

**UNIVERSITY OF NEW MEXICO – LOS ALAMOS
AUDIT OF FINANCIAL AND OPERATIONAL EFFICIENCY**

THE UNIVERSITY OF NEW MEXICO

**Report 2007-31
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CONTENTS

EXECUTIVE SUMMARY	1
INTRODUCTION.....	2
BACKGROUND	2
PURPOSE.....	2
SCOPE	3
OBSERVATIONS, RECOMMENDATIONS AND RESPONSES.....	4
ORGANIZATIONAL STRUCTURE	4
Hiring Dean of Instruction	4
Review of Organizational Structure.....	4
Cafeteria Staffing.....	5
BUSINESS PROCESSES.....	6
Business Procedures Manual	6
Gas Cards and Vehicle Use.....	6
Cafeteria Operations	7
Bookstore Operations.....	8
Software Licenses	9
Tuition Remission Benefits for Temporary Part-Time Faculty	10
CASH MANAGEMENT	11
Segregation of Duties.....	11
Reduction in Petty Cash Fund.....	12
Reconciliation of Imprest Petty Cash	12
Undated and Unendorsed Checks	13
Cash Receipts Not Deposited Daily.....	13
Withheld Library Funds.....	14
Organization of Safe Contents	14
Improper Use of the Petty Cash Fund.....	15
RESTRICTED GRANT.....	16

CONTENTS

AUDIT RECOMMENDATIONS ALREADY IMPLEMENTED..... 16

CONCLUSION 18

APPROVALS 18

ABBREVIATIONS

ABE..... Adult Basic Education

Bookstore..... UNM – Los Alamos Bookstore

Branch UNM branch campus

ESL..... English as Second Language

GED..... General Equivalency Diploma

Internal Audit..... Internal Audit Department

UBP..... University Business Policies and Procedures Manual

University..... The University of New Mexico

UNM – Los Alamos... The University of New Mexico-Los Alamos

EXECUTIVE SUMMARY

As part of the fiscal year 2007 audit plan, the Internal Audit Department conducted an audit of The University of New Mexico – Los Alamos (UNM – Los Alamos) business operations. Our audit centered on the UNM – Los Alamos Business Office, UNM – Los Alamos Bookstore (Bookstore), the cafeteria, cash management, and various other business processes. Management immediately implemented several recommendations we made during the course of the audit. The following summary provides management with an overview of significant conditions that require attention.

ORGANIZATIONAL STRUCTURE

Management should fill the position of the Dean of Instruction. The Executive Director responded that an interim Dean of Instruction has been appointed.

CASH MANAGEMENT

Management should improve internal controls over cash handling, follow University Policy regarding payroll advances, and decrease the petty cash fund to a more appropriate level. The Executive Director responded that the controls over cash management and will be strengthened.

BUSINESS PROCESSES

Management should develop written procedures for business operations, should develop inventory and cash controls over the cafeteria, and should strengthen inventory controls over bookstore operations. The Executive Director responded that they will document procedures and strengthen controls over business operations.

RESTRICTED GRANT

Management should address the performance issues at the Bernalillo ABE site and take steps to improve target outcomes under the ABE grant. The Executive Director responded that they have taken steps toward monitoring and meeting program goals.

INTRODUCTION

BACKGROUND

The UNM-Los Alamos Branch campus (Branch) is located in Los Alamos, New Mexico. Established in 1978, UNM – Los Alamos is funded from state appropriations and tax levies, from grants, and from tuition and student fees. The University of New Mexico (University) has administrative and academic oversight of UNM – Los Alamos, and the Executive Director reports to the Provost/Executive Vice President for Academic Affairs.

In 2007, UNM – Los Alamos went through a change in leadership. The former Executive Director retired in August 2007 after 18 years of service in that position. In August 2006, the former Director of Campus Resources retired after over 20 years at the branch campus. The current Executive Director started in July 2007, and the Director of Campus Resources position was filled on an interim basis since December 2006.

