

NEVADA STATE COLLEGE
NEVADA STATE STUDENT ALLIANCE
Internal Audit Report
July 1, 2012 through June 30, 2013

GENERAL OVERVIEW

The Nevada State Student Alliance (NSSA) is the student government organization at Nevada State College (NSC). The funds allocated to support NSSA activities are revenues from student fees assessed per credit hour to each NSC student. The purpose of NSSA is to provide an official organization that represents the entirety of the student body of NSC, to provide an official voice for students regarding activities at the college, to interact with students and faculty of NSC and the community, to hold meetings to discuss student, NSC, and community issues, and to take action regarding student affairs, events, and community involvement.

The NSSA is comprised of an Executive Council and sixteen senators. The Executive Council consists of a President, Vice President/Chair of Clubs & Organizations, Secretary, plus four additional Chairs. The Senate is comprised of sixteen senators representing a particular credit group. Joint Board meetings consist of both the Executive Council and Senate to provide an opportunity for the NSSA to publicly exchange information and express ideas and concerns, to create a forum in which monthly reports of the Executive Council officers shall be presented, to create a forum for requests and/or concerns from students, NSC faculty and the community, and to approve, by a majority vote, recommendations brought forth from any NSSA Board Meeting.

NSSA operations and administration is managed by a Business Manager who reports to the Associate Vice President of College Relations. During the course of the audit, NSSA employed the elected NSSA officials and one professional employee.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the Nevada State Student Alliance at NSC for the period of July 1, 2012 through June 30, 2013.

Our review was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, and included tests of the accounting records and other auditing procedures, as we considered necessary. The tests included, but were not necessarily limited to these areas.

1. Reviewing and testing controls over the receipt, recording and deposit of student government funds.
2. Reviewing contracts for compliance with Board of Regents and Nevada System of Higher Education (NSHE) guidelines.
3. Reviewing the fee distribution for compliance with the Board of Regents Distribution of Registration Fees schedule.
4. Reviewing the minutes of student government meetings for compliance with governing documents and the Nevada Open Meeting Law.
5. Reviewing the NSSA Constitution and By-Laws for completeness and agreement with student government operations.
6. Testing NSSA expenditures for reasonableness, supporting documentation and proper approval.
7. Examining and testing student club and organization files and funding requests.
8. Examining and testing equipment inventory, telephone charges, student timesheets and leave records.

In our opinion, we can be reasonably assured that NSSA is operating in a satisfactory

manner. However, implementation of the following recommendations would further improve NSSA operations.

CASH CONTROLS

We reviewed the procedures for receiving and depositing cash raised by clubs and organizations to determine whether adequate controls are in place. Funds collected by clubs and organizations are delivered to the NSSA Business Manager to deposit the funds into the club/organization's account through the Cashier's Office. We noted a receipt is not being provided to the club or organization when they deliver their funds for deposit.

We recommend a formal receipt be completed and provided to the club/organization when they deliver funds for deposit.

Institution Response

NSC agrees with the audit finding and recommendation.

Correction: A process for cash control was created on November 4, 2013 by the NSSA Business Manager, Dr. Jerica Turek, as recommended. It is as follows:

- 1. When a member of a student club delivers funds for deposit, they are accepted by the NSSA Business Manager, who then provides a formal receipt at that time. The formal receipt is signed by both the NSSA Business Manager and the member of the student club providing the funds for deposit.**
- 2. This formal receipt has two copies; one is given to the member of the student club and the other is stored in the NSSA Business Manager's office.**

Prevention and Monitoring: This newly created formalized cash handling procedure is being administered through and monitored by the NSSA Business Manager, Dr. Jerica Turek. All records are kept in the Business Manager's office for review by the NSC Business Office to ensure that appropriate documentation is maintained.

We recommend the receipt include a signature from the club/organization and the NSSA Business Manager attesting to the accuracy of the funds provided for deposit.

NSC agrees with the audit finding and recommendation.

Correction: A process for cash control was created on November 4, 2013 by the NSSA Business Manager, Dr. Jerica Turek, as recommended. It is as follows:

- 1. When a member of a student club delivers funds for deposit, they are accepted by the NSSA Business Manager, who then provides a formal receipt at that time.**
- 2. The formal receipt is signed by both the NSSA Business Manager and the member of the student club providing the funds attesting to the accuracy of the funds provided for deposit.**
- 3. The funds provided are further verified by the NSC Cashier's Office when submitted by the NSSA Business Manager for deposit. The NSC Cashier's Office provides a formal receipt when the funds are delivered for deposit, which is followed up with an e-mail receipt once the funds have been fully processed by that office.**

Prevention and Monitoring: This newly created formalized cash handling procedure will be administered through and monitored by the NSSA Business Manager, Dr. Jerica Turek. All records are kept in the Business Manager's office for review by the NSC Business Office to ensure that appropriate documentation is maintained.

