



State of Nevada
Governor's Finance Office
Division of Internal Audits

Audit Report

Department of Public Safety

Investigation Division

Improved oversight of federal grants, performance measures, and workforce diversity will help ensure more effective and efficient operations.

DIA Report No. 22-02
October 26, 2021

EXECUTIVE SUMMARY
Department of Public Safety
Investigation Division

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**Objective: Improve Oversight
of Administrative Functions**

Improve Grants Management and Fiscal Processes page 2

Improving grants management and fiscal processes will help ensure federal grant money is maximized. Improving Investigation Divisions (NDI) grants management and fiscal processes will benefit the state by at least \$1.6 million by ensuring federal grant funds are effectively spent. NDI could improve grants management and fiscal processes by establishing policies and procedures for reimbursement requests, reviewing and coding expenditures timely, and ensuring federal grant money is maximized.

Examination of internal control documentation revealed NDI does not have an expenditure reimbursement schedule. NDI needs to include guidelines to address expenditure reimbursements in its internal controls to ensure the division is being reimbursed in a timely manner. Additionally, review of state accounting records revealed NDI does not review and charge grant expenditures timely. Guidelines require charging the grant within thirty days; however, NDI is charging expenditures to grants well outside that timeframe.

Review of state fiscal year 2019 state accounting records indicate NDI did not timely spend \$1.6 million in federal grant funds within grant periods. The program most affected was the Homeland Security Grant Program, totaling \$1.2 million in untimely spent funds or 75% of all unspent federal funds agencywide. Mismanaging grants that cover overtime resulted in NDI paying out approximately \$160,000 of compensatory time through salary savings. Utilizing overtime would help the division spend all grant funds, eliminate staff inefficiencies, and reduce spending of state funds.

Develop Performance Measures that Better Align with NDI's Strategic Priorities page 8

Developing performance measures that better align with NDI's strategic priorities will help guide budget and policy decisions made by oversight bodies, as well as judgements made by stakeholders and the public about NDI operations. Discussions with NDI management revealed current arrest metrics are not effective in addressing its strategic priorities. Not only are arrest metrics not meaningful because NDI does not control the outcome, but arrest metrics are not calculated consistently year to year. Additionally, performance measures based on arrest data make NDI vulnerable to unethical law enforcement activities, although DIA found no such evidence during the audit.

Take Proactive Measures to Promote Workplace Diversity page 11

Taking proactive measures to promote workforce diversity will help NDI increase the minority representation in their workforce. In comparison to DPS, NDI has a much higher concentration of

white Caucasian sworn officers at 93%. Other law enforcement agencies in Nevada also have a more ethnically diverse workforce, although not dramatically so. The Department of Public Safety's recruiting efforts have a direct impact on NDI as it asserts responsibility for personnel recruiting efforts and strictly fills positions internally. Research suggests agencies looking to increase ethnic and racial diversity across the workforce consider engaging with local communities and offering internship programs.

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INTRODUCTION

At the direction of the Executive Branch Audit Committee, the Division of Internal Audits (DIA) conducted an audit of the Department of Public Safety (DPS), Investigation Division (NDI). The audit focused on NDI's oversight of administrative functions. The audit's scope and methodology, background, and acknowledgements are included in Appendix A.

DIA's audit objective was to develop recommendations to:

- ✓ Improve oversight of administrative functions.

Department of Public Safety, Investigation Division Response and Implementation Plan

DIA provided draft copies of this report to NDI for review and comments. DIA considered NDI's comments in the preparation of this report; and are included in Appendix B. In its response, NDI accepted the audit recommendations. Appendix C includes a timetable to implement the recommendations.

NRS 353A.090 requires 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 NDI 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 NDI officials.

The following report (DIA Report No. 22-02) contains DIA's *findings, conclusions, and recommendations*.

Respectfully,



Warren Lowman
Administrator

Improve Oversight of Administrative Functions

The Nevada Investigation Division (NDI) can improve oversight of administrative functions by:

- Improving grants management and fiscal processes;
- Developing performance measures that better align with NDI's strategic priorities; and
- Taking proactive measures to promote workforce diversity.

Improving oversight of administrative functions could benefit the state by at least \$1.6 million.

Improve Grants Management and Fiscal Processes

The Nevada Investigation Division (NDI) should improve grants management and fiscal processes by: establishing policies and procedures for reimbursement requests; reviewing and coding expenditures timely; and ensuring federal grant money is maximized.

Improving NDI's grants management and fiscal processes will benefit the state by at least \$1.6 million by ensuring federal grant funds are effectively spent. The state could lose access to untimely spent funds intended to support law enforcement and public safety activities or require state General Fund to pay for activities that could be funded through federal grants.

Grants Help NDI Accomplish Investigative and Law Enforcement Missions

Federal grants are an important source of funding for NDI's investigative and law enforcement missions. NDI was awarded approximately \$4.4 million in federal grant funds during fiscal years 2019-2021. See Exhibit I for NDI federal funding by grant type.

