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Legislative Commission  
Legislative Building  
Carson City, Nevada

We have completed an audit of the Consumer Affairs Division. This audit is part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions. The results of our audit, including findings, conclusions, recommendations, and the Division's response, are presented in this report.

We wish to express our appreciation to the management and staff of the Consumer Affairs Division for their assistance during the audit.

Respectfully presented,

A handwritten signature in black ink, appearing to read "Paul V. Townsend".

Paul V. Townsend, CPA  
Legislative Auditor

September 15, 2003  
Carson City, Nevada

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
CONSUMER AFFAIRS DIVISION

AUDIT REPORT

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# **EXECUTIVE SUMMARY**

## **DEPARTMENT OF BUSINESS AND INDUSTRY CONSUMER AFFAIRS DIVISION**

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### **Background**

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The Consumer Affairs Division regulates deceptive trade practices through investigations and protects consumers by registering buying clubs, credit repair organizations, dance and martial arts studios, health clubs, weight loss clinics, travel agents, tour operators and brokers, sports betting information services, and telemarketers.

During fiscal year 2002, the Division's expenditures totaled \$1.2 million. Funding was provided by a \$1.2 million General Fund appropriation. The Division also deposited a total of \$201,490 in registration fees and investigative reimbursements directly to the General Fund. As of June 30, 2002, the Division had 19 full-time employees—16 in its main office in Las Vegas and 3 in the Reno office—and one vacant full-time position.

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### **Purpose**

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The purpose of this audit was to evaluate the Consumer Affairs Division's financial and administrative practices, including whether activities were carried out in accordance with applicable state laws, regulations, and policies. Our audit included a review of the Division's financial and administrative activities for the fiscal year ended June 30, 2002, and activities through December 2002 for certain issues.

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### **Results in Brief**

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The Consumer Affairs Division needs to improve its financial and administrative practices and develop procedures to help ensure compliance with laws and

## EXECUTIVE SUMMARY

### DEPARTMENT OF BUSINESS AND INDUSTRY CONSUMER AFFAIRS DIVISION

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policies. Specifically, the lack of an effective internal budget tracking system and procedures contributed to the inappropriate recording of revenues and expenditures. The Division would have exceeded its approved budget by \$15,300 if these transactions were properly reported and paid. The Division also lacks adequate revenue collection procedures. As a result, not all businesses submitted their fiscal year 2002 registration fees. Finally, the Division lacks procedures to ensure compliance with purchasing and personnel laws and policies.

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## Principal Findings

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- The Division recorded deposits totaling \$14,900 in expenditure accounts. Recording deposits in expenditure accounts reduces the total amount of expenditures in an agency's budget account. Only minor reimbursements of current year expenditures should be recorded as expenditure reductions. If these deposits had been properly recorded as revenue, the Division would have exceeded its budgetary authority by a total of approximately \$8,500 in two expenditure categories. (page 7)
- The Division did not use its special investigation revolving account as required. The revolving account was established to pay expenses to conduct undercover investigations of deceptive trade practices. However, of the \$12,300 charged to the account in fiscal year 2002, more than \$11,000 was for equipment, office furniture, and supplies. (page 8)
- NRS 598.0966 requires the Division to promptly reimburse payments made from the special investigation account. However, the Division only reimbursed \$7,400 of the \$12,300 payments made from the account. Therefore, expenditures totaling

## EXECUTIVE SUMMARY

### DEPARTMENT OF BUSINESS AND INDUSTRY CONSUMER AFFAIRS DIVISION

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\$4,900 were not recorded in the Division's budget account. (page 9)

- The Division's internal budget monitoring reports were not reliable. The reports were not mathematically correct, did not always agree with the state's accounting records, and were not always reviewed timely. As a result, many of the problems previously identified as well as unpaid invoices totaling \$9,000 can be attributed to this weakness. (page 10)
- Effective October 1, 2001, certain businesses were required to renew their registrations annually and remit a \$25 fee with their renewal application. Despite this requirement, the Division did not establish procedures to ensure all businesses previously registered renewed their registrations and paid the fee. Although the actual amount of uncollected revenue is unknown, Division records indicate \$11,800 in additional fees would have been collected if all businesses submitted renewals. (page 11)
- The Division paid \$4,600 for computer repair services without a contract. Additionally, equipment totaling approximately \$6,000 was purchased without approval from the Budget Division or State Purchasing. Contracts and equipment purchases should be properly approved to ensure that the best services or goods will be obtained at the best price. (page 12)

