

**DEPARTMENT OF INTERCOLLEGIATE ATHLETICS  
MEN'S BASKETBALL AUDIT OF UNDEPOSITED CASH**

**THE UNIVERSITY OF NEW MEXICO**

**Report 2011-02  
May 24, 2011**



---

**Audit Committee Members**

J.E. "Gene" Gallegos, Chair  
Lt. General Bradley Hosmer, Vice Chair  
James Koch

---

**Audit Staff**

Manu Patel, Director  
Lola Neudecker, Internal Auditor 3

---

# CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
SUMMARY OF FINDINGS .....	1
RECOMMENDATIONS .....	2
<b>INTRODUCTION.....</b>	<b>4</b>
BACKGROUND .....	4
TIMELINE OF EVENTS .....	6
PURPOSE.....	9
SCOPE .....	9
PROCEDURES.....	9
<b>OBSERVATIONS, RECOMMENDATIONS AND RESPONSES.....</b>	<b>10</b>
<b>NO. 01 – UNTIMELY CASH DEPOSITS.....</b>	<b>10</b>
<b>NO. 02 – TRANSFER OF CASH .....</b>	<b>12</b>
<b>NO. 03 – CASH MANAGEMENT TRAINING.....</b>	<b>14</b>
<b>NO. 04 – REPORTING THEFT .....</b>	<b>16</b>
<b>NO. 05 – USE OF UNM FOUNDATION SIXTH MAN ACCOUNT FUNDS.....</b>	<b>17</b>
<b>NO. 06 – UNTIMELY SUBMISSION OF TRAVEL REIMBURSEMENT REQUEST.....</b>	<b>19</b>
<b>NO. 07 – ALLOWABILITY OF TRAVEL EXPENSES FOR COACHES’ FAMILIES ....</b>	<b>21</b>
<b>APPROVALS .....</b>	<b>24</b>

## ABBREVIATIONS

Athletics .....	Department of Intercollegiate Athletics
Business Office .....	Department of Intercollegiate Athletics Business Office
DPA.....	Direct Pay Approval
Head Coach.....	Men’s Basketball Head Coach
JV.....	Journal Voucher or Journal Entry
NCAA .....	National Collegiate Athletics Association
UBP.....	University Business Policies and Procedures Manual
University.....	The University of New Mexico
UNM .....	The University of New Mexico

---

## **EXECUTIVE SUMMARY**

The Vice President for Human Resources requested a review of the Men's Basketball program after \$2,760 in travel funds for coaches' families for the National Collegiate Athletics Association (NCAA) tournament was missing from the Men's Basketball Administrative offices. In our review, we examined events surrounding the incident of the missing money from March 16, 2010, when the funds were withdrawn from the Lobo Club Operating bank account, to June 1, 2010, when a journal entry was approved and finalized that transferred \$3,000 from the University of New Mexico (UNM) Foundation Sixth Man account back to the Lobo Club. We reviewed the purpose of the Lobo Club operating account, and the UNM Foundation Sixth Man account.

Internal Audit forwarded the information to the University Campus Police Department and the New Mexico Office of the State Auditor.

## **SUMMARY OF FINDINGS**

### **UNTIMELY CASH DEPOSITS**

The Men's Basketball program did not comply with The University of New Mexico (University) policies regarding cash handling. The [REDACTED] for Men's Basketball did not deposit \$2,760 of unused cash advance funds into a University account in a timely manner, resulting in the loss of the cash. In addition to the \$2,760 in non-deposited and subsequently missing travel advance funds, we also discovered that the [REDACTED] for Men's Basketball did not deposit \$1,324 from the annual Sixth Man Golf Tournament in September 2009. These funds were also missing with the travel advance cash.

### **TRANSFER OF CASH**

The [REDACTED] did not document the transfer of cash from the [REDACTED] to the [REDACTED].

### **CASH MANAGEMENT TRAINING**

Of the several individuals that handled the travel money, only the [REDACTED] attended cash handling training (June 2007) that is documented in the Human Resource's Department's Learning Central system. The Associate Athletic Director for Finance stated that he and other personnel have received cash handling training that was provided by the Bursar's office. However, the Employee and Organization Development Division of the University's Human Resources Department does not have documentation in the Learning Central system that indicates that the [REDACTED] or the [REDACTED] have attended cash handling training.

### **REPORTING THEFT**

While the Department of Intercollegiate Athletics (Athletics) discussed the loss of cash with the University Campus Police Department, they did not file an official report of the loss.

### **USE OF UNM FOUNDATION SIXTH MAN ACCOUNT FUNDS**

---

## EXECUTIVE SUMMARY

Athletics used a journal entry to charge the loss of the travel advance cash to the UNM Foundation Sixth Man account. The Financial Services Division states that a travel advance for coaches' families is not an allowable expenditure for the UNM Foundation Sixth Man account.

### UNTIMELY SUBMISSION OF TRAVEL REIMBURSEMENT REQUEST

The [REDACTED] did not submit a completed travel reimbursement form to Financial Services Division within fifteen (15) business days after completion of the travel. The Men's Basketball Team returned from the NCAA tournament in San Jose, CA on March 21, 2010. The [REDACTED] Direct Pay Approval (DPA) form for travel reimbursement for this trip is dated June 26, 2010.

### ALLOWABILITY OF TRAVEL EXPENSES FOR COACHES' FAMILIES

The University's travel reimbursement policies do not allow the University to incur expenditures for family members that accompany faculty and staff traveling on official University business.

