

ASSEMBLY BILL NO. 300—ASSEMBLYMEN EDWARDS, SILBERKRAUS,
ARMSTRONG; ELLISON, HICKEY, STEWART, TROWBRIDGE
AND WHEELER

MARCH 13, 2015

JOINT SPONSORS: SENATORS HARDY; GOICOECHEA,
LIPPARELLI AND SETTELMAYER

Referred to Committee on Government Affairs

SUMMARY—Creates the Office of the Inspector General in the
Department of Administration. (BDR 18-581)

FISCAL NOTE: Effect on Local Government: Increases or Newly
Provides for Term of Imprisonment in County or City
Jail or Detention Facility.
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 the Inspector General in the Department of
Administration; setting forth the powers and duties of the
Inspector General; transferring the Division of Internal
Audits of the Department to the Office; requiring a state
agency or local government to cooperate with and provide
assistance to the Inspector General in carrying out those
duties; abolishing the Executive Branch Audit
Committee; providing a penalty; and providing other
matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law creates the Department of Administration consisting of the
- 2 Director of the Department and several divisions, including the Division of Internal
- 3 Audits. (NRS 232.213) This bill creates the Office of the Inspector General in the
- 4 Department of Administration and moves the Division of Internal Audits of the
- 5 Department into the Office of the Inspector General. **Section 6** of this bill provides
- 6 that the Office of the Inspector General consists of the Inspector General, the
- 7 Division of Internal Audits and any person employed in the Office of the Inspector
- 8 General. **Section 6** also requires the Governor to appoint the Inspector General for



a term of 4 years from a list of candidates submitted by the Legislative Commission. **Section 7** of this bill authorizes the Inspector General, within the limits of available money, to employ such persons as he or she deems necessary to provide an appropriate staff for the Office and set salaries, benefits and conditions of employment for such persons. **Section 7** provides that such persons are not in the classified or unclassified service of this State and serve at the pleasure of the Inspector General.

Section 8 of this bill requires the Inspector General to investigate, audit and review the operation and management of each state agency and local government to determine whether any act or omission amounting to fraud, waste, abuse or corruption has occurred or may occur within that state agency or local government.

Section 9 of this bill: (1) requires a state agency or local government, upon request by the Inspector General, to cooperate with and provide assistance to the Inspector General in carrying out his or her duties; (2) authorizes a law enforcement agency in this State to provide officers, staff and other assistance to the Inspector General in certain circumstances; and (3) authorizes the Inspector General to impose an administrative fine against any person who willfully resists, prevents, impedes or interferes in the performance of the duties of the Office of the Inspector General.

Section 10 of this bill authorizes the Inspector General to issue subpoenas. **Section 11** of this bill authorizes the Inspector General to pursue various remedies for fraud, waste, abuse or corruption that results or will result in the loss of a significant amount of public money. Specifically, **section 11** authorizes the Inspector General to, in certain circumstances involving fraud, waste, abuse or corruption: (1) summarily order a person to cease and desist in an activity that will imminently result in the loss of a significant amount of public money; (2) seek an injunction against activity that will result in the loss of a significant amount of public money or otherwise be harmful to the public; (3) refer an employee of a state agency or local government to a hearing officer for possible termination; (4) order the termination of a contract or use of public money and apply to a court of competent jurisdiction to direct the repayment of the public money by the recipient; (5) apply to a court of competent jurisdiction to direct an employee of a state agency or local government to repay public money lost because of the employee's willful or malicious fraud, waste, abuse or corruption; (6) refer a case to the Attorney General for prosecution; and (7) in lieu of referral for prosecution, impose an administrative fine of not more than \$5,000. **Sections 12 and 20** of this bill provide 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 13** of this bill requires the Inspector General to report biennially to the Legislature and to each meeting of the Interim Finance Committee. **Sections 15-19 and 34-43** of this bill move the Division of Internal Audits from the Department of Administration to the Office of the Inspector General and transfer oversight of the Division from the Director of the Department to the Inspector General. **Section 38** of this bill abolishes the Executive Branch Audit Committee and confers certain duties of the Committee upon the Office of the Inspector General.

Sections 21-33, 43 and 44 of this bill prohibit a person who has been ordered to repay public money or has entered into a contract which was terminated for fraud, waste, abuse or corruption from bidding on or being awarded a contract for state or local purchasing or public works for 7 years after the date of the order or termination.



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

Section 1. Chapter 232 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 13, inclusive, of this act.

Sec. 2. *The Legislature:*

1. Hereby finds and declares that the elimination of fraud, waste, abuse and corruption within the government of this State and its local governments is of such critical importance that it requires the creation of the Office of the Inspector General to effectively and efficiently investigate, curtail and recommend changes to prevent fraud, waste, abuse and corruption.

2. Intends that the Inspector General should, while carrying out his or her duties pursuant to sections 2 to 13, inclusive, of this act, prioritize the investigation of state agencies and local governments with the largest budgets and greatest risks of fraud, waste, abuse and corruption to maximize the amount of public money that may be protected.

Sec. 3. *As used in sections 2 to 13, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 4 and 5 of this act have the meanings ascribed to them in those sections.*

Sec. 4. *“Local government” means any political subdivision of this State, including, without limitation, any county, city, town, board, airport authority, regional transportation commission, fire protection district, irrigation district, school district or other special district that performs a governmental function.*

Sec. 5. *“State agency” means any board, commission, department, division, officer or employee in the Executive Department of the State Government.*

Sec. 6. 1. *The Office of the Inspector General is hereby created in the Department. The Office of the Inspector General consists of the Inspector General, the Division of Internal Audits and any person employed in the Office of the Inspector General.*

2. The Governor shall appoint the Inspector General for a term of 4 years, and until a successor is appointed and qualified, from a list of three candidates submitted by the Legislative Commission. If the candidates so listed are unsatisfactory to the Governor, he or she may, until satisfied, request additional lists of candidates. The Inspector General may be reappointed, and the Legislative Commission shall include the incumbent Inspector General on its list of candidates unless the Legislative Commission determines that the incumbent should not be recommended for reappointment for cause, including, without limitation,



1 *inefficiency, neglect of duty or malfeasance in office. A vacancy in*
2 *the office must be filled in the same manner as the original*
3 *appointment.*

4 **3. The Inspector General:**

5 *(a) Is in the unclassified service of the State.*

6 *(b) Shall devote his or her entire time and attention to the*
7 *business of his or her office and shall not engage in any other*
8 *gainful employment or occupation.*

9 **Sec. 7. 1. In addition to the Administrator of the Division**
10 **of Internal Audits and the Manager of Internal Controls of the**
11 **Division of Internal Audits, the Inspector General may, within the**
12 **limits of available money, employ such persons as he or she deems**
13 **necessary to provide an appropriate staff for the Office of the**
14 **Inspector General. Any such employees are not in the classified or**
15 **unclassified service of the State and serve at the pleasure of the**
16 **Inspector General.**

