

UNIVERSITY OF NEVADA, RENO
HOUSING
Internal Audit Report
July 1, 2012 through September 30, 2013

GENERAL OVERVIEW

The University of Nevada, Reno (UNR) Residential Life, Housing, and Food Services Department (RLHFS) operates and maintains nine residence halls with an approximate capacity of 2,600 residents. The department oversees the general operation of the residence halls, student conduct and safety, residential enrichment programs, summer conferences, and housing agreements and payments. The department has an annual operating budget of approximately \$23.5 million and employs approximately 38 professional and classified employees, as well as nearly 120 student workers.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the RLHFS Department at the University of Nevada, Reno for the period of July 1, 2012 through September 30, 2013. The scope of this review was limited to the housing operations of the department since the food services program was reviewed in a prior audit.

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. Testing controls over the receipt and deposit of funds collected from the program's business activities.

2. Testing department expenditures for reasonableness, supporting documentation, and proper signature approvals.
3. Reviewing procedures for collecting accounts receivable for summer housing conferences and student accounts.
4. Examining equipment inventory for proper accountability.
5. Reviewing leave records, timesheets, and contracts for proper completion and approval.
6. Reviewing security, health and safety procedures related to housing and residential life.

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

CASH CONTROLS

The RLHFS Department collects housing payments and receipts for other housing related activities. We examined the procedures for collecting, processing, storing and depositing the receipts and noted the following exceptions.

Housing Payments

Four employees are responsible for applying housing charges, posting payments, and making adjustments or reversals of housing fees to students' accounts within the student information system. These individuals are also responsible for making deposits of these receipts. In addition, two of the four employees compare the housing information in the department's housing database to the fees and payments posted in the student information system. We noted,

however, that there is not an independent review or proper segregation of duties for these activities.

We recommend that the department develop a process to ensure that employees who apply fees and record financial transactions for deposit in the student information system are independent of those employees who review and reconcile student accounts. We also recommend that the department determine whether it is feasible to develop a summary report of fee adjustment and reversals in the student information system. If this is feasible, we recommend that the information be reviewed by an independent staff member to determine that housing charges are reasonable and appropriate.

Institution Response

Correction:

The department will work collaboratively with the Cashier and Controller offices to develop a process that enables transactions to be reviewed when fees are modified. This effort will also address separation of duties.

Prevention and Monitoring:

Consideration will be given to modifying responsibilities or developing an independent position for determining that charges are reasonable and appropriate. This is anticipated to be completed by September 1, 2014.

Other Housing Receipts

During a review of the department's receipts, we noted four commission and/or rebate checks that were not recorded on the department mail log or time and date stamped upon receipt. Therefore, we were unable to determine whether the items were deposited in a timely manner.

We recommend that all receipts be properly recorded on the log, time and date stamped and deposited according to university policy.

Institution Response

Correction:

All commission and/or rebate checks are now time and date stamped to enable monitoring that deposits are made according to university policy.

Prevention and Monitoring:

The department is in the process of drafting a PDQ for a new position that will include reviewing receipts. Until this position is filled receipts will be reviewed periodically by an independent staff member for compliance with university policy.

SUMMER CONFERENCES

The department coordinates on campus housing and food services for summer conference groups. We selected a sample of five conference files for testing. The files were reviewed to ensure contracts were properly completed, rates for housing and food services were calculated correctly, and supporting documentation was properly maintained. The following exceptions were noted.

1. On two occasions, the meal rate charged was greater than the rate listed in the contract.

We were informed changes to the meal rates occurred but that these changes were not reflected in the contracts with the groups.

We recommend contracts contain the correct pricing information.

Institution Response

Correction:

The Associate Director has been reminded that meal rates charged must be in agreement with those stated in the contract.

Prevention and Monitoring:

The Associate Director is responsible for ensuring changes in meal rates are reflected in contracts. Accuracy will be verified by the Director.

2. For one conference, the occupancy sheet was not maintained. As a result, we were unable to verify the accuracy of the housing and meal charges.

We recommend supporting documents be properly maintained in the conference files.

Institution Response

Correction:

Resident Directors were reminded that supporting documents must be properly maintained in the conference files.

Prevention and Monitoring:

The Associate Director will ensure supporting documents are properly maintained in the conference files.

3. On one occasion, the head count used to calculate food charges was greater than the actual number of people attending the meal in the dining hall.

We recommend greater care be taken when calculating and processing final invoices for summer conferences.

Institution Response

Correction:

This was the result of a keystroke error. The Associate Director will ensure numbers match in the future.

