



**The University of New Mexico**

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**MEMORANDUM**

**To:** Arthur Kaufman, Chair, Department of Family & Community Medicine

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

**Date:** June 10, 2004

**Subject:** Masters In Public Health Other Allegations Review Report 2004-06

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: Board of Regents      Nick Estes  
Louis Caldera            Mary Donato  
R. Philip Eaton        Kathy Guimond  
David Harris            Wynn Goering  
Brian Foster            KPMG  
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Saundra Brown-Savoy

# **MASTERS IN PUBLIC HEALTH OTHER ALLEGATIONS REVIEW**

## **INTRODUCTION**

### **PURPOSE**

The purpose of our review was to investigate allegations that were made regarding the operations of the Masters in Public Health Program (MPH).

### **SCOPE**

A professor alleged that there was financial misconduct in MPH. There were three primary financial allegations: staff employees were not properly compensated for their overtime worked, inappropriate charges were made to the faculty member's indirect cost (IDC) account without her knowledge, and inappropriate expenses were charged to various grants. The first allegation was correct. We found that non-exempt staff employees had been told that they would be given only straight compensation time for their overtime, and these employees were not submitting all of the overtime that they worked. For the second allegation, we obtained the expense documentation for the faculty member and determined that the expenses were properly charged to her IDC account. In regards to the third allegation, we were unable to substantiate that grants were charged incorrectly.

Throughout our review at MPH, we received additional financial allegations. We also received additional specific allegations regarding the management of grants that we investigated in our expanded review.

We limited our review to determining if the specific allegations were legitimate; we did not review the processes in MPH. Our procedures included meeting with employees and reviewing various types of University documents and internal controls in regards to the specific allegations. The field work was completed by August 15, 2003.

### **BACKGROUND**

A professor alleged that there was financial misconduct in MPH and requested that we do a review. While looking into the initial allegations, another professor at MPH discovered a petty cash fraud involving a staff employee in MPH. We investigated the misappropriation and issued a report on July 24, 2002.

MPH has a Director, Associate Director and thirteen faculty members. The program reports to the Chair of the Department of Family and Community Medicine (FCM). FCM's mission is, "to improve and enhance the health of the people of NM and their communities through education, research, individual patient care and population health." The report is address to the FCM Chair. For each recommendation, he included both the MPH Program's response and the FCM's response.

## **OPINION**

We looked into all of the allegations and this report includes our findings: University monies were spent for personal expenses; there was additional theft, other than the petty cash thefts already reported in the July 24, 2002 report; and, there were control weaknesses over the supervision of restricted funds and timesheets.

The MPH Director, and faculty were not aware of, or following, University policies and procedures. The personal expenses have been reimbursed. Police reports have been filed for the additional petty cash losses. The employee who worked the overtime has been compensated. And, we have determined subsequent to our review and during our follow-up that MPH management is more aware of University policies and the need to comply. In addition, FCM is now taking an active role in training, disseminating departmental policies, and supervising and monitoring MPH activities.

## **RESPONSE FROM THE CHAIR OF FCM**

*This letter is a formal response to your Allegations Review dated August 15, 2003. We have reviewed the report and our Department's respective policies and procedures. I appreciate your recommendations for corrective actions and the opportunity to improve.*

*We find UNM's Internal Audit report to be correct. The report documents corrective actions already undertaken for most of the errors and recommends that the Department file several additional police reports.*

*We continue to improve our procedures and processes to ensure compliance with University Business Policies and Procedures. We appreciate your input and would be glad to provide any additional information or clarification that may be required.*

## **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.

### **OVERTIME [4]**

MPH hourly employees were working hours and not being compensated for their time pursuant to the Fair Labor Standards Act. MPH management paid the employees for the estimated amount of overtime that they worked. MPH & FCM management are disseminating departmental and University policies and procedures regarding overtime and emphasizing the importance of being in compliance with these policies.

### **PERSONAL EXPENSES-DIRECTOR OF MPH AND FACULTY MEMBERS [5 & 6]**

The MPH Director and two faculty members were improperly reimbursed for personal items. The MPH Director and both faculty members have reimbursed the monies. In addition, FCM has strengthened its system of centralization for all accounting transactions, added accounting staff, and required additional training of employees.

### **THEFTS [7]**

We noted three different petty cash thefts where there were additional losses to those reported on July 24, 2002. In response to the thefts, a reimbursement was made to a faculty member and accounting adjustments were made to move the thefts from grant monies. FCM now requires the individual to pick up his own petty cash or sign for the transfer of cash.

