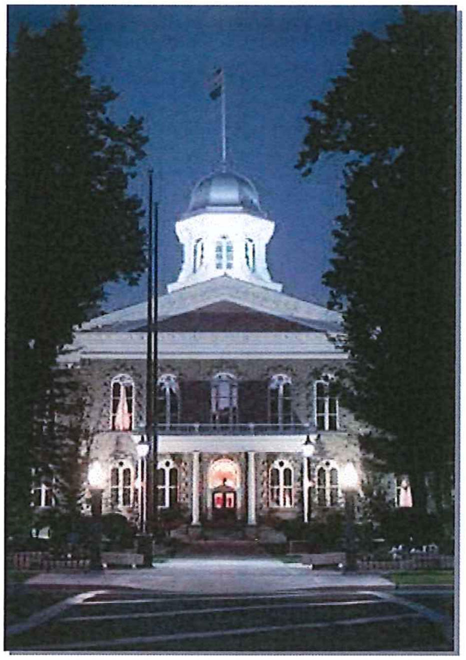

State of Nevada
Department of Administration
Division of Internal Audits

# Audit Report

# Department of Wildlife

Report No. 14-04
June 2014

# EXECUTIVE SUMMARY
## Nevada Department of Wildlife



### Objective 1: Can the Department Enhance Vehicle Operations?

The department can enhance vehicle operations by reducing fleet size, reviewing vehicle mileage reports, and standardizing the recordkeeping process for vehicle maintenance records. Enhancing vehicle operations will result in reductions in state spending and improved management of the department's vehicle fleet.



Reducing fleet size could result in annual savings of up to $244,000 and a one-time savings of up to $163,000 from disposal of excess vehicles.

State Administrative Manual (SAM) requires agencies to assign vehicles to specific utilization groups, such as pooled administrative (pooled), and individually assigned administrative. SAM requires individually assigned vehicles to be driven at least 4,800 miles per year, and pooled vehicles at least 8,400 miles per year.

Our review disclosed 64 pooled vehicles were driven less than 8,400 miles. Additionally, 12 of the total pooled vehicles were driven less than 1,000 miles in fiscal year ended 2013. Of these 12 vehicles, four had no recorded mileage for the entire fiscal year.



The department should review vehicle mileage reports to track each vehicle's mileage. Tracking mileage ensures effective management of vehicle operations and compliance with state vehicle usage requirements.

Discussions with the department disclosed vehicle mileage reports were not consistently reviewed by fiscal services for proper vehicle usage.



The department should standardize the recordkeeping process to ensure proper documentation exists for required vehicle maintenance. Proper documentation of vehicle maintenance records can reduce the state's liabilities resulting from vehicle accidents, and safeguard state's assets.

Currently, recordkeeping of maintenance records is the responsibility of the individual assigned the vehicle. There is no policy for ensuring these individuals keep maintenance records.

SAM section 1316 requires state agencies to maintain vehicle maintenance records.

Maintenance records could not be located for 27 percent of the vehicles we tested. Additionally, most of the files that could be located were missing key documents such as maintenance log, invoices, and manufacturer's recommended maintenance schedule.

## Objective 2: Can the Department Improve Land Acquisition and Contract Management Practices?

The Department can improve land acquisition practices by using pre-established criteria, a scoring system for evaluating land acquisition proposals, and a conflict of interest statement. This will improve land acquisition and provide accountability and transparency.



The department should use pre-established criteria and a scoring system for evaluating land acquisition proposals; along with a conflict of interest statement for the Land's Committee performing the evaluation. This will provide increased accountability, consistency, and transparency in land acquisitions.

We found other states have pre-established criteria such as: recreation potential, size of land and proximity to other wildlife areas, and scoring systems for evaluating land acquisition proposals. Additionally, there were no pre-established criteria or scoring systems for the land acquisitions done for the period January 2008 through December 2012. We also noted the Land's Committee does not have a policy regarding potential conflicts of interest.



The department should update its policies and procedures for contract management in accordance with the State Administrative Manual (SAM 0300). Updating policies and procedures and proper maintenance of contract documents will ensure compliance with SAM.

We reviewed 17 contracts to determine whether the contracts conform with the following requirements: retention of contract documents, approval of the board of examiners, proper signatures and collection of required revenues. Our review disclosed six of 12 (50 percent) contracts requiring board of examiners approval did not receive the required approval, and 24 percent of the contract files did not contain all the required contract forms.

## Objective 3: Can the Department Improve Its Process for Managing Accounts Receivable?

The department can improve its process for managing accounts receivable by transferring all past license agents' transactions to the current database system, determining the accounts receivable balance, and assigning old accounts to the State Controller's Office for collection. This will ensure that collection efforts are being made on all funds owed to the state.

**Transfer all Past License Agents' Transactions and Determine the Accounts Receivable Balance**..........page 13

The department should transfer all past license agents' transactions to the current database system. This will allow the department to determine accounts receivable balances for license agents.

The department represents they cannot produce accounts receivable reports for license agents after 2010 because of a backlog in transferring all license agents' transactions to their current database. Consequently, an accurate accounts receivable balance cannot be determined since all past license agents' transactions have not been transferred to the current database system

**Assign Old Accounts to the State Controller's Office for Collection**..........page 13

After transferring all past license agents' transactions to the current database system, the department should assign old accounts to the State Controller's Office for collection. This will ensure that collection efforts are being made on all funds owed to the state.

