

UNIVERSITY-WIDE RISK ASSESSMENT AND PROPOSED THREE-YEAR INTERNAL AUDIT PLAN

THE UNIVERSITY OF NEW MEXICO

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THE UNIVERSITY OF
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ABBREVIATIONS

ASM.....	Anderson School of Management
A&S Admin.....	College of Arts and Sciences Administration
C&G.....	Contracts and Grants
CPH.....	College of Population Health
CTSC.....	Clinical and Translational Science Center
CME.....	Continuing Medical Education Department
COE.....	College of Education
FCM.....	Family Community Medicine
EM.....	Emergency Medicine Department
EVP Admin.....	Executive Vice-President for Administration
EPS.....	Earth and Planetary Sciences
FM.....	Facilities Management
Gallup.....	University of New Mexico Gallup Branch
GME/UME.....	Graduate Medical Education Department/Undergraduate Medical Education
HSC.....	Health Sciences Center
HSC IT.....	Health Sciences Center Information Technology
Internal Audit.....	University of New Mexico Internal Audit Department
IT/IS.....	Information Technology and Security
Los Alamos.....	University of New Mexico Los Alamos Branch
MGB.....	Molecular Genetics Biology
KNME.....	KNME Television Station
OB-GYN.....	Obstetrics and Gynecology
OMI.....	Office of the Medical Investigator
P-Card.....	Purchasing Card
Project ECHO.....	Project Extension for Community Healthcare Outcomes
SOE Admin.....	School of Engineering Administration
SHAC.....	Center for Student Health and Counseling
SOM.....	School of Medicine
SRS.....	Safety and Risk Services
Taos.....	University of New Mexico Taos Branch
University.....	The University of New Mexico Units, University Colleges, Schools, Branches, Centers, Departments, and Programs
UNM.....	University of New Mexico
Valencia.....	University of New Mexico Valencia Branch
VPRED.....	Vice President for Research and Economic Development

OVERVIEW OF RISK ASSESSMENT AND PROPOSED THREE-YEAR INTERNAL AUDIT PLAN

The UNM Internal Audit Department worked in collaboration with Main Campus and Health Sciences Center (HSC)/Health System Compliance Offices to conduct a joint 2023 University-Wide Risk Assessment. The UNM Internal Audit Department (Internal Audit) used a risk assessment methodology to select University colleges, schools, centers, branches, departments, and programs (“Units”) that will be included in the proposed three-year Internal Audit plan for Fiscal Years 2024-2026. Using the risk assessment model and working in collaboration with the Compliance offices will ensure that Internal Audit’s priorities are focused on those areas where risks and material exposure is greatest. The development of a risk-based audit plan included the following procedures:

METHODOLOGY

Auditable Units are developed based on the University’s strategic goals, financial and key operational systems, organizational structure, and significant University processes. Core audit areas identify those business operations whose key controls are relied on day in and day out for the business of the University to be carried out, because risk assessment may not guarantee adequate coverage over time of these fundamental business operations. Examples would include student financial aid, budgeting, payroll, and accounts payable/purchasing. There were 250 Units included in Internal Audit’s University-Wide risk assessment.

Internal Audit prepared a risk assessment matrix for evaluating each individual Unit. The overall risk assessment is based on “Likelihood” and “Impact.” “Likelihood” is the probability that non-compliance, misstatement, or fraud may occur within the Unit, considering the Unit’s internal controls in place. “Impact” represents the effect a single occurrence of the risk will have upon the achievement of the Unit’s goals and objectives. Internal Audit identified various factors, which we determined to affect “Likelihood” and “Impact” risk assessments. Those factors are listed below.

- a. Likelihood
 - 1) Risk Assessment Questionnaire
 - 2) Complaints
 - 3) Discussions with University Officials

- b. Impact
 - 1) Size and Significance of Unit
 - 2) Risk Assessment Questionnaire
 - 3) Discussions with University Officials

After the factors were identified, Internal Audit developed a numerical rating system for the risk assessments. The numerical rating system for each risk assessment scaled from 1 to 5 points.

OVERVIEW, CONT.

