

WESTERN NEVADA COLLEGE
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 Western Nevada College (WNC) 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 WNC Bylaw and Policy Manual. In addition we reviewed hosting transactions to ensure that established purchasing policies were followed.

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 EXPENDEDTURE REVIEW

A sample of 25 host expenditures was reviewed. Of these, no exceptions were noted with 14. The following exceptions were noted with the 11 remaining transactions.

1. The supporting documentation for five hosted meals did not include itemized receipts identifying the food and beverage items purchased. Only a receipt showing the total amount of the purchase was provided.

As a best practice, we recommend itemized receipts be provided.

Institution Response: All authorized signers for host accounts have been notified in writing (copy attached) that detailed receipts for meals and other such expenditures are required for host expenditures. In addition, purchasing personnel responsible for processing host account authorizations and payment requests have been informed verbally and in writing that this is a policy requirement. Incomplete host account requests will be returned to the submitter.

Prevention and Monitoring: All host documents are now reviewed by purchasing and accounts payable personnel to ensure that itemized receipts are attached.

Follow-up Response: As of September 30, 2013, this recommendation has been implemented and we request that this finding be closed.

2. When hosting meals, WNC policy states that personnel external to the college must be in attendance and that the employee to guest ratio should not exceed three to one. For one transaction reviewed, the employee to guest ratio exceeded this limit.

We recommend that established host policies be followed.

Institution Response: The WNC Purchasing Policy has been amended to address this issue with the inclusion of the following revised sentence – *When hosting meals, personnel external to WNC such as advisory boards... and the WNC employee-to-guest ration should not exceed 3-to-1 without written justification.*

The initial presentation to the WNC College Council of the amended policy will be on April 12 with final review and action scheduled for May 14. A copy of the approved policy will be provided to NSHE auditing staff at that time.

Prevention and Monitoring: All host documents are now reviewed by purchasing and accounts payable personnel to ensure that written justification is present if the employee ratio is exceeded.

Follow-up Response: WNC policy has been amended to address this issue (attached). As of September 30, 2013, this recommendation has been implemented and we request that this finding be closed.

3. A hosting form was not completed for one transaction. In addition, the transaction was not charged to the hosting expense category.

To help ensure hosting activities are properly documented, we recommend host forms be completed. We recommend that employees be requested to complete hosting forms if they are not initially completed and provided to the Controller's Office. We also recommend host transactions be charged to the proper expense category.

Institution Response: This expenditure relates to the purchase of 'bulk' water for college guests and others. As reviewed at the 4/1/13 President's staff meeting, all future expenditures of this type paid from host accounts will be authorized with the use of the appropriate host account authorization forms.

Prevention and Monitoring: This issue was discussed with the applicable departments and will be properly coded and will include the proper documentation.

Follow-up Response: As of September 30, 2013, this recommendation has been implemented and we request that this finding be closed.

4. Three transactions were charged to an account that was not on the college's list of authorized host accounts. We were informed the account was authorized for hosting activity but had not been included on the list.

We recommend the account be included on the authorized host account list.

Institution Response: The WNC Purchasing Policy has been amended to address this issue. The initial presentation to the WNC College Council of the amended policy will be on April 12 with final review and action scheduled for May 14. A copy of the approved policy will be provided to NSHE auditing staff at that time.

Follow-up Response: The transactions were charged to authorized host accounts; however the policy had not been updated to reflect the new host accounts. WNC policy has been amended to address this issue and has eliminated the actual listing of accounts in the policy (see attached). As of September 30, 2013, this recommendation has been implemented and we request that this finding be closed.

5. One host transaction included personal items that were reimbursed to an employee.

We recommend greater care be taken to ensure personal items are not paid by the college.

Institution Response: Business office personnel discussed the issue with the employee and he reimbursed the appropriate host account for the personal items previously charged to the host account. The Business office personnel responsible for processing these types of reimbursements have been reminded verbally and in writing that personal items cannot be reimbursed.

Prevention and Monitoring: All host documents are now reviewed by purchasing and accounts payable personnel to ensure that personal items do not get reimbursed.