17 **2. The Inspector General shall:**

18 *(a) Determine the salaries and benefits of the persons*
19 *employed pursuant to subsection 1, within limits of money*
20 *available for that purpose; and*

21 *(b) Adopt such rules and policies as he or she deems*
22 *appropriate to establish the duties and employment rights of the*
23 *persons employed pursuant to subsection 1.*

24 **Sec. 8. The Inspector General shall:**

25 **1. Investigate, audit and review the operation and**
26 **management of each state agency and local government to**
27 **determine whether any act or omission amounting to fraud, waste,**
28 **abuse or corruption has occurred or may occur within that state**
29 **agency or local government;**

30 **2. Upon request by the Governor, but not less often than**
31 **quarterly, submit a report to the Governor setting forth any**
32 **findings and conclusions relating to an investigation, audit or**
33 **review specified in subsection 1 and any suggested corrective or**
34 **remedial actions, including, without limitation, increased**
35 **oversight, carrying out or modification of any controls for internal**
36 **management, termination of employment or referral to the**
37 **Commission on Ethics or the Attorney General when appropriate;**

38 **3. Establish a program for receiving, reviewing and**
39 **investigating any complaint submitted to the Inspector General**
40 **concerning any fraud, waste, abuse or corruption within any state**
41 **agency or local government and referral of those complaints to the**
42 **appropriate state agency or entity of a local government;**

43 **4. Identify any other state agency or entity of a local**
44 **government that is responsible for investigating, auditing or**
45 **reviewing the operation and management of a state agency or**



1 local government, including, without limitation, the Inspector
2 General of the Department of Corrections, and coordinate with
3 those state agencies and local governments to share information
4 and avoid any duplication of activities;

5 5. Adopt regulations to carry out the provisions of sections 2
6 to 13, inclusive, of this act; and

7 6. Perform any other task relating to his or her duties as he
8 or she determines is necessary.

9 **Sec. 9. 1.** Upon request by the Inspector General, each
10 state agency and local government and any employee of a state
11 agency or local government shall cooperate with and provide
12 assistance to the Inspector General in carrying out the provisions
13 of sections 2 to 13, inclusive, of this act and shall, to the greatest
14 extent practicable, ensure that the premises, equipment,
15 employees, books, papers and other records of the state agency or
16 local government are available for use by the Inspector General in
17 carrying out those provisions.

18 2. To the extent that money is available for that purpose, any
19 law enforcement agency in this State may, upon request by the
20 Inspector General, provide officers, staff and any other assistance
21 to the Inspector General in carrying out the provisions of sections
22 2 to 13, inclusive, of this act.

23 3. The Inspector General may impose an administrative fine
24 of not less than \$500 but not more than \$25,000 against any
25 person who willfully resists, prevents, impedes or interferes with
26 the Inspector General or any employee of the Office of the
27 Inspector General in the performance of the duties of the Office of
28 the Inspector General.

29 **Sec. 10. 1.** In carrying out the provisions of sections 2 to
30 13, inclusive, of this act, the Inspector General may subpoena the
31 attendance of witnesses or the production of books, papers and
32 documents.

33 2. If any person refuses to obey a subpoena issued by the
34 Inspector General, the Inspector General may present a petition to
35 the district court of the county in which the person resides, setting
36 forth the facts, and thereupon the court, in a proper case, shall
37 issue its subpoena to the person requiring his or her attendance
38 before the court to testify or to produce books, papers and
39 documents.

40 3. Any person failing or refusing to obey the subpoena of a
41 district court may be proceeded against in the same manner as for
42 a refusal to obey any other order of the court.

43 **Sec. 11. 1.** If an investigation by the Office of the Inspector
44 General determines that, as a result of fraud, waste, abuse or
45 corruption, a state agency or local government is engaged in an



1 activity that will imminently result in the loss of a significant
2 amount of public money, the Inspector General may summarily
3 order the person responsible for the activity to cease and desist. If
4 the Inspector General issues such an order, the Inspector General
5 shall apply for an injunction against the activity pursuant to
6 subsection 2 not later than 30 days after the date on which the
7 Inspector General issues the summary order to cease and desist.

8 2. In addition to any other remedy provided by law, the
9 Inspector General may apply to any court of competent
10 jurisdiction to enjoin any activity that, as a result of fraud, waste,
11 abuse or corruption, will result in the loss of a significant amount
12 of public money or otherwise be harmful to the public.

13 3. If an investigation by the Office of the Inspector General
14 determines that an employee of a state agency or local government
15 is responsible for fraud, waste, abuse or corruption that has
16 resulted or will result in the loss of a significant amount of public
17 money, the Inspector General may refer the case to a hearing
18 officer appointed by the Hearings Division of the Department. If
19 the hearing officer determines that the allegation of fraud, waste,
20 abuse or corruption resulting in the loss of a significant amount of
21 public money is substantiated, the hearing officer shall order the
22 termination of the person's employment.

23 4. If an investigation by the Office of the Inspector General
24 determines that a contract was entered into by a state agency or
25 local government or public money was otherwise obligated to be
26 spent as a result of fraud, waste, abuse or corruption that has
27 resulted or will result in the loss of a significant amount of public
28 money, the Inspector General may:

29 (a) Order the termination of the contract or the prohibition of
30 that use of public money. The state agency or local government
31 affected by the order or the person who received or would receive
32 public money pursuant to the contract or use may appeal the order
33 to a hearing officer appointed by the Hearings Division of the
34 Department. If the hearing officer finds that the determination by
35 the Inspector General is substantiated, the hearing officer shall
36 uphold the termination of the contract or the prohibition of the
37 use of public money.

38 (b) Apply to a court of competent jurisdiction for an order
39 directing the person who received public money pursuant to the
40 contract or use to repay the state agency or local government the
41 full amount of public money spent as a result of fraud, waste,
42 abuse or corruption.

43 5. If an investigation by the Office of the Inspector General
44 determines that an employee of a state agency or local government
45 has willfully or maliciously engaged in fraud, waste, abuse or



1 corruption that has resulted or will result in the loss of a
2 significant amount of public money, the Inspector General may
3 apply to a court of competent jurisdiction for an order directing
4 the employee to repay to the state agency or local government the
5 full amount of public money lost because of the fraud, waste,
6 abuse or corruption by the employee.

7 6. If an investigation by the Office of the Inspector General
8 determines that an employee of a state agency or local government
9 is responsible for fraud, waste, abuse or corruption that has
10 resulted or will result in the loss of a significant amount of public
11 money, the Inspector General may:

12 (a) Refer the case to the Attorney General for prosecution; or

13 (b) If the Inspector General finds that the fraud, waste, abuse
14 or corruption does not rise to a level that merits the expenditure of
15 the State's resources for prosecution, impose an administrative
16 fine of not more than \$5,000.

