

**Sevier Valley Center
Audit Follow-Up**



Office of Internal Audit

Follow-Up Report on Audit Findings

2016-A06 Sevier Valley Center Audit

To the Board of Trustees of Snow College

Internal Audit conducted follow-up work on audit report findings contained in report number 2016-A06, *Sevier Valley Center*, issued January 2017. The Institute of Internal Auditors, International Professional Practices Framework section 2500, Monitoring Progress, states: "The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management."

Snow College Administration, the Sevier Valley Center (SVC) Board, and management have taken actions to remediate the issues documented in the report. Some of the key actions taken include:

- SVC Board and Snow College hired a new director
- Snow College President appointed a member of the Board of Trustees to the SVC Board
- The joint use agreement was revised and is in the final approval stages
- Snow College policies and procedures are being revised and new policies are being developed
- New being sponsorship tiers and pricing were established and procedures are implemented
- Procedures have been implemented for legal review of event and sponsor contracts
- Tracking of expenses and revenues by event has been implemented
- Cash handling policies have been approved and implemented

The SVC is still in progress on implementing policies, procedures and additional controls. The majority of the recommendations from the audit have either been implemented or are currently in the process of being implemented.

The former SVC Director repaid Snow College in the amount of \$4607 for the personal use of the SVC, missing tickets, and the personal use of college funds. The misappropriation findings were reported to the Commissioner and were turned over to the Sevier County District Attorney.

The objectives of the follow-up program are to identify and provide status information for each recommendation reviewed. The following pages contain each detailed recommendation and the status of each. Status is defined as follows:

- Implemented: The recommendation has been fully implemented, either as described in the report or in a manner that resolved the underlying issue.
- In Progress: Management has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
- Partially Implemented: Management implemented the recommendation in part.
- Not Implemented: Management has not implemented the recommendation and indicated that they will not do so.

The follow-up methodology included interviewing management and other employees involved in the processes at the Sevier Valley Center and obtaining supporting documentation to support the reported status of each recommendation.

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Summary of Audit Findings

The following charts provide a review of the findings that were documented in the audit report:

Misappropriation of Snow College Funds and Resources	
1	Sponsor donations were not accounted for and in some cases were diverted for personal use
2	Snow College purchasing cards were used to purchase baseball uniforms for the SVC Director's baseball team
3	The SVC Director used the facility and did not pay rent on multiple occasions

Significant control deficiencies / Mismanagement of the SVC	
1	Lack of review and oversight on high cost and increased liability contracts with outside performers
2	Failure to use approved contracts for SVC partnership and public usage of the SVC
3	Missing tickets and/or funds for tickets sold through sponsoring vendors
4	Excessive and inappropriate spending using the Snow College purchasing cards for meal purchases and other unapproved purchases
5	Lack of policies and procedures governing the use of the SVC
6	Lack of transparency and inadequate reporting to the SVC Board
7	Inadequate separation of duties and controls in cash handling
8	Inaccurate billing and missing revenues from sponsor donations
9	Use of unapproved vendors

Status of Recommendations – SVC Board

Recommendations were made to the SVC Board to review and update the joint use agreement, policies and procedures, and enforce the responsibilities of the Board and the SVC Director. The SVC Board has drafted a revised joint use agreement and is in the final approval stages. The joint use agreement will be approved in the next Board meeting.

#	Recommendation	Status
1-1	Review and update the joint use agreement to properly delineate roles and responsibilities of the Board and the SVC director	In Progress
1-2	Consider further modifying the joint use agreement to better allocate power over decisions to the entity with the risk, which may include providing Snow College with a majority representation on the Board	In Progress
1-3	Coordinate the use of, access to, and payment for the use of the SVC among the parties, the community and outside entities	Implemented
1-4	Set establish and document written policies and guidelines to govern the use of the SVC.	Implemented
1-5	Make all major decisions regarding the use and operation of the SVC	Implemented
1-6	Determine whether or not to continue offering the batting cage	Implemented
1-7	Follow up on assignments made during board meetings	Implemented

Status of Recommendations – Snow College Administration

Recommendations were made to Snow College Administration to review, update and establish new policies and procedures. In addition to updating and establishing new policies, the President appointed a member of the Board of Trustees to be a member of the SVC Board. Administration also worked with the SVC Board to hire a new SVC Director. Administration currently has policies that have been drafted and are currently in different stages in the review and approval processes.

Following is a summary of recommendations where it was suggested that Snow College Administration review, update and establish policies for each of the following:

#	Recommendation	Status
2-1	Allowable business purpose and entertainment meals, including overtime meals provided to staff	In Progress
2-2	Personal and business use of the Snow College facilities and equipment	In Progress
2-3	Authorized signers for contracts, contract limits, and an approval process	In Progress
2-4	Donations and contributions made by sponsoring organizations	Implemented
2-5	Purchase, acceptance of and use of gift cards from sponsors	Not Implemented ¹
2-6	Advance approval for business meals purchases	Implemented
2-7	Use, approval and enforcement of purchasing cards for meals and other items that have the appearance of personal-use	Implemented

Status of Recommendations – SVC Director

SVC Director – A new Director was hired and was tasked with implementing recommendations from the audit. The director has worked closely with the SVC Board and Snow College Administration to collaborate on the recommendations and ensure the recommendations were properly addressed.

