

UNIVERSITY OF NEVADA, RENO  
EQUESTRIAN CENTER  
Internal Audit Report  
July 1, 2004 through April 30, 2006

GENERAL OVERVIEW

The Equestrian Center falls administratively under the Nevada Agricultural Experiment Station which is part of the College of Agriculture, Biotechnology and Natural Resources (CABNR). The Equestrian Center is an 18 acre facility located near the University of Nevada, Reno (UNR) main campus. The facility contains indoor and outdoor arenas, horse stalls and pastures. The Equestrian Center provides riding lessons and horse boarding to the public. University students use the Center when enrolled in certain Animal Science courses. The Center is also occasionally rented by clubs and organizations for shows.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the Equestrian Center at the UNR for the period of July 1, 2004 through April 30, 2006.

The scope of our review 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 the operations of the Center and testing the controls over the receipt and deposit of funds collected from these activities.
2. Testing expenditures for propriety, supporting documentation and proper signature approvals.
3. Testing and examining equipment inventory.
4. Reviewing the controls over long-distance telephone and cellular phone charges.

5. Reviewing leave records, timesheets and contracts for completion and proper approval.

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

## CASH CONTROLS

The Equestrian Center collects fees for horse riding lessons, horse leasing and boarding services. The financial records for these activities were reviewed for proper record keeping and deposit of funds.

### Customer Account Cards

The business activity for riding lessons that are provided at the Center is manually recorded on note cards, referred to as customer account cards. The Internal Audit Department selected a sample of 15 customer account cards for testing to determine whether the customer account balances recorded on the cards were correct. Of the fifteen customer account cards reviewed, eleven had incorrect balances due to mathematical errors.

The Internal Audit Department recommends all customer account cards be reviewed and that any calculation errors noted be corrected. We also recommend customer accounts be maintained on a computerized spreadsheet, database or an accounting software package.

### Riding Lessons

The Internal Audit Department tested one month of scheduled riding lessons to determine whether the lessons were recorded on each customer's account card and whether the correct fee was charged for the lessons. We then verified that payments received for the lessons were posted to the daily receipt journal and were deposited and credited to the department's account.

On four occasions a lesson was scheduled on the calendar, however, neither the lesson fee nor the payment was recorded on the individual's account card. We were informed that due to certain circumstances the lessons were not provided. We also noted the schedule of riding lessons does not always list persons by their full names.

When a lesson is canceled, we recommend the cancellation be noted on the schedule. We also recommend that both the first and last name of individuals taking lessons be recorded on the calendar when the lessons are scheduled.

### Deposits

The Internal Audit Department selected a sample of 19 deposits that were posted to an Equestrian Center account. We tested each deposit to verify that a copy of the receipt journal and a copy of the Cashier's Office receipt were on file and maintained by the department. We also verified that the invoices issued for services were accurately prepared.

On three occasions the invoices were incorrectly prepared.

We recommend the customer accounts pertaining to the invoices mentioned above be reviewed to determine whether they have been properly charged and whether their account balances are correct.

### AGREEMENTS

The Equestrian Center utilizes three agreement forms to document arrangements for horse leasing, horse boarding and riding lessons. The agreement forms were reviewed for content and proper completion. The following exceptions were noted.

### Equestrian Center Horse Lease Agreements

The Equestrian Center Horse Lease Agreement names the University and Community College System of Nevada as the contracting party. We were informed the agreement has not been reviewed for several years.

We recommend the agreement be updated to include the Nevada System of Higher Education (NSHE) as the contracting party. We also recommend the agreement be reviewed by University legal counsel to ensure the agreement contains the most current language and clauses required by NSHE contract policy.

### Equine Boarding Agreements

The Internal Audit Department reviewed the Equine Boarding Agreements that are entered into when horses are boarded at the Center. The agreements were reviewed for proper completion and signatures.

On six occasions we noted an early termination notice was not completed and signed by the boarder and the Equestrian Center, as required. On one occasion the terms of a boarding arrangement changed during the course of the agreement. A new agreement was not completed to reflect the updated terms. On three occasions agreements had expired, however, boarding services were still being provided.

