

Steve Sisolak  
Governor



Susan Brown  
Director

Paul Nicks  
Deputy Director

**STATE OF NEVADA**  
**GOVERNOR'S FINANCE OFFICE**  
**Division of Internal Audits**

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February 4, 2019

Rick Combs, Director  
Legislative Counsel Bureau  
401 South Carson Street  
Carson City, NV 89701

**RE: Summary of Agencies' Reports on Internal Controls**

Dear Mr. Combs:

Pursuant to NRS 353A.025(4), I am submitting the *Summary of Agencies' Reports on Internal Controls* for the biennium ending June 30, 2018. This report summarizes the results of agencies' self-evaluation and testing of their internal control systems. It is being sent to the Honorable Steve Sisolak, Governor of the State of Nevada. An additional copy will be submitted to Mr. Rocky Cooper, Legislative Auditor.

Documenting agencies' internal control systems is an ongoing process. Agencies are continually affected by changes in work environments, programs, and statewide policies. By performing a periodic review of their internal control systems, agencies identify weaknesses and provide plans to correct these deficiencies. I believe agencies have a strong desire to protect the state's assets by developing and implementing good internal controls.

If you have any questions, or would like to discuss this report, please let me know.

Sincerely,

A handwritten signature in blue ink that reads "Susan Brown".

Susan Brown  
Director

Attachment

**Summary of Agencies' Reports on Internal Controls  
For the Biennium Ending June 30, 2018**

Department	Agency	Filed on Time	Areas of Concern	Description of Concern	Resolution Date of Concern
<b>Department of Administration</b>					
ADMIN	Administrative Services Division	Yes	Purchasing and Expenditures	Written policies will be revised to address actual processes regarding Pend 2 and Pend 3 approvers.	January 2019
			Contracts	Written policies will be revised to address actual processes regarding changes made to Purchasing Division's contract templates requiring.	January 2019
			Procurement Cards	Written policies will be revised to ensure Self-Assessment Questionnaires and actual processes have been incorporated.	January 2019
ADMIN	Deferred Compensation	No	Internal Control Monitoring and Evaluation	Written policies and actual process were not compared to Self-Assessment Questionnaires (SAQs). Agency will work with Administrative Services Division to incorporate SAQ requirements into written policies and ensure the SAQ's match the actual processes.	June 2019
			Revenue	Written policies will be revised to match actual processes identifying position involved in revenue handling.	June 2019
ADMIN	Director's Office	Yes	None		
ADMIN	Enterprise Information Technology Services	Yes	None		
ADMIN	Fleet Services	Yes			
ADMIN	Grants	Yes	None		
ADMIN	Hearings	Yes	None		
ADMIN	Human Resource Management	Yes	None		
ADMIN	Public Works Board/B&G	Yes	None		
ADMIN	Purchasing Division	Yes	None		
ADMIN	Risk Management	Yes	None		
ADMIN	Silver State Modernization Approach for Resources and Technology in the 21st Century	Yes	None		
ADMIN	State Library and Archives Division, including Mail Service	Yes	None		
ADMIN	Victims of Crime	Yes	None		
<b>Department of Agriculture</b>					
AG	Department of Agriculture	Yes	Internal Control Monitoring and Evaluation	Written policies and actual processes will be revised to incorporate SAQs.	June 2019
			Revenue	Written policies and actual processes will be revised to incorporate SAQs.	June 2019
			Accounts Receivable	Written policies and actual processes will be revised to incorporate SAQs.	June 2019
			Purchasing and Expenditures	Written policies and actual processes will be revised to incorporate SAQs.	June 2019
			Travel	Written policies and actual processes will be revised to incorporate SAQs.	June 2019
			Contracts	Written policies and actual processes will be revised to incorporate SAQs.	June 2019
			Grants	Written policies and actual processes will be revised to incorporate SAQs.	June 2019
			Procurement Cards	Written policies and actual processes will be revised to incorporate SAQs.	June 2019