### NCAA COMPLIANCE

We did not find any violations of NCAA rules or regulations in regards to team travel transactions in our review.

## RECOMMENDATIONS

We recommend that:

- The Athletics Department management requires all personnel who handle cash to take Cash Management training within the next 15 working days.
- The Athletics Department management implements a system of internal control and a monitoring process to ensure that funds are deposited intact by the next working day following receipt.
- The Vice President for Athletics immediately file an official report with the University Campus Police Department if obvious theft has taken place.
- The UNM Foundation and the Athletics Department prepare a Memorandum of Understanding between the UNM Foundation and the Athletics Department that clearly defines the purpose of the account and allowable expenditures from the UNM Foundation's Sixth Man account.
- The Business Office communicate allowable expenditures for UNM Foundation accounts to Athletics personnel.
- The Business Office inform the Vice President for the Athletics Department and head coaches of the University Foundation accounts that are available to each team, and what types of expenditures are appropriate for each UNM Foundation account.
- The Athletics Department management communicates travel policies to all Athletics personnel.

- The Athletics Department management and the Financial Services Division perform a thorough review of all NCAA tournament travel expenditures that the Athletics Department charged to the NCAA tournament account index, and itemize the unallowable travel expenditures for the coaches' families.
- The Financial Services Division include these expenses as an accounts receivable from the coaches to repay the University for the unallowable travel expenditures incurred by their family members.
- The President and University Board of Regents consider clarifying the University Business Policy (UBP) 4030, Travel to address "Special Travel Situations" when family, spouse, or persons may accompany personnel travelling on bona fide University business; authority, and circumstances for approving such travel costs, including funding source(s) to allocate such costs.
- The Athletics Department management should consult with Human Resources and the President's Office to address personnel issues in accordance with UBP 3215, Performance Management, against all parties involved.

## CONCLUSION

The Men's Basketball program did not comply with University policies regarding cash handling. The [REDACTED] for Men's Basketball did not deposit the unused cash advance and cash received from a golf tournament into a University account in a timely manner, resulting in the loss of the cash. The [REDACTED] did not document the transfer of cash to the [REDACTED]. Not all employees and their direct supervisors that handle cash received the required cash handling training. The Athletics department did not file an official report of the loss to the University Campus Police Department. Athletics incurred expenditures for coaches' families' travel that were not allowable under the University's travel reimbursement policies and not allowable for the UNM Foundation account that incurred the expense. On November 29, 2010, the Vice President of Athletics sent out a survey regarding post-season travel expenses to the Association of Athletics Directors. The Internal Audit Department prepared the survey. The Board of Regents could use the results of this survey to clarify UBP 4030, Travel. We did not find any violations of NCAA rules or regulations regarding the team travel expenses.

---

# **INTRODUCTION**

## **BACKGROUND**

### **Department of Intercollegiate Athletics Background**

The University of New Mexico Department of Intercollegiate Athletics manages the operations and student participation for twenty-one (21) men's and women's varsity Athletics teams. These teams participate in Division I of the NCAA.

The 2009-10 athletics season was hugely successful, as 13 sports represented UNM at NCAA championship events - the second most since 15 represented the University in 2004-05. New Mexico finished 47th in the Learfield Director's Cup standings. The Lobos brought home five conference championships and skiing just missed its second national title, placing third. UNM had a pair of individual national champions for the second straight season. The NCAA named seven UNM student athletes as Athletes of the Year, and three as Freshmen of the Year in their respective sports. Additionally, they recognized four Lobo coaches as Coaches of the Year in their conference. UNM student athletes in the Lobos' 32 athletic programs achieved a combined grade point average for the 2009 fall semester of 3.12, followed by a school record-breaking 3.15 in the 2009 spring semester.

The Athletics Department manages an annual budget of approximately \$29,000,000. This includes operations, salary and salary burden, facilities, student athlete financial aid and student athlete scholarships.

The primary mission of the Athletics Department is to advance the full participation of student athletes in all aspects of their education and athletic endeavors, with the ultimate goal of having each one become active contributing individuals and leaders of our social, civic, and cultural society.

### **Men's Basketball Background**

The Men's Basketball program has a Head Coach, an Associate Head Coach, two Assistant Coaches, a Team Operations Director, a Videographer, and an Administrative Assistant 3. The 2009-10 Lobo basketball season was the Head Coach's third season with the University. In 2007-08, the Head Coach set a school record for the most wins (24) by a New Mexico head coach in his first season and tied the record for the most victories (24) by a Lobo coach during the regular season. In 2008-09, the team won its first conference championship in 15 years. In 2009-10, the Lobos once again won the conference championship and earned a #3 seed in the NCAA tournament, the team's first bid since 2005.

The men's basketball team's season win-loss record under the current head coach is summarized below:

<b>Season</b>	<b>Overall</b>	<b>Conference</b>	<b>Standing</b>	<b>Postseason</b>
2007–08	24–9	11–5	3rd	NIT 1 <sup>st</sup> Round
2008–09	22–12	12–4	T–1st	NIT 2 <sup>nd</sup> Round
2009–10	30–5	14–2	1st	NCAA 2 <sup>nd</sup> Round

In March 2010, the Men’s Basketball team traveled to the NCAA Tournament in San Jose, CA. The University chartered an airplane for the roundtrip travel to San Jose, and the team stayed at the Marriott hotel. The NCAA reimbursed UNM for 75 travelers, which included the team and coaches (32), 12 cheerleaders, 30 band members, and 1 mascot. The rate of reimbursement was \$175.00 per day for four days of travel, March 18-20, 2010, for a total of \$52,500.

