

**AUDIT OF FACILITIES AND MAINTENANCE DIVISION
THE UNIVERSITY OF NEW MEXICO**

**Report 2020-08
September 29, 2021**



**THE UNIVERSITY OF
NEW MEXICO**

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ABBREVIATIONS

Area.....	Facilities and Maintenance Area (Zone)
Facilities Management.....	Facilities Management Department
Facilities and Maintenance.....	Facilities and Maintenance Division
FY.....	Fiscal Year
G&L.....	Grounds and Landscaping
HSC.....	UNM Health Sciences Center
I&G.....	Instruction & General
Internal Audit.....	University of New Mexico Internal Audit Department
OEM.....	Original Equipment Manufacturer
IT.....	Information Technology
UAP.....	University Administrative Policy and Procedure
University.....	University of New Mexico
UNM.....	University of New Mexico
UNM HR.....	University of New Mexico Human Resources Department
WebTMA.....	Web Based TMA Systems Maintenance Software
Work Control.....	Facilities Management Work Control Department

EXECUTIVE SUMMARY

An audit of the University of UNM Facilities and Maintenance Division was selected as part of the annual audit work plan for Fiscal Year (FY) 2020.

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

Specific areas reviewed during the course of the audit include:

- Facilities and Maintenance operations and management
- TMA project and work order management system
- Property management
- Payroll
- Purchasing and P-Cards
- Complaint investigations

CONCLUSION

Facilities and Maintenance generally operates in an effective and efficient manner. However, during the audit Internal Audit noted findings of non-compliance with UNM policies and procedures and areas to improve efficiency and effectiveness in its operations. The following is a summary of recommendations made in the report.

Key Recommendations

1. Facilities Management should enforce established procedures to ensure itemized receipts are always obtained and submitted in order to provide verification that purchases made through the A/P process are allowable.
2. Facilities Management should strengthen internal controls to:
 - Complete a thorough review of construction projects to ensure that outside contractors are fulfilling their contracted services, and vendor responsibilities are not completed by FM personnel.
 - Ensure proper permits are obtained prior to commencement of construction projects.

INTRODUCTION

BACKGROUND

Facilities Management's mission is to deliver effective programs and efficient facility services based on sustainable and collaborative outcomes aligned with The University of New Mexico's core mission. Facilities Management's vision is for recognition among the community, state, and national peers as a leader in campus sustainability and facilities stewardship. Facilities Management is organized into five divisions, each responsible for a broad range of activities, but also interrelated and integrated into the department as a whole (see Exhibit A).

Facilities Management is responsible for the care and upkeep of the physical campus environment. Essential services fall within these five divisions: environmental services; engineering and energy services; facilities maintenance; utilities; and finance and services. Below is a brief description of what each division is broadly responsible for.

Facilities and Maintenance

The Facilities and Maintenance Division is responsible for the maintenance and repair of campus facilities. The campus maintenance operation is divided into four areas covering north, central, and south campuses, and employs skilled professionals providing a wide range of services.

Environmental Services

The Environmental Services Division provides comprehensive support services to keep the campus environment attractive, clean, and safe. Environmental Services employs people across all skill levels and provides services through multiple functional areas.

Engineering and Energy Services

Engineering and Energy Services provides facilities engineering support, building commissioning, building automatic system technical installations and operation, and controls programming. This division also contributes to the sustainable planning, design, construction, and operations of utility and building systems. Engineering & Energy Services employs skilled professionals to accomplish this mission.

Utilities

The Utilities Division provides utilities to the Albuquerque campuses utilizing four utility plants to deliver steam, chilled water, electricity, and domestic water for multiple uses. Utilities employs professionals in five functional areas.

Finance & Services

Finance and Services is responsible for all the financial activities of FM. They also administer the department's Work Control operations. This division employs professionals in Finance and Work Control functions.

Facilities Management had the following budget and employees for Fiscal Year ended June 30, 2020:

	Budget FY 2020	Employees FYE 2020
Facilities Management Divisions		
Facilities & Maintenance Division	\$12,222,890	96
Finance & Services Division	3,444,966	21
Environmental Services Division	11,582,093	210
Engineering & Energy Services Division	6,547,654	16
Utilities Division	32,679,659	45
Total Budget	\$66,477,262	388

Source: UNM Facilities Management Department

PURPOSE AND OBJECTIVES

An audit of Facilities and Maintenance Division 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 Facilities and Maintenance division is complying with University policies and any internal Facilities Management policies in place, as well as applicable state and federal laws or regulations.

