

**UNIVERSITY PRESIDENT'S TRAVEL, ENTERTAINMENT, AND
OTHER EXPENSES**

**Report 2018-05
October 3, 2018**



THE UNIVERSITY OF
NEW MEXICO.

Audit and Compliance Committee Members

Thomas Clifford, Chair
Garrett Adcock, Vice Chair
Lt. Gen. Bradley Hosmer

Audit Staff

Manu Patel, Internal Audit Director
Chien-Chih Yeh, Internal Audit Manager
Jane Tinker, Senior Auditor

CONTENTS

EXECUTIVE SUMMARY 1

 CONCLUSION..... 1

INTRODUCTION..... 2

 BACKGROUND 2

 PURPOSE..... 2

 SCOPE 2

 AUDIT PROCEDURES 5

CONCLUSION 6

APPROVALS 7

ABBREVIATIONS

Banner	Financial System of the University
FY	Fiscal Year
Foundation	University of New Mexico Foundation
IA	University of New Mexico Internal Audit Department
IRS	Internal Revenue Service
PCard.....	Purchasing Card
President's Office.....	University of New Mexico Office of the President
UAP.....	University Administrative Policies and Procedures Manual
UNM.....	The University of New Mexico
University.....	The University of New Mexico

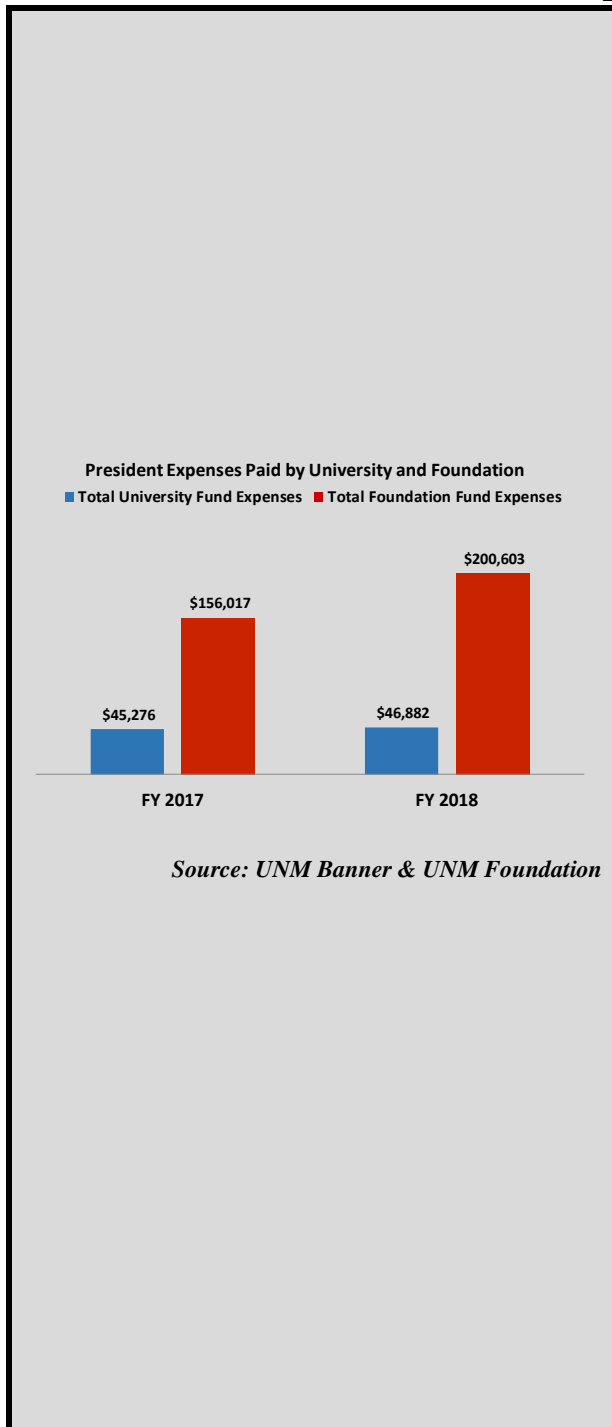
EXECUTIVE SUMMARY

As required by Regents' Policy 3.9: Benefits of the University President, and per the President's employment agreement, the Internal Audit Department (IA) conducted an audit of the President's travel, entertainment, and other expenses for the period of July 1, 2017 through June 30, 2018. The purpose of the audit was to determine compliance with University policies, Foundation Policy 4.1, the President's employment agreement, and reporting requirements of the Internal Revenue Service (IRS).

