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Carson City, Nevada

We have completed an audit of the Division of State Library and Archives. This audit is part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions. The results of our audit, including findings, conclusions, recommendations, and the Division's response, are presented in this report.

We wish to express our appreciation to the management and staff of the Division of State Library and Archives for their assistance during the audit.

Respectfully presented,

A handwritten signature in black ink, appearing to read "Paul V. Townsend".

Paul V. Townsend, CPA
Legislative Auditor

August 15, 2005
Carson City, Nevada

STATE OF NEVADA
DEPARTMENT OF CULTURAL AFFAIRS
DIVISION OF STATE LIBRARY AND ARCHIVES

AUDIT REPORT

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EXECUTIVE SUMMARY

DEPARTMENT OF CULTURAL AFFAIRS DIVISION OF STATE LIBRARY AND ARCHIVES

Background

The mission of the Division is to serve as the foundation of Nevada democracy by providing full access to a range of information services that enhance the quality of life for all and center on creating a literate, educated, and enlightened citizenry while supporting the best interest of the State of Nevada. The Division is comprised of the following five units:

Nevada State Library—Provides governments and the general public with reference and research materials, and library planning and development information. The Library also operates the Regional Library for the Blind and Physically Handicapped, State Data Center, State Publications Distribution Center, and is a depository for United States Government documents.

Nevada Literacy Coalition—Supports and promotes the efforts of all non-profit state, county, and local literacy programs of instruction for educationally disadvantaged adults.

Cooperative Libraries Automated Network (CLAN)—A consortium of libraries and related agencies administered by a board of nine public libraries and the Division, which serves as the fiscal agent. CLAN members are joined together to provide public access to information through a shared computer system, telecommunications network, and Internet delivered catalogs, indexes, and databases.

Archives and Records—Administers comprehensive, cost-effective programs for the management of records of the executive branch of state government, and offers technical assistance to the Nevada Supreme Court, Legislative Counsel Bureau, tribal and local governments, and the Nevada System of Higher Education.

Micrographics and Imaging—Provides microfilming and optical imaging services to state agencies and local governments. The program provides low cost, high quality scanning and film capture of government documents.

EXECUTIVE SUMMARY

DEPARTMENT OF CULTURAL AFFAIRS DIVISION OF STATE LIBRARY AND ARCHIVES

As of June 30, 2004, the Division had 52 employees including 2 in Henderson and the remainder in Carson City. The Division's fiscal year 2004 expenditures totaled \$6.5 million.

Purpose

The purpose of this audit was to evaluate the Division of State Library and Archives' financial and administrative practices, including whether transactions were carried out in accordance with applicable state laws, regulations, and policies. Our audit included a review of the Division's financial and administrative activities for the fiscal year ended June 30, 2004.

Results in Brief

The Division of State Library and Archives substantially complied with laws and regulations significant to its financial administration. However, we noted some weaknesses in the Division's controls over revenue, property and equipment, and performance measures. Specifically, the Division did not account for all cash receipt forms, make timely deposits, segregate key billing duties, and properly report certain accounts receivable. In addition, property and equipment records were not accurate. Strong controls in these areas help ensure state resources are adequately safeguarded and accounted for. Finally, policies and procedures need to be developed to help ensure performance measures are reliable.

EXECUTIVE SUMMARY

DEPARTMENT OF CULTURAL AFFAIRS DIVISION OF STATE LIBRARY AND ARCHIVES

Principal Findings

- The Division's policies and procedures did not require staff to document the receipt of all revenue or ensure that cash receipt forms were properly accounted for and deposits were timely. As a result, not all cash receipt forms were prenumbered or controlled. In addition, we could not determine if checks received for CLAN totaling \$230,000 were deposited timely. There is an increased risk of loss when receipts are not properly controlled. (page 9)
- During fiscal year 2004, Micrographics and Imaging billed and collected approximately \$31,000 from non-state agencies for its services. However, key duties in the billing and collection process were not adequately segregated. These duties should be adequately segregated to help ensure collections are properly controlled. (page 10)
- The Division's accounts receivable reports submitted to the Office of the State Controller were not complete. Micrographics and Imaging's receivables totaling almost \$7,800 were not included in the Division's June 30, 2004 report. Further, of the \$8,700 reported, only two accounts totaling \$53 were considered current. The remaining accounts were at least 2 years old. These delinquent accounts were small amounts owed by individuals for overdue books, returned checks, and copying fees. Delinquent accounts greater than 90 days should be reviewed and considered for write-off. (page 10)

