

UNIVERSITY OF NEVADA, RENO
HOSTING
Internal Audit Report
July 1, 2011 through June 30, 2012

GENERAL OVERVIEW

The Board of Regents Handbook requires the Nevada System of Higher Education (NSHE) Internal Audit Department to conduct annual reviews of institutional hosting expenditures. The reviews are intended to determine the extent to which institutions are in compliance with established hosting policies.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of hosting expenditures for the University of Nevada, Reno (UNR) for the period of July 1, 2011 through June 30, 2012.

The scope of our review included an examination of institutional hosting expenditures for reasonableness, supporting documentation, signature approval and compliance with the hosting policies provided in the Board of Regents' Handbook, the NSHE Procedures and Guidelines Manual and the UNR Administrative Manual. In addition we reviewed hosting transactions to ensure that established purchasing policies were in compliance.

In our opinion, hosting expenses are handled in a satisfactory manner; however, implementation of the following recommendations would further improve compliance with established policies.

HOST EXPENDITURE REVIEW

A sample of 81 host expenditures was reviewed. Of these, no exceptions were noted with 66. The following exceptions were noted with the 15 remaining transactions.

1. Three host forms did not provide the names of all individuals that were in attendance at hosted events.
2. Four host forms did not include the business relationship of non-university employees.
3. The supporting documentation for two host transactions, involving events that were attended by university employees only, did not include an agenda or description of business activities.

For items one through three above, we recommend host forms be completed in their entirety and that agendas be provided when only UNR employees are present at hosted events, as required.

Institution Response

Correction: All departments involved in the above findings have been notified of the violations and were reminded of university policy in completing host forms and providing agendas when only university employees are present at hosted events.

Prevention and Monitoring: The purchasing card auditors are responsible for checking the hosting form for completeness.

Follow-up Response: No changes, the corrective action was implemented as presented in the original response.

4. One expenditure involved a hosted meal expense incurred by an employee while on out-of-state travel. The meal was paid with a university purchasing card. Upon review of the employee's travel claim, we noted meal per diem was also paid to the employee for the same day and meal.

We recommend employees be reminded that meal per diem should not be requested when hosted meals have been paid by the university.

Institution Response

Correction: The employee was notified that the meal per diem must be refunded to the university.

Prevention and Monitoring: The purchasing card department is responsible for checking travel claims to ensure meal per diem is not paid for a hosted meal that was paid by the university.

Follow-up Response: No changes, the corrective action was implemented as presented in the original response.

5. One expenditure was for the purchase of routine snacks and refreshments for employees.

UNR policy prohibits the use of university funds to make these types of purchases.

We recommend the department that made the purchase be reminded of the policy.

Institution Response

Correction: The employees are in fact medical residents who are interns in training and required to work unusual hours in a hospital setting. We are of the opinion that this activity is a justifiable expense. We intend to seek a change in the Procedures and Guidelines Manual to recognize the need for this accommodation.

Follow-up Response: We have asked the next Business Officers Counsel meeting scheduled for December 4, 2013 to consider making a change in the Procedures and Guidelines Manual that recognizes medical residents as students for purposes of hosting expenses.

6. On four occasions, Nevada sales tax was paid on purchases

We recommend employees be reminded that vendors should not be charging sales tax. If the payment of sales tax cannot be avoided at the time of purchase or is not noticed until a later date, the employee should request a credit from the vendor and provide an explanation on the supporting documentation.

Institution Response

Correction: The purchasing card auditors reminded the departments to request a refund from the vendor and to provide documentation that the request was made.

Prevention and Monitoring: The purchasing card auditors are responsible for notifying departments of their responsibility to request sales tax refunds.

Follow-up Response: No changes, the corrective action was implemented as presented in the original response.

HOST FORM

The university has established maximum expense limits for hosted meals. The maximum amount for breakfast, lunch and dinner is \$12, \$20 and \$50 per person, respectively. These limits may be exceeded as long as the host form, on which hosting activity is reported, is signed and approved by the proper authority. We noted, however, that the form does not indicate when the limits have been exceeded. As a result, hosted meals in excess of these limits could be approved without the knowledge of the approving authority.

We recommend that the UNR Hosting Expense Documentation and Approval Form be revised to include a space in which an explanation can be provided when the meal limits are exceeded.

Institution Response

Correction: We recognized the auditors' observation and recommendation regarding noting that prescribed meal allowances have been exceeded.

Prevention and Monitoring: The hosting form has been changed and uploaded to the Controller's Office website. It now contains a box to check if meal allowances have been exceeded and includes a space for an explanation.

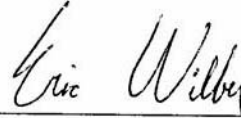
Follow-up Response: No changes, the corrective action was implemented as presented in the original response.

PRIOR AUDIT

The prior hosting audit at UNR was conducted for the period of July 1, 2009 through June 30, 2010. All recommendations from the prior audit have been implemented, are no longer applicable or have been addressed in this report.

The Internal Audit Department appreciates the cooperation received from university personnel during this review.

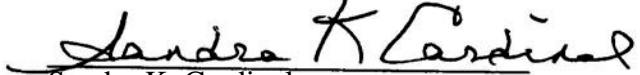
Reno, Nevada
March 8, 2013



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Memorandum

To: Sandi Cardinal, Assistant Vice Chancellor for Internal Audit, Nevada System of Higher Education

From: Tom Judy

Date: October 24, 2013

Subject: UNR Hosting Audit

The purpose of this memorandum is to transmit the follow-up response from the Business and Finance Office to the Hosting Audit for the period July 1, 2011 through June 30, 2012.

I have reviewed and concur with all responses.

cc: Marc Johnson, President
Ronald Zurek, Vice President, Administration and Finance