NRS 353C.195(3) requires agencies to assign debts to the State Controller no later than sixty days after the debt becomes past due. As a result of the backlog, the department is unable to generate aging reports to determine if any debts are past due.

## Objective 4: Should the Department Consider Modifying Current Bond Requirements?

**Consider Modifying Current Bond Requirements**..........page 15

The department should consider modifying current bond requirements to be based on average monthly sales. This will reduce the risk of default from license agents with large operations and help license agents with small operations by lowering their bond requirement.

The department requires each license agent to maintain a continuous bond in the amount of $7,000 to ensure the license agent does not default on payments to the department. The department indicated this amount has remained the same since it was established in 1980.[1] A review of sales data for license agents in Nevada revealed some license agents maintain bonds that are less than their average monthly sales, while others have bonds that are higher.

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[1] Nevada Administrative Code (NAC 502.150).

# INTRODUCTION

At the direction of the Executive Branch Audit Committee, we conducted an audit of the Nevada Department of Wildlife (department). Our audit addressed the following four questions:

- ✓ What is the department's role?
- ✓ What services must the department provide?
- ✓ Is the state the proper level of government to provide these services?
- ✓ If state government is the appropriate level of government, is the department carrying out its duties efficiently and effectively?

Our audit focused on whether the department can enhance vehicle operations, improve land acquisition and contract management practices, enhance accounts receivable, and modify license agent's bond requirements.

## Department's Role and Public Purpose

The Division of Wildlife under the Department of Conservation and Natural Resources (DCNR) became a separate department in 2003. The Board of Wildlife Commissioners (board) is appointed by the Governor and consists of nine members. The board is responsible for establishing broad policy, setting annual and permanent regulations, reviewing budgets, and receiving input on wildlife and boating issues from entities such as the 17 county advisory boards[1] to manage wildlife.

The department consists of seven divisions: Operations, Conservation Education, Fisheries Management, Game Management, Habitat, Law Enforcement, and Wildlife Diversity. The department is responsible for the day-to-day management of lands, restoration and management of fish and wildlife resources, promotion of boating safety on Nevada's waters, grazing leases and cooperative agreements. Additionally, the department regulates activities and related laws for the protection of wildlife.

The legislatively approved biennial budget for fiscal years 2014 through 2015 is $75 million. The department is funded primarily through licensing, fees, federal funds and general fund (see exhibit I). The department was approved for 247 full-time equivalent positions for the biennium.

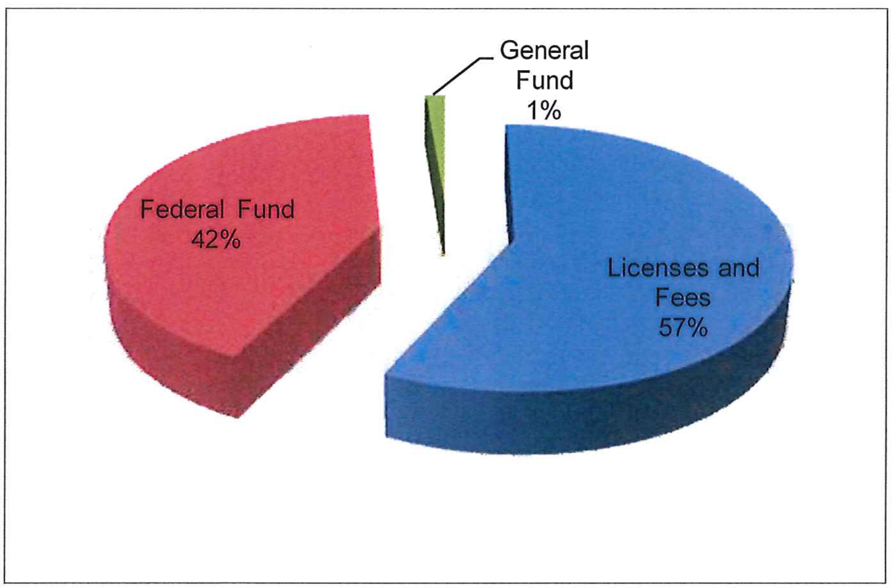
[1] The county advisory boards gather information from area sportsmen and advise the Wildlife Commission on wildlife management issues.

In fiscal year 2012, the department transferred a land agent position to the Division of State Lands (DSL), which is under DCNR. DSL holds title to the lands used by the department and is responsible for buying and selling land on the department's behalf. Additionally, DSL handles leases, easements, permits, and other authorizations on behalf of the department.

The state is the proper level of government to protect, preserve, manage, and restore wildlife and its habitat because the department provides the resources, knowledge, and education to ensure conservation and management efforts are in place. The department also provides the communication necessary to promote safety for the public who use and enjoy the state's wildlife, lands, and waters.

## Exhibit I

**Department Funding Sources for Fiscal Years 2014 through 2015**



## Scope and Objectives

We began audit work in November 2012. In the course of our audit, we interviewed management and staff of the department, DSL, and the Department of Administration's Fleet Services Division. We analyzed reports provided by the department. We also reviewed the department's policies and procedures, Nevada Revised Statutes, Nevada Administrative Codes, and the State Administrative Manual. As part of our field work, we surveyed other states concerning vehicle operations, land acquisition and management practices, and bond requirements for license agents. We concluded field work and testing in October 2013.

Our audit focused on the following objectives:

- ✓ Can the department enhance vehicle operations?
- ✓ Can the department improve land acquisition and contract management practices?
- ✓ Can the department improve its process for managing accounts receivable?
- ✓ Should the department consider modifying current bond requirements?