Exhibit I

**NDI Federal Funding by Grant Type
State Fiscal Years 2019-2021**

Grant Type	Period of Performance	Amount Awarded
JAG 2018	October 1, 2018 – December 31, 2019	\$128,439
JAG 2019	October 1, 2019 – December 31, 2020	\$161,218
JAG 2020	January 1, 2021 – December 31, 2021	\$113,700
2018 DCESP	October 1, 2017 – September 30, 2018	\$73,000
2019 DCESP	October 1, 2018 – September 30, 2019	\$75,000
2020 CESF	January 20, 2020 – June 30, 2021	\$18,420
2019 COPS AHTF	January 1, 2019 – September 30, 2021	\$86,222
HSGP 2017	September 1, 2017 – August 31, 2019	\$610,625
HSGP 2018	September 1, 2018 – August 31, 2020	\$120,000
HSGP 2018	September 1, 2018 – August 31, 2020	\$570,668
HSGP 2019	September 1, 2019 – August 31, 2021	\$712,542
HSGP 2020	October 1, 2020 – September 30, 2022	\$666,428
JAG ELE	October 1, 2017 – March 31, 2020	\$2,428
PIRE	January 1, 2017 – December 31, 2020	\$1,033,867
	Total	\$4,372,557

Source: NDI Fiscal Services.

Notes: Grants in exhibit include Justice Assistance Grant (JAG), Domestic Cannabis Eradication Suppression Program (DCESP), Covid Emergency Supplemental Funding (CESF), COPS Office Anti-Heroin Task Force Program (AHTF), Homeland Security Grants Program (HSGP), and Pacific Institute for Research and Evaluation (PIRE).

Federal grants assist NDI accomplish its investigative and law enforcement missions, including:

- *Justice Assistance Grant (JAG)*: Provides funding for a range of program areas including law enforcement, crime prevention and education, and drug treatment and enforcement.
- *Domestic Cannabis Eradication Suppression Program (DCESP)*: Provides funding to locate and eradicate illicit cannabis plants and to investigate and prosecute those cases.
- *Homeland Security Grants Program (HSGP)*: Provides funding to assist state, local, tribal, and territorial efforts in preventing, protecting against, mitigating, responding to, and recovering from acts of terrorism and other threats.
- *Pacific Institute for Research and Evaluation (PIRE)*: Provides funding to research the effects of an anonymous tip line and multidisciplinary response teams in schools.

Typical expenditures for these grants include: equipment, supplies, travel costs, overtime pay, and ancillary costs directly related to activities covered by the grant agreements.

Federal and state guidelines require state agencies receiving federal grant funds to establish internal controls.¹ NDI established internal controls to administer grant funds. These internal controls ought to play a critical role in establishing consistency and efficiency in the successful management of grants. However, NDI controls are not complete to effectively manage grant funds.

NDI Needs Tighter Internal Controls

Review of grant documentation and state accounting records indicate NDI needs tighter internal controls. Of the 14 grants reviewed from state fiscal years 2019-2021, DIA selected four grants to address the following questions:²

- Were all federal grant funds spent?
 - NDI did not spend all funds on three of the four federal grants. One grant is still ongoing.
- Were federal grant funds spent timely?
 - NDI did not spend federal grant funds for a six-month period on one grant.
- Were federal grant funds spent within the grant period?
 - NDI requested an extension on two of the four grants. Of these two grants, NDI did not spend the funds for one and the other is still ongoing.
- Were unallowable expenditures charged to the grant?
 - None noted.

Examination of internal control documentation revealed NDI does not have an expenditure reimbursement schedule. NDI disclosed it is required to submit quarterly reports to request reimbursement on each of their grants; however, this is not clarified in NDI's internal controls.

NDI needs to include guidelines to address expenditure reimbursements in its internal controls to ensure the division is being reimbursed in a timely manner. State agencies are required to have written internal controls in place to help staff: select appropriate accounting policies; properly apply accounting principles; disclose important information; and accurately prepare information.³ Additionally, accurate and timely reporting is critical to complying with grant terms. Late reports may negatively impact current or future funding decisions.

¹ 2 C.F.R. 200.303, NRS 323A.025, NAC 353A.100, and SAM 2420.

² JAG 2018, JAG 2019, HSGP 2017, and PIRE.

³ NRS 353A.020; State Administrative Manual, Section 2416.

NDI Does Not Review and Charge Grant Expenditures Timely

NDI internal controls require both the fiscal and operational staff to maintain documentation related to grant activities and expenditures to ensure ongoing monitoring is being conducted in a timely manner. Review of state accounting records revealed NDI does not review and charge grant expenditures timely. Notably, personnel expenditures, such as overtime, were charged to the grant months after the expenditure occurred. Guidelines require charging the grant within thirty days. Reviewing and charging expenditures as they occur will help NDI increase staff awareness of funding balances and fiscal accountability.

