

Audit Highlights



Highlights of performance audit report on the Nevada State Board of Dental Examiners issued on May 24, 2016. Legislative Auditor report # LA16-14.

Background

Assembly Bill 6 of the 1951 Session, known as the Nevada Dental Practice Act established the current system of regulation related to dentistry. The Board consists of 11 members appointed by the Governor who are to 1) develop and maintain programs to ensure only qualified professionals are licensed to practice dentistry and dental hygiene and 2) ensure violators of the laws regulating dental practitioners are sanctioned. The Board's register showed 1,809 and 1,393 actively licensed dentists and hygienists as of April 1, 2016.

The Board's office is located in Las Vegas and staffed with six people including the Executive Director. For fiscal year 2015, the Board had revenues of \$1.3 million and expenses of \$1.1 million.

The Board receives complaints from the public and licensed practitioners regarding services provided. The Board received 374 complaints from July 1, 2013, to December 31, 2015. About 64% of complaints were remanded, 32% resulted in some form of additional Board action, and 4% were not yet resolved.

Purpose of Audit

The purpose of this audit was to determine whether the Board has assessed reasonable costs to licensees for investigating and resolving complaints and disciplinary matters.

The scope of our audit focused on a review of the Board's disciplinary process and costs assessed for investigations resulting from approved Board actions during calendar years 2014 and 2015. Certain information included data from prior years to provide additional context or complete our analysis.

Audit Recommendations

This audit report contains 14 recommendations to improve the cost assessment and investigation processes. These recommendations address cost tracking, developing Board approved policies regarding cost assessment, a review of DSO investigations, and ensuring records are sufficient, accurate, and retained.

The Board accepted 11 recommendations and rejected 3 recommendations.

Recommendation Status

The Board's 60-day plan for corrective action is due on August 18, 2016. In addition, the six-month report on the status of audit recommendations is due on February 20, 2017.

Nevada State Board of Dental Examiners

Summary

The Board did not always assess reasonable costs to licensees for investigating and resolving complaints and disciplinary matters. Due to the Board's inadequate tracking of costs, many licensees were overcharged for the cost of investigations. Although the amounts overcharged were not significant to the Board overall, some amounts that individual licensees were overcharged were substantial. In addition, four licensees made charitable contributions totaling over \$140,000 as required by stipulation agreements; however, charitable contributions are not allowed under NRS 631.350. Board management has started making changes to correct problems found during the audit.

The Board's reporting and monitoring of legal expenses was not adequate. First, the manner in which legal expenses are reported reflects a lower amount than is actually spent. Second, the Board can reduce its legal expenses by hiring its own General Counsel. Since the Board is funded by fees, it is responsible for monitoring expenses to ensure resources are spent efficiently to minimize the burden on licensees.

The Board needs to provide greater oversight of complaint investigations performed by Disciplinary Screening Officers (DSOs). Investigation results are not reviewed and sufficient guidance has not been developed to provide additional assurance that DSO conclusions and recommendations are based on sufficient evidence. Without a review process, variations in DSO decisions are more likely to occur. In addition, we found the Board's investigation files were incomplete.

Key Findings

The Board overcharged licensees for investigative costs in almost half of the investigations in the last 2 years, including several over \$1,000. Overcharges were likely due to the Board lacking an effective process for accurately determining the amount of investigative costs for individuals. At the same time the Board overcharged some licensees, other licensees were charged less than actual investigation costs after negotiations between the parties. (page 8)

As part of the provisions imposed in Board approved stipulation agreements, four licensees agreed to donate over \$140,000 to organizations that provide health-related services. However, charitable contributions are not allowable under NRS 631.350. Furthermore, these amounts were not recorded in accounting records since the checks were made payable to the charitable organizations. (page 11)

The Board paid about \$200,000 more, on average, in legal expenses in fiscal years 2014 and 2015 than shown in its financial statements. Actual legal expenses were almost three times the reported amounts and exceeded the annual contract maximum for one firm. This occurred because the actual amount paid for legal expenses was reduced by the cost recoveries and assessments related to disciplinary matters. Recording expenses in this manner reduces transparency and, therefore, may impact decisions made by policy makers and others. (page 13)

The practice of reducing actual legal expenses also affected the Board's contract with outside counsel. Specifically, the contract approved in October 2013 stated payments will not exceed \$175,000 per year. However, payments exceeded \$300,000 in both calendar years 2014 and 2015, the first two full years under the new contract terms. Additionally, the overall contract maximum of \$700,000 has almost been reached with over a year left in the 4-year contract. (page 14)

The Board could save approximately \$100,000 per year by hiring a General Counsel while still utilizing the services of outside counsel when necessary. This estimate assumes the Board would still use outside counsel about 20% of the time. Boards have a fiduciary duty to be an effective steward of public resources, which in this case is fees collected from licensees. (page 15)

Investigation results and conclusions of DSOs are not reviewed by supervisory personnel or an independent review committee. A review process would help verify conclusions and recommendations are based on clear and sufficient evidence. Without a review process, there is an increased risk that investigations could result in licensees being treated too harshly or lightly. Although disciplinary actions are approved at Board meetings, Board members are not reviewing documentation specifically related to investigations and negotiations. Other state's dental boards and Nevada medical boards we contacted have review processes in place for investigations, including review committees. (page 16)

The Board's office does not have critical documentation related to the disciplinary process. In addition, when documentation was located it was often not in the disciplinary file as anticipated. The Board does not have certain documentation related to disciplinary proceedings because it is generated by, or submitted directly to, the Board's outside counsel. Furthermore, the Board does not have an organized filing method with checklists to ensure standard documentation related to disciplinary actions is onsite and retained. Without adequate documentation, the Board cannot fully support disciplinary actions or ensure compliance with statutes. (page 19)