



Audit Committee Meeting

June 26, 2025 at 10:45 AM (EST)

Plymouth State University, Centre Lodge-Granite Room

10 Merrill Street

Plymouth

University System of New Hampshire

Meeting Book - Audit Committee Meeting

MEETING AGENDA - June 26, 2025 at 10:45am

I. Meeting Information

Physical location: Plymouth State University,
Centre Lodge-Granite Room

Meeting URL: <https://unh.zoom.us/j/99582880530>

Call in: 1 301 715 8592

Meeting ID: 995 8288 0530

II. Audit Committee Members

Peter T. Paul, Chair

M. Jacqueline Eastwood, Vice Chair

Maureen A. Beauregard

Shawn N. Jasper

Mackenzie M. Murphy

The Governor (by Statute)

III. Call to Order

10:45-
10:50 am

IV. Approval of Consent Agenda Items

MOVED, that the Consent Agenda Items be
approved.

A. Approve Minutes of March 20, 2025 Meeting

1. AC 03-20-2025 DRAFT Minutes.pdf - 5

B. Accept UNH NCAA Agreed Upon Procedures Report

1. UNH Intercollegiate Athletics Program AUP
FY24.pdf - 10

C. Accept Internal Audit Reports Issued

1. UNH Parking Operations Audit Report.pdf -
33
2. UNH Advancement Data Security Review
Report.pdf - 49
3. UNH Animal Care and Use Protocols
Compliance Audit Report.pdf - 63
4. USNH Hetzel Hall Construction Audit.pdf -
77
5. Confidential - UNH RCC ITGC Audit

10:50-
11:35 am

V. Items for Committee Consideration and Action

A. Approve FY2026 Meeting Schedule and Work Plan (10 mins)

MOVED, on recommendation of the Chancellor, that the Audit Committee FY2026 Meeting Schedule and Work Plan be approved.

1. FY26 Meeting Schedule & Work Plan.pdf - 111

B. Approve FY2026 Internal Audit Plan / Review Internal Audit's FY2025 Annual Report (20 mins)

MOVED, on recommendation of the Chancellor, that the proposed Internal Audit Plan for FY2026 be approved.

1. FY26 IA Plan-FY25 IA Annual Report and motion sheet.pdf - 115

C. Approve Enterprise Risk Management (ERM) Annual Report and Assignment of Risks (15 mins)

MOVED, on recommendation of the Chancellor, that the Audit Committee recommends to the Executive Committee the adoption of the following motion: MOVED, on recommendation of the Audit Committee, the Executive Committee hereby formally assigns the top system wide risks identified in the GY2026 annual ERM report to the appropriate Board committees, as specified in the attachment, for purposes of oversight.

1. ERM transition page.pdf - 135
2. USNH ERM Report GY2026.pdf - 136
3. ERM process and roles motion sheet for AC.pdf - 142

11:35 am-
12:05 pm

VI. Items for Committee Consideration and Discussion

A. Self-assess Audit Committee effectiveness (5 mins)

1. Audit Committee Self-evaluation Results 2025.pdf - 145

B. Review Audit Committee Charter (5 mins)

1. Audit Committee Charter and summary

sheet.pdf - 149

C. Review Internal Audit Charter (5 mins)

1. Internal Audit Charter and summary
sheet.pdf - 153

D. Receive GLBA compliance update (15 mins)

1. GLBA Update June 2025.pdf - 157

10 min

VII. Non-Public Session

MOVED, that the Audit Committee go into non-public session for the purpose of discussing: (1) matters which if discussed in public would likely affect adversely the reputation of a person or persons, who are not members of this committee and (2) consideration of pending claims or litigation authorized by RSA 91-A:2, I(b) and 3, II(c) and (e).

VIII. Other Business

A. Chair or Committee comments

B. Next scheduled meeting: October 23, 2025 at
Keene State College

IX. Adjourn



AUDIT COMMITTEE

MARCH 20, 2025

UNIVERSITY OF NEW HAMPSHIRE
DURHAM, NEW HAMPSHIRE

MEETING MINUTES

Draft for Approval

Committee members physically present: Vice Chair M. Jacqueline Eastwood, Shawn Jasper, Mackenzie Murphy, Maureen A. Beauregard

Other Trustees physically present: Melinda Treadwell, Mike Pilot, Cathy Green

Other participants participating in person: (USNH) Kara Bean, Ashish Jain, Christine Heise, Chad Pimentel, Karyl Martin; (KSC) Jeff Maher, Julie Kroupa; (PSU) Janette Wiggett, Katie Caron; (UNH) Bo Zaryckyj, Andy Glode; (CLA) Andy Lee, Christina Dooley

I. Call to Order

At 10:57 a.m., Committee Vice Chair Eastwood called the meeting to order. Vice Chair Eastwood noted that Chair Paul will not be attending the meeting so she will be chairing today's meeting. Vice Chair Eastwood called the roll and noted the presence of a quorum sufficient for the conduct of business.

II. Approval of Consent Agenda Items

Vice Chair Eastwood asked the committee members if they had any comments or questions about the consent agenda items; there were none.

Items on the consent agenda appear below:

- A. Minutes of October 24, 2024 Meeting
- B. USNH Conflict of Interest Policies and Related Management Processes
- C. Enterprise Risk Management (ERM) update on Compliance
- D. Internal Audit Reports Issued
 - 1. UNH Human Subject Protocols Compliance Audit Report
 - 2. UNH International Operations Audit Report
 - 3. KSC BHII Data Security Review Report
 - 4. USNH Purchasing Card Audit Report

III. Items for Committee Consideration and Action

A. Accept External Auditors' FY24 Uniform Guidance Audit Reports on USNH Federal Expenditures

Andy Lee, Engagement Principal and Christina Dooley, Senior, from CLA presented.

Ms. Dooley explained the single audit process and results. Major programs audited include Student Financial Assistance (SFA) Cluster and Every Student Succeeds Act (ESSA) and Child Care Development Block Grants. Ms. Dooley noted that there were findings regarding timely return of credit balances and NSLDS status changes. All findings were from KSC. Mr. Lee emphasized that these are common areas for findings. In response to a question from Trustee Pilot, Trustee Treadwell noted that her office has been working with Internal Audit and there is a management action plan in place.

Major programs expected to be audited in 2025 include SFA Cluster, Trio Cluster and potentially Foster Care Title IV-E. Mr. Lee noted that the auditors will follow up on FY24 findings as well. Work on the 2025 single audit will begin in May/June to get as much done before the financial statement audit begins.

The following motion was made by Trustee Murphy, duly seconded, discussed, and approved with no votes abstained or dissenting.

***VOTED**, on recommendation of the Chancellor, that the University System of New Hampshire Auditors' Reports from CLA for the year ended June 30, 2024, as required by Title 2 of the U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Government Auditing Standards and Related Information, be accepted.*

B. Approve appointment of CliftonLarsonAllen (CLA) as external auditors and CLA's Fiscal Year 2025 audit plan covering USNH financial statements and federal awards under Uniform Guidance

Mr. Lee reviewed the audit scope and deliverables, audit process, audit plan overview, audit timeline, responsibilities, governance input, and audit fees. Fees will increase approximately 2.62% (to \$297,000) for the financial statement and uniform guidance engagement.

The audit timeline is very similar to last year's. Mr. Lee noted that CLA will do extra testing and involve IT due to USNH's recent implementation of Workday.

Vice Chair Eastwood asked Mr. Lee if CLA has experienced any issues related to recent DEI events. Vice Chair Eastwood referred Mr. Lee to pass-through grants that USNH institutions receive from other non-USNH institutions which are listed in the Uniform Guidance audit report. The US Department of Education has initiated a DEI-related investigation of several of these non-USNH institutions, and their federal funding could potentially be rescinded. Vice Chair Eastwood expressed her concern that this could affect federal money that USNH institutions receive as pass-

through funding. Mr. Lee noted that this issue is very fluid and that CLA is closely monitoring it. Vice Chair Eastwood requested that the dollar amount of these pass-through grants that USNH institutions receive be reviewed. Mr. Jain will get this information compiled and distribute it to the committee.

Mr. Lee encouraged the committee to contact him with any suggestions or comments.

The following motion was made by Trustee Jasper, duly seconded, discussed, and approved with no votes abstained or dissenting.

VOTED, on recommendation of the Chancellor, that CliftonLarsonAllen LLP be confirmed as the external auditor for the University System of New Hampshire to provide audit services related to activities of fiscal year ending June 30, 2025.

IV. Items for Committee Consideration and Discussion

A. Receive USNH Environmental Health and Safety Council's 2024 Annual Report

Andy Glode, UNH EH&S Director and Chair of the Council, provided a brief overview of the council mission and makeup, programs in place, and compliance status at each campus.

Updates at UNH include the creation of a UNH Mold Management Plan, development of a UNH Soil Management Plan, Methylene Chloride safety efforts, safe completion of the Spaulding Life Sciences Phase II, a 36% reduction of dining incidents, and chemical safety efforts at Shoals Marine Lab. Significant safety incidents included an ammonia leak and ignition of lithium batteries associated with e-mobility devices. The ammonia leak resulted in no injuries or risk to the public. Programs are in place to reduce risk of lithium battery ignitions. The budget reset at UNH resulted in the elimination of a position and the emergency mitigation fund. Due to USNH's investment in EHS, accrued losses have diminished over time.

Katie Caron, EHS Director, presented updates at PSU. Consistent response was required for mold prevention, mitigation, and response due to water intrusion events. Strategic planning efforts will address some of the related infrastructure concerns, in part, by utilizing BOT funding. There is a mold management and water intrusion response plan. The State Permit to Operate three Co-Generation Plant boilers and nine emergency generators was formerly issued by the NH Department of Environmental Services (NHDES). NHDES conducted an air permit site inspection where a few minor deficiencies were noted; all were closed and there were no financial penalties. Transition from local fire departments to State Fire Marshal's Office continues; this relationship is very collaborative. Roof safety rails, lines and ladders have been installed at Boyd Hall, which represents a major hazard mitigation. Roof rail installation at the library is planned for next year. The EHS position that has been vacant since 2020 has been budgeted for FY25; the EHS Office is moving forward with the posting and hiring process.

Julie Kroupa, EHS coordinator, provided KSC's update. Being new to the role, Ms. Kroupa has been primarily evaluating campus EHS. Primary activities included review and update of all EHS programs and policies; training for staff, faculty and students to maintain compliance and ensure personal safety; management of programs such as Hazardous Waste; and mentoring safety student

interns. A biological and chemical safety committee has been established. There was recently a failed Underground Storage Tank inspection, which was expected. Efforts are underway to resolve.

Mr. Glode provided the System Office update. Safety concerns are primarily associated with life/safety planning and office ergonomics. As a leased facility, building safety issues are directed to building management for resolution.

Mr. Glode discussed USNH EHS Council collaborations activities. USNH, PSU, KSC and UNH developed an RFP for regulated waste materials which led to a multi-year agreement with Clean Harbors Environmental Services, Inc. Council member institutions continued to share information, collaborate and discuss various EHS matters including mold in residential buildings and industrial hygiene.

In response to a question from Vice Chair Eastwood, EHS directors noted the collaborative relationship with officials at the NH Department of Environmental Services.

Committee members expressed appreciation for the council's important work keeping our community safe.

B. Receive Annual Report on Title IX Compliance

Title IX Coordinators Jeff Maher, Bo Zarycky, and Janette Wiggett presented the report, led by Ms. Wiggett.

Ms. Wiggett gave a brief background and explanation of Title IX.

A critical step in the institutional response is promoting a healthy and responsive reporting culture. Other steps are working with impacted parties, confidential resource access (such as area crisis centers), and community-based remedies. Ms. Wiggett emphasized the importance of tailoring supportive measures to individual needs and expeditious contact with the parties. Prevention via outreach and education are critical.

There are a number of different options to navigate disclosures and it is important that parties are aware of their options. Options include supportive measures, counseling services, emergency care, police involvement, formal complaints and resolutions.

Initial disclosures may describe a broad range of behavior yet include limited detail. Strict attention and additional steps are needed for dating and relationship violence as they usually involve a pattern of incidents and ongoing interactions.

Examples of supportive measures include counseling, academic accommodations, changes to work or class schedules, housing modifications, mutual no-contact directives, and leaves of absence. These measures can be adjusted over time. They can be cumulative, however, and increase coordinator caseloads.

Ms. Wiggett briefly discussed the data reporting requirements of RSA 188-H and the data reported by USNH institutions for Academic Year 2023-24. USNH institutions also conducted the biennial sexual misconduct climate survey required by RSA 188-H and provided information about response rates, sense of safety survey results, and self-reported experiences of sexual misconduct. The data indicates that students generally feel safe on campus. The survey results on experiences of sexual violence are generally consistent with national data.

Looking ahead, Title IX Coordinators noted that fluctuating laws, regulations, and orders will require campus adaptation.

In response to a question from Trustee Eastwood, Ms. Wiggett noted that there is likely a correlation between increased mental health needs and Title IX disclosures, and the importance of coordination between mental health resources and Title IX resources. Mr. Zaryckyj pointed out the joint efforts across campus to assist impacted parties.

In response to a question from Trustee Beauregard regarding student safety, Ms. Wiggett stated various ways safety is monitored such as occasionally limiting visitors, policy development, and being steadfast on promise to be responsive when things go wrong.

Vice Chair Eastwood thanked the Title IX Coordinators for their valuable work.

C. Status of Outstanding Audit Issues

Mr. Jain shared the status of significant open audit issues from internal audit reports, noting that significant progress has been made in the long outstanding audit issues.

V. Other Business

Items for the June meeting include FY26 work plan, Internal Audit update, FY26 internal audit plan, Audit Committee self-assessment, Hotline and Fraud activity, Audit Committee Charter review, Internal Audit Charter review, and GLBA compliance update.

Mr. Jain recognized and thanked Christine Heise, Director, Controller and Financial Operations, who will be leaving USNH.

VI. Adjournment

There being no further business, the meeting adjourned at 12:30 p.m.

-- End of Audit Committee Meeting Minutes --

**UNIVERSITY OF NEW HAMPSHIRE
INTERCOLLEGIATE ATHLETICS PROGRAM**

**INDEPENDENT ACCOUNTANTS'
REPORT ON APPLYING
AGREED-UPON PROCEDURES**

FOR THE YEAR ENDED JUNE 30, 2024

**UNIVERSITY OF NEW HAMPSHIRE
INTERCOLLEGIATE ATHLETICS PROGRAM
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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

To Elizabeth S. Chilton, President,
University of New Hampshire:

We have performed the procedures enumerated below on the accompanying Statement of Revenues and Expenses (the Statement, see Exhibit I) of the University of New Hampshire (the University) Intercollegiate Athletics Program (the Program) in compliance with the National Collegiate Athletic Association's (NCAA) Bylaw 20.2.4.17 for the year ended June 30, 2024. The University's management is responsible for the accompanying Statement and the Statement's compliance with those requirements for the year ended June 30, 2024.

The University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the accompanying Statement is in compliance with the NCAA's Bylaw 20.2.4.17 for the year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Exceptions totaling the lesser of \$150,000 or 10% of the line item total to which an agreed-upon procedure has been applied to, other than exceptions related to internal control procedures of the Program, for which there are no thresholds, have been reported. The procedures and the associated findings are as follows:

Agreed-Upon Procedures Related to the Statement of Revenues and Expenses

Procedure	Finding
All Revenue Categories	
<ul style="list-style-type: none"> Compare and agree each operating revenue category reported in the statement during the reporting period to supporting schedules provided by the Program. If a specific reporting category is less than 4.0% of the total revenues, no procedures are required for that specific category. 	No exceptions noted.
<ul style="list-style-type: none"> Compare and agree a sample of operating revenue receipts obtained from the above operating revenue supporting schedules to adequate supporting documentation. 	No exceptions noted.
<ul style="list-style-type: none"> Compare each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report. 	No exceptions noted and amounts and explanations for variations from the prior period and budget estimates are included in the supplement on page 21.

Procedure	Finding
1. Ticket Sales	
<ul style="list-style-type: none"> a. Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the Program in the statement and the related attendance figures and recalculate totals. 	<p>We were unable to obtain reports out of the Program's ticketing software to compare tickets sold to the related revenue reported and the related attendance figures, and we were unable to recalculate totals for the year ended June 30, 2024.</p>
2. Direct State or Other Governmental Support	
<ul style="list-style-type: none"> a. Compare direct state or other governmental support recorded by the Program during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation and recalculate totals. 	<p>As there was no direct state or other governmental support for the year ended June 30, 2024, this procedure was not performed.</p>
3. Student Fees	
<ul style="list-style-type: none"> a. Compare and agree student fees reported by the Program in the statement for the reporting period to student enrollments during the same reporting period and recalculate totals. 	<p>No exceptions noted.</p>
<ul style="list-style-type: none"> b. Obtain documentation of institution's methodology for allocating student fees to intercollegiate athletics programs. 	<p>An understanding of the University's methodology was gained, and we noted the allocation was in accordance with the University's methodology.</p>
<ul style="list-style-type: none"> c. If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals. 	<p>No exceptions noted.</p>
4. Direct Institutional Support	
<ul style="list-style-type: none"> a. Compare the direct institutional support recorded by the Program during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals. 	<p>No exceptions noted.</p>
5. Less - Transfers to Institution	
<ul style="list-style-type: none"> a. Compare the transfers back to the institution with permanent transfers back to the institution from the athletics department and recalculate totals. 	<p>As transfers to institution for the year ended June 30, 2024 were below 4% of total revenues, this procedure was not performed.</p>

Procedure	Finding
6. Indirect Institutional Support (6 and 6A)	
<ul style="list-style-type: none"> a. Compare the indirect institutional support recorded by the Program during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and recalculate totals. 	As there was no indirect institutional support for the year ended June 30, 2024, this procedure was not performed.
7. Guarantees	
<ul style="list-style-type: none"> a. Select a sample of settlement reports for away games during the reporting period and agree each selection to the Program's general ledger and/or the statement and recalculate totals. b. Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the Program's general ledger and/or the statement and recalculate totals. 	<p>As guarantees for the year ended June 30, 2024 were below 4% of total revenues, this procedure was not performed.</p> <p>As guarantees for the year ended June 30, 2024 were below 4% of total revenues, this procedure was not performed.</p>
8. Contributions	
<ul style="list-style-type: none"> a. Any contributions of moneys, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10 percent or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods shall obtain and review supporting documentation for each contribution and recalculate totals. 	No exceptions noted.
9. In-Kind	
<ul style="list-style-type: none"> a. Compare the in-kind revenue recorded by the Program during the reporting period with a schedule of in-kind donations and recalculate totals. 	As in-kind revenues for the year ended June 30, 2024 were below 4% of total revenues, this procedure was not performed.
10. Compensation and Benefits Provided by a Third-Party	
<ul style="list-style-type: none"> a. Obtain the summary of revenues from affiliated and outside organizations (the "Summary") as of the end of the reporting period from the Program and select a sample of funds from the Summary and compare and agree each selection to supporting documentation, the Program's general ledger and/or the Summary and recalculate totals. 	As there were no compensation and benefits provided by a third party for the year ended June 30, 2024, this procedure was not performed.

Procedure	Finding
11. Media Rights	
<p>a. Obtain and inspect agreements to understand the institution's total media (broadcast, television, radio) rights received by the Program or through their conference offices as reported in the statement.</p>	As there were no media rights for the year ended June 30, 2024, this procedure was not performed.
<p>b. Compare and agree the media rights revenues to a summary statement of all media rights identified, if applicable, and the Program's general ledger and recalculate totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately.</p>	As there were no media rights for the year ended June 30, 2024, this procedure was not performed.
12. NCAA Distributions	
<p>a. Compare the amounts recorded in the revenue and expense categories reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.</p>	No exceptions noted.
13. Conference Distributions and Conference Distributions of Football Bowl Generated Revenue (13 and 13A)	
<p>a. Obtain and inspect agreements related to the Program's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.</p>	As there were no conference distributions and conference distributions of football bowl generated revenue for the year ended June 30, 2024, this procedure was not performed.
<p>b. Compare and agree the related revenues to the Program's general ledger, and/or the statement and recalculate totals.</p>	As there were no conference distributions and conference distributions of football bowl generated revenue for the year ended June 30, 2024, this procedure was not performed.
14. Program Sales, Concessions, Novelty Sales and Parking	
<p>a. Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents and recalculate totals.</p>	As program sales, concessions, novelty sales and parking for the year ended June 30, 2024 were below 4% of total revenues, this procedure was not performed.

Procedure	Finding
15. Royalties, Licensing, Advertisements and Sponsorships	
<ul style="list-style-type: none"> a. Obtain and inspect agreements related to the Program's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period for relevant terms and conditions. 	Agreements were obtained and an understanding of relevant terms and conditions was gained.
<ul style="list-style-type: none"> b. Compare and agree the related revenues to the Program's general ledger, and/or the statement and recalculate totals. 	No exceptions noted.
16. Sports Camp Revenues	
<ul style="list-style-type: none"> a. Inspect sports camp contract(s) between the institution and person(s) conducting institutional sports-camps or clinics during the reporting period to obtain documentation of the Program's methodology for recording revenues from sports-camps. 	No exceptions noted.
<ul style="list-style-type: none"> b. Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports-camp participants and agree each selection to the Program's general ledger, and/or the statement and recalculate totals. 	No exceptions noted.
17. Athletics Restricted Endowment and Investment Income	
<ul style="list-style-type: none"> a. Obtain and inspect endowment agreements, if any, for relevant terms and conditions. 	As athletics restricted endowment and investment income for the year ended June 30, 2024 was below 4% of total revenues, this procedure was not performed.
<ul style="list-style-type: none"> b. Compare and agree the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals. 	As athletics restricted endowment and investment income for the year ended June 30, 2024 was below 4% of total revenues, this procedure was not performed.
18. Other Operating Revenue	
<ul style="list-style-type: none"> a. Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals. 	As other operating revenues for the year ended June 30, 2024 were below 4% of total revenues, this procedure was not performed.

Procedure	Finding
19. Football Bowl Revenues	
a. Obtain and inspect agreements related to the institution's revenues from post-season football bowl participation during the reporting period to gain an understanding of the relevant term and conditions.	As there were no football bowl revenues for the year ended June 30, 2024, this procedure was not performed.
b. Compare and agree the related revenues to the institution's general ledger, and or the statement and recalculate totals.	As there were no football bowl revenues for the year ended June 30, 2024, this procedure was not performed

All Expense Categories

- | | |
|---|---|
| <ul style="list-style-type: none"> Compare and agree each expense category reported in the statement during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4.0% of the total expenses, no procedures are required for that specific category. | No exceptions noted. |
| <ul style="list-style-type: none"> Compare and agree a sample of expenses obtained from the above operating expense supporting schedules to adequate supporting documentation. | No exceptions noted. |
| <ul style="list-style-type: none"> Compare each major expense account over 10% of the total expenses to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report. | No exceptions noted and amounts and explanations for variations from the prior period and budget estimates are included in the supplement on page 21. |

20. Athletic Student Aid

- | | |
|---|---|
| <p>a. Using the criteria below select a sample of student-athletes receiving athletic aid during the reporting period. Data should be captured by the institution through the creation of a squad/eligibility list for each sport sponsored.</p> <ul style="list-style-type: none"> If using the NCAA's Compliance Assistant (CA) application, select 10% of the total student-athletes with a maximum sample size of 40. If using a compliance application other than the NCAA's CA application, select 20% of total student-athletes with a maximum sample size of 60). | A sample of 35 student aid recipients was selected. |
|---|---|

*Note: The Division I revenue distribution equivalencies (athletic grant amount divided by the full grant amount) should only include tuition, fees, living expenses and required course-related books, per Bylaw 20.02.10. Cost of Attendance or Other Expenses Related to Attendance are **not** countable for revenue distribution purposes.*

Procedure	Finding
<p><i>Note: The Calculation of Revenue Distribution Equivalencies Report (CRDE) within Compliance Assistant should provide equivalencies that do not contain Cost of Attendance or Other Expenses Related to Attendance.</i></p>	
<p>b. Obtain individual student-athlete account detail for each selection. Reconcile the total athletic aid reported by the institution to the student-athlete's account detail reported in CA or the institution report that reconciles to the NCAA Membership Financial Reporting System.</p>	No exceptions noted.
<p>c. Division I Institutions Only: Perform a check of each student selected to ensure their information was reported accurately in either the NCAA's CA software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:</p> <ul style="list-style-type: none"> Grants-in-aid is calculated by using the revenue distribution equivalencies, athletic grant amount divided by the full grant amount. Other expenses related to attendance (also known as cost of attendance) should not be included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, living expenses, and course-related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.10. <i>Note:</i> For compliance purposes equivalencies may include other expenses related to attendance per Bylaw 15.02.2. However, other expenses related to attendance are not allowed to be included for revenue distribution equivalencies. If using the NCAA CA application, the Calculation of Revenue Distribution Equivalencies Report (CRDE) should provide equivalencies that do not include other expenses related to attendance. Full grant amount should be entered as a full year of tuition, not a semester or quarter. Student-athletes are to be counted once, regardless of multiple sport participation, and should not receive a revenue distribution equivalency greater than 1.00. Athletic grants are valid for revenue distribution purposes only in sports in which the NCAA conducts championships competition, emerging sports for women and football bowl subdivision football. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>

Procedure	Finding
<ul style="list-style-type: none"> Grants-in-aid are valid for revenue distribution purposes in NCAA sports that do not meet the minimum contests and participants' requirements of Bylaw 20.10.6.3. 	No exceptions noted.
<ul style="list-style-type: none"> Institutions providing grants to student-athletes listed on the CRDE as "Exhausted Eligibility (fifth-year)" or "Medical" receive credit in the grants-in-aid component. 	No exceptions noted.
<ul style="list-style-type: none"> The athletics aid equivalency cannot exceed maximum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies, Bylaw 15.5.3.1. <u>Note:</u> The NCAA Membership Financial Reporting System's Revenue Distribution data entry webpage will automatically reduce the Total Revenue Distribution Equivalencies Awarded column to adhere to Bylaw 15.5.3.1. 	We noted that the athletics aid equivalency for Men's Soccer exceeded the maximum equivalency limit by 0.25.
<ul style="list-style-type: none"> If a sport is discontinued and athletic aid is still being awarded/honored by the institution, the athletic aid is countable for revenue distribution purposes. <u>Note:</u> The discontinued sport will need to be added to the NCAA Membership Financial Reporting System's Revenue Distribution data entry Webpage. 	As there were no discontinued sports for the year ended June 30, 2024, this procedure was not performed.
<ul style="list-style-type: none"> All equivalency calculations should be rounded to two decimal places. 	No exceptions noted.
<ul style="list-style-type: none"> If a selected student received a Pell Grant, ensure the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution. 	No exceptions noted.
<ul style="list-style-type: none"> If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System. 	No exceptions noted.
d. Recalculate totals for each sport and overall.	No exceptions noted.

