

COLLEGE OF SOUTHERN NEVADA
EARLY CHILDHOOD EDUCATION LAB PROGRAM
Internal Audit Report
July 1, 2013 through December 31, 2014

GENERAL OVERVIEW

The College of Southern Nevada (CSN) operates the Early Childhood Education Lab Program (ECELP) at its Cheyenne and West Charleston campuses. The ECELP offers childcare services and preschool and kindergarten programs to CSN students and employees and to community members. It also serves as a laboratory observation and practicum site for college students studying Early Childhood Education and related fields. The child care centers operated separately from the laboratory until August 2014, at which time they were consolidated and now operate under one program.

The ECELP is licensed through the State of Nevada for child care and private schooling and is subject to state regulations published in the Nevada Revised Statutes (NRS) and the Nevada Administrative Code (NAC). State regulations require certain information to be maintained for children, employees, and volunteers of a child care facility.

The program has earned national accreditation by the National Association for the Education of Young Children (NAEYC) and strives to provide excellence in the care and education of young children.

The ECELP is managed by a director who reports to the Education Department Chair. During the course of the audit, the program employed approximately 49 individuals and had an operating budget of \$1.42 million.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the ECELP for the period of July 1, 2013 through December 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. Testing compliance with State of Nevada regulations for child care facilities.
2. Reviewing procedures for receipting, recording and depositing tuition and fees.
3. Examining the procedures for collecting accounts receivable.
4. Verifying equipment inventories for proper accountability.
5. Reviewing student employee timesheets for proper completion.
6. Testing expenditures for reasonableness, supporting documentation, and proper signature approvals.

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

CASH CONTROLS

The ECELP collects payments from parents for tuition and fees. We reviewed the procedures for collecting, processing, storing, and depositing funds at the Cheyenne and West Charleston sites to determine whether adequate controls are in place. We also tested a sample of 37 deposits to determine whether funds were deposited in accordance with established procedures. The following exceptions were noted.

1. Funds collected each business day are placed in an envelope and stored in a locked filing cabinet until they are deposited. At the West Charleston campus, we noted the key to access the locked cabinet was stored on a bookshelf in the director's office in order to provide access to the administrative assistant who prepares the deposit.

For improved control, we recommend the key to the filing cabinet be maintained in a secure area to which only authorized employees have access or that a duplicate key be made for the administrative assistant.

Institution Response

CSN concurs with this recommendation and will utilize the following measures to address it.

- ***What will be done to avoid the identified problems and issues in the future?***
As a result of this recommendation, the site director and administrative assistant each carry a key to the locked cabinet on their person, rather than stored on a bookshelf. This new practice ensures that the keys to the locked filing cabinet are accessible, but are maintained in a secure manner by designated employees. This also assures that the collected funds are stored in a locked filing cabinet until the time of the deposit, and are accessible by only the site directors and the administrative assistants.
- ***How compliance and future good management and practice will be measured, monitored and assured?***
The department understands that the control of cash is serious and future issues will be addressed with coaching and progressive discipline, if necessary. If a person does not have their keys, they are unable to access deposits.
- ***Who will be responsible and may be held accountable in the future if repeat or similar problems arise?***
Each employee is responsible to assure their keys are maintained in a secure manner. The program director will be held accountable for any future issues with key controls.
- ***When the measures will be taken and on what schedule compliance and good practice will be secured?***
These measures were put into place immediately upon recommendation by the auditor.

- *How compliance and performance will be documented for future audit, management and performance review?*

The program director will review procedures each semester for compliance and will review with her supervisor, the education department chair.

Follow up Response

This recommendation has been fully implemented and we request that the finding be closed.

2. At both campuses, administrative personnel are responsible for receipting, posting, and depositing payments received. At the West Charleston campus, the administrative assistant also performs the monthly reconciliation of deposits to the financial accounting system.

For an improved segregation of duties, we recommend the employee responsible for receipting, posting, and depositing funds not be involved in the monthly reconciliation process.

Institution Response

CSN concurs with this recommendation and will utilize the following measures to address it.

