

Nevada System of Higher Education

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MEMORANDUM

Date: April 10, 2023
To: Daniel L. Crossman, Legislative Auditor
From: Dale A.R. Erquiaga, Acting Chancellor
Re: NSHE Response to the 2022 Performance Audit of Institution Foundations

INTRODUCTION

Thank you for the opportunity to respond to the 2022 Performance Audit findings. The Nevada System of Higher Education (NSHE) appreciates that the intent of this audit was to assess compliance with NSHE policies and procedures as well as with legislation and regulations established by the State of Nevada, and to provide recommendations on how NSHE can improve compliance within its operations.

We understand the value of the audit as it identified deficiencies that need to be addressed, opportunities for improvement to enhance accountability and operational management, and areas where differences in interpretation of the guidance or expectations may exist. NSHE has begun work to address the findings in the audit related to self-supporting and reserve accounts.

Pursuant to LCB requirements, we are submitting a 60-day response, followed by a final report in October. This document contains our initial responses/actions and the 60-day response. As discussed in January, I will appoint three NSHE committees, including external representatives, to advise on recommended actions over the next six months. We expect to bring any necessary policy changes to the Board in June and/or September.

Below are the Legislative Counsel Bureau audit recommendations and NSHE's related responses.

RECOMMENDATIONS AND RESPONSES

Recommendation 1: Ensure the institutions' foundations have adequate policies and related practices governing the issuance and retention of acknowledgement letters or receipts for donor gifts.

Initial Response: NSHE agrees with and accepts this recommendation.

NSHE is in the process of collecting detailed corrective actions from institution foundations to ensure policies are adequate surrounding acknowledgement letters or gift receipts. This will include how compliance and performance will be measured, and documentation of responsible party.

Sixty Day Response: In progress

The Foundations noted in the audit are currently reviewing their policies and related practices.

Recommendation 2: Encourage the institutions' foundations' boards, where applicable, to verify key control processes are occurring, including reconciliation of donor management systems to financial software and retention of adequate supporting documentation establishing donors' intent.

Initial Response: NSHE agrees with and accepts this recommendation.

NSHE will encourage the institution foundation boards to verify key control processes, such as review of donor records and supporting documentation for accuracy in the donor management system, are operating effectively.

Sixty Day Response: In progress

The Foundations noted in the audit are in the process of verifying their key control processes are occurring.

Recommendation 3: Develop a policy requiring institutions to routinely review inactive gift accounts and identify opportunities to repurpose funds to actively utilized accounts when appropriate and allowable.

Initial Response: NSHE agrees with and accepts this recommendation.

NSHE is coordinating with the applicable institutions to develop and/or revise policies to ensure a timely and routine review occurs of inactive gift accounts, in the spirit of identifying opportunities for repurposing funds to actively utilized accounts, if appropriate. This will include an evaluation of time period and dollar amount thresholds.

Sixty Day Response:

NSHE is coordinating with the applicable institutions to develop and/or revise policies to ensure a timely and routine review occurs of inactive gift accounts, in the spirit of identifying opportunities for repurposing funds to actively utilized accounts, if appropriate and in consultation with the donor. This will include an evaluation of time period and dollar amount thresholds.

In addition, develop a policy with coordination between the Foundations and institutions to routinely review foundation related gift accounts on the institution side for activity, appropriate use, and inactivity.

CONCLUSION

We look forward to reporting detailed improvements surrounding these recommendations in the future and will keep you apprised should there be any deviation from our expectations.

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