

UNIVERSITY OF NEVADA, LAS VEGAS  
REBEL CARD SERVICES CENTER  
Internal Audit Report  
July 1, 2008 through June 30, 2009

GENERAL OVERVIEW

The RebelCard Services Center (RCSC) operates under the Student Life Administration Department, which serves the needs of students, faculty and staff by providing identification and transaction services. The RCSC assists students, community members, and vendors with products and service needs. It is also responsible for developing new business revenue, improving staff development and sustaining RebelCard technology.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the operations of RebelCard Services Center at the University of Nevada, Las Vegas for the period of July 1, 2008 through June 30, 2009.

The scope of our review included tests of accounting records and other auditing procedures, as considered necessary. The tests included, but were not necessarily limited to these areas.

1. Reviewing and testing compliance with account and refund procedures.
2. Reviewing leave records for proper completion and calculation of leave.
3. Testing expenditures for propriety, supporting documentation, and proper approval.
4. Examining and testing inventory, cash funds, and telephone charges.
5. Reviewing and testing security of information processed through the software vendor.

In our opinion, we can be reasonably assured that the RebelCard Services Center is operating in a satisfactory manner. However, implementation of the following recommendations would further improve operations.

### **CASH CONTROLS**

The Internal Audit Department reviewed the controls over cash and other receipts. RCSC accepts cash, debit and credit cards for deposits and fees. During our review, we noted that merchant credit card receipts with sensitive information such as credit card number and expiration date were kept in an unsecured drawer.

We recommend RCSC maintain the merchant receipts in a secure manner to protect against credit card fraud.

### **Institution Response**

**We agree with this recommendation.**

### **Correction**

**All credit card receipts are now maintained in a locked file cabinet drawer.**

### **Prevention & Monitoring**

**The Business Manager ensures that this procedure is enforced on a continuous basis.**

**We respectfully request that this item be closed.**

### **CONTRACTS**

We reviewed contracts to ensure the department complied with NSHE policies. RCSC provided copies of three contracts, one of which was not signed. We also noted that the contract did not include the language approved by NSHE Procedures and Guidelines Manual. The procedures and guidelines manual states, "To be valid, the agreement should state that it is

entered into by the BOARD OF REGENTS OF THE NEVADA STATE OF HIGHER EDUCATION, on behalf of\_\_\_\_\_ (insert name of institution, followed by specific college or other sub-unit of the institution, if necessary).” In addition, two contracts did not contain wording that would indemnify, defend or hold harmless NSHE, its officers, employees, and agents from and against any liabilities.

We recommend RCSC maintain copies of contracts signed and dated by individuals authorized to approve contracts in accordance with Board of Regents’ guidelines. We also recommend the contracts be revised, including the Board of Regents of the Nevada System of Higher Education on behalf of University of Nevada, Las Vegas as the contracting party. We further recommend current agreements held by RCSC be reviewed by Legal Counsel to ensure they meet the Board of Regents’ contract guidelines.

### **Institution Response**

**We agree with this recommendation.**

### **Correction**

**The process that caused our error was that the previous Business Manager kept a copy of the proposed contract that was incomplete. The contract that was approved by the UNLV Purchasing Department was reviewed and approved by legal counsel. The contract was signed by appropriate UNLV staff. We apologize for the confusion.**

### **Prevention & Monitoring**

**The UNLV Purchasing Department continues to review all contracts submitted for compliance with NSHE policy and appropriate signatures. The new RebelCard Business Manager is aware of the necessity of maintaining copies of all contractual relationships.**

**We respectfully request that this item be closed.**

## TELEPHONES

We performed a review of controls over telephone charges. During our review, we noted that the Business Manager reviewed and maintained phone bills for RebelCard Services, however, the phone bills had no indication they were reviewed. NSHE Procedures and Guidelines manual states, "Sound internal control procedures require that each department be responsible for reviewing its telephone charges on a monthly basis."

We recommend the immediate supervisor sign and date telephone charges to attest to the review in accordance with NSHE Procedures and Guidelines manual.

### Institution Response

**We agree with this recommendation.**

### Correction

**The charges had been reviewed but not signed as required by NSHE policy. The Business Manager has now signed and dated all telephone logs for the current fiscal year.**

### Prevention & Monitoring

**The Business Manager has included the need for a periodic review of telephone records and signing to verify that the review has been completed to his desk procedures. The review process is performed on a monthly basis.**

**We respectfully request that this item be closed.**

## CHANGE FUNDS

According to UNLV Petty Cash/Change fund policies and procedures, "The fund custodian must prepare a memorandum transferring custody of the fund to the new custodian." During our review, we noted a transfer of custodianship was not performed prior to the separation of the previous custodian in October 2008.

We recommend a transfer of custodianship form be completed and submitted in a timely manner in the event of a transfer of custodianship.

**Institution Response**

**We agree with this recommendation.**

**Correction**

**The Business Manager was not aware of this requirement. When this was brought to his attention, he immediately performed the required transfer of custodianship to him.**

**Prevention & Monitoring**

**The Business Manager has included the need for transferring custody of the petty cash fund to his desk procedures to ensure that this problem does not occur with the next change of management.**

**We respectfully request that this item be closed.**

**EQUIPMENT INVENTORY**

We performed a review of controls over equipment inventory in accordance with NSHE Procedures and guidelines manual. During our review, we examined 42 items and we noted the following.

