

UNIVERSITY OF NEVADA, LAS VEGAS
UNLV / CSUN PRESCHOOL
Internal Audit Report
July 1, 2013 through December 31, 2014

GENERAL OVERVIEW

The University of Nevada, Las Vegas (UNLV) operates the UNLV / Consolidated Students University of Nevada (CSUN) Preschool (Preschool) in the Lynn Bennett Early Childhood Education Center on campus. The Preschool provides a model inclusive early childhood program and serves children (six weeks to five years of age) of UNLV students, staff, faculty, and the surrounding campus community. It also serves as a clinical site for practicum students and student teachers studying Early Childhood Education and related fields.

The Preschool is licensed through the State of Nevada to operate a child care facility 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 Preschool has earned national accreditation by the National Association for the Education of Young Children (NAEYC) and provides programming for children with disabilities through cooperative agreements with the Clark County School District.

The Preschool is managed by a director who reports to the executive director. The executive director is a faculty member within the College of Education. During the course of the audit, the Preschool employed approximately 93 individuals and had an operating budget of \$1.3 million.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the UNLV/ CSUN Preschool 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 contracts for proper completion and adherence to established policies.
3. Testing controls over receipt and deposit of funds received from the Preschool business activities, including gifts and donations.
4. Examining the procedures for collecting accounts receivable.

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

STATE REGULATIONS - EMPLOYEE RECORDS

NAC 432A.310.3 states, "Every member of the staff of a facility, including a volunteer, shall submit to a Mantoux tuberculin skin test or an examination by a provider of health care who is authorized to diagnose active tuberculosis at least once every 24 months after the date the skin test or chest radiograph and examination were conducted." During our testing of 15 employee files, we noted three tuberculin (TB) skin tests with a brief period where an active TB test was not on file.

We recommend greater care be taken to ensure there is no expiration period between TB tests.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future?** The preschool has initiated a blocking procedure at check-in for employees who are about to expire for TB skin test after weekly review.
- **How compliance and future good management and practice will be measured and assured.** The preschool measures this compliance through the automated Pro Care system tool available at employee clock-in step. An employee is not able to work on the third day prior to TB expiration. This gives the required amount of time to take the TB test and have it read (2 day read) prior to expiration. Additionally, notification is given to employees one month (in case they require a chest Xray) and one week prior to expiration of TB requirement. A list of upcoming expirations is available to all program administrators.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur?** The administrator in charge (Director or assigned administrative staff member) will be responsible for maintaining accuracy of TB compliance on a daily, weekly, monthly basis.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.** These measures are currently in place, reviewed weekly and monitored daily upon employee check in for tracking purpose.
- **How compliance and performance will be documented for future audit, management and performance review.** The TB compliance is documented through Pro Care office management system, a spread sheet of employee requirements monthly, and the employee file system. The compliance is additionally monitored through state licensing review and report conducted twice annually.

We respectfully request that this item be closed.

CONTRACTS

We reviewed four agreements that were in effect during the audit period for proper completion and adherence to NSHE and institutional contract policy. Of the four agreements reviewed, the following exceptions were noted.

1. Two agreements were signed by a Preschool employee who had not been delegated authority to sign contracts.

We recommend the signing of contracts be performed by authorized employees.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future?** Clarification for authorized contract signatures will be verified in writing through Department of Educational and Clinical Studies, College of Education and UNLV Office of General Counsel prior to signature response. Contracts will be written or verified with executive director, approved by ECS Chair, ECS chair sends to dean's office and routes to counsel, signatures are obtained and returned to executive director.
- **How compliance and future good management and practice will be measured and assured.** Authorized signature approvals will be posted and maintained in the contract files. Contracts will be reviewed annually for renewal and requests for review will be sent to Department of Educational and Clinical Studies and College of Education. Copies of renewed contracts will be sent to Department of Educational and Clinical Studies.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur?** The program director and executive director will be responsible to verify with Office of General Counsel who holds authorized signature for specific contracts.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.** Authorized signatures will be verified annually and noted in contract file.
- **How compliance and performance will be documented for future audit, management and performance review.** Contract files will be signed, dated and maintained on preschool site for performance review at any time.

We respectfully request that this item be closed.

2. Contracts are required to be reviewed by the Office of General Counsel. We noted one agreement was not reviewed by the Office of General Counsel.

We recommend contracts be submitted to the Office of General Counsel for review and approval.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future?** All original and renewal contracts will be sent first to Office of General Counsel for review. The Department of Educational and Clinical Studies will review contract and submit to Dean of College of Education for approval. Final contracts will be maintained on preschool site.
- **How compliance and future good management and practice will be measured and assured.** This process will be reviewed annually prior to end of contract date with director signature and date stamp.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur?** The program director will be responsible to ensure compliance with contract reviews.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.** Contracts will be reviewed prior to end date stated in contract in order to allow sufficient time for legal and department review.
- **How compliance and performance will be documented for future audit, management and performance review.** Compliance and performance will be documented on status sheet in file maintained on site.

We respectfully request that this item be closed.

3. On one occasion, an agreement did not list the Board of Regents as the contracting party.
4. On one occasion, an agreement contained an indemnification clause that was not in compliance with NSHE contract policy.