EXECUTIVE SUMMARY

DEPARTMENT OF CULTURAL AFFAIRS DIVISION OF STATE LIBRARY AND ARCHIVES

- Although Division procedures require physical inventory counts of property and equipment, the results were not reconciled to the Purchasing Division's records. Furthermore, not all property and equipment acquisitions were properly reported to the Office of the State Controller and the Purchasing Division. As a result, equipment and software totaling approximately \$459,000 were not included in the Purchasing Division's inventory report. Inaccurate inventory records increase the risk of loss of state assets and result in the misstatement of the state's accounting records. (page 10)
- The Division had not established sufficient procedures for compiling and reviewing performance measures. As a result, some of the Division's performance measures reported in the 2005-2007 Executive Budget were not reliable. Of the 10 we examined, 1 was not reliable and 3 did not have sufficient documentation readily available to conclude they were reliable. The lack of procedures increases the risk that the Legislature and managers will utilize unreliable information when evaluating programs and making budget decisions. (page 11)

Recommendations

This audit report contains eight recommendations to improve the controls over revenues, property and equipment, and performance measures. Specifically, the Division should implement controls to ensure cash receipts are properly accounted for and deposited, key billing duties are segregated, accounts receivable are properly reported, property and equipment records are accurate, and performance measures are reliable. (page 20)

EXECUTIVE SUMMARY

**DEPARTMENT OF CULTURAL AFFAIRS
DIVISION OF STATE LIBRARY AND ARCHIVES**

Agency Response

The Agency, in its response to our report, accepted all eight recommendations. (page 17)

Introduction

Background

The Nevada State Library and Archives became a Division of the Department of Museums, Library and Arts in 1993. During the 2001 Legislative Session, the Department of Museums, Library and Arts was renamed the Department of Cultural Affairs. The mission of the Division is to serve as the foundation of Nevada democracy by providing full access to a range of information services that enhance the quality of life for all and center on creating a literate, educated, and enlightened citizenry while supporting the best interest of the State of Nevada. The Division is comprised of five units.

The Nevada State Library provides governments and the general public with reference and research materials, and library planning and development information to other libraries in the State. In addition, the Library operates the Regional Library for the Blind and Physically Handicapped, houses the State Data Center and State Publications Distribution Center, and is a depository for United States Government documents. The Library also administers the Library Services and Technology Act to promote quality library services throughout the State.

The Nevada Literacy Coalition supports and promotes the efforts of all non-profit state, county, and local literacy instruction programs for educationally disadvantaged adults. The Coalition serves as a statewide clearinghouse for literacy issues, materials, and teacher/tutor training. Tutor training materials and resources are also provided to the Department of Corrections. The Coalition's advisory committee helps to identify programs, services and needs, and helps support existing programs.

The Cooperative Libraries Automated Network (CLAN) is a consortium of libraries and related agencies that share library and technological resources. CLAN is administered by a board of nine public libraries and the Division of State Library and Archives, which serves as the fiscal agent. CLAN members occupy 55 individual sites throughout the State and are joined together to provide public access to information

through a shared computer system, telecommunications network, and Internet delivered catalogs, indexes, and databases.

