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We have completed an audit of the Commission on Economic Development. 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 Commission's response, are presented in this report.

We wish to express our appreciation to the management and staff of the Commission on Economic Development 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

January 30, 2004  
Carson City, Nevada

STATE OF NEVADA  
COMMISSION ON ECONOMIC DEVELOPMENT

AUDIT REPORT

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# **EXECUTIVE SUMMARY**

## **COMMISSION ON ECONOMIC DEVELOPMENT**

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### **Background**

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The Legislature created the Commission on Economic Development in 1983. The Commission has two divisions: the Division of Economic Development and the Division of Motion Pictures. The Commission is composed of the Lieutenant Governor, who is the chair, and six members appointed by the Governor.

The Commission's mission is to bring high-wage primary jobs to Nevada by attracting companies and subsidiaries, corporate start-ups and investment, as well as by expanding and retaining Nevada companies currently offering primary jobs in the Nevada economy. The Commission's four budget accounts had revenue of \$7.7 million in fiscal year 2002 and expenditures totaling \$7.2 million. The Commission is funded by several sources, including the General Fund, federal grants, transfers from the Commission on Tourism, and other revenue.

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### **Purpose**

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The purpose of this audit was to evaluate the Commission'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 Commission's financial and administrative activities for the fiscal year ended June 30, 2002, and activities through July 2003 for certain audit issues.

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### **Results in Brief**

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The Commission on Economic Development's system of internal control needs improvement to ensure activities

## EXECUTIVE SUMMARY

### COMMISSION ON ECONOMIC DEVELOPMENT

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are carried out in compliance with state laws, regulations, and policies. The internal control system was not effective because policies and procedures were not complete, and management did not effectively monitor the implementation of existing policies and procedures.

Weak controls over contracts did not ensure compliance with laws and statewide policies. For example, we found problems with contract solicitation and payments to contractors prior to contract approval. In addition, some financial records for two outside bank accounts were missing. Other control weaknesses resulted in problems with receipting and depositing revenues, monitoring expenditures, and resolving year-end account balances.

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## Principal Findings

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- The Commission did not use appropriate solicitation methods for three of five contracts tested. The value of these contracts ranged from \$9,999 to \$494,000, as amended, for administrative support, advertising and promotion, and conference development services. Because the agency had other on-going contracts with two of these contractors and misunderstood sole-source criteria for the third contract, the agency did not solicit bids for the three contracts. Therefore, these contracts were awarded without competition from other vendors. (page 12)
- The Commission needs to ensure contracts are approved before work is performed. We found vendors performed \$18,000 of work outside of contract effective dates for two of five contracts reviewed. When work is provided outside of a contract, the Board of Examiner's oversight is diminished. Further, disagreement and confusion between the agency and the contractor could occur. (page 12)

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### COMMISSION ON ECONOMIC DEVELOPMENT

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- The Commission did not always verify contractors had adequate insurance coverage. Contract files did not contain evidence of contractor liability insurance and workers compensation insurance for three contracts reviewed. Without verification that contractors have adequate insurance, the State may be subject to unanticipated liabilities. (page 13)
- The Commission did not use the Purchasing Division to obtain two contracts for temporary administrative support. The Purchasing Division has statewide contracts in place for temporary administrative support. It is a duplication of effort for agencies to procure separate contracts for administrative support when the Purchasing Division has such statewide contracts in place. (page 13)
- Two contracts for support services of the Industry Appreciation Luncheon program were not in the state's name, properly approved, and in the proper form. Also, these contracts did not include insurance provisions. Without Board of Examiners' approval, oversight is diminished. If the Attorney General does not approve the form of the contract and liability insurance is not required, the State may not have sufficient legal protection and may be exposed to unanticipated liability. Since the State was not named as one of the contracting parties, the contracts may not be enforceable by the State. Finally, if the agency head does not sign the contracts, there is no evidence of management oversight. (page 14)
- While the agency's contract management report listed 21 contracts and identified pertinent information, such as budget account, term and vendor number, it did not include 5 contracts and agreements. When summary information is not complete, it hinders management and others with oversight responsibilities. A good control system ensures information is complete, accurate, and timely. (page 15)

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- The Commission did not always prepare written agreements or document changes to written agreements for joint responsibilities with public and non-profit entities. Written agreements are needed for the Global Trade and Investment program for trade projects, and for providing staff to work with nonprofit entities in the Entrepreneurship and Technology program. Plus, changes to an agreement with the University and Community College System of Nevada to study how global energy trends impact business were not written. Documenting agreements and changes defines each party's obligations, decreasing the risk of disagreement and confusion. (page 16)
- The Commission provided little control over two outside bank accounts for the Industry Appreciation Luncheon program. The agency spent \$122,500 from these accounts during fiscal year 2002, according to bank records. However, the agency did not retain basic accounting documents, including a receipt log or receipt book, check registers, cancelled checks, or bank reconciliations. In addition, one person, a contractor, performed all fiscal duties over these accounts, including primary signature authority, paying invoices, reconciling the accounts, preparing financial statements, and storing original accounting documents. In addition, we could find no evidence that contracts were written for four vendors that were paid a total of \$84,000 during fiscal year 2002, or that reimbursements to employees complied with state laws and policies. Finally, the two accounts were not in the state's name and the agency did not submit year-end reconciliations to the State Controller as required by NRS 356.011. Because control over the accounts was nearly non-existent, errors or abuse could occur and not be detected. The Commission did not have written policies and procedures, follow statewide policies, or implement fundamental business practices for this program. In fiscal year 2003, the Commission's responsibility for the program ended and the accounts were closed. (page 18)

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- The agency's control activities over receipts provided little assurance that all dollars collected were deposited, were deposited in a timely manner, or were deposited in the correct fiscal year. The Carson City office began using written receipt forms and a check log at the end of October 2001. Consequently, we could not verify deposit of collections received at that office during the first quarter of the fiscal year. We also found 21 of 36 deposits had receipts that took from 7 to 59 days from receipt until deposit. Three deposits had 67 checks that were held for an average of 36 days. In eight instances, receipts totaling \$10,000 and more were held up to 27 days before deposit. In addition, 14 checks were posted to the wrong fiscal year. Some computer-generated receipts were dated after the deposit date and issued out of sequence. State Controller and Commission procedures provide direction needed to safeguard assets. However, it is management's responsibility to ensure procedures are routinely applied. (page 20)
- The Commission did not always monitor expenditures' supporting documents to ensure state laws and policies, internal procedures, and good business practices were followed. We tested 30 expenditure transactions and noted 6 totaling more than \$10,000 were processed without necessary approvals and adequate support. For example, the agency purchased a database program without obtaining approval from the State Purchasing Division and the Department of Information Technology. In addition, the agency incorrectly recorded \$3,000 in expenditures as reductions of revenue, even though supporting documents clearly identified the appropriate expenditure account. Finally, the agency did not reconcile state-facilitated credit cards assigned to employees with the distributor's master list. For example, the Department of Information Technology listed 45 phone cards assigned to the Commission, which had only 32 employees. Monitoring is an internal control standard that allows

