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Legislative Commission
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We have completed an audit of the Nevada Equal Rights Commission. 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 agency's response, are presented in this report.

We wish to express our appreciation to the management and staff of the Nevada Equal Rights Commission for their assistance during the audit.

Respectfully presented,

Paul V. Townsend, CPA
Legislative Auditor

November 24, 2008
Carson City, Nevada

STATE OF NEVADA
DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
NEVADA EQUAL RIGHTS COMMISSION
AUDIT REPORT

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EXECUTIVE SUMMARY

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION NEVADA EQUAL RIGHTS COMMISSION

Background

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

NERC is within the Department of Employment, Training and Rehabilitation (DETR). The agency is guided by an Equal Rights Commission, consisting of five members appointed by the Governor. An administrator manages daily operations.

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

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

EXECUTIVE SUMMARY

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION NEVADA EQUAL RIGHTS COMMISSION

Purpose

The purpose of this audit was to evaluate NERC's financial and administrative practices, including whether activities were carried out in accordance with applicable state laws, regulations, policies, and procedures. This audit focused on NERC's financial and administrative activities for fiscal years 2007 and 2008.

Results in Brief

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

Principal Findings

- NERC did not adequately monitor staff's work to ensure discrimination investigations were completed timely. Investigative staff productivity slipped in recent years, declining 37% from 2005 to 2008. Because of the decline in productivity, NERC did not process discrimination cases timely or maximize federal contract revenue. For federal fiscal year

EXECUTIVE SUMMARY

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION NEVADA EQUAL RIGHTS COMMISSION

2007, the agency did not close sufficient cases to meet its EEOC contract and lost the opportunity to collect \$53,350 in federal contract revenue. (page 7)

- Although NERC's internal control procedures require monthly review of each investigator's case files, monthly supervisory reviews were not performed during fiscal years 2007 and 2008. These reviews are important to ensure discrimination case investigations are processed timely and according to established guidelines. The agency developed these supervisory review procedures in response to our prior 2001 audit report to address problems with untimely investigations. (page 9)
- Billings for federal contract revenues were untimely, resulting in receipt of less federal funds and less reversions to the State General Fund at the end of 2007. The agency's EEOC contract allowed for interim progress billings, which are handled by the Department's fiscal staff. Although DETR could have billed \$237,600 for one-half the contract amount in May 2007, when the contract was executed, it did not bill the EEOC until after the September 30 federal year-end. Therefore, the federal funds were received and deposited in state fiscal year 2008, instead of 2007. (page 10)
- NERC did not have adequate internal controls to ensure all payments were properly recorded and deposited. For instance, inadequate separation of duties over the revenue function was noted at both NERC office locations. In addition, three payments, totaling \$125, were lost and other payments were not deposited timely. Although the amount of lost payments was small, controls should ensure no payments are lost. (page 11)
- NERC's property and equipment records were not accurate. Some equipment had been disposed of but

EXECUTIVE SUMMARY

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION NEVADA EQUAL RIGHTS COMMISSION

not removed from the agency's inventory report. Also, some equipment transfers were not properly recorded, and other items were on hand but not listed on the inventory report. Overall, 12 of 33 assets tested had discrepancies. Although NERC conducted annual physical counts of property and equipment, DETR fiscal staff did not reconcile the inventory results to the state's inventory records. (page 13)

Recommendations

This audit report contains seven recommendations to improve NERC's fiscal and administrative practices. Three recommendations address improving monitoring over the agency's discrimination case activities. We also made three recommendations to strengthen internal controls over revenues. Finally, we recommended NERC maintain accurate property and equipment records. (page 21)

Agency Response

The Agency, in response to our audit report, accepted the seven recommendations. (page 18)

Introduction

Background

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

NERC is within the Department of Employment, Training and Rehabilitation (DETR). The agency is guided by an Equal Rights Commission, consisting of five members appointed by the Governor. An administrator manages daily operations.

The agency has one budget account funded primarily by General Fund appropriations and federal funds from the EEOC. Exhibit 1 shows the funding sources and expenditures for fiscal years 2007 and 2008.

