

Board Meeting Minutes, Wednesday, December 20, 2023

The December 20, 2023 Board Meeting was called to order by Esther **Langston** at 9:01 a.m. A **roll call** was taken. Board members in attendance: Esther Lanston, Linda **Holland Browne**, Abby **Klimas** and Michelle **Rubenstein Meadows**. Not in attendance was Jamie Vaughn. In attendance was Vikki Erickson and Sandy Lowery. In attendance was Board Counsel/Deputy Attorney General Harry Ward. Consultant in attendance: Suzanne Olsen for Casey Neilon. Guest: Clarence Parrott.

Agenda Item 2 – Public Comment: Erickson states there is no public comment in writing, in the board office, on the telephone or online. Ward indicates there is a new open meeting law indicating that public comment can be done through Zoom, “but so the public knows, you can log in with the Zoom ID 95247701354 with ID code SOCWORK”.

Langston moved to **Agenda Item 3A – Review and Discuss October 18, 2023 Board Minutes. (For Possible Action)**

Motion was made by Holland Browne to approve the October 18, 2023 Board Minutes; seconded by Klimas. The October 18, 2023 Board Minutes were approved unanimously.

Erickson inquired if President **Langston** would allow Agenda Item 3C and 3B to be reversed to allow time for the audit presentation. **Langston** agreed to the change.

Langston moved to **Agenda Item 3C 2023 Audit Report (For Possible Action).**

Suzanne Olson introduced herself in association with our auditor, Casey Nielon. “I am presenting the final draft of the fiscal year 2023 audited financial statements, the audit report”. Ms. Nielon shared her screen. Ms. Olson shows the letter which is a required communication with the board at the conclusion of the audit indicating that it sets forth any significant audit matters as well as sensitive estimates or any difficulties that they may have encountered in their audit. She describes that they have audited the financial statements of the governmental activities and the major fund of the Board of Examiners for Social Workers for the year ended June 30th, 2023. During the audit they identified the following significant audit matters. The qualitative aspects of the accounting practice are that management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies can be found in note one to the audited financial statements.

Ms. Olson indicates this year, GASB 96 was implemented. The board did not have a requirement to report under GASB 96 for their licensing software. The agreement that they have in place did not meet the requirements. There was a new accounting policy that was adopted for GASB 96 but you won’t see any changes on your financial statements related to GASB statement number 96. Additionally they noted transactions that were entered into

the board during the year for which there wasn't any lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. Ms. Olson indicates that the board does have a couple of sensitive accounting estimates on our audited financial statements. Those estimates pertain to the Nevada State PERS pension contributions and liability, as well as the OPEB (other post-employment benefits) adjustment that is recorded at the end of the year to get you to your government-wide financial statements.

Ms. Olson indicates they are supposed to inform the board of any sensitive disclosures as well. Those sensitive disclosures are also related to those PERS calculations and the OPEB calculations. All of that information is provided by the state through an actuarial report. So it is an estimate. It is not something that is tracked day to day within your organization or within your board. It does have a direct impact to your financial statements. The financial statement disclosures are written to be neutral, consistent, and clear. They did not encounter any difficulties performing the audit. There were some misstatements that were identified during the audit and all of those were corrected. On thing she wanted to point out this year versus last year is the number of adjustments that they had to make in the audit were significantly less this year based on the changes that the board made by adding the third-party contractor to help close out the books at the end of the year.

Ms. Olson indicates there were adjustments with the first page pertaining to the general fund which is the board's operating fund. The second page of the adjustments pertains to converting the general fund financial statements to the government-wide financial statements. This is where you'll see the PERS adjustment, the OPEB adjustment, fixed assets and depreciation adjustments and reallocation of the compensated absence information. The next part of the letter talks about disagreements with management. She indicates they did not have any disagreements with management. She states they will be providing management representations after today's meeting if the audit is approved for Vikki to sign so that they can issue the final audit report. She states there was no management consultation, nor did they have to consult with any outside or other independent accountants during the process of the audit.

Ms. Olson identified another audit finding or issue, which would include anything that is not currently documented within their audit. She states that they did identify a few findings within the audit which she will go in to when she completes going through the letter. She states this is the area that says we generally discuss a variety of matters including the application of accounting principles and accounting and auditing standards with management each year prior to retention as the board auditors. However, these discussions occurred in the normal course of their professional relationship and our response were not a condition to our retention. The matters that are identified in this report relate to our required supplementary information. That is the boards management discussion and analysis which is at the beginning of the audit report. It's the boards

supplementary budgetary comparison. It's also that the required disclosures for the pension and other post-employment benefits information is provided within our audited financial statements. The last part of the letter pertains to the restriction on use. This information is intended solely for the information and use of the board and management of the board and is not intended to be and should not be used by anyone other than the specified parties. "So that's the conclusion of what we're required to communicate with you". Ms. Olson as if there were any questions pertaining to what was in the letter?