NDI Did Not Timely Spend \$1.6 Million in Federal Grant Funds

Review of state fiscal year 2019 state accounting records indicate NDI did not timely spend \$1.6 million in federal grant funds within grant periods. The program most affected was the Homeland Security Grant Program, totaling \$1.2 million in untimely spent funds or 75% of all unspent federal funds agencywide. These funds were unspent at the end of the state fiscal year. Additionally, state fiscal year 2019 spending included charges against the 2015, 2016, 2017, and 2018 grants indicating multiple awards were not spent within grant periods.

The Department of Homeland Security has historically granted extensions for state agencies to spend unused funds. However, the practice is not guaranteed to continue, and the program could be at risk in the future of losing access to unspent funds at the end of a grant period. Moreover, it is a best practice to fully spend one grant award before moving to another grant. The practice of spending from grants over multiple years, in this example five years, suggests NDI's spending plan to the federal government may have misrepresented spending intent or NDI did not manage spending activity consistent with the spending plan.

NDI Using General Fund for Compensatory Time Instead of Overtime

NDI uses the General Fund for compensatory time instead of using overtime.⁴ NDI pays out compensatory time through salary savings. Salary savings are returned to the state General Fund at the end of the state fiscal year (June 30). Discussions with NDI staff revealed employees can either choose to get paid out for compensatory time or they must utilize the accumulated time within 90 days of the new fiscal year. This practice is not stated in policy. Exhibit II shows compensatory time paid during fiscal years 2018-2021.

⁴ NDI does not budget for overtime but uses grants to pay for overtime.

Exhibit II

Accrued Compensatory Time Payout State Fiscal Years 2018-2021

Fiscal Year	Accrued Hours	Payout
2018	1,692	\$71,364
2019	813	\$36,195
2020	1,010	\$35,669
2021	393	\$16,322
Total	3,908	\$159,550

Source: NDI Fiscal Services.

NDI has paid out approximately \$160,000 of compensatory time through salary savings dating back to fiscal year 2018. NDI attributes the use of compensatory time instead of overtime because federal grants do not allow overtime for civilian staff and the NDI practice of limiting overtime payouts. Per NDI management, federal grant eligibility requirements for overtime reimbursement include:

- *JAG*: sworn officers;
- *PIRE*: administrative assistants and sworn officers working on SafeVoice duties;⁵
- *COPS AHTF*: sworn officers working on opioid investigations;
- *DCESP*: sworn officers working on illegal outdoor marijuana grow investigations; and
- *HSGP*: no overtime funding.

NDI reports it budgets overtime spending over the duration of the grant rather than charging for overtime as it occurs. NDI sworn staff state each task force is only allocated 10 hours of overtime per pay period unless approved otherwise. NDI is staffing multi-jurisdictional task forces with varying levels of sworn officers, approximately 3-4 officers each.

Per NDI management, this strategy is used to give staff fair access to grant funded overtime and to ensure funds last to the end of the grant period. However, not using grant funds as allowable expenditures occur misrepresents the actual amount of grant funds needed.

NDI is Mismanaging Staff Resources

NDI is mismanaging staff resources. NDI allows staff to accumulate compensatory hours for overtime. Staff may either take time off or elect for a cash payout at the end of the year. NDI does not have staff resources to allow all staff to take the compensatory hours earned for overtime without impacting its investigative and law enforcement missions. Task forces are forced to triage cases due to limited

⁵ SafeVoice is an anonymous reporting system used to report threats for the safety or well-being of students.

staff. NDI management should consider spending overtime as it occurs instead of utilizing their current grants management technique. Furthermore, the use of overtime would help the division keep staff on hand, properly prioritize assignments, and reduce unnecessary General Fund spending.

Conclusion

NDI is not maximizing grant dollars which leads to unnecessarily relying on state General Fund to pay for investigative and law enforcement activities. Inadequate internal controls resulted in the division not timely spending \$1.6 million in federal grant funds within grant periods.

Mismanaging grants that cover overtime resulted in NDI paying out approximately \$160,000 of compensatory time through salary savings. Utilizing overtime would help the division spend all grant funds, eliminate staff inefficiencies, and reduce spending of state funds.

Improving grants management and fiscal processes will ensure \$1.6 million in federal grant funds is effectively spent. NDI can improve grants management and fiscal processes by: establishing policies and procedures for reimbursement requests; reviewing and coding expenditures timely; and ensuring federal grant money is maximized.