The mission of UNM – Los Alamos is to provide high quality instructional programs and support services to the residents of the communities it serves. In fulfillment of its mission, UNM-Los Alamos offers educational programs, which include academic courses and degrees, technical and occupational programs, and developmental and basic skills programs.

The curriculum includes 15 certificate programs and 19 associate degree programs, and provides community education and Adult Basic Education programs. Students may receive bachelor and graduate degrees through the UNM Distance Education Program. For 2006, the Branch enrolled 793 students in credit courses, 258 students in ABE, and 423 students in non-credit community outreach programs. In keeping with statewide trends for higher education, enrollment at the Branch has been declining in recent years. In 2006, UNM – Los Alamos employed 126 faculty and 47 staff. Per the UNM – Los Alamos Business Office, for fiscal year ended June 30, 2007, UNM – Los Alamos has a total budget of \$4,303,087.

The Branch operates on UNM main campus business and academic systems. The business process at UNM-Los Alamos include purchasing, cashiering, human resources, accounting and post-award administration for grants, and bookstore and cafeteria operations. Student services processes include admissions and advisement, registration, and financial aid. The Office of Instruction establishes course schedules, hires adjunct faculty, and reviews course curriculum and instructor qualifications. These processes are similar to UNM main campus and most of the support operations such as purchasing, accounting, personnel, registration and academics are based on the UNM main campus operations.

PURPOSE

The purpose of our audit was to assess whether the University business procedures and policies are being followed at UNM – Los Alamos, and to investigate certain complaints of misconduct in the business operations.

SCOPE

Our audit focused on the business operations, including the Cashier's Office, the bookstore, the cafeteria and the ABE grant. The fieldwork was completed on November 28, 2007. Our audit procedures included analyzing the business procedures currently in use and assessing the adequacy of documentation of those procedures.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

ORGANIZATIONAL STRUCTURE

Hiring Dean of Instruction

Currently, the Branch does not have a Dean of Instruction. The position remained vacant for two years until filled in January 2007. The Dean of Instruction held the position for approximately six months until promoted to the position of Executive Director in July 2007. The Executive Director now holds both positions.

The Dean of Instruction oversees all academic areas and supervises the three division heads, the Instructional Technology Center, Library, Community Education, Customized Training, Los Alamos County Small Business Development Center, Adult Learning Center, Tutorial Center, and the Director of Student Affairs.

The Dean of Instruction of a branch campus operates similar to a provost position on main campus, acting as coordinator and has supervisory authority over academic instruction, and acts as liaison to Branch administration and the Provost on main campus. Although declining enrollments may impact the need for the position, filling this position may also directly improve the enrollment level at the Branch.

Recommendation 1

The Executive Director should assess the present administrative requirements within the organization given the current enrollment levels and fill the Dean of Instruction position, if appropriate.

Response from the Executive Director of UNM – Los Alamos

We concur with this recommendation. The position of Dean of Instruction has been filled with an interim appointment who will assume these duties and responsibilities effective January 1, 2008.

Review of Organizational Structure

The Physical Plant Department, Computer Facilities, and the Bernalillo/Sandoval County Site report directly to the Executive Director, whose duties may preclude the Executive Director from overseeing day-to-day operations of these functions. To effectively manage the campus, functions that require day-to-day oversight should report to a more appropriate administrative level.

The Physical Plant Department and Computer Facilities are part of Campus Resources; therefore, reporting to the Director of Campus Resources may be a more effective reporting level for these two functions. The Director of Campus Resources already oversees all financial aspects including direct supervision of accounting, personnel and administrative services, bookstore, student housing, cafeteria and facility rentals. The position manages the day-to-day business operations and acts as chief financial officer for the Branch.

The Bernalillo/Sandoval County Site offers college courses in Sandoval County. The site also offers courses in Adult Learning Services, English as Second Language (ESL), and General Equivalency Diploma (GED) courses. Because the Bernalillo/Sandoval County Site is part of academic instruction, it may be more appropriate for the site to report to the Dean of Instruction.

Recommendation 2

Management should evaluate the organizational structure of the Branch to determine if changes to the reporting structure might increase the effectiveness of campus administration.

