

STATE OF NEVADA

**COMMUNICATION OF SIGNIFICANT DEFICIENCIES
AND MATERIAL WEAKNESSES PRIOR TO THE
COMPLETION OF THE COMPLIANCE AUDIT
FOR PARTICIPANTS IN OFFICE OF MANAGEMENT
AND BUDGET
SINGLE AUDIT PILOT PROJECT**

FOR THE YEAR ENDED JUNE 30, 2009



KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

**Communication of Significant Deficiencies and
Material Weaknesses Prior to the Completion of the Compliance Audit
for Participants in Office of Management and Budget Single Audit Pilot Project**

Legislative Auditor
Legislative Counsel Bureau
Capitol Complex
Carson City, Nevada 89710

This communication is provided pursuant to the parameters of the 2009 Office of Management and Budget (OMB) pilot project. Such project requires auditors of entities that volunteer for the project to issue, in writing, an early communication of significant deficiencies and material weaknesses in internal control over compliance for certain federal programs having expenditures of American Recovery and Reinvestment Act of 2009 (ARRA) funding at an interim date, prior to the completion of the compliance audit. Accordingly, this communication is based on our audit procedures performed through November 30, 2009, an interim period. Because we have not completed our compliance audit, additional significant deficiencies and material weaknesses may be identified and communicated in our final report on compliance and internal control over compliance issued to meet the reporting requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

In planning and performing our audit through November 30, 2009 of the DOL - 17.225 Unemployment Insurance program, and the DOT 20.205 – Highway Infrastructure Investment Recovery Act/Highway Planning and Construction program, we are considering the State's compliance with activities allowed or unallowed, allowable costs and cost principles, cash management, eligibility, reporting, and special tests and provisions, as described in the *OMB Circular A-133 Compliance Supplement* for the year ended June 30, 2009. We are also considering the State's internal control over compliance with the requirements previously described that could have a direct and material effect on the DOL - 17.225 Unemployment Insurance program, and the DOT 20.205 – Highway Infrastructure Investment Recovery Act/Highway Planning and Construction program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance is for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined in the following paragraph. However, as discussed subsequently, based on the audit procedures performed through November 30, 2009, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency or combination of control deficiencies that adversely affect the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Early Communication of Significant Deficiencies and Material Weaknesses in Internal Control over Compliance as Findings 09-1 through 09-7 to be significant deficiencies.

A *material weakness* is a significant deficiency or combination of significant deficiencies that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider any of the deficiencies described in the accompanying Schedule of Early Communication of Significant Deficiencies and Material Weaknesses in Internal Control over Compliance to be material weaknesses.

The State's responses to our findings are included in the accompanying Schedule of Early Communication of Significant Deficiencies and Material Weaknesses in Internal Control over Compliance. We did not audit the State's responses and, accordingly, we express no opinion on them.

This interim communication is intended solely for the information and use of the Nevada Legislature, management of the State and others within the entity, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Kafoury, Armstrong & Co.

Reno, Nevada
November 30, 2009

STATE OF NEVADA
SCHEDULE OF EARLY COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND
MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2009

U.S. DEPARTMENT OF LABOR:

Interim Finding 09-1:

Unemployment Insurance, CFDA 17.225

Grant Award Number: Potentially affects all grant awards included under CFDA 17.225 expended by the State of Nevada during the year ended June 30, 2009.

Criteria and Condition: The *OMB Circular A-133 Compliance Supplement Addendum #1* provides that State responsibilities include determining claimant eligibility and disqualification provisions. The Nevada Department of Employment, Training and Rehabilitation Manual of Operations, Chapter 1300, contains a policy to assist in detecting and preventing the filing of fraudulent unemployment claims called the Identity Cross-match Program. This program requires the claimant's data to be matched to the data maintained by the Nevada Department of Motor Vehicles. In the event the claimant data does not match, documentation of the resolution of any validation issues is to be included in the General Unemployment Insurance Development Effort (GUIDE) system.

As part of our testing over eligibility, we reviewed a sample of 40 cases of Unemployment Compensation benefit recipients for documentation of the identity cross-match and the resolution of any validation issues, if applicable. In one of the 40 cases there was a conflict identified by the identity cross-match program. However, we could find no documentation that resolution of the issue was included in the GUIDE system.

Questioned Costs: Undetermined.

Context: The condition noted above appears to be a systemic problem.

Effect: Fraudulent payments for Unemployment Insurance could be made.

Cause: The Nevada Department of Employment, Training and Rehabilitation did not follow the established procedures included in the Manual of Operations, Chapter 1300.

