

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Ninth Session
April 20, 2017**

The Committee on Government Affairs was called to order by Chairman Edgar Flores at 8:35 a.m. on Thursday, April 20, 2017, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/79th2017.

COMMITTEE MEMBERS PRESENT:

Assemblyman Edgar Flores, Chairman
Assemblywoman Dina Neal, Vice Chairwoman
Assemblywoman Shannon Bilbray-Axelrod
Assemblyman Chris Brooks
Assemblyman Richard Carrillo
Assemblyman Skip Daly
Assemblyman John Ellison
Assemblywoman Amber Joiner
Assemblyman Al Kramer
Assemblyman Jim Marchant
Assemblyman Richard McArthur
Assemblyman William McCurdy II
Assemblywoman Daniele Monroe-Moreno

COMMITTEE MEMBERS ABSENT:

Assemblywoman Melissa Woodbury (excused)

GUEST LEGISLATORS PRESENT:

Senator James A. Settelmeyer, Senate District No. 17



STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Jim Penrose, Committee Counsel
Isabel Youngs, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Steve Weinberger, CPA, Administrator, Division of Internal Audits, Office of Finance, Office of the Governor
Julie Butler, Chief, General Services Division, Department of Public Safety

Chairman Flores:

[Roll was called. Rules and protocol were explained.] We are going to take our bills out of order today. We will start with Senate Bill 111.

Senate Bill 111: Revises provisions relating to the auditing of agencies of the Executive Department of the State Government. (BDR 31-552)

Senator James A. Settlemeyer, Senate District No. 17:

I am here representing the Sunset Subcommittee of the Legislative Commission ([Exhibit C](#)). It is charged with going through all the boards and commissions and determining whether they should be continued, modified, consolidated, or terminated. Senate Bill 111 is one of those recommendations by the Sunset Subcommittee. It relates to the Executive Branch Audit Committee, which is within the Office of the Governor, and its work plan. The Executive Branch Audit Committee was created in 1999, when the Legislature established the Division of Internal Audits, Office of Finance, Office of the Governor. Members of the Executive Branch Audit Committee are the six constitutional officers, defined by the *Nevada Constitution*, and one member of the general public. The Chair is the Governor. The purpose of the Division of Internal Audits is to audit Executive Branch agencies. The Legislative Counsel Bureau (LCB) has their Audit Division, and the Office of the Governor has its own Division of Internal Audits. The Administrator of the Division reports directly to the Executive Branch Audit Committee, which sets its policies and procedures, approves its annual work plan, and receives its reports.

As part of its review process, the Sunset Subcommittee invites any board or commission to suggest or request changes to the provisions of the *Nevada Revised Statutes* (NRS) that govern its operations. Senate Bill 111 sets out such a request for a revision to enable the Division of Internal Audits to operate more efficiently. Currently, NRS 353A.038 provides that the Executive Branch Audit Committee sets the annual work plan for auditing Executive Branch agencies; however, the Executive Branch Audit Committee meets only once or twice per year. Therefore, the Executive Branch Audit Committee has requested a revision to the NRS to permit the Governor as Chair to direct the Administrator to audit an agency that is not included in the annual plan. The bill does not change the requirement that

the final report would be submitted to the full Committee and listed in the Division's annual report. This revision was presented to the Sunset Subcommittee by the Administrator of the Division of Internal Audits, Steve Weinberger. He is here today to provide additional information about the operations of the Division and answer any questions.

Steve Weinberger, CPA, Administrator, Division of Internal Audits, Office of Finance, Office of the Governor:

I think the Senator did a thorough job on the background of the Executive Branch Audit Committee. I really have nothing to add, but I am here to answer any questions the Committee may have.

Assemblywoman Joiner:

Can you give me examples of when you needed this authority in the past but you did not have it? Can you give more specific examples?

Senator Settelmeyer:

It was brought up during the time frame that there may be situations where the Governor may have had problems with particular agencies in the past, and it may have been useful to ask for an audit to be done. This would not change any costs for the State of Nevada in any way, shape, or form. It is just the Governor's Division of Internal Audits that would have authority to take audits out of order or put one on the backburner if it was felt that a particular agency may not be doing what is right, per se. There are no examples in the past of when it was used because the Governor did not have the authority. We have all known agencies in the past where it might have been a good idea to have an audit. It was a suggestion to give this authority to the Governor. If the Governor potentially saw a problem within an agency, it would be possible to gain further information.

