

AUDIT OF LOS ALAMOS BRANCH CAMPUS

THE UNIVERSITY OF NEW MEXICO

Report 2020-02
May 7, 2020



THE UNIVERSITY OF
NEW MEXICO

Audit and Compliance Committee Members

Doug Brown, Chair
Marron Lee, Vice Chair
Rob Doughty

Audit Staff

Victor Griego, Interim Internal Audit Director
Chien-Chih Yeh, Internal Audit Manager
Gonzalo Olivas, Internal Auditor II
Jacob Smith, Student Intern

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ABBREVIATIONS

EOD.....	Employee & Organizational Development
FY.....	Fiscal Year
I&G.....	Instruction & General
Internal Audit.....	University of New Mexico Internal Audit Department
IT.....	Information Technology
UAP.....	University Administrative Policy and Procedure
University.....	University of New Mexico
UNM.....	University of New Mexico
UNM-LA.....	University of New Mexico – Los Alamos Branch

EXECUTIVE SUMMARY

An audit of the University of New Mexico Los Alamos (UNM-LA) campus was selected as part of the annual audit work plan for Fiscal Year (FY) 2020. The campus provides innovative, rigorous, and affordable opportunities to build an essential foundation for leading-edge career programs, enable transfer to a four-year institution, and allow for life-long learning opportunities. The campus offers a variety of academic programs for students that, upon completion, may lead to certificates that can allow a student to seek employment in that field (vocational education), an associate degree, or enable a student to transfer to a four-year degree-granting institution for continued study, as well as an adult basic education program and continuing education offerings open to the community. The campus enrolls undergraduate students as full- or part-time students, as well as high school students under dual-enrollment programs.

The purpose of this audit was to review business processes, determine whether adequate internal controls are in place, and determine whether the campus is complying with University policies and any internal UNM-LA campus policies in place, as well as applicable state and federal laws or regulations.

Specific areas reviewed include:

- Cash receipts;
- Cash disbursements, including accounts payable, procurement transactions, P-Card transactions, payroll reporting, and travel expenditures;
- Endowed and non-endowed gifts, including any student scholarships funded at UNM-LA from these sources;
- Fixed assets; and
- Information Technology (IT) best practices, to include safeguarding of data and sensitive information.

Key Recommendations

As a result of our audit work, we are making the following recommendations:

1. The UNM-LA campus should continue drafting an updated business operations manual that addresses key campus policies and procedures. The campus should consider drafting a policy that calls for review and updates of operating manuals and policies and procedures at regular, specified intervals.
2. UNM-LA should perform regular reconciliations of monies collected at UNM-LA and postings to UNM-LA revenue accounts. Where appropriate, UNM-LA should seek the assistance of UNM Main Campus Bursars/Cashier's Office in facilitating these reconciliations.

3. The direct supervisor of the employee that has been assigned cash management duties should take the Cash Management training course as soon as possible.
4. The UNM-LA Business Office should work on filling a vacant Fiscal Services Tech position as soon as possible, as this vacancy has caused the Accountant III to take on incompatible cash collection, posting, depositing, and reconciling roles. While the campus works to fill this opening, the UNM-LA Business Office should leverage other resources within the Business Office in order to comply with best practices for segregation of duties.
5. The UNM-LA Business Office should work with the Bursar's Office on Main Campus to ensure every employee with cash collection duties has and uses their own username and password in order to access the secure payment software system. Additionally, UNM-LA should assign individual user accounts for cashiers to log on to the shared workstation in order to eliminate the sharing of usernames and passwords across multiple users. UNM-LA should also consider installing an additional security camera with a more direct view of the cashiering area as an extra control and security measure.
6. UNM-LA should strengthen its IT security controls by performing actions such as, but not limited to: developing a written security program; [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

INTRODUCTION

BACKGROUND

UNM-LA traces its history back to 1956, when the UNM Los Alamos Center for Graduate Studies was founded to serve area residents wishing to obtain advanced degrees in scientific, engineering, management, and health-related fields. This center was originally housed under the Los Alamos National Laboratory Training Office. Undergraduate course offerings came to Los Alamos in 1970, upon establishment of the University of New Mexico Residence Center in Los Alamos. Los Alamos operations were ultimately absorbed by Northern New Mexico Community College in 1977, due to legislative actions.

With community support and legislative action, The University of New Mexico reestablished an undergraduate presence in Los Alamos. On July 1, 1980, the Los Alamos Branch Community College of The University of New Mexico began operations. The college underwent a period of growth and expansion, and adopted its current name, The University of New Mexico – Los Alamos, on January 6, 1984. The mission of the campus is to provide innovative, rigorous, and affordable opportunities to build an essential foundation for leading-edge career programs, enable transfer to a four-year institution, and allow for life-long learning opportunities. UNM-LA achieves this through high-quality instruction and personalized attention, which provides students the values, habits of mind, knowledge, and skills they need to be enlightened citizens, and to contribute to local, state, national, and global economies.