Recommendation: We recommend the Nevada Department of Employment, Training and Rehabilitation adhere to the procedures in the Manual of Operations, and ensure that all resolutions of discrepancies resulting from the identity cross-match program are documented.

Management's Response: See management's response on page 6.

STATE OF NEVADA
SCHEDULE OF EARLY COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND
MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2009

U.S. DEPARTMENT OF LABOR:

Interim Finding 09-2:

Unemployment Insurance, CFDA 17.225

Grant Award Number: Affects the American Recovery and Reinvestment Act (ARRA) grant awards included under CFDA 17.225 expended by the State of Nevada during the year ended June 30, 2009.

Criteria and Condition: As noted in the *OMB Circular A-133 Compliance Supplement Addendum #1*, certain special provisions apply to all programs with expenditures of ARRA awards, including the provision to provide separate identification of ARRA expenditures on the Schedule of Expenditures of Federal Awards (SEFA). The separate identification shall be accomplished by identifying expenditures for Federal awards made under ARRA using the prefix "ARRA-".

During our review of the State's draft SEFA for the year ended June 30, 2009, provided by the State in October 2009, we noted that certain amounts under CFDA 17.225 related to expenditures reimbursed with ARRA funds were not separately identified, and some amounts were not reported at all (FAC, EB and EUC).

Questioned Costs: None.

Context: The condition noted above appears to be a systemic problem.

Effect: ARRA funds were not properly identified and reported in the SEFA.

Cause: Although the State has a procedure in place for Department personnel to communicate ARRA expenditure information to the preparer of the SEFA, those procedures were not adhered to at the Department of Employment, Rehabilitation and Training (DETR), and the error was not identified by the preparer of the SEFA.

In addition, personnel at DETR did not sufficiently understand the ARRA requirements and there was not independent review of the amounts reported.

Recommendation: We recommend that controls be implemented to ensure that ARRA expenditures are properly identified for inclusion on the SEFA. Additionally, we recommend the requirements of ARRA be reviewed and a secondary review of reported amounts be implemented.

Management's Response: See management's response on page 6.

STATE OF NEVADA
SCHEDULE OF EARLY COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND
MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2009

U.S. DEPARTMENT OF LABOR:

Interim Finding 09-3:

Unemployment Insurance, CFDA 17.225

Grant Award Number: Affects the American Recovery and Reinvestment Act (ARRA) grant awards included under CFDA 17.225 expended by the State of Nevada during the year ended June 30, 2009.

Criteria and Condition: The OMB Circular A-133 *Compliance Supplement Addendum #1* states that Federal Additional Compensation (FAC) is payable to individuals who are otherwise entitled under State law to receive regular Unemployment Compensation for weeks of unemployment, or are eligible for other Federal or State unemployment benefit programs (except State additional compensation).

During our testing, we reviewed 40 FAC payments to ensure FAC benefits were only being paid to individuals who were entitled to regular weekly compensation or other Federal or State unemployment benefit programs. We noted that one individual was paid FAC benefits but did not receive any other compensation or benefits for the corresponding week.

FAC payments are driven by the weekly unemployment benefits paid to recipients. However, when a weekly unemployment benefit check was stale-dated, the calculated FAC payment was not reduced to recognize that the benefit was adjusted. When the unemployment benefit was re-issued, the FAC calculation included payment for both the original week and the adjustment week.

Questioned Costs: \$25.

Context: The condition noted above appears to be a systemic problem.

Effect: FAC was paid to an individual for nine weeks, however, the individual was only eligible to receive FAC for eight weeks. Thus, FAC payments were overstated.

Cause: Adequate controls were not in place to ensure that FAC payments were calculated correctly.

Recommendation: We recommend the Nevada Department of Employment, Training and Rehabilitation implement controls to ensure FAC payments are calculated correctly.

Management's Response: See management's response on page 6.

JIM GIBBONS
Governor



DETR
Nevada Department of Employment,
Training and Rehabilitation

LARRY J. MOSLEY
Director

OFFICE OF THE DIRECTOR

December 17, 2009

Mr. Debbie Clark, Audit Manager
Kafoury Armstrong & Company
6140 Plumas Street
Reno, Nevada 89519

Dear Ms. Clark:

This letter is in response to the Unemployment Insurance (UI) "Interim" Audit revised findings presented to my staff earlier this month. Please note that the Department of Employment, Training and Rehabilitation is fully committed to ensuring compliance with applicable federal laws and regulations.

Please feel free to contact me at (775) 684-3911 or my deputy director, Cindy Jones at (775) 684-3909 if you need further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Larry J. Mosley".

