

WESTERN NEVADA COLLEGE
PRESIDENTIAL EXIT AUDIT
Internal Audit Report
July 1, 2012 through December 31, 2013

GENERAL OVERVIEW

The Internal Audit Department performs a Presidential Exit Audit each time a president leaves office. The audit focuses on areas for which the president is both directly and indirectly responsible, as noted in the Scope of Audit section below.

SCOPE OF AUDIT

The Internal Audit Department has completed a Presidential Exit review at Western Nevada College (WNC) 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. Reviewing the president's expenditures including host, operating and travel for reasonableness and compliance with related policies.
2. Reviewing the college's financial accounts for deficit balances and determining the reason for the deficits that exist.
3. Reviewing lawsuits filed against the college.

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

EXPENDITURES

The Internal Audit Department reviewed a sample of 46 expenditures charged to the president's accounts during the audit period. We selected a variety of charges including operational, hosting and travel related expenditures. The expenditures were reviewed for proper supporting documentation and approval, reasonableness, and compliance with established purchasing procedures. Of the 46 expenditures, no exceptions were noted with 40. The following exceptions were noted with the six remaining items.

1. One transaction in excess of \$2000 was not processed on a purchase order through the Business Center North (BCN) Purchasing Department, as required.

We recommend proper purchasing policies be followed.

Institution Response

WNC agrees with the audit finding and recommendation.

How compliance was achieved.

WNC has corrected the process by which institutional memberships are paid and will be processed in accordance with NSHE policy. Communication has been made to the Assistant to the President and to Business Office personnel to follow proper procedures when processing a payment of this type.

What will be done to avoid the identified problems and issues in the future?

All invoices will be properly processed and will follow NSHE policy. The Assistant to the President is aware of the policies and procedures.

How compliance and future good management and practice will be measured, monitored and assured.

The Assistant to the President will ensure that any invoices on behalf of the institution are processed properly. In the event that there are questions, further inquiry about the processes will be required.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise.

The Assistant to the President and the Business Office Accountant have assumed responsibility for the action item and will be held accountable in the future for any issues which may arise.

When the measures will be taken and on what schedule compliance and good practice will be secured.

Effective immediately, the measures have been implemented.

How compliance and performance will be documented for future audit, management and performance review.

All transactions over \$2,000 will be submitted to BCN, as required, and each transaction will have the appropriate documentation attached. Additionally, WNC is seeking to streamline the process and is pursuing the same \$5,000 threshold limit as UNR.

Follow-up Response: As of January 1, 2015, this recommendation has been implemented and we request that this finding be closed.

2. On one occasion, Nevada sales tax was charged by and paid to a vendor.

We recommend the vendor be notified that it should not be charging sales tax on purchases.

Institution Response

WNC agrees with the audit finding and recommendation.

How compliance was achieved.

WNC's purchasing agent contacted the specific vendor to reiterate that WNC is a tax exempt entity. The vendor is working to update the tax-exempt status in their system and tax should not be charged in the future.

What will be done to avoid the identified problems and issues in the future?

In the future this finding should not reoccur with this vendor as they are updating the status in the system.

How compliance and future good management and practice will be measured, monitored and assured.

Upon receipt of the monthly statement from the vendor, the accountant will review the receipts to ensure that tax was not charged and will not pay the tax when remitting payment to the vendor.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise.

The Business Office Accountant will be held responsible for reviewing the bill prior to payment and ensuring that tax is not being paid. If tax is charged, communication will be made to the vendor so that a credit to the account can be issued. Additionally, if the vendor continues to charge tax, business with them will be terminated.

When the measures will be taken and on what schedule compliance and good practice will be secured.

The recommendations will be taken immediately as the policy has been reiterated with the Business Office staff.

How compliance and performance will be documented for future audit, management and performance review.

Proper supporting documentation for each payment to this vendor will be obtained for future audit, management and performance review.

Follow-up Response: As of January 1, 2015, this recommendation has been implemented and we request that this finding be closed.

3. For one hosting transaction reviewed, the Host Expense Documentation and Approval form did not identify the WNC employees that were in attendance as required.

We recommend the hosting form be completed in its entirety.

Institution Response

WNC agrees with the audit finding and recommendation.

How compliance was achieved.

WNC has properly completed the form, reviewed the process by which the host forms are completed and will be processed in accordance with NSHE policy. Communication has been made to the Assistant to the President and to Business Office personnel to follow proper procedures when completing this form.

What will be done to avoid the identified problems and issues in the future?

All host forms will be fully completed and will follow NSHE policy. The individuals responsible are aware of the policies and procedures.

