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We have completed an audit of the University and Community College System of Nevada's Costs of Administration, Athletics, and Host Accounts. This report represents one component of the audit required by Chapter 442, Statutes of Nevada, 2003 (A.B. 148). The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions. The results of our audit, including findings, conclusions, recommendations, and the University and Community College System of Nevada's response, are presented in this report.

We wish to express our appreciation to the management and staff of the University and Community College System of Nevada for their assistance during the audit.

Respectfully presented,

A handwritten signature in black ink, appearing to read "Paul V. Townsend". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Paul V. Townsend, CPA
Legislative Auditor

November 22, 2004
Carson City, Nevada

STATE OF NEVADA
UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA
COSTS OF ADMINISTRATION, ATHLETICS, AND HOST ACCOUNTS

AUDIT REPORT

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AUDIT REPORT

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EXECUTIVE SUMMARY

UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA

COSTS OF ADMINISTRATION, ATHLETICS, AND HOST ACCOUNTS

Background

The Constitution of the State of Nevada provides for the establishment of a state university to be controlled by an elected Board of Regents. Thirteen Regents elected to six-year terms set policies and approve budgets for the University and Community College System of Nevada (UCCSN). The System is administered by a Chancellor who is responsible for administrative leadership and overseeing the presidents of the following eight institutions.

- University of Nevada, Las Vegas (UNLV)
- University of Nevada, Reno (UNR)
- Desert Research Institute (DRI)
- Nevada State College at Henderson (NSC)
- Community College of Southern Nevada (CCSN)
- Great Basin College (GBC)
- Truckee Meadows Community College (TMCC)
- Western Nevada Community College (WNCC)

UCCSN is supported by state appropriations, gifts, grants, and self-generated revenues. UCCSN revenues and expenditures amounted to nearly \$1 billion in fiscal year 2003. State appropriations accounted for about 40% of the total funding in fiscal year 2003.

Purpose

The purpose of this audit was to analyze the University and Community College System of Nevada's administrative costs, athletic revenues and expenditures, and the utilization of host accounts. Our audit included activities recorded in fiscal years 1999 through 2003 and

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detailed testing for fiscal year 2003 expenditures. Additionally, we reviewed UCCSN's policies and procedures regarding faculty workload.

Results in Brief

The University and Community College System's (UCCSN) administrative costs are reasonable when compared to the increase in total expenditures, student enrollment, and cost per student during fiscal years 1999 to 2003. Furthermore, UCCSN's fiscal year 2003 administrative expenditures compared favorably with peer institutions. While administrative costs appear reasonable, controls can be improved to ensure salaries are within established limits. Furthermore, institutions should strengthen controls to ensure travel expenditures are in compliance with policies and procedures.

In fiscal year 2003, athletic expenditures were approximately 6% of UNLV's total expenditures and 4% of UNR's total expenditures. Based on our analysis, additional controls are needed to ensure certain travel costs are appropriate and financial information is reliable. Effective expenditure controls help ensure limited resources are used appropriately.

Host expenditures are customary for meals, refreshments, and small gifts when conducting necessary business activities that provide a benefit to the System. Despite the sensitivity of these expenditures, 25% of the transactions we examined were not related to these activities. These problems can be attributed to insufficient guidance and a breakdown in the approval process.

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Principal Findings

- UCCSN's administrative costs are reasonable when compared to the increase in total expenditures, student enrollment, and cost per student during fiscal years 1999 to 2003. Administrative costs totaled about \$125 million in fiscal year 2003, an increase of 20% since fiscal year 1999. This increase is slightly lower than the increase in full-time equivalent (FTE) students during the same period. In addition, administrative costs declined at every institution during the 5 years when compared to the percentage increase in total expenditures. Finally, administrative costs per FTE student declined during the same period at UNR, UNLV and CCSN. (page 10)
- UCCSN's administrative salaries were comparable to those of their peers. Of the 8,600 FTE employee positions filled at June 30, 2003, approximately 15% were paid from administrative accounts. We identified 119 administrative employees' salaries, excluding benefits that exceeded \$100,000 in fiscal year 2003. The average salary for these 119 employees was about \$135,000. Our analysis of executive level employees' salaries indicated they were all similar to the median salary of their peers except for the community colleges. Eleven of 15 community college executives were paid salaries above their peers' 75th percentile. (page 15)
- Salaries were not always within limits established by the Board of Regents. In fiscal year 2003, 3 of the 119 administrative employees' salaries we examined exceeded the maximum salary for their rank as defined in the Board of Regents' Handbook. Furthermore, 13 administrative employees' personnel records did not contain established salary rankings. As a result, we could not determine if their salaries were within established limits. Because personnel

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costs account for the majority of administrative expenditures, controls should ensure salaries are within established limits. (page 18)

- Improved controls are needed to reduce travel claim errors. Of the 150 travel documents we examined, 67 contained at least one exception to the applicable institution's policies. Although the majority of the errors were for untimely submittals, some resulted in overpayments to employees. We found similar errors with athletic department travel claims. (page 19)
- UNLV and UNR have established travel policies and procedures. However, these procedures do not address when it is appropriate to utilize chartered air services. For example, UNLV's men's basketball team used a chartered air service on several occasions. For one road game, the team chartered a flight at a cost of approximately \$13,100. In contrast, the women's basketball team traveled to the same location three days later on a commercial flight for \$10,700 less. We also noted an instance in which chartered air services was used by a UNLV employee to conduct a 1-day recruiting trip. The cost for this service was \$5,200. Although funding for these expenditures was from gifts and other self-supporting revenues, policies should address when it is appropriate to use chartered services. (page 29)
- The use of team meals versus per diem amounts is not addressed in UNLV or UNR team travel policies and procedures. For example, one team was provided a dinner, including a snack, that exceeded \$50 per student. However, the institution's policy authorized \$14 per student for dinner. The difference between the amount paid for the provided meal and the per diem rate for all team members was approximately \$3,800. Because team travel costs comprise a significant amount of financial resources, policies over such activities are necessary for

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ensuring expenditures are appropriate and cost effective. (page 29)

- UNR should implement controls to ensure financial reports are accurate. Specifically, a UNR Athletic Department report showing its financial activity and number of student athletes for fiscal year 2003 was not reliable. Revenues and expenditures were overstated by approximately \$1 million. These variances were the result of incomplete data, estimates, and different methods used to calculate certain data. The variances were not detected since the athletic department and the controller's office did not reconcile the report. This report is provided to oversight bodies and the public each year. Therefore, procedures should be established to ensure the report is complete and accurate. (page 31)
- Host expenditures were not always in accordance with established policies. During fiscal year 2003, UCCSN's host expenditures totaled approximately \$3.2 million. Of the 200 expenditures we examined, 25% did not qualify as host expenditures. Inappropriate expenditures included office parties and staff meals; excessive gifts such as two \$500 leather jackets; and office furniture and refrigerators. Insufficient guidance and the lack of proper approvals contributed to these problems. (page 33)
- Although prohibited by Board policy, host expenditures totaling about \$2,500 were paid from state-supported accounts in fiscal year 2003. This occurred, in part, because some institutions allow host expenditures to be paid from numerous accounts. During fiscal year 2003, UCCSN utilized 603 accounts to pay host expenditures. (page 34)
- Faculty workload has become a concern of the public and students. Although each institution had workload policies, there was no system-wide policy. In addition, institutional reports on faculty workload were

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UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA COSTS OF ADMINISTRATION, ATHLETICS, AND HOST ACCOUNTS

self-reported, thus causing concerns about their reliability. To address these concerns, UCCSN established an Ad Hoc Faculty Workload Task Force. As a result, Board guidelines regarding expected teaching workloads have been established. Furthermore, the Board authorized the UCCSN Internal Audit Department to audit each institution's faculty workload. As of August 2004, the audits were still in progress. (page 36)

Recommendations

This report contains 10 recommendations to improve controls over UCCSN's administrative, athletic, and host expenditures. Specifically, policies and procedures should be developed and revised to ensure administrative salaries, staff and team travel, and host expenditures comply with established requirements and are properly controlled. (page 55)

Agency Response

This agency, in its response to our report, accepted all 10 recommendations. (page 52)

Introduction

Background

The Constitution of the State of Nevada provides for the establishment of a state university to be controlled by an elected Board of Regents. Thirteen Regents elected to six-year terms set policies and approve budgets for the University and Community College System of Nevada (UCCSN). The System is administered by a Chancellor who is responsible for administrative leadership and overseeing the presidents of the eight institutions which include:

- University of Nevada, Las Vegas (UNLV)
- University of Nevada, Reno (UNR)
- Desert Research Institute (DRI)
- Nevada State College at Henderson (NSC)
- Community College of Southern Nevada (CCSN)
- Great Basin College (GBC)
- Truckee Meadows Community College (TMCC)
- Western Nevada Community College (WNCC)

The mission of UCCSN is to provide higher education services to citizens of the state at a high level of quality consistent with the State's resources. The System strives to assist in providing an educated and technically skilled citizenry for public service and the general welfare, to contribute toward an educated and trained work force for industry and commerce, and to facilitate the individual quest for personal fulfillment.

UCCSN is supported by state appropriations, gifts and grants, and self-generated revenue. State appropriations accounted for about 40% of total revenues in fiscal year 2003. Exhibit 1 shows revenues and expenditures for fiscal year 2003.

**UCCSN Statement of Revenues
and Expenditures
Fiscal Year 2003**

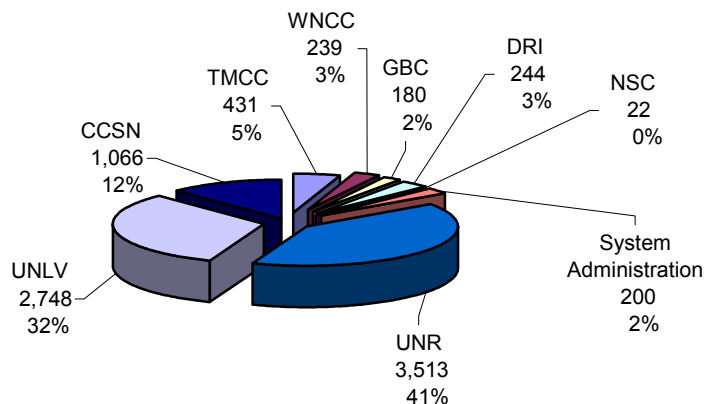
Revenues	
State Appropriations	\$ 376,102,000
Grants and Contracts	251,522,000
Student Tuition and Fees	148,651,000
Sales and Services	122,399,000
Gifts	25,271,000
Investment Income	19,476,000
Other Revenues	5,976,000
Total Revenues	\$ 949,397,000

Expenditures	
Employee Compensation & Benefits	\$ 626,599,000
Supplies and Services	200,424,000
Depreciation	55,985,000
Scholarships and Fellowships	35,004,000
Utilities	24,408,000
Interest Expense	10,828,000
Other Expenditures	6,436,000
Total Expenditures	\$ 959,684,000
Expenditures over Revenues	\$ (10,287,000)

Source: UCCSN audited financial statements for the fiscal year ended June 30, 2003.

As of June 30, 2003, UCCSN had approximately 8,600 full-time equivalent (FTE) positions filled. Exhibit 2 shows the number of filled FTE positions by institution and for System Administration as of June 30, 2003.

**UCCSN FTE Positions Filled
As of June 30, 2003**



Source: UCCSN Human Resources.

Note: Data represents only filled positions as of June 30, 2003.

Total number of positions was not readily available.

Scope and Objectives

This audit was required by Chapter 442, Statutes of Nevada, 2003 (A.B. 148) and was conducted pursuant to the provisions of NRS 218.737 to 218.893. The Legislative Auditor conducts audits as part of the Legislature’s oversight responsibility for public programs. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

This audit included an analysis of UCCSN’s administrative costs and UNR and UNLV athletic program revenues and expenditures for fiscal years 1999-2003. Detailed testing of athletic program and host expenditures was performed for fiscal year 2003. The objectives of our audit were to analyze:

- the costs of administration, including, personnel, travel, and other associated costs;
- the costs of athletic programs;
- the utilization of host accounts.

In addition, we reviewed UCCSN’s policies and procedures regarding faculty workload.

Findings and Recommendations

Administrative Costs Are Reasonable, But Salary Controls Can Be Strengthened

The University and Community College System's (UCCSN) administrative costs are reasonable when compared to the increase in total expenditures, student enrollment, and cost per student during fiscal years 1999 to 2003. Furthermore, UCCSN's fiscal year 2003 administrative expenditures compared favorably with peer institutions. While administrative costs are considered reasonable, controls can be improved to ensure salaries are within established limits. Furthermore, institutions should strengthen controls to ensure travel expenditures are in compliance with policies and procedures.

