

**COLLEGE ENRICHMENT AND OUTREACH PROGRAMS-  
UPWARD BOUND GRANT  
AUDIT OF ALLEGATIONS**

**THE UNIVERSITY OF NEW MEXICO**

**Report 2006-16  
December 3, 2007**



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## ABBREVIATIONS

APS.....	Albuquerque Public School
CEOP.....	College Enrichment and Outreach Programs
HR.....	Human Resources Division
UBP.....	University Business Policies and Procedures Manual
University.....	The University of New Mexico
UNM.....	The University of New Mexico

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## **EXECUTIVE SUMMARY**

The Internal Audit Department received allegations regarding the operations of the Upward Bound Program. The purpose of the audit is to investigate allegations made regarding the misspending of the Upward Bound Program. We reviewed federal guidelines for the grant, policies and procedures, internal controls, financial records, and student records.

Some of the problems the informant identified in 2005 have already been addressed by College Enrichment and Outreach Programs (CEOP). Other informant allegations were legitimate however, they were one-time issues that were caused by a change in the summer program; these problems did not continue into future years. We found that the current operations for the Upward Bound Program have areas that need improvement.

The following summary provides management with an overview of conditions requiring attention.

### **LONG DISTANCE PHONE CHARGES**

Management should identify the cost for personal calls made on The University of New Mexico (University) cellular phones, repay the grant for these calls, and work with the Human Resources Division (HR) on any appropriate disciplinary action for employees who made the personal calls. The Associate Vice President of College Enrichment and Outreach Programs responded that if calls are identified as personal, payment will be made from the general account, and the department will seek repayment from the employees who made the unauthorized calls. He also responded that appropriate disciplinary action will be taken with regard to the employees who misused the phones.

### **BACKGROUND CHECKS**

The Office of the Provost should work with the Manager of the UNM Policy Office to change the background check draft policy so that student employees who work with children are required to have background checks. The Interim Executive Vice President for Academic Affairs/Provost and the Manager of the UNM Policy Office responded that language including student and graduate student employees who work with children will be added to the draft policy requiring background checks. The Interim Executive Vice President for Academic Affairs/Provost responded that the Student Employment Office and the Office of Graduate Studies will be instructed to develop processes to identify students working with children so that these students receive background checks.

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## **INTRODUCTION**

### **BACKGROUND**

The Upward Bound Program at the University is part of the CEOP. It is 100% funded through a grant from the U.S. Department of Education under the Higher Education Act of 1965. The funding was for four years in the amount of \$431,068 annually. This funding ended August 31, 2007. The program has been funded for another five years.

Per the Upward Bound Program web-site, its mission

...is to support high school students academically, socially, and emotionally in preparation for success in higher education.

Participants in Upward Bound receive supplemental instruction in math, science, language arts, and computer sciences during the academic year and attend a summer session that includes intensive services to support academic achievement and college preparation. Furthermore, participants in the Upward Bound Program are provided tutoring, mentoring and participate in cultural events and campus visits. These students also receive a stipend to support them in their commitment to succeed.

The Upward Bound Program serves students ages thirteen to eighteen.

The Internal Audit Department received allegations regarding the operations of the Upward Bound Program.

### **PURPOSE**

The purpose of the audit is to investigate allegations made regarding the misspending of the Upward Bound Program.

### **SCOPE**

Our audit was limited to a review of federal guidelines for the grant, policies and procedures, internal controls, financial records, and student records relating to the allegation for the time period June 1, 2005 through June 30, 2007. We also reviewed current practices when appropriate.

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## **OBSERVATIONS, RECOMMENDATIONS AND RESPONSES**

### **2005 ALLEGATIONS REGARDING PAYROLL PAYMENTS**

An informant alleged that employees received pay for time not worked. We reviewed the payroll and personnel documentation and interviewed employees regarding the summer 2005 employment. We found that, although employees were paid for the cumulative number of hours worked for the summer, they were not paid in the appropriate pay period. In 2005, the summer employees started to work for the University two weeks before they were placed on the payroll. Per CEOP management, there were extenuating circumstances because of changes in needed documentation to place the employees on payroll. So that the employees would be paid for cumulative hours worked, Upward Bound extended the pay period by two weeks. When the Associate Vice President of College Enrichment and Outreach Programs found out that the payroll was mishandled, he made it clear that this should not happen again.

For the summer 2007, we reviewed the payroll records and we found the records correctly reflected time worked. Therefore, it appears that the problem is corrected and no response is required.

