

Nevada System of Higher Education

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May 8, 2018

MEMORANDUM

TO: Ms. Allison Stephens, Chair
Mrs. Cathy McAdoo, Vice Chair
Dr. Patrick R. Carter
Dr. Mark W. Doubrava
Mr. Sam Lieberman
Mr. John T. Moran

FROM: Joe Sunbury, Chief Internal Auditor *Jes*

SUBJECT: Internal Audit Reports
Audit and Compliance Committee – June 7, 2018

The Internal Audit Department has completed the enclosed four audits and discussed the findings with the responsible administrators at the institutions involved. The institution response to the audit findings is also enclosed. The Internal Audit reports must be read in their entirety so as not to arrive at any conclusions out of context; however, I have summarized the reports in the following table:

Institution	Audit	Agenda Ref.	Audit period	Key Observations	Additional Comments
UNR	Intercollegiate Athletics	A-4b	7/1/16 – 9/30/17	<p>-Strengthening of controls surrounding cash, trade-out agreements, equipment inventory, and documentation related to volunteers.</p> <p>-Information submitted to NCAA showed deficiencies of revenues under expenses of ~\$2 million in FY 17.</p>	Included with the audit results is the agreed-upon procedures report from Grant Thornton (A-4a), which presents the most recent fiscal year's financial picture.
UNR	Cooperative Extension	A-5	7/1/16 – 9/30/17	<p>-One county reserve balance is excessive at \$12.7 million as of 6/30/2017. Recommend a strategic spend-down plan and policy development with optimal reserve ranges.</p> <p>-Strengthening re-charge procedures, including establishing an account to capture only re-charge activity for more transparent tracking.</p> <p>-Strengthening controls re: inventorying of firearms and equipment within policy guidelines, and development of cash handling procedures.</p>	
NSC	Nepantla Program	A-6	7/1/16 – 6/30/17	<p>-Expenditures on PCard transactions that were prohibited or inconsistent with receipt documentation.</p> <p>-Review of compensation rates in the summer program against additional compensation policy, when finalized.</p>	
CSN	Hosting	A-7	7/1/16 – 9/30/17	<p>-A 6% error rate during expenditure testing, comparable/favorable to other recent NSHE hosting audits (incorrect hosting expense category, charges).</p> <p>-Updates to newly-developed forms to ensure within NSHE policy requirements.</p>	We are required by BOR policy to perform hosting audits annually. In the next fiscal year, we will satisfy this requirement by reviewing hosting process as a whole across the new Workday ERP system.

Follow-up responses have been submitted for the three internal audit reports presented to the Audit Committee at your meeting on November 30, 2017. The current state of the recommendations follows.

Institution	Audit	Agenda Ref.	Audit period	# of Recommendations open when audit was presented	Status Update	Additional Comments
UNLV	Excess Credit Fee	A-2b	1/1/16 – 12/31/16	3	All recommendations have been implemented, with one modification that will take effect in Fall 2018.	Two of the 3 open recommendations were the responsibility of System Administration, which have now been implemented.
UNR	Excess Credit Fee	A-2c	1/1/16 – 12/31/16	6	All recommendations have been implemented, with one modification that will take effect in Summer 2018.	Two of the 6 open recommendations were the responsibility of System Administration, which have now been implemented.
GBC	Library	A-2d	7/1/16 – 6/30/17	3	All recommendations have been implemented.	

Please contact me if you have any questions or need additional information.