

UNIVERSITY OF NEVADA, LAS VEGAS
KUNV RADIO STATION
Internal Audit Report
July 1, 2013 through June 30, 2014

GENERAL OVERVIEW

KUNV Radio Station consists of two non-commercial entities; 91.5 FM - *The Source*, and 91.5 *The Rebel-HD2*, student run radio. KUNV provides an educational experience for students attending the University of Nevada, Las Vegas (UNLV) and broadcasts throughout the Las Vegas valley.

KUNV is led by a General Manager that reports up to the Director, School of Journalism and Media Studies. During the course of our fieldwork, KUNV had five full-time employees, four student employees and two part-time employees and an operating budget of approximately \$450,000.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the KUNV Radio Station at UNLV 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. Testing expenditures for reasonableness, supporting documentation and proper approval.
2. Examining and testing equipment inventory, student employee timekeeping, and employee leave records for proper accountability.

3. Examining and testing controls over the handling of deposits, including procedures for receipting, recording and depositing of donor gifts and fundraising monies.
4. Reviewing trade-out and advertising agreements for proper completion, authorization, and satisfaction of contract obligations.
5. Verifying there is an adequate system in place for tracking on-air radio advertisements.
6. Reviewing program and transmitter logs for proper completion.
7. Verifying that Emergency Alert System (EAS) tests were completed as required.
8. Verifying the appropriate broadcast licenses were obtained and are on file.

In our opinion, we can be reasonably assured that the KUNV Radio Station is operating in a satisfactory manner and that no major control weaknesses exist. However, implementation of the following recommendations would further improve operations.

CASH HANDLING

We noted receipts for deposits made by KUNV at the UNLV Foundation and the Office of Sponsored Programs were not received. We also noted the deposits are not reconciled to the financial accounting system by KUNV staff to confirm the deposits are properly posted.

We recommend KUNV obtain a receipt from the UNLV Foundation and the Office of Sponsored Programs when deposits are made. We also recommend deposits be reconciled to the financial accounting system.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future? During the period of the audit being conducted but after the time of the scope of the audit, KUNV and the UNLV Foundation implemented a system for the coordination of**

deposits in KUNV's software system, Fundraiser Select, and the Foundation's, Raiser's Edge.

- **How compliance and future good management and practice will be measured and assured. The two software systems will be reconciled to each other at least bi-monthly following KUNV's scheduled recurring credit card charges.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur? The KUNV Marketing Director now processes payments and generates deposit information for the KUNV Business Manager. An Administrative Assistant IV from the Foundation will be responsible for reconciling KUNV's records to Raiser's Edge, the KUNV Marketing Director will be responsible for reconciling the Foundation's records to Fundraiser Select, and the KUNV Business Manager will be responsible for ensuring the proper fund are transferred from Foundation accounts to KUNV gift accounts once they are received.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured. The measures have already been put into practice. We will be reconciling between the two systems twice monthly after each scheduled set of sustaining membership charges (the 5th and 20th or closest business day following each).**
- **How compliance and performance will be documented for future audit, management and performance review. Both systems keep an ongoing database of all transactions. The system also currently resides on a redundant server system to help prevent data loss due to hardware failure.**

We respectfully request that this item be closed.

PURCHASING CARD EXPENDITURES

The UNLV Purchasing Card User Manual states the department head/account manager is responsible for ensuring that the Statement of Account is thoroughly reviewed and signed/approved at the end of each monthly billing cycle. The manual also requires the statements to be reconciled to receipts no later than seven days following the end of the billing cycle.

During our review of purchasing card transactions and from discussion with KUNV staff, we noted the Statement of Account is being reviewed and reconciled on an infrequent basis as opposed to monthly. We also noted the statements were not dated to document when the review

and reconciliation occurred.