Recommendation

1. Improve grants management and fiscal processes.

Exhibit III

Summary of Audit Benefits

Recommendation	Total Estimated Benefit
1. Improve grants management and fiscal processes.	\$1.6 million

Develop Performance Measures that Better Align with NDI's Strategic Priorities

The Nevada Investigation Division (NDI) should develop performance measures that better align with its strategic priorities. Meaningful performance measures will help guide budget and policy decisions made by oversight bodies, as well as judgements made by stakeholders and the public about NDI operations.

NDI currently has the following strategic priorities:

- To provide for the public safety by proactively investigating and disrupting the illicit narcotics trade and the illegal diversion of pharmaceutical controlled substances.
- To support statewide criminal justice needs by providing professional and comprehensive investigative assistance, including polygraph services.
- To manage and coordinate a statewide effort for the sharing of information to detect and prevent terrorist plots and threats against Nevada's citizens and infrastructure.
- To foster effective and professional law enforcement supervision and administration by facilitating continuing education and career development opportunities.

Performance Measures Do Not Align with Strategic Priorities

NDI's performance measures do not align with its strategic priorities, which serve as the foundation for decision making. See Exhibit IV for NDI's performance measures and results for fiscal year 2020.

Exhibit IV

Performance Measures Reported Results Fiscal Year 2020

No.	Performance Measure	Reported Results
1	Percent of Major Crimes Accepted or Denied in 48 Hours	95.4%
2	Percent of Completed Major Crime Investigations Resulting in Arrest	55.9%
3	Percent of Narcotics Cases Resulting in Arrest	57.1%
4	Percent of Special Event Assessments Disseminated Timely	100.0%
5	Percent of Tips/Leads/Suspicious Activity Reports Processed Within 24 Hours	99.3%

Source: NDI.

The State Administrative Manual states performance measures should be constructed to encourage performance improvement, effectiveness, efficiency, and appropriate levels of internal controls. In addition, measures should gauge

success or identify shortcomings and monitor progress towards the division's strategic priorities.

When determining performance measures an agency should start by identifying and prioritizing their activities and keeping the following questions in mind:

- Are the performance measures SMART (specific, measurable, attainable, realistic, and timely)?
- Is the data computed the same every year?
- Does the data accurately quantify the performance measures described in the Executive Budget?

NDI's performance measures have led to overreliance on arrest metrics as a measure for success.

NDI Does Not Believe Arrest Metrics Address Strategic Priorities

Discussions with NDI management revealed current arrest metrics are not effective in addressing its strategic priorities. Not only are arrest metrics not meaningful because NDI does not control the outcome, but arrest metrics are not calculated consistently year to year. Management believes NDI's purpose is to conduct fair and balanced investigations not to prioritize arrests. While aggregate arrest figures show that officers are making arrests, they reveal nothing about whether they are working purposefully, using appropriate methods, or having a positive impact on their community as outlined in the NDI's strategic priorities.

NDI has used two specific arrest metrics since fiscal year 2015:

- Percent of major crime investigations resulting in arrest that track and compare the number of non-narcotic cases closed by arrest to the number of non-narcotic cases closed by some other disposition.⁶
 - Activity: Conduct Investigations
 - Objectives: Reduce Crime (75%), Reduce Repeat Crime Activity (25%)
- Percent of narcotic cases resulting in arrest that track and compare the number of narcotic cases closed by arrest to the number of non-narcotic cases closed by some other disposition.
 - Activity: Manage and Participate in Narcotics Task Force
 - Objectives: Reduce Crime (100%)

NDI management suggested these arrest metrics are not reliable performance measures because they do not always lead to a conviction. NDI does not track

⁶ Cases opened for polygraph examinations are excluded from these statistics as they typically do not result in an arrest due to their nature.

convictions because it has no control over those decisions.⁷ Moreover, major crimes can often take months to develop probable cause to make arrests whereas narcotics cases typically take a couple weeks. Due to these underlying factors, arrest metrics are distorted and do not align with NDI's strategic priorities.

Performance Measures Based on Arrests Make NDI Vulnerable

Performance measures based on arrest data make NDI vulnerable to unethical law enforcement activities, although DIA found no such evidence during the audit. The use of arrest metrics may incentivize officers to stretch the limits of legality and fairness for the sake of meeting NDI's objectives. NDI's task force sergeants asserted officers are not pressured to make arrests to meet arrest quotas or mandates. However, they may still be susceptible to misconduct and abuse of authority in the face of increased pressure from management. Research shows:

“Officials take actions that are illegal, unethical, or excessively risky, and they do so not because they are inherently bad people or motivated by personal gain but because they want to help their agency do better or look better and they are often placed under intense pressure from a narrow set of quantitative performance metrics.”

While arrest metrics may measure productivity, these metrics can also be influenced by managerial decisions. Officers may be incentivized to arrest an individual to improve metrics when other avenues of policing may be more appropriate or lead to better results.

