

UNIVERSITY OF NEVADA, RENO
INTERCOLLEGIATE ATHLETICS
Internal Audit Report
July 1, 2012 through May 31, 2014

GENERAL OVERVIEW

The University of Nevada, Reno (UNR) Intercollegiate Athletics (ICA) Department provides administrative oversight of the university's athletic programs which consists of six men's and 10 women's sports teams. The teams have competed in the Mountain West Conference since 2012. Department personnel consist of a Director of Athletics who has overall responsibility for the department and approximately 135 additional employees. The department receives revenues through a variety of sources including ticket sales, state appropriations, donations, department events, and food, beverage, and merchandise sales. The department has an annual operating budget of approximately \$23 million.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the ICA Department at the University of Nevada, Reno for the period of July 1, 2012 through May 31, 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. Testing department expenditures for reasonableness, supporting documentation, and proper signature approvals.
2. Reviewing contracts and game guarantees for compliance with Nevada System of Higher Education (NSHE) guidelines.

3. Reviewing departmental accounts for revenues and expenditure activity and preparing a statement of revenues and expenditures.
4. Reviewing the procedures for receiving donations from the UNR Foundation.
5. Examining equipment inventory for proper accountability.
6. Testing volunteer agreements to ensure compliance with established policies.

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

CONTRACTS AND GAME GUARANTEES

The ICA Department enters into a large number of contracts in the course of its business operations. During the audit period, a total of 156 active agreements were identified including 44 game guarantee agreements. We reviewed a sample of nine operating agreements and eight game guarantees for proper completion and adherence to NSHE contract policy. Of the seventeen agreements reviewed, the following exceptions were noted.

1. Three agreements were signed by ICA employees who had not been delegated authority to sign contracts. Two of the agreements were signed by the Director of Athletics who was provided authority to sign ICA related contracts in 2014. The agreements reviewed, however, were signed prior to this time. We also noted the Director of Athletics is not listed as an authorized contract signer in the UNR Administrative Manual. Due to the delegation provided in 2014, as mentioned, the administrative manual should be updated with this information.

We recommend the signing of contracts be performed by authorized employees and that the Director of Athletics be included in the UNR Administrative Manual as an employee who is authorized to sign ICA related contracts.

Institution Response

- *How compliance was achieved.*
On April 22, 2015, we submitted a request to the UNR Administrative Manual Committee through the Provost's Office a request to have the Director of Athletics (AD) added as an employee authorized to sign ICA related contracts. On April 16, 2015, all ICA employees were reminded by e-mail that only authorized employees are permitted to sign contracts.
- *What will be done to avoid the identified problems and issues in the future?*
All contracts are routed through ICA's Business Office to ensure that the contract is directed to the appropriate authorized employee for signature.
- *How compliance and future good management and practice will be measured, monitored and assured.*
The contract process is detailed in ICA's Business Policies Manual and is explained in all new ICA employee orientations. In addition, the process will be reinforced at ICA's all-staff meeting to be held on May 27, 2015.
- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise.*
The Associate AD/Business and Business Manager are responsible for ensuring compliance with the policy.
- *When the measures will be taken and on what schedule compliance and good practice will be secured.*
ICA employees have been reminded of the process by e-mail on April 16, 2015 and in the department's all-staff meeting to be held on May 27, 2015.
- *How compliance and performance will be documented for future audit, management and performance review.*
The Business Office staff continues to educate new ICA employees of the required policy. Additionally, periodic reminders will be sent to all ICA employees.

Follow-up response

After reviewing the contract policy and ICA contract requirements, the University Administration has resolved this as follows. Intercollegiate Athletics no longer has signature authority for contracts. All ICA contracts are forwarded through normal university channels for review and signature.

2. On four occasions, contracts went into effect before they were signed by all related parties.

We recommend contracts be signed by all parties prior to the effective date.

Institution Response

- *How compliance was achieved.*
ICA employees have been reminded by e-mail on April 16, 2015 that contracts cannot be effective until all parties have signed the agreement. This policy will be reinforced at ICA's all-staff meeting to be held on May 27, 2015.
- *What will be done to avoid the identified problems and issues in the future?*
All contracts are routed through ICA's Business Office to ensure that the contract is directed to the appropriate authorized employee for signature.
- *How compliance and future good management and practice will be measured, monitored and assured.*
As part of the contract routing process, ICA's Business Office personnel ensures that the contract effective date does not precede the signing of all required parties to the contract.
- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise.*
The Associate AD/Business and Business Manager are responsible for ensuring compliance with the policy.
- *When the measures will be taken and on what schedule compliance and good practice will be secured.*
ICA employees have been reminded of the policy by e-mail on April 16, 2015. The policy will be addressed again in the department's all-staff meeting to be held on May 27, 2015.
- *How compliance and performance will be documented for future audit, management and performance review.*
The centralization of the contract routing process within ICA's Business Office ensures that all attempts are made to have the required signatures prior to the effective date of any contract.

