

UNIVERSITY OF NEVADA, LAS VEGAS  
HOSTING  
Internal Audit Report  
January 1, 2013 through March 31, 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, Las Vegas (UNLV) for the period of January 1, 2013 through March 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. 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 recommendation would further improve compliance with established policies.

## HOSTING EXPENDITURES

A sample of 81 host expenditures was reviewed. The following exceptions were noted.

1. Proper signature authority was not obtained for sixteen host transactions. NSHE policy requires hosting expenditures to be approved by an individual with delegated signature authority including the president, vice president, dean, or direct reports to the president. UNLV management indicated that verbal approval was obtained from these individuals to incur host expenses for specific events.

We recommend the required approval be supported by a hosting form or an e-mail retained in the file.

### **Institution Response**

**We agree with this recommendation. These 16 transactions totaled \$3804 (9.9% of total transactions reviewed).**

- **What will be done to avoid the identified problems and issues in the future.**  
**In addition to the verbal approval noted, the transactions were also ‘pre-approved’ by an authorization for a specific p-card holder to incur host expenses on the Dean’s host account, and/or were approved by a delegate of the Dean (such as an Assistant/Associate Dean, etc.) and the Dean is responsible for monitoring the activity in the Dean’s host account such that in the unlikely event unauthorized activity would occur, the Dean would identify such timely. Nonetheless, we agree with the finding as the policy is clear with respect to required approvals and so we have discontinued the use of the ‘pre-approval’ on the p-card account form and the p-card user manual and training materials will be updated (as part of our regular, annual review and update of these materials) to specify that each hosting transaction be specifically approved and approval document by the host form or similar method (such as email approval) that captures both Dean (or above) approval and all required**

host documentation. Documented approval at the appropriate signature level is now being collected for each of the transactions that are the subject of this finding and this is expected to be completed by the end of October.

- How compliance and future good management and practice will be measured, monitored, and assured. Documentation will be retained in the department p-card file for all p-card transactions and in the Accounts Payable department for all other transactions which are processed centrally.
- Who will be responsible and may be held accountable in the future if repeat or similar problems arise. For p-card transactions, p-card holders and their reviewing supervisors are primarily responsible for transaction documentation, including appropriate signature authority. The p-card program administrator is responsible for updating the program manual and the adequacy of the training materials. For transactions processed through Accounts Payable, the Assistant Controller for Accounts Payable reviews all host transactions to assure policy compliance.
- When the measures will be taken and on what schedule compliance and good practice will be secured. Documented approval by the Dean is now being collected for each of the transactions that are the subject of this finding and this is expected to be completed by the end of October. The p-card user manual and training materials will be updated (as part of our regular, annual review and update of these materials) by January 2015.
- How compliance and performance will be documented for future audit, management and performance review. Documentation will be retained in the department p-card file for all p-card transactions and in the Accounts Payable department for all other (centrally processed) transactions.

We respectfully request that this item be closed.

#### FOLLOW-UP RESPONSE

Documentation from the deans was received by October 30, 2014. Updates to the PCard Manual were completed as of November 7, 2014.

We respectfully request that this item be closed.

2. Five instances were noted in which general operating expenditures were improperly classified as host expenditures.

We recommend greater care be taken to ensure hosting expenditures are properly classified.

#### **Institution Response**

We agree with this recommendation. These five transactions totaled \$751 (1.9% of total transactions reviewed).

- **What will be done to avoid the identified problems and issues in the future. We do wish to note that in each case the Pcardholder erred on the side of caution, which ensured that expenditures were classified in the more restrictive manner. The instances noted in the finding are p-card transactions and as such, the account coding is not centrally reviewed. The p-card unit will be updating the program manual and training materials (as part of our regular annual review and update of these materials) to reinforce the proper classification of hosting transactions. In addition, the campus has expanded oversight of the p-card program with both targeted and random review of transaction activity by both p-card program staff and campus audit staff. This additional oversight will provide an opportunity for sampled transactions to identify ongoing transaction classification issues that may require additional training updates in addition to providing the opportunity to correct any transaction classification errors that are identified.**
- **How compliance and future good management and practice will be measured, monitored, and assured. The additional oversight mentioned above will provide opportunity to assess the effectiveness of p-card program training and departmental oversight.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise. For p-card transactions, p-card holders and their reviewing supervisors are primarily responsible for the accuracy of transaction coding; however the p-card program administrator is responsible for adequacy of the program manual and training materials.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured. The additional oversight procedures by the p-card unit and campus audit are already in place. Training materials are in process of being updated as part of our regular annual review and update of these materials which will be complete by January 2015.**
- **How compliance and performance will be documented for future audit, management and performance review. The p-card training program will be updated and the additional oversight mentioned above will provide opportunity to assess the effectiveness of p-card program training and departmental oversight.**