17 7. Except as otherwise provided in this subsection, the
18 Attorney General shall investigate each case referred by the
19 Inspector General pursuant to subsection 6 and, if the Attorney
20 General determines that a violation of the laws of this State has
21 occurred, cause the prosecution of the responsible party for that
22 violation. The Attorney General may decline to investigate a case
23 or cause the prosecution of a responsible party if:

24 (a) The Attorney General determines that he or she lacks the
25 resources to investigate a case or cause the prosecution of a
26 responsible party;

27 (b) The Attorney General notifies the Inspector General of the
28 amount of money required; and

29 (c) The Inspector General:

30 (1) Requests an allocation from the Contingency Account
31 in the State General Fund pursuant to NRS 353.266, 353.268 and
32 353.269 on behalf of the Attorney General to defray the costs of
33 the investigation or prosecution and the request is denied by the
34 State Board of Examiners or the Interim Finance Committee; or

35 (2) Declines to request an allocation from the Contingency
36 Account in the State General Fund pursuant to NRS 353.266,
37 353.268 and 353.269.

38 8. The remedies and penalties provided by this section are
39 cumulative and do not abrogate and are in addition to any other
40 remedies and penalties that may exist at law or in equity.

41 **Sec. 12.** Any book, paper, report or other record received,
42 prepared or maintained by the Inspector General pursuant to
43 sections 2 to 13, inclusive, of this act is confidential, except that
44 the Inspector General:



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

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

6 3. May make any such record available for inspection by an
7 authorized representative of any other state agency or local
8 government for a matter officially before him or her.

9 **Sec. 13.** *The Inspector General shall submit a report:*

10 1. Summarizing all instances of fraud, waste, abuse or
11 corruption that the Office of the Inspector General has discovered
12 since the immediately preceding session of the Legislature and
13 setting forth recommendations for any changes to the laws of this
14 State that the Inspector General reasonably believes are necessary
15 to prevent such instances to the Director of the Legislative
16 Counsel Bureau, on or before January 1 of each odd-numbered
17 year, for transmittal to the next regular session of the Legislature.

18 2. To each meeting of the Interim Finance Committee
19 identifying any instances of fraud, waste, abuse or corruption that
20 have occurred since the immediately preceding meeting of the
21 Interim Finance Committee.

22 **Sec. 14.** NRS 232.212 is hereby amended to read as follows:

23 232.212 As used in NRS 232.212 to 232.227, inclusive, *and*
24 *sections 2 to 13, inclusive, of this act*, unless the context requires
25 otherwise:

26 1. “Department” means the Department of Administration.

27 2. “Director” means the Director of the Department.

28 3. “Public body” has the meaning ascribed to it in
29 NRS 241.015.

30 **Sec. 15.** NRS 232.213 is hereby amended to read as follows:

31 232.213 1. The Department of Administration is hereby
32 created.

33 2. The Department consists of a Director , *the Office of the*
34 *Inspector General* and the following:

35 (a) Budget Division.

36 (b) Risk Management Division.

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

39 (d) State Public Works Division.

40 (e) Purchasing Division.

41 (f) Administrative Services Division.

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

43 ~~—(h)~~ Division of Human Resource Management.

44 ~~(h)~~ (h) Division of Enterprise Information Technology
45 Services.



~~(f)(i)~~ (i) Division of State Library and Archives.
~~(f)(j)~~ (j) Office of Grant Procurement, Coordination and Management.

~~(f)(k)~~ (k) Fleet Services Division.

Sec. 16. NRS 232.215 is hereby amended to read as follows:
232.215 The Director:

1. Shall appoint an Administrator of the:

(a) Risk Management Division;

(b) State Public Works Division;

(c) Purchasing Division;

(d) Administrative Services Division;

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

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

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

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

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

~~(j)~~ (i) Fleet Services Division.

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 233F, 242, 284, 331, 333, 336, 338 and 341 of NRS, NRS 353.150 to 353.246, inclusive, and 353A.031 to 353A.100, inclusive, chapter 378 of NRS 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. 17. NRS 232.2165 is hereby amended to read as follows:

232.2165 The Administrator of:

1. The State Public Works Division;

2. The Purchasing Division;

3. The Administrative Services Division;

~~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. The Fleet Services Division,

↳ of the Department serves at the pleasure of the Director and is in the unclassified service of the State.

Sec. 18. 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. Fleet Services Division,

↳ 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. 19. 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) Fleet Services Division ~~{-}~~; and

(j) *Office of the 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. 20. NRS 239.010 is hereby amended to read as follows:

239.010 1. Except as otherwise provided in this section and NRS 1.4683, 1A.110, 49.095, 62D.420, 62D.440, 62E.516, 62E.620, 62H.025, 62H.030, 62H.170, 62H.220, 62H.320, 76.160, 78.152, 80.113, 81.850, 82.183, 86.246, 86.54615, 87.515, 87.5413, 87A.200, 87A.580, 87A.640, 88.3355, 88.5927, 88.6067, 88A.345, 88A.7345, 89.045, 89.251, 90.730, 91.160, 116.757, 116A.270, 116B.880, 118B.026, 119.260, 119.265, 119.267, 119.280, 119A.280, 119A.653, 119B.370, 119B.382, 120A.690, 125.130, 125B.140, 126.141, 126.161, 126.163, 126.730, 127.007, 127.057, 127.130, 127.140, 127.2817, 130.312, 159.044, 172.075, 172.245, 176.015, 176.0625, 176.09129, 176.156, 176A.630, 178.39801, 178.4715, 178.5691, 179.495, 179A.070, 179A.165, 179A.450, 179D.160, 200.3771, 200.3772, 200.5095, 200.604, 202.3662, 205.4651, 209.392, 209.3925, 209.419, 209.521, 211A.140, 213.010, 213.040, 213.095, 213.131, 217.105, 217.110, 217.464, 217.475, 218E.625, 218F.150, 218G.130, 218G.240, 218G.350, 228.270, 228.450, 228.495, 228.570, 231.069, 233.190, 237.300, 239.0105, 239.0113, 239B.030, 239B.040, 239B.050, 239C.140, 239C.210, 239C.230, 239C.250, 239C.270, 240.007, 241.020, 241.030, 242.105, 244.264, 244.335, 250.087, 250.130, 250.140, 250.150, 268.095, 268.490, 268.910, 271A.105, 281.195, 281A.350, 281A.440, 281A.550, 284.4068, 286.110, 287.0438, 289.025, 289.080, 289.387, 293.5002, 293.503, 293.558, 293B.135, 293D.510, 331.110, 332.061, 332.351, 333.333, 333.335, 338.070, 338.1379, 338.1725, 338.1727, 348.420, 349.597, 349.775, 353.205, 353A.085, 353A.100, 353C.240, 360.240, 360.247, 360.255, 360.755, 361.044, 361.610, 365.138, 366.160, 368A.180, 372A.080, 378.290, 378.300, 379.008, 386.655, 387.626, 387.631, 388.5275, 388.528, 388.5315, 388.750, 391.035, 392.029, 392.147, 392.264, 392.271, 392.652, 392.850, 394.167, 394.1698, 394.447, 394.460, 394.465, 396.3295, 396.405, 396.525, 396.535, 398.403, 408.3885, 408.3886, 412.153, 416.070, 422.290, 422.305, 422A.320, 422A.350, 425.400, 427A.1236, 427A.872, 432.205, 432B.175, 432B.280, 432B.290, 432B.407, 432B.430, 432B.560, 433.534, 433A.360, 439.270, 439.840, 439B.420, 440.170, 441A.195, 441A.220, 441A.230, 442.330, 442.395, 445A.665, 445B.570, 449.209, 449.245, 449.720, 453.1545, 453.720, 453A.610, 453A.700, 458.055, 458.280, 459.050, 459.3866, 459.555, 459.7056, 459.846, 463.120, 463.15993, 463.240, 463.3403, 463.3407, 463.790, 467.1005, 467.137, 481.063, 482.170, 482.5536, 483.340, 483.363, 483.800, 484E.070, 485.316, 503.452, 522.040,



