

Amendment No. 427

Assembly Amendment to Assembly Bill No. 327

(BDR 31-554)

Proposed by: Assembly Committee on Government Affairs**Amends:** Summary: No 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.

JMM/MSN



Date: 4/17/2013

A.B. No. 327—Revises provisions governing state accountability. (BDR 31-554)



ASSEMBLY BILL NO. 327—ASSEMBLYMEN MARTIN; AIZLEY, ELLIOT ANDERSON,
COHEN, HOGAN, MUNFORD, PIERCE, SPIEGEL AND SWANK

MARCH 18, 2013

JOINT SPONSORS: SENATORS ATKINSON, MANENDO,
SEGERBLOM AND SPEARMAN

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing state accountability. (BDR 31-554)

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 state accountability; requiring the ~~{State Controller;}~~ **Director of the Department of Administration** to establish a telephone number for the purpose of receiving information relating to abuse, fraud or waste with respect to the receipt and use of public money ~~by~~ **by certain state agencies or contractors;** requiring ~~{a state agency, contractor, grant recipient or local government that receives public money to post}~~ a notice identifying the telephone number **to be posted** at certain locations ~~by transferring the Division of Internal Audits from the Department of Administration to the Office of the State Controller;~~ **and online;** and providing other matters properly relating thereto.

Legislative Counsel's Digest:

~~{Section 1 of this}~~ This bill requires the ~~{State Controller;}~~ **Director of the Department of Administration** to establish a telephone number to receive information relating to abuse, fraud and waste with respect to the receipt and use of public money ~~by~~ **by certain state agencies or contractors,** and requires written notice of the telephone number to be posted ~~by a state}~~ **by (1) on the Internet website maintained by the Department; and (2) in each public building of an agency;** ~~{a contractor, grant recipient or local government that receives public money at certain locations throughout the State.~~
~~Sections 2 to 13 of this bill transfer the Division of Internal Audits, including its powers and duties, from the Department of Administration to the Office of the State Controller.~~

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

Section 1. Chapter 353A of NRS is hereby amended by adding thereto a new section to read as follows:

1. ~~The State Controller~~ Director shall:

(a) Establish a telephone number at which a person may report information relating to abuse, fraud or waste with respect to public money received and used by an agency ~~or~~ contractor ~~or grant recipient or local government~~; and

(b) Create a written notice that:

(1) Clearly identifies the telephone number established pursuant to paragraph (a); and

(2) Contains a statement directing any person with any information relating to abuse, fraud or waste with respect to public money received and used by an agency ~~or~~ contractor ~~or grant recipient or local government~~ to report the information at the telephone number established pursuant to paragraph (a).

2. The written notice created pursuant to paragraph (b) of subsection 1 must be posted conspicuously:

(a) In each public building of an agency ~~and local government~~; and

(b) ~~At any location where an agency, contractor, grant recipient or local government is utilizing public money to complete a project or carry out any duty pursuant to a contract or grant with the State.~~ On the Internet website maintained by the Department of Administration.

3. As used in this section:

(a) ~~“Agency” means an agency, department, division, board, commission or similar body, political subdivision or elected officer of the Executive Department of the State Government, or a regulatory body as defined by NRS 622.060. The term does not include:~~

~~(1) A Native American tribe or any political subdivision thereof;~~

~~(2) The Nevada System of Higher Education;~~

~~(3) The Public Employees’ Retirement System; or~~

~~(4) The Colorado River Commission of Nevada.~~

~~(b) “Contractor” means any person, business, organization or nonprofit corporation that contracts with the State or a local government.~~ an agency to receive public money. The term includes a subcontractor or a third party who receives any portion of the public money from the contractor to carry out any obligation pursuant to a contract between the contractor and the ~~State or the local government.~~

~~(c) “Grant recipient” means any person, agency, contractor or local government that receives public money from the State or a local government in the form of a grant. The term includes a third party who receives from the grant recipient any portion of the public money to carry out the purposes of a grant received by the grant recipient from the State or the local government.~~

~~(d) “Local government” means a local government or any political subdivision or officer of a local government.~~

