

PD-AAS 261
12m-42479

Contract Audit of
THE UNIVERSITY OF NEW MEXICO

Contract Nos.
DSPE-C-0036, DPE-0453-C-00-1002, AID/ta-C-1259,
AID/IPA, AID/Training Agreement,
AID/IPA, and AID/GOB 511-98

Audit Report No. 0-000-84-01
October 5, 1983

Contract Audit of
THE UNIVERSITY OF NEW MEXICO

Contract Nos.

DSPE-C-0036, DPE-0453-C-00-1002, AID/ta-C-1259,
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AID/IPA, and AID/GOB 511-98

Audit Report No. 0-000-84-01

Introduction

The Office of the Regional Inspector General for Audit/Washington (RIG/A/W) reviewed a report issued by the Defense Contract Audit Agency (DCAA), on an examination of the above contracts with the University of New Mexico.

The purpose of the audit was to determine whether contracts were administered in an efficient and economical manner, contract costs were expended in accordance with the terms of the contracts, and the financial statements submitted by the University of New Mexico (UNM) present fairly the costs incurred in contract performance.

The results of the audit of UNM's incurred costs for Fiscal Years 1979, 1980, and 1981 are summarized under "Contract Costs".

Contract Information

A summary of contract data is shown in Exhibit A.
The status of contract funds is shown in Exhibit B.

Contract Costs

DCAA reviewed a total of nine AID contracts/awards. However, we excluded two of these contracts because they were reported in earlier audit reports. A summary of our review follows:

Contract/Award Nos.

Under Letter of Credit No. 72-00-1222:

DSPE-C-0036	\$1,353,201
DPE-0453-C-00-1002	<u>1,915</u>
Subtotal	\$1,355,116
AID/ta-C-1259	2,080
AID/IPA	34,321
AID/Training Agreement	1,909
AID/IPA	31,988
AID/GOB 511-98	<u>845,179</u>
Total Incurred Costs	<u>\$2,270,593</u>

The DCAA auditors examined \$2,270,593 of costs incurred during Fiscal Years 1979, 1980, and 1981. This amount is acceptable for reimbursement.

THE UNIVERSITY OF NEW MEXICO
Summary of Contract Data

EXHIBIT A

Contract Numbers :	DSPE-C-0036	DPE-0453-C-00-1002
Contract Ceilings:	\$1,959,317	\$35,000
Expiration Dates :	April 30, 1982	*
Project Numbers :	931-0453.01	*
Project Titles :	Malaria Immunity and Vaccination Research	*
Audit Period :	7/1/79 - 6/30/81	*
Type of Audit :	Interim	*

Contract Numbers :	AID/ta-C-1259	AID/IPA
Contract Ceilings:	\$1,366,842	\$35,072
Expiration Dates :	April 30, 1979	*
Project Numbers :	931-0453	*
Project Titles :	Malaria Immunity and Vaccination Research	*
Audit Period :	5/1/79-6/30/80	*
Type of Audit :	Final	*

Contract Numbers :	AID/Training Agreement	AID/IPA
Contract Ceilings:	\$1,996	*
Expiration Dates :	*	*
Project Numbers :	*	*
Project Titles :	Training of Bolivian Educator	*
Audit Period :	*	*
Type of Audit :	Final	*

Contract Number :	AID/GOB 511-98
Contract Ceiling:	\$2,403,849
Expiration Date :	*
Project Number :	*
Project Title :	*
Audit Period :	*
Type of Audit :	*

* No other information is available in AID/W files.

