

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

THE UNIVERSITY OF NEW MEXICO

**Report 2026-07
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CONTENTS

- **OVERVIEW OF RISK ASSESSMENT AND PROPOSED THREE-YEAR INTERNAL AUDIT PLAN**
 - METHODOLOGY
 - RISK ASSESSMENT ANALYSIS AND RISK MATRIX
- **APPROVALS**

ABBREVIATIONS

A&S Admin.....	College of Arts and Sciences Administration
Athletics.....	Intercollegiate Athletics
Benefits.....	Benefits Management
CFA.....	College of Fine Arts
CPH.....	College of Population Health
CTRC.....	Cancer Treatment Research Center
COI.....	Conflict of Interest
DI.....	Donor Intent
EM.....	Enrollment Management
FM.....	Facilities Management
HSC.....	Health Sciences Center
HSC IT.....	Health Sciences Center Information Technology
Internal Audit.....	University of New Mexico Internal Audit Department
IM.....	Internal Medicine Department
IT/IS.....	Information Technology and Security
Los Alamos.....	University of New Mexico Los Alamos Branch
NSP.....	Non-Standard Payroll Payments
Payroll.....	Payroll and Time Reporting
P&T.....	Parking and Transportation
P-Card.....	Purchasing Card
Pediatrics.....	Pediatrics Department
RS.....	Recreational Services
Psychology.....	Psychology Department
SOE Admin.....	School of Engineering Administration
SHAC.....	Center for Student Health and Counseling
SOM.....	School of Medicine
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
VPRED.....	Vice President for Research and Economic Development

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

The UNM Internal Audit Department works in collaboration with Main Campus and Health Sciences Center (HSC)/Health System Compliance Offices to conduct a University-Wide Risk Assessments. To supplement the Compliance offices' risk assessment process, 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 2027-2029. 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, accounts payable/purchasing, etc. There were approximately 200 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 that contribute to Internal Audit's proposed plan are listed below.

- a. Likelihood
 - 1) Previous Complaints
 - 2) Volume of Transactions
 - 3) Discussions with University Officials
 - 4) Length Since Previous Audits
- b. Impact
 - 1) Size and Significance of Unit
 - 2) Discussions with University Officials

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

OVERVIEW, CONT.

Compliance Office Risk Assessment: Internal Audit obtained core high risk areas identified by the Main Campus Compliance Office during its risk assessment process. Internal Audit will revisit the Compliance Office's risk assessment procedures on a continuous basis for consideration of updating its annual audit plan.

Complaints: Internal Audit compiled a list of complaints for Fiscal Years 2024-2026. 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.

Length Since Previous Audit: Internal Audit reviewed the time period for which each Unit was last audited by Internal Audit. Units that have not been recently audited (ie., > 10 years) were considered higher risk.

RISK ASSESSMENT ANALYSIS AND RISK MATRIX

Risk Assessment procedures were completed for approximately 200 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. The UNM Compliance Offices also conducted University-Wide risk assessment procedures to identify common risks facing the University. Internal Audit will work with the Compliance Offices on a "per project" basis to incorporate audit procedures over high-risk compliance areas (specific laws and regulations) identified by Main Campus and HSC Compliance Offices.

At the request of Internal Audit, Clifton Larson Allen (CLA) also performed limited IT Risk Assessment procedures to assist Internal Audit in developing its IT Audit plan. CLA conducted a total of nine in-person and remote/virtual interviews with 13 leaders and/or stakeholders in Admissions, Provost, Financial Services, Registrar, Financial Aid, Remote Learning, and Central IT to develop its IT risk assessment.

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

- Information Technology and Security
- Procurement/Purchasing
- Endowments (Donor Intent)
- Conflict of Interest (COI)
- Campus Safety
- Time Reporting

OVERVIEW, CONT.

- Interaction and/or Activities Involving Minors
- Sensitive Inventories – Controlled Substances, Radioactive Materials, Chemicals, etc.

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 2027-2029 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.” The heat maps presented in exhibits 2 and 3 only include Units that met the risk assessment rating scale of 1 -5 as noted above.