The Internal Audit Department recommends that a Board Lease Termination Notice be completed and signed by both the boarder and the Equestrian Center when an Equine Boarding Agreement is terminated early. We recommend that a new agreement be completed and properly signed whenever the agreement terms change or when an agreement has expired.

### Assumption of Risk Forms

Fifty-five individuals who received riding lessons from the Equestrian Center were reviewed to determine whether an Assumption of Risk Form was properly completed and on file for each individual. All fifty-five individuals had an Assumption of Risk Form on file; however, thirteen of the forms were not fully completed in that the signature of the participant, the signature of the parent or guardian, and/or the person to contact in an emergency was not completed. We also noted the form contains a signature line with a signature block that reads, "Board of Regents of the Nevada System of Higher Education by". The signature line is normally left blank.

The Internal Audit Department recommends greater care be taken to ensure the Assumption of Risk Forms received from individuals are properly completed. We recommend the form be signed by the President or by an employee that has been delegated authority to sign the form.

### Other Agreements

We were informed that no other written contracts involving the Equestrian Center, except for the ones mentioned above, were entered into during the audit period. However, we were also informed that the Equestrian Center entered into a few verbal agreements with outside entities. These agreements involved the use of the Equestrian Center's property for storing trailers and vehicles when events were occurring nearby. One such agreement required another party to perform improvements to a section of the Equestrian Center's parking lot and fields in return for the use of the Center's fields. At the time this issue was discussed with departmental personnel, these services had not been fully performed.

In the future, we recommend written contracts be negotiated with outside entities wanting to use the Equestrian Center's grounds and facilities. We recommend the contracts be completed and approved in accordance with the NSHE contract policy. We also recommend that the outside entity be requested to complete the work, as described above.

## LEAVE RECORDS

The Internal Audit Department reviewed the leave records of one classified employee to determine whether the records were accurately completed and proper record keeping procedures were followed.

1. On one occasion 24 hours of annual leave taken by the employee was not deducted from the accumulated annual leave balance on the leave record. As a result, the employee's accumulated annual leave balance is overstated.
2. On three occasions leave request forms for sick leave were not approved in a timely manner.
3. On two occasions leave request forms for annual leave were approved after the leave was taken.
4. On four occasions family sick leave was not separately recorded in the family sick leave column on the leave record.
5. On twelve occasions leave request forms were not properly dated.

The Internal Audit Department recommends that leave request forms be properly dated and approved in a timely manner. We recommend family sick leave be recorded in the family sick leave column on the leave record. We also recommend the calculation error noted above be corrected.

## TIMESHEETS

The Internal Audit Department tested 49 timesheets to determine whether they were properly completed and signed and that the hours were correctly calculated. We compared the number of hours recorded on each timesheet to the number of hours paid in the Human Resources Management System (HRMS). We also examined the Student Information System (SIS) to determine whether students worked during class time and whether they met the minimum credit and grade point average requirements.

Of the 49 timesheets reviewed, six contained errors in that the number of hours reported on the timesheets were incorrectly calculated. Twenty six of the timesheets were not properly completed. Of these, thirteen did not have the pay period date section completed, nine did not contain a date in the signature area and four were not signed by the student worker. On 26 other occasions, students worked eight hours without taking a 30 minute unpaid lunch break. On four occasions, timesheets could not be located.

The Internal Audit Department recommends supervisors take greater care to ensure timesheets are properly completed, signed and dated and that the hours recorded on the timesheets are properly calculated. We recommend hourly workers take no less than a 30 minute lunch break without pay when working a full eight hour day. We recommend timesheet records be maintained for three years, as required by the UNR records retention policy.

## EXPENDITURES

A sample of 34 Equestrian Center expenditures were tested for proper signature approval, propriety and supporting documentation. The following exceptions were noted.

1. Seven expenditures selected were payments to a vendor for veterinary services, which combined, exceeded \$9,100. Payments were made with a purchasing card. Blanket

purchase orders should be completed to document expenses with vendors that are of a recurring nature and which are expected to exceed \$10,000 during the year.

