

UNIVERSITY OF NEVADA, RENO
LAKE TAHOE MUSIC CAMP
Internal Audit Report
July 1, 2012 through December 31, 2013

GENERAL OVERVIEW

The Lake Tahoe Music Camp (LTMC) is a one week summer program that is offered annually through the University of Nevada, Reno (UNR) Extended Studies division. LTMC is held at the Nevada State 4-H Camp in Stateline, Nevada for student musicians in grades six through twelve. Students receive small group instruction and can participate in concert bands, jazz bands, choir and a variety of wind and percussion chamber ensembles. Limited private lessons are also available for an additional fee. The program is under the direction of two university faculty members who are responsible for the development, oversight and administration of the camp. There are also approximately 24 temporary positions and 16 volunteers that provide instruction and assistance in running the program. During 2012 and 2013, the program enrolled nearly 190 students and collected approximately \$100,000 in registration fees per year.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of Lake Tahoe Music Camp program for the period of July 1, 2012 through December 31, 2013.

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 received from business activities.

2. Reviewing course files for adequate documentation.
3. Testing expenditures for reasonableness, supporting documentation, and proper approval.
4. Reviewing employee leave records for proper completion and approval.
5. Examining equipment inventories for proper accountability.
6. Reviewing employee access to the mainframe applications and the internal computer application that is used by the division.

In our opinion, we can be reasonably assured that Lake Tahoe Music Camp program is operating in a satisfactory manner. However, implementation of the following recommendations would further improve operations.

NEPOTISM

During this review, we were informed that the Assistant Camp Director is the spouse of the Camp Director. According to state, NSHE, and UNR nepotism policies; reporting structures of this type are prohibited when there is a direct line of authority between relatives within the third degree of consanguinity. Exceptions to this requirement must have prior written approval of the employing authority stating the manner in which conflicts of interest will be ameliorated or managed. Although we were informed that a direct reporting line does not exist between the employees noted, no documentation was provided to indicate the above process was followed.

We recommend that established nepotism policies be followed.

Institution Response

- *Describe how compliance was achieved.*

Duties have been split between the Camp Director and the Assistant Camp Director, and they report to the Assistant Director of Programming for the School of the Arts. There is no direct line of authority between them.

- *Explain what will be done to avoid the identified problems and issues in the future.*

We submitted a letter requesting an exception to policy to UNR Human Resources (HR) on July 11, 2014 for future camps.

- *Describe how compliance and future good management and practice will be measured, monitored and assured.*

Compliance was measured by submitting the letter requesting exception to policy to HR on July 11, 2014.

- *Explain who will be responsible and may be held accountable in the future if repeat or similar problems arise.*

The Assistant Director of Programming for the School of the Arts and the Manager of Human Resources for Extended Studies are responsible for monitoring compliance with policy.

- *Explain when the measures will be taken and on what schedule compliance and good practice will be secured.*

The letter was submitted on July 11, 2014. The organizational chart was updated to reflect the lines of authority.

- *Describe how compliance and performance will be documented for future audit, management and performance review.*

A copy of the approved exception letter will be included in the program file documenting the current exception.

Follow-up Response:

A copy of the exception letter was obtained and is included in the program file documenting the exception.

EXPENDITURES

We reviewed 24 expenditure transactions for proper supporting documentation, approval, reasonableness, and compliance with established purchasing procedures. During the review seven occasions were noted in which registration fees collected from the Lake Tahoe Music Camp (LTMC) program were used for hosted meals. According to the Board of Regents Handbook, Title 4, Chapter 10, Section 19, registration fees for continuing education and

community service programs are to be used for instruction only. We also noted the expenditures were charged to the participant paid expense category even though the meals were attended by only LTMC staff. As a result, the transactions were not properly documented and approved on a host expense form.

We recommend that LTMC registration fees be used only for instruction, as required. We also recommend that hosting transactions be properly charged and documented on a host expense form.

Institution Response

- *Describe how compliance was achieved.*

We were using the participant paid expense category incorrectly. We have since been using the extended studies hosting account to pay for these expenses.

- *Explain what will be done to avoid the identified problems and issues in the future.*

As per board policy we have started using hosting funds for all hosting expenses.

- *Describe how compliance and future good management and practice will be measured, monitored and assured.*

Camp Director and staff have been notified of the hosting policy. The Assistant Director of Programming for the School of the Arts is responsible to monitor for compliance. We have attached an agenda for the meeting in the course file (correct hosting account, form with appropriate signature will be filed in the course file). We will now use the extended studies hosting account for future hosting expenses.

- *Explain who will be responsible and may be held accountable in the future if repeat or similar problems arise.*

The Assistant Director of Programming for the School of the Arts and Accountant for Extended Studies are responsible for monitoring compliance with hosting policy.

- *Explain when the measures will be taken and on what schedule compliance and good practice will be secured.*

Staff have been reminded of the policy and the measures were implemented in June 2014.

- *Describe how compliance and performance will be documented for future audit, management and performance review.*

Hosting forms are now completed and submitted for each hosting expense and are approved by the Vice-Provost, Extended Studies.

Follow-up Response:

The recommendations were fully implemented at the time of the original response.