Conclusion

NDI is not using effective performance measures. Arrest metrics used by NDI do not account for convictions, nor do they account for the time it takes to make an arrest. In addition, officers may be vulnerable to pressure to make arrests without exercising proper discretion and judgement. Enforcing reliable performance is important because performance measures can affect budget and policy decisions made by oversight bodies, as well as judgements made by stakeholders and the public about NDI's operations.

Recommendation

2. Develop performance measures that better align with NDI's strategic priorities.

⁷ The assigned District Attorney makes the decision whether to pursue formal charges based upon evidence and applicable law.

Take Proactive Measures to Promote Workforce Diversity

The Nevada Investigation Division (NDI) should take proactive measures to promote workforce diversity. Taking a more proactive recruiting approach would help the division achieve workforce diversity.

NDI faces several unique challenges for increasing minority representation in the workforce and ensuring its workforce reflects Nevada's changing demographics.

NDI Lacks Workforce Diversity

In review of the Department of Public Safety (DPS) sworn officer demographics, NDI lacks workforce diversity in comparison to other DPS divisions.⁸ Exhibit V shows sworn officer demographics for five of the eight DPS divisions – Highway Patrol (NHP), Parole and Probation (NPP), State Fire Marshal (SFM), Capitol Police (CP), and NDI.⁹

Exhibit V

DPS Sworn Officer Demographics

	NHP	NPP	SFM	CP	NDI	Total	% of Workforce
White	349	164	3	12	25	553	72.4
Hispanic	58	47	1	2	1	109	14.3
Black	29	29	1	0	1	60	7.9
Asian	16	15	0	2	0	33	4.3
Multicultural	5	4	0	0	0	9	1.1
Total	457	259	5	16	27	764	100.0

Source: NDI.

In comparison to DPS, NDI has a much higher concentration of White Caucasian sworn officers at 93%, while the remaining 7% are distributed equally amongst Hispanic/Latinos and Black/African Americans. Additionally, NDI has appointed females to 15% of sworn positions, none of whom are minorities, in comparison to the national average of 13% which includes minorities.¹⁰

Other Law Enforcement Agencies in Nevada Have a More Diverse Workforce

Other law enforcement agencies in Nevada have a more ethnically diverse workforce, although not dramatically so. Exhibit VI shows the sworn officer demographics for urban regions in comparison to DPS and NDI.

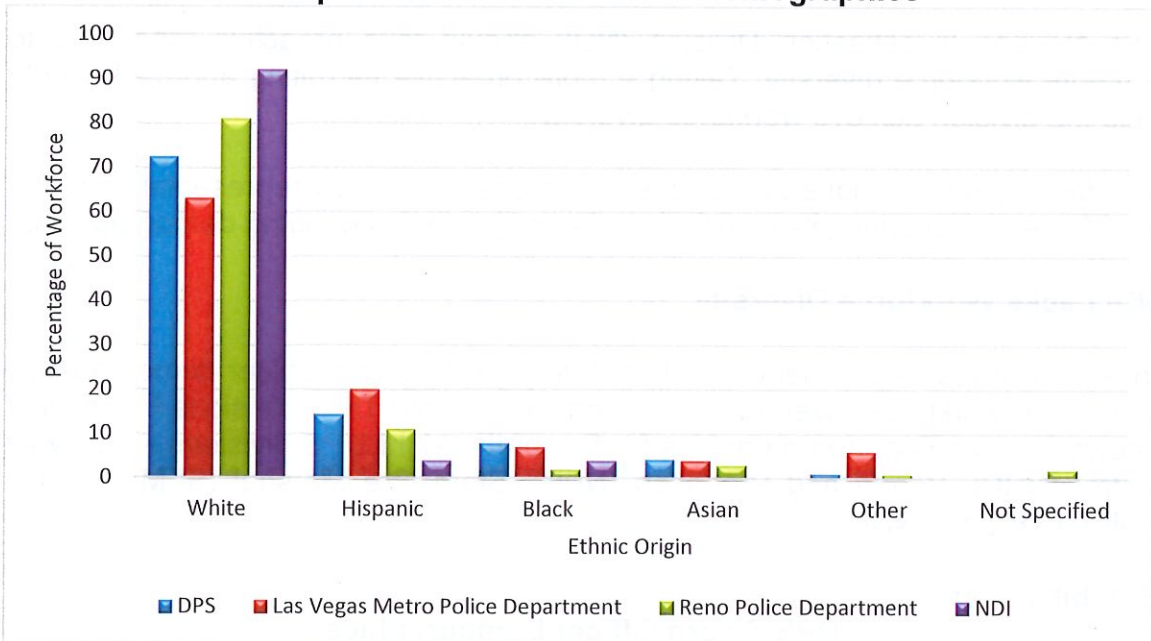
⁸ Sworn officers are those who have graduated from Peace Officer Standards and Training program and taken an oath to support the Constitution of the United States, their state, and the laws of their agency's jurisdiction.

⁹ Records Communications and Compliance, Human Resources, and Training divisions are not included in the table.

