

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

CARSON CITY OFFICE
LEGISLATIVE BUILDING
401 S. CARSON STREET
CARSON CITY, NEVADA 89701
(775) 684-6800



LAS VEGAS OFFICE
GRANT SAWYER STATE OFFICE BUILDING
555 E. WASHINGTON AVENUE, SUITE 4400
LAS VEGAS, NEVADA 89101
(702) 486-2800

July 1, 2024

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

Biannual Status Report on Audits of Certain State Boards

Nevada Revised Statutes (NRS) 218G.400 requires certain boards to be audited annually or biennially by contract auditors. Alternatively, boards with revenue less than \$200,000 for any fiscal year must complete a self-reported balance sheet. Audit reports and balance sheets must be submitted to the Legislative Auditor and the Chief of the Budget Division on or before December 1 following the end of that fiscal year.

Late Financial Report Submitted

- The Board of Dental Examiners of Nevada submitted its fiscal year 2023 audited financial statements in March 2024. The independent auditors provided qualified opinions on both the governmental activities and the general fund. The audit included the following 11 findings: (1) lack of staff experience to prepare financial statements, (2) review and oversight of year-end adjustments lacking, (3) expense 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 and subscription based information technology agreement standards not implemented, (6) license fees not aligned with approved fee schedule, (7) audited financial statements not approved by the Board of Directors and subsequently submitted to Legislative Council Bureau by December 1, 2023, (8) OPEB expense potentially misstated and underpaid its portion of REGI assessments, (9) current and former employees with inaccurate PERS contributions withheld, (10) annual leave paid to termination for cause employee against policy, and (11) bank reconciliations showed duplicate cash transactions. Seven of the 11 findings were considered repeat findings in part or in their entirety.

Update on Financial Issues

- The Nevada Board of Homeopathic Medical Examiners submitted all required financial documents for fiscal years 2022 and 2023. Bank reconciliation and other payment differences identified during our review were resolved. Additional documentation was

provided for the cash withdrawals indicating that cash withdrawals were invoiced and approved by the board. However, we still have concerns regarding the board's cash management. Those concerns were shared with the Office of Nevada Boards, Commissions and Councils Standards, Department of Business and Industry.

- The State Board of Oriental Medicine submitted all required fiscal year 2023 financial documents and explained the financial reporting differences identified during our review. While the financial information provided by the board satisfied the reporting requirements, discrepancies still exist between the balance sheet and the accounting system. The board will continue to work with their accountant to resolve these minor discrepancies.

Findings Reported on Audits

Certain boards had findings reported by independent auditors for their fiscal year 2023 financial statements. Those findings were reported in our January 2024 Biannual Status Report on Financial Information of Certain State Boards. The status of those findings will not be available until the boards fiscal year 2024 financial statements are audited. Therefore, the status of the findings will be reviewed during our fiscal year 2024 review of the boards financial statements which are due in December 2024. Significant and/or repeat findings will be reported in our January 2024 Biannual Status Report.

All boards are currently in compliance with NRS 218G.400. 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

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
Nikki Haag, Deputy Director, Office of Nevada Boards, Commissions and Councils Standards, Department of Business and Industry
Dr. Kristopher Sanchez, Director, Department of Business and Industry
Jennifer Ruedy, Research Director, Research Division, Legislative Counsel Bureau (LCB)
Patrick Guinan, Chief Principal Policy Analyst, Research Division, LCB