UCCSN Administrative Costs Are Reasonable

UCCSN's administrative costs are reasonable when analyzed on an individual entity basis. From fiscal years 1999 to 2003, the increase in the System's total administrative expenditures was slightly less than the increase in student enrollment. In addition, administrative costs increased by about 20% while total operating costs increased 38%, indicating additional funding was allocated to areas other than administration. Our analysis also indicates the administrative costs per full-time equivalent student is, for the most part, dependent on the nature and size of the institution. We also found fiscal year 2003 administrative expenditures comparable to peer institutions. The increase in administrative costs during the 5 fiscal years was largely due to salaries and benefits as these expenses comprise the majority of administrative costs.

Administrative Costs Defined

The National Association of College and University Business Officers (NACUBO) provides financial accounting and reporting guidance for public colleges and universities. NACUBO identifies 12 functional classifications for reporting expenses. One of these functional classifications—institutional support—identifies administrative costs as those expenses related to:

- executive-level activities concerned with management and long-range planning for the entire institution,
- fiscal operations,
- logistical activities,
- transportation services,
- support services to faculty and staff, and
- activities concerned with community and alumni relations.

Based on NACUBO's guidance, we included all expenditures recorded as institutional support in our analysis of UCCSN's administrative costs.

While NACUBO has provided classification guidance, differences exist in how each institution records certain costs. As a result, administrative cost comparisons between UCCSN institutions and their peers can be impacted by these differences. For example, some positions have functions that are largely related to the administration of the institution but are not included in the institutional support classification. These positions include vice presidents, provosts, and deans. In order to capture all administrative costs, we included expenditures attributable to these and other positions that were identified by each institution as having administrative duties. Overall, these non-institutional support expenditures accounted for about 20% of total administrative costs during fiscal year 2003.

Cost Increase Slightly Less Than Growth in Enrollment

During the 5 fiscal years ended June 30, 2003, the System's administrative expenditures increased at a slightly lower rate than the increase in full-time equivalent (FTE) students. However, administrative expenditures outpaced FTE enrollment at the three smallest institutions. For instance, GBC experienced a 31% increase in administrative costs, while student FTE's grew 8%.¹ Higher administrative costs for this college are due, in part, to the addition of its baccalaureate degree programs. Exhibit 3 shows total administrative expenditures by institution and for System Administration for fiscal years 1999 through 2003 and the increase in FTE students during the same period.

¹See Appendix D for each institution's increase in annualized full-time equivalent students for fiscal years 1999-2003.

Exhibit 3

**Administrative Expenditures
Fiscal Years 1999 - 2003
(In Thousands)**

Institution	1999	2000	2001	2002	2003	% Change 1999 - 2003 Expenditures	% Change 1999 - 2003 FTE Students
System Administration	\$ 17,839	\$ 18,338	\$ 20,644	\$ 20,829	\$ 22,890	28%	-
UNR	25,087	26,403	27,795	30,183	29,927	19%	22%
UNLV	30,120	30,942	32,582	33,610	35,055	16%	18%
CCSN	8,984	10,128	10,397	10,627	11,737	31%	32%
TMCC	6,037	5,663	5,952	7,479	7,353	22%	16%
WNCC	3,477	4,135	4,526	3,949	4,180	20%	7%
GBC	2,579	2,734	2,880	3,200	3,379	31%	8%
DRI	9,390	10,751	9,489	7,956	10,159	8%	-
Totals	\$103,513	\$ 109,094	\$ 114,265	\$ 117,833	\$ 124,680	20%	22%

Source: UCCSN's accounting records.

Note: NSC not included as the institution did not begin operations until the fall semester of 2002.

Administrative Costs Ratio Has Decreased

From fiscal years 1999 to 2003, the ratio of UCCSN's administrative expenditures to total expenditures declined from 15% to 13%. Exhibit 4 shows each entity's percent of administrative costs to total expenditures for fiscal years 1999 through 2003.

Exhibit 4

**Administrative Costs as a
Percentage of Total Expenditures
Fiscal Years 1999 - 2003**

Institution	1999	2000	2001	2002	2003
System Administration	85.7%	89.2%	84.2%	77.2%	80.4%
UNR	9.1%	9.0%	8.7%	8.9%	8.3%
UNLV	13.5%	13.0%	12.6%	11.8%	11.0%
CCSN	12.2%	11.3%	11.4%	9.8%	10.0%
TMCC	17.8%	15.9%	15.9%	18.3%	16.5%
WNCC	18.6%	21.7%	22.6%	18.1%	18.5%
GBC	22.8%	21.6%	20.8%	20.0%	19.9%
DRI	35.2%	35.9%	30.9%	24.1%	27.7%
Totals	15.1%	14.8%	14.3%	13.5%	13.2%

Source: UCCSN's accounting records.

Note: NSC not included as the institution did not begin operations until the fall semester of 2002.

In all instances, administrative expenditures as a percentage of total operating expenditures declined since fiscal year 1999. Furthermore, while total administrative

expenditures increased about 20%, total operating expenditures increased about 38%. This indicates funding increases have been allocated to other functional areas. We also noted a similar trend when we analyzed full-time equivalent administrative positions.

No Increase in Administrative Costs Per Student for Larger Institutions

In addition to comparing administrative costs to the growth in student enrollments, we determined the administrative costs per FTE student. From fiscal years 1999 to 2003, UNR, UNLV, and CCSN showed a decline in administrative costs per student since the growth in enrollment exceeded the increase in expenditures. The opposite was noted for TMCC, WNCC, and GBC. Exhibit 5 shows administrative costs per student FTE for fiscal years 1999 through 2003.

Exhibit 5

**Administrative Cost Per FTE Student
Fiscal Years 1999-2003**

Institution	1999	2000	2001	2002	2003	% Change 1999 - 2003
System Administration	\$ 404	\$ 392	\$ 442	\$ 417	\$ 425	5.2%
UNR	\$ 2,704	\$ 2,756	\$ 2,896	\$ 2,889	\$ 2,650	(2.0%)
UNLV	\$ 2,059	\$ 2,055	\$ 2,223	\$ 2,095	\$ 2,030	(1.4%)
CCSN	\$ 713	\$ 712	\$ 726	\$ 699	\$ 705	(1.1%)
TMCC	\$ 1,337	\$ 1,217	\$ 1,249	\$ 1,527	\$ 1,398	4.6%
WNCC	\$ 1,728	\$ 2,006	\$ 2,197	\$ 1,838	\$ 1,935	12.0%
GBC	\$ 2,210	\$ 2,212	\$ 2,180	\$ 2,660	\$ 2,676	21.1%

Source: UCCSN's accounting records.

Note: NSC not included as the institution did not begin operations until the fall semester of 2002.

DRI not computed due to lack of student body. Total student body used to compute System Administration figures.

Fiscal year 2003 administrative expenditures per FTE student ranged from a high of \$2,676 at GBC to a low of \$705 for CCSN. CCSN's administrative cost per FTE are, in part, low due to the high number of students attending the institution.

Costs Are Comparable to Peer Institutions

UCCSN's total administrative costs cannot be compared to peer institutions due to expenditure classification limitations. Therefore, our analysis of administrative costs to peer institutions only included institutional support expenditures. We found UCCSN's

institutional support expenditures as a percentage of total expenditures and the cost per full-time equivalent student were similar to their peers.²

Exhibit 6 shows a comparison of fiscal year 2003 institutional support expenditures as a percent of total expenditures and cost per FTE student for each UCCSN institution and its peers.

Exhibit 6

**Comparison to Peer Institutions
Institutional Support Costs
Fiscal Year 2003**

Institution	% of Total Expenditures	% of Total Expenditures Peers	Cost Per FTE Student	Cost Per FTE Student - Peers
UNR	6.3%	4.4% - 10.2%	\$ 2,025	\$992 - \$2,264
UNLV	7.5%	6.9% - 10.0%	\$ 1,386	\$1,221 - \$1,669
CCSN	7.4%	11.9% - 13.5%	\$ 520	\$806 - \$1,560
TMCC	14.1%	13.0% - 20.6%	\$ 1,194	\$1,192 - \$2,189
WNCC	14.7%	4.4% - 13.0%	\$ 1,542	\$397 - \$1,235
GBC	10.0%	9.3% - 24.5%	\$ 1,345	\$1,212 - \$3,188

Source: Fiscal year 2003 financial statements and the National Center for Education Statistics.

Note: NSC not included as the institution did not begin operations until the fall semester of 2002.

DRI not included because institution and peer data not easily compared due to nature of operations.

Our peer comparison results regarding administrative costs were consistent with the findings reported to the Committee to Evaluate Higher Education Programs in Nevada. In July 2004, the National Center for Higher Education Management Systems (NCHEMS) reported none of the UCCSN institutions are spending inordinate amounts on administration. Additional findings by the NCHEMS were:

- Nevada institutions are generally funded at appropriate levels.
- The amount of funding going to direct instruction is generally high.

Salaries Responsible for Most of the Increase

The 20% growth in UCCSN's administrative expenditures since fiscal year 1999 is largely due to increases in salaries and benefits. We categorized administrative expenditures into three areas—salaries, travel, and operating expenditures. Excluding DRI and NSC, fiscal year 2003 salaries and benefits accounted for about 75% of total

²See Appendix E for a list of UCCSN's peer institutions.

administrative expenditures. From fiscal years 1999 to 2003, UCCSN's administrative expenditures for salaries and benefits increased approximately 34%, travel by 11%, and operating expenditures declined by about 5%.

Increases in salaries are attributable to a variety of causes including cost-of-living adjustments, merit increases, and the addition of new positions. During the 5 fiscal years, cost-of-living adjustments totaled 10% and filled FTE administrative positions increased by 11%. Individually, none of these changes significantly increased salaries and benefits; but, when combined they account for a \$21.9 million increase in administrative costs.

Although total operating costs decreased over the 5 fiscal years, they increased at four institutions and decreased at three. Factors outside of the institutions control contributed to these decreases. For instance, a \$2.3 million decline in operating costs occurred at UNLV. The majority of this decline is the result of financial reporting changes. Effective fiscal year 2002, financial reporting requirements altered how the institution accounted for certain transactions. As a result, operating expenditures were reduced. These adjustments accounted for at least 87% of the total change in operating costs at UNLV and affected operating costs at other UCCSN institutions as well.

Our review of administrative costs for UCCSN institutions did not reflect unusual or significant variations between years that were unexplainable. Fluctuations in administrative costs were mainly due to institutional reorganizations, additional staff, and increases in operating costs for specific projects.

Administrative Salaries Comparable to Peers

About 15% of UCCSN's full-time equivalent (FTE) positions that were filled as of June 30, 2003, were paid from administrative accounts. As mentioned previously, the increase in administrative expenditures from fiscal years 1999 through 2003, can, for the most part, be attributed to an increase in positions and salaries. However, when compared to total FTE positions, the percentage of administrative FTE positions to total positions decreased slightly during the 5 fiscal years. Furthermore, the increase in average administrative salary was similar to the overall increase in total administrative

costs. Because UCCSN's executive and other administrative salaries are established using peer data, we found these salaries were comparable.

Ratio of Administrative Positions Decreased Slightly

UCCSN had about 8,600 FTE positions filled as of June 30, 2003. This is about 24% more than on June 30, 1999. Although the number of filled positions paid from administrative accounts increased by 11%, the percentage of administrative positions to total positions decreased slightly during the 5 years. Exhibit 7 shows the number of administrative FTE positions filled as of June 30 for fiscal years 1999 through 2003.

Exhibit 7

**Administrative FTE Positions
Fiscal Years 1999 - 2003
As of June 30**

Institution	1999	2000	2001	2002	2003	% change 1999 - 2003
System Administration	151.86	149.65	166.45	177.25	166.45 ⁽¹⁾	9.6%
UNR	378.27	408.99	385.74	394.80	378.78	0.1%
UNLV	338.06	345.60	364.98	374.06	394.70	16.8%
CCSN	97.52	110.01	116.31	120.28	131.77	35.1%
TMCC	75.84	84.09	80.46	95.11	89.56	18.1%
WNCC	53.00	58.29	56.83	49.50	51.50	(2.8%)
GBC	37.53	39.33	45.03	54.00	47.55	26.7%
Totals	1,132.08	1,195.96	1,215.80	1,265.00	1,260.31	11.3%

Source: UCCSN's accounting records.

⁽¹⁾Certain NSC personnel were previously included in System Administration records.

Note: NSC not included as the institution did not begin operations until the fall semester of 2002.

DRI administrative positions could not be determined due to lack of position control.

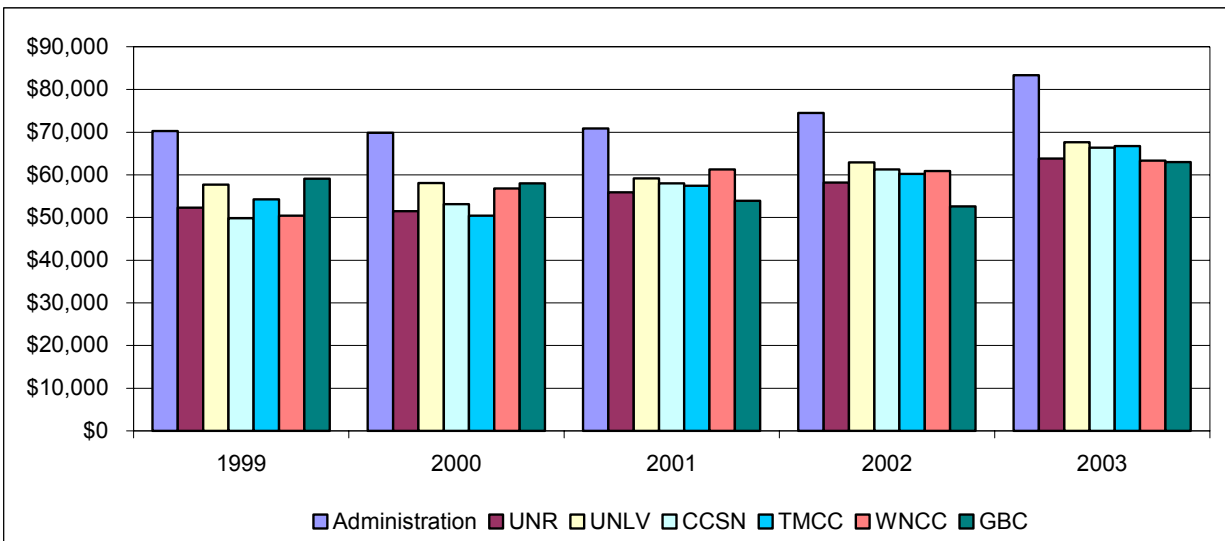
Certain institutions reorganized positions from administration to other functional classifications and vice versa during the 5 fiscal years. As a result, some institutions show minor variations in administrative positions while others experienced larger increases. Because FTE positions were determined as of June 30 of each fiscal year, vacant positions can cause variations between years. In addition, totals shown above do not include personnel from the Desert Research Institute. We could not evaluate administrative personnel positions for this institution because they do not use a position control process similar to the other institutions.

Average Salary Increase Similar to Total Expenditure Increase

While total administrative expenditures increased 20%, the average administrative salary with fringe benefits increased about 21% from fiscal years 1999 to 2003. For the most part, increases in average salaries were the result of cost-of-living and merit increases. CCSN experienced the largest increase, about 33%, while GBC had the lowest at 7%. In addition, System Administration had the highest average salary. Exhibit 8 shows the average salary with fringe benefits per FTE administrative position for each UCCSN entity as of June 30 for fiscal years 1999 to 2003.

Exhibit 8

**Average Salary Per FTE Position Filled
As of June 30**



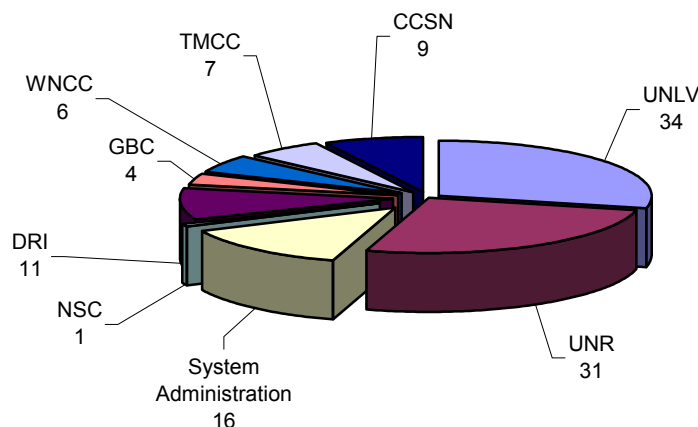
Source: UCCSN accounting and personnel records.

Note: NSC not included as the institution did not begin operations until the fall semester of 2002. DRI Administrative positions could not be determined due to lack of appropriate data.

Executive Salaries Similar to Peers

As of June 30, 2003, 119 administrative personnel earned salaries exceeding \$100,000. The average salary excluding fringe benefits for these employees was approximately \$135,000. Excluding DRI and NSC, the percentage of administrative employees' salaries exceeding \$100,000 at each institution ranged from 7% to 12%. Exhibit 9 shows the number of administrative employees exceeding \$100,000 in salary at each UCCSN entity.

**Administrative Employee Salaries
Exceeding \$100,000
As of June 30, 2003**



Source: UCCSN accounting and personnel records.

Most of the salaries that exceeded \$100,000 were for UCCSN’s executive employees including the Chancellor, Vice Chancellor, Presidents, Vice Presidents, and Deans. Our analysis of these executive salaries indicated they were comparable to peer institutions. Generally, university salaries approximated peer medians while community college salaries were somewhat higher. For example, 11 of the 15 executives at the community colleges were paid salaries above the 75th percentile of their peers in fiscal year 2003.

Salaries Were Not Always Within Established Limits

Three administrative employees’ salaries exceeded the maximums established by the Board of Regents. Furthermore, some employees’ payroll records did not have sufficient documentation to verify their salaries were within the Board’s ranges. Because personnel costs are the most significant portion of administrative expenditures, controls should ensure salaries are appropriate and costs are contained.

Board of Regents’ policies separately identify executive and administrative salary ranges with minimum, median, and maximum amounts for System Administration, the

universities, Nevada State College, and the community colleges.³ Of the 119 employees' salaries we reviewed, 3 exceeded the Board's maximum for the reported range. In total, these employees were paid about \$81,000 above the maximum allowed for their stated grade, of which approximately \$74,000 was from state-supported accounts.

Institution personnel indicated these employees' salary ranges were improperly classified in the human resources system. Two UNLV employees were academic faculty promoted to administrative positions. However, their academic salary ranking was not revised to reflect their administrative positions. The third employee from UNR was classified in an appropriate administrative rank based on similar positions, but held advanced credentials increasing his salary beyond the maximum. The institution did not obtain approval to exceed the maximum or determine an appropriate salary for this employee. Controls over salaries are imperative to containing administrative costs as wages and fringe benefits account for the majority of expenditures.

In addition to administrative salaries exceeding the maximums, UNR and CCSN did not assign salary ranges to 13 employees. As a result, we could not determine if salaries for these employees exceeded the Board's maximums. Institution personnel indicated these employees should have been assigned to appropriate ranges. Because these employees are compensated at higher levels than most UCCSN personnel, it is imperative appropriate salary ranges be assigned.

Improved Controls Needed to Reduce Travel Claim Errors

UCCSN's administrative travel expenditures, excluding NSC, totaled approximately \$1.7 million during fiscal year 2003. This is an increase of 33% since fiscal year 1999, of which DRI was responsible for the majority of the increase. Our examination of administrative travel expenditures indicates controls did not ensure travel claims were processed in accordance with applicable policies and procedures. About 45% of the travel claims we reviewed were not in full compliance with institutional requirements. Although many of the errors were due to improper approval or untimely submittal, some resulted in inappropriate payments. Improved controls can reduce many of the errors noted.

³See Appendix F for Board of Regent's executive and administrative salary schedules.

Most institutions expended more traveling out-of-state than in-state. Out-of-state travel accounted for 59% of UCCSN's administrative travel expenditures in fiscal year 2003. Exhibit 10 shows UCCSN's administrative travel expenditures for fiscal year 2003.

Exhibit 10

**UCCSN Administrative Travel Expenditures
Fiscal Year 2003**

Institution	In-State	Out-of-State	Total
System Administration	\$ 215,570	\$ 104,891	\$ 320,461
UNR	91,415	109,283	200,698
UNLV	90,558	248,728	339,286
CCSN	72,523	107,143	179,666
TMCC	15,536	31,284	46,820
WNCC	10,596	18,560	29,156
GBC	43,791	13,253	57,044
DRI	160,787	367,943	528,730
Total	\$ 700,776	\$ 1,001,085	\$ 1,701,861

Source: UCCSN institutions.

Note: NSC not included because fiscal year 2003 was the first year of operations and travel amounts were not significant.

Each institution we examined has developed comprehensive travel policies and procedures that are based on the guidance provided in the State Administrative Manual. Of the 150 travel documents we examined, 67 contained at least one exception to the applicable institution's policies. For instance, 38 documents were not submitted within the applicable institution's time frames. For some institutions, travel documents must be submitted within 10 days of completing travel. The following are additional errors we noted.

- Employees did not always obtain prior approval to exceed the authorized lodging rate for out-of-state travel.
- Some employees received payments for meals even though supporting documentation indicated they did not qualify for a reimbursement. This usually occurred when meals were provided during an airline flight.
- One employee was reimbursed for personal phone calls. The institution's policy prohibits payments for personal calls.

As a result of these errors, some employees received reimbursements greater than allowed. While the amount of these improper payments was not significant, travel

claims should be reviewed and verified for compliance with institution policies before being submitted for payment. Furthermore, proper approvals should be obtained prior to employee travel to ensure travel is appropriate and cost effective. Finally, since most of the errors were timeliness issues, institutions should determine if existing policies are still appropriate.

Recommendations

1. Comply with Board of Regents' salary maximums.
2. Assign all employees an appropriate salary rank or range.
3. Ensure travel claims are in compliance with applicable policies and procedures.
4. Review travel policies and procedures to determine if timeliness requirements are reasonable.

Additional Expenditure Controls Necessary for University Athletic Departments

UCCSN has three institutions that currently support student athletes participating in intercollegiate athletics. Of the three, UNLV's Rebels and UNR's Wolf Pack account for the majority of revenues and expenditures attributable to intercollegiate athletics. UNLV and UNR athletic departments expended a combined \$32.9 million in fiscal year 2003. Based on our analysis of expenditures, additional controls are needed to help ensure certain travel and recruiting expenditures are appropriate and in compliance with established policies. In addition, controls are needed to ensure financial information is reliable. As competition for scarce resources increases, additional controls will be needed to ensure funds are spent prudently. Therefore, it is essential athletic departments have effective policies and procedures to control their expenditures.

Structure of UCCSN Intercollegiate Athletics

During fiscal year 2003, UCCSN had three institutions competing in intercollegiate athletic programs: UNLV, UNR, and CCSN. University athletic programs are governed by the National Collegiate Athletic Association (NCAA) Division 1-A regulations. CCSN is a member of the National Junior College Athletic Association. The two universities offered a variety of sports for male and female athletes during 2003

while CCSN supported one intercollegiate team. Exhibit 11 shows the sports offered by each institution's athletic department as of August 2003.

Exhibit 11

**Athletic Teams by Institution
As of August 2003**

Sport	UNR Wolf Pack		UNLV Rebels		CCSN Coyotes	
	Men	Women	Men	Women	Men	Women
Baseball	X		X		X	
Basketball	X	X	X	X		
Cross Country		X		X		
Football	X		X			
Golf	X	X	X	X		
Rifle	X	X				
Skiing	X	X				
Soccer		X	X	X		
Softball		X		X		X ⁽¹⁾
Swimming & Diving		X	X	X		
Tennis	X	X	X	X		
Indoor Track & Field		X		X		
Outdoor Track & Field		X		X		
Volleyball		X		X		

Source: Athletic departments.

⁽¹⁾Softball for CCSN will begin in the 2004 season.

UNLV Rebels

The mission of the UNLV Athletic Department is to be supportive of the university's missions including education, research, and public services. The university recognizes that success is not measured solely by won-lost records. Success is also measured by how the athletic program contributes to the overall development of the athlete as a student and good citizen.

UNLV supported 7 men's and 10 women's teams and competed with seven other institutions in the Mountain West Conference during fiscal year 2003. Revenues and expenditures accounted for about 6% of the university's total financial operations for fiscal year 2003. The UNLV Athletic Department had 101 full-time equivalent budgeted positions filled in fiscal year 2003, of which 33 were funded through state appropriations.

UNR Wolf Pack

The mission of the UNR Athletic Department is to support the educational objectives of the student athletes, their families, the community, and the state of Nevada to ensure a level of quality education and academic progress that will lead to success. The athletic department is guided by the following core values: integrity, student athlete welfare, team, tradition, achievement with distinction, and outreach.

UNR supported 7 men's and 12 women's teams and competed with 9 other institutions in the Western Athletic Conference during fiscal year 2003. Revenues and expenditures accounted for about 4% of the university's total financial operations during fiscal year 2003. The UNR Athletic Department had 68 full-time equivalent budgeted positions filled, of which 29 were supported through state appropriations.

Comparison of Athletic Program Costs

Revenues and expenditures for UNLV and UNR athletic programs have increased steadily over the 5 fiscal years ended June 30, 2003. UNLV's self-supporting revenues and total expenditures increased by 29% and 15% while UNR's increased by 44% and 34%.

