

Great Basin Station Audit



Office of the Internal Auditor

Audit Report 2018 - 06

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EXECUTIVE SUMMARY

Why we audited the Great Basin Station

This audit was conducted at the request of Snow College Administration and the approval of the Snow College Finance and Facilities Committee (Audit Committee) and as a result of an annual risk assessment conducted by Internal Audit. The current contract with the U.S. Forest Service is set to expire on December 31, 2018. Administration wanted information on the cost/benefit and usage of the center to help decide on whether or not to renew the agreement. There were also concerns around alignment with the Snow College mission and the cost of maintaining the facility.

The objectives of this audit were to determine if the Great Basin Station is:

- 1) Effective and efficient in meeting its goals and objectives
- 2) Properly aligned with the mission of Snow College
- 3) Operating in compliance with contractual agreements, Snow College and Utah State Board of Regents policies and procedures and best business practices

What we found

According to the Great Basin Director, college activities are held at the Great Basin Station. However, there were no verifiable evidences that some of these activities were held there. The Great Basin Station director works long hours during the summer to maintain and operate the station with little direction or oversight. Activities and rentals have been recently added to generate more interest and to raise additional revenues to support the station. When the partnership with the Forest Service was originally formed, the primary objectives were to establish an educational and research facility to be used by the college and Forest Service. Over time, the primary use of the facility evolved where now the primary is to provide cabin rentals and outdoor experiences for the public.

- 1) **Abandonment of the governing Board** – As renovations were made and over time, there was less interest shown in the operations of the Great Basin Station. One of the evidences of this was the governing Board that was required to meet semi-annually stopped meeting and eventually dissolved.
- 2) **Areas of non-compliance with the U.S. Forest Service agreements** - Changes in organizational structure and oversight for programs and activities at the Great Basin Station resulted in non-compliance with the special use permit and memorandum of understanding between Snow College and the U.S. Forest Service.
 - a. **Construction of ropes course and zip-line was not properly approved** - A ropes course and zip-line were constructed on-site at the Great Basin Station, but was not approved by the Forest Service as required by the Special Use Permit.
 - b. **Usage of the Great Basin was not always recorded and was not reported to the Forest Service as required in the special use permit** - Snow College usage of the Great Basin station was typically not recorded making it difficult to determine the primary purpose and use of the Great Basin station.

- c. **Some use of the facility was used for purposes not permitted through the contract** - Great Basin station was used for family reunions even though the contract explicitly states that family reunions are to not be held at the station.
- 3) **Unclear objectives, chain of command, and lack of performance measures for the Great Basin Station** - The Director of the Outdoor Leadership and Entrepreneurship program received the assignment to manage the Great Basin station with little direction on the purpose or activities to be conducted there. Also, reporting lines and performance measures were unclear.
- 4) **Inadequate accounting and cash handling controls at the Great Basin station** - The reservation, invoicing, receipting and reconciliation processes were all managed by the Great Basin Station director with no separation of duties. The reservation system consisted primarily of a Google calendar where the reservations were recorded and tracked, but lacked information tying the reservations to the payments. Also, there were no cash handling procedures for the occasions where payments were made at the Great Basin station instead of the Cashier's office.
- 5) **Non-compliance with Utah Board of Regents policy on revenue generating activities** - The schedule of fees reported to the Utah State Board of Regents did not include all fees charged for revenue generating activities.
- 6) **Lack of oversight for transferring funds between non-related accounts** - Employees that were listed as budget holders for separate non-related accounts, had the ability to transfer funds between those accounts without supervisory review or approval.
- 7) **Insufficient oversight and controls for the use of Snow College vehicles** - Segregation of duties and accountability for approval and use of a college owned vehicle was inadequate. Gas cards assigned to the vehicle tracked mileage between fuel fill-ups, but the purpose and mileage for each trip was not recorded or approved.

What we recommend

Recommendations were made to help improve efficiency and effectiveness at the Great Basin Station and to better align with the mission of Snow College. This can be done by first assessing the purpose and need of the college continuing to manage the operations and maintain the Great Basin Station. If deemed feasible, the College should establish goals and objectives, clarify roles and responsibilities, and improve oversight and accountability. Detailed recommendations can be found in the findings and recommendations section of this report.

- 1) *To improve effectiveness and efficiency of operations and to more properly align with the mission of the College, Snow College should establish clear goals, objectives and reporting for the Great Basin Station.*
- 2) *To help maintain compliance with contracts, and to ensure the Great Basin Station objectives are properly aligned with the mission of Snow College, Administration should re-establish the board to*

provide operational oversight and establish policies and procedures that govern the use and operations of the Great Basin Station. More specifically:

- a) Determine the feasibility of renewing the contract with the Forest Service and ensure the objectives and services provided through the new agreement properly align with the objectives of Snow College.*
 - b) Prior to making a decision to renew the contracts with the Forest Service, State Risk Management should be engaged to perform a risk assessment and ensure adequacy of insurance coverage.*
 - c) Obtain written approval for the construction of the ropes course and zip-line as per the limitations section stated in the special use permit.*
 - d) Create and revise an annual operating plan for the Great Basin Station and submit by the required deadline. Also record all use of the facility, including educational use.*
 - e) Revise the agreements between Snow College and the U.S. Forest Service and obtain permission for or discontinue activities that are not permitted or don't properly align with the mission of Snow College.*
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- 3) Review and update the job description (MOU), clarify reporting lines, and establish performance measures for the Great Basin Station director*
 - 4) Enforce separation of duties for reservations, billings, receipting and reconciliation. In addition, implement a legal approved rental agreement*
 - 5) Publish the fee schedule, include the fees for the Great Basin Station in the annual report of fee schedules to the Board of Regents*
 - 6) Implement controls to prevent unauthorized or inappropriate transfers of funds between non-related accounts*
 - 7) Implement controls to prevent inappropriate or unauthorized use of the college fleet vehicles*

GREAT BASIN STATION BACKGROUND INFORMATION

Background

The Great Basin Environmental Education Center (Great Basin Station), formerly referred to as the GBEEC is an area located in Ephraim Canyon that is owned by the United States Forest Service. The Great Basin Station was started as the Utah Experiment Station in 1912 and contains several cabins and research plots. In 1992 Snow College entered into a partnership agreement with the U.S. Forest Service to renovate, manage and maintain the property and the buildings and property. Since the inception of this agreement there have been renovations and updates made to the facilities.



