

STATE OF NEVADA

Performance Audit

Department of Public Safety
Investigation Division

2016



Legislative Auditor
Carson City, Nevada

Audit Highlights



Highlights of performance audit report on the Investigation Division issued on January 18, 2017. Legislative Auditor report # LA18-01.

Background

The Investigation Division (Division) is a division of the Department of Public Safety. The Division is a law enforcement agency dedicated to public safety statewide. This is accomplished through the professional enforcement of controlled substance laws; by providing comprehensive investigative services to all criminal justice agencies; and, by supporting law enforcement statewide through the collection and dissemination of relevant and timely criminal and threat information.

The Division's headquarters is located in Carson City, with field offices in Elko, Ely, Fallon, and Winnemucca. Funding for the Division is provided primarily from general fund appropriations and grant funding. During fiscal year 2016, the Division's revenues and expenditures amounted to over \$6 million. As of June 2016, the Division had 50 authorized, and 48 filled, full-time equivalent positions.

Purpose of Audit

The purpose of the audit was to evaluate the Division's process for administering and tracking fuel procurement, performance measures, and confidential drug buy funds during calendar year 2015.

Audit Recommendations

This audit report contains five recommendations to improve administrative controls over fuel cards, performance measures, and confidential drug buy funds. The Investigation Division accepted the five recommendations.

Recommendation Status

The Investigation Division's 60-day plan for corrective action is due on April 13, 2017. In addition, the six-month report on the status of audit recommendations is due on October 13, 2017.

Investigation Division

Department of Public Safety

Summary

The Investigation Division (Division) can improve administrative controls over certain areas. First, fuel cards and related purchases should be reviewed to verify purchases are made for only Division vehicles. Furthermore, some fuel cards were not canceled when employees left the agency. The Division can also enhance all aspects of determining and reporting adequate and reliable performance measures. Additionally, our review of bank statements revealed control weaknesses existed over certain bank accounts where key duties were not segregated. Finally, although the Division processed confidential drug buy funds accurately, documentation was not consistent among offices.

Key Findings

The Division does not have a process for reviewing fuel purchases. Our review of 45 fuel transactions found 11 (24%) transactions had unexpectedly low miles per gallon (MPG) ratios for assigned vehicles. The Division did not identify or review these purchases. Reviewing fuel card activity will help verify purchases are made for only Division vehicles. (page 3)

The Department of Public Safety does not have an established process to cancel fuel cards for investigators no longer employed by the Division. We reviewed 148 total active fuel cards and found 61 cards were assigned to 26 investigators no longer with the Division. None of the cards had charges after the termination date of the investigator. Division management indicated cards are turned in by investigators upon termination but actual cancellation or deactivation of the card is handled by the Department of Public Safety's fiscal unit who did not notify vendors. (page 4)

The Division can take steps to strengthen the reliability of its performance measures. Underlying records for previously reported measures were not retained, nor did the Division have policies and procedures in place for the calculation and review of performance measures. Performance measures must be reliable because they can affect budget and policy decisions made by oversight bodies, as well as judgments made by stakeholders and the public about the Division's operations. (page 5)

Our review of bank reconciliations revealed control weaknesses over bank accounts in the Carson City office where key duties are not segregated. Our review of outside bank account activity found bank reconciliations were prepared and reviewed by the same employee who is involved in the day-to-day operations of the bank account. Segregation of duties is important in ensuring funds are protected against improper use. The State Administrative Manual requires agencies to have an established system of controls to segregate duties appropriately to safeguard the assets of the agency. (page 6)

The Division processed and tracked confidential drug buy funds accurately, but can make improvements when documenting certain aspects of the process. Criminal cases are developed through the purchase of evidence with drug buy funds issued through an outside bank account. Specifically, documentation used to substantiate cases regarding funds was not always retained. (page 7)

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING
401 S. CARSON STREET
CARSON CITY, NEVADA 89701-4747

LEGISLATIVE COMMISSION (775) 684-6800
MICHAEL ROBERSON, *Senator, Chairman*
Rick Combs, *Director, Secretary*