THE UNIVERSITY OF NEW MEXICO
Status of Contract Funds

EXHIBIT B
PAGE 1 OF 2

	DSPE-C-0036		DPE-0453-C-00-1002	
Contract Ceilings		\$1,959,317		\$35,000
Amount Reimbursed:				
Costs Audited-				
Approved Prior Audit	\$ 78,219		\$ --	
Approved Current Audit	1,353,201		1,915	
Unaudited Costs	--		--	
Subtotal	<u>\$1,431,420</u>	<u>1,431,420</u>	<u>\$1,915</u>	<u>1,915</u>
Amount Questioned	<u>--</u>		<u>--</u>	
Total Reimbursed	<u>\$1,431,420</u>		<u>\$1,915</u>	
Contract Balance		<u>\$527,897</u>		<u>\$33,085</u>

	AID/ta-C-1259	
Contract Ceiling		\$1,366,842
Amount Reimbursed:		
Costs Audited-		
Approved Prior Audit	\$1,359,120	
Approved Current Audit	2,080	
Unaudited Costs	--	
Subtotal	<u>\$1,361,200</u>	<u>1,361,200</u>
Amount Questioned	<u>--</u>	
Total Reimbursed	<u>\$1,361,200</u>	
Contract balance		<u>\$5,642</u>

THE UNIVERSITY OF NEW MEXICO
Status of Contract Funds

EXHIBIT B
PAGE 2 OF 2

	AID/IPA		AID/Training Agreement	
Contract Ceilings		\$35,072		\$1,996
Amount Reimbursed:				
Costs Audited-				
Approved Prior Audit	\$ --		\$ --	
Approved Current Audit	34,321		1,909	
Unaudited Costs	--		--	
Subtotal	<u>\$34,321</u>	<u>34,321</u>	<u>\$1,909</u>	<u>1,909</u>
Amount Questioned	<u>--</u>		<u>--</u>	
Total Reimbursed	<u>\$34,321</u>		<u>\$1,909</u>	
Contract Balance		<u>\$751</u>		<u>\$87</u>

	AID/IPA		AID/GOB 511-98	
Contract Ceilings		\$ *		\$2,403,849
Amount Reimbursed:				
Costs Audited-				
Approved Prior Audit	\$ --		\$ 990,579	
Approved Current Audit	31,988		845,179	
Unaudited Costs	--		--	
Subtotal	<u>\$31,988</u>	<u>31,988</u>	<u>\$1,835,758</u>	<u>1,835,758</u>
Amount Questioned	<u>--</u>		<u>--</u>	
Total Reimbursed	<u>\$31,988</u>		<u>\$1,835,758</u>	
Contract Balance		<u>\$ *</u>		<u>\$568,091</u>

* No other information is available in AID/W files.

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AUDIT REPORT OF INCURRED COST ON
AGENCY FOR INTERNATIONAL DEVELOPMENT AWARDS

UNIVERSITY OF NEW MEXICO
ALBUQUERQUE, NEW MEXICO

The Defense Contract Audit Agency has no objection to the release of this report at the discretion of the Contracting Officer, to the duly authorized representatives of University of New Mexico.

Under the provisions of Title 32, Code of Federal Regulations, Part 290.26(b)(2) (as amended August 10, 1977), all Freedom of Information Act requests for audit reports received by DCAA will be referred to the cognizant Contracting Officer for determination as to releasability and a direct response to the requestor.

Contractor information contained in this audit report may be confidential. The restrictions of 18 USC 1905 should be considered before this information is released to the public.

This report may not be released to any Federal agency outside the Department of Defense without the approval of Headquarters, DCAA, except to any agency requesting the report in negotiating or administering its contract.

DEFENSE CONTRACT AUDIT AGENCY
SAN FRANCISCO REGION
OKLAHOMA CITY BRANCH OFFICE
OKLAHOMA CITY, OKLAHOMA

AUDIT REPORT NO: 7191-2M.110.110/245

DATE OF REPORT: 24 March 1982

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Per GC Memo
of 11/21/87
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Audit Report
No. 7191-2M.110.110/245

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DEFENSE CONTRACT AUDIT AGENCY

SAN FRANCISCO REGION

OKLAHOMA CITY BRANCH

215 DEAN A. MCGEE AVENUE, ROOM 217

OKLAHOMA CITY, OKLAHOMA 73102

IN REPLY REFER TO 7191/762.11

24 March 1982

SUBJECT: ~~Audit Report on Financial Cost~~
~~of the Agency for International Development~~
~~UNM, Santa Fe, New Mexico (UNM)~~
Albuquerque, New Mexico
Audit Report No. 7191-2M.110.110/245