1 534A.031, 561.285, 571.160, 584.583, 584.655, 598.0964,
2 598.0979, 598.098, 598A.110, 599B.090, 603.070, 603A.210,
3 604A.710, 612.265, 616B.012, 616B.015, 616B.315, 616B.350,
4 618.341, 618.425, 622.310, 623.131, 623A.353, 624.110, 624.265,
5 624.327, 625.425, 625A.185, 628.418, 629.069, 630.133,
6 630.30665, 630.336, 630A.555, 631.368, 632.121, 632.125,
7 632.405, 633.283, 633.301, 633.524, 634.212, 634.214, 634A.185,
8 635.158, 636.107, 637.085, 637A.315, 637B.288, 638.087, 638.089,
9 639.2485, 639.570, 640.075, 640A.220, 640B.730, 640C.400,
10 640C.745, 640C.760, 640D.190, 640E.340, 641.090, 641A.191,
11 641B.170, 641C.760, 642.524, 643.189, 644.446, 645.180, 645.625,
12 645A.050, 645A.082, 645B.060, 645B.092, 645C.220, 645C.225,
13 645D.130, 645D.135, 645E.300, 645E.375, 645G.510, 645H.320,
14 645H.330, 647.0945, 647.0947, 648.033, 648.197, 649.065,
15 649.067, 652.228, 654.110, 656.105, 661.115, 665.130, 665.133,
16 669.275, 669.285, 669A.310, 671.170, 673.430, 675.380, 676A.340,
17 676A.370, 677.243, 679B.122, 679B.152, 679B.159, 679B.190,
18 679B.285, 679B.690, 680A.270, 681A.440, 681B.260, 681B.280,
19 683A.0873, 685A.077, 686A.289, 686B.170, 686C.306, 687A.110,
20 687A.115, 687C.010, 688C.230, 688C.480, 688C.490, 692A.117,
21 692C.190, 692C.420, 693A.480, 693A.615, 696B.550, 703.196,
22 704B.320, 704B.325, 706.1725, 710.159, 711.600, *and section 12*
23 *of this act*, sections 35, 38 and 41 of chapter 478, Statutes of
24 Nevada 2011 and section 2 of chapter 391, Statutes of Nevada 2013
25 and unless otherwise declared by law to be confidential, all public
26 books and public records of a governmental entity must be open at
27 all times during office hours to inspection by any person, and may
28 be fully copied or an abstract or memorandum may be prepared
29 from those public books and public records. Any such copies,
30 abstracts or memoranda may be used to supply the general public
31 with copies, abstracts or memoranda of the records or may be used
32 in any other way to the advantage of the governmental entity or of
33 the general public. This section does not supersede or in any manner
34 affect the federal laws governing copyrights or enlarge, diminish or
35 affect in any other manner the rights of a person in any written book
36 or record which is copyrighted pursuant to federal law.

37 2. A governmental entity may not reject a book or record
38 which is copyrighted solely because it is copyrighted.

39 3. A governmental entity that has legal custody or control of a
40 public book or record shall not deny a request made pursuant to
41 subsection 1 to inspect or copy or receive a copy of a public book or
42 record on the basis that the requested public book or record contains
43 information that is confidential if the governmental entity can
44 redact, delete, conceal or separate the confidential information from



1 the information included in the public book or record that is not
2 otherwise confidential.

3 4. A person may request a copy of a public record in any
4 medium in which the public record is readily available. An officer,
5 employee or agent of a governmental entity who has legal custody
6 or control of a public record:

7 (a) Shall not refuse to provide a copy of that public record in a
8 readily available medium because the officer, employee or agent has
9 already prepared or would prefer to provide the copy in a different
10 medium.

11 (b) Except as otherwise provided in NRS 239.030, shall, upon
12 request, prepare the copy of the public record and shall not require
13 the person who has requested the copy to prepare the copy himself
14 or herself.

15 **Sec. 21.** Chapter 332 of NRS is hereby amended by adding
16 thereto a new section to read as follows:

17 *A governing body or its authorized representative shall, for not*
18 *more than 7 years after the date of the order or termination, refuse*
19 *to accept a bid from and refuse to award a contract to:*

20 1. *A person, and the partners, officers, directors or members*
21 *of the board of trustees, if any, of that person, who has been*
22 *ordered to repay public money or who has entered into a contract*
23 *which was terminated pursuant to subsection 4 or 5 of section 11*
24 *of this act; and*

25 2. *A person who has a partner, officer, director or member of*
26 *its board of trustees, if any, who served as a partner, officer,*
27 *director or member of the board of trustees of a person described*
28 *in subsection 1.*

29 **Sec. 22.** NRS 332.810 is hereby amended to read as follows:

30 332.810 1. Before a contract is awarded, a person who has
31 bid on the contract or an officer, employee, representative, agent or
32 consultant of such a person shall not:

33 (a) Make an offer or promise of future employment or business
34 opportunity to, or engage in a discussion of future employment or
35 business opportunity with, an evaluator or member of the governing
36 body offering the contract;

37 (b) Offer, give or promise to offer or give money, a gratuity or
38 any other thing of value to an evaluator or member of the governing
39 body offering the contract; or

40 (c) Solicit or obtain from an officer, employee or member of the
41 governing body offering the contract:

42 (1) Any proprietary information regarding the contract; or

43 (2) Any information regarding a bid on the contract
44 submitted by another person, unless such information is available to
45 the general public.



2. *A person described in section 21 of this act shall not provide a bid or proposal on a contract if he or she knows or should have known that the bid must not be accepted or the proposed contract must not be awarded pursuant to section 21 of this act.*

3. A person who violates any of the provisions of subsection 1 or 2 is guilty of a gross misdemeanor and shall be punished by imprisonment in the county jail for not more than 364 days, or by a fine of not less than \$2,000 nor more than \$50,000, or by both fine and imprisonment.