The Internal Audit Department recommends that a blanket purchase order be established, through the BCN Purchasing Department, if it is determined that future activity with the vendor will exceed \$10,000 during the fiscal year.

2. On three occasions receipt documentation was not submitted for purchasing card transactions, as required.

We recommend receipt documentation be submitted with the Statement of Account.

## CELLULAR PHONES

The Internal Audit Department reviewed the controls and usage associated with the cellular telephone assigned to the Equestrian Center. We then selected two cellular phone bills for testing to determine whether they were being properly reviewed.

We noted the cellular phone bills were not dated and initialed to document that they were reviewed by a supervisor. We noted that the cellular phone plan appears inadequate in that 379 additional minutes were incurred for one month of use and 540 additional minutes for another month at a rate of \$.40 per minute. These additional minutes resulted in an extra cost of \$386 to the University, in addition to the monthly service charge of \$39.99. We also noted personal calls were made using the cellular phone and the costs for these calls were not reimbursed to the department.

The Internal Audit Department recommends the cellular phone bills be distributed to and reviewed by the user and that all personal calls be identified and reimbursed, as required by University policy. We recommend the cellular phone bills be dated and initialed by the



employee's supervisor. We also recommend a determination be made as to whether the minutes provided by the current plan are adequate or whether a plan with additional minutes is needed.

### STATEMENT OF REVENUES AND EXPENDITURES

The following statement of revenues and expenditures is based on the activity of the Center's one state account, one self-supporting account and one gift account during the audit period. The revenue and expenditure information was retrieved from the financial accounting system. The statement is provided for informational purposes only.

It should be noted that the statement reflects a balance of \$28,182 in state funds at the conclusion of the 2004-2005 fiscal year. According to the University Planning, Budget and Analysis Office, the ending balance was combined with the expenditure activity reported within the same University accounting fund and does not represent reversion of funds to the state. Also, the gift fund beginning balance on July 1, 2005 does not agree with the ending balance on June 30, 2005 due to a timing issue. A donation of \$100 was received by the UNR Foundation before the close of the 2004-2005 fiscal year; however, the receipt was not reported to the UNR Controller's Office until after the 2005-2006 fiscal year had begun.

	State Funds	Self Supporting Funds	Gift Funds	Totals
Balance July 1, 2004	\$ -	\$ 106,276	\$ 3,085	\$ 109,361
Revenues				
State Appropriations	112,889	-	-	112,889
Sales & Service Ed Act	-	149,914	-	149,914
Gifts	-	-	-	-
Total	<u>112,889</u>	<u>149,914</u>	<u>-</u>	<u>262,803</u>
Expenditures				
Salaries	52,968	52,187	-	105,155
Operating	9,922	68,980	1,869	80,771
Fixed Assets	21,818	(40,000)	-	(18,183)
Total	<u>84,707</u>	<u>81,167</u>	<u>1,869</u>	<u>167,743</u>
Balance, June 30, 2005	\$ <u>28,182</u>	\$ <u>175,022</u>	\$ <u>1,216</u>	\$ <u>204,421</u>
Balance July 1, 2005	\$ -	\$ 175,022	\$ 1,316	\$ 176,338
Revenues				
State Appropriations	72,928	-	-	72,928
Sales & Service Ed Act	-	139,005	-	139,005
Gifts	-	-	1,316	1,316
Total	<u>72,928</u>	<u>139,005</u>	<u>1,316</u>	<u>213,249</u>
Expenditures				
Salaries	72,928	59,356	-	132,284
Travel	-	58	-	58
Fixed Assets	-	40,038	-	40,038
Operating	-	107,605	1,316	108,921
Total	<u>72,928</u>	<u>207,057</u>	<u>1,316</u>	<u>281,300</u>
Balance, June 30, 2006	\$ -	\$ 106,970	\$ 1,316	\$ 108,286

## OTHER

The following exceptions were noted during our testing of the Equestrian Center. The first exception, regarding independent contractors, is the responsibility of the UNR Business and Finance Office. The second exception is the responsibility of the System Administration Budget Office.