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## Recommendations

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This report contains seven recommendations to improve the Division's financial and administrative practices. Specifically, the Division should improve its budget monitoring process to ensure revenues and expenditures are properly recorded. In addition, the Division should develop policies and procedures to ensure all revenue is collected,

## **EXECUTIVE SUMMARY**

### **DEPARTMENT OF BUSINESS AND INDUSTRY CONSUMER AFFAIRS DIVISION**

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and purchasing and personnel laws and policies are  
complied with. (page 19)

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## **Agency Response**

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This agency, in its response to our report, accepted all seven  
recommendations. (page 17)

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## Introduction

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### Background

The Consumer Affairs Division was created by Chapter 729, Statutes of Nevada, 1973. The Division's mission is to provide educational and enforcement programs for businesses and consumers that live, work, and visit Nevada, so that they can operate in a marketplace that is fair and free of deceptive trade practice.

The Division regulates deceptive trade practices through investigations and enforcement. It also protects consumers through educational programs and registering and bonding of buying clubs, credit repair organizations, dance studios, martial arts studios, health clubs, weight loss clinics, travel agents, tour operators and brokers, sports betting information services, and telemarketers. The Division also operates a voluntary alternative dispute resolution program whereas mediation is used to solve conflicts between business and consumers.

During fiscal year 2002, the Division's expenditures totaled \$1.2 million. Funding was provided by a \$1.2 million General Fund appropriation. Table 1 illustrates the Division's funding, expenditures, and reversions for fiscal years 2000 through 2002.

**Table 1**

**Consumer Affairs Division  
Funding and Expenditures  
Fiscal Years 2000 through 2002**

	FY 2000	FY 2001	FY 2002
<b>Funding</b>			
General Fund Appropriation	\$ 1,108,690	\$ 1,150,289	\$ 1,220,697
Settlement Income <sup>(1)</sup>	88,496	-	-
Balance Forward From Prior Fiscal Year	-	45,490	16,446
Balance Forward to Next Fiscal Year	(45,489)	(16,446)	-
General Fund Reversion	(30,004)	(5,446)	-
<b>Total Funding</b>	<b>\$ 1,121,693</b>	<b>\$ 1,173,887</b>	<b>\$ 1,237,143</b>
<b>Expenditures</b>			
	<b>\$ 1,121,693</b>	<b>\$ 1,173,887</b>	<b>\$ 1,237,143</b>

Source: State accounting records.

(1) Revenue collected from deceptive trade practice hearings for consumer education programs.

The Division also deposited a total of \$201,490 in registration fees and investigative reimbursements directly to the General Fund. Total restitution and relief returned to consumers during fiscal year 2002 totaled \$1.2 million, of which \$148,000 was collected by the Division and paid directly to consumers. As of June 30, 2002, the Division had 19 full-time employees—16 in its main office in Las Vegas and 3 in the Reno office—and one vacant full-time position.

## **Scope and Objective**

This audit is part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission, and was made pursuant to the provisions of NRS 218.737 to 218.893. The Legislative Auditor conducts audits as part of the Legislature's oversight responsibility for public programs. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

This audit included a review of the Division's financial and administrative activities for the fiscal year ended June 30, 2002, and activities through December 2002 for certain issues. The objective of our audit was to evaluate the Division's financial and administrative practices, including whether activities were carried out in accordance with applicable state laws, regulations, and policies.



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## **Findings and Recommendations**

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The Consumer Affairs Division needs to improve its financial and administrative practices and develop procedures to help ensure compliance with laws and policies. Specifically, the lack of an effective internal budget tracking system and procedures contributed to the inappropriate recording of revenues and expenditures. The Division would have exceeded its approved budget if these transactions were properly reported and paid. The Division also lacks adequate revenue collection procedures. As a result, not all businesses submitted their fiscal year 2002 registration fees. Finally, the Division lacks procedures to ensure compliance with purchasing and personnel laws and policies.

### **Division Lacks Effective Expenditure Controls**

The lack of an effective internal budget tracking system and expenditure controls contributed to the inappropriate recording of revenues. Specifically, the Division recorded deposits totaling approximately \$15,000 in expenditure accounts. Recording deposits in expenditure accounts reduced the total amount of expenditures and resulted in the Division's total expenditures exceeding its approved budget by \$1,400. In addition, operating expenditures totaling \$4,900 were not recorded in the Division's budget account and invoices totaling more than \$9,000 were not paid. The Division would have exceeded its approved budget by \$15,300 if these transactions had been properly recorded and paid.