IA examined the President's and President's spouse's travel, entertainment, and other expenses of \$46,882 and \$200,603 disbursed by the University of New Mexico (University) and the University of New Mexico Foundation (Foundation), respectively, during fiscal year (FY) 2018. The disbursements from the Foundation include \$20,000 paid for the President's Lobo Basketball Suite at Dreamstyle Arena, \$60,000 paid for the Regents' Lobo Basketball Suite at Dreamstyle Arena, and \$50,000 paid for the President's Lobo Sports Suite at the University Football Stadium.

CONCLUSION

In the audit of the President's travel, entertainment, and other expenses, IA found the expenses are reasonable, allowable, and generally in accordance with the University Administrative Policies and Procedures Manual (UAP), Foundation Policy 4.1, the President's employment agreement, and IRS reporting requirements.



INTRODUCTION

BACKGROUND

According to Regents' Policy 3.9: Benefits of the University President, and the Employment Agreement of the President, the University pays for or reimburses the President and the President's spouse for reasonable and allowable expenses for official travel and entertainment incurred by the President in the performance of the President's duties. These duties may include any of the following: hosting University events; attending seminars, educational conferences, conventions, and/or meetings of non-profit boards on which the President may serve; other professional growth activities; and, other meetings to advance the interest of the University. The University encourages the President's spouse to accompany the President to events and to attend events separately as a representative of the University. The University also pays for allowable costs of the spouse's travel. These reimbursements are in accordance with established travel and expense reimbursement policies of the University (UAP 4030: Travel and UAP 4000: Allowable and Unallowable Expenditures).

The President has reasonable discretionary funds (The UNM President's Club) available from private funds raised by the Foundation. The UNM President's Club donors support core priorities of the University – Student Success, Systemic Excellence, Healthy Communities, and Economics and Community Development. The gifts to the UNM President's Club directly support student success and opportunity. In accordance with Regents' Policy 3.9: Benefits of the University President, the discretionary funds are made available to the President for such miscellaneous expenses as: retirement or recognition/appreciation gifts; purchases of tables sponsored by community organizations; potential donor activities; donor relations; receptions; meals (including alcoholic beverages); fund raising events; and, other similar events or expenses that are judged to be appropriate for the benefit of the University.

PURPOSE

The purpose of the audit was to determine if the President and President's spouse's travel, entertainment, and other expenses, are reasonable, allowable, and in accordance with University policies, Foundation Policy 4.1, the President's employment agreement, and IRS reporting requirements.

SCOPE

The audit period was from July 1, 2017 through June 30, 2018. The scope of the audit included the travel, entertainment, and other expenses incurred by the President and President's spouse that were recorded in selected accounts in the operating ledger of the President's Office. The scope also included 100% of all their reimbursed expenses through Banner and the Foundation. This report covers two University Presidents due to a transition in March 2018.

The following table is a summary of the University Fund Expenses of the President and President's spouse for FY 2018:

University of New Mexico Expenses for the Period July 1, 2017 through June 30, 2018			
Description	University President and Spouse	University Events and Business Meetings*	Total
Travel Expenses	\$ 12,978	\$ -	\$ 12,978
Business Meals	-	1,712	1,712
Catering Events	-	11,709	11,709
Membership Dues	24	-	24
Rental Fees	-	10,002	10,002
Moving Expenses	8,114	-	8,114
Operating Miscellaneous	493	1,850	2,343
Total Expenses	\$ 21,609	\$ 25,273	\$ 46,882

Source: UNM Banner

* University Events and Business Meetings amounts include expenditures for food, beverages, rental, and supply fees at various University-wide functions and receptions hosted by the President for faculty, regents, donors, executive team and leadership meetings, special events, etc.

