

REVIEW OF UNM CHROME RIVER

THE UNIVERSITY OF NEW MEXICO

Report 2017-11
May 11, 2018



THE UNIVERSITY OF
NEW MEXICO

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ABBREVIATIONS

APR.....	Accountable Plan Requirements
C&G.....	Contract and Grant Accounting
CR.....	Chrome River
CR Committee.....	Chrome River Leads Committee
DPEZ.....	Direct Pay "EZ"
EOD.....	Employee and Organizational Development
FCard.....	UNM Fuel (Fleet) Card
FSM.....	Finance Systems Management
HS.....	Health System
HSC.....	Health Sciences Center
IA.....	University of New Mexico Internal Audit Department
Internal Audit.....	University of New Mexico Internal Audit Department
IRS.....	Internal Revenue Service
Org.....	Organization
PCard.....	UNM Purchasing Card
PI.....	Principle Investigator
RPM.....	Regents' Policy Manual
SEO.....	Senior Executive Officer
UA.....	Unrestricted Accounting
UAP.....	University Administrative Policies and Procedures Manual
University.....	University of New Mexico
UNM.....	University of New Mexico
UNM Banner.....	UNM Banner Finance Accounting System
VP.....	Vice President

In the first six months of 2017, UNM departmental approvers processed employee reimbursements totaling \$3,875,592, and PCard allocations/reconciliations totaling \$37,165,491 in Chrome River (CR).

As of October 2017, UNM had 1,193 PCard holders and 122 Fuel Card holders responsible for 372 Fuel Cards for vehicles used for University business.

All active UNM employees are end users in CR.

The availability and easy access to CR Reporting records enhance easy record keeping, accountability, and transparency.

EXECUTIVE SUMMARY

Background

Effective December 1, 2016, UNM implemented Chrome River (CR) - Expense and Invoice, a comprehensive travel, expense, Purchasing Card (PCard), and invoice solution that replaced the DP-EZ form and PCard reconciliation processes that lasted more than 10 years.

The CR implementation costs from FY16 through FY18, as of February 2018, are approximately \$442,000.

The CR system has Banner integrated capabilities. Its automatic integration with UNM PCard enables UNM PCard holders to see a purchase transaction posted in CR in a few calendar days.

End users can electronically submit expense reports, with receipts, wherever global web is accessible. CR electronically routes submitted expense reports and UNM PCard reconciliations with receipts/documentation to the intended approvers. This promotes timely submission and review.

The CR committee has predetermined and programmed into CR a set of compliance-oriented warning and violation rules about certain UNM policies and prior common errors from usage of DPEZ forms.

UNM Internal Audit (IA) noted a number of areas for further improvements below:

Approver Training

UNM currently does not require any type of approver training before approvers perform their duties.

Violation rules require the end user to modify the expense report via either correcting the errors or responding to the pop-up alerts.

The PCard Office suspended 25 out of approximately 1,200 PCards between January and October 9, 2017.

The tax liability the University pays for reimbursements not meeting APR ranges from \$30,000 to \$40,000 annually.

Recommendation 2

The leadership of UNM's CR committee should work with the President's Office to provide training content related to protecting sensitive information any CR user can access.

Proper Approval Authority

Several items appear not to have been approved by proper individuals at the department level.

Recommendation 4

The UNM EVPs should direct departments under their purview to review their current Approval Groups in CR to ensure they have identified sufficient person(s) who have appropriate authority and responsibility for departmental and program fiscal and operational activities.

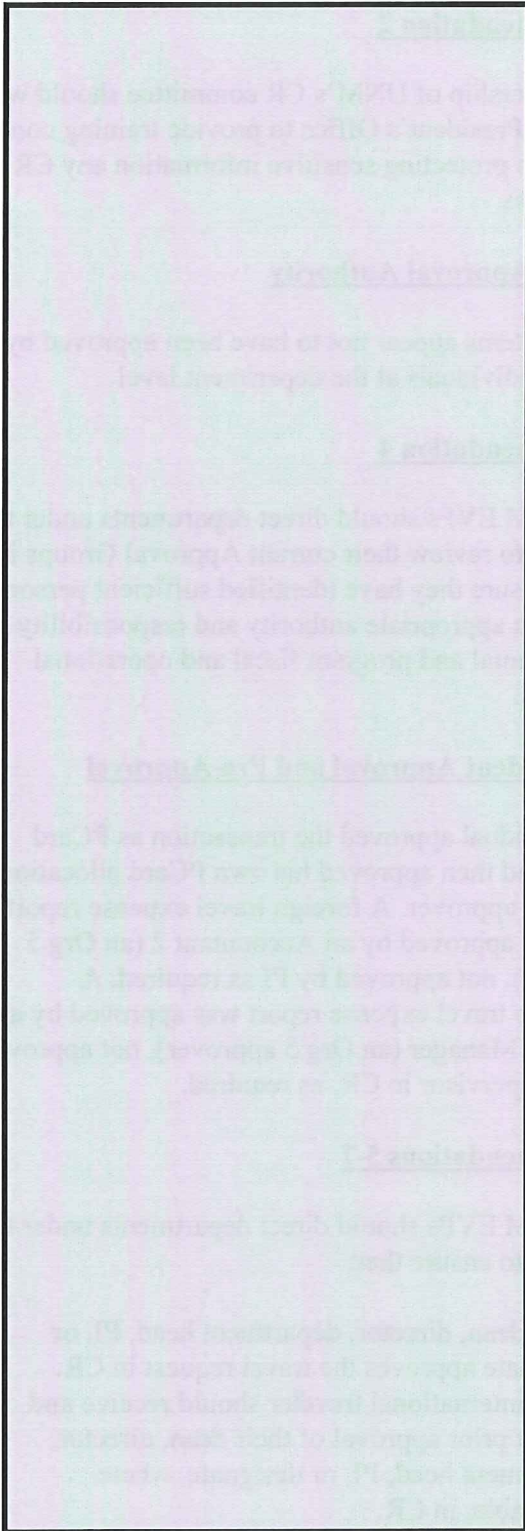
Independent Approval and Pre-Approval

An individual approved the transaction as PCard holder and then approved his own PCard allocation as an Org 5 approver. A foreign travel expense report was only approved by an Accountant 2 (an Org 5 approver), not approved by PI as required. A director's travel expense report was approved by a Program Manager (an Org 5 approver), not approved by the supervisor in CR, as required.

Recommendations 5-7

The UNM EVPs should direct departments under their purview to ensure that:

- The dean, director, department head, PI, or designate approves the travel request in CR.
- The international traveler should receive and submit prior approval of their dean, director, department head, PI, or designate, where applicable, in CR.



- If the traveler is a dean, director, department head, or PI, their supervisor (or designate within supervisor office) must approve the request in CR

The UNM Controller's Office should work with the PCard Office and Core Office to train their staff to ensure that independent approval and prior approval for international travel is obtained in CR.

The leadership of UNM's CR committee should work with the vendor and ensure the Approval Group Rule settings are properly set up to always require independent approval.

Number of Departmental Approvals

CR currently requires only one approval group at organization level 6, 5, or 3, and it is optional for departments to add a Department Choice approver as a secondary approver.

