

ASSEMBLY BILL NO. 481—COMMITTEE
ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE OFFICE OF FINANCE
IN THE OFFICE OF THE GOVERNOR)

MARCH 27, 2017

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing the Division of Internal Audits of the Office of Finance. (BDR 31-898)

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

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to internal audits; eliminating the requirement for the appointment of a Manager of Internal Controls to the Division of Internal Audits of the Office of Finance; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Under existing law, the Administrator of the Division of Internal Audits of the
2 Office of Finance is authorized to employ, within the limits of legislative
3 appropriations, such staff as necessary to perform his or her duties. (NRS
4 353A.041) Existing law requires the Administrator to appoint and establish the
5 powers and duties of a Manager of Internal Controls. (NRS 353A.045) The person
6 appointed as Manager of Internal Controls is required to have certain qualifications
7 related to accounting and auditing and serves in the unclassified service of the
8 State. (NRS 353A.047) This bill eliminates the requirement that the Administrator
9 appoint a Manager of Internal Controls.

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

1 **Section 1.** NRS 353A.045 is hereby amended to read as
2 follows:

3 353A.045 The Administrator shall:

4 1. Report to the Director.



* A B 4 8 1 *

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 for approval. Such agencies must not include:

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

(b) The Nevada System of Higher Education.

(c) The Public Employees' Retirement System.

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

(e) The Colorado River Commission of Nevada.

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

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

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

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

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

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

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

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

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

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

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

10. Consult with the Legislative Auditor concerning the plan for auditing and the scope of audits to avoid duplication of effort



- 1 and undue disruption of the functions of agencies that are audited
- 2 pursuant to subsection 5.
- 3 ~~{11. Appoint a Manager of Internal Controls.}~~
- 4 **Sec. 2.** NRS 353A.047 is hereby repealed.
- 5 **Sec. 3.** This act becomes effective on July 1, 2017.

TEXT OF REPEALED SECTION

353A.047 Manager of Internal Controls: Qualifications; unclassified service; powers and duties.

1. The Manager of Internal Controls appointed pursuant to NRS 353A.045 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 4 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. The Manager of Internal Controls is in the unclassified service of this state and serves at the pleasure of the Administrator.

3. The Administrator shall establish the powers and duties of the Manager of Internal Controls.

