

NEVADA STATE COLLEGE  
HUMAN RESOURCES  
Internal Audit Report  
July 1, 2014 through September 30, 2015

GENERAL OVERVIEW

The Nevada State College (NSC) Office of Human Resources (HR) provides personalized support and services to members of the NSC campus community. The Office of HR helps departments in the recruitment of faculty and staff, establishment of new or reclassification of existing positions, and offers resource information for topics such as benefits, orientation, and development and training. The Office of HR is committed to providing quality service, open communication, and helping the campus community understand policies and procedures. Throughout the course of the audit, HR employed four individuals and had an operating budget of approximately \$600,000.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the NSC Office of Human Resources for the period of July 1, 2014 through September 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 employee files to determine proper new hire documentation required by NSC and Board of Regents policies and procedures was maintained.
2. Verifying adequate support services are in place to orient new hires, evaluate employee performance, and manage employee termination and grievance processes.

3. Verifying the existence of HR policies and procedures readily available to assist staff.
4. Testing controls in place for the authorization of pay rates and payment of additional compensation, job classifications, and identifying efforts in place for evaluation of competitiveness of employee compensation.
5. Reviewing recipient information of grants-in-aid to determine compliance with NSHE policy.
6. Testing expenditures for reasonableness, supporting documentation, and proper signature approvals.

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

### NEW HIRES

We reviewed a sample of 20 new employee hires for proper completion of documentation supporting the onboarding process. The following exceptions were noted.

1. The Nevada Revised Statutes (NRS) 618.376 requires an employer to provide the employee with rights and responsibilities to promote safety in the workplace. Evidence of providing this information must be maintained in the employee's personnel file. For ten employees in our sample, the evidence could not be provided.

We recommend maintaining documentation in accordance with NRS and NSC policy.

### **Institution Response**

**NSC is committed to following all policies and procedures and we agree with this recommendation. This item was previously captured and retained by UNLV during orientation held at UNLV. NSC transitioned to conducting their own orientation instead of sending employees to UNLV and this item was not included in our checklist of items to cover. We realized this prior to the audit but some employees**

**that were hired during the audit period did not receive the notification and therefore it was not recorded in their file.**

- **What will be done to avoid the identified problems and issues in the future-Going forward we are including this notification in all new hire paperwork packets. It is also captured on our new hire checklists so we can ensure there is a record that the employee received it.**
- **How compliance and future good management and practice will be measured, monitored and assured-The Human Resources Department will conduct periodic audits of all personnel files and will specifically check to make sure this item is checked on the new employee checklist for all employee types.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise-The Director of Human Resources**
- **When the measures will be taken and on what schedule compliance and good practice will be secured-These measures have already been put in place and will be periodically audited by the Human Resources Department.**
- **How compliance and performance will be documented for future audit, management and performance review-NSC HR will ensure that the required document is distributed to all employee types. This will be readily available for review during any follow up audits.**

2. We noted several forms referenced the previous higher education structure, University and Community College System of Nevada (UCCSN), instead of the Nevada System of Higher Education (NSHE). This applied to 14 nepotism forms, three disclosure forms, and one sexual harassment policy notification that referenced UCCSN.

We recommend these forms be updated to reflect NSHE.

### **Institution Response**

**NSC is committed to providing accurate forms to all employees. We agree with this recommendation and have already made changes to the forms.**

- **What will be done to avoid the identified problems and issues in the future-NSC has already updated the required forms to ensure the information on the forms is accurate.**
- **How compliance and future good management and practice will be measured, monitored and assured- We will conduct a periodic review of our forms to ensure they are up to date. We anticipate many of our new hire forms being available through Workday which will allow for standardization of the forms as well as updates system wide when forms change.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise-Director of Human Resources**

- **When the measures will be taken and on what schedule compliance and good practice will be secured-These forms have already been updated and will be reviewed periodically for accuracy.**
  - **How compliance and performance will be documented for future audit, management and performance review- NSC HR will ensure that the updated forms are used for all employee types. This will be readily available for review during any follow up audits.**
3. NSC employees are required to successfully complete an online sexual harassment, employment discrimination, and diversity training. We noted nine “Welcoming Diversity,” seven “Preventing Sexual Harassment,” and eight “Preventing Employee Discrimination” trainings were not completed.

