

Audit Highlights



Highlights of Legislative Auditor report on the University and Community College System of Nevada's (UCCSN) Statewide Programs, issued June 24, 2004. Report #LA04-15.

Background

Since fiscal year 1972, the University of Nevada, Reno (UNR) and the University of Nevada, Las Vegas (UNLV) have each received General Fund appropriations for statewide programs. During fiscal year 2003, there were 22 statewide programs, 17 at UNR and 5 at UNLV, included in the statewide program budget accounts. These programs either provide research-oriented services, public services, or academic support.

In addition to more than \$7 million in General Fund appropriations for statewide programs, 21 of the 22 programs received funding in fiscal year 2003 from sources, such as grants, contracts, gifts, sales, and other money appropriated by the State. According to the two universities, the statewide programs received almost \$56 million in funding in fiscal year 2003.

Purpose of Audit

This report represents one component of the audit required by Chapter 442, Statutes of Nevada, 2003 (A.B. 148). The purpose of this audit was to assess the process used to identify and select programs for inclusion in the two statewide program General Fund budget accounts; determine how the statewide programs were funded; and evaluate the process for measuring and reporting the statewide programs' outcomes. Our audit included a review of activities of the 22 statewide programs for the fiscal year ended June 30, 2003, and through December 2003 for certain audit issues.

Audit Recommendations

This report contains five recommendations to improve accountability for the statewide programs. Specifically, UCCSN's System Administration should document a definition and develop criteria for statewide programs. It should review each statewide program to determine if it still meets the established criteria and if the need for General Fund money still exists. System Administration should also provide guidance on the types of expenditures that may be made with General Fund money and on performance measurements.

UCCSN accepted all five recommendations.

Status of Recommendations

UCCSN's 60-day plan for corrective action is due on September 20, 2004. In addition, the six-month report on the status of audit recommendations is due on March 21, 2005.

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University and Community College System of Nevada

Statewide Programs

Results in Brief

The University and Community College System of Nevada (UCCSN) needs to improve its oversight of statewide programs to ensure funding requests represent the optimal use of state General Fund resources. By providing guidance to the institutions, UCCSN's System Administration can help ensure consistent processes are in place for: (1) determining if other funding sources are sufficient to meet program missions and the appropriate level of General Fund money to request for each program; (2) identifying the most deserving programs to recommend for General Fund support; (3) using General Fund money only for program purposes; and (4) developing reliable performance measures that relate to program missions.

Principal Findings

UCCSN does not review total funding and expenditures for each of the current programs to determine the appropriate amount to request from the General Fund. Reviewing total funding would help determine how much state money the programs need to operate. For example, during fiscal year 2003, the universities reported the statewide programs received almost \$56 million in funding and used about \$7 million less than they received.

No definition of a statewide program has been established. Developing a standard definition of a statewide program would help UCCSN ensure the process of recommending programs for General Fund support is consistent. In addition, periodic review of programs' missions and activities is needed to ensure programs still function as statewide programs. Several of the programs have undergone changes since they were first included as statewide programs. Without an established, documented definition, there is no basis to assess whether these programs remain "statewide programs" after undergoing these changes. In addition, programs similar to statewide programs exist without receiving General Fund support. A formal review process could help determine why programs similar to statewide programs can operate without General Fund support.

UCCSN lacks written guidance on what types of expenditures the statewide programs can make with General Fund money appropriated for their use. The lack of sufficient guidance allowed for non-program related expenditures to be made with General Fund money, which resulted in subsidizing other programs at the universities with statewide program money. For example, General Fund money for one program was used to pay the salary of a university employee who did not work for the statewide program. In addition, five faculty, budgeted at 100% with General Fund money appropriated for statewide programs, taught courses that were included in the formula used to fund the universities. This resulted in the State paying the universities a portion of instructional costs twice for the same courses.

UCCSN can improve the performance indicators in the Executive Budget. UNR included two performance indicators in the 2004-2005 Executive Budget, while UNLV had three. These indicators covered activity for only some of the statewide programs and were not outcome related. Also, the universities do not report these statistics annually, and information supporting the reported statistics is not always readily available. Good performance indicators that include outcomes for the statewide programs, along with accurate annual statistics, would give decision makers quality information to help manage the statewide programs.

Most programs have established missions and goals, but few have established performance measures to determine if they are meeting their missions and goals. Many of the programs have established activity or output measures, which are important in evaluating the programs' workloads. However, these measures do not always provide an assessment of the programs' achievements. UCCSN's System Administration can help statewide programs develop outcome measures by providing guidance and periodically reviewing reported statistics.