## EXECUTIVE SUMMARY

### COMMISSION ON ECONOMIC DEVELOPMENT

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managers to identify and resolve deficiencies. (page 21)

- The Commission inappropriately balanced forward nearly \$75,000 over two fiscal years. The agency's written justification why funds not used one year could be carried forward to the next year did not provide accurate information. These funds should have been reverted to the General Fund (\$36,475), the University and Community College System of Nevada (\$21,553), and the Commission on Tourism (\$16,625). NRS 353.253 requires balances to revert to the funding source except in specific instances. None of the amounts balanced forward met statutory requirements. When funds are not reverted, decision makers do not have the opportunity to reallocate the funds. (page 22)
- A former employee's access to the state's Integrated Financial System was not deleted for almost 4 months after the employee left the Commission. Additionally, as of July 2003, the agency had not designated another employee with approval authorization, leaving only one employee with final approval authority. Individuals no longer employed but still having authority to approve expenditure transactions increase the risk that misappropriation of funds or unauthorized access to financial records could occur. Furthermore, the agency does not have the ability to process transactions when the one employee with final approval authority is out of the office. This increases staff motivation to share passwords. (page 24)
- It is important for the Commission to implement and accurately monitor existing policies and procedures to ensure an effective internal control system. However, the agency did not perform quarterly post audits of transactions as required by its policies and procedures. In addition, in June 2002, the agency reported to the Director of the Department of Administration that its internal control system had no



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### **COMMISSION ON ECONOMIC DEVELOPMENT**

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deficiencies, even though the report acknowledged that there were no written policies and procedures for 7 of the 15 functions requiring written policies and procedures. Furthermore, even though the agency's policies and procedures were not complete, the Board of Examiners and other state agencies have made available written statewide policies and procedures. These address contracts, travel, records, purchasing, accounting, outside bank accounts, and information technology. (page 27)

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## **Recommendations**

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This audit report contains 14 recommendations to improve the Commission's financial and administrative activities. Specifically, the Commission should establish comprehensive contract policies and procedures. In addition, management should receive training on laws and policies over accounting and administrative control functions. Furthermore, the Commission should implement and monitor existing accounting policies and procedures to provide controls over receipts, expenditures, and accounting functions. Finally, the Commission should ensure its policies and procedures integrate statewide policies and procedures and ensure appropriate review of internal accounting and administrative controls. (page 37)

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## **Agency Response**

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The Commission, in its response to our report, accepted all 14 recommendations. (page 32)

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# Introduction

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## Background

The 1983 Legislature created the Nevada Commission on Economic Development with two divisions: the Division of Economic Development and the Division of Motion Pictures. The Commission is composed of the Lieutenant Governor, who is the chair, and six members appointed by the Governor. The Commission's mission is to bring high-wage primary jobs to Nevada by attracting companies and subsidiaries, corporate start-ups and investment, as well as by expanding and retaining Nevada companies currently offering primary jobs in the Nevada economy.

The Division of Economic Development promotes and develops the state plan for development and diversification; investigates and studies conditions affecting Nevada business, industry, and commerce; and completes research and performs studies to promote and develop Nevada businesses. The Division serves as a center for public information on the state's business advantages; prepares promotional materials including an industrial directory; and identifies sources of development finance and administers local grants. Additionally, in conjunction with the Department of Taxation, the Division administers sales tax deferrals on capital goods and a business tax abatement program.

The Motion Picture Division promotes motion picture production in the State; maintains a statewide directory of services for the industry; develops a photographic location library; and prepares and distributes materials and advertising. The Division provides direct assistance to companies including location scouting, permitting, and facilitating governmental inter-agency cooperation in support of the industry.

The Commission administers other programs, including the Rural Community Development program, the Procurement Outreach program, and the Global Trade and Investment program. The Rural Community Development program helps to build viable communities by providing suitable housing and living environments and by expanding economic opportunities principally for persons of low and moderate income. The Procurement Outreach program works to increase the flow of state, local, and federal

contract dollars to Nevada businesses by providing training and technical assistance to win government contracts. Global Trade and Investment plays an active role in business attraction and expansion for Nevada companies with emphasis on export trade and foreign direct investment activities.

As of June 30, 2002, the Commission had 32 full-time employees, 21 in Carson City and 11 Las Vegas, and there were no vacant positions. The Commission's four budget accounts had revenue of \$7.7 million in fiscal year 2002 and expenditures totaling \$7.2 million. Exhibit 1 shows the Commission's revenues, expenditures, and account balances for its four budget accounts during fiscal year 2002.

**Exhibit 1**

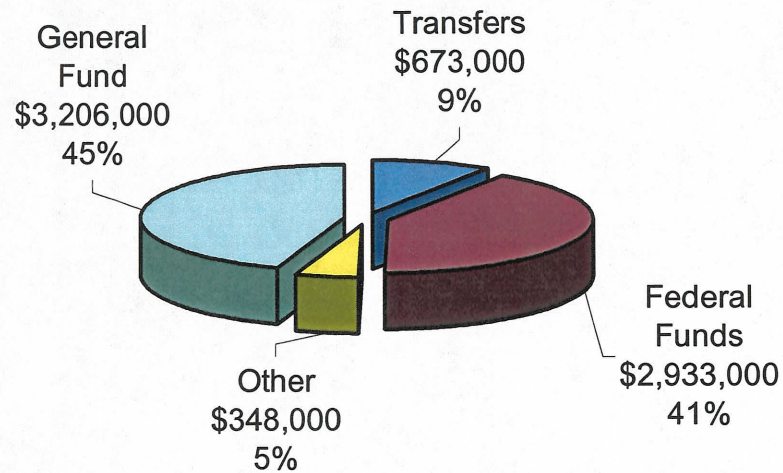
**Revenues, Expenditures, and Account Balances  
Fiscal Year 2002**

	Division of Economic Development			Division of Motion Pictures	Totals
	Commission on Economic Development	Rural Community Development	Small Business and Procurement		
Forward from FY01	\$ 517,156	\$ 87,954	\$ -	\$ 16,625	\$ 621,735
Revenues	\$ 3,563,031	\$ 2,876,048	\$ 454,947	\$ 778,271	\$ 7,672,297
Expenditures	\$ 3,032,363	\$ 2,901,703	\$ 438,268	\$ 787,540	\$ 7,159,874
Reverted	\$ 118,013	\$ 431	\$ 16,679	\$ -	\$ 135,123
Forward to FY03	\$ 929,811	\$ 61,868	\$ -	\$ 7,356	\$ 999,035

Source: State Accounting System

The Commission is funded by several sources: General Fund appropriation, federal grants, transfers from the Commission on Tourism, and other revenue. Exhibit 2 shows the sources of funding expended for the 12 months ended June 30, 2002.