1. Two items totaling \$16,903 could not be located. We recommend an attempt to locate the missing items be made. In the event that the equipment cannot be located, we recommend the proper procedures be followed to have the items removed from the departmental inventory.

**Institution Response**

**We agree with this recommendation.**

**Correction**

**An exhaustive search for the two items was completed and the items could not be located. These two items were 10 years old and had been fully depreciated. UNLV Inventory Control has been notified to remove these items from the department's inventory records.**

### **Prevention & Monitoring**

**The Business Manager will perform an annual review of department inventory records to equipment on hand to ensure that records accurately reflect items on hand.**

**We respectfully request that this item be closed.**

2. Thirty-seven items were in a location outside of the assigned responsible party indicated. NSHE procedures and guidelines manual Title 4, Ch.1 states, "Each department has custodial responsibility for all equipment within its jurisdiction." We recommend a comprehensive review of the inventory be performed to determine proper custodial responsibility. We also recommend consideration be given to establishing guidelines for processing equipment (i.e. receiving, tagging, and maintenance of records).

### **Institution Response**

**We agree with this recommendation.**

### **Correction**

**The breakdown in control occurred when the previous Business Manager failed to comply with established UNLV policy for processing equipment purchases. In order to correct the number of errors found, the current Business Manager has completed a comprehensive review of all equipment under his responsibility. Working closely with the UNLV Inventory Control Department, we have now established an accurate inventory list of items under our control.**

### **Prevention & Monitoring**

**The Business Manager has received additional training from the Inventory Control Department to ensure that all equipment received is properly recorded into inventory as required by policy. Part of this process includes an annual review of our assigned inventory to ensure that Inventory Control is able to maintain an accurate list of inventory items.**

**We respectfully request that this item be closed.**

3. Thirty-one items were missing asset control numbers. We recommend the department request that Inventory Control to re-tag the items.

**Institution Response**

**We agree with this recommendation.**

**Correction**

**All items missing the inventory control tag have been re-tagged.**

**Prevention & Monitoring**

**The Business Manager will perform an annual review of all inventory equipment items to ensure that this problem is addressed when it occurs.**

**We respectfully request that this item be closed.**

In addition, we noted Inventory Control sent the department an equipment inventory list to update during the audit period. However, the department has not completed the reconciliation update due to an inability to access all of the equipment on the list. We recommend the department complete the reconciliation. In the event items cannot be accessed or the reconciliation cannot be completed, we recommend the department work with inventory control to determine proper custodianship for the equipment.

**Institution Response**

**We agree with this recommendation.**

**Correction**

**Working with the UNLV Inventory Control Department, we have completed a comprehensive review of all items under our responsibility and the records maintained by the Inventory Control Department are now accurate.**

### **Prevention & Monitoring**

**The Business Manager will perform an annual check of the inventory list to ensure that official records accurately reflect inventory items on hand.**

**We respectfully request that this item be closed.**

### **PROCUREMENT CARDS**

We performed a review of controls over procurement cards (Pcards) in accordance with institutional and federal policies. According to UNLV Pcard Policies, "After the Statement of Account has been reviewed and signed, it must be filed with the original receipts and documentation." During our review, we examined two pcards authorized to RCSC. From these, one pcard holder/liaison did not maintain supporting documentation and approval signatures were missing from the Statement of Account attesting review.

We recommend cardholders and liaisons be reminded of their responsibility to print, review, sign, and obtain supervisor approval for the monthly Statement of Account. We also recommend cardholders and liaisons be reminded that the original receipts must be maintained for transactions.

### **Institution Response**

**We agree with this recommendation.**

### **Correction**

**The individual involved had been incorrectly advised as to the maintenance of his records, including the individual required to indicate management approval of purchases. As such, he believed that his verbal coordination with the RebelCard Business Manager was sufficient to satisfy these requirements. He has been advised that this is not sufficient. Additionally, the Executive Director of Student Life Resources has clearly established the line of supervision for the purpose of monitoring procurement card activity within her**



**area. The procurement card records have been reviewed by the individual's immediate supervisor for the current fiscal year and will continue to be reviewed on a monthly basis as required by policy.**

### **Prevention & Monitoring**

**With the clear establishment of the supervisory chain, we do not anticipate that this problem will recur. The Executive Director of Student Life Resources will ensure that all individuals under her control perform this task as required.**

**We respectfully request that this item be closed.**

### **STUDENT WORKERS**

RCSC is responsible for managing their student workers. We reviewed three student employee files to ensure they met the minimum requirements to participate as a student worker. We also reviewed the student timesheets for proper completion, approval and calculation. We examined class schedules in conjunction with the timesheet for any conflicts. We selected four months for review and noted the following exceptions.