Financial History

University athletic departments are funded by self-supporting revenues, state appropriations, and gift and endowment income. Athletic departments rely heavily on the generation of revenue through season and individual ticket sales, student fees, conference payments, and game guarantees. State appropriations accounted for 16% and 25% of the total athletic department revenue for fiscal year 2003 at UNLV and UNR respectively. Salaries and fringe benefits accounted for a little more than 1/3 of each department's expenditures. Exhibit 12 shows revenues and expenditures for UNLV and UNR athletics for fiscal years 1999 through 2003.

Exhibit 12

**UNLV Athletics
Revenues and Expenditures
Fiscal Years 1999-2003**

Revenues	1999	2000	2001	2002	2003	% Change 1999 - 2003
Self-Supporting Revenue ⁽¹⁾	\$ 8,819,785	\$ 9,740,465	\$ 10,585,044	\$ 11,640,431	\$ 11,394,716	29.2%
State Appropriations	\$ 2,028,274	\$ 2,870,266	\$ 2,933,033	\$ 3,466,260	\$ 3,185,254	57.0%
Gift & Endowment Income ⁽²⁾	\$ 5,637,571	\$ 4,958,101	\$ 5,230,636	\$ 5,961,977	\$ 5,444,675	(3.4%)
Total Revenues	\$ 16,485,630	\$ 17,568,832	\$ 18,748,713	\$ 21,068,668	\$ 20,024,645	21.5%
Expenditures						
Salaries & Fringe Benefits	\$ 6,696,273	\$ 7,029,948	\$ 7,457,832	\$ 7,753,273	\$ 7,683,204	14.7%
Student Aid ⁽³⁾	\$ 2,913,163	\$ 3,129,725	\$ 3,326,698	\$ 3,611,321	\$ 3,178,145	9.1%
Staff & Team Travel	\$ 1,759,959	\$ 1,761,275	\$ 2,242,728	\$ 2,068,297	\$ 1,939,214	10.2%
Other Expenditures ⁽⁴⁾	\$ 5,590,090	\$ 5,884,226	\$ 6,508,701	\$ 7,782,668	\$ 6,764,312	21.0%
Total Expenditures	\$ 16,959,485	\$ 17,805,174	\$ 19,535,959	\$ 21,215,559	\$ 19,564,875	15.4%
Excess/(Deficit)	\$ (473,855)	\$ (236,342)	\$ (787,246)	\$ (146,891)	\$ 459,770	

**UNR Athletics
Revenues and Expenditures
Fiscal Years 1999-2003**

Revenues	1999	2000	2001	2002	2003	% Change 1999 - 2003
Self-Supporting Revenue ⁽¹⁾	\$ 4,659,651	\$ 4,998,956	\$ 5,428,270	\$ 5,827,727	\$ 6,721,383	44.2%
State Appropriations	\$ 2,272,465	\$ 2,532,351	\$ 2,579,869	\$ 3,207,230	\$ 3,247,078	42.9%
Gift & Endowment Income ⁽²⁾	\$ 3,246,872	\$ 3,562,454	\$ 3,158,155	\$ 2,152,624	\$ 3,176,884	(2.2%)
Total Revenues	\$ 10,178,988	\$ 11,093,761	\$ 11,166,294	\$ 11,187,581	\$ 13,145,345	29.1%
Expenditures						
Salaries & Fringe Benefits	\$ 3,278,280	\$ 3,546,869	\$ 3,924,263	\$ 4,273,730	\$ 4,748,226	44.8%
Student Aid ⁽³⁾	\$ 2,509,759	\$ 2,704,738	\$ 2,867,208	\$ 3,020,212	\$ 3,193,137	27.2%
Staff & Team Travel	\$ 796,810	\$ 852,319	\$ 1,240,483	\$ 1,171,034	\$ 1,428,130	79.2%
Other Expenditures ⁽⁴⁾	\$ 3,327,445	\$ 3,627,642	\$ 3,618,398	\$ 3,481,402	\$ 3,928,530	18.1%
Total Expenditures	\$ 9,912,294	\$ 10,731,568	\$ 11,650,352	\$ 11,946,378	\$ 13,298,023	34.2%
Excess/(Deficit)	\$ 266,694	\$ 362,193	\$ (484,058)	\$ (758,797)	\$ (152,678)	

Source: UNLV and UNR Statements of Revenues and Expenditures.

⁽¹⁾Self-supporting revenue includes ticket, concession, and program sales; advertising; conference and NCAA royalties; game guarantees; student fees; and other support.

⁽²⁾Includes investment income.

⁽³⁾Student aid expenditures support student athlete educational and living expenses.

⁽⁴⁾Other expenditures include maintenance, general, recruiting, equipment, uniforms, insurance, telephone, and game guarantee costs.

Comparison to Conference Members

Coeducational institutions of higher education that participate in any federal student financial aid programs are required to report information concerning their intercollegiate athletic programs to the NCAA and the U.S. Department of Education. This information includes financial and student athlete data and is reported in Equity in Athletics Disclosure ACT (EADA) reports. These reports indicate UNLV exceeded the conference average for total expenditures while UNR was less than the conference average. Because audited financial information regarding the operations of UNR's and UNLV's conference members was not readily available, we used the EADA reports for our analysis. However, there are no specific guidelines to help ensure information is reported in a consistent manner among institutions. As such, differences exist in how each institution records and reports financial data which could affect the amount of expenditures reported.

UNLV had the third highest total expenditures among conference members in fiscal year 2003. Exhibit 13 shows total expenditures for UNLV and its conference members in fiscal year 2003.

Exhibit 13

Mountain West Conference Expenditures 2003

Institution	Expenditures
Brigham Young University	\$ 22,914,936
US Air Force Academy	22,599,666
University of Nevada, Las Vegas	20,047,711
University of Utah	19,502,700
University of New Mexico	19,392,893
University of Wyoming	19,177,545
San Diego State University	18,927,787
Colorado State University	17,432,266
Conference Average	\$ 19,999,438

Source: EADA 2003 reports.

Note: Reporting year equals 7/1/2002 to 6/30/2003 except for Brigham Young University whose reporting year is 1/1/2002 to 12/31/2002 and the University of Wyoming who reported for the period 8/1/2002 to 6/30/2003.

UNR expended less than five conference members in fiscal year 2003. Exhibit 14 shows total expenditures for UNR and its conference members in fiscal year 2003.

Exhibit 14

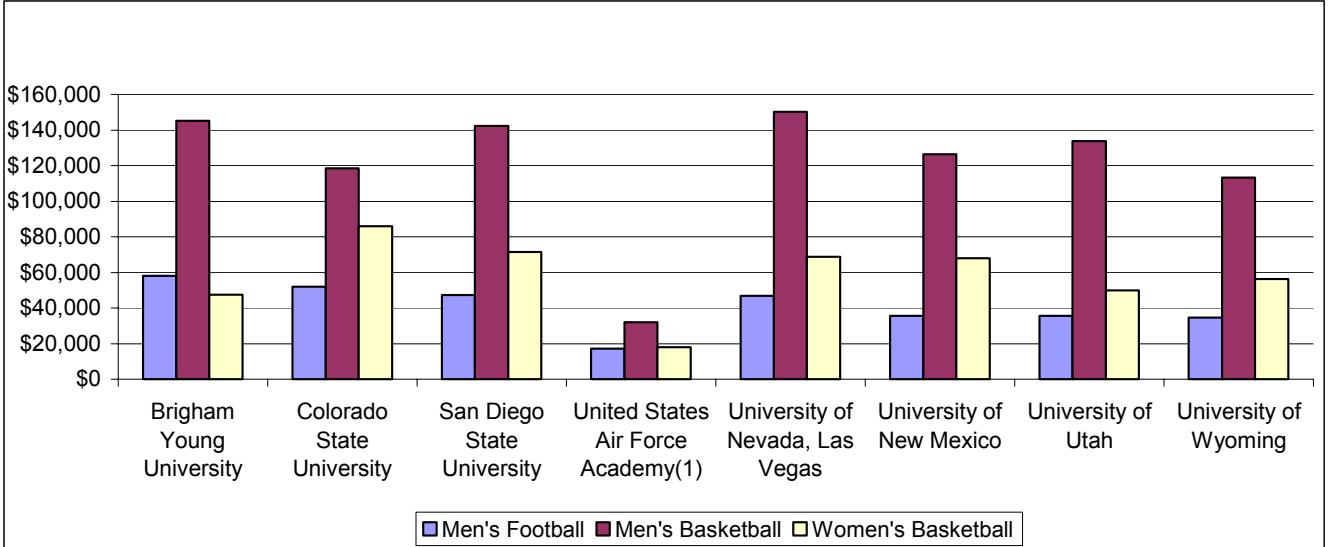
**Western Athletic Conference
Expenditures
2003**

Institution	Expenditures
Southern Methodist University	\$ 20,191,388
California State University, Fresno	20,071,792
Rice University	19,961,644
University of Hawaii	18,918,342
University of Tulsa	15,702,224
University of Nevada, Reno	14,384,415
Boise State University	13,683,734
San Jose State University	12,765,389
University of Texas, El Paso	10,617,118
Louisiana Tech University	9,130,719
Conference Average	\$ 15,542,677

Source: EADA 2003 reports.
 Note: Reporting year equals 7/1/2002 to 6/30/2003 except for Southern Methodist University who reported for the period 7/1/2002 to 5/31/2003 and the University of Texas, El Paso whose reporting year was 9/1/2002 to 8/31/2003.

EADA reports separately identify revenues and expenditures for football and basketball. The most costly sports to operate on a per athlete basis were men’s and women’s basketball. Although football’s total expenditures were higher than other sports, it had a lower cost per athlete due to the high number of participants. Exhibit 15 shows the costs per athlete for football and men’s and women’s basketball for the Mountain West and Western Athletic Conferences during fiscal year 2003. In addition, Appendix G shows the total cost per athlete for the Mountain West and Western Athletic Conferences.

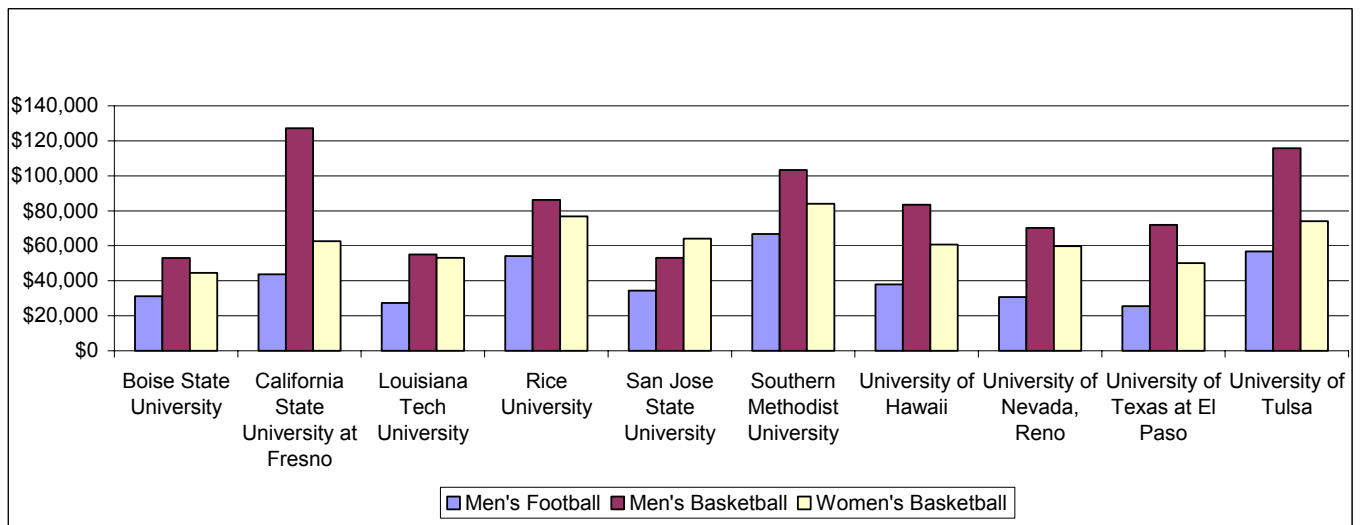
**Mountain West Conference
Cost Per Athlete by Sport
2003**



Source: EADA 2003 reports.

(1) US Air Force Academy includes junior varsity teams and athletes.

**Western Athletic Conference
Cost Per Athlete by Sport
2003**



Source: EADA 2003 reports.

Revenues generally exceeded or approximated expenditures for football and men's basketball for both the Mountain West and the Western Athletic Conferences in 2003. Appendix H shows total revenues and expenditures for football and basketball programs for 2003 as reported on the EADA reports.