Risk Assessment Questionnaire: The Internal Audit and Compliance Offices engaged with the UNM Information Technology (IT) Services to assist in the development and distribution of a risk assessment questionnaire via Opinio, a web-based survey software tool. The questionnaire was sent to selected staff, management, and faculty of each of the Units included in our University-Wide risk assessment. It included 29 risk questions that were self-assessed by each Unit, which also included open-ended questions and “free text” for each Unit to identify any additional risks or concerns that may exist. The questionnaire presented several possible risk areas throughout the Unit and requested that the recipient rank the risks based on their perceived likelihood of the risk occurring, and the impact of the risk on the Unit. The ratings for each of the 29 questions were self-rated, based on a five-point scale, with 1 being the lowest risk and 5 being the highest. Some self-rating questions also included a “comment” section to provide detail for the question’s rated response. Comments were reviewed to identify common risks and concerns related to each question. Risk ratings for open-ended questions were judgmentally assigned based on responses received. The total score for all questions on the questionnaire resulted in computation of a numerical risk rating that contributed to the overall “Likelihood” and “Impact” risks.

Complaints: Internal Audit compiled a list of complaints for Fiscal Years 2021-2023 (nine-months through 3/31/22). The number of complaints reported, by Unit, contributed a numerical rating to the overall “Likelihood” risk.

Discussions with University Officials: Internal Audit had discussions with selected University officials to present preliminary risk assessment results, and to determine if they had any specific risks and/or concerns related to any college, school, branch, center, department, or program that reported to them. For any specific Units that the officials had concerns with, or they felt were high risk, this contributed to both overall “Likelihood” and “Impact” risks.

Size and Significance: The size of the Unit based on annual expenses and/or transaction volume, and the significance of their operations, contributed to the numerical rating for the overall “Impact” risk.

RISK ASSESSMENT ANALYSIS AND RISK MATRIX

Risk Assessment surveys were provided to 250 Units included in the University-Wide Risk Assessment. The Units selected were “Level 3” or “Level 5” organizations on the University of New Mexico Organizational Reporting Structure. Internal Audit and UNM Compliance offices assessed survey data and conducted additional risk assessment procedures to identify common risks facing the University.

OVERVIEW, CONT.

Common high-risk areas identified by Internal Audit and Compliance offices and UNM officials include:

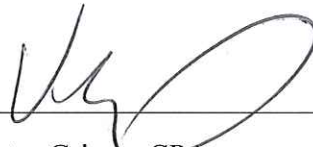
- Information Technology
 - Security and privacy over confidential data
 - Data loss
 - Ransomware/viruses
- Budget Constraints/Loss of Funding
- Retirement/Recruitment/Retention
- Fraud, Theft, and Misuse of Funds
- Licenses and Certifications
- Foreign Gifts
- Conflict of Interest and Conflict of Commitment
- Time Reporting
- Interaction and/or Activities Involving Minors
- Sensitive Inventories – Controlled Substances, Radioactive Materials, Chemicals, etc.
- Campus Safety

Upon completion of the University-Wide Risk Assessment, Internal Audit is proposing a three-year audit plan to the UNM Audit and Compliance Committee for Fiscal Years 2024-2026 based on combined risk assessments for “Likelihood” and “Impact.” The summarized three-year audit plan is presented at **Exhibit 1**. Internal Audit also prepared a Risk Matrix bubble chart heat map for the UNM Main Campus and the Health Sciences Center, presented at **Exhibit 2 and Exhibit 3**. The heat maps illustrate risks by “Likelihood” and “Impact.”

Internal Audit will work in collaboration with the Main Campus and Health System/HSC Compliance Offices and revisit the Three-Year Internal Audit Plan on an annual basis. Any new information and/or identified risks brought to the Internal Audit Department’s attention will be considered for future Internal Audit plans.

Internal Audit will develop and perform detailed procedures during the individual internal audits to address identified risks. Each internal audit includes its own risk assessment process which further evaluates risk and allocates audit effort to the highest risks.

APPROVALS



Victor Griego, CPA
Director, Internal Audit Department

Approved



Chair, Audit Committee

Proposed Three-Year Internal Audit Plan

Audit Area	2024	2025	2026
Contract			
University President's Travel & Entertainment Expenses *	√	√	√
Information Technology			
Information Security (TBD)	√	√	√
Colleges and Schools			
Anderson School of Management	√		
School of Engineering Administration	√		
College of Fine Arts		√	
College of Population Health			√
College of Nursing	√		
Academic Departments			
Community Health (SOM)	√		
Biology		√	
Pediatrics (SOM)		√	
Internal Medicine (SOM)		√	
Arts and Sciences Administration			√
Branches and Centers			
UNM Gallup	√		
UNM Taos			√
Research and Economic Development			√
Student Health and Counseling (SHAC)			√
Cancer Treatment Research Center			√
Human Resources			
Benefits Management			√
Academic/Student Welfare & Success			
Enrollment Management		√	
Education Abroad	√		
Recreational Services		√	

* Internal Audit conducts a contract audit of the UNM President's travel and entertainment expenses on an annual basis (RPM 3.9).

