

# AUDIT OF LGBTQ RESOURCE CENTER FINANCIAL TRANSACTIONS

THE UNIVERSITY OF NEW MEXICO

Report 2017-13  
October 12, 2017



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## ABBREVIATIONS

Banner	Banner Accounting System
Center	LGBTQ Resource Center
CUC	Cuba Convertible Peso
DEI	Division for Equity and Inclusion
FY	Fiscal Year
HSC	University of New Mexico Health Sciences Center
I&G	Instruction and General
Internal Audit	University of New Mexico Internal Audit Department
LGBTQ	Lesbian, Gay, Bisexual, Transgender, and Questioning
P-Card	Purchasing Card
Purchasing Center	University of New Mexico Purchasing Department LGBTQ Resource Center
SAMHSA	Substance Abuse and Mental Health Services
Shared Service Center	Academic Affairs Fiscal Shared Services Center
SRFB	Student Fee Review Board
UAP	University Administrative Policies and Procedures Manual
University	University of New Mexico
UNM	University of New Mexico

*Funding for the LGBTQ Resource Center primarily comes from Student Fees and Instruction and General (I&G) funds.*

*The Center primarily used student fees for the Center's travel costs, even though no funding was requested from the SFRB for this purpose in the past three years.*

<b>Revenues</b>	<b>FY 2016</b>	<b>FY 2017</b>
Student Fees	\$131,758	\$130,728
I&G	104,745	92,612
Contracts and Grants	5,277	-
Other	43,161	8,176
Total Revenues	<u>\$284,941</u>	<u>\$231,516</u>
<b><u>Expenses</u></b>		
Labor	\$131,173	\$173,373
<b><u>Non-Labor</u></b>		
Travel	\$71,568	\$30,736
Food	27,363	13,940
Supplies	20,126	19,570
Professional Services	9,357	1,573
Scholarships/Awards	5,337	9,900
Event Fees	4,284	5,484
Other	41,939	16,484
Total Expenses	<u>\$311,147</u>	<u>\$271,060</u>
Revenues Over (Under)		
Expenses	\$ (26,206)	\$ (39,544)

*The Program Specialist used an adjusted budget to conduct the Center's travel during 2016.*

## EXECUTIVE SUMMARY

### FINANCIAL ANALYSIS

#### Resource Center Funding and Expenditures

During fiscal year (FY) 2016, the LGBTQ Resource Center (Center) received \$131,758 (46% of total funding) from Student Fees and \$102,696 (36% of total funding) from Instruction and General (I&G). For FY 2017, it received \$130,728 (56%) and \$92,616 (40%), respectively.

During FY 2016, the Center expended approximately \$131,819 (42%) on labor and \$71,930 (23%) on travel. During FY 2017, it expended \$173,373 (64%) and \$30,736 (\$11%) on labor and travel, respectively.

Internal Audit prepared the schedule (left) of the Center's revenues and related expenses for FYs 2016-2017.

#### Budget Process

The Center adheres to the University's standard budget process when preparing and adjusting approved budgets.

The Center did not have an original budget for travel during FY 2016; however, the Provost's Office Fiscal Shared Service Center entered budget adjustments in Banner for a final budget of \$52,153.

Although the Program Specialist requested funding of \$92,464 from the SFRB for labor expenses, only \$71,000 was budgeted. In addition, there was no student fee funding received for "Travel" expenses. However, the Center had an adopted budget of \$54,000

<b>SFRB Funding Request vs. Adopted Budget (SFRB Index)</b>		
<b>Fiscal Year Ended June 30, 2017</b>		
	<b>Funding Proposal</b>	<b>SFRB Index Adopted Budget</b>
<b>Expenses</b>		
<b>Labor</b>		
Student Employees	\$35,464	\$ 45,000
GA, TA, RA (Pay and Benefits)	57,000	26,000
Total labor	92,464	\$ 71,000
<b>Non-Labor</b>		
Travel	-	54,000
Other Non-labor	41,300	72,624
Total Non-Labor	41,300	\$ 126,624
Total expenses	133,764	\$ 197,624

<b>Schedule of Unallowable/Questioned Costs, by Event</b>	
<b>Event/Location</b>	<b>Amount</b>
<b>Travel</b>	
Study Abroad to Cuba	\$ 4,590.46
Ojo Caliente, NM	379.92
Bangkok, Thailand	3,795.28
Standing Rock, ND (Trip 1)	3,043.05
Standing Rock, ND (Trip 2)	2,156.05
Other Travel	239.59
<b>Subtotal</b>	<b>\$ 14,204.35</b>
<b>Non-Travel</b>	
Meals	\$ 104.18
Other Non-Travel	450.00
<b>Subtotal</b>	<b>\$ 554.18</b>
<b>Grand Total</b>	<b>\$ 14,758.53</b>

in the Student Fee Index (235000) for travel expenditures.

Internal Audit prepared the schedule (left) presenting FY 2017 SFRB funding compared to the adopted budget entered for the Banner SFRB index (235000).

Division of Equity and Inclusion (DEI) management personnel were not aware of the budget adjustment for travel. DEI management also does not review operating ledger activity on a regular basis to ensure expenses are within budgeted amounts. Furthermore, they do not review original budgets entered in Banner for the SFRB index to ensure budgeted amounts align with SFRB proposed funding requests.

### **LBGTQ RESOURCE CENTER FINANCIAL TRANSACTIONS**

Based on audit procedures performed, LBGTQ Resource Center financial transactions did not comply with the New Mexico Constitution and UNM Policies and Procedures. See the summarized schedule of unallowable/questioned financial transactions (left).

#### **Awards/Scholarships**

The LBGTQ Program Specialist verbally awarded a student employee a scholarship covering registration fees and travel costs totaling \$3,390.32 for a Study Abroad trip to Cuba.

*The VP for DEI and the DEI Program Manager did not provide adequate oversight for the Center.*

## MANAGEMENT OVERSIGHT

Internal Audit noted the following issues during audit procedures.

- The VP for DEI was not reviewing the operating ledger for the Center.
- The VP for DEI requested formal leave requests from the Center but did not share the requests with the DEI Program Manager who approved the timesheets.
- The VP for DEI and DEI Program Manager were not aware of a \$52,000 budget adjustment for the “out of state travel” account within the LGBTQ Student Fees index. However, the VP for DEI signed budget documents, which provide for the approval of budget adjustments.
- The VP for DEI stated that she did not have access to one of the Center employee’s P-Card reconciliations so she could not review the reconciliations. As the supervisor of the Center, the VP for DEI could have required the review.
- The Program Specialist obtained a \$3,000 cash advance using her P-Card for the Study Abroad trip to Cuba. The VP for DEI stated she did not provide approval for the cash advance. However, Internal Audit verified that the VP for DEI did approve the cash advance through an email to the P-Card Office.

*The Program Specialist incorrectly recorded P-Card transactions for travel, lodging, and food to the "Office Supplies General" expense account.*

*A scanned copy of the Program Specialist's P-Card was maintained in the Center for business use.*

*The UNM P-Card office revoked the Program Specialist's P-Card on December 2, 2016.*

*A Women's Resource Center Program Specialist provided her P-Card to LGBTQ Resource Center employees for various valid purchases during the months of June and July 2016.*

*Center staff receiving cash or checks are not making deposits in a timely manner.*

## **OTHER**

### **Account Coding**

The Program Specialist recorded fourteen P-Card transactions totaling \$5,394.85 to an incorrect expense account.

### **Shared P-Card**

#### **LGBTQ Resource Center Employees**

The LGBTQ Program Specialist shared her P-Card information with the Center's Education Coordinator and Administrative Assistant II to complete financial transactions on her behalf. In one instance, a Center student employee had physical access to the Program Specialist's P-Card during travel to an event in Tucson, Arizona.

#### **Women's Resource Center Employee**

The Center charged 18 transactions totaling \$3,429 on the Women's Resource Center Program Specialist's P-Card during the time they had access to her P-Card information.

### **Cash Management**

The Center did not deposit cash receipts for eight of eight money lists tested by the next working day.

Although Center management and staff handle cash, none have taken the online Cash Management training. The employees that handle cash are unaware of Cash Management training and deposit requirements specified in UAP 7200: Cash Management.



*HSC Department of Family and Community Medicine did not report the Program Specialist's Participant Incentive compensation of \$400 to UNM Payroll.*

*The Center does not have a process for documenting the business purpose for purchases made at the UNM Bookstore.*

### **Participant Incentives**

The Program Specialist received two payments of \$200 each from the Health Sciences Center (HSC) Department of Family and Community Medicine reported as "incentive payments" in calendar year 2016 for providing expert input for a grant and development of community focused research.

