

# Audit Highlights



Highlights of performance audit report on the Colorado River Commission of Nevada issued on September 10, 2024.

Legislative Auditor report # LA24-10.

## Background

The Colorado River Commission of Nevada (CRC) is responsible for establishing policy and overseeing the management of Nevada's allocation of water resources and electrical power from the Colorado River. CRC is composed of a body of seven commissioners and its staff.

CRC operations fall into four principal areas which include oversight of hydropower, power delivery, natural resources, and administration. Administration oversees information technology, accounting, budgeting, and other functions like fiscal and performance measures reporting.

CRC operates and maintains 17 high-voltage substations along with overhead and underground transmission lines in Southern Nevada. CRC also oversees the tracking of Nevada's Colorado River water usage, and supports federal conservation programs relating to the Colorado River. As part of their water usage tracking responsibilities, CRC personnel calculate Nevada's annual consumptive use of its allocation of Colorado River water.

In fiscal year 2022, CRC had \$42.6 million in expenditures. As of June 30, 2022, CRC had 8 vacant positions out of 46 approved positions, which reflects a 17% vacancy rate.

## Purpose of Audit

The purpose of the audit was to determine if CRC was adequately managing certain activities related to its power delivery, hydroelectric power billing, water usage tracking and to assess the security of power delivery information technology (IT) systems and CRC IT risk management processes. Our audit focused on CRC activities from January 1, 2021, through December 31, 2022, and prior years in select testing areas.

## Audit Recommendations

This audit report contains 13 recommendations to improve CRC's oversight of its power delivery, water usage tracking, and IT and security processes.

CRC accepted the 13 recommendations.

## Recommendation Status

CRC's 60-day plan for corrective action is due on December 9, 2024. In addition, the 6-month report on the status of audit recommendations is due on June 9, 2025.

# Resource and Technology Administration

## Colorado River Commission of Nevada

### Summary

CRC can improve its recordkeeping, policies and procedures, and oversight of its operational processes including power delivery, water usage tracking, and performance measures reporting. For example, records used to document electrical switching and inspections were not always complete and sometimes lacked evidence of required review, although our inspections did not identify any major safety or security concerns. CRC reporting of Nevada's Colorado River water usage was materially accurate, although there were minor reporting errors and internal review processes were lacking. Improved oversight of these CRC processes will enhance reporting accuracy and formalize efforts to maintain safe and secure facilities.

CRC can strengthen its oversight of information technology (IT) assessments and planning, and certain security processes. CRC has not completed an IT risk assessment or important plans to respond to risk-related incidents and disasters. The lack of a documented IT risk assessment and planning increases the risk CRC has not appropriately identified, assessed, and taken steps to reduce IT risks to an acceptable level. In addition, certain security processes can be improved to protect sensitive IT and electrical systems.

### Key Findings

Records used to document safety procedures performed when taking high voltage electrical systems in and out of service were not always complete and sometimes lacked evidence of management review. For 10 out of 29 (34%) CRC switching records reviewed, certain switching fields relating to required review and switching procedures were not completed. (page 3)

Of the total required monthly inspections for 33 substations overseen by CRC, there was no evidence 36 out of 396 (9%) inspections were performed. Monthly inspections are the primary means to help ensure critical electrical equipment is working properly and safely. (page 5)

For the 13 of 14 substations with maintenance issues, CRC did not have a documented corrective action plan to help ensure issues were corrected. CRC also had not documented prioritization of issues in terms of risk or evidence that management reviewed inspection results. (page 6)

CRC's reporting of Nevada's Colorado River water usage to federal and state officials was materially accurate. However, the 2021 report contained an informational table with minor miscalculations comparing the 2021 water usage to the previous year. After we identified the errors, CRC made corrections to the table and resubmitted the report. The minor error in the informational table did not impact the overall reporting or accounting of Nevada's net water usage. (page 7)

CRC did not ensure one of its hydropower performance measures was accurately reported and published in the State of Nevada 2021 – 2023 Executive Budget. Accurate reporting of performance measures provides agency managers, the Legislature, and the public with information to evaluate the performance of CRC. (page 8)

CRC does not have a documented IT risk assessment and continuity of operations, disaster recovery, and incident response plans for their administrative network and the supervisory control and data acquisition system (SCADA). (page 10)

Logs are not utilized to record visitor access to areas that contain sensitive IT equipment. State IT security standards require records of these visits be maintained for a minimum of 1 year. Proper oversight helps ensure organizational resources are protected. (page 12)

Two IT employees did not have a fingerprint-based background check as required by state IT security standards. Additionally, two employees working with critical infrastructure did not receive background checks for 3 years after their hire dates. (page 12)