### **SUPERVISION OF RESTRICTED FUNDS [8]**

There were two areas where restricted funds needed greater supervision. A Navajo Nation employee did not return \$655 of cash incentive monies to UNM and a faculty member was not properly tracking her hours on grants. The PI is now tracking her time, meeting with the Chair annually to review and discuss time, and has attended the Grants Management Training. FCM is monitoring all grant activity and has standardized the process for disbursement of cash incentives paid to research study participants which includes a "Petty Cash Log" to document the transfer of cash from one employee to another (staff and faculty) and to the individuals(s) conducting the interviews.

### **TIMESHEET CONTROL [9]**

A faculty member told a Project Assistant to complete her timesheets in accordance with the agreement from the Office of Graduate Studies, instead of the hours that the employee actually worked. MPH and FCM are training employees on how to report time actually worked.

## **OBSERVATIONS, RECOMMENDATIONS AND RESPONSES**

### **OVERTIME**

An employee stated that when she was hired she was told by the Director of MPH that she could only be given straight compensatory time for the hours that she worked in excess of her regular forty-hour work week. In addition, another employee stated that she sometimes worked additional hours and did not include these hours on her timesheet, nor take compensatory time. Pursuant to the Fair Labor Standards Act (FLSA), employees are to be given their choice of overtime pay or compensatory time at a rate of one and one-half hours for every hour of overtime worked.

We discussed the above concerns with the Senior Program Manager in MPH. The Senior Program Manager asked the employees to estimate the number of overtime hours that they had worked and were not paid. The employees were compensated for this time. She also established the proper procedures for the future by informing the employees that they must adhere to a forty-hour work schedule and that all overtime must be requested and approved in advance. However, if they worked additional approved hours, they would be given the choice of overtime pay or compensatory time at a rate of one and one-half hours for every hour of overtime worked.

### **Recommendation 1**

We recommend that MPH managers develop controls to ensure that they are in compliance with the FLSA.

### **Response from the Chair of FCM**

#### ***MPH Program Response:***

*The Masters in Public Health (MPH) program retroactively reimbursed employees for their overtime that had not been previously paid. The MPH Senior Program Manager established strict policies and procedures for request, approval, and payment of overtime in April 2002. She sent out a reminder email to MPH faculty and staff on September 17<sup>th</sup>, with formal documentation of steps for staff to request overtime.*

#### ***FCM Department's Corrective Action:***

*A departmental committee with broad representation across FCM programs, has been in a process of developing departmental policies and procedures over the past several months. It is anticipated that these procedures will be formally approved and implemented in January 2004. The UNM policy regarding overtime is covered and the departmental process is delineated. These policies will be disseminated to all faculty and staff and covered in the departmental new employee orientation. The Department has adopted the "Compensatory Time Log" form from UNM Business Policy 3310-Exhibit A as the official form for approval, tracking and payment or compensatory time of staff overtime.*

## **PERSONAL EXPENSES – DIRECTOR OF MPH AND FACULTY MEMBERS**

The Director of MPH was reimbursed:

- \$99.40 for a going-away luncheon for a staff member. The Director told us she was not aware that this was a personal expense. The Director repaid the University \$99.40 on Money List #147873 on March 25, 2003.
- \$378.00 on a travel voucher for airfare that was already paid directly by the University on a Small Purchase Order. The Director repaid the University \$378.00 on Money List #147873 on March 25, 2003.
- \$250 for repairs on personally-owned computers. The Director has a University computer in her home. The computer is linked to two other personally-owned computers. A virus infected one computer and, because of the link, infected the two other computers. The repair on the University computer totaled \$364.35. The repair for the other two personally-owned computers totaled \$250.00. The University paid for all of the repairs. The University cannot pay for the repairs on the personal computers, even though the Director stated that she sometimes did University work on those computers and believed that her University work infected all the computers. The Director repaid the University \$250.00 on Money List #147873 on March 25, 2003.
- \$198.47 for personal travel. The Director took a University-related business trip to California; however, the cost of the airfare also included going to Hermosillo, Mexico, which was a personal trip. The Director acknowledged the error. The difference between the amount the University paid and what it would have cost to go round-trip to California was \$198.47. The Director repaid the University \$198.47 on Money List #147880 on May 19, 2003.
- \$149.99 that the Director was paid for a cassette recorder that was back-ordered and was not received. Later, she was reimbursed \$179.99 for a different model cassette recorder that had the same order date as the first recorder. The Director acknowledged her error and repaid the University \$149.99 on Money List #147877 on July 17, 2003.

We found several situations where another faculty member had combined personal and University business on the same trip. The faculty member had pro-rated most of the expenses; however, he missed pro-rating the airport parking expenses. For all three trips, there was a total of \$21.00 in personal parking that was inadvertently paid by the University. The faculty member acknowledged the error.

A different faculty member was reimbursed for \$5.25 for personal expenses, along with a legitimate reimbursement.