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

Approved

Victor Griego, CPA
Director, Internal Audit Department

Chair, Audit and Compliance Committee

Proposed Three – Year Internal Audit Plan

Audit Area	2027	2028	2029
Contract			
University President's Travel & Entertainment Expenses *	√	√	√
Information Technology			
Information Security (TBD)	√	√	√
Colleges and Schools			
School of Engineering Administration	√		
College of Fine Arts		√	
College of Population Health	√		
Academic Departments			
Psychology (A&S)	√		
COSMIAC (SOE)		√	
Pediatrics (SOM)			√
Internal Medicine (SOM)		√	
Arts and Sciences Administration			√
Branches and Centers			
UNM Taos	√		
UNM Los Alamos			√
Research (Main Campus and HSC)		√	√
Student Health and Counseling (SHAC)	√		
Cancer Treatment Research Center			√
Human Resources			
Benefits Management		√	
Academic/Student Welfare & Success			
Enrollment Management		√	
Recreational Services			√
Athletics			
Athletics			√
Auxiliary Enterprises			
Parking and Transportation		√	
Facilities and Project Management			
Facilities Management	√		
Financial and Administrative Management (Main Campus and HSC)			
Payroll/Time Reporting	√		
Endowments - Donor Intent	√		
P-Card		√	
Non-Standard Payroll Payments			√
Conflict of Interest			√
Total	10	10	11