We recommend employees complete the required training per NSC policy.

#### **Institution Response**

**NSC is committed to ensuring that our faculty and staff complete required training. We agree with this recommendation.**

- **What will be done to avoid the identified problems and issues in the future- NSC will continue to follow up and remind employees about the required training. If the employee is not responsive we will notify their supervisor so they can follow up with them as well. We will also stress the importance of completing these trainings during orientation as well as ensure the managers understand the importance.**
- **How compliance and future good management and practice will be measured, monitored and assured-We will continue to run audit reports of employees who have not completed their training. We will notify the managers timely if there is not a response and continue to follow up if the trainings are not completed.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise-NSC will hold the employee and the supervisor responsible for completing the training. The HR Director will follow up personally with both the employee and manager if the training is not completed and the requests for completion have not been addressed.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured-Currently we send out notifications to employees upon hire. We follow up with the employee if they have not completed the training after 30 days. If the employee is non-responsive we will send another notification after 30 days to the employee and their supervisor. If the training is still incomplete the HR Director will contact the supervisor and the VP of the area to notify them of the issue.**

- **How compliance and performance will be documented for future audit, management and performance review. NSC HR will ensure that the notifications and reminders are sent to the employee and/or manager timely. Completion of the required training will be logged into our HRIS system for tracking and will be available for review for subsequent audits.**

4. Board of Regents policy Title 2, Chapter 5.10.2 requires degree verifications be performed within 30 calendar days from the effective date of employment. We noted 12 degree verifications were performed after this time period.

We recommend degree verifications be performed in accordance with Board of Regents policy.

### **Institution Response**

#### **NSC agrees with this finding**

- **What will be done to avoid the identified problems and issues in the future- We have already implemented a new procedure using the National Student Clearinghouse to verify the degree. In the past, we had requested official transcripts for all teaching faculty and sometimes those transcripts arrived after 30 calendar days. We will still continue to require official transcripts, however we will also verify through the National Student Clearinghouse at the time the background check is completed. This will allow for early detection of any concerns.**
- **How compliance and future good management and practice will be measured, monitored and assured-This will be a step in our onboarding process for all new administrative and academic faculty.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise-The Human Resources Technician will be responsible for conducting all pre-employment checks including degree verification. This information will be reported to the Director of Human Resources along with any issues or concerns.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured-The above listed procedure is already in place and will continue to be NSC's practice in order to comply with the policy.**
- **How compliance and performance will be documented for future audit, management and performance review-This information will be readily available in the employee's file for auditing.**

## STAFF EVALUATIONS

Supervisors prepare annual reports of performance for permanent employees. The performance evaluation includes a written evaluation and a meeting to communicate and discuss employee goals and objectives. We selected a sample of 26 employees to review the most recent performance evaluation for completion and timeliness. We noted communications are made by HR to provide advanced notification to supervisors when performance evaluations are due. However, the following exceptions were noted regarding specific completion of performance evaluations.

1. On three occasions, the evaluation could not be provided.
2. On seven occasions, the most recent evaluation that could be provided was from 2013 or 2014.
3. Seven evaluations were not performed timely when compared to deadline dates provided by HR.

For items one through three, we recommend HR notify the management of supervisors who have not successfully completed annual evaluations for their staff, and request they facilitate more timely completion and submittal of evaluations.