¹⁰ 2018 data from the U.S. Department of Justice, Criminal Justice Information Services Division.

Exhibit VI

Comparison of Sworn Officer Demographics



Source: NDI, LVMPD, and RPD Public Records Center.

Notes: "Other" includes American Indian/Alaskan Native, Native Hawaiian/Pacific Islander, and two or more race populations.

NDI has the highest representation of White Caucasians in its workforce amongst the three law enforcement agencies. Other minority groups are not represented in NDI unlike its counterparts which inhibits perspectives on law enforcement and investigative decisions.

DPS Recruiting Efforts Impact NDI

DPS asserts responsibility for personnel recruiting efforts for the department. DPS Human Resources staff sends an internal transfer announcement to all DPS employees when NDI has a vacancy. The transfer opportunity is limited to sworn officers.¹¹ The transfer opportunity specifies any specialized duties or requirements associated with the position.¹² A formal job application is not required for the transfer, however interested employees are required to complete and submit the DPS Transfer Opportunity Request Form to DPS Human Resources.

DPS Human Resources conducts recruitments for all divisions with sworn officer vacancies. NDI primarily fills most of its vacancies with DPS internal candidates; DPS recruiting efforts have a direct impact on NDI. NDI management reported that

¹¹ NAC 284.390 states "An employee may transfer from a position under the jurisdiction of one appointing authority to a position under the jurisdiction of another appointing authority if the positions are in the same class or a comparable class."

¹² The special requirements may include but are not limited to: major crimes or homicide investigations; narcotics enforcement/investigations; unusual work schedules; on-call travel requirement; and specialized training.

due to the complexity of sworn officer positions they believe this process serves them best and have not explored external hiring options in a long time.

DPS Attributes Lack of Diversity to Lack of Competitive Wages

DPS attributes its lack of workforce diversity to lack of competitive wages paid to DPS sworn officers. DPS asserts it is unable to effectively compete with local law enforcement agencies because they pay better wages and offer better benefits. For example, DPS Officer 1 annual salary range is \$53,599-\$79,719.¹³ This salary reflects employee/employer paid retirement plan, which requires officers to contribute 22% of their wages per Public Employees Retirement System (PERS). In comparison, the City of Reno offers a salary range of \$60,236-\$82,545 for its police recruits which includes PERS contributions paid by the City of Reno.

DPS asserts the nationwide negative atmosphere further complicates the hiring process and discourages candidates from seeking careers in law enforcement. Despite these assertions, NDI has been able to retain 90% of sworn officers over the last three years.

More Productive Recruiting Strategies Will Help

DPS leadership has long attributed recruiting challenges to pay and compensation and to what DPS characterizes as a negative atmosphere for law enforcement careers. These facts alone should not guide DPS's recruiting strategy and more productive, innovative approaches may help lead to greater recruiting success.

The Department of Administration, Division of Human Resources Management recently compiled workforce retiree projections of all classified and unclassified positions. This report identified several NDI sworn officers who were eligible for retirement based on age and/or length of service for the next five to ten years. NDI believes that attrition in the coming years will help alleviate some of the diversity concerns. However, attrition is not a sufficient strategy to achieve workforce diversity.

Studies conducted on diversity composition of law enforcement agencies have concluded minorities are seriously underrepresented in sworn law enforcement positions due in large part to unproductive recruiting strategies. Research suggests agencies looking to increase ethnic and racial diversity across the workforce consider engaging with local communities and offering internship programs.

¹³ Wages do not include 3% increase from collective bargaining agreement.

Direct Community Outreach Lacking

DPS could be more proactive in establishing relationships with members of minority communities and encouraging qualified individuals from those communities to consider the profession. DPS participates in various recruitment efforts, including job fairs at universities and colleges; however, there is no focus on reaching out to underrepresented communities.

Internships Are an Unused Tool to Promote Diversity

DPS could consider internships to encourage minority candidates to enter the field of law enforcement. DPS currently does not have a department-wide internship program. The only division under the DPS umbrella that has an internship program is the Division of Parole and Probation (NPP), which can be used as a model for NDI moving forward. It is unknown at this time whether NPP's internship program has yielded positive results on diversity due to COVID-19 operational constraints and considerations. However, NDI should continue to move forward with internships as they will help provide access to underrepresented communities.

Conclusion

Minorities are underrepresented in NDI partly due to DPS recruiting internally on behalf of NDI. This in turn is limiting access to qualified candidates from underrepresented communities. Using more productive recruiting strategies will help DPS diversify NDI's workforce.