In addition to the 75 members of the official travel party, there were also additional passengers on the chartered flight. These additional passengers included the coaches’ family members, University administrators, and members of the general public. The Athletics Business office invoiced the general public passengers for the cost of their airfare and collected a total of \$8,658; of this amount, \$8,080 was removed from the revenue portion of the financial statement to offset airline travel expenses, and \$578 remains classified as revenues. In January 2011, the Athletics Business office received payment for an additional \$1,734 from previously invoiced general public passengers and deposited that revenue in their Athletics General account.

The Athletics Business office processed journal entries (JVs) to transfer the \$70,822.08 in expenses not covered by revenues to a General Athletics account and a Contingency account.

The expenses incurred and corresponding journal vouchers for this trip are summarized below:

#### **SUMMARY OF EXPENSES FOR NCAA TOURNAMENT**

	<b>BUDGET</b>	<b>ACTUALS</b>
Revenue	\$50,000.00	\$53,078.00
Expenses	\$50,000.00	\$123,900.08
<b>Revenues less Expenses</b>		<b><u><u>-\$70,822.08</u></u></b>

**JVS TO CLEAR BALANCES FOR NCAA TOURNAMENT INDEX #925347**

<b>JV#</b>	<b>DATE</b>	<b>AMOUNT</b>	<b>INDEX</b>	<b>FUND</b>
J0285954	7/29/2010	\$70,743.24	925027 Athletics General	2U5 Other Institutional Activities
J0294452	10/14/2010	\$78.84	925374 Contingency	2U5 Other Institutional Activities
<b>Total</b>		<b><u>\$70,822.08</u></b>		

In September, Men's Basketball hosts their annual golf tournament to raise money for their Sixth Man fund. The Sixth Man fund is a non-endowed spending account at the University of New Mexico Foundation to purchase items such as apparel, occasional meals, catering, promotional items, photos, plaques, computers, and exercise equipment for the Men's Basketball team. In FY2010, Men's Basketball raised \$96,375 in donations for the Sixth Man fund.

The Vice President for Human Resources requested a review of the Men's Basketball program after \$2,760 in travel advance funds to the NCAA tournament for the coaches' families was missing from the Men's Basketball Administrative offices.

**TIMELINE OF EVENTS**

September 28, 2009 – The annual Sixth Man golf tournament is held. Approximately \$1,300 in cash is collected for the sale of mulligans. The [REDACTED] did not deposit this cash into the Men's Basketball's Sixth Man account; [REDACTED] claims to have placed it in an envelope in [REDACTED] file cabinet.

Early March 2010 – The Vice President of Athletics called the Vice President for HSC/UNM Finance/University Controller and asked her how he could pay for the coaches' families travel advances. The Vice President for HSC/UNM Finance told the Vice President of Athletics that the coaches' families' travel advances would not be allowable, and that he could ask the Lobo Club if they would provide the travel advance funds.

March 5, 2010 – The [REDACTED] contacted Main Campus Financial Services via email regarding processing travel advances, and using [REDACTED] purchasing card for possible post-season tournament travel with an anticipated departure date of March 16, 2010. [REDACTED] was concerned about processing a travel advance because of a Banner system shut down due to a scheduled upgrade.

March 8, 2010 – The Accounting Manager for Unrestricted Accounting replied to the [REDACTED] via email that [REDACTED] may process a travel advance for post-season travel.



---

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

March 9, 2010 – The [REDACTED] processed DPI#I0607751, which was a \$2,080 travel advance for the [REDACTED] for post-season tournament travel for the 23 member Men's Basketball travel party. The travel party included the Head Coach, Associate Head Coach, two Assistant Coaches, Team Operations Director, Videographer, Administrative Assistant 3, a team doctor, a strength coach, and the team members.

March 11, 2010 – Main Campus Financial Services approved DPI#I0607751 and the [REDACTED] received \$2,080 in travel advance funds.

March 12-18, 2010 – The Banner system was unavailable due to an upgrade.

March 14, 2010 – The Men's Basketball team received an invitation to go to the NCAA tournament in San Jose, CA.

March 15, 2010 – The Vice President of Athletics called the Associate Athletics Director for the Lobo Club and asked him if the Lobo Club could loan the Men's Basketball team \$3,000 for meals for the coaches' families for the NCAA tournament. The understanding was that the money would be reimbursed to the Lobo Club after the tournament.

March 16, 2010 –

After obtaining approval from the Lobo Club President and the Lobo Club board, the Associate Athletics Director for Lobo Club withdrew \$3,000 cash from the Lobo Club bank account. He gave the cash to the Associate Athletics Director for Finance.

The Associate Athletics Director for Finance prepared a list of travelers whose meals were to be paid with the \$3,000 cash. The list includes 14 coaches' family members and the Administrative Assistant 3. The Associate Athletics Director for Finance used a written receipt to document the transfer of the money to [REDACTED]. [REDACTED] transferred the money without a document to the [REDACTED].

The Men's Basketball team and the coaches' families departed to San Jose, CA, for the first round of the NCAA tournament.

The team and the coaches' families ate dinner at a Gordon Biersch Brewery, in San Jose, CA. The total bill for the meal was \$1,428.24. The [REDACTED] paid \$1,188.24 for the team's meal with [REDACTED] purchasing card; for the coaches' families' meals, [REDACTED] paid \$240.00 cash. This was the only time the meal money was used to purchase meals for the coaches' families. The coaches' families ate with the team or on their own for the other meals during the trip.