Follow-up response

Finding completed as noted above.

EXPENDITURES

We reviewed a sample of 253 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 split into two separate transactions.

The total of the transactions exceeded the \$2,000 threshold at which purchase orders are required to be completed.

We recommend purchase orders be completed as required.

Institution Response

- ***How compliance was achieved.***
All employees were reminded by e-mail on April 16, 2015 that the splitting of transactions totaling more than \$4,999 is a violation of purchasing policies. This will be further addressed in an all-staff meeting to be held on May 27, 2015.
- ***What will be done to avoid the identified problems and issues in the future?***
The purchasing process is outlined in ICA's Business Policies Manual and is addressed in all orientations for new ICA employees.
- ***How compliance and future good management and practice will be measured, monitored and assured.***
Employees are reminded through e-mails, staff meetings and direct conversations.
- ***Who will be responsible and may be held accountable in the future if repeat or similar problems arise.***
The Business Office staff is responsible for communicating the policy and ensuring compliance.
- ***When the measures will be taken and on what schedule compliance and good practice will be secured.***
ICA employees have been reminded by e-mail on April 16, 2015 and in an all-staff meeting to be held on May 27, 2015.
- ***How compliance and performance will be documented for future audit, management and performance review.***

The Business Office staff continues to educate new ICA employees on proper purchasing procedures. Additionally, periodic reminders will be sent to all ICA employees.

**Follow-up response
Finding completed as noted above.**

2. The invoice for one transaction included a ship-to location that was not a university address.

We recommend that purchases be shipped to the university as required.

Institution Response

- ***How compliance was achieved.***
Employees were reminded by e-mail on April 16, 2015 that this is not an acceptable practice and that all merchandise must be shipped to the University. The issue will be addressed again in the ICA's all-staff meeting to be held on May 27, 2015.
- ***What will be done to avoid the identified problems and issues in the future?***
As noted above employees have been reminded of the requirement that all merchandise must be shipped to the University and ICA Business Office staff reviews the purchasing card transactions to verify policy is being followed. Employees are reminded periodically via e-mails and all-staff meetings that all merchandise must be shipped to the University
- ***How compliance and future good management and practice will be measured, monitored and assured.***
In the event that an item must be shipped to a different address (i.e. in an emergency when an equipment item must be shipped to a team's competition site), employees have been instructed to submit written documentation with any charges that are submitted to the Controller's office for payment.
- ***Who will be responsible and may be held accountable in the future if repeat or similar problems arise.***
The Business Office staff is responsible for communicating the policy and ensuring compliance.
- ***When the measures will be taken and on what schedule compliance and good practice will be secured.***
Employees were reminded by e-mail on April 16, 2015 and in an all-staff meeting to be held on May 27, 2015.

- *How compliance and performance will be documented for future audit, management and performance review.*
The Business Office staff continues to educate new ICA employees on proper shipping procedures. Additionally, periodic reminders will be sent via e-mail and reviewed in all-staff meetings.

Follow-up response
Finding completed as noted above.

3. On 20 occasions, the travel request and travel claim forms documenting employee travel were not properly completed and/or were not submitted in a timely manner as noted below.
 - On six occasions, travel expenses paid with purchasing cards were not included on the travel claim as required.
 - On five occasions, travel claims were not completed and submitted to the Controller's Office in a timely manner. Three of these involved trips for which travel advances had been issued to an employee that were not settled with a travel claim for at least two months after the travel occurred. University policy requires travel claims to be filed in the Controller's Office within 15 days after travel has occurred.
 - On five occasions, travel requests were not completed and submitted to the Controller's Office until after the travel occurred.
 - On two occasions, an employee's room rate for out-of-state travel exceeded the maximum allowed by the General Services Administrations (GSA). There was no indication on the travel request form that the higher rates were approved.
 - On two occasions, expenses were listed twice on the travel claim. One of these was for meals and one for lodging. As a result, the employees were over-reimbursed for the expenses.

We recommend travel documents be completed in an accurate and timely manner. We recommend a procedure be developed within the department to remind staff of outstanding travel documents and the need to settle outstanding travel advances.