Salary Comparisons

Our review of athletic costs included an assessment of certain employees' total compensation at both institutions. Total compensation included salaries, media appearances, and other taxable compensation such as automobile use and event tickets supplied to employees. During fiscal year 2003, 6 of the 101 UNLV employees in the athletic department were paid in excess of \$100,000. Total compensation for these six employees amounted to approximately \$1.7 million with the highest exceeding \$500,000. A comparison of total compensation amongst conference members showed some of the head coaches at UNLV were among the highest paid while assistant coaches were among the lowest. However, because institutions do not always report total compensation data similarly, some coaching salaries for other conference members may be understated.

UNR paid 3 of the 68 athletic department employees a total compensation above \$100,000 in fiscal year 2003. Total compensation for these individuals amounted to \$620,000 with the highest position earning \$224,000. In comparison to other conference members, UNR coaching compensations were lower than average. However, not all institutions provided compensation data for comparison which could increase or decrease the averages.

As mentioned previously, UCCSN athletic programs' expenditures were a low percentage of each institution's total operating costs. This is consistent with a study commissioned by the NCAA. In general, expenditures for athletics in Division I-A institutions averaged about 3.5 percent of overall academic spending. The study also found that increased spending did not impact schools' winning percentages, nor did higher winning percentages affect net operating revenue. Additionally, increased spending on football and men's basketball did not produce an increase or decrease in net operating revenue.

Policies Do Not Address Certain Travel and Recruiting Expenditures

Institutions have not developed written policies and procedures to adequately address certain team travel and recruiting expenditures. Specifically, policies do not address the use of chartered air service, team meals, or acceptable lodging for prospective student athletes. Chartered air service and team meals can increase travel expenditures by thousands of dollars. While these expenditures may be a necessary component of intercollegiate athletic programs, policies should help ensure expenditures are appropriate and in compliance with applicable regulations.

UNLV and UNR have established travel policies and procedures. However, these procedures do not address when it is appropriate to utilize chartered air services. For example, UNLV's men's basketball team used chartered air service on several occasions. For one road game, the team chartered a flight at a cost of approximately \$13,100. In contrast, the women's basketball team traveled to the same location three days later on a commercial flight for \$10,700 less. We also noted one instance in which chartered air service was used by a UNLV employee to conduct a 1-day recruiting trip. The cost for this service was \$5,200. Although funding for these expenditures was from gifts and other self-supporting revenues, policies should address when it is appropriate to use chartered services.

In addition to a lack of policies regarding air service, we also noted travel policies do not adequately address meals pertaining to student athletes. The use of team meals versus per diem amounts is not addressed in UNLV or UNR policies and procedures. Therefore, coaches have been allowed to determine an appropriate cost for each team meal. For example, one team was provided a dinner, including a snack, that exceeded \$50 per student. However, the institution's per diem policy authorized \$14 per student for dinner. The difference between the amount paid for the team meal and the per diem rate for all team members was approximately \$3,800. Because team travel costs comprise a significant amount of financial resources, policies over such activities are necessary for ensuring expenditures are appropriate and cost effective.

Policies and procedures should also address compliance with applicable regulations that are essential to an entity's operations. However, UNLV and UNR have not developed sufficient policies and procedures regarding lodging for prospective

student athletes. Recruiting activities are governed by NCAA regulations and provide criteria for recruiting athletes. For example, NCAA bylaws allow lodging for prospective student athletes in a manner equal to normal student life. However, the bylaws do not provide clarification on what equates to normal student life. We noted some recruits were housed in student dorms while others stayed at three and four star hotels. While this practice may be acceptable, the lack of firm guidance from the NCAA necessitates clarification through detailed policies and procedures at the institution level.

Travel Expenditures Not in Accordance With Policies and Procedures

UNLV and UNR athletic departments expended approximately \$1.9 and \$1.4 million respectively on staff and team travel in fiscal year 2003. Although each institution has developed policies and procedures to control travel expenditures, travel claims were not always processed in accordance with these requirements. Of the 60 staff travel claims tested, 27 had at least one error. These errors included the failure to obtain pre-approval, untimely submittal, insufficient documentation, and inappropriate payments. As a result of these errors, some employees received reimbursements greater than allowed. For instance, 10 claims did not have prior approval for out-of-state room rates that exceeded the amounts authorized in institutions' policies. In addition, two employees received a reimbursement for gasoline when not entitled to such.

In addition to the staff travel errors, team travel claims were not always in compliance with policies. Errors included inappropriate payments for meal per diems and sales tax. Of the 20 claims examined, we found the following:

- UNLV women's basketball team members received per diem rates greater than the amount allowed by institution policy for two away games. As a result, the athletic department paid about \$600 more for meals than authorized for the two trips. This occurred because the athletic department's policy allowed higher per diem rates for basketball than it did for other sports.
- For three claims, UNLV basketball team members received meal per diems when a team meal was also provided. The per diem amounts paid for these meals totaled almost \$500.
- UNR's football team paid sales tax totaling approximately \$700 for an in-state trip even through UCCSN institutions are exempt from paying sales tax.

Many of these errors could have been prevented with thorough and accurate review. Because athletic department staff travel throughout the year for recruiting and competition, it is essential they have adequate controls to ensure the accuracy of travel claims.

Procedures Needed to Ensure Financial Data Is Reliable

The fiscal year 2003 Equity in Athletics Disclosure Act report prepared by the UNR Athletic Department did not agree with the Department's audited financial statements. These reports differed by over \$1 million. Program and financial data disseminated to oversight bodies and the public should always be accurate and complete. Therefore, controls should be established to ensure EADA reports are reliable.

As mentioned previously, each athletic department must compile an annual EADA report for submission to the NCAA and U.S. Department of Education. Furthermore, Board of Regents policy requires an annual financial audit in a form approved by the NCAA. This form, called the Statement of Revenues and Expenditures (Statement), is subjected to certain procedures conducted by the University's independent auditor. The fiscal year 2003 EADA report showed approximately \$1 million more in revenue and expenditures than the Statement. These variances were the result of incomplete data, estimates, and different methods used to calculate certain data. For example, expenditures totaling about \$1.5 million were added to the EADA report without documentation supporting how the estimates were determined. The variances were not detected since the athletic department and the controller's office did not reconcile the reports.

Recommendations

5. Revise travel policies and procedures to address athletic department expenditures for chartered air services and team meals and ensure compliance with existing procedures.
6. Develop policies and procedures to help ensure prospective student athletes' lodging accommodations are in compliance with NCAA regulations.

7. Develop policies and procedures to ensure financial reports detailing athletic department revenues and expenditures are consistent and reliable.

Clearly Defined Policies and Procedures Will Help Ensure Host Expenditures Are Appropriate

Pursuant to Board policy, host expenditures must provide a benefit to the System or institution through the establishment of goodwill, promotion of programs, or creation of opportunities for meetings in which the mission of the System or institution may be advanced. Allowable expenditures include meals, beverages, and small gifts when conducting necessary business activities. However, expenditures were not always in accordance with these requirements. In addition, institutions paid some expenditures from accounts not authorized for hosting activities. These problems can be attributed to insufficient guidance and a breakdown in the approval process. Because of the sensitivity of host expenditures, clearly defined policies and proper approval are necessary to ensure expenditures are appropriate.

Fiscal year 2003 host expenditures exceeded \$3 million. Exhibit 16 shows each institution's and System Administration's total host expenditures for fiscal years 1999 through 2003.

Exhibit 16

Host Expenditures Fiscal Years 1999-2003

Institution	1999	2000	2001	2002	2003	% Change 1999 - 2003
System Administration	\$ 105,739	\$ 132,637	\$ 130,825	\$ 105,506	\$ 82,707	(21.8%)
UNR	1,392,820	1,454,219	1,384,076	1,423,450	1,609,108	15.5%
UNLV	1,058,989	1,118,846	1,201,990	1,203,480	1,142,794	7.9%
CCSN	315,194	288,950	185,821	192,971	179,922	(42.9%)
TMCC	84,851	63,428	71,499	93,160	96,137	13.3%
WNCC	27,742	30,876	36,748	30,462	23,961	(13.6%)
GBC	23,428	17,616	32,489	28,858	29,067	24.1%
DRI	28,948	40,122	36,448	42,906	57,479	98.6%
NSC	-	-	-	-	12,071	n/a
Totals	\$ 3,037,711	\$ 3,146,694	\$ 3,079,896	\$ 3,120,793	\$ 3,233,246	6.4%

Source: UCCSN accounting records.

Expenditures Not in Accordance With Policy

While Board policy defines host expenditures as meals, beverages, or small gifts for employees or guests when conducting necessary business activities, it also prohibits any expenditure that would be in violation of state regulations. Furthermore, a Chancellor's Memorandum provides additional restrictions. For instance, host expenditures for employees are limited to 1) special events in which refreshments are customary, or 2) meetings that run through normal meal or break times and include employees from different offices or units. Of the 200 expenditures we examined, 25% totaling approximately \$7,800 did not meet these requirements. The following examples of inappropriate host expenditures were noted during the course of our review:

- holiday party supplies for employees including flowers, decorations, and alcohol,
- excessive gifts such as two \$500 leather jackets given by UNLV to visiting personnel from another university's athletic department,
- operating expenses such as audio visual equipment, flip charts, advertising, office furniture and refrigerators,
- parking fees,
- lunches and bottled water for office staff,
- service awards exceeding the \$25 limit, and
- green fees totaling \$680 in lieu of honorariums for two speakers at UNLV.

Although some of the above items may be appropriate operating expenditures, controls should ensure host expenses are in accordance with UCCSN policies.

In addition to limiting the type of items classified as host expenditures, a Chancellor's Memorandum limits the amount of money an institution may spend on tickets for community and charitable events. Restrictions for these expenditures, specified as table purchases, are set at \$30,000 per year for the universities while all other UCCSN entities are limited to \$15,000. However, UNLV exceeded their limit by \$5,300 in fiscal year 2003. In addition, some institutions did not have adequate procedures to determine their total table purchases for fiscal year 2003. Tracking these expenditures is necessary because one table purchase can exceed \$5,000.

Many of the inappropriate expenditures may have been avoided if system policies and procedures were clarified. For instance, a Board policy revision effective March 2004 states host expenditures may be incurred for reasonable expenses; however, the policy does not address the definition of a reasonable expense. In addition, a Chancellor's Memorandum developed in April 2001 provides additional guidelines for managing host accounts. However, much of this guidance addresses table purchases. Without sufficient guidance, the reasonableness and appropriateness of expenditures is left to the institution or individual to determine.

Host Expenditures Inappropriately Charged to State Accounts

Board of Regents' policy delegates the authority to designate specific accounts as host accounts to the Chancellor and the Presidents. This policy also prohibits charging host expenditures to state-supported accounts. Despite this requirement, expenditures totaling about \$2,500 were paid from state-supported accounts in fiscal year 2003.

The significant number of accounts some institutions used for hosting activities contributed to this problem. Some institutions have designated specific accounts as host accounts while others allowed hosting expenditures to be paid from many different accounts. UNR paid host expenditures from more accounts than all other institutions combined. Exhibit 17 shows each entity and the number of accounts used to pay host expenditures for fiscal year 2003.

**Number of Host Accounts by Entity
Fiscal Year 2003**

Institution	Accounts
System	
Administration	21
UNR	354
UNLV	114
CCSN	64
TMCC	24
WNCC	11
GBC	9
DRI	4
NSC	2
Total	603

Source: UCCSN host account transaction detail.

Allowing host expenditures to be paid from numerous accounts diminishes the effectiveness of established controls. It is essential to maintain control over accounts in order to ensure taxpayer funds are not used to pay for host transactions and only acceptable and appropriate host activities occur.

In addition to control weaknesses caused by the volume of accounts, many of the problems noted may have been avoided if expenditures were approved by the proper authority level. Host expenditures must be approved by individuals at the level of vice president, controller, dean, or an equivalent position. However, institutions have authorized approval authority to individuals holding positions subordinate to these levels. As a result, about half of the host expenditures we tested were not properly approved. Approval restrictions exist because these types of expenditures are sensitive, subject to public scrutiny, and can be easily converted to personal use.

Recommendations

8. Provide additional guidance and develop procedures to help ensure host expenditures are appropriate and in compliance with policies and procedures.

9. Specify the accounts host expenditures are allowed to be paid from and develop procedures to ensure expenditures are not allowed from other accounts.
10. Ensure host expenditures are approved by appropriate personnel.

Faculty Workload Policies Have Been Established

Economic changes and budgetary constraints have contributed to calls for greater accountability by educational institutions nationwide. Furthermore, the growth in UCCSN student enrollment has placed additional demands on the System. Therefore, faculty workload has become a concern of the public and students. Although each institution had workload policies, there was no system-wide policy. In addition, institutional reports on faculty workload were self-reported, thus causing concerns about their reliability. To address these concerns, UCCSN established an Ad Hoc Faculty Workload Task Force. As a result, Board guidelines regarding expected teaching workloads have been established. Furthermore, the Board authorized the UCCSN Internal Audit Department to audit each institution's faculty workload. As of August 2004, the audits were still in progress.