The primary objectives stated in this agreement were to:

- 1) Continue to support environmental scientific research by providing field and living facilities for visiting scientists.
- 2) Provide a living-learning center for educational courses or programs concerned with environmental studies.
- 3) Provide a center for retreats, conferences, seminars, and outdoor education activities.
- 4) Promote appreciation of the historical value of the Great Basin Experimental Range.
- 5) Advance economic vitality, employment and community pride by developing a statewide environmental learning center.

As outlined in this agreement the U.S. Forest Service and Snow College worked together to renovate the facility. Snow College agreed to operate and manage the facility, under the direction of a governing Board. The Board had the responsibility to establish policies and procedures for the management of the Great Basin Station.

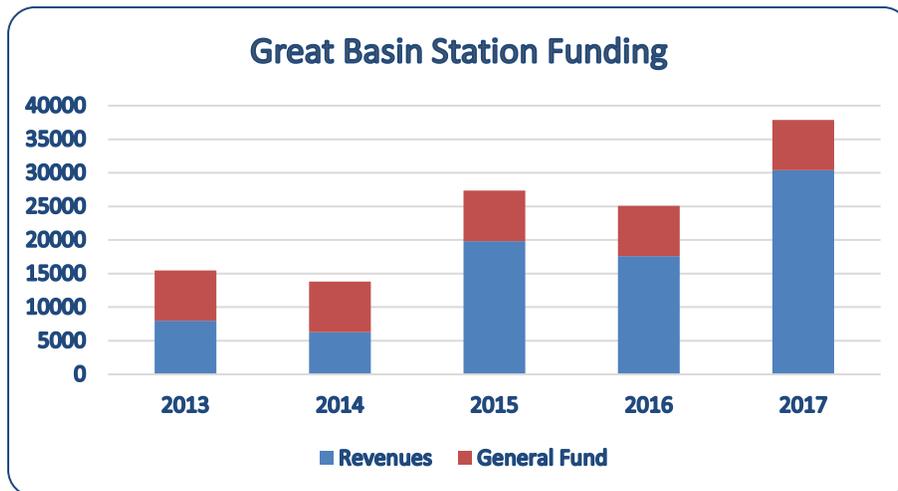
The agreement between the US Forest Service and Snow College was renewed on October 2, 2000 and is set to expire on December 31, 2018. Over the past 25 years, Snow College’s primary use of the Great Basin Station and activities at the station have evolved. Following are the primary uses of the Great Basin Station today:

- 1) Alpine Adventures youth conference and camps provided by Snow College.¹
- 2) Third party cabin and facility rentals for community and private activities such as family reunions, church activities, and scout camps.
- 3) Public rental of the Great Basin Station ropes course, kayaks, and paddle-boards.
- 4) Educational facility used by Snow College programs and courses such as Outdoor Leadership and Entrepreneurship, Geology, and Photography.

There have been recent improvements made to the property to enhance the outdoor experiences of participants. These improvements include the construction of a ropes course and a zip-line. The ropes course and zip-line are located onsite at the Great Basin Station and should not be confused with the Badger Mountain ropes course located approximately two miles up Ephraim Canyon. Also, the Alpine Adventures youth conferences hosted at the Great Basin Station are not directly affiliated with the Snow Fun youth conferences that are held on the Snow College Ephraim Campus.

Budget / Funding

Funding for the Great Basin Station was provided primarily through revenues generated at the facility. In addition, Snow College allocates approximately \$7500 annually of state appropriated general funds to support the operations of the station. There were also some matching grants and donations received to help maintain, renovate and furnish the buildings.



¹ Alpine Adventures, family reunions, ropes course, zip-line, and equipment rentals are currently not approved activities as per the contracts with the Forest Service and don’t align with the objectives of the agreement.

Great Basin Station Organization

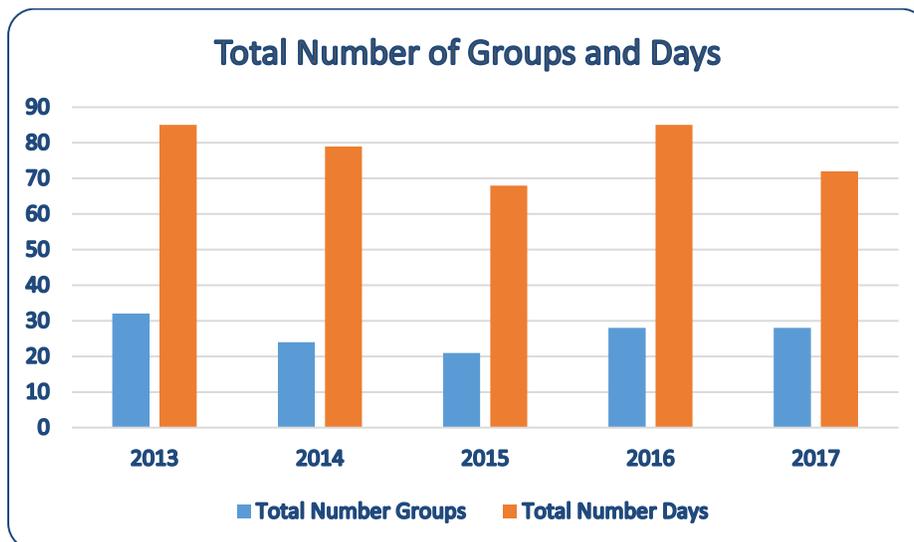
The Great Basin Station is being managed by the Director of the Outdoor Leadership and Entrepreneurship (OLE) program. The director is full-time faculty member that was appointed to a tenure track position on August 1, 2012. At the end of the 2013-14 academic year, the former director of the Great Basin Station resigned from his duties at the center due to time conflicts with his staff position at Snow College. The OLE director was asked by Administration to assume the responsibility for the Great Basin Station since part of the job description of the OLE director was to “oversee ancillary programs such as equipment rental, college sponsored expeditions, and property development”.