TO: Area Auditor General/Washington
Agency for International Development
Room 514 RPE
Washington, D.C. 20523

1. Purpose of Audit.

a. We have reviewed UNM's accounting records related to Agency for International Development (AID) awards for the period 1 July 1980 through 30 June 1981. The purpose of our audit was to determine whether; (i) awards were generally administered in an efficient and economical manner; (ii) award funds were expended in accordance with the budget proposal approved by AID, the terms of the award, and AID policies; and (iii) the financial statements submitted by UNM present fairly the cost incurred in award performance.

b. Our audit was performed in accordance with generally accepted auditing standards and included such tests of UNM's data and records and such other auditing procedures as were considered necessary in the circumstances. The cost principles contained in OMB A-21 and the provisions of the individual awards were used as criteria in the determination of acceptable costs.

2. Summary of Results of Audit. The results of audit of UNM's costs for the fiscal years ending 30 June 1980 and 30 June 1981 are detailed in Exhibits A through C and the Appendices of this report.

3. Conclusions.

a. Accounting counsel and any additional audit service which the contracting officer may require can be made available upon request. Telephone contact regarding this audit may be made directly to our UNM Suboffice, telephone number 505/766-1033 or FTS 474-1033.

b. The information contained in this audit report should not be used for other purposes without consulting the auditor.

Defense Contract Audit Agency

PETER C. VAN DER VEEN
Branch Manager

UNIVERSITY OF NEW MEXICO
Albuquerque, New MexicoSTATEMENT OF AID LETTER-OF-CREDIT
AWARD FUND TRANSACTIONS FOR THE FISCAL
YEARS ENDED 30 JUNE 1980 AND 1981

	<u>Fund Transactions</u>		<u>Note Ref.</u>
	<u>FY 1980</u>	<u>FY 1981</u>	
<u>Funds:</u>	<u>(Rounded to Whole Dollars)</u>		
AID Beginning Cash Balance			
From Prior Year		\$(109,130)	1
AID Cash Received During			
Year	\$ 74,000	666,000	2
Funds Available	\$ 74,000	\$ 556,870	
<u>Costs:</u>			
AID Allowable Letter-of-			
Credit Award Expenses			
Incurred During Year	183,130	733,101	3
AID Ending Cash Balance	<u>\$(109,130)</u>	<u>\$(176,231)</u>	
Cash Balance Per AID			
Quarterly Federal Cash			
Transactions Report	<u>\$(166,303)</u>	<u>\$(286,851)</u>	

Explanatory Notes:

1. Letter-of-credit number 72-00-1222 became effective 20 May 1980. UNM submitted monthly public voucher numbers 9 and 10 totaling \$101,273 for April and May 1980. These vouchers were paid under the letter-of-credit.

2. During the period July 1980 through March 1981, UNM made monthly letter-of-credit drawdowns at \$60,000 per month. The limit during that period was \$37,000 per month. The drawdown limit was increased in May 1981 to \$40,000 per month, at which time UNM drew down \$63,000 for May and June 1981. Contract Number DSPE-C-0036 modification number six, dated 21 July 1980, provided for an increase in monthly drawdowns to \$60,000 per month. No modification was made to the letter-of-credit terms to reflect this contract change. In our opinion, UNM has not complied with the letter-of-credit terms and would be subject to suspensions or cancellations of this form of contract financing. However, the contract was modified to permit the amount drawn-down and a significant cash deficit was experienced because vouchers 9 and 10 were not paid.