March 21, 2010 – The Men's Basketball team and the coaches' families returned to Albuquerque.

---

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

March 23, 2010 – The [REDACTED] claims to have placed the remaining \$2,760 in an envelope in [REDACTED] file cabinet. The file cabinet was locked, but a spare key to the cabinet was located in another drawer, in a business card box.

April 2010 –

At a monthly budget meeting, an Associate Athletics Director asked if the unused travel money had been deposited. The [REDACTED] responded that it had not, and asked if there was any paperwork that needed to be prepared with the deposit.

After another week passed, the Associate Athletics Director sent an email to the [REDACTED] and the [REDACTED] requesting that the money be returned to the Athletics Business Office. At this time, [REDACTED] looked in the file cabinet and discovered that the \$2,760 travel money and the \$1,324 golf tournament money were missing from the file cabinet.

The Associate Athletics Director made an phone call to the Chief of the University Police Department, who encouraged him to call the dispatch line to make a formal police report of the loss of the money.

The University Safety and Risk Services were notified of the loss, but the combined total of \$4,084 did not reach the threshold amount for filing an insurance claim.

June 1, 2010 – The [REDACTED] in the Athletics Business Office processed a journal entry to transfer \$3,000 from the UNM Foundation's Sixth Man account to the Lobo Club Operating account. The journal entry was authorized verbally by the Associate Athletics Director and the Head Coach and approved in Banner by the Associate Athletics Director for Finance.

June 25, 2010 – [REDACTED] processed DPEZ #DZ306033, which is a travel reimbursement form submitted on behalf of the [REDACTED] for post-season tournament travel for the 23 member Men's Basketball travel party.

June 30, 2010 – [REDACTED] repaid \$1,134.97 of the \$2,080.00 travel advance from DPI# I0607751 dated March 9, 2010.

## **PURPOSE**

The purpose of our audit is to determine:

- A timeline of events from when the money was received until it was discovered missing;
- If the loss was reported to University Campus Police and University Safety and Risk Services;
- If meals for coaches' families on Athletics trips are an allowable expense for the UNM Foundation Sixth Man account;
- If the transfer of \$3,000 from the Lobo Club Operating Account to the UNM Foundation Sixth Man account is allowable under the account guidelines for the UNM Foundation Sixth Man account; and
- If it is a violation of NCAA rules to allow University funds to be spent for meals for coaches' families on Athletics trips.

## **SCOPE**

Our audit scope was limited to reviewing the events surrounding the incident of the missing money from March 16, 2010, when the funds were withdrawn from the Lobo Club account, to June 1, 2010, when the journal entry was approved and finalized. When additional money from the Sixth Man golf tournament was discovered to be missing, we expanded our scope to include the circumstances involving those funds.

## **PROCEDURES**

We reviewed the purposes of the Lobo Club operating account and the UNM Foundation Sixth Man account. We interviewed the Vice President of Athletics, the Men's Basketball Head Coach, the Director of Development for the Lobo Club, the Associate Director of the Athletics Business Office, the Men's Basketball [REDACTED], and the [REDACTED] for Men's Basketball to determine: a time line from when the money was withdrawn until it was determined to be missing; why the journal entry was made; and, why the UNM Foundation Sixth Man account was chosen to cover the loss. We interviewed the Assistant Athletics Director for Compliance, to determine if NCAA rules apply to these types of transactions. We reviewed transactions of expenditures in the NCAA Tournament index #925347 and the associated documents for revenues and expenditures in that index.

---

## OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

### No. 01 – UNTIMELY CASH DEPOSITS

- Condition:

The [REDACTED] in Men's Basketball collected \$1,324 from the annual Sixth Man Golf Tournament in September 2009. These funds reflect cash paid by donors to purchase mulligans. [REDACTED] did not deposit the cash on the next working day, and stated that [REDACTED] locked it in [REDACTED] file cabinet for a time period of at least six months.

The [REDACTED] in Men's Basketball returned from the NCAA tournament on Sunday, March 21, 2010, with \$2,760 in unused travel advance monies. [REDACTED] did not deposit the cash on the next working day; instead, the [REDACTED] locked the cash in [REDACTED] file cabinet two days later, and claims to have left it there for several weeks.

- Criteria:

UBP 7200, Cash Management, Section 2, states, "Monies received should be deposited at the University Cashiers Department intact *by* the next working day following receipt. When less than \$50 is involved, monies may be accumulated up to a week. No checks shall be cashed, no purchases shall be made, and no substitution of cash, checks, or other documents shall be made from the actual monies received."

- Cause:

The [REDACTED] stated that [REDACTED] kept the cash from the golf tournament in [REDACTED] file cabinet for the purpose of using it for door prizes at Sixth Man Club pre-game events during the Men's basketball season, which started on November 3, 2009.

The [REDACTED] stated that [REDACTED] did not deposit the remaining travel advance money the next working day because [REDACTED] was not sure of the process for depositing the money and did not know if additional funds were going to be disbursed to the coaches' families for the meals that they ate on their own.

The [REDACTED] in Men's Basketball disregarded [REDACTED] cash handling training where [REDACTED] learned that all monies received should be deposited at the University Cashiers' Department intact by the next working day following receipt.

The [REDACTED] in Men's Basketball indicated that [REDACTED] reports directly to the Men's Basketball Head Coach for all of [REDACTED] activities, including finance-related responsibilities, rather than to the Associate Athletic Director for Finance.