Recommendation 8

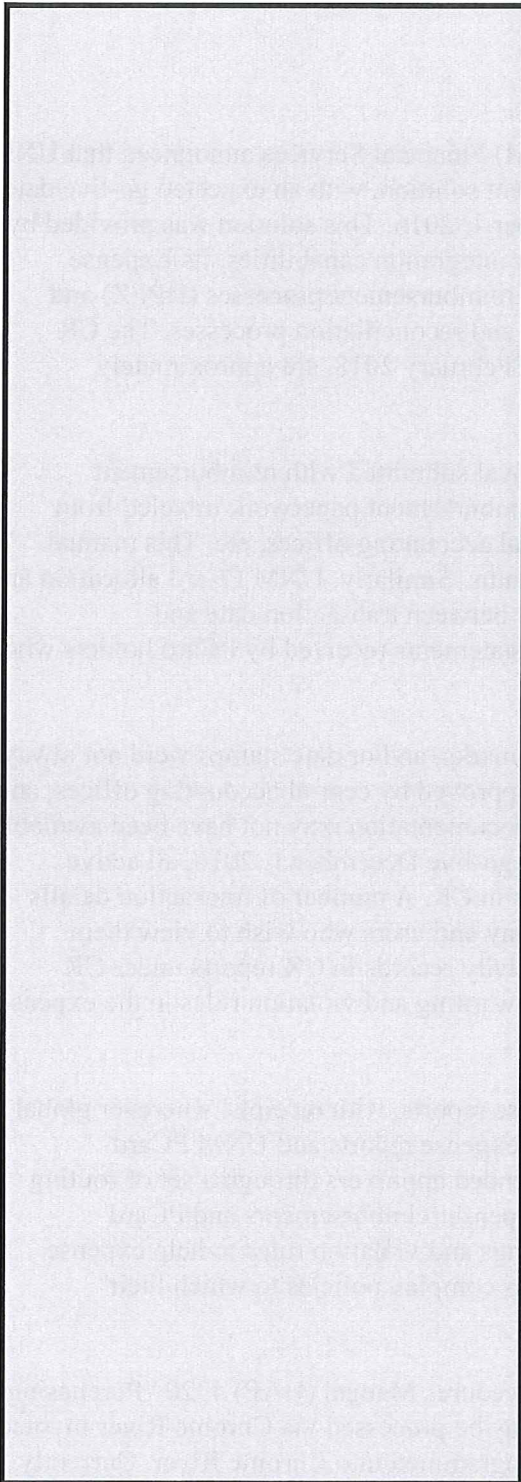
The CR committee should explore CR's configurations and settings and determine if a current single required approval group at organization level 6, 5, or 3 can be expanded to two approval groups, as needed, based on dollar amount threshold or other criteria, where appropriate.

Approver Group Update Process

The Approver Group Update Form currently requires no explicit approval from the dean, director, department head or PI (D/D/D/P).

Recommendation 9

The University Controller should direct UNM FSM to revise the Approver Group Update process to ensure the D/D/D/P provides documentation of their approval.



UNM Accountable Plan Requirements

IA found that 18 of 35 expense reports tested were not reported to UNM Payroll through UNM FSM.

Recommendation 10

The University Executive Vice-President for Administration and Chief Financial Officer should require:

- A. The UNM Controller's Office and HSC SEO for Finance and Administration to determine non-compliance with APR and develop processes and procedures for individuals that may not have met UNM's accountable plan requirements in a timely manner.
- B. The University Controller to monitor compliance with APR on a quarterly basis.
- C. HSC Chancellor to certify that HSC will follow the UNM accountable plan policy.
- D. The UNM Policy Office to revise the current policies related to the UNM accountable plan.

The University Executive Vice-President for Administration and Chief Financial Officer, University Provost and HSC Chancellor should issue communication every two months to all employees regarding compliance with APR to avoid unnecessary costs to the university and employees.

INTRODUCTION

BACKGROUND

Initial Implementation

In January 2016, the University of New Mexico (UNM) Financial Services announced that UNM would implement a new travel and expense management solution, with an expected go-live date of July 1, 2016 that subsequently extended to December 1, 2016. This solution was provided by Chrome River (CR), a third party vendor, with Banner integration capabilities. Its Expense module replaced prior paper based travel and expense reimbursement processes (DPEZ) and prior UNM Purchasing Card (PCard) paper allocation and reconciliation processes. The CR implementation costs from FY16 through FY18, as of February 2018, are approximately \$442,000.

UNM used to require paper receipts and wet ink approval submitted with reimbursement requests in its legendary DPEZ process. The initial reimbursement paperwork traveled from within the department/unit to a Core Office, i.e., central accounting offices, etc. This manual process was inherently time consuming for tracking status. Similarly, UNM PCard allocation and reconciliation was a manual process and had time lags between transaction date and reconciliation date due to availability of paper PCard statements received by PCard holders who performed reconciliation on a monthly basis.

Paper trails such as signatures/dates, written review remarks, and/or date stamps were not always readily identifiable. Once submitted, paperwork was approved by central accounting offices, and scanned and maintained in Banner; however, related documentation may not have been available to any user for retrieval on a real-time basis. With CR go-live December 1, 2016, all active employees with a current job assignment are end users in CR. A number of transaction details (upon appropriate approvals) are readily available to any end users who wish to view them. Among those records are submission and approval activity records in CR reports under CR Menu, reviewer's notes, and responses to UNM's CR warning and violation rules in the expense reports.

In addition, end users can electronically submit expense reports, with receipts, wherever global web is accessible. CR electronically routes submitted expense reports and UNM PCard reconciliations with receipts/documentation to the intended approvers through a set of routing rules to facilitate electronic review and approval of expense reimbursements and PCard reconciliations. CR includes a list of applicable warnings and violation rules to help expense preparers, owners, and approvers understand numerous complex policies to which their transactions may apply.

As specified in UNM Administrative Policies and Procedures Manual (UAP) 4320 "Purchasing Goods off Campus," Section 4, certain transactions may be processed via Chrome River Invoice. The types of payments allowed via this method are programmed into Chrome River. Currently, payments to non-individuals are processed in Chrome River Invoice. Reimbursements and non-

payroll, non-procurement payments to UNM faculty, staff and students, as well as such payments to non-employee individuals, are processed via Chrome River Expense.

According to the UNM CR information website, CR offers the following features:

- An easy to use, intuitive user interface
- Simple receipt upload and attachment capabilities
- Email approval of expense reports
- Global web and email access
- Mobile device access for receipt capture, review and approval of expense reports
- New reporting capabilities using WebFocus

In the meantime, nine UNM policies such as travel reimbursements, purchasing goods off campus, payments to employees and non-employees, etc., were revised with an effective date of December 1, 2016 to coincide with the implementation of the new tool CR UNM adopted.

Phase Two Implementation

According to CR training materials, the implementation of phase two is currently underway, to include PCard exceptions and travel pre-approvals. UNM is working with the vendor on improvements to the functionality of the software in a variety of areas.

Executive Leadership

The software implementation project leadership is comprised of the following:

Executive Sponsors:

Senior Executive Officer of Finance and Administration – Health Sciences Center (HSC)
University Controller

A Steering Committee:

UNM Chief Procurement Officer
Director, Financial Operations for Academic Affairs
Chief Financial Services Officer – Main
Chief Financial Services Officer of Finance and Administration – Health Sciences Center (HSC)

A Project Director:

Executive Project Director – Finance Systems Management and Payroll

The Chrome River Leads Committee (CR Committee) is comprised of departmental and central office functional and technical representatives. The leadership, sub-teams, leads, and champions have been working very hard before and after Phase One implementation to make this first integrated expense management tool available to the UNM CR community. They devoted time and resources to providing users continuing training opportunities and technical support.

PURPOSE AND OBJECTIVES

The UNM Board of Regent's Audit and Compliance Committee requested that Internal Audit perform a review of the newly implemented Chrome River solution regarding various aspects related to the UNM expense reimbursements and PCard reconciliations, and determine if there were areas of concern and room for improvement.

SCOPE AND PROCEDURES PERFORMED

Our review focused on obtaining evidence to evaluate the UNM PCard and expense reimbursement processes campus wide for calendar 2017 in Chrome River Expense. Procedures performed are included as follows:

- Discussions and interviews with several members of project leadership.
- Review of UNM policies and procedures.
- Review of UNM training materials and job aid.
- Review samples of expense and PCard reconciliation transactions processed via Chrome River Expense from January through September 2017.

UNM Internal Audit (IA) found areas for improvement as discussed below in the observations section of the report.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

UNM PURCHASING CARD

According to UAP 4320 Purchasing Goods Off Campus, UNM issues Purchasing Cards to UNM employees as a tool for making purchases on behalf of the University not exceeding \$10,000 per transaction for goods, materials and supplies; or not exceeding \$5,000 per transaction for approved services, in accordance with requirements and limitations determined by the UNM Purchasing Department. UNM had 1,193 PCard holders as of October 9, 2017. CR uses a number of organizational hierarchies that UNM structures itself: organization level 3 being College, School, Branch, etc., and organization level 5 being a Department in general. **Exhibit 1** lists the number of active PCard holders, summarized by UNM organization level 3 (Org Level 3 or Org 3). UNM PCard transactions amounted to \$73,004,030 for fiscal year ended June 30, 2017. Monthly total transaction amount and number of transaction by campus is presented at **Exhibit 2**.