INTERIM FINANCE COMMITTEE (775) 684-6821
PAUL ANDERSON, *Assemblyman, Chairman*
Cindy Jones, *Fiscal Analyst*
Mark Krmptotic, *Fiscal Analyst*



RICK COMBS, *Director*
(775) 684-6800

BRENDA J. ERDOES, *Legislative Counsel* (775) 684-6830
ROCKY COOPER, *Legislative Auditor* (775) 684-6815
SUSAN E. SCHOLLEY, *Research Director* (775) 684-6825

Legislative Commission
Legislative Building
Carson City, Nevada

This report contains the findings, conclusions, and recommendations from our performance audit of the Investigation Division. This audit was conducted pursuant to 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.

This report includes five recommendations to improve administrative controls over fuel cards, performance measures, and confidential drug buy funds. We are available to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other state officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Rocky Cooper".

Rocky Cooper, CPA
Legislative Auditor

October 21, 2016
Carson City, Nevada

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Introduction

Background

The Investigation Division (Division) is currently a division of the Department of Public Safety. The Division is a law enforcement agency dedicated to public safety statewide. This is accomplished through the professional enforcement of controlled substance laws; by providing comprehensive investigative services to all criminal justice agencies; and, by supporting law enforcement statewide through the collection and dissemination of relevant and timely criminal and threat information.

The Division's headquarters is located in Carson City, with field offices in Elko, Ely, Fallon, and Winnemucca. Funding for the Division is provided primarily from general fund appropriations and grant funding. During fiscal year 2016, the Division's revenues and expenditures amounted to over \$6 million. As of June 2016, the Division had 50 authorized, and 48 filled, full-time equivalent positions. Exhibit 1 shows revenues and expenditures for fiscal year 2016.

Investigation Division Revenues and Expenditures Fiscal Year 2016

Exhibit 1

Revenues	Amount
State Appropriations	\$6,207,471
Prior Year Refunds	7,227
Grants and Reimbursements	551,188
Transfer From DPS	115,159
Total Revenues	\$6,881,045
Expenditures	
Personnel Services	\$4,411,151
Operating	477,787
Fuel	58,766
Drug Buy Funds	29,267
Grants and Reimbursements	604,698
Cost Allocations	581,227
Other ¹	354,565
Total Expenditures	\$6,517,461
Difference	\$ 363,584
Less: Reversion to General Fund	363,584
Balance Forward to 2017	\$ 0

Source: State accounting system.

¹ Other category includes: travel, equipment, contract lab services, staff physicals, and information services.

Scope and Objective

The scope of our audit focused on a review of certain administrative processes during calendar year 2015. Our audit objective was to:

- Evaluate the Division's process for administering and tracking fuel procurement, performance measures, and confidential drug buy funds.

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 218G.010 to 218G.350. 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.

Some Administrative Processes Can Be Improved

The Investigation Division (Division) can improve administrative controls over certain areas. First, fuel cards and related purchases should be reviewed to verify purchases are made for only Division vehicles. Furthermore, some fuel cards were not canceled when employees left the agency. The Division can also enhance all aspects of determining and reporting adequate and reliable performance measures. Additionally, our review of bank statements revealed control weaknesses existed over certain bank accounts where key duties were not segregated. Finally, although the Division processed confidential drug buy funds accurately, documentation regarding these activities was not consistent among offices.

Fuel Card Purchases Should Be Monitored

The Division can improve its monitoring over fuel purchases. Our review of fuel purchases found low mileage ratios that warranted further review of fuel purchases. Additionally, fuel cards were found active years after employees left the Division, although no charges were incurred after employee termination dates. Sworn officers are assigned certain vehicles and one or more fuel card(s) to purchase fuel for Division activities. Fuel purchases for the Division exceeded \$58,000 for fiscal year 2016.

Monitoring of Fuel Purchases

The Division does not have a process for reviewing fuel purchases. Our review of 45 fuel transactions found 11 (24%) transactions had unexpectedly low miles per gallon (MPG) ratios for assigned vehicles. The Division did not identify or review these purchases. Reviewing fuel card activity will help ensure purchases are made for only Division vehicles. Exhibit 2 provides an example of how the average MPG can be calculated from billing statements and mileage reports.

Example of Fuel Transactions for Sport Utility Vehicle May 2015

Exhibit 2

Fuel Provider	Location	Date of Purchase	Gallons Purchased
NDOT	Fernley	May 6, 2015	14.70
NDOT	Fernley	May 11, 2015	20.00
Thomas Fuels	Reno	May 12, 2015	14.00
Thomas Fuels	Reno	May 13, 2015	25.97
NDOT	Fernley	May 19, 2015	23.70
NDOT	Sparks	May 20, 2015	18.70
Thomas Fuels	Sparks	May 27, 2015	15.34
NDOT	Sparks	June 1, 2015	11.30
Total Gallons Purchased			143.71
Mileage Report May 6, 2015			97,700
Mileage Report June 2, 2015			98,900
Reported Mileage Driven			1,200
Average Miles Per Gallon			8.35

Source: Auditor prepared from fuel provider billing statements and Division records.

Division management indicated it is not uncommon for investigators to fill more than one Division vehicle with the same fuel card, or utilize and fill other vehicles such as ATV's and trailers. Furthermore, during surveillance operations investigators may idle the vehicle, which would result in a lower MPG ratio than may be expected. However, we could not always verify whether other vehicles were fueled since the Division does not track or monitor fuel purchases for vehicles not directly assigned to the investigator. Furthermore, the Division does not have a process in place to identify unusual fuel purchases and determine their appropriateness. Division management indicated they are developing a process to ensure fuel purchases can be associated with specific vehicles and mileage in the future. Such procedures are important since fuel cards can be easily used for personal vehicles.

Fuel Card Cancellation

The Department of Public Safety does not have an established process to cancel fuel cards for investigators no longer employed by the Division. We reviewed 148 total active fuel cards and found 61 cards were assigned to 26 investigators no longer with the Division. None of the cards had charges after the termination date of the investigator. Division management indicated cards are

turned in by investigators upon termination but actual cancellation or deactivation of the card is handled by the Department of Public Safety's fiscal unit who did not notify vendors.

Fiscal staff indicated the fuel card management function was previously handled by Division staff. Due to consolidations and position turnover, some functions were lost, and procedures for cancelling cards were not sustained. Fiscal staff also indicated they are not always notified of staffing changes so they know to cancel fuel cards. As a result, fuel cards remained active as long as 10 years past termination dates. The cards were active an average of 2.5 years after employees left the agency.

State policies require cards to be immediately canceled within 24 hours if employees transfer to a different agency or leave State service. Failure to deactivate cards for terminated employees could result in fraudulent use.

Performance Measure Results Were Not Verifiable

The Division can take steps to strengthen the reliability of its performance measures. Underlying records for previously reported measures were not retained, nor did the Division have policies and procedures in place for the calculation and review of performance measures. Performance measures must be reliable because they can affect budget and policy decisions made by oversight bodies, as well as judgments made by stakeholders and the public about the Division's operations.

The Division reported five performance measures for fiscal year 2014. Exhibit 3 shows the measures, and reported results listed in the 2015-2017 Executive Budget.

**Performance Measures Reported Results
Fiscal Year 2014**

Exhibit 3

No.	Performance Measure	Reported Results
1	Percent of Major Crimes Cases Accepted or Denied in 48 Hours	95.56%
2	Percent of Completed Major Crimes Investigations Resulting in Arrest	26.09%
3	Percent of Narcotics Cases Resulting in Arrest	129.01%
4	Percent of Special Event Assessments Disseminated Timely	100.00%
5	Percent of Tips/Leads/Suspicious Activity Reports Processed Within 24 Hours	100.00%

Source: Investigation Division, 2015-2017 Executive Budget.

The Division did not retain documentation regarding performance measure results for all measures noted in Exhibit 3. Additionally, the Division did not have policies and procedures detailing how measures should be calculated, the retention of supporting documentation, or the review of calculations.

The State Administrative Manual requires records used in computing performance measures to be retained for 3 fiscal years and indicates measures must be reliable. Agencies are also required to review performance measure results to ensure measures are accurate and appropriate. Management indicated the Division is in the process of developing performance measures including developing and updating policies and procedures for performance measures to address these concerns.

**Outside Bank
Account
Functions
Should Be
Segregated**

Our review of bank reconciliations revealed control weaknesses over bank accounts in the Carson City office where key duties are not segregated. Our review of outside bank account activity found bank reconciliations were prepared and reviewed by the same employee who is involved in the day-to-day operations of the bank account. Segregation of duties is important in ensuring funds are protected against improper use. The State Administrative Manual requires agencies to have an established system of controls to segregate duties appropriately to safeguard the assets of the agency.

The Division did not have adequate segregation of duties during our audit because key administrative assistant positions were vacant and the Division did not reassign duties as necessary. However, assigning management to review bank reconciliations is a better choice than having an administrative assistant review activity because management approves transactions and is more knowledgeable about the Division's investigations and other related activities. Even though bank account activities were not adequately segregated, our review found funds were utilized for the intended purpose and other controls were adequate to safeguard funds. Nevertheless, assigning bank reconciliation review to management will assist in ensuring activities are proper and segregation of duties is maintained even when vacancies occur.

Information Regarding Drug Buy Funds Was Not Always Retained

The Division processed and tracked confidential drug buy funds accurately, but can make improvements when documenting certain aspects of the process. Criminal cases are developed through the purchase of evidence with drug buy funds issued through an outside bank account. Specifically, documentation used to substantiate cases regarding funds was not always retained.

Drug buy funds are obtained and administered through an outside bank account and are used during investigations. We reviewed 30 transactions, totaling \$9,630, from three office locations and found transactions to be properly processed and approved. However, certain documentation related to the transaction was not retained in four instances. These exceptions related to one open case and three closed cases. The four transactions were all from one Division office location.

Current Division policy indicates this documentation regarding drug buy funds is important for ensuring appropriate case resolution. Discussions with Division management indicated this documentation is not always retained for closed cases, because the policy does not require its retention. However, we found this documentation was retained for both open and closed cases. Division management indicated documentation will be retained, which should ensure uniformity Division-wide.

The remaining 26 transactions had complete documentation. Our review found all drug buy fund transactions were accurately processed, and approved in accordance with policies and procedures.

Recommendations

1. Establish controls to monitor and analyze fuel purchases periodically.
2. Ensure fuel cards are canceled timely when employees leave the agency.
3. Develop written policies and procedures for performance measures to ensure reported results are reliable, including data gathering and processing, computations, supervisor

review of calculations and methodology, and retention of supporting documentation.

4. Ensure duties of bank account daily transactions, bank reconciliations, and bank reconciliation review are segregated.
5. Update policies and procedures to specify retention of certain documentation of confidential drug buy funds to ensure uniformity across Division office locations.

Appendix A

Audit Methodology

To gain an understanding of the Division, we interviewed staff and reviewed statutes, regulations, and policies and procedures significant to Division operations. We also reviewed financial information, prior audit reports, budgets, legislative committee minutes, and other information describing the activities of the Division. Furthermore, we documented and assessed internal controls over fuel cards, performance measures, and confidential drug buy funds.

To determine the reasonableness of fuel purchases, we requested active fuel card lists from fuel card vendors. We compared the lists of active cards from fuel vendors to information in the Human Resources Data Warehouse and identified active cards for individuals no longer employed with the Division. We compared the last fuel charge associated with these cards to the termination date of the employee.

Additionally, we randomly and judgmentally selected 12 fuel cards and 12 Division vehicles from 148 fuel cards and 39 vehicles to test. We tested 2 months for each selected card or vehicle. To determine if purchases were reasonable, we calculated the number of miles driven during the selected month from Division vehicle reports. We also identified all fuel purchases for the associated timeframe. We used this data to calculate the miles per gallon (MPG) rate and then compared that to the MPG information obtained from fueleconomy.gov for each specific vehicle type chosen for testing. Finally, we determined if our calculated MPG fell within the expected reasonableness range.

To evaluate performance measures, we identified the Division's performance measure data reported in the 2015-2017 Executive Budget. We discussed measures with staff and requested supporting documentation for all five measures.

