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| NEVADA DEPARTMENT OF CORRECTIONS | SERIES 100 GENERAL ADMINISTRATION | SUPERSEDES: AR 128 (07/20/03) |
| ADMINISTRATIVE REGULATIONS MANUAL | ADMINISTRATIVE REGULATION 128 OUTSIDE FINANCIAL AUDIT PROCESS | EFFECTIVE DATE: 11/08/04 |

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PURPOSE

To establish procedures for notification, review and responses to financial audits performed by non-department staff.

AUTHORITY

NRS 218.821
NRS 218.8235
NRS 218.8245

RESPONSIBILITY

All Department employees are responsible for compliance with the procedures set forth in this regulation.

DEFINITIONS

FULLY IMPLEMENTED – The Department took all actions to satisfy the recommendations of the audit and the audit was corrected as of the date of the six-month report.

NO ACTION – The Department has not taken action to implement the recommendations of the audit.

PARTIALLY IMPLEMENTED – The Department has taken action to the extent possible to partially satisfy the recommendations of the audit as of the date of the six-month report and has taken steps such as requesting additional resources which may be necessary to implement the remaining recommendations.

PLAN OF CORRECTIVE ACTION – A plan submitted by the Department which outlines the steps and timetables that will be taken to implement audit recommendations.

APPLICABILITY

This regulation applies to all Department employees responsible for audit processes, except employees of Silver State Industries. Silver State Industries shall develop their own Internal Procedure governing financial audits.

PROCEDURES

128.01 AUDIT NOTIFICATION

1.1 When an employee receives verbal or written communication of a financial audit, they shall within twenty-four hours notify the Chief of Fiscal Services. The notification shall include:

- The name and phone number of the auditor;
- The date of the proposed audit; and
- The scope of the audit.

1.2 Upon notification of a financial audit, the Chief of Fiscal Services will review the notification and determine the appropriateness of the request. If appropriate, the Chief of Fiscal Services will designate an employee as a liaison for the audit.

128.02 AUDIT PROCESS

1.1 Written statement of acceptance, explanation or rebuttal

1.1.1 Within 10 working days of receipt of the preliminary findings and recommendations, the Director/designee will submit to the entity conducting the audit a written statement of acceptance, explanation or rebuttal concerning the audit findings.

1.2 Distribution of Audit Report

1.2.1 Within 10 days of receipt of a State or Federal audit report, the Department shall submit one copy of the audit report and a management letter and the Department's reply to:

- The Director of the Department of Administration (if not originally copied);
- Assistant Director of Support Services (if not originally copied);
- Chief of Fiscal Services (if not originally copied);
- The State Controller (if not originally copied); and
- The Legislative Auditor (if applicable and not originally copied).

1.3 Plan of Correction Action (60-day report)

1.3.1 If the audit report contains any recommendations for corrective action the Department's designee must within 60 working days after the receipt of notification submit a plan of corrective action to the legislative auditor (if applicable), to the Department of Administration and to the entity that conducted the audit.

- The Department may request assistance from The Division of Internal Audit to assist in drafting letters and suggesting methods to correct deficiencies.
- If noted deficiencies can be corrected within available resources the Department will prepare a schedule to show how the audit recommendations will be implemented; and a timetable for installing or completing the needed adjustments.
- If noted deficiencies cannot be corrected within available resources, the Department will prepare a budget request to meet the audit recommendations.

1.3.2 The Department will commence corrective action pursuant to the plan immediately after its submission.

1.4 Compliance Report (6-month report)

1.4.1 Five months after receipt of an audit and thirty days prior to the six-month reporting deadline, the Department's designee will submit to the Director of the Department of Administration a status report and supporting documentation for implementing the corrective plan of action.

- The report shall indicate for each recommendation the status as fully implemented, partially implemented or no action.

1.4.2 Within 6 months after submission of the plan, the Department's designee will submit to the entity who conducted the audit and the Department of Administration a report which specifies:

