

GREAT BASIN COLLEGE
CHANGE IN LEADERSHIP
Internal Audit Report
July 1, 2022 through June 30, 2024

GENERAL OVERVIEW

The Internal Audit Department performs a change in leadership, or “exit” audit, each time an institutional president leaves office. The audit focuses on areas for which the president is both directly and indirectly responsible, as noted in the Scope of Audit section below. The president has high level responsibility over Great Basin College (GBC) as well as direct responsibility for activities conducted within the President’s Office.

SCOPE OF AUDIT

The Internal Audit Department has completed a Change in Leadership audit at GBC. The audit was conducted for the period of July 1, 2022 through June 30, 2024.

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. Reviewing compliance with the president’s employment contract terms, as well as contracts executed by GBC for proper form and compliance with NSHE policies.
2. Examining and testing the president’s leave records and the President’s Office equipment inventory for proper accountability.
3. Testing President’s Office expenditures, including the president’s host and travel expenses for reasonableness and compliance with related policies.

4. Reviewing GBC financial accounts to determine whether deficit balances exist and the reason for the deficits.
5. Reviewing capital projects initiated by GBC and the president.
6. Reviewing litigation filed against GBC to determine materiality of legal issues.

In our opinion, we can be reasonably assured that GBC operated in a satisfactory manner during the audit period, with the exception of the areas mentioned below. Implementation of the following recommendations would help mitigate risks and provide an opportunity to further improve processes.

CONTRACTS

We reviewed the former president's employment contract and related supporting documentation to assess compliance with the terms and conditions of the contract. Our review focused on aspects of the contract which had a financial impact, such as allowances and hosting, along with other clauses such as performance evaluations, that a mandatory background check was performed, etc. We noted the following exceptions:

1. Section 5.5 Host Account states "The appointee shall have the use of an annual host account of \$5,000.00 per fiscal year only while serving as the President." We noted for fiscal year 2024, the President Host account expenditures totaled \$7,454.37 which exceeded the contracted amount of \$5,000 per fiscal year. We noted that approximately \$6,800 in expenses for a community event should have been charged to the campus host account rather than the president's host account due to the nature of the event.

However, since it initially appeared the host expenses were considered part of the President's contract host account which would have exceeded the contract limit, we

recommend ensuring President Host account expenditures are reviewed and monitored to ensure the annual amount per the president's contract terms is not exceeded.

Institution Response

GBC agrees with this audit finding and recommendation.

- **We acknowledge the oversight in categorizing the host expenses. Upon further review, we agree that the expenses for the community event were more appropriately aligned with the broader institutional mission and should have been charged to the campus host account rather than the President's individual host account.**
 - **We have implemented an additional level of review for host account expenditures to ensure accurate classification and compliance with contractual limits.**
 - **The President and Vice Presidents will be responsible and may be held accountable if these procedures are not adhered to.**
 - **All host accounts will be audited monthly by the Controller's Office.**
2. Section 5.3 Initial Employment Allowance and Expenses states "The Institution shall allocate an initial employment allowance for the purpose of reimbursing the Employee for reasonable moving and related expenses for relocation which shall not exceed ten (10) percent of base compensation." We noted the initial contract base was \$253,000. When reviewing the related expenditure account and supporting documentation, it was noted \$26,433.25 was spent, exceeding \$25,300 by \$1,133.25. Acknowledgement was made by the Chancellor and CFO at the time for the former president to repay the college the amount of the overage, however there is no record that this was communicated to the President, and there is no record of repayment.
- We recommend the institution follow up on outstanding balances owed by individuals. If individuals do not repay amounts owed, consideration should be made to include the right to withhold amounts owed to the institution on onboarding forms.

Institution Response

GBC agrees with this audit finding and recommendation.