- *What will be done to avoid the identified problems and issues in the future?*
To ensure proper segregation of duties, the administrative assistant from each site will perform the reconciliation for the other site. For example, the administrative assistant at Charleston who does the receipting, posting and depositing of funds at the Charleston center will do the reconciliation of receipts to the financial system for the Cheyenne center.
- *How compliance and future good management and practice will be measured, monitored and assured?*
Upon completion of the reconciliation, the employee completing the review will initial and date the monthly deposit report. A supervisor with signature authority on the account will also perform a cursory review and will initial the reconciliation to ensure that they are performed correctly and by the appropriate staff.

- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise?*
The program director will be held responsible for any further non-compliance issues, if any.
- *When the measures will be taken and on what schedule compliance and good practice will be secured?*
This practice will go into effect immediately beginning with the October 2015 reconciliation.
- *How compliance and performance will be documented for future audit, management and performance review?*
Copies of the completed and approved reconciliation will be retained in the department files.

Follow up Response

This recommendation has been fully implemented and we request that the finding be closed.

3. CSN's cash handling procedures require receipts collected by departments to be deposited no later than the following business day when the amount collected is \$25 or more. We noted eight of 37 deposits tested were not made within this timeframe.

We recommend that deposits be made in accordance with the college's cash handling procedures.

Institution Response

CSN concurs with this recommendation and will utilize the following measures to address it.

- *What will be done to avoid the identified problems and issues in the future?*
The ECELP employees will follow CSN prescribed cash handling procedures and will ensure that deposits are made in a timely manner. To that end, daily deposits of received cash and check payments will be made at the Cashier's office not later than 3:00 p.m. Any payments received after 3:00 p.m. in the ECELP office will be processed, placed in a locked filing cabinet and deposited at the Cashier's Office the following business day.

- *How compliance and future good management and practice will be measured, monitored and assured?*
The administrative staff is responsible to follow procedures as outlined by CSN and the ECELP department. The assistant director or program director on site will be responsible to monitor the cash handling procedures and ensure compliance.
- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise?*
All responsible employees will be held accountable, but the program director will ultimately be held accountable if procedures are not followed.
- *When the measures will be taken and on what schedule compliance and good practice will be secured?*
The appropriate procedures for depositing cash were implemented in August 2015.
- *How compliance and performance will be documented for future audit, management and performance review?*
Compliance can be documented and reviewed through the department PROCARE reports and CSN cash receipting information through PeopleSoft and the financial accounting system.

Follow up Response

This recommendation has been fully implemented and we request that the finding be closed.

ACCOUNTS RECEIVABLE

The ECELP incurs accounts receivable from the accumulation of unpaid tuition and fees. These outstanding balances are tracked through the program's computerized child care management system. We noted procedures have been developed for monitoring outstanding balances and collecting on these accounts, however, the procedures are not documented.

We recommend the program's accounts receivable procedures be documented in the ECELP operations manual.

Institution Response

CSN concurs with this recommendation and will utilize the following measures to address it.

- *What will be done to avoid the identified problems and issues in the future?*
The ECELP has submitted written departmental procedures for billing and collection, cash handling and accounts receivable, to the Controller's office for review and recommendation. These procedures have been placed in the *ECELP Administrative Procedure Manual*.
- *How compliance and future good management and practice will be measured, monitored and assured?*
Compliance will be measured by review by the program director of the *ECELP Administrative Procedure Manual* on site. The program director will ensure procedures are being followed as documented.
- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise?*
The assistant director is responsible to oversee all administrative procedures of the ECELP.
- *When the measures will be taken and on what schedule compliance and good practice will be secured?*
These procedures have been put in the *ECELP Administrative Procedure Manual* and will be revised/updated as needed and/or directed by the program director.
- *How compliance and performance will be documented for future audit, management and performance review?*
The *Administrative Procedure Manual* is available to review to document compliance. The written *Account Management Procedures* have been forwarded to NSHE Internal Audit under separate cover for inclusion in the CSN ECELP audit file.

Follow up Response

The ECELP director and assistant director had a follow up meeting with personnel from the CSN Controller's office in January 2016 to verify that specific procedures for the collection of outstanding balances were being followed and implemented appropriately. This recommendation has been fully implemented and we request that the finding be closed.