## INDEPENDENT CONTRACTORS

During our review of an independent contractor agreement, we noted that the agreement was not signed by the NSHE Independent Contractor Review Authority.

The Internal Audit Department recommends greater care be taken to ensure the Independent Contractor Agreements are properly approved.

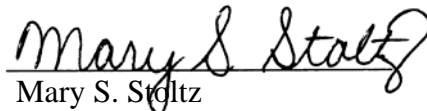
## SELF-SUPPORTING BUDGETS

During the 2005-2006 fiscal year, a revision was made to the Equestrian Center's self-supporting account that, in accordance with Board of Regents policy, was required to be reported to the System Administration Office. The revision was required to be reported because budgeted revenues were increased in excess of ten percent of the level that was initially established for the account. We examined the records maintained by the System Administration Budget Office and confirmed the revision was reported. We noted, however, that the explanation provided for the increase was due to a "balance forward adjustment", also referred to as the "Opening Balance" on the self-supporting budget form. Although the opening balance did increase by the amount indicated, there were also significant changes made to the budgeted expenditure figures that were initially reported. There is no mention in the explanation provided by the University of these changes.

We recommend the System Administration Budget Office remind campuses to provide explanations for all reportable revisions that are made to self-supporting budgets.

The Internal Audit Department appreciates the cooperation received from the Equestrian Center personnel.

Reno, Nevada  
April 25, 2007



Mary S. Stoltz  
Senior Internal Auditor



Sandra K. Cardinal  
Assistant Vice Chancellor for  
Internal Audit and Risk Management



**Memorandum**

**To:** Sandi Cardinal, Assistant Vice Chancellor for Internal  
Audit and Risk Management

**From:** Tom Judy

**Date:** July 10, 2007

**Subject:** Audit of Equestrian Center

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The purpose of this memorandum is to transmit responses from Equestrian Center management and from the Controller to the Audit of the Equestrian Center covering the period July 1, 2004 through April 30, 2006.

I have reviewed and concur with all responses.

Attachment

c: Milton Glick, President  
Ron Zurek, Vice President Administration and Finance

# MEMORANDUM

DATE: July 9, 2007

TO: Tom Judy  
Business & Finance  
Associate Vice President

FROM: David Thawley, Dean and Director  
Kevin Piper, NAES Assistant Director  
Charlene Hart, CABNR Fiscal Officer  
College of Agriculture, Biotechnology and Natural Resources (CABNR)  
and the Nevada Agricultural Experiment Station (NAES)

RE: Response to System Internal Audit

The Equestrian Center at the University of Nevada, Reno was audited by the NSHE Internal Audit Department for the period of July 1, 2004 through April 30, 2006.

The following are the recommendations issued in the report along with the Equestrian Center response to each. In some instances corrective action was taken before the audit began, in many instances corrective action was taken before the audit was completed and in every case corrective action has been taken to address each finding.

## **CASH CONTROLS**

### *Customer Account Cards*

#### Recommendation:

The Internal Audit Department recommends all customer account cards be reviewed and that any calculation errors noted be corrected.

#### Response:

In the Spring of 2007, the CABNR/NAES Fiscal Officer reviewed all ninety-two riding lesson customer account cards and found a total of thirteen mathematical errors which included four over charges totaling \$40.00 and nine under charges totaling \$155.00. All calculation errors were corrected.

Recommendation:

We also recommend customer accounts be maintained on a computerized spreadsheet, database or an accounting software package.

Response:

As of April 1, 2007, the Equestrian Center instituted a computerized spreadsheet to record and track riding lesson customer accounts. The Equestrian Center manager is responsible for posting payments and charges timely to the spreadsheet which is maintained on a shared drive. The spreadsheet automatically calculates customer account balances. The CABNR/NAES Fiscal Officer monitors the spreadsheet periodically for updates.

#### Riding Lessons

Recommendation:

When a lesson is canceled, we recommend the cancellation be noted on the schedule. We also recommend that both the first and last name of individuals taking lessons be recorded on the calendar when the lessons are scheduled.