### **Recommendation 2**

We recommend that the Director familiarize herself with University policy #4000, regarding allowable and unallowable expenses and that she be more careful in preparing her work and personal reimbursements. Although these reimbursements were not consistently for the same problem, the Director should be familiar with University policies and review the reimbursements so that this does not occur.

### **Recommendation 3**

We recommend that the faculty members reimburse the University and pay more attention to the documentation.

#### **Response from the Chair of FCM**

##### ***PERSONAL EXPENSES – DIRECTOR OF MPH***

###### ***MPH Program Response:***

*Expenses paid with University funds that should not have been charged to UNM accounts included:*

- a) Reimbursement for a luncheon – repaid on 3/25/03*
- b) Duplicate travel reimbursement – repaid on 3/25/03*
- c) Repair of home computer – repaid on 3/25/03*
- d) Reimbursement for personal travel linked to a work trip – repaid on 5/19/03*
- e) Purchase of cassette recorder – repaid on 7/17/03*

*The MPH Director reimbursed the University funds on the dates listed and has made herself aware of University policies and procedures in addition to carefully checking future reimbursements.*

##### ***PERSONAL EXPENSES – OTHER FACULTY MEMBERS***

###### ***MPH Program Response:***

*An MPH faculty member reimbursed the University for not pro-rating airport parking on April 4, 2003.*

*An additional MPH faculty member reimbursed personal expenses paid on University accounts on March 11, 2003.*

*Both faculty have become aware of University policies and procedures and are paying close attention to their reimbursements.*

###### ***FCM Department's Corrective Action:***

*The Department has strengthened its system of centralization for all accounting transactions, thereby ensuring appropriate review and approval of payment vouchers. An accounting staff has been added to allow closer review of all vouchers. Additionally, group training sessions in accounting are being conducted several times a year for faculty and staff and individual training modules are being developed for training at each employee's workstation. Appropriate reimbursements and payment policies will be emphasized. Support staff who process faculty reimbursement vouchers will be the first check in the review process. More directly for faculty, these issues will be reviewed initially during the departmental faculty orientation with policy and procedure handouts and will be reviewed periodically in faculty meetings. Faculty reimbursements require the supervisor's signature; it will be emphasized that supervisors should pay close attention to reimbursements.*

## **THEFTS**

A Palm Pilot was purchased with University restricted funds. The faculty member believes that a former staff employee purchased the Palm Pilot for personal use. The faculty member reported the incident to the police on Incident Report #02-2231 on May 20, 2003.

In addition, the faculty member filed a reimbursement for \$289.95 and never received the money. The faculty member believes that the money was picked up and kept by the former staff employee.

The Director stated that a reimbursement for \$97.06 that was charged to a restricted grant account was not legitimate. She stated that the purchased items were not used for the grant, the signature was not her signature, and she did not receive the money.

### **Recommendation 4**

We recommend that MPH file the necessary police reports, make the accounting adjustment, and reimburse faculty where appropriate.

### **Response from the Chair of FCM**

#### ***MPH Program Response:***

*A police report (case number 02-2231) was filed on 5/20/03 for a Palm Pilot theft and the Department of Family and Community Medicine is reimbursing the research account in the amount of \$399 for the stolen Palm Pilot. A transaction correction was issued on 10/10/03. The account that we are using to reimburse the Palm Pilot is 2-20351.*

*A police report (case number 03-3465) was filed on 8/27/03 for a missing petty cash reimbursement of \$289.95 to a faculty member and the MPH program will reimburse the faculty member. The account that we are using is 2-27375 to reimburse the faculty member on Check Request, #1400490, which was processed on October 30, 2003.*

*A police report (case number 03-3465) was filed on 8/27/03 for a charge to a restricted grant account in the amount of \$97.06, in which the Director stated that the purchased items were not used for the grant. The signature was not her signature and she did not receive the money. The MPH residual account (2-37930) is being used to reimburse the faculty member on Check Request #1400492 which was processed on October 10, 2003.*

#### ***FCM Department's Corrective Action:***

*The Chair of the Department is now requiring faculty and staff to pick up their own petty cash reimbursements. A notice will be sent to the Controller's office and personnel at the Cashier windows. However, if a staff picks up petty cash for someone else, they must have that employee sign the pink copy.*

## **SUPERVISION OF RESTRICTED FUNDS-CASH INCENTIVES PAID TO RESEARCH STUDY PARTICIPANTS**

In our July 24, 2002, report on petty cash thefts we noted that a Navajo Nation Division of Health (Navajo Nation) employee did not return \$655.00 of grant monies to the University. The University is accountable for the monies spent, or in this case, missing from the grant. A letter was sent to the Navajo Nation on May 14, 2003 from the Director and Principal Investigator on the grant requesting an accounting or reimbursement of the funds.

### **Recommendation 5**

We recommend that, if the monies have not been accounted for or reimbursed by Navajo Nation, MPH file a police report and reimburse the monies to the grant.

