



**The University of New Mexico**

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**MEMORANDUM**

**To:** Viola Florez, Dean, College of Education

**From:** Yvonne Cox, Interim Director, Internal Audit Department *Yvonne Cox*

**Date:** June 10, 2004

**Subject:** Summer Transitional Institute Report 2004-04

Enclosed is the above final report with your integrated response, which has been approved by the President of the University. Those who receive copies of this report package may not photocopy it, release it, nor reveal the contents, in whole or in part, without the advance written approval of the President of the University.

Audit reports will be posted on the Internal Audit Department's University website one week after the final report is issued. The full text of the reports will be made public except for information which could compromise individuals' rights, the security of University systems or impair a pending law enforcement investigation or proceeding.

Please contact the Internal Audit Department when corrective actions are completed so we can perform the follow-up review.

cc: Louis Caldera  
Brian Foster  
David Harris  
Richard Holder  
Bill Britton  
Wynn Goering

# **SUMMER TRANSITIONAL INSTITUTE**

## **INTRODUCTION**

### **PURPOSE**

Our purpose was to review potential problems brought to us by the Office of Contracts and Grants of The University of New Mexico (UNM) regarding the Summer Transitional Institute (STI) to determine whether or not UNM policies and government regulations were followed, and to make appropriate recommendations, if needed.

### **SCOPE**

The scope of our work was limited to reviewing the above issues regarding STI for the Summer of 2003.

### **BACKGROUND**

STI was funded as part of a Statewide Transition Initiatives grant from the State Department of Education that was negotiated with Educational Specialties (ES) of the College of Education (CoE). The initiative of the grant was to improve services to students with disabilities and the original source of funding was federal funds (State Improvement Grant). STI occurred in Taos, New Mexico from June 15 through June 18, 2003. Over 350 people attended representing over 75 entities, including schools and school systems. Honoraria were paid to 29 people and most of these were involved in team facilitation activities at STI. The primary expenses paid were for travel expenses, facilitator pay, facility use, food services, booth rentals, and hotel rooms for the principal investigator, a State official and consultants. The grant proposal shows that STI would build upon the past four institutes by deepening its focus on student development, student leadership, improving student outcomes, and interagency collaboration aligned with districts' local action plans.

### **OPINION**

CoE needs to improve the management of contracts/grants in the areas covered in this report.

## **RESPONSE FROM THE DEAN OF THE CoE**

*The College of Education is responding to the findings of your audit report as requested. The College agrees with the findings in the report, and is concerned by the seriousness of this matter.*

*Over the previous two years the College has taken measures to implement and enforce new and more effective policies and procedures. In addition to these policies and procedures, training and resources have been put in place by the College to answer questions and provide assistance to Principal Investigators and their staff. The College has also put stringent requirements in place to ensure adherence to applicable policies, procedures and guidelines, including those of the individual funding agencies.*

*In summary, the College does not dispute the findings of Internal Audit and appreciate the conscientious manner in which they have conducted their inquiries and meetings with us. It is the goal of the College of Education administration to always be in full compliance with UNM policy and all federal and state guidelines. The College has an Accountant III who assists Principal Investigators, their staff and the Department Administrators in the submission and approval of appropriate grant expenditures. The College provided written guidelines in memorandum from me dated September 1, 2001, however, a new memorandum will be provided to Principal Investigators and their staff that will address the stricter policies and procedures regarding contracts and grants in the College. As a College, we have spent considerable effort over the last two years to change the culture of our faculty and staff, and will continue our efforts to this end.*

## **EXECUTIVE SUMMARY**

The purpose of this section is to provide management with an overview of our findings. Numbers in brackets[ ] refer to page numbers in the report.

### **PROGRAM INCOME – CREDIT FEES/ BOOTH RENTAL FEES [4]**

Program income was not mentioned in the grant that funded STI. Two non-University of New Mexico (UNM) entities collected revenues at STI in violation of UNM policy and a federal regulation. The Dean of CoE responded that she will send a memorandum to the principal investigators and staff stating that they are required to bring all program income deposits to the Dean's Office where an accountant will assure that they are deposited into the appropriate accounts. In addition, the Dean's Office will work with the Principal Investigator to recover and deposit any monies that might be collected from one of the non-UNM entities that collected monies at STI.

### **CHILD CARE [5]**

Child care workers at STI were not from a licensed child care entity thus placing UNM at risk. The Dean of CoE responded that the College will send a memorandum to staff and faculty stating that, when child care is needed for a UNM program, they must hire individuals who are part of a licensed child-care entity.

### **REIMBURSEMENTS TO EMPLOYEES OF OVERSIGHT AGENCIES [6]**

Two employees of state agencies with oversight roles over the grant/STI were reimbursed from the grant funding STI for their STI travel expenses thus creating the opportunity for them to also be reimbursed by their agencies. CoE should assure that employees of agencies with oversight roles are not reimbursed from the grants for which they have oversight responsibilities. The Dean responded that she will send a memorandum to faculty and staff stating that employees of oversight agencies need to be reimbursed through their agency, not UNM.

