UNIVERSITY PRESIDENT'S TRAVEL, ENTERTAINMENT, AND OTHER EXPENSES

Report 2015-04
August 5, 2015

THE UNIVERSITY of
NEW MEXICO

Audit and Compliance Committee Members
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ABBREVIATIONS

University.......................... The University of New Mexico
Audit and Compliance Committee....Board of Regents’ Audit and Compliance Committee
UAPPM.................................University Administrative Policies and Procedures Manual
Foundation............................University of New Mexico Foundation
EXECUTIVE SUMMARY

At the request of the University of New Mexico’s (University) Board of Regents’ Audit and Compliance Committee (Audit and Compliance Committee), and per the Internal Audit provision included in the President’s employment agreement, the Internal Audit Department conducted an audit of the University President’s travel, entertainment, other expenses, and reimbursed expenses for the period of July 1, 2014 through June 30, 2015.

Internal Audit tested the President’s and President’s spouse’s travel, entertainment, other expenses, and reimbursed expenses of $82,110. Internal Audit also tested the University of New Mexico Foundation’s discretionary fund expenses of $103,523 paid on behalf of the University President.

CONCLUSION

In the audit of the President’s travel, entertainment, other expenses, and reimbursed expenses, Internal Audit found the expenses are reasonable, allowable, and generally in accordance with the University Administrative Policies and Procedures Manual (UAPPM) and the President’s employment agreement, and IRS reporting requirements.
INTRODUCTION

BACKGROUND

The University pays the reasonable cost of all official travel and entertainment expenses incurred by the President in the performance of his duties. These duties may include: hosting University events; attending seminars, educational conferences, conventions, and meetings of non-profit boards on which he/she may serve; other professional growth activities; and, other meetings to advance the interest of the University. The University encourages the President’s spouse to accompany the President at events and to attend events separately as a representative of the University. The University also pays for the spouse’s travel.

The President has a reasonable discretionary fund available from private funds raised by the University of New Mexico Foundation (Foundation). The Foundation expenses may include retirement or recognition/appreciation gifts, purchases of tables sponsored by community organizations, potential donor activities, donor relations, receptions, meals (including alcoholic beverages), fund raising events, and other similar events or expenses that are judged to be appropriate for the benefit of the University.

PURPOSE

The purpose of this audit is to determine if the President and President’s spouse’s travel, entertainment, other expenses, and reimbursed expenses are allowable and reasonable expenses in accordance with the UAPPM and the University President’s employment agreement.

SCOPE

The audit period is from July 1, 2014 through June 30, 2015. The audit scope is a 100% review of the travel, entertainment, and other expenses incurred by the President and President’s spouse, and 100% of all of their reimbursed expenses. Internal Audit also reviewed 100% of discretionary fund expenses of $103,523 paid for and reported by the Foundation.
The summary of the travel, entertainment, and other expenses for the President and President’s spouse is presented below:

<table>
<thead>
<tr>
<th>Description</th>
<th>University President and Spouse</th>
<th>University Events, Business Meetings*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Expenses</td>
<td>$ 36,993</td>
<td>--</td>
<td>$ 36,993</td>
</tr>
<tr>
<td>Business Meals</td>
<td>--</td>
<td>$ 14,527</td>
<td>14,527</td>
</tr>
<tr>
<td>Membership Dues</td>
<td>2,595</td>
<td>--</td>
<td>2,595</td>
</tr>
<tr>
<td>Conference Expenses</td>
<td>2,900</td>
<td>--</td>
<td>2,900</td>
</tr>
<tr>
<td>Rental Fees</td>
<td>--</td>
<td>8,610</td>
<td>8,610</td>
</tr>
<tr>
<td>Insurance Premiums</td>
<td>13,931</td>
<td>--</td>
<td>13,931</td>
</tr>
<tr>
<td>Operating Miscellaneous</td>
<td>--</td>
<td>2,554</td>
<td>2,554</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$ 56,419</td>
<td>$ 25,691</td>
<td>$ 82,110</td>
</tr>
</tbody>
</table>

*Source: UNM Banner

*University Events and Business Meetings amounts include expenditures for food, beverages, rental, and supply fees at various University-wide functions and receptions hosted by the UNM President for faculty, regents, donors, scholarship, alliance, executive team and leadership meetings, community engagement, etc.