Faster PCard Reconciliation

CR's automatic integration with UNM PCard enables UNM PCard holders to see a purchase transaction posted in CR in a few calendar days. Instead of waiting for a monthly paper statement to arrive in the mail and reconcile transactions manually all together later, in the CR system, PCard holders can reconcile and allocate a single transaction immediately as it is loaded to PCard holder's queue. With this timely function, PCard users and the PCard Office are able to submit and review card activity more effectively and efficiently. This allows the PCard Office to better enforce its policies and suspend privileges of late PCard holders much more timely - approximately within a month after the late violation starts.

Suspension

In accordance with PCard policies and procedures, all transactions must be reconciled and approved in the system within ten (10) business days after the transaction is fed from UNM's bank vendor. PCard holders and approver group(s) in his/her organization work together to get submissions approved by the deadline. Chrome River automatically generates and emails PCard holders a nonstop daily notice after eight (8) business days. Then, the PCard Office sends emails to the PCard holder in question and carbon copies their supervisor on record after required 10 business days. A 10-day violation rule is also programmed in CR, which requires the late PCard holder to explain the reason before the submission can be completed.

In general, the PCard Office manages the late submission by sending the PCard holder a reminder to complete the submission within two (2) business days. A past due email is sent within three (3) business days if action by the PCard holder is not taken. The PCard Office escalates with another follow up email requiring it be completed by close of business that day; otherwise, card privilege will be suspended. Eventually the PCard Office can suspend the card, typically for a period of 60 days.

The PCard Office suspended 25 of approximately 1,200 active PCards between January 2017 and October 9, 2017. The number of suspensions by organization level 3 (Org 3) is listed at **Exhibit 3**.

UNM Fuel Card

The UNM PCard Office also administers Fuel cards (a.k.a. Fleet card or FCard). These cards are issued in the name of the vehicle and should only be used for expenses associated with that vehicle. Requesting departments can choose their dollar limit of \$100 per transaction and \$200 per day, or double the respective restrictions in the application form. The credit limit can also be increased based on business need. A Department's individual responsible (Fuel Card holder) for those fuel cards is required to reconcile and allocate transactions and obtain approval within a 10-day window, in the same manner as PCard, and subject to the same follow up procedures as PCard.

There are 122 UNM Fuel Card holders responsible for 372 FCards. The number of FCards by organization level 3 is presented at **Exhibit 4**. Of the 122 FCard holders, 94 of them are also PCard holders, but the remaining 28 are not. Currently, policies and procedures governing FCards are less stringent than PCards due to the inherent restrictions. Fuel cards can only be used at gas stations. On the other hand, PCard holders are required to take a refresher training every two years. However, the Fuel Card holders are not required to take any training. Based on IA's review of the agreement and application for fuel cards, the FCard holder must assume responsibility for the card activity used by actual FCard users. The agreement also requires him/her to train users on the proper use of the card. Without completing his/her own training, the FCard holder may not be able to properly perform those aforementioned tasks.

IA noted that a FCard holder (who is not a FCard user or PCard holder) at one department did not complete the related PCard Office's fuel card training. The department's existing process did not supplement the entire gap by covering all standard training aspects made available at the PCard Office's website. Without following standard fuel card training, inconsistency about how FCards should be used could exist, and as a result, the risk of fuel cards being misused may increase.

Recommendation 1:

The UNM PCard Office should consider requiring standard training for department's Fuel Card holder.

Response from the PCard Office:

Action Items
<i>Targeted Completion Date:</i> 10/1/2018
<i>Assigned to:</i> PCard Manager
<i>Corrective Action Planned:</i> Management acknowledges the recommendation. The PCard office will require training for new fuel cardholders and require periodic refresher training for existing fuel cardholders at each interval of card renewal.

REPORTING AND HELP DOCUMENTATION

CR comes with numerous standard inquiry and analytical reports in several common export formats. The reports often come with automatic hyperlinks that can easily populate detailed underlying documentation and receipt images with a few clicks. Use of these CR reports can help users efficiently and correctly monitor PCard and expense reimbursement activity. They are available to end users for their management and analysis needs. Two report groups are discussed below:

Inquiry Reports:

Under Chrome River's main menu, end users can access the Inquiry tab to generate reports such as My Expense Items that list end users' itemized expenses within a specified date range and can be sorted by Transaction Date, Expense Type, and Amount. Moreover, other reports such as My Expense Approval Items, My Firm Paid Item, and My Paid Expense can be used for various purposes.

Analytics - Standard Reports:

Under the Chrome River Analytics menu, end users can generate standard reports such as Approved Expense Report, Credit Card Reconciliation, etc. The Expense Analysis report provides a wide range of fields or columns to users for various sorting/analysis needs. The Compliance Dashboard summarizes rule or compliance issues encountered, by month, for several UNM-specific policy rules. In addition, end users can locate approval date/time stamp information for submitted expense reports using the Expense Report Tracking.

- In accordance with a training titled "Chrome River Reports," not all the reports listed under Analytics are used by UNM, or allow all indicated field selections. However, what specific reports UNM does not use or what field selections UNM users cannot select were not articulated or available at UNM's CR website.
- Upon implementation of CR, CR's unique glossary available at UNM's CR website is very limited.

The CR report header, column title, and objects that appear at a number of standard or ad hoc reports are not always self-explanatory, which may reduce usefulness of many reports and could

confuse or mislead the end users in interpreting the results of the reports if generated incorrectly. The explanation for report column, header, and description of data contained in the column appears in one job aid for a particular report titled “Open Approver” report, but this type of explanatory information is not currently available for every report seen by CR users.

In addition to standard canned reports under Inquiry and Analytics, CR training presentations mention that ad hoc reports under the Analytics menu allow end users to customize data manipulation and analysis. This feature is not feasible with the standard reports described earlier.

- However, those ad hoc reports have not been fully tested by UNM CR committee, so integrity of reports is unknown; but they are currently listed under the CR Analytics menu.

Although additional resources at Chrome River’s Help Center available through a user’s login homepage are usually helpful, they are not always relevant to UNM, as UNM has customized CR to fit the unique terminology and implemented features at UNM’s current phase of implementation. IA informed UNM CR executive leadership of those observations above. They agreed to work with the software vendor to address these issues as part of reporting and documentation enhancements in the Phase Two implementation.

TRAINING

Training Resources

This CR implementation project required close collaboration between champions, core accounting offices, various Financial Service offices, and the CR Committee to work together on feedback, design, and testing efforts. It also required significant investment in providing necessary training to all end users on how to use the system correctly and efficiently. UNM’s CR committee provided numerous instructor-led trainings on the new system to users campus-wide approximately one month before the go-live date. Since then, the UNM CR committee offered several refresher or updated training classes to the campus, mostly in the first half of 2017.

A list of quick start handouts and training presentation materials have been made available at the home page of CR’s log on screen, and at various tabs of the Chrome River Information website, such as: Department Resources, PCard, Employee, Student Payee, Non-Employee Payee, LEARN, and Archive. In addition, some of prior presentations or communications are archived at the same website for end users to view. The selected training is listed at **Exhibit 6**.

In addition to training modules offered at the Chrome River log on and through Chrome River Information, as of November 13, 2017, one training course was available through the UNM Learning Central titled “Launching Chrome River – Online” (FIN PU 201).

Although CR is supposed to be easy to navigate, approvers having different backgrounds and understandings of interfaces, approval rules, etc., may not be aware they have missed required clicks or steps. IA noted two departmental approvers - an Org 5 approver and Department Choice - did not detect an error on an expense report until corrected by the Core Office. The submitter did not check the Travel Day box that is designed to reduce per diem on the day checked. CR

required the submitter to reapprove it, but not the two departmental approvers, so they may not learn timely feedback from the correction and apply it in the future.

