

Amendment No. 341

Senate Amendment to Senate Bill No. 325 (BDR 18-1062)

Proposed by: Senate Committee on Government Affairs**Amends:** Summary: Yes Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) *green bold underlining* is newly added transitory language.

HAC/WLK



Date: 4/18/2011

S.B. No. 325—Creates the Office of Inspector General in the Department of Administration. (BDR 18-1062)



SENATE BILL NO. 325—SENATOR BROWER

MARCH 21, 2011

Referred to Committee on Government Affairs

SUMMARY—~~[Creates the Office of Inspector General in]~~ **Moves the Division of Internal Audits from** the Department of Administration ~~[, to the Office of the State Controller.]~~ (BDR 18-1062)

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

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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 governmental administration; ~~[creating the Office of Inspector General in]~~ **moving the Division of Internal Audits from** the Department of Administration ~~[, setting forth the duties of the Inspector General; requiring a state agency to cooperate with and provide assistance]~~ to the ~~[Inspector General in carrying out those duties.]~~ **Office of the State Controller;** and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law creates the **Division of Internal Audits within the** Department of Administration. ~~[consisting of the Director of the Department and several divisions, including the Budget Division, Risk Management Division, Hearings Division, Buildings and Grounds Division, Purchasing Division, Administrative Services Division, Division of Internal Audits and, if established by the Director, Motor Pool Division. (NRS 232.213)]~~ This bill creates the Office of Inspector General in the Department of Administration. Section 2 of this bill provides that the Office of Inspector General consists of the Inspector General and any person employed in the Office of Inspector General. Section 3 also requires the Governor to appoint the Inspector General and specifies that the Inspector General is directly responsible to the Governor. Section 4 of this bill requires the Inspector General to investigate, audit and review the operation and management of each state agency to determine whether any act or omission amounting to fraud, waste, abuse or corruption has occurred or may occur within that state agency. Section 5 of this bill requires a state agency, upon request by the Inspector General, to cooperate with and provide assistance to the Inspector General in carrying out his or her duties. Section 5 also authorizes a law enforcement agency in this State, upon request by the Inspector General and to the extent that money is available for that purpose, to provide officers, staff and other assistance to the Inspector General. Section 6 of this bill provides for the confidentiality of any book, paper, report or other record received, prepared or maintained by the Inspector General and provides for the release of any such record under certain circumstances. Section 9 of this bill includes the operating budget of the Office of Inspector General within certain provisions governing the Department of Administration's Operating Fund for Administrative Services. **This bill moves the Division to the Office of the State Controller.**

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

1 **Section 1.** ~~[Chapter 232 of NRS is hereby amended by adding thereto the~~
2 ~~provisions set forth as sections 2 to 6, inclusive, of this act.] (Deleted by~~
3 ~~amendment.)~~

4 **Sec. 2.** ~~[As used in sections 2 to 6, inclusive, of this act, unless the context~~
5 ~~otherwise requires, "state agency" means any board, commission, department,~~
6 ~~division, officer or employee in the Executive Department of the State~~
7 ~~Government.] (Deleted by amendment.)~~

8 **Sec. 3.** ~~[1. The Office of Inspector General is hereby created in the~~
9 ~~Department of Administration. The Office of Inspector General consists of the~~
10 ~~Inspector General and any person employed in the Office of Inspector General.~~

11 ~~2. The Governor shall appoint the Inspector General. The Inspector~~
12 ~~General is in the unclassified service of the State and serves at the pleasure of the~~
13 ~~Governor.~~

14 ~~3. The Inspector General shall devote his or her entire time and attention to~~
15 ~~the business of his or her office and shall not engage in any other gainful~~
16 ~~employment or occupation.~~

17 ~~4. The Inspector General is directly responsible to the Governor in all~~
18 ~~matters relating to an investigation, audit or review conducted pursuant to~~
19 ~~sections 2 to 6, inclusive, of this act.] (Deleted by amendment.)~~

20 **Sec. 4.** ~~[The Inspector General shall:~~

21 ~~1. Investigate, audit and review the operation and management of each~~
22 ~~state agency to determine whether any act or omission amounting to fraud, waste,~~
23 ~~abuse or corruption has occurred or may occur within that state agency;~~