We performed our audit in accordance with the *Standards for the Professional Practice of Internal Auditing.*

The Division of Internal Audits expresses appreciation to the management and staff of the department, DSL, and the Fleet Services Division for their cooperation and assistance throughout the audit.

Contributors to this report included:

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## Department of Wildlife
## Response and Implementation Plan

We provided draft copies of this report to department officials for their review and comments. The department's comments have been considered in the preparation of this report and are included in Appendix E. In its response, the department accepted our recommendations. Appendix F includes the department's timetable to implement our recommendations.

NRS 353A.090 specifies within six months after the final report is issued to the Executive Branch Audit Committee, the Administrator of the Division of Internal Audits shall evaluate the steps the department has taken to implement the recommendations and shall determine whether the steps are achieving the desired results. The administrator shall report the six month follow-up results to the committee and department officials.

The following report contains our findings, conclusions, and recommendations.

# Can the Department Enhance Vehicle Operations?

The department can enhance vehicle operations by reducing fleet size. Reducing fleet size could result in annual savings of up to $244,000 and a one-time savings of up to $163,000 from disposal of excess vehicles. Vehicle operations can also be enhanced by reviewing miles driven to ensure efficient use. Additionally, maintaining adequate maintenance records will help reduce the risk of liability to the state as a result of vehicle accidents.

## Reduce Fleet Size to Enhance Vehicle Operations

Reducing fleet size could result in annual savings of up to $244,000 and a one-time savings of up to $163,000 from disposal of excess vehicles. Each division within the department maintains its own vehicles. The division administrators are responsible for assigning vehicles to employees and determining if and when a vehicle needs to be replaced.

According to the State Administrative Manual (SAM) Section 1322, agencies are required to assign each vehicle to a specific utilization group, such as pooled administrative, individually assigned administrative, maintenance and support/contractors equipment, public safety and specialty vehicles. SAM requires individually assigned vehicles to be driven at least 4,800 miles per year or used a minimum of 75 percent of the available time. Pooled vehicles are to be driven at least 8,400 miles per year or used a minimum of 80 percent of the available time. We reviewed individually assigned administrative and pooled administrative vehicles purchased with general fund. The department did not track actual time usage; therefore, we could not determine if these vehicles met the required percentages of available time. Consequently, we focused our review on miles driven.

The department had 122 vehicles[2] for fiscal year 2013 (see exhibit II). Our review of vehicle usage reports disclosed 64 (54 percent) of the total pooled vehicles were driven less than 8,400 miles. The four individually assigned administrative vehicles met the SAM mileage requirements.

Additionally, we noted 12 of the total vehicles reviewed were driven less than 1,000 miles.[3] Of these 12 vehicles, 4 (33 percent) had no recorded mileage for the entire year. The low mileage of these vehicles suggests the department should reduce its fleet size.

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[2] Excludes vehicles purchased with federal funds, law enforcement and specialty vehicles.
[3] See Appendix A.

## Exhibit II

### Fiscal Year 2013 Vehicle Mileage

| Division | Individually Assigned | | Pooled | |
|---|---|---|---|---|
| | Number of Vehicles | Number of Vehicles not Meeting 4,800 Miles | Number of Vehicles | Number of Vehicles not Meeting 8,400 Miles |
| Conservation Education | 0 | 0 | 6 | 4 |
| Director | 0 | 0 | 1 | 0 |
| Diversity | 1 | 0 | 10 | 4 |
| Fisheries | 0 | 0 | 33 | 21 |
| Game | 2 | 0 | 21 | 4 |
| Habitat | 0 | 0 | 29 | 15 |
| Law Enforcement | 0 | 0 | 6 | 6 |
| Operations | 1 | 0 | 12 | 10 |
| **Total** | **4** | **0** | **118** | **64** |
| **Total (%)** | **3%** | **0%** | **97%** | **54%** |

Source: Mileage data provided by the department.

Based on the analysis performed, we estimate the department could reduce its fleet size up to 64 vehicles.

## Annual Savings[4]

Reducing the fleet size would lower ongoing costs, such as:

- Insurance – The department pays $312 in insurance costs for each vehicle in its fleet. A reduced fleet would save the department up to $20,000 in insurance costs annually.
- Vehicle replacement cost – The department can save up to $224,000 annually from not replacing excess vehicles.

We estimate this would result in total annual savings up to $244,000.

## One-Time Savings

Selling excess vehicles would result in a one-time savings of up to $163,000.

Exhibit III summarizes annual savings and one-time savings that will be generated as a result of reducing fleet size.

[4] See Appendix B.

## Exhibit III

# Summary of Estimated Monetary Savings
# Based on Reduced Fleet Size

| Annual Savings | Vehicles with Less than 1,000 Miles per Year | All Vehicles Not Meeting SAM Mileage Requirements |
|---|---|---|
| Number of Excess Vehicles | 12 | 64 |
| Insurance Savings | $ 4,000.00 | $ 20,000.00 |
| Vehicle Replacement Cost Savings | $ 42,000.00 | $ 224,000.00 |
| **Total Annual Savings** | **$ 46,000.00** | **$ 244,000.00** |
| **One Time Savings** | | |
| Number of Excess Vehicles | 12 | 64 |
| Average Vehicle Salvage Value | $ 2,550.00 | $ 2,550.00 |
| **Total One Time Savings (rounded)** | **$ 31,000.00** | **$ 163,000.00** |

## Review Mileage Reports to Ensure Minimum Utilization Requirements are Met

Proper review of vehicle mileage reports will enable the department to effectively manage vehicle operations and comply with state regulations.