#### **Revenues Inappropriately Recorded as Expenditure Reductions**

The Division inappropriately recorded deposits totaling \$14,900 as reductions to expenditures. NRS 353.311 defines revenue as the gross increase in ownership equity during a designated period and must be measurable and available to finance expenditures of the fiscal period. Therefore, deposits should be recorded as revenue and not as an expenditure reduction. Only minor reimbursements of current year expenditures should be recorded as a reduction to expenditures. If these deposits had

been properly recorded as revenue, the Division would have exceeded its budgetary authority by approximately \$8,500 in two expenditure categories.

The Division conducts investigations and hearings to determine if a business has engaged in deceptive trade practices. As part of this process, the Division may assess the business the costs to conduct the hearing and an amount to help fund consumer education. Because the Division did not have authority to deposit these assessments in its operating budget account, it recorded the following as reductions to expenditures:

- Three deposits totaling \$13,500 earmarked for consumer education were recorded in its consumer protection category.
- Two reimbursements totaling \$1,400 for costs incurred by the Division to conduct deceptive trade hearings were recorded in its operating category.

Although the Division subsequently obtained authority to deposit and spend the consumer education collections, the Division did not reclassify the \$13,500 as revenue. Therefore, the actual expenditures in the consumer protection category exceeded the budgeted amount by \$7,100. Furthermore, the Division did not obtain authority to expend the hearing cost revenue. As a result, the actual expenditures in the Division's operating category exceeded the budgeted amount by \$1,400 since the Division did not have any remaining authority in this category.

#### **Improper Use of the Special Investigation Revolving Account**

The Consumer Affairs Division did not use its special investigation revolving account as required. The revolving account was established to pay expenses resulting from a deceptive trade practice investigation. However, most of the expenditures paid from this account in fiscal year 2002 were for equipment and office supplies. Furthermore, the Division did not reimburse the account for all expenses incurred. As a result, expenditures totaling \$4,900 were not recorded in the Division budget account.

#### **Account Used to Purchase Equipment and Furniture**

NRS 598.0966 authorizes the Division to establish a \$7,500 revolving account that "must be used for the payment of expenses related to conducting an undercover investigation of a person who is allegedly engaging in a deceptive trade practice." Agency personnel testified during the 1997 legislative session that the account was

needed to conduct undercover “stings” and allow investigators “...to go into the marketplace and conduct sales, as an average consumer, when the Division was alerted an action was taking place and evidence was needed.” However, of the \$12,300 charged to the account in fiscal year 2002, more than \$11,000 was for equipment, office furniture, and supplies. Items purchased included:

- Three digital cameras with accessories totaling \$2,100
- Six printers totaling \$1,200
- A safe for \$3,100
- Office furniture totaling \$2,700
- Three telephones totaling \$500
- A fax machine for \$300

According to Division management, office furniture was purchased for hearings conducted as the result of special investigations, and equipment and supplies were purchased to aid in investigations. While we agree certain supplies may be necessary, many of the items purchased were not directly related to conducting an undercover investigation.

#### Account Was Not Reimbursed as Required

The Division is also required by law to promptly reimburse payments made from the account from any legislative appropriation. For fiscal year 2002, the Division’s appropriation included \$7,500 for reimbursements. However, the Division did not reimburse the account for all payments. The Division only reimbursed \$7,400 of the \$12,300 in payments made from the account. Therefore, expenditures totaling \$4,900 were not recorded in the Division’s budget account.

The failure to promptly reimburse the revolving account can be attributed to the Division’s misunderstanding of how a revolving account should be managed. A revolving account has an established balance that is carried forward from year to year. When an expenditure is made, the account should be promptly reimbursed back to the established balance. However, during fiscal years 1998 and 1999, the Division deposited the entire \$7,500 approved for reimbursement into the account to begin the year. Then at the end of each year, the Division reverted all but \$10 to the General

Fund. Although the Division ceased reverting the remaining account balance in fiscal year 2000, it has not reimbursed the account for all payments to ensure the balance remains at \$7,500. Consequently, the June 30, 2002, balance was only \$1,197.

### **Inadequate Budget Tracking System Contributed to Problems**

During fiscal year 2002, the Division prepared a weekly budget report to monitor its expenditures. However, these reports were not mathematically correct, did not always agree with the state's accounting records, and were not always reviewed timely. As a result, many of the problems previously identified, as well as more than \$10,000 in unpaid invoices and inappropriate charges to certain categories, can be attributed to these weaknesses.