We respectfully request that this item be closed.

#### **FOLLOW-UP RESPONSE**

**Updates to the PCard Manual were made as of November 7, 2014, and include changes to the appropriate training materials.**

**We respectfully request that this item be closed.**

3. On two occasions, supporting documentation was inadequate. This included one hosting transaction for which there was not a vendor receipt and another that was missing an agenda for a department meeting.

We recommend receipts be obtained from vendors and maintained with the supporting documentation and meeting agendas be retained for department meetings.

### **Institution Response**

**We agree with this recommendation. These two transactions totaled \$288 (0.7% of total transactions reviewed).**

- **What will be done to avoid the identified problems and issues in the future. One of the two instances noted was a p-card transaction with missing receipt documentation. The department has been notified and the cardholder's supervisor has reviewed the transaction information available from the p-card statement and the department has been reminded of our procedure that provides for documentation of a missing receipt with an 'Affidavit of Missing Receipt' which has been completed with appropriate approval and will be retained in the department p-card file. As noted previously, the p-card training program manual and training materials are being updated (as part of our annual review and update of these materials) to address the host audit findings and documentation requirements will be reviewed in this process. The second incident noted involved staff from two UNLV departments that held a hosted meeting but failed to include a copy of the meeting agenda in the host reimbursement request. The department has provided documentation of the subject matter of the meeting, but not a specific meeting agenda. The Accounts Payable staff will ensure department meeting host activities are adequately documented with a meeting agenda.**
- **How compliance and future good management and practice will be measured, monitored, and assured. All host transactions paid through Accounts Payable are monitored for proper coding and documentation requirements in accordance with the host policy.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise. For p-card transactions, p-card holders and their reviewing supervisors are primarily responsible for retaining transaction documentation. For transactions processed through Accounts Payable, the Assistant Controller for Accounts Payable reviews all host transactions to assure compliance.**

- **When the measures will be taken and on what schedule compliance and good practice will be secured. Transactions that are the subject of this finding have been corrected as noted above and specific staff training to address this finding has already been completed.**
- **How compliance and performance will be documented for future audit, management and performance review. Accounts Payable documentation is reviewed as each transaction is processed and this documentation is retained in Accounts Payable for audit. Departments are responsible for retaining transaction documentation for all p-card transactions.**

**We respectfully request that this item be closed.**

#### **FOLLOW-UP RESPONSE**

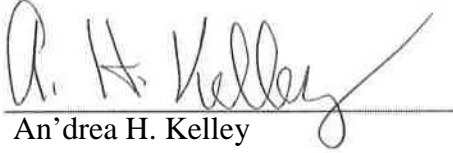
**This recommendation was fully implemented at the time of the initial responses.**


#### **PRIOR AUDIT**


The prior hosting audit at UNLV was conducted for the period of July 1, 2008 through June 30, 2010. 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 assistance and cooperation received from UNLV personnel during this review.

Las Vegas, Nevada  
September 19, 2014

  
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Director of Internal Audit



**AUDIT:** FY14 Hosting

**AUDIT PERIOD:** 01/01/2013 – 03/31/2014

**NUMBER OF FINDINGS:** 3

**NUMBER OF RECOMMENDATIONS IMPLEMENTED:** 3

Nbr	Finding	Agree	Implemented	Est Date of Completion
1	Dean's approval not included in documentation	Yes	Yes	
2	Operating expenses classified as hosting	Yes	Yes	
3	Supporting documentation missing	Yes	Yes	