Response from the Executive Director of UNM – Los Alamos

We concur with this recommendation. The appointment of an interim Dean of Instruction and a Campus Resource Director in early January will enable management to evaluate the organizational structure of the Branch and determine if changes in reporting lines will increase the effectiveness of campus administration. This evaluation will be complete by March 1, 2008, and any changes in the organizational structure needed will be implemented shortly thereafter.

Cafeteria Staffing

The Food Services Supervisor, who manages the cafeteria at the Branch, uses Physical Plant employees to assist in the cafeteria during busy times. Because the employees are not trained in cash management or food service, they could be open to allegations of mishandling cash and food. The Food Services Supervisor uses Physical Plant personnel for convenience.

Each department should have employees appropriate for its business operations and should not use employees from other departments where the activities are outside of their job descriptions. The business office should provide any additional cafeteria staff as needed.

Recommendation 3

Management should assess staffing needs in the cafeteria and provide additional appropriate personnel from the business office, if needed.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. Business Operations staff will be scheduled and assigned to the cashiering system during peak hours. Physical Plant staff will not be used in the operation of the café. The effective date of this action is January 1, 2008.

BUSINESS PROCESSES

Business Procedures Manual

The business office does not have a comprehensive business procedure manual that covers the operation of key processes. Management has identified and documented some processes including bookstore operations and cash handling in the business office. Other procedures not documented include, but are not limited to, functions such as accounts payable, purchasing card usage, gas card usage, vehicle usage, and physical plant work orders.

Well-documented policies and procedures provide employees with guidance on performance of their duties and provide structure and organization to the office. Inconsistent application of policies and procedures generally occurs when there is inadequate documentation. Absent documented policies and procedures, there is substantial risk of business interruption should there be excessive turnover of key personnel. Documented policies and procedures assist in training and discipline as they set precedent and serve as the authority for how to conduct business.

Recommendation 4

Management should identify key business processes and develop a comprehensive business procedure manual for these processes.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. A system of policies and business procedures specific to UNM-Los Alamos Business Operations will be developed and in place by March 31, 2008.

Gas Cards and Vehicle Use

The Branch has four gas cards and we reviewed the processes and documentation for one of the cards. The Credit Card Sign Out Sheet for the UNM – Los Alamos gas card was not properly

filled in when the card was checked out, and the sign out sheet, as designed, did not include necessary information to properly track gas card usage.

The gas cards are kept in the business office safe and must be checked out through the Credit Card Sign Out Sheet. Each University vehicle has a separate gas card and Credit Card Sign Out Sheet. We reviewed the sign out sheet for one vehicle over a six-month period and noted that the employees failed to properly complete the Credit Card Sign Out Sheet 33% of the time. The Credit Card Sign Out Sheet as designed does not include the date the gas card is returned and the mileage of the vehicle when filled with gas. Absent this information, it is difficult to establish accountability for use of the gas card.

Recommendation 5

Management should redesign the Credit Card Sign Out Sheet to include information that is useful in tracking and increasing accountability for gas card usage. Management should ensure that proper procedures for gas card usage is included in the business procedure manual, and should monitor and review the card usage for compliance with the procedures.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. Effective January 15th, 2008, all vehicle fuel cards will only be available to staff through a check-out procedure established by the Campus Resources Director. Vehicle use and fuel consumption will be reported to the Executive Director monthly beginning February 2008. Controls of vehicle keys will be put in place to avoid improper vehicle use and excessive fuel consumption. A procedure and policy document will be part of the deliverable in recommendation #4.

Cafeteria Operations

The cafeteria does not have adequate internal controls to account for food inventory and cash register receipts. The cafeteria has been operating at a loss for several years, however management believes there are intangible benefits to continuing the cafeteria operations. Management should ensure that the cafeteria has proper internal control to prevent losses from theft or shrinkage.