Procedure	Finding
21. Guarantees	
<p>a. Obtain and inspect visiting institution's away-game settlement reports received by the institution during the reporting period and agree related expenses to the Program's general ledger and/or the statement and recalculate totals.</p>	As guarantees for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.
<p>b. Obtain and inspect contractual agreements pertaining to expenses recorded by the institution from guaranteed contests during the reporting period. Compare and agree related amounts expended by the institution during the reporting period to the institution's general ledger and/or the statement and recalculate totals.</p>	As guarantees for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.
22. Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	
<p>a. Obtain and inspect a listing of coaches employed by the Program and related entities during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing.</p>	A listing of all coaches employed by the Program was obtained. A sample of five coaches for two pay periods each was selected, including the men's and women's basketball head coaches and the men's football head coach.
<p>b. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the Program and related entities in the statement during the reporting period.</p>	No exceptions noted.
<p>c. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period.</p>	No exceptions noted.
<p>d. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.</p>	No exceptions noted.
23. Coaching Salaries, Benefits and Bonuses Paid by a Third-Party	
<p>a. Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing.</p>	As there were no coaching salaries, benefits and bonuses paid by a third-party for the year ended June 30, 2024, this procedure was not performed.

Procedure	Finding
<ul style="list-style-type: none"> b. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the Program in the statement during the reporting period. c. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third-party recorded by the institution in the statement during the reporting period and recalculate totals. 	<p>As there were no coaching salaries, benefits and bonuses paid by a third-party for the year ended June 30, 2024, this procedure was not performed.</p> <p>As there were no coaching salaries, benefits and bonuses paid by a third-party for the year ended June 30, 2024, this procedure was not performed.</p>
<p>24. Support Staff/Administrative Compensations, Benefits and Bonuses Paid by the University and Related Entities</p>	
<ul style="list-style-type: none"> a. Select a sample of support staff/administrative personnel employed by the Program and related entities during the reporting period. b. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree related summary payroll register to the related support staff administrative salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period and recalculate totals. 	<p>A sample of five support staff/administrative personnel for two pay periods each was selected.</p> <p>No exceptions noted.</p>
<p>25. Support Staff/Administrative Compensation, Benefits, and Bonuses Paid by a Third-Party</p>	
<ul style="list-style-type: none"> a. Select a sample of support staff/administrative personnel employed by the third parties during the reporting period. b. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff administrative other compensation and benefits expense recorded by the Program in the statement during the reporting period and recalculate totals. 	<p>As there were no support staff/administrative compensation, benefits, and bonuses paid by a third-party for the year ended June 30, 2024, this procedure was not performed.</p> <p>As there were no support staff/administrative compensation, benefits, and bonuses paid by a third-party for the year ended June 30, 2024, this procedure was not performed.</p>
<p>26. Severance Payments</p>	
<ul style="list-style-type: none"> a. Select a sample of employees receiving severance payments by the institution during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals. 	<p>As there were no severance payments for the year ended June 30, 2024, this procedure was not performed.</p>

Procedure	Finding
27. Recruiting	
a. Obtain documentation of the Program's recruiting expense policies.	As recruiting expenses for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.
b. Compare and agree to existing institutional- and NCAA-related policies.	As recruiting expenses for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.
c. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.	As recruiting expenses for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.
28. Team Travel	
a. Obtain documentation of the Program's team travel policies.	We obtained and documented an understanding of the Program's team travel policies.
b. Compare and agree to existing institutional- and NCAA-related policies.	No exceptions noted and policies are consistent with institutional and NCAA-related policies.
c. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.	No exceptions noted.
29. Sports Equipment, Uniforms and Supplies	
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As sports equipment, uniforms and supplies for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.
30. Game Expenses	
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	No exceptions noted.
31. Fund Raising, Marketing and Promotion	
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As fund raising, marketing, and promotion for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.

Procedure	Finding
32. Sports Camp Expenses	
<ul style="list-style-type: none"> a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. 	<p>As sports camp expenses for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.</p>
33. Spirit Groups	
<ul style="list-style-type: none"> a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. 	<p>As spirit groups for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.</p>
34. Athletic Facilities Debt Service, Leases and Rental Fees	
<ul style="list-style-type: none"> a. Obtain a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements). 	<p>No exceptions noted.</p>
<ul style="list-style-type: none"> b. Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals. 	<p>No exceptions noted.</p>
35. Direct Overhead and Administrative Expenses	
<ul style="list-style-type: none"> a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. 	<p>As direct overhead and administrative expenses for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.</p>
36. Indirect Institutional Support	
<ul style="list-style-type: none"> a. Tested with revenue section- Indirect Institutional Support. 	<p>As there was no indirect institutional support for the year ended June 30, 2024, this procedure was not performed.</p>
37. Medical Expenses and Insurance	
<ul style="list-style-type: none"> a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. 	<p>As medical expenses and insurance for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.</p>
38. Memberships and Dues	
<ul style="list-style-type: none"> a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. 	<p>As memberships and dues for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.</p>

Procedure	Finding
39. Student-Athlete Meals (non-travel)	
<ul style="list-style-type: none"> a. Obtain general ledger detail and compare to the total expenses report. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals 	As student-athlete meals for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.
40. Other Operating Expenses	
<ul style="list-style-type: none"> a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. 	As other operating expenses for the year ended June 30, 2024 were below 4% of total expenses, this procedure was not performed.
41. Football Bowl Expenses (41 and 41A)	
<ul style="list-style-type: none"> a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. 	As there were no football bowl expenses for the year ended June 30, 2024, this procedure was not performed.

ADDITIONAL MINIMUM AGREED-UPON PROCEDURES

In order for the NCAA to place reliance on the **Division I** financial reporting to calculate the Division I NCAA revenue distributions, which is a financial benefit to the institution, the following procedures are required:

1. Grants-in-Aid

- | | |
|---|----------------------|
| <ul style="list-style-type: none"> a. Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from Compliance Assistant (CA) or other report that supports the equivalency calculations from the institution. The NCAA Membership Financial Reporting System populates the sports from the NCAA Sports Sponsorship and Demographics Form as they are reported by the institution between April and June. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the CRDE or other report that supports the equivalency calculations, inquire about the discrepancy, and report the justification in the AUP report. | No exceptions noted. |
|---|----------------------|

Procedure	Finding
<p>b. Compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. Inquire and document an explanation for any variance great than +/- 4%. The submitted data is reviewed by NCAA staff. Providing a detailed variance explanation will assist with the review process.</p>	<p>We noted an increase of 6.97% from the prior year reported equivalencies. This increase was due to an increased number of student-athletes receiving cost of attendance and certain teams awarding more of their budgeted scholarships.</p>
<p>2. Sports Sponsorship:</p>	
<p>a. Obtain the institution's Sports Sponsorship and Demographics Form submitted to the NCAA for the reporting year. Validate that the countable NCAA sports reported by the institution met the minimum requirements, set forth in Bylaw 20.10.6.3, related to the number of contests and the number of participants. If the institution requested and/or received a waiver related to minimum contests or minimum participants for a sport, that sport would not qualify as a sponsored sport for the purposes of revenue distribution. Also, only sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are eligible. Once the countable sports have been validated, ensure that the institution has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Any discrepancies MUST be resolved within the NCAA Membership Financial Reporting System prior to the report being submitted to the NCAA.</p>	<p>No exceptions noted.</p>
<p>b. Compare current year number of Sports Sponsored to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance. The submitted data is reviewed by NCAA staff. Providing a detailed variance explanation will assist with the review process.</p>	<p>No variance noted.</p>
<p>3. Pell Grants:</p>	
<p>a. Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g. Pell Grant recipients on Full Athletic Aid, Pell Grant recipients on Partial Athletic Aid and Pell Grant recipients with no Athletic Aid) and the total dollar amount of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report generated out of the institutions financial aid records of all student-athlete Pell Grants.</p>	<p>No exceptions noted.</p>

Procedure	Finding
<ul style="list-style-type: none"> Note 1: Only Pell Grants for sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are countable. Note 2: Student-athletes should only be counted once even if the athlete participates in multiple sports. Note 3: Individual student-aid file testing in step 31 above should tie any selected student athletes who received Pell Grants back to the report of all student athlete Pell Grants to test the completeness and accuracy of the report. <p>b. Compare current year Pell Grants total to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 20 grants. The submitted data is reviewed by NCAA staff. Providing a detailed variance explanation will assist with the review process.</p>	<p>We noted no variance exceeding the threshold.</p>

MINIMUM AGREED-UPON PROCEDURES FOR OTHER REPORTING ITEMS

50. Excess Transfers to Institution

- | | |
|--|--|
| a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As there were no excess transfers to institution for the year ended June 30, 2024, this procedure was not performed. |
|--|--|

51. Conference Realignment Expenses

- | | |
|--|--|
| a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As there were no conference realignment expenses for the year ended June 30, 2024, this procedure was not performed. |
|--|--|

52. Total Athletics Related Debt

- | | |
|--|----------------------|
| a. Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained. | No exceptions noted. |
| b. Agree the total annual maturities and total outstanding athletic related debt to supporting documentation and the institution's general ledger, as applicable. | No exceptions noted. |

Procedure	Finding
53. Total Institutional Debt	
a. Agree the total outstanding institutional debt to supporting documentation and the institution's audited financial statements, if available, or the institution's general ledger.	No exceptions noted.
54. Value of Athletics Dedicated Endowments	
a. Obtain a schedule of all athletics dedicated endowments maintained by athletics, the institution, and affiliated organizations. Agree the fair market value in the schedule(s) to supporting documentation, the general ledger(s) and audited financial statements, if available.	No exceptions noted.
55. Value of Institutional Endowments	
a. Agree the total fair market value of institutional endowments to supporting documentation, the institution's general ledger and/or audited financial statements, if available.	No exceptions noted.
56. Total Athletics Related Capital Expenditures	
a. Obtain a schedule of athletics related capital expenditures made by the Program, the institution, and affiliated organizations during the reporting period, additions only.	No exceptions noted.
b. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and validate totals.	No exceptions noted.

Agreed-Upon Procedures Related to Affiliated and Outside Organizations

Procedure

1. The Program shall identify all intercollegiate athletics-related affiliated and outside organizations and obtain those organizations' statements for the reporting period. Once the Program has made these statements available, the independent accountant shall agree the amounts reported in the statement to the organization's general ledger or, alternatively, confirm revenues and expenses directly with a responsible official of the organization. In addition, the Program shall prepare a summary of revenues and expenses for or on behalf of intercollegiate athletics programs affiliated and outside organizations to be included with the agreed-upon procedures report.

Results

The Program identified the University of New Hampshire Foundation (the Foundation) as the only outside organization making expenditures for, or on behalf of the Program or its employees. The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of the Program. For the year ended June 30, 2024, the Foundation recognized revenues of \$3,665,499 and expenses of \$718,999 on behalf of the Program.

Finding

No exceptions noted.

Procedure

2. The independent accountant shall obtain and review the audited financial statements of the organization and any additional reports regarding internal control matters if the organization is audited independent of the agreed-upon procedures required by NCAA legislation. The Program's independent accountant shall also inquire of institutional and outside organization management as to corrective action taken in response to comments concerning internal control structure (if any).

Results

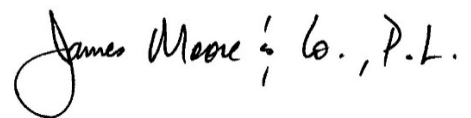
We obtained and read the audited financial statements of the Foundation for the year ended June 30, 2024, and the related report on compliance and on internal control. The results of this procedure disclosed that the independent auditors expressed an unmodified opinion on the financial statements of the Foundation. The independent auditors noted no matters involving internal control over financial reporting and its operation that were considered material weaknesses.

Finding

No exceptions noted.

We were engaged by the University to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement of Revenues and Expenses (Exhibit I) of the University and the accompanying notes to the Statement of Revenues and Expenses (Exhibit II). Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.



Gainesville, Florida
January 3, 2025

UNIVERSITY OF NEW HAMPSHIRE
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES)

	Football	Basketball Men's	Basketball Women's	Ice Hockey Men's	Ice Hockey Women's	Gymnastics	All Other Sports	Non-Program Specific	Total
Revenues									
1 Ticket sales	\$ 684,271	\$ 51,839	\$ 13,072	\$ 1,217,584	\$ 186,115	\$ 31,482	\$ 104,672	\$ 2,567	\$ 2,291,602
2 Direct state or other governmental support	-	-	-	-	-	-	-	-	-
3 Student fees	-	-	-	-	-	-	-	13,175,315	13,175,315
4 Direct institutional support	2,301,283	320,700	718,261	550,515	809,749	549,635	2,448,846	240,023	7,939,012
5 Less - transfers to institution	(35,644)	(19,983)	(12,092)	(24,112)	(14,585)	(9,287)	(56,536)	(409,179)	(581,418)
6 Indirect institutional support	-	-	-	-	-	-	-	-	-
6A Indirect institutional support - athletic facilities debt service, leases and rental fees	-	-	-	-	-	-	-	-	-
7 Guarantees	350,000	470,000	49,000	-	-	-	19,000	-	888,000
8 Contributions	421,547	48,896	74,098	164,454	34,179	88,289	740,335	131,258	1,703,056
9 In-kind	2,119	-	7,661	-	-	-	564	-	10,344
10 Compensation and benefits provided by a third-party	-	-	-	-	-	-	-	-	-
11 Media rights	-	-	-	-	-	-	-	-	-
12 NCAA distributions	23,401	13,401	13,401	40,327	13,401	22,401	218,420	1,388,661	1,733,413
13 Conference distributions (non media and non football bowl)	-	-	-	-	-	-	-	-	-
13A Conference distributions of football bowl generated revenue	-	-	-	-	-	-	-	-	-
14 Program sales, concessions, novelty sales, and parking	187,828	-	-	3,145	-	600	-	26,584	218,157
15 Royalties, licensing, advertisement and sponsorships	35,000	-	-	3,000	-	-	-	1,619,459	1,657,459
16 Sports camp revenues	79,200	41,964	64,885	57,634	29,050	194,626	1,010,487	14,580	1,492,426
17 Athletics restricted endowment and investment income	239,204	5,844	-	109,093	1,856	8,756	130,628	464,515	959,896
18 Other operating revenue	-	-	-	1,015	-	12,580	1,323	616,901	631,819
19 Football bowl revenues	-	-	-	-	-	-	-	-	-
Total operating revenues	4,288,209	932,661	928,286	2,122,655	1,059,765	899,082	4,617,739	17,270,684	32,119,081
Expenses									
20 Athletic student aid	3,154,332	714,278	766,551	1,067,443	957,723	570,741	4,141,031	21,324	11,393,423
21 Guarantees	-	1,500	-	-	-	-	-	-	1,500
22 Coaching salaries, benefits and bonuses paid by the university and related entities	1,279,130	659,443	424,772	740,679	411,828	354,046	2,395,320	-	6,265,218
23 Coaching salaries, benefits and bonuses paid by a third-party	-	-	-	-	-	-	-	-	-
24 Support staff/administrative compensation, benefits and bonuses paid by the university and related entities	97,951	-	-	119,833	54,989	-	31,605	4,034,980	4,339,358
25 Support staff/administrative compensation, benefits and bonuses by a third-party	-	-	-	-	-	-	-	-	-
26 Severance payments	-	-	-	-	-	-	-	-	-
27 Recruiting	95,170	69,178	23,077	64,997	42,619	33,074	91,090	20,600	439,805
28 Team travel	459,527	163,004	96,107	197,965	77,819	83,714	1,028,471	33,925	2,140,532
29 Sports equipment, uniforms and supplies	144,954	55,337	36,085	174,011	74,251	21,279	254,565	7,665	768,147
30 Game expenses	401,631	96,798	79,108	131,573	33,842	32,782	447,624	1,058,919	2,282,277
31 Fund raising, marketing and promotion	45,540	1,243	200	27,389	-	-	15,061	128,234	217,667
32 Sports camp expenses	18,054	14,831	17,441	24,247	7,007	88,785	477,114	1,935	649,414
33 Spirit groups	-	-	-	-	-	-	-	82,523	82,523
34 Athletic facilities debt service, leases and rental fees	-	-	-	240,500	240,500	-	-	3,622,170	4,103,170
35 Direct overhead and administrative expenses	69,521	16,831	26,798	3,526	2,265	20,797	82,888	460,556	683,182
36 Indirect institutional support	-	-	-	-	-	-	-	-	-
37 Medical expenses and insurance	-	133	10	-	-	-	2,280	349,812	352,235
38 Memberships and dues	33,924	-	910	41,761	37,550	3,350	10,018	129,013	256,526
39 Student-athlete meals (non-travel)	149,591	62,481	31,981	102,594	53,827	21,011	194,115	43,812	659,412
40 Other operating expenses	14,228	-	563	55,754	485	2,321	11,350	267,630	352,331
41 Football bowl expenses	-	-	-	-	-	-	-	-	-
41A Football bowl expenses - coaching compensation/bonuses	-	-	-	-	-	-	-	-	-
Total operating expenses	5,963,553	1,855,057	1,503,603	2,992,272	1,994,705	1,231,900	9,182,532	10,263,098	34,986,720
50 Excess transfers to institution	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenses	<u>\$ (1,675,344)</u>	<u>\$ (922,396)</u>	<u>\$ (575,317)</u>	<u>\$ (869,617)</u>	<u>\$ (934,940)</u>	<u>\$ (332,818)</u>	<u>\$ (4,564,793)</u>	<u>\$ 7,007,586</u>	<u>\$ (2,867,639)</u>
51 Conference realignment expenses									\$ -
52 Total athletics related debt									\$ 131,608
53 Total institutional debt									\$ 158,949,876
54 Value of athletics dedicated endowments									\$ 26,173,887
55 Value of institutional endowments									\$ 987,981,349
56 Total athletics related capital expenditures									\$ 54,791

- See accompanying notes to statement of revenues and expenses -

**UNIVERSITY OF NEW HAMPSHIRE
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(UNAUDITED – SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS’
REPORT ON APPLYING AGREED-UPON PROCEDURES)**

(1) **Basis of Presentation:**

The accompanying Statement of Revenues and Expenses of University of New Hampshire (the University) Intercollegiate Athletics Program (the Program) has been prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

(2) **Capital Assets:**

Property and equipment are recorded at original cost for purchased assets or at fair value on the date of donation in the case of gifts. Equipment with a unit cost of \$5,000 or more is capitalized. Building improvements with a cost of \$50,000 or greater are also capitalized. Net interest costs incurred during the construction period for major, debt-funded capital projects are added to the cost of the underlying asset. Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the respective assets.

Capital asset activity for the year ended June 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Building and building improvements	\$ 46,626,488	\$ 54,791	\$ -	\$ 46,681,279
Land improvements	9,656,095	-	-	9,656,095
Infrastructure	1,471,765	-	-	1,471,765
Total capital assets being depreciated	<u>57,754,348</u>	<u>54,791</u>	<u>\$ -</u>	<u>57,809,139</u>
Less accumulated depreciation for:				
Building and building improvements	(18,982,499)	(1,418,400)	-	(20,400,899)
Land improvements	(6,053,130)	(474,700)	-	(6,527,830)
Infrastructure	(781,772)	(117,198)	-	(898,970)
Total accumulated depreciation	<u>(25,817,401)</u>	<u>(2,010,298)</u>	<u>-</u>	<u>(27,827,699)</u>
Capital assets, net	<u>\$ 31,936,947</u>	<u>\$ (1,955,507)</u>	<u>\$ -</u>	<u>\$ 29,981,440</u>

**UNIVERSITY OF NEW HAMPSHIRE
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
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REPORT ON APPLYING AGREED-UPON PROCEDURES)**

(3) Contributions:

The University of New Hampshire Foundation (the Foundation) serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of the Program. Contributions of \$1,703,056 were recognized from the Foundation for the year ended June 30, 2024, and have been included in the accompanying statement of revenues and expenses. Contributions received from the Foundation were the only contributions exceeding 10% of total contributions, as reported in the statement of revenues and expenses, for the year ended June 30, 2024.

(4) Debt:

The University issued Series 2001 Bond for the Whittemore Center and Arena construction and issued Series 2009A Bond for the Whittemore Center Renovations. The University refinanced the 2001 and 2009A issuances in order to restructure repayment of principal. The obligations of the University Athletics’ funding for the original repayment of debt principal was not impacted.

Maturity dates and interest terms of outstanding debt issues are summarized below:

Bonds	Maturity Date	Interest Terms and Rates
2001, refinanced by 2005B and 2011B	7/1/2024	Fixed at 4%
2009A, refinanced by 2017A	7/1/2025	Fixed at 4%

The following is a schedule of future principal and interest payments for the demand bonds as of June 30, 2024:

Fiscal Year Ending June 30,	Capital Improvement Bonds Payable		Total Principal and Interest
	Principal	Interest	
2025	\$ 131,608	\$ 5,264	\$ 136,872
Total	\$ 131,608	\$ 5,264	\$ 136,872

(5) Surplus/Deficit Allocations:

The Program is allowed to carry forward all available funds at the end of each fiscal year to the next fiscal year. Deficits are funded by the Program to the extent there is sufficient net position available.

UNIVERSITY OF NEW HAMPSHIRE
 DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
 SUPPLEMENT TO STATEMENT OF REVENUES AND EXPENSES
 VARIATION ANALYSIS OF TOTAL REVENUES AND EXPENSES
 TO PRIOR PERIOD AMOUNTS AND BUDGET ESTIMATES
 FOR THE YEAR ENDED JUNE 30, 2024
 (UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS'
 REPORT ON APPLYING AGREED-UPON PROCEDURES)

	<u>2024</u>	<u>2023</u>	<u>\$ Variance</u>	<u>% Variance</u>	<u>Variation Explanation</u>
Revenues					
4 Direct institutional support	\$ 7,939,012	\$ 11,350,821	\$ (3,411,809)	-30.06%	The category decrease is primarily due to the RCM central funding entries ending effective FY24.
Expenses					
34 Athletic facilities debt service, leases and rental fees	\$ 4,103,170	\$ 6,050,022	\$ (1,946,852)	-32.18%	The category decrease is primarily due to a lower Facilities Assessment for FY24 than FY23.
	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>	<u>Variation Explanation</u>
Revenues					
4 Direct institutional support	\$ 7,939,012	\$ 10,693,201	\$ (2,754,189)	-25.76%	The actual decrease from budget relates to the RCM central funding entries ending effective FY24, but they were included in the budget.
Expenses					
34 Athletic facilities debt service, leases and rental fees	\$ 4,103,170	\$ 975,446	\$ 3,127,724	320.65%	The actual increase from budget relates to the Facilities Assessment for FY24 not being included in the budget.



University of New Hampshire
Parking Operations Audit

Report Issued April 11, 2025

April 11, 2025

Dr. Elizabeth S. Chilton, UNH President
University of New Hampshire
Durham, New Hampshire 03824

Dear President Chilton:

This letter conveys our report on the UNH Parking Operations Audit.

As communicated in our engagement letter of November 25, 2024, The primary objective of the audit is to obtain reasonable assurance whether internal controls are adequately designed and operating effectively to accurately report revenue and expenses in the financial statements and for efficient parking operations.

This report reflects our observations, which were discussed with members of UNH management, and their action plans in response to our recommendations. It is being distributed to the individuals listed below and will be presented to members of the Audit Committee of the University System of New Hampshire (USNH) at its next scheduled meeting. It is also available for review by external auditors of USNH.

We appreciated the full cooperation and assistance we received from Amy Gray, Parking and Campus Services Manager, and Marc Laliberte, Parking Services Program Manager, with whom Tanna Curtin, Senior Internal Auditor, worked most closely as she conducted the fieldwork for this audit.

Please feel free to contact me with any comments, questions, or suggestions you may have.

Sincerely,



Ashish Jain
Director of Internal Audit

Distribution:

Karen Benincasa, Vice Chancellor for Financial Affairs and Treasurer, USNH
Amy Gray, Parking and Campus Services Manager, UNH
Aaron Howell, EVP, Finance & Administration, UNH
Dorrie McClintock, Director of Conferences, Catering, and Retail Services, UNH
Francine Ndayisaba, Assistant Vice Chancellor Financial Affairs, USNH

I. Executive Summary

We performed the parking operations audit for the University of New Hampshire (UNH). Based on the audit, we noted opportunities to enhance controls. We recommend that formal procedures be established and implemented to protect sensitive data including data retention and disposal requirements. Software applications containing sensitive data should be reviewed by ET&S Cybersecurity before implementation, and periodic user access reviews for key applications should be implemented. Additionally, periodic reconciliations between Cardinal and Workday should be performed and independently reviewed and approved. The general ledger entries for revenues, accounts receivable, and bad debt expense reporting should be independently reviewed for accuracy and appropriateness. The citation appeal process should be enhanced to include detailed documented criteria for voids and appeals and analysis of the causes of waivers to reduce the volume of waivers. The department should enhance cash and check handling procedures; however, we noted that management has decided that they will no longer be accepting cash and checks effective July 1, 2025. Finally, we recommend that UNH conduct a review of the transportation policies and update the Transportation Committee and policies based on the review.

II. Background

Overview

UNH Parking Services is a division of UNH Transportation Services and is charged with selling parking permits, enforcing the UNH Parking Regulations, issuing tickets for fines for parking violations, accepting payments for parking fines, maintaining the parking lots, and recommending parking permit and fine rates and parking lot changes to the UNH Transportation Policy Committee (TPC). UNH Parking Services serves the main UNH campus in Durham, NH, not including athletics parking. The athletics departments manage athletics parking lots and athletics events parking. Parking at UNH Manchester and UNH Law is not managed by UNH Parking Services.