The Board established the Ad Hoc Faculty Workload Task Force in August 2003. The primary purpose of the Task Force included 1) developing common understandings about the activities that constitute faculty workload for each type of institution and existing institutional faculty workload policies and practices, and 2) determining if a system-wide workload policy should be adopted. In addition, key issues addressed by the Task Force included:

- improved communication with the public;
- accountability issues such as the components of instruction that are measurable such as teaching, research, grading, and prep time;
- the faculty types that should or should not be included; and
- the reliability of information reported in the System's 2002 workload report.

The Board of Regents' approved the "Faculty Workload Guidelines" developed by the Task Force at its August 2004 meeting. These guidelines address the issues noted above by defining components of instruction and faculty workload expectations. Specifically, faculty workload is deemed to be more than time spent in the classroom. It also includes developing curriculum, advising, grading, research, and performing public and professional service. In addition, the following are expected teaching workloads.

Universities	18 instructional units per academic year or 9 per semester. For individual faculty heavily involved in doctoral-level education, the expected load would be an average of 12 instructional units per academic year or 6 units per semester.
State Colleges	24 instructional units per academic year or 12 per semester.
Community Colleges	30 instructional units per academic year or 15 per semester.

Each UCCSN President must establish justifiable and equitable instructional workload standards. The Chancellor must also compile a report every even-numbered year on the institutions' faculty workload. Although the guidelines do not specifically address data reliability, the Task Force recommended specific procedures be implemented to ensure information is complete and accurate.

Appendices

Appendix A Audit Methodology

To gain an understanding of the University and Community College System of Nevada's (UCCSN) administration, athletic, and host costs, we conducted interviews with System Administration and institution management and staff. We also reviewed constitutional provisions, state statutes and regulations, Board of Regents' policies, audit reports, financial reports, budget information, legislative committee minutes and statistical data regarding higher education.

To accomplish our objectives, we defined administrative costs by reviewing applicable higher education publications including the National Association of College and University Business Officers handbook. In addition, we identified administrative costs and accounts containing such costs, through discussions with institution personnel. Furthermore, we analyzed total administrative costs by reviewing yearly fluctuations and comparing totals to operating costs and full-time equivalent (FTE) student data. We compared a portion of total administrative costs to peer institutions identified in the National Center for Higher Education Management System's Status Report provided to the Committee to Evaluate Higher Education Programs in Nevada, and through discussion with institution personnel. We compared UCCSN institutions to peers by calculating administrative costs as a percentage of total operating costs and compared administrative costs per FTE student.

For administrative personnel costs, we reviewed salaries for executive faculty for fiscal years 1999 through 2003. Second, we identified the perquisites granted to executive faculty through review of employment contracts to ensure compliance with established policy. Finally, we obtained peer salary data as stated from the College and University Personnel Association and compared UCCSN executive salaries to peer levels. Furthermore, we identified administrative salaries exceeding \$100,000 in fiscal year 2003, and compared the salaries to maximums stated in the Board of Regents'

Handbook. We also obtained total employee FTE filled positions as of June 30 for fiscal years 1999 through 2003 and analyzed changes in administrative FTE's, computed an average salary over that period, and compared administrative FTE's to total FTE positions. We investigated unusual or significant fluctuations to determine if changes were reasonable.

We also tested 150 administrative travel transactions by selecting a random sample of 25 at TMCC, UNR, UNLV, System Administration, CCSN and DRI. We determined if travel documents were in compliance with the Board of Regents' Handbook, Chancellor's Memorandum, and the institutions' policies and procedures.

To evaluate the athletic programs' financial practices, we obtained EADA reports for fiscal year 2003 for UNLV and UNR and applicable conference members. We then reconciled EADA reports to each institution's Statement of Revenue and Expenditures. Using these statements, we prepared a 5 year financial history. We also obtained athletic program expenditures for each member of the Mountain West Conference and the Western Athletic Conference, and compared UNLV and UNR to their respective conferences. We also compared total compensation of certain personnel with total compensation reported by other conference members. In addition, we determined the number of employees receiving compensation in excess of \$100,000 and tested payments to ensure they were within contract limits.

Our analysis of athletic costs also included an examination of 30 staff travel documents at UNLV and UNR for compliance with Board of Regents' Handbook, Chancellor's Memorandum, and the institutions' policies and procedures. For team travel, we selected 10 travel documents from each Athletic Department and determined if they complied with stated travel policies. Additionally, we selected five recruiting files at UNLV and UNR and determined compliance with applicable NCAA bylaws. We also selected 10 recruiting expenditures from each institution and evaluated compliance with Board of Regents' and institution policies. Furthermore, a random sample of 25 host expenditures were selected from each Department. These documents were tested for compliance with UCCSN policies over host expenditures. Thirty miscellaneous expenditure transactions were also randomly selected from each athletic department and evaluated to determine if they were in compliance with applicable policies and

procedures. Finally, we tested a random sample of 15 purchasing card transactions at UNR for compliance with athletics and university policies.

To evaluate UCCSN's utilization of host accounts, we reviewed Board of Regents' Handbook policies, Chancellor's Memorandum, and institution policies and procedures. Then we reviewed transaction detail and accounts that host expenditures were paid from to determine if state appropriated funds were used for host expenditures. Finally, we selected a random sample of 30 host transactions from UNR, UNLV, CCSN, TMCC and System Administration and tested whether the transactions complied with stated policies.

To obtain an understanding of the faculty workload issues we reviewed applicable policies, procedures, and guidelines provided by the institutions and Board of Regents', as well as, minutes of Board of Regents meetings. We then documented key issues and findings made by the UCCSN's Board of Regent's Ad Hoc Faculty Workload Task Force.

Data obtained from UCCSN was validated and verified as being complete and accurate prior to use in analysis and selection of transactions. Validation and verification were performed by comparing data to paper files, reconciling totals to UCCSN's financial system, and agreeing totals to data sets.

Our audit was conducted from July 2003 to August 2004, in accordance with generally accepted government auditing standards.

In accordance with NRS 218.821, we furnished a copy of our preliminary report to the Chancellor of UCCSN. On November 3, 2004, we met with UCCSN officials to discuss the results of our audit and requested a written response to the preliminary report. That response is contained in Appendix I, which begins on page 52.

Contributors to this report included:

Shannon Ryan, CPA
Deputy Legislative Auditor

Tammy Goetze, CPA
Deputy Legislative Auditor

Sandra McGuirk, CPA
Deputy Legislative Auditor

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Deputy Legislative Auditor

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Audit Supervisor

Stephen M. Wood, CPA
Chief Deputy Legislative Auditor

Appendix B

Prior Audit Recommendations

Our 1996 audit of the University and Community College System of Nevada (UCCSN) contained 10 recommendations. However, none of the recommendations specifically relate to our current audit of the costs of administration, athletic, and host accounts. Therefore, we did not assess UCCSN's implementation of the prior audit's recommendations.

Appendix C
Assembly Bill 148

Assembly Bill No. 148—Assemblymen Perkins, Leslie, Parks, Gibbons, Knecht, Anderson, Andonov, Angle, Arberry, Atkinson, Beers, Brown, Buckley, Carpenter, Chowning, Christensen, Claborn, Collins, Conklin, Geddes, Giunchigliani, Goicoechea, Goldwater, Grady, Griffin, Hardy, Hettrick, Horne, Koivisto, Mabey, Manendo, Marvel, McClain, McCleary, Mortenson, Ocegüera, Ohrenschall, Pierce, Sherer, Weber and Williams

Joint Sponsors: Senators Care, Carlton, O’Connell, Amodei, Cegavske, Hardy, McGinness, Neal, Nolan, Rhoads, Schneider, Shaffer, Townsend, Washington and Wiener

CHAPTER.. 442

AN ACT relating to higher education; requiring the Legislative Auditor to conduct an audit of the University and Community College System of Nevada and the Board of Regents of the University of Nevada; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. 1. The Legislative Auditor shall conduct an audit of the University and Community College System of Nevada and the Board of Regents of the University of Nevada.

2. The audit must include, without limitation, an analysis of:

- (a) Capital construction projects;
- (b) The cost of athletic programs, including, without limitation, the sources and uses of money for such programs;
- (c) The cost of administration, including, without limitation, personnel, travel and other associated costs;
- (d) The utilization of host accounts;
- (e) The validity and reliability of enrollment data;
- (f) Policies and procedures for the generation and distribution of investment income;
- (g) Contracting and bidding procedures, including, without limitation, construction, retrofit and repair projects and the use of “shared savings” programs to pay for utility costs and energy conservation projects; and
- (h) Statewide programs, including, without limitation, program selection, funding and outcomes.

3. The Legislative Auditor shall present a final written report of the audit to the Audit Subcommittee of the Legislative Commission not later than February 7, 2005.

4. The provisions of NRS 218.737 to 218.890, inclusive, apply to the audit conducted pursuant to this section.

Sec. 2. 1. Upon the request of the Legislative Auditor, the University and Community College System of Nevada shall transfer from its budget to the Audit Division of the Legislative Counsel Bureau the sum of \$90,000 to carry out the provisions of section 1 of this act.

2. Any remaining balance of the sum transferred pursuant to subsection 1 must not be committed for expenditure after February 7, 2005, and reverts to the University and Community College System of Nevada as soon as all payments of money committed have been made.

Sec. 3. This act becomes effective on July 1, 2003.

Appendix D
UCCSN Annualized FTE Students
Fiscal Years 1999-2003

Institution	1999	2000	2001⁽¹⁾	2002	2003	% Change 1999-2003
UNR	9,277	9,581	9,598	10,449	11,295	22%
UNLV	14,630	15,055	14,659	16,046	17,267	18%
CCSN	12,597	14,222	14,315	15,208	16,647	32%
TMCC	4,516	4,654	4,766	4,898	5,259	16%
WNCC	2,012	2,061	2,060	2,149	2,160	7%
GBC	1,167	1,236	1,321	1,203	1,263	8%
NSC	-	-	-	-	146	-
Totals	44,199	46,809	46,719	49,953	54,037	22%

Source: UCCSN System Administration.

⁽¹⁾In fall 2001, the method for calculating FTE was changed based upon the report of the Committee to Study the Funding of Higher Education. The new method affected the graduate level FTE. Therefore, FTE at UNR and UNLV in Fall 2001 and later will not be compatible with earlier years.

Note: UNLV Law School, UNR Medical School, and UNLV Dental School enrollments are not included in FTE because they are not supported through the state's regular funding formulas.

Appendix E
UCCSN Peer Institutions
Fiscal Year 2003

Institution	Peers
UNR	Auburn University Oklahoma State University West Virginia University
UNLV	Florida Atlantic University Florida International University George Mason University
CCSN	College of DuPage Oakland Community College North Harris Montgomery Community College District
TMCC	Mercer County Community College Bristol Community College
WNCC	Monroe County Community College Gavilan College Bristol Community College
GBC	Alpena Community College College of the Mainland Carl Sandburg College

Note: Peer institutions were selected from the National Center for Higher Education Management Systems' (NCHEMS) status report to the Committee to Evaluate Higher Education Programs (A.B. 203 – 2003 Legislative Session). NCHEMS identified at least 12 peers per UCCSN institution and determined each peer's institutional support costs per FTE student for fiscal year 2002. We requested information from five TMCC peers but only two responded.

Appendix F
Board of Regents' Salary Schedules

UCCSN EXECUTIVE AND SYSTEM ADMINISTRATION
SALARY SCHEDULES
FISCAL YEAR 2003

GRADE⁽¹⁾	MINIMUM	MEDIAN	MAXIMUM
1	\$ 165,485	\$ 222,810	\$ 281,432
2	\$ 127,304	\$ 171,866	\$ 216,428
3	\$ 97,993	\$ 132,280	\$ 166,675
4	\$ 75,388	\$ 101,670	\$ 128,061
5	\$ 62,625	\$ 81,336	\$ 100,156
6	\$ 50,078	\$ 65,112	\$ 80,147
7	\$ 40,019	\$ 52,133	\$ 64,139

Source: Board of Regents' Handbook.

- ⁽¹⁾Grade 1 includes Chancellor, University Presidents, DRI President, and NSC President.
Grade 2 includes Community College Presidents and Vice Chancellors.
Grade 3 includes General Counsel, Executive Director, Chief Administrative Officer, and Associate Vice Chancellor.
Grade 4 includes Directors, and Assistant General Counsel.
Grade 5 includes Deputy Director EPSCoR and Budget and Planning Coordinators.
Grade 6 includes Senior Budget Analyst, Senior Internal Auditor and Accountant and Supervising Internal Auditor.
Grade 7 includes Internal Auditors and Budget and Research Analysts.

