



# Nevada System of Higher Education

JUNE 30, 2025 SINGLE AUDIT PRESENTATION



# Single Audit – What Are We Auditing?

- Focus is on compliance with direct and material compliance requirements of the major programs selected for audit
- Direct and material means compliance requirements that are applicable to the grant and, in our judgment, are significant enough to affect someone's conclusion on compliance
- Major programs are programs that were selected for audit based on criteria such as total expenditures, prior year results, last time audited, and risk

# Major Programs – June 30, 2025

| Major Program   | Expenditures  | Previously Audited           |
|---|---------------|------------------------------|
| Student Financial Assistance Cluster  | \$433,902,513 | 2024                         |
| Research and Development Cluster  | \$158,859,782 | 2024                         |
| Coronavirus State and Local Fiscal Recovery Funds   | \$30,996,159  | 2024                         |
| Gaining Early Awareness and Readiness for Undergraduate Programs                          | \$7,093,905   | 2022                         |
| Block Grants for Community Mental Health Services   | \$5,013,602   | 2024                         |
| Career and Technical Education – Basic Grants to States                                   | \$4,501,387   | 2022                         |
| Adult Education – Basic Grants to States  | \$4,420,277   | 2024                         |
| Economic Development Cluster  | \$3,999,044   | Prior to 2022 (Undetermined) |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | \$3,138,330   | Prior to 2022 (Undetermined) |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)                        | \$2,933,307   | 2022                         |
| BLM Fuels Management and Community Fire Assistance Program Activities                     | \$1,284,912   | Prior to 2022 (Undetermined) |

# Major Programs and Comparison to Prior Years

## June 30, 2025

- 11 major programs
- Audited \$656,143,218
- Total SEFA \$760,478,378
- ~86.3% coverage

## June 30, 2024

- 10 major programs
- Audited \$593,827,903
- Total SEFA \$700,193,972
- ~84.8% coverage

## June 30, 2023 (Prior Auditors)

- 6 major programs
- Audited \$506,753,259
- Total SEFA \$729,769,882
- ~69.4% coverage

# Finding Severities – 3 TIERS

- Material Noncompliance (Results in Qualified Opinion)
  - Noncompliance with grant terms and conditions, statutes, regulations, laws, etc., that could have a direct and material effect on compliance with major programs,
- Material Weakness
  - A deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected on a timely basis.
- Significant Deficiency
  - A deficiency or combination of deficiencies, in internal control, less severe than a material weakness, yet important enough to merit attention.

# Results

| Major Program   | Material Noncompliance (Qualified Opinion) | Material Weakness | Significant Deficiency | Repeat Findings |
|---|--|-------------------|------------------------|-----------------|
| Student Financial Assistance Cluster  | None Reported                              | 2                 | 3                      | 2               |
| Research and Development Cluster  | 1  | 1                 | 2                      | 2               |
| Coronavirus State and Local Fiscal Recovery Funds   | None Reported                              | 1                 | None Reported          | 1               |
| Gaining Early Awareness and Readiness for Undergraduate Programs                          | 1  | 2                 | None Reported          | 0               |
| Block Grants for Community Mental Health Services   | None Reported                              | 2                 | 1                      | 1               |
| Career and Technical Education – Basic Grants to States                                   | None Reported                              | None Reported     | 2                      | 0               |
| Adult Education – Basic Grants to States  | None Reported                              | None Reported     | None Reported          | 0               |
| Economic Development Cluster  | 1  | 2                 | 1                      | 0               |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | None Reported                              | None Reported     | 2                      | 0               |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)                        | None Reported                              | None Reported     | 4                      | 0               |
| BLM Fuels Management and Community Fire Assistance Program Activities                     | None Reported                              | None Reported     | 2                      | 0               |

# Comparison to Prior Year

## JUNE 30, 2025

- 27 Total Reported Findings
  - 3 Material Noncompliance
  - 7 Material Weakness w/ Immaterial Noncompliance
  - 17 Significant Deficiencies
- 2.45 Findings Per Major Program

## JUNE 30, 2024

- 17 Total Reported Findings
  - 2 Material Noncompliance
  - 6 Material Weakness w/ Immaterial Noncompliance
  - 9 Significant Deficiencies
- 1.7 Findings Per Major Program

# Compliance Areas

| Compliance Area                        | Number of Findings |
|--|--------------------|
| Allowable Activities / Allowable Costs | 5                  |
| Cash Management                        | 3                  |
| Eligibility                            | 1                  |
| Matching, Level of Effort, Earmarking  | 2                  |
| Period of Performance                  | 3                  |
| Reporting                              | 6                  |
| Subrecipient Monitoring                | 4                  |
| Special Tests                          | 3                  |

# Material Noncompliance (Qualified Opinion)

- Finding 2025-004: Research and Development Cluster
- Overall Subrecipient Monitoring
- Throughout the System
  
- Subrecipient Monitoring is a very strong focus from a grantor/regulator point of view. Requirements include: required communications, risk assessment, active monitoring of grant performance, and review of subrecipient audits.
  
- General Recommendation: Implement risk based monitoring policies that provide for reasonable assurance that subrecipients are compliant. In addition, enhance processes surrounding subaward communication, risk assessment performance, and monitoring audit reports.

# Material Noncompliance (Qualified Opinion)

- Finding 2025-010: Economic Development Cluster
- Matching (Cost Share)
- Primarily related to unsupported costs claimed as match for facilities and payroll
- UNLV
  
- For costs to be allowable under matching (cost sharing), they must be compliant with cost principles for costs charged to federal awards.
  
- General Recommendation: The finding stems from a lack of time and effort support for payroll used as match and adequate documentation for facility costs. Payroll claimed as cost share should follow the same internal controls and processes as payroll charged to grants. The documentation for facility charges should also be consistent.

# Material Noncompliance (Qualified Opinion)

- Finding 2025-019: Gaining Early Awareness and Readiness for Undergraduate Programs
- Performance Reporting
- Throughout the System
  
- Errors were noted on every report that we selected for testing.
  
- General Recommendation: Performance and Progress Reports have a significant amount of non-financial data, such as caseload, participant statistics, demographics, etc. Non-financial reports should receive a similar level of scrutiny and internal controls as financial reports. These reports are relied upon by grantors to help determine efficiency, effectiveness, overall performance, and may lead to future funding decisions.

# Additional Items

- Some findings had questioned costs that we identified
  - We are required to report known questioned costs > \$25,000 and questioned costs if the projected questioned costs is > \$25,000
  - Ultimate disposition is up to the grantor
- 2025-002: \$3,535 (Inadequate support)
- 2025-006: \$3,144 (Pell awards)
- 2025-010: \$133,988 (Inadequate support for cost share)
- 2025-026: \$63,660 (Inadequate support)

# Overall Final Comments

- Management and staff throughout the System were professional and cooperative
- There continues to be positive discourse and we look forward to continuing to serve the System
- Some findings can't be corrected immediately, our experience generally shows about a 1-2 year correction timeline, depending on the nature of the finding
- Special thank you to the Chief Internal Auditor for her coordination efforts and assistance throughout the single audit

# QUESTIONS?

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# Thank you

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