AUDIT SCOPE AND PROCEDURES PERFORMED

Our audit focused on Facilities and Maintenance operations and activities for FY 2020. Internal Audit evaluated and/or tested Facilities and Maintenance processes and transactions (where applicable) over the following areas:

- Management of FM Division
- TMA project management system
- Purchasing and P-Card transactions
- Payroll
- Tool inventory
- Outcomes of complaint investigations

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

- Prior internal audits and compliance hotline investigations
- Operating ledgers
- Payroll reports
- Operating manuals and procedures, and hierarchy (organizational) charts for the Facilities and Maintenance division
- Control assessments of WebTMA system and small tool inventory system

Internal Audit also reviewed key business processes, interviewed staff, and made inquiries with the appropriate management personnel.

The Facilities and Maintenance audit was conducted in a virtual environment due to the COVID-19 pandemic. It 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

FACILITIES AND MAINTENANCE ORGANIZATION AND PERSONNEL

Facilities and Maintenance is tasked with the maintenance of the University's physical assets, and to that end the division employs over one hundred licensed trades technicians. All work, materials, and the use of vendors, is tracked through the use of WebTMA, a web-based maintenance management software program through which Facilities and Maintenance schedules its maintenance activities. University-approved vendors are used from time to time based on the workload of each Area, and the expertise required for any specific repair. Generally, all new construction and remodel projects are referred to UNM's Planning, Design and Construction Department.

Facilities Maintenance Areas

Facilities and Maintenance (FM) is organized into four maintenance areas (Areas) on campus, and also the the UNM Lock Shop, and the DH Lawrence Ranch.

The main function of FM is the maintenance of all facilities (buildings and fixed structures) on campus. Maintenance operations are organized by Areas (zones) based upon a military model which was adopted by UNM Physical Plant Department more than twenty years ago. Each Area is responsible for a mapped-out zone on the UNM Campus as follows:

Area 1: NW campus including Scholes Hall and the main campus buildings north of Roma, and west of the Duck Pond. The Area includes Dane Smith Hall, the Yale Parking Structure, and the FM service buildings north of Lomas, the Athletic complex on south campus, and the UNM owned buildings in the Science and Technology park.

Area 2: Includes all UNM Health Sciences Center (HSC) buildings under the UNM School of Medicine (North Campus), including the UNM Cancer Center, but not including the UNM Hospitals. UNM Hospitals has its own maintenance department and services the main UNM Hospitals, the Richardson Pavilion hospital, the Carrie Tingley Hospital and the Lobo Clinic facilities.

Area 3: Includes Mesa Vista Hall, the Anderson School of Management, and all structures east of Mesa Vista Hall, including Johnson Center and student housing buildings.

Area 4: Includes Central Campus buildings south of Scholes Hall, and west of the Cornell Mall down to Central Avenue; Area 4 includes the Student Union Building, Fine Arts Library, Popejoy Hall, and the UNM Bookstore.

Types of Projects and Categories of Work at Facilities and Maintenance

FM performs four main types or categories of maintenance work:

1. **Preventative Maintenance:** Monthly maintenance work based upon factory specifications, and Original Equipment Manufacturer (OEM) suggested schedules of maintenance for a variety of building systems, equipment, and structural components. All buildings have complex systems that require regular maintenance, including but not limited to: electrical and lighting; elevators; heating, cooling and HVAC; and, specialized plumbing and waste disposal systems. Preventative maintenance is scheduled monthly and Facilities and Maintenance employs a Preventative Maintenance Coordinator dedicated to scheduling and coordinating the maintenance prescribed by the Original Equipment Manufacturer.
2. **Corrective Maintenance:** As FM employees are in the field and notice buildings, equipment, or facilities with issues or in need of repair, the issues are brought forth to management and put on the schedule for corrective maintenance.
3. **Unplanned Maintenance:** Regular ongoing maintenance in the normal course of business, usually the result of normal wear and tear. Unplanned maintenance is most often initiated by departmental requests for service through the Facilities Management iService Desk. This category includes plumbing repairs, lightbulb replacement, graffiti removal, vandalism repair, roof leaks and other repairs of that nature.
4. **Emergency Repairs:** Issues that arise after hours or are of an urgent nature, such as flooding, broken windows, and similar issues.