The summary of University of New Mexico Foundation discretionary funds paid on behalf of the President for the period reviewed is presented below:

| University of New Mexico Foundation Expenses from July 1, 2014 through June 30, 2015 |
|---------------------------------|---------------------------------|-------------------------------|
| Description                     | Total                           |
| Business Meals                  | $ 4,381                         |
| Catering Events                 |                                 | 12,832                        |
| Reception Tables                |                                 | 8,650                         |
| Recognition Gifts               |                                 | 482                           |
| Travel Expenses                 |                                 | 1,878                         |
| Entertainment Events            |                                 | 75,300                        |
| Total Foundation Expenses       |                                 | $ 103,523                     |

*Source: UNM Foundation*
The summary of total revenues from the President’s Office operating ledger is presented below:

<table>
<thead>
<tr>
<th>Account Description</th>
<th>Adopted Budget</th>
<th>Budget Adjustments</th>
<th>Accum. Budget</th>
<th>Actual</th>
<th>Variance Favorable/ (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gifts/Endowments/Gains</td>
<td>$0</td>
<td>$32,090</td>
<td>$32,090</td>
<td>$46,740</td>
<td>$14,650</td>
</tr>
<tr>
<td>Transfers</td>
<td>34,800</td>
<td>(5,250)</td>
<td>29,550</td>
<td>29,550</td>
<td>0</td>
</tr>
<tr>
<td>Allocations</td>
<td>1,470,712</td>
<td>(32,262)</td>
<td>1,438,450</td>
<td>1,438,901</td>
<td>451</td>
</tr>
<tr>
<td>Reserves</td>
<td>4,800</td>
<td>35,444</td>
<td>40,244</td>
<td>54,479</td>
<td>14,235</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>546</td>
<td>546</td>
<td>2,985</td>
<td>2,439</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$1,510,312</strong></td>
<td><strong>$30,568</strong></td>
<td><strong>$1,540,880</strong></td>
<td><strong>$1,572,655</strong></td>
<td><strong>$31,775</strong></td>
</tr>
</tbody>
</table>

The summary of total expenses from the President’s Office operating ledger is presented below:

<table>
<thead>
<tr>
<th>Account Description</th>
<th>Adopted Budget</th>
<th>Budget Adjustments</th>
<th>Accum. Budget</th>
<th>Actual</th>
<th>Variance Favorable/ (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$1,051,680</td>
<td>$14,550</td>
<td>$1,066,230</td>
<td>$1,018,877</td>
<td>$47,353</td>
</tr>
<tr>
<td>Scholarships and Awards</td>
<td>1,500</td>
<td>0</td>
<td>1,500</td>
<td>1,500</td>
<td>0</td>
</tr>
<tr>
<td>Supplies</td>
<td>158,250</td>
<td>22,522</td>
<td>180,772</td>
<td>168,873</td>
<td>11,899</td>
</tr>
<tr>
<td>Travel/Entertainment</td>
<td>85,715</td>
<td>6,130</td>
<td>91,845</td>
<td>58,400</td>
<td>33,445</td>
</tr>
<tr>
<td>Services and Fees</td>
<td>132,900</td>
<td>(11,080)</td>
<td>121,820</td>
<td>67,764</td>
<td>54,056</td>
</tr>
<tr>
<td>Other</td>
<td>80,267</td>
<td>(1,554)</td>
<td>78,713</td>
<td>45,355</td>
<td>33,358</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$1,510,312</strong></td>
<td><strong>$30,568</strong></td>
<td><strong>$1,540,880</strong></td>
<td><strong>$1,360,769</strong></td>
<td><strong>$180,111</strong></td>
</tr>
</tbody>
</table>

**Source:** UNM Banner

**AUDIT PROCEDURES**

Our detailed audit procedures applied in the test work of the President’s and President’s spouse’s expenses included the following:

- Review the University Administrative Policies and Procedures Manual (UAPPM) and the President’s employment agreement for travel, entertainment, and other expenses requirements;
- Review expenses to ensure expenses are authorized, approved, reasonable, allowable, and charged to the correct account;
- Analyze all expense reimbursements paid to the President and/or the President’s spouse;
- Review all direct payments to vendors related to the President’s/spouse’s travel and entertainment, such as airline tickets, hotels, catering services, etc.;
- Review all charges to the department’s purchasing cards for the President’s/spouse’s travel and entertainment related expenses, including the monthly reconciliation of the purchasing card transactions;
- Review spouse expense documentation form for expenses related to President’s spouse; and
- Review University’s determination of taxable expenses for President and President’s spouse.
CONCLUSION

Based on test work performed, Internal Audit determined that in general, the President and President’s spouse travel, entertainment, other expenses, and reimbursed expenses are reasonable, allowable, and in accordance with UAPPM and the President’s employment agreement, and IRS reporting requirements.
APPROVALS

Manu Patel, CPA
Director, Internal Audit Department
Approved for Publication

Chair, Audit and Compliance Committee