The UNH TPC serves in an advisory capacity to the UNH President and is responsible for making recommendations on the full range of issues that relate to transportation management, including parking policy and regulations and permit and fines pricing. Committee membership includes appointed representation of constituent groups including the student undergraduate and graduate leadership, Faculty Senate, the Operating Staff Council, the Professional and Technical Staff Council as well as ex-officio participation from the town of Durham, UNH Campus Planning, Transportation Services, Police, Grounds & Events, the Sustainability Institute, and UNH Manchester. The TPC meets quarterly and communicates recommendations to the president as they occur.

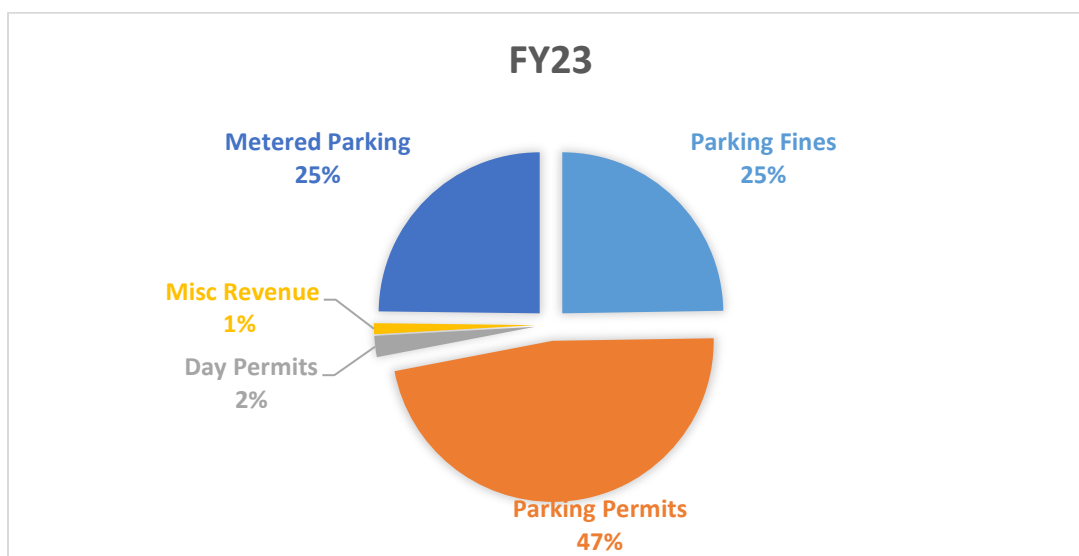
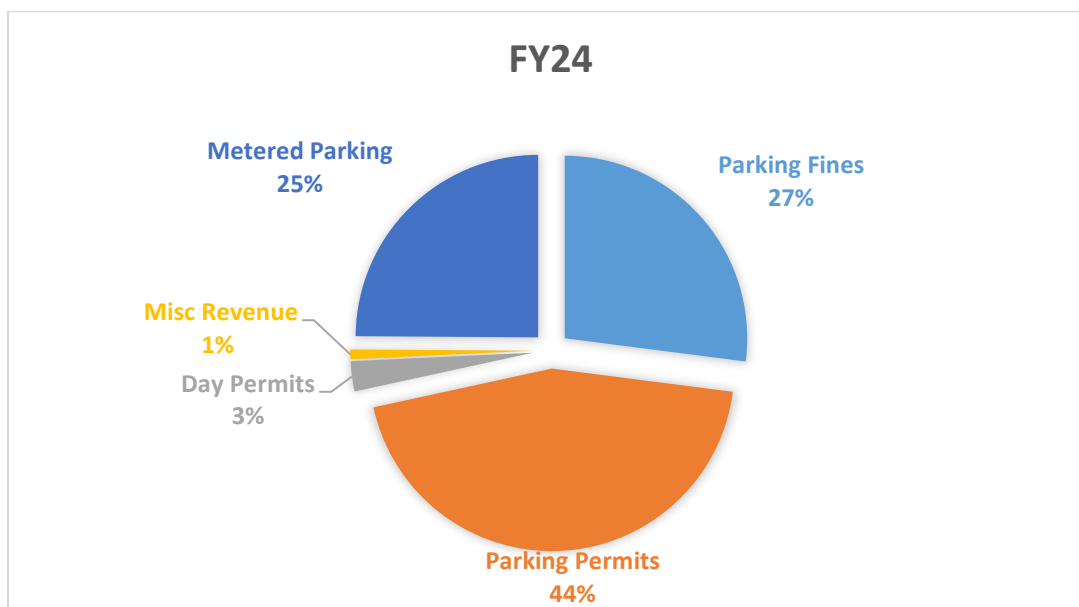
There are 80 parking lots on the UNH Durham campus and 7,780 parking spaces. Most parking requires a permit; however, there are some spaces that are paid hourly via the ParkMobile application and via parking meters. Responsibility for safety and security in these lots resides with the UNH Police Department.

UNH Parking Services consists of two managers, administrative assistants, and multiple parking enforcement officers (mostly student employees). UNH offers an online portal for payments and in-person transactions are accepted at Campus Services in the Memorial Union Building (MUB). At Campus Services, individuals have in-person options to shop for on-campus dining plans,

obtain campus ID's and parking permits, and pay for UNH parking tickets, and Parking has a register devoted to only parking transactions. Currently, cash, check, credit cards, student account payments, employee payroll deductions, and interdepartmental transfers are accepted. Beginning July 1, 2025, Parking Services plans to stop accepting cash. In the meantime, Parking Services maintains a change fund of \$300 for one register.

Revenue Statistics

As of December 31, 2024, parking revenue for the first six months of FY25 is \$2,310,201. FY24 parking revenue was \$3,566,494, and FY23 was \$2,922,315. The breakdown of revenue by type for the two most recent complete fiscal years is presented below.



Revenue Processes Overview

In-person transactions are entered into Cardinal Tracking, the system used by Parking Services to process and track permits and fines, by the Parking Administrative Assistant in Campus Services. Parking Services accepts cash, check, and credit card payments through the onsite register. Online payments are transacted in Cardinal and the credit card payment is currently processed through TouchNet, a third-party payment service (TouchNet Information Systems). Parking Services enters payroll deduction and student account payments directly into Cardinal.

Parking Permit Revenue Processes

Day and student academic term parking permits can be purchased online, or day permits can be purchased in-person at Campus Services. Employees complete an online form for a hanging decal and can elect payroll deduction over the course of three or more paychecks. The Parking Program Manager completes a payroll deduction request spreadsheet with permit rates, deduction schedules, employee numbers, and names which is sent to USNH Payroll for processing and recording.

Rates vary depending on the type of permit required (commuter, resident, employee, reserved, etc). The purchaser's status determines what permit type they are eligible for (employee, student resident, etc). For FY25, academic term permit rates range from \$50 (summer permit) to \$550 (Gables/Woodside/Resident East/Strafford for the academic year) to \$750 (non-resident storage for the academic year). Half-day and daily permits are \$6 and \$10, respectively.

There are specific policies for permit refund eligibility, as approved by the TPC and University President and published on UNH's Parking website. Permit refunds are recorded as negative revenue in accordance with USNH policy.

Some daily permits, contractor permits, and inactive employee hang tags are stored in Campus Services. For daily permits, customers usually order online and print them to display in the vehicle. All student academic term parking permits go through the vendor iParq, which mails them directly to the students.

ParkMobile and Metered Parking Revenue

The university employs the vendor ParkMobile to facilitate hourly parking in designated sections of some parking lots. Parking customers pay for this hourly parking via the ParkMobile app. Additionally, there are less than a dozen meters through the vendor Cale/Flowbird that accept credit cards. The hourly rate for the meters and ParkMobile is currently \$1.85, which is determined by UNH. For both vendors, revenues are paid to UNH via ACH. The vendors invoice UNH user fees monthly based on usage and agreed upon rates which are paid through the accounts payable process.

Parking Fines Revenue Processes

Parking enforcement officers issue tickets for parking violations throughout the day and enforcement times depend on the lot, time of day, and time of year. The UNH Parking website, parking regulations, and posted signage convey this information to customers. Tickets can be paid online, in-person, or by mail, and Parking Services currently provides envelopes along with the citations on vehicle windshields. Student account payments are initiated by the student with Student Financial Services, who communicates the payment via an automated daily email to Parking Services for entry into Cardinal (Student Financial Services may also call Parking Services with student payment information for more timely payment processing if needed). Fines range from \$10 for failure to display an active permit to \$400 for an illegally obtained

permit to \$500 for illegally removing an auto boot. Other violations include expired meter (\$30), no valid permit (\$60), fire lane/hydrant (\$100), ADA (\$200), etc. A late fee of \$10 is assessed for failure to respond after 14 days. An appeals process exists to provide for review and reconsideration of tickets issued. Parking management tracks appeal rates quarterly, including success rates.

Event Parking

Event parking (non-athletics) can be requested online using a FOAPAL (Banner Finance) or Cost Center (Workday). Incoming internal transfers for event parking are recorded against expenses in accordance with USNH policy.

Accounting and Reconciliation Processes

In-person and mail transactions

At the start of the business day, the Parking Administrative Assistant, who functions as the cashier, puts \$100 into the parking cash register in Campus Services in order to have change available for cash transactions. \$200 remains in the safe and can be accessed if the register runs out of change. The Administrative Assistant accepts in-person payments throughout the day, opens Parking mail, and processes any mailed ticket payments through the register and in Cardinal. At the end of each business day, in Campus Services, the Parking Administrative Assistant compiles all cash, checks, credit card slips, and the credit card batch report and secures them in the safe.

The next day, the Administrative Assistant runs End of Day Summary and Detail reports in Cardinal and ensures the credit card slips agree to the batch report and that all cash, check, and credit card payments agree to the Cardinal End of Day reports. The cashier prepares the bank deposit slip. Two Parking Enforcement Officers (permanent, non-student) verify the deposit amount, secure it in a tamper proof bag, and walk to Service Credit Union to deposit the cash and checks. They return the deposit receipt to the cashier who also retains a copy of the deposit slip for reconciliation. Based on the Cardinal End of Day reports, the cashier completes the Departmental Deposit Report, which indicates types and amounts of payments received broken down by revenue type (fines, permits, miscellaneous). This report is forwarded to USNH Financial Operations who records the amounts in Workday (Banner Finance through December 2024).

Bank reconciliation

USNH Financial Operations is responsible for reconciling receipts posted in Workday (previously Banner Finance) to the respective bank statement. At the end of the month, Accounting Services staff compares transactions between the Wells Fargo bank statements for credit card transactions and the accounting system. Based on the ACH's received for ParkMobile and metered parking, revenue for these services is recorded to Banner Finance/Workday. If there are any variances, USNH Accounting Staff work with the respective department to get additional information and make adjustments, as necessary. Normally, these reconciliations are prepared monthly by the USNH Accounting Specialist and reviewed by the USNH Senior Accountant; however, due to department turnover the reconciliations we audited were reviewed by the Director.

Workday

Before Workday was implemented, TouchNet transactions fed directly to Banner Finance. Since Workday was implemented, and as of February 2025, TouchNet does not feed directly to

Workday. To record revenue from TouchNet, the USNH E-Commerce & PCI Compliance Specialist obtains Cardinal transaction data from Parking management and compiles a spreadsheet of the individual "portal" transactions. This is sent to the Financial Operations accountants to record to Workday.

For online parking transactions UNH is in the process of replacing TouchNet with Nelnet by the end of FY25. Nelnet transactions will feed directly to Workday.

Payroll reconciliation

Annually in November, the Parking Program Manager reconciles the list of employee deductions to the list of active employee parking permits. The purpose of the reconciliation is to ensure completeness of revenue reported and that Payroll received and processed all employee payroll deductions that were requested by Parking Services. The list of employee deductions was pulled from WebI by Payroll and forwarded to Parking Services. The list of active employee payments is a report from Cardinal.

Accounts receivable and allowance for doubtful accounts

Transactions are recorded as funds are received. Because unpaid parking ticket information is not fed or recorded to Banner Finance/Workday, USNH Financial Operations records an entry to true up the accounts receivable amount to the amount reported by Cardinal. Additionally, to account for tickets estimated to remain unpaid, the allowance for doubtful accounts is calculated based on accounts receivable aging amounts. Monthly, Parking Services sends the Cardinal accounts receivable aging report to Financial Operations. At least quarterly, Financial Operations records the entry to true up the accounts receivable balance and calculates and records the amount to true up the allowance for doubtful accounts and records the bad debt expense.

USNH Financial Services Policies and Procedures – Revenue and Cash Receipts

USNH Financial Services Policy 10-001.B defines operating and non-operating revenues and addresses recording receipts as credits to expense. This policy states that revenue is recorded at the gross amount, not net of any discounts. Refunds, however, are considered revenue that will not be earned and should be recorded as a reduction to revenue. Additionally, revenue from interdepartmental sales does not result in an increase to overall net assets of USNH and should be recorded as reductions of expenses.

Under the detailed procedures for 10-002, the policy states that "Revenue should be recorded when an exchange has taken place and the earning process is complete. An exchange has taken place when services for the buyer have been fully performed. The earnings process is complete when (a) all necessary costs to produce the revenue have been incurred and recorded and (b) collection of the sales price is reasonably assured by receipt of money or by a promise to pay money at a future date. The collection of the sales price is generally considered to reasonably assured when an invoice is sent to a customer or when cash is received from a customer, whichever comes first."

USNH Financial Services Policy 10-004 Receipt and Deposit of Cash Items outlines procedures for proper receipt and depositing of currency, checks, bank card charges, and other cash equivalents. This policy covers the timeliness of cash deposits and the responsibility for safeguarding the receipt of cash items. The requirements of this policy include that checks and currency totaling \$1000 or more must be deposited within 48 hours of receipt. Mail should be opened and processed timely and in the presence of coworkers, if possible.

USNH Financial Services Policy 10-006 Cash Receipts Security and Controls Procedure outlines procedures for the acceptance, collection, recording, storage, and deposit of cash items in conducting of USNH business operations. This policy requires that the manager of each business unit that accepts cash items is responsible for retaining documentation that indicates that all employees that can accept cash and checks complete training that includes reading and acknowledging this policy.

USNH Financial Services Policy 10-010 USNH Payment Card Data Security addresses the standards that are contractually imposed by the major credit card brands on merchants that accept these cards as forms of payment. The policy covers specific areas contained in the Payment Card Industry Data Security Standard (PCI DSS) related to cardholder data (CHD): processing, transmitting, storing, and disposing of CHD. Applicable departments must have documented procedures for processing credit card transactions and handling related data components that include specific components per the USNH policy (e.g., PCI DSS training).

USNH Third Party Information Security Standard

This standard outlines requirements for securing third-party services and products to manage, transmit, or store sensitive or restricted information to support administrative, academic, and business unit needs, including the requirement that any product or service used to capture, store, process, transmit, or otherwise manage institutional information with a classification other than public shall be vetted using the Security Assessment Review (SAR) process.

III. Scope

The primary objective of the audit was to obtain reasonable assurance regarding the effectiveness of internal controls over parking operations. We will accomplish these objectives through interviews with key personnel, review of business processes, control testing, and substantive testing for a sample of transactions. Specifically, we conducted the following activities:

- Interviews and walkthroughs with Parking and Hospitality Services staff and management
- Interviews and walkthroughs with USNH Financial Operations staff regarding bank reconciliations, revenue reconciliations, and allowance for doubtful accounts
- Reviewed sampled transactions recorded to Parking in Banner Finance from July 1, 2023, to December 31, 2024
- Reviewed service contracts for current service vendors for proper data security language
- Reviewed PCI DSS process and training records for employees with access to payments
- Reviewed student account payments process and documentation for sampled transactions
- Observed onsite activities, including balancing the cash drawer, conducting daily reconciliations, and parking permit handling
- Reviewed sampled expense documentation and records
- Reviewed sampled citation appeals
- Reviewed sampled daily activity reports and related payment reconciliations for UNH Parking office transactions
- Reconciled sampled days of online activity revenue to Banner Finance

- Reviewed system access
- Reviewed sampled allowance for doubtful account entries and related documentation
- Reviewed TPC meeting minutes and related materials

Internal Audit's scope included revenues, including permit revenue, citation revenue, accounts receivable, and ticket appeals; expenses, including bad debt expense; data security; and parking space management.

IV. Report Structure

The five observations in Section V of this report outline internal control issues for management's attention and consideration. The order of the comments is based on their relative importance in terms of potential risk to USNH or foregone effectiveness if not addressed. The observations marked with an asterisk indicate the most significant items for management attention and resolution, which will be tracked for the USNH Audit Committee's monitoring until resolved. The report contains recommendations that management has considered and incorporated into the management action plans indicated below.

V. Observations

*** 1. Enhance Data Security**

- A. According to USNH Vendor Cloud Service Security Standard, "Any vendor cloud service used to capture, store, process, transmit, or otherwise manage institutional information with a classification other than PUBLIC shall be vetted using the Security Assessment Review (SAR) process." This assessment was not performed for Cale/Flowbird, the vendor for parking meters, and Touchnet, the vendor used to process online transactions. The condition resulted from lack of awareness of the USNH Third Party Information Security Standard and related SAR requirements. There is a risk that UNH data may not be adequately protected and can result in financial and reputation damage to UNH and/or USNH.
- B. Parking Services uses the Cardinal system to process permit transactions and parking citations and the system is subject to PCI-DSS compliance requirements. There are informal procedures to add, change, and remove access in Cardinal. Based on our review of Cardinal access, we noted the following:
 - There was an active account related to a former student employee.
 - Two employees whose job duties include issuing and voiding or waiving tickets also had access to accept payments in Cardinal even though their duties do not include accepting payments. This violates separation of duties as the employee would be able to accept payments for tickets that they can then void. Additionally, because these employees do not work as cashiers they were not identified as requiring PCI DSS training. Having employees who have access to payment systems that don't receive the training puts USNH's PCI DSS certification at risk.
 - There were generic IDs that were not used or assigned to any employees. Parking Services has since determined that these accounts were extraneous, and they have deactivated them.

The inappropriate access was not detected in a timely manner because a periodic access review is not performed. The periodic access review is required by PCI DSS and the USNH Access Management Standards. There is a risk that unauthorized individuals have access to PCI DSS data, which can result in a data breach. Furthermore, there is a risk to UNH's and USNH's PCI DSS certification status.

- C. We noted that Parking Services staff receive confidential data consisting of student names and ID numbers via emails communicating that Student Financial Services has accepted student account payments for parking citations. There are currently no procedures in place to ensure proper handling of confidential data and how that data should be received in a secure manner. Confidential data delivered via unencrypted email increases the risk of data loss, as emails are not a secure medium to transmit sensitive information and are frequently subject to phishing attacks. There is a risk of loss of confidential data, which may result in financial and reputational loss for the University.
- D. Parking Services and the Campus Services office do not have documented procedures for processing credit card payments, which are required by USNH Financial Services Policies and Procedures 10 - 010 USNH Payment Card Data Security. Furthermore, there are currently no formal data handling protocols specifying handling, retention, and destruction requirements. There is a risk that sensitive data may not be handled appropriately which can lead to noncompliance with PCI DSS and other recordkeeping requirements.

We recommend Parking Services management:

- A. *Conduct a formal documented review of access to any systems that Parking manages at least annually.*
- B. *Coordinate with USNH Financial Operations and the PCI Compliance Specialist to define roles and responsibilities to ensure that all employees who should receive PCI DSS training are trained timely. Implement USNH single sign-on (SSO) and multifactor authentication (MFA) for applications handling sensitive data.*
- C. *Coordinate with USNH Cybersecurity GRC to ensure that all systems used by Parking Services have undergone full HECVAT reviews and are then periodically reviewed timely to protect UNH's data security.*
- D. *Coordinate with Student Financial Services and ET&S to determine a methodology to securely communicate student account payments that should be entered to Cardinal.*
- E. *Coordinate with Dining Services (and other services, as appropriate) to develop and implement policies and procedures including roles and responsibilities of handling and storing sensitive payment and other data, including retention requirements for Campus Services. These procedures should include payment card procedures per USNH Financial Services Policies and Procedures 10 - 010 USNH Payment Card Data Security. The specific components of 10 – 010 Section B.2 should be included in these procedures.*

Management Action Plan

The following actions will be taken to address the above observations:

- For the systems that did not receive a full HECVAT review, Touchnet will be replaced by Nelnet by June 30, 2025, and Flowbird will be sunset by July 1, 2025. Parking Services management team will submit a ticket to USNH cybersecurity on July 1st each year so they may conduct timely reviews, to include annual reviews for all systems, and a full HECVAT review for any pending system contracts going forward. We have requested ET&S to implement USNH SSO and MFA for Cardinal and iParq.
- Parking Services management team will conduct a formal documented review of access to any systems that Parking manages annually on July 1st.
- Parking Services has reached out to USNH Financial Operations and the PCI Compliance Specialist to ensure that the HCS Administrative Coordinator receives notifications for training requirements regarding PCI compliance for all required Parking Services employees. All staff are currently up to date on PCI training and will be tracked by the HCS Administrative Coordinator.
- Parking Services management will work with Student Financial Services and ET&S to receive business office payments on student accounts through OneDrive or SharePoint by June 30th.
- Parking Services management will develop and implement policies and procedures including roles and responsibilities of handling and storing sensitive payment and other data, including retention requirements for Campus Services by July 1st.

Responsible Party: Parking and Campus Services Manager, UNH

Expected Completion Date: July 1, 2025

2. Accuracy and Completeness of Revenue and Accounts Receivable

- Permit and ticket transactions:** We compared the online portal transactions between Cardinal/Touchnet and the general ledger (Banner Finance) for two days. For one of the sampled days, the transactions between the two systems differed by \$340. This may be due to timing differences for transactions occurring during weekends, but the risk is that transactions are not completely and accurately fed to the financial system and the reported revenue is incomplete and/or inaccurate. Furthermore, we noted that there is no comprehensive reconciliation between Cardinal and the general ledger (Workday). A periodic reconciliation would ensure accuracy and completeness, detect any errors or fraud, and ensure consistent data between Cardinal and Workday. There is a risk that parking revenue may not be properly reflected in the USNH Financial Statements.
- ParkMobile and metered parking revenue:** We compared the detailed revenue report for ParkMobile to revenue recorded to Banner Finance for two months, August and September 2024, and noted small variations. We noted that no review is performed to ensure the accuracy of revenues reported by ParkMobile and the amounts received and deposited at the bank. ParkMobile revenue is recorded to the financial system based on the amount deposited to the bank. The risk is that UNH does not receive the complete amount of revenue earned and due from the vendor.
- Payroll deductions:** In November, Parking Services performs a reconciliation between

active employee renewable parking permits in Cardinal and employee payroll deductions data from USNH Payroll Financial Operations. UNH employees who begin employment and elect to start payroll deductions for parking permits after November are not included in the reconciliation. Thus, if an error is made in processing the payroll deductions after November, it may not be detected, and the related revenue may not be collected and reported. Additionally, the reconciliation does not undergo secondary review and any errors in the reconciliation process may not be detected.

- D. **End-of-day reconciliation:** During our review of the end-of-day reconciliations performed for in-person parking transactions, we noted errors on four of ten daily sampled reconciliations; although, we noted these differences were identified and resolved later during bank reconciliation. This was caused by a lack of appropriate spreadsheet calculation checks and secondary review of the reconciliations. Payments that are deposited but not properly recorded result in extra time spent reconciling bank accounts and researching unreconciling items. Additionally, because these reconciliations are used to record revenue to the ERP, the risk is that revenue recorded to the accounting system and reported to the financial statements is incomplete and inaccurate.

Additionally, we noted that student account payments were not included in the end-of-day reconciliation. If payments are missed and not recorded to Cardinal, Parking doesn't account for the student payment and Cardinal would not be consistent with ERP accounting data. Late fees may be assessed, and the missed transactions would require investigation to resolve.

- E. **Allowance for doubtful accounts:** During our review of the periodic adjustment to the allowance for doubtful accounts and the related entry to bad debt expense, we noted that one of the two selected journal entries had an inaccurate amount booked as journal entry. This was caused by inadequate journal entry reviews. The July 2024 calculation of the allowance indicated that the allowance account should have been decreased by \$6,565 (debit) from \$136,589.50 to \$130,024.50. The entry executed in Banner Finance increased the allowance by \$6,565 (credit), which created a difference of \$13,130. Similarly, the related entry to the expense account should have been negative \$6,565 (credit). The entry executed in Banner Finance debited bad debt expense by \$6,565, for a difference of \$13,130. The entries were not adequately reviewed which may result in inaccurate reporting in the financial statements.

We recommend that USNH FOC ensure that processes are in place to enforce adequate secondary review of entries to Workday.

We recommend Parking Services management:

- A. *Coordinate with USNH Financial Operations to implement a process to reconcile Cardinal to transactions recorded in Workday at least quarterly. The reconciliation should undergo secondary review for accuracy and completeness.*
- B. *Coordinate with USNH Financial Operations to implement a process to reconcile revenue reports from ParkMobile and Cale/Flowbird to amounts received and recorded in the financial system.*
 - i. *Obtain and review the SOC 1, or financial audit, reports for ParkMobile and*

Cale/Flowbird to ensure the vendors' internal controls over financial reporting processes are operating effectively so that UNH can be assured that revenues reported to UNH are complete and accurate.

- C. Perform a reconciliation of active employee permits and payroll deductions at least once per semester. Implement a process whereby the reconciliation undergoes secondary review for accuracy and completeness.*
- D. Coordinate with USNH FOC to ensure responsibilities for a secondary review of end-of-day reconciliations and daily deposit reports.*
- E. Determine a methodology to conduct a periodic reconciliation to ensure that all payments from student accounts are recorded to Cardinal.*

Management Action Plan

The following actions will be taken to address the above observations:

- Parking Services management will request through USNH FOC a secondary review of entries to Workday by May 1st.
- Parking Services management will request Financial Operations conduct quarterly reconciliations of Cardinal to Workday by May 1st.
- Parking Services management will request Financial Operations conduct reconciliation of revenue reports from ParkMobile to amounts received and recorded in the financial system by May 1st. Cale/Flowbird will be sunset on July 1st.
- Parking Services management will request that the appropriate department obtain and review the SOC 1 or financial audit reports for ParkMobile by May 1.
- The Parking Services Program Manager will perform a reconciliation of payroll permit payments once per semester, and the Parking Services Manager will conduct a secondary review beginning on July 1st.
- The Parking Services management will confirm with USNH FOC that they are conducting a secondary review of end-of-day reconciliations and daily deposit reports by May 1st.
- The Parking Services management will develop a process to verify all payments from student accounts are recorded to Cardinal by May 1st.