Prior to fiscal year 2002, the Office for Hospital Patients (OHP) occupied a portion of the Division's office space. Effective July 1, 2001, the OHP was transferred to the Office for Consumer Health Assistance and vacated this space. Although the Division requested a budget revision in July 2001 to increase its fiscal year 2002 spending authority by \$12,500 for the additional rent, the revision was not approved. Therefore, it was critical that the Division monitor its expenditures to ensure they did not exceed the approved budget.

Because the weekly budget reports were not reliable, they did not indicate any problems until the April 23, 2002 report. This report projected the Division's operating category would be overspent by more than \$12,000. By the end of the fiscal year, the Division did not have sufficient funds to pay invoices totaling \$9,000. As a result, the Division received a supplemental appropriation during the 2003 Legislative Session to cover this shortfall. In addition, the lack of available funds at year-end resulted in the Division using funds designated for consumer education to pay operating costs. Specifically, the Division used these funds to pay armored car services totaling \$1,000.

NRS 353.260(1) states, "It is unlawful for any state officer, commissioner, head of any state department or other employee, whether elected or appointed, to expend more money than the sum specifically appropriated by law for any such office, commission or department." Therefore, the Division needs to improve its budget monitoring procedures to ensure compliance with the state's budget law.

## **Recommendations**

1. Develop procedures to ensure revenues are properly recorded.
2. Develop procedures to ensure that Special Investigation Revolving Account expenditures are proper and promptly reimbursed.
3. Improve the effectiveness of the budget monitoring process by ensuring reports are accurate and reviewed timely.

## **Additional Revenue Collection Procedures Needed**

The Division has not established procedures to help ensure all fees are collected. As a result, the Division has limited assurance all businesses required to submit registration fees have done so. The Division would have collected additional General Fund revenue with improved procedures. In addition, the Division has not established procedures to readily identify the amount of revenue due for deceptive trade practice hearings. Without adequate documentation, the Division has limited assurance its collection procedures are functioning as intended.

### **Procedures Not Established to Enforce Change in Fee Requirements**

NRS 598.2806 required each credit service organization, discount buying club, dance studio, or health club to register with the Division and pay a one-time administrative fee of \$25. However, this section of the NRS was amended during the 2001 legislative session. Effective October 1, 2001, these businesses must renew their registrations annually and remit the \$25 fee with their renewal application. Despite this change, the Division did not establish procedures to ensure all businesses renewed their registrations and paid the fee. Although the actual amount of uncollected revenue is unknown, Division records indicate it would have collected \$11,800 in additional fees if all businesses submitted renewals.

These fees were not collected since the Division did not have sufficient procedures to identify businesses that failed to comply with renewal requirements. Although the Division tracks statistical data regarding the total number of businesses that should have renewed their registration, it did not have a reliable list identifying the

businesses included in the statistics. Consequently, the Division is limited in its ability to identify those businesses that did not renew.

### **Accounts Receivable Have Not Been Properly Recorded**

The Division has not established procedures to ensure accounts receivable are properly recorded and reported. As a result, the Division cannot readily determine the amount of investigative and hearing cost reimbursements due from businesses that were in violation of deceptive trade practice statutes. We estimate at least \$4,500 in investigative cost reimbursements were due as of June 30, 2002.

Although the Division does have procedures to collect reimbursements for investigative costs, delinquent accounts that are not promptly identified and recorded have a higher risk of not being collected. In addition, because accounts receivable are not recorded, the Division does not report its receivable balances to the State Controller as required by NRS 353C.120.

### **Recommendation**

4. Develop policies and procedures to ensure:
  - a. all registration renewal fees are collected; and
  - b. accounts receivable are properly recorded and reported.

### **Purchasing and Personnel Controls Need Improvement**

The Division needs additional controls to help ensure compliance with laws and regulations regarding the approval of expenditures and overtime, and the preparation of employee evaluations. For instance, the Division did not always obtain required approvals for equipment purchases and computer repair and maintenance services. Specifically:

- A \$3,100 safe was purchased directly with funds from the special investigation revolving account without the approval of the Budget Division and State Purchasing.
- Two handheld personal computers and accessories totaling about \$2,900 were purchased without approval from the Budget Division, State Purchasing, or the Department of Information Technology.

- The Division paid a vendor \$4,600 during fiscal year 2002 for computer repair services without a contract.