Institution Response

- *How compliance was achieved.*
Employees who were reimbursed twice for the same expense have reimbursed the Department. One was for duplication of per diem (\$32.00) and one for duplication of a hotel charge (\$242.40).

- *What will be done to avoid the identified problems and issues in the future?*
ICA employees have been reminded via e-mail dated April 16, 2015 of the University travel policies. The policies also will be reviewed at an ICA all staff meeting to be held on May 27, 2015. Coaches/staff who prepare travel requests will be reminded and trained, if appropriate, on how to check the GSA rate of hotels prior to the request being processed to determine if a higher rate needs approval. Also, the Business Office staff who review travel requests will be sure this information is provided (hotel name and rate) and the appropriate box is checked if applicable.

- *How compliance and future good management and practice will be measured, monitored and assured.*
The University travel policy is outlined in ICA's Business Policy Manual and is addressed in all new ICA employee orientations. Further, the ICA Business Office has implemented a process for reminding staff of travel claim due dates.

- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise.*
The ICA Business Office personnel are accountable for enforcing compliance with the travel policies.

- *When the measures will be taken and on what schedule compliance and good practice will be secured.*
The travel policies have been reviewed and communicated to ICA personnel through e-mails, staff meetings and direct conversation.

- *How compliance and performance will be documented for future audit, management and performance review.*
ICA Business Office personnel works closely with the coach/staff member who prepares travel requests to be sure that the GSA rate for hotels has been reviewed and noted on the request. Also travel claims are reviewed to ensure

that all documentation is provided with each completed travel claim before submittal to the campus travel office.

Follow-up response
Finding completed as noted above.

4. For three expenditures involving services paid to independent contractors, the independent contractor agreement form was not signed and dated prior to the service date. In addition, one of the forms cited was not completed in its entirety in that the rejection of coverage for worker's compensation form was not notarized as required. We recommend the independent contractor agreement forms and related documents be signed and approved prior to the service date.

Institution Response

- ***How compliance was achieved.***
ICA employees have been reminded via e-mail on April 16, 2015 of the university policy regarding the use of independent contractors. The policy will also be addressed at an ICA all staff meeting on May 27, 2015.
- ***What will be done to avoid the identified problems and issues in the future?***
The independent contractor policy/process is outlined in ICA's Business Policy Manual and is addressed in all new ICA employee orientations.
- ***How compliance and future good management and practice will be measured, monitored and assured.***
The ICA Business Office has identified the areas of operation that are most likely to use independent contractors. Meetings have been held with the individuals responsible for these areas to help ensure compliance with the independent contractor policies.
- ***Who will be responsible and may be held accountable in the future if repeat or similar problems arise.***
ICA Business Office Staff are responsible for communicating the policy and enforcing compliance.
- ***When the measures will be taken and on what schedule compliance and good practice will be secured.***
The independent contractor policies have been reviewed with and communicated to ICA personnel through e-mails, staff meetings and direct conversation.

- *How compliance and performance will be documented for future audit, management and performance review.*
The Business Office staff continues to educate new employees on the independent contractor process. In addition, periodic reminders will be sent to all ICA employees.

Follow-up response
Finding completed as noted above.

TEAM TRAVEL

The ICA Department incurs a significant amount of travel for its athletic teams. We examined 37 team travel transactions that occurred during the audit period to determine whether university and established team travel policies were followed. During this review, we noted one occasion in which Nevada sales tax was charged by and paid to the vendor for a team banquet event. The total amount of tax charged exceeded \$270.

We recommend employees be reminded that vendors should not be charging sales tax on purchases. If the payment of sales tax cannot be avoided at the time a purchase is made, we recommend a credit be subsequently requested from the vendor.

Institution Response

- *How compliance was achieved.*
The vendor who charged Nevada sales tax to the department was contacted several times but refused to refund the sales tax.
- *What will be done to avoid the identified problems and issues in the future?*
The sales tax exemption policy is outlined in ICA's Business Policy Manual and is reviewed at all ICA new employee orientations. Additionally, ICA employees were reminded of the policy in an e-mail dated April 16, 2015 and in an ICA all staff meeting to be held on May 27, 2015. Employees have been instructed to carry the tax exempt letter with them whenever traveling on university business (team travel, recruit travel or admin travel) and to present it to any vendors/hotels, etc. for sales tax exemption. Employees been instructed to avoid vendors who do not cooperate with the tax exempt policy. Instructions have also been issued on how to set up tax exempt accounts for online websites.