WEBTMA WORK ORDER SYSTEM AND PROCESS

Work Control Department

Maintenance work on the UNM campus is generally initiated through the iService Desk, a UNM web portal for departments to request maintenance service. Facilities Management's Work Control Department (Work Control) generally creates the work orders in WebTMA from information entered into the iService Desk. Maintenance requests can also originate by telephone call, or through an Area Preventative Maintenance scheduler. FM does not do maintenance work on the UNM campus without a properly initiated work order. Once work orders are created, they are assigned to FM Areas which then take full responsibility for the WebTMA work order process.

After the request is received by Work Control, a Service Call Coordinator then verifies the data, assigns a Banner Index, FM Area assignment, and enters other data such as task code, customer name, and trades category. If the request is for routine maintenance, the cost generally comes from the Area's I&G index for maintenance. If it is outside the scope of routine maintenance, the department will pay for the work out of their budget and the Service Call Coordinator will

enter an estimate. Internal Audit's assessment of the work control department indicates FM has adequate processes in place for initiating and tracking maintenance work orders.

WebTMA Project Management

Maintenance work at Facilities and Maintenance is scheduled and managed through WebTMA, a web-based software for management of facilities maintenance operations. Built into the WebTMA software package are multiple layers of control, including system access controls, and data entry and editing rights. Generally, supervisors oversee the work entered by field technicians, managers oversee the supervisors' activity in the system, and all activity in WebTMA is under the purview the FM division manager and senior management in the Facilities Management Department.

UNM general accounting and purchasing departments have oversight over all transactions entered into Banner and through the purchasing process. Any WebTMA transactions that interface with general accounting (through Banner) and the purchasing department (through the purchase order system) are subject to the reviews and controls of those departments.

Internal Audit reviewed the WebTMA system controls and performed a transactional walkthrough of the system, focusing on the controls over the WebTMA process. Based on audit procedures performed, Internal Audit determined there are adequate internal controls in place, and the WebTMA system is adequately utilized to provide sufficient project management for maintenance requests and FM projects.

Facilities and Maintenance Manager's Process

The Facilities and Maintenance Manager receives a monthly report compiled by all the Area Managers from WebTMA activity for their Area. The monthly report tabulates all work orders that are open, completed, in progress, and in the production queue. Maintenance work is categorized by Area, building, trade, and various other attributes. The WebTMA reports are used to track each Area's productivity regarding maintenance work. In addition, division financials are generated monthly, as are project status reports. Timekeeping reports and Chrome River (accounts payable) reports are generated at any time, as needed. At least once a month, the Facilities and Maintenance Manager and the Area Managers meet with the Facilities Management Director and the Facilities Management Finance Director to report on Facilities and Maintenance activity, and plan maintenance activity for the next month.

Based on our review of the WebTMA controls and transactional walkthroughs, Internal Audit determined that Facilities and Maintenance has adequate controls in place over the maintenance work order and WebTMA processes.

TOOL INVENTORY AND CONTROLS

Tools used by Facilities and Maintenance employees are owned by the University and collectively constitute a substantial investment in equipment. Therefore, FM has implemented controls to safeguard the tool inventory, including the following procedures:

- Implementation of FM-wide policy for management of tool inventory.
- Assigning tools to employees upon employment at FM, and personnel are responsible for care and safety of the tool in their possession.
- Employee signatures on an inventory form for tools assigned to them.
- Logs of assigned tools are kept for each FM Area.
- Damaged tools must be returned to the shop before a replacement tool is issued.
- Periodic inventories are taken for Facilities and Maintenance tools and equipment.

Internal Audit performed the following audit procedures to assess the controls in place over FM tool inventories: Interviewed FM Director and FM personnel; reviewed policies on tools and inventory; obtained and examined tool sign-out forms and inventory assignment logs; and, assessed internal control environment over tool inventories.

Based upon the audit procedures performed, Internal Audit determined that Facilities and Maintenance has adequate controls in place to safeguard University tools.

PURCHASING AND P-CARD TEST WORK

Accounts Payable and Procurement

FM follows the procurement processes set forth in University Administrative Policies (UAP), Purchasing Department policies and procedures, and the State Procurement Code. FM 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 FM 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 FM Department and UNM Purchasing and Accounts Payable policies and procedures, as well as laws, rules, and regulations.

Facilities Management did not maintain itemized receipts for two (2) of 22 transactions tested.