The State Administrative Manual (SAM) requires agencies obtain State Purchasing and Budget Division approval for equipment costing more than \$999, as well as Department of Information Technology (DoIT) approval if it is computer equipment. In addition, state law and SAM require all computer services provided by an independent contractor to be documented in a contract and approved by DoIT. Contracts from \$2,000 to \$9,999 must also be approved by the Clerk of the Board of Examiners. The failure to obtain proper approval increases the risk that purchases have not been authorized in the budget and items were not acquired at the lowest cost.

State agencies are required to enter into an agreement for compensating an employee for overtime with compensatory time in lieu of cash payments. However, the Division did not have agreements with all employees to accrue compensatory time. Without agreements, the Division must pay employees for their compensatory time. Paying for all overtime could have a significant impact on the Division's budget since its employees had accrued more than \$10,000 in compensatory time as of June 30, 2002. Finally, the Division did not complete employee performance evaluations during fiscal year 2002 for any of the 15 employees we selected for our testing. NRS 284.340 requires state agencies to file annual reports on the performance of each employee. Without evaluations, employees may not know what is expected of them, and deficiencies in performance may not be corrected timely.

### **Recommendations**

5. Develop procedures to ensure equipment and contract expenditures are properly approved.
6. Enter into agreements for compensatory overtime.
7. Conduct annual employee performance evaluations as required by law.

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# Appendices

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## Appendix A Audit Methodology

To gain an understanding of the Consumer Affairs Division, we interviewed management and staff, and reviewed laws, regulations, and policies and procedures significant to its financial administration. We also reviewed the Division's strategic plan, financial reports, budgets, and other information describing the Division's activities. In addition, we documented and assessed the adequacy of the Division's control environment.

To accomplish our objective, we examined all transactions recorded in the special investigation revolving account to ensure deposits were timely and expenditures were appropriate. We also randomly selected 40 businesses registered with the Division to determine if procedures ensured businesses paid their annual registration renewal fees.

To determine if customer restitution was properly processed, we randomly selected 20 expenditures recorded in the Division's restitution account and compared the payments to hearing decisions. In addition, we randomly selected and examined 50 non-payroll expenditure transactions for compliance with applicable laws, regulations, and procedures. Furthermore, we selected a total of 40 expenditure transactions from fiscal years 2001, 2002, and 2003 to verify they were recorded in the proper fiscal year.

To verify the accuracy of the Division's surety bond inventory, we traced a total of 30 sureties to and from the Division's inventory report. We also tested payroll records for 15 employees to determine compliance with regulations governing the accumulation and use of overtime. We also tested whether classified employees had required work performance standards and evaluations. To test the reliability of the Division's performance measures, we reviewed the reliability of the case-tracking database and reviewed the methods for calculating the reported information.



Our fieldwork was conducted from October 2002 through April 2003, in accordance with generally accepted government auditing standards.

In accordance with NRS 218.821, we furnished a copy of our preliminary report to the Director of the Department of Business and Industry and the Commissioner of the Consumer Affairs Division. On August 27, 2003 we met with agency officials to discuss the results of our audit and requested a written response to the preliminary report. That response is contained in Appendix C, which begins on page 17.

Contributors to this report included:

James R. Gray, CPA  
Deputy Legislative Auditor

Michael O. Spell, CPA  
Audit Supervisor

Stephen M. Wood, CPA  
Chief Deputy Legislative Auditor

**Appendix B**  
**Prior Audit Recommendations**

In 1995, we issued an audit of the Consumer Affairs Division containing seven recommendations. Five of the seven recommendations were within the scope of the current audit. We evaluated the status of these recommendations and found that all five were fully implemented.