The department uses equipment use reports (EURs) to track vehicle mileages as well as allocate vehicle costs to each budget account. This report is prepared by each individual assigned a vehicle and reviewed by the fiscal services section. Discussions with the department disclosed the EURs were compiled but not consistently reviewed by fiscal services for proper vehicle usage.

Without consistent review of these reports, informed decisions regarding vehicle usage, allocation, and disposal could not be made.

## Standardize Recordkeeping of Vehicle Maintenance Records

The department does not have a standardized recordkeeping of all their vehicle maintenance records. We selected a sample of 41 vehicles to review for appropriate maintenance records. Our review disclosed that 11 (27 percent) of the maintenance records requested could not be located. Of the remaining records, only one had complete vehicle maintenance documentation such as maintenance log, invoices, and manufacturer's recommended maintenance schedule. Due to the lack of adequate recordkeeping, we were unable to determine whether the vehicles are being maintained in accordance with the manufacturer's maintenance schedules. According to SAM 1316, state agencies are required to maintain vehicle maintenance records for owned and leased vehicles.

Additionally, there is no specific employee responsible for ensuring that all the vehicles are being properly maintained. Each individual assigned a vehicle is responsible for ensuring vehicle maintenance is performed and maintenance records are retained. This resulted in a lack of consistency between the individuals' assigned vehicles as well as practices within the divisions regarding vehicle maintenance and recordkeeping. Standardizing the recordkeeping process within each division and making someone responsible for ensuring that vehicle maintenance is performed and records are retained provides for efficient and effective vehicle fleet operation within the department.

Proper vehicle maintenance and documentation reduces the state's liability from vehicle accidents and safeguards state's assets.

## Recommendations

1. Reduce vehicle fleet size.
2. Review mileage reports.
3. Standardize recordkeeping of vehicle maintenance records.

## Can the Department Improve Land Acquisition and Contract Management Practices?

The department can improve land acquisition and contract management practices by developing, updating and implementing policies and procedures for land acquisitions and contract management practices. These policies and procedures should improve land acquisition and contract management practices by providing more accountability and transparency.

### Use Pre-established Criteria and a Scoring System for Land Acquisitions

Land is fundamental to fulfilling the department's mission of protecting, preserving, managing, and restoring wildlife and its habitat. The Division of State Lands (DSL) has statutory authority to acquire land or interests in land, as well as hold title to property obtained on behalf of the department. While DSL performs the acquisition[5] function, the approval and day-to-day management of those properties remains with the department. Currently, DSL holds title to approximately 185,000 acres of land on behalf of the department.

The department acquires land based on the advice of the department's Land's Committee. The committee is comprised of the department director and administrators of the various divisions as well as specialists. Additional support is provided by a land agent assigned to the department from DSL. Proposed acquisitions are evaluated by a team of wildlife supervisors using criteria such as: wildlife values/diversity, location, and availability of public access. After review of the proposal by the team, all the information collected including appraisals, environmental site assessments, and title reports are sent to the Land's Committee with a recommendation for the director.

We reviewed the department's processes for land acquisitions for the period January 2008 through December 2012. We noted there were no pre-established criteria or scoring systems for the seven properties acquired. We also noted the Land's Committee does not have a policy regarding potential conflicts of interest.

We surveyed other states[6] and noted these states have pre-established criteria such as: recreation potential, size of land and proximity to other wildlife areas, and scoring systems for evaluating land acquisition proposals.

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[5] Land acquisition includes land, water rights, and easements.
[6] Arizona, Arkansas, Idaho, Minnesota, Montana, Nebraska, North Dakota, Texas, Washington, and Wyoming.

The department should develop policies and procedures to standardize the review process using pre-established criteria and a scoring system to evaluate all land acquisition proposals. The decision of whether or not to acquire the land should be based on the documented evaluation of the pre-established criteria. This system of evaluating proposals for acquisition should be applied to all property acquisitions to ensure the selection process is fair, unbiased, consistent, and transparent. Additionally, these policies should address situations where persons involved in the acquisition process may have an actual or perceived conflict of interest.

## Policies and Procedures Can Enhance Contract Management

The department should update its policies and procedures for contract management in accordance with the State Administrative Manual (SAM 0300). Updating policies and procedures for all contracts will enhance contract management and ensure consistent application of contract guidelines.

The department's policies and procedures are out of date and need updating. In addition, these policies and procedures should be consistently applied to all contracts to ensure efficient and effective contract management.

We selected a sample of 17 contracts and reviewed the contract files for evidence of key contract elements such as:

- Contract documents were maintained,
- Board of Examiner's approval was obtained
- Proper signatures were obtained, and
- All required revenues were collected.

Our review of the contract files disclosed 12 contracts required board of examiners approval. Six of 12 (50 percent) did not receive the required approval (see Appendix C). Four of 17 (24 percent) contract files reviewed did not contain all the required contract forms. Payments were received on three contracts; however, there were no supporting contract documents to indicate the contracts were still in effect.

Updating policies and procedures for all contracts will enhance contract management and ensure consistent application of contract guidelines. Written policies and procedures regarding appropriate monitoring activities and maintaining adequate documentation will provide greater transparency and accountability.

## Recommendations

4. Develop and implement procedures for land acquisitions to include pre-established selection criteria, a scoring system, and a conflict of interest policy.