### **Institution Response**

**NSC Agrees with the finding.**

- **What will be done to avoid the identified problems and issues in the future- Human Resources will follow the recommendation and follow up with manager's who have not completed their evaluations and notify their manager as well. Human Resources will continue to send out reminders to managers of approaching performance evaluation deadlines.**
- **How compliance and future good management and practice will be measured, monitored and assured- Managers will be reminded of the evaluation due dates and if they are not turned in to HR we will notify the manager's manager of the issue.**

- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise-HR will be held accountable for reminders being sent timely, the managers will be held accountable for completing the evaluation by their manager.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured-Measures are currently in place and will continue. During the next annual evaluation cycle HR will include a notification to the manager's manager of any late evaluations.**
- **How compliance and performance will be documented for future audit, management and performance review-Each manager will need to hold themselves accountable for completing their evaluations. HR will continue to remind managers of the deadlines. The manager's manager will need to hold the manager accountable if the evaluations are not completed timely.**

### OVERLOAD COMPENSATION

Overload compensation is paid to employees for services rendered during the base salary period in excess of the employee's stipulated salary and in connection with approved additional responsibilities/assignments. We noted a written policy does not exist to address items such as maximum amounts employees can earn in overload compensation during a fiscal year or an outline of the approval process.

We recommend a written overload compensation policy be established to describe the maximum amount of overload compensation an employee can earn during a year. The policy should consider the different types of contracts and describe the approval process.

### **Institution Response**

**NSC Agrees with the finding.**

- **What will be done to avoid the identified problems and issues in the future- While a separate policy for overload compensation is not currently in place, the Office of the Provost does have procedures in place for monitoring/limiting overload compensation. These include limiting full time faculty to one overload class per semester for a total of 3 per year unless otherwise approved by the Provost. Human Resources will recommend to the Office of the Provost that a formal policy be created. NSC has recently hired a new Provost & Executive Vice President that will start on June 1,**

**2017. Human Resources will communicate to the new Provost of this need and as that the policy be created no later than December 1, 2017.**

- **How compliance and future good management and practice will be measured, monitored and assured-The Office of the Provost will work with Administration and Faculty Senate to create and uphold the policy.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise-The Office of the Provost will continue to be responsible for this procedure and the creation of a policy.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured-NSC currently has an interim Provost and the Human Resources Department will recommend the creation of the policy to the Interim Provost as well as follow up with the new Provost upon hire.**
- **How compliance and performance will be documented for future audit, management and performance review-The Office of the Provost will be responsible for the creation of the policy and the ongoing evaluation and enforcement of the policy.**

## GRIEVANCES

The NSC Grievance Policy for academic and administrative faculty states that the Faculty Senate web page has a Notice of Grievance form available, which must be filled out and submitted by the grievant. When reviewing the Faculty Senate web page, we noted the form was not available.

We recommend NSC amend the policy to properly state where the form is available.

### **Institution Response**

**NSC agrees with the finding.**

- **What will be done to avoid the identified problems and issues in the future- While this is not an area that Human Resources currently oversees, NSC HR will follow up with the appropriate Faculty Senate designee to make them aware of the issue. NSC's current website is being updated. Each department/area will have the ability to add content to their pages. The grievance policy is governed by faculty senate and found on their web page. The Director of Human Resources has been in contact with the Policy Chair of Faculty Senate and asked that the forms referenced be included on the website or the Policy on the website indicate the accurate location of the grievance form.**



- **How compliance and future good management and practice will be measured, monitored and assured-This will be monitored by NSC HR to ensure their policy and forms align.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise-The Faculty Senate Chair will be responsible for ensuring accuracy in the policy and forms.**
- **When the measures will be taken and on what schedule compliance and good practice will be secured-NSC's website is currently under construction and will be launched in February 2017. At this time we anticipate the policy and form will be located on the website.**
- **How compliance and performance will be documented for future audit, management and performance review. This information will be available on NSC's website or other designated area listed in the policy.**

## EXPENDITURES

A sample of 30 expenditures was reviewed for proper supporting documentation and approval, reasonableness, and compliance with established purchasing procedures. When reviewing the HR accounts for signature authority, we noted a former employee was still listed as an authorized signer on one of the department accounts.

We recommend a request to remove the employee from the account be submitted to the Controller's Office. We recommend consideration be given to adding the current human resources manager to the account.

