

**New Mexico Highlands University**  
**HLC 5A Subcommittee meeting**  
**March 19, 2019**

HLC July 9 letter, bullet point 1: (reduction in reliance on state funding)

- Refer to budget process for documentation
- Recent increases in tuition / fees have helped to offset dependency on state funding
- Building of reserves – there is a document that specifies that the university will set aside 750K annually to build reserves as a buffer against future declines in state funding [need copy of this document]
- Our annual budgets will demonstrate that we are setting aside these reserves
- Note that in our strategic goals we do not made any budget cuts to anything related to recruitment or retention (which helps to address bullet point 2)

Audit findings:

- No repeat audit findings this year [need copies of audits for last two years]
- We previously took care of issues on fixed assets [need documentation]
- Isotopes: compare FY17 and FY18 audits to show that we have cleared findings [need copies of these audits]
- We overspent in FY17, but FY18 audit will show that we corrected the over-spending
- Some of our budget closing processes were problematic, but we have resolved those issues
- We have improved our processes to ensure that our budget is balanced [need documentation]

Recent budget cuts:

- We should include mention of current budget freeze as a result of declining spring enrollment
- HLC wants to see evidence that we respond to declining revenue in a way that does not hinder academic success (see note above – recruitment/retention budget not impacted)

Format for Campus HLC 5A Forum on March 25:

- Dr. Minner will provide introduction
- Lee Allard will introduce HLC issues at a general level
- Max Baca will lead the main part of the presentation

Evidence for HLC documentation:

- We need to demonstrate that we have consistency in our budget process
- Work with Carolina Martinez to collect information on president's budget priorities
- Highlight role of budget committee; include reference to broad stakeholder representation
- Include budget and planning committee minutes as evidence
- Emphasize efforts toward transparency in budget process

Building reserves:

- The Board of Regents approved the budget which had reserve withholding
- Cf. minutes from March 5, 2018 BOR meeting

Review 5A assurance argument response from 2017:

- Biggest issue: repeat audit findings
- We have a system now showing that our fixed assets are being process properly
- Previously our processes lacked internal integration, but we have moved toward a more centralized / integrated process

Campus life budget issues:

- Poor record keeping and poor budget processes with reference to handling cash
- Increased opportunities for fraud although none was found
- We hired an internal auditor to work with campus life to resolve these problems
- More generally, we are trying to move beyond a cash system in all areas of operations

Foundation Audits: no problems

Isotopes:

- Basically a tech transfer operation
- We are still receiving royalties which create challenges in our budget processes
- Our original 1.5 million dollar investment was adversely affecting our CFIs

Next steps:

- We will continue to work on assembling the evidence file for 5A; any relevant documents or artifacts can be sent to Lee Allard for inclusion in the evidence webpage
- Lee Allard will draft an outline of the written report we will eventually need to prepare
- The committee will meet again in a month or so