Internal controls should include:

- Using pre-numbered food order tickets which are reconciled to cash register sales
- Putting locks on freezers and food lockers
- Securing back door access to the food storage area
- Requiring periodic inventory control sheets for food lockers
- Business office management comparing control sheets to physical inventory
- Food Services Supervisor providing monthly operating reports to management

Recommendation 6

Management should develop and implement internal controls over the cafeteria operations.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. Internal procedural and physical controls will be put in place to address the above concerns by March 1, 2008.

Bookstore Operations

For fiscal year ended June 30, 2007, the UNM – Los Alamos bookstore made an adjustment decreasing inventory by \$113,000. The inventory adjustment contributed to a loss of approximately \$69,000. Bookstore sales for the year were \$280,000.

At the end of the fiscal year, the bookstore performs a physical inventory and compares it to the inventory recorded on the general ledger. The \$113,000 inventory write down represents the difference between the value of the inventory on hand and what is recorded on the general ledger.

This difference may be caused by accounting errors or inventory shrinkage. Management has not determined what caused the inventory write down. A system should be in place to detect and correct errors in the inventory system at the bookstore throughout the fiscal year. Management should analyze the system to ensure it is properly recording inventory purchases, sales, and cost of sales. Management should also review the security over the physical inventory, limiting access to the inventory wherever possible.

Recommendation 7

Management should develop a plan to determine the cause of the inventory shortage by assessing the record keeping systems in place and review the adequacy of the physical security over the inventory on hand.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. Access to the bookstore is currently limited to Business Operations, the Bookstore Manager and the Executive Director. A procedure was put into place early this fiscal year to make a physical count mid-year to determine the accuracy of the inventory recorded in the General Ledger and the internal cashiering system. By July 30, 2008, a new cashiering software system will be in place to more adequately account for bookstore operations and inventory on-hand.

Software Licenses

UNM – Los Alamos does not have a process for tracking software licenses installed on computers at the Branch. UNM – Los Alamos Computer Information and Telecommunication Services is responsible for maintaining two networks and 267 computers.

The Branch is responsible for complying with copyright laws. Section 3.1. “Computer Use Guidelines,” Policy 2510 University Business Policy and Procedures Manual (UBP) states,

Commercial programs produced for use on computers are protected by copyright. Copying computer software without authorization violates federal copyright law. Payment for a software product represents a license fee to use a designated number of copies. The buyer does not own the software, but merely buys a license to use the software. The license is not a blanket authorization to copy.

To ensure compliance with copyright laws the Branch should maintain a log of computer software installed on each machine at the Branch.

Recommendation 8

Management should develop a process to track software licenses installed on each computer and compare them to software licensing agreements.

Response from the Executive Director of UNM – Los Alamos

We concur with this recommendation. UNM-Los Alamos Information and Telecommunication Services department has been researching and evaluating processes/applications to provide a more comprehensive inventory of network components. The resulting database will contain a listing of hardware components and configurations and software packages/applications. These software packages/applications will be a combination of free (i.e., Acrobat Reader, Java products) and licensed products (i.e., Microsoft Office, Symantec Anti-virus). ITS staff is reviewing Sysaid by Eliant and Asset Tracker by Alchemy Labs. Once a decision has been reached on the method(s), UNM-Los Alamos will utilize and blend the records that main campus ITS Software Distribution has of our software purchases into the selected database to be managed at the UNM-Los Alamos campus. We anticipate a decision on the method(s) to be used in building the database and having the database populated with information about the computers in the instructional labs (as well as other network components) by April 30, 2008. Computers in the administrative areas will be added to the tracking system by June 30, 2008.

Tuition Remission Benefits for Temporary Part-Time Faculty

UNM – Los Alamos allowed temporary part-time faculty to use employee tuition remission even though per policy they do not qualify for this benefit. UNM – Los Alamos is a small community with limited potential for recruiting part-time faculty and management believes that offering the tuition remission benefit would greatly assist in attracting part-time faculty to the campus.

UNM Policy is clear that these part-time faculty do not qualify for tuition remission. Section 2. “Tuition Remission Program” Policy 3700, UBP states:

Regular full-time employees, regular part-time employees (working at least half-time), and University retirees are eligible to use the Tuition Remission Program, subject to the restrictions stated in this policy.

