not include:

13 (a) A board created by the provisions of chapters 623 to 625A,
14 inclusive, 628, 630 to 640A, inclusive, 641 to 644, inclusive, 654
15 and 656 of NRS.

16 (b) The University and Community College System of Nevada.

17 (c) The Public Employees' Retirement System.

18 (d) The Housing Division of the Department of Business and
19 Industry.

20 (e) The Colorado River Commission of Nevada.

21 3. Provide a copy of the approved annual work plan to the
22 Legislative Auditor.

23 4. In consultation with the Director, prepare a plan for auditing
24 executive branch agencies for each fiscal year and present the plan
25 to the Committee for its review and approval. Each plan for auditing
26 must:

27 (a) State the agencies which will be audited, the proposed scope
28 and assignment of those audits and the related resources which will
29 be used for those audits; and

30 (b) Ensure that the internal accounting, administrative controls
31 and financial management of each agency are reviewed periodically.

32 5. Perform the audits of the programs and activities of the
33 agencies in accordance with the plan approved pursuant to
34 subsection 5 of NRS 353A.038 and prepare audit reports of his
35 findings.

36 6. Review each agency that is audited pursuant to subsection 5
37 and advise those agencies concerning internal accounting,
38 administrative controls and financial management.

39 7. Submit to each agency that is audited pursuant to subsection
40 5 analyses, appraisals and recommendations concerning:

41 (a) The adequacy of the internal accounting and administrative
42 controls of the agency; and

43 (b) The efficiency and effectiveness of the management of the
44 agency.



1 8. Report any possible abuses, illegal actions, errors, omissions
2 and conflicts of interest of which the Division becomes aware
3 during the performance of an audit.

4 9. Adopt the standards of the Institute of Internal Auditors for
5 conducting and reporting on *internal* audits.

6 10. Consult with the Legislative Auditor concerning the plan
7 for auditing and the scope of audits to avoid duplication of effort
8 and undue disruption of the functions of agencies that are audited
9 pursuant to subsection 5.

10 11. Appoint a Manager of Internal Controls.

11 **Sec. 5.** NRS 41.010 is hereby amended to read as follows:

12 41.010 An officer or person who has presented a claim against
13 the State:

14 1. For services or advances authorized by law, and for which
15 an appropriation has been made, but of which the amount has not
16 been fixed by law; or

17 2. For refund of an overpayment,
18 which claim the State Board of Examiners or the State Controller
19 has refused to ~~audit and~~ allow, in whole or in part, may commence
20 an action in any court having jurisdiction of the amount, for the
21 recovery of such portion of the claim as ~~shall have~~ *has* been
22 rejected. In such action, the State of Nevada ~~shall~~ *must* be named
23 as defendant, and the summons ~~shall~~ *must* be served upon the
24 State Controller, and the action ~~shall~~ *must* proceed as other civil
25 actions to final judgment.

26 **Sec. 6.** NRS 242.211 is hereby amended to read as follows:

27 242.211 1. The Fund for Information Services is hereby
28 created as an internal service fund. Money from the Fund must be
29 paid out on claims as other claims against the State are paid. The
30 claims must be made in accordance with budget allotments and are
31 subject to ~~preaudit~~ *postaudit* examination and approval.

32 2. All operating, maintenance, rental, repair and replacement
33 costs of equipment and all salaries of personnel assigned to the
34 Department must be paid from the Fund.

35 3. Each agency using the services of the Department shall pay
36 a fee for that use to the Fund, which must be set by the Director in
37 an amount sufficient to reimburse the Department for the entire cost
38 of providing those services, including overhead. Each using agency
39 shall budget for those services. All fees, proceeds from the sale of
40 equipment and any other money received by the Department must
41 be deposited with the State Treasurer for credit to the ~~appropriate~~
42 Fund.



1 **Sec. 7.** NRS 242.221 is hereby amended to read as follows:
2 242.221 1. All claims made pursuant to NRS 242.122 to
3 242.241, inclusive, must, when approved by the Department, be
4 ~~audited and~~ paid as other claims against the State are paid.