Note: The UCCSN salary schedules contained in the Board of Regents Handbook are segregated by institution type for System Administration, the Universities, Desert Research Institute, the State College, and the Community Colleges. The schedules are further broken down by staff function into executive, administrative, and academic faculty schedules. We included selected schedules that pertained to our audit. Although our audit did include a few individuals assigned academic salary ranges, we have not included the related schedules as most subjects were classified as executive or administrative. Additionally, we have not included the State College schedules as only one individual from NSC was included in our audit.

Board of Regents' Salary Schedule
(continued)

EXECUTIVE SALARY SCHEDULE – UNIVERSITIES
FISCAL YEAR 2003

POSITION	MINIMUM	MEDIAN	MAXIMUM
VICE PRESIDENTS⁽¹⁾			
Low	\$ 100,783	\$ 143,977	\$ 187,170
High	\$ 142,751	\$ 203,930	\$ 265,109
Average	\$ 116,243	\$ 166,062	\$ 215,880
DEANS⁽²⁾			
Low	\$ 76,347	\$ 109,067	\$ 141,788
High	\$ 187,276	\$ 267,537	\$ 347,798
Average	\$ 118,070	\$ 168,681	\$ 219,274

Source: Board of Regents' Handbook.

⁽¹⁾Vice Presidents' salaries ranged from a low for a VP for University Relations to a high for a VP of Academic Affairs.

⁽²⁾Deans' salaries range from a low for the Dean of the Honors College to a high for the Dean of the Medical School.

Note: The Universities' executive salary schedule details salaries by title for each respective vice president and dean position. Due to the volume of information in this schedule, we have summarized it by detailing the low, high, and average salary point for Deans and Vice Presidents.

ADMINISTRATIVE SALARY SCHEDULE – UNIVERSITIES
FISCAL YEAR 2003

RANGE	MINIMUM	MEDIAN	MAXIMUM
7	\$ 86,801	\$ 124,000	\$ 161,201
6	\$ 71,724	\$ 102,463	\$ 133,201
5	\$ 63,271	\$ 90,388	\$ 117,505
4	\$ 49,843	\$ 71,205	\$ 92,567
3	\$ 42,129	\$ 60,185	\$ 78,240
2	\$ 38,159	\$ 54,513	\$ 70,866
1	\$ 27,183	\$ 38,833	\$ 50,483

Source: Board of Regents' Handbook.

Note: The Universities' administrative schedule contains ranges for administrative positions below the vice president and dean level.

Board of Regents' Salary Schedule
(continued)

**DESERT RESEARCH INSTITUTE EXECUTIVE SALARY SCHEDULE
FISCAL YEAR 2003**

POSITION	MINIMUM	MEDIAN	MAXIMUM
VP/ACADEMIC	\$ 116,018	\$ 154,690	\$ 193,363
VP/RESEARCH	\$ 116,018	\$ 154,690	\$ 193,363
VP/FINANCE AND ADMINISTRATION	\$ 114,774	\$ 153,031	\$ 191,290
EXECUTIVE DIRECTORS	\$ 97,350	\$ 129,801	\$ 162,251

Source: Board of Regents' Handbook.

**COMMUNITY COLLEGE ADMINISTRATIVE SCHEDULE
FISCAL YEAR 2003**

GRADE	MINIMUM	MEDIAN	MAXIMUM
1	\$ 107,727	\$ 145,367	\$ 183,115
2	\$ 82,851	\$ 111,837	\$ 140,824
3	\$ 63,706	\$ 85,987	\$ 108,376
4	\$ 52,890	\$ 68,790	\$ 84,689
5	\$ 45,644	\$ 59,380	\$ 73,008
6	\$ 39,370	\$ 51,160	\$ 62,949
7	\$ 33,962	\$ 44,129	\$ 54,296
8	\$ 30,285	\$ 39,370	\$ 48,456
9	\$ 27,040	\$ 35,152	\$ 43,264

Source: Board of Regents' Handbook.

Appendix G
Cost Per Athlete

Mountain West Conference
2003

Institution	# of Athletes	Expenditures	Cost Per Athlete
University of Wyoming	368	\$ 19,177,545	\$ 52,113
Colorado State University	362	17,432,266	48,155
University of Nevada, Las Vegas	421	20,047,711	47,619
University of Utah	411	19,502,700	47,452
Brigham Young University	541	22,914,936	42,357
San Diego State University	518	18,927,787	36,540
University of New Mexico	593	19,392,893	32,703
US Air Force Academy	872	22,599,666 ⁽¹⁾	25,917
Conference Average	511	\$ 19,999,438	\$ 39,157

Source: EADA 2003 reports.

⁽¹⁾US Air Force Academy fields junior varsity teams which are included in the number of athletes.

Note: Reporting year equals 7/1/2002 to 6/30/2003 except for Brigham Young University whose reporting year is 1/1/2002 to 12/31/2002 and the University of Wyoming who reported for the period 8/1/2002 to 6/30/2003. The unduplicated number of athletes was used to determine the cost per athlete.

Western Athletic Conference
2003

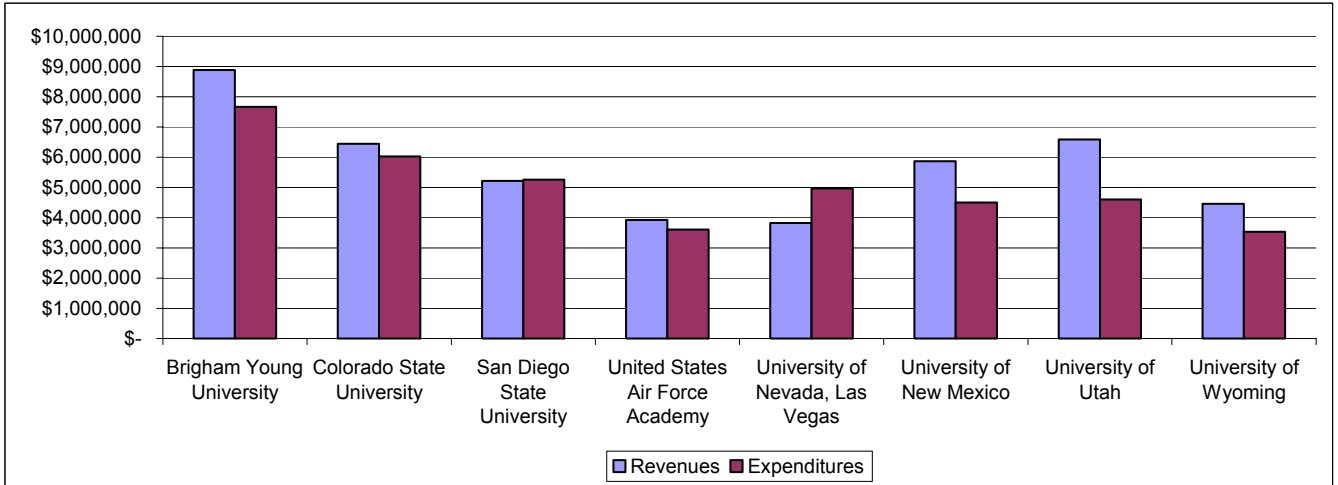
Institution	# of Athletes	Expenditures	Cost Per Athlete
Rice University	323	\$ 19,961,644	\$ 61,801
University of Tulsa	311	15,702,224	50,489
Southern Methodist University	405	20,191,388	49,855
University of Hawaii	455	18,918,342	41,579
Boise State University	334	13,683,734	40,969
University of Nevada, Reno	378	14,384,415	38,054
California State University, Fresno	529	20,071,792	37,943
University of Texas, El Paso	311	10,617,118	34,139
San Jose State University	388	12,765,389	32,900
Louisiana Tech University	282	9,130,719	32,378
Conference Average	372	\$ 15,542,677	\$ 41,826

Source: EADA 2003 reports.

Note: Reporting year equals 7/1/2002 to 6/30/2003 except for Southern Methodist University who reported for the period 7/1/2002 to 5/31/2003 and the University of Texas, El Paso whose reporting year was 9/1/2002 to 8/31/2003. The unduplicated number of athletes was used to determine the cost per athlete.

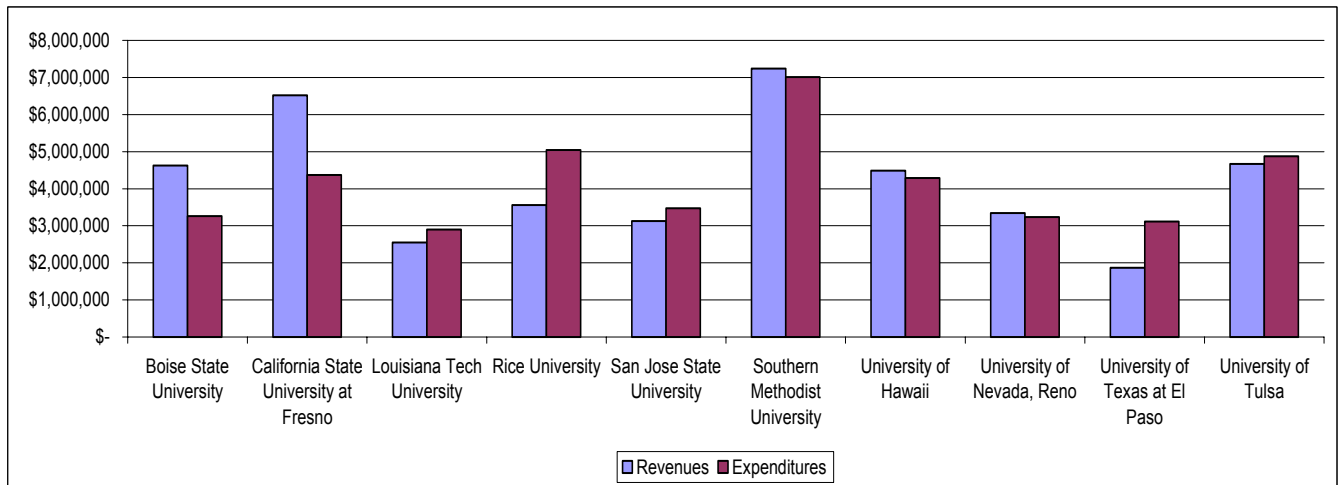
Appendix H Athletic Programs – Revenues and Expenditures 2003

Mountain West Conference – Football



Source: EADA 2003 reports.

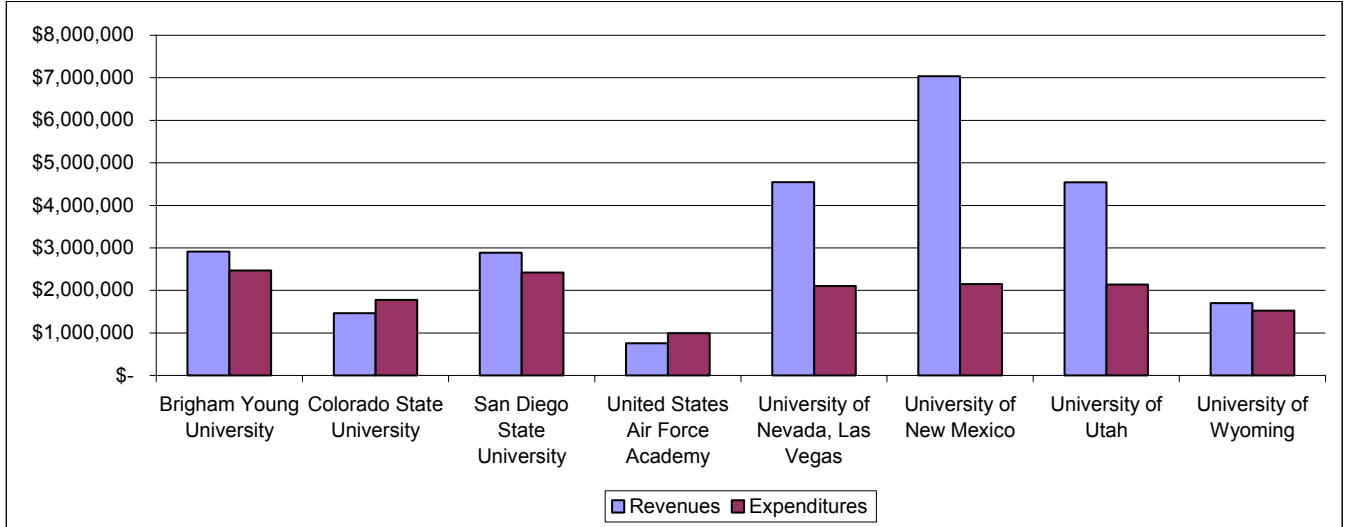
Western Athletic Conference – Football



Source: EADA 2003 reports.