Larry J. Mosley
Director

Attachment

cc: Cindy A. Jones, Deputy Director / ESD Administrator
Ardell Galbreth, Deputy Director
Renee Olson, Chief Financial Officer
Duane E. Anderson, Chief Auditor

State of Nevada
Department of Employment, Training and Rehabilitation (DETR)
Schedule of Early Communication of Significant Deficiencies and
Material Weaknesses in Internal Control over Compliance
For the Year Ended June 30, 2009

Interim Finding 09-01

Management's Response

The Division is aware that there have been isolated instances of failure of policy and procedure regarding identity cross matching. These isolated instances are based in part on relative inexperience of staff and in part upon timing differences.

To address the inexperience of staff, the Division has engaged in ongoing in-service training designed to insure that policy and procedure are followed each and every time. In the arena of Internet claims, the Division implemented a team to review these cases carefully, as the Division identified the Internet as a potential weakness.

The application of the existing cross match is reliant on a valid and complete file of records from the DMV to be uploaded monthly. The Division has identified isolated instances where this did not occur, primarily due to the timing of when the monthly updates are processed.

In the event the claimant submits documentation that does not clear the suspicion, the person is referred for an in-person identity verification using technology designed to detect fake identification documents. Nevada currently refers between 20-50 people in this manner weekly. If the person presents falsified documents or fails to appear for the review, no payment is made.

Nevada has applied for and been awarded supplemental budget money through the Department of Labor to implement the Social Security Cross Match, which will be used in conjunction with the Department of Motor Vehicle cross match to further upgrade Nevada's identification processes. The Division is in the process of developing requirements for the contractors needed to design and program this cross match.

Interim Finding 09-2

Management's Response

As recommended, the requirements of ARRA will be reviewed by DETR personnel. Controls will be implemented to properly identify ARRA expenditures, and a secondary review of ARRA reported amounts will be instituted.

Amended Single Audit Reporting Forms will be filed with the State Controller's Office for ARRA amounts not reported, or reported incorrectly, as identified by Kafoury & Armstrong auditors.

Interim Finding 09-3

Management's Response

The Division has implemented programming to identify and reconcile the weekly benefit payment history record to ensure that only one Federal Additional Compensation (FAC) payment of twenty-five dollars a week is generated for the week claimed. The continued refinement of the Division's programming has corrected the possibility that a FAC payment would be issued twice for the same week claimed, and any reoccurrences should be prevented in the future.

Federal Additional Compensation (FAC) overpayments must be offset only by future FAC payments, and not by any other type of payment such as Regular UI, State Extended Benefits, And Extended Unemployment Compensation (Tiers I, II, III). Therefore FAC overpayments must be disbursed and accounted for as a stand alone benefit, which requires the Benefit Payment Control unit to collect FAC overpayments in conjunction with (Regular UI, EUC, or SEB) , but account for them under separate ledger.

STATE OF NEVADA
SCHEDULE OF EARLY COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND
MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2009

U.S. DEPARTMENT OF TRANSPORTATION:

Interim Finding 09-4:

Highway Infrastructure Investment Recovery Act/Highway Planning and Construction - CFDA 20.205

Grant Award Number: Affects the American Recovery and Reinvestment Act (ARRA) grant awards included under CFDA 20.205 expended by the State of Nevada during the year ended June 30, 2009.

Criteria and Condition: As noted in the *OMB Circular A-133 Compliance Supplement Addendum #1*, certain special provisions apply to all programs with expenditures of ARRA awards, including the provision to provide separate identification of ARRA expenditures on the Schedule of Expenditures of Federal Awards (SEFA). The separate identification shall be accomplished by identifying expenditures for Federal awards made under ARRA using the prefix "ARRA-".

During our review of the State's draft SEFA for the year ended June 30, 2009, provided by the State in October 2009, we noted that although the total expenditures reported for CFDA 20.205 appeared to be complete, the amount related to expenditures reimbursed with ARRA funds was not separately identified.

Questioned Costs: None.

Context: The condition above appears to be a systemic problem.

Effect: ARRA funds were not separately identified on the SEFA.

Cause: Although the State has a procedure in place for Department personnel to communicate ARRA expenditure information to the preparer of the SEFA, those procedures were not adhered to at the Department of Transportation and the error was not identified by the preparer of the SEFA.

Recommendation: We recommend that additional controls be put in place to ensure that ARRA expenditures are properly identified for inclusion on the SEFA. Additionally, we recommend the requirements of ARRA be reviewed and a secondary review of reported amounts be implemented.

Management's Response: See management's response on page 13.