Exhibit 1

Funding Sources and Expenditures Fiscal Years 2007 - 2008

Funding Sources	2007	2008
Appropriations ⁽¹⁾	\$1,082,705	\$1,194,092
Federal EEOC Contract	611,585	467,056
Miscellaneous Revenue	2,138	836
Total	\$1,696,428	\$1,661,984
Expenditures		
Personnel	\$1,270,220	\$1,254,494
Operating	154,585	138,866
Inter-Agency Transfers	245,718	244,979
Other	25,905	23,645
Total	\$1,696,428	\$1,661,984

Source: State accounting system.

⁽¹⁾ Net of reversions.

NERC has offices in Reno and Las Vegas. For fiscal year 2007, the agency was authorized for 22.5 full-time equivalent positions. For fiscal year 2008, several vacant positions were eliminated to reduce staff to 20 full-time equivalents.

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

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 focused on NERC's financial and administrative activities for fiscal years 2007 and 2008. The objective of our audit was to evaluate NERC's financial and administrative practices, including whether activities were carried out in accordance with applicable state laws, regulations, policies, and procedures.

Findings and Recommendations

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

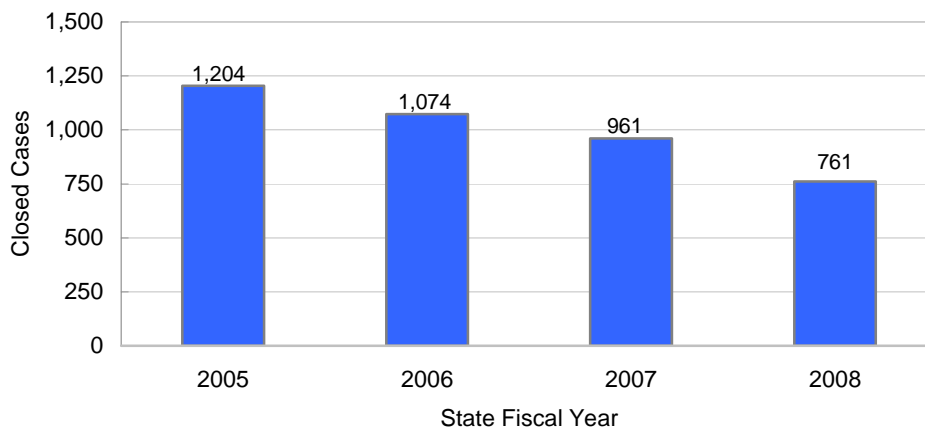
Monitoring Needed for Discrimination Case Activities

The agency did not adequately monitor staff's work to ensure discrimination investigations were completed timely. In addition, NERC did not comply with its procedure to perform supervisory reviews of investigation cases. As a result, parties to discrimination cases received less timely service and NERC lost the opportunity to collect \$53,350 in federal contract revenue. Furthermore, Legislature-approved pay upgrades for agency investigators were never implemented. Better monitoring can improve NERC's efficiency in processing discrimination case investigations and help ensure contract revenues are maximized.

Inadequate Tracking of Staff Productivity

Investigative staff productivity slipped in recent years. For example, staff closed 1,204 cases in 2005. By 2008, closed cases declined 37% to 761 cases. Because of the decline in productivity, NERC did not process discrimination cases timely or maximize federal contract revenue. Exhibit 2 shows total cases closed for state fiscal years 2005 through 2008.

**Nevada Equal Rights Commission
Closed Discrimination Cases
Fiscal Years 2005 – 2008**



Source: EEOC system and management reports.

The decline in closed cases, shown in Exhibit 2, has contributed to less timely services to parties involved in discrimination cases. In 1 year, the pending caseload rose from 445 to 835 cases at June 30, 2008. Also, the average case processing time increased from 167 to 207 days during the year.

In addition, NERC did not maximize federal revenues because it did not close sufficient cases to meet its contract with the EEOC. NERC contracted to close 864 cases at \$550 each in federal fiscal year 2007. However, the EEOC granted credit for only 767 cases, resulting in a shortfall of 97 cases from the contract. Thus, federal revenues of \$53,350 were lost. Furthermore, these monies would have helped the State because the additional funds would have reverted to the State General Fund at the end of the year.