- *How compliance and future good management and practice will be measured, monitored and assured.*
ICA Business Office personnel continue to review vendor invoices and purchasing card statements/receipts to ensure that sales tax has not been added.
- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise.*
ICA Business Office provides oversight but employees who pay sales tax will be responsible for having the charges either reversed or be responsible for reimbursing the department.
- *When the measures will be taken and on what schedule compliance and good practice will be secured.*
The university's policy on sales tax has been reviewed with and communicated to ICA personnel through e-mails, staff meetings and direct conversation.
- *How compliance and performance will be documented for future audit, management and performance review.*
The Business Office staff continues to educate new employees regarding the policy on sales tax. In addition, periodic reminders will be sent to all ICA employees.

Follow-up response
Finding completed as noted above.

VOLUNTEERS

During the audit period, the ICA Department utilized approximately 158 volunteers for a variety of coaching, training, and administrative duties. The Business Center North (BCN) Workers' Compensation Office requires university departments to provide volunteers a copy of the NSHE sexual harassment policy. Volunteers must sign and date an acknowledgement form as evidence they received and reviewed the policy. Volunteers are also required to sign a volunteer agreement form. Upon completion the forms are required to be submitted and maintained by the BCN Workers' Compensation Office. In reviewing the paperwork that was completed for ten volunteers, the following exceptions were noted.

1. A volunteer agreement and sexual harassment acknowledgement form was not on file at the BCN Workers Compensation Office for six volunteers.

We recommend that volunteer agreements be provided to the BCN Workers' Compensation Office.

Institution Response

- *How compliance was achieved.*
Volunteer agreements and sexual harassment acknowledgement forms were provided to the BCN Workers' Compensation Office in July, 2014 for three of the six missing volunteer agreements. Two individuals are no longer volunteers and one has become a permanent ICA employee.
- *What will be done to avoid the identified problems and issues in the future?*
All employees were notified of the requirement to have documentation properly prepared on all volunteers by e-mail dated January 16, 2015. An on-line link to the Volunteer Forms was provided in the e-mail. The policy will also be reiterated at ICA's all-staff meeting to be held on May 27, 2015. Additionally, the department has created a data base of all volunteers that can be cross-checked with the Workers' Compensation Office report to ensure completeness of records.
- *How compliance and future good management and practice will be measured, monitored and assured.*
The Workers' Compensation Office forwards a report of volunteers to all departments twice a year which are cross-checked against ICA's volunteer data base. Intercollegiate Athletics also has an annual reporting requirement to the NCAA for a listing of all volunteers.
- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise.*
The Director, ICA Human Resources are responsible for maintaining accurate and up to date volunteer data.
- *When the measures will be taken and on what schedule compliance and good practice will be secured.*
All ICA employees were notified of the proper procedures when adding volunteers to their respective areas of responsibility by e-mail dated January 16, 2015. The policy will also be addressed in ICA's all-staff meeting to be held on May 27, 2015.
- *How compliance and performance will be documented for future audit, management and performance review.*

The Director, ICA Human Resources ensures that the proper documentation is prepared on the front end as each new volunteer is added to the ICA staff. This process includes the transmittal of that documentation to the Workers' Compensation Office. The Director also performs a periodic review of all ICA volunteers since the agreements expire at the end of a two year period.

**Follow-up response
Finding completed as noted above.**

2. One volunteer agreement was not completed until after the individual's start date. BCN policy states work may not begin until a volunteer agreement has been signed detailing the nature of work to be performed and the relationship of the volunteer to the university. We recommend volunteer agreements be fully completed prior to the volunteer's start date.

Institution Response

- ***How compliance was achieved.***
ICA employees were reminded of the policy by e-mails dated January 16, 2015 and April 16, 2015. The issue will also be addressed at an ICA all-staff meeting to be held on May 27, 2015.
- ***What will be done to avoid the identified problems and issues in the future?***
The Director, ICA Human Resources works directly with the employees who are adding a volunteer to their staff to ensure that all paperwork has been completed before the respective volunteer can start.
- ***How compliance and future good management and practice will be measured, monitored and assured.***
In addition to periodic e-mail reminders, staff meetings and direct conversations, the volunteer process is outlined in ICA's Business Policies Manual and is addressed in all new ICA employee orientations.
- ***Who will be responsible and may be held accountable in the future if repeat or similar problems arise.***
The Director, ICA Human Resources are responsible for ensuring that volunteer agreements are fully completed before the volunteer's start date.
- ***When the measures will be taken and on what schedule compliance and good practice will be secured.***

The BCN Volunteer Policy was communicated to all ICA employees by e-mail dated January 16, 2015 and again covered in ICA's all staff meeting to be held on May 27, 2015.