STATE OF NEVADA
SCHEDULE OF EARLY COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND
MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2009

U.S. DEPARTMENT OF TRANSPORTATION:

Interim Finding 09-5:

Highway Infrastructure Investment Recovery Act/Highway Planning and Construction - CFDA 20.205

<i>Grant Award Number:</i>	Potentially affects all grant awards included under CFDA 20.205 expended by the State of Nevada during the year ended June 30, 2009.
<i>Criteria and Condition:</i>	<p>As noted in <i>OMB Circular A-133</i>, a pass-through entity is responsible for communicating certain Federal award information to each subrecipient, including informing each subrecipient of the Catalog of Federal Domestic Assistance (CFDA) title and number.</p> <p>As part of our testing over subrecipient monitoring, we tested a sample of subrecipient awards for communication of required information, and noted that the awards did not include the CFDA title and number</p>
<i>Questioned Costs:</i>	None.
<i>Context:</i>	The condition above appears to be a systemic problem.
<i>Effect:</i>	Subrecipients may be unaware of specific Federal award information and requirements, which could result in noncompliance at the subrecipient level.
<i>Cause:</i>	The Nevada Department of Transportation does not have adequate procedures in place to ensure subrecipient awards contain all of the required information.
<i>Recommendation:</i>	We recommend the Nevada Department of Transportation implement procedures to ensure subrecipient awards contain all of the required information.
<i>Management's Response:</i>	See management's response on page 13.

STATE OF NEVADA
SCHEDULE OF EARLY COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND
MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2009

U.S. DEPARTMENT OF TRANSPORTATION:

Interim Finding 09-6:

Highway Infrastructure Investment Recovery Act/Highway Planning and Construction - CFDA 20.205

Grant Award Number: Potentially affects all grant awards included under CFDA 20.205 expended by the State of Nevada during the year ended June 30, 2009.

Criteria and Condition: As noted in the OMB A-133 Compliance Supplement, the A-102 Common Rule requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with program requirements. Specifically, the requirement for activities allowed or unallowed and allowable costs/cost principles is for the entity to provide reasonable assurance that Federal awards are expended only for allowable activities and that the cost of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles. One way of ensuring this is by having a person knowledgeable about the award approve the costs prior to payment.

As part of our testing of internal controls over allowable costs/cost principles, we tested a sample of 40 payments. During this testing we noted two payments for supplies that lacked evidence of review and approval by either Nevada Department of Transportation management or purchasing personnel to support that the charges were reviewed for allowability.

Questioned Costs: None.

Context: The condition noted above appears to be a systemic problem.

Effect: Unallowable costs could be charged to the Federal program.

Cause: The Nevada Department of Transportation did not have adequate policies and procedures in place to ensure that all costs charged to Federal programs were reviewed and approved by someone knowledgeable about the award prior to payment.

Recommendation: We recommend that the Nevada Department of Transportation implement policies and procedures to ensure that all amounts charged to Federal programs are reviewed and approved prior to payment.

Management's Response: See management's response on page 13.

STATE OF NEVADA
SCHEDULE OF EARLY COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND
MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2009

U.S. DEPARTMENT OF TRANSPORTATION:

Interim Finding 09-7:

Highway Infrastructure Investment Recovery Act/Highway Planning and Construction - CFDA 20.205

Grant Award Number: Potentially affects all grant awards included under CFDA 20.205 expended by the State of Nevada during the year ended June 30, 2009.

Condition and Criteria: The OMB Circular A-133 Compliance Supplement requires that non-federal entities include in their construction contracts subject to the Davis-Bacon Act, a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act, and the DOL regulations (29 CFR Part 5.5(a)(3)(ii)(A), "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). This includes a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Our testing of construction contracts included reviewing the bid documents and contracts for the Davis-Bacon provisions, and reviewing the payroll data received and monitored by Nevada Department of Transportation personnel. Although the certified weekly payrolls were submitted, we noted several instances where multiple weeks were submitted at once, rather than each week being submitted separately and timely.

Questioned Cost: None.

Context: The condition noted above appears to be a systemic problem.

Effect: Material noncompliance with the Davis-Bacon Act by a contractor could occur and not be detected or followed up on by the Nevada Department of Transportation in a timely manner.

Cause: Adequate control procedures were not in place to ensure that all required payrolls were received as prescribed by the Davis-Bacon Act timely.

Recommendation: We recommend that the Nevada Department of Transportation enhance procedures to ensure that certified payrolls are received as prescribed by the Davis-Bacon Act.

Management's Response: See management's response on the following page.