NERC would have met the federal contract if investigators had closed the number of cases required by their work performance standards. To meet work performance standards, an investigator must close an average of 10 cases per month. We found some investigators did not achieve work performance standards for cases closed. In addition, staff performance was not adequately monitored, partly due to the absence of the former administrator and turnover of the deputy position. As a result, management reports designed to track closed cases and monitor progress towards

achieving federal contract revenues were not used effectively to correct the productivity downturn.

Management Taking Steps to Improve Staff Performance

Management began taking steps to improve staff productivity after the new administrator started in February 2008. Staff not meeting work performance standards were given plans of corrective action and their progress completing assigned investigations was closely monitored. Also, during our audit, management made efforts to correct the downward trend of closed cases by using reports for ongoing monitoring of staff productivity.

Supervisory Case Reviews Not Performed

Although NERC's internal control procedures require monthly review of each investigator's case files, monthly supervisory reviews were not performed during fiscal years 2007 and 2008. These reviews are important to ensure discrimination case investigations are processed timely and according to established guidelines.

The agency developed supervisory review procedures in response to our prior audit report, issued in 2001, to address problems with untimely investigations. These procedures require the supervisor review seven discrimination case files per investigator each month, using a review checklist. The checklist addresses whether the case file documentation is adequate to support the investigator's conclusions.

Management and staff acknowledged the supervisory case reviews were not performed, due, in part, to the supervisor's workload. We noted personnel file documentation indicates the supervisor had additional duties caused by the prior administrator's absences and vacancy of another key position.

Legislative Approved Pay Increases Never Implemented

NERC did not implement pay upgrades for its compliance investigator positions. During the 2005 Legislative Session, two-step pay upgrades (from grade 32 to 34) were approved for 13 compliance investigator positions. Pay upgrades were also approved for two other positions. However, management could not provide a clear explanation why the pay upgrades were never implemented.

The 2005 Executive Budget recommended the agency's compliance investigator positions be reclassified to rectify pay inequity with similarly classified positions in other

state agencies. The projected cost was about \$72,000 and \$80,000 in fiscal years 2006 and 2007, respectively.

We asked NERC to provide documentation to explain why the positions were unchanged. According to management, the agency contacted the State Department of Personnel, staff at DETR Human Resources and the Director's Office, but could not locate documentation explaining why the pay raises did not take place.

Recommendations

1. Ensure management reports are used consistently to monitor staff progress toward achieving the number of closed discrimination cases specified in the annual contract.
2. Ensure supervisory case reviews are completed monthly as required by internal control procedures.
3. Request assistance from the Department of Personnel regarding the compliance investigator position upgrades.

Internal Controls Over Revenues Need Improvement

NERC needs to strengthen internal controls over revenues to help ensure revenues are received timely, properly recorded, and deposited. For example, the agency should submit progress billings to accelerate receipt of federal contract revenues. In addition, procedures should be revised to ensure adequate separation of accounting duties and payments for copy fees are properly recorded and deposited timely.

Untimely Billing of Federal Contract Revenue

Billings for federal contract revenues were untimely, resulting in receipt of less federal funds and less reversion to the State General Fund at the end of 2007. The agency's EEOC contract allowed for interim progress billings, which are handled by the department's fiscal staff. Although DETR could have billed \$237,600 (432 cases at \$550 per case) in May 2007, when the contract was executed, it did not bill the EEOC until after the September 30 federal year-end. Therefore, the federal funds were received and deposited in state fiscal year 2008, instead of 2007. If the EEOC was

billed when allowed, the money would have been received in fiscal year 2007 and reverted to the State General Fund at the close of the year.

According to the EEOC work-sharing agreement, the agency may bill up to one-half the projected closed cases upon execution of the annual contract and, thereafter, submit quarterly progress billings based upon actual production. Management informed us DETR was aware the contract allowed for progress billings. However, DETR fiscal staff prefers to submit one bill for the actual number of closed cases after the federal year-end.

Interim progress billings will accelerate the agency's receipt of federal revenues into the correct fiscal year. For example, if DETR billed mid-year for one-half the contract amount, NERC would have received more federal funds in state fiscal year 2007 for cases already closed. In addition, NERC's year-end reversion to the State General Fund would have increased by \$237,600. This reversion would have occurred because the agency received a General Fund appropriation, and it has been a long-standing practice that general fund money is spent last and the remaining funds are reverted at the close of the year. A reversion of this nature will occur once, in the year billing practices change.