The following table is a summary of the Foundation Fund Expenses paid on behalf of the President for FY 2018:

University of New Mexico Foundation Expenses from July 1, 2017 through June 30, 2018	
Description	Total
Business Meals	\$ 400
Catering Events	45,624
Entertainment/Development	138,881
Sponsorship	13,350
Travel	2,348
Total Foundation Expenses	\$ 200,603

Source: UNM Foundation

INTRODUCTION

The total amount paid from these two sources is approximately \$247,000 for the President and the President's spouse's expenses, including expenses for University events, entertainment, and Foundation development activities, etc.

The following tables are a summary of total revenues and expenses from the University of New Mexico Office of the President's (President's Office) operating ledger. The information is for informational purposes only; not all amounts were included in the scope of this audit.

University of New Mexico President's Office Operating Ledger Revenues July 1, 2017 through June 30, 2018						
Account Description	Budget Adopted	Budget Adjustments	Budget Accumulated	Actuals	Encumbrances	Balance Available Favorable/ (Unfavorable)
Other	\$ -	\$ 30.00	\$ 30.00	\$ 902.72	\$ -	\$ 872.72
Gifts/Endowments/Gains	-	-	-	35,131.48	-	35,131.48
Transfers	(53,800.00)	(425,564.00)	(479,364.00)	(464,364.00)	-	15,000.00
Allocations	1,318,388.00	608,736.00	1,927,124.00	1,913,624.00	-	(13,500.00)
Reserves	6,975.00	17,352.00	24,327.00	196,302.28	-	171,975.28
Totals	\$ 1,271,563.00	\$ 200,554.00	\$ 1,472,117.00	\$ 1,681,596.48	\$ -	\$ 209,479.48

Source: UNM Banner

University of New Mexico President Office Operating Ledger Expenses July 1, 2017 through June 30, 2018						
Account Description	Budget Adopted	Budget Adjustments	Budget Accumulated	Actuals	Encumbrances	Balance Available Favorable/ (Unfavorable)
Salaries and Benefits	\$ 914,066.00	\$ 6,986.00	\$ 921,052.00	\$ 817,655.98	\$ -	\$ 103,396.02
Scholarships and Awards	1,500.00	-	1,500.00	1,500.00	-	-
Services & fees total	53,300.00	23,176.00	76,476.00	54,837.37	65,200.00	(43,561.37)
Other	89,847.00	146,186.00	236,033.00	33,276.62	-	202,756.38
Supplies	158,850.00	24,176.00	183,026.00	163,924.91	-	19,101.09
Travel/Entertainment	54,000.00	30.00	54,030.00	24,539.30	12,917.58	16,573.12
Totals	\$ 1,271,563.00	\$ 200,554.00	\$ 1,472,117.00	\$ 1,095,734.18	\$ 78,117.58	\$ 298,265.24

Source: UNM Banner

AUDIT PROCEDURES

Our detailed audit procedures included the following:

- Review the UAP, Foundation Policy 4.1, and the President's employment agreement for travel, entertainment, and other expense requirements;
- Review expenses to ensure they are authorized, approved, reasonable, allowable, in compliance with required policies, and charged to the correct account;
- Analyze all expense reimbursements paid to the President and/or the President's spouse as recorded in Banner and as provided by the Foundation;
- Review direct payments to vendors related to the President's/spouse's travel and entertainment, such as airline tickets, hotels, catering services, etc.;
- Review charges to the department's Purchasing Cards (PCard) for the President's/spouse's travel and entertainment related expenses, including the periodic reconciliation of the PCard transactions;
- Review spouse expense documentation form for expenses related to the President's spouse; and
- Review the University's determination of taxable expenses for the President and the President's spouse.

CONCLUSION

In the audit of the President's travel, entertainment, and other expenses, IA found the expenses are reasonable, allowable, and generally in accordance with the University Administrative Policies and Procedures Manual (UAP), Foundation Policy 4.1, the President's employment agreement, and IRS reporting requirements. This report covers two University Presidents due to a transition in March 2018.

APPROVALS



Manu Patel, CPA
Director, Internal Audit Department

Approved for Publication



Chair, Audit and Compliance Committee