During the academic year he focuses the majority of his time on the OLE program, and during the summer spends the majority of his time at the Great Basin Station. There are also two to four temporary part-time employees hired each year to manage the day-to-day responsibilities at the Great Basin Station.

Cost / Benefit / Usage Analysis

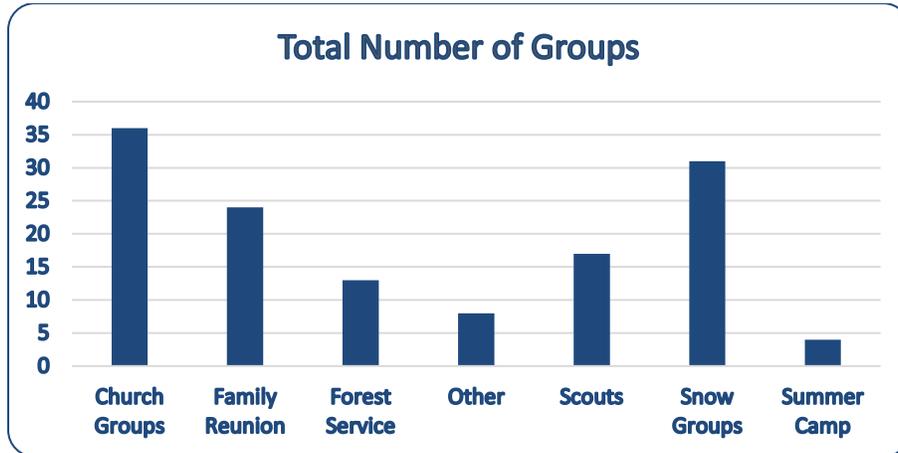
A five-year review of usage, revenues and expenses was performed as part of this audit to determine the cost/benefit of the Great Basin Station. Facility usage was not completely tracked for customers that used the facility but were not charged for use. Non-billable customers included faculty and students that used the facility as part of their educational programs offered through Snow College and Forest Service use of the facility. All non-billable usage time was estimated by the Great Basin Station Director, but was not verifiable since there were no records kept for non-billable use.²

The following chart illustrates the total number of participating groups and days spent at the Great Basin Station:

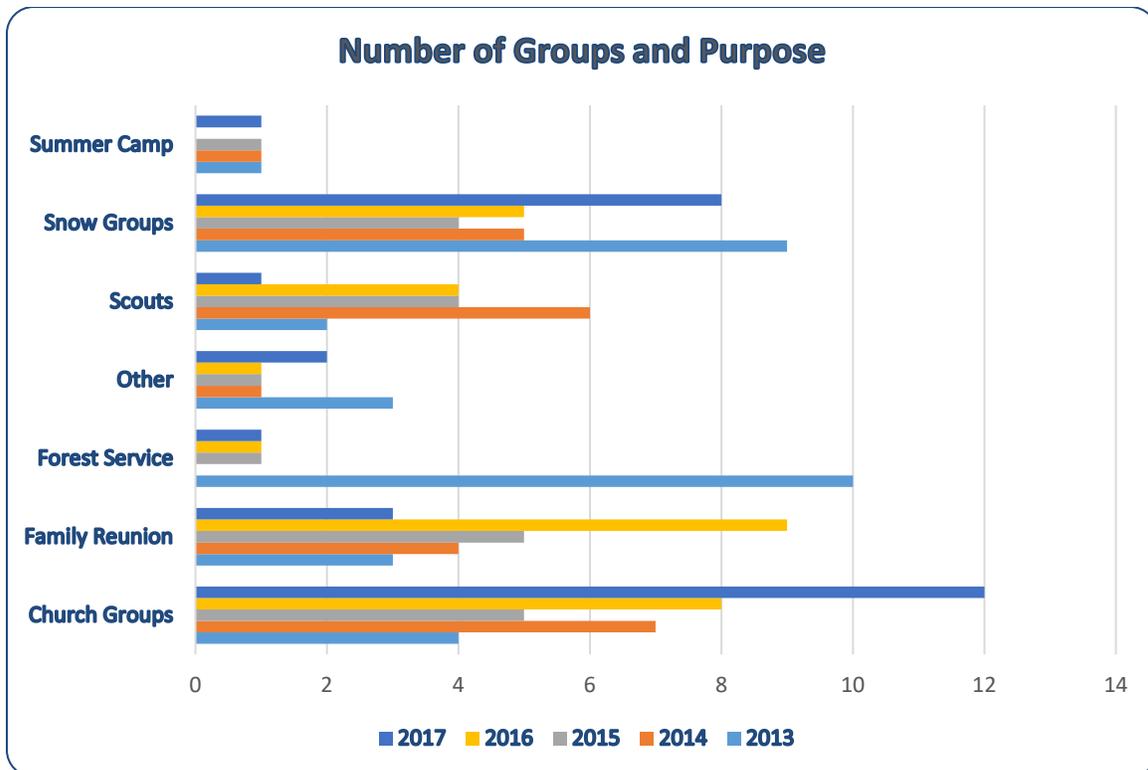


² The usage for Snow Groups and Forest Service were estimates. There was no tracking or logs created or maintained for usage by Snow Groups or Forest Service

The following chart shows that church groups were the most common type of group that used the Great Basin Station from 2013 through 2017:



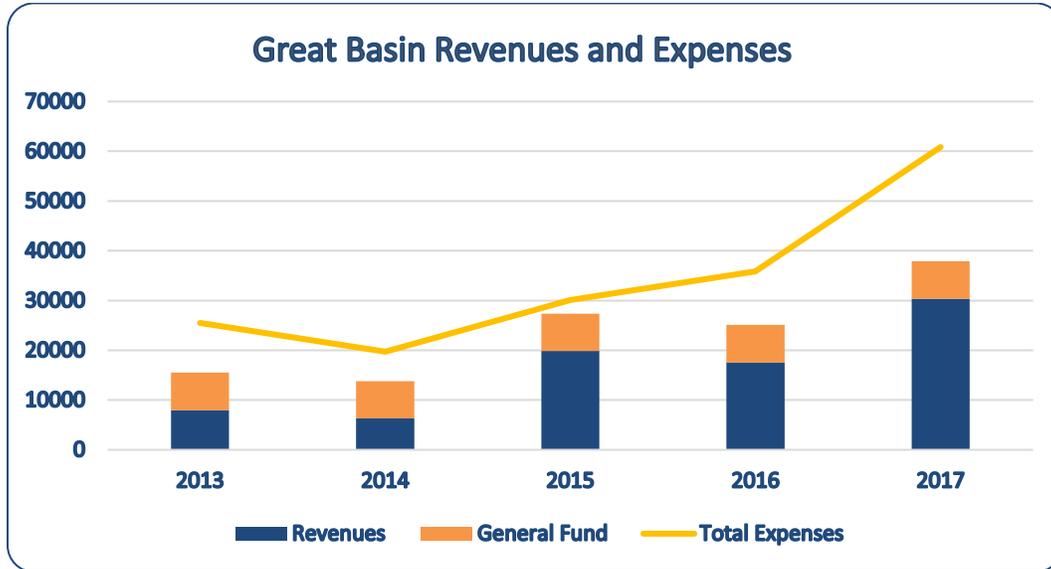
The following chart compares the number of groups that used the Great Basin Station by year. Overall, the most common usage of the Great Basin Station was for church groups.³



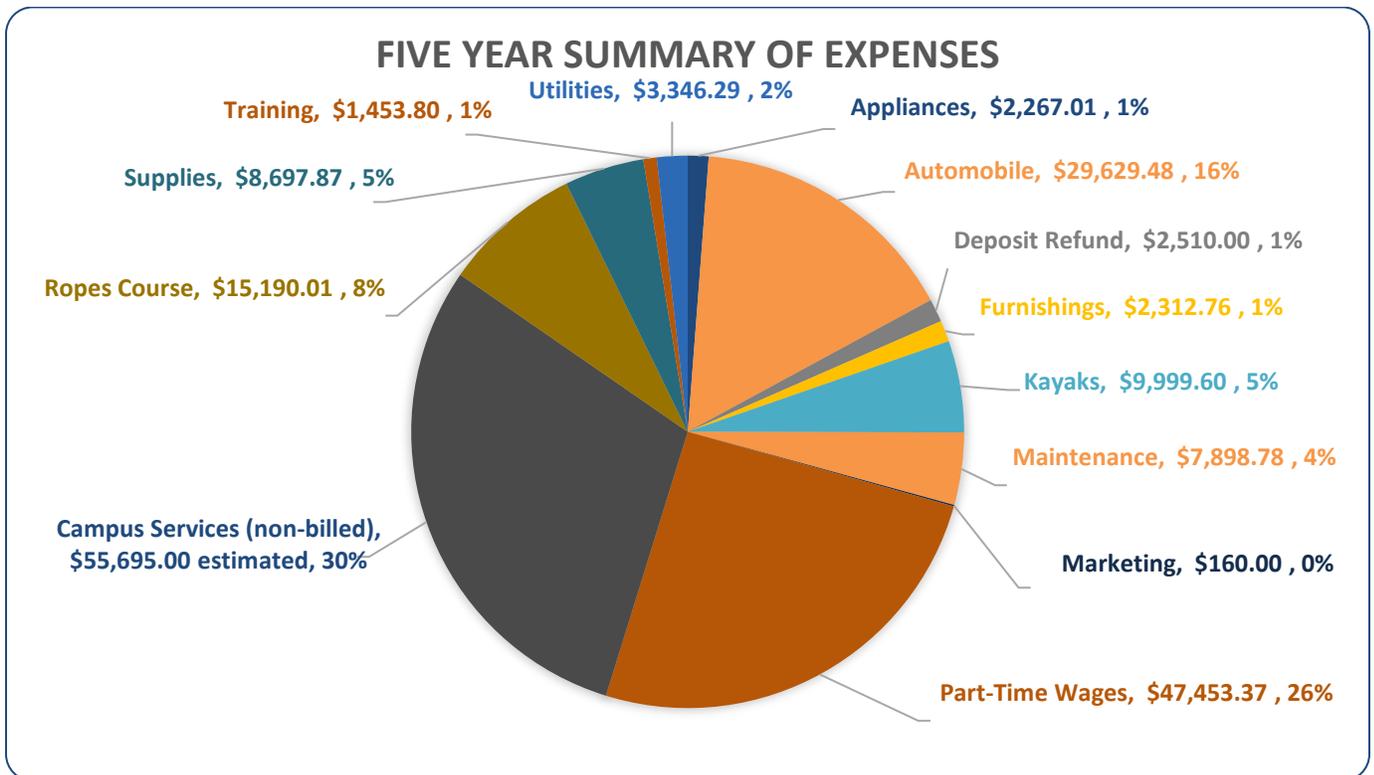
Primary use of the facility has evolved from research and educational purposes to cabin rentals and outdoor activities for the public.

³ The usage for Snow Groups and Forest Service were estimates. There was no tracking or logs created or maintained for usage by Snow Groups or Forest Service

The following chart compares the expenses with the revenues generated at the Great Basin Station. Revenues include actual revenues generated, state appropriated funds (general fund), and grants. Expenses do not include the full time employee salary of the director since the salary is paid out of the OLE fund.



The following chart shows the summary of operational expenses for the Great Basin Station between 2013 and 2017:



AUDIT OVERVIEW

Audit Purpose

Utah State Board of Regents policy R567, Internal Audit Program, section 4.4 states: "In addition to audits required by policy, institution internal auditors shall conduct risk-based audits for their institutions, as assigned by the institution audit committee." This audit was conducted based on the results of a risk assessment and at the request and approval of Snow College Administration.

Scope and Objectives

The overall objectives of this audit were to determine if the mission and purpose of the Great Basin Station were in alignment with the mission of Snow College, to evaluate effectiveness and efficiency of operations, and to verify compliance with contractual agreements, and Snow College and Utah State Board of Regents policies and procedures. The scope of this audit included fiscal years 2013 through 2017.

