

Audit Highlights



Highlights of Legislative Auditor report on the Division of State Library and Archives of the Department of Cultural Affairs, issued on October 26, 2005. Report # LA06-05.

Background

The mission of the Division is to serve as the foundation of Nevada democracy by providing full access to a range of information services that enhance the quality of life for all and center on creating a literate, educated, and enlightened citizenry while supporting the best interest of the State of Nevada. The Division is comprised of the following five units: 1) Nevada State Library, 2) Nevada Literacy Coalition, 3) Cooperative Libraries Automated Network (CLAN), 4) Archives and Records, and 5) Micrographics and Imaging.

As of June 30, 2004, the Division had 52 employees including 2 in Henderson and the remainder in Carson City. The Division's fiscal year 2004 expenditures totaled \$6.5 million.

Purpose of Audit

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

Audit Recommendations

This audit report contains eight recommendations to improve the controls over revenues, property and equipment, and performance measures. Specifically, the Division should implement controls to ensure cash receipts are properly accounted for and deposited, key billing duties are segregated, accounts receivable are properly reported, property and equipment records are accurate, and performance measures are reliable.

The Division accepted all eight recommendations.

Status of Recommendations

The Division'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 recommendations is due July 27, 2006.

Division of State Library and Archives

Department of Cultural Affairs

Results in Brief

The Division of State Library and Archives substantially complied with laws and regulations significant to its financial administration. However, we noted some weaknesses in the Division's controls over revenue, property and equipment, and performance measures. Specifically, the Division did not account for all cash receipt forms, make timely deposits, segregate key billing duties, and properly report certain accounts receivable. In addition, property and equipment records were not accurate. Strong controls in these areas help ensure state resources are adequately safeguarded and accounted for. Finally, policies and procedures need to be developed to help ensure performance measures are reliable.

Principal Finding

The Division's policies and procedures did not require staff to document the receipt of all revenue or ensure that cash receipt forms were properly accounted for and deposits were timely. As a result, not all cash receipt forms were prenumbered or controlled. In addition, we could not determine if checks received for CLAN totaling \$230,000 were deposited timely. There is an increased risk of loss when receipts are not properly controlled.

During fiscal year 2004, Micrographics and Imaging billed and collected approximately \$31,000 from non-state agencies for its services. However, key duties in the billing and collection process were not adequately segregated. These duties should be adequately segregated to help ensure collections are properly controlled.

The Division's accounts receivable reports submitted to the Office of the State Controller were not complete. Micrographics and Imaging's receivables totaling almost \$7,800 were not included in the Division's June 30, 2004 report. Further, of the \$8,700 reported, only two accounts totaling \$53 were considered current. The remaining accounts were at least 2 years old. These delinquent accounts were small amounts owed by individuals for overdue books, returned checks, and copying fees. Delinquent accounts greater than 90 days should be reviewed and considered for write-off.

Although Division procedures require physical inventory counts of property and equipment, the results were not reconciled to the Purchasing Division's records. Furthermore, not all property and equipment acquisitions were properly reported to the Office of the State Controller and the Purchasing Division. As a result, equipment and software totaling approximately \$459,000 were not included in the Purchasing Division's inventory report. Inaccurate inventory records increase the risk of loss of state assets and result in the misstatement of the state's accounting records.

The Division had not established sufficient procedures for compiling and reviewing performance measures. As a result, some of the Division's performance measures reported in the 2005-2007 Executive Budget were not reliable. Of the 10 we examined, 1 was not reliable and 3 did not have sufficient documentation readily available to conclude they were reliable. The lack of procedures increases the risk that the Legislature and managers will utilize unreliable information when evaluating programs and making budget decisions.