

.UNIVERSITY OF NEVADA, RENO
HOSTING
Internal Audit Report
July 1, 2013 through June 30, 2014

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, 2013 through June 30, 2014.

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. Examining institutional hosting expenditures for reasonableness, supporting documentation and signature approval.
2. Verifying hosting transactions were in compliance with the hosting policies provided in the Board of Regents' Handbook, the NSHE Procedures and Guidelines Manual and institutional policies.

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 94 host expenditures was reviewed. Of these, no exceptions were noted with 92. The following exceptions were noted with the two remaining transactions.

1. On one occasion, a purchase order was issued “after the fact,” that is, after an invoice for catering services had already been received. NSHE purchasing policies require the submission of a purchase 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

College of Liberal Arts (COLA) agrees with the audit exception.

- **How compliance was achieved.**
After the event the graduate student who had been put in charge of the event attempted to pay Chartwell’s using the purchasing card. Due to the fact that the cost was greater than \$2,000 the card rejected and the student sought advice from the administrative assistant. The administrative assistant informed the student of the need for a purchase requisition. The purchase requisition was prepared and submitted to purchasing. The Dean’s office was aware that the purchase requisition was done after the fact but signed it in order to get the vendor paid. The purchasing requisition was executed in order to comply with purchasing requirements.
- **What will be done to avoid the identified problems and issues in the future.**
All faculty members and graduate students have been made aware of the policy to prepare purchase requisitions in advance of purchases for all expenditures exceeding \$5,000. In addition we are now using the purchasing card for all purchases under \$5,000.
- **How compliance and future good management and practice will be measured, monitored and assured.**
Policies regarding hosting and purchase requisition procedures have been added to the administrative assistant’s desk manual and have been shared with all faculty and graduate students. The Dean approves all hosting documents.

- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise.**
The administrative assistant of the department has advised all faculty that it is their responsibility to inform graduate students of policies and procedures before assigning them tasks. The faculty members are responsible for complying with policy.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.**
All faculty members and graduate students of the department have been made aware of the policy to prepare purchase requisitions in advance of purchases for all expenditures exceeding \$5,000.
- **How compliance and performance will be documented for future audit, management and performance review.**
The Dean's office will continue to approve all host related documents. Effective immediately the Dean's office will prepare written documentation for host and/or purchasing requisition violations.
- **Follow-up Response**
Recommendation completed as noted above.

2. On one occasion, the amount of a hosting expenditure exceeded the maximum cost reflected on the approved host form by over \$3,000.

When the actual cost of a hosting transaction exceeds the authorized maximum cost, we recommend the increased amount of the transaction be approved by the employee who signed and approved the original host form.

Institution Response

College of Agriculture, Biotechnology and Natural Resources(CABNR) agrees with the audit exception.

- **How compliance was achieved.**
The CABNR Fiscal and Human Resources Officer discussed this with the Assistant Fiscal Officer and the Executive Assistant on February 11, 2015. Additionally, the Fiscal and HR Officer sent an email dated February 24, 2015, to all of the Administrative and Accounting staff in the College reminding them that a revised hosting form needs to be routed for approval when the actual cost of a hosting event will exceed the estimated cost.
- **What will be done to avoid the identified problems and issues in the future.**

Currently, there is only one event that has a cost based on actual headcount. This one event is the annual College Spring Awards Dinner for our graduates. In the future, a higher estimate will be used for the hosting form to secure the Purchase Order for the facility deposit and if the actual expense still exceeds the estimate, a revised hosting form will be routed for signature. To avoid any future exceptions, all Administrative and Accounting staff in the College have been reminded of the need for a revised hosting form, and new approvals, if an actual hosting expense exceeds the estimated expense. In addition, a note was added on February 25, 2015 to the event folder to remind staff during planning. On February 25, 2015, the Executive Assistant added an electronic task reminder to her calendar to obtain new hosting approvals if actual headcount for the event exceeds estimates.

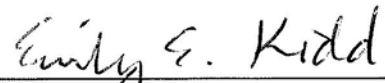
- **How compliance and future good management and practice will be measured, monitored and assured.**
Compliance with the policy will be monitored through review of the event invoice upon its receipt and comparing it to the associated hosting form(s) and Purchase Order(s) by the Assistant Fiscal Officer.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise.**
The Executive Assistant will be responsible for adjusting the estimated costs for the event and obtaining any revised hosting forms if necessary and will be held accountable in the future for any repeat or similar problem.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.**
A discussion of this exception was held between the CABNR Fiscal and Human Resources, the Assistant Fiscal Officer and the Executive Assistant on February 11, 2015. Additionally, the Fiscal and HR Officer sent an email dated February 24, 2015, to all of the Administrative and Accounting staff in the College reminding them that a revised hosting form needs to be routed for approval when the actual cost of a hosting event will exceed the estimated cost. In addition, a note was added on February 25, 2015 to the event folder to remind staff during planning. On February 25, 2015, the Executive Assistant added an electronic task reminder to her calendar to obtain new hosting approvals if actual headcount for the event exceeds estimates.
- **How compliance and performance will be documented for future audit, management and performance review.**
The CABNR fiscal office will review all hosting transactions to assure they comply with policy.
- **Follow-up Response**
Recommendation completed as noted above.

PRIOR AUDIT

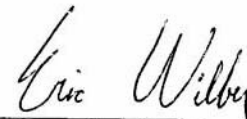
The prior hosting audit at UNR was conducted for the period of July 1, 2011 through June 30, 2012. All recommendations from the prior audit have been implemented, are no longer applicable or have been addressed in this report.

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

Reno, Nevada
February 12, 2015



Emily E. Kidd
Internal Auditor II



Eric Wilber
Senior Internal Auditor



Scott Anderson
Director of Internal Audit

Memorandum

To: Joe Sunbury, Chief Internal Auditor,
Nevada System of Higher Education

From: Tom Judy

Date: September 25, 2015

Subject: Hosting Audit

The purpose of this memorandum is to transmit the follow-up response from the Hosting Audit to the audit for the period July 1, 2013 through June 30, 2014.

I have reviewed and concur with all responses.

cc: Marc Johnson, President
Ronald Zurek, Vice President, Administration and
Finance
Bill Payne, Dean and Director CABNR
Heather Hardy, Dean COLA



AUDIT

Hosting

AUDIT PERIOD

July 1, 2013 through June 30, 2014

NUMBER OF RECOMMENDATIONS

2

#	Recommendation	Implemented	Est. Date of Completion
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Host Expenditure Review

1	We recommend requisitions be completed and submitted to purchasing in advance of purchases, as required.	Yes	
2	When the actual cost of a hosting transaction exceeds the authorized maximum cost, we recommend the increased amount of the transaction be approved by the employee who signed and approved the original host form.	Yes	