- **We acknowledge the overage of \$1,133.25 in relocation reimbursements, which exceeded the allowable limit stated in the employment contract. It appears the overage was identified at the time but not formally communicated to the former president, nor was a repayment process initiated.**
- **A process will be implemented to ensure future reimbursement limits tied to employment contracts are tracked and reconciled prior to final approval.**
- **We will also review onboarding and offboarding processes to consider including language that addresses the right to withhold funds owed to the institution, where legally permissible.**
- **Human Resources and Vice Presidents will be responsible and may be held accountable if these procedures are not adhered to.**

Other

We additionally reviewed a sample of six GBC contracts that were active during the audit period and signed by the former president. The agreements were reviewed for proper form and compliance with established NSHE contract policies. During this review, we noted three contracts were not signed by all parties until after the contract term went into effect. Additionally, two contracts were not dated on the signature page.

We recommend contracts be completed, signed and dated before the contract period begins, in accordance with NSHE policy.

Institution Response

GBC agrees with this audit finding and recommendation.

- **We acknowledge the audit's findings regarding the timing and completion of contract execution. While the contracts in question were ultimately executed by all required parties, we recognize that obtaining full signatures and dates prior to the contract start date is critical to ensuring compliance with NSHE policy and mitigating institutional risk.**
- **A contract tracker has been implemented to help identify contracts 2 months prior to the expiration of the current contract and start the process to renew the contract then, to ensure the contract is fully executed prior to the start of the contract timeframe.**
- **Contracts routed through the President's Office will now require a pre-execution compliance review by the Legal Affairs and Business Office before signature.**

- **Director of Business Operations and Executive Assistant to the Vice President for Finance and Operations**

EQUIPMENT

A review of the equipment inventory assigned to the former GBC president was performed to determine whether items listed on the equipment inventory report were physically present and accounted for in GBC's equipment inventory. Through discussion with GBC IT personnel, two items were assigned to the former president: a laptop and an iPad. It was noted that neither item was returned to the college upon the president's retirement. When we requested a "sign in" sheet or similar document to acknowledge return of these items from the former president, it was noted GBC does not maintain this type of documentation for equipment loaned to individuals.

We recommend determining the final disposition of the equipment and updating asset records accordingly. Additionally, consideration should be made if it would be helpful to have a more formal process for loaning equipment, with consideration of involving the Chancellor as part of the process, as the president's direct supervisor.

Institution Response

GBC agrees with this audit finding and recommendation.

- **We acknowledge the finding and recognize the importance of strengthening controls around equipment issued to institutional leaders. We do have a formal check-out or return process specific to executive equipment, but it was not followed. We collected payment for the Ipad and Laptop from the former president.**
- **Coordinate with the Chancellor's Office to ensure appropriate oversight for equipment assigned to GBC President.**
- **Director of IT Services and Vice President for Finance and Operations may be held accountable if these procedures are not adhered to.**

Additionally, per discussions with multiple GBC employees, it was noted the former president retained a campus vehicle for an extended period. When requesting to see the

Employee Driver's Acknowledgement Form or other record of vehicle use, no form was on file for the former president and it was not possible to validate the use of the vehicle.

With the Elko campus being in a rural area and the continual need to visit other campuses, sometimes in inclement weather, campus vehicles should be available to GBC employees for business use. We recommend an Employee Driver's Acknowledgement Form be completed by all individuals who utilize campus vehicles. Consideration should be made to update the form and include items such as responsibility for cleaning charges in excess of normal wear and tear of the vehicle in the course of business, time restrictions on checking out campus vehicles, etc.

Institution Response

GBC agrees with this audit finding and recommendation.

- **We acknowledge the lack of a completed Employee Driver's Acknowledgement Form for the former president and recognize the importance of proper documentation for campus vehicle use. While the need for vehicle access in a rural service area like Elko is understood, we agree that consistent procedures and recordkeeping must be in place for all employees, regardless of position.**
- **We have implemented a checkout procedure for anyone utilizing the GBC owned vehicles.**
- **Environmental Health & Safety Manager and Controller's Office may be held accountable if these procedures are not adhered to.**

EXPENDITURES

The Internal Audit Department reviewed a sample of 36 expenditures that were charged to President's Office accounts during the audit period. The expenditures were examined for proper supporting documentation and approval, reasonableness, and compliance with established purchasing, travel, hosting and other required policies. The following exceptions were noted.