JIM GIBBONS
Governor

STATE OF NEVADA
DEPARTMENT OF TRANSPORTATION
1263 S. Stewart Street
Carson City, Nevada 89712

SUSAN MARTINOVICH, P.E., *Director*

In Reply Refer to:

December 12, 2009

Ms. Susan Klekar
Division Administrator
Federal Highway Administration
705 North Carson St
Carson City, NV 89701

Dear Ms. Klekar:

Kafoury, Armstrong & Co., CPA's performed an Early Communication of Significant Deficiencies and Material Weaknesses in Internal Control Over Compliance For The Year ended June 30, 2009 as part of the volunteer non-Federal entities expending ARRA awards. Under this pilot project auditors were to perform audits of Auditees with ARRA expenditures under OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Included in the audit were U.S. Department of Transportation CFDA 20.205 programs. Below are the findings for the Nevada Department of Transportation.

Finding 09-4 resulted in the following recommendation:

We recommend that additional controls be put in place to ensure that ARRA expenditures are properly identified for inclusion on the SEFA. Additionally, we recommend the requirements of ARRA be reviewed and a secondary review of reported amounts be implemented.

Response: The Single Audit Report had an additional box to be

checked if the funds included ARRA funds. We failed to check the box. It was an oversight. The procedures are in place for secondary review.

Corrective Action: Our procedures have been adjusted to include ARRA requirements for the Single Audit.

Finding 09-5 resulted in the following recommendation:

We recommend the Nevada Department of Transportation implement procedures to ensure subrecipient awards contain all of the required information.

Response: The finding resulted from some of our agreements not including the CFDA number .

Corrective Action: We have changed our agreement shells to include the CFDA number when applicable.

Finding 09-6 resulted in the following recommendation:

The Nevada Department of Transportation did not have adequate policies and procedures in place to ensure that all costs charged to Federal programs were reviewed and approved by someone knowledgeable about the award prior to payment.

Response: The Nevada Department of Transportation was aware of problems with operating costs being charged incorrectly to projects and had been vigorously training staff on what was and was not allowable. Training classes were held in Las Vegas, Reno and Carson City with video conferencing to other areas. All transactions were being reviewed for any corrections that may be needed.

Corrective Action: It was decided by the Nevada Department of Transportation to no longer charge operating costs to projects.

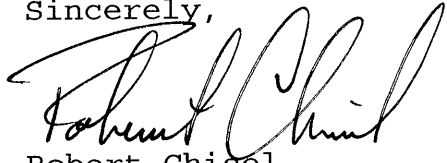
Finding 09-7 resulted in the following recommendation:

We recommend that the Nevada Department of Transportation enhance procedures to ensure that certified payrolls are received as prescribed by the Davis-Bacon Act.

Response: The Nevada Department of Transportation has been following NRS (Nevada Revised Statute) 338.070 which requires submission of payroll within 15 days after the end of the month.

Corrective Action: The Nevada Department of Transportation will implement a policy that requires contractors to submit payrolls in accordance with the Davis-Bacon Act if Federal funds are used.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Chisel". The signature is written in a cursive style with a large, sweeping initial "R".

Robert Chisel,
Assistant Director Administration

CC: Susan Martinovich, Director Department of Transportation
Dave Olsen, Chief Accountant NDOT
Elaine Martin, Project Accounting NDOT
Shannon Ryan, Deputy Legislative Auditor
Debra Clark, CPA, Kafoury, Armstrong & Co.
Jeff Shapiro, Chief Construction Engineer
Roc Stacey, Contract Compliance

NEVADA DEPARTMENT OF TRANSPORTATION

ACCOUNTING DIVISION

ACCOUNTING PROCEDURES MANUAL

50.114 Single Audit Reports (Yearly)

Each year we submit Single Audit Reporting Forms to the Controllers Office. The Forms are used to capture a record of all Federal Grant Award expenditures by the State of Nevada in a fiscal year. The information collected is key to Nevada's status for Federal Funding eligibility. The reporting forms should be prepared in conjunction with the preparation of the fiscal year end closing documents. They are submitted to the Controller's Office in mid September.

1. Revenue

- a. The Accounting Assistant prepares a revenue reconciliation and report for the Federal Revenue received. When we receive the report we run a Distribution Summary Report by FY and Revenue Code (3401 & 4746). The total should match to the Accounting Assistant's Revenue Report. Print the Distribution Summary Report. Then Save the Distribution to an excel file and make columns for FHWA and each Non CFAB entity from the Revenue Reconciliation.