Follow-up Response: As of September 30, 2013, this recommendation has been implemented and we request that this finding be closed.

6. On one occasion, a purchase order was issued “after the fact”, that is, after a purchase had already been made.

For transactions of \$2,000 and above, NSHE purchasing policies require the submission of a requisition to the Business Center North Purchasing Department which is then responsible for issuing purchase orders to vendors. We recommend requisitions be completed and submitted to purchasing in advance of purchases as required.

Institution Response: A review of an email progression (available if requested) indicates that the original purchasing requisition was submitted in a timely manner. Unfortunately, an incorrect account number and authorized signatory were used and the forms were returned to the submitter for correction. The revised documents were submitted to the appropriate vice president’s office, signed and forwarded to WNC Purchasing. By this time, the conference meal covered by the request had occurred and the authorization was late. The office of the vice president provided WNC Purchasing with an improper practice letter explaining the issue, and payment was made to the vendor. The office, which initiated the request, has been informed of the correct procedures and this issue will not reoccur.

Prevention and Monitoring: The purchasing and accounts payable department have been notified about improper purchasing procedures and will obtain the appropriate letters should any occur in the future.

Follow-up Response: As of September 30, 2013, this recommendation has been implemented and we request that this finding be closed.

7. One transaction involving a participant paid expense was charged as hosting.

We recommend that only qualified expenditures be charged to the hosting expense category.

Institution Response: Business office personnel discussed this issue with the purchasing agent and the Specialty Crop Institute personnel. In the future, object code 40-06 will be used when purchasing food for events that are participant paid.

Prevention and Monitoring: Specialty Crop Institute personnel are aware of the proper coding to be used for events that are participant paid.

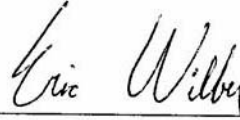
Follow-up Response: As of September 30, 2013, this recommendation has been implemented and we request that this finding be closed.

PRIOR AUDIT

The prior hosting audit at WNC was conducted for the period of May 1, 2008 through August 30, 2008. 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 WNC
personnel during this review.

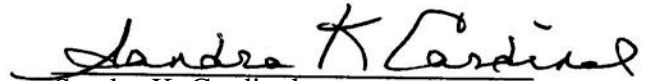
Reno, Nevada
March 29, 2013



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- Documentation should be kept explaining each credit received for returns or exchanges.

Host Expenditures and Procedures

Host expenditures are governed under the Board of Regents Handbook, Title 4, Chapter 10, Section 24 and the NSHE Procedures and Guidelines Manual, Chapter 5, Section 1.

GUIDELINES FOR USE OF HOST ACCOUNTS

Guiding Principle: The use of the host account must provide a benefit to the college such as create goodwill, promote business, etc.

Guidelines for Use of Host Account:

1. Special functions such as receptions, table purchases, workshops, large groups of visitors, etc., must have prior approval. If hosting a lunch or dinner for a few people, no prior approval is necessary. The intent of prior approval is for special functions.
2. Personnel external to WNC must be involved in the hosting of a meal or special function (exception: annual welcome back BBQ, holiday potluck, etc.). Meetings for employees may be hosted if they are infrequent in nature, there is an agenda and minutes are kept, or if the meeting extends through a mealtime.
3. When hosting meals, personnel external to WNC such as advisory boards, legislators, businesspersons, etc. must attend, and the WNC employee-to-guest ratio should not exceed 3-to-1 without written justification.
4. The expenses of a spouse or guest of an employee of WNC will normally not be reimbursed. Exception may be made in specific situations (e.g., meals for a candidate for a position at WNC where the candidate's spouse or guest is included).
5. The designated Signature Authority must approve the host expense prior to payment by Accounts Payable.
6. Cost guidelines for meals should not exceed the maximums currently established by the GSA standards.
7. Alcoholic Beverage Policy: The purchase of alcoholic beverages for use at Nevada System of Higher Education functions shall be permitted for the following functions or pursuant to the following conditions:
 - a. Conferences and institutes where a part of the fee collected are for a cocktail party.
 - b. Host account expenditures for liquor with dinner and for large receptions.
 - c. Student governments must have the institutional President's prior approval and the institutional President is to be the only person authorized to approve payment of the purchase of alcoholic beverages from student government funds. The institutional President will only grant this authorization upon being satisfied that proper supervision is provided in the dispensing of alcoholic beverages.