Archives and Records provides comprehensive, cost-effective programs for the management of records of the executive branch of state government. Additionally, this unit offers technical assistance to the Nevada Supreme Court, Legislative Counsel Bureau, tribal and local governments, and the Nevada System of Higher Education. State Archives preserves and makes accessible records that document the history, organization, and functions of state government. The Records Management program prepares records retention schedules for state and local governments and operates the State Records Center. The State Historical Records Advisory Board was created to establish the proper maintenance of archive and records programs throughout the State.

Micrographics and Imaging provides microfilming and optical imaging services to state agencies and local governments. The program provides low cost, high quality scanning and film capture of government documents. Services include on-site surveys, suggestions on media storage, and the production of compact discs, fiche and roll film to increase the storage efficiencies and cost effectiveness of agencies' records management requirements for all client agencies.

As of June 30, 2004, the Division had 52 employees including 2 in Henderson and the remainder in Carson City. Fiscal year 2004 expenditures totaled \$6.5 million. Exhibit 1 shows the Division's revenues, expenditures, and account balances for its six budget accounts during fiscal year 2004.

Exhibit 1

**Division of State Library and Archives
Revenues and Expenditures
Fiscal Year 2004**

	Nevada State Library	Nevada Literacy Coalition	CLAN	Archives and Records	Micro- graphics and Imaging	Library and Archives Gift Fund	Totals
Revenues							
General Fund	\$ 3,463,350	\$ 135,280	\$ --	\$ 640,783	\$ --	\$ --	\$ 4,239,413
Grants ⁽¹⁾	1,807,849	84,327	3,590	9,315	--	--	1,905,081
User Charges	3,827	--	308,165	1,621	604,323	--	917,936
Gifts	--	--	--	--	--	68,123	68,123
Balance Forwards and Reversions	(666,001)	(968)	121,274	(151)	(32,105)	(32,830)	(610,781)
Total Revenues	\$ 4,609,025	\$ 218,639	\$ 433,029	\$ 651,568	\$ 572,218	\$ 35,293	\$ 6,519,772
Expenditures							
Operating	\$ 3,446,490	\$ 196,913	\$ 433,029	\$ 642,253	\$ 538,920	\$ --	\$ 5,257,605
Grants ⁽¹⁾	1,162,535	21,726	--	9,315	--	35,293	1,228,869
Equipment	--	--	--	--	33,298	--	33,298
Total Expenditures	\$ 4,609,025	\$ 218,639	\$ 433,029	\$ 651,568	\$ 572,218	\$ 35,293	\$ 6,519,772

Source: State accounting system.

⁽¹⁾Includes federal, state, and private grants.

Scope and Objective

This audit is part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission, and was made pursuant to the provisions of NRS 218.737 to 218.893. The Legislative Auditor conducts audits as part of the Legislature's oversight responsibility for public programs. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

This audit included the financial and administrative activities of the Division of State Library and Archives for the fiscal year ended June 30, 2004. The objective of our audit was to evaluate the Division's financial and administrative practices, including whether transactions were carried out in accordance with applicable state laws, regulations, and policies.

Findings and Recommendations

Controls Over Revenues, Property and Equipment, and Performance Measures Need Improvement

The Division of State Library and Archives substantially complied with laws and regulations significant to its financial administration. However, we noted some weaknesses in the Division's controls over revenue, property and equipment, and performance measures. Specifically, the Division did not account for all cash receipt forms, make timely deposits, segregate key billing duties, and properly report certain accounts receivable. In addition, property and equipment records were not accurate. Strong controls in these areas help ensure state resources are adequately safeguarded and accounted for. Finally, policies and procedures need to be developed to help ensure performance measures are reliable.

Additional Procedures Will Improve the Cash Receipting Process

The Division's policies and procedures did not require staff to document the receipt of all revenue. In addition, procedures did not ensure that cash receipt forms are properly accounted for and deposits are timely. As a result, we noted the following:

- Annual payments received from members of the Cooperative Library Automated Network (CLAN) were not receipted. During fiscal year 2004, CLAN deposited 20 checks totaling more than \$250,000.
- Although the Nevada State Library, Archives and Records, and Micrographics and Imaging units utilized cash receipt forms, not all forms were prenumbered or accounted for. These units deposited approximately \$36,000 in cash receipts during fiscal year 2004.
- Of the 22 deposits we tested, 13 totaling approximately \$30,000 were deposited anywhere from 1 to 32 days after the required date. In addition, we could not determine if CLAN receipts totaling \$230,000 were deposited timely since they were not receipted when received.