Recommendation 1:

FM should enforce established procedures to ensure itemized receipts are always obtained and submitted in order to provide verification that purchases made through the A/P process are allowable and properly supported.

Response from the Facilities Management Director

Action Items
<i>Targeted Completion Date: September 1, 2021</i>
<i>Assigned to: Finance Division for compliance. All divisions will be assigning to supervisors and managers to communicate with their corresponding staff.</i>
<i>Management's Response: FM is consistently seeking to be in compliance and transparent in all our transactions. The Director has determined that SOPs will be developed and deployed in order for staff to be fully informed of the importance of meeting expectations.</i>

P-Cards

FM adheres to the University's P-Card policies and procedures for the purchase of goods and services. The P-Card may be used to procure approved materials, supplies and non-capital equipment not exceeding \$10,000 with any vendor that accepts Visa that is not restricted by the University. The card may also be used for allowable services also not exceeding \$10,000. The P-Card can only be used for authorized items or services, for a valid business purpose, and in compliance with P-Card and purchasing policies and procedures. IA assessed internal controls over P-Card disbursements, and performed test work to ensure compliance with UNM's P-Card policies and procedures.

No exceptions were noted. Facilities and Maintenance has adequate internal controls and complies with UNM PCard policies and procedures.

PAYROLL CONTROLS AND TESTING

Employee Time Reporting

FM follows University policies and procedures for time reporting, approval, and entry into appropriate systems. Employees report their time using the Kronos (LoboTime) 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 then reviews the employee's time card and indicates their approval of the time card. Following these approvals, the time is entered into Kronos for processing.

Internal Audit assessed internal controls over time reporting and approval, and performed test work to ensure compliance with both FM Department and UNM time keeping policies.

No exceptions were noted. Facilities and Maintenance has adequate internal controls over time reporting and all payroll transactions tested were accurate.

FACILITIES AND MAINTENANCE HOTLINE CASES

The UNM Compliance Hotline is the main reporting system for the UNM community to make inquiries, file complaints, and report alleged misconduct and violations of laws, regulations and policies. The confidential Compliance Hotline operates 24 hours a day, seven days a week. The Compliance Hotline uses EthicsPoint, a case management system provided by Navex Global that has the capability to accommodate allegations and document information gathered from an investigation.

Prior to and during the Facilities Management audit, Internal Audit received five separate complaint investigations during FY 2020 and incorporated the cases into the scope of the Facilities Maintenance audit.

For certain cases, IA deems it sufficient that UNM departments conduct internal reviews of allegations where the issues can easily and effectively be resolved by department management. In such situations, IA provides advisory and consultation services and will review procedures and outcomes for internal reviews performed by UNM departments.

In cases of alleged fraud, IA alone will conduct the investigation in accordance with University Administrative Policies (UAP) 7205, Dishonest or Fraudulent Activities, §4, which provides that, “The Internal Audit Department will conduct an investigation of any situation involving possible impropriety in financial matters pertaining to the University. The Internal Audit Department will make inquiries to the extent necessary to determine whether the allegation has substance.”

Substantiated and Partially Substantiated Allegations

Case #3401 – Conflict of Interest - Case 3401 originated on August 20, 2019 through an anonymous call to the UNM Compliance Hotline.

Allegation 1: A UNM Facilities Management Engineering and Energy Services employee is alleged to be doing work on the side and representing a UNM vendor (conflict of interest).

Internal Audit determined that allegation 1 for case #3401 is partly substantiated. Facilities Management determined the employee was associated with an external company, but the company was not a vendor utilized by the University. Facilities Management counselled the employee on responsibilities and notifications required when employees are associated with outside organizations to ensure conflict of interest allegations do not arise. FM performed the following in response to the allegations related to this case.

- The department conducted a series of training classes with FM managers and supervisory staff, specifically addressing conflict of interest policies.
- FM staff is instructed to notify their supervisor and contact the UNM Purchasing Department regarding association with any outside businesses.

Internal Audit verified the employee's associated company was not a vendor of the University and determined the corrective in response to the allegation is sufficient. Case #3401 was closed on July 22, 2020.

Allegation 2: Work was performed by UNM trades staff which should have been completed by a vendor.

Internal Audit determined allegation 2 for Case #3401 is substantiated. FM determined that a contracted vendor did not complete an HVAC job, which was subsequently completed by a FM Area One HVAC Technician.