How compliance and future good management and practice will be measured, monitored and assured.

The Assistant to the President will ensure that all host documents are properly completed on behalf of the President's office before being submitted to the Business Office for processing.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise.

The Assistant to the President has assumed responsibility for the action item and will be held accountable in the future for any issues which may arise.

When the measures will be taken and on what schedule compliance and good practice will be secured.

Effective immediately, the measures have been implemented.

How compliance and performance will be documented for future audit, management and performance review.

Properly completed host documentation for each transaction will be obtained for future audit, management and performance review.

Follow-up Response: As of January 1, 2015, this recommendation has been implemented and we request that this finding be closed.

4. WNC hosting policy states that personnel external to the college must be in attendance at hosted events and that the employee to guest ratio should not exceed three to one without written documentation. For one hosting transaction reviewed, the employee to guest ratio exceeded this limit and written documentation was not provided. We recommend that established hosting policies be followed.

Institution Response

WNC agrees with the audit finding and recommendation.

How compliance was achieved.

Communication has been made to the Assistant to the President and to Business Office personnel to follow proper procedures when completing and processing host forms.

What will be done to avoid the identified problems and issues in the future?

All host forms will be fully completed and will follow NSHE policy. Additionally, if the employee ratio is exceeded, documentation will be obtained and attached. The individuals responsible are aware of the policies and procedures.

How compliance and future good management and practice will be measured, monitored and assured.

The Assistant to the President will ensure that all host documents are properly completed on behalf of the President's office before being submitted to the Business Office for processing.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise.

The Assistant to the President has assumed responsibility for the action item and will be held accountable in the future for any issues which may arise.

When the measures will be taken and on what schedule compliance and good practice will be secured.

Effective immediately, the measures have been implemented.

How compliance and performance will be documented for future audit, management and performance review.

Properly completed host documentation for each transaction will be obtained for future audit, management and performance review.

Follow-up Response: As of January 1, 2015, this recommendation has been implemented and we request that this finding be closed.

5. One expenditure was not approved by an authorized account signer. We recommend expenditures be approved by authorized personnel.

Institution Response

WNC agrees with the audit finding and recommendation.

How compliance was achieved.

Approval has been obtained and communication has been made to the employee who made the purchase and informed them that proper approval must be obtained for each purchasing transaction.

What will be done to avoid the identified problems and issues in the future?

Proper authorization and approvals will be obtained for all transactions made.

How compliance and future good management and practice will be measured, monitored and assured.

Each employee who conducts purchasing will ensure that proper signatures are obtained for each purchase.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise.

Each employee who handles purchasing duties will be held accountable in the future if repeat or similar problems arise.

When the measures will be taken and on what schedule compliance and good practice will be secured.

Effective immediately, the measures have been implemented.

How compliance and performance will be documented for future audit, management and performance review.

Transactions are to be reviewed by each purchasing agent and signatures are to be obtained on each transaction or Pro-card reconciliation.

Follow-up Response: As of January 1, 2015, this recommendation has been implemented and we request that this finding be closed.

6. On one occasion, an expenditure incurred for the Office of Student Services was incorrectly charged to a President's Office account.

We recommend greater care be taken to ensure expenditures are charged to the correct accounts.

Institution Response

WNC agrees with the audit finding and recommendation.

How compliance was achieved.

As the expenditure occurred in a prior year that has now been closed, a correcting entry will not be made. WNC has discussed this with the Assistant to the President.

What will be done to avoid the identified problems and issues in the future?

Communication has been made to the Assistant to the President that a review of the President accounts will be made on a monthly basis to ensure that erroneous charges are not present.

How compliance and future good management and practice will be measured, monitored and assured.

Compliance and future good management will be measured by correcting any erroneous transactions and ensuring that charges are appropriate.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise.

The Assistant to the President has assumed responsibility for the action item and will be held accountable in the future for any issues which may arise.

When the measures will be taken and on what schedule compliance and good practice will be secured.

Effective immediately, the measures have been implemented.

How compliance and performance will be documented for future audit, management and performance review.

The Assistant to the President will maintain records that the accounts have been reviewed.

Follow-up Response: As of January 1, 2015, this recommendation has been implemented and we request that this finding be closed.

CONTRACTS

The Internal Audit Department selected a sample of five WNC contracts that were in effect and signed by the president during the audit period. During this review, we noted two Facility Use Agreements that were not signed by all parties until after the start date of the agreements.

We recommend contracts be signed before the commencement of work or services.

Institution Response

WNC agrees with the audit finding and recommendation.

How compliance was achieved.

WNC obtained all the proper signatures and discussed the issue with all personnel involved with contract approval.