COURSE FILE REVIEW

On occasion external groups may sponsor a student to attend the LTMC by paying all or a portion of their registration fees. Students may also receive a fee waiver upon approval of the Program or Camp Director. Such arrangements are normally documented in the department's registration database and in the course file. During our review, however, we noted the fee waiver and/or sponsorship information for one student could not be located.

We recommend sponsorship and fee waiver information be maintained in the program files.

Institution Response

- *Describe how compliance was achieved.*

We met with the Enrollment Operations Manager and established a procedure for properly documenting the scholarship/sponsorship information in the course file.

- *Explain what will be done to avoid the identified problems and issues in the future.*

We track the scholarship recipients for the camp by using an Excel spreadsheet and apply the fees to the student in the registration system. We will properly train the registration staff each year to maintain the records.

- *Describe how compliance and future good management and practice will be measured, monitored and assured.*

The Assistant Director of Programming for the School of the Arts and the Manager of Enrollment Operations for Extended Studies are responsible for monitoring compliance with policy.

- *Explain who will be responsible and may be held accountable in the future if repeat or similar problems arise.*

The Manager of Enrollment Operations for Extended Studies and the Assistant Director of Programming for the School of the Arts are responsible and accountable if repeat or similar problem arise.

- *Explain when the measures will be taken and on what schedule compliance and good practice will be secured.*

Measures were implemented for the 2014 Lake Tahoe Music Camp.

- *Describe how compliance and performance will be documented for future audit, management and performance review.*

The Assistant Director of Programming for the School of the Arts is responsible for approving any scholarship comps given by Lake Tahoe Music Camp via email, so there is a written record available.

Follow-up Response:

The recommendations were fully implemented at the time of the original response.

PRIOR AUDIT

A prior audit of the Lake Tahoe Music Camp program was conducted for the period of January 1, 2000 through August 31, 2001. All recommendations from the prior audit have been implemented, or are no longer applicable, or are addressed in this audit.

STATEMENT OF REVENUES AND EXPENDITURES


The statement of revenues and expenditures provided below is based on the activity of two self-supporting and one gift account that have been assigned to the Lake Tahoe Music Camp program. The revenue and expenditure information was obtained from the financial accounting system and is provided for information only.

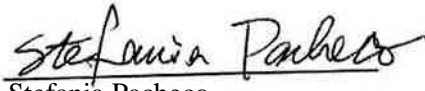
	Self-Supporting Accounts	Gift Account	Total
Balance July 1, 2012	\$ 5,564	\$ 2,507	\$ 8,071
Transfers In	1,188	-	1,188
Revenues			
Tuition & Fees Unrestricted	102,288	-	102,288
Total Revenues	102,288	-	102,288
Transfers Out	27,314	-	27,314
Expenditures			
Salaries	16,885	-	16,885
Travel	150	-	150
Operations	57,939	-	57,939
Total Expenditures	74,974	-	74,974
Balance June 30, 2013	<u>\$ 6,752</u>	<u>\$ 2,507</u> ¹	<u>\$ 9,259</u>
Balance July 1, 2013	<u>\$ 6,752</u>	<u>\$ 3,265</u> ¹	<u>\$ 10,017</u>
Revenues			
Tuition & Fees Unrestricted	98,660	-	98,660
Total Revenues	98,660	-	98,660
Transfers Out	21,926	-	21,926
Expenditures			
Salaries	18,413	-	18,413
Travel	136	-	136
Operations	60,647	1,010	61,657
Total Expenditures	79,196	1,010	80,206
Balance December 31, 2013	<u>\$ 4,290</u>	<u>\$ 2,255</u>	<u>\$ 6,545</u>


1 Variance is due to a timing difference related to gifts received by the UNR Foundation but not posted to the LTMC account until July 2013.

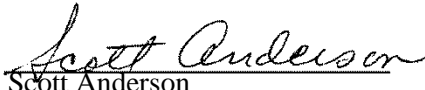
The Internal Audit Department appreciates the cooperation and assistance received from the UNR Extended Studies and Lake Tahoe Music Camp staff during this review.

Reno, Nevada
July 23, 2014


Debbie L. Ottaviano
Senior Internal Auditor


Stefania Pacheco
Internal Auditor II


Grant Dintiman
Information Technology Auditor


Scott Anderson
Director of Internal Audit



Memorandum

To: Scott Anderson, Director of Internal Audit, NSHE
From: Tom Judy
Date: January 23, 2015
Subject: Lake Tahoe Music Camp

The purpose of this memorandum is to transmit the follow-up response from Extended Studies to the audit of Lake Tahoe Music Camp for the period July 1, 2012 through December 31, 2013.

I have reviewed and concur with all responses.

cc: Marc Johnson, President
Ronald Zurek, Vice President, Administration and Finance
Fred Holman, Vice Provost, Extended Studies



LAKE TAHOE MUSIC CAMP

AUDIT PERIOD

July 1, 2012 through
December 31, 2013

NUMBER OF RECOMMENDATIONS

6

#	Recommendation	Implemented	Est. Date of Completion
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NEPOTISM

1	We recommend that established nepotism policies be followed.	Yes	
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EXPENDITURES

2	We recommend that LTMC registration fees be used only for instruction, as required.	Yes	
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3	We also recommend that hosting transactions be properly charged and documented on a host expense form.	Yes	
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COURSE FILE REVIEW

4	We recommend sponsorship and fee waiver information be maintained in the program files.	Yes	
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