5 2. If the State Controller finds that current claims against the
6 Fund for Information Services exceed the amount available in the
7 Fund to pay the claims, he may advance temporarily from the State
8 General Fund to the ~~appropriate~~ Fund the amount required to pay
9 the claims, but no more than 25 percent of the revenue expected to
10 be received in the current fiscal year from any source authorized for
11 the Fund. No amount may be transferred unless requested by the
12 Chief of the Budget Division of the Department of Administration.

13 **Sec. 8.** NRS 331.103 is hereby amended to read as follows:
14 331.103 1. The Department of Administration's
15 Communications Fund is hereby created as an internal service fund.
16 The Fund is a continuing fund and its money may not revert to the
17 State General Fund at any time.

18 2. Claims against the Fund which are approved by the Chief
19 must be paid as other claims against the State are paid.

20 3. Claims must be made in accordance with budget and
21 quarterly work allotments and subject to ~~preaudit~~ *postaudit*
22 examination and approval.

23 **Sec. 9.** NRS 333.450 is hereby amended to read as follows:

24 333.450 1. All claims for supplies, materials, equipment and
25 services purchased pursuant to the provisions of this chapter must,
26 when approved by the Chief, be ~~audited and~~ paid in the same
27 manner as other claims against the State are required to be ~~audited~~
28 ~~and~~ paid.

29 2. The Chief shall annually assess each using agency a fee for
30 the procurement and inventory services provided by the Purchasing
31 Division to the using agency. The fee must be based on the using
32 agency's use of the procurement and inventory services of the
33 Purchasing Division during preceding years. The Chief shall adjust
34 the formula for calculating the fee each biennium.

35 3. If an agency is not a using agency, the Chief shall assess a
36 fee of not more than the cost to the Division to process the order for
37 the agency.

38 4. The Chief may adopt regulations to carry out the provisions
39 of this section.

40 **Sec. 10.** NRS 336.110 is hereby amended to read as follows:

41 336.110 1. The Motor Pool Fund is hereby created as an
42 internal service fund. No money in the Fund may revert to the State
43 General Fund at any time. Money from the Motor Pool Fund must
44 be paid out on claims as other claims against the State are paid. The
45 claims must be made in accordance with budget and quarterly work



1 allotments and subject to ~~preaudit~~ *postaudit* examination and
2 approval.

3 2. All operating, maintenance and repair costs for vehicles
4 assigned to the State Motor Pool must be paid from the Motor Pool
5 Fund and the accounting for depreciation must be accomplished in
6 that Fund.

7 3. All agencies using vehicles of the State Motor Pool shall pay
8 a fee for the use and a proportionate share of operational costs in an
9 amount determined by the Executive Officer. The formula for
10 spreading costs of operation may be adjusted from time to time as
11 may be necessary to replace worn vehicles, pay vehicle costs and
12 defray the costs of Motor Pool operation.

13 4. All fees, including amounts on account of depreciation
14 accrued, costs and other money received by the State Motor Pool,
15 including all proceeds from the sale of vehicles, must be deposited
16 with the State Treasurer for credit to the Fund.

17 **Sec. 11.** NRS 422.240 is hereby amended to read as follows:

18 422.240 1. Money to carry out the provisions of NRS
19 422.001 to 422.410, inclusive, and 422.580, including, without
20 limitation, any federal money allotted to the State of Nevada
21 pursuant to the program to provide Temporary Assistance for Needy
22 Families and the Program for Child Care and Development, must be
23 provided by appropriation by the Legislature from the State General
24 Fund.

25 2. Disbursements for the purposes of NRS 422.001 to 422.410,
26 inclusive, and 422.580 must be made upon claims duly filed ~~+~~
27 ~~audited~~ and allowed in the same manner as other money in the
28 State Treasury is disbursed.

29 **Sec. 12.** NRS 432.080 is hereby amended to read as follows:

30 432.080 All administrative expenses incurred by the Division
31 in carrying out the provisions of NRS 432.010 to 432.085, inclusive,
32 must be paid out of money which may be appropriated by the
33 Legislature from the State General Fund and out of such other
34 money as may be made available to the Division for the payment of
35 administrative expenses. Disbursements must be made upon claims
36 filed ~~+~~ ~~audited~~ and allowed in the same manner as other money in
37 the State Treasury is disbursed. All claims must be approved by the
38 Administrator before they are paid.