~~(e) “agency.”~~

(b) “Public money” means any money deposited with a depository by the State Treasurer for by an official custodian of a local government with plenary authority and includes money which is received by the State or a local government an agency from the Federal Government for distribution and use in this State pursuant to a federal law or federal regulation. The term does not include money deposited with a depository by or on behalf of:

- ~~(1) A Native American tribe;~~
~~(2) The Nevada System of Higher Education;~~
~~(3) The Public Employees' Retirement System; or~~
~~(4) The Colorado River Commission of Nevada.]~~

Sec. 2. ~~[NRS 252A.010 is hereby amended to read as follows:~~

~~252A.010 As used in this chapter, unless the context otherwise requires:~~
~~1. "Agency" means every agency, department, division, board, commission or similar body, or elected officer, of the Executive Branch of the State.~~

~~2. "Committee" means the Executive Branch Audit Committee created pursuant to NRS 252A.038.~~

~~3. ["Director" means the Director of the Department of Administration.~~

~~4.] "Internal accounting and administrative control" means a method through which agencies can safeguard assets, check the accuracy and reliability of their accounting information, promote efficient operations and encourage adherence to prescribed managerial policies.]~~ (Deleted by amendment.)

Sec. 3. ~~[NRS 252A.020 is hereby amended to read as follows:~~

~~252A.020 1. The [Director.] State Controller, in consultation with the Committee and Legislative Auditor, shall adopt a uniform system of internal accounting and administrative control for agencies. The elements of the system must include, without limitation:~~

~~(a) A plan of organization which provides for a segregation of duties appropriate to safeguard the assets of the agency;~~

~~(b) A plan which limits access to assets of the agency to persons who need the assets to perform their assigned duties;~~

~~(c) Procedures for authorizations and recordkeeping which effectively control accounting of assets, liabilities, revenues and expenses;~~

~~(d) A system of practices to be followed in the performance of the duties and functions of each agency; and~~

~~(e) An effective system of internal review.~~

~~2. The [Director.] State Controller, in consultation with the Committee and Legislative Auditor, may modify the system whenever the [Director.] State Controller considers it necessary.~~

~~3. Each agency shall develop written procedures to carry out the system of internal accounting and administrative control adopted pursuant to this section.~~

~~4. For the purposes of this section, "agency" does 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.]~~ (Deleted by amendment.)

Sec. 4. ~~[NRS 252A.025 is hereby amended to read as follows:~~

~~252A.025 1. The head of each agency shall periodically review the agency's system of internal accounting and administrative control to determine whether it is in compliance with the uniform system of internal accounting and administrative control for agencies adopted pursuant to subsection 1 of NRS 252A.020.~~

~~2. On or before July 1 of each even numbered year, the head of each agency shall report to the [Director.] State Controller whether the agency's system of internal accounting and administrative control is in compliance with the uniform system adopted pursuant to subsection 1 of NRS 252A.020. The reports must be made available for inspection by the members of the Legislature.~~

~~3. For the purposes of this section, "agency" does not include:~~

~~(a) A board created by the provisions of NRS 590.485 and chapters 622 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.~~

~~4. The [Director] **State Controller** shall, on or before the first Monday in February of each odd-numbered year, submit a report on the status of internal accounting and administrative controls in agencies to the:~~

~~(a) Director of the Legislative Counsel Bureau for transmittal to the:~~

~~(1) Senate Standing Committee on Finance; and~~

~~(2) Assembly Standing Committee on Ways and Means;~~

~~(b) Governor; and~~

~~(c) Legislative Auditor.~~

~~5. The report submitted by the [Director] **State Controller** pursuant to subsection 4 must include, without limitation:~~

~~(a) The identification of each agency that has not complied with the requirements of subsections 1 and 2;~~

~~(b) The identification of each agency that does not have an effective method for reviewing its system of internal accounting and administrative control; and~~

~~(c) The identification of each agency that has weaknesses in its system of internal accounting and administrative control, and the extent and types of such weaknesses.] **(Deleted by amendment.)**~~

Sec. 5. [NRS 353A.036 is hereby amended to read as follows:

~~353A.036 "Division" means the Division of Internal Audits of the Office of the [Department of Administration.] **State Controller.] (Deleted by amendment.)**~~

Sec. 6. [NRS 353A.041 is hereby amended to read as follows:

~~353A.041 1. **The State Controller shall appoint an Administrator of the Division.**~~

~~2. The Administrator must:~~

~~(a) Be a certified public accountant licensed by this state or a public accountant qualified pursuant to chapter 628 of NRS to practice public accounting in this state; and~~

~~(b) Have at least 5 years of progressively responsible experience in professional auditing and performing internal audits or postaudits. The experience must include, without limitation, the performance of audits of governmental entities or of private business organizations, whether or not organized for profit.~~

~~[2.] 3. The Administrator may [employ.].~~

~~(a) **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; and**~~

~~(b) **Employ, within the limits of legislative appropriations, any other such staff as is necessary to [the performance of] carry out his or her duties.] (Deleted by amendment.)**~~

Sec. 7. [NRS 353A.045 is hereby amended to read as follows:

~~353A.045 The Administrator 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 622 to 625A, inclusive, 628, 630 to 644, inclusive, 648, 654 and 656 of NRS.~~

- ~~1. (b) The Nevada System of Higher Education.~~
- ~~2. (c) The Public Employees' Retirement System.~~
- ~~3. (d) The Housing Division of the Department of Business and Industry.~~
- ~~4. (e) The Colorado River Commission of Nevada.~~
- ~~5. 3. Provide a copy of the approved annual work plan to the Legislative Auditor.~~
- ~~6.~~
- ~~7. 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:~~
- ~~8.~~
- ~~9.~~
- ~~10. (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~~
- ~~11.~~
- ~~12.~~
- ~~13. (b) Ensure that the internal accounting, administrative controls and financial management of each agency are reviewed periodically.~~
- ~~14.~~
- ~~15. 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.~~
- ~~16.~~
- ~~17.~~
- ~~18. 6. Review each agency that is audited pursuant to subsection 5 and advise those agencies concerning internal accounting, administrative controls and financial management.~~
- ~~19.~~
- ~~20.~~
- ~~21. 7. Submit to each agency that is audited pursuant to subsection 5 analyses, appraisals and recommendations concerning:~~
- ~~22.~~
- ~~23. (a) The adequacy of the internal accounting and administrative controls of the agency; and~~
- ~~24.~~
- ~~25. (b) The efficiency and effectiveness of the management of the agency.~~
- ~~26.~~
- ~~27. 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.~~
- ~~28.~~
- ~~29. 9. Adopt the standards of The Institute of Internal Auditors for conducting and reporting on internal audits.~~
- ~~30.~~
- ~~31. 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.~~
- ~~32.~~
- ~~33. 11. Appoint a Manager of Internal Controls.~~ **(Deleted by amendment.)**
- ~~34.~~
- ~~35. Sec. 8. [NRS 353A.065 is hereby amended to read as follows:~~
- ~~36. 353A.065 1. Within 90 days after the end of each fiscal year, the Administrator shall submit an annual report to the Committee for its approval which:~~
- ~~37.~~
- ~~38.~~
- ~~39. (a) Lists the agencies to which the Division provided training and assistance;~~
- ~~40.~~
- ~~41. (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;~~
- ~~42.~~
- ~~43. (c) Contains a list of the final reports that have been submitted pursuant to NRS 353A.085;~~
- ~~44.~~
- ~~45. (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~~
- ~~46.~~
- ~~47. (e) Describes the accomplishments of the Division.~~
- ~~48.~~
- ~~49. 2. The Administrator shall provide a copy of the annual report to the:~~
- ~~50. (a) Committee;~~
- ~~51. (b) [Director,] **State Controller**;~~
- ~~52. (c) Interim Finance Committee; and~~
- ~~(d) Legislative Auditor.~~ **(Deleted by amendment.)**

1 **Sec. 9.** ~~NRS 232.213 is hereby amended to read as follows:~~

2 ~~232.213 1. The Department of Administration is hereby created.~~

3 ~~2. The Department consists of a Director and the following:~~

4 ~~(a) Budget Division;~~

5 ~~(b) Risk Management Division;~~

6 ~~(c) Hearings Division, which consists of hearing officers, compensation~~
7 ~~officers and appeals officers;~~