There is an increased risk of loss when receipt forms are not prepared, receipt books and voided receipts are not properly accounted for, and deposits are not timely.

Accounts Receivable Procedures Should Ensure All Accounts Are Properly Recorded and Reported

The Division had not established procedures to ensure accounts receivable are properly recorded and reported. As a result, key duties in Micrographics and Imaging's billing and collection process were not adequately segregated. When duties are not adequately segregated, there is an increased risk that state funds may be lost. Furthermore, the Division's June 30, 2004, accounts receivable report submitted to the Office of the State Controller was not complete. Accounts receivable reports should be complete and contain accounts that are practical to collect.

During fiscal year 2004, Micrographics and Imaging billed and collected approximately \$31,000 from non-state agencies for its services. The State Controller's policies and procedures regarding accounts receivable state:

Responsibilities for billing, collecting receipts, posting amounts to the accounts receivable ledger, and reconciling these transactions should be segregated among individuals whenever possible.

Despite these requirements, one employee created billings, received cash payments, and recorded the billing and payments in the accounts receivable records.

We also noted the Division's quarterly accounts receivable reports submitted to the Controller's Office did not include Micrographics and Imaging which totaled almost \$7,800 as of June 30, 2004. Further, of the \$8,700 reported, only two accounts totaling \$53 were considered current. The remaining accounts were at least 2 years old. These delinquent accounts were small amounts owed by individuals for overdue books, returned checks, and copying fees. Delinquent accounts greater than 90 days should be reviewed and considered for write-off. Although the Division had a debt collection policy, it did not address Micrographics and Imaging's accounts receivable.

Incomplete Property and Equipment Records

While Division procedures require physical inventory counts of property and equipment, the results were not reconciled to the Purchasing Division's records. Furthermore, the Division's procedures did not ensure all property and equipment acquisitions were properly reported to the Office of the State Controller and the Purchasing Division. As a result, the state's inventory records were not accurate.

Although our testing did not identify any missing items, equipment and software totaling approximately \$459,000 were not included in the Purchasing Division's inventory report. Inaccurate inventory records increase the risk of loss of state assets and result in the misstatement of the state's accounting records.

NRS 333.220 requires the Purchasing Division to maintain the current inventory records of each state agency's property and equipment. Accordingly, state agencies must conduct an annual physical count of their property and equipment and reconcile the results of the count to the Purchasing Division's inventory records. Furthermore, agencies must provide the Controller's Office and the Purchasing Division information regarding direct purchases of certain software and equipment that will be capitalized and included in the Purchasing Division's inventory. Because the Division did not report two purchases and reconcile its physical inventory counts, we noted the following items were not included in the Purchasing Division's report:

- Micrographics and Imaging equipment totaling \$129,000 that was purchased through a lease purchase contract approved by the Purchasing Division.
- A CLAN database system that included \$264,000 of software and three hardware items totaling \$66,000 that was purchased through an approved state contract.

The Division of Library and Archives needs to revise its inventory policies and procedures to help ensure property and equipment records are accurate. The Division's procedures did not address reporting requirements for equipment and software purchased directly from a vendor. In addition, they have not been revised to reflect current requirements. For example, the Division's procedures indicate State Purchasing will send a printout once a year between September and December. However, the Purchasing Division does not send out the inventory list anymore. Instead, agencies are required to download the inventory report from the Data Warehouse and make corrections in the state's accounting system. Once the reconciliation is complete, the agency must update the Purchasing Division's report by noting the month and year the inventory was completed.