Travel

1. On one occasion, first class airfare was purchased for a roundtrip flight. Such upgrades and/or exceptions to NSHE travel policy are prohibited unless the business necessity is documented and properly approved. We noted that although the travel was approved by the Chancellor as required, no explanation regarding the use of first-class airfare was included with the employee's Spend Authorization or Expense Report. The trip was subsequently cancelled, and the value of the airfare was recovered from the employee through expense offset.

We recommend compliance with NSHE travel policy. We also recommend the business purpose of travel upgrades be included with the employee's Spend Authorization or Expense Report. Lastly, we recommend that the college develop a procedure to monitor flight vouchers and maintain adequate documentation to support their subsequent disposition or usage, including support for any expense offset.

Institution Response

GBC agrees with this audit finding and recommendation.

- **We acknowledge the exception noted regarding the purchase of first-class airfare. Although approval for the travel was obtained from the Chancellor and the cost was ultimately recovered through an offset after the trip was cancelled, the lack of documentation justifying the upgrade falls short of NSHE travel policy requirements.**
- **We also recognize the need for better documentation of flight credits or reimbursements related to cancellations or changes.**
- **Director of Business Operations and the Vice President for Finance and Operations will be held accountable if these procedures are not adhered to.**

2. On one occasion, a rental car purchase was made through a travel booking website, rather than utilizing the NSHE/BCN Purchasing preferred supplier agreement for the same

rental car company. Insurance coverage was also purchased for an additional fee that would have otherwise been associated with the contract.

We recommend employees be reminded to utilize preferred supplier contracts that offer special pricing and coverage.

Institution Response

GBC agrees with this audit finding and recommendation.

- **We acknowledge the finding regarding the rental car booking outside of the preferred supplier agreement. The additional insurance fee was an unintended expense that could have been avoided had the preferred supplier contract been utilized. We recognize the importance of adhering to NSHE purchasing policies to maximize cost savings and risk management.**
- **Issue a communication to all employees regarding the importance of using NSHE/BCN Purchasing preferred suppliers for travel-related bookings, including rental cars.**
- **Update travel booking guidelines and training materials to emphasize compliance with preferred supplier agreements and the benefits of included insurance coverage.**
- **The Controller's Office and Administrative Assistants will be responsible and may be held accountable if these procedures are not adhered to.**

Hosting

3. On two occasions, a contract for entertainment at a hosted event was signed by the President. We noted, however, that the contract did not conform to NSHE contract policy, including listing the NSHE Board of Regents as the contracting party.
4. On five occasions, we noted a host form was approved by the President rather than the Chancellor, as required. This included one transaction for a table purchase and four transactions for events at which the President was in attendance. According to the NSHE Procedures and Guidelines Manual (PGM), employees may not approve their own hosting expenditures, whether they are incurred directly or indirectly.

5. On two occasions, a host form was not completed. This included entertainment for a hosted community event, as well as a fee for membership dues and meals with a local service organization held in the President's name.
6. On one occasion, a host form was not signed.
7. On one occasion, a host form for a table purchase was completed and approved but did not include a list of attendees.

For finding three, we recommend compliance with NSHE contract and purchasing policies. For findings three through seven, we recommend that host forms be properly completed and approved by a higher authority other than the employee directly involved in the hosting activity.

Institution Response

GBC agrees with this audit finding and recommendation.

- **We recognize the importance of strict adherence to contract and hosting policies to ensure transparency, accountability, and compliance. The noted exceptions were administrative oversights and did not result in improper expenditures or violations of policy intent.**
- **Reinforce training for all relevant staff on NSHE/GBC policies, emphasizing the requirement that contracts clearly identify the NSHE Board of Regents as the contracting party.**
- **The Controller's Office will conduct a monthly audit of the host expenditures.**
- **Director of Business Operations and Executive Assistant to the President will be responsible and may be held accountable if these procedures are not adhered to.**

Other

8. On three occasions, an itemized receipt for a hosting expense was not included in the supporting documentation for a purchasing card transaction.

We recommend employees be reminded to include itemized receipts, along with a credit card receipt, for expenditures made with a purchasing card.

Institution Response

GBC agrees with this audit finding and recommendation.