Recommendation

3. Take proactive measures to promote workforce diversity.

Appendix A

Scope and Methodology, Background, Acknowledgements

The Division of Internal Audits (DIA) began the audit in March 2021. During the audit, DIA interviewed Investigation Division (NDI) staff and discussed processes inherent to NDI's responsibilities. DIA reviewed NDI records, policies and procedures, professional publications, state manuals, applicable Nevada Revised Statute (NRS), Nevada Administrative Code (NAC), as well as other state and federal guidelines. Additionally, DIA reviewed applicable reports, audits, and independent analyses. DIA concluded fieldwork in July 2021.

DIA conducted the audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

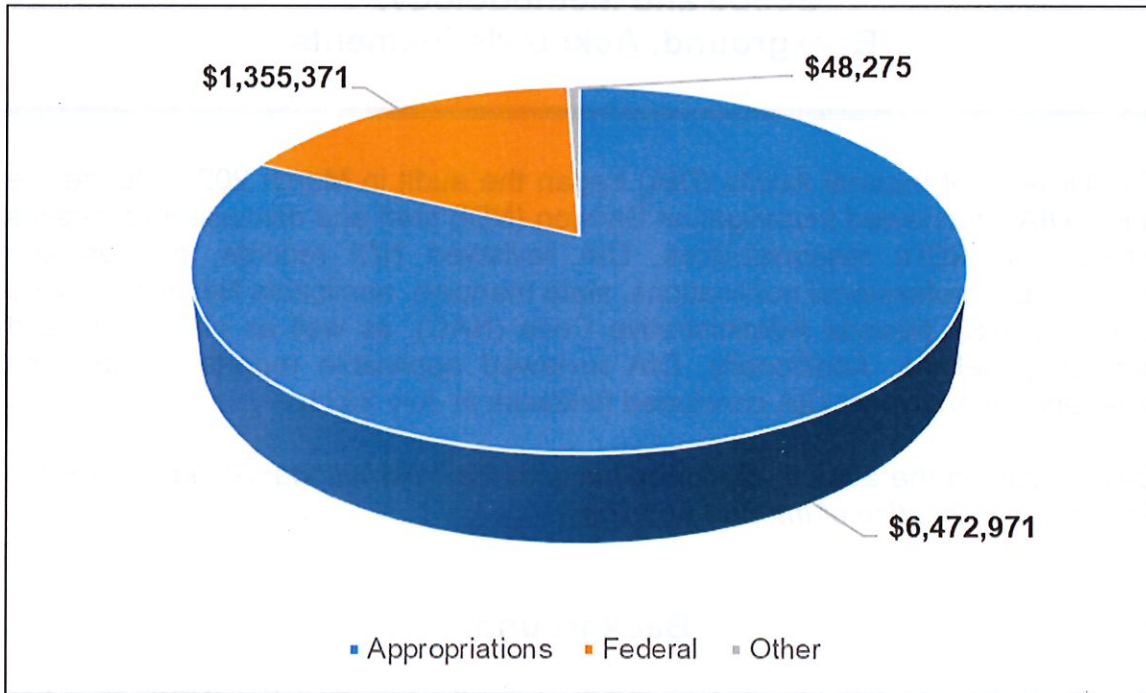
Background

The Department of Public Safety (DPS), Investigation Division (NDI), is a law enforcement agency with statewide jurisdiction dedicated to public safety. NDI's missions are to provide comprehensive investigative services upon request to all criminal justice agencies; to support federal, state, local, and private sector partners through the collection, analysis, and dissemination of relevant and timely information on terrorism, criminal activity, and other public safety hazards; and to deter and disrupt the trafficking and availability of narcotics and other dangerous drugs, statewide, through the supervision of multi-jurisdictional task forces, within 14 of Nevada's 17 counties. Statutory Authority includes NRS 480.140, NRS 480.400 through NRS480.610, NRS 453.271, NRS 179, and NRS 453 and 454.

NDI is funded mostly by General Fund appropriations representing 82% of fiscal year 2021 funding. The remainder is provided by federal funds and other funding. NDI's funding was \$7.9 million for the most recently completed state fiscal year, 2021. Exhibit VII summarizes NDI's budget by funding source for fiscal year 2021.

Exhibit VII

**Investigation Division Funding Sources
Fiscal Year 2021**



Source: Derived from state accounting records.

Notes: "Other" includes cash balances, sales of equipment, restitution payments, and prior year refunds.

Acknowledgments

DIA expresses appreciation to the Department of Public Safety, Investigation Division management and staff for their cooperation and assistance throughout the audit.

Contributors to this report included:

Warren Lowman
Administrator

Michelle Isherwood, JD, MBA
Executive Branch Audit Manager

Saranjeet Bains, MBA
Executive Branch Auditor

Appendix B

Department of Public Safety, Investigation Division Response and Implementation Plan

Steve Sisolak
Governor



George Togliatti
Director

Patrick J. Conmay
Division Chief

Investigation Division

555 Wright Way
Carson City, Nevada 89711-0525
Telephone (775) 684-7400 • Fax (775) 684-7450

Memorandum

DATE: October 11, 2021
TO: Warren Lowman, Administrator, Division of Internal Audits
FROM: Patrick J. Conmay, Chief
SUBJECT: AUDIT RESPONSE

As indicated during the exit conference, the Investigation Division has several concerns related to the findings from this initial audit.

