

Audit Highlights



Highlights of Legislative Auditor report on the Department of Public Safety, Investigation Division, issued on November 1, 2007. Report # LA08-05.

Background

The Investigation Division is required by law to conduct controlled substance investigations and provide criminal investigative services to state, county, and local law enforcement agencies upon request. The Division collects, analyzes, and disseminates information concerning organized crime, controlled substance violators, missing persons, unidentified bodies, and domestic violence.

During fiscal year 2006, the Division had 71 authorized positions. The Division is funded primarily by General Fund and Highway Fund appropriations. Expenditures for fiscal year 2006 totaled \$7.8 million, with personnel costs accounting for almost \$6 million of this total.

Purpose of Audit

The purpose of this audit was to evaluate the Investigation Division's financial and administrative practices, including whether activities were carried out in accordance with applicable state laws, regulations, and policies. Our audit focused on the Division's financial and administrative activities during fiscal year 2006, and included certain activities through February 2007.

Audit Recommendations

This audit report contains five recommendations to improve the Division's financial and administrative practices. Specifically, the Division should conduct annual physical inventory counts. Also, the Division should ensure that bank accounts are in the name of the State of Nevada and transfer complete responsibility for the bank account holding local government money to the local government. Finally, it should implement controls to ensure employees have compensatory time agreements and ensure work performance standards are effectively communicated.

The Division accepted the five audit recommendations.

Status of Recommendations

The Division's 60-day plan for corrective action is due on February 1, 2008. In addition, the six-month report on the status of audit recommendations is due on August 1, 2008.

Investigation Division

Department of Public Safety

Results in Brief

The Investigation Division substantially complied with state laws, regulations, and policies significant to its financial and administrative activities. However, it did not maintain accurate inventory records for property and equipment and did not conduct annual physical inventory counts, as required. Also, the Division's bank accounts, used during narcotics investigations, were not always established with correct account titles. Another bank account, which contained money belonging to a local government, was incorrectly established as a state account. Finally, the Division did not always comply with personnel laws and regulations regarding employee agreements for compensatory time and work performance standards. During our audit, management was responsive in taking steps to address these identified weaknesses.

Principal Findings

The Division did not always maintain accurate inventory records showing the correct locations, amounts, and custody of property and equipment. For example, 3 of 25 assets we tested were not accurately recorded or properly identified. During our audit, management initiated steps to better identify where property was located. The Division changed the inventory codes, used to identify where assets are located, for over \$550,000 in personal property and added over \$200,000 in Division assets previously recorded at the Department level. However, until a physical inventory count is done, the accuracy of these locations is not confirmed.

The Division has established bank accounts throughout the State to help carry out its investigation activities. However, changes are needed to the legal name, taxpayer identification number, and authorization for some accounts. Of 17 bank accounts used to obtain evidence during narcotics investigations, 3 were not in the name of the State of Nevada. Another bank account, which contained about \$120,000 belonging to a local government, was incorrectly established as a state account. Proper establishment of bank accounts includes using account titles and tax identification numbers that clearly identify the organization responsible for ownership and control of the bank account assets.

Written agreements were not always in place for employees who accrued compensatory time in lieu of cash payment for overtime worked. Of the 20 employees who accrued the highest amounts of compensatory time during fiscal year 2006, 11 had not entered into written agreements with the Division. NAC 284.250 requires a written agreement between an agency and employee when the employee receives compensatory time for overtime worked.

The Division did not adequately communicate work performance standards to 4 of 19 classified employees tested. Specifically, work performance standards for three positions were not signed by the employee and supervisor to document that they were reviewed with the employee. Also, one employee did not have work performance standards. NAC 284.468 requires that work performance standards be developed for all classified positions, reviewed annually, and amended when appropriate.