**Funding Sources Expended  
Fiscal Year 2002**



Source: State Accounting System

**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 Commission's financial and administrative activities for the fiscal year ended June 30, 2002, and activities through July 2003 for certain audit issues. The objective of our audit was to evaluate the Commission'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 Commission on Economic Development's system of internal control needs improvement to ensure activities are carried out in compliance with state laws, regulations, and policies. The internal control system was not effective because policies and procedures were not complete, and management did not effectively monitor the implementation of existing policies and procedures.

Weak controls over contracts did not ensure compliance with laws and statewide policies. For example, we found problems with contract solicitation and payments to contractors prior to contract approval. In addition, some financial records for two outside bank accounts were missing. Other control weaknesses resulted in problems with receipting and depositing revenues, monitoring expenditures, and resolving year-end account balances.

### **Contracts and Grants Need Closer Monitoring**

The Commission needs to improve the process to monitor, track, and document contracts, agreements, and grants. Weak contracting control resulted in solicitation, payment, and insurance verification inadequacies and noncompliance with state laws and policies. We also found the agency did not always develop formal agreements or document changes in agreement terms. Further, the agency's contract management report for contracts in effect during fiscal year 2002 was incomplete. Contracting problems stem from a lack of understanding the state's requirements, poor oversight, and inadequate policies and procedures.

#### **Contract Procurement and Administration Needs Improvement**

The Commission did not always comply with state laws, regulations, and policies when procuring services from independent contractors. We found contracts were not solicited correctly, approvals were not obtained before work was performed, and contractors' insurance coverage was not routinely verified. In addition, statewide contracts were not used for temporary employment services. Also, the Commission did

not routinely prepare contracts in the state's standard contract form, seek appropriate signatures, and properly name parties to the contract.

#### Competitive Solicitation Requirements Not Followed

The Commission did not use appropriate solicitation methods for three of five contracts tested. The value of these contracts ranged from \$9,999 to \$494,000, as amended, for administrative support, advertising and promotion, and conference development services. Because the agency had other on-going contracts with two of these contractors and misunderstood sole-source criteria for the third contract, the agency did not solicit bids for the three contracts. Therefore, these contracts were awarded without competition from other vendors.

For example, the Commission did not solicit bids for one advertising contract originally for \$210,000 over a 2-year period. The State Administrative Manual requires agencies to solicit and review at least three bids or proposals for each contract. This is significant as this contract was subsequently amended four times for a total cost of \$494,000 over 4 years.

Competition helps demonstrate contracts are awarded fairly and resources are spent efficiently and effectively. The State has solicitation requirements in place to ensure contracts are awarded fairly and with competition.

#### Work Performed Prior to Contract Approval

The Commission needs to ensure contracts are approved before work is performed. NRS 284.173 states that contracts do not become effective without the prior approval of the Board of Examiners. However, because of poor planning and monitoring of contracting activities, vendors performed \$18,000 of work outside of contract effective dates for two of five contracts reviewed. We found:

- One advertising contractor performed \$9,500 of services over the course of 6 months before a contract was approved. The work was performed from March through August 2001, while the contract was not approved until September 2001. Consequently, \$5,500 of these costs were recorded in the wrong fiscal year.
- Another advertising contractor provided nearly \$8,500 of services prior to a contract amendment being approved. The original contract did not have enough authority to pay an entire invoice for work performed in March and April 2002. Therefore, the agency did not pay the balance until the amendment was approved in June.

When work is provided outside of a contract, the Board of Examiner's oversight is diminished. Further, disagreement and confusion between the agency and the contractor could occur. As a result, the agency may receive work that is not needed, and cost overruns could occur.

#### Contractor Insurance Coverage Not Verified

The Commission did not always verify contractors had adequate insurance coverage. Contract files did not contain evidence of contractor liability insurance and workers compensation insurance for three contracts reviewed. For example, liability insurance verification was found for one contract covering one year; however, the contract spanned 3 years and totaled \$1.3 million. Another contract did not contain a provision for contractor insurance requirements. Without verification that contractors have adequate insurance, the State may be subject to unanticipated liabilities.

Nevada Administrative Code Chapter 333 requires contracts include provisions related to insurance that the State Risk Manager determines are required. State Administrative Manual Chapter 338 also requires that agencies seek minimum insurance limits from the Risk Management Division and the minimum insurance limits be entered into the contract. Furthermore, NRS 616B.627 requires contractors furnish proof of workers' compensation insurance prior to commencing work.

#### Statewide Contract Not Used

The Commission did not use the Purchasing Division to obtain two contracts for temporary administrative support. One contract, for an administrative assistant, totaled \$16,170, and the other contract, for bookkeeping services, was for \$20/hour. Also, the working relationship with one of these contractors may not meet independent contractor criteria.

The Purchasing Division has statewide contracts in place for temporary administrative support. Statewide contracts are for the benefit of the State as a whole. These contracts make products and services conveniently available to state agencies without the need for the agencies to complete a contract. It is a duplication of effort for agencies to procure separate contracts for administrative support when the Purchasing Division has such statewide contracts in place.

Furthermore, the administrative assistant contract may not have met independent contractor criteria. Per the contract's scope of work, the duties assigned to the worker are very similar to the duties assigned to an administrative assistant position in state classified service. Nevada Revised Statutes and the Internal Revenue Service offer guidance for determining whether workers are employees or contractors. In addition, the *Model Contract Form Book* issued by the Attorney General has established seven criteria that alert agencies of a potential employer-employee relationship. Review of the criteria set forth by the Attorney General's Office identified that two of the seven criteria indicated an employer-employee relationship existed.