STATE REGULATIONS – FACILITIES

The NAC 432A.280.3 states, "The licensee of a facility shall hold a fire drill at least once every month." For the Cheyenne campus, we noted a fire drill was not performed during October 2014.

We recommend fire drills be performed monthly, as required by the NAC.

Institution Response

CSN concurs with this recommendation and will utilize the following measures to address it.

- *What will be done to avoid the identified problems and issues in the future?*
Fire drills are to be performed as stated by the Nevada Administrative Code (NAC). Each team supervisor or director on site will schedule monthly evacuation drills as required by state law, and those schedules will be enforced by the program director.
- *How compliance and future good management and practice will be measured, monitored and assured?*
Drill completion will be documented utilizing the ECELP evacuation log. This log is reviewed bi-annually by State of Nevada Licensing personnel to ensure compliance.
- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise?*
The assistant director or program director on site bears overall responsibility and will be held accountable if licensing standards are not met.
- *When the measures will be taken and on what schedule compliance and good practice will be secured?*
These measures were enacted in August 2015.
- *How compliance and performance will be documented for future audit, management and performance review?*
Drill completion will be documented utilizing the ECELP evacuation log, as well as the State of Nevada Child Care Licensing Program inspection reports. State of Nevada Licensing personnel will verify compliance through their bi-annual review of the evacuation drill logs.

Follow up Response

Fire drills continue to be performed monthly as required by the Nevada Administrative Code 432A (NAC), and documented on the ECELP evacuation log. The State of Nevada Child Care Licensing surveyors performed their bi-annual

inspections on 6/3/15 and 12/17/15 and found no discrepancies. This recommendation has been fully implemented and we request that the finding be closed.

STATE REGULATIONS - CHILD RECORDS

The NAC 432A.340.2 states, "Before the admission of a child to a facility, the parent shall give the caregiver the name, address and telephone number of any person who can assume responsibility for the child and is authorized to take the child from the facility if the parents cannot be reached." During our testing of 33 child files, we noted 15 included the name and telephone number of the authorized pick-up person, but were missing their address.

We recommend the addresses for these individuals be obtained, as required by the NAC.

Institution Response

CSN concurs with this recommendation and will utilize the following measures to address it.

- ***What will be done to avoid the identified problems and issues in the future?***
The ECELP has revised the forms used to gather information regarding secondary emergency pick-up persons to include addresses, and will use the revised forms for all further enrollments. Additionally, currently enrolled families will be provided the revised form and will be asked to complete to ensure the missing information is obtained. These revised forms and information will be collected prior to January 1, 2016.
- ***How compliance and future good management and practice will be measured, monitored and assured?***
These measures are in effect, and will continue to be the prevailing practice.
- ***Who will be responsible and may be held accountable in the future if repeat or similar problems arise?***
Each site director is responsible and accountable if license regulations are not followed. The administrative assistants who maintain children's records are also responsible to assure all enrollment forms are filled out correctly by parents/guardians who initiate the enrollment of children.
- ***When the measures will be taken and on what schedule compliance and good practice will be secured?***
The administrative assistants will perform a file audit to assure that currently enrolled children have the updated required information. Existing files will be

audited immediately with revised forms containing addresses placed in the file no later than January 1, 2016.

- *How compliance and performance will be documented for future audit, management and performance review?*

Compliance is documented with the newly revised forms containing adequate space for secondary caregivers to provide their physical street addresses. Those forms will be retained in the children's files. The new form has been forwarded to NSHE Internal Audit under separate cover for inclusion in the ECELP audit file.

Follow up Response

The new forms continue to be in use and all required information is in each child's file. This recommendation has been fully implemented and we request that the finding be closed.

EXPENDITURES

A sample of 52 expenditures was reviewed for proper supporting documentation and approval, reasonableness, and compliance with established purchasing procedures. We noted 15 purchasing card transactions were not reviewed and approved in accordance with CSN purchasing procedures.

We recommend purchasing card expenditures be approved by authorized employees and that the approvals be clearly denoted on the supporting documentation.

Institution Response

CSN concurs with this recommendation and will utilize the following measures to address it.