2. Expenditures

- a. Go to the previous years Single Audit folder under FederalAid/SingleAudit/FY200XSingleAuditReports open the file and then do a "Save As" to save the file with the new FY. The 1st tab is a Blank Form, the 2nd tab is the FHWA sheet – do this sheet last.
- b. Starting with the 3rd tab look at the Comments at the bottom of the page.
 - i. If it shows "Please Close" there should be no more expenditures for this grant. Run a distribution to verify this then delete the sheet from the file.
 - ii. If it does not show "Please Close" then the grant should still be open. First move the Amount on line 12 to line 9. Next add the amount on line 7 to the amount on line 13 to get the new total for line 13 (Prior Years Revenue). Then add the amount on line 10 to the amount on line 14 to get the new total for line 14 (Prior Years Expenditures)
- c. Run a distribution for the corresponding project for the fiscal year sorted by account type. Get the Project folder to determine what the federal % of the project is. Then take the total expenditures (acct type 22) for the fiscal year and multiply by the federal percent of the project to get the Federal Expenditures and put on line 10. Look at the total revenue (acct type 31) for the fiscal year and enter the Federal Receipts (3401, 4746) on line 7.
- d. There is a formula at the bottom of each sheet to check for errors. If there are no errors. Go to the next tab and repeat steps starting from 2b.

3. ARRA reporting

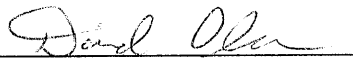
- a. Run a distribution report by the appropriation to determine if any ARRA funds were received during the fiscal year. If any funds were received check the box on the form.

NEVADA DEPARTMENT OF TRANSPORTATION

ACCOUNTING DIVISION

ACCOUNTING PROCEDURES MANUAL

4. Review process
 - a. Give completed forms to Management Analyst III to review. If not available give to Chief Accountant to review.

Approved: 

December 08, 2009

Martin, Elaine C

From: Olsen, David

Sent: Monday, November 30, 2009 4:14 PM

To: Carson City HQ, Annex, M&T DL; Elko DL; Ely DL; Las Vegas DL; Reno DL; Tonopah DL;
Winnemucca DL

Subject: Project costs

Effective immediately we will no longer allow a project to be charged with operating costs. Anything that is coded to appropriation unit 466004 is considered operating costs and should not be charged to project. If there is an item that you have charged to a project in the past, simply remove the project number from the coding everything else will remain the same.

If you have any questions feel free to call me.

*David Olsen
Chief Accountant
Nevada Department of Transportation
(775) 888-7451*

COOPERATIVE (LOCAL PUBLIC AGENCY) AGREEMENT
PROJECT NAME

This Agreement is made and entered the _____ day of _____, _____, by and between the State of Nevada, acting by and through its Department of Transportation (hereinafter "DEPARTMENT") and [insert Name and Address of Local Public Agency] (hereinafter "LOCAL AGENCY").

WITNESSTH:

WHEREAS, agreements between the DEPARTMENT and local public agencies are authorized under N.R.S. (Nevada Revised Statutes) Chapters 277 and 408; and

WHEREAS, the DEPARTMENT and the Nevada Division of the Federal Highway Administration (FHWA) have entered into a Stewardship Agreement pursuant to Title 23 U.S.C. (United States Code) § 106; and

WHEREAS, N.R.S. 408.245 authorizes the DEPARTMENT to act as agent and to accept federal funds on behalf of local public agencies; and

WHEREAS, 23 C.F.R. (Code of Federal Regulations) § 635.105(a) provides the DEPARTMENT shall be responsible for insuring that local public agency projects receiving federal funds receive adequate supervision and inspection to insure that said projects are completed in conformance with approved plans and specifications; and

OR

WHEREAS, 23 C.F.R. § 635.105(c) provides that when a local public agency project is located on a street or highway over which the DEPARTMENT does not have legal jurisdiction, or when special conditions warrant, the DEPARTMENT may arrange for the local public agency having jurisdiction over such street or highway to perform the work with its own forces or by contract provided certain conditions are met; and

WHEREAS, the LOCAL AGENCY will design, advertise, award, and manage construction of [description of project] as outlined in the Project Scope attached hereto and incorporated herein as Attachment A (hereinafter "PROJECT"); and

WHEREAS, the PROJECT has been approved for Federal [insert applicable funding source i.e., Enhancement, Congestion Mitigation and Air Quality (CMAQ), Surface Transportation Program (STP) Local funds], C.D.F.A. (Code of Federal Domestic Assistance) Number 20.205[modify as needed]; and

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter contained, it is agreed as follows:

ARTICLE I - DEPARTMENT AGREES:

1. To assist the LOCAL AGENCY with: (a) completing the National Environmental Policy Act (NEPA) documentation in conformance with 23 C.F.R. § 771 [IF

COOPERATIVE AGREEMENT

This Agreement is made and entered into this _____ day of _____, _____, by and between the STATE OF NEVADA, acting by and through its Department of Transportation, hereinafter called the DEPARTMENT, and **[organization, composition, nature and powers, i.e., a municipal corporation of the State of Nevada; a political subdivision of the State of Nevada]**, hereinafter called the _____.