- *How compliance and performance will be documented for future audit, management and performance review.*
Prior to the start of each new fiscal year, the Director, ICA Human Resources provides a listing of volunteers to all ICA personnel to be verified and/or updated. In addition, the Director, ICA Human Resources polls each team's coaching staff prior to the start of their respective seasons for any changes/additions in the status of their volunteers.

Follow-up response
Finding completed as noted above.

EQUIPMENT INVENTORY

A review of the equipment inventory assigned to the ICA 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. We tested each of the 39 items included on the report that were over \$5,000. The following exceptions were noted.

1. Seven items did not have asset tags.

We recommend replacement tags be obtained from the BCN Purchasing Department and affixed to the equipment as required. If it is impractical to affix asset tags to the equipment, we recommend the tags be maintained in a hard copy file with a reference list that includes the asset number, description, and location of each item.

Institution Response

- *How compliance was achieved.*
Replacement asset tags were received from the BCN Purchasing Department and affixed to the seven inventory items.
- *What will be done to avoid the identified problems and issues in the future?*

Employees responsible for their respective inventory items have been instructed to periodically check to make sure inventory tags are still present. If a tag is missing, they report that to the Business Office so a new tag may be obtained.

- *How compliance and future good management and practice will be measured, monitored and assured.*
Business Office personnel does periodic physical inspections to assist in the process of making sure asset tags stay with the asset.
- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise.*
Individuals assigned the responsibility for each asset is responsible for ensuring that asset tags are maintained.
- *When the measures will be taken and on what schedule compliance and good practice will be secured.*
In conjunction with the Annual Fixed Asset Report that was due to the Purchasing Department on April 10, 2015, ICA personnel checked for asset tags while verifying possession of the asset.
- *How compliance and performance will be documented for future audit, management and performance review.*
In addition to checking for missing asset tags during the annual fixed asset review required by the Purchasing Department, ICA Business Office personnel performs periodic spot checks.

Follow-up response
Finding completed as noted above.

2. One item could not be located. We were informed the item (art work), was sold at a fundraising event in March 2014.

We recommend the sale or disposal of equipment be coordinated through the BCN Purchasing Department, as required. We recommend the status of the item be communicated to the purchasing department so it can be removed from the equipment inventory report.

Institution Response

- *How compliance was achieved.*

The appropriate documentation for the sale of the art work and removal from the equipment inventory report was provided to the BCN Purchasing Department on April 10, 2015.

- *What will be done to avoid the identified problems and issues in the future?*
The process for the sale or disposal of any equipment is outlined in ICA's Business Policies Manual and will be addressed in all orientations for new ICA employees.
- *How compliance and future good management and practice will be measured, monitored and assured.*
Employees were reminded of the policy by e-mail on April 16, 2015 and in an employee all staff meeting to be held on May 27, 2015.
- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise.*
The Business Office Staff is responsible for communicating and ensuring compliance with the policy.
- *When the measures will be taken and on what schedule compliance and good practice will be secured.*
ICA's Business Office staff conducts periodic physical checks to ensure the integrity of its fixed asset inventory.
- *How compliance and performance will be documented for future audit, management and performance review.*
ICA employees were reminded by e-mail on April 16, 2015 as to who to contact with respect to any proposed change to ICA's fixed asset inventory.

Follow-up response

Finding completed as noted above.

3. During this review, two department vehicles were observed that did not have "EX" license plates and were not included on the equipment inventory report.

We recommend that the ICA Department work with the purchasing department to register the vehicles as exempt, ensure the vehicles are properly insured, and to include them on the equipment inventory report.

Institution Response

- *How compliance was achieved.*

ICA worked with BCN Purchasing to secure EX license plates for the two department vehicles. ICA received and installed the plates on the vehicles in October, 2014. The vehicles were added to ICA's Fixed Asset Inventory Report by BCN Purchasing.

- *What will be done to avoid the identified problems and issues in the future?*
The same process will be followed should ICA secure any new vehicles in the future. The EX plates will be secured through BCN Purchasing and the vehicle(s) added to ICA's Fixed Assent Inventory Report.
- *How compliance and future good management and practice will be measured, monitored and assured.*
The policy has been added to ICA's Business Office Policy Manual and is covered in all new ICA employee orientations.
- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise.*
ICA's Business Office Staff is responsible for ensuring compliance with the policy.
- *When the measures will be taken and on what schedule compliance and good practice will be secured.*
As necessary, ICA's Business Office Staff will work through BCN Purchasing to ensure proper and timely licensing procedures are followed.
- *How compliance and performance will be documented for future audit, management and performance review.*
ICA employees were reminded by e-mail on April 16, 2015 as to who to contact if a new department vehicle is acquired so the proper licensing procedures will be followed.