Responsible Party: Parking and Campus Services Manager, UNH

Expected Completion Date: July 1, 2025

3. Enhance Citation Appeals Process

We noted a high number of parking citations¹ that were waived because the guidelines for approving appeals were informal and can be applied inconsistently. In one of the five appeals reviewed, a reduction was granted despite the approver reiterating to the student violator that they were clearly in the wrong. Parking tracked the reason assigned for the waiver but did not

¹ For the first half of FY25, 2,572 of 13,661 tickets issued, or about one in five tickets, were submitted for appeal. Of these appeals, about 75% were either waived or reduced (14% of total). Given that ticket revenues for the same period were about \$380K, approximately \$54K of ticket revenue may have been waived.

regularly review appeal rationale for root cause analysis or take action to reduce the number of inappropriate tickets. The risk is that UNH's citation revenue is not properly collected and/or that the time and effort spent on appeals is inefficient.

We recommend Parking Services management implement the following:

- A. Documented guidance and criteria for approval and denial of citation appeals.*
- B. Develop KPIs for the appeals tracking process*
 - i. A process for documenting the root cause of each appeal.*
 - ii. Periodic management review of approved citation appeals for reasonableness and for adherence to the documented criteria*
 - iii. For enforcement errors, management should have a process for providing feedback and additional training as needed for parking enforcement officers.*
- C. Documented acknowledgement of parking enforcement officers' training program completion.*

Management Action Plan

The following actions will be taken to address the above observations:

- Parking Services management will develop documented guidance and criteria for approval and denial of citations appeals or voids by June 1st.
- Parking Services management has implemented a process to document the cause for each appeal category.
- Parking Services management will review a sample of the appeals for reasonableness and compliance decided on a quarterly basis to begin on June 1st.
- Parking Services has implemented the following:
 - Parking Services documents the root cause of each appeal through the appeal submission, along with reinforcing the cause in the judgement response to the individual. This is all recorded in the Cardinal system. All voids made by Parking Services staff must include a note stating the reasoning for this action. Parking Services management will review a sample of the appeals decided on a quarterly basis to begin on June 1st.
 - Methods for identifying enforcement errors and other areas that need to be addressed by Parking Services to reduce accepted appeals and/or voids are identified through multiple sources, including but not limited to daily review of appeal judgements and void requests, monthly enforcement meetings, and bi-weekly staff meetings.
 - Corrective action is taken as soon as possible through the appropriate method, including but not limited to ad hoc additional enforcement training; review of rules, regulations, and policy as needed; adjustments in enforcement presence; and lot and sign maintenance.
- Parking Services management will develop a form receiving acknowledgement from the Parking Enforcement Supervisor and staff that they have completed the Parking Enforcement training program by June 1st.

Responsible Party: Parking and Campus Services Manager, UNH

Expected Completion Date: July 1, 2025

4. Enhance Cash and Check Handling Processes

We noted that there is inadequate segregation of duties over cash and check operations because the same person is responsible for receiving cash and checks, preparing the deposit, and preparing the departmental deposit report, which USNH FOC uses to post to the financial system. Also, citation payments received by mail are opened and processed by one person and not confirmed by a second person. Additionally, the cash counted at the end of the day is not confirmed by a second person and confirmation of cash put into the register at the beginning of the day is not documented at all. Management and cashiers have not been trained on USNH Financial Services Policies and Procedures 10-006 Cash Receipts Security and Controls Procedure. We also noted that office keys do not indicate "Do not duplicate," there's not a policy for changing locks when employees terminate, and there is no camera in the office. There is a risk that cash receipts can be misappropriated, lost, or stolen without detection, resulting in financial loss for the university.

- A. *We recommend that Parking Services management consider eliminating mail payments by no longer supplying customers with envelopes when issuing parking citations. Until Parking Services stops accepting any cash and checks, we recommend the following:*
 - i. *Parking Services management should develop cash drawer start-up, close-out, and reconciliation procedures, including requirement for dual custody.*
 - ii. *Management should develop cash and check handling policies and procedures that at a minimum meet USNH Cash Receipts policy, including the following elements, but not limited to:*
 - a. *Mail opening*
 - b. *Check endorsement*
 - c. *Cash transportation*
 - d. *Physical security/safeguarding of cash*
 - e. *Reconciliation and recordkeeping requirements*
 - f. *Segregation of duties over cash and check collection, recording, deposit, and reconciliation*
 - g. *Changing the safe combination periodically*
 - iii. *Annual training should be provided for staff responsible for handling, depositing, and recording of cash and check receipts. Documentation of training completion should be maintained.*
- B. *For additional security of cash, cardholder data, and employees, management should coordinate with MUB management to ensure that Campus Services office keys cannot be copied by employees and that locks are changed when an employee with access to office keys terminates employment. Management should coordinate with MUB management on whether Campus Services would benefit from having a camera installed to monitor office activities.*

Management Action Plan

The following actions will be taken to address the above observations:

- Effective July 1st, Parking Services will no longer accept cash or checks and will no longer supply envelopes when distributing citations.

- Parking Services management will develop and implement policies and procedures including roles and responsibilities of handling and storing sensitive payment and other data, including retention requirements for Campus Services by July 1st.
- Parking Services will place a request to the MUB for a change of locks and keys that cannot be duplicated at the Campus Services Office when employment terminates of any staff within this office. Due to budget constraints, we are unable to install cameras within the Campus Services Office at this time.

Responsible Party: Parking and Campus Services Manager, UNH

Expected Completion Date: July 1, 2025

5. Review Transportation Policy Committee and Transportation Policy

There is no formal acceptance of the TPC's (Transportation Policy Committee) advice to the UNH President of policy changes to include permit and fee rates. The risk is that the TPC implements changes that are not approved at the appropriate level of leadership.

Additionally, TPC voting committee members are composed of students, staff, and faculty only. The rest of the committee members, including the VP of Finance, Campus Planning, Transportation Services, Police, and Grounds & Events are not voting members. The transportation policies and regulations and TPC charter and membership have not been reviewed since 2018.² The risk is that parking-related issues are not properly represented and discussed. A periodic review of policies is necessary to address organizational and community usage of the parking services.

We recommend that UNH leadership determines the appropriate level at which policy changes be approved on behalf of the University (i.e., President or delegate). Such approval of changes should be formally documented. We also recommend that UNH leadership conduct a review of the efficacy and relevance of the TPC and the transportation policies and regulations and update the TPC and policy based on the review.

Management Action Plan

The TPC executive committee is working on a review of the TPC 15 to be conducted this summer and updated to TPC 21 (21 years since adoption of the TPC guiding principles). The TPC 21 will be approved at the appropriate level (TBD – CFO or President) and will be presented to the TPC for review, documented approval, and adoption. Parking Services management will continue to work with the chairperson of TPC in support of the recommendations above. Documented approval of all changes to parking and fine rates and parking lots will be obtained at the appropriate level.

Responsible Party: Director, Conferences, Catering, & Retail Services

Expected Completion Date: March 31, 2026.

² TPC: [Transportation Policy Committee | Transportation](#) and Parking Regulations: [UNH Parking Regulations Manual | Transportation](#)



University of New Hampshire
Advancement Data Security Review

Report Issued May 27, 2025

May 27, 2025

Dr. Elizabeth S. Chilton, President
University of New Hampshire
Durham, New Hampshire 03824

Dear President Chilton:

This letter conveys our report on the UNH Advancement Data Security Review.

As communicated in our engagement letter of January 2, 2025, the primary objective of the review is to obtain reasonable assurance that controls are designed to secure confidential and sensitive data within the department.

This report reflects our observations, which were discussed with members of UNH management, and their action plans in response to our recommendations. It is being distributed to the individuals listed below and will be presented to members of the Audit Committee of the University System of New Hampshire (USNH) at its next scheduled meeting. It is also available for review by external auditors of USNH.

We appreciated the full cooperation and assistance we received from Gina Damiano, UNH Assistant Vice President of Advancement Operations with whom Yasmin Clark, Internal Audit Manager, worked most closely as she conducted the fieldwork for this audit.

Please feel free to contact me with any comments, questions, or suggestions you may have.

Sincerely,

Ashish Jain
Director of Internal Audit

Distribution:

Karen Benincasa, Vice Chancellor for Financial Affairs and Treasurer, USNH
Debbie Dutton, President, UNH Foundation & Vice President, University Advancement, UNH
Erik Gross, Senior Executive Director of Finance, UNH Advancement & Treasurer, UNH
Foundation
Tom Nudd, Chief Information Security Officer, USNH

I. Executive Summary

We performed data security review for the University of New Hampshire (UNH) Advancement. We identified several key areas for improvement to enhance data security and compliance with industry standards. Based on our review, we noted that there are opportunities to enhance the Payment Card Industry – Data Security Standard (PCI-DSS) compliance. We recommend formally tracking the required annual training, updating PCI-DSS procedures, and enhancing data handling protocols to ensure that confidential information is securely handled. We also recommend developing record retention policies to securely purge obsolete data. A privacy policy should be established regarding how donor data is used and secured by UNH Advancement. Additionally, flexible work arrangement proposal forms should be completed by all employees and formally tracked.

Currently, the Blackbaud CRM does not use multi-factor authentication (MFA) at the application level, relying instead on network-level MFA via VPN. Also, we noted that the Security Assessment Review (SAR) was performed for a vendor cloud application but not for an on-premises application that stores and handles sensitive donor data. We recommend that coordinating with Cybersecurity to perform appropriate SAR and implement enhancement in multi-factor authentication (MFA) for Blackbaud.

Lastly, we recommend establishing a business continuity plan, with detailed procedures for the continuity of operations in case of a major incident.

II. Background

UNH Advancement is dedicated to supporting alumni relations, annual giving, donor and board relations, and development efforts. The UNH Advancement team uses a variety of marketing materials and approaches, including print, email, online, social media, and video assets, to achieve their objectives.

UNH Advancement Staff

UNH Advancement has a diverse team of professionals and currently employs a total of 88 staff in the Advancement department. UNH Advancement is divided into four sub departments, including UNH Finance with 2 staff, UNH Alumni Relations with 11 staff, UNH Advancement Operations with 22 staff, UNH Advancement Development with 43 staff, and lastly UNH Advancement President's Office and Leadership with 10 staff. The majority of UNH Advancement staff are currently working remotely, either partly or fully. All UNH Advancement staff have access to an abundance of sensitive data obtained from students and donors, including detailed donor information (contact detail, demographic information, giving history, engagement data, prospect research information, recognition and stewardship information, notes on interactions, meeting notes) and detailed student information (academic records, contact information, demographic data, engagement history, career information, volunteer and philanthropic activities information, and notes on interactions and meetings).

Annual Report

Per the 2023-2024 Annual Giving Report (published by UNH Foundation), during the fiscal year 2024, there were total commitments of \$50,868,784 by 22,426 donors, of which 39% were alumni and 34% were friends. The average gift received was \$2,324 and the average donor-funded scholarship was \$3,471. 64% of all gifts given were less than \$100.

The top five areas supported by donors were Peter T. Paul College of Business and Economics (Paul), UNH Athletics, Scholarships / Student Support, College of Engineering and Physical Sciences (CEPS), and the College of Life Science and Agriculture (COLSA).

Ways to Give

There are multiple ways for donors to give to UNH. The quickest and easiest way to donate is through the online platform. Donors can donate a one-time or a recurring donation. The donor can also designate the donation for a specific purpose and select to give the donation anonymously. Donors can also mail a donation and talk to the annual giving staff in the UNH Advancement Operations and UNH Advancement Development on how to best donate to UNH. Some companies allow donation matching, and the UNH Giving website allows donors to search if the employer will match a donation. Any UNH staff and faculty can also give a donation through payroll deduction. Lastly, UNH can also receive appreciated securities (i.e., stocks, bonds, shares of mutual funds, and non-cash assets such as privately held C- and S-Corp stock) as a donation.

Donation Processing

All credit card processing follows PCI-DSS compliance standards. Credit card payments are processed using SRed Keypads through the Payment Gateway, PayConex. Once processed, all credit card numbers, and expiration dates are cut from the documentation and put into a crosscut shredder. If a credit card is unable to be processed (missing key piece of data, gift amount, etc.) the physical documentation will be securely stored inside the biometric safe, which is housed in a locked file cabinet in room 103 which always remains locked and has its own dedicated key. Credit card transactions are reconciled by USNH Financial Operations Center.

If a donation is received via check, all checks are deposited using Remote Deposit Capture (RDC). Redacted scans of these checks will be scanned to Advancement Finance, along with any other documentation received. Once deposited, the checks are stored in the safe for one month based on date of deposit (per USNH policy), after one month the checks are crosscut shredded or placed in the secure box in room 108 for shredding pickup.

Rules, Regulations, and USNH and UNH Policies

UNH maintains a database of information about various community members including alumni, donors, current students, parents of students, faculty, staff and other groups. All information stored and managed by Advancement via this database is subject to the Alumni Database Information Usage Policy UNH.III.B.3.2.1.

The Advancement database includes data classified as restricted, protected, sensitive, and public managed in accordance with the USNH Information Classification Policy USY.VIII.C.4, and is maintained as a tool to be used as outlined in the Alumni Database policy UNH.III.B.3.2.1 only. The USNH Information Classification Policy details responsibilities for maintaining the privacy and security of institutional information. There are currently four tiers of data that are classified based on this policy. Restricted information protection is legally defined either by federal and/or state law or required by contract or industry standard. Protected information is protected if privacy controls are required by regulation or law but does not rise to the level of those mandated for restricted information. Sensitive information is protected if required by institutional policy, by contract, for ethical reasons, and/or if it is at high risk of damage or inappropriate access. Lastly, public information is information that may be provided to anyone without any further oversight.

USNH IT Security published standards regarding teleworking. These standards include, but are not limited to, logging into the VPN prior to logging into the Advancement systems remotely, storing of University information on UNH servers, and the protection of UNH issued equipment. These IT Security best practices standards are provided to employees and supervisors for review when considering a teleworking proposal. If an employee is submitting a teleworking proposal, they will need to review this information, then sign, along with their supervisor, acknowledging their comprehension and responsibility to adhere to these recommendations.

University academic, administrative, and student offices shall use the Advancement Database for the specific purposes of alumni and community relations, fundraising, student engagement, and stewardship. All authorized users must sign this University Advancement Confidentiality & Data Usage Agreement prior to being granted access to the Advancement Database or any of the information stored within it.

USNH Financial Services Policy 10-010 USNH Payment Card Data Security addresses the standards that are contractually imposed by the major credit card brands on merchants that accept these cards as forms of payment. The policy covers specific areas contained in the PCI-DSS related to cardholder data: processing, transmitting, storing, and disposing of cardholder data. Applicable departments must have documented procedures for processing credit card transactions and handling related data components that include specific components per the USNH policy (e.g., PCI-DSS training).

UNH Advancement created a Cash Controls, Handling & Document Imaging & Storage policy for their Gift & Data Management (GDM) department. The purpose of the policy is to define, outline, and clarify the internal controls followed by UNH Advancement staff to ensure that donations are delivered, retrieved, safe guarded, and processed for the University. The policy includes detailed processes and responsibilities for currency gifts, checks, and credit cards. It also includes document storage and secure shredding at the Elliot Alumni Center (EAC).

All UNH Advancement staff, student workers, and volunteers sign a confidentiality agreement. Student workers and volunteers sign the confidentiality agreement on an annual basis, while UNH Advancement staff sign the confidentiality agreement at the beginning of their employment and are reminded annually of the terms in the confidentiality agreement. All UNH Advancement staff, student workers, and volunteers sign off that all advancement data can only be used to further legitimate, authorized, institutional goals. The misuse of Advancement information constitutes misappropriation of University property.

Data handled by the UNH Advancement department is subject to the requirements of the Family Educational Rights and Privacy Act (FERPA) and the Gramm-Leach-Bliley Act (GLBA), which are federal laws that protect the privacy of student education records and other private information, including safeguarding the student's financial information. FERPA protects the privacy of student education records and gives students the right to review and correct their education records. USNH has developed security programs to address requirements related to GLBA.

Training Requirements

The UNH staff have access to required data security training, including the USNH Data Security training provided by Get Inclusive, FERPA, GLBA, and PCI-DSS.

UNH Alumni Relations

Alumni Relations play a crucial role at UNH Advancement as they are involved in various aspects at the University:

- 1) Building Relationships: Alumni Relations are involved in maintaining and nurturing relationships with former and current students.
- 2) Fundraising and Financial Support: They are a significant source of donations and financial support for the University. They engage with alumni communities to contribute to scholarships, campus development, and other financial goals.
- 3) Networking and Career Support: Alumni networks provide valuable professional connections for both current and former students. These networks can offer mentorship opportunities, job placements, and career advice.
- 4) Promoting University Initiatives: Alumni Relations promotes UNH initiatives and enhances UNH's reputation.
- 5) Creating a Sense of Community: Alumni Relations maintain a strong sense of community among alumni. This is done through events, reunions, and other ways to keep alumni connected with each other and UNH.
- 6) Engagement Strategies: Lastly, they collect information about alumni, using social media for updates and networking.

UNH Advancement Development

Advancement Development focuses specifically on fundraising and resource generations. They identify, cultivate, solicit, and steward donors to secure donations for UNH. Development builds and maintains strong relationships with alumni to foster lifelong engagement and support. They are also involved in raising funds such as annual giving, major gifts, planned giving, and capital campaigns. Their fundraising goals are aligned with the University's strategic plan to ensure that all donations are directed towards priority areas. Lastly, Advancement Development promotes the University's mission, values, and achievements to the various donors and potential donors.

UNH Advancement Operations

Advancement Operations are essential for driving UNH's strategic goals and sustainability.

There are four subdivisions in Advancement Operations:

- Stewardship and Gift Compliance: Maintaining the relationship through regular communication and updates on the impact of their gifts, endowment financial reporting, gift fund compliance management, and recognition of any programs. In addition, ensuring all gifts comply with legal and ethical standards, including donor intent and tax regulations.
- Prospect Research and Management: Identifying and evaluating potential donors to determine their capacity and inclination to give. Once a donor is identified, organizing and prioritizing prospects to maximize fundraising opportunities.
- Gift and Data Management: This includes the processing of gifts and donations, ensuring accurate recording, and issuing receipts to donors.
- Donor and Board Relations: This is a critical aspect of advancement operations. This group focuses on building and maintaining strong, positive relationships with donors to ensure their continued support and manages the UNH Foundation Board of Directors, a key constituency in the success of UNH Advancement.

UNH Advancement Finance

Advancement Finance manages the financial aspect of fundraising and development efforts. They provide financial processing, reconciliation, and reporting to support fundraising campaigns and manage the endowment funds and other investments. Advancement Finance oversees Advancement's budget and monitoring process, ensuring internal financial controls are in place. It conducts the annual audit process, including the generation of the annual audited financial statements and the IRS Form 990. The UNH Foundation has a dedicated investment committee to oversee the growth and sustainability of the endowment portfolio.

Software Solutions

UNH Advancement uses the following key applications:

- **Blackbaud CRM:** This application is a powerful fundraising and relationship management system designed for enterprise-scale nonprofit and higher education organizations. UNH Advancement application is located on-premises at UNH 1 Leavitt Lane and is managed and administered by the Advancement IT Team within ET&S CRM Services. Blackbaud CRM is for official University, Alumni Association, and UNH Foundation use only, and the information can only be used for the purpose for which it was requested and approved by the Assistant Vice President of Advancement Operations, or designee, to further legitimate institutional goals.
- **iWave/Kindsight:** This application is a leading provider of fundraising and prospect research solutions designed to help nonprofits, educational institutions, and other organizations enhance their donor engagement and fundraising efforts.
- **Evertrue:** This application is a donor management and fundraising software designed to help higher education and independent school advancement teams provide personalized experiences for donors. This application has been integrated into Blackbaud CRM to connect the constituent data to donors' digital footprints, providing an up-to-date record of every person in the system.
- **AlumniFinder:** This application helps higher education and nonprofit institutions achieve their development goals by implementing a full range of data resources, powerful analytics, and advanced donor database technologies. The application offers tools to efficiently stay in touch with alumni and donors.
- **Aidentified:** This software is designed to enhance prospecting strategies for professionals. It leverages Artificial Intelligence (AI) to help users find, qualify, and connect with potential leads more effectively.
- **DataCamp:** This application is an online learning platform that specializes in data science, AI, and related fields. It offers a wide range of courses designed to help individuals and organizations develop essential skills in these areas.
- **Kaleidoscope:** This application is designed for prospect research. It aims to streamline the process of connecting sponsors with applicants.
- **BlueFin:** This application provides advanced solutions for payment security and data protection, particularly focusing on encryption and tokenization. The products are designed to help businesses secure payment transactions and sensitive customer data while ensuring compliance with industry standards, such as the Payment Card Industry Data Security Standard (PCI-DSS)
- **PayConex:** PayConex is a payment gateway and platform developed by Bluefin that focuses on providing secure, PCI-DSS compliant payment processing solutions. It offers a range of payment services, including credit and debit card processing, ACH (Automated Clearing House) payments, and other forms of electronic payments.

- GiveCampus: GiveCampus is a fundraising platform designed exclusively for nonprofit educational institutions. The application is PCI-DSS Level 1 compliant, the highest standard for payment data security. This compliance ensures that all payment transactions processed through the platform meet stringent security requirements, protecting donor information. GiveCampus is integrated with Blackbaud CRM, which allows for a seamless transfer of gift data.
- Microsoft SharePoint: This application is used for communication and file storage. It is part of the broader Microsoft platform, which offers integrated, flexible, and secure options for data storage and retrieval via the internet

Access to or use of this data by unauthorized parties may have legal, financial, and reputational consequences for the University. Therefore, University Advancement classifies data in alignment with the USNH Data Classification Policy U.S.Y.VI.F.6.

III. Scope

The purpose of the review was to obtain reasonable assurance that controls were appropriately designed to secure and protect sensitive data within UNH Advancement. We did not test the operating effectiveness of these controls. Our procedures were not intended to identify compliance with legal requirements, but to ensure that the data security practices are in accordance with the industry's best practices.

During the review, we:

- conducted surveys on selected UNH Advancement staff on security over confidential data (restricted, protected, and sensitive data);
- reviewed UNH Advancement data security policies and protocols; and
- interviewed selected UNH Advancement staff.

We did not review the application security controls and security of the networks that UNH Advancement uses during their daily operations.

IV. Report Structure

The five observations in Section V of this report outline internal control issues for management's attention and consideration. The order of the comments is based on their relative importance in terms of potential risk to USNH or foregone effectiveness if not addressed. The observations marked with an asterisk indicate the most significant items for management attention and resolution, which will be tracked for the USNH Audit Committee's monitoring until resolved. The report contains recommendations that management has considered and incorporated into the management action plans indicated below.

V. Observations

* 1. Enhance PCI-DSS Compliance

We noted the following in regards to PCI-DSS Compliance at UNH Advancement:

- a) We noted that UNH Advancement staff write down credit card numbers on a whiteboard after receiving it from donors via phone and this data is shared with UNH Advancement GDM to process the transaction. This condition exists because the calling staff does not have access to an approved and secure credit card device to process transactions. PCI-DSS requires that cardholders' data must be protected against unauthorized access and securely stored. Writing credit card numbers down on the whiteboard is not an acceptable method of handling this sensitive data under PCI-DSS. There is a risk of data breaches and fraud and unauthorized access to cardholders' data may lead to data breach, which can result in financial loss and reputational damage to the University.
- b) We noted that 3 out of 13 staff selected have not completed the required annual PCI-DSS training. These staff are involved in handling cardholder data, including receiving this data via phone calls. PCI-DSS mandates that all employees handling credit card data must be adequately trained on the standards and procedures to secure data handling. Incomplete training limits UNH's ability to comply with PCI-DSS requirements. The lack of training increases the risk of improper handling of cardholder data, leading to potential data breaches and fraud.
- c) UNH Advancement's departmental PCI-DSS procedures have not been updated since March 2019. These procedures should be annually reviewed and updated, if needed, for changes, as required by PCI-DSS. There is a risk that UNH Advancement staff fails to comply with PCI-DSS standards and changes to PCI-DSS standards are not incorporated and communicated to Advancement staff, increasing the risk of improper handling of cardholder data, leading to potential data breaches and fraud.

We recommend the following in regards to this observation:

- 1) *Review and update, if required, the UNH Advancement specific PCI-DSS data handling procedures on an annual basis.*
- 2) *Review the practice of writing down credit card numbers and consider implementing secure electronic methods for handling credit card data.*
- 3) *Formally track and ensure that UNH Advancement Staff have completed the required PCI-DSS training before they start handling credit card data.*

Management Action Plan – UNH Director of Gifts and Data Management

- 1) We will update the UNH Advancement-specific PCI-DSS data handling procedures to ensure alignment with current practices. In addition, we will review the procedure annually for any changes. This will be completed by July 1, 2025.
- 2) In discussion with USNH's E-Commerce & PCI Compliance Specialist, we determined that our current process of Development Officers writing down credit card information, calling GDM to process securely and then securely destroying the credit card information securely is, in fact, the PCI-DSS compliant way to handle this process. They did note that we should avoid using whiteboards and just focus on paper so we

- will remove the whiteboard option for development officers and provide clear communication/direction on this change. This will be completed by September 1, 2025.
- 3) USNH manages the PCI-DSS training program including tracking who is in program and who has completed. We will connect with USNH to determine how they can best share information on Advancement when the automated notices go out for annual training. This connects with the other action item identified here for GLBA/FERPA trainings. It will be the same solution for all. This will be completed by December 31, 2025.