Section 4.14. “Allowable and Unallowable Expenditures” Policy 4000, UBP reads as follows:

University funds may *not* be used to pay for tuition for university credit courses, books, school supplies, or other university fees, unless authorized by UNM Personnel Policies (tuition remission program) or other University published policy (for example, teaching, research, and graduate assistantships).

Faculty Contracts and Services on main campus clarified their stance that temporary part-time faculty are not allowed the tuition remission benefit under current policy.

Recommendation 9

UNM – Los Alamos should either discontinue the practice of providing tuition remission for part-time faculty and seek restitution, or work with the Provost and Executive Vice President for Administration to determine if an exemption from policy would be beneficial to UNM – Los Alamos’s recruitment efforts.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. The Executive Director will work with the other branch directors, the Provost, and EVP Administration to obtain an exception for the branches with regard to Faculty benefits. The exception to this policy will be pursued such that an exception will be in effective with the fall 2008 semester.

CASH MANAGEMENT

We counted the \$10,000 petty cash fund at UNM – Los Alamos and reviewed cash receipts and disbursement processes. We identified the follow concerns requiring management’s attention.

Segregation of Duties

The Interim Director of Campus Resources has full access to accounting records, has access to the safe, and serves as a back up cashier. Having the Interim Director of Campus Resources acting as a cashier conflicts with record keeping duties which weakens internal controls over the cash process.

Section 3.3. “Cash Management” Policy 7200 University Business Policies and Procedures reads as follows:

Duties for receiving and recording monies must be segregated. No single employee should be in a position that allows the employee to both receive money and record the payment into the financial system. This segregation of duties preserves responsibility and accountability and is necessary to ensure that a person who has access to monies cannot conceal a fraud or error. When the size of a department does not allow for proper segregation of duties, the Controller’s Office will provide assistance in designing systems, which ensure adequate internal control.

The internal control issues exist because the department’s size makes segregation of duties challenging. Proper segregation of duties requires reorganization of work in the office and restructuring of tasks assigned to each person.

Recommendation 10

Management should strengthen internal controls over cash by removing access to the cashier process from the Director of Campus Resources.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. Recent on-going staff shortages in the UNM-Los Alamos Business Operations resulted in the assignment of the Accountant III as Interim Campus Resources Director, thus requiring dual coverage of certain operations. A new permanent Campus Resources Director has been appointed (effective January 7, 2008). The new Campus Resources Director will make the necessary organizational changes and personnel re-assignments to restore proper controls. These controls will be in place by February 15, 2008.

Reduction in Petty Cash Fund

UNM – Los Alamos has a \$10,000 petty cash fund comprised of \$370 in change funds and a petty cash fund, and \$9,630 in a bank account. The bank account is used for UNM – Los Alamos’s business operations, and is replenished monthly upon submission of receipts to main campus. The expenses from the checking account averages less than \$2,000 a month, an amount well below the \$9,630 balance in the bank account. The use of P-cards has reduced UNM – Los Alamos’s reliance upon the checking account for business expenses.

Recommendation 11

Management should analyze the petty cash fund to determine if the fund can be decreased. Any unneeded funds should be returned to the Controller’s Office on main campus.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. Management will work with the main campus controller’s office and determine what is considered a proper petty cash fund balance and will return the amount agreed upon by January 31, 2008.

Reconciliation of Imprest Petty Cash

The monthly bank reconciliation for the petty cash bank account does not reconcile to the \$10,000 imprest balance, and has an unexplained \$100 reconciling item.

Section 2. “Cash Management” Policy 7200 UBP states, “Monies received should be deposited at the University Cashiers Department intact the next working day following receipt.” This policy indicates that all monies must be deposited and should not be withheld for any purposes.

Over the years UNM – Los Alamos increased their change funds by \$70 but did not reduce the petty cash bank balance by a corresponding amount. The source of this increase appears to be undeposited receipts.