### **LONG DISTANCE PHONE CHARGES**

Upward Bound employees were using University cellular phones to make excessive personal local and long distance calls. This caused the number of minutes used to exceed the amount allowed per the calling plan resulting in charges for calls. For the two months we reviewed, over 9,000 minutes were used and the grant was charged \$626.43. This amount is in addition to the monthly service plan charges. Generally, the employees were making personal calls during work hours, which means they were not engaged in work activities. Some calls were placed in the evenings.

Section 1. "Long Distance Telephone Calls" Policy 2110, University Business Policies and Procedures Manual (UBP) states,

Only long distance call for official University business should be charged to the University. Charging long distance telephone calls for personal or other non-University purposes is prohibited and constitutes misuse of University funds. Personal calls made from University telephones must be charged to the caller's home telephone or personal credit card, to the called party, or to another non-University source. If an emergency situation requires an employee to charge a personal long distance call to the university, the employee must reimburse the University.

Another University policy allows incidental use as long as the University is reimbursed in a timely manner. Section 4.2. "Allowable and Unallowable Expenditures" Policy 4000, UBP, states, "Incidental personal use of University property, such as fax machines, copy machines, or cellular phones, etc. is allowed, however, the employee must reimburse the University in a timely manner."

During the grant period, the program staff did not print or review the details for the phone charges. If the program staff had been reviewing the detail for the long distance charges, they would have detected this problem.

### **Recommendation 1**

For the grant period, the Program Specialist for the Upward Bound Program should identify the charges caused by personal calls. Once completed, we recommend that the University repay the grant immediately.

### **Response from the Program Specialist for the Upward Bound Program**

*The Program Specialist for the Upward Bound Program will review the records in question and determine the legitimacy of the calls and who made them. The results of the search will then be forwarded to the Associate Vice President of College Enrichment and Outreach Programs for review by January 31<sup>st</sup>, 2008.*

### **Recommendation 2**

The Associate Vice President of College Enrichment and Outreach Programs should seek repayment from the employees and former employees who made these personal calls.

### **Response from the Associate Vice President of College Enrichment and Outreach Programs**

*After the Program Specialist has verified the calls as business related or personal a proper course will be taken by my office. If the calls were personal, payment will be made from our general account, by March 30<sup>th</sup>, 2008, and then my office will seek repayment from the employees who made the unauthorized calls. Please note that a complete evaluation of phone calls made during the duration of the grant will be made.*

### **Recommendation 3**

The Associate Vice President of College Enrichment and Outreach Programs should work with HR to take appropriate disciplinary action with regard to the employees who misused the University phones.

### **Response from the Associate Vice President of College Enrichment and Outreach Programs**

*Once it has been determined that these calls were personal in nature and outside the scope of the grant my office will take appropriate disciplinary actions with regard to the employees who misused the phones and the Program Specialist who was overseeing the program at that time. This process will begin right after the Program Specialist determines to what degree the phones were misused, February 2008.*

### **BACKGROUND CHECKS**

Students in the Upward Bound Program come on campus for the summer program, for tutoring during the school year, and for other events. Staff and student employees work with these participants. To protect the University, all employees who work with children should have background checks.

The UNM Policy Office has drafted a policy requiring background checks for staff positions that are designated as “critical;” however this policy does not address a background check requirement for student employees.

### **Upward Bound Employee**

One employee in the Upward Bound Program has not had a background check. This employee visits Albuquerque Public Schools (APS) and works with APS students. This employee was hired before HR required a background check for this particular position. APS also requires background checks on individuals that come into the schools to work with students. This employee is not in compliance with the University and APS requirements that a background check be completed.

### **Recommendation 4**

The Program Specialist for the Upward Bound Program should work with the employee to complete a background check.

### **Response from the Program Specialist for the Upward Bound Program**

*The Program Specialist for the Upward Bound Program will work with the Human Resource Department and the employee to complete a background check. Currently the Human Resource Department does not have a policy in place to complete back ground checks for employees who were previously in the position. The Program Specialist for the Upward Bound Program will forward the Audit information to the Human Resource Department and upon approval submit the paper work with the Human Resource Department to complete the background check by January 31<sup>st</sup>, 2008.*

### **Student Employees**

Student employees who work with children are not required to have background checks. We noted that Upward Bound employs student employees to work with middle and high school children. The University does not require these employees to have background checks. In the event there is a reported incident, the University could be at risk because they did not do background checks.

### **Recommendation 5**

The Office of the Provost and the UNM Policy Office should work together to include student employees and graduate student employees in the draft policy requiring background checks. The Office of the Provost should instruct the Student Employment Office and the Office of Graduate Studies to develop a process to identify students working with children so that these students receive background checks.