We recommend the Statement of Account be reviewed and reconciled at the end of each monthly billing cycle, as required, and include the date it was performed.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future? KUNV's General Manager has since received additional training from the Purchasing Department on the university requirements regarding Purchase Cards.**
- **How compliance and future good management and practice will be measured and assured. The General Manager will conduct monthly reviews of purchases made on the Business Manager's card per the guidelines established by the Purchasing Office. The Journalism and Media Studies Department Chair will conduct monthly reviews of purchases made on the General Manager's card.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur? KUNV's General Manager will be accountable for issues with reviews related to any Purchase Cards held by his subordinates. Journalism and Media Studies Department Chair will be accountable for issues with reviews related to the Purchase Card held by KUNV's General Manager.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured. Measures have already been taken, including proper training for the KUNV General Manager. Statements will be reviewed monthly per UNLV policy and training will be updated regularly as directed by UNLV Purchasing Office.**
- **How compliance and performance will be documented for future audit, management and performance review. Signed statements will be submitted and filed per UNLV Purchasing Office policy.**

We respectfully request that this item be closed.

STUDENT EMPLOYEES

The UNLV Business Operations Guide identifies the minimum number of enrollment credits and grade point average for undergraduates and graduates to qualify for student employment. The UNLV Student Employment Supervisor's Guide states that the amount of a student's payroll check is based on the hours provided on the student timesheet.

We reviewed four student employees that worked at KUNV during the audit period. The

following exceptions were noted.

1. KUNV was not performing internal monitoring of student eligibility for employment relative to grade point average and enrollment requirements. We were able to confirm that each of the four students reviewed met the minimum eligibility requirements.

We recommend KUNV monitor student employment eligibility relative to grade point average and enrollment requirements.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future? The Operations Manager has reviewed the requirements and will ensure their proper implementation. The requirements will be reviewed annually to insure compliance with existing and new requirements are maintained.**
- **How compliance and future good management and practice will be measured and assured. The Operations Manager will conduct reviews at the end of each semester to ensure current student employees remain in good standing. Further, he will verify student eligibility per the UNLV Business Operations Guide prior to employing additional students.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur? The KUNV Operations Manager will be directly responsible for verifying compliance with the KUNV General Manager acting as a second officer in verifying compliance.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured. Measures have already begun to be taken with current student employees. KUNV's Operations Manager has gone through additional training and has gained access to MyUNLV and is monitoring current employees' grades. Further eligibility for new employees will be reviewed during the application process.**
- **How compliance and performance will be documented for future audit, management and performance review. Verification of student compliance will be recorded and stored in the student's employment file.**

We respectfully request that this item be closed.

2. The student employees did not complete timesheets to support wages paid.

We recommend KUNV require its student employees to complete and submit timesheets

to their supervisor for approval.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future? KUNV has begun tracking all student, casual labor, and other non-fixed hour positions with timesheets.**
- **How compliance and future good management and practice will be measured and assured. KUNV's Business Manager will be required to verify hours by reviewing all timesheets prior to submitting documents to payroll. Failure on the part of an employee to submit a timesheet may result in a delay of payment.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur? The supervisor for each hourly employee will be responsible to ensure a timesheet has been submitted. At current, all hourly employees are directly under KUNV's Operations Manager. The KUNV Business Manager will be responsible for verifying hours via timesheets prior to submitting documentation to Payroll.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured. Measures have commenced and full compliance may be measured from January 2015 onward.**
- **How compliance and performance will be documented for future audit, management and performance review. Timesheets will be retained and reviewed per UNLV's Office of Human Resources policy.**

We respectfully request that this item be closed.

UNDERWRITING AGREEMENTS

Underwriting agreements occur when broadcasted radio announcements are exchanged for monetary donations from the underwriting party. A standard contract has been developed for this purpose and approved by UNLV legal counsel. We examined a sample of 14 underwriting agreements to determine whether each was supported by a contract approved by the KUNV General Manager, and agreed to the radio announcements that were aired in fulfilling the obligations to the sponsors. We noted the radio announcements were broadcast as agreed, but identified the following exceptions:

1. Two of 14 underwriting agreements were not supported with a contract.

2. For one of 14 underwriting agreements, a contract was completed but it was not signed by the general manager.

We recommend a contract be completed for each underwriting agreement to clarify the obligations of both parties and that the contracts be signed by the general manager for proper authorization.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future? KUNV has implemented a policy that underwriting orders will no longer be input into the system and aired until a signed contract has been secured. In the case of agency orders or similar, as has been previously used as an approved practice, the mailed order will be used in lieu of a signature, but a generated contract will include the order affixed and will be signed by the account representative and KUNV's General Manager.**
- **How compliance and future good management and practice will be measured and assured. KUNV's Operations Manager, KUNV's Director of Underwriting, and KUNV's General Manager are responsible for entering all orders into the traffic management software. All parties have been informed that orders cannot be entered and run without a signed contract.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur? Orders come to either KUNV's Director of Underwriting or KUNV's General Manager first and they are responsible for generating the appropriate contract for each order. Each individual will be responsible for the orders she or he takes.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured. The measures have been enacted and KUNV's General Manager will conduct a quarterly review to ensure continued compliance.**
- **How compliance and performance will be documented for future audit, management and performance review. Signed contracts will be maintained in the office of the Director of Underwriting. All orders are stored electronically through the stations order management system, Natural Log.**

We respectfully request that this item be closed.

TRADE AGREEMENTS

Trade agreements refer to non-cash exchanges of goods or services for the broadcast of

radio announcements. We reviewed four trade agreements to determine whether each was supported by a contract approved by the KUNV General Manager, and whether the obligations of both parties were satisfied. We noted two of the four trade agreements were not supported by a contract to demonstrate proper authorization and to clarify the obligations of both parties. We also noted a standard form contract has not been developed for KUNV's trade agreements. We were able to confirm that communications were in place to clarify the obligations of each party and that the KUNV General Manager was aware of the agreements.

We recommend a standard form trade contract be developed and approved by UNLV legal counsel. Once completed, we recommend a contract be completed for each trade agreement, similar to underwriting agreements, and that the contracts be signed by the general manager.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future? The current contract used by KUNV was approved by Legal Counsel. We will utilize the existing underwriting agreement for trade agreements.**
- **How compliance and future good management and practice will be measured and assured. Agreements will be kept on file in a similar manner to underwriting agreements per UNLV policy regarding the maintaining of contracts.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur? Trade agreements are generally entered in to by KUNV's Marketing Director; however, UNLV's Underwriting Director may also generate a trade agreement as well as KUNV's General Manager. All trade agreements will require a contract and will be stored in the Marketing Director's office.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured. The change in procedure has been implemented and all future trade agreements will be recorded and agreed to under a contract approved by legal counsel.**
- **How compliance and performance will be documented for future audit, management and performance review. KUNV General Manager will be responsible for approving all trade agreements and signing the associated contracts. Further, the General Manager will review contracts quarterly to ensure compliance.**

We respectfully request that this item be closed.

VOLUNTEERS

According to the UNLV Office of Human Resources website, volunteers are required to complete and sign a Volunteer Agreement, Volunteer Job Description, Volunteer Parent-Guardian Release (if under age 18), Personal Data Sheet, Sexual Harassment Policy Acknowledgement Receipt, and Voluntary Self-Identification of Disability. Once completed, the hiring department is to forward the forms to the Office of Human Resources.

We tested 31 individuals that worked as volunteers at KUNV during the audit period to determine whether the above forms were completed as required. The following exceptions were noted.

1. Twenty-three of 31 volunteers did not complete the Sexual Harassment Policy Acknowledgement Receipt.
2. Seven of 31 volunteers did not complete the Volunteer Agreement Form.

We recommend KUNV ensure its volunteers complete the required documentation and the submission of the documentation to the Office of Human Resources.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future? KUNV's Operations Manager has added a section to training where all required documents are reviewed and completed. Volunteers are not permitted to work at KUNV until the forms have been completed and returned. For existing volunteers who have not completed all of the forms, they will be distributed at our next staff meeting, in February, with a requirement to return them within the week.**
- **How compliance and future good management and practice will be measured and assured. Volunteers will be prevented from participating in station activities without having all required paperwork completed.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur? KUNV's Operations Manager will distribute, collect, and**

submit the paperwork to Human Resources. KUNV's General Manager will review the process for compliance.

- **When the measures will be taken and on what schedule compliance and good practice will be secured. All new volunteers are already in compliance. Existing volunteers will be asked to complete the forms no later than our next staff meeting.**
- **How compliance and performance will be documented for future audit, management and performance review. A copy of all documents will be kept in a personnel file for each volunteer.**

We expect to have this recommendation fully implemented by 02/28/2015.