5. Update policies and procedures to enhance contract management.

# Can the Department Improve Its Process for Managing Accounts Receivable?

The department can improve its process for managing accounts receivable by transferring all past license agents' transactions to the current database system. This will ensure that collection efforts are being made on all funds owed to the state.

Our audit of the accounts receivable focused primarily on license agents' accounts. License agents are individuals or businesses authorized by the department to sell hunting and fishing licenses, tags, stamps and permits. If a license agent does not pay the total due on the agent's sales during the month, an accounts receivable is created and remains as such until paid.

## Transfer all Past License Agents' Transactions and Determine the Accounts Receivable Balance

The department switched its computerized database systems from the License Inventory Sales Accounting system (LISA) to Nevada Wildlife Data System (NWDS) in 2007. The department has since been trying to get the new system up-to-date by transferring all the license agents' sales, payments and adjustments into NWDS. This process has taken longer than anticipated and the department has a backlog of data input that dates back to January 2011.

The department represents they cannot produce accounts receivable reports for license agents after 2010 because of the backlog in transferring all license agents' transactions. Since these reports cannot be generated, the department is unable to generate aging reports to determine if any debts are past due. NRS 353C.195(3) requires agencies to assign debts to the State Controller's Office no later than sixty days after the debt becomes past due. Additionally, the department is unable to issue up-to-date statements to license agents. The department stated they are working on getting the accounts up-to-date.

Until the backlog is cleared and the accounts are up-to-date, the department cannot determine how much is owed to the state or if any accounts are past due as a result of license agents' sales. The department should clear the backlog, determine the current accounts receivable balance and prepare an aging schedule. Once the accounts receivable balance has been determined and aging schedule prepared, the department should transfer all license agent accounts over sixty days old to the Controller's Office for collection. This will ensure that collection efforts are being made on all funds owed to the state.

## Recommendations

6. Transfer all past license agents' transactions to the current database and determine the accounts receivable balance.

7. Transfer all license agent accounts over 60 days old to the Controller's Office for collection.

# Should the Department Consider Modifying Current Bond Requirements?

The department should consider modifying current bond requirements on an individual basis to reduce the risk exposure of non-collection from license agents. Modification of the current bond requirement will help license agents with small operations while reducing the risk of default from license agents with large operations.

## Consider Modifying Current Bond Requirements

The current bond requirement is outdated and may not be sufficient to cover losses resulting from nonpayment from license agents.

The department requires each license agent to maintain a continuous bond in the amount of $7,000 to ensure the license agent does not default on payments. The department indicated this amount has remained the same since it was established in 1980.[7] The bond requirement should be evaluated because of the following:

- Bond requirement has not been reviewed since 1980, and
- Inequity in bond requirement for license agents (Each agent is required to post the same bond amount despite the amount of average monthly sales).

In order to determine the minimum bond amount required for each license agent that will cover any undue risk that may be placed on the department, we reviewed the license agent sales for fiscal years 2009 and 2010. The department was unable to provide sales by individual license agent for the years after 2010 as a result of a backlog in its licensing system. Therefore, we were unable to obtain and/or review individual license agent sales after fiscal year 2010.

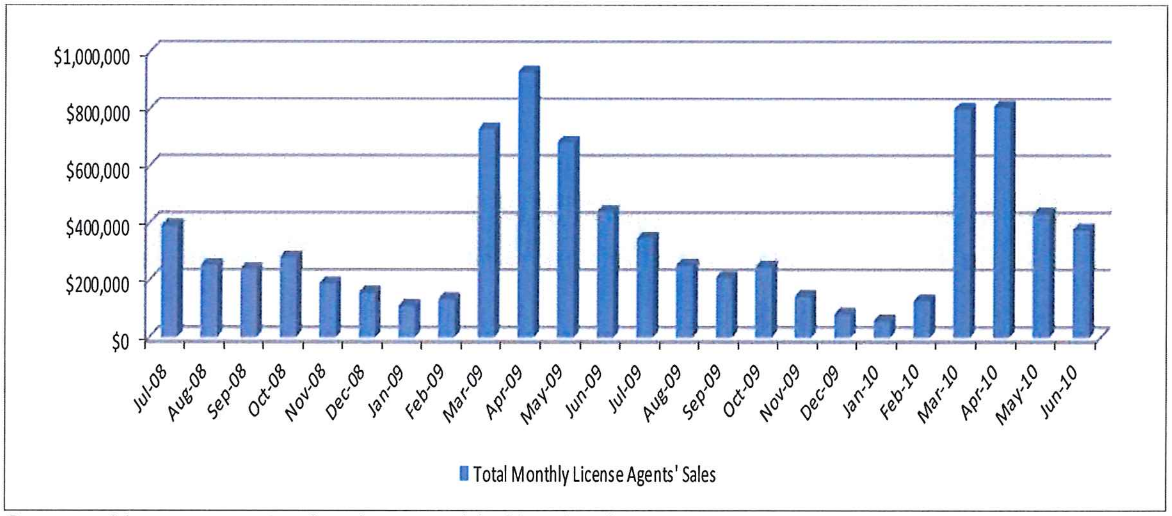
Most of the license sales occur during the months of March through June when big game applications are received and processed. To determine a minimum bond amount that will ensure adequate coverage in case of default by a license agent, we calculated the risk exposure[8] using the peak months' monthly average

[7] Nevada Administrative Code (NAC 502.150).
[8] See Appendix D for calculations.

sales. Exhibit IV illustrates total monthly license agents' sales for fiscal years 2009 and 2010.

## Exhibit IV

### Total Monthly License Agents' Sales for Fiscal Years 2009 and 2010




Source: License agent sales data provided by the department.

