

Audit Highlights



Highlights of Legislative Auditor report on the Office of Attorney General, issued on December 11, 2008. Report # LA08-23.

Background

The Office of Attorney General (Office) was established by Article 5 of the Nevada Constitution. The Office is responsible for providing legal services to the executive branch of state government. The mission of the Office is to serve Nevada by advising and defending its institutions, enforcing laws for the protection and benefit of its citizens, ensuring open government, and empowering through education outreach.

The Office has four locations throughout the State including Carson City, Las Vegas, Reno, and Ely. The Office accounted for funding sources of about \$58 million in fiscal year 2008 and expended approximately \$51 million.

Purpose of Audit

The purpose of this audit was to determine if the Office's financial and administrative activities were carried out in accordance with applicable state laws, regulations, policies, and procedures. This audit included a review of the Office's financial and administrative activities for the 18-month period from July 1, 2006, through December 31, 2007; although, certain testing was extended through August 25, 2008.

Audit Recommendations

This audit report contains nine recommendations to improve the Office's financial and administrative activities. These recommendations include policies, procedures, and controls to improve the Office's accounting for revenues and accounts receivable. We also made recommendations to ensure compliance with administrative requirements over personnel, property and equipment, and access to information systems.

The Office accepted the nine recommendations.

Status of Recommendations

The Office'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.

Office of Attorney General

Results in Brief

The Office substantially complied with state laws, regulations, policies, and procedures significant to its financial and administrative activities. However, better monitoring and updating of internal controls is necessary to ensure transactions are proper, accurate, complete, and in compliance with laws and regulations. Additional controls over revenue procedures will help ensure amounts received are accurate and complete. In addition, improvements over the maintenance, reporting, collection, and write-off of accounts receivable are necessary. Furthermore, administrative controls can help the Office comply with requirements regarding employee evaluations, work performance standards, property and equipment, and access to information systems.

Principal Findings

Staff hours used in calculating the Attorney General's Cost Allocation Plan were not always properly accounted for. Through the plan, agencies are charged for certain costs of operating the Office based on the hours professional staff spend on providing services. However, we found about 20% of professional staff did not enter the minimum number of hours for fiscal year 2007. As a result, agencies charged for costs through the plan may be over or under-charged.

The database used for billing agencies auto liability insurance was not complete. Of ten agencies reviewed, we found four vehicles from three separate agencies were not listed in the database. The Office relied on agencies to submit auto additions and deletions.

Compensating controls such as comparing agency fixed asset listings to Office records can help ensure the database used to bill agencies is accurate and complete.

The Office reported about \$1.8 million in accounts receivable at December 31, 2007. However, the information reported was neither complete nor accurate. The Office has not determined the total amount due from persons extradited to the State because its method of accounting for these amounts is cumbersome and inefficient. Furthermore, payments were not properly applied to accounts, a payment was double posted, and one payment was applied to two accounts. These problems happened because the Office does not have comprehensive policies and procedures over the maintenance and reporting of accounts receivable.

Collection of outstanding receivable balances can be improved. Our analysis indicated the Office performed little or no routine collection efforts on 16 of the 30 accounts tested. Many different activities can be employed to collect various types of receivables; however, the Office has not adopted procedures related to this function.

Statutes require agencies to seek Board of Examiners' approval to designate accounts as uncollectible. However, the Office did not always identify uncollectible accounts, and when it did, fiscal staff removed them from state records without obtaining approval. Write-offs should occur after collection efforts have been exhausted and the account is considered to be uncollectible or the amount is too small to warrant further collection efforts.

Performance evaluation and work performance standard requirements were not always complied with. Half of the employees reviewed did not receive probationary or annual evaluations as required. Further, about 40% of employee work performance standards were either not prepared or reviewed annually. Office management indicated complying with personnel requirements has been a problem; however, the Office is taking steps to prevent future issues.

Property and equipment controls need improving. Our review of the Office's 2007 annual physical inventory revealed items not located by the Office remained on property and equipment lists, assets were found in different locations from where lists indicated they were, and documentation of the physical count of property and equipment was not sufficient, reviewed by management, or retained.

18 of 35 employees who terminated employment with the Office were not removed from having access to Office information systems or access was not disabled in a timely manner. The system contains sensitive client information and financial data; therefore, stronger controls are needed.