Risk Assessment

A risk assessment was conducted as part of this audit to determine the areas of risk to the effectiveness and efficiency of operations and identify potential control weaknesses. The risk assessment was used to identify control areas that posed the greatest threats to compliance and the overall mission and goals of Snow College.

Using the results of risk-assessment, an audit program was developed to conduct audit tests focusing on of the areas of highest risk. The following were identified as areas of risk:

- 1) Compliance with contracts with the U.S. Forest Service
- 2) Cash handling and accounts receivables for rentals and use of the Great Basin Station
- 3) Oversight of the operations at the Great Basin Station
- 4) Compliance with Snow College and State Board of Regents policies and procedures
- 5) Alignment with Snow College mission and objectives

Audit Program Test Objectives

An audit program was developed with the following test objectives:

- 1) Determine if Snow College is operating in compliance with the terms and conditions of the contract between Snow College and the U.S. Forest Service.
- 2) Determine if the operation of the Great Basin Station is performed in compliance with Snow College policy and best business practices.
- 3) Determine if controls are implemented to protect the safety of minors participating in activities at the Great Basin Station.
- 4) Perform a five year trend analysis of the operational costs and revenues at the Great Basin Station. Determine if the Great Basin Station is efficient in operations and that the revenues and funding received are adequate to support the operational costs of the station.

- 5) Determine if the operations and activities at the Great Basin Station are in-line with the intended use of the facility as outlined in the special use permit and memorandum of understanding between Snow College and the U.S. Forest Service.
- 6) Determine if the primary use of the facility is for educational purposes and aligns with the mission of Snow College.

Audit Methodology and Procedures

ACL (Audit Command Language) is a data analytics software tool that was used for several of the audit tests. Information for this audit was imported and organized using ACL and then exported to excel spreadsheets for further analysis. Information for this audit came from the following sources:

- Great Basin Station, interviews and reports
- Financial and Student system (Banner)
- Purchasing card statements
- Contracts and agreements with vendors

The audit process included the following procedures:

- Risk assessment to identify highest risk areas to be audited
- Review of expenses and revenues recorded in Banner and P-Card transaction registers
- Review of Great Basin Station internal policies and procedures
- Interviews with Snow College employees
- Reviews and analysis of Great Basin Station records

Sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on a thorough review of processes and controls for the Great Basin Station. The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. The evidence gathered meets professional audit standards and is sufficient to provide senior management with the proof of the conclusions derived from the internal auditor.

FINDINGS AND RECOMMENDATIONS

The Great Basin Station director works long hours during the summer to maintain and operate the station with little direction or oversight. Activities and rentals have been recently added to generate more interest and to raise additional revenues to support the station. When the partnership with the Forest Service was originally formed, the primary objectives were to establish an educational and research facility to be used by the college and Forest Service. Over time, the primary use of the facility evolved where now the primary use does not align with the Snow College mission or objectives of the contracts and is primarily used to provide cabin rentals and outdoor experiences for the public.

Recommendations were made to help improve efficiency and effectiveness at the Great Basin Station and to better align with the mission of Snow College. This can be done by establishing goals and objectives, clarifying roles and responsibilities, improving oversight and accountability, developing and improving internal policies and procedures, and establishing additional accounting controls.

Finding #1 – Non Compliance with the U.S. Forest Service agreements

Changes in organizational structure and changes in oversight for programs and activities at the Great Basin Station resulted in non-compliance with the special use permit and memorandum of understanding between Snow College and the U.S. Forest Service.

A special use permit and memorandum of understanding (contracts) between Snow College and the U.S. Department of Agriculture (Forest Service) was issued on October 2, 2000 and is set to expire on December 31, 2018. These contracts outline the requirements for the operations and reporting for the Great Basin Station.

The provisions of the contracts were initially implemented and followed by Snow College and the Forest Service. However, over time, and as organizational changes were made at the Great Basin Station, objectives and procedures also changed. These changes ultimately resulted in operations being out of compliance with some of the provisions in the contracts.

The memorandum of understanding (MOU) section of the contracts between Snow College and the Forest Service, section 2 states:

“2.1 An Advisory Board will meet semi-annually (or more frequently if needed) to provide support for the operation of the GBEEC

2.2 The Board will consist of representatives to be determined by the Supervisor of the Manti/La Sal national Forest, and representatives to be determined by the President of Snow College

2.3 A member of the Snow College Faculty will chair the Board”

A Board was initially formed and met as outlined in the contracts. The Board provided oversight for the renovation and operations of the Great Basin Station. They requested periodic reports on the progress of the renovations as well as the operational plans and proposals. Over time, the Board met less frequently and eventually dissolved.

Without the Board, there is very limited functional oversight for the Great Basin Station. Snow College Administration approved purchasing cards and other expenses for the Great Basin Station, however oversight for the plans, activities, and operations of the Great Basin Station were not reviewed or approved.

Recommendation #1- Re-establish the board to provide operational oversight and establish policies and procedures that govern the use and operations of the Great Basin Station.

To help maintain compliance with the contracts, it is recommended that the Snow College President or designee should designate Snow College representatives to be members of the Board with the directive to meet at least once every six months. It is also recommended that the President designate a member of the Snow College faculty to chair the Board as outlined in the contracts. In addition, the Great Basin Station director should work with the Board and/or Administration to determine the feasibility of renewing the contracts with the Forest Service, and establish policies and procedures that govern the use and operations of the Great Basin Station that are consistent with the contracts.

In addition, prior to making a decision to renew the contracts with the Forest Service, State Risk Management should be engaged to perform a risk assessment and ensure adequacy of insurance coverage.

Finding #1a – Construction of ropes course and zip-line was not approved

A ropes course was constructed on-site at the Great Basin Station, but was not approved by the Forest Service as required by the contracts. Also, although not yet operational ,a zip-line is currently being installed without written approvals.



The Director of the Great Basin Station is experienced in building and managing ropes courses. He constructed a ropes course at the Great Basin Station to provide additional outdoor and leadership

experiences for students and the public and to support overflow for the Badger Mountain ropes course (Snow Fun).

