

COLLEGE OF SOUTHERN NEVADA  
HOSTING  
Internal Audit Report  
July 1, 2016 through September 30, 2017

GENERAL OVERVIEW

The Board of Regents Handbook requires the Nevada System of Higher Education (NSHE) Internal Audit Department to conduct annual reviews of institutional hosting expenditures. The reviews are intended to determine the extent to which institutions are in compliance with established hosting policies.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of hosting expenditures for the College of Southern Nevada (CSN) for the period of July 1, 2016 through September 31, 2017. 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. Examining hosting expenditures for reasonableness, supporting documentation, and signature approval.
2. Verifying hosting transactions were in compliance with the hosting policies provided in the Board of Regents' Handbook, the NSHE Procedures and Guidelines Manual, and institutional policies.

In our opinion, hosting expenses are handled in a satisfactory manner; however, implementation of the following recommendations would provide further compliance with established policies.

## HOST EXPENDITURE REVIEW

A sample of 111 hosting expenditures was reviewed. Of these, no material exceptions were noted with 104. The following exceptions were noted with the seven remaining transactions.

1. On three occasions, table purchases at hosted events were charged to the incorrect hosting expense category in the financial accounting system. On one other occasion, a hosting transaction involving food provided at a campus function was incorrectly charged as a table purchase.

To help ensure policies regarding table purchases are followed, we recommend greater care be taken to ensure these transactions are properly charged in the financial accounting system.

### **Institution Response**

- **Detailed corrective action taken, including what will be done to avoid the identified issues in the future, and when these measures will be in place.**

**The incorrect coding errors related to table purchases. To address and correct this issue, a monthly review of each cardholder's PCard transaction verifications will be performed in Workday by a member of the CSN Purchasing Department staff. The results of the review and any deficiencies will be communicated with the cardholder and corrections will be made at that time.**

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

**The Workday review will be for the purpose of ensuring compliance with hosting policy including proper expense coding for food and table purchases. The results of the Workday reviews will be recorded in a database managed by the CSN Purchasing Department, the contents of which shall be made available for future audit and performance reviews.**

- **Who will be responsible and may be held accountable in the future if repeat or similar observations are noted.**

**The Associate Vice President for Procurement and Auxiliary Services will be responsible for PCard activity reviews and the recording of the results in a database.**

2. On three occasions, Nevada sales tax was charged on purchases.

We recommend employees be reminded of NSHE's exempt status from the payment of sales tax assessed by the State of Nevada. If the payment of sales tax cannot be avoided at the time a purchase is made or is not noticed until a later date, we recommend employees be instructed to request a credit from the vendor. If a credit cannot be obtained, we recommend the circumstances for the decline be included in the supporting documentation.

#### **Institution Response**

- **Detailed corrective action taken, including what will be done to avoid the identified issues in the future, and when these measures will be in place.**

**To address and correct this issue, CSN's exemption from Nevada state sales tax will be emphasized in the training materials (both in-person and email) provided to all cardholders. Additionally, a monthly review of each cardholder's PCard transaction verifications will be performed in Workday by a member of the CSN Purchasing Department staff. The results of the review and any deficiencies will be communicated with the cardholder and appropriate instruction will be provided on the proper process for requesting sales tax be credited to the cardholder's PCard and how to properly document a declined request.**

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

**Training rosters, materials, and cardholder notifications will be maintained to demonstrate the College's efforts to inform cardholders of CSN's tax-exempt status and the proper methods to document compliance. In addition, the Workday review will be for ensuring compliance with the CSN's tax-exempt status. The results of the Workday reviews will be recorded in a database managed by the CSN Purchasing Department, the contents of which shall be made available for future audit and performance reviews.**

- **Who will be responsible and may be held accountable in the future if repeat or similar observations are noted.**

**The Associate Vice President for Procurement and Auxiliary Services will be responsible for ensuring cardholder training, that reviews of PCard activity occur, and that the results of the reviews are recorded in a database.**

### HOST POLICY REVIEW

During this review, we noted that due to the new Workday system, the college has developed a new Hosting Checklist form to document hosting transactions. The new form does not indicate that the business relationship of attendees at hosted functions should be provided as required by the NSHE Procedures and Guidelines Manual.

We recommend that the Hosting Checklist form be updated to include the business relationship of the participants attending the event.

### **Institution Response**

- **Detailed corrective action taken, including what will be done to avoid the identified issues in the future, and when these measures will be in place.**

**The Hosting Checklist form has been updated to include the business relationship of the participants attending the event.**

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

**The updated Hosting Checklist form will be distributed to the CSN community through on-line posting. The access to update the on-line form is centralized in the Office of the Vice President for Finance and Administration, so the form will not be changed without approval.**

- **Who will be responsible and may be held accountable in the future if repeat or similar observations are noted.**

**The Controller will review the Hosting Checklist form annually to ensure that it continues to include all elements provided in the Board of Regent's Handbook, the NSHE Procures and Guidelines Manual, and institutional policies.**

## PRIOR AUDIT

The prior hosting audit at CSN was conducted for the period of July 1, 2010 through October 31, 2011. All recommendations from the prior audit have been implemented, are no longer applicable, or have been addressed in this report.

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

Reno, Nevada  
March 8, 2018

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