

Audit Highlights



Highlights of Legislative Auditor report on the Nevada Equal Rights Commission, issued on December 11, 2008. Report # LA08-25.

Background

The Nevada Equal Rights Commission (NERC) oversees the state's equal employment opportunity program. The agency handles complaints of discrimination in employment relating to race, national origin, color, religion, sex, age, and disability. NERC also has jurisdiction in Nevada over discrimination in housing and public accommodations. The agency works with the federal Equal Employment Opportunity Commission (EEOC) to investigate and bring suit for complaints of discrimination. Complaints are filed by individuals against respondents. NERC recovered over \$1.5 million for individuals during fiscal year 2008.

The agency receives its primary funding from state appropriations and the EEOC. In fiscal year 2008, NERC received State General Funds of approximately \$1.2 million and federal EEOC revenues of about \$467,000. NERC has offices in Reno and Las Vegas. For fiscal year 2008, the agency was authorized for 20 full-time equivalent positions.

The EEOC funds NERC through a work-sharing contract. NERC receives credit for closed cases up to the maximum number specified in the contract. In addition, NERC receives \$50 per case it refers to the EEOC, for a set number of cases. For federal fiscal year 2007, NERC contracted to complete 864 cases at \$550 each, totaling \$475,200.

Purpose of Audit

The purpose of this audit was to evaluate NERC'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 NERC's financial and administrative activities for fiscal years 2007 and 2008.

Audit Recommendations

This audit report contains seven recommendations to improve NERC's fiscal and administrative practices. Three recommendations address improving monitoring over the agency's discrimination case activities. We also made three recommendations to strengthen internal controls over revenues. Finally, we recommended NERC maintain accurate property and equipment records.

The agency accepted the seven recommendations.

Status of Recommendations

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

Nevada Equal Rights Commission

Department of Employment, Training and Rehabilitation

Results in Brief

NERC can improve its financial and administrative practices in several areas. First, the agency did not adequately monitor its discrimination case activities to ensure investigations were completed timely. Second, NERC needs to improve internal controls over revenues. For example, the agency did not submit timely billings for federal contract revenues and had poor separation of duties over payments received. Third, property and equipment records were not accurate. Better monitoring and controls would enable NERC to close more cases, accelerate collections of federal revenues, revert additional monies to the State General Fund, and reduce the risk of theft or loss of state assets.

Principal Findings

NERC did not adequately monitor staff's work to ensure discrimination investigations were completed timely. Investigative staff productivity slipped in recent years, declining 37% from 2005 to 2008. Because of the decline in productivity, NERC did not process discrimination cases timely or maximize federal contract revenue. For federal fiscal year 2007, the agency did not close sufficient cases to meet its EEOC contract and lost the opportunity to collect \$53,350 in federal contract revenue.

Although NERC's internal control procedures require monthly review of each investigator's case files, monthly supervisory reviews were not performed during fiscal years 2007 and 2008. These reviews are important to ensure discrimination case investigations are processed timely and according to established guidelines. The agency developed these supervisory review procedures in response to our prior 2001 audit report to address problems with untimely investigations.

Billings for federal contract revenues were untimely, resulting in receipt of less federal funds and less reversions to the State General Fund at the end of 2007. The agency's EEOC contract allowed for interim progress billings, which are handled by the Department's fiscal staff. Although DETR could have billed \$237,600 for one-half the contract amount in May 2007, when the contract was executed, it did not bill the EEOC until after the September 30 federal year-end. Therefore, the federal funds were received and deposited in state fiscal year 2008, instead of 2007.

NERC did not have adequate internal controls to ensure all payments were properly recorded and deposited. For instance, inadequate separation of duties over the revenue function was noted at both NERC office locations. In addition, three payments, totaling \$125, were lost and other payments were not deposited timely. Although the amount of lost payments was small, controls should ensure no payments are lost.

NERC's property and equipment records were not accurate. Some equipment had been disposed of but not removed from the agency's inventory report. Also, some equipment transfers were not properly recorded, and other items were on hand but not listed on the inventory report. Overall, 12 of 33 assets tested had discrepancies. Although NERC conducted annual physical counts of property and equipment, DETR fiscal staff did not reconcile the inventory results to the state's inventory records.