The distinction between independent contractor and employee is an important one. Misclassifying an employee as an independent contractor may leave the State liable for past employee taxes and benefits. By using the statewide temporary service contracts through State Purchasing, the Commission could reduce concern about the worker relationship meeting independent contractor criteria.

#### Contracting Requirements Neglected

The Commission did not comply with state laws, regulations, and policies when procuring services from two independent contractors. Both contracts were for support services of the Industry Appreciation Luncheon (IAL) program; one contract was for bookkeeping services at \$20 per hour and the other contract, totaling \$14,400, was to organize and coordinate luncheon activities. We found the two contracts were not in the state's or Commission's name; not approved by the Board of Examiners, Attorney General, or agency head; and not in the state's standard format. In addition, the contracts did not include insurance provisions.

Exhibit 3 shows laws, regulations, and policies pertinent to procuring a state contract.



**State Contract Procurement  
Laws, Regulations, and Policy**

<b>Function</b>	<b>Statute, Regulation, or Policy</b>
Agency Approval	SAM 344 states that a contract summary form must be filled out and attached to the contract when submitted to the Board of Examiners. The agency head is to sign this summary form indicating approval and proper oversight within the agency
Required Approvals	NRS 284.173 states that contracts do not become effective without the prior approval of the Board of Examiners
Required Form	NRS 284.173 and NAC 333.150 require state contracts be in the form approved by the Attorney General
Required Insurance	NAC 333.150 requires state contracts to include any provisions related to insurance that the State Risk Manager determines are required

Source: Nevada Revised Statutes, Nevada Administrative Code, and the State Administrative Manual

Without Board of Examiners' approval, oversight is diminished. Additionally, if the Attorney General does not approve the form of the contract and liability insurance is not required, the State may not have sufficient legal protection and may be exposed to unanticipated liability. Moreover, since the State was not named as one of the contracting parties, the contracts may not be enforceable by the State. Finally, if the agency head does not sign the contracts, there is no evidence of management oversight.

**Contract Management Report Was Incomplete**

While the agency's contract management report listed 21 contracts identifying pertinent information, such as affected budget account, term, and vendor number, it did not include 5 contracts and agreements. Two agreements were with the University and Community College System of Nevada (UCCSN) and three contracts were for the IAL program for services related to marketing and promotional needs, bookkeeping, and coordinating the luncheon activities.

When summary information is not complete, such as the contract management report, it hinders management and others with oversight responsibilities. A good control system ensures information is complete, accurate, and timely.

### **Agreements and Agreement Changes Not Documented**

The Commission did not always prepare written agreements or document changes to written agreements for joint responsibilities with public and non-profit entities. Written agreements are needed for the Global Trade and Investment, and the Entrepreneurship and Technology programs. Plus, changes to an agreement with UCCSN were not written. Documenting agreements and changes defines each party's obligations, therefore decreasing the risk of disagreement and confusion.

#### **Agreements Were Not in Place**

Two formal agreements were not prepared. One with the State of Nevada Department of Agriculture and the Western United States Agriculture Trade Association (WUSATA), and the second with the Center for Entrepreneurship and Technology (CET). Such agreements are needed to formalize responsibilities between the parties.

The Commission's Foreign Trade and Investment section administers and coordinates projects to promote agricultural exports funded by the United States Department of Agriculture (USDA), through the WUSATA, a non-profit corporation. The Director of the State of Nevada Department of Agriculture is appointed to the Board of Directors of WUSATA.

WUSATA gets state projects approved for funding by the USDA. The approved projects are then administered through the Commission. Finally, the Commission executes this marketing function to promote Nevada agricultural exports. However, Commission staff could not provide evidence of a written contract or agreement outlining the duties or responsibilities of the Commission, the Department of Agriculture, the USDA, and the WUSATA.

Next, the Commission recently filled a position to staff a program designed to create an entrepreneurial and technology friendly environment in Nevada. This position will work closely with the CET, a nonprofit organization. Duties of this position might include directing a CET employee and administering CET's activities.

It is imperative the Commission obtains an agreement outlining the responsibilities of the agency and CET. The agreement should include, but not be limited to, duties of the Commission's employee while engaged in CET's activities, that CET's board members are not considered appointed by the State and not entitled to

salaries and per diem from the State, and that any CET employee is not an employee of the State. In addition, the agreement needs to clearly state the method of identifying costs shared with CET and how these costs will be paid.

Work performed outside a written agreement increases the risk of disagreement and confusion between the involved parties. A formal agreement outlines the involved parties' respective responsibilities to accomplish the desired result.

#### Changes to Agreement Not Documented

The agency had an agreement with UCCSN where terms were not fully implemented and changes were not clearly documented. Prior to fiscal year 2002, the Commission entered into two agreements with UCCSN related to researching energy trends impacting Nevada business and facilitating Nevada based manufacturing. The two agreements totaled \$97,300. Both agreements terminated June 30, 2001, and included terms requiring written amendments to extend this date. Furthermore, one agreement required unused funds be returned by the termination date.

Per agency staff, UCCSN decided to allow unexpended funds be carried forward. Consequently, the Commission balanced forward nearly \$36,000 of these funds into fiscal year 2002 and then into fiscal year 2003. However, one of the agreement modifications was not written and signed by the involved parties, according to agreement terms.

Control weaknesses allowed significant events to be executed without proper authorization. Only persons acting within the scope of their authority can commit to resources and other events, and likewise, authorize changes. The Commission did not have controls in place to ensure compliance with signed agreements. This increases the risk that resources and intended outcomes might be jeopardized.

#### **Recommendations**

1. Establish policies and procedures to ensure state and federal contracting laws, regulations, policies, and good business practices are described and followed.
2. Ensure the contract management report is current and comprehensive.

## **Financial Records Incomplete for Outside Bank Accounts**

The Commission provided little control over two outside bank accounts for the Industry Appreciation Luncheon (IAL) program. Agency personnel could not locate basic accounting documents, one person was responsible for all fiscal activity, and state laws were not always followed. Because control over the outside bank accounts was nearly non-existent, errors or abuse could occur and not be detected.

NRS 353A.020 requires state agencies to have an internal control system safeguarding assets, segregating fiscal duties, and limiting access to assets. The State Administrative Manual also provides direction for managing fiscal activity of outside bank accounts. However, the Commission did not have written policies and procedures addressing accounting and administrative control, follow statewide policies, or implement fundamental business practices for this program.