The campus offers a variety of academic programs for students that, upon completion, may lead to certificates that can allow a student to seek employment in that field (vocational education), an associate degree, or enable a student to transfer to a four-year degree-granting institution for continued study. The campus also offers an adult basic education program as well as continuing education options for personal enrichment. Students may enroll as full-time, part-time, or as high school students under dual-enrollment status. As of the Spring 2020 academic term, the campus had a total enrollment of 1,074 students. Enrollment data for the three most recent academic terms is shown below.

	Summer 2019	Fall 2019	Spring 2020
Headcount	343	929	1,074
Credit Hours	1,256	5,410	5,580

Source: UNM Office of Institutional Analytics

The campus is funded from state appropriations, tax levies from Los Alamos County, grants, student tuition, and fees. The total unrestricted budget for UNM-LA during FY 2020 is approximately \$4.9 million. The campus is headed by a Chancellor who has been with UNM-LA since 2000, and has served as Chancellor of UNM-LA since 2015. The Chancellor reports to the Provost & Executive Vice President for Academic Affairs. As of Spring 2020, the UNM-LA

INTRODUCTION

branch had 149 employees. Of these, 133 were Staff/Faculty, and 16 were student employees. Of the 133 Staff/Faculty employees, 105 employees are full-time faculty/staff positions, and 28 are part-time faculty/staff positions.

PURPOSE AND OBJECTIVES

An audit of UNM-LA was selected as part of the annual audit work plan for FY 2020. The purpose of this audit was to review business processes, determine whether adequate internal controls are in place, and determine whether the campus is complying with University policies and any internal UNM-LA campus policies in place, as well as applicable state and federal laws or regulations.

AUDIT SCOPE & PROCEDURES PERFORMED

Our audit focused on UNM-LA campus operations and activities for the six-month period of July 1, 2019 to December 31, 2019. Internal Audit evaluated and/or tested UNM-LA processes and transactions (where applicable) over the following areas:

- Cash receipts;
- Cash disbursements, including accounts payable, procurement transactions, P-Card transactions, payroll reporting, and travel expenditures;
- Endowed and non-endowed gifts, including any student scholarships funded at UNM-LA from these sources;
- Fixed assets (including computers and related equipment); and
- IT best practices, to include safeguarding of data and sensitive information.

During the course of this audit, Internal Audit reviewed the following items of information for the six-month period indicated above:

- Operating ledger;
- List of current fixed assets;
- Payroll reports;
- Operating manuals and procedures, course catalogs, and hierarchy (organizational) charts for the campus;
- Listings of financial aid awards made to students via donated endowed funds; and
- Listing of monetary and non-monetary gifts received.

Internal Audit also observed key business processes by UNM-LA staff and made inquiries with the appropriate management personnel.

The Audit of Los Alamos Branch Campus was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, established by the Institute of Internal Auditors.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

BUSINESS OPERATIONS MANUAL

UNM-LA follows University policies and procedures and has some of its own internal controls and policies in place. However, these established internal controls and policies are not formally documented and collected in one central location, in the form of a business or operating manual. A written, comprehensive, and current operating manual is an important tool to provide training for both new and current employees and reduces ambiguity as to proper policy and procedure. An operating manual can also provide valuable guidance in the event of employee turnover or the prolonged absence of an individual in a key operational area.

During the course of our audit work, UNM-LA disclosed to Internal Audit that an operating manual was in place; however, the manual had not been updated since its inception in FY 2007. The fact that the manual has not been reviewed or updated since its creation renders it obsolete. It is unclear why the manual has not been updated since its inception. The lack of a current, updated manual may result in conducting financial and operational activities in an informal manner. This increases the risk of inconsistent or inaccurate accounting for financial transactions, inaccurate financial reporting, unallowable activities and transactions, insufficient documentation for financial transactions, and non-compliance with UNM-LA or University policies. As of the date of our audit fieldwork, UNM-LA administration had started the process of updating their manual to reflect current practices, policies and procedures.

Recommendation 1

UNM-LA campus should continue updating their operating manual. The updated version of this manual should reflect both standard UAPs as well as campus-specific operating procedures (where appropriate) for specific business functions, including, but not limited to: accounts payable, purchasing, cashiering, payroll, time keeping/reporting, financial award processes, processing of any gifts received, compliance with endowment restrictions, etc. Additionally, UNM-LA campus administration should consider developing a policy which calls for regular review and updates of this operating manual to reflect current business practices, policies and procedures.