What will be done to avoid the identified problems and issues in the future?

In the future, contracts will not be entered into unless all signatures are obtained prior to the start of the contract.

How compliance and future good management and practice will be measured, monitored and assured.

Compliance and future good management will be measured by ensuring that each contract is fully executed before the start date.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise.

The Vice President of Administrative and Legal Services will ensure that signatures are obtained prior to the contract start date.

When the measures will be taken and on what schedule compliance and good practice will be secured.

Effective immediately, the measures have been implemented.

How compliance and performance will be documented for future audit, management and performance review.

The current contract routing sheet contains a field in which the contract period is entered. This should be fully completed each time a new contract is reviewed. This will ensure that contracts are not entered into prior to the start date.

Follow-up Response: As of January 1, 2015, this recommendation has been implemented and we request that this finding be closed.

EQUIPMENT

A review of the equipment inventory assigned to the President's Office 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 capitalization threshold that were not included on the report. Of the four equipment items listed on the inventory report, one item could not be located. We were informed the equipment is no longer maintained in the President's Office.

We recommend the college complete and submit the required documentation to the BCN Purchasing Department so the item can be removed from the President's Office inventory.

Institution Response

WNC agrees with the audit finding and recommendation.

How compliance was achieved.

The NSHE attorney who negotiated the retirement agreement between NSHE and the past president has been notified of this finding and has been asked to forward the required information to BCN. BCN has received this notification and will be updating the appropriate fixed asset reports. This information was not originally provided to the department to be able to handle the removal of the asset from the list.

What will be done to avoid the identified problems and issues in the future?

In the future, confidential agreements that include fixed asset transfers should be provided to the department and BCN so that the asset is properly disposed of.

How compliance and future good management and practice will be measured, monitored and assured.

Appropriate information will be provided to BCN in the event a confidential agreement is made that involves fixed assets.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise.

The party's privy to the agreement will be held accountable to provide the proper documentation to the department and BCN.

When the measures will be taken and on what schedule compliance and good practice will be secured.

Action has already been taken to correct this finding.

How compliance and performance will be documented for future audit, management and performance review.

Annually, the fixed assets reports are reviewed and edits are made as necessary. These reports serve as the documentation for future audit, management and performance review. Additionally, this was a unique and extremely rare situation as the severance agreement was confidential and not released to the department responsible for the asset.

Follow-up Response: As of January 1, 2015, this recommendation has been implemented and we request that this finding be closed.

SENSITIVE EQUIPMENT

We noted one of three items included on the President's Office sensitive equipment inventory list was disposed of by the department. Board of Regents policy requires departments to notify and coordinate the disposal of surplus equipment with their respective purchasing department. The BCN Purchasing Department also requires the completion of a surplus property pickup form.

We recommend the disposal of surplus equipment be processed through the BCN Purchasing Department.

Institution Response

WNC agrees with the audit finding and recommendation.

How compliance was achieved.

The appropriate paperwork was located indicating that the sensitive equipment was processed through the BCN purchasing department.

What will be done to avoid the identified problems and issues in the future?

The sensitive equipment list will be reviewed and appropriate documentation will be kept with the sensitive equipment listing.

How compliance and future good management and practice will be measured, monitored and assured.

All salvaged equipment will be processed through the BCN purchasing department.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise.

The Assistant to the President will be responsible for notifying computing services and the business office when salvaged equipment is listed on the sensitive equipment list without being provided a copy of the BCN surplus property pickup form.

When the measures will be taken and on what schedule compliance and good practice will be secured.

The measures have immediately been implemented.

How compliance and performance will be documented for future audit, management and performance review.

BCN's surplus property pickup form will be kept with the salvaged equipment request for future audit, management and performance review.

Follow-up Response: As of January 1, 2015, this recommendation has been implemented and we request that this finding be closed.

DEFICIT ACCOUNTS

During a review of the college's accounts we noted a number of scholarship and gift accounts with deficit balances in the financial accounting system. We were informed the deficits were caused either by posting errors, account balances that did not roll forward correctly from one year to the next, and timing differences between the receipt and expenditure of funds. Although the errors associated with the accounts were corrected by college personnel upon notification, a process is not in place for periodically reviewing and correcting problems with deficit accounts.

We recommend the college develop a procedure for reviewing and correcting deficit account balances.

Institution Response

WNC agrees with the audit finding and recommendation.

How compliance was achieved.

All accounts were reviewed and corrected in the accounting system.

What will be done to avoid the identified problems and issues in the future?

