

DESERT RESEARCH INSTITUTE  
HOSTING  
Internal Audit Report  
July 1, 2022, through June 30, 2023

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 Desert Research Institute (DRI) for the period of July 1, 2022 through June 30, 2023.

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 institutional hosting expenditures for reasonableness, supporting documentation, and signature approval.
2. Verifying hosting transactions were processed 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 expenditures are handled in a satisfactory manner; however, implementation of the following recommendations would further improve compliance with established policies.

## HOSTING EXPENDITURES REVIEW

A sample of 36 hosting expenditures was reviewed. We also examined an additional 29 expenditures that were not charged as hosting transactions in Workday but were posted to related spend categories such as food, prizes and gifts, and catering services to determine whether they were correctly recorded as non-hosting transactions. Lastly, we reviewed 5 transactions involving table purchases. Of the 70 expenditures, the following exceptions were noted.

1. On two occasions, a hosting expenditure was incorrectly charged as a non-hosting transaction in Workday. Of these, we noted that a Host Expense Documentation and Approval form (host form) was not completed for one transaction.

We recommend hosting expenditures be properly identified and charged to the Hosting Ledger Account in Workday and that host forms are properly completed and approved.

### **Institution Response**

- **Corrective Action Taken – Members of the DRI Administrative Council and Financial Services Office (FSO) team have been reminded of the importance of proper coding and appropriate approvals for hosting transactions.**
- **Compliance, Measurement and Documentation – FSO will ensure that all hosting expenses are properly coded and approved before being processed.**
- **Responsibility – The divisions and departments are responsible for obtaining the appropriate approval on hosting transactions. The FSO Team is responsible for ensuring that transactions are appropriately coded and approved before final processing.**

### **Follow-up Response:**

**The implementation of the original response has been reviewed, is in place, and meets the control objective of assuring that transactions are properly coded and approved per the Host policy. We request this finding be closed.**

2. On one occasion, we noted a purchase order was not obtained for the room rental and catering fees of a hosted event held off campus which exceeded the \$5,000 purchasing

limit threshold. We also noted that the catering contract executed by a division employee prior to the event exceeded the amount of gratuity allowed per Board of Regents hosting policy. We noted that an attempt was made by the employee, although unsuccessful, to adjust the amount of gratuity with the vendor after-the-fact.

We recommend that purchase requisitions and quotations be completed and submitted to the BCN Purchasing Department in advance of purchases and the execution of contracts, as required.

### **Institution Response**

- **Corrective Action Taken – Members of the DRI Administrative Council and the division and department purchasing card admin teams have been reminded of the Board of Regents’ Policies and the importance of compliance. In addition, before new purchasing cards are distributed, cardholders must complete a training course as well as certify that they have read the DRI Purchasing Card Manual.**
- **Compliance, Measurement and Documentation – FSO will ensure that documentation of all policy infractions is included in the support for transactions. In this instance, DRI’s controls were working as intended, as the FSO team had included documentation of communication with the cardholder and division admin personnel for the policy infractions.**
- **Responsibility – All purchasing cardholders are responsible for compliance with policies. The FSO Team is responsible for ensuring that transactions are appropriately coded, approved, and that any policy infractions are documented before final processing.**

### **Follow-up Response:**

**The implementation of the original response has been reviewed, is in place, and meets the control objective of assuring employees understand the importance of adhering to the purchasing policy. We request this finding be closed.**

3. On one occasion, a business purpose for employee gifts was not provided on the host form.

We recommend greater care be taken to ensure a business purpose is provided on the host form. If a business purpose is not initially included or provided in sufficient detail in the supporting documentation, we recommend the responsible party be requested to provide one when the transaction is reviewed and processed.

### **Institution Response**

- **Corrective Action Taken – Members of the DRI Administrative Council and FSO team have been reminded of the importance of proper documentation of the business purpose for hosting transactions.**
- **Compliance, Measurement and Documentation – FSO will ensure that all hosting expenses are properly documented before being processed.**
- **Responsibility – The divisions and departments are responsible for the proper documentation of hosting transactions. The FSO Team is responsible for ensuring that transactions are appropriately documented before final processing.**

### **Follow-up Response:**

**The implementation of the original response has been reviewed, is in place, and meets the control objective of assuring that transactions are properly documented in accordance with the Host policy. We request this finding be closed.**

4. On one occasion, a host form was signed and approved by an employee which did not have signature authority for the host account charged. No delegation of signature authority was on file.

We recommend host forms be approved by the designated signature authority, as required.

### **Institution Response**

- **Corrective Action Taken – Members of the DRI Administrative Council and FSO team have been reminded of the importance of obtaining appropriate approvals for hosting transactions.**
- **Compliance, Measurement and Documentation – FSO will ensure that all hosting expenses are properly approved before being processed.**

- **Responsibility – The divisions and departments are responsible for obtaining the appropriate approval on hosting transactions. The FSO Team is responsible for ensuring that transactions are appropriately approved before final processing.**

**Follow-up Response:**

**The implementation of the original response has been reviewed, is in place, and meets the control objective of assuring that transactions are properly approved in accordance with the Host policy. We request this finding be closed.**

**PRIOR AUDIT**

The prior hosting audit at DRI was conducted for the period of July 1, 2016 through September 30, 2017. 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 received from DRI personnel during this review.

Reno, Nevada  
December 22, 2023

/---SIGNATURE ON FILE---

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