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<b>Office of the Attorney General</b>					
OAG	Attorney General	Yes	None		
<b>Department of Business and Industry</b>					
B&I	Athletic Commission	Yes	None		
B&I	Nevada Attorney for Injured Workers	Yes	None		
B&I	Director's Office	Yes	None		
B&I	Financial Institutions Division	Yes	None		
B&I	Industrial Relations Division	Yes	None		
B&I	Insurance Division	Yes	None		
B&I	Labor Commissioner, Office of	Yes	None		
B&I	Local Government Employee-Management Relations Board	Yes	None		
B&I	Mortgage Lending Division	Yes	None		
B&I	Real Estate Division	Yes	None		
B&I	Taxicab Authority	Yes	None		
B&I	Transportation Services Authority	Yes	None		
<b>Department of Conservation &amp; Natural Resources</b>					
DCNR	Director's Office (Includes Wild Horse and Conservation Districts)	Yes	None		
DCNR	Division of Environmental Protection	Yes	Purchasing and Expenditures	Written policies and actual processes will be revised to address inadequate fiscal document retention.	December 2018
			Personnel and Payroll	Written policies will be created to address actual processes when employees cannot submit their own timesheet.	December 2018
DCNR	Forestry Division	Yes	Purchasing and Expenditures	Written policies and actual processes have been addressed to ensure documentation of supervisory review for expenditures not requiring a purchase order.	June 2018
			Travel	Written policies and actual processes have been revised to ensure Individual Travel Card reimbursement requests are paid within the required 5 days.	June 2018
			Grants	Written policies will be revised to ensure Self-Assessment Questionnaires and actual processes have been incorporated.	December 2018
DCNR	Nevada Natural Heritage Program	Yes	None		
DCNR	Historic Preservation Office	No	Internal Control Monitoring and Evaluation	Written policies will be revised to ensure Self-Assessment Questionnaires and actual processes have been incorporated.	July 2020
			Contracts	Contract monitoring was not in place and contract logs, files, and insurance certificates are incomplete. The agency will revise actual procedures.	December 2018
			Grants	Maintenance of effort is not in compliance due to budget constraints limiting travel. The agency will request additional travel funds in next biennial budget.	July 2019
DCNR	State Lands Division	Yes	None		
DCNR	State Parks Division	Yes	Accounts Receivables	Written policies do not match the actual processes regarding a new fee tracking software program. Written policies will be revised to match new actual processes.	November 2018
			Procurement Cards	Written policies do not exist for the procurement cards. Agency will create written procedures to match actual processes.	November 2018
DCNR	Water Resources Division	Yes	None		



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Office of the State Controller					
OSC	State Controller	Yes	None		
Department of Corrections					
DOC	Department of Corrections	Yes	Revenues	Actual processes did match written policies regarding depositing revenues on a weekly basis due to vacant positions. The agency has filled the vacant positions and assigned backup positions to make deposits if positions become vacant.	June 2018
Department of Education					
ED	Education		Internal Control Monitoring and Evaluation		
			Revenues	Written policies do not exist for actual processes. Agency will create written procedures.	July 2020
			Accounts Receivables	Written policies do exist for actual processes regarding the Distributed School Accounts (DSA) receivable. Agency will create written procedures.	July 2020
			Purchasing and Expenditures	Testing of transactions indicated inconsistent approvals to pay invoices. Agency will remind employees to ensure proper approvals are obtained prior to submitting to accounting for payment. Accounting will be reminded to ensure proper approvals have been obtained prior to processing invoices for payment.	No response from agency
Department of Employment, Training and Rehabilitation					
DETR	Administration Services	Yes	None		
	Employment Security, including Post Secondary Education		None		
	Rehabilitation	Yes	Internal Control Monitoring and Evaluation	Actual processes did not match written policies for completing case management files. Agency continues on-going training for staff and has re-focused "quality control" staff towards the main areas of deficiency.	July 2018
Ethics Commission					
ETHICS	Ethics Commission	Yes	None		
Gaming Control Board					
GCB	Gaming Control Board	Yes	None		
Office of the Governor					
GOV	Agency for Nuclear Projects	Yes	None		
GOV	Nevada State Office of Energy	Yes	Grants	Written policies for reviewing grant applications were inadequate. Written policies will be revised.	July 2018
GOV	Office of the Governor	Yes	None		
GOV	Governor's Office on Economic Development	Yes	None		
GOV	Governor's Finance Office	Yes	None		
GOV	Office of Science Innovation and Technology	Yes	Internal Control and Monitoring Evaluation	Agency was established in August 2015 and was unaware of the Biennial Internal Control Report requirement. Agency will start reviewing internal controls biannually.	January 2019
			Contracts	Written policies do not include contract administration procedures. Procedures will be revised to include contract administration procedures.	January 2019
			Grants	Written policies do not include grant procedures. Procedures will be revised to include grant procedures.	January 2019