- *What will be done to avoid the identified problems and issues in the future?*
The ECELP program director, assistant director and Education department chair will follow the finalized and currently established procedures for Purchase Card (PCard) transactions and approvals. If procedures are not followed, PCard use will be suspended.
- *How compliance and future good management and practice will be measured, monitored and assured?*
Compliance will be monitored through the JPMorgan Chase reporting system by personnel assigned by the Procurement department of CSN. The Procurement

department is developing monthly internal reports that will enable a quick review of any exceptions between authorized approvers in the JPMorgan reporting system and the signature authority approvals as established in the financial accounting system, and will use those reports for appropriate follow up on unauthorized transactions.

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

Persons assigned as approvers on the accounts will held responsible if PCard transactions approvals do not occur by established procedures. Cardholders may also be held accountable for not having obtained proper approval to make the purchase.

- *When the measures will be taken and on what schedule compliance and good practice will be secured?*

In April 2015, formalized PCard training was put into place by the Procurement department. All persons utilizing PCards must complete the training and follow the procedures as outlined in the updated policy.

- *How compliance and performance will be documented for future audit, management and performance review?*

These measures have been in effect since April 2015 and compliance is documented by the Procurement department.

Follow up Response

The ECELP personnel are ensuring that appropriate approvals are being obtained for all PCard transactions. In addition, the CSN Procurement department has developed a monthly report, which is further used to ensure that appropriate approvals are being obtained and have found no discrepancies with the ECELP. This recommendation has been fully implemented and we request that the finding be closed.

EQUIPMENT INVENTORY

A review of the ECELP's equipment inventory was performed to determine whether the items were physically present and properly recorded on the equipment inventory report. Of the 27 items sampled, we noted three items were labeled as "not found" on the inventory report. We were informed the items were noted as missing from a previous inventory performed by program staff.

We recommend ECELP staff perform a review to determine the disposition of the three items noted. If the items cannot be located, we recommend a property movement form be completed and forwarded to the Receiving and Fixed Asset Management Department so the items can be removed from ECELP's equipment inventory report.

Institution Response

CSN concurs with this recommendation and will utilize the following measures to address it.

- ***What will be done to avoid the identified problems and issues in the future?***
All ECELP personnel will be directed to provide the appropriate documentation in the event equipment is moved, whether the move was requested by the department or not. Two of the three items were computers that were replaced as part of the normal Office of Technology Services (OTS) computer rotation cycle. OTS will ensure, in the future, that they work with the department to provide the appropriate documentation for removal and/or replacement of assets.
- ***How compliance and future good management and practice will be measured, monitored and assured?***
Compliance will be measured by having an accurate asset inventory at any given time. All department personnel will follow appropriate procedures by notifying the inventory control manager in CSN Receiving/Fixed Assets office of any changes to inventory via the property movement form.
- ***Who will be responsible and may be held accountable in the future if repeat or similar problems arise?***
The person who is the equipment user will be responsible if equipment assigned to them is not accurately accounted for. The program director is ultimately responsible for maintaining an accurate inventory.
- ***When the measures will be taken and on what schedule compliance and good practice will be secured?***
A review of the missing three items was conducted immediately and the appropriate forms were secured to facilitate the removal of these items from the ECELP's equipment inventory. The department will utilize the appropriate property movement forms for any future changes to inventory.
- ***How compliance and performance will be documented for future audit, management and performance review?***
These measures will go into place immediately and compliance will be documented by having an accurate asset inventory at any given time.

Follow up Response

This recommendation has been fully implemented and we request that the finding be closed.

STUDENT TIMESHEETS

The timesheets of three student employees were reviewed for proper completion, accurate work hours, and compliance with student employment policies. Of the 87 timesheets reviewed, the following exceptions were noted.

1. On five occasions, student work hours were calculated incorrectly.
2. On one occasion, a student employee was paid for the same work day on two separate timesheets. As a result, the student was overpaid four hours.

For items one and two, we recommend greater care be taken to ensure work hours are properly calculated and reported.

Institution Response

CSN concurs with this recommendation and will utilize the following measures to address it.