### **Bookstore Charges**

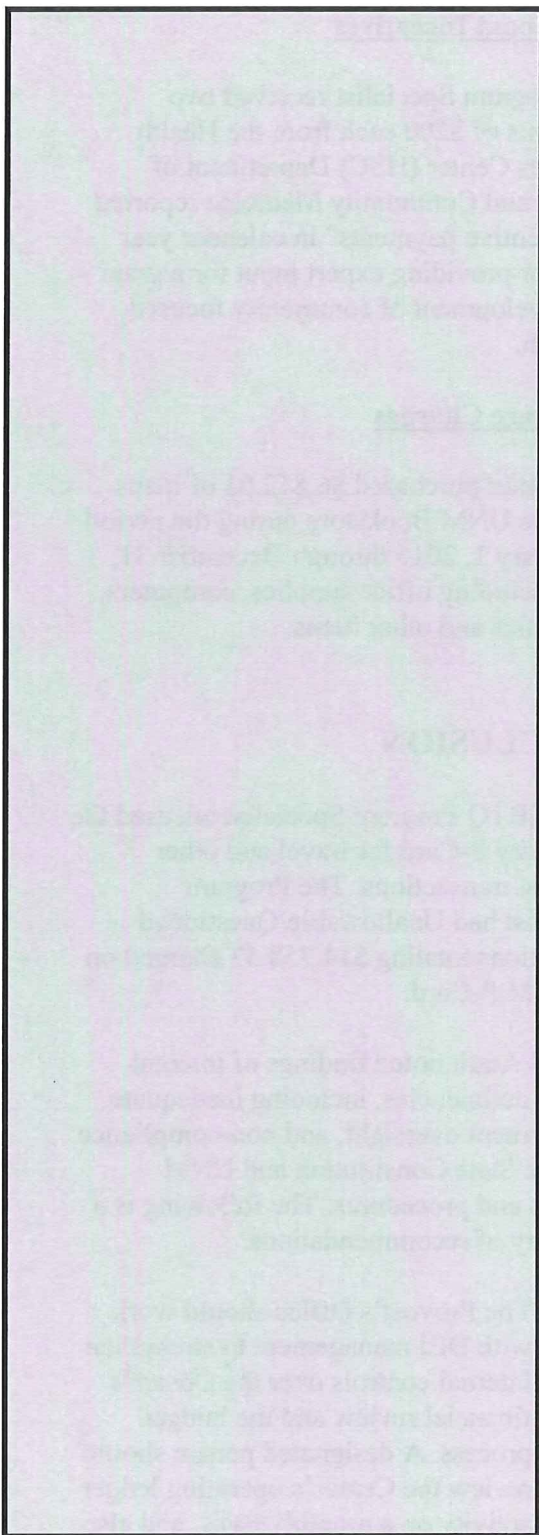
The Center purchased \$6,872.01 of items from the UNM Bookstore during the period of January 1, 2016 through December 31, 2016 including office supplies, computers, electronics and other items.

## **CONCLUSION**

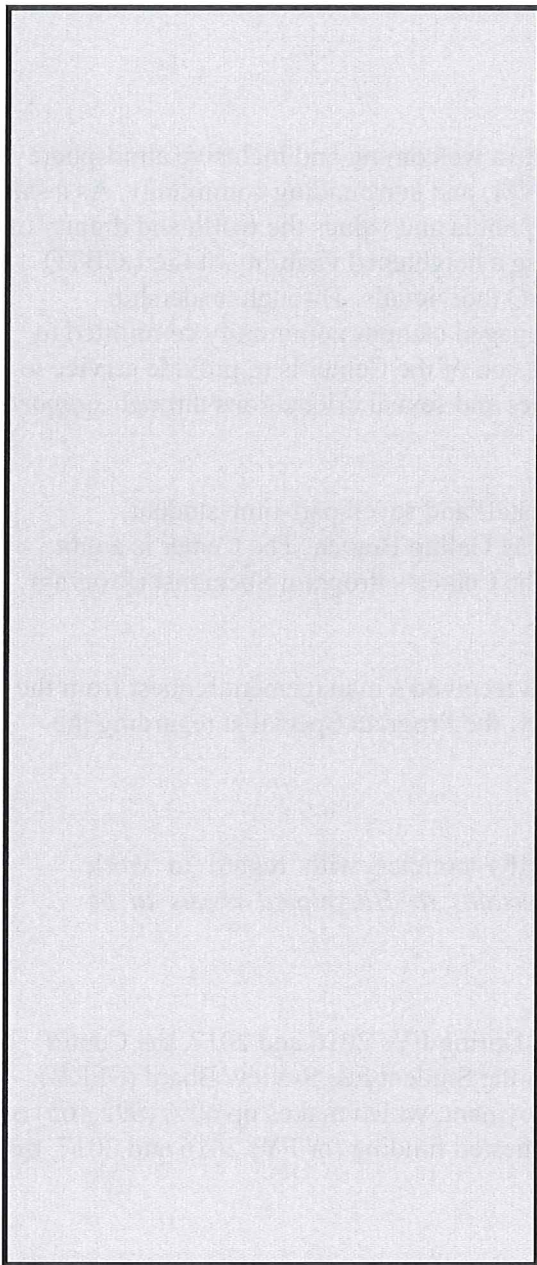
The LGBTQ Program Specialist misused the University P-Card for travel and other financial transactions. The Program Specialist had Unallowable/Questioned transactions totaling \$14,758.53 charged on her UNM P-Card.

Internal Audit noted findings of internal control deficiencies, including inadequate management oversight, and non-compliance with the State Constitution and UNM policies and procedures. The following is a summary of recommendations.

1. The Provost's Office should work with DEI management to strengthen internal controls over the Center's financial review and the budget process. A designated person should review the Center's operating ledger activity on a monthly basis, and also



- review and approve budgets and budget adjustments prior to Banner entry.
2. The Provost's Office should work with DEI to strengthen internal controls over P-Card purchases to eliminate unallowable/questioned financial transactions, including obtaining preapproval from management for any P-Card exceptions to allowable costs.
  3. The Provost's Office should work with DEI to ensure that the Center develops a scholarship process in compliance with UAP 2335: Departmental Scholarships.
  4. The Provost's Office should work with DEI to develop a process to ensure that Equity and Inclusion management is providing adequate oversight of their departments, including but not limited to, approving and monitoring budgets and financial transaction, approving leave requests, and implementing and enforcing internal controls.
  5. The Provost's Office should work with DEI management to ensure P-Card reviewers for the Center's P-Cardholders are conducting thorough reviews of P-Card activity. As part of the P-Card review, DEI reviewers should ensure P-Card purchases are recorded to the appropriate expense account.
  6. The Provost Office should work with the UNM Dean of Students to take appropriate action to train Women's Resource Center employees on proper P-Card procedures.
  7. The Provost's Office should work with DEI to ensure Center management and staff that handle



cash or checks take the Cash Management training and implement internal controls to ensure that deposits are made by the next working day.

8. The HSC Senior Executive Officer should work with the HSC Department of Family and Community Medicine to ensure payments to employee participants for UNM events comply with UAP 2480 and 2170, regardless of amount.
9. The Provost's Office should review the Center's bookstore spending, reduce or eliminate non-essential spending, and develop a process requiring that UNM Bookstore purchases have a documented business purpose.
10. The Provost's Office should review the cost and use of the Center's reserved parking space and determine if the Center should eliminate the cost of the reserved parking space.

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## INTRODUCTION

### BACKGROUND

The LGBTQ Resource Center (Center) strives to create a welcoming and inclusive atmosphere for all members of the University of New Mexico (UNM) and surrounding community. As a safe zone environment, the Center stands up against homophobia and values the worth and dignity of all people. Through education, the Center aims to bring a heightened visibility of the LGBTQ community on campus and to issues that affect LGBTQ individuals. Through leadership development, the Center promotes a more civically engaged campus community committed to equality and equal opportunity for all people. The Mission of the Center is to provide service to UNM students, faculty, and staff of all gender identities and sexual orientations through *support, advocacy, education, and safety*.

During 2016, the Center employed three professional staff and seven part-time student employees, including one student employee at the UNM Gallup Branch. The Center is a unit within the Division for Equity and Inclusion (DEI). The Center's Program Specialist (Program Specialist) reports to the Vice President (VP) for DEI.

On November 22, 2016, the Internal Audit department received a management request from the Provost's Office for an audit of the Center, specifically, the Program Specialist regarding the following:

1. Travel and other financial transactions.
2. General adherence to Human Resources (HR) policies with regard to work schedules. *This portion of the allegation pertains to HR-related issues to be addressed by the UNM HR Department.*
3. Overall operations of the Center.

Funding for the Center is primarily from student fees. During FYs 2016 and 2017, the Center received approximately \$134,000 of its revenues from the Student Fee Review Board (SFRB). Funding from the SFRB is primarily for student employment, which makes up 69% (\$92,465) of total funding. The following presents the Center's requested funding for FYs 2016 and 2017, by expense category.

Student Fee Review Board Funding Request  
Fiscal Years Ended June 30, 2016 and 2017

	FY 2016	FY 2017
<b>Expenses</b>		
Student (Student Employment and Workstudy)	35,464	35,465
GA, TA, RA (Pay and Benefits)	57,000	57,000
Total Labor	\$ 92,464	\$ 92,465
<b>Non-Labor</b>		
Computer/Technology	\$ 3,500	\$ 3,500
Office Supplies	5,000	5,000
Computer Supplies	800	800
Telephone Service	1,000	1,000
Conference/Trainings	5,000	5,000
General Operating/Program/Peer Support	15,000	15,000
Student Scholarship	5,000	5,000
Copier/Printing	1,000	1,000
Safe Zone Training Program	5,000	5,000
Total Non-Labor	\$ 41,300	\$ 41,300
Total Expenses	\$ 133,764	\$ 133,765

Source: Student Fee Review Board

## PURPOSE AND OBJECTIVES

The audit was initiated from a management request from the Provost's Office alleging the Program Specialist abused and misused student fees for travel and other financial transactions.

Internal Audit performed audit procedures to determine if:

- The Center has adequate financial and operational processes in place
- The Center's financial transactions are allowable.
- The Program Specialist's supervisor preapproved her travel.
- Travel was for a valid business purpose.
- Adequate internal controls are in place for financial transactions.

## SCOPE AND PROCEDURES PERFORMED

Our audit focused on financial transactions, which primarily included purchases made on the Center's Purchasing Cards (P-Cards), and the Center's travel during calendar year 2016. Internal Audit's procedures included the following:

- Perform financial analysis of the Center's funding sources, expenses, and reserves.
- Perform budget analysis of the Center's budget process.
- Review of state laws and UNM policies and procedures.
- Review of supporting documentation and e-mail regarding the Center's financial transactions.