Follow-up response
Finding completed as noted above.

Other Equipment

A review of equipment under \$5,000 that is separately tracked by the department was performed. Of eight items examined from ICA's equipment list, each was located without exception. We also verified purchases of equipment under \$5,000 that are required to be inventoried were included on the equipment list. We noted three of five computer purchases reviewed were not on the list.

We recommend equipment purchases under \$5,000 be communicated to the employee responsible for maintaining the equipment list so the list can be properly updated.

Institution Response

- *How compliance was achieved.*
Business Office personnel (Business Specialist) performed a physical check of all equipment currently on the inventory list and updated the list for any new items purchased or replaced.
- *What will be done to avoid the identified problems and issues in the future?*
Employees have been instructed to provide the Business Office the make, model and serial number of all equipment purchased that is deemed other equipment
- *How compliance and future good management and practice will be measured, monitored and assured.*
Business Office personnel reviews all payment transactions (i.e. Purchase Orders, Internal Purchase Orders, Purchasing Card Statements) to ensure that any purchases deemed other equipment are added to ICA's inventory list.
- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise.*
ICA employees are responsible for communicating with Business Office personnel when other equipment items are purchased. The Business Specialist is responsible for maintaining an updated inventory list.
- *When the measures will be taken and on what schedule compliance and good practice will be secured.*
The inventory has been updated and is maintained by the Business Specialist.
- *How compliance and performance will be documented for future audit, management and performance review.*
In addition to communicating the policy to ICA employees via e-mail on April 16, 2015 and in the all-staff meeting to be held on May 27, 2015, Business Office personnel (Business Specialist) reviews all payment documents to ensure any new other equipment items purchased is added to the inventory list.

Follow-up response

Finding completed as noted above.

TRANSFERS FROM THE FOUNDATION

A number of gifts accounts have been established at the UNR Foundation for various donations made to the ICA Department. For some of these accounts, the university has established a corresponding gift account into which the foundation transfers funds on a monthly basis to cover expenses related to the gifts. For other ICA gifts that are held by the foundation, however, a corresponding university gift account does not exist. ICA typically requests a transfer of the funds held in these accounts at the end of each fiscal year. We noted the funds are transferred to four ICA self-supporting accounts including one main account that is used to support athletic administration and several sports programs. According to university policy, funds received from the foundation may only be transferred through established university gift accounts. We also noted the distribution of gift funds in this manner makes it more difficult for foundation and institutional personnel to monitor whether the funds were used in accordance with the gifts' provisions and any donor restrictions, a standard that is addressed by Board of Regents policy.

We recommend university policy be followed regarding transfers of gifts from the foundation to the university. We recommend the ICA Department work with the Controller's Office to establish a university gift account for each ICA related account that is held by the UNR Foundation.

Institution Response

- *How compliance was achieved.*
The University of Nevada, Reno Foundation Board of Trustees approved a policy to not allow the Foundation to transfer funds out of restricted gift accounts. The policy was approved based on audit recommendations.
- *What will be done to avoid the identified problems and issues in the future?*
The University of Nevada, Reno Foundation has established budgeted operating accounts for each ICA restricted gift account.

- *How compliance and future good management and practice will be measured, monitored and assured.*
The University Foundation no longer transfers funds out of restricted gift accounts. Funds now have to be spent directly out of the restricted gift accounts.
- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise.*
The University of Nevada, Reno Foundation Controller and the Associate AD/Business are responsible for complying with the policy.
- *When the measures will be taken and on what schedule compliance and good practice will be secured.*
As of March 25, 2015, budgeted operating accounts for all of ICA's restricted gift accounts were set up. ICA is currently either spending directly out of the restricted gift accounts or transferring related expenses to those accounts via a Journal Voucher.
- *How compliance and performance will be documented for future audit, management and performance review.*
All ICA gift accounts are now budgeted along with all other ICA operating accounts. As a result, all future gift account related expenditures are charged directly to the gift account precluding the need for any future transfer of funds from gift accounts.

Follow-up response
Finding completed as noted above.

PRIOR AUDIT

The prior audit of the UNR ICA Department was conducted for the period of July 1, 2007 through June 30, 2008. 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 18 state, 91 self-supporting, and 40 gift accounts that have been assigned to ICA. The revenue

and expenditure information was obtained from the financial accounting system. The statement is provided for informational purposes only.