Per UNM – Los Alamos management, the source of the \$100 unexplained reconciling item is unknown. Unexplained reconciling items on the bank reconciliation is incorrect accounting and the bank reconciliation should be corrected.

Recommendation 12

Management should deposit the \$70 increase in change funds to the depository account, and use the petty cash bank account to provide needed change funds. In addition, management should

work with General Accounting to properly clear the \$100 unexplained item from the bank reconciliation.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. Irreconcilable items in the Petty Cash account will be cleared by January 31, 2008.

Undated and Unendorsed Checks

During our cash count, we found two checks that were not restrictively endorsed and one check that was not dated as required by policy.

Section 3.2.3. "Cash Management" Policy 7200, UBP states: All checks must be restrictively endorsed immediately upon receipt."

Checks received should be restrictively endorsed immediately, and the employee accepting the check should insure that there is a date on the check.

Recommendation 13

Management should institute cash management procedures to comply with University Policy to ensure checks are properly endorsed and dated.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. All Business Office staff will have received cash management training. Restrictive endorsement stamps will have been distributed to staff as appropriate by January 31, 2008.

Cash Receipts Not Deposited Daily

During our cash count, we noted that the bookstore had not deposited cash receipts the following business day as required by policy. When we discussed this with the business office staff, they informed us that they only make deposits two to three times week.

Section 2. "Cash Management" Policy 7200, UBP states: "Monies received should be deposited at the University Cashiers Department intact the next working day following receipt. When less than \$50 is involved, monies may be accumulate up to a week."

Recommendation 14

Management should change the cash deposit process to comply with University policy that requires daily cash receipts be deposited no later than the following business day.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. The cash management system will be in place by January 31, 2008.

Withheld Library Funds

During our cash count, we discovered that the library withheld funds from the copy machines to establish a fund to purchase office supplies, rather than going through the standard procurement process.

Section 1.3. “Cash Management” Policy 7200 UBP states, “Withholding monies to establish departmental petty cash funds is not permitted.” This policy indicates that all monies must be deposited and should not be withheld for any purposes.

Recommendation 15

Management should communicate to all departments that all purchases must be made using the University purchasing processes and that all receipts must be deposited intact.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. The policy will be communicated to all departments by January 31, 2008. The Library petty cash fund was deposited by December 31, 2007.

Organization of Safe Contents

During our cash count, we noted that the business office safe contained items not essential to business office operations, and that some monies stored in the safe were not adequately secured in money bags. The safe should only be used for securing cash and valuable items related to official university business, and should be cleared of unnecessary items. The effect has been lax procedures around use of the safe.

Recommendation 16

Management should ensure that the safe does not contain unnecessary items, and that monies in the safe are properly secured.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. Management will evaluate the contents of the safe and remove items that do not require the needed security of the Business Operations safe by January 31, 2008.

Improper Use of the Petty Cash Fund

We found two instances of the Branch using the petty cash bank account to make payroll advances to employees. In addition, the Branch was writing checks from the petty cash bank account that exceed the \$100.00 limit set by policy.

University policy prohibits the use of petty cash to make payroll advances. Section 1. “Petty Cash Fund” Policy 7210, UBP states “. . . A Petty Cash Fund must never be used for personal advances, loans, IOUs, or cashing checks. Items not authorized for reimbursement through Petty Cash include salary payments, payments for outside services, travel costs, and any unallowable expenditures.”

University policy limits petty cash purchases to \$100 per day, per vendor. Section 1. “Petty Cash Fund” Policy 7210, UBP states, “A Petty Cash Fund may be used for departmental purchases of \$100 or less per day/per vendor without having to go through the normal *procurement* procedures . . .”

Recommendation 17

Management should comply with University Policy by not issuing payroll advances, and should not make purchases from the petty cash account exceeding \$100 per vendor.

Response from the Executive Director of UNM – Los Alamos

Management concurs with this recommendation. Discontinuance of payroll advances to students will be complied with immediately. UNM-LA management will work with the other branch directors, the Comptroller, and the Provost to obtain an exception regarding petty cash disbursements exceeding the \$100.00 limit for items that are not allowable under the P-Card system.