1. Two student employee total number of hours worked did not match the hours recorded on the employee's timesheet.
2. In eleven instances one student worked more than eight hours in a day without overtime pay. An employer who requires or permits an employee to work overtime is generally required to pay the employee premium for such work," per U.S. Department of Labor, 541 Regulations.
3. One student's timesheets revealed 20 instances in which the student did not take a 30-minute unpaid lunch break.

For items 1-3, we recommend UNLV perform a review of the student timesheets to determine whether the student was owed for time worked.

### **Institution Response**

**We agree with this recommendation.**

### **Correction**

**We are currently reviewing these records. We have noticed some overlap in the various students' records which will require a thorough investigation. These overlaps occurred during the tenure of the previous Business Manager who is not available for consultation. We anticipate having the process complete by January, 2010. Any students who have been underpaid will receive compensation for the hours earned.**

### **Prevention & Monitoring**

**The department has a new Business Manager. He is aware of the problems caused by incorrectly prepared timesheets and student workers who are not properly supervised. He now scrutinizes each timesheet to ensure that it is properly prepared and accurately reflects hours worked by each student worker. He ensures that all breaks are taken as required by federal regulation. The additional oversight provided by a more involved Business Manager will ensure that this problem does not recur.**

4. We noted four instances where a student's work schedule conflicted with the academic schedule.

We recommend greater care be taken to ensure that student employees do not work during times they are scheduled to be in class, and in the event they are at work during class hours, it is properly documented on the timesheet.

### **Institution Response**

**We agree with this recommendation.**

### **Correction**

**These problems occurred with a previous Business Manager and supervision of student employees was not as strong as should have occurred.**

### **Prevention & Monitoring**

**The new Business Manager is aware of the problems that occurred under the previous Business Manager. He actively monitors student employees and ensures that all timesheets**

**are properly completed. This includes notations of the reason that a student worker was present during a scheduled class time. Course schedules are obtained from each student employee at the beginning of each semester to assist in this process.**

**We respectfully request that this item be closed.**

## **INFORMATION SYSTEMS**

RCSC is supported by a commercial software system. We reviewed and tested the information security of the system, as well as the disaster recovery and contingency plan of the application. During our review, we noted that system users can be asked to change their passwords on a regular basis; however, the system does not force a password change. This makes the need for longer and more complex passwords even greater.

We recommend consideration be given to implementing a password policy that is in concert with industry standards of an eight-character, complex password that expires within the 90- to 120-day timeframe.

### **Institution Response**

**We agree with this recommendation.**

### **Correction**

**The software system contract ends on June 30, 2010. The increased complexity of passwords has been added to the Request for Proposal and this problem will be fixed with the new software award.**

### **Prevention & Monitoring**

**The Business Manager will ensure that the requirements of this recommendation are implemented.**

In addition, we noted the Disaster Recovery and Contingency Plan is inadequate as there is no backup server for the software system, potentially leading to an extended outage.

We recommend the institution ensure there is proper backup for the server.

**Institution Response**

**We agree with this recommendation.**

**Correction**

**We were not aware of this deficiency and thank the auditor for bringing it to our attention. We have placed the acquisition of a backup server at the top of our equipment list. We hope to fund this acquisition during the current fiscal year. Data information is backed up on a nightly basis to minimize the potential for damage in the interim.**

**STATEMENT OF REVENUE AND EXPENDITURES**

A statement of revenue and expenditures based on the activities of the RebelCard

Services Center accounts shown below. The statement provided is for information purposes only.

	ID Card Operations	UNLV Rebel Card	Total
Balance, July 1, 2008	\$ 275,285	\$ 377,093	\$ 652,378
Transfers-In	65,100	-	65,100
Revenue			
Sales & Services - Educational Activities	215,212	36,254	251,466
Transfers-Out	150	-	150
Expenditures			
Salaries	180,506	-	180,506
Operating	109,369	-	109,369
Travel	385	-	385
Encumbrances	2,708	-	2,708
Sales & Service Recharge	(67,975)	-	(67,975)
Total Expenditures	224,993	-	224,993
Balance, June 30, 2009	\$ 330,454	\$ 413,347	\$ 743,801

The Internal Audit Department would like to thank UNLV RebelCard Services Center personnel for their assistance and cooperation during this review.

Las Vegas, Nevada  
August 24, 2009

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**AUDIT:** RebelCard Services

**AUDIT PERIOD:** 07/01/2008 – 06/30/2009

**NUMBER OF FINDINGS:** 13

**NUMBER OF RECOMMENDATIONS IMPLEMENTED:** 10

Nbr	Finding	Agree	Implemented	Est Date of Completion
1	Credit card slips not properly protected	X	X	
2	Contract not in proper form	X	X	
3	Telephone logs not signed	X	X	
4	Change fund custody letter not present	X	X	
5	Inventory items missing	X	X	
6	Custodianship of assets needs to be established	X	X	
7	Items missing control tag numbers	X	X	
8	Complete reconciliation of inventory items needs to be performed	X	X	
9	Procurement card records did not have proper management review	X	X	
10	Student timesheets need to be reviewed	X		1/31/10
11	Students worked during scheduled class	X	X	
12	Passwords for software not sufficient	X		7/1/10
13	Department needs a backup server	X		7/1/10