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INTRODUCTION

- Review of the Center's travel and related expenses.
- Review of federal grant documentation, applicable e-mails, and reason for the cancellation of the Substance Abuse and Mental Health Services Administration (SAMHSA) federal grant proposal.
- Interviews with the following UNM employees and the CEO of Altru Vistas (a third party travel agent contracted to facilitate a Study Abroad trip to Cuba).
  - LGBTQ Resource Center Program Specialist
  - LGBTQ Resource Center Education Support Coordinator
  - LGBTQ Resource Center Administrative Assistant 2
  - LGBTQ Resource Center Student Employee
  - Vice President for Division of Equity and Inclusion
  - Division of Equity and Inclusion Program Manager
  - Teacher Education Associate Professor
  - Provost Financial Officer
  - Provost Financial Analyst
  - Altru Vistas' Chief Executive Officer

The Audit of LGBTQ Resource Center Financial Transactions was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

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## OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

### FINANCIAL ANALYSIS

#### Resource Center Funding and Expenditures

Funding for the Center primarily comes from Student Fees and Instruction and General (I&G) funds. During FY 2016, the Center received \$131,758 (46% of total funding) from Student Fees and \$102,696 (36% of total funding) from I&G. For FY 2017, it received \$130,728 (56%) and \$92,616 (40%), respectively.

The Center's expenses primarily consist of labor and travel. During FY 2016, the Center expended approximately \$131,819 (42%) on labor and \$71,930 (23%) on travel. During FY 2017, it expended \$173,373 (64%) and \$30,736 (11%) on labor and travel, respectively.

Student employee labor is primarily funded using student fees; whereas professional staff labor is funded using I&G Student fees primarily fund the Center's travel costs, even though no funding had been requested for this purpose in the past three years.

The Center had \$110,232 in reserves available for FY 2016 and \$84,027 available for FY 2017. Reserves available for FY 2016 consisted of \$70,450 from SFRB, \$26,246 from I&G, and \$13,536 from non-endowed gifts. Reserves available for FY 2017 consisted of \$43,334 from SFRB, \$25,340 from I&G, and \$15,353 from non-endowed gifts.

Internal Audit prepared the following schedule of the Center's revenues by funding source and related expenses for FYs 2015-2017:

**LGBTQ Resource Center's Revenues and Expenses  
FYs 2015-2017**

<b>Revenues</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Student Fees	\$ 133,764	\$ 131,758	\$ 130,728
I&G	94,662	104,745	92,612
Contracts and Grants	43,853	5,277	-
Gifts	4,645	28,239 *	2,472
Other	2,605	17,071	11,015
Transfers and Allocations	150	(2,149)	-
Change in Reserves	(2,000)	-	(5,311)
<b>Total Revenues</b>	<b>\$ 277,679</b>	<b>\$ 284,941</b>	<b>\$ 231,516</b>
<b><u>Expenses</u></b>			
Staff	\$ 82,271	\$ 72,223	\$ 113,500
Student	38,389	58,662	53,347
Benefits	805	288	6,526
<b>Total labor</b>	<b>\$ 121,465</b>	<b>\$ 131,173</b>	<b>\$ 173,373</b>
<b><u>Non-Labor</u></b>			
Travel	33,278	\$ 71,568	\$ 30,736
Food	13,433	27,363	13,940
Supplies	22,474	20,126	19,570
Professional Services	14,984	9,357	1,573
Scholarships/Awards	6,344	5,337	9,900
Event Fees	2,651	4,284	5,484
Other	34,279	41,939	16,484
<b>Total Expenses</b>	<b>\$ 248,908</b>	<b>\$ 311,147</b>	<b>\$ 271,060</b>
<b>Revenues Over (Under) Expenses</b>	<b>\$ 28,771</b>	<b>\$ (26,206)</b>	<b>\$ (39,544)</b>
Reserves, beginning of year	\$ 59,993	\$ 110,232	\$ 84,026
Reserve Adjustment	21,468	-	-
Reserves, end of year	\$ 110,232	\$ 84,026	\$ 44,482

Source: Banner Accounting System

\*Gift revenue includes inaccurate recording of monies collected for the Center's Safe Zone trainings and Study Abroad trip to Cuba fees collected from program participants.



**Budget Process**

The Center adheres to the University's standard budget process when preparing and adjusting approved budgets. The Center's original budget for FY 2016 primarily consisted of labor, as 75% (\$180,279) of total expenses were budgeted for labor. The Academic Affairs Fiscal Shared Services Center (Fiscal Shared Services) entered budget adjustments of \$26,246 to the original budget for a final budget of \$206,525 for the "Labor" expense category. However, the Center only expended \$131,819 on labor during FY 2016.

In addition, the Center did not have an original budget for travel during FY 2016; however, Fiscal Shared Services entered budget adjustments in Banner for a final budget of \$52,153. Of the total budget adjustment, \$50,000 was from the Center's Student Fees index. Even with the budget adjustments, the Center over expended its travel budget by \$19,777. The Program Specialist used the adjusted budget to conduct the Center's travel during 2016.

Internal Audit prepared the following schedules of budget vs. actual amounts for FYs 2016 and 2017.

FY 2016 Budget vs. Actual						
<u>Revenues</u>	<u>Adopted Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (under) Budget</u>	
Student Fees	\$ 133,764.00	\$ (2,006.00)	\$ 131,758.00	\$ 131,758.00	\$ -	
I&G	99,245	5,500	104,745	102,696	(2,049)	
Contracts and Grants	5,277	-	5,277	5,277	-	
Gifts	1,020	6,725	7,745	28,239	20,494	
Other	1,500	14,585	16,085	17,071	986	
Transfers and Allocations	(2,000)	(149)	(2,149)	(2,149)	-	
Budgeted Use of Reserves	-	99,001	99,001	-	(99,001)	
Total Revenues	\$ 238,806	\$ 123,656	\$ 362,462	\$ 282,892	\$ (79,570)	
<b><u>Expnses</u></b>						
Staff	\$ 103,126	\$ -	\$ 103,126	72,223	\$ (30,903)	
Student Benefits	66,273	26,246	92,519	58,662	(33,857)	
Total labor	\$ 180,278	\$ 26,246	\$ 206,524	\$ 131,173	\$ (75,351)	
<b><u>Non-Labor</u></b>						
Travel	\$ (6,847)	\$ 59,000	\$ 52,153	\$ 71,567.00	\$ 19,414	
Food	520	17,000	17,520	27,363.00	9,843	
Supplies	12,964	2,065	15,029	20,126.00	5,097	
Professional Services	16,751	-	16,751	9,357.00	(7,394)	
Scholarships/Awards	5,500		5,500	5,337.00	(163)	
Event Fees	8,570	500	9,070	4,284.00	(4,786)	
Other	21,069	18,845	39,914	41,939	2,025	
Total Non-Labor	\$ 58,527	\$ 97,410	\$ 155,937	\$ 179,973	\$ 24,036	
Total expenses	\$ 238,805	\$ 123,656	\$ 362,461	\$ 311,146	\$ (51,315)	

Source: Banner Accounting System

## OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

FY 2017 Budget vs. Actual					
<u>Revenues</u>	<u>Adopted Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (under) Budget</u>
Student Fees	\$ 131,759	\$ (1,031)	\$ 130,728	130,728	\$ -
I&G	93,044	568	93,612	92,612	(1,000)
Gifts	2,000	-	2,000	2,472	472
Other	-	8,000	8,000	11,015	3,015
Transfers and Allocations	-	-	-	-	-
Change in Reserves Total	-	-	-	(5,311)	(5,311)
Budgeted Use of Reserves	78,367	(15,033)	63,334	-	(63,334)
Total Revenues	\$ 305,170	\$ (7,496)	\$ 297,674	231,515	\$ (66,159)
<u>Expenses</u>					
Staff	\$ 72,245	\$ 1,100	\$ 106,216	113,500	\$ 7,284
Student	69,000	-	69,000	53,347	(15,653)
Benefits	2,000	-	2,000	6,526	4,526
Salary Adjustments	32,871	-	-	-	-
Total labor	\$ 176,116	\$ 1,100	\$ 177,216	173,374	\$ (3,842)
<u>Non-Labor</u>					
Travel	\$ 54,000	\$ (532)	\$ 53,468	30,736	\$ (22,732)
Supplies	13,000	-	13,000	19,570	6,570
Food	12,000	-	12,000	13,940	1,940
Scholarships/Awards	5,000	-	5,000	9,900	4,900
Event Fees	10,000	-	10,000	5,484	(4,516)
Professional Services	5,000	-	5,000	1,573	(3,427)
Other	30,054	(8,064)	21,990	16,483.69	(5,506)
Total Non-Labor	\$ 129,054	\$ (8,596)	\$ 120,458	\$ 97,687	\$ (22,771)
Total expenses	\$ 305,170	\$ (7,496)	\$ 297,674	\$ 271,061	\$ (26,613)

Source: Banner Accounting System

Adopted budgets for student fees in Banner for the Student Fees index (235000) should match funding amounts. Although the Program Specialist requested funding of \$92,464 from the SFRB for labor expenses, only \$71,000 was budgeted. In addition, there was no student fee funding received for "Travel" expenses. However, the Shared Services Center entered a budget of \$54,000 for travel expenditures.

UAP 1310: Student Fee Review Board states, "Revenue generated by the student activity fee is used to support a variety of student activities that enhance the academic and intellectual environment at UNM. The activities funded by the student activity fee should advance student learning and support the mission of the University. Units that receive funding are expected to ensure that student activity fee funds are spent in a manner consistent with the stated purpose for which the funding was provided."

Internal Audit prepared the following schedule presenting FY 2017 SFRB funding compared to the adopted budget entered for the Banner SFRB index (235000).