Performance Measures Not Always Reliable

The Division had not established sufficient procedures for compiling and reviewing performance measures. As a result, some of the Division's performance

measures reported in the 2005-2007 Executive Budget were not reliable. Of the 10 we examined, 1 was not reliable and 3 did not have documentation readily available supporting the amount reported. The unreliable measure (circulation transactions by Library) was tracked by the Division on a monthly basis. Our review of six monthly reports indicated the amounts reported were understated by approximately 13 percent. Although the three performance measures lacking underlying records may be accurate, we cannot conclude they were reliable.

Section 2512 of the State Administrative Manual states performance measurement data in the Executive Budget must be reliable. To help ensure performance measures are reliable, agencies should:

- Develop written procedures on how the performance measures are computed.
- Assign both fiscal and program staff the responsibility of reviewing the performance measurement procedures and ensure that they are followed.
- Retain the records used in computing performance measures for 3 fiscal years.

The lack of procedures for compiling and reviewing performance measures increases the risk that the Legislature and managers will utilize unreliable information when evaluating programs and making budget decisions. In addition, unreliable measures can result in the inefficient use of staff resources.

Recommendations

1. Revise policies and procedures to ensure all cash is receipted and cash receipt forms are properly accounted for.
2. Ensure cash receipts are deposited timely.
3. Develop procedures to ensure key duties regarding the billing and collection process are properly segregated.
4. Develop procedures to ensure that all accounts receivable are reported to the State Controller.
5. Obtain the Board of Examiners' approval to write off bad debt.

6. Revise inventory procedures to reflect contract purchases and current reporting requirements.
7. Reconcile the physical count of property and equipment to the Purchasing Division's inventory records.
8. Develop written procedures to ensure performance measures are reliable.

Appendices

Appendix A Audit Methodology

To gain an understanding of the Division of State Library and Archives, we interviewed agency staff and reviewed statutes, regulations, policies, and procedures significant to the Division's operations. We also reviewed financial information, prior audit reports, budgets, legislative and commission minutes, and other information describing the activities of the Division. Furthermore, we documented and assessed internal controls over revenues, expenditures, and grants management.

To accomplish our audit objective, we randomly selected 22 revenue transactions to verify that the revenue was collected and properly deposited. We also reviewed all debit entries to revenue accounts to ensure they were appropriate. To determine if the Division's accounts receivable records were accurate and collection efforts were effective, we selected 10 daily production reports from Micrographics and Imaging and traced them to the applicable billing, accounts receivable report, payment, and state accounting system.

We also randomly selected 43 expenditures and tested each transaction for proper recording, approval, and compliance with laws, regulations, policies, and procedures. In addition, we judgmentally selected five contracts to determine if they were properly executed. Furthermore, we judgmentally selected a total of 24 expenditure transactions recorded in fiscal years 2003, 2004, and 2005 to verify they were recorded in the proper fiscal year. We also reviewed 10 journal vouchers and 5 cash receipts posted to expenditure accounts to determine their propriety. Finally, we reviewed the Division's control over credit cards. Regarding the Division's management of the Library Services and Technology Grant funds, we examined the grant application and monitoring process, and the respective expenditure reimbursements to the Division for six sub-grants.

To verify that the Division complied with applicable personnel and payroll laws, regulations, and policies, we selected two pay periods and verified the payroll

transactions were processed correctly. We also verified that work performance standards were established, and that employees received performance evaluations. In addition, we determined if the Division had taken an annual fixed asset inventory during fiscal year 2004. We then tested the accuracy of the inventory list. Finally, we judgmentally selected two performance measures from each of the Division's five budget accounts as reported in the 2005-2007 Executive Budget, to determine if they were reliable.

Our audit work was conducted from November 2004 to April 2005, in accordance with generally accepted government auditing standards.

In accordance with NRS 218.821, we furnished a copy of our preliminary report to the Interim Director of the Department of Cultural Affairs and the Administrator of the Division of State Library and Archives. On August 2, 2005, we met with agency officials to discuss the results of our audit and requested a written response to the preliminary report. That response is contained in Appendix C, which begins on page 17.