Ms. Olson moves on to the actual audit. The audit report indicates that there is an unqualified opinion, which is the highest form of opinion that they can provide on an audit. It says, in our opinion, the financial statements are referred to above cause and is fair in all materials, respects the respective financial position of the governmental activities. The major fund of the board as of June 30th, 2023 and the respective changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America. This paragraph right here indicates it was an unqualified opinion.

Ms. Olson scrolled down to the management discussion and analysis of the financial highlights. Revenues were \$743,986 which was a \$60,744 increase from the prior year. This increase is attributable primarily to the increase in renewal applications. The board's current assets on June 30th, 2023 were \$788,909, which is an increase of \$209,845 from the prior year. Going through the management discussion analysis, there is a synopsis that shows the net position of the board for 2023 and 2022. It compares all of the components of net position or that make up net position, which are your current assets, your capital assets, net accumulative depreciation, the right use of assets net accumulated amortization which are your lease liabilities. For example the building rent and the office equipment deferred outflows of resources and deferred inflows of resources. Those related to PERS and OPEB adjustments that are recorded at the end of every year. Current liabilities, long-term liabilities and your net position. The net position is made up of two components. One is invested in capital assets and that a related dept. The other is unrestricted. You'll notice that your total net position was in a deficit position at the end of fiscal year 2022 of \$12,106. At the end of fiscal year 2023, it had improved and increased. Now you're reporting a total net position of \$132,188.

Ms. Olson discussed page 7 of the document which talks about the board's revenue and expenses and it provides a comparison from 2022 to 2023. There as a decrease in revenue from or a decrease in net position from fiscal year 2022 to 2023. There was a positive change in 2023.

Ms. Olson moved on to the report on internal controls. The statement of internal controls indicates that we have audited in accordance with auditing standards generally accepted in the United States and the standards acceptable to financial statements contained in government auditing standards issued by the Comptroller General of the United States, the

financial statements of the governmental activities, and the major fund of the Board of Examiners for Social Workers as of and for the year into June 30th, 2023. The report on internal control over financial reporting, they did identify either a deficiency in internal controls and a deficiency in material weakness.

They did identify three items that identified the material weakness, two of which are continued findings from the prior year. The first one has to do with the board having the capability to prepare full disclosure financial statements in accordance with generally accepted principles. The condition was, as auditors, we assisted in the preparation of the financial statements, including posting government wide journal entries. The board does not have the experience to prepare full disclosure financial statements in accordance with generally accepted accounting principles. This is a repeat finding from the immediate previous period.

Ms. Olson states the recommendation was that the board implement procedures to provide training in the preparation of governmental full disclosure financial statements in accordance with generally accepted accounting principles. The board agreed with this finding. They agreed with this finding last year and they did hire a contractor in April of 2023 with the requisite skill knowledge and experience to be able to perform this function for the board. That is a direct relation to why we saw less entries, less audit entries that were needed for this fiscal year. So with forward momentum with her being on board for the entire year it is anticipated that the finding would most likely be the last year going forward.

The second finding is also a repeat finding and to has to do with material journal entries related to the balances that are reported in our financial statements. They propose material adjustments to correct the compensated absence liability and to record the government wide entries of GASB statement number 68 and 75 which are our PERS and OPEB adjustments and overall review and oversight of these balances did not occur after all year end adjustments were complete. The conditions indicate that errors in the year closed out process are not detected and corrected in the normal course of business. But the thing to remember is that the contractor did come on board in April 2023, so there is a decrease in the number of adjustments that need to be made.

The final finding has to do with sick payout that was paid out to an employee this last fiscal year. The condition is the amount of accrued vacation and sick that was paid out upon the death of a long term employee shortly after year end calculated in accordance with the State of Nevada's employee handbook which was the policy in place during her employment. The employee was hired in 2003. The employment records tracking the employee's sick leave could only be substantiated as far back as 2018 which made calculating the amount of benefit due at 06/30/2023 undeterminable. The cause of this is because procedures have not been implemented to ensure that the amount calculated was appropriately reviewed and approved prior to payment. There was a lack of knowledge on how the amount should be calculated and a lack of resources available to provide

support. The recommendation is that the board implement procedures to provide for detailed review of significant unusual payments prior to initiating. The response was the board acknowledges the finding as per the auditors understanding.

The calculations were reviewed with the state of Nevada Human Resources to ensure the payout was calculated correctly. In 2017, the board changed its policy and will no longer pay out any sick time. The deceased employee was hired before that time and was eligible for sick time payout. The thing to note is that this a finding, but it is also going to be the last time this will be a finding because policies have been updated. The calculation is very complex and challenging and the auditors have seen this as a challenge for most small boards.

