

SENATE BILL NO. 325—SENATOR LEE

MARCH 21, 2011

Referred to Committee on Government Affairs

SUMMARY—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; moving the Division of Internal Audits from the Department of Administration to the Office of the State Controller; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law creates the Division of Internal Audits within the Department of
- 2 Administration. 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.** (Deleted by amendment.)
- 2 **Sec. 2.** (Deleted by amendment.)
- 3 **Sec. 3.** (Deleted by amendment.)
- 4 **Sec. 4.** (Deleted by amendment.)
- 5 **Sec. 5.** (Deleted by amendment.)
- 6 **Sec. 6.** (Deleted by amendment.)
- 7 **Sec. 7.** (Deleted by amendment.)



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

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

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

6 232.213 1. The Department of Administration is hereby
7 created.

8 2. The Department consists of a Director and the following
9 divisions:

- 10 (a) Budget Division.
11 (b) Risk Management Division.
12 (c) Hearings Division, which consists of hearing officers,
13 compensation officers and appeals officers.
14 (d) Buildings and Grounds Division.
15 (e) Purchasing Division.
16 (f) Administrative Services Division.

17 ~~(g) Division of Internal Audits.~~

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

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

22 232.215 The Director:

- 23 1. Shall appoint a Chief of the:
24 (a) Risk Management Division;
25 (b) Buildings and Grounds Division;
26 (c) Purchasing Division;
27 (d) Administrative Services Division; *and*
28 (e) ~~Division of Internal Audits; and~~
29 ~~(f)~~ Motor Pool Division, if separately established.

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

33 3. Shall serve as Chief of the Hearings Division and shall
34 appoint the hearing officers and compensation officers. The Director
35 may designate one of the appeals officers in the Division to
36 supervise the administrative, technical and procedural activities of
37 the Division.

38 4. Is responsible for the administration, through the divisions
39 of the Department, of the provisions of chapters 331, 333 and 336 of
40 NRS, NRS 353.150 to 353.246, inclusive, and 353A.031 to
41 353A.100, inclusive, and all other provisions of law relating to the
42 functions of the divisions of the Department.



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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 Audits; 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 Audits 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 Audits; 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 Audits; and]~~

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



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:



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(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;

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

(e) Describes the accomplishments of the Division.

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

(a) Committee;

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

(c) Interim Finance Committee; and

(d) Legislative Auditor.

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