Prevention and Monitoring:

Final invoices are submitted by the Resident Director for review by the Associate Director for accuracy.

FIRE DRILLS

According to the Nevada Revised Statutes (NRS), the Nevada Administrative Code (NAC) and the International Fire Code (IFC), 2006 edition, adopted in NAC 477.281, fire drills are required to be conducted in college and university buildings four times annually and must be documented in accordance with IFC regulations. Records of employee training in fire safety and evacuation plans are also required to be maintained. However, during our review we noted that fire drills were conducted by RLHFS personnel in the residence halls only an annual basis and

records of the drills were not formally documented. We also noted that department training records indicated that five employees did not attend fire safety training.

We recommend the RLHFS Department, in conjunction with university administration, determine the extent to which the regulations set forth in the NRS, NAC and IFC are applicable to the university's residence halls and buildings. Once determined, we recommend the appropriate steps be taken to ensure compliance with the regulations.

Institution Response

Correction:

A university committee under authority of Environmental Health and Safety (EH&S) has been established to ensure university compliance with applicable codes and regulations, as well as maintaining records. Residential Life, Housing and Food Services is now in compliance with the International Fire Code on fire drills.

Prevention and Monitoring:

Residential Life, Housing and Food Services is now a member of the committee and is an ongoing participant. Record keeping is maintained by EH&S.

RESIDENT FILES

We selected a sample of 27 resident files for review. The files were reviewed to determine that the License Agreement Form was properly completed and that other housing forms were maintained in the department's files.

On two occasions, the Consent for Treatment form could not be located. The form is used for students who are under the age of 18 and provides consent by a parent or guardian for medical treatment of the student in the event of an emergency. It should be noted that of the 27 files selected for review, these were the only two residents under the age of 18.

We recommend the department develop a procedure to ensure the Consent for Treatment form is completed and is properly maintained for all residents under the age of 18.

Institution Response

Correction:

After consultation with the Student Health Center, there is no longer a purpose for the consent form to be maintained in the Central Housing Office. All forms received in the Housing Office will be forwarded to the Student Health Center where the form is utilized. The Housing website will be changed to reflect this new process. We anticipate the website will be updated by June 30, 2014.

Prevention and Monitoring:

The summer orientation program will continue to serve as a primary means for parents to complete the consent form. Upon completion of the form it will be forwarded to the Student Health Center. It should be noted that the form was originally (many years ago) intended to assist the health center when under 18 year old residence hall students went to the health center. Now with cell phones and email the Student Health Center can quickly contact the parents or guardians for permission to treat the student if necessary.

EXPENDITURES

We reviewed 126 RLHFS expenditures for proper supporting documentation, approval, reasonableness, and compliance with established purchasing procedures. The following exceptions were noted.

1. On one occasion, a purchasing card transaction was approved by an employee that did not have signature authority on the account charged.

We recommend expenditures be approved by authorized employees.

Institution Response

Correction:

Supervisors have been reminded of their role in the review and approval of purchasing card transactions.

Prevention and Monitoring:

Supervisors are responsible for ensuring purchasing card transactions are approved by authorized employees.

2. On one occasion, an employee was reimbursed on an Employee Travel Expense Form for four days of internet fees, however, only three days of internet fees were assessed by the hotel.

We recommend greater care be taken when reviewing and approving travel claims.

Institution Response

Correction:

Individual staff that travel and their supervisors have been reminded of their role in the accurate submission, review, and approval of travel claims. The employee repaid the internet fees on April 23, 2014.

Prevention and Monitoring:

Supervisors are responsible for review and approval of travel claims.

3. A former department employee was listed as an authorized signer on 17 of the department's accounts. A request to remove the employee from the accounts was not submitted to the Controller's Office until nearly six months after the employee's last day of employment.

We recommend the department develop a process to ensure the signature authority of terminated employees is removed in a timely manner.

Institution Response

Correction:

The department will develop a checklist to enable timely adherence to university procedure upon employee separation. The expected completion date is September 1, 2014.

Prevention and Monitoring:

The Administrative Assistant II responsible for Human Resources is responsible for ensuring adherence to the employee separation checklist.

TELEPHONES

During a review of department telephone lines, we noted there are approximately 45 lines which are no longer in use. We were informed the lines were originally used several years ago in the resident assistant (RA) rooms. However, because of the universal use of cellular telephones, the land lines are no longer used by the RA staff. The telephone hand units were

removed from the RA rooms and are currently in storage. A review of the department's monthly telephone charges indicates a fee of approximately \$900 per month or roughly \$10,800 per year for the unused lines.