Ms. Olson concluded the presentation of the audit.

President **Langston** asked for a motion.

Holland Browne made a motion to approved the 2023 Audit Report. Klimas seconded the motion. All approved and the motion passed to approve the 2023 Audit Report.

Langston moved to Agenda Item 3B Review of LMSW Licensing Application for Clarence Parrott (For Possible Action). **Langston** states, “for the record, I taught Mr. Parrott when he was at the University of Nevada Las Vegas, and I am recusing myself from this discussion”.

Ward indicates that the Vice Chair will not take over “but we need to put on record, I think Mr. Parrott wants to go into a closed session because this is an application”. Mr. Ward indicates that if he wants to do that, he needs to identify himself and indicate he wants to go in to closed session.

Holland Browne states, “I’m the Vice Chair of the board, would you prefer a closed session?”

“ Mr. Parrot indicates, “Yes Ma’am”.

Erickson stopped the recording to move into a **closed session**.

Resuming the Open Meeting

Vice Chair Holland Browne declared the board is back in open session. She asked if there was any other comment before making a motion and there was none. Vice Chair Holland Browne asked for a motion regarding the application of Clarence Parrott.

Klimas made a motion to not license Clarence Parrott. This motion was seconded by Holland Browne. There as a unanimous vote to deny the application of Clarence Parrott.

The meeting was turned back over to President Langston.

Langston moves to **Agenda Item 3D. NAC Changes/Public Workshops update (For Possible Action)**

Erickson discussed that Sandy Lowery led 2 public workshops regarding NAC changes and received public comment. Lowery states she has been working with the Legislative Council Bureau awaiting the first round of draft language. She indicates we are also tallying the small business surveys that were received and the survey that was sent out to the licensees.

Langston moved to **Agenda Item 3E. CE Broker Resources Update (For Possible Action).**

Erickson discussed that the board had had previous discussions with the company, CE Brokers as a possible resource for assisting licensees in keeping track of their CEUs. Erickson discussed that she had recently completed the Certified Contract Managers Course and that this is an example of something that needs to go to bid for other companies to have the same opportunity. Erickson discussed that she had discussed this with CE Brokers and that the process was currently stopped.

Langston moved to **Agenda Item 3F. Contract Management Updates (Informational).**

Erickson discussed that she had recently completed the Certified Contract Management Course through the Department of Purchasing and will be working through contract process for a few vendors whose contracts are coming due at the end of the year.

Langston moved to **Agenda Item 3G. Policy Review (For Possible Action).**

Erickson discussed that Business and Industry had requested the BESW Policies and Procedures, so these are being developed, updated and implemented. Lowery discussed that she has updated the policies on examination, licensure by examination, licensure by endorsement, provisional A, provisional B, howe we do renewals and how we restore licenses. She discussed that these were updated policies that started in 2017.

Langston asked for a motion to accept the policies. Holland Browne made a motion to accept the policies, Rubinstein Meadows seconded the motion. Unanimous vote to accept the policies.

Langston moved to **Agenda Item 3H. Reserve Policy Review (For Possible Action).**

Erickson discussed that this policy is to recognize fiduciary responsibility and safeguard the administration of the funds. This policy is to allow the board to set aside funds in a separate banking institution in case of FDIC issues. We are looking to diversify the funds for the board.

Langston asked for a motion to approve the Reserve Policy. Holland Browne made a motion to approve the Reserve Policy. Klimas seconded the motion. Unanimous vote to approve the Reserve Policy.

Langston moved to **Agenda Item 3I. Board Review of Hearing for Virgilio DeSio, License No. 6200-C (For Possible Action).**

DAG Ward discussed that there have been a couple of attorneys involved with the DeSio case, but this is not his fault since he's hired a firm. DAG Ward requested that this matter be placed on the next agenda until this is resolved. "The latest attorney had a question just about a few sentences in the consent decree. My anticipation is that it will be resolved with the consent decree".

Langston moves to **Agenda Item 3J. Executive Director's Report (informational).**

Erickson discussed that if there are future agenda items that the board members would like to see on the agenda, to please reach out with that information. Erickson discussed that the next board meeting will be scheduled for 9AM, Wednesday, January 18th, 2024.

Holland Browne indicates that she will not be in attendance for the January 18th meeting because she will be out of town.

Langston moved to **Agenda Item 4. Public Comment.** Erickson states there is no public comment in the office, online, on the phone or on the Zoom call.

Langston moved to **Agenda Item 5. Adjournment.** Langston asked for a motion to adjourn. Holland Browne made the motion to adjourn. Klimas seconded the motion. Unanimous vote to adjourn the meeting.

The meeting adjourned at 11:03AM.