Exhibit 1

Proposed Three-Year Internal Audit Plan

Athletics			
Athletics Administration	√		
Auxiliary Enterprises			
Food Services			√
Parking and Transportation		√	
Facilities and Project Management			
Facilities Management		√	
Financial and Administrative Management			
Travel (International)	√		
Purchasing and P-Card (Main Campus and HSC)			√
Payroll - Non-Standard (Main Campus and HSC)	√		
Contracts and Grants (Main Campus and HSC)		√	
Total	11	11	11

Exhibit 1 - Continued

Risk Matrix - HSC

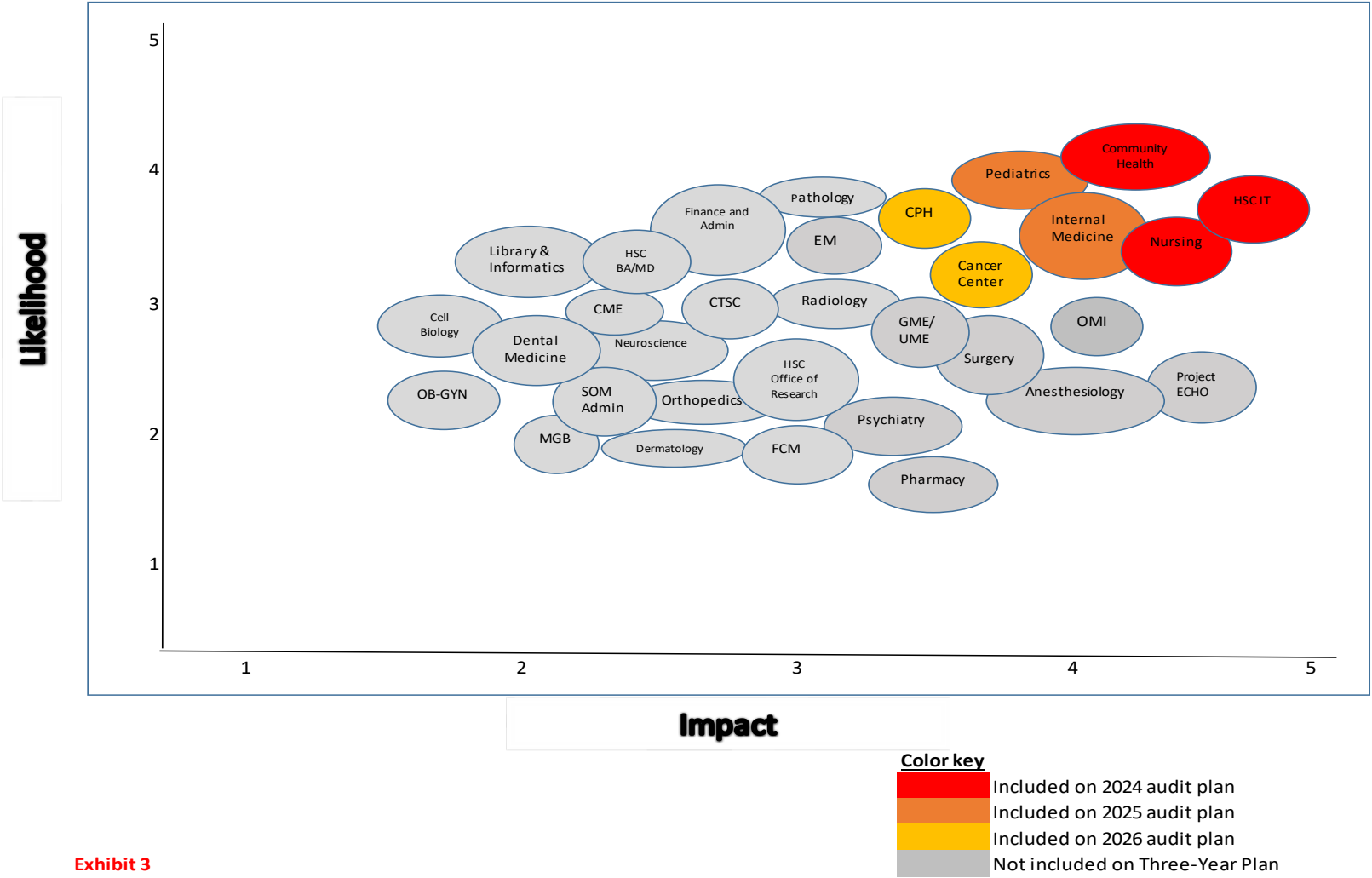


Exhibit 3