Response from the UNM-LA Chancellor

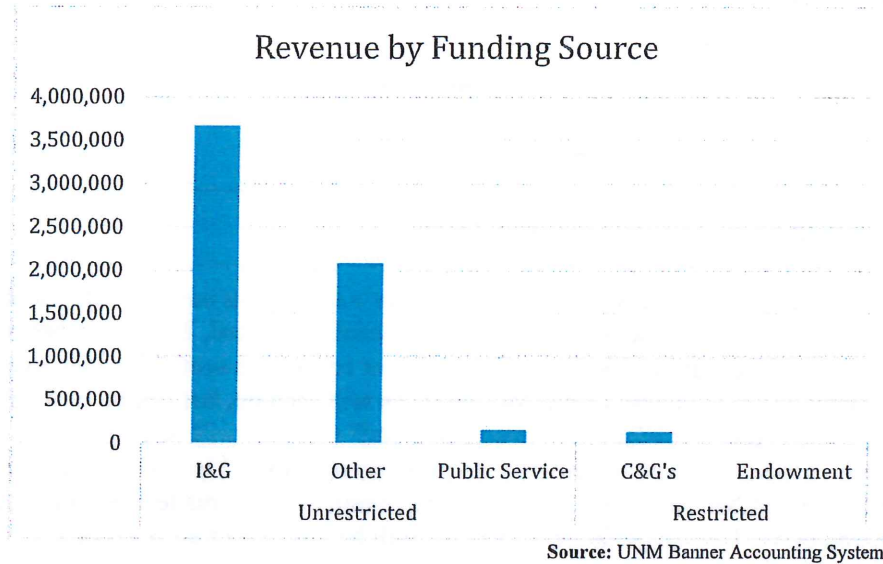
Action Items
<i>Targeted Completion Date:</i> September 30, 2020
<i>Assigned to:</i> UNM-Los Alamos Executive Team
<i>Management's Response:</i> We agree with the auditor's comments and recommendation, and the following action will be taken to improve our operating manual. Each member of the executive team will be responsible for updates to their respective sections of the manual. Specific updates to the Business Operations sections will include, but not be limited to the items listed in this recommendation. A designated staff member will be responsible for final consolidation of the document and assist with periodic revisions. Updates to the manual will be completed by September 30, 2020. The operating manual will be made available via our internal shared drive. UNM-LA faculty and staff will be advised of all revisions. UNM-LA will update our operating manual on an annual basis by June 30 th each year in the future.

FUNDING SOURCES

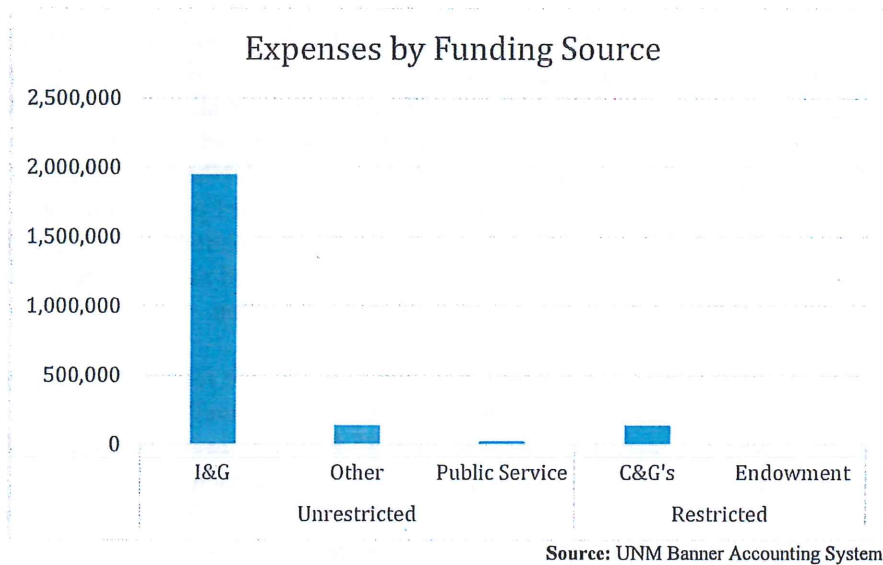
Funding for UNM-LA is primarily from the following sources: Instruction and General (I&G), Public Service, and Contracts and Grants. These three sources constitute approximately 66% of revenue for the campus.

Unrestricted funding sources for UNM-LA include I&G, Public Service, and Other Revenue. Significant components of the I&G funding include Tuition & Fees and State Appropriations. These sources are approved by the UNM Board of Regents and are allocated to UNM-LA. UNM-LA also receives approximately \$1.4 million in annual support in the form of a mill levy within Los Alamos County. These funds are intended to support UNM-LA campus operations and are presented as part of I&G funding. Public Service consists of program income generated by miscellaneous UNM-LA departments and operations, and any non-endowed spending distributions. Funds classified as "Other" include amounts recorded as part of reserves and royalties received by UNM-LA from the virtual bookstore operation.