**Student Fee Review Board Funding Request vs. Adopted and Final Budget  
Fiscal Year Ended June 30, 2017**

	SFRB Funding Request	SFRB Index Adopted Budget	Budget Adjustments	Student Fee Index Final Budget
<b><u>Expenses</u></b>				
<b><u>Labor</u></b>				
Student (Student Employment and Workstudy)	\$ 35,464	\$ 45,000	\$ -	\$ 45,000
GA, TA, RA (Pay and Benefits)	57,000	26,000	-	26,000
Total labor	\$ 92,464	\$ 71,000	\$ -	\$ 71,000
<b><u>Non-Labor</u></b>				
Travel	-	54,000	(532)	53,468
Other Non-labor	43,300	72,626	(16,064)	56,562
Total Non-Labor	\$ 43,300	\$ 126,626	\$ (16,596)	\$ 110,030
Total expenses	\$ 135,764	\$ 197,626	\$ (16,596)	\$ 181,030

Source: SFRB and Banner Accounting System

During discussions with DEI management, they stated they were not aware of the budget adjustment for travel. In FY 2016, the Center was \$19,777 over budget for travel, and \$74,706 under budget for labor. DEI management also does not review operating ledger activity on a regular basis to ensure expenses are within budgeted amounts. In addition, they do not review original budgets entered in Banner for the SFRB index to ensure budgeted amounts align with SFRB proposed funding requests.

**Recommendation 1:**

The Provost's Office should work with DEI management to strengthen internal controls over the Center's financial review and the budget process. A designated person should review the Center's operating ledger activity on a monthly basis. In addition, the designated person should review and approve budgets and budget adjustments prior to Banner entry.

**Response from the Provost's Office:**

<b>Action Items</b>
<i>Completion Date: October 31, 2017</i>
<i>Assigned to: Financial Officer of Academic Affairs and Interim Vice President of DEI</i>
<p><i>Corrective Action Planned: The LGBTQ Resource Center will engage in an agreement with the Fiscal Shared Service Center to facilitate the monitoring and reconciling of the unit's accounts. This would include the following:</i></p> <ol style="list-style-type: none"> <li><i>1. Develop multi-year forecasts for strategic planning purposes, which will be used to monitor and reconcile annual budgets</i></li> <li><i>2. Review operating ledger reports monthly and verify all entries posted are in compliance and in alignment with the unit's annual budget</i></li> <li><i>3. Monthly meetings with the director (or designated manager of the Resource Center) and the fiscal advisor of the Fiscal Shared Service Center to discuss monthly fiscal transactions, budget adjustments, and other fiscal related activities</i></li> <li><i>4. Work with Resource Center director on annual fiscal reporting efforts, including budget development</i></li> <li><i>5. Provide guidance around fiscal University policies and procedures, and serve as a backup processor for fiscal transactions.</i></li> </ol> <p><i>The director will be responsible for reviewing and ultimately approving reconciliations each month. The fiscal advisors in the Fiscal Shared Service Center manage fiscal transactions on a daily basis and are very familiar with University policies and procedures, therefore have the expertise to effectively facilitate the management of fiscal transactional processing and monitoring of units' budgets.</i></p> <p><i>Any additional budget revisions outside of the approved annual budget will be communicated by the director to DEI management for approval prior to the budget adjustment entry in the Banner system. The director will provide documentation of the budget adjustment approval to the fiscal advisor, and the fiscal advisor will verify the approval and funding availability for the adjustment. Once the adjustment has been reviewed and approved the fiscal advisor will process the entry in the system. Receiving prior approval from DEI management will ensure the budget revisions comply with the mission of the Resource Center and/or business purpose of the funding source (i.e. SFRB funds). This will also ensure that DEI management is aware of the fiscal activity in the Resource Center.</i></p>

## LBGTQ RESOURCE CENTER FINANCIAL TRANSACTIONS

### Travel

The VP for DEI implemented a “Travel Request Form” in January 2016, and requested all travel be preapproved prior to making travel arrangements. The VP for DEI sent an e-mail to the Program Specialist on January 15, 2016 at 9:25 AM stating, *“The financial issues of the LBGTQ RC have brought focused attention on all LBGTQ RC spending. This is not good if you are planning to seek additional resources. New resources will not be provided until it is evident that the Center is able to manage the resources it has. The amount of travel is excessive. In addition, travel changes have cost the Center additional money that did not have to be spent. **Due to limited funding, I have to call into question whether taking more than one or two people on trips is really necessary. I am asking that all travel be approved by me prior to any trip for yourself or staff. I will ask hard questions about your travel and spending. If I don’t, someone else is going to do it. They could also call for an audit. There are issues with spending that have raised red flags. Some of the purchases made at Smith’s are questionable and look like someone’s grocery list. The P-card should not be used like a credit card. Please don’t pay for parking by inserting it in the parking machines. Pay for parking and get reimbursed. There should be a certain safeguarding principle in spending when the majority of your funding is coming from SFRB. These are precious student fee dollars and it is especially important that management of those dollars are never brought into question. I am telling you all of these things because I want you to know what has been uncovered in your financials that have called things into question. I want you to be successful and I want the Center to be successful. I want you to get more resources, but if some of these issues are not managed better, it will impact your ability to be effective in getting more funding.”***

Although the Program Specialist received the form and acknowledged that it would be used for the preapproval of travel, the Program Specialist submitted the form only once on September 30, 2016 for the SW American Indian Rainbow Gathering in Phoenix, AZ. The following schedule presents the Center’s travel during calendar 2016.

### LGBTQ Resource Center Travel Schedule 2016

Event	Location	Event Dates	Participant(s)	Cost Incurred
Creating Change Conference	Chicago, IL	1/20/16 - 1/24/16	Program Specialist, Education Coordinator, Various Students	\$ 8,767.73
International Two Spirit Gathering	New Zealand	Canceled	Program Specialist	167.96
Bay Area American Indian Two Spirits PowWow	San Francisco, CA	2/20/2016	Program Specialist	1,488.26
AJAAS Board Meeting	Portland, OR	2/19/16 - 2/21/16	Education Coordinator	1,166.11
TRANSforming Gender Conferer	Boulder, CO	3/10/16 - 3/12/16	Student Employee	1,200.34
Social Justice for LGBTQ Identities in the Borderlands	Las Cruces, NM	3/22/16 - 3/23/16	Program Specialist, Student Employee	506.19
Diversity, Equity and Inclusion Summit	Gallup, NM	4/20/16 - 4/21/16	Program Specialist, Education Coordinator	1,029.97
TMOC Planning Retreat	San Diego, CA	7/15/2016 - 7/22/2016	Education Coordinator	2,090.09
QTPOCC	Berkeley, CA	4/29/16 - 5/1/16	Education Coordinator	3,270.30
Study Abroad in Cuba	Havana, Cuba	5/16/16 - 5/23/16	Program Specialist, Education Coordinator, Faculty Member, Student Employee, Various Students	28,713.26
SW Consortium of Higher Education	San Diego, CA	7/17/16 - 7/19/16	Program Specialist, Education Coordinator	1,693.99
LGBTQ Higher Ed Consortium	San Jose, CA	7/29/16 - 7/31/16	Program Specialist	2,271.20
National Lawyers Guild	New York, NY	8/3/16 - 8/9/16	Program Specialist	3,302.49
Cuba Study Abroad Strategic Planning Meeting	Ojo Caliente, NM	8/12/16 - 8/13/16	Program Specialist	379.92
Northwest NM Pride	Gallup, NM	8/26/16 - 8/27/16	Program Specialist	308.52
Trans Studies Conference	Tucson, AZ	9/7/16 - 9/10/16	Program Specialist, Student Employee	2,098.93
East Coast Two Spirits Gathering	Buffalo, NY	9/22/16 - 9/25/16	Program Specialist	2,389.66
SW American Indian Rainbow Gathering	Phoenix, AZ	10/13/2016 - 10/16/2016	Education Coordinator	1,182.00
ILGA World Conference	Bangkok, Thailand	Canceled	Program Specialist, Education Coordinator	3,795.28
Standing Rock	Standing Rock, ND	10/10/16 - 10/14/16	Program Specialist, Various Students	3,043.05
Standing Rock	Standing Rock, ND	11/25/16 - 11/28/16	Program Specialist, Education Coordinator, Administrative Assistant 2, Various Student Employees and Students	2,156.05
<b>Total</b>				<b>\$ 71,021.30</b>

Internal Audit performed audit procedures to determine if the VP for DEI preapproved travel by the Center, and if costs incurred during travel were allowable.

#### Study Abroad Trip to Cuba

UAP 4030: Travel, section 4.2 International Travel states, *“Travelers on international business should receive the prior approval of their dean, director, department head, or PI. 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. Where the traveler has a continuing business overseas, such approval may cover multiple trips. Traveling on restricted contract and grant funding may require prior written approval for each international trip from the sponsoring agency.”*

The Center received preapproval for travel to Cuba for a Study Abroad program from May 16, 2016 through May 23, 2016. The Center contracted with Altru Vistas (third party travel agent) to coordinate

program fees and travel costs for the trip. The total cost of the contract was \$18,129, which, based on correspondence, provided the following for the Study Abroad program:

- Double room accommodations in a 2 or 3 star hotel
- Program activities
- Transportation to and from activities
- International airfare to and from Miami/Havana
- Cuban tourist visa
- Two meals daily and a liter of water
- Qualified trip leaders and guides
- Honoraria for speakers
- Base tips during group meals

Internal Audit performed audit procedures to determine if the Study Abroad expenses charged to a UNM P-Card are allowable. The following unallowable/questioned costs were noted.

<u>Transaction Date</u>	<u>Vendor</u>	<u>Amount</u>
4/08/2016	Southwest Air (UNM Student)	\$ 398.46
5/14/2016	Southwest Air (Liliana Sosa)	776.96
5/27/2016	Miami Beach Resort and Spa	242.99
5/16/2016	Bank of America	3,000.00 *
5/16 - 5/23/2016	Per Diem Reimbursement	172.05
		<u>\$ 4,590.46</u>

- Airfare paid to Southwest Air on 4/8/2016 was for a UNM student to attend the Study Abroad trip. Students attending the trip were to pay their own domestic airfare and the student was required to reimburse this cost; however, the Center has not received reimbursement from this student.
- Airfare paid to Southwest Air on 5/14/2016 was for a former Center employee to attend the Study Abroad trip. However, this individual was not a UNM student or staff member at the time of the trip. The N.M. Constitution, Article IX, Section 14 (Anti-Donation Clause) states: *“Neither the state nor any county, school district or municipality, except as otherwise provided in this constitution, shall directly or indirectly lend or pledge its credit or make any donation to or in aid of any person, association or public or private corporation...”*

The Program Specialist indicated that the former employee was to reimburse UNM for the costs; however, she has not made payment. Payment for travel for a non-UNM employee violates the New Mexico Constitution and is an unallowable cost.

