

UNIVERSITY OF NEVADA, LAS VEGAS
REPROGRAPHICS / DESIGN SERVICES
Internal Audit Report
July 1, 2014 through June 30, 2015

GENERAL OVERVIEW

The University of Nevada, Las Vegas (UNLV) Reprographics / Design Services (Reprographics) provides the UNLV community with an integrated and convenient solution for printing and design needs. In addition, Reprographics manages the University Copier Program, which includes a fleet of over 200 multi-functional devices throughout various campus locations.

During our audit period, Reprographics operated the Campus Copy Center which was located in the Reprographics main building. In summer 2015, a joint venture with Delivery Services resulted in the Rebel Copy and Send operation in the Student Union. The Rebel Copy and Send is a retail location which provides printing and shipping services to UNLV students, faculty, staff, and alumni. Throughout the course of the audit, Reprographics employed 13 individuals and had an operating budget of \$800,000.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the UNLV Reprographics / Design Services for the period of July 1, 2014 through June 30, 2015.

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 necessary. The tests included, but were not necessarily limited to these areas.

1. Reviewing the operations of the University Copier Program and accuracy of cost per copy billings.

2. Reviewing the process of how costs are determined for work performed.
3. Reviewing procedures for receipting, recording, and depositing of funds received from business activities.
4. Reviewing contracts for proper completion and adherence to established policies.
5. Verifying equipment inventories for proper accountability.

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

UNIVERSITY COPIER PROGRAM

A sample of four University Copier Program (UCP) monthly vendor invoices containing 853 cost per copy (CPC) transactions was reviewed for accuracy of charges at the contracted rate. The following exceptions were noted:

1. On 76 occasions, Reprographics billed a different CPC rate to the department than the contracted rate.
2. On 17 occasions, Reprographics did not complete a monthly meter reading; therefore, the department was not charged for copies until it was discovered later on.

For items one and two, we recommend Reprographics take greater care when billing university departments and to ensure the proper rate is used.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future?**
In these instances, departments were overbilled by a total amount of \$1735. It is important to note that these amounts were detected and adjusted by our department, so that overall, no overcharges (or undercharges) were made. A monthly report is now

generated with line item breakouts for each copier in the fleet. This report now lists the current contracted CPC with its machine and is used to generate our customer billing.

- **How compliance and future good management and practice will be measured and assured.**

Compliance is documented with the monthly filing of each reconciled vendor CPC invoice and its corresponding customer billing paperwork.

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

The UCP manager holds first responsibility for the correct documentation; this is now double checked prior to customer billing by the UCP Admin and the UCP Director now performs regular quarterly reviews to ensure the procedures are in place.

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

These procedures were immediately implemented and will be ongoing.

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

Monthly vendor invoices and UCP customer billings are kept on file for review

We respectfully request that this item be closed.

FOLLOW-UP RESPONSE

This recommendation was fully implemented at the time of the initial responses.

3. On 22 occasions, the vendor billed Reprographics a different CPC rate than the contracted rate.
4. On 11 occasions, the vendor did not bill Reprographics for CPC charges.

For items three and four, we recommend for rates billed at other than the contracted rates,

Reprographics contact the vendor to correct the billing errors.

Institution Response

We agree with this recommendation.

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

For the billing errors noted above, the errors were in our favor by about \$3500. We have contacted the vendor and notified them of this error, but will not make payment until/ unless it is requested. Beginning June 01, 2016 the vendor contract was extended for a period of 36 months; this contract extension included new reduced pricing and simplified the CPC rate structure so that there are only two rates charged for copies, Black & White

and Color. This in and of itself will simplify the ability to reconcile vendor invoices with UCP records and allow for a monthly report that shows the CPC rates for that month.

- **How compliance and future good management and practice will be measured and assured.**

UCP will continue to use a monthly report that was put into place during FY16, which compares and reconciles the UCP and vendor charge rates.

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

The UCP program manager and the department Director will be fully responsible to insure that the procedures for accounting are followed and reported.

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

Monthly records will be kept on file of the billing/invoice reconciliations. The department will also perform a quarterly inspection of records as a safe guard.

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

Monthly records will be kept on file.

We respectfully request that this item be closed.

FOLLOW-UP RESPONSE

This recommendation was fully implemented at the time of the initial responses.

Additionally, we were informed the University Copier Program is administered by one employee. No other staff member has been trained to oversee the program. We noted desk procedures do not exist that address key processes and responsibilities for managing the program.

We recommend another employee be trained to administer the program in case the individual that currently performs this task is unavailable. We recommend a desk procedures manual be developed to establish guidance and promote consistency in implementing the program.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future?**
The UCP program manager has documented procedures for all duties related to the UCP and will update them as necessary. An employee to act as a back-up for the program manager has been identified and has been trained in all areas and procedures of the position.
- **How compliance and future good management and practice will be measured and assured.**
A printed and digital record of UCP procedures will be kept on file.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur?**
The UCP program manager and department Director will be responsible for the upkeep and filing of the UCP procedures.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.**
The procedures are in place. An employee has been cross-trained to perform the responsibilities of this position.
- **How compliance and performance will be documented for future audit, management and performance review.**
A hard copy and digital file of the procedures will be available for inspection. A training log will be developed and documented.