To determine if controls over bank accounts were adequate, we judgmentally selected one month's reconciliation from each bank account to review for accuracy and proper review. Additionally, we verified each wire transfer from the general account were to one of the six remaining official Division accounts. Furthermore, to determine if controls were adequate over bank transfers we interviewed staff, identified relevant controls, and performed a walkthrough of the online banking system. Finally, we reviewed controls over adding and deleting bank accounts.

To verify confidential drug buy fund transactions were processed in accordance with policies and procedures, we requested monthly bank statements for each account. From a population of 111 transactions, we randomly selected 30 total transactions. We determined whether the selected transactions were properly documented and approved, that the funds used agreed with supporting documentation, documentation was maintained, evidence was properly processed, and any recoveries were deposited.

For our sample design, we used non-statistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Judgmental samples were selected based on knowledge of the population and ensuring appropriate coverage. We did not project our results because the judgmental samples may not be representative of the population. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that non-statistical sampling provides sufficient and appropriate audit evidence to support the conclusions in our report.

Our audit work was conducted from October 2015 to June 2016. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In accordance with NRS 218G.230, we furnished a copy of our preliminary report to the Chief of the Investigation Division. On September 29, 2016, 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 12.

Contributors to this report included:

Lilliana Camacho-Polkow, MBA
Deputy Legislative Auditor

Shannon Ryan, CPA
Audit Supervisor

Appendix B

Response From the Investigation Division

Brian Sandoval
Governor



Investigation Division

555Wright Way
Carson City, Nevada 89711-0525
Telephone (775) 684-7400 • Fax (775) 684-7450
www.dps.nv.gov

James M. Wright
Director

Patrick J. Conmay
Chief

October 10, 2016

Rocky Cooper, CPS
Legislative Counsel Bureau
401 South Carson Street
Carson City, Nevada 89701-4747

Dear Mr. Cooper,

The following is respectfully submitted in response to the performance audit of the Investigation Division conducted by your agency between October 2015 and June 2016. The Division accepts the Audit Recommendations and offers the following explanations and corrective action.

1. Establish controls to monitor and analyze fuel purchases periodically.

Division employees are issued various types of fuel cards. Those include cards issued by the State of Nevada through the Nevada Department of Transportation (NDOT), those issued by a contracted commercial distributor (Thomas Fuels), and those issued by retail distributors such as Shell or Chevron. Employees are instructed to use the NDOT cards as a first option and to limit the use of the other cards to instances where an NDOT facility is not immediately available. Consequently, the NDOT cards are the most frequently used cards. Historically, the NDOT fuel cards were capable of activating fuel pumps with a simple swipe of the card. No additional data input was required. Consequently, monitoring and analytical capabilities related to card use were limited. As part of the effort to address this recommendation, the division has arranged with NDOT to revise the assigned cards and commencing in October 2016, each time an employee swipes an NDOT card the system will require the input of the involved vehicle unit number and the corresponding mileage before the pump is activated. Additionally, all division utility vehicles and any gas cans used by the division will be assigned 'unit' numbers which must be input prior to pumping gas. This will assist in conducting future assessments of NDOT fuel use. The contracted cards already required mileage input which is accessible for analysis. The division is preparing a Division Directive to include a requirement for more detailed individual monthly fuel use explanations where there is exceptional use. These explanations will be included on monthly vehicle use reports which are already prepared by employees. The vehicle use form will be revised to include specific fuel use information. The new Directive will require periodic and random supervisory assessment of the information contained in those reports for accuracy. This Division Directive and revised vehicle use form will be in place no later than January 1, 2017.

Additionally, the division is examining specific audit findings to ensure there has been no inappropriate fuel card use in the instances cited.