Therefore, UNM needs to prepare approvers for performing their job duties in CR, by requiring necessary training. UNM UAP 3290: Professional Development and Training Section 4.2. Required Job-Specific Training states: “Deans, directors, or department heads are responsible for identifying any job-specific training requirements and notifying EOD and supervisors of such requirements... Supervisors are responsible for notifying employees of any job-specific required training and for ensuring that employees complete the training. Examples of required job-specific training include courses pertaining to cash management; employee, patient, or student privacy; and time reporting.”

In the first six months of 2017, UNM departmental approvers processed employee reimbursements totaling \$3,875,592, and PCard allocations/reconciliations totaling \$37,165,491 in CR. Given the high dollar amounts, it is crucial that UNM properly train employees to fulfill their assigned fiscal responsibility. However, UNM currently does not require any type of approver training before approvers perform their duties, and there is no central mechanism ensuring that approvers complete the job-specific training.

In addition, as part of safeguard measurements, an important message posted on CR login homepage reminds users “DO NOT ATTACH OR EMAIL SENSITIVE INFORMATION.” Because active UNM employees are automatically granted access and can simply access CR as another user to view and edit draft expense reports of another user, it’s helpful to make it clear to any user what should be entered or uploaded in CR, even before an expense report is submitted. IA also noted that after log in to CR, the Help Quick Start: Emailing Receipts link did not work - its webpage cannot be found. Working links promote accessibility of resources to intended end users. The CR committee subsequently fixed the link as part of the corrective action and it is functioning as of April 16, 2018.

Recommendation 2:

The leadership of UNM’s CR committee should:

- Work with the President’s Office to provide training content related to protecting sensitive information any CR user can access.
- Determine best practices to provide feedback to departmental approver(s) if the Core Office corrected an expense report but CR requires no re-approvals from them.

Response from the University Controller & Senior Executive Officer of Finance and Administration – Health Sciences Center (HSC):

Action Items
<i>Targeted Completion Date:</i> 10/1/2018
<i>Assigned to:</i> University Controller & Senior Executive Officer of Finance and Administration – Health Sciences Center (HSC)
<i>Corrective Action Planned:</i> Management acknowledges the recommendation. Management will work with subject matter experts from each respective core office to develop relevant approval content to support effective training and feedback mechanisms pertaining to CR approvals and protecting sensitive information.

Recommendation 3:

The leadership of UNM’s CR committee should require all CR approvers complete CR Approver Training before they approve transactions in CR, and identify a central tracking mechanism to ensure all CR approvers complete the training.

Response from the Leadership of UNM’s CR Committee:

Action Items
<i>Targeted Completion Date:</i> 10/1/2018
<i>Assigned to:</i> University Controller & Senior Executive Officer of Finance and Administration – Health Sciences Center (HSC)
<i>Corrective Action Planned:</i> Management acknowledges the recommendation. Management will review existing CR approval training and work with subject matter experts from respective core offices to develop relevant CR Approver training content that supports effective approver training, and will explore opportunities that support central tracking mechanisms to ensure required training is completed. Delivery of the training and tracking of who completes the training is contingent upon a functioning central training software system (currently Learning Central).

Champions

Champions are the first level of support for their departments and/or colleges. Champions are a core group of UNM employees who are part of a shared-support community that will be training, disseminating information, identifying issues, and sharing resolutions with users in their department(s) as well as other Champions. UNM had a total of 215 champions as of October 30, 2017 across the campus. **Exhibit 5** summarizes the number of champions by organization code level 3.

APPROVAL SETTINGS

Prior to CR, a standard paper DPEZ form was used to route to dean, director or department head, supervisor, or Principle Investigator (PI) for their approvals. The form required both the payee and departmental approver (sometimes his/her delegate) who signed to certify the expenses incurred were necessary and proper, just and true in all respects, and any travel associated with expenses had been completed for the UNM business purposes as stated on the form. The department routed the signed form to Core Office for further approvals. The signatures, remarks, date stamps, etc., entered by approvers or delegates may not have been legible or dated, resulting in unclear accountability when issues arose. CR's electronic approval routing replaced the manual process.

Approver Group Rule

CR documents approval actions along with the review workflow. To do that, approval groups for each possible level needed to be set up in Chrome River. Using approval roles from UNM Banner Finance, the CR committee set up approver groups and rules as part of the CR implementation. CR currently requires only one department approval from either organization level 6, 5, or 3 (Org 6, Org 5, or Org 3), unless optional Department Choice routing is defined for the Org 6 or Org 5. Department Choice means that the Org 6 or Org 5 has a choice to add a secondary approver to the single required approval group.

After a department completes their initial approval group set up, the requesting department or unit can subsequently add or remove an approver by emailing the request to UNM Finance Systems Management (FSM) through an Approval Group Update Form. Each approval group is assigned a rule description for routing identification. Approver groups start at the lower department level, followed by approval groups at Core Office levels. These Core Office levels are the Purchasing Department, Unrestricted Accounting (UA) – HSC or Main, and Contract and Grant Accounting (C&G) – HSC or Main, and PCard, generally in a numeric order as listed below.

Rule Description

Delegate Submits -> Expense Owner Approves
 101150 - Org 6 Approval
 101200 - Org 5 Approval
 101250 - Org 3 Approval
 101255 - Expense Owner Supervisor
 101260 - Department Choice – Optional
 101270 - Missing Receipts
 101300 - If > \$1,000.00 Requires Purchasing Review
 101400 - Taxation Approval Required
 101410 - Foreign Student
 101420 - Foreign Non-Employee
 101500 - Inventory Review
 101600 - C&G, Main
 101610 - C&G, HSC
 101630 - UA, Main
 101640 - UA, HSC
 101700 - PCard Approval
 101705 - PCard Travel

Source: CR committee

An expense report can be routed to more than one Core Office if multiple fund types are used on the expense report. If restricted funds are used for a PCard transaction, it does not route to Contract and Grant Accounting (C&G) – it only routes to the PCard Office for review.

Proper Approval Authority

Department's approvers play a critical role on the front line of Chrome River expense review. They are in the best position to prevent or detect misstatements or noncompliance in their department on a timely basis. Because of this, IA reviewed a sample of expense reports to determine if proper (appropriate and sufficient) approvers were set up in CR approver groups for the department.

Internal Audit found that several items appear not to have been approved by proper individuals at the department level, as required by UAP 4000 below. For example:

- An Accountant 3 approved a PCard purchase by an Administrative Assistant 3 for a doctor at Radiology Department (499A)
- An Administrative Assistant 3 approved an expense reimbursed to an MD student at Internal Medicine IM (851A)
- An Accountant 2 approved a travel reimbursement to a professor at Electrical Computer Engineering (271A)
- There was only one approver at Anderson School of Management at org 3, ABI or org 5 (224A/039A)

This does not necessarily suggest non-compliance. However, the old paper DPEZ form was more flexible, allowing a submitter to route it to any individual for wet-ink signature on an as-needed basis, whereas CR requires desired prior set up of approvers in an Approval Group.

Those approvers may have obtained approval of higher-level individuals who have authority over the account. However, documentation from those individuals authorizing these expenses were not submitted in CR. The number of approvers available to be set up may also be limited due to the size of the department. In addition, without uploading documentation in CR to support those who have approval authority, CR (UNM's central expense management application) captures only those nominal approvers whose names are logged, not necessarily actual approvers.

UAP 4000: Allowable and Unallowable Expenditures Section 3. Fiscal Responsibility states, "The intent of this policy is to enable managers of University funds to perform their duties, to encourage fiscal responsibility, and to achieve the maximum benefit from University resources. Managers of University funds must ensure that any obligation for the procurement of goods and services is supported by appropriate financial resources and approved by the person in the department who has authority over the account."

Recommendation 4:

The Executive Vice President for Administration, University Provost, and Chancellor for Health Sciences Center should direct departments under their purview to review their current Approval Groups in CR to ensure:

- They have identified sufficient person(s) who have appropriate authority and responsibility for departmental and program fiscal and operational activities.
- They make adjustment requests, where applicable, through UNM FSM's Approver Group Update Form process or Banner.