- Effect:

The consequence of not depositing the money in both cases by the next working day was that the money remained in a file cabinet for approximately six months for the \$1,324 from the golf

tournament and several weeks for the \$2,760 for the coaches' families' meals, resulting in the loss of the money.

- Recommendations:

The Athletics Department management should require all personnel who handle cash to take Cash Management training within the next 15 working days.

The Athletics Department management should implement a system of internal control and a monitoring process to ensure that funds are deposited intact by the next working day following receipt. For example, the Athletics Department management should consider requiring all personnel performing financial transactions, including cash handling, to report to the Associate Athletic Director for Finance.

The Athletics Department management should consult with Human Resources and the President's Office to address personnel issues in accordance with UBP 3215, Performance Management, for the [REDACTED]. This employee disregarded University Business Policies, as [REDACTED] did not deposit monies by the next working day following receipt on two separate occasions.

**Management Responses: Management plan of action for resolving the audit finding.**

<b>Action Items</b>		
<b>Corrective Action Planned</b>	<b>Assigned to</b>	<b>Targeted Completion Date</b>
<p><i>The Department has consistently stressed that all employees who handle cash should take the University Cash Management Program. In the Summer of 2007, an announcement went out to all staff who handled cash to attend a University program designed to address cash handling. We were operating under the mistaken impression that all employees who handle cash had participated in this training or had participated in equivalent training.</i></p> <p><i>Moving forward, all new hires and current employees who are involved in the handling of cash will be required to go through training.</i></p> <p><i>Rather than having Athletic employees take the standard cash, travel, and financial training classes offered at UNM, Athletics proposes that the</i></p>	<p><i>Department of Athletics</i></p> <p><i>Assistant Athletic Director for Finance</i></p>	<p><i>Completed May 31, 2011</i></p> <p><i>Course material completed in May of 2011</i></p>

<p><i>Financial Services deliver a one-day financial workshop specifically tailored to Athletics. This would enable Athletics employees to learn how to apply the principles and practices to the unique situations Athletics faces through meaningful discussions. In addition, Athletics leadership will be involved in this training with their coaches and staff and can set a tone of fiscal responsibility and reinforce a culture of strong fiscal stewardship. This workshop would include all training recommended in the audit.</i></p>	<p><i>Accounting Manager of Unrestricted Accounting for Main Campus</i></p>	<p><i>Implementation to be completed by September 15, 2011</i></p>
<p><i>Financial Services will serve as a consultant to Athletics to reinforce strong internal controls and monitoring processes.</i></p>	<p><i>Assistant Athletic Director for Finance</i></p> <p><i>Vice President for Finance</i></p>	<p><i>Completed April 30, 2011</i></p>
<p><i>The Athletic Department and Human Resources will address any personnel issues in accordance with Policy 3215.</i></p>	<p><i>Vice President for Athletics</i></p> <p><i>Vice President for Human Resources</i></p>	<p><i>Completed April 30, 2011</i></p>

## **No. 02 – TRANSFER OF CASH**

- Condition:

Although the Associate Athletic Director for Finance did document in writing the transfer of money on March 16, 2010 to the [REDACTED], the [REDACTED] did not document the transfer to the [REDACTED].

- Criteria:

UBP 7200, Cash Management, Section 2.3, states, “Whenever monies being deposited are transferred from one individual to another individual, the transfer of responsibility must be documented in writing.”

- Cause:

The Athletics Department management did not stress the cash handling procedures that are required by UBP 7200, Cash Management.

- Effect:

The [REDACTED] did not properly document the transfer of money, which should have included a signature by the [REDACTED] acknowledging receipt of the cash and responsibility for handling the cash in accordance with University policies.

- Recommendations:

The Athletics Department management should require all personnel who handle cash to take Cash Management training within the next 15 working days.

The Athletics Department management should consult with Human Resources to address personnel issues in accordance with UBP 3215, Performance Management, for [REDACTED] who did not document the transfer of money in writing.

**Management Responses: Management plan of action for resolving the audit finding.**

<b>Action Items</b>		
<b>Corrective Action Planned</b>	<b>Assigned to</b>	<b>Targeted Completion Date</b>
<p><i>Rather than having Athletic employees take the standard cash, travel, and financial training classes offered at UNM, Athletics proposes that Financial Services deliver a one-day financial workshop specifically tailored to Athletics. This would enable Athletics employees to learn how to apply the principles and practices to the unique situations Athletics faces through meaningful discussions. In addition, Athletics leadership will be involved in this training with their coaches and staff and can set a tone of fiscal responsibility and reinforce a culture of strong fiscal stewardship. This workshop would include all training recommended in the audit.</i></p> <p><i>Financial Services will serve as a consultant to Athletics to reinforce strong internal controls and monitoring processes.</i></p> <p><i>The Athletic Department and Human Resources will address any personnel issues in accordance with Policy 3215.</i></p>	<p><i>Assistant Athletic Director for Finance</i></p> <p><i>Accounting Manager of Unrestricted Accounting for Main Campus</i></p> <p><i>Assistant Athletic Director for Finance</i></p> <p><i>Vice President for Finance</i></p> <p><i>Vice President for Athletics</i></p> <p><i>Vice President for Human Resources</i></p>	<p><i>Course material completed in May of 2011</i></p> <p><i>Implementation to be completed by September 15, 2011</i></p> <p><i>Completed April 30, 2011</i></p> <p><i>Completed April 30, 2011</i></p>

## **No. 03 – CASH MANAGEMENT TRAINING**

- Condition:

Of the several individuals that handled the travel money, only the [REDACTED] attended cash handling training (June 2007) that is documented in the Human Resource's Department's Learning Central system. The Associate Athletic Director for Finance stated that he and other personnel have received cash handling training that was provided by the Bursar's office. However, the Employee and Organization Development Division of the University's Human Resources Department does not have documentation in the Learning Central system that indicates that the [REDACTED] or the [REDACTED] have attended cash handling training.