RESTRICTED GRANT

The Bernalillo site for the ABE program is not meeting performance goals, which impacts funding for the entire UNM – Los Alamos ABE program.

The ABE program receives state and federal funding through a grant from the State of New Mexico Higher Education Department. The purpose of the program is to increase adult literacy, assist in completing secondary education, assist adults in becoming partners in children's education, and assist adults in obtaining knowledge and skills necessary for self sufficiency and employment. UNM –Los Alamos has ABE sites in various communities in New Mexico. Future funding for the grant is based on the program meeting core outcome achievements established by the funding agency.

The annual report for 2005-2006 shows that the Bernalillo site showed 0% core outcome achievements. The site has been experiencing difficulties accurately reporting student progress under the program. The lack of core outcome achievements may represent poor reporting or could be due to lack of student success. UNM – Los Alamos should work with the Bernalillo site to determine the underlying issues contributing to the underperformance of the program.

Recommendation 18

Management should work with the Bernalillo site to improve reporting accuracy in student achievement and bring performance at the site in line the program's purpose.

Response from the Executive Director of UNM – Los Alamos

We concur with this recommendation. ABE program staff at the Bernalillo Education Center was re-assigned and teacher training conducted to improve reporting accuracy and meet program goals. The re-assignment was effective October 1, 2007. Progress toward the program goals will be reviewed on a quarterly basis with the Interim Dean of Instruction. The next review will be on March 31, 2008.

AUDIT RECOMMENDATIONS ALREADY IMPLEMENTED

During the course of the audit, we made recommendations which management implemented immediately. We applaud management's initiative and willingness toward improving the efficiency and effectiveness of their operations. Following are recommendations implemented during the audit.

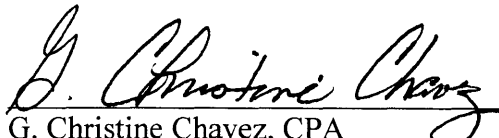
- Management has tightened security over safe access by changing the combination and restricting the number of persons having access.
- Management has installed a drop box for cash receipts processed after business hours.

- In September 2007, management coordinated with main campus to provide cash management training at UNM – Los Alamos.
- Management is in the process of hiring a permanent Director of Campus Resources.
- Management changed the reporting structure for the bookstore so that the manager reports directly the Director of Campus Resources.

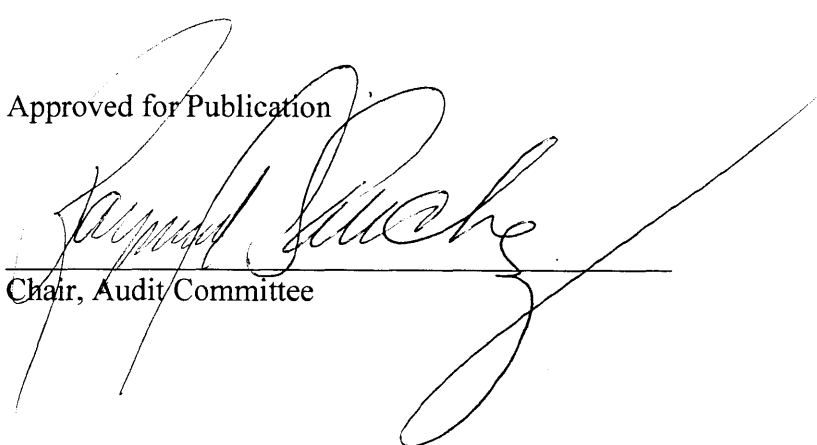
CONCLUSION

UNM – Los Alamos should assess its organizational structure and endeavor to fill the Dean of Instruction position. The Branch should strengthen and implement internal controls in the cafeteria and cash management functions, and should document policies and procedures for key business operations. UNM – Los Alamos should endeavor to improve performance outcomes for the Bernalillo site of the ABE program.

APPROVALS


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Approved for Publication


Chair, Audit Committee