24 ~~2. Periodically or upon request by the Governor submit a report to the~~
25 ~~Governor setting forth any findings and conclusions relating to an investigation,~~
26 ~~audit or review specified in subsection 1 and any suggested corrective or remedial~~
27 ~~actions, including, without limitation, increased oversight, carrying out or~~
28 ~~modification of any controls for internal management, termination of~~
29 ~~employment or referral to the Commission on Ethics or the Attorney General~~
30 ~~when appropriate;~~

31 ~~3. Establish a program for receiving, reviewing and investigating any~~
32 ~~complaint submitted to the Inspector General concerning any fraud, waste, abuse~~
33 ~~or corruption within any state agency and referral of those complaints to the~~
34 ~~appropriate state agency;~~

35 ~~4. Identify any other state agency that is responsible for investigating,~~
36 ~~auditing or reviewing the operation and management of a state agency,~~
37 ~~including, without limitation, the Chief of the Division of Internal Audits of the~~
38 ~~Department and the Inspector General of the Department of Corrections, and~~
39 ~~coordinate with those state agencies to share information and avoid any~~
40 ~~duplication of activities; and~~

41 ~~5. Perform any other task relating to his or her duties required by the~~
42 ~~Governor.] (Deleted by amendment.)~~

43 **Sec. 5.** ~~[1. Upon request by the Inspector General, each state agency and~~
44 ~~any employee of that state agency shall cooperate with and provide assistance to~~
45 ~~the Inspector General in carrying out the provisions of sections 2 to 6, inclusive,~~
46 ~~of this act and shall, to the greatest extent practicable, ensure that the premises,~~
47 ~~equipment, employees and books, papers and other records of the state agency~~
48 ~~are available for use by the Inspector General in carrying out those provisions.~~

~~2. To the extent that money is available for that purpose, any law enforcement agency in this State may, upon request by the Inspector General, provide officers, staff and any other assistance to the Inspector General in carrying out the provisions of sections 2 to 6, inclusive, of this act.~~ (Deleted by amendment.)

Sec. 6. ~~[Any book, paper, report or other record received, prepared or maintained by the Inspector General pursuant to sections 2 to 6, inclusive, of this act is confidential, except that the Inspector General:~~

~~1. Shall release any such record when subpoenaed by a court of competent jurisdiction or when required pursuant to NRS 239.0115;~~

~~2. Shall make any such record available to the Legislative Auditor upon his or her request; and~~

~~3. May make any such record available for inspection by an authorized representative of any other governmental entity for a matter officially before him or her.]~~ (Deleted by amendment.)

Sec. 7. ~~[NRS 232.212 is hereby amended to read as follows:~~

~~232.212 As used in NRS 232.212 to 232.2195, inclusive, and sections 2 to 6, inclusive, of this act, unless the context requires otherwise:~~

~~1. "Department" means the Department of Administration;~~

~~2. "Director" means the Director of the Department.]~~ (Deleted by amendment.)

Sec. 7.5. Chapter 227 of NRS is hereby amended by adding thereto a new section to read as follows:

The Division of Internal Audits is hereby created within the Office of the State Controller.

Sec. 8. NRS 232.213 is hereby amended to read as follows:

232.213 1. The Department of Administration is hereby created.

2. The Department consists of a Director ~~to the Office of Inspector General~~ and the following divisions:

(a) Budget Division.

(b) Risk Management Division.

(c) Hearings Division, which consists of hearing officers, compensation officers and appeals officers.

(d) Buildings and Grounds Division.

(e) Purchasing Division.

(f) Administrative Services Division.

~~[(g) Division of Internal Audits.]~~

3. The Director may establish a Motor Pool Division or may assign the functions of the State Motor Pool to one of the other divisions of the Department.

Sec. 8.3. NRS 232.215 is hereby amended to read as follows:

232.215 The Director:

1. Shall appoint a Chief of the:

(a) Risk Management Division;

(b) Buildings and Grounds Division;

(c) Purchasing Division;

(d) Administrative Services Division; and

~~[(e) Division of Internal Audits; and~~

~~[(f)]~~ Motor Pool Division, if separately established.

2. Shall appoint a Chief of the Budget Division, or may serve in this position if the Director has the qualifications required by NRS 353.175.

