

GREAT BASIN COLLEGE
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 Great Basin College (GBC) 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 21 host expenditures was reviewed. Of these, no material exceptions were noted with twelve. The following exceptions were noted with the nine remaining transactions.

1. Two expenditures involved cash awards given to retiring employees. We noted the cash awards were not reflected in the employees' payroll records.

According to the Internal Revenue Service, if an employer provides an employee with a cash award, a gift certificate, or similar item that can easily be exchanged for cash, the value of the award or gift is considered additional taxable salary or wage regardless of the amount involved.

We recommend the transactions mentioned be reported to the Business Center North (BCN) Payroll Department. In the future, we recommend these types of transactions be disallowed or that a procedure for reporting them to the payroll department be established.

Institution Response

- **To avoid the identified problems and issues in the future, retirement cash awards, miscellaneous cash awards, gift certificates and any other type of gift with a monetary value will be processed through the BCN Payroll Department. The Human Resources office will initiate the process by preparing a memo with an explanation of what the award is for and the dollar amount. The memo will then be sent electronically for payroll processing. GBC notified BCN of all retirement cash awards that were issued in 2014 and they were included in the employees' 2014 W-2 forms.**
- **Compliance and future good management and practice will be measured, monitored and assured by ensuring that all future retirement cash awards are processed only through the BCN Payroll office. Additionally, the Controller's Office has been notified of this new process and staff will alert the Vice President for Business Affairs in the event a request for check is received for any type of a cash award, gift certificate, or similar item that can be exchanged for cash.**
- **The Vice President for Business Affairs will be responsible and may be held accountable in the future if repeat or similar problems arise.**

- **Implementation of the new measures became effective in December 2014 after receiving recommendation during the audit process and notification to the appropriate departments.**
 - **Compliance and performance will be documented for future audit, management and performance review by ensuring that the BCN Payroll office is notified and involved in any cash awards, gift certificates, or similar items that can be exchanged for cash that are approved for payment to employees.**
2. One host form did not contain an approval signature.
 3. On three occasions, large groups attending hosting events were not identified on the host form.

For items three and four, we recommend host forms be properly approved and completed in their entirety.

Institution Response

- **To avoid the identified problems and issues in the future, Senior Administration met and reviewed the audit and recommendations. The administrators were agreeable to being more careful in reviewing forms for completeness and accuracy before providing their signature for approval.**
 - **Compliance and future good management and practice will be measured, monitored and assured by utilizing a newly created Host Form Process Checklist to ensure that all requirements for host expenses have been met and the proper paperwork, explanations, and signatures are accurate before processing for payment. The previous Host Expense Form was updated and is now easier to understand and complete.**
 - **The Vice President for Business Affairs will be responsible and may be held accountable in the future if repeat or similar problems arise.**
 - **Implementation of the new measures became effective in March 2015 after completion of the new forms and after communication with senior administrators, their assistants, and Controller's Office staff.**
 - **Compliance and performance will be documented for future audit, management and performance review by ensuring that forms are complete and include the proper documentation and signature approvals.**
4. A hosting expenditure was processed on a Departmental Purchase Order (DPO) that exceeded the \$2,000 transaction limit for DPO's.

We recommend purchase orders be prepared for transactions of \$2,000 and greater, as required.

Institution Response

- **To avoid the identified problems and issues in the future, the Purchasing Department at BCN was contacted to verify the appropriate uses for processing a DPO marked as a Request for Check. Future transactions for functions and/or services that exceed \$2,000 will only be processed by means of preparing an RX which will allow BCN Purchasing to issue a PO to the vendor. Additionally, minor wording changes are being made to the DPO Form so there is no confusion as to the maximum dollar limit a DPO can be processed for.**
- **Compliance and future good management and practice will be measured, monitored and assured by providing regular training to faculty and support staff on the proper uses of DPOs, RXs, etc. Training sessions are provided and updated procedures are reviewed annually for all support staff and other personnel, or when new employees are hired on a one-on-one basis.**
- **The Vice President for Business Affairs will be responsible and may be held accountable in the future if repeat or similar problems arise.**
- **Implementation of the new measures became effective in March 2015.**
- **Compliance and performance will be documented for future audit, management and performance review by requiring an RX for all purchases that exceed \$2,000.**

5. Two hosting expenditures were charged to accounts that were not approved for hosting activity by the institution.

We recommend hosting transactions be charged to properly authorized host accounts.

Institution Response

- **To avoid the identified problems and issues in the future, a list of host-eligible accounts was created and distributed to the Controller's Office and support staff.**
- **Compliance and future good management and practice will be measured, monitored and assured by verifying the account number being used to charge a host expense is listed on the host-eligible list of accounts.**
- **The Vice President for Business Affairs will be responsible and may be held accountable in the future if repeat or similar problems arise.**
- **Implementation of the new measures became effective March 2015.**
- **Compliance and performance will be documented for future audit, management and performance review by reviewing host-eligible accounts and expenses with staff annually or when new employees are hired on a one-on-one basis.**

6. On three occasions, hosting expenditures were incorrectly coded as non-hosting expenses.

As a result, a hosting form was not completed for the transactions.