WITNESSETH:

WHEREAS, a Cooperative Agreement is defined as an agreement between two or more public agencies for the "joint exercise of powers, privileges and authority;" and

WHEREAS, pursuant to the provisions contained in Chapter 408 of the Nevada Revised Statutes, the Director of the DEPARTMENT may enter into agreements necessary to carry out the provisions of the Chapter; and

WHEREAS, NRS 277.110 authorizes any two or more public agencies to enter into agreements for joint or cooperative action; and

WHEREAS, the parties to this Agreement are public agencies and authorized to enter into agreement in accordance with NRS 277.080 to 277.110; and

WHEREAS, the purpose of this Agreement is to _____, hereinafter called the PROJECT; and

WHEREAS, the Transportation Equity Act for the 21ST Century (SAFETEA LU) provides funding for all modes of transportation through its Enhancement Funding provisions, under which this PROJECT is eligible for ninety-five percent (95%) federal funds and five percent (5%) DEPARTMENT funds; and **[IF APPLICABLE]**

WHEREAS, the _____ services to be provided by the _____ will be of benefit to the DEPARTMENT, the _____ (organization) and to the people of the State of Nevada; and

WHEREAS, the PROJECT has been approved for Federal _____ funds **(insert applicable funding source i.e.,), C.D.F.A. (Code of Federal Domestic Assistance) Number 20.205 (modify as needed); and [If applicable to Federally Funded project]**

WHEREAS, the parties hereto are willing and able to perform the services described herein;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, it is agreed as follows:

ARTICLE I - _____ AGREES

- 1. To provide the DEPARTMENT _____

Agreement Number _____

INTERLOCAL AGREEMENT

This Agreement, made and entered into the _____ day of _____, _____, by and between the STATE OF NEVADA, acting by and through its Department of Transportation, hereinafter called the DEPARTMENT, and **[organization, composition, nature and powers, i.e., a municipal corporation of the State of Nevada; a political subdivision of the State of Nevada]**, hereinafter called the _____.

WITNESSETH:

WHEREAS, an Interlocal Agreement is defined as an agreement by public agencies to "obtain a service" from another public agency; and

WHEREAS, pursuant to the provisions contained in Chapter 408 of the Nevada Revised Statutes, the Director of the DEPARTMENT may enter into agreements necessary to carry out the provisions of the Chapter; and

WHEREAS, NRS 277.180 authorizes any one or more public agencies to contract with any one or more other public agencies to perform any governmental service, activity or undertaking which any of the public agencies entering into the agreement is authorized by law to perform and refers to such as an Interlocal Contract, hereinafter called an Agreement; and

WHEREAS, the purpose of this Agreement _____; and

WHEREAS, the Transportation Equity Act for the 21ST Century (SAFETEA-LU) provides funding for all modes of transportation through the Enhancement Funding category, under which this PROJECT is eligible for ninety five percent (95%) federal funds and five percent (5%) DEPARTMENT funds; and **[IF APPLICABLE]**

WHEREAS, the PROJECT has been approved for Federal _____ funds **(insert applicable funding source i.e.,), C.D.F.A. (Code of Federal Domestic Assistance) Number 20.205 (modify as needed); and [If applicable to Federally Funded project]**

WHEREAS, the services of the _____ will be of benefit to the DEPARTMENT and to the people of the State of Nevada; and

WHEREAS, the _____ is willing and able to perform the services described herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, it is agreed as follows:

ARTICLE I - _____ AGREES

1. To provide the DEPARTMENT **[specific description of services to be performed]** _____, hereinafter the PROJECT.

2. To reimburse the DEPARTMENT within thirty (30) days after receipt of the DEPARTMENT'S invoice for the DEPARTMENT'S portion of the PROJECT costs, estimated to be _____ and ___/100 Dollars (\$_____). **[IF APPLICABLE]**

NEVADA SAFE ROUTES TO SCHOOL PROGRAM
SUBRECIPIENT'S AGREEMENT FOR NONINFRASTRUCTURE ACTIVITIES

This Agreement is made and entered into the _____ day of _____, 2008 by and between the STATE OF NEVADA, acting by and through its Department of Transportation, hereinafter called "DEPARTMENT" and _____, acting by a through the _____, a _____, hereinafter called "SUBRECIPIENT".