- Criteria:

UBP 7200, Cash Management, Section 1.1, states, "Individuals responsible for handling cash and their direct supervisor must take the cash management training course offered by the University Employee and Organizational Development Division. Supervisors are responsible for ensuring that new employees, students, and volunteers responsible for monies take the required training as soon as possible after being assigned cash handling duties, but no later than sixty (60) days after the assignment date."

- Cause:

The Athletics Department management did not stress that employees obtain required training.

- Effect:

The lack of cash handling training contributes to non-compliance and lack of emphasis regarding proper stewardship of the University's funds.

- Recommendations:

The Athletics Department management should require all personnel who handle cash to take Cash Management training within the next 15 working days.

The Athletics Department management should develop a written plan for ensuring that all personnel receive their required training in a timely manner.

**Management Responses: Management plan of action for resolving the audit finding.**



<b>Action Items</b>		
<b>Corrective Action Planned</b>	<b>Assigned to</b>	<b>Targeted Completion Date</b>
<i>Moving forward, all new hires and current employees who are involved in the handling of cash will be required to go through training</i>	<i>Department of Athletics</i>	<i>Completed May31, 2011</i>
<i>Rather than having Athletic employees take the standard cash, travel, and financial training classes offered at UNM, Athletics proposes that Financial Services deliver a one-day financial workshop specifically tailored to Athletics. This would enable Athletics employees to learn how to apply the principles and practices to the unique situations Athletics faces through meaningful discussions. In addition, Athletics leadership will be involved in this training with their coaches and staff and can set a tone of fiscal responsibility and reinforce a culture of strong fiscal stewardship. This workshop would include all training recommended in the audit.</i>	<i>Assistant Athletic Director for Finance</i>	<i>Course material completed in May of 2011</i>
	<i>Accounting Manager of Unrestricted Accounting for Main Campus</i>	<i>Implementation to be completed by September 15, 2011</i>
<i>Financial Services will serve as a consultant to Athletics to reinforce strong internal controls and monitoring processes.</i>	<i>Assistant Athletic Director for Finance</i>	<i>Completed April 30, 2011</i>
	<i>Vice President for Finance</i>	
<i>The Athletic Department and Human Resources will address any personnel issues in accordance with Policy 3215.</i>	<i>Vice President for Athletics</i>	<i>Completed April 30, 2011</i>
	<i>Vice President for Human Resources</i>	

## **No. 04 – REPORTING THEFT**

- **Condition:**

After the Associate Director of Athletics discovered the cash was missing from the locked file cabinet, he made a phone call to the Chief of the University Police Department. The Chief encouraged him to call the dispatch line to make a formal police report of the loss of the money. The Associate Director of Athletics did not call the dispatch line.

- **Criteria:**

UBP 7205, Dishonest or Fraudulent Activities, Section 3 states: “Management is responsible for detecting dishonest or fraudulent activities in their areas of responsibility. Each manager should be familiar with the types of improprieties that might occur in his or her area and be alert for any indication that improper activities, misappropriation, or dishonest activity is or was in existence in his or her area. When an improper activity is detected or suspected, management should immediately contact the University Campus Police Department if they feel the situation warrants such action (for example, obvious theft has taken place, security is at risk, or immediate recovery is possible).”

- **Cause:**

The Athletics Department management did not stress the requirement to contact University Campus Police Department in cases of obvious theft.

- **Effect:**

The University Campus Police Department did not investigate the loss. If the Athletics Department had immediately contacted University Campus Police Department after the loss was discovered, they could have investigated to determine who took the missing cash.

- **Recommendations:**

The Vice President for Athletics should immediately file an official report with the University Campus Police Department if obvious theft has taken place.

The Athletics Department management should consult with Human Resources to address personnel issues in accordance with UBP 3215, Performance Management, [REDACTED].

**Management Responses: Management plan of action for resolving the audit finding.**

<b>Action Items</b>		
<b>Corrective Action Planned</b>	<b>Assigned to</b>	<b>Targeted Completion Date</b>
<p><i>The Athletic Department was responsive and aggressive in pursuing this matter. When the situation became apparent that money was missing from the Basketball Office, Athletics contacted the UNM Police, UNM Risk Management, and UNM Human Resources regarding the loss of money from the Basketball Offices. We were not aware that golf outing monies were missing until discussions with internal auditors were held.</i></p> <p><i>The Athletic Department and Human Resources will address any personnel issues in accordance with Policy 3215.</i></p>	<p><i>Vice President for Athletics</i></p> <p><i>Vice President for Human Resources</i></p>	<p><i>Completed April 30, 2011</i></p>

**No. 05 – USE OF UNM FOUNDATION SIXTH MAN ACCOUNT FUNDS**

- Condition:

The Athletics Business Office processed a journal entry for the transfer of \$3,000 from the UNM Foundation's Sixth Man account to the Lobo Club Operating account. The purpose of the journal entry was to reimburse the Lobo Club for the withdrawal of cash for the coaches' families' meals for the NCAA tournament trip.