Response:

The procedures over riding lessons at the Equestrian Center have been strengthened to fully document riding lessons given in order to properly support riding lesson charges. The full names of individuals taking lessons and lesson cancellations are being noted on the schedule. On June 25, 2007, the NAES Assistant Director reminded the Equestrian Center manager of the importance of fully documenting the riding lessons given and cancelled. The Equestrian Center manager is responsible to remind the riding lesson instructors to comply with the riding lesson documentation procedures. The NAES Assistant Director will review the riding lesson schedule with the Equestrian Center manager periodically.

### Deposits

#### Recommendation:

We recommend the customer accounts pertaining to the invoices mentioned above be reviewed to determine whether they have been properly charged and whether their account balances are correct.

#### Response:

In September 2006, the tracking of customer accounts (other than riding lessons) was moved to an accounting program. In March 2007, the accounts receivable duties for the Equestrian Center were reassigned. In March 2007, the CABNR/NAES Budget Analyst reviewed all customer accounts to assure customers had been properly charged and to verify account balances. All errors found have been corrected and the new accounting software is working effectively.

### **AGREEMENTS**

#### Equestrian Center Horse Lease Agreements

#### Recommendation:

We recommend the agreement be updated to include the Nevada System of Higher Education (NSHE) as the contracting party. We also recommend the agreement be reviewed by University legal counsel to ensure the agreement contains the most current language and clauses required by NSHE contract policy.

#### Response:

As of June 1, 2007, the Equestrian Center Horse Lease Agreement has been updated to include the Nevada System of Higher Education (NSHE) as the contracting party. In addition, a revision date has been added to the agreement so administration can easily determine when the document was last updated.

The Equestrian Center Horse Lease Agreement was reviewed by university legal counsel. The agreement is fully compliant with NSHE contract policy.

#### Equine Boarding Agreements

#### Recommendation:

The Internal Audit Department recommends that a Board Lease Termination Notice be completed and signed by both the boarder and the Equestrian Center whenever an Equine Boarding Agreement is terminated early.



Response:

On June 25, 2007, the NAES Assistant Director reminded the Equestrian Center manager to prepare a Board Lease Termination Notice when Equine Boarding Agreements are terminated early. On June 25, 2007, the CABNR/NAES Fiscal Officer reminded the Equestrian Center accounts receivable staff that they are required to have a termination notice in the file when a Boarder terminates early. If the termination is not received timely the NAES Assistant Director will be notified. In cases where the Boarder has failed to sign the termination notice the Equestrian Center manager must document why the Boarder has not signed.

Recommendation:

We recommend that a new agreement be completed and properly signed whenever the agreement terms change or when an agreement has expired.

Response:

On June 25, 2007, The NAES Assistant Director reminded the Equestrian Center manager, that when agreement terms change or when an agreement has expired a new agreement is mandatory and must be properly signed. The Equestrian Center manager is responsible to prepare a new agreement promptly when agreements are expiring or require a change. On June 25, 2007, the CABNR/NAES Fiscal Officer reminded the Equestrian Center accounts receivable staff that the customer files must contain current leases that properly describe what the customer is being charged for. The CABNR/NAES Fiscal Officer will periodically monitor the files to assure compliance.

*Assumption of Risk Forms*

Recommendation:

The Internal Audit Department recommends greater care be taken to ensure the Assumption of Risk Forms received from individuals are properly completed.

Response:

On June 25, 2007, the NAES Assistant Director reminded the Equestrian Center manager that all Assumption of Risk Forms received from individuals must be properly completed. The Equestrian Center manager is responsible for obtaining completed Assumption of Risk Forms from customers prior to commencing lessons, boarding or other activities at the facilities. Effective July 1, 2007, the Assumption of Risk Forms are sent to the CABNR/NAES Fiscal Officer for review for completion.

Recommendation:

We recommend the form be signed by the President or by an employee that has been delegated authority to sign the form.

Response:

As of May 1, 2007, Assumption of Risk Forms are being signed by the Controller who has been delegated signature authority for this form. The CABNR/NAES Fiscal Officer verifies the forms are properly signed and returns them to the Equestrian Center for filing. The Equestrian Center manager is responsible for maintaining the forms in the customer files.