We respectfully request that this item be closed.

FOLLOW-UP RESPONSE

This recommendation was fully implemented at the time of the initial responses.

JOB PRICING

A review of how prices are determined for the services offered at Reprographics was performed. We noted the department has created a price list for stock inventory items, but a published price list has not been created for other commonly ordered items. When attempting to compare some commonly ordered items to tables extracted from the printing and design services

system, we noted small variances. We were notified the variance was due to an internal data table calculation that had been created by a former employee. When asking for more details on what is included the calculation being added to the price of the materials for the job, this could not be provided.

We recommend the department create a price list for commonly ordered items to verify customers are billed as required by the UNLV service center policy. We recommend a review of the internal data table be performed to determine calculations being included in invoice totals. We additionally recommend during this review, making any necessary updates to the internal data table.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future?**
Reprographics is in the process of making a major overhaul of our Management Information System (MIS), which includes a complete upgrade of the old system to a newer technology. A critical and major part of this system is the creation of a new database and associated tables for pricing. This new pricing module also simplifies the process and allows an easier process for maintaining and updating the pricing tables.
- **How compliance and future good management and practice will be measured and assured.**
The scope of work detailing the implementation of the upgraded system includes creating a comprehensive pricing structure including a matrix price list for all printed items. This list will be updated when changes occur in any of the pricing structure, such as increased material costs, this will ensure that pricing is kept up to date and documented at all times.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur?**
The departments IT technician and department Director will be responsible for the upkeep of the price lists.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.**
The upgrade has begun and is in a 3-6 month implementation phase. We expect to have this process completed by October 31.

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

Records of all price lists are on file and will be updated when needed.

We expect to have this recommendation fully implemented by October 31.

FOLLOW-UP RESPONSE

The overhaul process has been completed, and the pricing structure is properly in place and updated.

We respectfully request that this item be closed.

CASH CONTROLS

Reprographics collects payments for a variety of business activities such as printing, design, and other services. We examined the procedures for collecting, storing, and depositing receipts at Reprographics and the Campus Copy Center. We also tested a sample of 24 deposits to determine whether funds were deposited in accordance with established procedures. The following exceptions were noted.

1. We were informed that deposits are prepared by one employee. No other staff member has been trained to perform this function. We additionally noted this same employee is responsible for receiving mail check payments and maintaining the accounts receivable records.

We recommend another employee be trained to prepare deposits in case the individual that currently performs this task is unavailable. To improve segregation of duties, we recommend the employee responsible for receiving mail check payments and preparing the bank deposit be a different individual than the person maintaining the accounts receivable records.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future?**
Reprographics has implemented both back-up employee training and separation of duties for receiving of checks.
- **How compliance and future good management and practice will be measured and assured.**
Documented procedures have been updated including processes for check handling and deposits.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur?**
The department Director is responsible for ensuring these procedures are being followed.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.**
These procedures are now in place.
- **How compliance and performance will be documented for future audit, management and performance review.**
The desk procedures manually document the process.

We respectfully request that this item be closed.

FOLLOW-UP RESPONSE

This recommendation was fully implemented at the time of the initial responses.

2. University policy requires cash funds to be established through the Controller's Office for proper recording in the university's financial records. The Controller's Office did not have record of the change fund used in the Campus Copy Center. Additionally, the Reprographics staff was unaware of how the change fund originated.

We recommend a new change fund be requested from the Controller's Office, as required, and that the current change fund be deposited at the Cashier's Office.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future?**
Reprographics has requested from the Controller's Office and received a new change fund. The previous change fund was deposited.
- **How compliance and future good management and practice will be measured and assured.**
Reprographics and the Controller's Office now have documentation of the source of the change fund.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur?**
Reprographics department Director is responsible for ensuring this practice was/is in place.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.**
This measure has already been put into place.
- **How compliance and performance will be documented for future audit, management and performance review.**
Reprographics and the Controller's office have documented evidence of this procedure.

We respectfully request that this item be closed.

FOLLOW-UP RESPONSE

This recommendation was fully implemented at the time of the initial responses.

3. UNLV's Business Operations Guide states that receipts are to be deposited at the Cashier's Office daily if the aggregate cash exceeds \$250 and within at least five business days regardless of amount. We noted six of 24 deposits tested were not made within this timeframe.

We recommend deposits be made in accordance with the university's cash deposit procedures.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future?**
Reprographics has already put this practice and process into place.
- **How compliance and future good management and practice will be measured and assured.**
This procedure has been documented in the desk procedural manual and daily receipts for the cash deposits are kept on file.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur?**
Reprographics department Director is responsible for ensuring this practice is in place.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.**
The procedures are currently in place.
- **How compliance and performance will be documented for future audit, management and performance review.**
Dailey deposit receipts are kept on file for review.

We respectfully request that this item be closed.

FOLLOW-UP RESPONSE

This recommendation was fully implemented at the time of the initial responses.

CONTRACTS

We reviewed 13 agreements that were in effect during the audit period for proper completion and adherence to NSHE and institutional policy. Of the 13 agreements reviewed, we noted one Memorandum of Understanding was not properly executed.