# Appendix C

## Response From the Consumer Affairs Division

KENNY C. GUINN  
Governor

SYDNEY H. WICKLIFFE, C.P.A.  
Director  
Department of Business and Industry

STATE OF NEVADA



PATRICIA JARMAN-MANNING  
Commissioner  
Consumer Affairs Division

DEPARTMENT OF BUSINESS AND INDUSTRY  
**CONSUMER AFFAIRS DIVISION**  
OFFICE OF THE COMMISSIONER

### MEMORANDUM

**TO:** Paul V. Townsend, C.P.A., Legislative Auditor Supervisor  
Legislative Counsel Bureau  
Audit Division

**FROM:** Patricia Jarman-Manning, Commissioner  
Consumer Affairs Division

**SUBJECT:** RESPONSE TO AUDIT RECOMMENDATIONS

**DATE:** September 4, 2003

<u>Recommendation Number</u>	<u>Accepted</u>	<u>Rejected</u>
1. Develop procedures to ensure revenues are properly recorded.	<u> X </u>	<u> </u>
<b>RESPONSE:</b> To ensure revenues are properly recorded, the Consumer Affairs Division (the Division) will add a validation process to its current procedures. The Chief Financial Officer (CFO) will agree the deposit receipt and the daily deposit journal to a daily printout of receipts from the Data Warehouse. The journal will be initialed and filed numerically in the temporary files. At the end of the month, the journals will be pulled and attached to the monthly reconciliation.		
2. Develop procedures to ensure that Special Investigation Revolving Account expenditures are proper and promptly reimbursed.	<u> X </u>	<u> </u>
<b>RESPONSE:</b> The Division will develop procedures to ensure that the Special Investigation Revolving Account expenditures are relevant to special investigations. Additionally, the account will be reimbursed monthly providing that funds are available.		
3. Improve the effectiveness of the budget monitoring process by ensuring reports are accurate and reviewed timely.	<u> X </u>	<u> </u>
<b>RESPONSE:</b> The Division currently uses unprotected Microsoft Excel spreadsheets for data entry. The spreadsheets will be changed to prevent the altering of calculated cells. Reports will be reviewed within 5 working days by the CFO and the Commissioner.		

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Website: [www.fyiconsumer.org](http://www.fyiconsumer.org) • E-mail: [ncad@fyiconsumer.org](mailto:ncad@fyiconsumer.org)

<u>Recommendation Number</u>	<u>Accepted</u>	<u>Rejected</u>
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- |  |                  |             |
|--|------------------|-------------|
| 4. Develop policies and procedures to ensure:<br>a. all registration renewal fees are collected; and<br>b. accounts receivable are properly recorded and reported. | <u>    X    </u> | <u>    </u> |
|--|------------------|-------------|

**RESPONSE:** The Division will develop policies and procedures to ensure that registration renewals are noticed and collected. However, the funds to implement this process are not currently in our budget and will require creative mechanisms to carry out. We will work on this process to try to fulfill this recommendation to the best of our ability.

The proper noticing of registration fees that result in accounts receivable, should correct this recommendation.

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| 5. Develop procedures to ensure equipment and contract expenditures are properly approved. | <u>    X    </u> | <u>    </u> |
|--|------------------|-------------|

**RESPONSE:** The current procedures will be updated to reference relevant sections of the State Administrative Manual. The staff will attend periodic training to update their knowledge, skills and ability in these areas.

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|---|------------------|-------------|
| 6. Enter into agreements for compensatory overtime. | <u>    X    </u> | <u>    </u> |
|---|------------------|-------------|

**RESPONSE:** The Division will utilize the Department of Personnel's Election of Compensatory Time forms for each employee.

- |  |                  |             |
|--|------------------|-------------|
| 7. Conduct annual employee performance evaluations as required by law. | <u>    X    </u> | <u>    </u> |
|--|------------------|-------------|

**RESPONSE:** Annual employee evaluations will be conducted.



Patricia Jarman-Manning  
Commissioner

cc: Sydney H. Wickliffe, C.P.A., Director  
Dept. of B & I

**MAILED**

SEP - 5 2003

Consumer Affairs  
Las Vegas

**Consumer Affairs Division  
Response to Audit Recommendations**

<u>Recommendation Number</u>		<u>Accepted</u>	<u>Rejected</u>
1	Develop procedures to ensure revenues are properly recorded.....	<u>  X  </u>	<u>      </u>
2	Develop procedures to ensure that Special Investigation Revolving Account expenditures are proper and promptly reimbursed .....	<u>  X  </u>	<u>      </u>
3	Improve the effectiveness of the budget monitoring process by ensuring reports are accurate and reviewed timely .....	<u>  X  </u>	<u>      </u>
4	Develop policies and procedures to ensure: a. all registration renewal fees are collected; and b. accounts receivable are properly recorded and reported.....	<u>  X  </u>	<u>      </u>
5	Develop procedures to ensure equipment and contract expenditures are properly approved.....	<u>  X  </u>	<u>      </u>
6	Enter into agreements for compensatory overtime .....	<u>  X  </u>	<u>      </u>
7	Conduct annual employee performance evaluations as required by law .....	<u>  X  </u>	<u>      </u>
	TOTALS	<u>    7    </u>	<u>    0    </u>