As of December 31, 2019, UNM-LA had recorded \$6.07 million in revenue. This amount includes tuition and fees charges for the Spring 2020 semester, as well as any amounts in reserves accounts. UNM-LA recorded approximately \$7.8 million in revenue during FY 2019, including amounts recorded to reserves accounts. Currently, it is unclear if UNM-LA will be able to meet its projected revenues for FY 2020, due to the sudden and indefinite closure of UNM facilities system wide as a result of the COVID-19 emergency. A breakdown of funding sources for the six-month period ending December 31, 2019 is presented below.



The restricted funding source for UNM-LA is Contracts & Grants. Funds from contracts and grants include federal and non-federal contracts and grants. Funds from these sources are restricted for specific purposes as indicated in the contract or grant award documentation. Endowed spending distributions at UNM-LA are primarily donor restricted to support financial aid awards for students enrolled at the campus. A breakdown of expenses by funding source as of December 31, 2019 is presented below.



As of December 31, 2019, the campus had accumulated approximately \$2.26 million in expenses. Projecting out to the rest of FY 2020, spending at UNM-Los Alamos appears to be on track to reach approximately \$4.5 million, which is consistent with total expenses recorded in FY 2019, which were \$4.4 million.

CASH DISBURSEMENTS

Accounts Payable and Procurement

The procurement and disbursement processes at UNM-LA mirror those found elsewhere within the UNM system. The primary purchasing method at UNM-LA is the P-Card. P-Cards are used for smaller purchases below \$10,000. UNM-LA also relies on the Purchasing Department located on Main Campus as a central purchasing authority. The Purchasing Department issues purchase orders for goods and services for UNM-LA for all purchases exceeding \$10,000 in cost. Any purchase above this dollar threshold must be made via the purchase requisition process, which requires competition to obtain the best pricing possible.

Internal Audit assessed internal controls over purchasing and accounts payable disbursements, and performed test work to ensure compliance with both UNM-LA and UNM Purchasing and Accounts Payable policies and procedures, as well as laws, rules, and regulations. No exceptions were noted in our test work.

Employee Travel

UNM-LA adheres to UAP 4030: "Travel" for any travel-related expenses, disbursements or reimbursements. All travel-related disbursements, whether they are a reimbursement of expenses or pre-payment, require proper approval from the appropriate UNM-LA staff. These approvals are documented on a form that clearly indicates travel information such as destination, dates of travel, and business purpose. This approval allows an employee to book their travel and seek reimbursement (where appropriate) for their expenses. This approval is also required for all travel instances where UNM-LA prepays for travel expenses on the employee's behalf. Upon return from travel, employees must provide supporting documentation for expenses incurred.

Internal Audit assessed internal controls over travel-related disbursements and reimbursements, and performed test work to ensure compliance with both UNM-LA and UNM travel policies and procedures, laws, rules, and regulations; specifically, IA tested to determine reasonableness of expenses incurred, mileages and per-diem amounts computed, proper approvals obtained, and support submitted. No exceptions were noted in our test work.

Employee Time Reporting

UNM-LA follows University policies and procedures for time reporting, approval, and entry into appropriate systems. Employees report their time via the appropriate time system. At the end of

the pay period, the employee reviews their time card to ensure it is complete and accurate prior to their approval. The employee's supervisor reviews the employee's time card and indicates their approval of the time card. Following these approvals, the time is entered into Banner for processing.

Internal Audit assessed internal controls over time reporting and approval, and performed test work to ensure compliance with both UNM-LA and UNM policies, and state and federal laws, rules, and regulations. No exceptions were noted in our test work.

CASH COLLECTIONS

UNM-LA primarily receives cash for tuition, fees, community education offerings, and miscellaneous items such as virtual bookstore and food service commissions. UNM-LA only collects cash in the form of physical currency or checks. UNM-LA does not accept credit or debit cards on campus: these payments must be made electronically via a third-party service provider linked to UNM's cashier and Banner systems. This policy is consistent with other branch campuses, as well as Main Campus, when making a payment to the University Cashier.

Account Reconciliations

Account reconciliation is an important component of a sound internal control process for financial reporting. Account reconciliation ensures that all funds collected or expended have been properly allocated and recorded to correct accounts. Timely and regular account reconciliations also help in identifying any differences between amounts collected/expended, and amounts recorded in operating ledgers. This is especially important in instances where cash and checks are collected, as these carry a higher risk of misappropriation or theft.

During the course of audit field work, Internal Audit determined that regular reconciliations of tuition and fees revenue accounts are not being performed. This is not in accordance with the official UAP 7200, which covers cash collection and management procedures.

As part of Internal Audit's test work on cash collection events, we tested whether reconciliations on revenue accounts had occurred. In a random sample of 22 cash collection events at UNM-LA, Internal Audit was unable to adequately reconcile nine (9) cash collection events to an operating ledger posting. On top of the 9 cash collection events, seven (7) additional cash collection events, totaling sixteen (16), did not have index and account code information available. Internal Audit is unable to determine if these were recorded to a correct index and account code within the operating ledger. Additionally, when reviewing a different random sample of 22 operating ledger tuition and fees revenue postings to reconcile to a cash collection event, Internal Audit was unable to reconcile any of these operating ledger tuition revenue postings to any cash collection event.