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

Exhibit 1

Risk Matrix - Main Campus and Branches

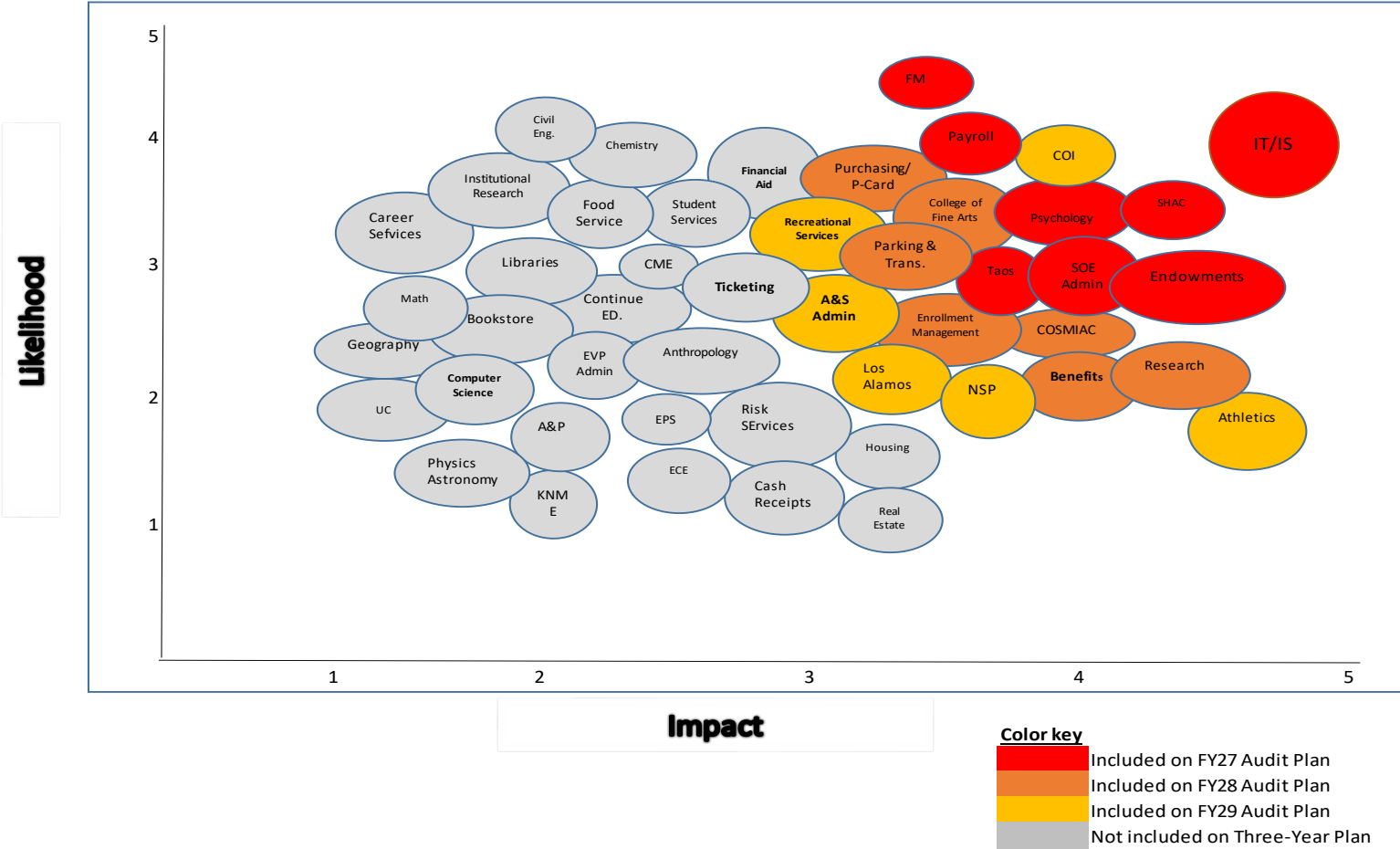


Exhibit 2

Risk Matrix - HSC

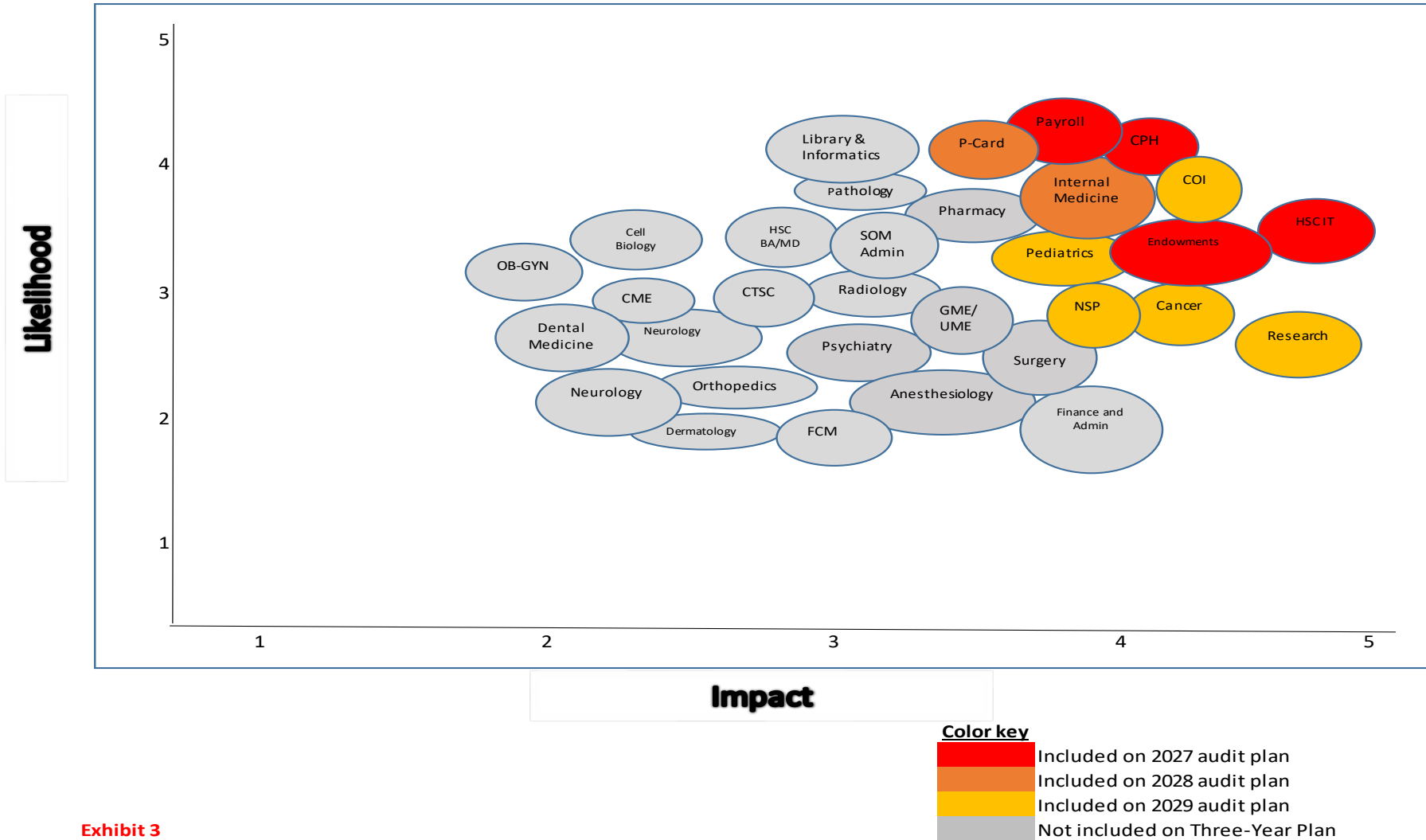


Exhibit 3