

Audit Highlights



Highlights of performance audit report on the Division of Emergency Management issued on January 7, 2014. Legislative Auditor Report # LA14-11.

Background

The mission of the Division of Emergency Management is to coordinate the efforts of the State and its political subdivisions in reducing the impact of disasters. The Division's primary responsibility is the administration of the emergency management program for the State. The Division works with federal, state, local, and tribal agencies, private entities, and the general public. It administers and issues federal homeland security and other grant funding for equipping, planning, training, and exercises for first responders such as law enforcement, fire, and emergency medical services. The Division monitors grant recipients to ensure compliance with federal requirements.

In fiscal year 2013, the Division had total funding of about \$23.7 million. The Division is funded primarily by federal grants. The funding consists of about \$23.2 million in federal grants and the remainder in general fund appropriations. The federal grants are received primarily from the U.S. Department of Homeland Security. For fiscal year 2013, the Division had 33 legislatively approved positions.

Purpose of Audit

The purpose of this audit was to determine if the Division: (1) properly tracks, safeguards, and disposes of its equipment, and (2) provides sufficient oversight of equipment purchased by its subgrantees with federal funds. Our audit focused on the Division's equipment activities from July 2011 through June 2013.

Audit Recommendations

This audit report contains three recommendations to enhance controls over the Division's equipment. In addition, there are five recommendations to improve oversight of equipment in the custody of subgrantees.

The Division accepted the eight recommendations.

Recommendation Status

The Division's 60-day plan for corrective action is due on April 3, 2014. In addition, the six-month report on the status of audit recommendations is due on October 3, 2014.

Division of Emergency Management

Department of Public Safety

Summary

The Division of Emergency Management needs to strengthen controls over equipment in its custody. We found the Division did not perform an annual inventory or properly track its equipment. As a result, items could not be located and property records were not accurate. Controls in these areas are important to help ensure safeguarding of equipment, including many items with a high susceptibility to theft or loss, such as laptop computers. State property records indicate the total acquisition cost of items currently held by the Division is \$1.5 million.

The Division could improve its oversight of equipment purchased by subgrantees with federal funds. We found the Division did not implement a sound methodology for scheduling onsite visits, or perform sufficient testing of equipment while onsite. Although our testing of equipment in the possession of subgrantees found no major problems, certain controls could be implemented to help ensure equipment is properly safeguarded and readily available when needed.

Key Findings

The Division did not perform an annual inventory of equipment in its custody as required by state law. NRS 333.220 requires agencies to perform an annual physical inventory of their equipment and reconcile the results with the state's property records. According to the Division, its most recent inventory was performed in July 2011, which was over 2 years ago. The lack of an annual physical inventory of its equipment contributed to the Division not being able to locate 7 of 50 (14%) items we tested. The total cost of these seven items was about \$15,000. (page 5)

The Division did not always attach state identification (ID) tags to its equipment. For 9 of 42 (21%) items we tested, there was no state ID tag attached to the equipment. Attaching a state ID tag is important because it helps facilitate proper tracking of equipment. In addition, the Division's property records did not include all items in its custody. For example, audio-video equipment acquired in June 2012 for about \$257,000 for the Emergency Operations Center was not included in state property records. The newly-acquired equipment was purchased to replace components of an existing video wall. To facilitate proper tracking of the equipment acquired in 2012, it needs to be recorded in state property records. (page 6)

The Division's methodology for scheduling onsite visits of subgrantees has weaknesses. Specifically, the Division's risk assessment for scheduling onsite visits did not include all active subgrantees for the grant program under review. Also, staff did not document how it determined whether the subgrantee was high or low risk. Additionally, the Division did not always perform onsite visits of high-risk subgrantees, and the number of onsite visits was limited. Without a sound methodology for scheduling onsite visits, there is less assurance that high-risk subgrantees are adequately monitored. (page 9)

The Division's procedures for testing equipment during onsite visits of subgrantees can be enhanced. We found the Division did not always evaluate internal controls over equipment, perform physical observations of equipment, or verify the subgrantee conducted a physical inventory. Without an assessment of internal controls and adequate testing of equipment, there is an increased risk that an internal control weakness, missing equipment, or noncompliance with federal laws will not be detected. (page 11)

Overall, our testing did not find any major problems with subgrantees' accountability over equipment purchased with federal funds received from the Division. However, stronger controls could reduce the risk of theft or loss. For example, subgrantees are only required to track equipment that costs \$5,000 or more. Thus, commonly purchased equipment such as laptop computers, high-definition cameras, and night vision goggles costing less than \$5,000 are not required to have an asset tag or be listed in the property records. According to Division records, the combined total spent on equipment by subgrantees was about \$24 million for grants awarded in federal fiscal years 2008 to 2010. (page 12)

EXHIBIT K - LC
Document consists of 1 page.
Entire exhibit provided.
Meeting Date: 03-28-14