Other Agreements

Recommendation:

In the future, we recommend written contracts be negotiated with outside entities wanting to use the Equestrian Center's grounds and facilities. We recommend the contracts be completed and approved in accordance with the NSHE contract policy.

Response:

On June 25, 2007, the NAES Assistant Director reminded the Equestrian Center manager that when outside entities request use of the Equestrian Center's grounds or facilities it is mandatory that a written contract with the University be negotiated. On June 4, 2007, the CABNR/NAES Fiscal Officer sent a memorandum to the NAES Assistant Director and the Equestrian Center manager regarding NSHE contract policy. Attached to the memorandum was the Nevada System of Higher Education – Procedures and Guidelines Manual, Chapter 5 Fiscal Procedures, Section 3, Preparation and Approval of Contracts. On June 25, 2007, the NAES Assistant Director advised the Equestrian Center manager that any violation of this policy will be reflected in her annual evaluation.

Recommendation:

We also recommend that the outside entity be requested to complete the work, as described above.

Response:

The outside entity has completed the improvements to a section of the Equestrian Center's parking lot and fields in return for the earlier use of the Equestrian Center's fields.

## **LEAVE RECORDS**

### Recommendation:

The Internal Audit Department recommends the leave request forms be properly dated and approved in a timely manner.

### Response:

On June 27, 2007, the CABNR/NAES Fiscal Officer reminded the NAES Assistant Director and the Equestrian Center manager of the policy regarding annual leave requests and approvals. Since June 25, 2007, the CABNR/NAES leave keeper in the Dean's office is responsible to inform the CABNR/NAES Fiscal Officer of noncompliance to this policy. The CANBR/NAES Fiscal Officer will inform the Dean if noncompliance occurs.

### Recommendation:

We recommend family sick leave be properly recorded in the family sick leave column on the leave record.

### Response:

Effective January 1, 2007, the Equestrian Center leave records are maintained on the University automated leave keeping forms. The family sick leave is now being recorded in the family sick leave column. The Dean's Executive Assistant is responsible for periodically auditing the leave records.

### Recommendation:

We recommend the calculation error noted above be corrected.

### Response:

The calculation error was corrected on May 1, 2007. Effective January 1, 2007, the Equestrian Center leave records are maintained on the University automated leave keeping forms; this should eliminate future calculation errors.

## **TIMESHEETS**

### Recommendation:

The Internal Audit Department recommends supervisors take greater care to ensure timesheets are properly completed, signed and dated and that the hours on the timesheets are properly calculated.

Response:

On May 10, 2007, the NAES Assistant Director reminded the Equestrian Center manager that it is her responsibility to ensure that all timesheets are properly completed, signed and dated and that the hours have been properly calculated. The Budget Analyst in the Dean's office checks the total hours to assure they add up correctly. If problems are noted she will advise the NAES Assistant Director and he will address the issue with the Equestrian Center manager.

Recommendation:

We recommend hourly workers take no less than a 30 minute lunch break without pay when working a full eight hour day.

Response:

On May 10, 2007, the NAES Assistant Director reminded the Equestrian Center manager that hourly workers that work a full 8 hour day are entitled to two 15 minute breaks with pay and no less than a 30 minute lunch break without pay. Lunch breaks must be recorded on timesheets. On June 1, 2007, the CABNR/NAES Fiscal Officer provided the Equestrian Center manager with a copy of the Employer Guide To Student Employment. The Budget Analyst in the Dean's office will check the timesheets for properly documented lunch breaks for those individuals working a full 8 hour day.

Recommendation:

We recommend timesheet records be maintained for three years, as required by the UNR records retention policy.

Response:

The College currently maintains timesheet records for a period of three years.

## **EXPENDITURES**

Recommendation: 1

The Internal Audit Department recommends that a blanket purchase order be established, through the BCN Purchasing Department, if it is determined that future activity with the vendor will exceed \$10,000 during the fiscal year.