Since 1987, the Commission has been responsible for the Industry Appreciation Luncheon program. Sponsor donations and registration fees funded the program that included guest speakers, awards, and special recognitions. These funds were kept in two outside bank accounts: savings and checking. According to bank records, during fiscal year 2002, the agency had a beginning balance of \$16,300, deposited \$115,000, and spent \$122,500. The Commission's responsibility for the IAL program was discontinued and the accounts closed in fiscal year 2003.

However, the Commission did not retain basic accounting documents including a receipt log or receipt book, check registers, cancelled checks, or bank reconciliations. Furthermore, available financial statements were not complete. As a result, we could not perform audit procedures to verify revenues and expenditures, determine if all revenue was deposited, and determine if all disbursements were appropriate.

In addition, one person performed all fiscal duties over these accounts. The agency contracted for bookkeeping services. These services included primary signature authority on two bank accounts, paying invoices, reconciling bank accounts, preparing financial statements, and storing original accounting documents. Furthermore, when the Commission cancelled the bookkeeping contract, the bank signature cards were not changed until 4 weeks later.

This arrangement did not enable management to adequately monitor IAL's fiscal activity. At our request, the Commission obtained copies of cancelled checks from the bank for fiscal year 2002. Based on this information, we were able to identify payments for services and reimbursements to state employees and contractors for supplies, telephone, meals, and mileage. However, we could not verify reimbursements complied with state laws and policies because supporting documents were not available. Furthermore, we could find no evidence that contracts were written for four vendors that were paid a total of \$84,000 during fiscal year 2002. These vendors provided various banquet, audiovisual, and exhibitor services for the luncheons.

Finally, the lack of control contributed to non-compliance with state laws. We found the two outside bank accounts were not in the state's name and the agency did not submit year-end reconciliations to the State Controller as required by NRS 356.011.

### **Recommendation**

3. Request training from the Financial Management, Training, and Controls section of the Division of Internal Audits to obtain an understanding of state laws and policies over accounting and administrative control functions.

### **Weaknesses in Accounting Processes**

During fiscal year 2002, the Commission's control system did not provide assurance that assets were safeguarded, laws were appropriately applied, and financial activity was correctly recorded. As a result, problems were noted with receipting and depositing cash, monitoring expenditures, resolving year-end account balances, and clearly reporting program activity.

The State has recognized risks involving financial administration and established statewide policies and procedures to minimize these risks. These policies and procedures are readily accessible to agencies in the State Administrative Manual and the State Controller's Accounting and Procedures Manual.

## **Problems With Receipts and Deposits Noted**

The agency's control activities over receipts provided little assurance that all dollars collected were deposited, deposited in a timely manner and in the correct year, and did not provide appropriate management of receipt forms. Poor controls increase the risk that monies received might not get deposited or that the payers' bank accounts have been closed. Furthermore, untimely deposits reduce the State's interest earnings. By implementing existing statewide and agency policies and procedures, the Commission will strengthen control to reduce these risks.

The Commission had written policies and procedures over cash receipts and prepared written receipts and check logs for some monies collected. However, our testing revealed key weaknesses. First, the Carson City office began using written receipt forms and a check log at the end of October 2001. Consequently, we could not verify deposit of collections received in the Carson City office during the first quarter of the fiscal year. Issuing receipts and recording cash transactions on a check log are fundamental control activities supported by statewide procedures issued by the Department of Administration and the State Controller's Office.

Next, we tested the supporting documents of deposit transactions and found monies received were held for many days before being deposited. For example:

- We found 21 of 36 deposits had receipts that took from 7 to 59 days from when the money was received until it was deposited.
- Three deposits consisted of 67 checks that were held for an average of 36 days.
- In eight instances, the agency held accumulated receipts totaling \$10,000 and more up to 27 days before depositing them.

It is likely that these situations would not have occurred had the agency implemented their policies and statewide policies as described in the State Administrative Manual. The Commission's written policies and procedures require receipts be deposited no later than the next banking day. This supports NRS 353.250 that requires money received be deposited by Thursday or the next working day if accumulated money is \$10,000 or more.

Other shortcomings we noted include:

- Fourteen checks totaling \$340 were posted to the wrong fiscal year.

- Some computer-generated receipts were dated after the deposit date and issued out of sequence.
- Receipts were not always matched to the bank deposit receipt or to the state's accounting system.
- The state's or agency name was not routinely printed on the receipt forms.
- The receipt form books were not accounted for.

The State Controller's and the Commission's procedures provide the direction needed to safeguard assets. However, it is management's responsibility to ensure procedures are routinely applied.

### **Expenditure Process Not Always Monitored**

The Commission did not always monitor expenditures' supporting documents to ensure state laws and policies, internal procedures, and good business practices were followed. Problems relating to not obtaining required approvals, services purchased without contracts, insufficient support documents, and inappropriate postings were found.

We tested 30 expenditure transactions and noted 6 transactions, totaling more than \$10,000, were processed without necessary approvals and adequate support as required by state policies and the Commission's written procedures. Some examples are:

- The agency purchased a database program but did not obtain approval from the State Purchasing Division and the Department of Information Technology as required by NRS 242.151 and the State Administrative Manual.
- The agency paid for personal services without a contract as required by NRS 284.173 and the State Administrative Manual.
- Supervisory and budgetary pre- and post-approvals were not documented on training, travel, and host fund expenditures as required in the agency's internal procedures.
- Some invoices for training and host fund expenditures were vague and did not provide sufficient information to determine the purpose of the expenditures.

Additional monitoring weakness relating to recording expenditures, employee reimbursements, and credit card accountability were also noted. The agency incorrectly recorded \$3,000 in expenditures as reductions of revenue. However, the support

documents clearly identify the appropriate expenditure account for these transactions. Further, a reimbursement for business use of a personal cell phone exceeded the total bill. The employee was paid \$110 as reimbursement but the supporting documents showed the total bill was \$96. Finally, state-facilitated credit cards were not timely cancelled or reconciled to the distributor's master list. Two employees left the Commission, but their Diners Club cards were not cancelled for 2 and 3 months later. Also, the Department of Information Technology listed 45 phone cards assigned to the Commission. However, the agency had only 32 employees and had not reconciled the difference between the number of cards listed as assigned to the Commission and the number of cards the Commission had received.