Special Use Permit Section I – Limitations states: “Nothing in this permit gives or implies permission to build or maintain any structure or facility or to conduct any activity, unless specifically provided for in this permit. Any use not specifically identified in this permit must be approved by the authorized officer through a new permit or a permit amendment”

The construction and implementation of the ropes course at the Great Basin Station was not approved in writing as required by the special use permit. Snow College Administration was unaware of the plans to implement a ropes course at the Great Basin Station. The director stated that he received verbal approval from the Forest Service to construct it. The majority of the expenses for the ropes course were paid using a Snow College purchasing card and the expenses were approved.

Recommendation #1a – Obtain written approval for the construction of the ropes course and zip-line as per the limitations section stated in the special use permit

It is recommended that the Director of the Great Basin Station meet with Snow College Administration, and the Great Basin Station Board, if formed, to discuss the business plan and objectives of the ropes course at the station. If approved, the Director should obtain the proper written permission for the construction of the ropes course as per the contracts.

Finding #1b – Usage of the Great Basin Station was not always recorded and was not reported to the Forest Service as required in the contracts

Snow College usage of the Great Basin Station was typically not recorded making it difficult to determine the primary purpose of the Great Basin Station. Also Snow College use of the station was not always scheduled or recorded.

Public use of the Great Basin Station was recorded by recording a reservation on a Google calendar and making payment through the Snow College cashier’s office. However, there was no charge for Snow College to faculty to use the station for student’s coursework purposes. According to the director, several instructors took their students to the Great Basin Station for Snow College coursework.

The special use permit section II.A.1 “Annual Operating Plan” states: “The holder or his/her designated representative shall prepare and annually revise by April 15 an annual operating plan. The annual operating plan shall be prepared in consultation with the authorized officer or his/her designated representative and shall cover all operations authorized by this permit, regardless of season. The annual operating plan shall be submitted by the holder and approved by the authorized officer or his/her designated representative prior to the operating season.”

The MOU section 4.1 states: “Scheduling of all activities held at the GBEEC will be the responsibility of Snow College.”

Snow College did not create or submit an annual operating plan for any of the years reviewed (2013 – 2017). An annual operating plan would help the director ensure that the activities and programs offered

at the Great Basin Station were properly aligned with the Snow College mission, and were being conducted in a safe manner, and that the plan was compliant with the requirements of all parties involved.

Recommendation #1b – Create and revise an annual operating plan for the Great Basin Station and submit by the required deadline. Also record all use of the facility, including educational use.

It is recommended that Snow College create and revise an annual operating plan for the Great Basin Station, obtain approvals from Snow College Administration and the Board. The plan should be completed, approved and submitted to the Forest Service by the deadline indicated in the contracts, (April 15).

Also the Director should track all usage of the facility whether it’s used by Snow College or by the public. Usage reports could be used to help determine the needs to establish the annual operating plans.

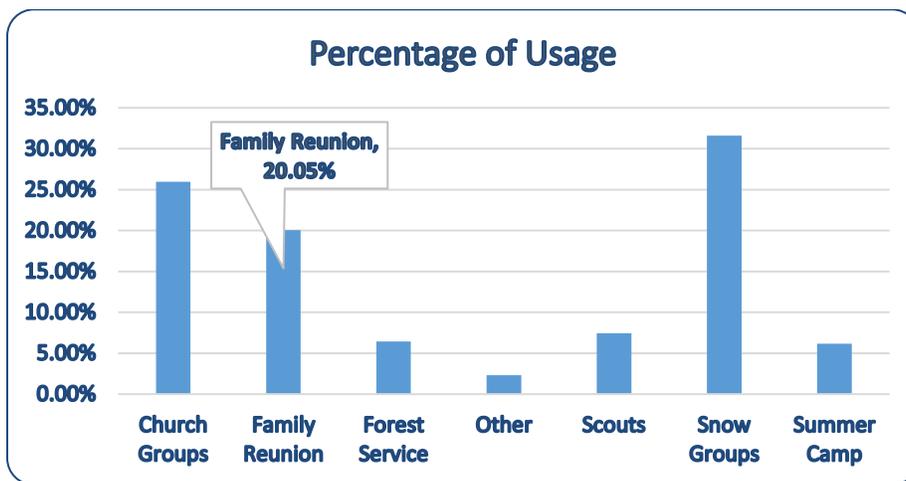
Finding #1c – Some use of the facility was used for purposes not permitted through the contracts.

Great Basin Station was used for family reunions even though the contracts explicitly state that family reunions are to not be held at the station.

The MOU Section 4.2.1 states: “Activities such as family reunions will not be held at the GBEEC”.

According to the contracts, family reunions are not an authorized activity at the Great Basin Station. Although not allowed, family reunions were held at the Great Basin Station. Families that used the station for the family reunions were billed to use the facility and contributed to the revenues needed to support the operation of the facility. Between the years 2013 through 2017, the Great Basin Station was used to host family reunions twenty percent of the time.

The following chart illustrates the usage of the Great Basin Station from 2013 through 2017:



The percentage of usage by the Forest Service and Snow Groups are estimates provided by the director of the Great Basin Station. The actual time spent by Snow Groups and the Forest Service were not recorded and could not be verified.

Recommendation #1c – Discontinue activities that are not permitted by the contracts, and if possible update the contracts to allow for the activities needed to support the operations of the Great Basin Station.

It is recommended that the director of the Great Basin Station work with the Board and the Forest Service to revise the agreements between Snow College and the Forest Service, or discontinue allowing activities such as family reunions to be held at the Great Basin Station. Also review program and activity offerings and revise as necessary to ensure that all activities offered and usage at the Great Basin Station are in compliance with the contracts and are in-line with the mission of Snow College.

Finding #2 – Unclear objectives, chain of command, and lack of performance measures for the Great Basin Station

The Director of the Outdoor Leadership and Entrepreneurship program received the assignment to manage the Great Basin Station with little direction on the purpose or activities to be conducted there. Also, reporting lines and performance measures were unclear.

At the end of the 2013-14 academic year, the former director of the Great Basin Station resigned from his duties at the center due to time conflicts with his regular position at Snow College. The OLE director was then asked by Administration to assume the responsibility to manage the Great Basin Station. Administration believed it was a good fit for the OLE Director because he presumably used the facility more than other Snow College programs.