Response:

A blanket purchase order has been established for this vendor for fiscal year 2008. The Equestrian Center manager was reminded to advise the Budget Analyst when it is anticipated that a single vendor will provide services in a fiscal year that exceed the

threshold at which quotations are required, so that a blanket purchase order may be prepared.

Recommendation: 2

We recommend receipt documentation be submitted with the Statement of Account.

Response:

The CABNR Fiscal Officer sent an email dated October 21, 2006 to all faculty and staff to remind them of the requirement to submit a detailed receipt for purchases or other supporting documentation detailing the service provided or items purchased.

A meeting for all department chairs and accounting personnel was held on October 23, 2006 and another meeting for all department support staff was held on October 30, 2006. The Dean and the CABNR Fiscal Officer stressed the importance of submitting a detailed receipt for purchases or other supporting documentation detailing the service provided or items purchased.

### **CELLULAR PHONES**

Recommendation:

The Internal Audit Department recommends cellular phone bills be distributed to and reviewed by the user and that all personal calls be identified and reimbursed, as required by University policy.

Response:

Effective July 2006, the NAES Assistant Director performs a review of the cellular phone bills to ensure all personal calls are reimbursed to the university. All personal calls have been identified and the university has been reimbursed.

The CABNR/NAES Fiscal Officer sent an email dated September 30, 2006 to all faculty and staff to remind them of the university telephone policy regarding the reimbursement of personal calls to the university.

The university telephone policy was discussed at a Department Chair meeting October 5, 2005 and the department support staff meeting June 30, 2006. They were reminded that all telephone bills must be reviewed by a supervisor and dated and initialed indicating review of the charges.

A meeting for all department chairs and accounting personnel was held on October 23, 2006 and another meeting for all department support staff was held on October 30, 2006. The Dean/Director and the CABNR Fiscal Officer stressed the importance of following the University telephone policy, specifically addressing the personal use of University

telephones and the reimbursement of such use. They were informed that all telephone bills must be reviewed by a supervisor and signed, dated and initialed indicating review of the charges.

On June 4, 2007, the CABNR/NAES Fiscal Officer sent a memorandum to the NAES Assistant Director and the Equestrian Center manager regarding the university Telephone Charges policy which addresses the policies and procedures regarding cellular phones. Attached to the memorandum was a copy of the University Administrative Manual Telephone Charges policy.

Recommendation:

We recommend the cellular phone bills be dated and initialed by the employee's supervisor.

Response:

Effective July 2006, all cellular phone bills are dated and initialed by the NAES Assistant Director.

Recommendation:

We also recommend a determination be made as to whether the minutes provided by the current plan are adequate or whether a plan with additional minutes is needed.

Response:

In July 2006, we switched plans for the Equestrian Center cellular phone. The new plan has proven to be more cost effective as we are no longer paying for additional minutes.

Date: July 6, 2007  
To: Tom Judy  
From: Leah Gorbet  
Subject: Controller's Office response to Equestrian Center Audit report

Following is my response to the Equestrian Center internal audit report.

### INDEPENDENT CONTRACTORS

#### **Recommendation:**

The Internal Audit Department recommends greater care be taken to ensure the Independent Contractor Agreements are properly approved.

#### **Response:**

Over the past year the Business and Finance Office has revised forms and procedures related to payments to independent contractors. Since July 2006 the Independent Contractor Agreement (ICA) forms have been screened for completeness by the Administrative Assistant IV (AAIV) in Business and Finance. Completed forms are then forwarded to the Non Resident Alien Tax (NRAT) Specialist for review to determine compliance with IRS rules. After approval by the NRAT specialist the forms are returned to the AAIV who checks for approval signature, logs the status of the document and then forwards the document to Accounts Payable for processing. The Accountant

Technician I in Accounts Payable also checks the document for approval signature prior to issuing a check to the contractor.

On June 27, 2007, the Controller sent an email to the NRAT Specialist, the AAIV in Business and Finance, the Manager of Accounts Payable and the Accountant Technician I in Accounts Payable to remind them that ICA forms should not be forwarded to or processed by AP unless the form has been approved by an authorized signer.