

Audit Highlights



Highlights of Legislative Auditor report on the Division of Water Resources, issued on January 17, 2002. Report # LA02-16.

Purpose of Audit

The purpose of our audit was to evaluate the Division's financial administration practices including whether transactions were carried out in accordance with applicable state laws, regulations, and policies. The audit included a review of the Division's financial activities for the 12 months ended March 31, 2001.

Audit Recommendations

This report contained two recommendations to improve the Division's financial administration practices. Specifically, the Division should reduce the number of employees involved in the deposit process and revise cash receipting procedures to have Division personnel prepare deposits rather than the Director's Office.

The Division accepted both audit recommendations.

Status of Recommendations

The Department of Administration submitted the six-month report on the status of audit recommendations on October 15, 2002. The report indicated the two recommendations had been fully implemented.

Division of Water Resources

Department of Conservation and Natural Resources

Results in Brief

The Division of Water Resources has taken strong action to correct problems noted in our prior audit and to improve its financial administration practices. As a result, transactions were carried out in accordance with applicable state laws, regulations, and policies. However, the Division can strengthen its financial administration by improving the deposit process. The current process does not provide adequate safeguards. As a result, there is an increased risk of loss or unauthorized use of the state's assets.

Principal Finding

The Division's deposit process does not adequately safeguard cash collections. When cash is received, it is receipted and recorded by Division personnel and transferred to the Department of Conservation and Natural Resources Director's Office for deposit. As a result, at least five employees handle cash before it is deposited. In addition, cash is originally placed in a safe and then stored in a locked filing cabinet pending deposit.