#	Recommendation	Status
3-1	Develop procedures for expense and revenue tracking	In Progress
3-2	Abandon the practice of giving gift cards to employees for personal use or gifts	Implemented
3-3	Work with payroll to ensure all gifts given to employees that exceed \$50 are recorded as taxable compensation	Implemented
3-4	Ensure overtime meals are in compliance with Snow College policy and record all overtime meals provided to staff as taxable compensation	Implemented ²
3-5	Report all sponsor contributions and donations to the Advancement Office to record as gifts or donations	In Progress
3-6	Obtain written approval from the SVC Board for exceptions to standard sponsorship pricing or benefits.	Implemented
3-7	Ensure that all in-kind donations are used for legitimate business purposes and are used and tracked in accordance to Snow College policies and procedures. Maintain receipts and track usage of gift cards and other in-kind donations or payments.	Not Implemented ³

¹ Gift cards are no longer accepted from sponsors

² Overtime meals are currently not provided in the event that a business decision is made to provide overtime meals, SVC management will work with payroll to ensure overtime meals are properly recorded

³ In-kind donations are no longer accepted or used from sponsors of the SVC.

3-8	Adhere to Advancement Office policies in regards to quid-pro-quo sponsor agreements by properly accounting for comp tickets provided to sponsors for events.	In Progress
3-9	Ensure that all contracts for sponsors, performers, and public use be reviewed by legal and risk management and are approved and signed by the SVC Board or Snow College Administration.	Implemented
3-10	Obtain Board approval for all events and pricing including personal-use events.	Implemented
3-11	Ensure all services provided by the SVC are reviewed and approved by the Board prior to implementation. Also ensure they are in-line with the joint use agreement mission and the Snow College mission.	Implemented
3-12	Discontinue printing unsold tickets at the face value and manually adjusting deposit records to reduce the deposit amounts for the unsold tickets	Implemented
3-13	Include a detailed report in the deposit records itemizing the number of tickets sold by event. Review deposit receipts from the Cashiers office to verify that the deposit amounts were applied to the appropriate events.	Implemented
3-14	Track attendance of events and reconcile the number of attendees with the number of tickets sold. A possible method of tracking attendance would be to use the existing ticket bar code scanning process that is part of the TicketSage application.	Implemented
3-15	Deposit all funds within three business days.	Implemented

Status of Recommendations – Controller’s Office

The Controller’s office has implemented controls to provide for more accurate and real-time reporting of revenues and expenses by event. They have also completed a new cash handling policy and have worked with the Sevier Valley Center to implement the necessary cash handling controls.

#	Recommendation	Status
4-1	In the financial system track all revenues back to specific events to provide for more accurate reporting and transparency with the SVC Board.	Implemented
4-2	Require and provide cash handling and safeguarding training to all employees that work with cash.	In Progress ⁴
4-3	Obtain copies of and record all sponsor donations and payments in Banner.	Implemented
4-4	When billing sponsors, ensure the Advancement Office has copies of the sponsor agreements and billing amounts for input into the current donor management system.	Implemented
4-5	Procedures for the use and tracking of gift cards, gift certificates and other similar in-kind donations	Not Implemented ⁵

⁴ Most of the cashiers have been trained on cash handling, but the director and some full-time employees have not received that training yet.

⁵ The SVC has discontinued accepting in-kind donations such as gift cards from sponsors.

Status of Recommendations – Purchasing

The office of Procurement (Purchasing) is in the process of updating their website to include a list of approved vendors. In addition, they have updated their p-card training to include supervisory responsibilities for reviewing and approving p-card transactions.

#	Recommendation	Status
5-1	Communicate contract vendors to employees to ensure contract vendors are used where appropriate. Consider posting contract vendors and contracts in a centralized location for employee information and use.	In Progress
5-2	Update the purchasing card policies and procedures for clarification on meal purchases and approvals.	In Progress ⁶
5-3	Include policies and procedures for supervisors that are tasked with reviewing and approving purchasing cards.	In Progress

Status of Recommendations – Advancement Office

#	Recommendation	Status
6-1	Obtain copies of all SVC sponsor agreements, record and maintain all sponsorship information and donations received in the current donor management system.	In Progress
6-2	Provide copies of sponsor agreements to the Controller's Office to ensure the proper amounts are billed, tracked and entered into the financial system.	Implemented
6-3	Ensure that completed in-kind donation forms are received when in-kind donations are documented as use for payments by sponsors.	Implemented
6-4	Send appropriate acknowledgement of contributions to sponsors.	In Progress

⁶ The business office is updating the travel policy which includes language on meals purchases. The purchasing card policy also has language on meals purchases. The two offices should work together to ensure the language is consistent and accurate.