The director stated that he spends up to 80 hours per week during the summer months to support the operations of the Great Basin Station. He also stated that since taking over the responsibilities at the station that he has not had the time to take his contractually agreed-upon vacation time. (last two weeks of July and first two weeks of August each year).

Once the assignment was made, modifications to the job description (MOU) for the OLE director were not made to outline the performance measures for managing the Great Basin Station. Without a clear understanding of the expectations or the reporting lines, the director of the OLE program took on this added responsibility. Since taking over the management of the Great Basin Station, the director has made clear efforts to keep the operational costs to a minimum, while making improvements to the facility and activities. Following is a list of some of the areas that the director has personally done to maintain the facility while keeping costs at a minimum:

- Painting buildings and structures
- Sanitizing water tanks
- Constructing a ropes course
- Ongoing housekeeping and cleanup of the facility
- Facilitating activities, such as the ropes course
- Performing basic repairs
- Purchasing and stocking supplies
- Hiring, training and supervising staff

In addition to these tasks, the director also has been responsible for some of the accounts receivables including taking reservations and verifying payments. Activities that have been added since the director was assigned include a two to three day youth conference, ropes course, kayaking and paddle board rentals.

Administration assigned the OLE director with the understanding that the management of the Great Basin Station fit within the current job description and MOU of the director. There was no communication regarding expectations on expanding the use of the facility beyond how it was being used at that time. Also there were no performance measures or benchmarks established to measure the success of the program. The reporting lines for the Great Basin Station director were also unclear.

Establishing performance measures, updating the job description (MOU) for the director, and clarifying reporting lines, would help clarify Administration's expectations of managing the Great Basin Station and would provide additional information on resources needed to properly manage and support the operations of the station.

Recommendation #2- Review and update the job description (MOU), clarify reporting lines, and establish performance measures for the Great Basin Station

To better align the activities and expectations at the Great Basin Station, it is recommended that Snow College Administration and Human Resources work together to review and update the MOU for the OLE director to include responsibilities of the Great Basin Station. It is also recommended that Administration and the Director work with the Board to establish performance measures and objectives for the Great Basin Station to ensure the work performed is in compliance with the goals and objectives outlined in the contracts with the Forest Service and properly align with the mission of Snow College.

Administration should also work with Human Resources to evaluate the expected workloads of the OLE director with the added responsibilities of the Great Basin Station to ensure resources are adequate to meet the needs of both programs. If deemed necessary, additional support should be provided, such as an assistant director, to allow the OLE director to take his regularly scheduled vacation time.

Finding #3 – Inadequate accounting and cash handling controls at the Great Basin Station

The reservation, invoicing, receipting and reconciliation processes were all managed by the Great Basin Station director and lacked separation of duties. Also, the reservation system consisted primarily of a Google calendar where the reservations were recorded and tracked, but lacked information tying the reservations to the payments. In addition, there were no cash handling procedures for the few occasions where payments were made at the Great Basin station instead of the Cashier's office.

To make a reservation, the customer contacted the Great Basin Director by phone or through an emailed form to request dates. The director checked availability then requested that the customer pay a refundable deposit to secure the dates. Once the director received notification of the deposit, the reservation dates were confirmed either verbally or by email.

The amount due for the reservation was then quoted over the phone by the director and the customer made payment through the Snow College cashiers office.

Accounting and business best practices for accounts receivable and cash handling require proper segregation of duties and controls to prevent accounting errors or misuse of funds.

Snow College policy #201, "Cash Handling" section 3.5.1 states: "Pre-authorization from the Controller's office is required before cash receipts can be collected. Potential cash handlers that wish to be a cash receipting center must submit a written request to the Controller's Office prior to accepting money."

On a few rare occasions, the customers made payment for activities or rentals at the Great Basin Station instead of the cashier's office. Even though payment was accepted at the Great Basin Station, there were no procedures in place for cash handling.

The College cashiers office was unaware that the Great Basin Station had a separate ropes course. When customers pay for use of the ropes course at the Great Basin Station, it is likely that the cashiers could record the transaction to the wrong account. Also, the cashier's office was unaware of the rates for the activities and services and mostly relied on the amounts owed being provided by the customers.

Recommendation #3- Implement and strengthen accounting controls at the Great Basin Station

To ensure that all reservations are paid and deposited into the proper Snow College Funds, it is recommended that the Great Basin director work with the Snow College Controller's office to ensure proper separation of duties with reservations, invoicing, receipting and reconciliation.

It is also recommended that the Great Basin director work with the Board, Snow College Risk management and Legal counsel to develop rental agreements that will best protect the interests of the College.

In addition the Great Basin director should either discontinue the acceptance of payments for rentals or activities at the Great Basin Station or work with the Controller's office to implement cash handling procedures.

Finding #4 – Non-compliance with Utah Board of Regents policy on revenue generating activities

The schedule of fees reported to the Utah State Board of Regents did not include all fees charged for revenue generating activities.

Utah State Board of Regents policy R553, "Revenue Generating Activities", sections 4.2 and 4.3 state: "Institutions shall develop a schedule of appropriate fees charged for revenue-generating activities or events. ... Institutions shall annually certify they have complied with this policy and submit their fee schedules to the Board of Regents Audit Manager by January 15."

A schedule of fees charged for events at the Great Basin Station has not been reported to the Board of Regents Audit Manager. In addition some of the fees charged for events are not published online or in marketing brochures.

Following is a list of the fees charged at the Great Basin Station that are published online or in brochures, but were not included on the annual report to the Board of Regents:

- Alpine Adventures – Two nights \$85 per person
- Alpine Adventures – One night \$55 per person

Following are other activity and rental fees charged that are not published online or in brochures and are not included on the annual report to the Board of Regents:

- Cabin rental - \$250.00 per night
- Facility rental - \$600.00 per night
- Ropes course use - \$21 per person ½ day or \$35 per person full day
- Kayak / paddle board rental - \$20 per board
- Employee use – Offered at a discount from time to time but no standard price established

Snow college classes and programs that are for educational purposes were usually not charged to use the facility.