*** 2. Enhance data security protocols**

- a) We noted that there are no record retention policies and procedures in place to ensure that all sensitive information (including donor PII, financial records and information, student academic records, employment information, confidential communication, and donor research data), and is securely handled and removed from internal and external systems, databases, and applications after a determined period. Therefore, confidential data is stored in perpetuity in Blackbaud CRM, and on the internal shared drive, including SharePoint and Microsoft Teams. Maintenance of the records beyond its currency carries a risk of data breach or unauthorized access to the data. Disposing older data securely reduces the University's exposure to identity theft and business fraud.
- b) We noted that UNH Advancement staff receive confidential data via email, including reports containing student data, including student IDs with their full name. There are currently inadequate procedures to ensure proper handling of confidential data and how that data should be received in a secure manner, outside of the confidentiality agreement which states that email should only be used when no other options are available. Confidential data delivered via unencrypted email increases the risk of data loss, as emails are not a secure medium to transmit sensitive information and are frequently subject to phishing attacks. There is a risk of loss of confidential data, which may result in financial and reputational loss for the University.
- c) We noted that there currently is no privacy policy in place for donor specific data. A formal privacy policy outlines the practices for collecting, using, and protecting donor information. A privacy policy is crucial for transparency and consistently managing the collected data and for ensuring donors' information is not shared inappropriately or used for unintended purposes. There is a risk that mishandling donor information leads to potential reputational damage.
- d) Lastly, we noted that the Flexible Work Arrangement Proposal Form was not completed and signed by the employee and supervisor for working remotely for a selected new hire. There is a risk that employees are not aware of these security procedures and do not follow all the best practices and standards to keep donor data secure. There is a risk that sensitive data may not be appropriately protected, and a breach can occur.

We recommend the following in regards to this observation:

- 1) *Develop and communicate a detailed record retention policy and procedures. Consider retention periods for various types of records, including but not limited to:*
- a. *Financial Records*
 - b. *Donor Records*

- c. *Event Records*
 - d. *Correspondence with donors*
- 2) *Securely purge obsolete documents that are stored on shared drives, SharePoint websites, and Blackbaud CRM in accordance with record retention procedures.*
- 3) *Develop and communicate security protocols and guidelines for handling confidential data, including, but not limited to the following:*
 - a. *Proper handling of non-public information in the office, including safeguarding, redacting, and shredding of documents;*
 - b. *Standard response and action if confidential data is received via an email;*
 - c. *Donor information that should or should not be sent via email to other staff members or other departments;*
 - d. *Donor information that should be uploaded to Blackbaud CRM, shared folders, and/or SharePoint;*
 - e. *Procedures to remove any files containing confidential information from the local shared drive after a determined amount of time.*
- 4) *Develop and communicate a Privacy Policy outlining practices of collecting and handling Alumni and donor data.*
- 5) *Ensure that the Flexible Work Arrangement is on file for all UNH Advancement staff who are currently working remotely. Approved Flexible Work Arrangements should be formally tracked for management reporting purposes.*

Management Action Plan – Senior Executive Director of Finance, UNH Advancement & Treasurer, UNH Foundation and UNH Assistant Vice President of Advancement Operations

- 1) We will create a records retention policy as it relates to confidential data and document it with any necessary procedures. Once in place, we will communicate it within Advancement and carry out the necessary removal of identified documents accordingly. We will seek out sample documents from other institutions to guide this outcome. This will be completed by June 30, 2026, by the Senior Executive Director of Finance, UNH Advancement & Treasurer, UNH Foundation.
- 2) Once we complete the step above, we would then document the policies/procedures that are needed in compliance with existing USNH policies that already apply to Advancement. This will be completed by December 31, 2026, by the UNH Assistant Vice President of Advancement Operations.
- 3) There is already a USNH Privacy Policy that is publicly posted. Advancement and all areas of UNH are subject to this policy and our actions are covered by this policy. We would first determine if an additional privacy policy is needed that covers information/details not already covered by this existing policy. If it is determined that we need a privacy policy that contains more detail than the USNH one, we will partner with USNH Counsel's office to draft and finalize a policy that covers all of UNH, not just Advancement, so it's all covered in one place. This will be completed by December 31, 2025, by the UNH Assistant Vice President of Advancement Operations.
- 4) We will ask HR to provide a list of all Advancement staff with a Flex Agreement on file to determine if anyone is missing. We have confirmed we are not required to renew these agreements annually, only if anything changes. We have already added a step to our new hire ticket to ensure the hiring manager puts a flex agreement on file as all Advancement staff work in a hybrid capacity. This will be completed by September 1, 2025, by the UNH Assistant Vice President of Advancement Operations.

*** 3. Enhance On-Premises Applications Security**

During our review, we noted the following:

- a) Blackbaud CRM is an on-premises application that stores and handles sensitive donor data. We noted that an appropriate Security Assessment Review (SAR) has not been performed. The security review considered application as a cloud application, while the application is hosted on-premises. This inappropriate review can lead to lack of oversight of potential risks associated with on-premises application, including security controls considerations and multi-factor authentication. An appropriate SAR should be conducted for the specific application, as per the USNH Third Party Risk Assessment Standard. There is a risk that the performed assessment did not address specific risk as it relates to on-premises applications, especially security controls of the applications.
- b) Blackbaud CRM does not use multi-factor authentication (MFA), instead relies on network level MFA via VPN for authentication. This set up lacks zero trust principles because it does not ensure that the MFA is from the same authorized users before providing access to the application. Payment Card Industry – Data Security Standards also require MFA at the application level and is a standard industry best practice. Furthermore, VPN session time out settings do not prompt the users frequently enough. Currently, VPN requires the user to provide a second verification factor after more than 60 days. There is an increased risk that a session could be incepted and used to obtain unauthorized access to sensitive data for a long duration, which can result in security breach of the donor data.

We recommend the following in this observation:

- 1) *Coordinate with Cybersecurity for an updated SAR that covers on-premises controls and risks.*
- 2) *Implement the security recommendations from SAR.*
- 3) *Review the current MFA prompt settings, session time out duration policies for the application and consider updating the setting to align with current security best practices and organizational needs.*

Management Action Plan – UNH Director, CRM Services

- 1) We will coordinate with Cybersecurity for an updated SAR that covers on-premises controls and risks and implement any recommendations. This will be completed by September 30, 2025
- 2) We will coordinate with Cybersecurity to review the current MFA prompt settings, session time-out duration policies for the application and consider updating the setting to align with current security best practices and organizational needs. This will be completed by December 31, 2025.

4. Enhance training requirements

We noted that there is currently no formal training curriculum for UNH Advancement staff, including:

- a) There is currently no requirement for staff to complete FERPA training on an annual basis. UNH specific FERPA training is only offered to new employees at the start of their

employment if they work with student related data; however, FERPA training is not offered to staff who work outside of these areas but have access to FERPA data. In addition, the completed training is not formally tracked to ensure that all staff have completed the training.

- b) UNH Advancement has access to some GLBA data that is imported into Blackbaud CRM from Banner Student. As such, UNH Advancement staff are required to complete GLBA training on an annual basis.
- c) Lastly, there is currently no requirement for staff to complete the USNH data security training on an annual basis.

There is a risk that staff are not aware of data security requirements to keep data secure, and therefore, confidential data may not be properly protected. In addition, there is a risk that UNH is not compliant with GLBA rules and regulations, which can result in financial loss for UNH.

We recommend the following in regards to this observation:

- 1) *UNH Advancement conduct refresher training on an ongoing basis for FERPA, GLBA, and data security.*
- 2) *All training completion should be formally tracked for management reporting purposes.*

Management Action Plan – UNH Assistant Vice President of Advancement Operations

All these training courses can be tracked and communicated centrally through USNH. Many Advancement staff are already in the training programs.

We will communicate with the Cybersecurity office to determine which training courses are automated for staff (on a recurring basis) and which require manual sign-up. We will also find out the standard frequency of training per USNH so that we can align ourselves with the future process for offering and tracking all these training opportunities in Workday. We will then be sure that the appropriate Advancement staff are enrolled. This will be completed by December 31, 2025.

5. Enhance the Business Continuity Plan

There are currently no detailed procedures for continuity of operations in case of a major incident. Blackbaud CRM and its components are integral to the daily operations and are used across the UNH Advancement department. This poses a risk of prolonged downtime and operational disruptions to Advancement activities. The failure to recover quickly and maintain the business operations can lead to financial loss, reputational damage to UNH, and decrease productivity.

We recommend the following in this observation:

- 1) *Develop a business continuity plan that includes a plan for continued operations in case of disaster.*
- 2) *Develop the business continuity plan periodically to ensure the plan still aligns with the current operational needs. Periodically review the BCP for operational efficiency*
- 3) *Ensure UNH Advancement staff are trained on their roles on the business continuity plan.*

Management Action Plan – Senior Executive Director of Finance, UNH Advancement & Treasurer, UNH Foundation

We will identify critical business functions in Advancement, evaluate for relevant risks and who the critical staff are, and document how they will respond during such critical events.

This business continuity plan (BCP) will be documented for each Advancement unit and then training will be provided. The plan would be reviewed periodically for accuracy. Implementation plan will be included in final documentation of BCP. This will be completed by December 31, 2026.



University of New Hampshire
Animal Care and Use Protocols Compliance Audit

Report Issued June 4, 2025

June 4, 2025

Dr. Elizabeth S. Chilton, President
University of New Hampshire
Durham, New Hampshire 03824

Dear President Chilton:

This letter conveys our report on the UNH Animal Care Protocols Compliance Audit.

As communicated in our engagement letter of September 26, 2024, the primary objective of the audit is to obtain reasonable assurance regarding the effectiveness of established internal controls governing the review, approval, and monitoring the use and care of animals, ensuring efficient compliance operations.

This report reflects our observations, which were discussed with members of UNH management, and their action plans in response to our recommendations. It is being distributed to the individuals listed below and will be presented to members of the Audit Committee of the University System of New Hampshire (USNH) at its next scheduled meeting. It is also available for review by external auditors of USNH.

We appreciated the full cooperation and assistance we received from Susan Jalpert, Compliance Officer, UNH Research Integrity Services, with whom Yasmin Clark, Internal Audit Manager, worked most closely as she conducted the fieldwork for this audit.

Please feel free to contact me with any comments, questions, or suggestions you may have.

Sincerely,

Ashish Jain
Director of Internal Audit

Distribution:

Karen Benincasa, Vice Chancellor for Financial Affairs and Treasurer, USNH
Louise Griffin, Associate Vice President and Chief Research Administration Officer, UNH
Cyndee Gruden, Interim Provost and Vice President for Academic Affairs, UNH
Marian McCord, Senior Vice Provost for Research, Economic Engagement and Outreach, UNH
Julie Simpson, Director of Research Integrity Services, UNH

I. Executive Summary

We performed an audit of animal care and use protocols compliance for the University of New Hampshire (UNH). We recommend reviewing the internal animal use and care billing rates on a periodic basis and developing protocols to ensure that projects are billed appropriately. We also recommend establishing procedures for consistently billing for purchases made on behalf of researchers. Ensuring that all costs associated with the Animal Research Office (ARO) are included in the calculation of the per diem housing rate for research animals, will help facility's financial sustainability.

We recommend enhancing the Institutional Animal Care and Use Committee (IACUC) approval protocols procedures. UNH Research Integrity Services (RIS) should work with the Cayuse system administrators to upgrade the application to ensure that the module for Animal Oversight can be integrated to Cayuse Sponsored Programs (SP). This would also help to enhance the reporting capabilities of the system. We also recommend developing and implementing procedures to ensure standard naming conventions regarding grant titles, award information, and grant PIs are consistent when a new protocol is received. A consistent naming convention will allow the University to establish and monitor that the use of research animals was budgeted and approved by a federal sponsor. In addition, consistent use of the available system option within Cayuse SP to link an approved IACUC protocol, will ensure the information is consistently added to the awards. Once the standard naming convention is implemented and enforced by UNH Sponsored Program Administration (SPA) and UNH RIS, monitoring reports can be generated to ensure compliance including monitoring training of individuals charged on the grants that use research animals, identification of projects approved by IACUC without approved research animal activity in the award/proposal, and animal purchases charged on a grant without approval from the IACUC.

Lastly, we recommend that consistent use of general ledger accounts will allow for better tracking of direct expenses. This will aid in the calculation of the daily per diem rates for research animal housing and reconciling billing of purchases made on behalf of researchers.

II. Background

The University of New Hampshire Institutional Animal Care and Use Committee is a standing committee responsible for ensuring the proper care, use, and humane treatment of vertebrate animals used in research, testing, and instruction at UNH.

Purpose and Function

The University of New Hampshire (UNH) produces and disseminates knowledge in accordance with its research, teaching, and public service mission. Some activities conducted at UNH necessitate the use of live vertebrate animals. Recognizing the importance of using live animals for these purposes, UNH, for both ethical and scientific reasons, insists upon the highest standards for the care and use of such animals.

UNH must comply with federal regulations to use animals in research, testing, and instruction. UNH has provided the U.S. Public Health Service (PHS) with an Animal Welfare Assurance (Assurance) that is administered by the U.S. Department of Health and Human Service's (DHHS) Office of Laboratory Animal Welfare (OLAW). This Assurance represents a legally binding commitment to PHS and is critical in maintaining UNH's eligibility to receive federal and

private funds for research involving vertebrate animals.

UNH's Animal Care and Use Program fosters the humane care and use of animals in research, testing, and instruction, and adheres to all applicable laws, standards and policies affecting such use. The Program applies to all use of animals at UNH, regardless of whether the activity is funded. The responsibility for implementing the Program has been assigned to the Animal Resources Office (ARO) subject to periodic review and approval by the UNH Institutional Animal Care and Use Committee (IACUC), the Institutional Official (IO), and the United States Department of Agriculture (USDA).

Federal Regulations

The UNH Animal Care and Use Program is regulated by several key federal regulations:

- **Animal Welfare Act (AWA)**: This act was signed into law in 1966 and sets the standards for the humane care and treatment of animals used in research. It requires institutions to establish an IACUC to oversee and evaluate all aspects of the institution's animal care and use program.
- **PHS Policy**: This policy was last revised in 2015 and mandates that institutions receiving PHS funding must comply with the Guide for the Care and Use of Laboratory Animals and have an IACUC to review and approve animal research protocols
- **9 CFR § 2.31**: This section of the Code of Federal Regulations was last amended in March 2025, outlines the specific requirements for the composition, functions, and responsibilities of the IACUC

UNH Policy

UNH Policy UNH. VIII. G (Care and Use of Animals) emphasizes the ethical and human treatment of live vertebrate animals in research, teaching, and other activities.

Institutional Animal Care and Use Committee

The IACUC is a standing University committee comprised of members of the UNH community and the public. To ensure that UNH maintains public accountability for its activities involving animals, the IACUC is responsible for:

- Reviewing all research, testing, and instructional protocols involving animals,
- Conducting semi-annual reviews of UNH's Program and facilities,
- Reviewing and addressing concerns involving animals in research, testing, and instruction, and
- Advising the UNH Institutional Official (IO).

The members are appointed by the UNH Institutional Official (who was appointed by the UNH President on October 8, 2018) based on their expertise and experience. The IACUC membership must consist of at least 5 members and includes one veterinarian with training or experience in laboratory animal science and medicine, one practicing scientist experienced in research with animals, one member whose primary concerns are in a nonscientific area (e.g., ethicist, lawyer, member of the clergy), and one member who is not affiliated with the institution other than as a member of the IACUC. The IACUC has currently 11 voting members and five non-voting members.

Research Integrity Services Office (RIS)

The RIS office provides administrative support to the IACUC and assists Principal Investigators / Instructors (PIs) with the IACUC application and review process.

RIS administers the UNH program for the humane care and use of vertebrate animals, including overseeing the IACUC. RIS ensures compliance with federal, state and university regulations and policies. In addition, a unit within Research Integrity Services, the ARO is responsible for the overall implementation of UNH animal care and use programs.

Animal Resource Office (ARO)

The ARO, is responsible for assisting UNH PI with all phases of animal activities. In this effort, the ARO maintains and promotes a cooperative and open relationship among PIs, institutional officials, and government inspectors and officials. The ARO:

- Provides technical support, consultation, and training to UNH faculty, staff and students using or caring for animals,
- Provides veterinary services and oversight for animals used or cared for by UNH faculty, staff, and students,
- Assists PIs with developing protocols for animal use,
- Oversees UNH animal facilities to ensure compliance with federal, state, and UNH standards, and
- Accompanies federal inspectors and others on site visits.

UNH's attending Veterinarian (AV) works in the ARO. The ARO is located in Room B56, Rudman Hall and consists of two veterinarians. Both veterinarians are part of the voting IACUC members.

Internal Billing

Researchers who have animals that are housed at the ARO are billed a daily per diem rate for the animal housing. The individual rates are calculated and adjusted at least annually based on the type of animal that is housed by the ARO. Daily, a staff at the ARO counts each individual animal in cages and records the number on a spreadsheet based on the researcher. At the end of the month, the per diem rate is applied and the fee for the month is calculated. The spreadsheets are then forwarded to UNH Finance to be billed to the researchers, and the internal allocation amount is then posted in Banner Finance / Workday once the researcher approves the invoice and provides the general ledger information.

PI's Responsibilities

UNH faculty/staff members accept responsibility for all aspects of the activities, even if a student conducts the work. Prior to planning or conducting an activity using animals, involved faculty, staff, and students are expected to be familiar with the regulations and guidelines discussed in this manual. Further, PIs are encouraged to consult with the ARO at an early stage in the preparation of protocols for activities involving animals.

Application and Review Process

Animal users are strongly encouraged to seek assistance from the ARO during the planning stages for animal activities and prior to completing an Application for Vertebrate Animal Use in Research or Application for Vertebrate Animal Use in Instruction. Prior to any acquisition or use of animals, each individual proposing to conduct an animal activity must submit to the RIS office a completed application.

Upon receipt of a completed application, RIS staff assign a protocol number and forwards it via an email to ARO. The application is reviewed by one of the ARO veterinarians and incomplete applications or those requiring clarification or revisions are returned to the applicant.

Following an initial review, the application is then placed on the agenda for the next monthly IACUC meeting for review.

The IACUC may take any of the following actions on an application at a convened meeting:

- approval,
- require modification to secure approval,
- withhold approval.

PIs are notified in writing of the IACUC's action. If the application is not approved, the applicant works with the ARO to revise the application for resubmission to the IACUC.

Approval is granted for a maximum of three years, subject to an annual review. The PI may proceed to acquire animals only upon receipt of the approval letter, without contingencies, from the IACUC.

Any PI wishing to appeal an IACUC decision can do so in writing to the IACUC Chair. The IACUC Chair will bring the appeal to the next scheduled IACUC meeting where the IACUC will review the appeal. The IACUC Chair will inform the PI in writing of the outcome of the IACUC's review of the appeal within five working days of the IACUC meeting at which the appeal was reviewed. The IACUC's decision regarding the appeal is final.

PIs must receive written unconditional approval from the IACUC for any changes to their activity prior to implementing them. Modification requests are categorized qualifying for Veterinary Verification and Consultation (VVC) or as significant. Modifications qualifying for VVC are reviewed by an ARO veterinarian; modifications qualifying as significant must be reviewed at a convened meeting of the IACUC. All changes reviewed by VVC are reported to the IACUC at the next convened meeting.

PIs seeking external funding for activities involving animals need to coordinate the timing of the submission of their application to the IACUC with the prospective sponsor's application deadline and Sponsored Programs Administration (SPA). Some federal and private sponsors require IACUC approval at the time of proposal submission, whereas others require IACUC approval prior to start of the research involving animal use.

Animal Care

UNH Policy and federal guidelines require that the living conditions of animals are appropriate for their species and contribute to their health and comfort. Accurate records must be kept regarding all aspects of animal management. Animal care and related Standard Operating Procedures (SOPs) are posted and are available in all IACUC-approved facilities and/or from the ARO. Housing, feeding, and care of all animals are directed by a veterinarian or other professional trained in animal care and medicine.

Acquisition of Animals

The source of animals is subject to approval by the ARO and/or IACUC. Animals purchased must be of known health status and from a reputable vendor. Upon arrival at a UNH facility or

satellite facility, animals must be inspected by the ARO or designee. If the animals are found to be unsatisfactory or diseased, the vendor and the ARO must be notified immediately.

Facilities/Housing

All animals must be maintained in housing systems that meet the applicable regulations, laws, and/or policies of USDA, PHS, or State of New Hampshire. Space recommendations for animals will be in accordance with the Guide, PHS policy and the AWA. Other space recommendations are available on request from the ARO. In addition, all animals must be maintained in an animal facility approved by the IACUC. All facilities are inspected and approved by the IACUC at least twice a year. In addition, an ARO staff member makes regular rounds of all animal facilities.

Veterinary Care

Direct or delegated authority is given to the AV to oversee all aspects of animal care and use including, but not limited to, treatment of illness, relief of pain, and euthanasia, if warranted.

Farm Animals

Farm animals used in biomedical research can be housed in conventional animal facilities, biohazard containment units, or on farms, according to generally accepted farm practices. When housing animals on a farm, the health, comfort, and well-being of the animals should be of primary importance.

Marine Animals

The program and principles of animal care and use apply to marine animals as well as other species. Where there are differences or unique situations, professional judgment of biologists and ARO staff will be used to resolve these issues.

Reporting Animal Care and/or Use Concerns

Individuals who have concerns about an animal activity at UNH are encouraged to report them to the IACUC, ARO and/or RIS. All reports of concerns involving the care and use of animals at UNH are handled anonymously unless the individual consents to the disclosure of their identity.

When a concern about animal activity at UNH is reported, the ARO reviews the concern with the PI. If deviations from the conditions of the Program exist, a meeting of the IACUC is convened to determine appropriate action. If the IACUC determines the deviation significant, the PI, department chairperson, college or school dean, ARO, RIS, and IO will be notified of the IACUC's recommendations or action. If individuals reporting a concern are dissatisfied with the IACUC's resolution, concerns may then be presented to the IO.

Occupational Health Program for Animal Care Personnel

The occupational health program for personnel who work in laboratory animal facilities or who have frequent contact with animals is coordinated by the Office of Environmental Health & Safety (OEHS) and RIS. Medical treatment for employees with illness and injury may be provided by UNH Health & Wellness, one of two occupational health clinics, or the employee's primary care provider.

The occupational health program covers all UNH faculty, staff, and students who care for or handle vertebrate animals, and any non-UNH individuals who care for or handling vertebrate animals in UNH facilities on UNH IACUC approved projects when they have not participated in an equivalent program. PIs and managers of UNH animal facilities are responsible for enrolling

applicable individuals in the occupational health program and ensuring they have received approval from UNH Health & Wellness to handle vertebrate animals before they do so. Enrolling in the program involves an individual completing the Medical History & Risk Assessment Questionnaire for Persons Handling or Working with Live Vertebrate Animals and submitting it to UNH Health & Wellness.

UNH Health & Wellness uses three risk categories based on proposed vertebrate animals to be studied or managed. Physical exams are confirmed to have been completed within the last five years and tetanus booster received within the last ten years (requirement for all personnel working with vertebrate animals). If there is a risk of exposure to rabies, Health & Wellness confirms appropriate vaccination or provides vaccination. The individual's health questionnaire is reviewed, and any pertinent positives are followed up.

Training

The UNH Research, Economic Engagement and Outreach website details the training requirement prior to the start of the research. All UNH faculty, staff, and graduate and undergraduate students involved in the care and use of vertebrate animals in research or instruction are required to complete online training prior to working with vertebrate animals. The training or instruction for scientists, animal technicians, and other personnel involved in animal care, treatment, or use is delivered online via the CITI Program. The program includes a basic course on vertebrate animal care and use as well as other CITI Program species-specific courses. The courses are valid for five years.

As part of the IACUC application review process, training of all individuals utilizing animals is documented including years of experience with the animal model, and identification of the trainer, if applicable.

PIs and managers of animal facilities are responsible for maintaining records documenting participation of new employees in orientation sessions for animal care personnel and training. In addition, records of personnel training specific to a given protocol are signed by the participant(s) and instructor and kept on file by the PI.

IACUC members must be qualified to assess the institution's animal program, facilities, and procedures. The institution is responsible for ensuring their qualification, and this responsibility is filled in part through the provision of training and instruction. Training is provided by the ARO, RIS or other qualified individuals through methods including, but not limited to, presentations, provision of literature, and site visits.

Approval of Facilities Housing Animals

At UNH, the IACUC is required to inspect and approve all facilities temporarily or permanently housing vertebrate animals. Accordingly, individuals should be cognizant of applicable regulations/guidelines when:

- Planning the renovation of existing UNH facilities that will/may house vertebrate animals,
- Designing new UNH facilities that will/may house vertebrate animals, or
- Considering conducting work involving vertebrate animals in facilities not currently approved by the IACUC for the species in question.

Regulations concern both the construction and maintenance of environments where vertebrate animals will be housed, and the transport of animals between facilities. Issues to be considered

include, but are not limited to, space requirements, temperature and humidity, illumination, enclosures, back-up power resources, security, and public access (if applicable). Individuals can contact the ARO for a copy of the checklist that the IACUC uses when conducting its semiannual inspection of facilities housing vertebrates for additional information about the types of issues that need to be addressed.

Software Solutions

RIS and IACUC use the following key applications:

- Cayuse Animal Oversight: This application is designed to streamline the management of IACUC protocols to ensure institutions comply with regulations and conduct ethical research.
- Cayuse Sponsored Programs: This application is a comprehensive research management system designed to streamline the lifecycle of sponsored projects, from proposal creation to award close-out.
- Microsoft SharePoint: This application is used for communication and file storage. It is part of the broader Microsoft platform, which offers integrated, flexible, and secure options for data storage and retrieval via the internet.

III. Scope

The audit focused on key controls in place surrounding the UNH animal use and care process to obtain reasonable assurance regarding the effectiveness of established internal controls governing the review, approval, and monitoring of animal care activities, ensuring efficient compliance operations. The scope of the audit was from July 1, 2023, through December 31, 2024. We selected a sample of animal care and use protocols based on the type of review that was performed by the IACUC from this period for testing.

In addition, we:

- Conducted walkthroughs with the UNH RIS Analysts to understand the process over the review, approval, and monitoring of animals in research and animals in instructional environments;
- Obtained and reviewed a sample of approved IACUC protocols to ensure that they are appropriately reviewed and approved;
- Obtained and reviewed supporting documentation for a sample of IACUC protocols to ensure that all supporting documentation was obtained during the review of the protocol, and are in compliance with UNH requirements;
- Obtained and reviewed expense data to identify any purchases that relate to research animals and mapped these purchases to IACUC protocols;
- Reviewed all internal billings between the ARO and the PIs for the housing of research animals;
- Met with the UNH Associate Vice President & Chief Research Administration Officer and UNH RIS Compliance Officer to confirm the results of the testing.