University Administrative Policy (UAP) 7200, Cash Management, Section 3: Internal Control, describes requirements over cash collections and safeguarding:

“Internal control is necessary to prevent or detect any possible errors or irregularities involving monies. Internal control requires segregation of accounting, custodial, and authorization functions from each other. Specifically, UNM cash management internal controls are maintained by:

- Limiting access to monies;
- Immediately recording payment transactions;
- Segregating duties;
- Billing on a timely basis, and
- Reconciling accounts.”

The regular account reconciliation requirement is also addressed in the training course titled “Cash Management” through Employee and Organizational Development (EOD). This course is available for all UNM employees, and is required training for employees with cash handling responsibilities and their supervisors.

Reconciliations of revenue collections did not occur because of a lack of awareness by UNM-LA staff of the need and the requirement calling for regular reconciliations. Reconciliations also did not occur due to the fact that revenue is sometimes posted as a batch total (which contains payments made in person at UNM-LA as well as payments made through online payment portals) versus individual collection events in an operating ledger account, which can make it difficult to match a cash collection event to a ledger posting. The Bursar’s Office generates reports that can make these reconciliations easier to perform. These reports were last generated for UNM-LA in April 2019; however, the Bursar’s Office stopped generating these reports due to a miscommunication between UNM-LA and the Bursar’s Office on Main Campus. Because regular account reconciliations are not occurring, UNM-LA is unable to determine if all monies collected at and for UNM-LA have been properly allocated to a UNM-LA index. This may lead to situations where monies collected for UNM-LA may be misallocated to a different index, and these errors may go undetected.

Recommendation 2

The UNM-LA Chancellor should strengthen internal controls over the revenue reconciliation process. UNM-LA should perform regular reconciliations of monies collected at UNM-LA and postings to UNM-LA revenue accounts. Where appropriate, UNM-LA should seek the assistance of UNM Main Campus Bursars/Cashier’s Office in facilitating these reconciliations.

Response from the UNM-LA Chancellor

Action Items
<i>Targeted Completion Date:</i> February 29, 2020
<i>Assigned to:</i> Director, Business Operations
<i>Management's Response:</i> We agree with the auditor's comments and recommendation, and the following action has been taken to improve the revenue reconciliation process. On February 26, 2020, UNM-LA contacted the UNM Main Campus Bursars/Cashier's office to request assistance with the daily revenue reconciliation process used prior to April 2019 for Los Alamos, and currently being used by main campus. Written procedures for the reconciliation process have been prepared for UNM-LA and the reconciliation process was re-established on February 27, 2020. This will improve internal controls over the revenue reconciliation process.

Segregation of Duties

Sound cash collection procedures depend on an effective internal control system. Effective internal control systems, in turn, depend on a good segregation of duties system. Under such systems, separate individuals are responsible for key aspects of the cash collection process, such as collecting and posting payments to accounts, preparing bank deposits, making deposits, and reconciling collections to deposits and ledger accounts. The need for these systems is established as a university requirement within UAP 7200, "Cash Management," which is applicable to any University department that engages in cash collections.

During our review, we noted the Accountant III at UNM-LA is serving as a cash collector (cashier) and poster in electronic accounting systems, deposit preparer, and cash depositor. The Accountant III is serving in these incompatible roles due to staffing shortages at UNM-LA. The Accountant III served in these incompatible roles during the first three months of FY 2020 until a Fiscal Services Tech position was filled. This position became vacant in the middle of December 2019, and the Accountant III is currently serving in these incompatible roles once again.

Recommendation 3

UNM-LA should work on filling the open Fiscal Services Tech position as soon as possible. While the position remains open, or in the event of an employee absence, UNM-LA should identify additional staff within the Business Operations department that may be able to serve in some of these roles on an interim basis.

Response from the UNM-LA Chancellor

Action Items
<i>Targeted Completion Date:</i> April 30, 2020
<i>Assigned to:</i> Director, Business Operations
<i>Management's Response:</i> We agree with the auditor's comments and recommendation, and the following action has been taken to strengthen internal controls and maintain proper segregation of duties as outlined in UAP 7200. The Fiscal Services Tech position was filled on April 6, 2020. The new staff member has completed Cash Management training and requested the appropriate BAR role for TouchNet access. The Fiscal Services Tech will be the primary Cashier for UNM-LA. The Cashier's role will consist of collecting funds, processing payments in the TouchNet system, daily drawer balancing, and printing daily processing reports. The Accountant III will operate in one of the following roles; as a backup cashier or the staff member primarily responsible for account reconciliation. Additional Business Operations staff will prepare deposits, make deposits at the local bank, and complete account reconciliation when necessary. The Director of Business Operations will continue to review and approve the cash collection process.