Administrative Services • Capitol Police • Criminal Justice Assistance • Emergency Management • Homeland Security
Emergency Response Commission • State Fire Marshal • Investigations • Highway Patrol • Office of Traffic Safety • Parole and Probation
Records and Technology • Board of Parole Commissioners • Training • Office of Professional Responsibility

2. Ensure fuel cards are cancelled timely when employees leave the agency.

While there exists a long standing Division policy directing that upon termination of employment, an employee shall return all issued credit cards to his or her immediate supervisor, as well as an additional policy directing supervisors to conduct an inventory and retrieve all issued state property when an employee leaves the division. Both policies are long outdated. In the instance of credit cards, that policy directs that relinquished cards should be forwarded to the Division's 'Fiscal Section of Support Services' but gave no direction as to what the Fiscal Section was to do with the cards. It should be noted that the Division has had no internal Fiscal Section for many years, ever since a Department of Public Safety (DPS) decision to consolidate the Division's fiscal functions within the Director's office in an efficiency and cost saving measure following the fiscal crisis after 2008. Nevertheless, fuel cards are collected from employees when they leave and since the consolidation those cards are routinely forwarded to the Fiscal staff at the DPS Director's office. However, following the consolidation no formal procedure was ever created outlining how Division staff would notify Director's office Fiscal staff about an employment separation. And, no formal procedure was implemented by Director's office Fiscal staff to ensure credit cards were canceled. The Division will create a Division Directive outlining the formal procedure concerning the process for recovery and disposition of all state issued property, including fuel cards, when an employee leaves the Division. That Directive will include requirements for notifying Director's office Fiscal staff that an employee has left the Division and associated fuel cards should be cancelled. The Director's office Fiscal Unit will establish a formal procedure to ensure the timely cancellation of fuel cards. This Division Directive will be in place no later than January 1, 2017.

3. Develop written policies and procedures for performance measures to ensure reported results are reliable, including data gathering and processing, computations, supervisor review of calculations and methodology, and retention of supporting documentation.

Investigation Division managers have been working on these issues for some time. The Division replaced the entire management team in the early 2014. Almost immediately, it became apparent that the Division's case management capabilities were lacking. The capacity to accurately calculate productivity, especially related to investigation matters directly correlates to the processes used for case management. Deficiencies in this area raised concerns about management's capacity to rely on internal data for meaningful purposes. Consequently, work began almost immediately to revise how the Division's business was documented, administered, tracked, and reported. The initial assessment disclosed that previous managers had not fully embraced the Department of Public Safety's automated Records Management System (RMS), which has considerable case management functionality. To the extent that the Division was using the system, there was a lack of standardization in terminology for data entry, rendering any analysis of information that was contained there unreliable for analytical or statistical purposes. Over approximately the next year, the Division formally adopted the RMS as its internal automated case management system. This included working with the RMS vendor to create Division specific investigative case management structure within the system; identifying and defining a variety of standardized codes, dispositions and statuses; and creating various report templates. In September of 2014, key Division personnel attended a basic introductory 8 hour training session on the RMS system simply to learn the system's fundamental functionality. In November 2014, all supervisors attended two days of classroom training concerning the transition to the new case management process. In January and March 2015 two training sessions were held for all remaining Division personnel on system functionality and the new processes. The Division began testing the process by entering all new case information into the system and to the extent possible, modifying recent historical entries to reflect new criteria. Concurrently, work

began on an 'Operations Manual' for the Division that defines case management processes, describes RMS data entry procedures, and redefines the Division's basic reporting practices. Much of 2015 involved daily and/or weekly reviews of data entries to identify bugs and mistakes. The Division also worked with the vendor to design and create reliable statistical reports.

During the audit process, the auditor identified and examined performance indicator data reported in the 2015-2017 Executive Budget. In addressing the audit recommendation it is important to note the following.

The Investigation Division's actual FY14/15 performance indicators consisted of the following:

1. Percent of cases accepted or denied in 48 hours
2. Polygraphs conducted
3. Cases resulting in arrest (further defined as narcotics cases)
4. Cases initiated (further defined as number of cases initiated)
5. Percent of Special Assessments completed as requested
6. Informational Bulletins disseminated
7. Percent of Division personnel receiving required Records Unit training

These original indicators were developed prior to the review process described above and were used by the prior management team. At that time, the Division tracked these indicators in a variety of ways, but largely relied upon hand counts and self reporting by individual units. In some instances the supporting documentation is found in the form of spread sheets or hard copy files. In other instances the supporting documentation exists in the form of historical email responses to Chief's office requests for information or in the form of actual individual case files which were available for a new hand count if necessary. Governing procedures consisted of a document titled 'Performance Indicators User Manual' which directed that Performance Indicators should be completed in an Excel spreadsheet located on the Division's shared access computer drive (K drive). Review of that manual disclosed that it was outdated.