We recommend the department work with university administration to determine whether the unused lines could be deactivated so that charges are not incurred. If it is determined that the lines are necessary in the residence halls, we recommend the hand-sets be reconnected so the lines can be used.

Institution Response

Correction:

The unused lines have been deactivated and phones have been returned to IT.

INDEPENDENT CONTRACTORS

We examined a sample of five expenditures for compliance with university independent contractor and guest speaker policies. During our review we noted one Independent Contractor Agreement was completed and approved after services were provided. We also noted that other required documents were submitted after-the-fact and the certificate of insurance form on file for the contractor indicated coverage began after the period of the agreement.

We recommend the Independent Contractor Agreement be completed and approved in advance. We also recommend that required documentation be obtained and submitted to the Controller's Office in advance to ensure proper coverage and compliance with university policy.

Institution Response

Correction:

Resident Directors have been reminded of the requirements and lead time needed for independent contractor documentation approval. Department managers will assist Resident Directors in identifying independent contractors to ensure that university policy is followed.

Prevention and Monitoring:

When a vendor's status is in question, contact will be made with the Controller's Office to identify vendors that are considered independent contractors, enabling timely completion and approval of the necessary documents.

TIMESHEETS

The timesheets of five student employees were reviewed for proper completion, accurate work hours, compliance with the university's student employment policies, and proper approval.

A total of 45 timesheets were reviewed, resulting in the exceptions noted below.

1. One timesheet did not contain supervisory approval.
2. On one occasion, the timesheet was reviewed and approved prior to the end of the pay period and the last shift worked. Thus, a review of the completed timesheet was not performed to ensure that the student and supervisor were in agreement with the hours reported and the supervisor had verified the accuracy of the hours recorded on the timesheet.

For items one and two, we recommend supervisory review and approval be documented upon completion of the total hours worked and recorded on the timesheet.

Institution Response

Correction:

Supervisors have been reminded that all timesheets must be reviewed and approved.

Prevention and Monitoring:

The Accounting Assistant II for leave records is responsible for reviewing timesheets and ensuring they are in compliance with university policy.

LEAVE RECORDS

The leave records of one professional and four classified employees were reviewed to determine whether the records were accurately completed and proper record keeping procedures were followed. The following exceptions were noted.

1. On one occasion an employee's sick leave balance was not carried forward correctly to the following calendar year.

We recommend that the employee's leave record be updated with the correct sick leave balance.

Institution Response

Correction:

The leave record was corrected on April 16, 2014.

Prevention and Monitoring:

The Accounting Assistant II for leave record keeping is responsible to ensure leave balances carried forward are correct.

2. For one employee, annual leave was used before compensatory time earned had been depleted.

We recommend compensatory time balances be depleted before annual leave is used.

Institution Response

Correction:

The supervisor was reminded that compensatory time balances must be used before annual leave is used.

Prevention and Monitoring:

The Accounting Assistant II for leave record keeping is responsible to ensure that compensatory time balances are depleted before annual leave is used.

EQUIPMENT INVENTORY

A review of the equipment inventory assigned to the department was performed to determine whether items listed on the equipment inventory report were physically present and whether there were other items that met the \$5,000 reporting threshold that were not included on the report. Of the three sampled items, the following exceptions were noted.

1. The fixed assets inventory report for the housing division contained nine items that are the responsibility of the food services division.

We recommend the department contact BCN Purchasing to remove the items from the housing report and request the items be added to the correct location code for food services.

Institution Response

Correction:

Property Transfer forms will be submitted to BCN Purchasing to transfer items from the housing report to food services. We anticipate this will be completed by June 30, 2014.

Prevention and Monitoring:

The Assistant Director for Residence Life Support Operations is responsible to review the housing inventory report for accuracy.

2. One item did not contain an asset tag. We were informed that the item is no longer in use and the item was planned to be sent to surplus.

We recommend the department complete the BCN Purchasing Department surplus form and request the item be removed from the fixed asset report.

Institution Response

Correction:

A duplicate asset tag was requested from BCN Purchasing and affixed to the item. A surplus request form was completed on April 15, 2014. BCN Purchasing picked up the item on April 16, 2014.

Prevention and Monitoring:

The Assistant Director for Residence Life Support Operations is responsible for reviewing housing equipment on the annual inventory report.

Sensitive Equipment

1. One item could not be located. We were informed that the item was a computer that may have been sent to BCN Purchasing for surplus. However, the surplus form provided did not include a detailed description or serial number, therefore, it could not positively identified.