Sec. 23. Chapter 333 of NRS is hereby amended by adding thereto a new section to read as follows:

The Administrator shall, for not more than 7 years after the date of the order or termination, refuse to accept a bid from and refuse to award a contract to:

1. *A person, and the partners, officers, directors or members of the board of trustees, if any, of that person, who has been ordered to repay public money or who has entered into a contract which was terminated pursuant to subsection 4 or 5 of section 11 of this act; and*

2. *A person who has a partner, officer, director or member of its board of trustees, if any, who served as a partner, officer, director or member of the board of trustees of a person described in subsection 1.*

Sec. 24. NRS 333.800 is hereby amended to read as follows:

333.800 1. Before a contract is awarded, a person who has provided a bid or proposal on the contract or an officer, employee, representative, agent or consultant of such a person shall not:

(a) Make an offer or promise of future employment or business opportunity to, or engage in a discussion of future employment or business opportunity with, the Administrator, a purchasing officer or an employee of the using agency for which the contract is being offered;

(b) Offer, give or promise to offer or give money, a gratuity or any other thing of value to the Administrator, a purchasing officer or an employee of the using agency for which the contract is being offered; or

(c) Solicit or obtain from the Administrator, a purchasing officer or an employee of the using agency for which the contract is being offered:

(1) Any proprietary information regarding the contract; or

(2) Any information regarding a bid or proposal on the contract submitted by another person, unless such information is available to the general public.



2. A person described in section 23 of this act shall not provide a bid or proposal on a contract if he or she knows or should have known that the bid must not be accepted or the proposed contract must not be awarded pursuant to section 23 of this act.

3. A person who violates any of the provisions of subsection 1 or 2 is guilty of a gross misdemeanor and shall be punished by imprisonment in the county jail for not more than 364 days, or by a fine of not less than \$2,000 nor more than \$50,000, or by both fine and imprisonment.

Sec. 25. Chapter 338 of NRS is hereby amended by adding thereto the provisions set forth as sections 26 and 27 of this act.

Sec. 26. If a person has, within the immediately preceding 7 years, been ordered to repay public money or has entered into a contract which was terminated pursuant to subsection 4 or 5 of section 11 of this act:

1. That person, and the partners, officers, directors or members of the board of trustees, if any, of that person; and

2. A person who has a partner, officer, director or member of its board of trustees, if any, who served as a partner, officer, director or member of the board of trustees of that person, may not be awarded a contract for a public work.

Sec. 27. 1. A person described in section 26 of this act shall not bid on a contract for a public work if he or she knows or should have known that the bid must not be awarded pursuant to section 26 of this act.

2. A person who violates the provisions of subsection 1 is guilty of a gross misdemeanor and shall be punished by imprisonment in the county jail for not more than 364 days, or by a fine of not less than \$2,000 nor more than \$50,000, or by both fine and imprisonment.

Sec. 28. NRS 338.1375 is hereby amended to read as follows:

338.1375 1. The Division shall not accept a bid on a contract for a public work unless the contractor who submits the bid has qualified pursuant to NRS 338.1379 to bid on that contract.

2. The State Public Works Board shall by regulation adopt criteria for the qualification of bidders on contracts for public works of this State. The criteria adopted by the State Public Works Board pursuant to this section must be used by the Division to determine the qualification of bidders on contracts for public works of this State.

3. The criteria adopted by the State Public Works Board pursuant to this section:

(a) Must be adopted in such a form that the determination of whether an applicant is qualified to bid on a contract for a public



work does not require or allow the exercise of discretion by any one person.

(b) May include only:

(1) The financial ability of the applicant to perform a contract;

(2) The principal personnel of the applicant;

(3) Whether the applicant has breached any contracts with a public body or person in this State or any other state;

(4) Whether the applicant has been disqualified from being awarded a contract pursuant to NRS 338.017, 338.13845 or 338.13895 ~~or~~ **or section 26 of this act;**

(5) Whether the applicant has been disciplined or fined by the State Contractors' Board or another state or federal agency for conduct that relates to the ability of the applicant to perform the public work;

(6) The performance history of the applicant concerning other recent, similar contracts, if any, completed by the applicant; and

(7) The truthfulness and completeness of the application.

Sec. 29. NRS 338.1377 is hereby amended to read as follows:

338.1377 Except as otherwise provided in NRS 338.1382, if a governing body that sponsors or finances a public work elects to award contracts for public works pursuant to the provisions of NRS 338.1377 to 338.139, inclusive, the governing body shall adopt the following criteria for determining whether a person who has applied pursuant to NRS 338.1379 is qualified to bid on contracts for public works of the local government:

1. Whether the applicant possesses a valid contractor's license of a class corresponding to the work to be required by the local government;

2. Whether the applicant has the ability to obtain the necessary bonding for the work to be required by the local government;

3. Whether the applicant has successfully completed an appropriate number of projects as determined by the local government, but not to exceed five projects, during the 5 years immediately preceding the date of application of similar size, scope or type as the work to be required by the local government;

4. Whether the principal personnel employed by the applicant have the necessary professional qualifications and experience for the work to be required by the local government;

5. Whether the applicant has breached any contracts with a public agency or person in this State or any other state during the 5 years immediately preceding the date of application;



6. Whether the applicant has been disqualified from being awarded a contract pursuant to NRS 338.017 or 338.13895 ~~or~~ *section 26 of this act;*

7. Whether the applicant has been convicted of a violation for discrimination in employment during the 2 years immediately preceding the date of application;

8. Whether the applicant has the ability to obtain and maintain insurance coverage for public liability and property damage within limits sufficient to protect the applicant and all the subcontractors of the applicant from claims for personal injury, accidental death and damage to property that may arise in connection with the work to be required by the local government;

9. Whether the applicant has established a safety program that complies with the requirements of chapter 618 of NRS;

10. Whether the applicant has been disciplined or fined by the State Contractors' Board or another state or federal agency for conduct that relates to the ability of the applicant to perform the work to be required by the local government;

11. Whether, during the 5 years immediately preceding the date of application, the applicant has filed as a debtor under the provisions of the United States Bankruptcy Code;

12. Whether the application of the applicant is truthful and complete; and

13. Whether, during the 5 years immediately preceding the date of application, the applicant has, as a result of causes within the control of the applicant or a subcontractor or supplier of the applicant, failed to perform any contract:

(a) In the manner specified by the contract and any change orders initiated or approved by the person or governmental entity that awarded the contract or its authorized representative;

(b) Within the time specified by the contract unless extended by the person or governmental entity that awarded the contract or its authorized representative; or

(c) For the amount of money specified in the contract or as modified by any change orders initiated or approved by the person or governmental entity that awarded the contract or its authorized representative.

↪ Evidence of the failures described in this subsection may include, without limitation, the assessment of liquidated damages against the applicant, the forfeiture of any bonds posted by the applicant, an arbitration award granted against the applicant or a decision by a court of law against the applicant.