Recommendation #4– Publish the fee schedules and include the fees for the Great Basin Station in the annual report of fee schedules to the Board of Regents

To maintain compliance with the Utah State Board of Regents policy R553, “Revenue Generating Activities”, it is recommended that Snow College Budget Director update the fee schedule to include fees for all revenue generating activities and certify compliance with this policy.

To maintain consistency with billings for use of the facility and rentals, it is recommended that the Great Basin director work with Snow College Marketing to publish the complete fee schedule online and in other marketing brochures. It is also recommended that the Great Basin director work with the Board to establish agreed upon rates for use.

Finding #5 – Lack of oversight for transferring funds between non-related accounts

Employees that were listed as budget holders for separate non-related accounts, had the ability to transfer funds between those accounts without supervisory review or approval.

There was a campus-wide control weakness discovered through this audit. The Great Basin director is also the director of the OLE program and is the budget holder for separate accounts for these programs. The OLE director received permission to purchase a vehicle to support the OLE program and the Great Basin Station. To make the purchase, the OLE director followed procedure and properly submitted an

email request to the Controller to transfer the funds. Also, as per the procedures, the Controller properly verified that the request was approved by the budget holder then transferred the funds.

Without proper controls in place an inappropriate transfer could be made by a budget holder who is responsible for separate unrelated accounts, and go undetected.

Recommendation #5- Implement controls to prevent unauthorized or inappropriate transfers of funds between non-related accounts

To prevent unauthorized or inappropriate transfers of funds, it is recommended that the Controller's office implement additional controls such as supervisory review and approval for transfers of funds between non-related accounts.

Finding #6 – Insufficient oversight and controls for the use of Snow College vehicles

Segregation of duties and accountability for approval and use of a college owned vehicle was inadequate. Gas cards assigned to the vehicle tracked mileage between fuel fill-ups, but the purpose and mileage for each trip was not recorded or approved.

The OLE director purchased a vehicle using combined funds from an OLE account and a Great Basin Station account. The vehicle was purchased to support both programs. The vehicle is stored at the Business Department building when not in use. According to the Great Basin director, there is one additional department in the college that has also used the vehicle.

Snow College Policy #251, "Vehicle Use Policy" states: "College Fleet or Motor Pool Vehicles shall be used for official College business only."

A college fleet vehicle is defined as "all vehicles owned by Snow College". A Motor Pool Vehicle is defined as "Snow College's state-owned Motor Pool vehicles consist of the State of Utah owned vehicles. Procedures and guiding principles are required by Utah State's Division of Risk Management."

The college fleet vehicles are managed by Snow College campus services. To use one of the fleet vehicles the driver completes a travel authorization form, has it signed by a supervisor and submits it to campus services. For each trip, the driver records the mileage and purpose along with the account that should be billed.

College owned vehicles are managed by the department that purchased the vehicle. There currently are no formal procedures in place to check out and use the vehicle purchased by the Great Basin Station. Lack of procedures could result in non-compliance with the Snow College policy on vehicle use and could also result in inaccurate billing for the use of the vehicle.

Recommendation #6- Implement controls to prevent inappropriate or unauthorized use of the college fleet vehicles

To prevent inappropriate or unauthorized use of college fleet vehicles, it is recommended that Snow College Administration review and update the Snow College vehicle use policy to include requirements for the development and implementation of procedures. To standardize procedures amongst all departments, consideration could be made to have all college owned vehicles and motor pool vehicles managed by the same department.

Management Response

The Director of the Great Basin Station provided the following written response to the audit:

The Great Basin Station has a significant historical value regionally, nationally, and even internationally for rangeland and watershed research (the Station is currently listed on the Utah register of historic places). However, there has been limited support and oversight in the management of the Station. Since becoming director in May 2014, I have done what I can to maintain and improve the Station with very limited resources while providing an enhanced experience.

Snow College is in non-compliance with the permit and MOU. Applying/renewing the Great Basin Station special use permit with the Forest Service will address several of the noncompliance issues.

- The new permit does not require a governing board. Although, I would greatly appreciate a governing board to provide direction, oversight, and assistance with duties at the Station.
- Use of the Great Basin Station will be updated in the permit to include ropes course and complete building the zip line.
- The Great Basin Station purpose and use will be updated to reflect current needs and use
 - To provide an outdoor living/learning center for educational courses, workshops, programs, or activities.
 - To provide a center for retreats, conferences, seminars, outdoor activities, and so forth, for federal and state natural resources agencies, educational institutions, professional societies, private groups, etc.
 - To provide a center for community and private activities, supervised by Snow College.
 - To develop outdoor opportunities, courses, and programs provided through Snow College

Usage at the Great Basin Station is not always recorded. Due to the logistics and limited resources, this is not currently a feasible option with informal groups that come to the Station. Several times each week groups and individuals will “drop in” at the Station unannounced. Likewise, Snow College programs will informally use the Station without making reservations. However, all formal use of the Station is currently recorded.

Since becoming Director of the Great Basin Station, there has been greater emphasis on providing educational opportunities that are more in line with Snow College’s mission. The institution of the Alpine Adventures youth conference is an example of this. Additionally, the Station has become a learning laboratory for the Outdoor Leadership and Entrepreneurship Program.

The Great Basin Station costs money to operate. Yet the return on investment has potential and outcomes cannot always be measured with a dollar figure. The Station is currently operating in a deficit based on current data, however the current expenses include the cost of the ropes course, water equipment, and vehicle that were purchased in 2016/17. Those are one time, fixed costs that will add to overall revenue in the future. The Campus Services portion is the majority of costs (non-billed) at the Station. It should be noted that Campus Services costs are estimated and may not reflect actual cost. It is my opinion that this number is high. Finally, the Great Basin Station is a historical treasure, provides

Snow College Exposure to the general public, and offers a learning laboratory for several Snow College entities. As such, it needs to be determined if the actual costs of operating the Station outweigh the benefits (many are nontangible).

With the training and oversight I was provided as director and based on my limited financial background, I did the best I could regarding accounting and cash handling. I would greatly welcome a separation of duties and implementation of policies that will make financial matters more efficient.

I appreciate this audit, the findings, and recommendations. I believe that if the findings are applied, they will aid in the success of the Great Basin Station.