An analysis of average monthly sales during the peak season for fiscal year 2010 revealed that 30 out of 164 licensed agents (18.3 percent) had average monthly sales that exceeded the current bond amount of $7,000 (see exhibit V).

## Exhibit V

### Calculation of License Agents With Potential Risk Exposure (Average Monthly Sales Exceed Bond Amount)

| Number of License Agents (within each category) | Sales Range During the Period March through June | Total Actual Average Monthly Sales (for all agents) | Total Bond Coverage (for all agents) | Total Estimated Monthly Risk Exposure |
|---|---|---|---|---|
| 134 | $0 - $7,000 | $ 209,040 | $ 938,000 | $ 728,960 |
| 23 | $7,001 - $14,000 | $ 240,304 | $ 161,000 | $ (79,304) |
| 4 | $14,001 - $21,000 | $ 71,240 | $ 28,000 | $ (43,240) |
| 2 | $21,001 - $28,000 | $ 54,118 | $ 14,000 | $ (40,118) |
| 1 | $28,001 - $35,000 | $ 30,344 | $ 7,000 | $ (23,344) |
| **164** | | **$ 605,046** | **$ 1,148,000** | |

As shown above, 30 of the license agents maintain bonds that are less than their average monthly sales during the peak months which increases the department's risk exposure. Conversely, 134 licensed agents have bonds that may be too high. This could result in undue hardship for license agents with small operations.

Requiring bonds that are calculated based on average monthly sales during peak months could reduce the department's risk exposure and help licensed agents with small operations. For new licensed agents with no sales history, the calculation could be based on projected sales and subsequently modified if needed.

We surveyed 11 states[9] and noted a third of the states determine the annual bond requirements of each license agent based on their sales data. Bond requirements in other states surveyed vary from $0 to $100,000 depending on factors such as length of time in business, geographical location, and whether or not the license agent has a sweep account.[10] Additionally, six[11] of the 11 states require license agents to set up a sweep account which allows these states to automatically and electronically collect license fees on a weekly or monthly basis. The department informed us they are planning on implementing sweep accounts with their license agents.

The department should consider modifying the bond requirements based on average monthly sales during peak months. Modification of the current bond requirement will help license agents with small operations while reducing the risk of default from license agents with large operations.

## Recommendation

8. Consider modifying bond requirements based on average monthly sales during peak months.

[9] Arizona, Colorado, Idaho, Kansas, Montana, New Mexico, Oregon, South Dakota, Utah, Washington, and Wyoming.
[10] A sweep account allows the department to collect license sales revenue automatically from the license agent's account through an electronic funds transfer.
[11] Colorado, Idaho, Kansas, Montana, Oregon, and Washington.

# Appendix A

## Fiscal Year 2013 Vehicles Driven Less Than 1,000 Miles

| Division | Vehicle # | Beginning Mileage 07/01/12 | Ending Mileage 06/30/13 | FY 13 Miles Driven | Number of Vehicles |
|---|---|---|---|---|---|
| Fisheries | 32985 | 149,732 | 150,636 | 904 | |
| Total Number of Vehicles | | | | | 1 |
| Habitat | 32984 | 143,819 | 143,819 | 0 | |
| Habitat | 32629 | 128,637 | 128,654 | 17 | |
| Habitat | 20789 | 129,655 | 129,707 | 52 | |
| Habitat | 22843 | 94,383 | 94,707 | 324 | |
| Habitat | 54769 | 59,942 | 60,935 | 993 | |
| Total Number of Vehicles | | | | | 5 |
| Law Enforcement | 41451 | 136,381 | 136,381 | 0 | |
| Law Enforcement | 44597 | 162,786 | 162,786 | 0 | |
| Law Enforcement | 45806 | 158,461 | 158,461 | 0 | |
| Law Enforcement | 25300 | 79,930 | 80,550 | 620 | |
| Total Number of Vehicles | | | | | 4 |
| Operations | 32977 | 80,427 | 80,781 | 354 | |
| Operations | 58346 | 138,793 | 139,578 | 785 | |
| Total Number of Vehicles | | | | | 2 |
| **Total Number of Vehicles** | | | | | 12 |

# Appendix B

## Estimated Cost Savings

| **Vehicle Replacement Cost Savings** | | Based on # of Veh. with Annual Miles Less than 1,000 | Total Vehicles Not Meeting SAM 1322 Minimum Mileage Req. |
|---|---|---|---|
| **Average Vehicle Purchase Price** | | Avg. Price | Avg. Price |
| Based on NDOW purchases from 2009 through 2012 | | **$ 27,000.00** | **$ 27,000.00** |
| **Average Vehicle Disposal Price*** | | $ 3,000.00 | $ 3,000.00 |
| Less 5% Comm. to Auction House per Vehicle (3000x0.05) | $ 150.00 | | |
| Less 10% to Purchasing Division capped at $400 | $ 300.00 | $ (450.00) | $ (450.00) |
| **Average Salvage Value on Disposition** | | **$ 2,550.00** | **$ 2,550.00** |
| Purchase Price less Salvage ($27,000 -$2,550) | | $ 24,450.00 | $ 24,450.00 |
| Number of Vehicles with Less than 1,000 miles per year | | **12** | |
| Number of Vehicles not Meeting SAM 1322 Minimum Mileage Requirements | | | **64** |
| Vehicles Replacement Schedule (7 yrs or 100,000 miles) | | 7 | 7 |
| Avg. Annual Repl. Cost Savings ($24,450/7yrs x (12 vehicles or 64 Vehicles) | | $ 41,914.29 | $ 223,542.86 |
| **Average Annual Vehicle Replacement Cost Savings (Rounded)** | | **$ 42,000.00** | **$ 224,000.00** |