Cash Management Training

University employees that have responsibilities over monies as part of their job assignment are required to take cash handling training. Cash management training is required of any employee that has responsibility over collection, safekeeping, or depositing of monies, including cash, checks, money orders, credit card payments, or any other negotiable instrument that may be received by the University, either in person, via mail, or over the phone. This training is offered online for UNM employees by EOD.

UAP 7200, Cash Management, Section 1.1; "Mandatory Cash Handling Training," outlines who is required to take this training and when it must be taken. Specifically,

"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."

During the course of our audit work, we noted that the direct supervisor of a full-time employee with primary cash handling duties has not taken this training. Occasionally, the direct supervisor

acts as a backup to employees with cash management duties. UNM-LA did not have established procedures to ensure it complies with the UAP requirements. IA noted that the supervisor subsequently took a corrective action by completing the required training.

Recommendation 4

UNM-LA administration should develop procedures to ensure that individuals responsible for handling cash, and their direct supervisor, complete the online "Cash Management" training course.

Response from the UNM-LA Chancellor

Action Items
<i>Targeted Completion Date:</i> April 21, 2020
<i>Assigned to:</i> Director, Business Operations
<i>Management's Response:</i> We agree with the auditor's comments and recommendation, and the following action has been completed as recommended. All staff members currently responsible for handling cash, and their direct supervisor have completed the online Cash Management training. The Mandatory Cash Handling Training section in the UNM-LA Operating Procedures Manual has been updated to reflect this recommendation. Business operations staff will re-take the Cash Handling Training annually.

STUDENT FINANCIAL AID DISBURSEMENTS

The UNM-LA campus follows UNM Financial Aid policies and procedures when awarding financial aid to eligible enrolled students. Students at UNM-LA are eligible to receive Pell Grants, Subsidized and Unsubsidized Loans, as well as NM Lottery and Bridge scholarships. These funds are administered by the Student Financial Aid Office at UNM Main Campus. UNM-LA students are also eligible to receive scholarships that are funded via endowed gifts to UNM-LA intended to support academic scholarships for students enrolled at UNM-LA. Students are informed of awards and eligibility requirements and must apply to receive an award. Student applications are reviewed and awards are made based on whether or not the student meets the qualifying criteria and availability of funds.

Internal Audit assessed internal controls over student financial aid awarded from these endowed funds, and performed test work to ensure compliance with donor intent, student eligibility for

awards, and reasonableness of award amount, as well as any applicable UNM-LA policies and procedures. No exceptions were noted in our test work.

FIXED ASSETS AND COMPUTER INVENTORY

UNM-LA follows University policies and procedures for fixed asset additions and retirements, as well as general procedures regarding property control. The campus conducts an annual inventory of its property in accordance with UAP 7710; Property Management and Control, and in accordance with New Mexico state laws.

Internal Audit assessed internal controls over property management and control and performed test work to ensure the campus has maintained an accurate property list and to determine if additions and removals to property lists were performed in compliance with UNM policy as well as State and Federal laws, rules, and regulations. No exceptions were noted in our test work.

IT SECURITY

Payment Software System

UNM-LA collects payments for tuition, fees, and events through a third-party service provider linked to UNM's Cashier and Banner Systems. The service provider provides a payment and cashiering system utilized by the University and administered by the Bursar's office, as a secure payment environment for cash, check, and credit card payments. UNM-LA does not accept in-person credit card payments. Credit card payments are accepted online through the service provider.

During the course of the audit, Internal Audit noted that the cashier manager and a student employee at UNM-LA Cashier's office are sharing a set of user IDs and passwords to logon to the shared workstation that has the payment system software. UNM-LA did not submit a request with the UNM Bursar's office to obtain a Payment Software System account for the student employee. The Cashier manager is also sharing a Payment Software System account and drawer with the employee for daily cashiering activity. In addition, there is one camera installed on the ceiling of the lobby outside the Cashier's Office that does not fully cover the cashiering counter and drawer where cashiering activity occurs.

UNM-LA had only two employees at the Cashier's Office as of the end of audit fieldwork and was recruiting a cashier, since the prior cashier departed in December 2019. They are currently hiring a new full time Cashier to fill this Fiscal Service Tech position. Even though the student employee has taken on a greater role during this absence, UNM-LA did not submit a BAR access request for the student employee. Additionally, UNM-LA does not have procedures in place to ensure its Cashier's Office follows related UNM policies when understaffed. A separate finding related to segregation of duties was discussed previously in this report.

UAP 2500: Acceptable Computer Use, Section 2.1.4.: Computer Security states, "Individuals using computing services are responsible for keeping accounts and passwords confidential and for safeguarding all University data and information." Section 2.1.5.: Computer Accounts and Passwords, also states "The University, through IT and departments, provides computer accounts to authorized users for access to various University systems. These accounts are a means of operator identification and passwords are used as a security measure. An individual's computer account shall not be shared. Account use is a privilege, not a right."