### **Response from the Interim Executive Vice President for Academic Affairs/Provost and the Manager of the UNM Policy Office**

*Management agrees with this recommendation. Language including student and graduate student employees in the draft policy requiring background checks will be added by December 15, 2007. The Office of the Provost will instruct the Student Employment Office and the Office of Graduate Studies to develop processes to identify students working with children so that these students receive background checks. The instructions will be made by December 15, 2007, and the identification processes will be in place by January 31, 2008.*



## **Recommendation 6**

The Program Specialist of the Upward Bound Program should ensure that student employees who work with children have background checks.

### **Response from the Program Specialist for the Upward Bound Program**

*The College Enrichment and Outreach Programs have been working with Albuquerque Public School to have background checks completed on all student employees who work in the schools. Currently the Upward Bound student employees are not working in the schools. The Program Specialist for the Upward Bound Program will ensure that all student employees have background checks completed before working in any of the schools. An expenditure request has been generated and will be submitted. The Upward Bound student employees will have their back grounds completed before January 22<sup>nd</sup> 2008.*

## **STUDENT FILES**

Upward Bound employs Student Program Advisors who meet with students to guide them in their academic progress. These meetings should be documented in each student's file to show the type of services provided to the student. Although the program has improved in documenting these contacts with students, the files are still not complete with regard to the type of counseling/advice that the Student Program Advisors are providing.

We reviewed ten student files. These files are missing documentation, including student contact information, standardized test scores, and information required to qualify for the program. The following paragraphs describe the missing documentation.

Upward Bound does not have standardized test scores in the students' files. They should be obtaining standardized test scores from APS as an aid in identifying the types of services each student needs. Because the Upward Bound Program has not obtained the test scores, it is not in compliance with the requirements of the grant.

Other documentation in the student files is not complete. These documents are required to be in the student's file per the Upward Bound Program, Grant Proposal. We reviewed ten student files and noted the following deficiencies:

- One tax returned not signed.
- One application form not signed by student, which is mandatory for acceptance into the program.
- One student was not properly identified as low-income.
- One file was missing a transcript.

Student files of the Upward Bound Program participants should be complete, and current so that there is adequate documentation as to the type of services and counseling/advice that students are receiving. The information reported on each student must be accurate since it is the basis to determine if a student is eligible for the program. In addition, the information in the student files is the basis for preparing the Annual Performance Report that is prepared at the end of each grant period and reported to the US Department of Education.

### **Recommendation 7**

The Program Specialist for the Upward Bound Program should set up a standard process for obtaining documents and filing them in the student files. Furthermore, the Program Specialist for the Upward Bound Program should set up a quality review program to periodically review the student files for completeness.

### **Response from the Program Specialist for the Upward Bound Program**

*The Program Specialist for the Upward Bound Program will ensure that all eligibility documentation and signatures will that are required to enter the program will be provided before the interview process begins with any new incoming student. A checklist has been devised for each section of the file determining the required forms needed for each file area. Each file will be reviewed for missing documents, signatures, etc. The information missing will be requested and collected. If unable to retrieve a document we will explain the process instilled to obtain needed information. Transcripts will be requested from schools at the end of each semester; standardized test scores have been pulled by our counselor for all current students and will be reviewed quarterly. Currently the staff is documenting counseling, advisement, and services being provided to the Upward Bound students. The Program Specialist will have the staff conduct quarterly checks on all the files and have them sign off assuring the information is correct and we are in compliance with the US Dept of Education, University, and departmental requirements and regulations. The current files will be in compliance with regulations by March 28<sup>th</sup> 2008.*

## **FILE MANAGEMENT**

The CEOP has a centralized accounting function which makes purchases, files the financial documents, and handles other duties related to the financial function for all of the programs including Upward Bound.

Documents are housed in a location making them difficult to access and the filing system is somewhat disorganized making it difficult to locate some of the documents we selected for review. An organized workplace is conducive to a productive, effective, and efficient business operation. The organization of the work environment has an impact on employee morale and productivity, and can influence the entire tone of the office.

### **Recommendation 8**

The Associate Vice President of the College Enrichment and Outreach Programs should work with the accountant to place the files in a convenient location and develop a filing system that will keep the documents organized for easy retrieval.

