

Audit Highlights



Nevada Attorney for Injured Workers

Department of Business and Industry

Highlights of Legislative Auditor report on the Department of Business and Industry, Nevada Attorney for Injured Workers, issued on May 15, 2008. Report # LA08-17.

Background

The office of the Nevada Attorney for Injured Workers (NAIW), created in 1977, represents injured workers in litigation seeking workers' compensation benefits. The NAIW represents at no charge, claimants at the administrative appeals level, or before the District Court or the State Supreme Court. Once appointed, the NAIW represents the claimant at any level of proceedings and helps ensure benefits are provided when ordered. The agency also advises injured workers concerning their rights to appeal insurers' determinations, and consequences of accepting offers for lump sum buy-outs in lieu of further vocational rehabilitation benefits.

The NAIW, with offices in Las Vegas and Carson City, had 33 full-time equivalent positions, including 14 attorneys in fiscal year 2007. The agency is funded by the Workers' Compensation and Safety Fund, comprised of insurer-paid assessments and employer-paid premiums. The NAIW expended \$3 million in fiscal year 2007.

Purpose of Audit

The purpose of this audit was to evaluate the NAIW's financial and administrative practices, including whether activities were carried out in accordance with applicable state laws, regulations, policies, and procedures. This audit focused on the NAIW's financial and administrative activities during fiscal year 2007.

Audit Recommendations

This audit report contains three recommendations to improve the NAIW's fiscal and administrative practices. First, the NAIW should implement control procedures to help safeguard its property and equipment. In addition, the agency should ensure work performance standards are developed and communicated to employees. Finally, the NAIW should ensure employees are evaluated as required by state law.

The agency accepted the three audit recommendations.

Status of Recommendations

The agency's 60-day plan for corrective action is due on August 11, 2008. In addition, the six-month report on the status of audit recommendations is due on February 11, 2009.

Results in Brief

The NAIW substantially complied with state laws, regulations, policies and procedures significant to its financial and administrative practices. However, we noted property and equipment records were not reliable, thus increasing the risk of theft or loss of state assets. In addition, personnel administration requirements were not always followed. For example, work performance standards were not developed for all positions and employee evaluations were not always conducted.

Principal Findings

The NAIW did not maintain accurate property and equipment records. Our analysis of all 99 assets recorded on NAIW's property and equipment records noted 15 discrepancies. With the assistance of NAIW staff, we were able to rectify all but two of the discrepancies – one computer and one piece of computer equipment. Many of these discrepancies were the result of NAIW not conducting comprehensive annual inventories. In addition, many items did not have asset identification tags attached; therefore, it was difficult to verify these items to the inventory records. Accurate property records maintain accountability and enhance loss prevention.

Our review of the NAIW's classified employee files indicated work performance standards had not been developed or communicated for certain employees. Of the 14 classified employees examined, 5 did not have work performance standards and 3 were not provided a copy of their work performance standards. There is increased risk employees are unaware of their job elements and expected results for satisfactory performance when standards are not communicated.

The NAIW did not complete performance evaluations for all employees as required by law. Eight of 14 classified employees tested, including 5 in probationary status, did not receive all required performance reviews during fiscal year 2007. Our prior audit report, issued in 1998, noted similar problems with performance evaluations. Evaluations can identify factors which can improve job performance, and assist employees in developing additional knowledge, skills and abilities. In addition, the agency may not have recourse if an employee performs below standards and an evaluation has not been done.