Section 2.1.5.1. Account Authentication further states, "Passwords, PINs, and other identifiers authenticate the user's identity and match the user to the privileges granted on University computers, computer networks, systems, and computing resources. A password is a security measure designed to prevent unauthorized persons from logging on with another person's computer account and reading or changing data accessible to that user."

UAP 2520: Computer Security Controls and Access to Sensitive and Protected Information, Section 4. Access to Computer Systems Containing Sensitive and Protected Information states, "An individual who requires access to sensitive and protected information (i.e. ERP suite of tools, PowerPark, etc.) must comply with UAP 2000 ("Responsibility and Accountability for University Information and Transactions") and must be authorized by the data custodian responsible for the specific application."

Without adequate controls to authenticate the users for accessing to computers and systems at the Cashier's Office, UNM-LA may grant excess privileges to employees. UNM-LA may not be able to safeguard the sensitive and protected information within the systems, and may not be able to hold the appropriate employee(s) accountable in case of errors or irregularities. Additionally, proper use of a camera system could help improve the security at the Cashier's Office.

Recommendation 5:

UNM-LA should adopt the recommendations as follows:

1. UNM-LA Cashier's Office should work with the UNM Bursar's office to obtain payment system software accounts and passwords for every user.
2. UNM-LA Cashier's office should complete any/all BAR role requests for the student employee based on its assessment of the business need.
3. UNM-LA Cashiers should use their own payment system software accounts at all times and should never share them with others.
4. UNM-LA IT should install the payment system software on additional workstations available in the Cashier's Office, or alternately, assign individual user accounts for cashiers to log on to the shared workstation.
5. UNM-IT should consider installing a camera that provides better coverage of the cashiering activity.

Response from the UNM-LA Chancellor:

Action Items
<i>Targeted Completion Date:</i> June 30, 2020
<i>Assigned to:</i> Director, Business Operations and Manager, Information Technology
<i>Management's Response:</i> We agree with the auditor's comments and recommendation. The following action has already been or will be taken to improve our processes related to computer security controls and access to sensitive information. 5.1 – All UNM-LA staff required to work in the TouchNet payment application will have their own user id and password. A request has been made to the main campus cashier supervisor to setup our new Fiscal Service Tech in the application with a unique login and password. 5.2 The UNM-LA Cashier's office will complete appropriate BAR role request for all employees based on assessment of business need. 5.3 UNM-LA cashiers will use their own payment system accounts at all times. 5.4 Based on business need, it is not currently necessary to add an additional TouchNet workstation. UNM-LA IT will create, configure, and test individual accounts for each cashier in the TouchNet application. UNM-LA staff will log in and out of the shared workstation with their individual user account logins. 5.5 UNM-LA IT will install a security camera that covers the cashier workstation(s) explicitly. The installed camera will be compatible with our current and future security camera systems.

General Information Technology Security

During the course of the audit, Internal Audit identified general IT issues that require management's attention as follows:

1. UNM-LA does not currently have a written campus-wide information security program to communicate with its employees. It does not have designated personnel to develop such programs, including, but not limited to: (1) computer accounts and user identification; (2) access control; (3) acceptable computer use; (4) computer security awareness; and, (5) tracking of software maintenance and licenses. UNM-LA does not have controls in place to demonstrate its compliance with UNM IT related policies.



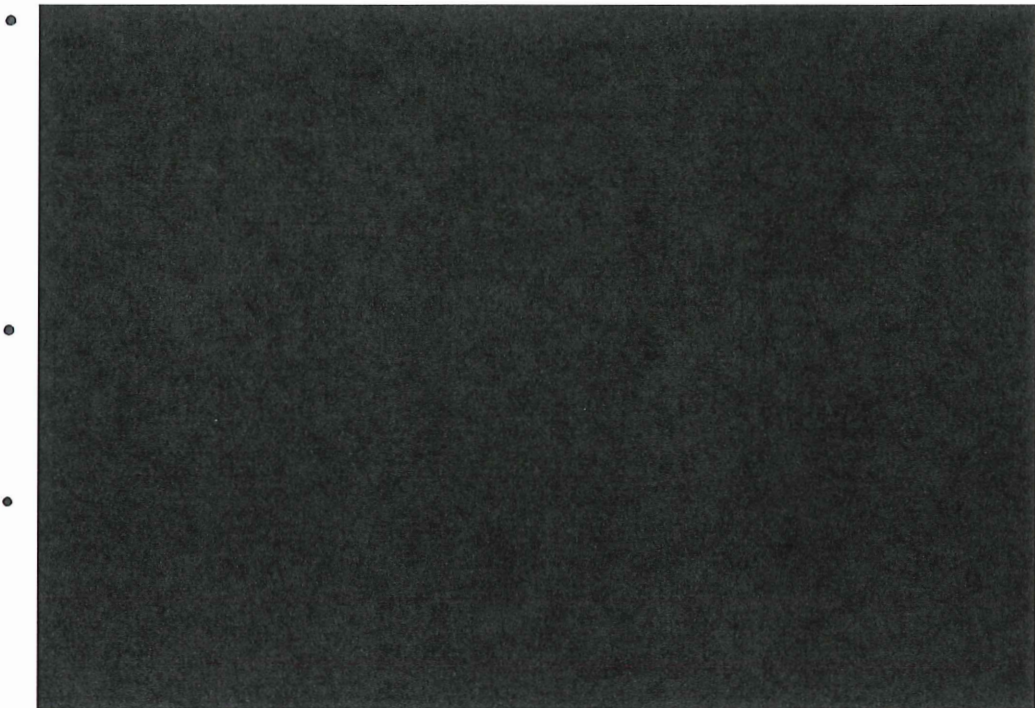
2.