3. The FY 1980 expense shown represents incurred cost experienced after the letter-of-credit became effective.

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EXHIBIT B

UNIVERSITY OF NEW MEXICO
Albuquerque, New Mexico

STATEMENT BY AWARD OF AID EXPENDITURES
FOR THE FISCAL YEARS ENDED 30 JUNE 1980 AND 1981

<u>Award Number</u>	<u>Total Expenditures</u>		<u>Note</u>
<u>Letter-of-Credit</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>Ref.</u>
	(Rounded)		
DSPE-C-0036	\$ 622,015	\$ 731,186	Sched. B-1
DPE-0453-C-00-1002-00	---	1,915	Sched. B-2
Total Letter-of-Credit	<u>\$ 622,015</u>	<u>\$ 733,101</u>	
<u>Non-Letter-of-Credit</u>			
AID/ta-C-1259	\$ (1,497)		Sched. B-3
AID/1t-C-4000	1,843		Sched. B-4
AID/DSAN-C-0159	23,234		Sched. B-5
517-0108-1-80039	43		Sched. B-7
AID/1PA	30,463	3,858	Sched. B-6
AID/Training Agreement	-	1,909	Sched. B-8
AID/1PA	1,583	30,405	Sched. B-9
AID/GOB 511-98	469,518	375,661	Sched. B-10
Total Non-Letter-of-Credit	<u>\$ 525,187</u>	<u>\$ 411,833</u>	
Total Expenditures	<u>\$1,147,202</u>	<u>\$1,144,934</u>	

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SCHEDULE B-1

UNIVERSITY OF NEW MEXICO
Albuquerque, New Mexico

SCHEDULE OF AID [REDACTED] DSPE-C-0036
RECORDED COSTS AND AUDITOR'S RECOMMENDATIONS
FOR THE FISCAL YEARS ENDED 30 JUNE 1980 AND 1981

<u>Cost Element</u>	<u>Contract Budget</u>	<u>Cumulative Cost 6-30-79</u>	<u>FY 80 Cost</u>	<u>FY 81 Cost</u>	<u>Cumulative Cost 6-30-81</u>
Direct Labor	\$ 731,749	\$34,677	\$254,961	\$280,655	\$ 570,293
Fringe Benefits	126,045	4,513	33,606	36,262	74,381
Overhead	507,381	22,887	173,373	190,845	387,105
Materials and Services	274,711	11,136	86,153	107,492	204,781
Equipment	36,888	1,858	2,390	17,639	21,887
Travel and Allowances	15,432		3,231	6,339	9,570
Foreign Travel	10,500		3,528	250	3,778
Subcontract	200,700		35,555	73,610	109,165
Consultants	6,601	1,183	1,657	464	3,304
Other Direct Cost	45,449	1,965	23,700	20,777	46,442
Insurance	3,861		3,861	(3,147)	714
Total	<u>\$1,959,317</u>	<u>\$78,219</u>	<u>\$622,015</u>	<u>\$731,186</u>	<u>\$1,431,420</u>

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SCHEDULE B-2

UNIVERSITY OF NEW MEXICO
Albuquerque, New Mexico

SCHEDULE OF AID ~~XXXXXXXXXXXX~~ DEE-0453-C-00-1002-00
RECORDED COSTS AND AUDITOR'S RELATED RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED 30 JUNE 1981

<u>Cost Element</u>	<u>Contract Budget</u>	<u>FY 81 Cost</u>	<u>Cumulative Cost 6-30-81</u>
Direct Labor	\$15,000	\$ 938	\$ 938
Fringe Benefits	2,550	140	140
Overhead	9,714	547	547
Equipment and Supplies	7,736	290	290
Total	<u>\$35,000</u>	<u>\$1,915</u>	<u>\$1,915</u>

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SCHEDULE B-3

UNIVERSITY OF NEW MEXICO
Albuquerque, New Mexico

SCHEDULE OF AID ~~CONFIDENTIAL~~ ta-C-1259
RECORDED COSTS AND AUDITOR'S RELATED RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED 30 JUNE 1980

<u>Cost Element</u>	<u>Contract Budget</u>	<u>Cumulative Cost 6-30-79</u>	<u>FY 80 Cost</u>	<u>Cumulative Cost 6-30-80</u>
Direct Labor	\$ 598,566	\$ 601,372		\$ 601,372
Material and Services	212,213	285,290	\$(70,964)	214,326
Equipment	128,685	60,568	69,036	129,604
Travel	14,534	11,208		11,208
Fringe Benefits	86,906	83,217	(39)	83,178
Consultants	10,900	4,517	470	4,987
Overhead	315,038	316,525		316,525
	<u>\$1,366,842</u>	<u>\$1,362,697</u>	<u>\$ (1,497)</u>	<u>\$1,361,200</u>