3. Shall serve as Chief of the Hearings Division and shall appoint the hearing officers and compensation officers. The Director may designate one of the appeals

officers in the Division to supervise the administrative, technical and procedural activities of the Division.

4. Is responsible for the administration, through the divisions of the Department, of the provisions of chapters 331, 333 and 336 of NRS, NRS 353.150 to 353.246, inclusive, and 353A.031 to 353A.100, inclusive, and all other provisions of law relating to the functions of the divisions of the Department.

5. Is responsible for the administration of the laws of this State relating to the negotiation and procurement of medical services and other benefits for state agencies.

6. Has such other powers and duties as are provided by law.

Sec. 8.5. NRS 232.2165 is hereby amended to read as follows:

232.2165 1. The Chief of:

(a) The Buildings and Grounds Division;

(b) The Purchasing Division;

(c) The Administrative Services Division; and

(d) ~~The Division of Internal Audit; and~~

~~(e)~~ If separately established, the Motor Pool Division,

↪ of the Department serves at the pleasure of the Director, but, except as otherwise provided in subsection 2, for all purposes except removal is in the classified service of the State.

2. The Chief of the Motor Pool Division, if separately established, ~~and the Chief of the Division of Internal Audit are~~ is in the unclassified service of the State.

Sec. 8.7. NRS 232.217 is hereby amended to read as follows:

232.217 Unless federal law or regulation otherwise requires, the Chief of the:

1. Budget Division;

2. Buildings and Grounds Division;

3. Purchasing Division; and

4. ~~Division of Internal Audit; and~~

~~5.~~ Motor Pool Division, if separately established,

↪ may appoint a Deputy and a Chief Assistant in the unclassified service of the State, who shall not engage in any other gainful employment or occupation except as otherwise provided in NRS 284.143.

Sec. 9. NRS 232.219 is hereby amended to read as follows:

232.219 1. The Department of Administration's Operating Fund for Administrative Services is hereby created as an internal service fund.

2. The operating budget of each of the following entities must include an amount representing that entity's share of the operating costs of the central accounting function of the Department:

(a) State Public Works Board;

(b) Budget Division;

(c) Buildings and Grounds Division;

(d) Purchasing Division;

(e) Hearings Division;

(f) Risk Management Division; and

(g) ~~Division of Internal Audit; and~~

~~(h)~~ If separately established, the Motor Pool Division ~~and~~

~~(i) Office of Inspector General;~~

3. All money received for the central accounting services of the Department must be deposited in the State Treasury for credit to the Operating Fund.

4. All expenses of the central accounting function of the Department must be paid from the Fund as other claims against the State are paid.

Sec. 10. NRS 353A.036 is hereby amended to read as follows:

353A.036 "Division" means the Division of Internal Audits of the ~~Department of Administration~~ Office of the State Controller.

Sec. 11. NRS 353A.045 is hereby amended to read as follows:

353A.045 The Chief shall:

1. Report to the ~~Director~~ State Controller.

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

(a) A board created by the provisions of NRS 590.485 and chapters 623 to 625A, inclusive, 628, 630 to 644, inclusive, 648, 654 and 656 of NRS.

(b) The Nevada System of Higher Education.

(c) The Public Employees' Retirement System.

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

(e) The Colorado River Commission of Nevada.

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

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

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

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

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

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

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

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

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

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

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

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

11. Appoint a Manager of Internal Controls.

Sec. 12. NRS 353A.065 is hereby amended to read as follows:

353A.065 1. Within 90 days after the end of each fiscal year, the Chief shall submit an annual report to the Committee for its approval which:

(a) Lists the agencies to which the Division provided training and assistance;

(b) Separately lists any other activities undertaken by the Division that are related to the provision of training and assistance and the status of those activities;

(c) Contains a list of the final reports that have been submitted pursuant to NRS 353A.085;

1 (d) Contains a separate list of any other activities undertaken by the Division
2 that are related to the final reports submitted pursuant to NRS 353A.085 and the
3 status of those activities; and

4 (e) Describes the accomplishments of the Division.

5 2. The Chief shall provide a copy of the annual report to the:

6 (a) Committee;

7 (b) ~~Director;~~ State Controller;

8 (c) Interim Finance Committee; and

9 (d) Legislative Auditor.

10 ~~Sec. 10.~~ **Sec. 13.** This act becomes effective on July 1, 2011.