| **Insurance Cost Savings** | Vehicles with Less than 1,000 miles per Year | All Vehicles Not Meeting SAM Mileage Requirements |
|---|---|---|
| Annual Insurance Costs Per State Vehicle: | | |
| Risk Management Cost* | $ 67.53 | $ 67.53 |
| Attorney General's Office* | $ 244.00 | $ 244.00 |
| Total Insurance Cost per Vehicle | $ 311.53 | $ 311.53 |
| Total Number of Excess Vehicles | 12 | 64 |
| Total Annual Insurance Savings $312 x (12 or 64) | $ 3,738.36 | $ 19,937.92 |
| **Total Annual Insurance Savings (Rounded)** | **$ 4,000.00** | **$ 20,000.00** |

*Based on information from Fleet Services Division.

# Appendix C

## Contracts Executed Without BOE Approval

| | Agreement Party | Contract Amount* | Contract Start Date | Contract End Date | Purpose |
|---|---|---|---|---|---|
| 1 | Denny Larsen | $ 30,100 | 06/01/07 | 12/31/11 | Kirch WMA grazing lease |
| 2 | CL Cattle Company/Chris Collis | $ 16,800 | 12/10/07 | 04/10/08 | Steptoe Valley WMA grazing lease |
| 3 | Garry Snow Livestock & Grain | $131,275 | 07/15/08 | 11/01/12 | Steptoe Valley WMA grazing lease |
| 4 | Mathews Farm | $ 26,250 | 05/22/09 | 09/30/13 | Key Pittman WMA grazing lease |
| 5 | David Little | $119,916 | 01/15/09 | 09/15/14 | Mason Valley WMA grazing lease |
| 6 | Stacy Drayton | $ 12,208 | 09/17/09 | 02/28/14 | Lockes Ranch grazing lease |

*Source: Department's contract logs.

| Contract Amount | Approval Requirements[1] |
|---|---|
| $0 - $1,999 | Agency head |
| $2,000 - $9,999 | Clerk of the BOE |
| $10,000 or more | BOE |

[1]Reflects approval requirements prior to August 13, 2013.

# Appendix D

## Calculation of License Agents With Potential Risk Exposure (Average Monthly Sales Exceed Bond Amount)

| Number of License Agents (within each category) | Sales Range During the Period March through June | Total Actual Average Monthly Sales (for all agents)[1] | Total Bond Coverage (for all agents)[2] | Total Estimated Monthly Risk Exposure[3] |
|---|---|---|---|---|
| 134 | $0 - $7,000 | $209,040 | $938,000 | $728,960 |
| 23 | $7,001 - $14,000 | $240,304 | $161,000 | $(79,304) |
| 4 | $14,001 - $21,000 | $71,240 | $28,000 | $(43,240) |
| 2 | $21,001 - $28,000 | $54,118 | $14,000 | $(40,118) |
| 1 | $28,001 - $35,000 | $30,344 | $7,000 | $(23,344) |
| **164** | | **$605,046** | **$1,148,000** | |

[1] Total Actual Average Monthly Sales (for all agents):

$1,560 x 134 = $209,040
$10,448 x 23 = $240,304
$17,810 x 4 = $71,240
$27,059 x 2 = $54,118
$30,344 x 1 = $30,344

[2] Total Bond Coverage (for all agents):

$7,000 x 134 = $938,000
$7,000 x 23 = $161,000
$7,000 x 4 = $28,000
$7,000 x 2 = $14,000
$7,000 x 1 = $7,000

Assuming the bond requirement remains at $7,000.

[3] Total Projected Monthly Risk Exposure:

$938,000 - $209,040 = $728,960
$161,000 - $240,304 = $(79,304)
$28,000 - $71,240 = $(43,240)
$14,000 - $54,118 = $(40,118)
$7,000 - $30,344 = $(23,344)

Based on average monthly sales.

# Appendix E

## Department of Wildlife
## Response and Implementation Plan


STATE OF NEVADA
**DEPARTMENT OF WILDLIFE**
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March 6, 2014

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DIVISION OF INTERNAL AUDITS

Mr. Steve Weinberger, CPA, Administrator
Internal Audits Division
Department of Administration
209 Musser Street, Room 302
Carson City NV 89701

Dear Administrator Weinberger:

The Nevada Department of Wildlife (NDOW) was pleased to host your audit team. Vita and Lynnette were courteous, knowledgeable, and professional. We generally agree with your team's recommendations and find them helpful and instructive in improving the Department's operations. We look forward to working with your division to implement these recommendations.

Under "Department's Role and Public Purpose" the report indicates the Department became a separate department from the Department of Conservation and Natural Resources (DCNR) in 2003. It should be noted the Department has existed as a standalone department since the creation of the State Fish and Game Commission in 1947. Wildlife was consolidated under DCNR for only ten of its 67 years of existence.

Please accept the following responses to your recommendations:

***Can the Department Enhance Vehicle Operations?***
***Recommendations:***
***1. Reduce vehicle fleet size.***
***2. Review mileage reports.***
***3. Standardize recordkeeping of vehicle maintenance records.***

The Department agrees with the recommendations regarding vehicle operations. We will develop policies and procedures to ensure standardized record keeping and periodic review of usage and maintenance reports to aid in the effective management of our fleet. Note the Department does maintain centralized records on vehicle mileage. However, management use of these records has been limited to vehicle replacement planning as part of the biennial budget process. Vehicle maintenance records are maintained, but there are inconsistencies among personnel. There is a clear need and benefit to actively manage our fleet on an ongoing basis.