- ***What will be done to avoid the identified problems and issues in the future?***
It was noted that the formulas in the provided timesheet were not calculating properly. A corrected timesheet is now in use and in the future when supervisors are approving the timesheet they will ensure that the hours are calculating correctly before approving. Greater care will also be taken to ensure that only one timesheet is provided, approved and turned in for payment on any individual employee.
- ***How compliance and future good management and practice will be measured, monitored and assured?***
The administrative assistant will verify student timesheets upon receipt, and the signing supervisor will review prior to signature.
- ***Who will be responsible and may be held accountable in the future if repeat or similar problems arise?***
The signing supervisor will be held accountable if similar problems arise.

- *When the measures will be taken and on what schedule compliance and good practice will be secured?*
A corrected time sheet was put in use as soon as the errors were noted and will continue to be the practice. All future timesheets will be reviewed by the supervisor prior to approval to ensure accuracy of reporting.
- *How compliance and performance will be documented for future audit, management and performance review?*
Compliance will be documented through ECELP review and documentation, and by College Work Study office review.

Follow up Response

This recommendation has been fully implemented and we request that the finding be closed.

3. One student's timesheet was not available for review. It was subsequently noted that the student did not submit a timesheet of hours worked and as a result, was not paid.

We recommend a review of the student's work hours be performed for the time period noted and that the student be appropriately compensated. We also recommend program staff take greater care to ensure timesheets are completed.

Institution Response

CSN concurs with this recommendation and will utilize the following measures to address it.

- *What will be done to avoid the identified problems and issues in the future?*
In the time since the timesheet error on the audit report was noted, the procedures for work study student time sheet submission have been revised by the College Work Study office, which clarify submission dates and times, handling of the timesheets, and pay periods. The currently established guidelines are being followed, and will ensure that students are paid appropriately and timely.
- *How compliance and future good management and practice will be measured, monitored and assured?*
Students are sent reminders three days prior to the due date for time sheets and provided an appropriate amount of time to receive assistance with submission, if needed. The administrative assistant verifies the receipt of student timesheets by

using a checklist. If a student timesheet is not received by the time it is due and there is no communication from the student, a timesheet will be completed for them by the supervisor or the administrative assistant and submitted in the following pay period.

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

The administrative assistant is responsible to verify accurate accounting of hours worked, and the program director is responsible to assure procedures are followed accurately.

- *When the measures will be taken and on what schedule compliance and good practice will be secured?*

These measures were put into place in August 2015.

- *How compliance and performance will be documented for future audit, management and performance review?*

The program director or assistant director will compare ECELP time records with student timesheets on a quarterly basis to ensure procedures are being followed appropriately.

Follow up Response

This recommendation has been fully implemented and we request that the finding be closed.

OTHER

The following items were noted during this review; however, they are the responsibility of the CSN departments specified below.

STUDENT EMPLOYEES

A student employee must be enrolled in a minimum of one credit during the first or second summer term to be exempt from Federal Insurance Contribution Act (FICA) or the FICA Alternative Retirement Plan (FARP) deductions during summer work periods. We noted three student employees that worked in ECELP during the summer 2014 term and one that worked in ECELP during the summer 2013 term who were not enrolled in classes and did not have FICA/FARP withheld from their earnings.

We recommend the CSN Department of Human Resources verify enrollment during the summer terms. We also recommend this information be provided to payroll to ensure FICA/FARP deductions are processed correctly.

Institution Response

CSN concurs with this recommendation and will utilize the following measures to address it.

- *What will be done to avoid the identified problems and issues in the future?*
Subsequent to the audit, the Department of Human Resources implemented a procedure whereby all hiring departments that process student Payroll Action Forms (PAFs) must include in the *Comments* section, information related to the semester that the student is attending and number of credits in which they are enrolled. In addition, the student's course schedule will be attached to their PAF.