Contributors to this report include:

James R. Gray, CPA
Deputy Legislative Auditor

Michael O. Spell, CPA
Audit Supervisor

Stephen M. Wood, CPA
Chief Deputy Legislative Auditor

Appendix B

Prior Audit Recommendations

Our 1997 audit of the Nevada State Library contained six recommendations for improving internal controls over awarding, monitoring, and accounting for grants and complying with state laws. We evaluated the status of these recommendations and determined four were fully implemented and two were partially implemented. The partially implemented recommendations addressed the reliability of inventory records and revisions to the Division's accounting procedures manual. These two recommendations have been modified and repeated in the current audit.

Appendix C

Response From the Division of State Library and Archives



KENNY C. GUINN
Governor

SCOTT K. SISCO
Interim Director

STATE OF NEVADA
DEPARTMENT OF CULTURAL AFFAIRS
NEVADA STATE LIBRARY AND ARCHIVES

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SARA F. JONES
Division Administrator

August 10, 2005

Paul V. Townsend, CPA
Legislative Auditor
Legislative Council Bureau
Carson City, Nevada 89701

Dear Mr. Townsend,

Thank you for your letter of July 27, 2005 regarding the 2005 audit of the Department of Cultural Affairs, Division of the State Library and Archives. Although, your audit noted that our division "*substantially complied with laws and regulations significant to its financial administration.*" it also noted "*some weaknesses in controls over revenue, property and equipment and performance measures.*" These findings resulted in eight recommendations to the Division. The Division of the State Library and Archives accepts all eight recommendations but would like to provide some additional information regarding the findings in the report.

The audit covered the 2004 fiscal year. During that year the Division had several key staff positions vacant for extended periods due to the hiring freeze. In the administrative office the Administrative Assistant I position was vacant for 6 months during the audited period, this places pressure on the fiscal staff to take on clerical and reception duties, and causes some of their responsibilities to remain incomplete. Additionally, the position of Assistant Administrator for Library and Archives Development was vacant for half of that year, and the Literacy Coordinator was out for 10 months of the year on catastrophic medical leave. These vacancies put significant pressure on the Administrator and the fiscal staff to take on job duties that would normally be completed by these positions. It is important to note that the agency staffing level is only adequate when all positions are filled.

The audit found some weaknesses in the areas of controls over revenues, property and equipment, and reliability of performance measures. Each finding will be addressed with specificity below.

Additional Procedures Will Improve the Cash Receipting Process

The audit found that the Division's policies and procedures did not require staff to document the receipt of all revenue. In addition, procedures did not ensure that cash receipt forms are properly accounted for and deposits are timely. Revenue received in the

form of checks from local government jurisdictions who are members of CLAN (Cooperative Libraries Automated Network) were not receipted. This suggestion was implemented as a policy and procedure as soon as it was pointed out by the auditor. Additionally, all receipt books are now pre-numbered, all receipts are accounted for, and efforts are made to insure timely deposits. NSLA is the fiscal agent for CLAN. The CLAN account is a small budget and operates solely from deposits from its 21 members. If all funding is not received and deposited it would immediately be apparent as the Cooperative would not be able to pay its expenses.
This recommendation has been implemented.

Accounts Receivable Procedures Should Ensure All Accounts are Properly Recorded and Reported

In the Micrographics and Imaging Program (MIP) the audit found that key duties were not adequately segregated. MIP provides state and local government with microfilming and imaging services. In the past few years, MIP has received fewer jobs as more state agencies do in-house imaging. This has caused the program to downsize. At this point there are two managers within the 4 full time staff who have the ability to split the accounting functions. NSLA and the MIP will make every effort to segregate the duties and will utilize administrative staff to insure segregation when one of the program management staff is on leave. Additionally, the audit revealed that the report to the Controller's office did not include accounts receivable from the MIP program. This oversight was corrected as soon as its necessity was brought to the attention of Administration by the auditor.