Control Weaknesses Over Payments Received

NERC did not have adequate internal controls to ensure all payments were properly recorded and deposited. For instance, inadequate separation of duties over the revenue function was noted at both NERC office locations. In addition, some payments were not recorded and other payments were not deposited timely. State agencies are required to record payments upon receipt, adequately secure the funds, and complete the bank deposit no more than 5 working days after receipt. Furthermore, the key accounting duties for processing and depositing these payments should not be controlled by any single person, to reduce risk of error or fraud.

Inadequate Separation of Accounting Duties

Separation of duties over receipts was not adequate at both NERC office locations. At the Reno office, one administrative assistant had sole responsibility for processing payments. The employee opened the mail, prepared the receipt form and bank deposit slip, and took the deposit to the bank. Although the Las Vegas office had

sufficient employees to separate duties, one employee controlled the key accounting duties, except for taking deposits to the bank. Better separation of duties at these locations will reduce the risk of errors or fraud.

NERC's internal control procedures over fee payments are not sufficient. These procedures provide only that the employee processing the payment may not take the deposit to the bank. Therefore, these procedures should be revised to separate key duties over the cash receipts process.

Payments Not Recorded or Deposited Timely

Our testing of payments received in fiscal years 2007 and 2008 revealed several payments were lost and others were not deposited timely. Specifically, 3 of 31 payments tested, totaling \$125, were not recorded on receipt forms and were lost. The control weaknesses over payments involve NERC's process for charging fees to provide copies of case file documentation. Deposits for copy fees totaled \$2,138 in 2007 and \$836 in 2008.

Although the amount of lost payments was small, controls should ensure no payments are lost. Because of concerns that theft could have occurred, we requested the agency provide documentation from the payers that the lost checks were never cashed by the bank. For each of the three lost payments, documentation was subsequently provided confirming the checks were never cashed.

In addition, NERC did not ensure all payments received were deposited timely. Our testing identified 8 of 19 payments were not deposited within 1 week as required by state law. Although NRS 353.250 requires agencies make deposits on or before Thursday of each week, four payments we tested were held more than 3 weeks before the deposit date. When deposits are untimely, the risk of losing payments increases and the state loses the opportunity to earn interest income.

Recommendations

4. Implement procedures for submitting interim progress billings to the EEOC according to the work-sharing agreement.
5. Revise written policies and procedures for cash receipts to separate key duties to the extent practical.

6. Revise written policies and procedures to ensure cash receipts are recorded when received and deposited timely.

Property and Equipment Records Not Accurate

NERC's property and equipment records were not accurate. For instance, some equipment had been disposed of but not removed from the agency's inventory report. Also, some equipment transfers were not properly recorded, and other items were on hand but not listed on the inventory report. Overall, 12 of 33 assets tested had discrepancies. For example:

Disposed Items Not Removed From Inventory

- Four computers, acquired between 1997 and 2001, were disposed of but not removed from the agency's inventory report.
- A projector was returned to the vendor in 2004 but not removed from the agency's inventory report.

Transfers of Property Not Recorded

- NERC received a 1998 Ford Crown Victoria, transferred from the DETR Director's Office in October 2007; however, the vehicle was still listed on the Director's Office inventory report.
- A computer server was removed from the agency's Las Vegas office by DETR staff, but was still listed on the agency's inventory report.

Equipment Not Listed on Inventory Records

- A server and a laptop were observed at NERC offices but not listed on NERC's inventory report.

Accurate property records maintain accountability and enhance loss prevention. Nevada law requires agencies conduct annual physical inventories and reconcile the results to the state's inventory records. In addition, agencies are required to notify the State Purchasing Division when changes to property records occur. Reportable changes include equipment transfers, additions, corrections, and deletions.

Although NERC conducted annual physical counts of property and equipment, DETR fiscal staff did not reconcile the inventory results to the state's inventory records. DETR, which maintains the agency's property and equipment records, did not notify the State Purchasing Division of NERC equipment dispositions and transfers.

Recommendation

7. Work with DETR fiscal staff to ensure the results of the annual property and equipment inventory are reconciled to the state's inventory records.