Sec. 30. NRS 338.1691 is hereby amended to read as follows:

338.1691 To qualify to enter into contracts with a public body for preconstruction services and to construct a public work, a construction manager at risk must:

1. Not have been found liable for breach of contract with respect to a previous project, other than a breach for legitimate cause, during the 5 years immediately preceding the date of the advertisement for proposals pursuant to NRS 338.1692;

2. Not have been disqualified from being awarded a contract pursuant to NRS 338.017, 338.13895, 338.1475 or 408.333 ~~H~~ or *section 26 of this act*;

3. Be licensed as a contractor pursuant to chapter 624 of NRS; and

4. If the project is for the construction of a public work of the State, be qualified to bid on a public work of the State pursuant to NRS 338.1379.

Sec. 31. NRS 338.1692 is hereby amended to read as follows:

338.1692 1. A public body or its authorized representative shall advertise for proposals for a construction manager at risk in a newspaper qualified pursuant to chapter 238 of NRS that is published in the county where the public work will be performed. If no qualified newspaper is published in the county where the public work will be performed, the required advertisement must be published in some qualified newspaper that is printed in the State of Nevada and has a general circulation in the county.

2. A request for proposals published pursuant to subsection 1 must include, without limitation:

(a) A description of the public work;

(b) An estimate of the cost of construction;

(c) A description of the work that the public body expects a construction manager at risk to perform;

(d) The dates on which it is anticipated that the separate phases of the preconstruction and construction of the public work will begin and end;

(e) The date by which proposals must be submitted to the public body;

(f) If the project is a public work of the State, a statement setting forth that the construction manager at risk must be qualified to bid on a public work of the State pursuant to NRS 338.1379 before submitting a proposal;

(g) The name, title, address and telephone number of a person employed by the public body that an applicant may contact for further information regarding the public work;



(h) A list of the selection criteria and relative weight of the selection criteria that will be used to rank proposals pursuant to subsection 2 of NRS 338.1693;

(i) A list of the selection criteria and relative weight of the selection criteria that will be used to rank applicants pursuant to subsection 7 of NRS 338.1693; and

(j) A notice that the proposed form of the contract to assist in the preconstruction of the public work or to construct the public work, including, without limitation, the terms and general conditions of the contract, is available from the public body.

3. A proposal must include, without limitation:

(a) An explanation of the experience that the applicant has with projects of similar size and scope in both the public and private sectors by any delivery method, whether or not that method was the use of a construction manager at risk, and including, without limitation, design-build, design-assist, negotiated work or value-engineered work, and an explanation of the experience that the applicant has in such projects in Nevada;

(b) The contact information for references who have knowledge of the background, character and technical competence of the applicant;

(c) Evidence of the ability of the applicant to obtain the necessary bonding for the work to be required by the public body;

(d) Evidence that the applicant has obtained or has the ability to obtain such insurance as may be required by law;

(e) A statement of whether the applicant has been:

(1) Found liable for breach of contract with respect to a previous project, other than a breach for legitimate cause, during the 5 years immediately preceding the date of the advertisement for proposals; and

(2) Disqualified from being awarded a contract pursuant to NRS 338.017, 338.13895, 338.1475 or 408.333 ~~or~~ **or section 26 of this act;**

(f) The professional qualifications and experience of the applicant, including, without limitation, the resume of any employee of the applicant who will be managing the preconstruction and construction of the public work;

(g) The safety programs established and the safety records accumulated by the applicant;

(h) Evidence that the applicant is licensed as a contractor pursuant to chapter 624 of NRS;

(i) The proposed plan of the applicant to manage the preconstruction and construction of the public work which sets forth in detail the ability of the applicant to provide preconstruction services and to construct the public work and which includes, if the



1 public work involves predominantly horizontal construction, a
2 statement that the applicant will perform construction work equal in
3 value to at least 25 percent of the estimated cost of construction; and

4 (j) If the project is for the design of a public work of the State,
5 evidence that the applicant is qualified to bid on a public work of the
6 State pursuant to NRS 338.1379.

7 4. The public body or its authorized representative shall make
8 available to the public the name of each applicant who submits a
9 proposal pursuant to this section.

10 **Sec. 32.** NRS 338.16991 is hereby amended to read as
11 follows:

12 338.16991 1. To be eligible to provide labor, materials or
13 equipment on a public work, the contract for which a public body
14 has entered into with a construction manager at risk pursuant to
15 NRS 338.1696, a subcontractor must be:

16 (a) Licensed pursuant to chapter 624 of NRS; and

17 (b) Qualified pursuant to the provisions of this section to submit
18 a proposal for the provision of labor, materials or equipment on a
19 public work.

20 2. Subject to the provisions of subsections 3, 4 and 5, the
21 construction manager at risk shall determine whether an applicant is
22 qualified to submit a proposal for the provision of labor, materials or
23 equipment on the public work for the purposes of paragraph (b) of
24 subsection 1.

25 3. Not earlier than 30 days after a construction manager at risk
26 has been selected pursuant to NRS 338.1693 and not later than 10
27 working days before the date by which an application must be
28 submitted, the construction manager at risk shall advertise for
29 applications from subcontractors in a newspaper qualified pursuant
30 to chapter 238 of NRS that is published in the county where the
31 public work will be performed. If no qualified newspaper is
32 published in the county where the public work will be performed,
33 the advertisement must be published in some qualified newspaper
34 that is printed in the State of Nevada and has a general circulation in
35 the county. The construction manager at risk may accept an
36 application from a subcontractor before advertising for applications
37 pursuant to this subsection.

38 4. The criteria to be used by the construction manager at risk
39 when determining whether an applicant is qualified to submit a
40 proposal for the provision of labor, materials or equipment must
41 include, and must be limited to:

42 (a) The monetary limit placed on the license of the applicant by
43 the State Contractors' Board pursuant to NRS 624.220;

44 (b) The financial ability of the applicant to provide the labor,
45 materials or equipment required on the public work;



(c) Whether the applicant has the ability to obtain the necessary bonding for the work required by the public body;

(d) The safety programs established and the safety records accumulated by the applicant;

(e) Whether the applicant has breached any contracts with a public body or person in this State or any other state during the 5 years immediately preceding the application;

(f) Whether the applicant has been disciplined or fined by the State Contractors' Board or another state or federal agency for conduct that relates to the ability of the applicant to perform the public work;

(g) The performance history of the applicant concerning other recent, similar public or private contracts, if any, completed by the applicant in Nevada;

(h) The principal personnel of the applicant;

(i) Whether the applicant has been disqualified from the award of any contract pursuant to NRS 338.017 or 338.13895 ~~§~~ or **section 26 of this act**; and

(j) The truthfulness and completeness of the application.

5. The public body or its authorized representative shall ensure that each determination made pursuant to subsection 2 is made subject to the provisions of subsection 4.