- The Center purchased Lodging at a Hampton Inn in Miami, FL for the night of May 27, 2016. The guest name on the Hampton receipt indicates the Program Specialist stayed in the room; however, the guest name for lodging purchased at the Miami Beach Resort and

Spa on the same night states the Program Specialist was the guest. Furthermore, the business purpose on the Program Specialist's P-Card transaction log states the Hampton Inn lodging was for the UNM Faculty Advisor that traveled to Cuba. The Faculty Advisor stated that she returned on May 24, 2016, and her flight itinerary shows that she returned on May 24, 2016.

- The Program Specialist did not obtain receipts for cash disbursement made with a \$3,000 cash advance, which was converted to 2,610 Cuba Convertible Pesos (CUC). She submitted an itemized schedule to the P-Card Office indicating the use of cash. Internal Audit reviewed the schedule and noted the Program Specialist indicated the cash was used for the following:

○ Lodging	1,005.50 CUC
○ Food	1,194.05 CUC
○ Water	220.45 CUC
○ Transportation	150.00 CUC
○ Entrance fees	<u>40.00 CUC</u>
Total	2,610.00 CUC

Considering the program fees paid to Altru Vistas should have included lodging, two meals a day, water, and transportation, the Program Specialist's use of cash does not appear reasonable.

- The Program Specialist received per diem reimbursement for four lunches at a Cuba per diem rate of \$27.75 and one dinner at a Cuba per diem rate of \$61.05, which the Study Abroad program provided. The total unallowable per diem claimed by the Program Specialist was \$172.05.

Internal Audit prepared the following schedule of the Study Abroad Trip Cuba from expenses recorded in the Banner Accounting System.



<b>Cuba Study Abroad Trip Summary of Trip Cost</b>	
<b><u>Revenue Collected</u></b>	
Fees Collected from Three UNM Students	\$ 8,636.46
<b><u>Program and Travel Expenses</u></b>	
Study Abroad Program Fees (paid to Altruvistas)	\$ 18,129.00
<b><u>Airfare</u></b>	
Alma Rosa	668.20
Frankie Flores and Students (4 @ \$398.46 each)	1,593.84
Leila Flores	513.46
Liliana Sosa	776.96
Lodging	2,073.53
Transportation	503.07
Cash Advance	3,000.00
<b><u>Per Diem</u></b>	
Alma Rosa	892.00
Frankie Flores	563.20
<b>Total Program Costs</b>	<b>\$ 28,713.26</b>
<b>Expenses Over Revenue</b>	<b>\$ 20,076.80</b>

Source: Banner Accounting System

**Ojo Caliente, New Mexico**

The Center purchased lodging totaling \$1,345.92 at an AirBNB in Albuquerque for their Strategic Planning Retreat and Cuba Study Abroad reunion from August 12, 2016 through August 14, 2016. The Center's staff and student employees (including UNM Gallup Branch's LGBTQ Resource Center), participated in this event. During the same time period, the following transactions were charged to the Program Specialist's P-Card for lodging, books, and a gift at a resort and spa in Ojo Caliente, NM.

<u>Transaction Date</u>	<u>Vendor</u>	<u>Amount</u>
8/12/16	Taos Trail Inn	\$ 134.17
8/14/16	Ojo Caliente Resort and Spa	245.75
		<u>\$ 379.92</u>

During an interview with the Program Specialist, she stated, *“The stay was specifically for debriefing the Study Abroad program for strategic planning. All participating students of the 2016 Study Abroad program and faculty advisor Leila Flores attending [sic] the meeting.”* An e-mail sent to UNM General Accounting on October 26, 2016 stated, *“The LGBTQ Resource Center just launched its first LGBTQ Study Abroad to Cuba. When we returned, we had an evaluation and strategic planning meeting for the next LGBTQ Study Abroad. During the Strategic planning session, we closed with a traditional Cuban Yoruba ceremony. At this ceremony, we honored Angelica Salazar who was our U.S Guide in Cuba; Ms. Salazar is not affiliated with UNM. The ceremony took place near Ojo Caliente New Mexico on the Taos Trail. **The attendees at the ceremony were participants from the Study Abroad, including faculty and staff.** Angelica Salazar led [sic] the closing ceremony. The Resource Center honored Angelica with a locally weaved rug, that is considered an honor in the Yoruba tradition.”*

The faculty member indicted in an e-mail to Internal Audit that she did not attend the meeting in Ojo Caliente, NM.

However, during interviews with the 2016 Study Abroad participants, including the Education Coordinator, Administrative Assistant, and a student employee, all stated that they did not attend a meeting in Ojo Caliente, NM, as they were attending the Strategic Planning Retreat at the AirBNB in Albuquerque.

Internal Audit determined only the Program Specialist and the Cuba Tour Guide traveled to Ojo Caliente on these dates. This trip was not pre-approved and did not appear to be for a valid business purpose. In addition, a Direct Pay Approval Form should have been completed, approved, and submitted electronically to Banner within 20 days after the completion of travel. The form was not completed.

### **International Travel to Thailand**

The Center booked Conference registration fees, lodging, and airfare to Bangkok, Thailand for the 2016 ILGA World Conference for the Program Specialist and Education Coordinator prior to the Program Specialist obtaining pre-approval for the travel from her supervisor. In addition, the Program Specialist booked the conference and lodging fees and airfare subsequent to receiving notices from her supervisor that travel must be preapproved using the “Travel Request” form. The following is a timeline of communication from the VP for DEI and the booking of the 2016 ILGA World Conference travel arrangements.

- September 14, 2016 at 1:26 PM: VP for DEI sends an e-mail stating, *“Get any travel approval from me at least a month before you travel, no matter what account you are using.”*
- September 14, 2016 at 6:15 PM: Conference fees for the ILGA World Conference in Bangkok, Thailand are purchased on the Program Specialist’s P-Card.
- September 22, 2016 at 10:03 AM: VP for DEI sends an e-mail to the Program Specialist stating, *“Hi Alma, Lorena told me you would be out of town. I have instituted a policy driven by the financial crisis that we are facing to have all travel, despite the funding*

*source, submitted for approval one month before the trip occurs. Such approval includes justification, cost and purpose for any travel inside or out of state. This has been a policy for a while, but has become something that requires even more attention now. I ask you to comply with this policy with any future travel. Please inform Abby of these expectations so that she is aware. I would have included her in this email, but I do not have her email address. Thanks for sharing this information with her.”*

- September 22, 2016 at 5:12 PM., Airfare to Bangkok, Thailand is booked on the Program Specialist’s P-Card.

Internal Audit determined that the following purchases charged to the Program Specialist’s P-Card are unallowable/questioned.

<u>Transaction Date</u>	<u>Vendor</u>	<u>Amount</u>
9/15/2016	ACT The International	\$ 1,780.76
9/22/2016	Etihad Airways	1,007.26 *
9/22/2016	Etihad Airways	<u>1,007.26</u> *
		\$ 3,795.28

**\*Etihad Airways issued a credit for this canceled airfare. However, the credit was issued to the travelers (Program Specialist and Education Coordinator). Therefore, it is unlikely this cost is recoverable by UNM.**

### **Standing Rock, North Dakota (Trip One)**

The Program Specialist traveled to Standing Rock, North Dakota on October 10, 2016 through October 14, 2016. This trip was not pre-approved and was not for a LGBTQ Resource Center function. In an e-mail to the VP for DEI, the Program Specialist indicated that she accompanied the Red Nation student organization and provided financial support for the travel to Standing Rock, North Dakota. However, Red Nation is not a UNM student organization. In addition, a Direct Pay Approval Form should have been completed, approved, and submitted electronically to Banner within 20 days after the completion of travel. The form was not completed.

The Program Specialist received pre-approval to travel to attend the SW American Indian Rainbow Gathering on October 13, 2016 through October 16, 2016 in Phoenix, AZ. However, her airfare for \$402.96 was instead canceled to attend the unapproved Standing Rock trip during the same time period. The Education Coordinator attended the conference on behalf of the Program Specialist. A refund of \$253.98 was reflected on the Program Specialist’s P-Card and the remaining \$148.78 was issued as a credit under her name. Considering the credit was issued under the Program Specialist’s name, Internal Audit has determined this amount cannot be recovered by UNM and is considered an unallowable cost.

The VP for DEI submitted a letter to the UNM P-Card office on 12/16/2016 stating, *“Please note that during my review of this P-Card statement, there were several charges that raised red flags which are highlighted in yellow. In particular, the Costco receipts show various purchases*

*that I do not feel are appropriate for the LGBTQ Resource Center and are personal items, including jackets, gloves and socks among other items.”*

The following expenses associated with the trip to Standing Rock, ND, and the Southwest credit for canceled airfare to Phoenix, AZ, are unallowable/questioned:

<u>Transaction Date</u>	<u>Vendor</u>	<u>Amount</u>
10/9/2016	Costco	\$ 686.01
10/10/2016	Costco	319.91
10/10/2016	Western Wall Tents	1,447.00 *
10/10/2016	The Herb Store	137.99
10/13/2016	Intercontinental Hotels	101.38
10/11/2016	San Felipe Travel	28.76
10/11/2016	Ross One Stop	30.29
10/12/2016	Alta Convenience	28.29
10/13/2016	Unknown	27.73
10/13/2016	Shell Oil	21.45
10/13/2016	AVP Energy Truck Stop	21.71
10/13/2016	Southwest (credit issued)	148.98
10/14/2016	Eagle Stop Inc.	18.55
10/14/2016	Farmers Union Oil	<u>25.00</u>
	Total	\$3,043.05

*\*During an interview with the Program Specialist, she indicated that the tent was for a separate Center function, and was located at the UNM Gallup Branch. However, the UNM Gallup Branch Director of Business Operations and a UNM Gallup Branch LGBTQ Resource Center student employee were not familiar with a tent purchase and/or storage on the UNM Gallup Branch.*

*An e-mail from the UNM Gallup Branch LGBTQ Resource Center Program Assistant stated, “This email is regarding the tent or canopy that was mentioned in our phone call earlier. I have checked the storage and there is no tent or canopy that fits that description. We have not seen nor used that tent for anything on this campus before.”*

### **Standing Rock, North Dakota (Trip Two)**

The Program Specialist traveled to Standing Rock, North Dakota during Thanksgiving break on November 24, 2016 through November 28, 2016 with LGBTQ Resource Center staff and student employees. Although all staff and student employees returned on November 28, 2016, the Program Specialist did not return until December 5, 2016. Furthermore, according to the Program Specialist, she was on annual leave during this time. This trip was not pre-approved and did not appear to be for a valid business purpose. In addition, a Direct Pay Approval Form should have been completed, approved, and submitted electronically to Banner within 20 days after the completion of travel. The form was not completed.