The Controller has started a review of all accounts on a quarterly basis to determine if any accounts have a deficit balance. If a deficit balance is discovered, the Controller will

discuss this with the signature authority on the account and come to a resolution on how to clean up the balance and appropriate action will be taken.

How compliance and future good management and practice will be measured, monitored and assured.

Compliance will be measured and monitored by conducting the review of accounts on a regular basis and following up and correcting accounts as needed.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise.

Each individual department is responsible for the accounts that they oversee. Additionally, the Controller will be responsible for reviewing all college accounts on a quarterly basis.

When the measures will be taken and on what schedule compliance and good practice will be secured.

All corrections have been made and the measures will be taken immediately by the controller by reviewing accounts as of the year end for fiscal 2014. Meetings and communications will be conducted to resolve any variances and a quarterly review will be conducted thereafter.

How compliance and performance will be documented for future audit, management and performance review.

Compliance will be documented by the review and sign-off of the electronic reports that are generated. Once the report is reviewed, the Controller or Accountant will make a notation that it has been reviewed and any additional comments that are important to note on the accounts.

Follow-up Response: As of January 1, 2015, this recommendation has been implemented and we request that this finding be closed.

STATEMENT OF REVENUE AND EXPENDITURES

The statement of revenues and expenditures provided below is based on the activity of two state and three self-supporting accounts that have been assigned to the President's Office. The revenue and expenditure information was obtained from the financial accounting system and is provided for informational purposes only.

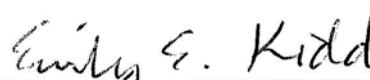
	State Accounts	Self- Supporting Accounts	Total
Balance, July 1, 2012	\$ -	\$ 34,596	\$ 34,596
Transfers In	\$ -	\$ 5,596	\$ 5,596
Revenues			
State Appropriations	\$ 348,786	\$ -	\$ 348,786
Total Revenues	\$ 348,786	\$ -	\$ 348,786
Transfers Out	\$ -	\$ -	\$ -
Expenditures			
Salaries	\$ 317,556	\$ 1,032	\$ 318,588
Travel	4,805	-	4,805
Operations	26,425	10,123	36,548
Total Expenditures	\$ 348,796	\$ 11,155	\$ 359,941
Balance June 30, 2013	\$ -	\$ 29,037	\$ 29,037
Balance, July 1, 2013	\$ -	29,037	\$ 29,037
Transfers In	\$ -	\$ 6,557	\$ 6,557
Revenues			
State Appropriations	\$ 358,463	\$ -	\$ 358,463
Total Revenues	\$ 358,463	\$ -	\$ 358,463
Transfers Out	\$ -	\$ 10,579	\$ 10,639
Expenditures			
Salaries	\$ 274,349	\$ -	\$ 274,349
Travel	1,266	-	1,266
Operations	21,679	4,420	26,099
Total Expenditures	\$ 297,294	\$ 4,420	\$ 301,714
Balance December 31, 2013	\$ 61,169	\$ 31,174	\$ 92,343

The Internal Audit Department appreciates the cooperation and assistance received from
WNC personnel during this review.

Reno, Nevada
March 3, 2014



Eric Wilber
Senior Internal Auditor



Emily Kidd
Internal Auditor II



Scott Anderson
Director of Internal Audit

Memorandum

TO: Scott Anderson, Director of Internal Audit, NSHE

FROM: Coral Lopez, Controller

SUBJECT: Follow-up Audit Response for Western Nevada College Presidential Exit Audit
July 1, 2012 – December 31, 2013

DATE: January 22, 2015

Attached are the follow-up responses to WNC's Presidential Exit audit for the period of July 1, 2012 – December 31, 2013. The recommendations and status of corrective actions are provided below.

#	Recommendation	Agree	Completed
1.	We recommend proper purchasing policies be followed.	Yes	Yes
2.	We recommend the vendor be notified that it should not be charging sales tax on purchases.	Yes	Yes
3.	We recommend the hosting form be completed in its entirety.	Yes	Yes
4.	We recommend that established hosting policies be followed.	Yes	Yes
5.	We recommend expenditures be approved by authorized personnel.	Yes	Yes

#	Recommendation	Agree	Completed
6.	We recommend greater care be taken to ensure expenditures are charged to the correct accounts.	Yes	Yes
7.	We recommend contracts be signed before the commencement of work or services.	Yes	Yes
8.	We recommend the college complete and submit the required documentation to the BCN Purchasing Department so the item can be removed from the President's Office inventory.	Yes	Yes
9.	We recommend the disposal of surplus equipment be processed through the BCN Purchasing Department.	Yes	Yes
10.	We recommend the college develop a procedure for reviewing and correcting deficit account balances.	Yes	Yes