During the FY 16/17 budget building process, the Division's performance indicators were modified (outlined below).

1. Percent of Major Crimes cases accepted or denied in 48 hours
2. Percent of completed Major Crimes investigations resulting in arrest
3. Percent of narcotics cases resulting in arrest
4. Percent of Special Assessments disseminated timely (further defined as at least one week prior to the scheduled event)
5. Percent of Tips/Leads/Suspicious Activity Reports processed within 24 hours

These new indicators are what are referenced in the audit report. When the indicators were revised during the budget process, the new management team received instruction to provide numerical data related to the revised indicators, backdated for FY14. Because the revisions measured different factors than the original indicators and the new methodology was not yet fully functional, it was necessary to contact the various Division units for the new data, again largely relying upon hand counts and self reporting. As with the earlier information, some supporting documentation exists in the form of historical email responses to Chief's office requests for information or in the form of actual individual case files which were available for a new hand count if necessary. The information developed following this inquiry is what is included in the 2015-2017 Executive Budget document, which the auditor examined.

In summary, currently, the Division has the capability to access statistical information concerning case management using the automated RMS. This provides much more reliable information upon

which performance indicators can be judged. Managers routinely examine this data and periodically create reports reflecting how the Division is meeting expectations. Those reports will now be retained in hard copy files as supporting documentation for required retention periods. The process for improving the quality of the information is ongoing and the Division is examining a process for creating even more precise reports in the future. The 'Operations Manual' will be reviewed and updated to ensure all components of the recommendation are addressed.

With respect to fusion center specific performance indicators (Special Event Assessments and Tips/Leads/Suspicious Activity Reporting), those details are managed by a separate and independent system. Data is reported on spread sheets prepared by fusion center analysts. Those will be retained according to applicable schedules.

Finally, the Division will develop a specific Division Directive addressing Performance Indicators. The updated Operations Manual and Division Directive will be in place no later than January 1, 2017.

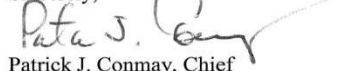
4. Ensure duties of bank account transactions, bank reconciliations, and bank reconciliation reviews are segregated.

The staffing issues contributing to this finding have been addressed. Reconciliation responsibilities have been segregated and managers review all reconciliation activity for accuracy. The Division Directive addressing bank account reconciliations will be updated to formalize the process. That Directive will be in place no later than November 1, 2016.

5. Update policies and procedures to specify retention of certain documentation of confidential drug buy funds to ensure uniformity across Division offices.

Each of the Division's narcotics units has been instructed to retain copies of any documentation related to the expenditure of buy funds according to applicable retention schedules. Those documents are also retained in the Chief's office. The Division Directive addressing the retention of those documents will be updated to formalize the process. That Directive will be in place no later than November 1, 2016.

Sincerely,


Patrick J. Conmay, Chief
Nevada Department of Public Safety
Investigation Division

Investigation Division's Response to Audit Recommendations

<u>Recommendations</u>	<u>Accepted</u>	<u>Rejected</u>
1. Establish controls to monitor and analyze fuel purchases periodically	<u> X </u>	<u> </u>
2. Ensure fuel cards are canceled timely when employees leave the agency	<u> X </u>	<u> </u>
3. Develop written policies and procedures for performance measures to ensure reported results are reliable, including data gathering and processing, computations, supervisor review of calculations and methodology, and retention of supporting documentation	<u> X </u>	<u> </u>
4. Ensure duties of bank account daily transactions, bank reconciliations, and bank reconciliation review are segregated	<u> X </u>	<u> </u>
5. Update policies and procedures to specify retention of certain documentation of confidential drug buy funds to ensure uniformity across Division office locations.....	<u> X </u>	<u> </u>
TOTALS	<u> 5 </u>	<u> </u>