### **Response from the Associate Vice President of College Enrichment and Outreach Programs**

*My office will work with the department accountant to locate additional space for filing and storage of financial records.*

*To address this issue of file management, continued and additional training of the Program Specialist/Administrative Support personnel will be intensified to ensure compliance of proper paper work record keeping (effective November 15, 2007). In addition, I have requested that the department be restructured to split the number of programs reporting to a Director to ensure that the Program Specialist and staff are complying with federal, state, University and departmental policies such as documentation of fiscal expenditures and program compliance with grants and program objectives. Ultimately these adjustments should address the need to improve the filing system that will allow for easy retrieval of documents. The restructure of the department should be approved by HR and the reclassification and hiring process should be complete by the end of January of 2008.*

## **COMPLIANCE REVIEW FOR THE UPWARD BOUND PROGRAM**

The compliance review for the Upward Bound Program appears to be missing pages and it is unclear whether the Upward Bound Program made the changes recommended in the review. In 2006, the Upward Bound Program paid an employee to perform a compliance review. Internal Audit was provided a copy of the review and management's responses. The copy of the review was missing pages which management was unable to locate. In the response to the review, management agreed to a "corrective action game plan." In some cases, we did not find evidence that management implemented the game plan.

We commend CEOP for initiating a compliance review in an effort to improve the program. However, management should prioritize implementing the game plan to help the program improve.

## **Recommendation 9**

The Associate Vice President of College Enrichment and Outreach Programs should work with his staff to create a time line for implementing the changes agreed to in management's response to the compliance review.

### **Response from the Associate Vice President of College Enrichment and Outreach Programs**

*The current compliance review performed last summer will be addressed by the current Program Specialist and an addendum to the past response will be done to address the lack of progress on completion of recommendations. A new timeline will be established by the current Program Specialist working with the Director to address the recommendations.*

*To address this issue of implementing the changes agreed to in the response by program management to the compliance review, we will provide continued and additional training to the Program Specialist to ensure completion, and follow through of task. Once a review has been completed by the designated reviewer, a response will be given by the Program Specialist within 10 working days. At which time a timeline will be established with the Program Specialist, the Director overseeing the Upward Bound program as to when and how the recommendations will be addressed. Upon completion of the list of recommendations has been addressed, the list of completed recommendations will be filed in the programs operational binder housed in the Program Specialist's office. The Director will be responsible to follow up with the Program Specialist to ensure that the recommended improvements are completed as agreed to in the response. If the completion of the task is not done on time, an addendum will be added to the response explaining the delay in completion of task and a new time line will be established. Again, it is important to note that the department is undergoing a restructure to split the number of programs reporting to a single Director. By adding a second Director, it will ensure that the Program Specialist and staff are complying with federal, state, University and Departmental policies.*

## **SOFTWARE PACKAGES**

The program does not use an automated system for teaching/tutoring students and monitoring student progress. The program staff spends time and resources creating documents and then filing them in the appropriate student files. The program may be able to run more efficiently if their processes are more automated. A cost/benefit analysis could be done to determine if the use of standardized software packages would improve the efficiency of the program.

### **Recommendation 10**

The Program Specialist for the Upward Bound Program should prepare a proposal, which would look at the cost/benefit of purchasing software to aid in tracking the students' progress and to provide tutoring for the students.

### **Response from the Program Specialist for the Upward Bound Program**

*The Program Specialist for the Upward Bound Program will work the Director and Associate Vice President of College Enrichment and Outreach Programs to acquire funding. Currently there is not a line item in the Upward Bound Program's budget to purchase software. The Program Specialist will put together a cost/benefit analysis to determine if the use of standardized software will improve the efficiency of the program by June 30<sup>th</sup> 2008.*

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## CONCLUSION

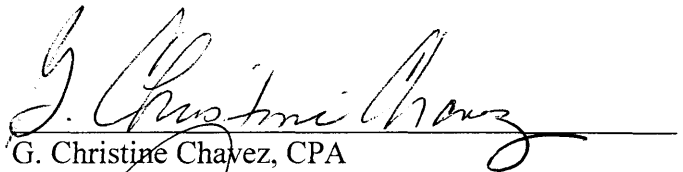
The purpose of the audit is to investigate allegations made regarding the misspending of the Upward Bound Program. We reviewed federal guidelines for the grant, policies and procedures, internal controls, financial records, and student records.

We found that the current operations for the Upward Bound Program have areas that need improvement. Some of the problems the informant identified in 2005 have already been addressed by CEOP. Other informant allegations were legitimate however, they were one-time issues that were caused by a change in the summer program; these problems did not continue into future years.

The current areas that need improvement are standardizing file management for both student files and financial files, tracking phone usage, and assuring all employees who work with children have background checks.

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## APPROVALS



G. Christine Chavez, CPA  
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Approved for Publication



Chair, Audit Committee