ALLIANCE MEETINGS

Board of Regents policy requires meetings of student government organizations to be held in accordance with the Nevada Open Meeting Law, as provided in Nevada Revised Statute (NRS) 241. We reviewed 20 Joint Board and 18 Committee meetings to determine whether the meeting records were properly maintained and in compliance with the open meeting law. The following exceptions were noted.

1. Three meeting minutes contained incorrect dates when approving the previous meeting minutes.
2. For one Clubs & Organizations Board meeting that involved the chartering of clubs, a statement had been copied and pasted to approve the charter for A&P Honors Society for every club. Therefore, the approval wording did not match the actual club being chartered.

For items one and two, we recommend greater care be taken when making approvals.

NSC agrees with the audit finding and recommendation.

Correction: A process for a higher level of quality in creating and approving minutes was created on November 4, 2013 by the NSSA Business Manager, Dr. Jerica Turek, as recommended. It is as follows:

- 1. Once a meeting has occurred, the minutes are created by an NSSA member.**
- 2. The minutes are then sent to the NSSA Business Manager for review. At this time, the NSSA Business Manager provides a second level of proofreading.**
- 3. The minutes are then provided to the board for approval.**

This process will assist in avoiding the errors found in the 2012-2013 minutes by the auditors.

Prevention and Monitoring: This newly created quality control procedure for minutes will be administered through and monitored by the NSSA Business Manager, Dr. Jerica Turek. All records are kept in the Business Manager's office, as well as in the NSSA Office, and are open for review as needed.

3. NRS 241.020 requires the phrase "for possible action" next to the appropriate item on agendas. NSSA agendas only have "Action".
4. NSSA agendas are missing a notice stating "items may be combined for consideration by the public body" and "items may be pulled or removed from the agenda at any time".
The agendas are also not fulfilling the "public comments" requirement.
5. Agendas are currently posted in three prominent locations, but NRS 241 requires four locations.

For items three through five, we recommend NSSA meeting agendas be prepared as required by the Nevada Open Meeting Law.

NSC agrees with the audit finding and recommendation.

Correction: Items three through five have been changed for all NSSA agendas in the 2013-2014 year. The process for agenda creation and approval is as follows:

- 1. An NSSA member creates a meeting agenda, utilizing the correct format as provided by the Business Manager.**
- 2. The agenda is sent to the NSSA Business Manager for review. At this time, the**

NSSA Business Manager provides a second level of review to ensure that Nevada Open Meeting Law requirements are met.

3. After review, the approved agendas are sent back to the student to post.

Prevention and Monitoring: It is the responsibility of the NSSA Business Manager, Dr. Jerica Turek, to ensure that all meeting agendas are prepared as required by Nevada Open Meeting Law. In the future, the NSSA Business Manager will communicate on an annual basis with NSC legal counsel to ensure that Nevada Open Meeting Law has been followed completely, including wording on all agendas.

FEE DISTRIBUTION

The NSSA is funded by a \$3 fee for each undergraduate credit hour. These fees are placed into the NSSA financial account by the Controller's Office as part of the registration fee distribution, which occurs at least once each semester. We noted NSSA does not have a process in place to verify the accuracy of fees received through this distribution process.

We recommend NSSA management contact the Controller's Office annually to obtain supporting schedules to confirm the accuracy of the fee distribution funding their account.

NSC agrees with the audit finding and recommendation.

Correction: The NSSA Business Manager, Dr. Jerica Turek, now checks Data Warehouse on a monthly basis to track the amount deposited into the NSSA account, and contacts the Controller's Office on a quarterly basis to obtain supporting schedules to confirm the accuracy of fee distribution to the NSSA account.

Prevention and Monitoring: While checks of this nature were completed on an informal nature in the past, there is now a much more formal process moving forward as outlined above. There are now follow up e-mails to ensure documentation of this process, which are then stored in the NSSA Business Manager's office for review by the NSC Business Office to ensure appropriate distribution of fees has occurred.

FUNDING REQUESTS

We reviewed 37 requests for club funds and four sponsorship requests to test for compliance with NSSA Student Clubs & Organizations By-Laws requirements. During our review, we noted the following.

1. Fourteen club minutes only contained a general approval to spend funds instead of requesting a specific dollar amount.
2. Three clubs expended more than what was approved in their club minutes.
3. Five clubs and one department owe a combined total of \$834.72 to NSSA, since the funds were paid from the NSSA account, but not reimbursed.