### **Institution Response**

**NSC agrees with the finding.**

- **What will be done to avoid the identified problems and issues in the future-We have made the recommended changes to the signature authority on the HR Accounts. Matt Garland (former employee) has been removed and Betty Kim (current HR Manager) has been added. As part of the off boarding process NSC Human Resources sends a clearance email to key areas within the college. This is being sent to the Office of the Controller to update the approval queues, but no action was being taken. After speaking with the Office of the Controller they will make updates to the signature authority based on the clearance emails that are sent by the Human Resources Department for exiting employees. If an employee leaves NSC, the Office of**

**the Controller will remove the individual as a signature authority for an account.**

- **How compliance and future good management and practice will be measured, monitored and assured-The Office of the Controller will monitor all approval lists and make periodic modifications as required to ensure their accuracy.**
- **Who will be responsible and may be held accountable in the future if repeat or similar problems arise-NSC Controller**
- **When the measures will be taken and on what schedule compliance and good practice will be secured-This is currently in place and will be monitored by the Office of the Controller.**
- **How compliance and performance will be documented for future audit, management and performance review-This will be readily available via viewing the signature authority screens in Advantage (current financial system).**

## STATEMENT OF REVENUES AND EXPENDITURES

The statement of revenues and expenditures provided below is based on the activity of four state and one self-supporting account that have been assigned to the HR office. The revenue and expenditure information was obtained from the financial accounting system and is provided for informational purposes only.

	State Accounts	Self-Supporting Accounts	Total
Balance, July 1, 2014	\$ -	\$ -	\$ -
Transfers-In	-	108,160	108,160
Revenues			
State Appropriation	594,167	-	594,167
Total Revenue	594,167	-	594,167
Transfers-Out	-	-	-
Expenditures			
Salaries	222,586	99,393	321,979
Travel	3,959	-	3,959
General Operations	231,977	-	231,977
Total Expenditures	458,522	99,393	557,915
Balance, June 30, 2015	\$ 135,645 <sup>1</sup>	\$ 8,767	\$ 144,412
Balance, July 1, 2015	\$ -	\$ 8,767	\$ 8,767
Transfers-In	-	-	-
Revenues			
State Appropriation	651,337	-	651,337
Total Revenue	651,337	-	651,337
Transfers-Out	-	8,767	8,767
Expenditures			
Salaries	323,937	-	323,937
Travel	829	-	829
General Operations	73,091	-	73,091
Total Expenditures	397,857	-	397,857
Balance, September 30, 2015	\$ 253,480	\$ -	\$ 253,480

1. This balance was combined with the activity in the college's other state funded accounts at the end of the fiscal year for final reporting to the State.

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

Las Vegas, Nevada  
October 14, 2016

/-----SIGNATURE ON FILE-----/  
An'drea H. Kelley  
Internal Auditor II

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January 20, 2017

Mr. Joseph Sunbury  
 Chief Internal Auditor  
 Nevada System of Higher Education  
 2601 Enterprise Road  
 Reno, Nevada 89512

RE: Nevada State College Office of Human Resources July 1, 2014 – September 30, 2015

Dear Mr. Sunbury:

Attached is NSC's response to the findings detailed in the above-mentioned audit.

**AUDIT:** Nevada State College Office of Human Resources

**AUDIT PERIOD:** July 1, 2014 through September 30, 2015

**NUMBER OF FINDINGS:** 8

**NUMBER OF RECOMMENDATIONS COMPLETELY IMPLEMENTED:** 6

**IMPLEMENTATION OF RECOMMENDATIONS IN PROGRESS:** 2

NBR.	RECOMMENDATION	AGREE	IMPLEMENTED
1.	Maintain documentation.	Yes	Yes
2.	Update forms.	Yes	Yes
3.	Complete required training per NSC policy.	Yes	Yes
4.	Verify degrees.	Yes	Yes
5.	Evaluation completion.	Yes	Yes
6.	Overload compensation policy.	Yes	No – Will be completed by December 2017 to give the new provost, who starts June 1, 2017, to champion the policy.

Office of Finance & Business Operations

7.	Amend NSC Grievance Policy.	Yes	No- Will be completed by the end of March 2017 after launch of the new NSC website.
8.	Maintain accurate account approval list.	Yes	Yes

Thank you and your staff for your thorough review and continued assistance and support.

Sincerely,

Kevin Butler

Vice President for Finance and Business Operations