### **Response from the Chair of FCM**

#### ***MPH Program Response:***

*A letter was sent to the Navajo Nation Division of Health (Navajo Nation) on May 14, 2003 from the MPH Director and Principal Investigator on the grant requesting an accounting or reimbursement of the \$655.00 that was missing from the grant. No response has been received to date, therefore a follow-up letter was sent on October 17<sup>th</sup>. If a response is not received within 30 days, then a UNM and state police report will be filed and the grant will be reimbursed.*

#### ***FCM Department's Corrective Action:***

*The Department has standardized the process for disbursement of cash incentives paid to research study participants which includes a "Petty Cash Log" to document the transfer of cash from one employee to another (staff and faculty) and to the individual(s) conducting the interviews. This form tracks petty cash from the time the cash is picked up to the disbursement by interviewers to the interviewees. Staff are instructed to count the money at the time of transference and sign the log. The transfer of cash will be done in person only. Staff may keep a copy of the log for their records. The PI has ultimate responsibility for reconciliation of cash and maintenance of records.*

## **SUPERVISION OF RESTRICTED FUNDS-EFFORT ON GRANTS**

A MPH faculty member has .75 FTE of her salary paid from one grant. Both the faculty member and the Director believed this meant that faculty member needed to work at least 30 hours per week on the grant. The Federal regulations require the faculty member to apply the percentage of effort to the number of hours actually worked, not to a standard forty-hour week. For example, if the faculty member works a sixty-hour week, she would have to work forty-five hours on the grant, not thirty hours per week. Both the faculty member and the Director did not understand the regulations at the time, though both are now informed of the issues. Therefore, the faculty member may not have worked enough hours on the grant, but the records are inadequate to recommend an adjustment.

## **Recommendation 6**

We recommend that the faculty member track the number of hours that she works on the grant and the total number of hours that she works per week to ensure that she is in compliance with the grant regulations.

### **Response from the Chair of FCM**

#### ***MPH Program Response:***

*Regarding the issue of time spent on research grants related to one faculty member, both the faculty member and the MPH Director have been informed that they should carefully monitor time spent on grant accounts and they are currently in compliance with grant regulations. Both faculty members keep detailed calendars of time spent on grant accounts. Additionally, the faculty member is scheduled to attend the Controller's office training for PIs on December 1, 2003.*

#### ***FCM Department's Corrective Action:***

*The Department has three Vice Chairs, all of whom report to Dr. Kaufman, the Chair. The Vice Chair of Research has been addressing and reinforcing federal and state grant requirements; in particular, effort certification to ensure that faculty are aware of requirements and matched effort. In addition, the Vice Chairs of Education and Service are charged with ensuring that education and service responsibilities are accurate and equitably shared across faculty. All faculty members meet with the Chair on an annual basis, at which time Dr. Kaufman reviews and discusses allocation of time and productivity expectations.*

## **TIMESHEET CONTROL**

Payroll timesheets should accurately reflect the time that an employee works. The actual hours worked on the timesheet should not be changed or adjusted for any reason. A Project Assistant (PA) was working for a faculty member on two different grants. The faculty member stated that she had a contract with the Office of Graduate Studies (OGS) that specified that the PA would work a certain percentage of her time on each grant. Therefore, the faculty member instructed the PA to change her timesheets, from actual hours worked on each grant to reflect the hours as stated on the OGS contract. She also told the PA to assure that she spent sufficient time on each grant, over the contract period, so that the grants were charged appropriately. The faculty member believed that complying with the contract at OGS was more important than having the employee accurately reflect the hours worked on the timesheet. They could have misallocated the hours charged to the specific grants for particular weeks; although, both the faculty member and the PA believed that the PA worked close to the number of hours submitted for each pay period.

## **Recommendation 7**

We recommend that you inform all faculty and staff of the importance to put the actual time worked on each grant on the timesheet.

## **Response from the Chair of FCM**

### ***MPH Program Response:***

*Faculty have discussed with MPH staff, Research Assistants and Project Assistants the importance of compliance in reflecting actual hours worked on research grants on the payroll timesheets. The Senior Program Manager sent out a written reminder to faculty on September 17<sup>th</sup> regarding compliance with timesheet control (see attached). Timesheets are reviewed for accuracy by supervisors for the period reflected. Each PI/supervisor signs their own RA or Project Assistant time sheets and the accounts are reviewed to determine if hours reported reflect actual work on the grant.*

### ***FCM Department's Corrective Action:***

*Supervisors are responsible for verifying the accuracy of timesheets. Bi-weekly timesheets are reviewed by several other staff for account and overall accuracy. These issues are addressed in the recently drafted departmental policies and procedures and, once approved, will be disseminated and shared with new employees at orientation.*