Response from the Executive Vice-President for administration and Chief Financial Officer, University Provost, and Chancellor for Health Sciences Center

Action Items
Targeted Completion Date: June 1 st , 2018
Assigned to: University Controller for EVP for Administration, Senior Executive Officer of Finance and Administration – HSC, University Provost
<p>Corrective Action Planned:</p> <p>EVP for Administration: Departments under the purview of the EVP for Administration will be asked to review their current approval groups in Chrome River to ensure that sufficient person(s) with appropriate authority are identified to approve transactions in Chrome River. Adjustments in the approval queues will be made if necessary.</p> <p>Chancellor for HSC: Departments under the purview of the Chancellor for HSC will be asked to review their current approval groups in Chrome River to ensure that sufficient person(s) with appropriate authority are identified to approve transactions in Chrome River. Adjustments in the approval queues will be made if necessary.</p> <p>Provost: Management acknowledges the recommendation. The Provost Office will send out communication to all units within Academic and Student Affairs requesting the review detailed above. All units will be required to ensure that approvers in CR have authority and responsibility for departmental and program fiscal and operational activities. If this authority cannot be properly documented and validated another appropriate approver will be assigned to this responsibility.</p>

Independent Approval and Pre-Approval

In addition to test work performed above, IA judgmentally selected a sample of PCard disbursements and expense reimbursements for high-level positions such as dean, director, department head, etc. Of the 15 expense reports IA tested, one chairperson submitted his PCard expense allocation through a delegate. The chairperson approved the transaction as PCard holder

and then approved his own PCard allocation as an Org 5 approver. The PCard Office subsequently approved it as well.

Of the same 15 expense reports IA tested, one reimbursement for foreign travel was covered under a restricted fund. However, the expense report was only approved by an Accountant 2 (an Org 5 approver), not approved by the supervisor or PI in CR, as required by UNM travel policy. Similar to the previous section, the expense report did not include the documentation in CR recording the required PI's approval for a restricted fund, or required prior approval for international travel. The Core Office was required by UAP 2000 Section 3 to verify compliance with University policies; however, it approved the expense report as is.

One director submitted a travel reimbursement for domestic travel. However, the expense report was approved by a Program Manager (an Org 5 approver) within the department, not approved by the supervisor in CR, as required by UNM travel policy.

UAP 4030 Travel Section 3.2. Documentation states: Travelers seeking reimbursement of travel costs incurred using personal funds should submit a request via Chrome River Expense. Travelers may delegate the authority to submit such requests. The University business purpose of the travel, and all required supporting documentation (including receipts) must be provided.

- The traveler and the applicable dean, director, or department head must approve the request in Chrome River Expense.
- For travelers whose costs will be covered under a contract or grant, the principal investigator (PI) for the contract or grant is required to approve the request in Chrome River Expense, in lieu of the dean, director, or department head.
- If the traveler is a dean, director, department head, or PI, the traveler's supervisor must approve the request in Chrome River Expense.

Section 3.3. Approval of Reimbursement Requests, the approvals required under this policy must be completed by the applicable persons either via email, or by logging in to Chrome River Expense. Any of the parties required to provide approval, other than the traveler, as indicated in Section 3.2 herein, may delegate this authority to a person within the department with appropriate authority, such as a department administrator or financial manager.

UAP 4030 Travel Section 4.2. International Travel states: "Travelers on international business should receive the prior approval of their dean, director, department head, PI, or designate. In the case of travel by a dean, director, department head, or PI, the approval must be made by the person who is in a position of authority over the traveler."

In addition, Core Office Approvers are required to verify compliance with UNM policies in UAP 2000 Section 3, which states: "Core office approvers are responsible for:

- Verifying proper transaction processing; and
- **Verifying compliance with University policies**, federal and state laws and regulations, and administrative processes; and

- Periodic review of transactions including trend analysis, internal controls, and review of departmental approval processes.”

Recommendation 5:

The Executive Vice President for Administration, University Provost, and Chancellor for Health Sciences Center should direct departments under their purview to ensure that:

- The dean, director, department head, PI or designate as noted in UAP 4030, Section 3.3 reviews supporting documents and approves the travel request in CR.
- The international traveler should receive and submit prior approval of their dean, director, department head, PI, or designate, where applicable, in CR.
- If the traveler is a dean, director, department head, or PI, their supervisor (or designate within supervisor office) must approve the request in CR.

Response from the Executive Vice-President for administration and Chief Financial Officer, University Provost, and Chancellor for Health Sciences Center

Action Items
Targeted Completion Date: June 1 st , 2018
Assigned to: University Controller for EVP for Administration, Senior Executive Officer of Finance and Administration – HSC, University Provost
<p>Corrective Action Planned:</p> <p>A. The EVP for Administration will direct departments under his purview via a memo of the following:</p> <ul style="list-style-type: none"> • The director, department head, or designate as noted in UAP 4030, Section 3.3 reviews supporting documents and approves the travel request in CR. • International travel should receive prior approval of the travel from the director, department head or designee. This prior approval should be included in the Chrome River document. • Chrome River currently does not have the capability for the recommended approval set ups, but to accommodate the recommendation, if the traveler is a director, department head, or manager, their supervisor (or designate within supervisor office) must approve the request and attach approval to the CR document. <p>B. The Chancellor for HSC will direct departments under his purview via a memo of the following:</p> <ul style="list-style-type: none"> • The director, department head, or designate as noted in UAP 4030, Section 3.3 reviews supporting documents and approves the travel request in CR. • International travel should receive prior approval of the travel from their dean, director, department head, PI, or designate.

- If the travel is domestic and the traveler is a Dean, director, department head, or manager, their supervisor (or designate) should approve the travel expense report in Chrome River.

C. Provost

Management acknowledges the recommendation. As stated in recommendation 4 management will validate with units that appropriate approval queues are setup per UAP.

- International travel should receive prior approval of the travel from the director, department head or designee. This prior approval should be included in the Chrome River document.
- Chrome River currently does not have the capability for the recommended approval set ups, but to accommodate the recommendation, if the traveler is a director, department head, or manager, their supervisor (or designate within supervisor office) must approve the request and attach approval to the CR document.

Recommendation 6:

The UNM Controller's Office should work with the PCard Office and Core Office to train their staff to ensure that:

- If a PCard holder approved his/her own expense report, they must obtain another approval before the PCard Office or Core Office approves it.
- The travel expense report includes documented approvals, and travelers should obtain prior approval for international travel, as required by University policies.

Response from the UNM Controller Office:

Action Items
Targeted Completion Date: 10/1/2018
Assigned to: University Controller & Senior Executive Officer of Finance and Administration – Health Sciences Center (HSC)
<p>Corrective Action Planned: Management acknowledges the recommendation. Chrome River has already been configured to prevent implicit approvals of PCard Recon and expense reports. The audit sample exception was a system anomaly and the occurrence should not repeat.</p> <p>Standard Operating Procedures will be revised to highlight inclusion of appropriate supporting documentation showing travelers <i>should</i> obtain prior approval on international travel, as noted by University policy.</p>

Recommendation 7:

The leadership of UNM's CR committee should:

- Work with the vendor and ensure the Approval Group Rule settings are properly set up to always require additional departmental approval if a PCard holder approves his/her expense report as an Org 6, 5, or 3 approver at the department level.
- Revise the approval routing rules to include approval of Contract and Grant Accounting if restricted funds are used for a PCard transaction.

Response from University Controller & Senior Executive Officer of Finance and Administration – Health Sciences Center (HSC)

Action Items
<i>Targeted Completion Date:</i> N/A
<i>Assigned to:</i> University Controller & Senior Executive Officer of Finance and Administration – Health Sciences Center (HSC)
<p><i>Corrective Action Planned:</i> Management acknowledges the recommendation. Chrome River Approval Group Rule settings are already configured to prevent implicit approvals of expense reports. The audit sample exception was an anomaly, and should never occur.</p> <p>The current PCard Exception process provides sufficient pre-review and approval of PCard transactions posting on restricted funds for transactions flowing through PCard.</p>

Number of Departmental Approvals

UAP 2000 Responsibility and Accountability for University Information and Transactions, Section 2.2 Departmental Approvers states, “Approvers are individuals designated by deans, directors, or department heads to review and approve electronic transactions and/or forms before they are released for processing. Depending on the type of transaction and the level of risk, there may be more than one individual required to approve a transaction. However, the first-level approver is responsible for:

- Conformity with budget;
- Verifying the appropriateness of the transaction; and
- Ensuring compliance with University policies and procedures.