Assemblywoman Joiner:

How often does the Committee meet? Why could the Committee not be involved in that decision rather than just the Chair?

Senator Settelmeyer:

My understanding is that they only meet twice a year. That may not give them the flexibility to order an audit if a problem were to arise.

Assemblyman Kramer:

I probably could have answered this question if I had read the bill a bit more thoroughly, but even then it might need to be said. This gives the Governor the ability to call for an audit. Does it give the rights to anyone else in the Committee to call for an audit any time they feel like some department needs to be audited?

Senator Settelmeyer:

This bill only gives the authority to the Governor. The full board would get the results, but it is felt that since the Governor is the head officer of the Executive Branch, that person should be given that ability if there is an agency with a problem.

Assemblyman Kramer:

It seems like if it is an executive agency, the Governor has the ability to tell the Department of Administration or the Office of Finance in the Office of the Governor to go look at what they are doing anyway. What could this audit directed by the Governor uncover that the Governor could not uncover by having the Department of Administration or the Office of Finance look at it? What irregularities are you anticipating will pop up from an audit through the Division of Internal Audits that the Governor could not find through another means?

Senator Settelmeyer:

That might be a better question for Mr. Weinberger. I know he is more familiar with the details of the audit. I know through our audits in the past through the Legislature, we have been able to find issues on boards and commissions, such as the Board of Dental Examiners of Nevada, that gave us a lot of insight. As legislators, we brought back bill draft requests to try to address some of those problems. We are trying to afford the Governor the same opportunity.

Steve Weinberger:

We have the time and the resources to do a full audit of an agency, whereas members of the Budget Division in the Office of Finance, Office of the Governor, may not actually have the time or even the knowledge. We have been auditing for years. I think it would be more effective to have us look at an agency that there was a concern with than other staff whose primary responsibilities are not auditing.

Assemblyman Carrillo:

I am looking at section 1, subsection 6. Will the Chair of the Committee be able to direct the Administrator to do an audit without any approval whatsoever?

Senator Settelmeyer:

Yes. This would give the authority to the Governor to order an audit on any agency under the Office of the Governor's control. That report would be given back to the full Committee.

Assemblyman Daly:

Obviously you have a lot of agencies. I do not know if everyone gets an annual audit. Is there a rotation or minimum number of audits you are supposed to do per year?

Steve Weinberger:

I do have a schedule. It is a risk assessment. I weigh certain factors that help me determine which agencies warrant an audit. The main objective of our audits is to help agencies work more efficiently and effectively. Hopefully our findings result in dollar savings. My top measure depends on the budget amount the agency has. I consider other things too—results from LCB audits, federal audits, et cetera. I do have a schedule; however, we place priority on the audits that are requested of us. Over the last few years, we have definitely done more requested audits than those selected per the schedule.

Assemblyman Daly:

Is there a cyclical schedule so that everyone gets hit once every five or ten years? You do not just hit the same ones and never hit one agency for 20 years? It seems to me there should be a schedule. In the Sunset Subcommittee, I am curious how this came up. Obviously the Sunset Subcommittee brought in the Division of Internal Audits to review the Executive Branch Audit Committee. The people on the Committee are constitutional officers and one member of the public. Have there been arguments or fights? Is someone trying to protect an agency they did not want audited? Why are we saying one constitutional officer should have rank over the other five?

Senator Settlemeyer:

The Sunset Subcommittee asks all boards and agencies to give us information, and then it is allowed to select which ones will come up for review. We have to go through all boards and commissions within a 12-year period. Mathematically that puts it at about 20 to 25 per interim period. So far we are on track for that based on the earlier ones that I call "low-hanging fruit." It was rather simple. The individuals who did not answer us tended to be eliminated. There was a committee on conversion to the metric system [Advisory Council on the Metric System]. We thought that one was not really wise. When the list came out, these were left. I cannot remember exactly who motioned to have this one selected.

Assemblyman Daly:

I understand how the Executive Branch Audit Committee got on your list and you called them in. How did this particular issue come up during your review? You reviewed them and talked to them. Did they ask for this? What issue came up in that review that caused this piece of legislation?

Senator Settlemeyer:

Thank you for that clarification. Upon reviewing their board, we did not have any considerations or questions for their particular board. We thought they were doing a wonderful job for the Executive Branch officers and doing reviews and audits. They came forward with their own recommendation that it might be wise, if things came up within an agency in the future, that the Governor has the ability to perform an audit on the agency rather than go through the Executive Branch Audit Committee since they only meet twice a year. It was a personal recommendation of their own in order to modify their existing NRS to make them more functional. We offer that through the Sunset Subcommittee to all boards and commissions.

Assemblyman Ellison:

I like the bill. Do you not do an annual audit on these Executive Branch agencies anyway? Is that not something currently happening? You are talking with the Lieutenant Governor, the Secretary of State, the State Treasurer, et cetera. Is that not something that is continuously being audited anyway?

Steve Weinberger:

I am not sure what you mean by "annual audit." To address Assemblyman Daly's question, we do have a risk assessment. We have very limited resources. My whole office consists of 12 people, including myself as an Administrator and two auditors that do clerical-type audits. Those audits are not subject to Executive Branch Audit Committee approval or presentation. With our limited resources, we pick the agencies we consider warrant an audit based on the risk factors I mentioned. It is not feasible for us to hit every agency every so often. The bottom line is that if something does come up and we hear something about an agency, even if they have a small budget, we will go ahead and request to audit the agency. As far as an annual audit, I am not exactly sure what you are talking about.

Assemblyman Ellison:

Every city and county has to have an audit every year. They have to bring in an outside auditor to review their books. Why does the state not do the same thing?

Steve Weinberger:

We do have an outside auditor do the State of Nevada *Comprehensive Annual Financial Report* audit. It is a financial statement for the State of Nevada itself. That is done, but we are not involved in that process.

Chairman Flores:

Are there any other questions from the Committee? [There were none.] Is there anyone wishing to testify in favor of the bill? [There was no one.] Is there anyone wishing to testify in opposition to the bill? [There was no one.] Is there anyone wishing to testify as neutral to the bill? [There was no one.] At this time I would like to close the hearing on S.B. 111. Next we will open the hearing on Senate Bill 16.

Senate Bill 16: Changes the name of the General Services Division of the Department of Public Safety. (BDR 43-136)

Julie Butler, Chief, General Services Division, Department of Public Safety:

Senate Bill 16 would change the name of the General Services Division in the Department of Public Safety to the Records, Communications and Compliance Division to better reflect the Division's major functional areas and give the Division's employees a sense of identity. Assembly Bill 465 of the 77th Session removed the Records and Technology Division from the Department of Public Safety. In its place it created the General Services Division.

The Records Bureau in the General Services Division, which includes the Central Repository for Nevada Records of Criminal History, was moved under the new division, and the Department's three regional dispatch centers were transferred from management of the Nevada Highway Patrol Division in the Department of Public Safety to the General Services Division. Almost immediately, former staff of the Nevada Highway Patrol's dispatch centers expressed a sense of identity loss. They used to be employees of the Nevada Highway Patrol, but now they were part of this new division with a nondescript name that no one had heard of.

In the Records Bureau, our criminal justice and law enforcement agency contacts, including the Federal Bureau of Investigation (FBI) of the U.S. Department of Justice and the California Department of Justice, expressed confusion when dealing with our new division. "General Services Division" certainly did not give away any clues as to our identity. Were we a law enforcement agency? Did we have authority to be receiving criminal history record information? Were we the ones who managed the Nevada Criminal Justice Information System? Were we the division that would be auditing them for their use of criminal history record information?

In response to these concerns, the Division sponsored a name contest last year. Employees were challenged to come up with a name that was descriptive of the two bureaus within the Division and reflected the mission of providing complete, timely, and accurate criminal justice information for our customers. By a majority vote, the employees selected the Records, Communications and Compliance Division as the new name, and the Director of the Department of Public Safety agreed that the Division could move forward with the bill before you today. I am here to ask for your support for our proposed name change.

Assemblyman Carrillo:

Obviously you have letterhead. Will that be used up? Will you do modifications to the existing materials? To me, that is a lot of waste.

