

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)