We recommend the department determine the disposition of the item and update the sensitive equipment list accordingly. We also recommend that a detailed description be included on surplus request forms that are sent to the BCN Purchasing Department.

Institution Response

Correction:

This computer was purchased March 20, 2009 and is out of warranty and past its 3-year replacement cycle. The computer has been removed from our sensitive items list.

Prevention and Monitoring:

According to new practice future surplus requests to the BCN Purchasing Department will include make, model, and serial number of each computer or piece of equipment to be salvaged. The Assistant Director for Residence Life Support Operations is responsible for maintaining the accuracy of the sensitive equipment list.

2. For one item tested, the sensitive equipment list included an inaccurate model number and was missing the serial number.

We recommend the sensitive equipment list be updated to accurately reflect the item.

Institution Response

Correction:

The model number for the item has been corrected and the serial number has been added to the sensitive equipment list.

Prevention and Monitoring:

The Assistant Director for Residence Life Support Operations is responsible for maintaining the annual sensitive equipment report.

OTHER

The following items were noted during our review; however, they are the responsibility of another campus department.

WORKER'S COMPENSATION

During our review of leave records, we noted one employee received worker's compensation benefits during the audit period. However, the NSHE Worker's Compensation Leave Choice Option form could not be located, therefore, we could not determine the accuracy of the leave time used.

We recommend the Business Center North (BCN) Worker's Compensation Office take greater care maintaining employee worker's compensation records.

Institution Response

Correction:

A Leave Choice Option Form has been obtained from the employee.

Prevention and Monitoring:

A procedure has been implemented to track forms needed for Lost Time Claims that includes the Leave Choice Option form. The Risk Manager will audit lost time workers compensations files on a monthly basis to ensure that Leave Choice Option forms are received and maintained in the file.

PRIOR AUDIT

The prior audit of the UNR Residential Life, Housing and Food Services Department was conducted for the period January 1, 1999 through February 29, 2000. All recommendations from the prior audit have been implemented, are no longer applicable or have already been addressed in this audit.

STATEMENT OF REVENUE AND EXPENDITURES

The statement of revenue and expenditures provided below is based on the activity of the thirty-three auxiliary accounts that have been assigned to the Housing division. The information was obtained from the financial accounting system. The statement is provided for informational purposes only.


	Auxiliary Enterprise Accounts	Totals
Balance July 1, 2012	\$ 18,049,361	\$ 18,049,361
Voluntary Transfers-In	\$ 10,248,048 ¹	\$ 10,248,048
Revenues		
Sales Auxiliary	13,244,486	13,244,486
Other	70,000	70,000
Total Revenues	\$ 13,314,486	\$ 13,314,486
Mandatory Transfers-Out	\$ 4,302,620 ²	\$ 4,302,620
Voluntary Transfers-Out	\$ 13,066,421 ³	\$ 13,066,421
Total Transfers-Out	\$ 17,369,041	\$ 17,369,041
Expenditures		
Salaries	2,146,037	2,146,037
Travel	32,606	32,606
Host	10,709	10,709
Operations	39	39
Housing Operations	3,633,137	3,633,137
Tuition	21,135	21,135
Scholarships	-	-
Equipment	23,913	23,913
Total Expenditures	\$ 5,867,576	\$ 5,867,576
Balance June 30, 2013	\$ 18,375,277	\$ 18,375,277

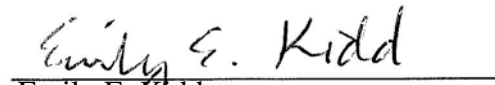
Balance July 1, 2013	\$ 18,375,277	4	\$ 18,375,277
Voluntary Transfers-In	\$ 73,197		\$ 73,197
Revenues			
Sales Auxiliary	7,443,275		7,443,275
Other	30,000		30,000
Total Revenues	\$ 7,473,275		\$ 7,473,275
Mandatory Transfers-Out	\$ 1,654,973	2	\$ 1,654,973
Voluntary Transfers-Out	\$ 59,707		\$ 59,707
Total Transfers-Out	\$ 1,714,680		\$ 1,714,680
Expenditures			
Salaries	1,798,202		1,798,202
Travel	2,904		2,904
Host	13,254		13,254
Operations	-		-
Housing Operations	2,184,730		2,184,730
Tuition	10,100		10,100
Scholarships	-		-
Equipment	17,635		17,635
Total Expenditures	\$ 4,026,825		\$ 4,026,825
Balance September 30, 2013	\$ 20,180,244	4	\$ 20,180,244


- 1 These transactions consist primarily of transfers between housing accounts. In addition, \$25,100 was transferred from the Food Services division to the Housing Central Office to support operations.
- 2 Transfer of funds to pay bond debt.
- 3 These transactions consist of \$10.3 million in transfers between housing accounts. In addition, \$2.4 million was transferred to the Facilities Services division for the design of the new residence hall and \$274,225 was transferred to the Student Services division for housing recruitment and scholarships.
- 4 Balance of funds used to pay for new construction, debt service and operating expenses.