Due to data integrity concerns between the systems in place, certain assumptions were made by USNH Internal Audit during the testing performed. These assumptions (matching of the name of PI and name of project) were made when testing the approved IACUC protocols to approved research projects in Cayuse SP.

IV. Report Structure

The three observations in Section V of this report outline internal control issues for management's attention and consideration. The order of the comments is based on their relative importance in terms of potential risk to USNH or foregone effectiveness if not addressed. The observations marked with an asterisk indicate the most significant items for management attention and resolution, which will be tracked for the USNH Audit Committee's monitoring until resolved. The report contains recommendations that management has considered and incorporated into the management action plans indicated below.

V. Observations

* 1. Enhance the Billing procedures

We noted the following in regards to the internal billing process for the use of animal care facilities by researchers:

- i. Calculation of rate charged: The existing billing rates calculation do not include all costs (including labor costs for staff involved) associated with use of animal facilities. We also noted that some cost elements (e.g., daily inspections) are included at a lesser amount than reasonably necessary to perform the function. According to NIH guidelines, the University is required to establish the per diem rates, using appropriate and accurate cost data, and units used, including direct, internal support cost, and institutional facilities and administrative costs. Due to this, UNH animal care facility was not able to charge and recover the cost allowed under NIH guidelines¹ and instead, internal funds were burdened. In addition, based on our comparative analysis of peer institutions, UNH rates were significantly lower.
- ii. Billing of internal animal subjects: We noted that the IACUC approved two breeding protocols, whereby two PIs are breeding specific transgenic research animals. These animals will be used by the respective PI for approved research. Once the animals reach a certain age, they will be transferred from the approved IACUC breeding program to the IACUC approved research project. However, no cost of the animal is charged to projects/grants using these specialized animals. There is a risk that the University will not be able to recover reasonable costs from the sponsors and incurs an additional financial burden on internal resources.
- iii. Billing of externally procured animal subjects: We noted that two purchases or research animals totaling \$5,967 were not billed/allocated to projects using the animal during their research. The condition exists due to inadequate billing and verification protocols. There is a risk that charges are not appropriately allocated to the appropriate FDM and as such grants and projects using such services are not billed, resulting in financial loss for the University.
- iv. Inconsistency of Internal billing: Internal billing for the use of animal care facilities and the animal housing rates are inconsistently billed to the researcher and collected from the researcher, housing animals at the ARO. We noted that six monthly internal invoices (involving four researchers) totaling \$4,216 were billed, based on the established per diem housing rates, but no revenue has been received. In addition, we noted that one invoice was incorrectly billed by \$1,208.

¹ Cost Analysis and Rate Setting Manual for Animal Research Facilities
(https://grants.nih.gov/grants/policy/air/rate_setting_manual_2000.pdf)

There is a risk that the University will not be able to recover these costs from the researcher.

Consequently, there has been an inadequate recovery of costs from projects using the facility. We noted that for FY 2024, an internal allocation of \$361k was approved to fund the operations on an annual basis to cover the deficit of \$367k. The objective of the ARO should be to appropriately allocate direct and indirect costs allowed under NIH guidelines so that it can operate efficiently.

We recommend the following in regards to this observation:

- *Review the existing internal per diem rates for housing research animals to help the ARO become more self-sustaining. Ensure that all costs associated with the ARO are used in the calculation, including but not limited to:*
 - *Direct costs are expenses that are incurred for the husbandry of animals and for other services provided by the ARO for the benefit of specific projects. These costs can be directly linked to the husbandry of the animals. These could include the daily care and maintenance of animals, such as observation, feeding, watering, cleaning cages, maintaining a suitable environment, and technical activities in support of research protocols. The costs should be further broken down into subcategories for specific animals.*
 - *Internal support costs include ARO administration, animal health care, and cage washing in the designated cage washing room.*
 - *Institutional facilities and administrative costs including space cost, institutional general administration and general expenses, and costs relating to regulatory compliance, including the veterinarians time to perform the required inspections.*
- *Approve and evaluate periodically the internal billing rates for the housing of research animals at the ARO.*
- *Establish written criteria and procedures for the purchasing of research animals and where the expense of the purchase should be charged too.*
- *Establish written procedures for the transfer of internal breed research animals by the PI to be used in their own research, including the internal charging of the transfer for these animals.*

Management Action Plan – Associate Vice President and Chief Research Administration Officer, UNH

1. We will review the existing per diem rates for housing research animals and update them as appropriate based on the review. We will review all costs associated with the facility and ensure that the units used in the analysis are reasonable. In regards to the outstanding internal billing to PIs, we will review the impacted cost centers and record any revenue for outstanding balances if needed.
2. Internal billing rates will be evaluated and approved annually.
3. We will establish and implement formal procedures regarding the purchase of research animals and ensure that all research animals are billed to the PIs. In addition, we will review the animal purchases that are noted in the findings and bill the animals to the PI.
4. We will establish and implement formal procedures related to appropriate internal billing for the transfer of internally bred research animals.

This will be completed by December 30, 2025

*** 2. Enhance the IACUC Approval Protocols procedures**

- a) Projects involving animal use and care protocols are inconsistently tracked among various systems: Banner, Cayuse Sponsored Projects and Cayuse Animal Oversight. We noted discrepancies for these key fields such as project numbers, project names, and Principal Investigators (PIs) among these systems, as there are no standardized naming conventions for handling and entering awards involving animal use and care awards in Cayuse Animal Oversight. Therefore, it is not always clear if the approved protocol in Cayuse Animal Oversight is the same project as in Cayuse SP. There is a risk that animal use and care protocols and the purchase of research animals may not be authorized by the sponsor and could result in unallowed cost and non-compliance with sponsor requirements.
- b) Based on the testing, we noted that for 28 out of 36 selected projects, grant documentation approved by sponsor showed animal use, but we could not obtain corresponding approval from IACUC. The condition exists because Cayuse SP system functionality has not been mandated and is inconsistently used by the PI and UNH SPA. Not using this feature creates inconsistencies when reports are run to identify any federal projects that have research animals in their research, as key fields are not included in the report. Therefore, there is a risk that unauthorized animal use can occur without proper approvals and authorizations, which can result in fines and penalties.
- c) Currently, the IACUC procedures do not require requestors to provide key information in the paper tracking form, including detailed funding source, including internal UNH grant number, internal UNH fund number, and/or name of the proposal's PI. In addition, if the project has a federal sponsor, the federal project number or the Cayuse award number is not required to be added to the IACUC protocol. We noted six out of 15 IACUC protocols that have external sponsors, but no additional information, including the PI, was requested. In addition, the grant title, if different from the protocol title, is requested on the IACUC application. For these six protocols, no grant name was noted on the protocol, or the protocol name did not match the grant name. Not documenting complete information can lead to inadequate monitoring and verification of proper authorization. There is risk of non-compliance, which can result in fines and penalties.
- d) The reporting capabilities out of Cayuse Animal Oversight lack key functionalities, such as the ability to extract UNH Proposal or award ID numbers and the name of the proposal's Principal Investigator. The missing key fields make it difficult to generate accurate and comprehensive reports that could be used to reconcile approved IACUC protocols to their respective federal awards in Cayuse SP (if applicable). There is a risk that the project with animal use may not have approval from the sponsor or IACUC.
- e) Lastly, with the implementation of the CITI Program on September 9, 2024, we noted training courses are valid for 5 years from when they are completed. Prior to that date, training certificates did not expire. During our testing, we noted that two out of six selections training certificates were older than five years when the protocol was originally approved by the IACUC. In addition, we noted one additional selection training certificate expired during the three-year approval period of the protocol. We were informed that UNH staff were grandfathered in, and their training certificates do not expire. There is currently nothing in the procedure that states that UNH staff who completed the training before 2024 are grandfathered in and their training does not expire. This could result in an oversight of potential issues such as non-compliance of working with animals.

We recommend the following in regards to this observation:

- *Work with the system administrator to enhance the integration between Cayuse SP and Cayuse Animal Oversight systems to ensure accurate and consistent data mapping, including project and proposal numbers, project names, and PI details.*
- *Enhance reporting capabilities of Cayuse Animal Oversight and Cayuse Pre-Awards. Work with the system administrators to enhance the reporting functionalities in Cayuse Animal Oversight, including the ability to add and track proposal and award identifiers.*
- *Develop and implement procedures to ensure standard naming conventions regarding grant titles, award information, and grant PI are used when completing a new or renewal of the IACUC protocol. Ensure any guidelines that are used by PIs will be updated accordingly.*
- *Develop and implement roles and responsibilities regarding animal use and care protocols approval and monitoring including but not limited to: verification that approval from the external sponsor has been received regarding the involvement of animals in research studies, purchases of research animals are budgeted and approved.*
- *Update existing procedures to ensure it is clearly stated who is required to complete the training and how often.*

Management Action Plan – Director of Research Integrity Services, UNH

1. We are currently working with Cayuse to upgrade the Animal Oversight module. Once the upgrade is completed, we will be able to obtain all the information through the application. We will import and develop the IACUC protocols within Cayuse Animal Oversight and request all needed information, ensuring that the IACUC protocols will be linked to Cayuse Sponsored Projects for consistent data mapping. This depends on the vendor's timeframe and the integration capability of the two modules, but we currently estimate that this will be completed by December 30, 2026.
2. Until the upgrade of the Cayuse Animal Oversight module is completed, during the initial review of IACUC applications, we will check with the PI regarding the grant title, award information and PI (if different from the IACUC protocol) if the PI indicates external funding on the application. Any guidelines will be updated and reinforced with the PIs. This will be completed by September 30, 2025.
3. We will develop and implement roles and responsibilities regarding animal use and care approval and monitoring. Once we have upgraded the Cayuse Animal Oversight module, for those initial applications that indicate an external sponsor, RIS staff add a question for the PI to certify that the sponsor has given approval for the involvement of vertebrate animals in research and where those animals need to be purchased. This will be incorporated into the IACUC manual. This will be completed by December 30, 2026.
4. We will update the training section within the IACUC manual, to include that any training certificates through the CITI program will have an expiration date of 5 years and any training program completed prior to that, does not have an expiration date. This will be completed by September 30, 2025.

3. Enhance tracking of animal purchases and ARO direct costs

We noted that there are currently inconsistent general ledger accounts used to charge the purchases of research animals and other direct costs that the ARO incurs on behalf of research projects. These purchases are made by ARO on behalf of researchers which initially charged to their FOAPAL/Cost Center and then allocated to the research projects. With inconsistently charges to different GL makes it difficult to track if all costs incurred on behalf of others have been properly billed. The lack of a unique and dedicated account for research animals and ARO direct costs appears to be due to a gap in established guidelines or oversight regarding the categorization of these expenses. Use of GL consistently would also allow for better tracking of direct expenses that are being used in the calculation of the daily per diem rates for research animal housing. Charging research animals and related purchases to multiple accounts creates confusion and complicates financial tracking and reconciliation. It increases the risk of misallocation and errors in billing. There is a risk that animal research may occur on projects which are not approved by IACUC, as the University cannot be able to ensure unapproved projects. Furthermore, without a dedicated account for research animal purchases, including those related to IACUC-approved research, there is a potential risk of non-compliance with institutional policies and grant requirements.

We recommend the following in regard to this observation:

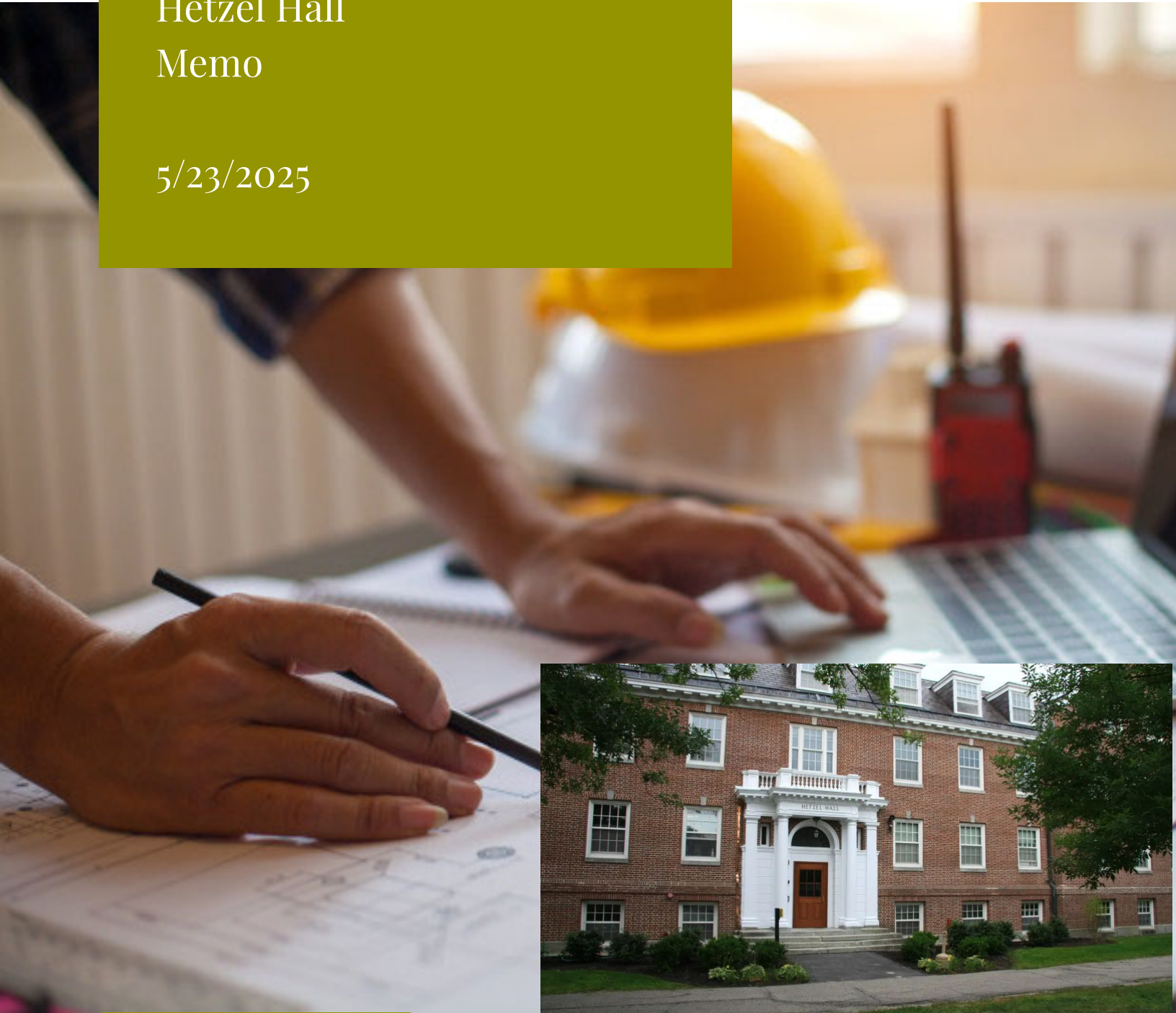
- 1. Ensure the same general ledger account is used when purchasing research animals and transferring the cost of research animals.*
- 2. Ensure a separate general ledger account is used when charging direct ARO costs.*
- 3. Require the inclusion of the approved IACUC protocol # (if applicable) in the detailed business purpose description when the research animal is purchased.*

Management Action Plan – Associate Vice President and Chief Research Administration Officer, UNH

1. We will be working with USNH Controllers office to create a unique general ledger, specifically for the purchase of research animals and ARO direct costs.
2. Going forward, we will require the inclusion of the approved IACUC protocol # in the business purpose of the purchase of research animals. Purchases made through UShopNH will require the inclusion of the approved IACUC Protocol # in the business justification. UNH STAR staff are aware of this.
3. We will update the existing guidance to include the use of the unique general ledger account and require the inclusion of the approved IACUC protocol number in the business purpose.
This will be completed by December 30, 2025.

CONSTRUCTION AUDIT
University of New Hampshire
Hetzel Hall
Memo

5/23/2025



PREPARED FOR

University System of New Hampshire
Hetzel Hall
63 Main Street
Durham, NH 03824





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Executive Summary

Project Description

The University System of New Hampshire ("USNH") is renovating its residence hall, Hetzel Hall, at its Durham, NH campus. The project includes a full renovation of its 140 room student dormitory.

The construction contract for the building is estimated at \$25 Million and the projected timeline is from February 2023 to Spring of 2025.

Wright-Ryan Construction, Inc. is the construction contractor.

GMP/Cost

Project Recap		
Description	Amount	%
Total Estimated Cost - Original Contract	1,421,500.00	
Change Notices through PA #18	23,721,024.32	
Revised Estimated Cost	25,142,524.32	100%
Total Completed and Stored-to-Date (before retainage)	19,282,164.57	77%
Total Remaining Cost	5,860,359.75	23%

Construction Audit Scope

The scope of the construction audit included the following related to the Hetzel Hall project:

- **Payment Application ("PA") Assessments:** Reviewed two (2) full, detailed payment applications (PA #10 & #16) ensuring all documentation and costs charged complied with the Contract Agreement.
- **Job Cost Reconciliation through PA #18:** Reconciled costs via job cost inquiry charged to project through Pay Application #18, (July 2024).
- **Insurance Assessment:** Reviewed and reconciled insurance billings and confirmed permit/bond costs via invoice ensuring all charges were in accordance with the Contract Agreement.
- **Owner Change Orders ("COs"):** Reviewed and analyzed two (2) Change Orders to ensure documentation included detailed breakdown of costs, use of approved labor and equipment rates, and appropriate calculation of fees and markups.
- **Buyout Analysis:** Reviewed and identified potential cost savings to the Owner and/or shared savings as determined by the Contract Agreement.
- **Labor Rate Analysis:** Reviewed and analyzed Wright-Ryan and (8) subcontractor labor rates.

Observations & Recommendations

Payment Application Assessment #1 – PA #10

Armanino requested and received Payment Applications and applicable substantiating backup from Wright-Ryan from project inception through November 2023, PA #10. As of PA #10, \$5,952,752.31 was billed to USNH with \$1,111,796 incurred for the period of November 2023. We performed a Schedule of Value Reconciliation to ensure all costs charged to USNH from inception through November 2023 via the AIA G702 and G703 flowed accurately month-to-month and noted no exceptions. Subsequently, Armanino performed a full review of the Payment Application to ensure all documentation and costs charged complied with the Contract Agreement. Based on our review and follow up discussions with USNH and Wright-Ryan, we identified a total of 13 Issue Items and made the following observations:

1. Recommend including contract language disallowing estimated billing of costs through month end or “pre-billing.”

Our review of PA #10 noted a discrepancy between the total of \$1,075,396 in Cost of Work charged to the project against the Job Cost Inquiry total of \$1,071,377.88 intended to reconcile to that dollar amount. The discrepancy of (\$4,018.12) was identified as a result of estimations billed month-to-month based upon invoices/vendors that had not been recognized on the project but were anticipated. To reduce the risk of unintentional overbilling should a pre-billing remain unreconciled in future Payment Applications or potential payment disputes should an issue arise with a contractor/subcontractor during a pre-billing period, we recommend disallowing pre-billing on future projects.

2. Recommend stronger contract language and internal processes and/or guidelines on executed subcontract agreements and adherence/compliance to terms of subcontract agreements.

We identified several subcontractors under T&M (Time & Material) subcontract agreements. Upon request of detail and substantiating backup documentation for the respective charges we noted the following:

- a) In some instances, documentation was limited or unavailable, for example: Knowles Industrial Services was identified as a subcontractor billing under a not-to-exceed T&M subcontract. Invoice and receipts to substantiate Lodging (hotel stays) and Fuel costs were requested and backup provided by subcontractor was limited to Excel spreadsheet breakdowns without actual vendor invoice/receipt backup to support costs and validate appropriateness or relation to Hetzel project. Without supporting documentation from a T&M subcontractor or actual vendor invoice/receipt backup, USNH is at risk of reimbursement of costs not related to its project.

- b) T&M subcontracts were subsequently converted into lump sum agreements via subcontractor change order per Wright-Ryan. Should USNH have the intention to utilize T&M subcontractors on future projects for greater transparency in project costs and its potential for savings, we recommend incorporating stronger contract language surrounding compliance as well as implementing internal process and/or guidelines on monitoring specified subcontract agreements for contract compliance throughout the project.

Payment Application Assessment #2 – PA #16

Armanino requested and received Payment Applications and applicable substantiating backup from Wright-Ryan from PA #11 through PA #16 (May 2024). As of PA #16, \$16,207,017.24 was billed to USNH with \$2,435,752.09 incurred for the period of May 2024. We performed a Schedule of Value Reconciliation to ensure all costs charged to USNH from December 2023 through May 2024 via the AIA G702 and G703 flowed accurately month-to-month and noted no exceptions. Subsequently, Armanino performed a full review of the Payment Application to ensure all documentation and costs charged complied with the Contract Agreement. Based on our review and follow up discussions with USNH and Wright-Ryan, we identified a total of 12 Issue Items and made the following observation:

3. (\$910.54) – Realized & Pending Credits

We identified the following adjustments within our PA #16 review that were accepted by Wright-Ryan for credit:

- a) (\$900 + any additional invoices): Phoenix Welding – T&M subcontractor including administrative fee within invoicing. Fee was not included within provisions of executed subcontract agreement. All Administrative Fees were agreed to credit, however, Armanino has not been able to confirm credit. Additionally, recommend further review to ensure any additional invoices Phoenix Welding may have charged to project did not include Administrative fee and if so, are appropriately credited to USNH.
- b) (\$10.54): Wright-Ryan – Mileage expense overbilled due to math error. Credit confirmed and issued to USNH in Pay Application #20.

Job Cost Reconciliation through PA #18

Due to the inconsistencies reconciling Wright-Ryan's Job Cost Inquiries and substantiating backup against the amounts charged to USNH, we performed a job cost reconciliation of Wright-Ryan's Job Cost Inquiry against the total cost billed through July 2024, PA #18. Wright-Ryan provided its PA #18 G702 and G703, along with its Job Cost Inquiry through July 2024. A total of \$19,282,164.57 was billed by Wright-Ryan to USNH through PA #18. Through review and subsequent discussion, we were able to verify and confirm that the cost of work incurred of \$18,633,636 reconciled appropriately to the total billed amount through PA #18 resolving previous pre-billing concerns of reconciliation and duplicative billings. We identified an issue related to the Design-Builder's Fee as outlined below:

4. Design-Builder's Fee appears to be underbilled. Recommend reconciliation of Fee at end of project.

Per §7.1.1 of the Agreement, the Design Builder's Fee was established at 3.5%. As of PA #18, \$648,528 was charged to the project and appears underbilled by Wright-Ryan. We recommend a reconciliation of Design-Builder's Fee at the end of the project. See below variance as of July 2024, PA #18 in Figure 1 below:

Design-Builder's Fee Reconciliation	
Total Completed through July 2024, PA #18	19,282,165
Less: Fee	(648,528)
Subtotal	18,633,637
Design-Builder's Fee Per Agreement	x 3.5%
Total Design-Builder's Fee due through PA #18	652,177
Total Billed by Wright-Ryan through PA #18	648,528
Variance	3,649

Figure 1

Insurance Assessment

Through July 2024 (PA #18), a total of \$300,869 in Insurance costs were billed to the project and allocated as follows in Figure 2:

Insurance Costs Billed through PA #18	
WRC Insurance (1%)	184,615
Performance & Payment Bond (Skillings Shaw & Associates)	100,577
Professional Liability (Clark Insurance)	7,746
Inland Marine (Acadia Insurance)	7,931
Total Billed to Project through PA #18	300,869

Figure 2

5. Recommend final reconciliation of insurance premium costs and WRC Insurance at end of the project.

Armanino verified all insurance premium invoices and charged costs with no exceptions to cost, however, the expiration dates are of note.

- Performance & Payment Bond policy #0253130 effective 5/18/2023 through 8/31/2024
- Professional Liability policy #PDCPP0000207 effective 5/1/2022 through 6/1/2023
- Inland Marine policy #CIM5541376-11 effective 3/16/2023 through 8/16/2024

We reconciled Wright-Ryan's Insurance Rate of 1% per §7.1.1 of the Agreement and noted a small variance as noted below in Figure 3:

WRC Insurance Reconciliation	
Total Completed through July 2024, PA #18	19,282,165
Less: WRC Insurance	(184,615)
Less: Fee	(648,528)
Subtotal	18,449,022
WRC Insurance Per Agreement	x 1%
Total WRC Insurance due through PA #18	184,490
Total Billed by Wright-Ryan through PA #18	184,615
Variance	(125)

Figure 3

Based on the information above, we recommend a final reconciliation of insurance at the end of the project to ensure any additional insurance premium costs are substantiated appropriately due to the extended length of the project and to ensure that Wright-Ryan's contracted rate of 1% Insurance is reconciled appropriately to the final cost of work on the project.

Change Order Review (CO #1 & #2)

Armanino requested Change Orders along with its Payment Application Reviews and received documentation related to Hetzel Hall's Change Orders #1 and #2 totaling \$316,820.39. We made the following observations:

6. Recommend stronger internal processes or guidelines surrounding Change Order processes and approvals.

Upon review of Change Order #1, we identified 2 out of the 3 "PCOs" that comprised Change Order #1 were approved at lump sum amounts. Per §9.3.2 of the Agreement, a lump sum change in the work should be "*a mutually accepted, itemized lump sum.*" Furthermore, §9.6 includes terms for Validation of Prices in which no change over \$5,000 is to be approved without "*complete itemization of costs, including labor, materials and Subcontracts.*" The PCOs in question exceeded this amount and no detailed backup documentation could be provided as per conversations with USNH's Facilities Project Management team and Wright-Ryan, we were told that due to the time constraints and fast-pace of the project, these CO's were approved early on based on reasonableness. We recommend reviewing internal processes and guidelines surrounding Change Order processes and approvals (i.e. ensuring all backup and documentation is sufficient, complete, and appropriate) and consider implementing stronger or additional oversight to ensure USNH does not take on unnecessary risk due to lack of contract compliance on future projects as Change Orders remain a large factor in cost and budget overruns on construction projects.

