

**NEW MEXICO HIGHLANDS UNIVERSITY  
FINDINGS & QUESTIONED COSTS  
FISCAL YEAR 2024  
CORRECTIVE ACTION PLAN**

Section	Reference	Audit Report Page #	Description	Type	Team Lead	Updated 8/29/25; Submitted to HED 8/29/25; Pending Approval by NMHU BOR 9/19/25
<b>Financial Statement Findings</b>						
	2024-001 (2021-002)	114-117	Improper Recording, Document Retention and Processing of Payroll	Material Weakness	VPFA, HR Director and Comptroller	<p><b>5/28/25 Update:</b> Payroll and HR have implemented systems to improve payroll accuracy and internal controls. PR established a checks and balances process for payroll verification, while HR conducts monthly benefits audits and reorganized to add tech roles that minimize data errors. HR and payroll meet biweekly to address issues and develop solutions. The primary focus is on enhancing communication, ensuring proper documentation, and strengthening internal procedures.</p> <p><b>Current Update:</b> Payroll and HR continue to implement and maintain systems to improve payroll accuracy and internal controls. Actions to date include: Establishment of a checks and balances process for payroll verification; Monthly benefits audits conducted by HR; Reorganization of HR to include technical roles that minimize data errors; Biweekly HR/Payroll meetings to address issues, enhance communication, ensure proper documentation, and strengthen internal procedures; Recent Developments: Restructured reporting line for the Payroll Department to report directly to the HR Director and Comptroller; Recruitment process initiated for a Payroll Manager.</p>
	2024-002 (2021-001)	117-118	Account Reconciliations	Material Weakness	VPFA and Comptroller	<p><b>5/28/25 Update:</b> Beginning January 2025, NMHU initiated a monthly soft close process. Most asset and accounts payable reconciliations are complete, with ongoing work in areas such as fixed assets, assets held by others, GASB 87 and 96, financial aid, &amp; Payroll. Grant-related accounts (AR, unbilled, and unearned revenue) are prioritized, with reconciliations followed by billing to ensure accuracy. SAR journal entries are processed quarterly, and aging reports are reviewed monthly. Some accounts remain unreconciled due to aged balances &amp; lack of supporting documentation, which has delayed full soft close completion.</p> <p><b>Current Update:</b> Asset and liability reconciliations are in progress. SAR journal entries are processed quarterly, and aging reports are reviewed monthly. Some accounts remain unreconciled due to aged balances &amp; lack of supporting documentation, which has delayed full soft close completion.</p>
<b>Federal Award Findings</b>						
	2024-003	119-121	Control over Payroll	Material Weakness in Internal Controls over Compliance & Material Noncompliance	ORSP, Comptroller & HR	<p><b>5/28/25 Update:</b> Improvements have been made by identifying the root causes of incorrect FOAPs in Paycom. Human Resources and Payroll now hold bi-weekly meetings to review the payroll process, provide staff training, and preview payroll before final submission. Additionally, weekly meetings with Paycom are held to address and resolve mapping issues.</p> <p><b>Current Update:</b> Efforts remain ongoing from the May 28, 2025 update.</p>
	2024-004	122-123	Control over Non-Payroll	Material Weakness in Internal Controls over Compliance	Grant personnel, ORSP, Purchasing, Business, VPFA	<p><b>5/28/25 Update:</b> The Office of Research and Sponsored Programs (ORSP) offers a Post-Award Guidance Manual on its website to help Principal Investigators and university staff navigate grant and contract compliance. The manual ensures proper review, approval, and signatures for budget and compliance processes. ORSP also supports verification efforts to improve payroll accuracy related to executed contracts.</p> <p><b>Current Update:</b> In reviewing the sample materials, the university is concerned that the auditors incorrectly stated that ORSP did not review and sign the sample of documents. In reviewing these documents, in every case we found an ORSP staff member had approved these purchases for compliance. We believe it is possible that the auditors did not have a full list of names of ORSP staff who were authorized to approve the transactions on the grant. Please see evidence of the 29 (12 of 25 from FWRI and 17 of 25 from R&amp;D cluster) purchases in question that do have ORSP staff signatures. The staff members in our office who monitor compliance are Gayle Martinez, Victoria Bibb, Alicia DeHerrera, and Ian Williamson. You will see one of our signatures on all the documents questioned. As a result, the university continues to claim that there were no breakdowns in control on these purchases.</p>