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			Capital Assets and Inventory	Written policies do not include inventory-tracking procedures. Procedures will be revised to include inventory-tracking procedures.	January 2019
GOV	Office of Workforce Innovation	Yes	None		
GOV	Western Interstate Commission of Higher Education	No	Internal Control and Monitoring Evaluation	Due to employee turnover, internal control reviews have not been completed. Internal control reviews are scheduled to be completed this fiscal year.	June 2019
	<b>Department of Health and Human Services</b>				
DHHS	Director's Office (includes Consumer Health Assistance Program, Public Defender, Developmental Disabilities)	Yes	None		
DHHS	Division of Health Care Financing & Policy	Yes	Revenue	Written policies and actual processes have been revised to require adequate segregation of duties for receipt and processing of revenues.	September 2018
			Accounts Receivables	Written policies and actual processes have been revised to require adequate segregation of duties for maintaining billing information, reconciliation of accounts, debt offsets, and supervisor approvals.	September 2018
			Purchasing and Expenditures	Written policies and actual processes have been revised to require adequate segregation of duties for bids and quotes and receipt of payments.	September 2018
			Travel	Written policies have been revised to include staff submission of travel claims to other DHHS agencies.	September 2018
			Contracts	Written policies have been revised to include contract monitoring, approval of payments, verification of vendor insurance and contract travel tracking.	September 2018
			Grants	Written policies and actual processes have been revised to define grant manager and fiscal responsibilities.	September 2018
			Capital Assets	Inventory had not been taken in three years due to staff turnover, but was performed in October 2018.	October 2018
			Payroll and Personnel	Actual processes have been revised to include employee checklists for hiring, changing positions, or termination	September 2018
			Performance Measures	Written policies have been revised to match actual processes for documentation of performance measures.	September 2018
			Procurement Card	Written policies for supervisor review and approval of procurement cards were inadequate. Written policies also did not address SAQ questions to ensure new cardholders understood their responsibilities; billing statements were signed to indicate approval; and the required fiscal review. Written policies have been revised.	September 2018
DHHS	Division of Aging and Disability Services	Yes	None		
DHHS	Division of Child and Family Services	Yes	Revenues	Payments greater than \$10,000 from counties are received by hard copy check. Written policies and actual processes will be modified to require electronic funds transfer for any payments from counties greater than \$10,000.	September 2018
			Travel	Agency had not designated a backup Travel Card Administrator (TCA). Agency will assign and train a backup TCA.	September 2018
DHHS	Division of Public and Behavioral Health	Yes	None		
DHHS	Division of Welfare and Supportive Services Division	Yes	None		



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	<b>Office of the Lieutenant Governor</b>				
OLG	Lieutenant Governor	Yes	None		
	<b>Office of the Military</b>				
Mil	Office of the Military	Yes	None		
	<b>Minerals Resources Commission</b>				
MRC	Mineral Resources Commission	Yes	None		
	<b>Department of Motor Vehicles</b>				
DMV	Department of Motor Vehicles	Yes	None		
	<b>Commission on P.O.S.T</b>				
POST	P.O.S.T	Yes	None		
	<b>Public Employees' Benefits Program</b>				
PEBP	Public Employees' Benefits Program	Yes	None		
	<b>Department of Public Safety</b>				
DPS	Capitol Police Division	Yes	None		
DPS	Director's Office	Yes	None		
DPS	Emergency Management Division	Yes	None		
DPS	Highway Patrol Division	Yes	None		
DPS	Investigations Division	Yes	None		
DPS	Office of Criminal Justice Assistance	Yes	Contracts	Actual processes did not match written policies for logging contract payments. Actual processes have been implemented to match written policies.	July 2018
			Inventory	Actual processes did not match written policies for maintaining inventory records. Actual processes have been implemented to match written policies.	July 2018
			Travel	Actual processes did not match written policies to process travel claims within 5 days of receipt. Actual processes have been implemented to match written policies.	July 2018
DPS	Parole and Probation Division	Yes	Accounts Receivables	Actual processes do not match written policies for the OTIS system to limit access to additions and deletions of customer records. Actual processes, requiring revisions to the OTIS system, will be revised.	June 2020
DPS	Parole Commissioners, State Board of	Yes	None		
DPS	Records, Communications and Compliance	Yes	None		
DPS	Training Division	Yes	None		
DPS	State Fire Marshal	Yes	None		
	<b>Public Utilities Commission</b>				
PUC	Public Utilities Commission	Yes	None		
	<b>Secretary of State</b>				
SOS	Secretary of State	Yes	Procurement Cards	Written policies did not match Self-Assessment Questionnaires (SAQ) requiring submission of cardholder procurement forms to Purchasing Division. Written policies have been revised to match SAQ.	June 2018