We recommend contracts be in compliance with institutional and NSHE contract policy.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future?**
Reprographics is in the process of working with Nevada State College in composing a MOU/Contract that is in accordance with NSHE requirements.
- **How compliance and future good management and practice will be measured and assured.**
A signed MOU/Contract will be developed and signed by the appropriate parties at each institution.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur?**
The Department Directors/Managers for each institution will be responsible for these procedures.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.**
Documentation is being created at this time and approved documents will be in place no later than September 15, 2016.
- **How compliance and performance will be documented for future audit, management and performance review.**
Filed documentation will be available for review.

We expect to have this recommendation fully implemented by September 15, 2016.

FOLLOW-UP RESPONSE

Upon further review, and due to the limited amount of work involving Nevada State College, our standard price listing has been determined to be sufficient. As such, no MOU will be prepared.

We respectfully request that this item be closed.

EQUIPMENT

For any equipment that an employee or individual affiliated with UNLV is loaned to use off-campus for business use, an Equipment Loan Agreement (ELA) form must be completed.

This agreement is valid for one year. A new ELA has to be submitted if the equipment continues to be used off-campus after the year period. Of the 25 equipment items reviewed, the following exceptions were noted.

1. Two equipment items were assigned to employees who took the items off campus, but an ELA form had not been completed.
2. Two equipment items were designated as ELA items. When reviewing the ELA forms, we noted there was not a valid ELA form on file.

We recommend Equipment Loan Agreement forms be completed in accordance with UNLV Inventory Control policy.

Institution Response

We agree with this recommendation.

- **What will be done to avoid the identified problems and issues in the future?**
All ELA's have been updated and accounted for as of this time. Any loaned equipment will be performed by the department director, who will be responsible for ensuring the proper paperwork is prepared.
- **How compliance and future good management and practice will be measured and assured.**
Reprographics will follow documented procedures for all current and new equipment that will be used for off premises needs.
- **Who will be responsible and may be held accountable in the future if repeat or similar problems occur?**
- Reprographics department Director is responsible for ensuring this practice is in place.
- **When the measures will be taken and on what schedule compliance and good practice will be secured.**
The procedures are currently in place.
- **How compliance and performance will be documented for future audit, management and performance review.**
Filed documentation will be available for review.

We respectfully request that this item be closed.

FOLLOW-UP RESPONSE

This recommendation was fully implemented at the time of the initial responses.

PRIOR AUDIT

A prior limited review of the Reprographics / Design Services was conducted for the period of July 1, 2001 through February 28, 2002. All recommendations from the prior review 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 two self-supporting, one state, and one agency account. The revenue and expenditure information was obtained from the financial accounting system and is provided for informational purposes only.

	State Account	Self- Supporting Accounts	Agency Account	Total
Balance, July 1, 2014	\$ -	\$ 348,242	\$ -	\$ 348,242
Transfers-In	-	-	-	-
Revenues				
Sales & Service	-	159,631	-	159,631
State Appropriations	<u>757,767</u>	-	-	<u>757,767</u>
Total Revenue	<u>757,767</u>	<u>159,631</u>	<u>-</u>	<u>917,398</u>
Transfers-Out	-	95,390	-	95,390
Expenditures				
Salaries	722,171	126,496	-	848,667
Travel	-	2,800	-	2,800
Sales & Service Recharge	-	(1,434,834)	-	(1,434,834)
General Operations	<u>35,596</u>	<u>1,346,518</u>	<u>(6,974)</u>	<u>1,375,140</u>
Total Expenditures	<u>757,767</u>	<u>40,980</u>	<u>(6,974)</u>	<u>791,773</u>
Balance, June 30, 2015	<u>\$ -</u>	<u>\$ 371,503</u>	<u>\$ 6,974</u>	<u>\$ 378,477</u>

The Internal Audit Department appreciates the assistance and cooperation received from
Reprographics / Design Services and UNLV staff during this review.

Las Vegas, Nevada
May 20, 2016

/-----SIGNATURE ON FILE-----/

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AUDIT: Reprographics/Design Services

AUDIT PERIOD: 7/1/2014 – 6/30/2015

NUMBER OF FINDINGS: 9

NUMBER OF RECOMMENDATIONS IMPLEMENTED: 9

Nbr	Finding	Agree	Implemented	Est Date of Completion
1	Ensure proper billing rate is used	Yes	Yes	
2	Billing errors need to be corrected	Yes	Yes	
3	Another employee needs to be trained to run the Copier Program. Also, a set of desk procedures needs to be made	Yes	Yes	
4	Price list should be created//used. A review of internal data should be performed	Yes	Yes	
5	Another employee should be trained to prepare deposits. Also the employee responsible for receiving mail payments should be different from the employee who maintains accounts receivable	Yes	Yes	
6	New change fund should be requested	Yes	Yes	
7	Deposits not made in accordance with cash deposit procedures	Yes	Yes	
8	Contracts need to be in compliance with NSHE policy	Yes	Yes	
9	Equipment Loan agreements need to be prepared	Yes	Yes	