At the start of the exit conference the Division of Internal Audits pointedly indicated that the Investigation Division was doing a good job overall. However, following the conference and after the Investigation Division expressed some of the concerns with the audit, the Investigation Division was notified that an updated risk assessment by the Division of Internal Audits required that a second audit be completed. This second audit would be focused on all operations and any other issues that might emerge during the audit. Further explanation from the Division of Internal Audits suggested that statements by Investigation Division leadership during the exit interview in some way heightened the assessment of risk to the state.

The following is submitted concerning the findings of this initial audit. The remarks are submitted in good faith and hopefully do not further heighten anyone's concerns related to risk.

Recommendation #1
Improve grants management and fiscal processes.

Improvements in any area are desirable. The Division will seek to improve grants management and fiscal processes where possible.

The Division does accept the audit finding that no unallowable expenditures were charged to any grants.

The Division does not accept the conclusion that the Division failed to expend grant funds within grant periods. Spending did occur within grant periods which included extensions allowed by

the granting authority. The Division's effort to explain the processes associated with the Homeland Security Grant, which was the primary focus of the finding concerning alleged untimely spent funds, were not successful. The Division feels that a finding tying grant expenditures to the state fiscal year is misleading.

The Division does not accept the conclusion that staff resources have been mismanaged or that the use of compensatory time to reimburse overtime has negatively impacted the investigative or law enforcement mission. The reasoning expressed in the audit report, that the Division's managing of grant funded overtime to give equitable access across the entire grant period causes a misrepresentation of the actual amount of grant funds needed, is flawed. This reasoning gives the impression that federal grant funds are always available to fund all State of Nevada Investigation Division overtime. This does not reflect real world conditions. There is also a footnote at the bottom of page 5 which indicates that NDI does not budget for overtime but uses grants to pay for overtime. To be clear, the Division has made budget requests for state funded overtime in the past. Because that has not been available during final budget submissions, the Division has sought limited grant funds.

The Division continues to believe that it is more desirable to be able to manage personnel and incidents to ensure appropriate use of limited grant funds actually available to pay for overtime. It is important to note that the total overtime liability for any given year is driven by the number and types of investigative assistance requests the Division receives and is required to provide pursuant to statutory mandates outlined in NRS 480.460 and 480.470 generally. The point being, in any given year the amount of overtime will be what it is, whether the grant funds are expended on the front end or managed throughout the year.

Recommendation 2

Develop performance measures that better align with NDI's strategic priorities.

The Division does accept this recommendation. In fact, the Division told the auditor on more than one occasion that the current performance measures were not optimal. These performance measures were developed and recommended by the Department of Administration around 2015. At that time the Division voiced concerns that arrest metrics were not a good measure of performance because much of what the division does will not necessarily result in an arrest. It is the nature of the business. Because folks who count things needed something to count, the direction was to include arrest metrics.

The Division does not accept and vehemently rejects the notion that the performance measures have or would incentivize officers to stretch the limits of legality and fairness for the sake of meeting objectives, or that officers or supervisors would be susceptible to misconduct and abuse of authority. The audit found no evidence of such activity and inclusion of this language in the report when the Division indicated discontent with the performance measures from the start is unnecessarily inflammatory.

The Division will do a complete review and work with the Budget Division on acceptable changes given their guidelines.

Recommendation 3

Take proactive measures to promote workforce diversity.

The Division will do what it can to promote workforce diversity. The stated audit objective here was to make recommendations to “improve oversight of administrative functions” related to the Investigation Division. The Division’s pool of candidates for openings comes from current Department of Public Safety employees. The Division does not drive the entry level recruitment and hiring process for DPS and so the impact on that process is limited. However, where the Division can have a positive impact on improving diversity, it will do so.

As a note, there is a footnote on the bottom of page 13 referencing a 3% increase from collective bargaining agreement. The Division is not aware that there is any such agreement in place.

Appendix C

Timetable for Implementing Audit Recommendations

In consultation with the Department of Public Safety (DPS)/Investigation Division (NDI), the Division of Internal Audits categorized the 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). DPS/NDI should begin taking steps to implement all recommendations as soon as possible. DPS/NDI target completion dates are incorporated from Appendix B.

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

<u>Recommendations</u>	<u>Time Frame</u>
1. Improve grants management and fiscal processes. (page 2)	July 2022
2. Develop performance measures that better align with NDI's strategic priorities. (page 8)	July 2022
3. Take proactive measures to promote workforce diversity. (page 11)	July 2022

The Division of Internal Audits shall evaluate the action taken by DPS/NDI concerning the 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 DPS/NDI.