The Department has not performed a wholesale review of its fleet and assigned vehicles to specific utilization groups as required by SAM 1322. Since this review has not been completed, there is insufficient documentation to substantiate classifications other than in the pooled administrative vehicles group. However, at least some of the 64 vehicles identified as not meeting the pooled administrative vehicles group requirements are likely to be reclassified as specialty vehicles or one of the other groups. Some of these vehicles are fish hatchery and Wildlife Management Area (WMA) vehicles that are modified for specialized purposes. NDOW also has unique geographic challenges and seasonal needs atypical of most agencies. These factors will limit opportunities to consolidate and downsize our fleet. Therefore the Department may not be able to reduce our fleet size by the full 64 vehicles as envisioned in the report. However, a formal Department review to comply with SAM 1322 will clearly result in fleet size reductions, more efficient use of NDOW's fleet, and generate material budgetary savings.

The Department can establish policies and procedures, complete a formal review of our fleet, and surplus any excess vehicles by the end of state fiscal year 2015.

***Can the Department Improve Land Acquisition and Contract Management Practices?***
***Recommendations:***
***4. Develop and implement procedures for land acquisitions to include pre-established selection criteria, a scoring system, and a conflict of interest policy.***
***5. Update policies and procedures to enhance contract management.***

The Department agrees with the recommendations. The Department currently has a formal process for land acquisitions utilizing an interdepartmental Lands Committee to make decisions regarding acquisitions. However, their process and criteria are not formally established as a policy and procedure. This will be corrected.

In regards to contract management, this is a separate issue from land acquisitions. This relates to revenue contracts for grazing and agricultural production on our WMAs. Historically, these agreements were executed by local WMA personnel. The Department has already taken measures to treat these agreements like all other Department contracts, including centralized record keeping in the Fiscal Services Section and submission to the Board of Examiners for appropriate approvals.

***Can the Department Improve Its Process for Managing Accounts Receivables?***
***Recommendations:***
***6. Transfer all past license agents' transactions to the current database and determine the accounts receivable balance.***
***7. Transfer all license agent accounts over sixty days old to the Controller's Office for collection.***

The Department agrees with these findings. There are some key points to be considered. The current backlog refers to processing of manual license adjustments. That process is caught up through October 2013 and is about two months away from being current. The next step is to completely catch up license agent statements, which provides each agent with a current accounts receivable. Those statements are current through April 2012. Statements are anticipated to be current within six months.

Transferring license agent accounts over 60 days would generally apply to a license agent who has ceased to provide service. Once statements are current, amounts owed from prior months are offset on current month statements. Once account sweeps are implemented, this balancing will be automated by sweeping the agent's accounts. In practice, very few agents should need to be turned over to the State Controller. Furthermore, the ongoing nature of operations with license agents should make it unnecessary in most cases. NRS 353C.195 (3) also indicates agencies and the State Controller may agree to different timeframes than 60 days. NDOW will review this will the State Controller and develop procedures for collections by the Controllers within the next twelve months.

***Should the Department Modify Current Bond Requirements?***
***Recommendations:***
***8. Consider modifying bond requirements based on average monthly sales during peak months.***

The Department agrees with this recommendation. We will update procedures and regulations to modify bonding requirements for license agents within the next 12 months.

Thank you for the opportunity to provide this response on behalf of the Nevada Department of Wildlife. If you need anything further, please do not hesitate to contact myself or Deputy Director Patrick Cates.

Sincerely,

Tony Wasley

Tony Wasley
Director

PC:TW:ss

# Appendix F

## Timetable for Implementing Audit Recommendations

In consultation with the Department, the Division of Internal Audits categorized the eight recommendations contained within this report into two separate implementation time frames (i.e., *Category 1* – less than six months; *Category 2* – more than six months). The Department should begin taking steps to implement all recommendations as soon as possible. The Department's target completion dates are incorporated from Appendix E.

**Category 1: Recommendation with an anticipated implementation period of less than six months.**

| Recommendation | Time Frame |
|---|---|
| 4. Develop and implement procedures for land acquisitions to include pre-established selection criteria, a scoring system, and a conflict of interest policy. (page 12) | Jun 2014 |
| 5. Update policies and procedures to enhance contract management. (page 12) | Jun 2014 |

**Category 2: Recommendations with an anticipated implementation period exceeding six months.**

| Recommendations | Time Frame |
|---|---|
| 1. Reduce vehicle fleet size. (page 9) | Jun 2015 |
| 2. Review mileage reports. (page 9) | Jun 2015 |
| 3. Standardize recordkeeping of vehicle maintenance records. (page 9) | Jun 2015 |
| 6. Transfer all past license agents' transactions to the current database and determine the accounts receivable balance. (page 14) | Jun 2015 |
| 7. Transfer all license agent accounts over sixty days old to the Controller's Office for collection. (page 14) | Jun 2015 |
| 8. Consider modifying bond requirements based on average monthly sales during peak months. (page 17) | Jun 2015 |

The Division of Internal Audits shall evaluate the action taken by the Department of Wildlife concerning report recommendations within six months from the issuance of this report. The Division of Internal Audits must report the results of its evaluation to the Executive Branch Audit Committee and the department.