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

Institution Response

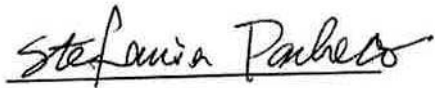
- **To avoid the identified problems and issues in the future, the Vice President for Business Affairs met and reviewed host-eligible expenses with Controller's Office staff. A second staff member will also review processed host expenses for accuracy and completeness.**
- **Compliance and future good management and practice will be measured, monitored and assured by utilizing a newly created Host Form Process Checklist to ensure that all requirements for host expenses have been met and the proper paperwork, explanations, and signatures are accurate before processing for payment.**
- **The Vice President for Business Affairs will be responsible and may be held accountable in the future if repeat or similar problems arise.**
- **Implementation of the new measures became effective March 2015.**
- **Compliance and performance will be documented for future audit, management and performance review by requiring an additional staff member to review the processed host expenses for accuracy and completeness. Staff turnover was an issue during the time frame being audited and recent training processes including the Host Form Process Checklist that have been implemented should eliminate future errors.**

PRIOR AUDIT

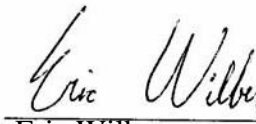
The prior hosting audit at GBC was conducted for the period of July 1, 2005 through June 30, 2006. All recommendations from the prior audit have been implemented, are no longer applicable or have been addressed in this report.

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

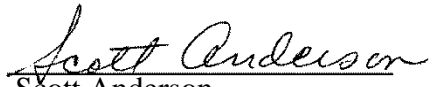
Reno, Nevada
February 19, 2015



Stefania Pacheco
Internal Auditor II



Eric Wilber
Senior Internal Auditor



Scott Anderson
Director of Internal Audit



MEMORANDUM

Vice President for Business Affairs

TO: Scott Anderson, Interim Director of Internal Audit

FROM: Sonja Sibert, Vice President for Business Affairs

SUBJECT: Audit Response for Great Basin College Hosting Audit, July 1, 2013 to June 30, 2014

DATE: March 17, 2015

Nbr	Finding	Agree	Implemented	Est Date of Completion
1	Report employee cash retirement awards to the BCN Payroll Department and develop a procedure for reporting future cash awards to the BCN Payroll Department.	Yes	Yes	December/2014
2	Ensure host forms are properly approved and completed in their entirety.	Yes	Yes	March/2015
3	Ensure host forms are properly approved and completed in their entirety.	Yes	Yes	March/2015
4	Prepare purchase orders for transactions of \$2,000 and greater.	Yes	Yes	March/2015
5	Charge hosting transactions to properly authorized host accounts.	Yes	Yes	March/2015
6	Ensure hosting expenditures are properly coded and hosting forms are completed.	Yes	Yes	March/2015

HOST FORM PROCESS CHECKLIST

For Controller's Office use only

- ❖ Check account to see if it is a Host account (list attached) then follow below
- ❖ Verify Authorized Signature on DPO/Host Form/Journal Voucher(JV)

If the purchase is an SGA Host account:

- ✓ Host form should be signed and filled out completely.
- ✓ SGA or Student Club APPROVED minutes must be attached outlining the purchase, the dollar amount, and date of event.
- ✓ Check receipts to verify only approved items were purchased.
- ✓ If non-food items are purchased verify if it needs to go to the 30-98 account for student activities. Also ensure the Non-Food box on the host form is checked.
- ✓ If gift cards are purchased, the winners need to be entered into the gift card spreadsheet for tracking.

If the purchase is a Club account:

- ✓ Host form should be signed and filled out completely.
- ✓ Club APPROVED meeting minutes must be attached outlining the purchase, the dollar amount, and date of event.
- ✓ Check receipts to verify only approved items were purchased.
- ✓ JV must be completed, signed by an authorized signer, and show a debit to the Club account and a credit to the SGA Host account.

If the purchase is for a GBC meeting:

- ✓ Host form must be signed and filled out completely.
- ✓ Receipt/Invoice attached before payment processed.

If any sections of host form, JV, or DPO are not complete, send back to support staff to correct.

**Great Basin College
Host Expense Documentation and Approval**

(MUST be attached to the request for payment form or pcard statement with original receipts.)

Date of Event:	
Name and Description of Event:	
Location of Event: (City & State)	
Estimated dollar (\$) amount of Event:	

Occasion/Other

<input type="checkbox"/> Breakfast	<input type="checkbox"/> Snacks for Meeting
<input type="checkbox"/> Lunch	<input type="checkbox"/> Non-Food – Please specify:
<input type="checkbox"/> Dinner	

REQUIRED – Names of Individuals Hosted/Attended

Attach meeting minutes/agenda if applicable (See NSHE Procedure Manual, Chapter 5, Section 1)

If more than 10 participants are being hosted, provide the types of attendees
(faculty, staff, community members, students, parents, donors, etc.)

If less than 10 attendees, list below. Check the box if the attendees are GBC employees.

Name & Business Relationship	Name & Business Relationship
<input type="checkbox"/> 1	<input type="checkbox"/> 6
<input type="checkbox"/> 2	<input type="checkbox"/> 7
<input type="checkbox"/> 3	<input type="checkbox"/> 8
<input type="checkbox"/> 4	<input type="checkbox"/> 9
<input type="checkbox"/> 5	<input type="checkbox"/> 10

Approval and Payment Method

Department: _____ Contact: _____ Phone: _____

Payment Method: Employee Reimbursement Vendor Payment DPO# _____
 Purchasing Card Last 4 digits # _____

Approved by: _____
 (Print Name of Vice President or Higher Authority)

Authorized Signature: _____ Date: _____