

**NEW MEXICO HIGHLANDS UNIVERSITY  
FINDINGS & QUESTIONED COSTS  
FISCAL YEAR 2025  
CORRECTIVE ACTION PLAN**

Reference	Audit Report Page #	Description	Type	Team Lead	Updated 2/09/26; Submission to HED 2/27/26; Approved by NMHU BOR 2/20/26
<b>Financial Statement Findings</b>					
2025-001 (2021-002)	95-98	Improper Recording, Document Retention and Processing of Payroll	Material Weakness	VPFA, HR Director and Comptroller	<p>Management is committed to strengthening internal controls, improving documentation processes, and ensuring full compliance with applicable requirements. To address identified issues and prevent recurrence, we will implement the following corrective actions:</p> <ul style="list-style-type: none"> <li>•Annual Internal Audit and Review Cycle: HR and Payroll will conduct yearly comprehensive internal audits to identify deficiencies early and implement targeted corrective measures. These audits will serve as a proactive tool to strengthen compliance and maintain consistent oversight across all personnel and payroll processes.</li> <li>•Standardized Contract Management Procedures: HR will require that all employee contracts be electronically attached to the Personnel Action Form in Paycom before any pay change is processed. This ensures contracts are consistently retained in employee personnel files and reduces the risk of incomplete or missing documentation. The electronic workflow will continue to ensure that all responsible parties review, approve, and sign contracts prior to HR processing.</li> <li>•Strengthened Benefits Administration Controls: The Benefits Manager will oversee all employee benefit elections and ensure that automated data feeds between Paycom and benefit carriers remain accurate and continuously monitored. Additional validation checks will be established to confirm that benefit selections are transmitted properly and without manual intervention.</li> <li>•Enhanced Payroll Oversight and Collaboration: The Payroll Manager will maintain supervisory review over payroll processing to ensure all payroll changes are thoroughly verified for accuracy prior to finalization. HR and Payroll will continue developing joint procedures, including shared review checkpoints, to create strong checks and balances between departments.</li> <li>•Improved Payroll Liability Reconciliation: The Business Office, in coordination with the Payroll Manager, will finalize and implement a standardized reconciliation process for payroll liabilities. This includes ensuring deduction codes in Paycom map accurately to Banner and that accruals are recorded and reviewed on a regular schedule.</li> <li>•Ongoing Communication and Procedure Development: HR, Payroll, and the Business Office will work collaboratively to refine and document procedures related to contract execution, internal controls, benefit administration, payroll processing, and record retention. Updated procedures will be communicated organization-wide to ensure consistency and accountability.</li> </ul>
2025-002 (2021-001)	98-99	Account Reconciliations	Material Weakness	VPFA and Comptroller	<p>The Business office implemented a soft month-end close in January 2025. Some progress was made in FY25, and we will continue our efforts by implementing the following, in FY26, to ensure accuracy and completeness.</p> <ul style="list-style-type: none"> <li>•Creating a month-end closing list of journal entries (JE) and firm deadlines for JE submission from other departments to ensure all JEs are recorded timely.</li> <li>•Using a cost center-based accounting methodology for the allocation of certain costs.</li> <li>•Establish a monthly deadline to commence grant reconciliations and subsequent billings.</li> <li>•Commit to a balance sheet review each month to ensure reconciliations are completed on all asset and liability accounts.</li> <li>•Create accounts receivable (AR) aging reports to properly account for other receivables.</li> <li>•Provide additional account reconciliation training to the business office accountants.</li> <li>•Develop university guidance and communication that will enhance collaboration between the business office and the university departments during month-end and year-end close.</li> </ul>
2025-003	100	Accounts Payable Not Accrued	Significant Deficiency	Comptroller, Accountants & Facilities Management	<p>Management agrees with this finding but is still unsure how the accrual will impact draw reconciliation to the State of NM. The Business Office will review the invoicing status of all construction projects, with facilities, and compare to accounting records. A checklist will be created to ensure all fiscal year expenses are accounted for or accrued at fiscal year-end.</p>
<b>NMSA Findings</b>					
2025-004	101	Capital Asset Depreciation Calculation	Other Matter	Purchasing Director and VPFA	<p>The university is currently implementing a more advanced fixed-asset management system that will strengthen internal controls and improve the accuracy of asset tracking, this system will also enhance our ability to assign appropriate useful lives upon acquisition and ensure depreciation is recorded in a timely manner. In addition, the university will establish monthly internal review process to verify the completeness and accuracy of all capital asset additions and related depreciation.</p>
<b>Federal Award Findings</b>					
					In Progress