We recommend club funding requests provide specific amounts in the club minutes along with approving the appropriate amount of funds.

NSC agrees with the audit finding and recommendation.

Correction: The NSSA Business Manager, Dr. Jerica Turek, has created a higher level of quality control in the dispersing of student organization funds. The process is as follows:

1. A student club submits a funding request on a “Clubs and Organizations Request for Funds Form”, which requires two signatures authorizing the request, as well as an explanation of the funds needed. This form must be accompanied by minutes from a club meeting where the purchase was approved.
2. If the club minutes do not include a specific dollar amount, the funding request is returned, with instructions to include this information in the minutes.

Prevention and Monitoring: While checks of this nature were completed on an informal nature in the past, there is now a much more formal process moving forward as outlined above. There are follow up e-mails to ensure documentation of this process, which are then stored in the NSSA Business Manager’s office for review by the NSC Business Office as needed.

We also recommend control processes be developed to ensure groups reimburse NSSA for funds owed.

NSC agrees with the audit finding and recommendation.

Correction: The NSSA Business Manager, Dr. Jerica Turek, now only processes funding requests from the club accounts, and will no longer “float” the student organization from the NSSA account. This step will avoid any club’s owing NSSA funds in the future and creates much cleaner accounting. The NSSA account and all club accounts are now reviewed on a monthly basis by the NSSA Business Manager to ensure that all funds have been taken from the appropriate accounts. If there is an error, proper steps are taken to reimburse NSSA as needed.

The five clubs and one department who owed NSSA a total of \$834.72 have reimbursed the NSSA account as of December 2013.

Prevention and Monitoring: The NSSA Business Manager, Dr. Jerica Turek, has taken responsibility for this item. This newly created formal process will be followed as outlined above. The documentation of any errors in accounting are now stored in the NSSA Business Manager's office and are available for review by the NSC Business Office to ensure that appropriate steps have been taken.

CLUB AND ORGANIZATION FILES

We reviewed six clubs for the requirements set forth in the Student Clubs & Organizations By-Laws. According to the By-Laws, NSSA recognized clubs and organizations are required to submit meeting minutes, proposed activities and financial statements at the end of each month to the Clubs and Organizations Board. We noted four clubs did not provide some sets of minutes and proposed activities in writing. We also noted there wasn't a process in place to follow-up on clubs who had not submitted the required items, and that financial statements were not being required for monthly submittal as stated in the By-Laws.

We recommend instituting a follow-up process with clubs to pursue submittal of their required monthly items, and revising the By-Laws related to submission of financial statements to reflect the expectation for annual submission.

NSC agrees with the audit finding and recommendation.

Correction: The NSSA Business Manager, Dr. Jerica Turek, has worked with the NSSA Vice President & Chair of Clubs and Organizations to create a formal process for clubs and organizations for required monthly reporting. A report form has been created, which provides the club the ability to report on proposed activities, fundraisers, and funding requests in one document. This report is due on a monthly basis, accompanied by meeting minutes. If a club does not complete this documentation as required, it is given a warning via e-mail from the NSSA Vice President regarding what documentation is lacking, as well as what could occur if the problem continues as outlined in the NSSA Clubs & Organizations By-Laws.

The financial statements for clubs are created by the NSSA Business Manager, who is the only individual on campus who can disperse funds. As a result, this

requirement is not necessary for clubs to provide, as it is a duplication of efforts. This requirement will be removed from the NSSA Clubs & Organizations By-Laws during the next round of constitution and by-law revisions, which is currently in process and is expected to be completed by summer 2014.

Prevention and Monitoring: This newly created process will be executed by the NSSA Vice President as outlined above, under the guidance and review of the NSSA Business Manager, Dr. Jerica Turek. All documentation is now stored in the NSSA Business Manager's office and is available for review as needed.

STUDENT WORKERS

We selected a sample of 10 NSSA officers to review meeting attendance, office hours, and GPA requirements to determine compliance with NSSA By-Laws. Summary documentation was maintained evidencing the total hours worked during each two week period. However, the detailed "Office Hours" log containing specifics of the actual dates and times worked for each officer during the audit period was misplaced. This log would also have identified who verified the presence of the NSSA officers.

We recommend the "Office Hours" log be properly maintained to support and verify to the hours worked for NSSA officers.

NCS agrees with the audit finding and recommendation.

Correction: The NSSA Business Manager, Dr. Jerica Turek, has relied on the NSSA Secretary to track and verify office hours of all NSSA members. The individual in the position during the 2012-2013 academic year misplaced the logs for the year, and they could not be found for this audit. For the 2013-2014 academic year, the NSSA Business Manager is working closely with the current NSSA Secretary to maintain and properly store the office hour log both electronically and in paper form.