6. The construction manager at risk shall notify each applicant and the public body in writing of a determination made pursuant to subsection 2.

7. A determination made pursuant to subsection 2 that an applicant is not qualified may be appealed pursuant to NRS 338.1381 to the public body with whom the construction manager at risk has entered into a contract for the construction of the public work.

Sec. 33. NRS 338.1721 is hereby amended to read as follows:

338.1721 To qualify to participate in a project for the design and construction of a public work, a design-build team must:

1. Have the ability to obtain a performance bond and payment bond as required pursuant to NRS 339.025;

2. Have the ability to obtain insurance covering general liability and liability for errors and omissions;

3. Not have been found liable for breach of contract with respect to a previous project, other than a breach for legitimate cause, during the 5 years immediately preceding the date of the advertisement for preliminary proposals;

4. Not have been disqualified from being awarded a contract pursuant to NRS 338.017, 338.13895, 338.1475 or 408.333 ~~§~~ or **section 26 of this act**;



5. Ensure that the members of the design-build team possess the licenses and certificates required to carry out the functions of their respective professions within this State; and

6. If the project is for the design and construction of a public work of the State, ensure that the prime contractor is qualified to bid on a public work of the State pursuant to NRS 338.1379.

Sec. 34. NRS 353A.010 is hereby amended to read as follows:
353A.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 353A.038.~~

~~—3.]~~ “Director” means the Director of the Department of Administration.

~~[4.]~~ 3. “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.

Sec. 35. NRS 353A.020 is hereby amended to read as follows:
353A.020 1. The Director, in consultation with the ~~[Committee]~~ **Inspector General** 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, in consultation with the ~~[Committee]~~ **Inspector General** and Legislative Auditor, may modify the system whenever the Director 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.

Sec. 36. NRS 353A.025 is hereby amended to read as follows:

353A.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 353A.020.

2. On or before July 1 of each even-numbered year, the head of each agency shall report to the Director 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 353A.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 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.

4. The Director 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) *Inspector General; and*

(d) *Legislative Auditor.*

5. The report submitted by the Director 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.

Sec. 37. 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 Inspector General*.

Sec. 38. NRS 353A.038 is hereby amended to read as follows:

353A.038 ~~{1. The Executive Branch Audit Committee is hereby created.~~

~~—2. The Committee must consist of one member who is a representative of the general public appointed by the Governor, who has at least 5 years of progressively responsible experience in the field of auditing and who does not engage in business with any agency, and the following ex officio members:~~

~~—(a) The Governor, who shall serve as Chair of the Committee;~~

~~—(b) The Lieutenant Governor;~~

~~—(c) The Secretary of State;~~

~~—(d) The State Treasurer;~~

~~—(e) The State Controller; and~~

~~—(f) The Attorney General.~~

~~—3. The member of the Committee who is a representative of the general public is entitled to receive a salary of \$80 per day while engaged in the business of the Committee.~~

~~—4. While engaged in the business of the Committee, each member of the Committee is entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally.~~

~~—5.} The {Committee} *Inspector General* shall:~~

~~{(a)} 1.~~ Adopt policies and procedures for the operation of the Division;

~~{(b)} 2.~~ Approve, with or without revision, each annual plan for auditing agencies presented by the Administrator pursuant to NRS 353A.045, and any revisions to such a plan, before the plan is implemented; and

~~{(c)} 3.~~ Approve, with or without revision, each annual report submitted by the Administrator pursuant to NRS 353A.065.

Sec. 39. NRS 353A.045 is hereby amended to read as follows:

353A.045 The Administrator shall:

1. Report to the ~~{Director}~~ *Inspector General*.

2. Develop long-term and annual work plans to be based on the results of periodic documented risk assessments. The annual work



1 plan must list the agencies to which the Division will provide
2 training and assistance and be submitted to the ~~{Director}~~ **Inspector**
3 **General** for approval. Such agencies must not include:

4 (a) A board created by the provisions of NRS 590.485 and
5 chapters 623 to 625A, inclusive, 628, 630 to 644, inclusive, 648,
6 654 and 656 of NRS.

7 (b) The Nevada System of Higher Education.

8 (c) The Public Employees' Retirement System.

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

11 (e) The Colorado River Commission of Nevada.

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

14 4. ~~{In consultation with the Director, prepare}~~ **Prepare** a plan
15 for auditing executive branch agencies for each fiscal year and
16 present the plan to the ~~{Committee}~~ **Inspector General** for ~~{its}~~ **his**
17 **or her** review and approval. Each plan for auditing must:

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

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

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

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

30 7. Submit to each agency that is audited pursuant to subsection
31 5 analyses, appraisals and recommendations concerning:

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

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

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

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

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

45 11. Appoint a Manager of Internal Controls.



Sec. 40. NRS 353A.055 is hereby amended to read as follows:
353A.055 1. The Division shall:

(a) Determine the adequacy of the system of internal accounting, administrative control and financial management of each agency to which the Division provides training and assistance.

(b) Adopt regulations, approved by the ~~{Committee,}~~ **Inspector General**, requiring the provision of training to any employee of an agency who is responsible for administering budgetary accounts. The training must address:

(1) The laws and regulations of this state and the Federal Government applicable to the operations of the agency.

(2) Internal accounting, administrative controls and financial management.

(3) Techniques to address the adequacy of controls of the agency.

(c) Develop and administer a procedure to evaluate the effectiveness of any training provided to an agency.

(d) Provide technical assistance to agencies in developing and carrying out their systems of internal accounting, administrative controls and financial management.

(e) Prepare separate reports for each agency which summarize the results of the training and assistance provided to the agency.

2. The Division shall not ~~+~~

~~—(a) Provide~~ **provide** any services to an agency that is under the direct control or administration of a constitutional officer unless the constitutional officer requests such services.

~~{(b) Conduct investigations, but shall refer such matters to the appropriate agency.}~~

Sec. 41. NRS 353A.065 is hereby amended to read as follows:

353A.065 1. Within 90 days after the end of each fiscal year, the Administrator shall submit an annual report to the ~~{Committee}~~ **Inspector General** for ~~{its}~~ **his or her** 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 Administrator shall provide a copy of the annual report to the:



(a) ~~{Committee}~~ *Inspector General*;

(b) ~~{Director}~~;

—(c) Interim Finance Committee; and

~~{(d)}~~ (c) Legislative Auditor.

Sec. 42. NRS 353A.085 is hereby amended to read as follows:

353A.085 1. After each audit is completed, the Administrator or the Administrator's designated representative shall submit a copy of the preliminary findings and recommendations of the audit to the head of the audited agency. Within 10 working days after receipt of the preliminary findings and recommendations, the head of the agency shall submit to the Administrator a written statement of acceptance, explanation or rebuttal concerning the findings. The Administrator shall include the statement of the head of the agency in the final report.

2. The Administrator shall submit a final report to the ~~{Committee}~~ *Inspector General* and the head of the audited agency.