Julie Butler:

We do not actually order preprinted letterhead. We just print it as we need it, so it is a very simple name change. As far as envelopes, we will just add a sticker with our new name.

Assemblyman Ellison:

The Nevada Highway Patrol Division would change its name?

Julie Butler:

No. The Nevada Highway Patrol has not managed the dispatch center since 2013. It has been managed by the General Services Division. We would like to change our name to better reflect that we do provide communication services within our division. We are not changing Nevada Highway Patrol in any way, shape, or form.

Assemblyman Ellison:

I do not know if Senator Goicoechea got anything done with the closing of the dispatch center in Elko. I have not talked to him about it for the last several weeks, but I know he was in the Subcommittee on Public Safety, Natural Resources, and Transportation under the Senate Committee on Finance. You cannot operate a dispatch center out of Las Vegas or Reno for something in rural Nevada. I have a strong problem with that. Is that still moving forward?

Julie Butler:

Yes. That is part of the Governor's recommended budget. Our budget does not close until May 9, 2017. That is our tentative date. We will know at that time whether that is going forward.

Assemblyman Ellison:

Just for the Committee, what I am talking about is that they are trying to close the dispatch center in Elko. You have rural areas out there with no communication whatsoever with the radio systems they have. Between the Department of Transportation and Highway Patrol, we have a real problem with their closing down that dispatch center. I am strongly opposed to that and anything that goes with it.

Assemblywoman Neal:

I was trying to pull up the version of this bill that was presented to the Senate. Was section 4 a part of the original bill? The conforming language, "Notwithstanding any other provision of law to the contrary, the Records, Communications and Compliance Division of the Department of Public Safety shall be deemed the successor entity of the General Services Division of the Department of Public Safety."

Julie Butler:

Yes. The bill has not changed since presentation to the Senate.

Assemblywoman Neal:

I do not understand why the name was confusing. Who was confused by the fact that you did not have "communication" in your name? I am missing that point entirely.

Julie Butler:

The employees of the Nevada Highway Patrol really did express a sense of loss. They said, We used to be Highway Patrol! We were part of the law enforcement community! Now we are part of General Services? Who has heard of General Services? When they answer the phone, particularly in Las Vegas, they say, "Department of Public Safety, General Services." And people respond, "Who? Am I calling Highway Patrol? Who am I calling?" Some of the employees even have tattoos that say Highway Patrol. They really took that sense of identity to heart. To lose that was kind of a big deal to them. We were trying to give them a sense of identity on the dispatch side.

On the Records Bureau side, particularly when dealing with criminal justice agencies within the State of Nevada, the FBI, and the California Department of Justice, people did not understand who we were. Our name is very nondescript and generic. It did not give any indication if we were a criminal justice agency, a law enforcement agency, et cetera. That is the reason for the name change.

Assemblywoman Neal:

I do not understand how Records, Communications and Compliance Division also gives you an identity, because I would call and say, So you guys handle records?

Julie Butler:

Again, this was part of a contest. The employees selected the name. I did not pick it. We challenged the employees to come up with a name that was descriptive of what we do. On the records side we have the Central Repository for Nevada Records of Criminal History. We have the dispatch center for communication. We also audit all of our criminal justice agencies statewide to ensure they are complying with rules set down by the FBI and our state to protect our criminal history record information. In our opinion, and in our employees' opinions, this name reflects exactly what we do.

Assemblywoman Monroe-Moreno:

Have you run into any problems with background investigators from other agencies contacting your agency to find out information about an applicant, and when they hear "General Services Division," they question the legitimacy of your department?

Julie Butler:

Yes, we have, actually. That is precisely why we are trying to change our name.

Chairman Flores:

Are there any other questions from the Committee? [There were none.] Is there anyone wishing to testify in favor of the bill? [There was no one.] Is there anyone wishing to testify in opposition to the bill? [There was no one.] Is there anyone wishing to testify as neutral to the bill? [There was no one.] I will close the hearing on S.B. 16. Is there any public comment? [There was none.] This meeting is adjourned [at 9:04 a.m.].

RESPECTFULLY SUBMITTED:

Isabel Youngs
Committee Secretary

APPROVED BY:

Assemblyman Edgar Flores, Chairman

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is written testimony presented by Senator James A. Settlemeyer, Senate District No. 17, regarding Senate Bill 111.