Prevention and Monitoring: This newly created process will be executed by the NSSA Secretary as outlined above, under the guidance and review of the NSSA Business Manager, Dr. Jerica Turek. All documentation is now stored in the NSSA Office and is available for review as needed.

LEAVE RECORDS

According to the Board of Regents policy, in so far as possible, leave must be requested

and approved in advance by the supervisor. Unanticipated leave approval and recording must occur immediately after use. The leave records of one professional employee were reviewed for completeness and proper record keeping procedures. We reviewed 19 leave requests to determine whether the requests were properly completed and approved. Our review noted the following.

1. Eleven of 12 annual leave requests were not approved in advance.
2. Two of two furlough leave days were not approved in advance.

For items one and two, we recommend leave requests be completed by the employee and approved by a supervisor in advance.

NSC agrees with the audit finding and recommendation.

Correction: NSSA Business Manager, Dr. Jerica Turek, completes all annual and furlough leave requests in advance, and the Vice President for College Relations, Dr. Spencer Stewart, now approves them in advance as well. In November 2013, the NSC Human Resources Office introduced an online leave program, which simplifies the request and approval process.

Prevention and Monitoring: The NSSA Business Manager, Dr. Jerica Turek, has taken responsibility for this item. In addition to the above action, this process is also reviewed by the NSC Human Resources Office to assure adherence to the established procedure.

3. Four of four sick leave requests were not completed and approved in a timely manner upon the employee's return to work.

We recommend the leave request forms be completed upon the employee's return to work.

NSC agrees with the audit finding and recommendation.

Correction: NSSA Business Manager, Dr. Jerica Turek, completes all sick leave requests in a timely manner upon return to work, and the Vice President for College Relations, Dr. Spencer Stewart, now approves them in a timely manner as well. In November 2013, the NSC Human Resources Office introduced an online leave program, which simplifies the request and approval process.

Prevention and Monitoring: The NSSA Business Manager, Dr. Jerica Turek, has taken responsibility for this item. In addition to the above action, this process is also reviewed by the NSC Human Resources Office to assure adherence to the established procedure.

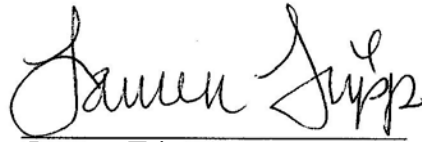
STATEMENT OF REVENUES AND EXPENDITURES

The statement of revenues and expenditures provided below is based on the activity of one auxiliary enterprise account that has been assigned to NSSA. The revenue and expenditure information was obtained from the financial accounting system and is provided for informational purposes only.

	Auxiliary Account
Balance, July 1, 2012	\$ 243,757
Transfers-In	1,928
Revenues	
Tuition & Fees	181,519
Sales & Services	-
Other	-
Total Revenues	181,519
Transfers-Out	11,857
Expenditures	
Salaries	106,227
Travel	498
Operating	131,041
Total Expenditures	237,766
Balance, June 30, 2013	\$ 177,581

The Internal Audit Department appreciates the assistance and cooperation received from the NSC staff during this review.

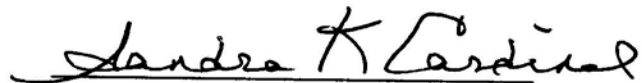
Las Vegas, Nevada
September 24, 2013



Lauren Tripp
Senior Internal Auditor



J. Vito Hite
Internal Audit Manager



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Assistant Vice Chancellor for Internal Audit



January 13, 2014

NEVADA STATE COLLEGE

Mr. Scott Anderson
Internal Audit Manager
Nevada System of Higher Education
2601 Enterprise Road
Reno, Nevada State College

RE: Nevada State Student Alliance Audit July 1, 2012 – June 30, 2013

Dear Scott:

Attached please find NSC's responses to the above referenced audit.

AUDIT: Nevada State Student Alliance

AUDIT PERIOD: July 1, 2012 – June 30, 2013

NUMBER OF FINDINGS: 11

NUMBER OF RECOMMENDATIONS COMPLETELY IMPLEMENTED: 10

Table with 4 columns: NBR., RECOMMENDATION, AGREE, IMPLEMENTED. It lists 11 items with their respective agreement and implementation status.

Thank you and your staff for your thorough review and continued assistance.

Sincerely,

Handwritten signature of Harry E. Neel, Jr.

Harry E. Neel, Jr.
Senior Vice President for Finance and Administration

OFFICE OF FINANCE & ADMINISTRATION

(AUDIT COMMITTEE 02/28/14) Ref. A-9, Page 13 of 13.