- Criteria:

The UNM Foundation Fund Establishment Form states that the specific purpose of the Sixth Man account is "To purchase items (apparel, occasional meals, catering, promotional items, photos, plaques, computers, exercise, equipment. . .)" The Accounting Manager of Unrestricted Accounting indicated that a travel advance for coaches' families would not have been an allowable expenditure for the UNM Foundation Sixth Man account.

---

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

- Cause:

The Athletics Department Management interpreted the specific purpose of the Sixth Man account to include expenditures for coaches families travel advances as an allowable expense.

- Effect:

Disregard for University business policies may contribute to non-compliance regarding proper stewardship of the University's funds. Donors may be discouraged from making future gifts to the University Foundation.

- Recommendations:

The UNM Foundation and the Athletics Department should prepare a Memorandum of Understanding between the UNM Foundation and the Athletics Department that clearly defines the purpose of the account and allowable expenditures from the UNM Foundation's Sixth Man account.

The Business Office should communicate allowable expenditures for UNM Foundation accounts to Athletics personnel. The Business Office should ensure that the Vice President for the Athletics Department and head coaches are aware of the University Foundation accounts that are available to each team, and what types of expenditures are appropriate for each UNM Foundation account.

**Management Responses: Management plan of action for resolving the audit finding.**

<b>Action Items</b>		
<b>Corrective Action Planned</b>	<b>Assigned to</b>	<b>Targeted Completion Date</b>
<p><i>The Department of Athletics and Athletic Department Development Staff believe that the use of Sixth Man funds in this instance is an allowable expenditure and the Athletic Department is in compliance with use of the Foundation's Sixth Man account.</i></p> <p><i>The Athletic Department and the UNM Foundation are already at work clarifying the purpose and allowable expenditures of the UNM Foundation's Sixth Man account.</i></p>	<p><i>Assistant Athletic Director for Development</i></p> <p><i>UNM Foundation</i></p>	<p><i>Completed, February 2011</i></p>

<p><i>The Athletic Department Development Staff oversees the Foundation accounts on behalf of the Department. The Athletic Department Development Staff are employees of the UNM Foundation and are good stewards of these accounts and the University's funds. The Development Office will confirm that the funds in Athletic Department accounts in the UNM Foundation are being used in accordance with the descriptions of these accounts.</i></p>	<p><i>Assistant Athletic Director for Development</i></p>	<p><i>Completed March 2011</i></p>
--	---	--

## **No. 06 – UNTIMELY SUBMISSION OF TRAVEL REIMBURSEMENT REQUEST**

- **Condition:**

The [REDACTED] did not submit a completed DPA form to Unrestricted Accounting within fifteen (15) business days after completion of the travel. The Men's Basketball Team returned from the NCAA tournament in San Jose, CA on March 21, 2010. The [REDACTED] DPA form for travel reimbursement for this trip is dated June 26, 2010.

- **Criteria:**

UBP 4030, Travel, Section 3, states: "All travelers seeking reimbursement of travel costs incurred by using personal funds should submit required documentation to the departmental employee authorized to complete a Direct Pay Approval (DPA) Form using the Banner form FZADPEZ. The completed DPA Form and attachments must be sent to the applicable Financial Services accounting office for approval as soon as possible, but no longer than fifteen (15) business days after completion of the travel."

- **Cause:**

[REDACTED] disregarded University's travel reimbursement policies by submitting a travel reimbursement DPA form more than three months after completion of travel.

- **Effect:**

Of the \$2,080 travel advance dated March 9, 2010, the [REDACTED] repaid \$1,134.97 to the University on June 30, 2010. [REDACTED] travel DPA form is dated June 26, 2010. The University lost the opportunity to earn interest on this money that [REDACTED] did not repay in a timely manner.

Disregard for University business policies contributes to non-compliance and lack of emphasis regarding proper stewardship of the University's funds.

- Recommendations:

The Business Office should communicate travel policies to all Athletics personnel.

The Athletics Department management should consult with Human Resources to address personnel issues in accordance with UBP 3215, Performance Management, for [REDACTED].

**Management Responses: Management plan of action for resolving the audit finding.**

<b>Action Items</b>		
<b>Corrective Action Planned</b>	<b>Assigned to</b>	<b>Targeted Completion Date</b>
<p><i>Rather than having Athletic Department employees take the standard cash, travel, and financial training classes offered at UNM, Athletics proposes that Financial Services deliver a one-day financial workshop specifically tailored to Athletics. This would enable Athletics employees to learn how to apply the principles and practices to the unique situations Athletics faces through meaningful discussions. In addition, Athletics leadership will be involved in this training with their coaches and staff and can set a tone of fiscal responsibility and reinforce a culture of strong fiscal stewardship. This workshop would include all training recommended in the audit.</i></p>	<p><i>Assistant Athletic Director for Finance</i></p> <p><i>Accounting Manager of Unrestricted Accounting for Main Campus</i></p>	<p><i>Course material completed in May of 2011</i></p> <p><i>Implementation to be completed by September 15, 2011</i></p>
<p><i>The Athletic Department and Human Resources will address any personnel issues in accordance with Policy 3215.</i></p>	<p><i>Vice President for Athletics</i></p> <p><i>Vice President for Human Resources</i></p>	<p><i>Completed April 30, 2011</i></p>

## **No. 07 – ALLOWABILITY OF TRAVEL EXPENSES FOR COACHES’ FAMILIES**

- Condition:

The [REDACTED] used [REDACTED] purchasing card to charge hotel rooms and some meals for the coaches’ families to the NCAA tournament index. Our limited review of the P-Card expenditures indicate that [REDACTED] charged over \$3,000 of unallowable expenses for the coaches’ families’ travel to a UNM issued P-Card. Another meal was paid for with \$240 cash provided by the Lobo Club.