Subsequent approvers are primarily responsible for acceptance of the added risk associated with high dollar and/or risk transactions. Approvers will be accountable for fulfilling the above responsibilities, exercising good judgment, and upholding ethical standards.” However, CR currently requires only one approval group at organization level 6, 5, or 3, and it is optional for departments to add a Department Choice approver as a secondary approver.

In a CR training presentation, titled “Chrome River Expense Management,” the slide titled “Identifying Chrome River Approver Criteria” states that the approver’s criteria and responsibility is to perform both fiscal and business operations reviews:

Fiscal review:

- Review of correct Index usage
- Budget availability
- Account code review

Business Operations Review

- Expense follows University Policy
- Expense follows Internal Department Policy
- If restrictions, expense is allowable by Grant, Contract, or Donor Designation

IA noted several recommendations earlier as UNM evolved its expense management settings. UNM has implemented CR in just over a year, so it should take this opportunity to refine the CR approval settings to meet the best practices of internal controls in terms of proper reporting lines, segregation of duties, and documentation.

Recommendation 8:

The CR committee should explore CR’s configurations and settings and determine if a current single required approval group at organization level 6, 5, or 3 can be expanded to two approval groups, as needed, based on dollar amount threshold or other criteria, where appropriate. This will accommodate departmental selection of approvers when they determine appropriate authority for fiscal and business operation review.

Response from the University Controller & Senior Executive Officer of Finance and Administration – Health Sciences Center (HSC)

Action Items
Targeted Completion Date: 10/1/2018
Assigned to: University Controller & Senior Executive Officer of Finance and Administration – Health Sciences Center (HSC)
Corrective Action Planned: Management acknowledges the recommendation. However, it is not possible to configure the system to be a “one-size fits all” and it should be acknowledged that each department structure is unique and different and may have many permutations that may not align with a single configuration and solution. Currently, the CR system is limited to one approver group. Considering the tremendous diversity and variability of the units, programs and departments across the UNM Campus, it is not possible to configure any system to be a “one-size-fits-all” solution. Major customizations of vendor systems are usually ill-advised, because they will require additional up-front expenses and on-going expenses to re-

customize and test the system each time a patch or upgrade is applied. However, we could engage the CR vendor to assess and report on the feasibility of a customization effort. Management will engage with the vendor to assess the feasibility of meeting this recommendation.

Approver Group Update Process

UNM uses the CR Approver Group Update Form to process the approval change request. It requires the dean, director, department head or PI (D/D/D/P) for whom this approval delegation has been authorized to be responsible for all transactions and D/D/D/P must be copied on the email request. The form also refers the department to UAP 2000 Responsibility and Accountability for University Information and Transactions. Its Section 2.2 Departmental Approvers states, "Approvers are individuals designated by deans, directors, or department heads to review and approve electronic transactions and/or forms before they are released for processing."

Authorization of proper approvers is critical in fulfilling their responsibility in CR. However, the form currently requires no explicit approval from the dean, director, department head or PI (D/D/D/P). Without their explicit written approval as required by the UNM policies, a department may have assigned approvers who have no authority to approve or disapprove transactions in his/her queues.

Recommendation 9:

The University Controller should direct UNM FSM to revise the Approver Group Update process to ensure the dean, director, department head, PI, or designate provides documentation of their approval before UNM FSM adds or updates requested changes in CR.

Response from the University Controller

Action Items
<i>Targeted Completion Date:</i> 5/1/2018
<i>Assigned to:</i> University Controller
<i>Corrective Action Planned:</i> The Chrome River Approval Group Maintenance Request form will be revised to more clearly convey a Dean, Director, Department Head or PI acknowledgement must be submitted via email, accepting responsibility and outlining expectations for how their specific departmental approvals are configured in Chrome River. These expectations can be further delineated in the CR Approvers training as noted in Recommendation #3.

Pre-Approval

Currently only international travel, not domestic travel, requires prior written approval per UAP 4030 Travel, as discussed earlier under section **Independent Approval and Required Approval**. UNM is undergoing its CR Phase Two to include implementation of a pre-approval feature for PCard purchases as well as expense reimbursements in CR.

Transparency

Employees' full names and their approved or returned actions, reviewer notes, and response to policy warning and/or violation are recorded and available at CR Reporting to all end users (active employees) with a few clicks. The availability and easy access to these records (not usually and readily available to all active employees prior to CR) enhance easy record keeping, accountability, and transparency.

WARNING AND VIOLATION RULES

CR Violation Rules

The CR committee team has predetermined and programmed into CR a set of warnings and violation rules about certain UNM policies and common errors from usage of DPEZ forms. This is useful when an expense is potentially violating certain applicable policies and procedures. The rules appearing in data entry screens alert the submitter in CR to comply with UNM policies and prevent errors. Violation rules require the end user to modify the expense report via either correcting the errors or responding to the pop-up alerts.

For example, if a PCard allocation submission date is after the required 10-day window from the bank load date, it triggers the compliance issue alert and the submitter is required to respond by entering comments before the submission can proceed to next step.

Under CR Analytics – Standard Report, a Compliance Dashboard listing certain potential “compliance issues” generated by CR in name of Rule 302, 303, 304 and 311, is available to users. For example, Rule 303 is when reports have missing receipts, reports must be approved by the Dean, Director, or Designee. Rule 304 is for reimbursements not processed within IRS Accountable plan guidelines and the amount reimbursed may be subject to tax. Rule 311 is for PCard transactions over 10 days old.

UNM Accountable Plan Requirements (APR)

Prior to implementation of CR, four accounting offices (UA and C&G at HSC and Main) reviewed each reimbursement transaction to determine if it met the requirements of the UNM accounting plan (APR). If it did not, they stamped the transaction with proper marks on the DPEZ form, and then tracked and reported those reportable transactions monthly on Excel spreadsheets to UNM Payroll.

The CR Committee developed a Rule 304 report during the implementation of CR. A violation of Rule 304 identifies any reimbursement submission exceeding 60 days by comparing travel end dates entered in data entry of an expense report to its submission date. As core accounting offices reviewed each transaction, they added in the CR Report Notes section a note indicating it is an accountable plan transaction and dollar amount. This system-generated comparison is

helpful on this type of transaction to accounting offices, but it is up to reviewers to make their initial determination and make notes in Report Notes.

From October 2017 through January 2018, FSM ran separate management reports in an attempt to capture all reimbursements containing such accountable plan remarks in Report Notes. The FSM staff emailed these management reports to all accounting offices to confirm if reportable transactions previously identified on expense reports should be reported to UNM Payroll.

IA selected a sample of expense reports from multiple sources to test and determine if accounting offices have review processes in place to correctly identify and report the required transactions in accordance with UNM APR to UNM Payroll through UNM FSM.

IA found that 18 of 35 expense reports tested were not reported to UNM Payroll through UNM FSM as listed below by campus:

Area	Number of items tested	Number of exceptions
Main Campus and Branches	15	4
Health Sciences Center (HSC)	20	14
Total	35	18

As mentioned earlier, these accounting offices added a note in the CR Report Notes section indicating it is an accountable plan transaction. None of the expense reports from Main Campus had such identifiable notes. This may have been due to an oversight. On the other hand, HSC had already identified nine of fourteen expense reports as reportable transactions that did not meet APR. On November 16, 2017, the Senior Executive Officer of Finance and Administration – HSC (SEO) issued a memorandum to the Chancellor for HSC. In the HSC memorandum, the SEO documented a variety of issues it encountered as a result of CR’s implementation and their determinations on compliance with APR based on fact and circumstances they considered. There was no EVP’s signature on it, but the SEO stated that it has a sticky note with “OK” on it. The SEO indicated in a memorandum dated November 2017 (updated January 2018) that all of the following reimbursements were determined to be excluded from taxable wages:

- Reimbursements paid prior to July 1, 2017
- Any amount less than \$75 (De Minimis Fringe Benefit guidelines)
- Reimbursements to HSC House Officers (Resident Physicians)
- Reimbursements to HSC Field Deputy Medical Investigators

The facts and circumstances as stated in the SEO’s memorandum do not demonstrate that HSC is in compliance with IRS or University administrative policies (UAP 4000, 4020, 4030, 4320, etc.) Accountable Plan Requirements. Neither the IRS nor UNM grants exemptions to the APR based on difficulty of implementation of a software application. UA - Main’s IRS information summarization published at its website does not appear to have exception language about any entity’s difficulty in maintaining accounting systems.

