

Audit Highlights



Highlights of Legislative Auditor report on the Division of State Lands issued on September 19, 2012. Report # LA12-18.

Background

The Division of State Lands was created within the Department of Conservation and Natural Resources in 1957. The Division provides land and land use planning services to the State, its agencies, and its people. Its mission is to uphold the conservation and land resource values of Nevadans through responsible land use planning, resource programs that protect and enhance the natural environment, and land stewardship worthy of the lands entrusted to them.

As of December 2011, the Division had 18 employees located in Carson City. The Division's revenues and expenditures are recorded in one main budget account and nine other budget accounts. Agency expenditures for calendar year 2011 were about \$7.1 million. In addition to personnel and operating expenditures, many of the Division's expenditures are for grants to state and local government agencies and non-profit organizations.

During calendar year 2011, the Division's total revenue amounted to \$2.69 million, including \$1.04 million in General Fund appropriations and fees of about \$954,000. Fees are collected for various reasons, including land leases, authorizations, easements, licenses, permits, and special license plates.

Purpose of Audit

The purpose of this audit was to: (1) evaluate the reliability of the Division's performance measures used in the state's budget process, and (2) determine whether fees were collected and deposited in accordance with state laws and regulations. Our audit focused on the Division's activities for calendar year 2011.

Audit Recommendations

This audit report contains three recommendations to improve the reliability of the Division's performance measures used in the state's budget process.

The Division accepted the three recommendations.

Recommendation Status

The Division's 60-day plan for corrective action is due on December 18, 2012. In addition, the six-month report on the status of audit recommendations is due on June 18, 2013.

Division of State Lands

Department of Conservation and Natural Resources

Summary

The Division can take steps to strengthen the reliability of its performance measures used in the state's budget process. Some measures used in the budget process for fiscal years 2012 and 2013 were not adequately supported by underlying records and the description of one measure did not reflect what was reported. It is important for performance measures to be reliable because it can affect budget and policy decisions made by agency managers and oversight bodies, and judgments made by stakeholders and the public about the Division's operations. Reliability can be improved by enhancing written procedures on how to collect and calculate performance measurement data and providing for review of the results.

The Division has an effective process for the collection of fees. We found the Division collected and deposited fees in accordance with state laws and regulations. The Division's current process for collecting and depositing fees is much improved since the last audit. During calendar year 2011, the Division collected about \$954,000 in fee revenue.

Key Findings

The Division included seven performance measures in its budget documents for fiscal years 2012 and 2013, specifically, the Executive Budget and the Priorities and Performance Budget. The measures are also included in the Division's strategic plan and are linked to its goals and objectives. Of the seven performance measures, we found three measures were not adequately supported. The supporting records were not retained or could not be provided. Performance measures cannot be considered reliable unless they are supported by sufficient underlying records. In addition, the Division's description for one measure did not accurately reflect the reported information. The Division lacked sufficient controls to ensure performance measures were reliable. Control weaknesses included inadequate written procedures and insufficient review of the data collection for measures. It is important for performance measures to be reliable because it can affect budget and policy decisions made by agency managers and oversight bodies, and judgments made by stakeholders and the public about the Division's operations. (page 5)

Our testing of the Division's receipts, totaling about \$380,000 of the \$954,000 collected during calendar year 2011, found the Division's controls provide reasonable assurance that fees are collected and processed accordingly. Our selection included receipts from assessments, land sales, and fees from license plates, easements, licenses, and permits. We also tested a sample of fee agreements and found the Division's controls provide reasonable assurance that those individuals required to pay a fee did pay the correct amount in accordance with applicable statutes. The Division's current process for collecting and depositing fees is much improved, as the prior audit in 2003 noted several problems with the process in place at that time. Problems noted in the prior audit included fees not always being collected and inadequate controls over the receipt of fees. (page 9)