7. (\$90.80) – Pending Credit

Upon review of Change Order #2, we identified a discrepancy between the agreed upon CO Markup and the markup applied by subcontractor. Northeast Masonry entered into a

subcontract agreement with an agreed upon CO Markup of 10% and applied 15%. Wright-Ryan agreed with the discrepancy and agreed to work with Northeast Masonry on revised pricing which was provided to Armanino. Without further review or documentation provided, we cannot confirm if this has been executed and credited to USNH at this time.

Buyout Analysis

Armanino requested all bid proposals and bid leveling sheets to perform USNH's requested scope of work, however we were unable to complete this on the Hetzel Hall project. At the time of the project, we were advised that "bid leveling" sheets typically were not required in Design-Build Bid projects and due to the time constraints of the project schedule, it was decided to not move forward with the exercise to produce the documents needed retroactively.

8. Recommend including contract language related to bidding under Design-Build contracts and requiring bid leveling on all projects as well as detailed bid proposals on all future projects.

Armanino was unable to verify any specific guidelines related to bidding requirements under the Design-Build contract and furthermore, per USNH Facilities Project Management, we were told that bid leveling sheets were not required on Design-Build projects. Bid leveling sheets ensure the project team is able to review and compare all bids on an even field for a fair assessment to determine the most qualified and financially beneficial choice for USNH. Additionally, as part of our Change Order #2 review, we noted that a PCO related to removing Firestopping scope from Electrical and HVAC trades for the entire scope to be completed by the Firestopping subcontractor. Upon request for itemized breakdowns, we received a lump sum bid proposal from the Firestopping subcontractor without itemized breakdown and the credits from Electrical and HVAC were limited to email correspondence requesting the amount intended to cover their respective Firestopping costs for credit. Without itemized bid proposals, bid leveling would be inefficient and ineffective and credits such as the example above cannot be verified and USNH is at risk of overpayment.

Labor Rate Analysis

Armanino requested, at the direction of USNH, labor hourly rates as well as respective labor breakdowns for the following entities: Wright-Ryan, SJ Cantwell, Yankee Electrical, Palmer & Sicard, and Shamrock. We were unable to complete this scope due to push back related to the agreed upon rates between USNH and subcontractors previously. Despite USNH's right to audit and vocalization of request to exercise its §14.8.1 Right to Audit, we were unable to secure rates or breakdowns during the time of our audit.

9. Recommend labor rate audit (hourly rates of all personnel/trade positions with hourly breakdown of labor burden) of Contract Manager/Design-Builder and Subcontractors prior to approval of rates on future projects.

As part of USNH's Right to Audit, a labor rate audit is in line with industry standards and at minimum, would be beneficial for USNH to periodically require labor rate breakdowns

from all contractors and subcontractors in order to review all components of the labor rate (base wage, payroll taxes, and labor burdens: paid time off (vacation, sick, holidays, etc.), benefits/union benefits, insurance, allocation items: truck, cell phone, etc.)) to ensure these components are in compliance with the Contract Agreement, in line with industry comparisons, and are not overstated; overall to ensure USNH is in agreement with the approved rates and mitigating risk of overpayment on future projects.

Next Steps Recommendation

Armanino recommends a final Closeout Audit from PA #19 through project completion (95-100% complete) to accomplish the following tasks on behalf of USNH:

- Request all Payment Applications with respective Job Cost Inquiries and full, substantiating backup documentation.
- Request Job Cost Inquiry through cutoff date/last Payment Application.
- Request Contingency & Allowance Logs.
- Reconcile the Job Cost Inquiry through cutoff date/last Payment Application.
- Reconcile the final Subcontractor cost between Subcontractor to Wright-Ryan and Wright-Ryan to USNH.
- Reconcile Wright-Ryan labor billings from PA #19 through cutoff date/last Payment Application.
- Select and review a sample of vendor invoices to verify costs and identify any non-billable/non-compliant costs or duplicate invoices.
- Reconcile Wright-Ryan's fee (3.5%) billed to the project per the Agreement.
- Reconcile Wright-Ryan's (1%) Insurance billings billed to the project as well as any extended insurance(s) – P&P Bond, Inland Marine, Professional Liability per the Agreement.
- Review and analyze accounting for Contingency and Allowance items to confirm amounts have been properly accounted for in compliance with the Agreement.
- Verify pending credits identified in preceding memo have been credited to USNH.
- Provide a final Issue Log/Memo with our findings/observations to USNH.
- Review up to (4) additional Change Orders to ensure documentation includes detailed breakdown of costs, use of approved labor and equipment rates (as available), and calculation of fees and markup are appropriate.

Other Matters

Recognizing that our review was limited in scope, you will appreciate that reliance must be placed on adequate methods of internal checks and controls as your principal safeguard against errors or fraud, if any, which a test examination may not necessarily disclose.

This report is intended for the information and use of University System of New Hampshire and Wright-Ryan Construction, Inc. and should not be used by or distributed to anyone other than these specified parties without the express permission of University System of New Hampshire or Armanino.

Appendix

Process Improvements & Recommendations for Hetzel Hall

❖ Armanino recommends:

- USNH have Armanino assist in reviewing the standard language that USNH has for all contracts to strengthen them going forward. Below are some sample recommendations for some stronger language:
 - § 6.6.8 Contractor acknowledges and agrees to perform under this Agreement in compliance with the Auditor. Clarifications set forth in Exhibit 6.6.8 attached hereto and incorporated herein. See Exhibit 6.6.8
 - Here are just some of our suggestions for the accounting records section of the contract: § 6.11 Accounting Records - The Construction Manager shall keep full and detailed records and accounts related to the cost of the Work and exercise such controls as may be necessary for proper financial management under this Contract and to substantiate all costs incurred. The accounting and control systems shall be satisfactory to the Owner. Such accounts shall be kept in accordance with generally accepted accounting principles and practices and in compliance with all applicable governmental and legal requirements pertaining to the Project or the Work. The Owner and the Owner's auditors or other representatives shall, during regular business hours and upon reasonable notice, be afforded access to, and shall be permitted to audit and copy, the Construction Manager's records and accounts, including complete documentation supporting accounting entries, books, correspondence, instructions, drawings, receipts, subcontracts, Subcontractor's proposals, purchase orders, vouchers, memoranda, payroll certified as to hours by job classification (if required by Owner) and other data relating to this Contract. The Construction Manager shall preserve these records for a period of three years after final payment, or for such longer period as may be required by Law.
 - Here are just some of our recommendations about labor rates: § 6.2.4 Costs paid or incurred by the Construction Manager for taxes, insurance, contributions, assessments and benefits required by Law or collective bargaining agreements and, for personnel not covered by such agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, but only to the extent, in each instance, that such costs are included in the rates stated in Exhibits 6.2.1 and 6.2.2 hereto. The Owner shall have the exclusive right to approve Construction Manager's labor burden rates.

❖ Armanino recommends:

- USNH should obtain all supporting documentation (outlined below) for PA #19 for Hetzel Hall through project completion to conduct a final project analysis. If concerns remain after this review, a more in-depth analysis of the entire project may be warranted.

- Request all Payment Applications with respective Job Cost Inquiries and full, substantiating backup documentation.
 - Request Job Cost Inquiry through cutoff date/last Payment Application.
 - Request Contingency & Allowance Logs.
 - Reconcile the Job Cost Inquiry through cutoff date/last Payment Application.
 - Reconcile the final Subcontractor cost between Subcontractor to Wright-Ryan and Wright-Ryan to USNH.
 - Reconcile Wright-Ryan labor billings from PA #19 through cutoff date/last Payment Application.
 - Select and review a sample of vendor invoices to verify costs and identify any non-billable/non-compliant costs or duplicate invoices.
 - Reconcile Wright-Ryan's fee (3.5%) billed to the project per the Agreement.
 - Reconcile Wright-Ryan's (1%) Insurance billings billed to the project as well as any extended insurance(s) – P&P Bond, Inland Marine, Professional Liability per the Agreement.
 - Review and analyze accounting for Contingency and Allowance items to confirm amounts have been properly accounted for in compliance with the Agreement.
 - Verify pending credits identified in preceding memo have been credited to USNH.
 - Review up to (4) additional Change Orders to ensure documentation includes detailed breakdown of costs, use of approved labor and equipment rates (as available), and calculation of fees and markup are appropriate.
- A labor rate review be conducted, including an hourly rate review for all personnel and trade positions, along with a detailed breakdown of labor burden, for the Contract Manager/Design-Builder and Subcontractors. This review will help ensure that the labor rates utilized for Hetzel Hall are reasonable and were adhered to.
 - USNH enforce that the general contractor adhere to an audit schedule for the duration of the Hetzel Hall project to ensure that USNH does not release payments for items that are either non-compliant of the contract or potential duplication of payments.

Process Improvements & Recommendations for Future Projects

❖ Armanino recommends:

- USNH obtain all supporting documentation for all payment applications for future projects Hetzel Hall through the life of the project. We can assist with a comprehensive list of documents that should be included in every payment application if desired.
- A labor rate review be conducted, including an hourly rate review for all personnel and trade positions, along with a detailed breakdown of labor burden, for the Contract Manager/Design-Builder and Subcontractors. This review will help

ensure that labor rates on all current and future projects are reasonable and that all cost components within the rates are clearly understood before approving them for future projects.

- Regardless of the project's size, ongoing work should not hinder the submission of required documentation. Typically, it is the general contractor's office staff, rather than on-site project personnel, who are responsible for gathering and providing this information. Therefore, USNH not accept project progress as a justification for the general contractor's failure to submit the necessary documentation.
- A labor rate review be conducted on all future projects prior to approval of labor rates, including an hourly rate review for all personnel and trade positions, along with a detailed breakdown of labor burden, for the Contract Manager/Design-Builder and Subcontractors. This will ensure that all labor rates on all future projects are reasonable and that all cost components within the rates are clearly understood before approving and will reduce the amount of duplicate charges for items that might already be built into the rates.
- USNH enforce that the general contractor adhere to an audit schedule for the duration of all future projects to ensure that USNH does not release payments for items that are either non-compliant of the contract or potential duplication of payments.
- USNH should conduct a comprehensive review and analysis of all internal processes related to contracts, payment application review, approval, and payment, change order submission and approvals, labor and equipment rates, and the project closeout process.
- On all future projects USNH should enforce that the general contractor adhere to an audit schedule for the duration of the project to ensure that USNH does not release payments for items that are either non-compliant of the contract or potential duplication of payments.
- USNH should prohibit pre-billing by general contractors and subcontractors on future projects. Allowing pre-billing increases financial risk and based on industry experience, often leads to overpayment by the owner.
- USNH project management staff should be required to document all discussions with the general contractor to maintain a clear record of communications. This can be achieved through follow-up emails or other written documentation stored with project records to ensure a reliable paper trail.

Process Improvements & Recommendations for Hetzel Hall Change Orders

❖ Armanino recommends:

- USNH submit all change orders related to Hetzel Hall, along with their complete supporting documentation (both approved and unapproved), for a comprehensive review by Armanino. In addition, Armanino should conduct a separate interview with the general contractor to assess Wright-Ryan's

understanding of the approval process for the unapproved change orders related to this project.

- If any of the change orders are “estimates” that USNH request Wright-Ryan to produce the actual invoices for the work that was completed and to reference which pay application, it was billed for in.
- Complete a review of all emails involved in the discussions of the change orders to ensure that something was or was not agreed upon for especially the “unapproved” change orders.

Exhibit 6.6.8 (Example)

Auditor Clarifications

1. Whenever possible, the Contractor should use SBI Incorporated (d/b/a INDOX Services) for reprographic services.
2. Contractor and Subcontractors will submit and maintain labor rates in the Owner's required format and will submit updates for Owner approval not more frequently than once per calendar year, unless otherwise provided in the Contract Documents.
3. The mutually agreed insurance rate referenced in Paragraph 6.6.1 of the A133 is \$[]/\$1000 of Contract Sum (less the Contractor's Fee and cost of insurance), subject to adjustment as of [insert day/month, if applicable] of each calendar year as mutually agreed by the Owner and Contractor, but only to the extent of actual premium increases charged by the insurer.
4. Contractor may only be reimbursed by the Owner for vehicle repair or replacement expenses approved in writing by the Owner in its sole discretion (a "**Major Repair**").
5. By way of clarification, Contractor shall not purchase or otherwise make use of materials, tools or equipment from Contractor's inventory or storage, material or equipment yard without receiving the Owner's advance written consent from [Owner/Owner's Rep] in each instance



University of
New Hampshire

University System
of New Hampshire

USNH Audit Committee
Item V.A. Approve FY2026 Meeting Schedule and Work Plan

USNH Audit Committee

FY26 Meeting Schedule & Work Plan



MOVED, on recommendation of the Chancellor, that the Audit Committee FY2026 Meeting Schedule and Work Plan be approved.

USNH Audit Committee

FY26 Meeting Schedule & Work Plan



October 2025 Meeting

FOCUS ON FINANCIAL REPORTING INTEGRITY

- Approve FY25 USNH financial statements presented by management
- Review FY25 audit report and comments from CLA
- Review FY25 financial statements and audit report/comments for UNH Foundation
- Review status of outstanding audit issues (first semi-annual update)
- Receive Enterprise Risk Management (ERM) update on assigned risks

March 2026 Meeting

FOCUS ON RISK MANAGEMENT AND COMPLIANCE

- Accept external auditors' FY25 single audit reports on USNH federal expenditures
- Approve appointment of external audit firm for FY26 financial statement audit
- Receive USNH Environmental Health and Safety Council's 2025 annual report
- Receive annual update on Title IX compliance
- Review status of outstanding audit issues (second semi-annual update)
- Receive Enterprise Risk Management (ERM) update on assigned risks
- Review USNH conflict of interest policies and related management process

USNH Audit Committee

FY26 Meeting Schedule & Work Plan



June 2026 Meeting

FOCUS ON GOVERNANCE AND INTERNAL AUDIT

- Review Enterprise Risk Management (ERM) Annual Report
- Review Internal Audit's FY26 annual report and approve FY27 Internal Audit plan
- Approve FY27 Meeting Schedule and Work Plan
- Review Internal Audit Charter and determine if updates are needed
- Self-assess Audit Committee effectiveness
- Review Audit Committee Charter and determine if updates are needed
- Receive GLBA compliance update
- Receive report on anonymous hotline activity and any fraud



University of
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of New Hampshire

Internal Audit Department Report

June 26, 2025

- Internal Audit Plan
- Department Resources
- Audit Plan Status and Department Activities
- Ethics and Compliance Hotline Activity
- Summaries of Advisory Reports

Internal Audit Plan (FY26)

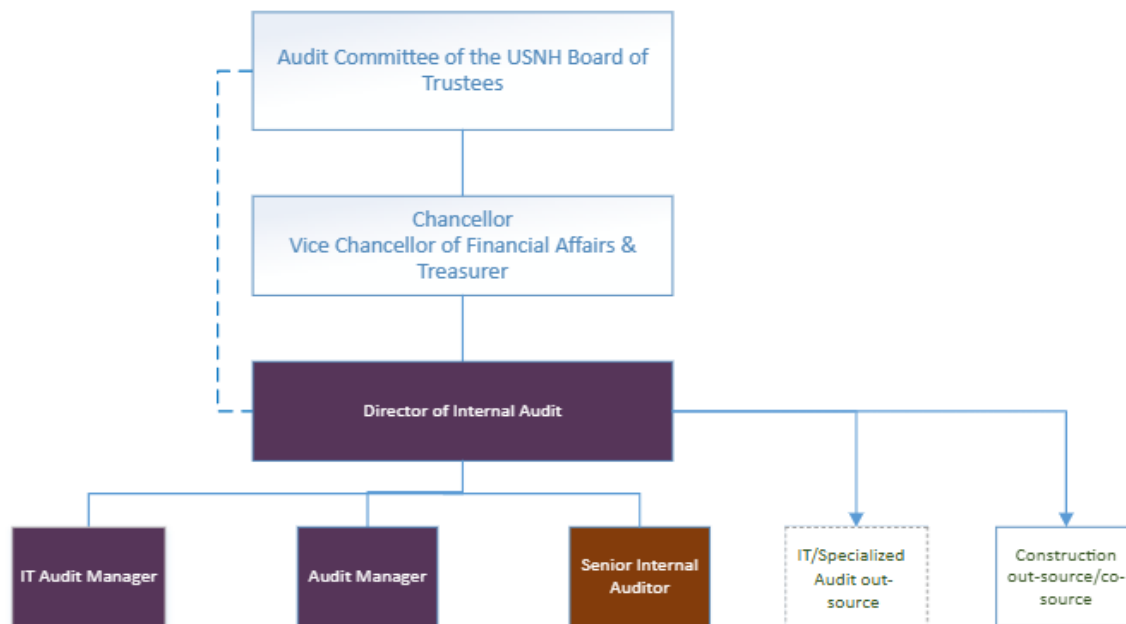
Responsible Operation	Audit Name
System wide	Workday Post Implementation Review (Advisory) <ul style="list-style-type: none"> • Access security • Business processes – Financial Close, Budgeting, Accounts Receivable, Payroll, Expense Reimbursement, Grants Post Award including grants billing. Include integrated business processes, e.g., E-procurement & AP • Workflows • Interfaces
KSC	Keene Endowment Association (KEA) (Outsource)
PSU	Admissions Data Security Review
UNH	College of HHS Data Security Review
UNH	Financial Conflict of Interest in Research
UNH	Pre-award Process
UNH	Building Access Systems (physical security)
System wide	Windows/Linux Servers
System wide	Sponsored Accounts
System wide	Data Analysis – Arbutus and Workday (Internal Audit)
System wide	Investigations and Special Projects (as needed)
System wide	Construction Cost Reviews (as needed)
System wide	Follow-up on previous audit recommendations

Motion



- *MOVED, on recommendation of the Chancellor, that the proposed Internal Audit Plan for FY26 be approved.*

USNH Internal Audit Organization Chart



Internal Audit Budget FY2026

Budget -Personnel	Amount (in '000 \$)
Salaries	417
Benefits	171
Professional Services	4
Subtotal Personnel	592

Budget- Operating	Amount (in '000 \$)
Training and travel	1
Software and licenses	21
Membership dues & fees	2
Subtotal Operating	24

Total Budget for FY2026 \$616,000

Internal Audit Staff



- Director: Ashish Jain, CIA, CISA, CA, ACDA
(CPA-licensed in Massachusetts)
- Audit Manager: Yasmin Clark (CPA-licensed in Massachusetts)
- IT Audit Manager: Abhi Sharma, CISA, CISM

Qualifications

- All have bachelor's degrees
- All have professional certifications
- Two are CPAs

Ashish Jain

Director

Ashish Jain holds a Master of Science in Accountancy from Bentley University and Bachelor of Commerce from Panjab University, India. Ashish joined the University System in April 2016. He was previously the Associate Director for Internal Audit at Boston College. Additional prior experiences includes working at Massachusetts Institute of Technology and PricewaterhouseCoopers, LLP. Ashish maintains professional certifications as a Certified Public Accountant in Massachusetts, a Certified Internal Auditor, and a Certified Information Systems Auditor. He holds a certification as ACL™ Certified Data Analyst (ACDA).

Yasmin Clark

Internal Audit Manager

Yasmin Clark graduated from Oglethorpe University in Atlanta, GA, magna com laude, in 2006 with a Bachelor's degree in Accounting. Prior to joining the University System in September 2016, she had 10 years of experience in auditing at PricewaterhouseCoopers, LLP, where she specialized in the valuation of Investments for public and private Funds and in the area of Employee Benefit Plans. Yasmin maintains professional certifications as a Certified Public Accountant in Massachusetts.

Abhi Sharma

IT Audit Manager

Abhi holds a master's degree in Information Security Management and Informatics from Northeastern University and an undergraduate degree in Computer Science and Engineering. Abhi joined the University System in October 2024. His prior IT audit experience includes roles at F5 Networks and Fidelity Investments. He actively maintains certifications as a CISA and CISM. He also holds certifications as a Certified Ethical Hacker, an AWS Solutions Architect, and an Azure Security Engineer. Additionally, he served as a judge for the One in Tech Scholarship by ISACA in 2023 and 2024.

Internal Audit Activities Planned Vs Actual

Planned Audits FY2025

**Status Key: C = Completed; D = Deferred; IP = Fieldwork In Process*

Responsible Operation	Audit Name	Status*
KSC	BHII Data Security Review	C
KSC	Revenue Contracts Compliance	IP
PSU	Admissions Data Security Review	D
PSU	Athletics Operations	D
UNH	Advancement Data Security Review	C
UNH	Parking Operations	C
UNH	Pre-award Process	D
UNH	Animal Care Protocols Compliance	C
UNH	Financial Conflict of Interest in Research	IP
UNH	Research Computing Center - ITGC Audit	C
UNH	Huddleston Hall Cost Review (Outsource)	IP
UNH	Hetzel Hall Cost Review (Outsource)	C
System wide	Accounts Receivable	D
System wide	Network Security	IP
System wide	Sponsored Accounts	D
System wide	SQL and Oracle Databases	D
System wide	Workday Post Implementation Review (Advisory)	IP
System wide	Signature Authority (Advisory)	C

Prior Planned Audits Completed in FY2025

**Status Key: C = Completed; D = Deferred; IP = Fieldwork In Process*

Responsible Operation	Audit Name	Status*
UNH	Human Subject Protocol Compliance	C
UNH	International Operations	C
UNH	Peter T. Paul College Data Security Review	C
System wide	IT Asset Management	C
System wide	ERP Implementation Advisory Review (Outsource)	C
System wide	Vulnerability Management	C
System wide	Purchasing Card	C

Other Projects Not on the Audit Plan

**Status Key: C = Completed; D = Deferred; IP = Fieldwork In Process*

Responsible Operation	Project Name	Status*
KSC	Advisory on I-9 Compliance	C
PSU	Advisory on I-9 Compliance	C
UNH	Investigation (Confidential)	C
UNH	Investigation (Confidential)	C
UNH	Investigation (Confidential)	IP
UNH	Change Orders in Construction Projects	C
System wide	403(b) and 457(b) Plans Audit (Outsource)	IP
System wide	Construction Cost Process Review Report	C

- Risk based audit plan and scope
- ERM coordination
- Advisory services and consultations
- Data security reviews
- Fraud investigations
- Audit issues follow-up
- Maintain anonymous Ethics and Compliance Hotline

- Coordinated training session on change orders in construction projects
- Cost saving opportunities
- Multi state tax services coordination
- Provided advisory comments on
 - Pcard policy
 - Amazon gift card guide
 - Business process narratives
 - Phishing procedures

- Incorporate AI in our work
- IT Auditor presented at Ivy plus group meeting on topic of Adapting to Evolving Risk and participated in panel on Use of AI in Audits
- Participation (as ex-officio) in USNH EHS Council, GLBA Committee, Red Flag Rule Committee, Data Security Committee, and Cybersecurity Committee

- Active involvement in professional organizations
 - Ivy Plus user groups (CAEs, IT auditors, data analytics, direct reports)
 - ACUA
 - New England Audit Directors
 - IIA membership for staff

- Develop data analysis capabilities for Workday data
- Build capabilities to leverage AI advancements
- Identify saving opportunities
- New IIA Standards



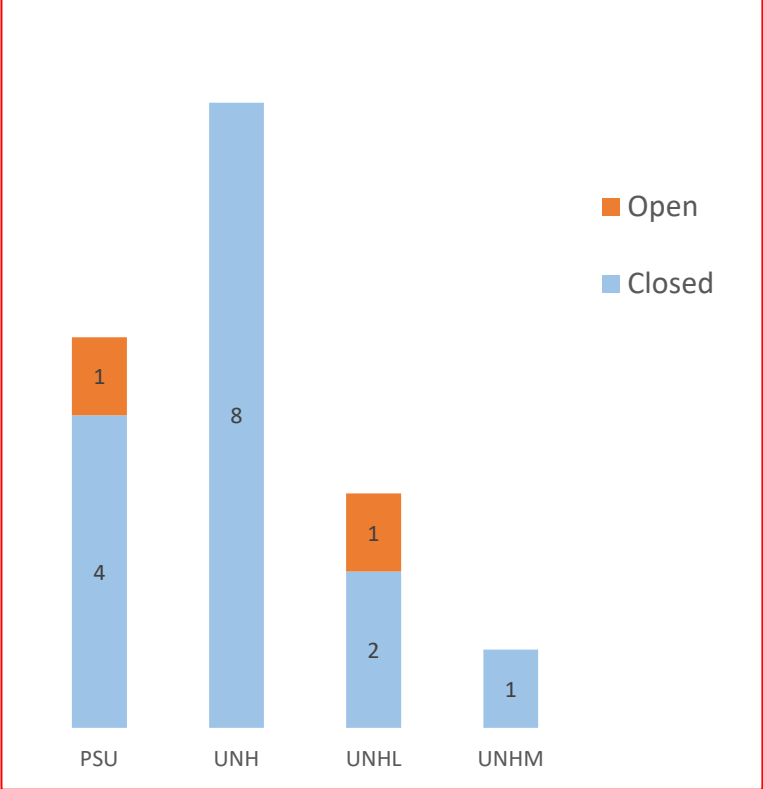
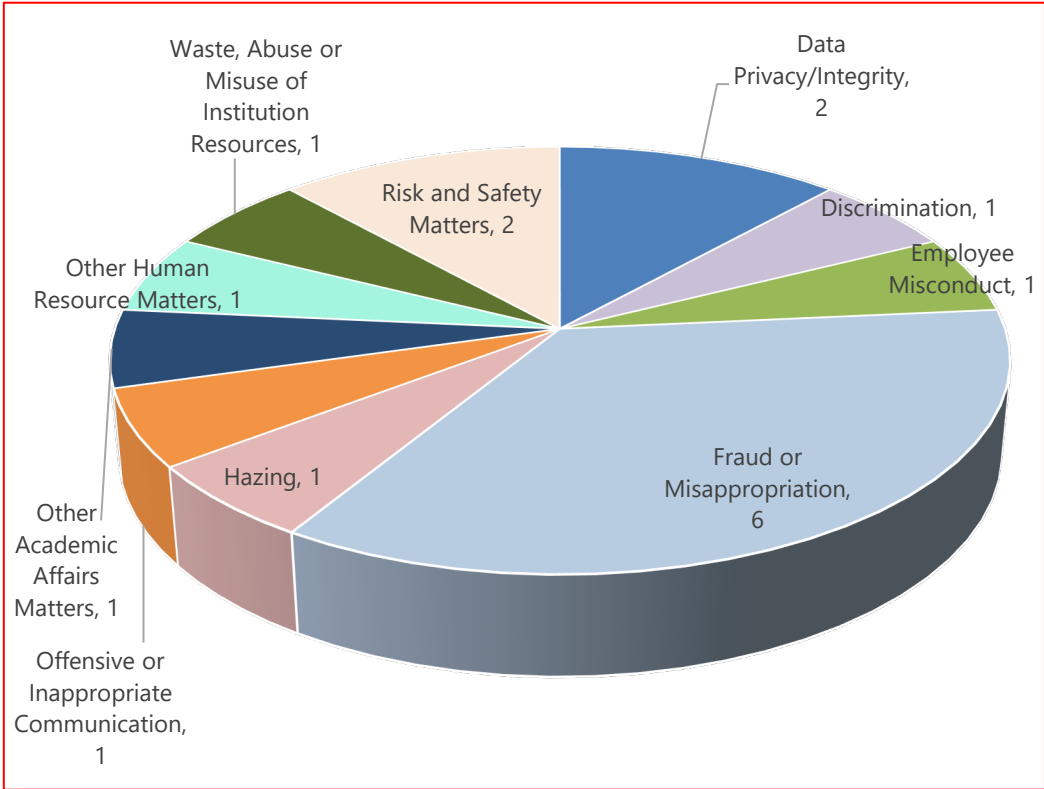
Summaries of Advisory Services



Internal Audit provides advice and limited consultation services informally to USNH employees upon request, and more formally in written advisories as a result of planned consultation projects or to supplement formal audit reports. The following represent the more significant areas of consultation for USNH internal auditors in FY2025.