Monitoring is an internal control standard that allows managers to identify and promptly resolve deficiencies. A good system of internal control incorporates compliance with the agency's written policies and procedures as well with state laws and policies. Administrative laws, policies, and procedures are intended to provide assurances that state monies are economically managed. When agencies do not implement a good control system, resources are subject to loss and mismanagement, statewide oversight mechanisms are bypassed, and reports are not accurate.

#### **Accounting Processes and Oversight Need Improvement**

The Commission needs to take steps ensuring that available funds carried over to the next fiscal year are appropriate, that access to the state's Integrated Financial System is safeguarded, and information on financial reports clearly identifies ongoing programs. A good internal control system promotes accurate, clear information for effective management and compliance with policies intended to reduce risks.

#### **Budget Authority Inappropriately Balanced Forward**

The Commission inappropriately balanced forward nearly \$75,000 over two fiscal years. The agency's written justification why funds not used in one fiscal year could be carried forward to the next fiscal year did not provide accurate information. It is essential that information for decision-making is reliable. Exhibit 4 summarizes the amounts that should have been, but were not, reverted in fiscal years 2001 and 2002.



**Funds Not Reverted  
Fiscal Years 2001 and 2002**

<b>Fiscal Year</b>	<b>General Fund</b>	<b>UCCSN<sup>2</sup></b>	<b>Commission on Tourism</b>	<b>Totals</b>
01 to 02	\$10,700	\$21,553	\$16,625	\$48,878
02 to 03	36,475	21,553	7,356	65,384
Less duplicate dollars <sup>1</sup>	(10,700)	(21,553)	(7,356)	(39,609)
<b>Total</b>	<b>\$36,475</b>	<b>\$21,553</b>	<b>\$16,625</b>	<b>\$74,653</b>

Source: Agency records

<sup>1</sup>This row represents dollars brought forward into fiscal year 02 from fiscal year 01 that were not spent in fiscal year 02.

<sup>2</sup>Organizational changes removed this program from UCCSN effective July 1, 2001.

Subsequently, approximately \$63,000 of these funds was spent in fiscal year 2003. However, by not reverting these funds, decision makers did not have the opportunity to reallocate those funds. Furthermore, NRS 353.253 requires a balance to revert to the funding source except when:

- The balance is in a proprietary fund,
- The balance is appropriated or authorized for expenditure under a work program,
- The source is federal money, or
- The revenue source is restricted by statute.

None of the amounts balanced forward met statutory requirements. Exhibit 5 identifies to where these dollars should have been reverted, a description of the funding source and the intended use, and the justification cited on the documents requesting these balances be brought forward.

**Program Description and Justification Cited for Balances Brought Forward**

Reversion Destination	Program Sources and Uses	Justification Cited	
		FY 01 to FY 02	FY 02 to FY 03
General Fund	<b>Global Trade</b> – Receives funding from participating Nevada businesses intended to cover costs of specific activities. Because of timing issues the account might have an ending balance. No authority exists to carry the balance forward.	None cited on closing documents	AB 762
UCCSN	<b>Agreement</b> – An agreement for researching energy trend impact ending 6/30/01 included terms requiring unspent funds be returned. No authority exists to carry the balance forward.	None cited on closing documents	NRS 231.151
Commission on Tourism	<b>Division of Motion Pictures</b> – Receives room tax revenues from Tourism and collects revenues for listings and advertising in the Nevada Production Directory. No authority exists to carry the balance forward.	None cited on closing documents	None cited on closing documents

Source: Agency records

The agency did not completely understand the need for specific authority to balance forward dollars and did not thoroughly review the statutes cited as such authority. Although NRS 231.151 is located in the Commission’s enabling chapter, it does not apply to these programs. Furthermore, AB 762 of the 67<sup>th</sup> Session pertains to the collection of fees, but does not restrict the revenue sources or allow the Commission to balance forward dollars.

Some of these funds are collected to cover expenditures incurred in subsequent periods. Per NRS 231.125, the agency may collect fees to cover services and materials provided by the Commission on behalf of others. For example, the Commission receives funds from Nevada businesses for their costs when participating in the Global Trade and Investment program. The revenue can be received at the end of one fiscal year, while the activity occurs in the next fiscal year.

**Access to the State’s Integrated Financial System**

The Commission did not delete access privileges to the state’s Integrated Financial System (IFS) of a former employee for almost 4 months after the employee

left. The former Deputy Director left in April 2002 but was authorized to apply level 4, final approval to transactions until August 2002. Additionally, as of July 2003, the agency had not designated another employee with approval authorization, leaving only one employee with final approval authority.

The State Controller has instituted controls over the IFS. Agencies are required to promptly notify the Controller's Office in writing of any changes in the agency's security profiles – including additions, changes, and deletions. Further, agencies are to have adequate staff with approval authority to cover during absences. Moreover, the Commission's internal procedures state that the Deputy Director will be a level 4 approval, thereby giving the agency a backup to the only other position with level 4 approval authority.

Individuals no longer employed but still having approval authority to process expenditure transactions increase the risk that misappropriation of funds or unauthorized access to agency financial records could occur. Level 4 approval is the final approval for certain transactions generated within the IFS. With only one level 4 approval position, the agency does not have the ability to process transactions when that position is out of the office. This increases staff motivation to share passwords.

#### Information on Financial Reports

The Commission's financial reports do not clearly identify ongoing program activity. In fiscal year 2002, two budget accounts had \$105,000 and \$66,600 recorded as miscellaneous revenue. However, these revenues sources were used to fund ongoing programs: the Global Trade and Investment program, the Nevada Production Directory, and the Screenwriters Competition. Furthermore, the agency recorded expenditures for the Global Trade and Investment program in a category titled AB 762 Program. The reference to AB 762 dates back to the 1993 Legislative Session and relates to the general collection of fees for services.

Accurate information is necessary for decision makers. It is easy to misunderstand sources and uses of revenues when titles are vague. Internal control standards require information be in a manner that is useful to the persons managing activities.

## **Recommendations**

4. Implement and monitor policies and procedures to ensure receipts are logged, deposited timely, and properly recorded in accordance with NRS 353.250.
5. Control cash receipts form books as outlined in the State Controller's Policy and Procedure manual.
6. Implement and monitor written policies and procedures addressing transactions posted to the state's Integrated Financial System, ensure transactions have adequate support documents, including proper approval from other state agencies when required, and perform a pre-audit review of transactions prior to final approval.
7. Properly account for state facilitated credit cards to ensure compliance with state charge card policy.
8. Establish, implement, and monitor policies and procedures over reimbursement of business use of personal cell phones and expenditures from the host account.
9. Establish and implement policies and procedures to confirm management approval of budget account closing documents containing amounts balanced forward and associated work programs and verify statutory authority.
10. Request authority to allow fees collected for specific materials, activities, and services be carried over to subsequent periods.
11. Implement state and internal policies and procedures to ensure that agency financial information is properly safeguarded and the agency has adequate staff with proper approval authority to process financial transactions.
12. Change titles on the Budget Status Report to reflect program activity.