In order to be employed as a student worker with a Fica/Fica Alternative and Medicare exemption, the student worker must be enrolled in at least 6 credits at CSN during the semester in which they are being employed, with the exception of summer semester. For summer semester, the student worker must have been enrolled in the spring semester with a minimum of 6 credits as well as summer semester with a minimum of 1 credit or the student worker must be enrolled in the summer semester, with a minimum of 6 credits.
- *How will compliance and future good management and practice be measured, monitored and assured?*
Once Human Resources receives the PAF and the student schedule, the Personnel Technician I will review the documents to ensure that the information is accurately reflected. Once verified, the PAF and student schedule is submitted to Business Center South (BCS) payroll for further processing. BCS will review the PAF to ensure that the information is accurately reflected. Once verified, BCS will process the document and ensure that the student worker is taxed accordingly.
- *Who will be responsible and may be held accountable in the future if repeat or similar problems arise?*
The department that is initiating the hire of the student worker is responsible for verifying the student's enrollment status. A secondary review, in the Department of Human Resources, will be performed in accordance with the procedure to ensure the student's enrollment status prior to processing of the student worker PAF.
- *When will the measures be taken and on what schedule compliance and good practice will be secured?*
This standard operating procedure has been implemented and will be followed every time a student worker hire is initiated.

- *How will compliance and performance be documented for future audit, management and performance review?*

When processing the PAF the hiring departments must:

- 1) **Verify that the student is a current CSN student, enrolled in a minimum of 6 credits, and attach the student's schedule to the PAF.**
- 2) **Indicate in the comment section of the PAF the number of credits and semester in which the student is enrolled.**
- 3) **Route PAF through Business Services Department Production Server (BSDPRO) in the preparation, routing, and approval of part-time employees to obtain all signatures.**
- 4) **Once approved, print the PAF for the student worker's signature.**
- 5) **Once signed, submit the original PAF and copy of the student's class schedule to Human Resources for further processing.**

Once Human Resources receives the PAF and the student schedule, the Personnel Technician I will review the documents to ensure that the information is accurately reflected. Once verified, the PAF and student schedule is submitted to BCS payroll for further processing. BCS will review the PAF to ensure that the information is accurately reflected. Once verified, BCS will process the document and ensure that the student worker is taxed accordingly.

Follow up Response

This recommendation has been fully implemented and we request that the finding be closed.

EQUIPMENT INVENTORY

During our review of equipment inventory, we noted one item contained an inaccurate asset number on the equipment inventory report and one item could not be located. We were informed these items were computers, one of which was replaced and the other removed by the Office of Technology Services (OTS). When this occurs, OTS is required to complete a property movement form and forward it to the Receiving and Fixed Asset Management Department for updating of the equipment inventory report. It does not appear, however, that this was performed.

We recommend OTS personnel be reminded of the process that is required to be followed when computers are replaced or removed from campus departments. We also recommend a property movement form be completed for the computers noted above.

Institution Response

CSN concurs with this recommendation and will utilize the following measures to address it.

- ***What will be done to avoid the identified problems and issues in the future?***
The equipment with the incorrect asset number was identified and it was determined that it had been returned to CSN Receiving/Fixed Assets office and had been salvaged and removed from the CSN inventory. A new Radio Frequency Identification (RFID) system is being implemented which will provide updates and reports from the single Virtual Asset Tracker (VAT) database. This will eliminate errors in the current process of manually keying in asset numbers.

Regarding the missing computer, it was determined that it had been returned to CSN Receiving/Fixed Assets office and had been properly salvaged and is now removed from the department's inventory. In the future, CSN Office of Technology Services (OTS) will ensure that a copy of the property movement form is provided to the department at the time of the move and a copy will be part of the OTS Help Desk ticket to complete the file.

- ***How compliance and future good management and practice will be measured, monitored and assured?***
All CSN computerized assets are in the process of receiving RFID tags. By the end of November 2015, OTS staff will meet with Receiving/Fixed Assets staff to determine the best practice to assist departments with the new system. OTS will also ensure that they work with the department to provide appropriate documentation for removal of assets.
- ***Who will be responsible and may be held accountable in the future if repeat or similar problems arise?***
The senior director for technical services has overall responsibility for technology staff and the ECELP program director has overall responsibility to ensure that a copy of the property movement form has been provided to be retained in the department's files.
- ***When the measures will be taken and on what schedule compliance and good practice will be secured?***
A review of the two items was conducted immediately and the appropriate documentation was forwarded to the CSN Receiving/Fixed Assets office and the ECELP department for action. Proper procedures were reviewed with OTS staff to

ensure the property movement forms would be routed appropriately in the future. Compliance will be documented through the inventory process.