3. Except as otherwise provided in NRS 353A.031 to 353A.100, inclusive, the Administrator shall not disclose the content of any audit before the final report is submitted to the ~~{Committee}~~ *Inspector General* pursuant to subsection 2 except in the case of alleged illegal acts which must be reported immediately upon discovery.

Sec. 43. NRS 353A.090 is hereby amended to read as follows:

353A.090 Within 6 months after the date that the final report is submitted pursuant to NRS 353A.085, if corrective action is recommended for an agency, the Administrator shall determine whether appropriate corrective actions are being taken and whether those actions are achieving the desired result. The Administrator shall inform the ~~{Committee}~~ *Inspector General* and the head of the audited agency of the effect of any corrective actions taken.

Sec. 44. NRS 408.3884 is hereby amended to read as follows:

408.3884 To qualify to participate in the design and construction of a project for the Department, a design-build team must:

1. Except as otherwise provided in NRS 408.354, obtain a performance bond and payment bond as the Department may require;

2. Obtain insurance covering general liability and liability for errors and omissions;

3. Not have been found liable for breach of contract with respect to a previous project, other than a breach for legitimate cause;

4. Not have been disqualified from being awarded a contract pursuant to NRS 338.017, 338.13895, 338.1475 or 408.333 ~~{H}~~ *or section 26 of this act*; and



5. Ensure that the members of the design-build team possess the licenses and certificates required to carry out the functions of their respective professions within this state.

Sec. 45. NRS 624.300 is hereby amended to read as follows:

624.300 1. Except as otherwise provided in subsections 3 and 5, the Board may:

- (a) Suspend or revoke licenses already issued;
- (b) Refuse renewals of licenses;
- (c) Impose limits on the field, scope and monetary limit of the license;
- (d) Impose an administrative fine of not more than \$10,000;
- (e) Order a licensee to repay to the account established pursuant to NRS 624.470, any amount paid out of the account pursuant to NRS 624.510 as a result of an act or omission of that licensee;
- (f) Order the licensee to take action to correct a condition resulting from an act which constitutes a cause for disciplinary action, at the licensee's cost, that may consist of requiring the licensee to:

- (1) Perform the corrective work himself or herself;
- (2) Hire and pay another licensee to perform the corrective work; or
- (3) Pay to the owner of the construction project a specified sum to correct the condition; or

(g) Issue a public reprimand or take other less severe disciplinary action, including, without limitation, increasing the amount of the surety bond or cash deposit of the licensee,

↪ if the licensee commits any act which constitutes a cause for disciplinary action.

2. If the Board suspends or revokes the license of a contractor for failure to establish financial responsibility, the Board may, in addition to any other conditions for reinstating or renewing the license, require that each contract undertaken by the licensee for a period to be designated by the Board, not to exceed 12 months, be separately covered by a bond or bonds approved by the Board and conditioned upon the performance of and the payment of labor and materials required by the contract.

3. If a licensee violates:

(a) The provisions of NRS 624.3014, subsection 2 or 3 of NRS 624.3015, subsection 1 of NRS 624.302 or subsection 1 of NRS 624.305, the Board may impose for each violation an administrative fine in an amount that is not more than \$50,000.

(b) The provisions of subsection 4 of NRS 624.3015:

(1) For a first offense, the Board shall impose an administrative fine of not less than \$1,000 and not more than \$50,000, and may suspend the license of the licensee for 6 months;



(2) For a second offense, the Board shall impose an administrative fine of not less than \$5,000 and not more than \$50,000, and may suspend the license of the licensee for 1 year; and

(3) For a third or subsequent offense, the Board shall impose an administrative fine of not less than \$10,000 and not more than \$50,000, and may revoke the license of the licensee.

(c) The provisions of subsection 7 of NRS 624.302, the Board shall, in addition to any other disciplinary action taken pursuant to this section, impose an administrative fine of \$1,000.

4. The Board shall, by regulation, establish standards for use by the Board in determining the amount of an administrative fine imposed pursuant to subsection 3. The standards must include, without limitation, provisions requiring the Board to consider:

(a) The gravity of the violation;

(b) The good faith of the licensee; and

(c) Any history of previous violations of the provisions of this chapter committed by the licensee.

5. If a licensee is prohibited from being awarded a contract for a public work pursuant to NRS 338.017, *or section 26 of this act*, the Board may suspend the license of the licensee for the period of the prohibition.

6. If a licensee commits a fraudulent act which is a cause for disciplinary action under NRS 624.3016, the correction of any condition resulting from the act does not preclude the Board from taking disciplinary action.

7. If the Board finds that a licensee has engaged in repeated acts that would be cause for disciplinary action, the correction of any resulting conditions does not preclude the Board from taking disciplinary action pursuant to this section.

8. The expiration of a license by operation of law or by order or decision of the Board or a court, or the voluntary surrender of a license by a licensee, does not deprive the Board of jurisdiction to proceed with any investigation of, or action or disciplinary proceeding against, the licensee or to render a decision suspending or revoking the license.

9. The Board shall not issue a private reprimand to a licensee.

10. An order that imposes discipline and the findings of fact and conclusions of law supporting that order are public records.

11. An administrative fine imposed pursuant to this section or NRS 624.341 or 624.710 plus interest at a rate that is equal to the prime rate at the largest bank in this State, as determined by the Commissioner of Financial Institutions on January 1 or July 1, as appropriate, immediately preceding the date of the order imposing the administrative fine, plus 4 percent, must be paid to the Board before the issuance or renewal of a license to engage in the business



1 of contracting in this State. The interest must be collected from the
2 date of the order until the date the administrative fine is paid.

3 12. All fines and interest collected pursuant to this section must
4 be deposited with the State Treasurer for credit to the Construction
5 Education Account created pursuant to NRS 624.580.

6 **Sec. 46.** 1. Any policies or procedures adopted by the
7 Executive Branch Audit Committee before July 1, 2015, remain in
8 force until amended by the Inspector General appointed pursuant to
9 section 6 of this act. The policies and procedures may be enforced
10 by the Inspector General.

11 2. The annual plan for auditing agencies approved by the
12 Executive Branch Audit Committee pursuant to NRS 353A.065
13 before July 1, 2015, remains in force until revised or replaced by the
14 Inspector General appointed pursuant to section 6 of this act. The
15 annual plan may be enforced by the Inspector General.

16 **Sec. 47.** On or before August 31, 2015, the Legislative
17 Commission shall submit to the Governor a list of three candidates
18 for Inspector General pursuant to section 6 of this act.

19 **Sec. 48.** The provisions of subsection 1 of NRS 218D.380 do
20 not apply to any provision of this act which adds or revises a
21 requirement to submit a report to the Legislature.

22 **Sec. 49.** 1. This act becomes effective on July 1, 2015.

23 2. Sections 30, 31 and 32 of this act expire by limitation on
24 June 30, 2017.