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SCHEDULE B-4

UNIVERSITY OF NEW MEXICO
Albuquerque, New Mexico

SCHEDULE OF AID ██████████/it-C-4000
RECORDED COSTS AND AUDITOR'S RELATED RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED 30 JUNE 1980

<u>Cost Element</u>	Cumulative Cost <u>6-30-79</u>	FY 80 Cost	Cumulative Cost <u>6-30-80</u>
Direct Labor	\$10,553	\$1,200	\$11,753
Material and Services	1,589		1,589
Travel	730		730
Fringe Benefits	1,007	7	1,014
Student Cost	11,694		11,694
Consultants	875		875
Overhead	5,593	636	6,229
Total	<u>\$32,041</u>	<u>\$1,843</u>	<u>\$33,884</u>

FINAL AUDIT ALREADY PROCESSED
ON THESE COSTS (12/81 A/R82-23)

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SCHEDULE B-5

UNIVERSITY OF NEW MEXICO
Albuquerque, New Mexico

SCHEDULE OF AID ~~XXXXXXXXXXXXXXXXXXXX~~ AID/DSAN-C-0159
RECORDED COSTS AND AUDITORS' RELATED RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED 30 JUNE 1980

<u>Cost Element</u>	<u>Contract Budget</u>	<u>Cumulative Cost 6-30-79</u>	<u>FY 80 Cost</u>	<u>Cumulative Cost 6-30-80</u>
Direct Labor	\$ 3,490		\$ 3,805	\$ 3,805
Fringe Benefits	660		577	577
Overhead	2,051		2,017	2,017
Subcontract	8,112		8,112	8,112
Travel	1,358		1,758	1,758
Materials and Services	8,327	\$55	6,965	7,020
Total	<u>\$23,998</u>	<u>\$55</u>	<u>\$23,234</u>	<u>\$23,289</u>

FINAL AUDIT ALREADY PROCESSED
ON THESE COSTS (1/82 A/R 82-32)

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SCHEDULE B-6

UNIVERSITY OF NEW MEXICO
Albuquerque, New Mexico

SCHEDULE OF AID INTERGOVERNMENTAL PERSONNEL
ACT AGREEMENT RECORDED COSTS AND AUDITOR'S RELATED
RECOMMENDATIONS FOR FISCAL YEARS ENDED
30 JUNE 1980 AND 1981

<u>Cost Element</u>	<u>Budget</u>	<u>FY 80 Cost</u>	<u>FY 81 Cost</u>	<u>Cumulative Cost 6-30-81</u>
Direct Labor	\$29,472	\$26,602	\$3,352	\$29,954
Fringe Benefits	5,600	3,861	506	4,367
Total	<u>\$35,072</u>	<u>\$30,463</u>	<u>\$3,858</u>	<u>\$34,321</u>

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SCHEDULE B-8

UNIVERSITY OF NEW MEXICO
Albuquerque, New Mexico

SCHEDULE OF RECORDED COSTS ON ~~XXXXXXXXXX~~
~~XXXXXXXXXX~~ OF BOLIVIAN EDUCATOR AND AUDITOR'S
RELATED RECOMMENDATIONS FOR THE FISCAL YEAR ENDED
30 JUNE 1981

<u>Cost Element</u>	<u>Budget</u>	<u>FY 81 Cost</u>
Direct Labor	\$1,100	\$ 577
Material and Services	125	79
Travel	100	590
Fringe Benefits	187	37
Consultants	-	102
Overhead	484	524
Total	<u>\$1,996</u>	<u>\$1,909</u>

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SCHEDULE B-9

UNIVERSITY OF NEW MEXICO
Albuquerque, New Mexico

SCHEDULE OF AID ~~TO NON-FEDERAL PERSONNEL~~
~~ACT AGREEMENTS~~ RECORDED COST AND AUDITOR'S RELATED
RECOMMENDATIONS FOR FISCAL YEARS ENDED
30 JUNE 1980 AND 1981