	State Accounts	Self- Supporting Accounts	Gift Accounts	Total
Balance July 1, 2012	\$ -	\$ (1,241,141) ²	\$ 34,149	\$ (1,206,992)
Transfers In Total	\$ -	\$ 465,000 ³	\$ -	\$ 465,000
Revenues				
State Appropriations	4,935,594	-	-	\$ 4,935,594
Tuition & Fees Unrestricted	-	2,503,779	-	\$ 2,503,779
Private Gifts & Contracts Unrestricted	-	4,601,277 ⁴	-	\$ 4,601,277
Sales of Educational Activities	-	10,270,782 ⁴	-	\$ 10,270,782
Private Gifts, Grants & Contracts Restricted	-	7,500	793,273	\$ 800,773
Endowment Income Unrestricted	-	2,441	-	\$ 2,441
Total Revenues	<u>\$ 4,935,594</u>	<u>\$ 17,385,779</u>	<u>\$ 793,273</u>	<u>\$ 23,114,646</u>
Transfers Out Total	\$ -	\$ 497,708 ⁵	\$ -	\$ 497,708
Expenditures				
Salaries	1,215,323	7,291,503	34,747	\$ 8,541,573
Travel	1,663	102,735	6,865	\$ 111,263
Host	-	60,237	5,387	\$ 65,624
Operations	3,566	29	8,430	\$ 12,025
ICA Operations	3,714,601	10,513,635	716,904	\$ 14,945,140
Tuition	-	34,415	-	\$ 34,415
Equipment	-	-	20,940	\$ 20,940
Total Expenditures	<u>\$ 4,935,153</u>	<u>\$ 18,002,554</u>	<u>\$ 793,273</u>	<u>\$ 23,730,980</u>
Balance June 30, 2013	<u>\$ 441</u> ¹	<u>\$ (1,890,624)</u>	<u>\$ 34,149</u>	<u>\$ (1,856,034)</u>

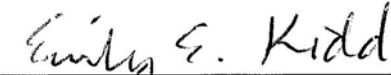
Balance July 1, 2013	<u>\$ -</u>	<u>\$ (1,890,624)</u>	<u>\$ 34,149</u>	<u>\$ (1,856,475)</u>
Transfers In Total	<u>\$ -</u>	<u>\$ 641,817</u> ³	<u>\$ -</u>	<u>\$ 641,817</u>
Revenues				
State Appropriations	4,965,230	-	-	\$ 4,965,230
Tuition & Fees Unrestricted	-	2,478,311	-	\$ 2,478,311
Private Gifts & Contracts Unrestricted	-	4,158,254	-	\$ 4,158,254
Sales of Educational Activities	-	10,193,072	-	\$ 10,193,072
Private Gifts, Grants & Contracts Restricted	-	-	468,985	\$ 468,985
Endowment Income Unrestricted	-	2,236	-	\$ 2,236
Total Revenues	<u>\$ 4,965,230</u>	<u>\$ 16,831,873</u>	<u>\$ 468,985</u>	<u>\$ 22,266,088</u>
Transfers Out Total	<u>\$ -</u>	<u>\$ 880,960</u> ⁵	<u>\$ 40,029</u>	<u>\$ 920,989</u>
Expenditures				
Salaries	1,267,935	7,537,671	80,798	\$ 8,886,404
Travel	31	81,962	8,023	\$ 90,016
Host	-	33,342	18,900	\$ 52,242
Internal Sales & Service	-	(54,560)	-	\$ (54,560)
Operations	3,626	(1,477)	-	\$ 2,149
ICA Operations	3,693,794	10,715,663	355,379	\$ 14,764,836
Tuition	-	9,504	-	\$ 9,504
Equipment	-	14,854	-	\$ 14,854
Total Expenditures	<u>\$ 4,965,386</u>	<u>\$ 18,336,959</u>	<u>\$ 463,100</u>	<u>\$ 23,765,445</u>
Balance June 30, 2014	<u>\$ (156)</u> ¹	<u>\$ (3,634,853)</u>	<u>\$ 5</u>	<u>\$ (3,635,004)</u>