39 **Sec. 13.** NRS 463.330 is hereby amended to read as follows:

40 463.330 1. Costs of administration of this chapter incurred
41 by the Commission and the Gaming Control Board must be paid
42 from the State General Fund on claims presented by the
43 Commission and the Board, respectively, and approved and paid as
44 other claims against the State are paid. The Commission and the
45 Board shall comply with the provisions of the State Budget Act in



1 order that legislative authorization for budgeted expenditures may
2 be provided.

3 2. In order to facilitate the confidential investigation of
4 violations of this chapter and the regulations adopted by the
5 Commission pursuant to this chapter, there is hereby created the
6 State Gaming Control Board Revolving Account. Upon the written
7 request of the Chairman of the Board, the State Controller shall
8 draw his warrant in favor of the Chairman in the amount of \$10,000,
9 and upon presentation of the warrant to the State Treasurer, he shall
10 pay it. When the warrant is paid, the Chairman shall deposit the
11 \$10,000 in a bank or credit union of reputable standing which shall
12 secure the deposit with a depository bond satisfactory to the State
13 Board of Examiners.

14 3. The Chairman of the Board may use the Revolving Account
15 to pay the reasonable expenses of agents and employees of the
16 Board engaged in confidential investigations concerning the
17 enforcement of this chapter, including the prepayment of expenses
18 where necessary, whether such expenses are incurred for
19 investigation of known or suspected violations. In allowing such
20 expenses, the Chairman is not limited or bound by the provisions of
21 NRS 281.160.

22 4. After the expenditure of money from the Revolving
23 Account, the Chairman of the Board shall present a claim to the
24 State Board of Examiners for the amount of the expenditure to be
25 replaced in the Revolving Account. The claim must be ~~audited,~~
26 allowed and paid as are other claims against the State, but the claim
27 must not detail the investigation made as to the agent or employee
28 making the investigation or the person or persons investigated. If
29 the State Board of Examiners is not satisfied with the claim, the
30 members thereof may orally examine the Chairman concerning the
31 claim.

32 5. Expenditures from the Revolving Account may not exceed
33 the amount authorized by the Legislature in any fiscal year.

34 **Sec. 14.** NRS 703.168 is hereby amended to read as follows:

35 703.168 The Commission may, in carrying out its duties:

36 1. Cooperate with the Federal Government, its departments and
37 agencies.

38 2. Confer with the regulatory agencies of other states on
39 matters of mutual concern and benefit to persons served by the
40 public utilities and alternative sellers of this state.

41 3. Use the services, records, facilities and cooperation of
42 federal and state regulatory agencies, and hold joint hearings and
43 participate in joint conferences to reach decisions in matters which
44 require cooperation. All necessary expenses incurred in attending
45 hearings and conferences outside this state are a charge against the



1 State, and must be ~~audited and~~ paid as other claims against this
2 state are paid. The claims must be sworn to by the commissioner
3 who incurred the expense and approved by the chairman.

4 **Sec. 15.** NRS 706.1717 is hereby amended to read as follows:
5 706.1717 The Authority may, in carrying out its duties:

6 1. Cooperate with the Federal Government and its departments
7 and agencies.

8 2. Confer with the regulatory agencies of other states on
9 matters of mutual concern and benefit to persons served by motor
10 carriers of this state.

11 3. Use the services, records, facilities and cooperation of
12 federal and state regulatory agencies, and hold joint hearings and
13 participate in joint conferences to reach decisions in matters that
14 require cooperation. All necessary expenses incurred in attending
15 hearings and conferences outside this state are a charge against the
16 State and must be ~~audited and~~ paid as other claims against the
17 State are paid.

18 **Sec. 16.** NRS 225.130 is hereby repealed.

19 **Sec. 17.** This act becomes effective upon passage and
20 approval.

TEXT OF REPEALED SECTION

225.130 Board of Examiners to audit expenditures. All expenditures made by or under the direction of the Secretary of State shall be audited by the State Board of Examiners, and no warrant shall be issued by the State Controller for payment of such expenditures unless the same shall have been approved and allowed by the State Board of Examiners.