The Athletics Department purchased airline travel for coaches’ families through a purchase order to Shorts Travel Management. Our limited review of the Shorts Travel Management invoice indicates that payment to Shorts Travel Management included over \$8,000 of unallowable air travel expenses for the coaches’ families.

The Athletics Business Office did not request reimbursement from the coaches’ families for their airline travel. The Head Coach’s and the Vice President of Athletics current contracts state that their spouses and minor children will be added to the official University travel party to regular-season away games, but it does not address travel for post-season games.

- Criteria:

UBP 4030, Travel, Section 1, states: “University faculty and staff are reimbursed in accordance with this policy for reasonable and allowable costs incurred when traveling on official University business.” The University’s travel reimbursement policies do not allow the University to incur expenditures for family members that accompany faculty and staff traveling on official University business. None of the coaches’ employment contracts indicated that the University would pay their families’ travel expenses to attend post-season games. The contract with the NCAA that funded team travel to the NCAA tournament did not include funding for the coaches’ families’ travel. The Vice President for HSC/UNM Finance informed the Vice President of the Athletics Department that travel advances for coaches families were unallowable in early March, 2010.

Distribution of Funds, Section 15, Article IV of the Lobo Club Bylaws as amended states, “All funds or property transferred to the University by the Lobo Club shall be subject to all state laws and regulations governing the disbursement and administration of public funds and public property, except to the extent of any specific conditions of the transfer that are acceptable to the University and do not require actions that are punishable as crimes under state law.”

- Cause:

In accordance with common practices at other universities of paying for coaches families travel expenses to post season games, the Athletics Department's management approved the travel expenses for the coaches' families' travel to the NCAA game in March 2010. However, these types of expenditure are not allowed under the University of New Mexico Regent's "Travel Reimbursement and Per Diem" and UPB 4030, Travel.

The University of New Mexico Regents' "Travel Reimbursement and Per Diem" policy addresses allowable costs incurred by the University faculty and staff when traveling on official University business. However, UPB 4030, Travel, does not provide any guidance regarding allowability of costs incurred under the "Special Travel Situations" such as non-university travelers (spousal travel, post-season game athletic travel by spouses and children, etc.). Other Universities (BYU, Ohio State University, TCU, University of Tennessee, UCLA, University of Oklahoma, University of Utah, etc.) have addressed this issue. On November 29, 2010, the Vice President of Athletics sent out a survey regarding post-season travel expenses to the Division 1A Athletic Directors' Association. The Internal Audit Department prepared the survey.

- Effect:

Disregard for University business policies may contribute to non-compliance regarding proper stewardship of the University's funds.

- Recommendations:

The Athletics Department management should communicate travel policies to all Athletics personnel.

The Athletics Department management and the Financial Services Division should perform a thorough review of all NCAA tournaments, regular season away games, and the Mountain West Tournament travel expenditures of the Athletics Department and itemize which expenditures were unallowable travel expenditures for the coaches' families.

The Financial Services Division should include these expenses as an accounts receivable to repay the University for the Unallowable Travel Expenditures. The Athletics Department may request transfer of funds from non-University funds (accounts) for the specific purpose of reimbursing these travel costs. The Financial Services Division should include these expenses as taxable employee benefits on the coaches' W-2s.

The President and University Board of Regents should consider clarifying the UPB 4030, Travel to address "Special Travel Situations" when family, spouse, or persons may accompany personnel travelling on a bona fide University business, authority, and circumstances for approving such travel costs, including funding source(s) to allocate such costs.

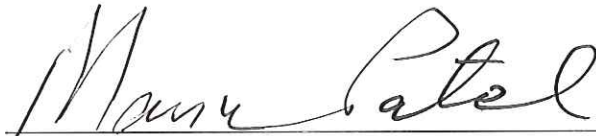


**Management Responses: Management plan of action for resolving the audit finding.**

<b>Action Items</b>		
<b>Corrective Action Planned</b>	<b>Assigned to</b>	<b>Targeted Completion Date</b>
<i>It is the Department's intent to cover the cost of travel for the coaches' families out of donated funds.</i>	<i>Vice President for Athletics</i>	<i>June 30, 2011</i>
<i>All the non-department passengers who traveled on the chartered flight to and from San Jose have been invoiced and have paid their bills.</i>	<i>Assistant AD for Finance</i>	<i>Completed April 30, 2011</i>
<i>The Athletic Department recommends that the University should include a section in University Policy 4030 "Travel" that authorizes Athletics to request specific exceptions, kept to a minimum, which must be approved in writing by the President.</i>	<i>University Policy Office</i>	<i>June 30, 2011</i>
<i>The Athletic Department has reimbursed the operating budget for expenditures for coaches' families to the NCAA Tournament.</i>	<i>Vice President for Athletics</i>	<i>Completed April 30, 2011</i>
<i>The Financial Services Division will include these expenses as taxable employee benefits on the coaches W-2's.</i>	<i>Vice President for Finance</i>	<i>Will be included on the 2011 issued W-2's</i>

---

## APPROVALS



---

Manu Patel, CPA  
Director, Internal Audit Department

Approved for Publication



---

Chair, Audit Committee