- 1 According to the UNR Office of Planning, Budget, and Analysis, the balance of state funds as of June 30, 2013 represents funds that were reverted to the state. The deficit balance as of June 30, 2014 was combined and balanced with activity in other state-funded accounts.
- 2 Balance reflects \$1,340,000 adjustment. We were informed by the UNR Controller's Office that an adjustment of (\$1,340,000) was made to the ICA General Revenue account balance in FY 2012-13 due to pledges received at the UNR Foundation that could not be counted as ICA revenue. This transaction was subsequently deemed to be in error so the amount was reversed from the account in FY 2014-15.
- 3 Transfers for fiscal year 2012-13 include those received from other university accounts including \$350,000 from unrestricted investment income, \$50,000 from General Improvement Fees, \$13,242 from sports medicine complex rental, and \$51,758 from property acquisition accounts. Transfers for fiscal year 2013-14 consist of \$355,057 in internal department transfers, including \$40,029 from gift accounts. The remaining transfers were received from other university accounts including \$151,000 from Activities and Programs student fees, \$50,000 from General Improvement Fees, \$41,728 from NCAA Minimum Eligibility, \$2,813 from ASUN, and \$1,190 from UNR Extended Studies accounts.
- 4 Revenue for fiscal year 2012-13 includes accounts receivable of \$4,308,202 from the UNR Foundation and \$350,000 from the Athletic Association of the University of Nevada (AAUN) that was received and posted in the following fiscal year. Revenue for fiscal year 2013-14 includes accounts receivable of \$6,670,723 from the UNR Foundation that was received and posted in the following fiscal year.

- 5 Transfers for fiscal year 2012-13 include those made to other university accounts including \$487,352 to pay bond debt and \$10,356 for various ICA operating expenses. Transfers for fiscal year 2013-14 consist of \$355,057 in internal department transfers and transfers made to other university accounts including \$515,630 to pay bond debt and \$10,273 for various ICA operating expenses.

The Internal Audit Department appreciates the cooperation and assistance received from the UNR Intercollegiate Athletics Department.

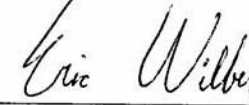
Reno, Nevada
March 23, 2015



Emily E. Kidd
Internal Auditor II



Debbie L. Ottaviano
Senior Internal Auditor



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: Intercollegiate Athletics audit response

The purpose of this memorandum is to transmit the response from Intercollegiate Athletics to the audit for the period July 1, 2012 through May 31, 2014.

I have reviewed and concur with all responses.

cc: Marc Johnson, President
Ronald Zurek, Vice President, Administration and
Finance
Doug Knuth, Special Assistant to President and Director of Athletics
John Nunn, Associate Athletic Director, Business



AUDIT

Intercollegiate Athletics

AUDIT PERIOD

July 1, 2012 through May 31, 2014

NUMBER OF RECOMMENDATIONS

14

#	Recommendation	Implemented	Est. Date of Completion
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Contract and Game Guarantees

1	We recommend the signing of contracts be performed by authorized employees and that the Director of Athletics be included in the UNR Administrative Manual as an employee who is authorized to sign ICA related contracts.	Yes	
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2	We recommend contracts be signed by all parties prior to the effective date.	Yes	
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Expenditures

3	We recommend purchase orders be completed as required.	Yes	
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4	We recommend that purchases be shipped to the university as required.	Yes	
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5	We recommend travel documents be completed in an accurate and timely manner. We recommend a procedure be developed within the department to remind staff of outstanding travel documents and the need to settle outstanding travel advances.	Yes	
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6	We recommend the independent contractor agreement forms and related documents be signed and approved prior to the service date.	Yes	
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Team Travel

7	We recommend employees be reminded that vendors should not be charging sales tax on purchases. If the payment of sales tax cannot be avoided at the time a purchase is made, we recommend a credit be subsequently requested from the vendor.	Yes	
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Volunteers

8	We recommend that volunteer agreements be provided to the BCN Workers' Compensation Office.	Yes	
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9	We recommend volunteer agreements be fully completed prior to the volunteer's start date.	Yes	
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Equipment Inventory

10	We recommend replacement tags be obtained from the BCN Purchasing Department and affixed to the equipment as required. If it is impractical to affix asset tags to the equipment, we recommend the tags be maintained in a hard copy file with a reference list that includes the asset number, description, and location of each item.	Yes	
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11	We recommend the sale or disposal of equipment be coordinated through the BCN Purchasing Department, as required. We recommend the status of the item be communicated to the purchasing department so it can be removed from the equipment inventory report.	Yes	
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12	We recommend that the ICA Department work with the purchasing department to register the vehicles as exempt, ensure the vehicles are properly insured, and to include them on the equipment inventory report.	Yes	
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Other Equipment

13	We recommend equipment purchases under \$5,000 be communicated to the employee responsible for maintaining the equipment list so the list can be properly updated.	Yes	
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Transfers from The Foundation

14	We recommend university policy be followed regarding transfers of gifts from the foundation to the university. We recommend the ICA Department work with the Controller's Office to establish a university gift account for each ICA related account that is held by the UNR Foundation.	Yes	
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