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2024-005 (2022-005)	124-125	Procurement, Small Purchase	Significant Deficiency in Internal Controls over Compliance with Questioned Costs Greater than \$25K	Purchasing	<p><b>5/28/25 Update:</b> Creation and implementation of a step-by-step workflow are being integrated by July 1, 2025. Tentative dates for department trainings are being discussed.</p> <p><b>Current Update:</b> Corrective Actions Implemented and In Progress (as of May 2025): Policy Update (June 2024) The Purchasing Policy was revised to ensure compliance with Federal Guidelines; Federal Self-Certification (October 2024) NMHU exercised its option to self-certify under Federal Guidelines. The micro-purchase threshold for direct purchases was increased from \$10,000 to \$20,000, consistent with state procurement statutes. The quotation requirement was updated to apply to purchases up to \$50,000, including professional services, as permitted under self-certification; Procurement Workflow: A draft workflow for small purchases has been developed to provide clear, accessible guidance to staff. The Purchasing Department is reviewing and finalizing the workflow to ensure alignment with operational needs, institutional policy, and federal/state requirements; Training Program: Monthly training sessions have been established for faculty and staff. These sessions provide instruction on procurement procedures and the application of the revised workflow. Training will continue on an ongoing basis to support consistent compliance.</p>
2024-006	126-127	Activites Allowed and Allowable Costs	Significant Deficiency in Internal Controls over Compliance	ORSP & Grant Pls	<p><b>5/28/25 Update:</b> The Office of Research and Sponsored Programs (ORSP) offers a Post-Award Guidance Manual on its website to help Principal Investigators and university staff navigate grant and contract compliance. The manual ensures proper review, approval, and signatures for budget and compliance processes. ORSP also supports verification efforts to improve payroll accuracy related to executed contracts.</p> <p><b>Current Update:</b> Efforts remain ongoing from the May 28, 2025 update.</p>
<b>NMSA Findings</b>					
2024-007	127-128	Control of Capital Assets	Other Matter	Purchasing & Comptroller	<p><b>5/28/25 Update:</b> Management is utilizing one fixed asset system software listing to do the inventory throughout the year. Inventory will be completed by 5/30/2025. New fixed assets for FY25 will be updated end of June or July.</p> <p><b>Current Update:</b> The university is now utilizing one fixed asset system to track and account for capital assets.</p>
2024-008	128	Late Submission of Audit Report	Noncompliance	VPFA	<p><b>5/28/25 Update:</b> Resolved: With the implementation of soft month-end closes and standardized office procedures, deadlines have been assigned to ensure the timely submission of required documents. A dedicated team lead has been assigned to oversee and enforce adherence to these deadlines and submissions.</p> <p><b>Current Update:</b> Resolved.</p>
<b>Foundation Finding</b>					
2024-009	129	Bank Reconciliation Did Not Reconcile to the General Ledger	Other Matter	Foundation Consultant	<p><b>5/28/25 Update:</b> Foundation staff and contractors will review the General Ledger (GL) balance and ending bank balance figures each month to ensure accuracy. An additional support ticket has been opened with the software provider (Blackbaud) to address discrepancies related to incorrect beginning GL balance entries. These discrepancies have persisted for two years, as staff and contractors have been unable to make the necessary corrections within the software. The resolution will require backend adjustments by Blackbaud. Foundation staff and contractors will ensure that the resulting variance is corrected in the current fiscal year.</p> <p><b>Current Update:</b> Resolved. The software provider (Blackbaud) made some adjustments on the programming (back end) of the software that allowed for a correcting journal entry to post to the GL. This entry did not affect the cash/bank reconciliation and only posted between Trial Balance and Fund Balance Accounts</p>
<b>Highlands Stable Isotopes Corporation Finding</b>					
2024-010	130	Open Meetings Act	Other Noncompliance	VPFA	<p><b>5/28/2025 Update:</b> Meeting schedules and alerts have been implemented to ensure compliance with HSI Corporation bylaws.</p> <p><b>Current Update:</b> Resolved. Meeting schedules and alerts have been implemented to ensure compliance with HSI Corporation bylaws. Annual meeting was held on June 20, 2025.</p>