Alternatively, UNM's CR committee could have adopted a parallel implementation during its transition to CR to address this potential issue. While the CR committee was reviewing how to report APR transactions under the new CR system, it could have continued to use the old Excel spreadsheet method for a limited time until the identification and reporting of APR to Payroll works properly in CR. However, it appears that this strategy was not adopted as an alternative solution to this issue.

UNM Policy

The University of New Mexico has adopted accountable plan requirements for employee reimbursements (UAP 4000, 4020, 4030, 4320, etc.). UAP 4030 Section 2 states that, "under the IRS's regulations, reimbursements for ordinary and necessary business-related expenses that are not lavish or extravagant are excluded from taxable compensation when made under an 'accountable plan' policy. Otherwise, the reimbursements or payments that travelers receive for allowable expenditures may be considered part of their taxable compensation... To qualify as business expenses; expenditures must be directly related to or associated with the University's mission."

UAP 4030, Section 2 states that "in order to qualify as an accountable plan, travel reimbursement requests must be submitted in Chrome River Expense and approved by the applicable departmental authority within sixty (60) calendar days after the end of the business travel. Requests not submitted and approved within sixty (60) days after the conclusion of the travel, and those without a valid UNM business purpose (but authorized by an exception to policy), will be reported to Payroll as IRS Form W-2 taxable compensation to the employee being reimbursed."

The IRS Publication 463 Travel, Entertainment, Gift, and Car Expenses (IRS Code Section 1.62-2(c)(1) indicates that "reimbursements treated as paid under an accountable plan are not reported as pay. Reimbursements treated as paid under non-accountable plans are reported as pay." For an employer's reimbursement or allowance to be considered under the accountable plans, it must include all of the following rules:

1. Your expenses must have a business connection – that is, you must have paid or incurred deductible expenses while performing services as an employee of your employer.
2. You must adequately account to your employer for these expenses within a reasonable period of time.
3. You must return any excess reimbursement or allowance within reasonable period of time.

All reimbursements that fail to meet all three rules of the accountable plans are generally treated as having been reimbursed under a non-accountable plan. Under a non-accountable plan, your employer **will** combine the amount of any reimbursement or other expense allowance paid to you with your wages, salary, or other pay. Your employer **will** report the total in box 1 of your Form W-2.

The definition of reasonable period of time depends on the facts and circumstances of the situation. However, regardless of the facts and circumstances of the situation, actions that take

place within the times specified in the following list will be treated as taking place within a reasonable period of time.

- You receive an advance within 30 days of the time you have an expense.
- You adequately account for your expenses within 60 days after they were paid or incurred.
- You return any excess reimbursement within 120 days after the expense was paid or incurred.
- You are given a periodic statement (at least quarterly) that asks you to either return or adequately account for outstanding advances and you comply within 120 days of the statement.

Furthermore, the De Minimis Fringe Benefit guidelines apply to Fringe Benefits (such as Lobo game tickets worth less than \$75). The \$75 figure has no relation to the reimbursement of expenditures. The IRS provides the following examples of Excludable De Minimis Fringe Benefits (Regulation 1.132-6 (e)(1); Notice 2011-72. All of the following may be excludable if they are occasional (infrequent), not routine:

- Personal use of photocopier (with restrictions)
- Group meals, employee picnics
- Theater or sporting event tickets
- Coffee, doughnuts, or soft drinks
- Flowers or fruit for special circumstances
- Local telephone calls
- Traditional birthday or holiday gifts (not cash) with a low FMV
- Commuting use of employer's car if no more than once per month
- Employer-provided local transportation
- Personal use of cell phone provided by employer primarily for a business purpose

There are special rules that apply to occasional meals and local transportation. Items in the above list of fringe benefits must also meet requirements of the University Policy 4000.

Authority of UNM Policies and Procedures

The University of New Mexico has adopted accountable plan requirements for employee reimbursements on purchases and travel related expenses for UNM business purposes. The accountable plan has been incorporated in UAP 4000 and 4030, and approved by the UNM President. The President is the only chief executive officer at UNM who can adopt and approve administrative policies. Board of Regents' Policy Manual (RPM) 3.1 states that "the President may adopt appropriate administrative policies and procedures to implement policies adopted by the Regents. The President shall adopt a procedure for developing and adopting new or revised administrative policies and procedures... Administrative policies and procedures shall become effective on the date of adoption by the President, or as otherwise specified."

UAP's Preface Section, Authority of Manual, further states that "colleges and departments may have individual policy and procedure documents that establish specific guidelines for personnel in those organizations. These individual organizational guides should be consistent with the UAPPM. Where conflict may exist, the UAPPM shall prevail."

Effect

The HSC SEO's memorandum is neither in compliance with the University policies nor in accordance with the IRS APR. Therefore, facts, circumstances, determinations, and exclusions may affect many HSC employees by underreporting income and subject the employer and employee to taxes, penalties, and interest. Furthermore, depending on the magnitude of the impact, the practice could place the University and all its employees at risk for losing UNM's accountable plan qualification. The consequence is that IRS may classify the entire plan as non-accountable and categorize all reimbursements under taxable income, whether they were reimbursed with 60 days or not. Under the non-accountable plan, UNM will combine the amount of any reimbursement or other expense allowance paid to employees with their wages, salary, or other pay.

When this reportable event occurs, UNM is also required to pay the employer portion for 7.65% of Social Security and Medicare taxes. Furthermore, employees are required to pay income tax. The tax liability UNM paid ranges from approximately \$30,000 to \$40,000 based on a recent analysis. Therefore, both employees and UNM are losing money unnecessarily.

Recommendation 10:

The University Executive Vice-President for Administration and Chief Financial Officer should require:

- a) The UNM Controller's Office and HSC SEO for Finance and Administration to determine non-compliance with APR and develop processes and procedures for individuals that may not have met UNM's accountable plan requirements in a timely manner.
- b) The University Controller to monitor compliance with APR on a quarterly basis.
- c) HSC Chancellor to certify that HSC will follow the UNM accountable plan policy.
- d) The UNM Policy Office to revise the current policies related to the UNM accountable plan.

The University Executive Vice-President for Administration and Chief Financial Officer, University Provost and HSC Chancellor should issue communication every two months to all employees regarding compliance with APR to avoid unnecessary costs to the university and employees.

**Response from the Executive Vice-President for Administration and Chief Financial Officer,
University Provost, and Chancellor for Health Sciences Center**

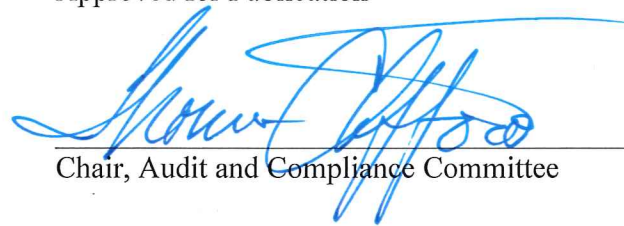
Action Items
<i>Targeted Completion Date:</i>
<i>Assigned to:</i> HSC SEO for Finance and Administration; EVP for Administration and University Controller
<i>Corrective Action Planned:</i> A. The University Controller will monitor compliance with APR on a quarterly basis and Executive Vice-President for Administration will ensure that a reminder communication regarding compliance with APR is sent to employees semi-annually. B. Chancellor for HSC <ul style="list-style-type: none">• HSC SEO for Finance and Administration will develop processes and procedures for individuals that may not have met UNM’s accountable plan requirements in a timely manner.• The Chancellor for HSC certifies that HSC follows the UNM accountable plan policy.• The Chancellor for HSC will align with the UNM Provost and EVP for Administration to work with the UNM Policy Office to revise the current policies related to the UNM accountable plan with the suggestion to extend the reimbursement submission timeline to 120 days. In addition, we suggest any receipts submitted where the expense has been incurred more than one year prior will not be reimbursed. This will reduce the cost and administrative burden to both employees and UNM. The Chancellor for HSC will ensure that a reminder communication regarding compliance with APR is sent to employees semi-annually. C. Provost will ensure that a reminder communication regarding compliance with APR is sent to employees semi-annually.