3.

4.

In accordance with UAP, UNM-LA should have IT security controls which include, but are not limited to, the following:

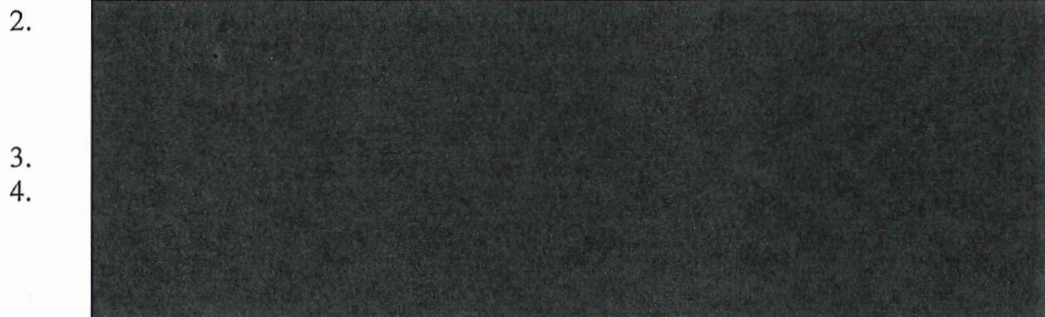
- UAP 2520: Computer Security Controls and Access to Sensitive and Protective Information, Section 2 Access to Departmental Systems, “The department head or designee ensures proper management of computer accounts and user identification by handling system user authentication securely (e.g. passwords, PIN numbers, access codes).”
- Section 1 General, “Department heads or designees are responsible for computer security awareness and for ensuring reasonable protection of all departmental computing systems within their purview against breaches of security, through methods such as virus protection, firewalls, encryption, patch management, change control, and password usage. Departments must have environment-specific management practices for business functions such as maintenance, change control procedures capacity planning, software licensing and copyright protection, training, documentation, power, and records management for computing systems under their control.



Recommendation 6:

UNM-LA IT department should strengthen its IT security by executing the following:

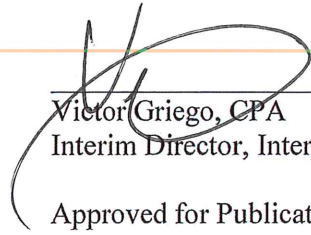
1. Developing a written program that includes, but is not limited to: (1) computer accounts and user identification; (2) access control; (3) acceptable computer use; (4) computer security awareness; (5) tracking of software maintenance and licenses, and the recommendations discussed below; and, (6) communicating the program's policies and procedures with employees and monitoring its implementation periodically.



Response from the UNM-LA Chancellor:

Action Items
Targeted Completion Date: December 31, 2020
Assigned to: Director, Business Operations and Manager, Information Technology
<p>Management's Response: We agree with the auditor's comments and recommendation. The following action will be taken to improve our processes with IT security.</p> <p>6.1 UNM-LA IT, with assistance from UNM IT, will review UNM policies with regard to: (1) computer accounts and user identification, (2) access control, (3) acceptable computer use, (4) computer security awareness, and (5) tracking software maintenance and licenses and other recommendations listed. UNM-LA will incorporate and expand upon them as appropriate to meet business needs for our campus. A written program of these policies, and the procedures related to them, will be compiled and communicated to employees during new hire orientation, annually as part of our annual policy awareness process, and through the Operating Procedures manual. UNM-LA intends to migrate to the UNM COLLEGES Active Directory Domain and use their Microsoft System Center Configuration Manager by the end of June 2020.</p> <p>6.2 [REDACTED]</p> <p>6.3 [REDACTED]</p> <p>6.4 [REDACTED]</p>

APPROVALS



Victor Griego, CPA
Interim Director, Internal Audit Department
Approved for Publication



Chair, Audit and Compliance Committee