- **We acknowledge the importance of maintaining complete and accurate documentation for all purchasing card transactions. Missing itemized receipts reduce the ability to fully verify the nature and appropriateness of expenditures.**
- **Supervisors will be instructed to review purchasing card documentation for completeness before approving transactions.**
- **The Controller's Office and Administrative Assistants will be responsible and may be held accountable if these procedures are not adhered to.**

CAPITAL PROJECTS

The Internal Audit Department reviewed one capital project that was in progress at GBC during the audit period. The project was reviewed to determine whether it was adequately financed, and applicable Board of Regents policies were followed. This was a state funded project that required a \$600,000 match from the institution. We noted the match was made from GBC's Capital Improvement Fee (CIF) account. We noted a notice of intent to expend CIF funds was not sent to the Board of Regents as required by Board policy for projects exceeding \$100,000. Additionally, we noted a gift account was created to record the State Public Works Board investment when a project account should have been used.

We recommend the intent to utilize CIF funds be properly communicated to the Board of Regents in accordance with established policy and the project be properly accounted for within the financial system.

Institution Response

GBC agrees with this audit finding and recommendation.

- **We acknowledge the importance of compliance with Board of Regents policies regarding capital project funding and financial accounting.**
- **Review and update procedures for capital project financial management to ensure timely communication with the Board of Regents and accurate account classification.**

- **Director of Business Operations and Vice President for Finance and Operations will be responsible and may be held accountable if these procedures are not adhered to.**

DEFICIT ACCOUNTS

During a review of GBC's financial accounts, we noted a project account with a deficit balance of \$395,000. When reviewing expenditures within the account, it was noted that the last expense occurred in 2023. Higher Education Capital Construction/Special Higher Education Capital Construction (HECC/SHECC) funds to support the project were not transferred into the account until approximately a year and half later.

We recommend GBC periodically review and clear deficit balance accounts.

Institution Response

GBC agrees with this audit finding and recommendation.

- **We acknowledge the importance of regularly monitoring financial accounts to prevent and address deficit balances in a timely manner.**
- **Establish internal controls and reporting mechanisms to alert responsible staff when accounts approach deficit status.**
- **Director of Business Operations and Vice President for Finance and Operations will be responsible and may be held accountable if these procedures are not adhered to.**

STATEMENT OF REVENUES AND EXPENDITURES

The statement of revenues and expenditures provided below is based on the activity of three state and three self-supporting accounts that have been assigned to the GBC President's Office. The revenue and expenditure information was obtained from Workday and is provided for informational purposes only.

	State Appropriations Account	Self-Supporting Accounts	Total
Balance, July 1, 2022	\$ -	\$ 8,844	\$ 8,844
Transfers-In	-	16,433	16,433
Revenues			
State Appropriations	514,728	-	514,728
Total Revenue	514,728	-	514,728
Transfers-Out	-	-	-
Expenditures			
Salaries	472,193	51	472,244
General Operations	40,677	5,261	45,938
Hosting Expense	-	13,614	13,614
Travel	1,857	-	1,857
Sales & Service Recharge	1	8	9
Total Expenditures	514,728	18,934	533,662
Balance, June 30, 2023	\$ -	\$ 6,343	\$ 6,343
Balance, July 1, 2023	\$ -	\$ 6,343	\$ 6,343
Transfers-In	-	19,233	19,233
Revenues			
State Appropriations	583,928	-	583,928
Total Revenue	583,928	-	583,928
Transfers-Out	-	-	-
Expenditures			
Salaries	526,874	-	526,874
General Operations	45,834	4,943	50,777
Hosting Expense	-	15,815	15,815
Travel	11,220	-	11,220
Sales & Service Recharge	-	-	-
Total Expenditures	583,928	20,758	604,686
Balance, June 30, 2024	\$ -	\$ 4,818	\$ 4,818

Note 1: Due to the "rollup" (aggregation) of state accounts, exact expenditures were used as the State Appropriations figure for the statement. The aggregated Ending Balance of all GBC State accounts was reviewed in detail during fieldwork.

Note 2: Some numbers may be slightly rounded for proper footing/cross-footing.

The Internal Audit Department appreciates the cooperation and assistance received from
GBC personnel during this review.

Las Vegas, Nevada
August 5, 2025

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