## **Monitoring Existing Policies and Procedures Is Necessary for Effective Control**

It is important for the Commission to implement and accurately monitor existing policies and procedures to ensure an effective internal control system. The benefits of a strong internal control system include reasonable assurances that the agency is doing what it is supposed to do, not wasting resources, reporting dependable information, and operating in accordance with laws and policies. This is especially important as several statewide control activities once centrally applied have been moved to the agency level.

NRS 353A.020 and NRS 353A.025 requires each agency to have written policies and procedures and then to periodically review this system of internal control. Statutes also require each agency head to report to the Director of the Department of Administration whether the system of internal control is operating as intended.

On June 28, 2002, the agency reported to the Director of the Department of Administration that its internal control system had no deficiencies. Yet, the agency identified 7 of 15 functions requiring written policies and procedures that did not have written policies and procedures. The agency had written policies and procedures for revenues and expenditures and reported no deficiencies. However, we found:

- The written policies and procedures did not address cash receipts and deposits in the Las Vegas Office or for the outside bank accounts.
- Policies and procedures requiring a check log and receipts for checks and currency received were approved in July 2001 but not implemented until October 2001.
- Separation of duties was not implemented in the Las Vegas office or for the Industry Appreciation Luncheon program as required in the policies and procedures.
- Policies and procedures require agency staff to perform quarterly post audits of transactions recorded in the state's accounting system, but none were performed.

Although the agency's written policies and procedures were not complete, the Board of Examiners and various state agencies have made available written statewide policies and procedures to assist agencies. The State Administrative Manual addresses various activities including contracts, travel, records, purchasing, and information technology. Also, the State Controller's Accounting Policies and Procedures address accounting for pass-through resources, miscellaneous receipts, and outside bank

accounts. Further, the Purchasing Division offers contract information and forms for state agencies.

Statewide policies and procedures help ensure the state has a uniform system of control and should be incorporated into each agency's internal policies and procedures. This information is readily available via the Internet and management should make certain these control activities are adequately applied.

### **Recommendations**

13. Ensure the Commission's written policies and procedures integrate statewide policies and procedures including, but not limited to, the State Administrative Manual and the State Controller's Accounting Policies and Procedures.
14. Consult with the Financial Management, Training and Controls section of the Division of Internal Audits to ensure the appropriate methodology is applied when reviewing internal accounting and administrative controls.

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# Appendices

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## Appendix A Audit Methodology

To gain an understanding of the Commission on Economic Development, we interviewed agency staff and reviewed statutes, regulations, policies, and procedures significant to the Commission's financial and administrative practices. We also reviewed financial reports and minutes of legislative committee meetings. Furthermore, we documented and assessed the Commission's internal controls.

To accomplish our audit objective, we judgmentally selected 50 revenue transactions to determine whether funds had been collected and deposited in accordance with statutory requirements. Our sample was designed to ensure the transactions were recorded in the correct fiscal year. We also tested receipt books the Commission issued and whether the correct copies of the receipt forms were retained with deposit records. We verified that funds carried forward in the Commission's budget accounts were computed correctly and were supported by statutory authority.

For expenditures, we judgmentally selected 30 transactions to ensure proper approval and compliance with laws, regulations, and policies. This sample included 10 travel transactions, testing each for compliance with travel regulations and policies. Our sample was designed to ensure the transactions were recorded in the correct fiscal year. In addition, we tested five contracts for required approvals and compliance with laws, regulations, and contract terms. We also tested agency credit cards, noting type, authorized limits, custodian, and accountability.

To determine if the Commission had appropriate internal control over the outside bank accounts, we interviewed agency staff, reviewed receipt books, deposit records, cancelled checks, and financial reports the agency provided. However, original documents were not always available. Therefore, we reviewed photocopied cancelled checks from the bank and prepared schedules from bank statements.

To test for compliance with general accounting laws, we selected one project administered in the Global Trade and Investment program approved by the United

States Department of Agriculture. We also tested the agency's biennial report on the status of its internal control submitted to the Director of the Department of Administration on June 28, 2002.

For compliance with laws specific to the Commission, we reviewed the state plan for industrial development (NRS 231.067) and the report on each tax abatement approved in the prior two years (NRS 231.0685). We also met with the Executive Director to discuss compliance with NRS 274.090 relating to program effectiveness established pursuant to Chapter 274. In addition, we reviewed the application content for the partial tax abatement program for compliance with NRS 360.750. Further, we reviewed the application content, Commission review, approval and denial notification, and cost matching for businesses participating in the Train Employees Now program per NRS 231.147.

Our audit work was conducted from February to September 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 Executive Director of the Commission on Economic Development. On January 20, 2004, we met with agency officials to discuss the results of the audit and requested a written response to the preliminary report. That response is contained in Appendix C, which begins on page 32.

Contributors to this report include:

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## **Appendix B**

### **Prior Audit Recommendations**

Our 1995 audit of the Commission on Economic Development contained two recommendations. As part of our audit, we assessed the Commission's implementation of these recommendations. We found that neither of these recommendations has been fully implemented.

One recommendation related to compliance with state budgetary laws and the Commission's policies and procedures. The second recommendation related to developing procedures over contracts and documenting the periodic review of independent contractors to ensure an employer/employee relation does not exist. These recommendations have been modified and repeated in the current audit.

## Appendix C

### Commission on Economic Development's Response



Kenny C. Guinn  
Governor

Lorraine T. Hunt  
Lieutenant Governor  
Chair

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January 30, 2004

Paul Townsend, CPA  
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RE: Commission's Response to LCB Audit

Dear Mr. Townsend:

Enclosed please find the *Commission Response to Legislative Audit* per your request of January 9, 2004.

Please do not hesitate to call if you have any questions or need further information.

Sincerely,

A handwritten signature in cursive script that reads "Bob Shriver".

Bob Shriver  
Executive Director

The Commission on Economic Development wishes to express appreciation to Legislative Counsel Bureau Audit Division staff for their advice, assistance and recommendations to improve the Commission's financial and administrative functions.