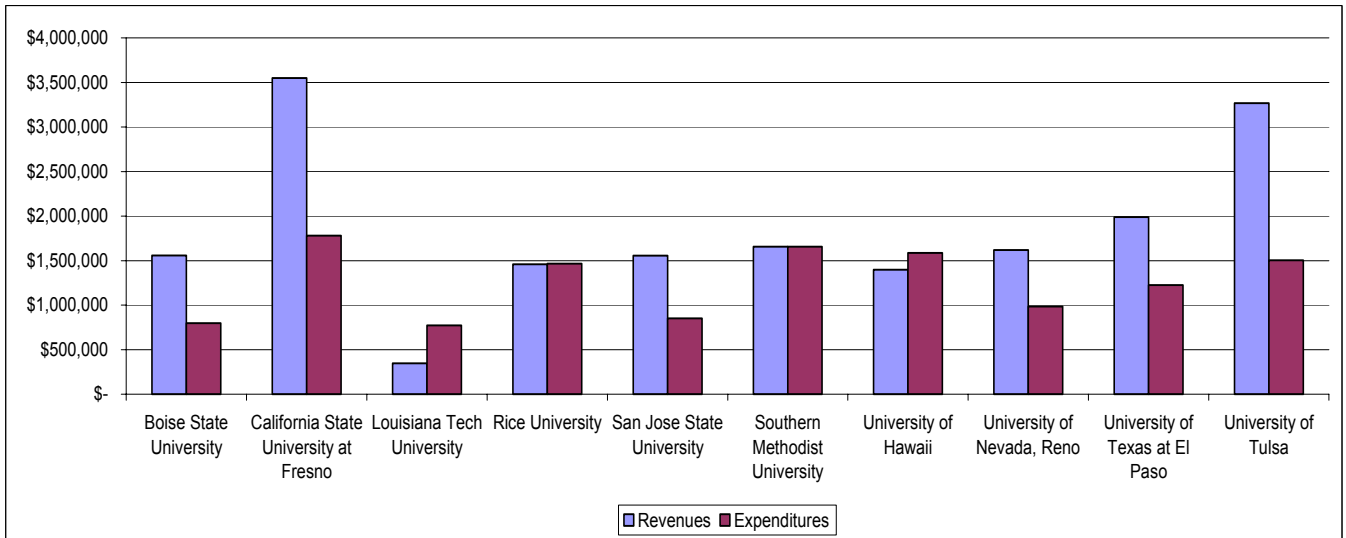
**Athletic Programs – Revenues and Expenditures
2003
(continued)**

Mountain West Conference – Men’s Basketball



Source: EADA 2003 reports.

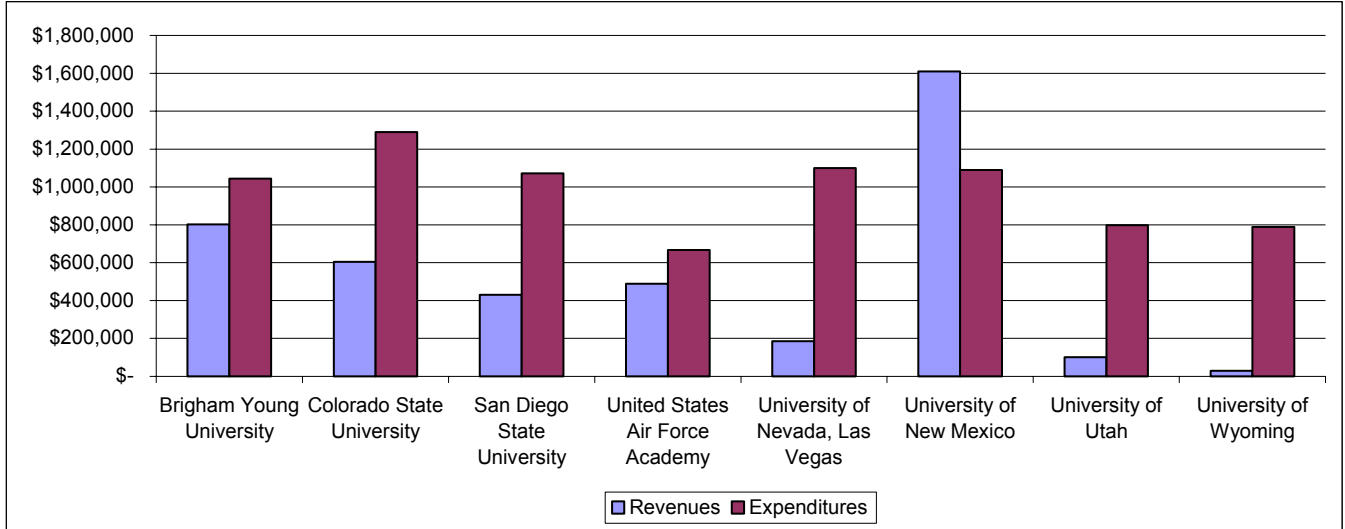
Western Athletic Conference – Men’s Basketball



Source: EADA 2003 reports.

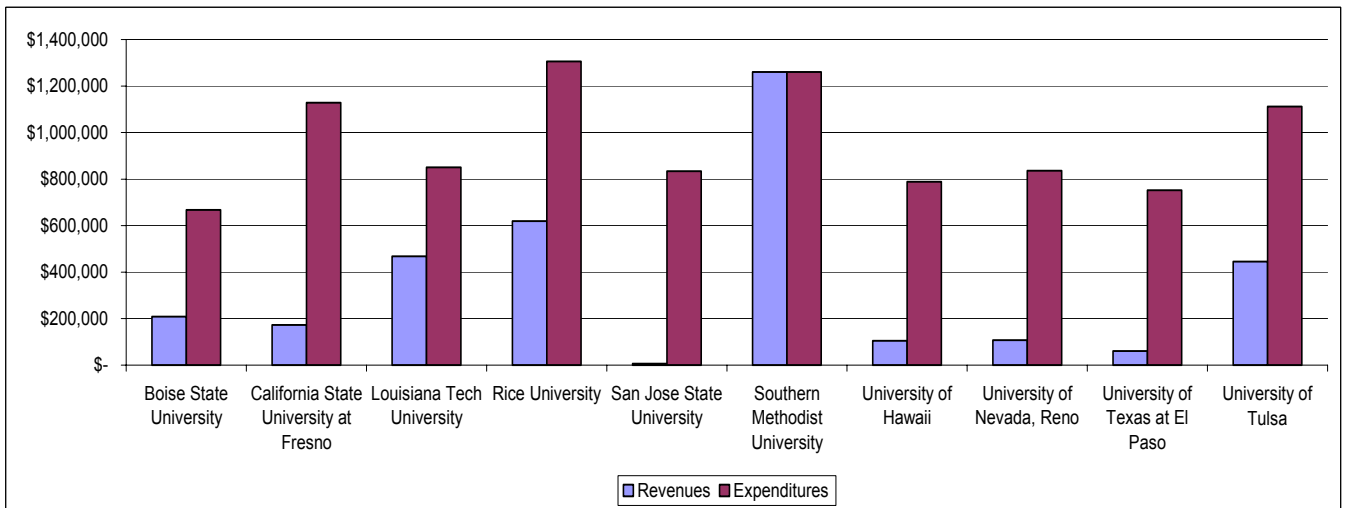
**Athletic Programs – Revenues and Expenditures
2003
(continued)**

Mountain West Conference – Women’s Basketball



Source: EADA 2003 reports.

Western Athletic Conference – Women’s Basketball



Source: EADA 2003 reports.

Appendix I

University and Community College System of Nevada's Response

University and Community College System of Nevada

5550 West Flamingo Road, Suite C-1
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November 15, 2004

State of Nevada
Legislative Counsel Bureau
Paul Townsend, Legislative Auditor
401 S. Carson St.
Carson City, Nevada 89701-4747

Dear Mr. Townsend:

Attached is the University and Community College System of Nevada response to the Costs of Administration, Athletics, and Host Account Audit Report prepared by the Legislative Counsel Bureau audit staff.

We would like to thank the LCB staff for the courtesy extended to all UCCSN employees during this review.

Please contact me if you have any questions on the items provided.

Very truly yours,

Harry E. Neel, Jr.
Vice Chancellor for Finance and Administration

Attachment

Below is the UCCSN response to the Legislative Counsel Bureau (LCB) draft audit report of Costs of Administration, Athletics, and Host Accounts.

Recommendation 1: *Comply with Board of Regents' salary maximums.*

Generally, the institutions do comply with salary maximums. The Human Resource Directors will develop a policy for instances where the maximum is exceeded due to additional duties assigned or market conditions.

Recommendation 2: *Assign all employees an appropriate salary rank or range.*

We agree with the recommendation. The Human Resource Directors will develop processes to ensure that the appropriate salary range is identified and reflected in the Human Resource Management System (HRMS).

Recommendation 3: *Ensure travel claims are in compliance with applicable policies and procedures.*

We agree with the recommendation. The institutions will review their current travel policies and revise as needed. This review process should be completed by March 31, 2005. The institutions will more carefully review travel documents to ensure proper signatures and that correct payments are made.

Recommendation 4: *Review travel policies and procedures to determine if timeliness requirements are reasonable.*

The Business Officers will review the time frame requirement in which travel claims must be submitted at their December 1, 2004 meeting.

Recommendation 5: *Revise travel policies and procedures to address athletic department expenditures for chartered air services and team meals and ensure compliance with existing procedures.*

The universities are currently working with the departments of Intercollegiate Athletics to revise travel policies to more adequately define team travel requirements, such as meals and lodging for student athletes. These new policies will also clearly require that all charters are appropriately acquired through the Purchasing Departments. The policy will further specify when charters may be used and who may travel on them. These policies will be completed by March 31, 2005.

Recommendation 6: *Develop policies and procedures to help ensure prospective student athletes' lodging accommodations are in compliance with NCAA regulations.*

The universities will ensure policies and procedures with regard to student athlete lodging are in place. These policies will be developed and/or revised to be more specific regarding lodging for student athletes. The changes should be fully implemented by March 31, 2005.

Recommendation 7: *Develop policies and procedures to ensure financial reports detailing athletic department revenues and expenditures are consistent and reliable.*

The university will develop written policies that specify that Controller's Office review is required for all financial reports developed by the department of Intercollegiate Athletics. This policy will assure that all reports are correct in all aspects. This policy will be in place by March 31, 2005.

Recommendation 8: *Provide additional guidance and develop procedures to help ensure host expenditures are appropriate and in compliance with policies and procedures.*

The UCCSN Business Officers have formed a working group to review and revise current policies and procedures related to host expenditures. We expect this process to be completed by March 31, 2005.

Recommendation 9: *Specify the accounts host expenditures are allowed to be paid from and develop procedures to ensure expenditures are not allowed from other accounts.*

The institutions will reevaluate the accounts from which host charges are presently allowed and make adjustments as needed. They will develop additional controls to identify, correct or disallow any erroneous transactions. The changes should be fully implemented within 60 days of the amendment of the UCCSN host policy.

Recommendation 10: *Ensure host expenditures are approved by appropriate personnel.*

The Business Officers are reviewing the current host policy to more clearly define those individuals authorized to approve host expenditures. The institution changes should be fully implemented within 60 days of the amendment of the UCCSN policy.

**UCCSN Response
to Audit Recommendations**

<u>Recommendation Number</u>		<u>Accepted</u>	<u>Rejected</u>
1	Comply with Board of Regents' salary maximums.....	<u> X </u>	<u> </u>
2	Assign all employees an appropriate salary rank or range	<u> X </u>	<u> </u>
3	Ensure travel claims are in compliance with applicable policies and procedures	<u> X </u>	<u> </u>
4	Review travel policies and procedures to determine if timeliness requirements are reasonable	<u> X </u>	<u> </u>
5	Revise travel policies and procedures to address athletic department expenditures for chartered air services and team meals and ensure compliance with existing procedures	<u> X </u>	<u> </u>
6	Develop policies and procedures to help ensure prospective student athletes' lodging accommodations are in compliance with NCAA regulations.....	<u> X </u>	<u> </u>
7	Develop policies and procedures to ensure financial reports detailing athletic department revenues and expenditures are consistent and reliable.....	<u> X </u>	<u> </u>
8	Provide additional guidance and develop procedures to help ensure host expenditures are appropriate and in compliance with policies and procedures	<u> X </u>	<u> </u>
9	Specify the accounts host expenditures are allowed to be paid from and develop procedures to ensure expenditures are not allowed from other accounts	<u> X </u>	<u> </u>
10	Ensure host expenditures are approved by appropriate personnel.....	<u> X </u>	<u> </u>
	TOTALS	<u> 10 </u>	<u> 0 </u>