WITNESSETH:

WHEREAS, 23 USC 402 provides the Federal Highway Administration Office of Safety funds for the establishment and carrying out of a safe routes to school program (SRTS Program) for the benefit of children in primary and middle schools; and

WHEREAS, the purposes of 23 USC 402 are(1) to enable and encourage children, including those with disabilities, to walk and bicycle to school; (2) to make bicycling and walking to school a safer and more appealing transportation alternative, thereby encouraging a healthy and active lifestyle from an early age; and (3) to facilitate the planning, development, and implementation of projects and activities that will improve safety and reduce traffic, fuel consumption, and air pollution in the vicinity of schools; and

WHEREAS, amounts apportioned to the State of Nevada, pursuant to 23 USC 402, shall be administered by the State's Department of Transportation; and

WHEREAS, before Federal-Aid will be made available, the SUBRECIPIENT and DEPARTMENT shall be required to enter into an agreement whereby the functions of the PROJECT are identified; and

WHEREAS, the SUBRECIPIENT and the DEPARTMENT have developed a PROJECT proposal that has been approved for funding; and

WHEREAS, the SUBRECIPIENT is a _____ eligible to receive 23 USC 402 funds:

WHEREAS, the PROJECT has been approved for Federal _____ funds **(insert applicable funding source i.e.,), C.D.F.A. (Code of Federal Domestic Assistance) Number 20.205 (modify as needed); and [If applicable to Federally Funded project]**

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter contained, it is hereby agreed by and between the parties as follows:

ARTICLE I - PURPOSE OF AGREEMENT

1. The purpose of this Agreement, and as further set forth within the SUBRECIPIENT'S application, attached hereto and incorporated herein as Attachment "A", is to provide Safe Routes to School initiatives related to Education, Enforcement, Encouragement and Evaluation, hereinafter referred to as "PROJECT", and to state the terms, conditions and mutual understanding of the parties as to the manner in which the PROJECT will be undertaken and completed.

NEVADA STRATEGIC HIGHWAY SAFETY PLAN
SUBRECIPIENT'S AGREEMENT FOR NONINFRASTRUCTURE ACTIVITIES

This Agreement is made and entered into the _____ day of _____, 2009 by and between the STATE OF NEVADA, acting by and through its Department of Transportation, hereinafter called "DEPARTMENT" and _____, acting by a through the _____, a _____, hereinafter called "SUBRECIPIENT".

WITNESSETH:

WHEREAS, 23 USC 148 provides the Federal Highway Administration Office of Safety funds for the development and implementation of a Strategic Highway Safety Plan (SHSP) targeted at the state's most serious road transportation safety problems; and allows states to flex 10 percent of those funds for non-infrastructure activities; and

WHEREAS, the purposes of 23 USC 148 are (1) to develop a statewide-coordinated safety plan that provides a comprehensive framework for reducing highway fatalities and serious injuries on all public roads; (2) to develop the safety plan in coordination with local, state, Federal, and private sector safety stakeholders; (3) to ensure the plan is a data-driven, four to five year comprehensive plan that establishes statewide goals, objectives, and key emphasis areas, and integrates the three E's – education, enforcement, and emergency medical services; and (4) to allow all highway safety programs in the state to work together in an effort to align and leverage its resources; herein after called the PROJECT, and

WHEREAS, amounts apportioned to the State of Nevada, pursuant to 23 USC 148, shall be administered by the DEPARTMENT; and

WHEREAS, before Federal-Aid will be made available, the SUBRECIPIENT and DEPARTMENT shall be required to enter into an agreement whereby the functions of the PROJECT are identified; and

WHEREAS, the SUBRECIPIENT and the DEPARTMENT have developed a PROJECT proposal that has been approved for funding; and

WHEREAS, the SUBRECIPIENT is eligible to receive 23 USC 148 Flex Funds:

WHEREAS, the PROJECT has been approved for Federal _____ funds **(insert applicable funding source i.e.,), C.D.F.A. (Code of Federal Domestic Assistance) Number 20.205 (modify as needed); and [If applicable to Federally Funded project]**

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter contained, it is hereby agreed by and between the parties as follows:

ARTICLE I - PURPOSE OF AGREEMENT

1. The purpose of this Agreement, and as further set forth within the SUBRECIPIENT'S application, attached hereto and incorporated herein as Attachment "A", is to provide Strategic Highway Safety Plan initiatives related to education, enforcement, emergency medical services, hereinafter referred to as PROJECT, and to state the terms, conditions and mutual understanding of the parties as to the manner in which the PROJECT will be undertaken and completed.