The Commission's financial administration function was separated from the Nevada Commission on Tourism in May of 2001. Since this separation, the financial and administrative functions have been subject to an ongoing process of review and improvement which, ultimately, resulted in an updated system of internal control and statewide policies and procedures being drafted for the Commission. This updated system, which has yet to be reviewed by the Financial Management, Training and Controls section of the Department of Internal Audits, was drafted in June 2003. The draft system will be submitted for F.M.T.C. review upon incorporation of the recommendations contained in this audit report.

The Commission concurs with the findings and recommendations contained within this audit report. Further, the Commission represents the recommended corrective actions to improve the financial and administrative practices, as detailed in the report, have been or are currently being implemented.

- The policies and procedures relative to federal and state contracting laws, regulations, and policies have been reviewed to ensure their adequacy in providing a reasonable assurance of compliance and adherence to good business practices in the future.

The completion of review of the Commissions' updated system of policies, procedures and internal controls by the Financial Management, Training and Controls section should further enhance the effectiveness of the implemented system in ensuring future compliance.

- The Commission maintains an internal Contract Management Report to administer and monitor all contract activities within the Commission. This report has been maintained as current since use of the State Contract Management Report was rescinded by Memorandum 25-03 in August 2003.
- The policies and procedures relative to the deposit of all Commission receipts have been reviewed to ensure their adequacy in providing a reasonable assurance of compliance with NRS 353.250 and provisions of the State Administrative Manual in the future.

The completion of review of the Commissions' updated system of policies, procedures and internal controls by the Financial Management, Training and Controls section should further enhance the effectiveness of the implemented system in ensuring future compliance.

- Control over cash receipts form books is in place per the State Controller's Policy and Procedure Manual. A log of receipt form books is being maintained to assure proper control.
- The Commission's final Financial Internal Control document covering Integrated Financial System transactions was approved July 12, 2001. The system of procedures and controls, to include the monitoring function, will be fully implemented.
- The Commission has implemented, and continues to perform, procedures to reconcile and properly account for state-facilitated credit cards per the provisions of state charge card policy. Any instances of deviation from established policy have been documented and resolved.
- The Commission has established and implemented a specific policy regarding the reimbursement for costs associated with the use of personal cell phones for business use. A separate policy is in place and has been implemented regarding the reimbursement of expenditures associated with "Host Account" activities.

Policies and procedures to confirm management approval of budget account closing documents containing amounts balanced forward to an ensuing fiscal year have been established and implemented. Work Programs submitted to carry forward amounts to an ensuing fiscal year evidence the citation of the specific statute providing authority for the transaction.

- The Commission intends to pursue requesting legislative action to allow for the carry-over to subsequent periods of specific activity fees received.
- State and internal policies and procedures have been fully implemented to ensure Commission financial information is properly safeguarded. Duties and responsibilities of Commission financial and administrative staff were adjusted during the process of updating the Commission's system of internal control. These adjustments should prove adequate in ensuring proper approval authority exists to process financial transactions.
- Titles on Budget Status Reports have been changed to reflect specific program activity.

**Nevada Commission on Economic Development  
Response to Legislative Audit  
January 30, 2004  
Page 3**

- **The completion of review of the Commissions' updated system of policies, procedures and internal controls by the Financial Management, Training and Controls section of the Division of Internal Audits is anticipated to more completely integrate provisions of the State Administrative Manual and the State Controller's Accounting Policies and Procedures Manual in the final document.**
- **Commission financial and administrative staff intends to consult with Financial Management, Training and Controls section staff as well as avail themselves to any training courses or seminars conducted by F.M.T.C. to enhance internal accounting and administrative control review procedures and to ensure the application of appropriate review methodology.**

## Commission on Economic Development Response to Audit Recommendations

<u>Recommendation Number</u>		<u>Accepted</u>	<u>Rejected</u>
1	Establish policies and procedures to ensure state and federal contracting laws, regulations, policies, and good business practices are described and followed...	<u>    X    </u>	<u>          </u>
2	Ensure the contract management report is current and comprehensive .....	<u>    X    </u>	<u>          </u>
3	Request training from the Financial Management, Training, and Controls section of the Division of Internal Audits to obtain an understanding of state laws and policies over accounting and administrative control functions.....	<u>    X    </u>	<u>          </u>
4	Implement and monitor policies and procedures to ensure receipts are logged, deposited timely, and properly recorded in accordance with NRS 353.250....	<u>    X    </u>	<u>          </u>
5	Control cash receipts form books as outlined in the State Controller's Policy and Procedure manual .....	<u>    X    </u>	<u>          </u>
6	Implement and monitor written policies and procedures addressing transactions posted to the state's Integrated Financial System, ensure transactions have adequate support documents, including proper approval from other state agencies when required, and perform a pre-audit review of transactions prior to final approval .....	<u>    X    </u>	<u>          </u>
7	Properly account for state facilitated credit cards to ensure compliance with state charge card policy.....	<u>    X    </u>	<u>          </u>
8	Establish, implement, and monitor policies and procedures over reimbursement of business use of personal cell phones and expenditures from the host account .....	<u>    X    </u>	<u>          </u>
9	Establish and implement policies and procedures to confirm management approval of budget account closing documents containing amounts balanced forward and associated work programs and verify statutory authority .....	<u>    X    </u>	<u>          </u>
10	Request authority to allow fees collected for specific materials, activities, and services be carried over to subsequent periods .....	<u>    X    </u>	<u>          </u>

**Commission on Economic Development Response  
to Audit Recommendations**  
(continued)

<u>Recommendation Number</u>		<u>Accepted</u>	<u>Rejected</u>
11	Implement state and internal policies and procedures to ensure that agency financial information is properly safeguarded and the agency has adequate staff with proper approval authority to process financial transactions .....	<u>    X    </u>	<u>          </u>
12	Change titles on the Budget Status Report to reflect program activity .....	<u>    X    </u>	<u>          </u>
13	Ensure the Commission's written policies and procedures integrate statewide policies and procedures including, but not limited to, the State Administrative Manual and the State Controller's Accounting Policies and Procedures .....	<u>    X    </u>	<u>          </u>
14	Consult with the Financial Management, Training and Controls section of the Division of Internal Audits to ensure the appropriate methodology is applied when reviewing internal accounting and administrative controls .....	<u>    X    </u>	<u>          </u>
	<b>TOTALS</b>	<u>    14    </u>	<u>    0    </u>