

# Audit Highlights



Highlights of Legislative Auditor report on the Office of Historic Preservation, issued on May 2, 2005. Report # LA06-02.

## Background

The mission of the Office of Historic Preservation is to encourage the preservation, documentation, and use of cultural resources through state and federal programs. Office programs include distributing and managing grants, reviewing projects for federal tax credits, monitoring federal projects within the state, and preparing a comprehensive statewide historic preservation plan. In addition, the Office manages the historic marker program. The Office also prepares and maintains the State Register of Historic Places and identifies and nominates eligible properties to the National Register of Historic Places.

In fiscal year 2004, the Office disbursed about \$292,000 of National Park Service (NPS) funds to 14 grantees. The Office also administers grants awarded by Nevada's Commission for Cultural Affairs (CCA). In fiscal year 2004, the Office administered 37 CCA grants, disbursing nearly \$1.7 million in financial assistance.

The Office of Historic Preservation is located in Carson City. In fiscal year 2004, the Office had seven full-time employees and total revenues and expenditures of nearly \$3 million.

## 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. We also determined if controls over grants management ensured compliance with applicable state and federal requirements. This audit included a review of the Office's financial and administrative activities, including grants management, for the fiscal year ended June 30, 2004.

## Audit Recommendation

This audit report contains one recommendation to strengthen controls over grants management. Specifically, the Office should implement controls to ensure grantees submit progress reports as required.

The Office accepted the recommendation.

## Status of Recommendation

The Office's 60-day plan for corrective action is due on July 27, 2005. In addition, the six-month report on the status of the audit recommendation is due January 27, 2006.

# Office of Historic Preservation

## Department of Cultural Affairs

### Results in Brief

The Office of Historic Preservation generally complied with state laws, regulations, policies, and procedures significant to its financial and administrative activities. However, controls over grants management can be strengthened. Additional controls are needed to ensure grantees submit progress reports in compliance with their funding agreements. Timely progress reports were not submitted on over half of the grants we reviewed. These reports facilitate the Office's review and monitoring of grant activity. Accordingly, improved compliance with established reporting requirements will help ensure preservation projects are completed as intended.

### Principal Finding

Funding agreements for NPS and CCA grants require the grantee to submit quarterly progress reports during the term of the project. A progress report must also accompany each of the grantee's requests for cost reimbursement. For 7 of the 10 grants we reviewed, these reports were not submitted as required. This problem related primarily to the quarterly reports. In most cases, we found that progress reports were submitted with the reimbursement requests. However, we noted that many of the grantees submitted reimbursement requests sporadically. As a result, significant time could elapse before the Office received a progress report.

Progress reports provide the Office of Historic Preservation with the information necessary to monitor project implementation. Among other things, these reports identify program accomplishments, existing problems, and the overall status of a project. Because of their importance to the monitoring process, a good control system is needed to ensure they are submitted timely. By improving the enforcement of its existing reporting requirements, the Office will have better knowledge of the status of preservation projects. This will help ensure projects are completed properly and improve the overall management of the grants program.