<u>Cost Element</u>	<u>FY 80</u> <u>Cost</u>	<u>FY 81</u> <u>Cost</u>	<u>Cumulative</u> <u>Cost</u> <u>6-30-80</u>
Direct Labor	\$1,583	\$26,086	\$27,669
Fringe Benefits		4,319	4,319
Total	<u>\$1,583</u>	<u>\$30,405</u>	<u>\$31,988</u>

Audit Report
No. 7191-2M.110.110/245

SCHEDULE B-10

UNIVERSITY OF NEW MEXICO
Albuquerque, New Mexico

SCHEDULE OF RECORDED AID COSTS ON ~~CONTRACTS~~
~~AND~~ AUDITOR'S RELATED RECOMMENDATIONS
FOR FISCAL YEARS ENDED 30 JUNE 1980 AND 1981

<u>Cost Element</u>	<u>Contract Budget</u>	<u>Cumulative Cost 6-30-79</u>	<u>FY 80 Cost</u>	<u>FY 81 Cost</u>	<u>Cumulative Cost 6-30-81</u>
Direct Labor	\$ 933,575	\$357,332	\$208,531	\$174,378	\$ 740,241
Fringe Benefits	207,607	58,580	27,304	22,762	108,646
Travel	456,146	143,869	26,734	26,858	197,461
Equipment	71,000	71,659	3,936	1,405	77,000
Allowances	63,000	132,773	55,667	41,796	230,236
Other Direct Cost	314,185	70,621	49,102	31,983	151,706
Overhead	358,336	155,745	98,244	76,479	330,468
Total	<u>\$2,403,849</u>	<u>\$990,579</u>	<u>\$469,518</u>	<u>\$375,661</u>	<u>\$1,835,758</u>

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Audit Report
No. 7191-2M.110.110/245

EXHIBIT C

UNIVERSITY OF NEW MEXICO
Albuquerque, New Mexico

STATEMENT OF ~~UNDETERMINED INDIRECT COST RATE~~
~~APPLICABLE TO AID AWARDS FOR THE PERIOD~~
1 JULY 1980 THROUGH 30 JUNE 1981

	<u>FY 80</u> <u>Rate</u> (Note 1)	<u>FY 81</u> <u>Rate</u> (Note 2)
<u>Main Campus</u>		
Research:		
On Campus	54.0%	38.0%
Off Campus	42.0%	28.0%
Instruction and Public Service:		
On Campus	53.0%	40.0%
Off Campus	40.0%	25.0%
<u>Medical School</u>		
Research:		
On Campus	68.0%	40.0%
Off Campus	42.0%	25.5%
Instruction:		
On Campus	40.0%	40.0%
Off Campus	37.0%	25.0%
Public Service:		
On Campus	40.0%	24.0%
Off Campus	37.0%	21.0%

Allocation Base:

1. Direct salaries and wages excluding fringe benefits.
2. Modified Total Direct Cost. Total direct cost less subgrant and subcontract cost in excess of \$25,000 each, capital equipment, alterations, stipends, and tuition.

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No. 7191-2M.110.110/245

APPENDIX 1

ORGANIZATION AND OPERATIONS

The University of New Mexico was organized as a New Mexico institution of higher learning in 1889. The University offers degrees through the PHd and MD level, and is active in research and public service. There are approximately 22,000 students, 1,000 faculty members, and 4,000 administrative staff.

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APPENDIX 2

ACCOUNTING SYSTEM

The University of New Mexico's accounting system is a combination of fund accounting to satisfy the institutional requirements for the State of New Mexico, and a job order cost accounting system that adequately segregates costs of Government cost-type contracts. This contractor's cost accounting system is sufficiently detailed to permit elements of cost such as labor, travel, material, and other direct cost to be indentified; however, the accounting system is not considered adequate to identify university participation in contract cost in the form of in-kind cost sharing.

The overhead allocation base is modified total cost input. The contractor's accounting period ends 30 June.

THE UNIVERSITY OF NEW MEXICO
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