The VP for DEI submitted a letter to the UNM P-Card office on 2/9/2017 stating, "Please note that various expenses were submitted for a trip to North Dakota that was authorized by the Abigayle's supervisor, Alma Rosa Silva-Banuelos. However, this trip was not authorized by me as VP for DEI. Furthermore, Alma Rosa was on personal/annual leave during this time and her name is listed as one of the guests for the Air B&B on 11/23 as well as on 11/29." Internal Audit found the following unallowable/questionable expenses associated with this trip:

<u>Transaction Date</u>	<u>Vendor</u>	<u>Amount</u>
11/23/2016	AirBNB	\$ 560.00
11/24/2016	Phillips 66	45.00
11/24/2016	Shell	28.12
11/25/2016	Farmers Union Oil	29.69
11/25/2016	Exxon Mobile	32.21
11/25/2016	Rodeway Inn Cheyenne	130.84
11/25/2016	Ramada Bismark	174.08
11/25/2016	Big D #2	38.57
11/26/2016	Dan's Supermarket	82.95
11/27/2016	Days Inn Denver Downtown	196.04
11/27/2016	Big D #2	25.21
11/27/2016	Exxon Mobile	32.75
11/27/2016	Farmers Union Oil	52.31
11/28/2016	Phillips 66 –Better Stop	29.15
11/28/2016	Loves Travel	21.47
11/29/2016	AirBNB	168.00
11/29/2016	Enterprise Car Rental	509.66
	<b>Total</b>	<b>\$2,156.05</b>

### **Other Travel**

The Program Specialist booked travel to New Zealand for an International Two Spirit Gathering to present and participate on the International Two Spirits Panel. However, the Center canceled the trip due to urgent matters of the Center. The Program Specialist was able to obtain a credit for the airfare cancelation from Los Angeles to New Zealand. However, there was no refund or credit issued for her airfare booked from Albuquerque to Los Angeles. The following charge for airfare was on the Program Specialist's P-Card for roundtrip airfare booked between Albuquerque and Los Angeles.

<u>Transaction Date</u>	<u>Vendor</u>	<u>Amount</u>
1/7/2016	Southwest Airlines	\$ 167.96

The Program Specialist had taxi and Uber rides charged to her P-Card at unreasonable times, which did not appear to be for a valid business purpose. The Program Specialist charged the following transportation services to her P-Card at unreasonable times.

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OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

<u>Transaction Date</u>	<u>Vendor</u>	<u>Time</u>	<u>Amount</u>
7/30/2016	Uber	12:55AM	\$ 10.61
7/31/2016	Uber	1:47AM	7.25
8/6/2016	Uber	2:05AM	41.41
8/7/2016	NYC Taxi	12:02AM	<u>12.35</u>
			\$ 71.62

### **Non-Travel Financial Transactions**

#### **Business Meetings/Meals**

UAP 4000, section 5.1. Business Meetings states, *“When meetings of an administrative nature are held that are directly related to the business of the University, the cost of meals or light refreshments may be paid from University funds. Meals must be necessary and integral to the business meeting, not a matter of personal convenience. The meetings should take place over an extended time and if an agenda is prepared for the meeting it should include a working meal to indicate the meal is part of a business function.”*

The Program Specialist purchased two meals at local restaurants on her P-Card, which were not for a valid business purpose. The Program Specialist stated in an interview that these lunches were for student employees during a Student Advocacy training. However, during an interview with the Resource Center Education Coordinator, he stated Ms. Silva-Banuelos invited him to lunch during the Student Advocacy training and said she would pay for lunch. He further stated that he had no idea she was paying with her P-Card, and no student employees joined them for either lunch.

In addition, the Program Specialist charged a meal to her P-Card at 8:17 PM and the participants were not listed on the receipt. The following meals purchased on the Program Specialists P-Card are unallowable/questioned costs.

<u>Transaction Date</u>	<u>Vendor</u>	<u>Amount</u>
7/25/2016	Limonata	\$ 31.89
7/26/2016	Duran’s Pharmacy	38.32
8/18/2016	Viniagrette	<u>33.97</u>
		\$ 104.18

### **Other Non-Travel Financial Transactions**

#### **Holiday Decorations**

On October 31, 2016, four statues/decorations for a Dia De Los Muertos Center celebration were purchased on the Program Specialist’s P-Card. However, the Center’s staff could locate only two statues, and did not know where the other two were.

UAP 4000: Allowable and Unallowable Expenditures, Section 7: Holiday Decorations, states, *“University funds may not be used to purchase holiday decorations for University offices and*

buildings, except for holiday decorations in the Students Union Building and University Bookstores that do not exceed one hundred dollars (\$100.00). The following holiday decorations are unallowable/questioned costs.

<u>Transaction Date</u>	<u>Vendor</u>	<u>Amount</u>
10/31/2016	Masks Y Mas	\$ 450.00

### **Financial Transactions Conclusion**

Based on audit procedures performed, LGBTQ Resource Center financial transactions did not comply with the following UNM Policies and Procedures.

- UAP 4000: Allowable and Unallowable Expenditures, Section 4.1 Business Purpose states, *“Under the Internal Revenue Service’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 employees receive for allowable expenditures may be considered part of their taxable compensation. Ordinary is defined as “common in [a] field of trade, business, or profession” and necessary as “helpful and appropriate for [a] business.” To qualify as business expenses, expenditures must be directly related to or associated with the University’s mission.”*
- UAP 4030: Travel, Section 4.1 Travel within the United States states, *“Departments and other units may establish procedures for requiring prior approval of travel within the United States.”*

Section 4.2 International Travel states, *“Travelers on international business should receive the prior approval of their dean, director, department head, PI or designate.”*

Section 12.4. Conference Meals and Lodging states, *“A “conference meal” is defined as a meal that is offered for separate purchase by the conference, or is provided by the conference. When travelers incur expenses for conference meals in excess of the per diem allowances set forth above, the University will reimburse the actual meal expense upon presentation of the appropriate receipt; the per diem must also be proportionately reduced. When meals are included in conference fees, or otherwise provided, the per diem meal reimbursement must be reduced by the appropriate GSA rate allocation for each meal provided.”*

- UAP 7205: Dishonest or Fraudulent Activities states, *“An employee found to have committed a dishonest or fraudulent act in relation to the University's financial affairs is subject to disciplinary action by the University and investigation by law enforcement agencies when warranted. Described herein are the steps to be taken when fraud, misappropriation, and similar dishonest activities are suspected.”*

*Dishonest or fraudulent activities include the following:*

- *Misappropriation of funds, securities, supplies, or any other asset (including furniture, fixtures, or equipment).*
- *Authorizing or receiving payments for goods not received or services not performed.*
- *Any apparent violation of Federal, State, or local laws.*
- *Any similar or related activity.”*

A summarized schedule of unallowable/questioned financial transactions, by event, is presented below.

<u>Event/Location</u>	<u>Amount</u>
<b><u>Travel</u></b>	
Study Abroad to Cuba	\$ 4,590.46
Ojo Caliente, NM	379.92
Bangkok, Thailand	3,795.28
Standing Rock, ND (Trip 1)	3,043.05
Standing Rock, ND (Trip 2)	2,156.05
Other Travel	<u>239.59</u>
<b>Subtotal</b>	<b>\$ <u>14,204.35</u></b>
 <b><u>Non-Travel</u></b>	
Meals	\$ 104.18
Other Non-Travel	<u>450.00</u>
<b>Subtotal</b>	<b>\$ <u>554.18</u></b>
<b>Grand Total</b>	<b>\$ <u><u>14,758.53</u></u></b>

### **Recommendation 2:**

The Provost's Office should work with DEI to strengthen internal controls over P-Card purchases to eliminate unallowable/questioned financial transactions, including obtaining preapproval from management for any P-Card exceptions to allowable costs.



**Response from the Provost's Office:**

<b>Action Items</b>
<i>Completion Date: October 31, 2017</i>
<i>Assigned to: Provost's Office Chief of Staff</i>
<p><i><b>Corrective Action Planned:</b> The VP for DEI will institute a practice of personally conducting a thorough review of P-Card transactions with the manager of the Center and the Fiscal Services Center designee.</i></p> <p><i>With the Director of the Fiscal Services Center, the VP for DEI will develop a list of allowable expenses and those that need prior approval for not only the Center but all DEI employees.</i></p> <p><i>All expenditures that require special exceptions from the P-card or central accounting offices must have prior VP approval. This includes but is not limited to travel, food, supplies over \$100, and event expenses.</i></p> <p><i>The VP for DEI will require the Center program specialist/education coordinator to provide in advance a monthly schedule of events, projected expenditures and their funding source for review and approval.</i></p> <p><i>The VP for DEI and any staff that approve P-card expenditures will be required to take P-card training regardless of whether they personally hold a P-card.</i></p> <p><i>All Academic Affairs faculty or staff that have the responsibility for approving P-card statements will be required to take P-card training. The approver will be held accountable for violations of the P-card agreement.</i></p> <p><i>All Academic Affairs requests for P-card reinstatement after revocation will require EVP/Provost approval.</i></p>

**Awards/Scholarships**

The Center is preparing scholarship forms and awarding scholarships, but the Center has not gone through the official process to establish departmental scholarships and award scholarships according to UAP 2335: Departmental Scholarships. We can find no evidence that the Center publicized scholarships and that they awarded scholarships through a formal selection process.

