

Audit



Highlights

Highlights of Legislative Auditor report on the State Emergency Response Commission, issued on September 10, 2002. Report # LA02-26.

Purpose of Audit

The purpose of this audit was to evaluate the State Emergency Response Commission's financial and administrative practices including whether activities were carried out in accordance with applicable laws and policies. Our audit included a review of Commission financial and administrative activities during calendar years 2000 and 2001.

Audit Recommendations

This audit report contained eight recommendations to improve SERC's financial and administrative activities. Specifically, SERC should comply with procedures for enforcing grant reporting requirements, monitoring grants, and conducting on-site audits. Also, procedures should be revised to require Commission approval of all federal grant applications prior to submittal to the federal grant administrator. In addition, SERC should work with the State Fire Marshal to ensure facilities storing extremely hazardous materials comply with state and federal laws relative to reporting and payment due dates. SERC should also comply with accounts receivable procedures for storage fees, and update deposit procedures and develop collection procedures for toxic chemical reporting fees. Further, SERC should comply with policies for proper approval and review of expenditures, and revise procedures to ensure proper authorization of transactions in the absence of key staff. Finally, SERC should develop and implement policies and procedures to comply with state laws for employee evaluations and properly record grant transactions in the state's accounting system.

SERC accepted all eight audit recommendations.

Status of Recommendations

SERC submitted its 60-day plan for corrective action on November 27, 2002. The plan indicates SERC has made substantial progress toward implementing the eight recommendations. The six-month report on the status of the audit recommendations is due June 9, 2003.

State Emergency Response Commission

Results in Brief

The State Emergency Response Commission (SERC) needs to improve its financial and administrative practices. SERC did not properly monitor state and federal funds granted to local emergency planning committees (LEPC's). As a result, some LEPC's did not comply with grant reporting requirements and SERC has little assurance all grant funds were used as intended.

Furthermore, SERC did not always comply with laws and procedures for collecting and depositing hazardous materials fees. Some facilities that store extremely hazardous materials were allowed reporting and payment due dates that did not comply with state and federal laws. In addition, accounts receivable for hazardous materials storage fees and toxic chemical reporting fees were not adequately monitored.

Principal Findings

SERC did not adequately monitor grants and ensure local emergency planning committees (LEPC's) complied with grant requirements. Testing revealed instances of LEPC's not submitting required quarterly reports, submitting untimely quarterly reports, and submitting inaccurate quarterly reports. In addition, LEPC's have inappropriately carried unexpended grant funds into subsequent years, reducing funding for grants to other LEPC's.

SERC did not ensure state funds granted to LEPC's for equipment were used as intended. Of five LEPC's tested, we found three did not submit all required quarterly reports and three did not submit the required annual inventory list. As a result, SERC has little assurance grant funds were used to purchase approved equipment.

SERC's federal grant administration policy can be strengthened. The policy does not require Commission approval of the federal grant application. No evidence could be provided to verify the Commission approved a federal grant application prior to submittal to the federal grant administrator. The lack of adequate controls over grant applications increases the risk an application may not conform to Commission directives or policy.

For calendar year 2001, 105 facilities storing extremely hazardous materials were allowed reporting and payment due dates after March 1. Federal and state laws require reporting and payment due dates on or before March 1 of each year. Late report filings can result in a threat to the citizens of Nevada and emergency responders. Further, later payments delay the granting of funds to LEPC's.

SERC did not adequately monitor accounts receivable for hazardous materials storage fees. For 2001, 91 facilities paid hazardous materials storage fees later than 90 days past due. No evidence could be provided SERC followed procedures to track and collect past due storage fees. As a result, SERC does not have reasonable assurance all receivables were collected.

SERC did not follow policies and procedures or state guidelines for collecting and depositing toxic chemical reporting fees. SERC's procedures for depositing these fees are outdated, and there are no procedures for toxic chemical reporting fees accounts receivable. As a result, 5 of 10 receipts tested were not deposited timely, and SERC has no assurance all receivables have been collected.

Although SERC has improved its administrative policies and procedures since our prior audit, further improvements are warranted. We found instances when staff did not follow policies and procedures, or procedures were incomplete. For example, staff did not comply with procedures for proper approval and review of travel expenditures. Further, SERC procedures do not include a process to ensure timely employee evaluations. Finally, grant transactions were not always properly recorded in the state's accounting system.