APPROVALS



Manu Patel, CPA
Director, Internal Audit Department

Approved for Publication



Chair, Audit and Compliance Committee

Exhibits

Exhibit 1

Number of UNM Active P-Cards by Organization Code Level 3		
Org Code Level 3	Org Level 3 Description	Number of PCard Holders
AAA	President Admin Indpnt Office	14
ABA	Provost Administrative Units	48
ABB	University College UC	4
ABD	VP for Equity & Inclusion	2
ABE	VP Division of Enrollment Mgmt	13
ABG	College of Fine Arts CFA	39
ABH	College of Arts & Sciences A&S	133
ABI	Anderson Schools of Management ASM	10
ABJ	College of Education COE	25
ABK	School of Engineering SOE	30
ABL	School of Law	24
ABM	School of Architecture & Planning	10
ABN	College of Univ Lbrary & Learning Sci	7
ABO	Continuing Education Cont Ed	7
ABP	Extended University Ext Univ	2
ABQ	Vice President for Research	24
ABS	Honors College	5
ACA	VP Student Affairs Administration	6
ACB	VP Student Affairs Indpdnt Dept ID	14
ACC	Associate VP Student Services	23
ACD	Assoc. VP Student Life (ACD)	16
ADA	EVP Administration	7
ADC	Intercollegiate Athletics	23
ADD	Controller	30
ADF	Human Resources HR	2
ADG	VP Institutional Support Services	118
ADI	Government & Community Relations	2
ADJ	Information Technologies	14
AFA	VP HSC Administration	41
AFB	HS Library and Informatics Center	4
AFC	School of Medicine	388
AFD	College of Nursing	8
AFE	College of Pharmacy	43

EXHIBITS

AFF	College of Population Health	6
AFI	HSC VP Research	12
AFJ	UNM HSC West Campus	1
AGA	Gallup Branch	17
AGB	Los Alamos Branch	2
AGC	Taos Branch	9
AGD	Valencia County Branch	9
BAA	UNM Medical Group	1
	Total	1193

Source: P-Card Office as of 10/9/2017

Exhibit 2

FY 2017 UNM P-Card Transaction Amount and Number of Lines by Month						
Month	HSC		Main & Branches		Total	
	Amount	Lines	Amount	Lines	Amount	Lines
July, 2016	\$2,003,670	4,927	\$3,576,514	7,593	\$5,580,184	12,520
August, 2016	2,113,118	5,478	4,324,976	9,951	6,438,094	15,429
September, 2016	2,069,371	5,307	4,185,239	9,947	6,254,610	15,254
October, 2016	1,915,017	5,342	4,135,946	9,784	6,050,963	15,126
November, 2016	1,746,785	4,581	3,615,546	8,048	5,362,331	12,629
December, 2016	1,583,681	4,045	4,568,675	6,886	6,152,356	10,931
January, 2017	1,733,853	4,765	3,317,214	8,064	5,051,067	12,829
February, 2017	1,880,450	4,772	3,817,832	9,019	5,698,282	13,791
March, 2017	2,070,341	5,783	4,907,147	9,483	6,977,488	15,266
April, 2017	1,825,543	4,855	3,442,834	8,779	5,268,377	13,634
May, 2017	2,484,211	2,654	4,118,434	8,753	6,602,645	11,407
June, 2017	2,795,735	6,289	4,771,898	8,852	7,567,633	15,141
Total	\$ 24,221,775	58,798	\$ 48,782,255	105,159	\$73,004,030	163,957

Source: P-Card Office

Exhibit 3

Number of PCard Suspensions by Organization Level 3	
Org Level 3 Description	Number of PCard Suspensions
College of Fine Arts CFA	2
College of Arts & Sciences A&S	3
Anderson Schools of Management ASM	1
College of Education COE	3
School of Law	2
School of Architecture & Planning	3
Associate VP Student Services	1
Assoc. VP Student Life (ACD)	1
Intercollegiate Athletics	2
VP Institutional Support Services	2
School of Medicine	5
	25

Source: P-Card Office as of 10/9/2017

Exhibit 4

Number of Fuel Card Holders by Organization Level 3	
Organization Level 3 Description	Number of FCards
Provost Administrative Units	6
VP Division of Enrollment Mgmt	17
College of Fine Arts CFA	1
College of Arts & Sciences A&S	47
College of Education COE	3
School of Engineering SOE	4
University Libraries	2
Continuing Education Cont Ed	2
Vice President for Research	6
VP Student Affairs Indpndnt Dept ID	6
Associate VP Student Services	5
Assoc. VP Student Life (ACD)	5
Associate VP Student Services	3
EVP Administration	10
Intercollegiate Athletics	9
Controller	27
VP Institutional Support Services	1
Human Resources HR	1
VP Institutional Support Services	104
Information Technologies	13
School of Medicine	47
College of Nursing	6
College of Pharmacy	9
HSC VP Research	2
Gallup Branch	13
Los Alamos Branch	3
Taos Branch	10
Valencia County Branch	10
	372

Source: P-Card Office

Exhibit 5**Number of Champions by Organization Code Level 3 as of October 30, 2017:**

Org Code Level 3	Org Level 3 Description	Number
AAA	President Admin Indpnt Office	1
ABA	Provost Administrative Units	3
ABB	University College UC	1
ABE	VP Division of Enrollment Mgmt	2
ABH	College of Arts & Sciences A&S	17
ABI	Anderson Schools of Management ASM	2
ABJ	College of Education COE	2
ABK	School of Engineering SOE	5
ABL	School of Law	3
ABM	School of Architecture & Planning	1
ABN	College of Univ Lbry & Learning Sci	2
ABO	Continuing Education Cont Ed	1
ABP	Extended University Ext Univ	2
ABQ	Vice President for Research	11
ACA	VP Student Affairs Administration	2
ACC	Associate VP Student Services	1
ACD	Assoc. VP Student Life (ACD)	1
ADC	Intercollegiate Athletics	1
ADE	Associate VP for Facilities Mgmt	2
ADF	Human Resources HR	2
ADG	VP Institutional Support Services	1
ADH	PPD Administration	6
ADJ	Information Technologies	2
AFA	VP HSC Administration	36
AFB	HS Library and Informatics Center	2
AFC	School of Medicine	72
AFD	College of Nursing	6
AFE	College of Pharmacy	8
AFF	College of Population Health	1
AFI	HSC VP Research	9
AFJ	UNM HSC West Campus	1
AGA	Gallup Branch	2
AGB	Los Alamos Branch	2
AGC	Taos Branch	1
AGD	Valencia County Branch	2
BAA	UNM Medical Group	2
Grand Total		215

Source: UNM Chrome River Information Webpage

Selected Training

Number	Training Title
1	CR_approval_training
2	CR_apprv_rept_tracking
3	CR_email_approval
4	Expense Owner_approval_via_email
5	Creating a Travel Expense Report
6	Querying Expense Reports Banner to Chrome River
7	Creating a Chrome River Invoice
8	MyReports Vendor Lookup by Banner ID
9	Querying Invoice Reports from Banner to Chrome River
10	Adding the Chrome River Link Card (Tile) to your Staff page on the MyUNM Portal
11	Creating a Non-Employee Expense Report
12	Reconciling PCard in Chrome River
13	Track an Expense Report in Chrome River
14	Chrome River Open Approvals Report
15	Creating a Student Expense Report
16	Create a Report CR Quick Help
17	Delegates for Vacation CR Quick Help
18	Quick Help Chrome River Training Lists

Source: Chrome River Login and Information Page