

**SCHOOL OF LAW ENLACE AWARD
AUDIT OF ALLEGATIONS**

THE UNIVERSITY OF NEW MEXICO

**Report 2008-06
December 3, 2007**



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ABBREVIATIONS

ENLACE.....	ENgaging LATino Communities for Education program
Director	Director for ENLACE
PI.....	Principal Investigator
University.....	The University of New Mexico
Dean	Dean of the Law School

EXECUTIVE SUMMARY

The audit was requested by the Dean of The University of New Mexico (University) School of Law (Dean). The Dean had received an anonymous phone call where an informant stated that there was embezzlement and forgery in the ENgaging LATino Communities for Education program (ENLACE).

We investigated the specific allegations and related issues. The purpose of our audit was to review the management of the program, determine if the allegations made are correct, review other potential areas of risk, and provide recommendations for improvements.

PRINCIPAL INVESTIGATORS

The Principal Investigators (PIs) should have adequate time to monitor and supervise an award granted to the University. In addition, management of the award should be in a chain-of-command that relates to the award. The Dean of the School of Law and the Interim Vice President for Enrollment Management agreed to change the management of ENLACE to office of Enrollment Management.

SIGNATURE AUTHORIZATION

Individuals should only sign their own name. The Director should not have given the Administrative Assistant permission to sign her name. This was discontinued after our first meeting with the Director.

TRAVEL DOCUMENTATION

All expenses of an award, granted to the University, should be paid by the University to ensure adequate controls over the monies spent. The Director had a collaborative agency paying some of the award expenses. The collaborative agency was not as stringent in their documentation requirements as the University. There are increased risks that expenses could have been paid by both the University and the agency. The Dean of the School of Law and the Interim Vice President for Enrollment Management stated that the ENLACE management immediately stopped the practice of paying expenses through a collaborative agency upon being informed of this finding.

CONCLUSION

Although the Director had given the Administrative Assistant permission to sign her name, we did not find embezzlement. We recommend a change in management for the program and that management process all expenses and reimbursements through the University to reduce the risk of duplicate reimbursements and payments of expenses.

INTRODUCTION

BACKGROUND

ENgaging LATino Communities for Education (ENLACE) is a comprehensive community based partnership working to improve educational outcomes for Hispanic students within the state of New Mexico. The partnership involves key educational institutions such as The University of New Mexico, Albuquerque Public Schools, Central New Mexico Community College, community based organizations, local and national businesses, parents, and students. The program has an award from the Kellogg Foundation and receives state appropriations. The term "ENLACE", from the Spanish word "enlazar", means to link or weave together to connect in such a way that the new entity is stronger than its parts. The belief is that to improve the education of Hispanic youth, strategies must be found to draw upon using the strengths of Hispanic people and communities to create a vibrant, healthy learning environment for today's young people.

The audit was requested by the Dean of The University of New Mexico (University) School of Law (Dean) who is also a co-principal investigator for the Kellogg award. The Dean had received an anonymous phone call where an informant stated that there was embezzlement and forgery in the ENgaging LATino Communities for Education program (ENLACE).

PURPOSE

The purpose of our audit was to review the management of the program, determine if the allegations made are correct, review other potential areas of risk, and provide recommendations for improvements.

SCOPE

Our audit procedures were limited to reviewing the specific allegations. We reviewed ENLACE, Contract and Grant Accounting, and Payroll Department records. We interviewed University employees. The fieldwork was completed on October 24, 2007.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

PRINCIPAL INVESTIGATORS

The current co-Principal Investigators (PIs), the Dean of the School of Law and the Senior Advisor to the President, have responsibilities and obligations that do not allow them to properly monitor the ENLACE award. In addition, the award does not “fit” into their academic areas of expertise. The former Acting President assigned the co-PIs supervision of the award due to a misunderstanding between a group of ENLACE’s constituents and the prior PI. The allegations, and subsequently our review, identify the potential increased risks of exposure and errors that could occur by not properly monitoring and supervising the program. A PI is responsible for the fiscal/financial management and oversight of his/her award. The Interim Vice President for Enrollment Management handles admissions, recruitment, financial aid, K-12 Connections (kindergarten through twelfth grade program), Registrar, Scholarship and the Testing Center. ENLACE is more in line with these functions.