The Internal Audit Department appreciates the cooperation and assistance received from the UNR Residential Life, Housing and Food Service department.

Reno, Nevada
March 31, 2014


Debbie L. Ottaviano
Senior Internal Auditor


Emily E. Kidd
Internal Auditor II


Scott Anderson
Director of Internal Audit



Memorandum

To: Scott Anderson, Director of Internal Audit, NSHE
From: Tom Judy
Date: April 29, 2014
Subject: Housing

The purpose of this memorandum is to transmit the response from Student Life Services to the audit of Housing for the period July 1, 2012 through September 30, 2013.

I have reviewed and concur with all responses.

cc: Marc Johnson, President
Ronald Zurek, Vice President, Administration and Finance
Shannon Ellis, Vice President, Student Services
Gerald Marczynski, Associate Vice President, Student Life Services



HOUSING

AUDIT PERIOD

July 1, 2012 through
September 30, 2013

NUMBER OF RECOMMENDATIONS

25

#	Recommendation	Implemented	Est. Date of Completion
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CASH CONTROLS

1	Recommend the department develop a process to ensure that employees who apply fees and record financial transactions for deposit are independent of those who review and reconcile student accounts.	No	September 1, 2014
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2	Determine whether it is feasible to develop a summary report of fee adjustment and reversals in the student information system.	No	September 1, 2014
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3	If feasible, recommend that the information be reviewed by an independent staff member to determine that housing charges are reasonable and appropriate.	No	September 1, 2014
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4	Recommend that all receipts be properly recorded on the log, time and date stamped and deposited according to university policy.	Yes	
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SUMMER CONFERENCES

5	Recommend contracts contain the correct pricing information.	Yes	
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6	Recommend supporting documents be properly maintained in the conference files.	Yes	
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7	Recommend greater care be taken when calculating and processing final invoices for summer conferences.	Yes	
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FIRE DRILLS

8	Recommend the RLHFS Department, in conjunction with university administration, determine the extent to which the regulations set forth in the NRS, NAC and IFC are applicable to the university's residence halls and buildings.	Yes	
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9	Recommend the appropriate steps be taken and ensure compliance with the regulations.	Yes	
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RESIDENT FILES

10	Recommend the department develop a procedure to ensure the Consent for Treatment form is completed and is properly maintained for all residents under the age of 18.	No	June 30, 2014
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EXPENDITURES

11	Recommend expenditures be approved by authorized employees.	Yes	
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12	Recommend greater care be taken when reviewing and approving travel claims.	Yes	
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13	Recommend the department develop a process to ensure the signature authority of terminated employees is removed in a timely manner.	No	September 1, 2014
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TELEPHONE

14	Recommend the department work with university administration to determine whether the unused lines could be deactivated.	Yes	
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INDEPENDENT CONTRACTORS

15	Recommend the Independent Contractor Agreement be completed and approved in advance.	Yes	
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16	Recommend that required documentation be obtained and submitted to the Controller's Office in advance.	Yes	
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TIMESHEETS

17	Recommend supervisory review and approval be documented upon completion of the total hours worked and recorded on the timesheet.	Yes	
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LEAVE RECORDS

18	Recommend that the employee's leave record be updated with the correct sick leave balance.	Yes	
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19	Recommend compensatory time balances be depleted before annual leave is used.	Yes	
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EQUIPMENT INVENTORY

20	Recommend the department contact BCN Purchasing to remove the items from the housing report and request the items be added to the correct location code for food services.	No	June 30, 2014
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21	Recommend the department complete the BCN Purchasing Department surplus form and request the item be removed from the fixed asset report.	Yes	
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SENSITIVE EQUIPMENT

22	Recommend the department determine the disposition of the item and update the sensitive equipment list.	Yes	
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23	Recommend a detailed description be included on surplus request forms.	Yes	
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24	Recommend the sensitive equipment list be updated to accurately reflect the item.	Yes	
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WORKER'S COMPENSATION

25	Recommend the BCN Worker's Compensation Office take greater care maintaining employee worker's compensation records.	Yes	
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