- ***How compliance and performance will be documented for future audit, management and performance review?***

OTS staff is responsible to ensure that the property movement forms are prepared and forwarded to CSN Receiving/Fixed Assets staff at the time that the move is completed. This practice is in effect and compliance will be documented by having an accurate asset inventory at any given time.

Follow up Response

CSN's Radio Frequency Identification (RFID) system has been implemented. Currently, all college information technology (IT) assets are affixed with an RFID tag and entered into the Virtual Asset Tracker (VAT) database. The RFID technology has vastly improved the ability to locate IT assets and to more accurately track asset location.

Approximately 5,700 active IT assets have an RFID tag including all desktop and laptop computers. Commencing in December 2015, OTS staff began utilizing RFID and VAT to process computer and laptop moves, which includes new installations, relocations, and surplus requests. The paper based property movement form is no longer utilized for computer and laptop moves; instead, OTS enters the asset location and the asset status change real-time in VAT and the CSN Receiving Department extracts daily reports detailing movement activity. Ongoing meetings continue between OTS and the Receiving Department to refine and enhance this process.

This recommendation has been fully implemented and we request that the finding be closed.

PRIOR AUDIT

A prior audit of the CSN Child Care Centers was conducted for the period of July 1, 2002 through June 30, 2003. All recommendations from the prior audit have been implemented, 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 one state, three self-supporting, and two gift accounts assigned to the Early Childhood Education Lab Program. The revenue and expenditure information was obtained from the financial accounting system and is provided for informational purposes only.

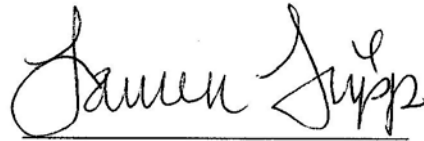
	State Account	Self- Supporting Accounts	Gift Accounts	Total
Balance, July 1, 2013	\$ -	\$ 2,725	\$ 11,669	\$ 14,394
Transfers-In	-	579,758 ¹	-	579,758
Revenues				
Sales & Service	-	546,874	-	546,874
Tuition & Fees, Unrestricted	-	(158)	-	(158)
Private Gifts, Grants & Contracts, Restricted	-	-	1,330	1,330
State Appropriations	289,989	-	-	289,989
Total Revenue	289,989	546,716	1,330	838,035
Expenditures				
Salaries	282,455	1,072,014	-	1,354,469
Travel	-	996	-	996
General Operations	7,534	56,189	301	64,024
Total Expenditures	289,989	1,129,199	301	1,419,489
Balance, June 30, 2014	\$ -	\$ -	\$ 12,698	\$ 12,698
Balance, July 1, 2014	\$ -	\$ -	\$ 12,698	\$ 12,698
Transfers-In	-	947,429 ²	-	947,429
Revenues				
Sales & Service	-	258,568	-	258,568
Tuition & Fees, Unrestricted	-	(930)	-	(930)
Private Gifts, Grants & Contracts, Restricted	-	-	150	150
State Appropriations	382,735	-	-	382,735
Total Revenue	382,735	257,638	150	640,523

Expenditures				
Salaries	276,464	786,531	-	1,062,995
Travel	1,110	51	-	1,161
General Operations	<u>4,080</u>	<u>33,587</u>	<u>-</u>	<u>37,667</u>
Total Expenditures	<u>281,654</u>	<u>820,169</u>	<u>-</u>	<u>1,101,823</u>
Balance, December 31, 2014	<u>\$ 101,081</u>	<u>\$ 384,898</u>	<u>\$ 12,848</u>	<u>\$ 498,827</u>

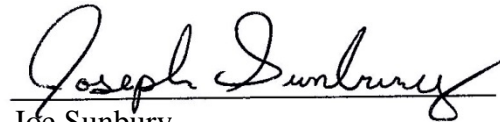
1. Transfers-in relate primarily to receipt of funds from the college's unrestricted institutional support account.
2. Transfers-in include receipt of funds from the college's unrestricted institutional support account and the General Improvement Fee Account.

The Internal Audit Department appreciates the assistance and cooperation received from the Early Childhood Education Lab Program and CSN staff during this review.

Las Vegas, Nevada
August 28, 2015



Lauren Tripp
Internal Audit Manager



Joe Sunbury
Chief Internal Auditor