

Audit Highlights



Highlights of Legislative Auditor report on the Director's Office of the Department of Cultural Affairs, issued on October 26, 2005.
Report # LA06-04.

Background

The Department of Museums, Library and Arts was created in 1993. During the 2001 Legislative Session, the agency was renamed the Department of Cultural Affairs. The Department's mission is to enrich the lives of Nevada's citizens and visitors through the preservation and promotion of the State's cultural resources.

The Director's Office is responsible for the general administration of the Department and submission of its budgets. The Director, appointed by the Governor, oversees the Department's four divisions and coordinates the various programs to best meet public needs.

The Director's Office is located in Carson City. In fiscal year 2004, the Office had six full-time equivalent positions. The Office is funded primarily by state appropriations. Expenditures in fiscal year 2004 totaled nearly \$770,000.

Purpose of Audit

The purpose of this audit was to evaluate the Office's financial and administrative practices, including whether activities were carried out in accordance with applicable state laws, regulations, policies, and procedures. This audit included a review of the Office's financial and administrative activities for the fiscal year ended June 30, 2004.

Audit Recommendation

This audit report contains one recommendation to strengthen the Office's internal controls. The Director's Office should finish updating policies and procedures to ensure they reflect the Office's current practices.

The Office accepted the recommendation.

Status of Recommendation

The Office's 60-day plan for corrective action is due on January 27, 2006. In addition, the six-month report on the status of the audit recommendation is due July 27, 2006.

Director's Office

Department of Cultural Affairs

Results in Brief

The Director's Office substantially complied with state laws, regulations, policies, and procedures significant to its financial and administrative activities. However, the Office's existing internal controls can be strengthened. The Office needs to finish updating their policies and procedures to reflect the agency's current practices. Updated policies and procedures would further ensure transactions are completed as intended.

Principal Finding

We identified several processes that had been modified without a corresponding update to the procedures. For example, written procedures for processing payroll, travel, and other general office expenditures were not accurate. Since only a few staff have a comprehensive understanding of the Office's financial and administrative practices, agency operations could be negatively impacted by key employee turnover.

Nevada law requires agencies establish a written system of financial and administrative control. This includes a system of practices to be followed in the performance of each agency's duties. Furthermore, agencies are required to periodically review their system to ensure it is working as intended. Establishing an accurate and well-documented control system helps promote efficient operations and improves compliance with laws and regulations.