During the Study Abroad trip to Cuba, the Program Specialist verbally awarded a student employee a scholarship covering registration fees and travel costs for the trip. The Center could

not provide documentation supporting a scholarship for this student employee to attend the Study Abroad trip. During an interview with the student employee, the student stated that she was verbally informed that she would be awarded a scholarship for all program and travel expenses pertaining to Study Abroad trip. Study Abroad expenses incurred for this student employee are as follows:

<b>Cuba Trip Scholarship Expenses</b>	<b>Dollars</b>
Registration fees:	\$2,746.00
Roundtrip Airfare to Miami:	\$398.46
Lodging in Miami:	\$245.86
Total	\$3,390.32

UAP 2335: Departmental Scholarships, Section 2 Departmental Scholarship Programs states, *“To establish a departmental scholarship, departments must submit either a Proposal for Establishing a Departmental Scholarship or a description of the program to the appropriate dean for approval. Each proposal or description must include the following elements in accordance with applicable sections herein:*

- *scholarship objective;*
- *type of award and value or range of values;*
- *typical number and frequency of scholarships to be awarded;*
- *source of funds;*
- *criteria for eligibility, nomination, and participation;*
- *process used to promote the scholarship and request applications;*
- *selection procedures indicating who selects recipients and timeline for selection;*  
*and*
- *criteria upon which scholarship decisions will be made.*

Section 3. Publicity states *“Departments must formally announce all available awards on departmental web pages.”*

Section 6. Selection and Notification Process further states *“Departments must have a formal selection process that includes a selection committee of at least two (2) individuals, unless the fund donor has different requirements. For limitations on donor involvement concerning recipients, refer to Section 4 of UAP 1030 (“Gifts to the University”). The selection process must be documented in writing and the selection timeline must be placed on the departmental scholarship web page. Departments must:*

- *coordinate and maintain records of all applicants and the selection process for three (3) years,*
- *notify recipients in writing on University letterhead, and*
- *notify the Scholarship Office of all awards via a Departmental Award Form.”*

The Center did not follow the UAP process for awarding Scholarships and eligible students may not have applied for or received scholarships because the scholarships were not publicized and scholarships were not awarded in a formal selection process.

**Recommendation 3:**

The Provost's Office should work with DEI to ensure that the Center develops a scholarship process in compliance UAP 2335: Departmental Scholarships. The process should include publicizing the scholarships and awarding them in a formal selection process.

**Response from the Provost's Office:**

<b>Action Items</b>
<i>Completion Date: October 31, 2017</i>
<i>Assigned to: Provost's Office Chief of Staff and Lawrence Interim VP for DEI</i>
<i>Corrective Action Planned: The Provost's office will work with DEI to establish a standard protocol based on UAP policy for awarding all scholarships. Specifically, the criteria for awarding will be developed and a page added to the LGBTQ website that addresses and advertises all scholarship opportunities.</i>

**UNM Gallup Branch Application Process for the Substance Abuse and Mental Health Services Administration (SAMHSA) Garrett Lee Smith (GLS) Campus Suicide Prevention Grant**

The Program Specialist was developing a grant proposal to submit an application for the SAMHA Campus Suicide Prevention Grant for the UNM Gallup Branch with an award amount of up to \$102,000 per year for three years. The Office of Sponsored Projects required the completion of final budgets, justifications, and personnel documents along with drafts of all the technical pieces of the proposal no later than Wednesday, 11/30/2016. The Provost's Office cancelled the grant submission on 12/1/2016 at 3:07 p.m. after speaking with the Provost and the VP for DEI because there was not adequate time to pull everything together and because the VP for DEI did not have enough information about the cost share to commit to it.

Review of the circumstance surrounding the cancelling of the grant proposal indicates:

- The SAMHA Campus Suicide Prevention Grant opportunity was published on 9/28/2016 with an application due date of 12/7/2016.
- The Office of Sponsored Projects required the completion of final budgets, justifications, and personnel documents along with drafts of all the technical pieces of the proposal no later than Wednesday, 11/30/2016.
- The abstract for the project was still being edited as of 11/29/2016.
- The budget for the project was still being edited as of 11/29/2016.
- The approvals of the cost share for the grant were not requested until 11/30/2016 and were not completed.
- The grant could not be entered into the federal grant system by UNM Gallup Branch personal because documents required by the grant were not completed by 12/1/2016, including the budget justification, narrative, abstract, completed cost/share form, completed grants.gov forms.
- The grant has not been entered into grants.gov by 12/1/2016 at 3:07 p.m.

Many UNM offices and employees worked on this project to obtain funding. The Program Specialist was not available on campus during the grant submission process because she traveled to Standing Rock, North Dakota during Thanksgiving break on November 24, 2016 through November 28, 2016 with Center staff and student employees. Although all staff and student employees returned on November 28, 2016, she did not return until December 5, 2016.

The grant submission process was not successful because the final grant budget and abstract were not completed in a timely manner and management did not have adequate time to review and approve the final grant documents. The Provost's Office has established internal controls, which prevented the submission of a poorly planned grant proposal not completed by the deadline.

## MANAGEMENT OVERSIGHT

Strong internal controls, which includes adequate management oversight from the VP for DEI, is necessary to ensure the Center operates efficiently and complies with University policies and procedures, and State laws and regulations.

UAP Policy 2000: Responsibility and Accountability for University Information and Transactions, Section 4: University Information, states, *"All individuals authorized to process, approve, and/or review transactions and reports are responsible for the proper use of any information they view. Departments heads or designees are responsible for a monthly review of transactions affecting their business and administrative processes to ensure appropriateness of transactions and conformity with approved processes including budget."*

Section 5: Sanctions, further states, *“Individuals who do not demonstrate due care and good judgment in the administration of their duties may be subject to disciplinary action, up to and including discharge.”*

The VP for DEI and the DEI Program Manager did not provide adequate oversight for the Center. Internal Audit noted the following issues during audit procedures.

- The VP for DEI was not reviewing the operating ledger for the Center. The DEI Program Manager did not provide the operating ledger to the VP for DEI. The VP for DEI and the DEI Program Manager believed that the Provost’s Office Shared Service Center was reviewing the operating ledger.
- The VP for DEI requested formal leave requests from the Center but did not share the requests with the DEI Program Manager who approved the timesheets.
- The VP for DEI stated that we should talk to the DEI Program Manager about a \$52,000 budget adjustment for “out of state travel.” She said the budget adjustment may have been made with the Shared Service Center. The DEI Program Manager stated that the VP for DEI is responsible for the finances (budget approval, adjustments) for the Center. The DEI Program Manager and the VP for DEI met with the Shared Service Center regarding the financial information. The VP for DEI signed the budget documents, approving the budget adjustments.
- The VP for DEI stated that she did not have access to one of the Center employee’s P-Card reconciliations so she could not review the reconciliations. The VP for DEI as the supervisor of the Center could have required the review.
- The Program Specialist requested a \$3,000 cash advance for the Cuba trip. The VP for DEI stated that the Program Specialist did not request approval for the cash advance. The VP for DEI did approve the cash advance through an email to the P-Card Office.

**Recommendation 4:**

The Provost’s Office should work with DEI to develop a process to ensure that Equity and Inclusion management is providing adequate oversight of their departments, including but not limited to, approving and monitoring budgets and financial transaction, approving leave requests, and implementing and enforcing internal controls.

**Response from the Provost's Office:**

<b>Action Items</b>
<i>Completion Date: October 31, 2017</i>
<i>Assigned to: Financial Officer of Academic Affairs and Interim Vice President of DEI</i>
<p><i><b>Corrective Action Planned:</b> DEI management will work with Fiscal Shared Services to develop a review process for departments that report to DEI. This process will include the following:</i></p> <ol style="list-style-type: none"> <li><i>1. Quarterly meetings to discuss each unit's budget</i></li> <li><i>2. Provide DEI management access to Resource Center's multi-year forecasts (used to monitor and reconcile annual budgets)</i></li> <li><i>3. Each unit will be required to provide a report demonstrating actual expenditures compared to the original budget. All budget adjustments will require <b>pre-approval from DEI management</b> prior to processing the budget revision adjustments</i></li> <li><i>4. All fiscal transactions for travel and special exceptions to policy UAP 4000 will require <b>pre-approval by DEI management</b>. This approval will be documented by a written memo or email detailing the University business purpose.</i></li> <li><i>5. All pcard statements will be accessible through Chrome River to DEI management for review on a monthly basis.</i></li> <li><i>6. Leave requests will be required to be pre-approved by DEI management and the documented approval should be reconciled with the leave request form demonstrating what was approved was accurately reported to the timekeeper. Leave request forms should have both the employee and supervisor's signatures documenting the agreement that the leave was pre-approved and submitted correctly.</i></li> </ol> <p><i>In addition to the review process internally established by DEI management, all fiscal transactions will flow through the appropriate fiscal approval queues, which will include DEI management and Resource Center director. Actively involving DEI management by creating internal review and approval processes will ensure that DEI management is well informed on how each unit is spending its resources.</i></p>

## OTHER

### Account Coding

P-Card expense reallocation is a necessary process to ensure P-Card purchases are charged to the appropriate expense account. The Program Specialist incorrectly recorded seven (7) P-Card transactions totaling \$1,275.31 to an incorrect expense account, and P-Card transactions for travel, lodging, and food to the "Office Supplies General" expense account.