For items three and four, we recommend contracts be in compliance with NSHE contract policy.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future?** All agreements will list the UNLV Board of Regents as the contracting party and be reviewed by the Office of General Counsel for NSHE contract policy prior to signatures.
- **How compliance and future good management and practice will be measured and assured.** The director will review contract files prior to end date of contract.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur?** The director will review contracts to ensure that UNLV Board of Regents is listed as contracting party and request the Office of General counsel review for NSHE policy.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.** This measure will be completed annually to ensure compliance.
- **How compliance and performance will be documented for future audit, management and performance review.** All contract files will have a status record sheet for verification of review.

We respectfully request that this item be closed.

TRANSFERS FROM THE FOUNDATION

Gifts and donations made to the Preschool are processed through the UNLV Foundation. These funds are subsequently transferred from foundation accounts to a university restricted gift account as the funds are needed. During a review of these transactions, we noted funds were transferred from two foundation accounts into one Preschool restricted gift account. One of the foundation accounts contained gift brick sales, which are restricted to the purchase of playground equipment.

We recommend that transfers of restricted gift funds be made to a corresponding university restricted gift account. This will allow for easier tracking of expenses and help to ensure the funds are spent in accordance with donor specifications.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future?** As advised, the preschool director will meet with the UNLV controller to discuss the most efficient way to access and track expenses according to specifications of Foundation accounts. An account summary will be created tracking all donations and expenses. The preschool will change their brick sales form to include all preschool materials, not solely playground equipment.
- **How compliance and future good management and practice will be measured and assured.** Quarterly reports of donations and expenditures will be maintained.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur?** The preschool director will review donations and expenses quarterly.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.** This measure will be implemented in current and future fiscal reports to the controller.
- **How compliance and performance will be documented for future audit, management and performance review.** A Foundation account file will contain a status check sheet for confirmation of review and date.

We respectfully request that this item be closed.

PRIOR AUDIT

A prior audit of the UNLV / CSUN Preschool was conducted for the period of July 1, 2003 through September 30, 2004. All recommendations from the prior audit have been implemented, are no longer applicable, or are addressed in this audit.

STATEMENT OF REVENUES AND EXPENDITURES

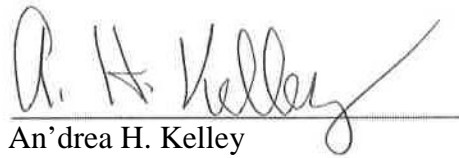
The statement of revenues and expenditures provided below is based on the activity of one self-supporting, one gift, and two grant accounts assigned to the Preschool. The revenue and expenditure information was obtained from the financial accounting system and is provided for informational purposes only.

	Self-Supporting Accounts	Gift Account	Grant Accounts	Total
Balance, July 1, 2013	\$ 34,448	\$ 15,745	\$ -	\$ 50,193
Transfers-In	78,800	-	-	78,800
Revenues				
Sales & Service	1,222,931	-	-	1,222,931
Restricted Gift	-	3,000	-	3,000
Fed G&C, Restricted	-	-	13,327	13,327
Total Revenue	1,222,931	3,000	13,327	1,239,258
Transfers-Out	14,053	-	-	14,053
Expenditures				
Salaries	1,094,036	-	-	1,094,036
Travel	1,209	-	-	1,209
General Operations	159,327	-	8,714	168,041
Total Expenditures	1,254,572	-	8,714	1,263,286
Balance, June 30, 2014	\$ 67,554	\$ 18,745	\$ 4,613	\$ 90,912
Balance, July 1, 2014	\$ 67,554	\$ 18,745	\$ 4,613	\$ 90,912
Transfers-In	203,195	-	-	203,195
Revenues				
Sales & Service	550,846	-	-	550,846
Restricted Gift	-	-	-	-
Fed G&C, Restricted	-	-	1,606	1,606
Total Revenue	550,846	-	1,606	552,452
Transfers-Out	2,029	-	-	2,029
Expenditures				
Salaries	842,319	-	-	842,319
Travel	-	-	-	-
General Operations	80,190	500	5,752	86,442
Total Expenditures	922,509	500	5,752	928,761
Balance, December 31, 2014	\$ (102,943) ¹	\$ 18,245	\$ 467	\$ (84,231) ¹

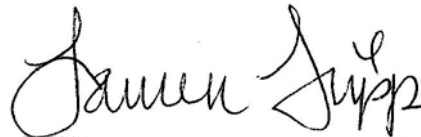
1. Negative balance is due to a partial period. The account has a negative balance mid-fiscal year since tuition funding is every two weeks and continual. The ending account balance was \$170,578 for fiscal year 2015.

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

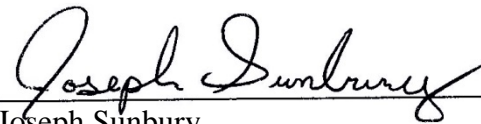
Las Vegas, Nevada
November 3, 2015



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AUDIT: UNLV Preschool

AUDIT PERIOD: 07/01/2013 – 12/31/2014

NUMBER OF FINDINGS: 5

NUMBER OF RECOMMENDATIONS IMPLEMENTED: 5

Nbr	Finding	Agree	Implemented	Est Date of Completion
1	3 TB tests were not on file	Yes	Yes	
2	Contracts signed by unauthorized employee	Yes	Yes	
3	Contracts not reviewed by General Counsel	Yes	Yes	
4	Contracts not in compliance with NSHE policy	Yes	Yes	
5	Transfers need to be made to a restricted account	Yes	Yes	