

# Audit Highlights



Highlights of Legislative Auditor report on the Office of Governor, issued on February 29, 2008.  
Report # LA08-13.

## **Background**

The Office of Governor (Office) was established by Article 5 of the Nevada Constitution. The Governor is the Chief Executive Officer of the State and serves as the Commander in Chief of all state military forces. The Nevada Constitution requires the Governor to faithfully execute the laws of the state and communicate by message on the condition of the state at each regular Legislative Session. Further, the Governor recommends legislation he deems necessary and submits a proposed executive budget at each regular session of the Legislature.

During fiscal year 2007, the Office had 24.5 full-time authorized positions and 4.5 positions for the Mansion. Fiscal year 2007 expenditures for operations related to the Office of Governor equaled almost \$3 million. In addition, NRS 223.025 allows for transitional expenditures for the Governor-elect to be paid from the Department of Administration's budget. During fiscal year 2007, the Office incurred \$29,114 of transitional costs.

## **Purpose of Audit**

The purpose of this audit was to determine if the Office's financial and administrative practices were carried out in accordance with applicable state laws, regulations, policies, and procedures. This audit included a review of the Office's financial related activities for fiscal year 2007.

## **Audit Recommendations**

This report contains three recommendations to strengthen the Office's financial and administrative controls. Specifically, the Office should continually review and enforce policies and procedures over purchasing and credit cards to ensure transactions are appropriate. Also, the Office should modify current policies and procedures to ensure the petty cash account is properly safeguarded and administered. Finally, the Office should continue to comply and enforce state policies regarding timely travel claim submittal.

The Office accepted the three audit recommendations.

## **Status of Recommendations**

The Office's 60-day plan for corrective action is due on May 23, 2008. In addition, the six-month report on the status of audit recommendations is due on November 24, 2008.

## Office of Governor

## **Results in Brief**

Although the Office substantially complied with state laws, regulations, policies, and procedures significant to its financial and administrative practices, existing internal controls can be strengthened. Improvements are needed over purchasing and credit card transactions to ensure expenditures are properly approved, sales tax is not paid, and late payment fees are minimized. Additionally, controls should ensure the security of the petty cash account, and travel claims are submitted within timeframes established in state policies.

## **Principal Findings**

Policies and procedures over purchasing and credit cards were not always followed. We noted 7 of 34 Mansion purchases made by the same individual who also approved the transaction. In addition, sales tax was often paid on purchases even though the State is exempt. We also noted late payment fees were incurred and paid.

The petty cash account was not always properly safeguarded. Staff mistakenly maintained petty cash in their personal bank account instead of at the Office. However, improved controls can ensure the petty cash account is properly safeguarded in the future.

Travel claims were not always submitted within timeframes established by state policy. Seven of the 13 travel claims tested were not submitted within one month of travel. A majority of these claims were submitted approximately 30 days late.