### **Recommendation 5:**

The Provost's Office should work with DEI management to ensure P-Card reviewers for the Center's P-Cardholders are conducting thorough reviews of P-Card activity. As part of the P-Card review, DEI reviewers should ensure P-Card cardholders correctly record purchases to the appropriate expense account.

### **Response from the Provost's Office:**

<b>Action Items</b>
<i>Completion Date: October 31, 2017</i>
<i>Assigned to: Interim VP for DEI in collaboration with Shared Service Center staff</i>
<i>Corrective Action Planned: The VP for DEI will institute a practice of personally conducting a thorough review of P-Card transactions with the manager of the Center, including designating which type of purchases require pre-approval from the VP. In particular, requiring pre-approval by the VP those transactions that require a special exception from the P-Card or Accounting offices.</i>

### Shared P-Card

The University of New Mexico P-Card Agreement states, "I understand that I am responsible for the security of the Purchasing Card that has been assigned to me. I agree that I will not allow others to use my Purchasing Card. I further understand that improper use of the Purchasing Card may result in disciplinary action, up to and including termination of employment." The Program Specialist signed the P-Card Agreement prior to receiving her P-Card.

### LGBTQ Resource Center Employees

The LGBTQ Program Specialist shared her P-Card information with the Center's Education Coordinator and Administrative Assistant II to complete financial transactions on her behalf. The Education Coordinator stated that a scanned copy of the P-Card was maintained in the Center. In one instance, a student employee at the Center had physical access to the Program Specialist's P-

Card during travel to an event in Tucson, Arizona. The student employee incurred the following purchases for gas on the Program Specialist's P-Card.

<u>Transaction Date</u>	<u>Vendor</u>	<u>Location</u>	<u>Amount</u>
9/7/2016	Sky City Travel Center	Pueblo of America, NM	\$ 11.25
9/8/2016	Giant	Salford, AZ	15.03
9/11/2016	Circle K	Tucson, AZ	16.95
9/11/2016	Off Campus Fuel	Springerville, AZ	17.55
			<u>\$ 60.78</u>

The UNM P-Card office revoked the Program Specialist's P-Card on December 2, 2016.

#### Women's Resource Center Employee

A Women's Resource Center Program Specialist provided her P-Card to LGBTQ Resource Center employees for various valid purchases during the months of June and July 2016. The Center charged 18 transactions totaling \$3,429 on the Women's Resource Center Program Specialist's P-Card during the time they had access to her P-Card information. The purchases were reviewed and approved by the Women's Resource Center Program Specialist's supervisor and the UNM P-Card office, and were charged to LGBTQ Resource Center accounts. However, sharing the P-Card is against the UNM P-Card Agreement. Although the purchases were for valid business purposes, sharing of P-Card information increases the risk of unallowable P-Card transactions and P-Cards being lost/stolen, for which the P-Cardholder would be responsible.

#### **Recommendation 6:**

The Provost's Office should work with the UNM Dean of Students to take appropriate action to train Women's Resource Center employees on proper P-Card procedures and work to minimize the risk of unallowable P-Card transactions and P-Cards being lost or stolen.

#### **Response from the Provost's Office:**

<b>Action Items</b>
<i>Completion Date: October 31, 2017</i>
<i>Assigned to: Provost's Office Chief of Staff and Dean of Students</i>
<i>Corrective Action Planned: The Dean of Students will verbally counsel the Women's Center Program Specialist on the issues and policy associated with sharing her P-Card information with others. Additionally, the Program Specialist and all holders of a P-Card in the Dean of Students Office will be required to re-take the P-Card training.</i>



**Cash Management**

Center staff receiving cash or checks are not making deposits in a timely manner. The Center did not deposit cash receipts for eight of eight money lists tested by the next working day. In one instance, a check from New Mexico Tech for \$550 was reissued on 3/16/2016 because the initial check dated 8/12/2013 was never deposited by the Center.

Although Center management and staff handle cash, none have taken the online Cash Management training. The employees that handle cash are unaware of Cash Management training and deposit requirements specified in UAP 7200: Cash Management.

Section 1.1. Mandatory Cash Handling Training states, *“Individuals responsible for handling cash and their direct supervisor must take the online “Cash Management” training course offered by the University Employee and Organizational Development Department. Supervisors are responsible for ensuring that new employees, students, and volunteers responsible for monies take the required training as soon as possible after being assigned cash handling duties, but no later than sixty (60) days after the assignment date.”*

Section 2. Deposits states, *“Monies received should be deposited at the University Cashier Department intact by the next working day following receipt. When less than fifty dollars (\$50) is involved, monies may be accumulated up to a week.”*

**Recommendation 7:**

The Provost’s Office should work with DEI to ensure Center management and staff that handle cash or checks take the Cash Management training and implement internal controls to ensure that deposits are made by the next working day.

**Response from the Provost’s Office:**

<b>Action Items</b>
<i>Completion Date: October 31, 2017</i>
<i>Assigned to: Interim Vice President of DEI</i>
<i>Corrective Action Planned: All Resource Center employees should take (or re-take if already taken) the Cash Management training through Learning Central. This will be a required training for all staff in the Resource Center and will be documented as required training on all staffs’ annual performance evaluations.</i>

**Participant Incentives**

The Program Specialist received two payments of \$200 each from the Health Sciences Center (HSC) Department of Family and Community Medicine reported as “incentive payments” in calendar year 2016 for providing expert input for a grant and development of community focused research. The (HSC) Department of Family and Community Medicine did not report the Program Specialist’s compensation of \$400 to UNM Payroll, which resulted in her compensation being under reported to the Internal Revenue Service.

UAP 2170: Honorarium Payments, Section 1 General states, “*Departments may pay an honorarium to an individual of special achievement or renown, in return for that individual's willingness to visit the University and participate in a University event of short duration (such as a speaker, reviewer, or seminar participant), with the understanding that the payment does not constitute compensation commensurate with the actual services provided.*”

*Honoraria cannot be paid to UNM employees by the University. In addition, according to a New Mexico state statute, employees cannot request or receive an honorarium for a speech or service rendered that relates to the performance of public duties.”*

UAP 2480: Incentives for Program Participants, Section 4.1 University Employees states, “*the value of all incentives given to participants who are University employees (faculty, staff, and students), regardless of amount, must be reported to Payroll.*”

**Recommendation 8:**

The HSC Senior Executive Officer should work with the HSC Department of Family and Community Medicine to ensure payments to employee participants for UNM events comply with UAP 2480 and 2170, regardless of amount.

**Response from the HSC Senior Executive Officer:**

<b>Action Items</b>
<b><i>Completion Date:</i></b> October 31, 2017
<b><i>Assigned to:</i></b> HSC Senior Executive Officer
<b><i>Corrective Action Planned:</i></b> The HSC Senior Executive Office, Financial Services staff will meet and work with Family and Community Medicine administrative staff to ensure payments to employee participants comply with UAP 2480 and 2170. The new Chrome River implementation has been programmed to not allow honorarium payments to employees and a report has been developed to identify employees receiving participant payments to ensure proper reporting.

**Bookstore Charges**

The Center purchased \$6,872.01 of items from the UNM Bookstore during the period of January 1, 2016 through December 31, 2016. Internal Audit could not determine why these items were purchased, because the Center did not include the business purpose of the purchases. The Center purchased office supplies, computers, electronics and other items. Some of the items purchased include four \$25 gift certificates for a total of \$100, water bottles, gift bags, wine glasses, key rings, computer hard drives, and an iPhone case. The Center does not have a process for documenting the business purpose for purchases made at the UNM Bookstore.

According to UNM Unrestricted Accounting “...*In order to be able to make a determination as to whether requests for payment or reimbursement are allowable under University Administrative Policies and Procedures, there must be adequate information included with the request to enable the reviewer to determine how the payment benefits the University. This required information is referred to as the “Business Purpose.”*”

Management may not be able to determine if a transaction is a valid business expense without the business purpose and the transaction may not be allowable without the business purpose. The Center may be spending money on non-essential items to the detriment of the students they are supporting.

**Recommendation 9:**

The Provost’s Office should review the Center’s bookstore spending, reduce or eliminate non-essential spending, and develop a process, which requires UNM Bookstore purchases have a documented business purpose.

**Response from the Provost’s Office:**

<b>Action Items</b>
<b><i>Completion Date:</i></b> October 31, 2017
<b><i>Assigned to:</i></b> Financial Officer of Academic Affairs and Interim Vice President of DEI
<b><i>Corrective Action Planned:</i></b> Shared Service Center will work with DEI management to review UNM Bookstore spending and make a recommendation on areas to reduce this spending. Only basic office supplies and minor office equipment should be purchased through the Bookstore. Any purchase beyond basic office supplies/equipment should require DEI management pre-approval (gift cards, promotional items, etc.).
<i>DEI management will require all Bookstore purchases to be documented through the Bookstore receipt with a noted valid UNM business purpose. These documents will be stored with the monthly reconciliation files, which will be reviewed monthly with the Resource Center director (or designee) and quarterly with DEI management.</i>

**LGBTQ Resource Center Reserved Parking Space**

The Center is paying for daily guest parking permits and a reserved parking space. The yearly cost of the reserved parking space is \$1,253. Internal Audit determined that this is not a reasonable use of student fees since the Center purchases daily guest parking permits and should not need the reserved parking permit.

**Recommendation 10:**

The Provost's Office should review the cost and use of the Center's reserved parking space and determine if the Center should eliminate the cost of the reserved parking space

**Response from Provost's Office:**

<b>Action Items</b>
<i>Completion Date: October 31, 2017</i>
<i>Assigned to: Interim Vice President for DEI</i>
<i>Corrective Action Planned: The Interim Vice President will terminate the reserved parking space immediately as well as assign a staff member to log distribution of and business purpose for use of daily parking passes.</i>

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## APPROVALS



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Manu Patel, CPA  
Director, Internal Audit Department

Approved for Publication



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Chair, Audit and Compliance Committee