## **OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES**

### **PROGRAM INCOME – CREDIT FEES/BOOTH RENTAL FEES**

New Mexico Highlands University (NMHU) registered 49 attendees as students for two credit hours each for attending STI. NMHU informed us that they collected \$6,010.00 from registration fees and had direct expenses of \$630.00 (travel, coordination, etc.). NMHU did not pay for the cost of facilities for STI and didn't pay for the cost of STI programs/activities. Nothing was mentioned in the Statewide Transition Initiatives grant that NMHU would register students for credit at STI and collect registration fees.

In addition, the New Mexico Division on Career Development and Transition (DCDT) collected booth fees for STI when the grant paid for the booth expenses. DCDT turned the fees over to ES when DCDT learned that a tax identification number was required by some of the payees. However, based on a memo we reviewed, DCDT plans to obtain a tax identification number and collect booth fees for the next STI. The collection of booth fees by DCDT was not included in the grant.

The above scenarios violate policy 2020 3.1 of the University Business Policies and Procedures Manual, and the Office of Management and Budget Circular A-110.24. Conference income is to be deposited to a University account and added to funds committed to projects or used to finance the non-federal share of projects or deducted from net allowable costs.

### **Recommendation 1**

We recommend that CoE require that Principal Investigators (PI) include all program income in proposal budgets and that all program income be deposited to University accounts. If grants are funded with federal money, the program income must be used as required by the above federal regulation.

### **Response from the Dean of CoE**

*The College is requiring that any and all program income be attached to a "Money List" and brought to the Contract and Grant Accountant III in the College of Education Dean's office to ensure that said funds are deposited into the appropriate UNM account, a copy of which is maintained in the College of Education file. All expenditure documents are also reviewed for appropriateness and approved or rejected for all contract and grant accounts in the College.*

*This new policy will be communicated to all College of Education faculty, Principal Investigators and staff in a memorandum and email by February 1, 2004. Several faculty, Principal Investigators and staff currently follow this procedure.*

## **Recommendation 2**

It appears that NMHU needs to make restitution to CoE/ES. It is unreasonable to expect that NMHU should repay the entire amount they collected minus their direct costs because NMHU had overhead expenses connected with registering the above credit courses. A reasonable method for CoE to recover a fair amount of the registration fees collected by NMHU at STI would be for ES and NMHU to negotiate a pro rata share of the costs that NMHU should pay for programs/activities and facility costs for STI. An alternative method would be for ES and NMHU to negotiate NMHU's overhead costs for the registration fees with the balance of the above \$6,010.00 minus direct costs tendered by NMHU to CoE/ES.

### **Response from the Dean of CoE**

*The College will instruct the Educational Specialties Department to work with New Mexico Highlands University to recover a fair amount of the registration fees collected by New Mexico Highlands University at the Summer Transitional Institute. The negotiated amount will be a pro rata share of the programs, activities and facility costs for the Summer Transitional Institute, and paid to the Educational Specialties Department. These monies will be reimbursed to the Summer Transitional Institute grant, upon collection.*

*The College is currently working with the Principal Investigator on this matter and we will try to recover and deposit the collected monies by March 31, 2004, or sooner, if possible.*

## **CHILD CARE**

ES hired persons to provide child-care services at STI who were not part of a licensed child-care entity. Licensed child-care entities are required by the State to obtain background checks for their workers.

UNM's liability was increased.

## **Recommendation 3**

We recommend that child-care services be obtained from licensed child care entities. You should send a memo to all PIs within CoE informing them that this is required.

### **Response from the Dean of CoE**

*With regard to the payments made to persons who were not part of a licensed child-care entity, Principal Investigators and their staff will receive written instructions that if persons are to be hired to provide child-care during program activities, they must hire individuals who are part of a licensed child-care entity to ensure that UNM's liability is not increased.*

*This new policy will be communicated to all College of Education Principal Investigators, faculty and staff in a memorandum and email by February 1, 2004.*

#### **REIMBURSEMENTS TO EMPLOYEES OF OVERSIGHT AGENCIES**

Two employees of state agencies with oversight roles over the grant/STI were reimbursed from the grant for their STI travel expenses.

This scenario provides the employees of the oversight agencies with the opportunity to file for reimbursement of the same travel expenses with their agencies.

#### **Recommendation 4**

We recommend that CoE not reimburse employees of oversight agencies from grants for which their agencies have oversight roles. CoE should create written instructions for PIs that include the directive that employees of oversight agencies are not to be reimbursed from the PIs' contracts or grants.

#### **Response from the Dean of CoE**

*The College will provide written instructions to Principal Investigators and their staff that employees of oversight agencies from grants for which their agencies have oversight roles are not to be reimbursed from the Principal Investigator's contracts or grants. Instead, these individuals should seek reimbursement from the agencies that employ them.*

*This new policy will be communicated to all College of Education Principal Investigators, faculty and staff in a memorandum and email by February 1, 2004.*