Appendices

Appendix A Audit Methodology

To gain an understanding of the Nevada Equal Rights Commission, we interviewed agency staff and reviewed state laws, regulations, policies, and procedures significant to the agency's operations. We also reviewed financial information, prior audit reports, budgets, minutes of various legislative committees, and other information describing the activities of the agency. We documented and assessed the agency's internal controls over revenues, expenditures, personnel administration, property and equipment, and management of discrimination cases.

To evaluate whether management adequately monitored staff's progress toward completing investigations timely and achieving federal contract revenues, we calculated the number of cases investigators should have closed according to their work performance standards and compared this to the actual number of cases closed in fiscal years 2007 and 2008. We also evaluated the effectiveness of the supervisory case review process by making inquiries of agency officials and requesting documentation of reviews performed. Further, we requested documentation to explain why investigators did not receive pay upgrades approved by the 2005 Legislature.

To evaluate the effectiveness of internal controls over revenues, we analyzed the agency's federal contract revenues in fiscal years 2007 and 2008. We also reviewed contract billings submitted to the EEOC. Next, we tested the agency's cash receipts during fiscal years 2007 and 2008. We randomly selected 10 payments received by the Las Vegas office, judgmentally selected 10 additional Las Vegas payments, and all payments received by the Reno office. The selections were traced to supporting documentation to determine whether receipts were deposited timely and properly recorded in the State accounting records.

To evaluate the appropriateness of the agency's expenditure transactions, we randomly selected 15 non-payroll expenditures including 5 contract payments and 5

travel claims. Each payment was tested for proper recording, approval, and compliance with laws, regulations, policies, and procedures.

To evaluate the agency's compliance with personnel laws, we obtained personnel files for all investigators and determined whether work performance standards were established, reviewed annually and a copy provided to the employee. We also identified whether employee evaluations were completed timely and addressed the work performance standards.

To test the existence of property and equipment on the inventory listings, we judgmentally selected 10 assets at the Las Vegas office to verify their physical existence. We also judgmentally selected 10 assets to verify they were properly included on the Las Vegas inventory listings. We similarly tested all of the agency's property and equipment at the Reno office.

To determine if the agency's performance measures were accurate and reliable, we judgmentally selected two months' measures, obtained supporting documentation, and recalculated the measures. We also tested a random sample, to verify the reliability of underlying source data.

Our audit work was conducted from March through September 2008. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In accordance with NRS 218.821, we furnished a copy of our preliminary report to the Nevada Equal Rights Commission. On November 4, 2008, 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 B, which begins on page 18.

Contributors to this report included:

Diana Giovannoni, CPA
Deputy Legislative Auditor

Rocky Cooper, CPA
Auditor Supervisor

Stephen M. Wood, CPA
Chief Deputy Legislative Auditor

Appendix B
Response From the Nevada Equal Rights Commission

NEVADA EQUAL RIGHTS
COMMISSION



JIM GIBBONS
Governor

LARRY J. MOSLEY
Director

DENNIS A. PEREA
Administrator

November 24, 2008

Paul Townsend, CPA, CIA
Legislative Counsel Bureau
401 So. Carson St.
Carson City, NV. 89701

Re: Legislative Counsel Bureau Audit Findings October 2008

Dear Mr. Townsend,

The Nevada Equal Rights Commission has received the Legislative Counsel Bureau (LCB) audit recommendations from the LCB's audit of the department which were initially provided to us on October 21, 2008 and again on November 4, 2008. The Nevada Equal Rights Commission (NERC) is in agreement with all recommendations and has included implementation plans in the response. I am confident the recommendations when implemented will add efficiency and effectiveness to our internal controls, and allow NERC to provide better customer service.

Recommendation 1. Ensure management reports are used consistently to monitor staff progress toward achieving the number of closed discrimination cases specified in the annual contract.

Response: The Nevada Equal Rights Commission's administration will continue to use existing management reports to monitor staff productivity. NERC management will also continue to develop Hyperion data querying reports to augment existing reporting capability and to ensure accuracy in reporting performance. As is noted in the audit, management is using management reports to monitor staff at this time, so implementation of this recommendation is immediate and current.

Recommendation 2. Ensure supervisory case reviews are completed monthly as required by internal control procedures.