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	Silver State Health Insurance Exchange				
SSHI	Silver State Health Insurance Exchange	Yes	None		
Department of Taxation					
TAX	Department of Taxation	Yes	Revenues	Actual processes do not match written policies requiring depositing funds within one business day if deposit is greater than \$10,000. Agency is working on a procedure to comply with this requirement, but does not have an anticipated completion date. Agency will consider a BDR to be exempt from NRS 353.250 requirement that if money accumulated for deposit is \$10,000 or more, a deposit must be made not later than the next working day.	Unknown Time Frame
			Purchasing and Expenditures	Actual processes did not match written policies requiring authorized signatures on purchase orders indicating review and approval to pay. Actual processes were revised to match written policies.	July 2018
			Travel	Actual processes and written policies do not match Self-Assessment Questionnaires (SAQ) requiring supervisory review of expenditures to ensure charges on individual travel cards are for state purposes only. Actual processes and written policies will be revised to match SAQ.	July 2018
			Contracts	Actual processes and written policies do not match Self-Assessment Questionnaires (SAQ) requiring all contracts greater than \$2,000 be entered into the Contract Entry and Tracking System. Actual processes and written policies will be revised to match Self-Assessment Questionnaires (SAQ) once the new Purchasing system has been implemented.	January 2019
			Payroll and Personnel	Actual processes do not match written policies requiring annual employee evaluations and periodic review of employee work performance standards. Supervisory staff is continuously reminded by agency of these requirements. In addition, actual processes and written policies do not match Self-Assessment Questionnaires (SAQ) requiring payroll comparisons among reports. Actual processes and written policies will be revised to match SAQ.	December 2018
Tourism					
DTCA	Tourism and Cultural Affairs and Nevada Indian Commission	Yes	None		
DTCA	Nevada Arts Council	Yes	None		
DTCA	Museums and History	Yes	None		
Department of Transportation					
NDOT	Department of Transportation	Yes	Purchasing and Expenditures	Actual processes do not match written policies requiring vendor invoices be paid within 30 days. Actual processes and written policies will be revised when the agency's e-payment system is implemented.	January 2019
			Travel	Actual processes do not match written policies requiring employee travel claims be submitted for processing within 30 days of travel. Actual processes will be revised to match written policies when NEATS is replaced with the Smart 21 ERP system.	December 2019
State Treasurer					
TREAS	Office of the State Treasurer	Yes	None		
Veterans' Services					
NOVS	Veterans' Services and State Veteran's Home	Yes	Capital Assets and Inventory	Actual processes did not match written policies requiring the inventory report be initialed upon reconciliation and reviewed and approved by management. Actual processes have been revised to match written policies.	September 2018

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Department	Agency	Filed on Time	Areas of Concern	Description of Concern	Resolution Date of Concern
<b>Department of Wildlife</b>					
NDOW	Department of Wildlife	Yes	None		
<b>State Public Charter Schools</b>					
SPCSA	State Public Charter Schools Authority	No	Performance Measures	Actual performance measures are not appropriate or effective. Performance measures will be revised in consultation with Governor's Finance Office during Governor's Recommends budget phase.	January 2019