Recommendation 1

University management should consider assigning management of the program to a PI under the Interim Vice President for Enrollment Management.

Response from the Dean of the School of Law and the Interim Vice President for Enrollment Management

We agree with the audit finding. We will change the management of the Program from the current co-PI’s to the office of Enrollment Management by December 14, 2007.

SIGNATURE AUTHORIZATION

The Administrative Assistant was signing the Director’s name on University documents. The Director gave the Administrative Assistant permission to sign the Director’s name when the Director was out of town. We verbally recommended that no one should ever sign someone else’s name. The Director and Administrative Assistant agreed at that time to change this process.

TRAVEL DOCUMENTATION

In our review of a travel advance for the Administrative Assistant, we found that the collaborative agency did not require the same documentation and support for expenses. Not all of ENLACE’s expenses are paid through the University; some expenses are being paid by one of the collaborative agencies. With both the University and the collaborative agency paying expenses, there is a risk that they could both reimburse the same expense.

Recommendation 2

The Director should only use the University to reimburse individuals and pay all expenses for the award.

Response from the Dean of the School of Law and the Interim Vice President for Enrollment Management

We agree with the audit finding. ENLACE staff immediately stopped the practice of paying expenses through a collaborative agency upon being informed of this finding.

PAYROLL CONCERNS

The Administrative Assistant was approving all of the ENLACE payroll timesheets, including her own. The Administrative Assistant was completing internal time slips which were then approved by the Director. In addition, the Director was reviewing the payroll charges to the program to ensure that they were correct. The Director could not sign the payroll timesheets because she was an Albuquerque Public Schools employee and executive on loan to the University. An employee should not approve his/her own time. Before the completion of our audit, the Director provided us with a payroll timesheet where the Administrative Assistant's payroll timesheet had been approved by a supervisor.

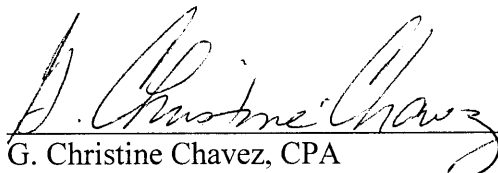
The University does not have a policy that prohibits an individual from approving his own payroll timesheet. There should be a segregation of duties so that the activities of one employee act as an independent check on those of another. By having another employee approve the timesheet, it verifies that the employee worked the hours, and the time recorded and being paid for is correct.

There is a proposed policy, associated with the implementation of the Banner Payroll System, that will go to the President for approval in December of 2007 and should be issued on/or before January 1, 2008. This policy resolves the problem by stating, "Departments must complete internal time sheets for each nonexempt staff and student employee signed by each employee's respective supervisor."

CONCLUSION

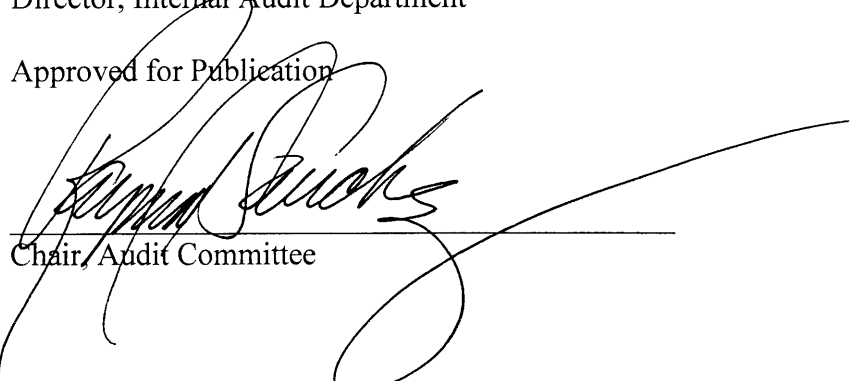
Although the Director had given the Administrative Assistant permission to sign her name, we did not find embezzlement. We recommend new management for the program and that management process all expenses and reimbursements through the University to reduce the risk of duplicate reimbursements and payments of expenses. In addition, we recommend that the President approve a policy that requires the nonexempt staff and student employee's supervisor sign an internal time sheet.

APPROVALS



G. Christine Chavez, CPA
Director, Internal Audit Department

Approved for Publication



Chair, Audit Committee