Additionally, NSLA has delinquent accounts for overdue books, returned checks and copying fees. Many of these accounts are very old and the agency is addressing the problem with a debt collection policy. The policy is currently being reviewed by the Attorney General's Office. Once approved, the agency will follow through with the final step and obtain the Board of Examiners' approval to write off bad debt.
This recommendation is being implemented.

Incomplete Property and Equipment Records

The audit found that while Division procedures require physical inventory counts of property and equipment, the results were not reconciled to the Purchasing Division's records and the Division's procedures did not ensure all property and equipment acquisitions were properly reported to the Office of the State Controller and the Purchasing Division. NSLA does perform property and equipment inventory on an ongoing basis and tracks the inventory through an internal database. The audit reflected that based on these records, no equipment was missing. During the period audited staffing levels were well below what is necessary to complete all state requirements. The new IFS requirement to reconcile our inventory to the online State Purchasing inventory records is particularly difficult for agencies with insufficient staffing levels. NSLA will update the records to the online State Purchasing records and is committed to keeping them updated.

The audit found two direct purchases of equipment not on the Purchasing Division's inventory. Both were purchased through approved state contracts. The equipment for MIP was executed by the Purchasing Department but because of its lease purchase nature an inventory tag was never generated. The second purchase of CLAN equipment was also executed by the State Purchasing Contract Division but tags were never generated.

NSLA accepts the recommendation and will revise inventory policies and procedures to reflect direct purchases and will download the inventory report from the Data Warehouse and make corrections/updates to the state's accounting system noting the month and year the inventory was complete.

This recommendation is being implemented.

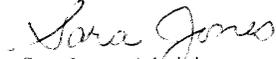
Performance Measures Not Always Reliable

The audit found that some of the Division's performance measures in the 2005-2007 were not reliable and did not have documentation readily available. The performance indicators reviewed are counted by persons and by the library's circulation system. It is inherently difficult to assess the use of the library and information services in a purely quantitative way because information transactions are not equal. However, the Division will review procedures of how performance measures are computed and their relevance to program goals. Additionally, we have already assigned fiscal staff in the administrative office the responsibility of reviewing the performance measurements for reliability and adequate documentation. The procedures will reinforce the need to retain documentation for three years.

This recommendation is being implemented.

This audit has been an informative, useful and productive experience for the Division. The audit will assist NSLA to improve processes for enhancing its controls over revenue, property and equipment and evaluating our performance measures. We would especially like to thank auditors Jim Gray and Michael Spell for their professionalism, commitment to improving procedures, and courtesy during the audit process.

Sincerely,



Sara Jones, Administrator
Nevada State Library and Archives
(775) 684-3315

cc: Scott K. Sisco, Interim Director, DCA

Division of State Library and Archives Response to Audit Recommendations

<u>Recommendation Number</u>		<u>Accepted</u>	<u>Rejected</u>
1	Revise policies and procedures to ensure all cash is received and cash receipt forms are properly accounted for.....	<u> X </u>	<u> </u>
2	Ensure cash receipts are deposited timely	<u> X </u>	<u> </u>
3	Develop procedures to ensure key duties regarding the billing and collection process are properly segregated	<u> X </u>	<u> </u>
4	Develop procedures to ensure that all accounts receivable are reported to the State Controller	<u> X </u>	<u> </u>
5	Obtain the Board of Examiners' approval to write off bad debt.....	<u> X </u>	<u> </u>
6	Revise inventory procedures to reflect contract purchases and current reporting requirements	<u> X </u>	<u> </u>
7	Reconcile the physical count of property and equipment to the Purchasing Division's inventory records	<u> X </u>	<u> </u>
8	Develop written procedures to ensure performance measures are reliable.....	<u> X </u>	<u> </u>
	TOTALS	<u> 8 </u>	<u> 0 </u>