Response: Emphasis will be placed on following the policies and procedures crafted after the 2001 LCB audit. With administration being fully staffed, there should not be any barriers to adhering to the policies and procedures. Contingencies for vacant positions

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barriers to adhering to the policies and procedures. Contingencies for vacant positions among the Management staff will be added to the policies and procedures to ensure that the lapses in compliance, outlined in the audit, will not be an issue in the future. However, since the bulk of the policies and procedures are already in place, implementation of this recommendation will take place immediately.

Recommendation 3. Request assistance from the Department of Personnel regarding the compliance investigator position upgrades.

Response: With the current budget constraints, the Nevada Equal Rights Commission will not attempt to have these positions upgraded in the short run. However, NERC will work with the Department of Personnel to establish what grade and designation these positions should have, so that when our current budget crisis has abated, we will be in a position to carry out the legislature's intent from 2005. This recommendation will be implemented over the course of the next biennium so that the NERC will be in a position to re-request funding to upgrade these positions.

Recommendation 4. Implement procedures for submitting interim progress billings to the EEOC according to the work sharing agreement.

Response: The Nevada Equal Rights Commission, in conjunction with its shared services in financial management, will develop procedures to bill the Equal Employment Opportunity Commission on an interim basis as allowed for in our work sharing agreement. The procedures will take into account the Nevada Equal Rights Commission's cash needs to ensure that we will not run out of cash or have cash flow problems. These procedures will be added to financial management policies and procedures. Care must be taken in notifying the budget office that we will have a one time reversion, and we will not be able withstand a reduction in our budget in the future, based off of this reversion. Policies and procedures will be written in the next 90 days, but will not be utilized until we have a signed agreement with the Equal Employment Opportunity Commission.

Recommendation 5. Revise written policies and procedures for cash receipts to separate key duties to the extent practical.

Response: Policies and procedures will be strengthened to ensure that there is a segregation of duties, taking into account the limited staff capability that we have in our Reno office. This recommendation will be implemented by the end of November 2008.

Recommendation 6. Revise written policies and procedures to ensure cash receipts are recorded when received and deposited timely.


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Response: These policies and procedures will be written and placed in effect at the same time as recommendation number five. This recommendation will be implemented by the end of November 2008.

Recommendation 7. Work with DETR fiscal staff to ensure the results of the annual property and equipment inventory are reconciled to the state's inventory records.

Response: Management of the NERC will work in close collaboration with the Chief Internal Auditor as well our financial management's Chief Financial Officer to come up with policies and procedures and methods of testing inventories to ensure accuracy with the Controller's office inventory records. Department-wide physical inventories have been in progress for several weeks now and an internal audit on fixed assets /inventory is scheduled to begin in November 2008. DETR's Chief Internal Auditor plans to have accurate, updated NERC inventory records by September 2009.

Sincerely,



Dennis A. Perea
Administrator, Nevada Equal Rights Commission

CC:
Larry Mosley, Director
Ardell Galbreth, Deputy Director
Rence Olson, Chief Financial Officer
Duane Anderson, Chief Internal Auditor

Nevada Equal Rights Commission Response to Audit Recommendations

<u>Recommendation Number</u>		<u>Accepted</u>	<u>Rejected</u>
1	Ensure management reports are used consistently to monitor staff progress toward achieving the number of closed discrimination cases specified in the annual contract.....	<u> X </u>	<u> </u>
2	Ensure supervisory case reviews are completed monthly as required by internal control procedures.	<u> X </u>	<u> </u>
3	Request assistance from the Department of Personnel regarding the compliance investigator position upgrades	<u> X </u>	<u> </u>
4	Implement procedures for submitting interim progress billings to the EEOC according to the work-sharing agreement.....	<u> X </u>	<u> </u>
5	Revise written policies and procedures for cash receipts to separate key duties to the extent practical.....	<u> X </u>	<u> </u>
6	Revise written policies and procedures to ensure cash receipts are recorded when received and deposited timely... ..	<u> X </u>	<u> </u>
7	Work with DETR fiscal staff to ensure the results of the annual property and equipment inventory are reconciled to the state's inventory records.....	<u> X </u>	<u> </u>
	TOTALS	<u> 7 </u>	<u> 0 </u>