TELEPHONE

The UNLV telecommunications policy requires supervisors to perform monthly reviews of telephone billings. We reviewed the KUNV telephone bill for June 2014 and noted the department did not complete the required monthly review. We were informed the bills are reviewed by the general manager on an infrequent basis for unusual charges and that any such charges identified are discussed with the appropriate employee.

We recommend the department perform monthly reviews of its telephone billings, as required.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future? All future phone bills will be reviewed monthly. A signed summary of the bills will be stored on file per UNLV's document storage policies.**
- **How compliance and future good management and practice will be measured and assured. A signed summary of each month's phone bills will be stored in the Office Manager's office. Further, any variances from normal bills which require additional attention will be documented and an agreed upon resolution will be included and signed by the involved employee.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur? KUNV General Manager will be directly responsible for reviewing telephone bills. The bills will be submitted to him by KUNV Office Manager.**

- **When the measures will be taken and on what schedule compliance and good practice will be secured. The measures have commenced and monthly documentation will extend from January 2015 onward.**
- **How compliance and performance will be documented for future audit, management and performance review. Copies of the signed bill summaries will be stored in KUNV's Office Manager's office.**

We respectfully request that this item be closed.

PRIOR AUDIT

KUNV was audited previously by our office for the audit period July 1, 2006 through June 30, 2007. The recommendations from the prior audit have been implemented, are no longer applicable or have been addressed in this report.

STATEMENT OF REVENUES AND EXPENDITURES

The statement of revenues and expenditures based on the activity of the department's accounts is provided below. The statement is provided for informational purposes only.

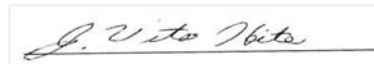
	State Accounts	Auxiliary Accounts	Grant Accounts	Gift Accounts	Total
Balance, July 1, 2013	<u>\$ -</u>	<u>\$ 9,090</u>	<u>\$ -</u>	<u>\$ 81,383</u>	<u>\$ 90,473</u>
Transfers-In	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
Revenues					
State Appropriation	244,897	-	-	-	244,897
Sales	-	16,726	-	-	16,726
Grant Revenue	-	-	65,808	-	65,808
Gifts	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,798</u>	<u>103,798</u>
Total Revenue	<u>244,897</u>	<u>16,726</u>	<u>65,808</u>	<u>103,798</u>	<u>431,229</u>
Expenditures					
Salaries	244,897	-	-	67,018	311,915
Operating	<u>-</u>	<u>12,953</u>	<u>52,583</u>	<u>69,762</u>	<u>135,298</u>
Total Expenditures	<u>244,897</u>	<u>12,953</u>	<u>52,583</u>	<u>136,780</u>	<u>447,213</u>
Balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ 20,863</u></u>	<u><u>\$ 13,225</u></u>	<u><u>\$ 48,401</u></u>	<u><u>\$ 82,489</u></u>

The Internal Audit Department appreciates the assistance and cooperation received from
KUNV Radio Station staff during this review.

Las Vegas, Nevada
October 17, 2014



An'drea H. Kelley
Internal Auditor II



J. Vito Hite
Internal Audit Manager



Scott Anderson
Director of Internal Audit



AUDIT: KUNV Radio Station

AUDIT PERIOD: 07/01/2013 – 06/30/2014

NUMBER OF FINDINGS: 8

NUMBER OF RECOMMENDATIONS IMPLEMENTED: 7

Nbr	Finding	Agree	Implemented	Est Date of Completion
1	Deposits made by the Foundation are not reconciled	Yes	Yes	
2	Statements of Account not properly reviewed	Yes	Yes	
3	Student employees not monitored to ensure they are eligible for student employment	Yes	Yes	
4	Student employees did not complete and submit timesheets for signature	Yes	Yes	
5	Contracts were not in place for some agreements; others not signed	Yes	Yes	
6	Trade agreement has not been developed; agreements not made for trades	Yes	Yes	
7	Volunteer documentation not available	Yes	No	02/28/2015
8	Monthly reviews of telephone charges not performed	Yes	Yes	