Host Expense Forms

Host Account Expenditures Form – (Found on the WNC Intranet, Business Office, Forms) Use for reimbursement to an employee for an out-of-pocket host expense such as a luncheon meeting at a restaurant, purchase of food for special events or meetings.

Purchase Transaction Request Form – (Found on the WNC Intranet, Business Office, Forms) Use to purchase food, refreshments, flowers, etc. from a vendor such as Costco, Wal-Mart, etc. for special events or meetings.

Petty Cash Accounts

Petty cash funds may be used for a variety of purchases including postage, PO box rental, miscellaneous supplies, services or repairs, city/county dumping fees, etc. Petty cash funds may not be used for cashing personal checks, host expenses or reimbursements, short-term loans, purchase of equipment or radioactive material, or travel claims or advances. Use of petty cash funds is limited to \$50.00 per purchase.

Approved petty cash accounts may include:

Petty Cash Accounts	Approved Amount
Business Office	\$600.00
Carson Library and Media Services	\$65.00
Community Services	\$50.00
Douglas Campus	\$50.00
Fallon Campus	\$200.00
Fallon Library	\$65.00
ASWN Fallon	\$50.00
Fernley Center	\$100.00
Hawthorne Center	\$100.00
Lovelock Center	\$100.00
Yerington Center	\$100.00
Performing Arts Programs	\$200.00

Cashiers should submit requests for reimbursement of petty cash funds in accordance with the Purchasing Procedures. Be sure to attach the original receipts, credit card charge slips, or vendor invoices to the paper copy of the Purchase Transaction Request and forward this to the Business office for processing.

Revised: May 14, 2013, January, 2009

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URL <http://www.wnc.edu/policymanual/7-3-1>

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#	Recomendation	Implemented	Update	Est. Date of Completion
1	Hosted Meals As a best practice, we recommend itemized receipts be provided.	Yes	All authorized signers for host accounts have been notified in writing that detailed receipts are required. Purchasing personnel has also been informed that this is a requirement and all host documents are reviewed to ensure the proper backup is provided.	Completed
2	Purchasing Policy We recommend that established host policies be followed in regards to the employee/guest ratio	Yes	WNC policy has been amended to address this issue and the host documents are reviewed to ensure that this ratio is met or that proper documentation has been provided.	Completed
3	Hosting Forms To help ensure hosting activities are properly documented, we recommend host forms be completed. We recommend that employees be requested to complete hosting forms if they are not initially completed and provided to the Controller's Office. We also recommend host transactions be charged to the proper expense category.	Yes	All host transactions are required to have the proper documentation completed upon processing. Additionally, host transactions will be reviewed to ensure that it is coded properly.	Completed
4	Authorized Host Accounts We were informed the account was authorized for hosting activity but had not been included on the list. We recommend the account be included on the authorized host account list.	Yes	The transactions were charged to authorized host accounts; however the policy had not been updated to reflect the new host accounts. The policy has now been amended to address this issue.	Completed
5	Host Transaction We recommend greater care be taken to ensure personal items are not paid by the college.	Yes	The transaction that included personal items has been paid back to the college. Additionally, all host documents are now reviewed by the purchasing department to ensure that personal items do not get reimbursed.	Completed
6	Requisition Submission We recommend requisitions be completed and submitted to purchasing in advance of purchases as required.	Yes	Employees know that purchases need to be submitted in advance. This was an isolated exception and will not occur in the future.	Completed
7	Qualified Host Expenditure We recommend that only qualified expenditures be charged to the hosting expense category.	Yes	The department has been notified and are now properly coding their transactions for events that are participant paid.	Completed