8 ~~(d) State Public Works Division;~~

9 ~~(e) Purchasing Division;~~

10 ~~(f) Administrative Services Division;~~

11 ~~(g) [Division of Internal Audits;~~

12 ~~(h)] Division of Human Resource Management;~~

13 ~~[(i)] (h) Division of Enterprise Information Technology Services;~~

14 ~~[(j)] (i) Division of State Library and Archives;~~

15 ~~[(k)] (j) Office of Grant Procurement, Coordination and Management;~~

16 ~~3. The Director may establish a Motor Pool Division or may assign the~~
17 ~~functions of the State Motor Pool to one of the other divisions of the Department.]~~
18 ~~(Deleted by amendment.)~~

19 **Sec. 10.** ~~NRS 232.215 is hereby amended to read as follows:~~

20 ~~232.215 The Director:~~

21 ~~1. Shall appoint an Administrator of the:~~

22 ~~(a) Risk Management Division;~~

23 ~~(b) State Public Works Division;~~

24 ~~(c) Purchasing Division;~~

25 ~~(d) Administrative Services Division;~~

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

27 ~~(f)] Division of Human Resource Management;~~

28 ~~[(g)] (f) Division of Enterprise Information Technology Services;~~

29 ~~[(h)] (g) Division of State Library and Archives;~~

30 ~~[(i)] (h) Office of Grant Procurement, Coordination and Management; and~~

31 ~~[(j)] (i) Motor Pool Division, if separately established;~~

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

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

38 ~~4. Is responsible for the administration, through the divisions of the~~
39 ~~Department, of the provisions of chapters 233F, 242, 284, 331, 333, 336, 338 and~~
40 ~~341 of NRS, NRS 353.150 to 353.246, inclusive, [and 353A.031 to 353A.100,~~
41 ~~inclusive,] chapter 378 of NRS and all other provisions of law relating to the~~
42 ~~functions of the divisions of the Department.~~

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

46 ~~6. Has such other powers and duties as are provided by law.] (Deleted by~~
47 ~~amendment.)~~

48 **Sec. 11.** ~~NRS 232.2165 is hereby amended to read as follows:~~

49 ~~232.2165 The Administrator of:~~

50 ~~1. The State Public Works Division;~~

51 ~~2. The Purchasing Division;~~

52 ~~3. The Administrative Services Division;~~

53 ~~4. [The Division of Internal Audits;~~

~~5.] The Division of Human Resource Management;~~
~~6.] 5. The Division of Enterprise Information Technology Services;~~
~~7.] 6. The Division of State Library and Archives;~~
~~8.] 7. The Office of Grant Procurement, Coordination and Management; and~~
~~9.] 8. If separately established, the Motor Pool Division;~~
~~of the Department serves at the pleasure of the Director and is in the unclassified~~
~~service of the State.] (Deleted by amendment.)~~

Sec. 12. ~~[NRS 232.217 is hereby amended to read as follows:~~
~~232.217 Unless federal law or regulation otherwise requires, the Chief of the~~
~~Budget Division and the Administrator of the:~~

~~1. State Public Works Division;~~
~~2. Purchasing Division;~~
~~3. [Division of Internal Audits;~~
~~4.] Division of Human Resource Management;~~
~~5.] 4. Division of Enterprise Information Technology Services;~~
~~6.] 5. Division of State Library and Archives; and~~
~~7.] 6. 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.] (Deleted by amendment.)~~

Sec. 13. ~~[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 Division;~~
~~(b) Budget Division;~~
~~(c) Purchasing Division;~~
~~(d) Hearings Division;~~
~~(e) Risk Management Division;~~
~~(f) [Division of Internal Audits;~~
~~(g)] Division of Human Resource Management;~~
~~[(h)] (g) Division of Enterprise Information Technology Services;~~
~~[(i)] (h) Division of State Library and Archives; and~~
~~[(j)] (i) 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.] (Deleted by~~
~~amendment.)~~

Sec. 14. This act becomes effective on July 1, 2013.