FM is in the process of completing a substantial review to address the incomplete project by this contracted vendor and subsequent completion by the Area One HVAC Technician. IA will determine the level of work completed prior to the Technician's completion. Specific findings and recommendations related to this allegation will be reported to UNM management at the completion of the review.

Case #3979 – Failure to obtain permits – Case #3979 originated on January 27, 2020 through an anonymous call to the UNM Compliance Hotline.

Allegation 1: FM has been performing work without the proper state permits, specifically that a separating wall was installed at the UNM Lock Shop without first pulling the required permit.

Internal Audit determined that this allegation is substantiated. FM provided confirmation to IA that a separating wall had been constructed at the University Lock Shop without obtaining the proper permits.

Recommendation 2:

FM should strengthen internal controls to:

- Complete a thorough review of construction projects to ensure that outside contractors and vendors are fulfilling their responsibility. Completion of contracted services should be verified and approved prior to closing projects to ensure payments are not made for contracted services not received.
- Ensure required permits are obtained prior to the commencement of construction projects.

Response from the Facilities Management Director

Action Items
<i>Targeted Completion Date: September 1, 2021</i>
<i>Assigned to: All FM divisions management. Director's office will facilitate.</i>
<i>Management's Response: FM has established an expectation that projects are fulfilled as expected by the vendor/contractor performing work. Work shall not commence until vendor/contractor or trades personnel can verify that permits have been obtained. Final payment to vendor/contactors will be withheld until verification of work is completed and inspected. A checklist will be developed as part of project closing procedures.</i>

Unsubstantiated Allegations

Case #3925 - Timekeeping Investigation – Case #3925 originated January 8, 2020 from an anonymous complainant to the UNM Compliance Hotline alleging that timekeeping fraud occurred on December 27, 2019 for employees called in for snow removal duties. Specifically, it was alleged that the Grounds and Landscaping (G&L) Manager called in employees to work, and clocked them in as having arrived at 4:30 AM despite their physical arrival as late as 8:39 AM.

After reviewing the allegations and applicable policies and procedures, IA conducted the following procedures:

- Assessed the adequacy of the control environment over timekeeping.
- Performed investigation procedures over timecards of G&L for employees who worked on the dates of the alleged timekeeping impropriety.
- Interviewed (via Zoom) staff relevant to the investigation.

Internal Audit determined that this allegation is unsubstantiated. Based on investigation procedures related to this allegation and payroll audit procedures completed, FM's time reporting was accurate and supported by LoboTime records. In addition, FM has adequate internal controls over the time reporting process. Case #3925 was closed on August 25, 2020.

Case #3926 – Scrap Metal Disposal – Case 3926 originated on January 2, 2020 from an anonymous complainant to the UNM Compliance Hotline. The complaint alleged that a staff member stole 15 trash cans destined for scrap metal recycling from the G&L storage area. Internal Audit performed the following procedures during the investigation:

- Interviewed staff relevant to the investigation.
- Reviewed UNM Policies on inventory and disposal of property.
- Assessed the overall physical control environment over the storage area, noting that it is secured by a perimeter fence with cameras over the entrances and exits.

Internal Audit determined this allegation to be unsubstantiated. Investigation procedures did not identify evidence of stolen and/or missing trash cans from G&L storage areas. In addition, IA determined that physical controls in place over scrap metal adequately mitigate risk of theft. Case #3926 was closed on August 25, 2020.

Cases #4218 - Timekeeping Investigation – Case #4218 was reported via an anonymous complainant to the UNM Compliance Hotline on February 28, 2020. The complaint alleged that timekeeping fraud occurred on February 21, 2020 by supervisors allowing non-exempt employees to leave earlier than scheduled, but clocking them out at the end of their scheduled work day.

IA conducted the following procedures during investigation of the allegations:

- Performed investigation procedures over timecards of G&L for employees who worked on the dates of the alleged timekeeping impropriety.
- Interviewed staff relevant to the investigation.

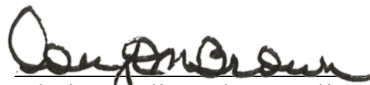
Internal Audit determined that this allegation is unsubstantiated. Based on investigation procedures related to this allegation and payroll audit procedures completed, FM's time reporting was accurate and supported by LoboTime records. In addition, FM has adequate internal controls over the time reporting process. Case #4218 was closed on August 25, 2020.

APPROVALS



Victor Griego, CPA
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Approved for Publication



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[Click division boxes for more detail]