- **KSC & PSU Advisory on I-9 Compliance-** Written advisory reports were issued to enhance existing internal controls for I-9 compliance at KSC and PSU. We recommended that KSC and PSU HR review appropriate reports to identify missing or expired I-9 forms. We also recommended that KSC and PSU HR follow up with employees to obtain and complete current I-9 forms.
- **USNH Change Orders:** A written advisory was issued to enhance internal controls for change orders for capital construction projects. We recommended obtaining adequate supporting documentation, formalizing authorizations, and enhancing contract language.
- **USNH Workday and Banner Reconciliation:** We performed the trial balance reconciliation between Ellucian Banner Finance closing balances and Workday opening balances to ensure that Balance Sheet and Income Statement data was transitioned accurately and completely into the new Workday system. Identified and analyzed differences and recommended management to document rationale for differences.
- **USNH Signature Authority:** A written advisory was issued to enhance compliance with signature authority policies and procedures. We recommended updating the policy, prescribing conditions for delegations, annual review of delegations, and publishing the signature authority matrix.

Hotline and Fraud Activity June 2024 to June 2025



* Two matters from prior period were closed and included in the above data. Multiple reports on a same matter are consolidated and reported as one.

Hotline and Fraud Activity Benchmark



- According to NAVEX Global 2024 Whistleblowing & Incident Management Benchmark Report, a typical organization had 1.57 complaints per 100 employees. USNH is around .42 complaints per 100 employees
- Substantiated report rate of 45% vs. 59% for USNH

UNIVERSITY SYSTEM OF NEW HAMPSHIRE
BOARD OF TRUSTEES

Audit Committee

Motion Sheet

University System of New Hampshire

To: Audit Committee

Re: **Approve FY2026 Internal Audit Plan/Review Internal Audit FY2025 Annual Report**

PROPOSED MOTION

***MOVED**, on recommendation of the Chancellor, that the proposed Internal Audit Plan for FY2026 be approved.*

SUMMARY OF PROPOSED ACTION

The motion calls for approval of the FY2026 Internal Audit Plan.

RATIONALE FOR PROPOSED ACTION

The Institute of Internal Auditors (IIA) is an international professional association with global headquarters in Altamonte Springs, Florida. The IIA is the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator. The IIA provides a framework for performing internal auditing, through the publication of International Standards for the Professional Practice of Internal Auditing. It is considered industry best practice to comply with the IIA standards. Standards require that the Director of Internal Audit communicates internal audit plan including significant interim changes to the board for review and approval. In order to comply with the above-mentioned IIA standards, the Director of Internal Audit is presenting the FY2026 Audit Plan to the Audit Committee.

PREVIOUS REVIEWS AND APPROVALS

The plan incorporates feedback from campuses and system office. Internal Audit met with officials from campuses and system office to seek their feedback and to update the understanding of changes and risks facing their area. The draft plan considers management initiatives, challenges, and external factors so that Internal Audit activity continues to focus on high-risk areas.

RELEVANT GOVERNANCE DOCUMENTS, POLICIES, AND PRACTICES

USNH's policy on Internal Audit (BOT.IV.C) requires that the Board of Trustees' Audit Committee has the responsibility for reviewing the activities of the Internal Audit Department.

RESOURCE IMPLICATIONS

The plan is subject to staff and client availability.

RISK MANAGEMENT CONSIDERATIONS

None

SUBSEQUENT ACTION REQUIRED

None

ATTACHED MATERIALS – SUMMARY AND SALIENT INFORMATION

The FY2026 Internal Audit Plan and Internal Audit FY2025 Annual Report are enclosed.

SUBMITTED AND APPROVED BY:

Catherine A. Provencher
Chancellor

Date Prepared: June 16, 2025

For the Meeting of: June 26, 2025

-- End of Motion Sheet --



Item V. C. Approve Enterprise Risk Management (ERM) Annual Report and Assignment of Risks

MOVED, on recommendation of the Chancellor, that the Audit Committee recommends to the Executive Committee the adoption of the following motion:
MOVED, on recommendation of the Audit Committee, the Executive Committee hereby formally assigns the top system wide risks identified in the GY2026 annual ERM report to the appropriate Board committees, as specified in the attachment, for purposes of oversight.

ENTERPRISE RISK MANAGEMENT

**Annual Report to the
Board of Trustees' Audit Committee
GY2026**

May 1, 2025

USNH System-Wide Risks

Process for Identifying, Assessing, and Managing Enterprise Risks:

Please refer to the various underlying campus reports and the system office report for a description of the processes that were undertaken to identify and assess enterprise risks and those being undertaken to manage these risks.

These processes generated the system-wide risk information in the table that is included herein. Each risk factor has been assigned both a likelihood of occurrence and a potential impact grade (High, Medium or Low).

This consolidated report highlights the multifaceted risks facing the institution, spanning financial sustainability, operational challenges, governance issues, and the evolving landscape of higher education. Addressing these risks requires proactive strategies, effective governance, and robust investments in infrastructure, talent, and support services.

A number of other risks were identified during the campus and system office ERM processes. Plans to actively manage or accept those risks were formulated. These other risks are not included in the various ERM reports because they were not deemed top risks based on the applicable likelihood and impact grades.

Summary of the Results of Current Year Process:

Risk Area	Accountable Office	Description	Likelihood	Impact
1. Financial Health	Presidents' Council, FINEC	<ul style="list-style-type: none"> Declining and changing demographics, increased student financial need, fierce competition, changes in consumer expectations, inflation, etc. are putting extreme pressure on the bottom line. Annual cash burn continues, leaving USNH with less liquidity and potential compliance concerns about the USNH endowment pool where excess cash is currently invested. Uncertainty about crucial external funding can impact ongoing business operations. Budget adjustments are needed to eliminate the structural deficit that could grow significantly by 2030. Reduced state and federal funding, federal indirect cost recoveries may significantly impact continued operations. Limited ability to raise prices or increase financial aid because of significant price sensitivity in the higher education market. Unpredictable financial market which could result in low/negative investment returns and increased borrowing costs. Strategic investments don't have the desired effect on mitigating demographic and other uncontrollable higher education trends or generating the financial returns expected. Fixed cost structure grows after significant cost reductions implemented; temporary expenses become permanent. 	High	High
2. External Pressures	Presidents	<ul style="list-style-type: none"> The changes at the federal and state level may leave USNH vulnerable to sudden changes in expectations making it difficult to plan. Shift by political leaders to legislate formerly autonomous matters for the System e.g., Title IX/campus sexual assault, regulation of firearms, inclusion practices, athletics, and free speech issues. Impact of large policy issues (such as elimination of ED, HEA authorization, Pell grant levels) on operations and funding. Outside influences and concerted political efforts may cause considerable disruption to campus operations and safety of students, faculty and staff. Adverse spontaneous legislative reactions to individuals, individual programs, or campus actions to issues such as offerings, 	High	High

Risk Area	Accountable Office	Description	Likelihood	Impact
		<p>student protests, program cuts or layoffs, faculty or staff asserting public opinions.</p> <ul style="list-style-type: none"> Recommendations from public higher education task forces could necessitate reprioritization efforts, potentially impacting ongoing initiatives. 		
3. Enrollment & Retention	Presidents' Council, AEC	<ul style="list-style-type: none"> Demographic and market competition continue to erode enrollment. Various New England states offer free in-state or reduced tuition to qualified students. Enrollments fall below target levels. Impact to operating margin and unrestricted financial resources, ability to balance in-state and out-of-state student populations, impact to planned spending around strategic initiatives/strategic plan and capital needs. Need to continue evolving curriculum to meet local, regional, and national industry needs. Lack of public awareness that USNH cost of attendance is competitive and affordable and 95% of first year students receive aid. Loss of students during the semester/melt. Lack of alignment with the higher ed market and workforce of the future. Skepticism about the value of degrees, especially liberal arts. Inability to quickly pivot to meet changing expectations of current and incoming students. 	High	High
4. Workday (ERP) Implementation	Presidents' Council	<ul style="list-style-type: none"> Inadequate attention to increasing student facing shared services during the design phase of SIS. Insufficient/inadequate resources to support the project. Failure to redesign USNH business processes to fit the software selected. Data Architecture and Data Governance have not been established and integrated to streamline and support adequate reporting for decision makers across USNH. Data conversion inaccuracies may impact planning and decision making. Failure to address the integration of other USNH software technology/solutions. Failure to optimize the system functionality may not provide expected benefits. Lack of faculty and staff buy in and support. Insufficient/inadequate training for end users. 	High	High

Risk Area	Accountable Office	Description	Likelihood	Impact
		<ul style="list-style-type: none"> Failure to implement an appropriate change management and communication plan. Failure to execute within a timeline and budget approved by the BOT. 		
5. Governance	Presidents' Council, Board, and executive councils	<ul style="list-style-type: none"> Presidents and Chancellor are developing system design to address future challenges. Disruption and slowed progress due to changes in leadership. Potential gaps and disconnects in executive authority and responsibility. Changes in key leadership positions and roles could cause disruption and slow progress toward change. Executive Councils are not yet consistently high functioning. System-level executive authority and responsibility shared among the Chancellor and Presidents' Council, creating potential for gaps, disconnects, and lack of initiative and ownership. Lack of system-wide thinking may hamper the ability to make necessary changes that effectively support the mission. 	High	Medium
6. Talent Management	Presidents, HREC	<ul style="list-style-type: none"> Difficulty attracting and retaining high-quality staff. Succession planning gaps. Remote work management challenges. Low morale impacting productivity, especially with ERP implementation. Financial risks due to tight labor market. Increase in employee organizing efforts. 	High	Medium
7. Cyber Security	Presidents' Council	<ul style="list-style-type: none"> Lack of full visibility of digital assets; gaps in architecture, policy, and security controls necessary to safeguard institutional information and information technology resources. Data breaches, phishing, accidental disclosure of personal data, ransomware and hacking could cause significant disruption to operations, public relations, reputational harm, and ability to attract and retain students and employees. 	High	Medium
8. Shared Services	Presidents' Council	<ul style="list-style-type: none"> Disconnect between campus expectations of services being provided, the cost of providing services and the areas providing the services. The risks and opportunities associated with rapid technological advancements, including the integration of AI and digital learning platforms, may not be fully optimized. This could potentially diminish the competitive advantage of USNH entities in both business operations and educational offerings. 	Medium	Medium

Risk Area	Accountable Office	Description	Likelihood	Impact
		<ul style="list-style-type: none"> • Differing budget practices, parameters and cost structures between services provided by UNH and those provided by system office cause confusion and non-value add work. • Continued resistance to change by faculty and staff and competing priorities have the potential to hamper acceptance of optimization efforts with shared services that are necessary to manage costs. • Challenges with lack of buy-in, a high expectation of personalized service, and unrealistic response times may erode confidence in the ability to work as a well-coordinated system that could make further sharing of services challenging to implement. • Highly valued staff have the potential of burn out and/or leaving as workloads and expectations create a challenging environment and erode job satisfaction. 		
9. Compliance	Presidents	<ul style="list-style-type: none"> • Lack of central system compliance office/officer can lead to gaps in compliance management. • Material changes to Title IX regulations will likely need to be implemented in the coming year. • Pending legislation could increase compliance obligations in operations. • Increased procedural requirements for student and faculty discipline; increased and unclear limitations on management of protests and outside events. • New federal disclosure obligations require significant staff time to manage despite flat-to-reduced headcounts throughout the System, risking distraction from other areas. • Turnover and staff limitations in grant management staff increase risk to institutional research operations. 	Medium	Medium
10. Student Life and Wellbeing	Presidents	<ul style="list-style-type: none"> • Failure to prevent or respond to threats can directly impact the safety and wellbeing of students. • Increased mental health struggles for students can directly impact their wellbeing and academic success. • Issues with residential facilities, such as safety concerns and inadequate amenities, can affect the living conditions and wellbeing of students. • Increased polarization, skepticism, and resistance. • Marginalization of conservative community members; loss of support for underrepresented community members. 	Medium	Medium
11. Facilities and Infrastructure	Presidents	<ul style="list-style-type: none"> • Inadequate financial resources to effectively support maintenance and capital asset renewal. • Construction cost escalation continues to drive costs higher and limit the amount of work that can be programmed in future years. 	Medium	Medium

Risk Area	Accountable Office	Description	Likelihood	Impact
		<ul style="list-style-type: none"> • Lack of project delivery processes and controls across the full university system. • Potential loss of facility use due to failure of supporting infrastructure. 		

UNIVERSITY SYSTEM OF NEW HAMPSHIRE
BOARD OF TRUSTEES

Audit Committee

Motion Sheet

University System of New Hampshire

To: Audit Committee

Re: **Enterprise Risk Management (“ERM”) Annual Report and Assignment of Risks**

PROPOSED MOTION

***MOVED**, on recommendation of the Chancellor, that the Audit Committee recommends to the Executive Committee the adoption of the following motion:*

***MOVED**, on recommendation of the Audit Committee, the Executive Committee hereby formally assigns the top system wide risks identified in the GY2026 annual ERM report to the appropriate Board committees, as specified in the attachment, for purposes of oversight.*

SUMMARY OF PROPOSED ACTION

USNH has an Enterprise Risk Management (“ERM”) program that has been designed to identify risks, including emerging risks, and activities that occur to mitigate the risks to an acceptable level. The program consists of risk identification activities that occur on each of the System’s campuses and in the System office annually. Various Board committees are typically updated frequently on risks that fall within their purview. Assignment of risks to USNH Board committees provides a formal process for various committees to review and monitor top risks.

As previously discussed by the Executive Committee and as specified in Board Committee charters, the Executive Committee may choose to formally assign the top risks to the appropriate Board committees for monitoring. A proposed committee assignment list is attached.

Each top risk is assigned an ERM Champion to work with an appropriate team to determine whether there have been activities that have been designed to manage or mitigate the risk. The responsibilities of the ERM Champion are:

1) Gather information from appropriate individuals on each campus and in the System office on periodic basis to: a) determine whether the magnitude of the risk has changed in any significant way (probability of occurrence, potential impact, or both); and b) report on primary activities that are occurring to manage or mitigate the risk, with particular focus on any important new activities; and

2) Report the status of the risk and related mitigating activities to the Presidents' Council and assigned board committee.

RATIONALE FOR PROPOSED ACTION

This process will ensure that adequate information is provided to the Board's committees to help them monitor the top risks.

PREVIOUS REVIEWS AND APPROVALS

The President's Council discussed the annual report at its May 2025 meeting.

RELEVANT GOVERNANCE DOCUMENTS, POLICIES, AND PRACTICES

As prescribed in the committee charters, the Board's committees have responsibility to review areas of risk assigned by the Executive Committee for further review or other follow-up based on annual enterprise risk reports from the System's chief executive officers.

RESOURCE IMPLICATIONS

None

RISK MANAGEMENT CONSIDERATIONS

The assignment of oversight of identified risks to relevant Board committees serves as due diligence component of the USNH enterprise risk management strategy.

SUBSEQUENT ACTION REQUIRED

The proposed action, if adopted, would be a recommendation to the Executive Committee for final action at its next meeting.

ATTACHED MATERIALS – SUMMARY AND SALIENT INFORMATION

A proposed committee assignment list is attached.

SUBMITTED AND APPROVED BY:

Catherine A. Provencher
Chancellor

Date Prepared: June 17, 2025

For the Meeting of: June 26, 2025

-- End of Motion Sheet --

USNH ERM GY2026

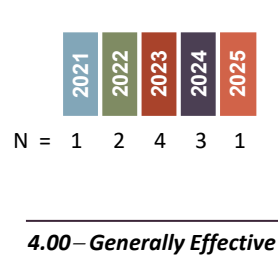
Board Oversight Responsibilities (3)

Assigned Committee	Process (1)	Risk (2)	Champion (4)
Audit	ERM Process	Workday (ERP) Implementation Compliance Cybersecurity	Bill Poirier Chad Pimentel Tom Nudd
Educational Excellence		Student Life and Well-Being Enrollment and Retention	Ken Holmes Nate Bowditch
Executive		External Pressures Talent Management	Chad Pimentel James McGrail
Financial Affairs		Financial Health	Karen Benincasa
Governance		Governance Shared Services	Chad Pimentel Cathy Provencher
Investments		Facilities and Infrastructure	Bill Janelle
Nominations			
Notes: (1) - Provides assurance to the full board that risks are being assessed by management with appropriate levels of frequency and diligence. (2) - Provides assurance to the board that the magnitude of the risk hasn't changed significantly (or it has and management has responded accordingly) and related risk mitigation activities continue to be adequate. (3) - These activities can occur at the committee level periodically with management advising the applicable committee if any particular risk warrants review in its next meeting due to changes in circumstances. (4) - Gather information from appropriate individuals on each campus and in the system office and report the results to the Presidents' Council and the assigned board committee.			

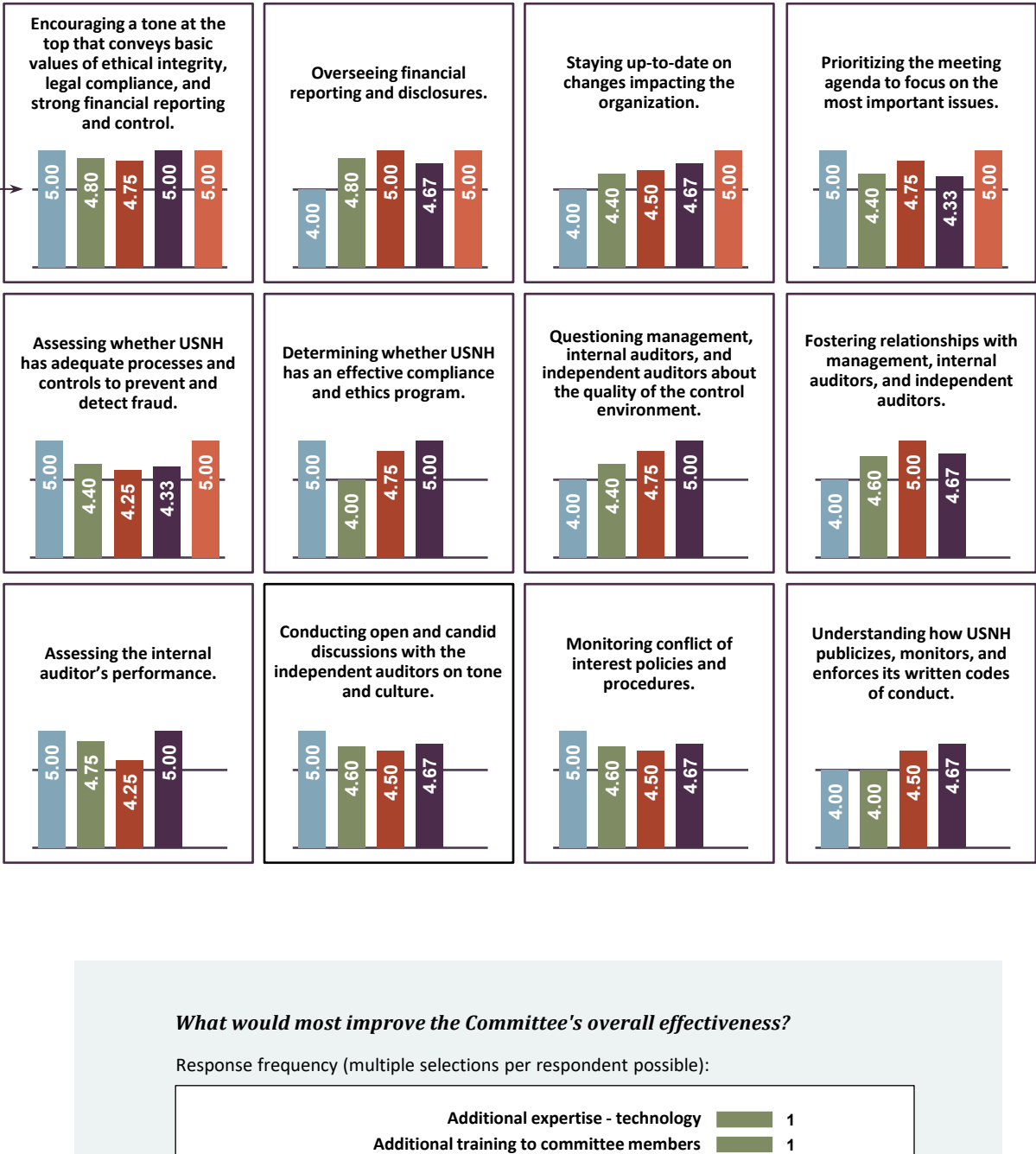


Item VI. A. Self-assess Audit Committee effectiveness

Indicator Ratings by
Year 2021–2025



MEMBER Assessment of Committee Effectiveness | Scale: 1.00–Not Effective to 5.00–Highly Effective

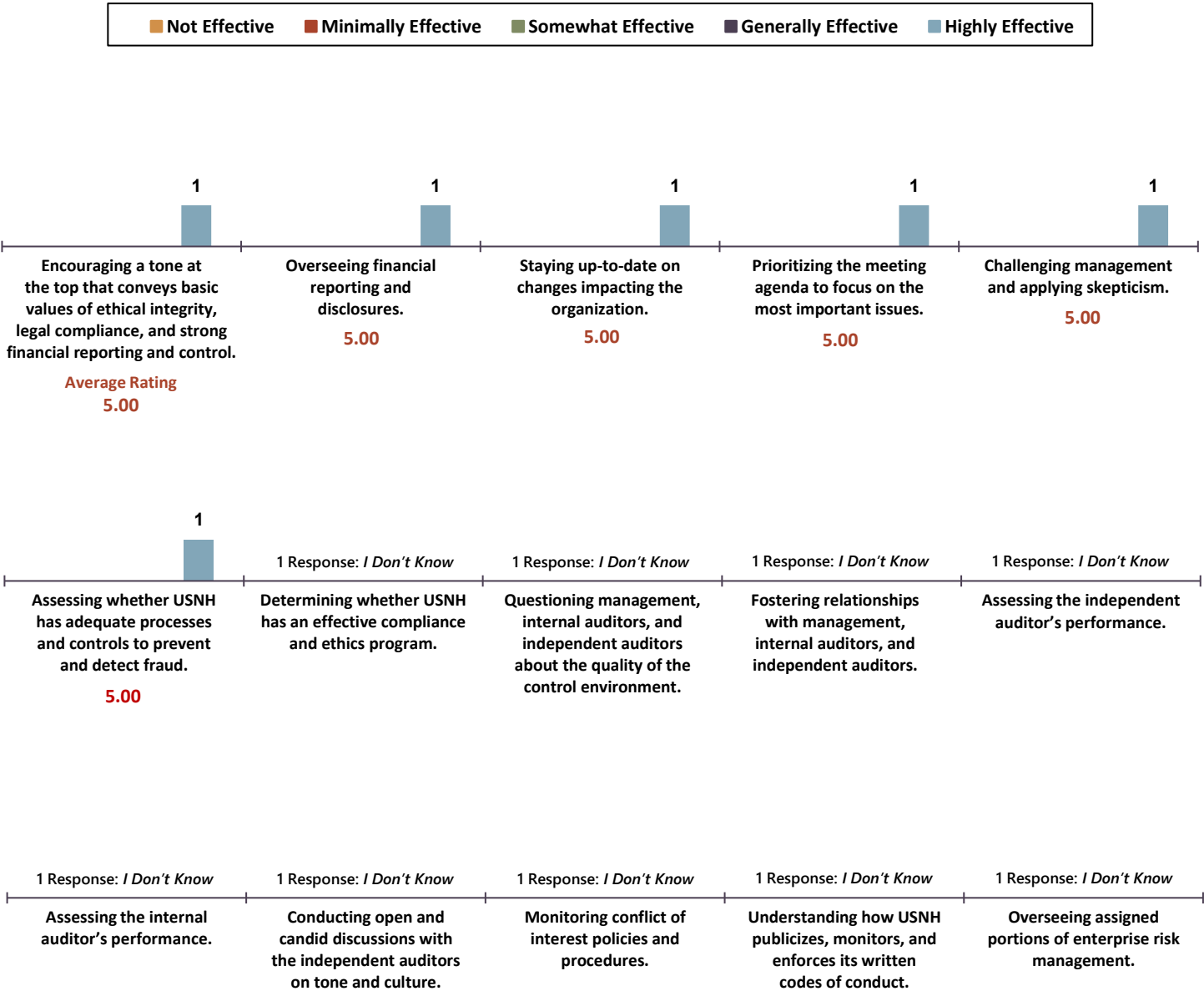


USNH Board of Trustees | Audit Committee Evaluation 2025 – Member-specific Assessment

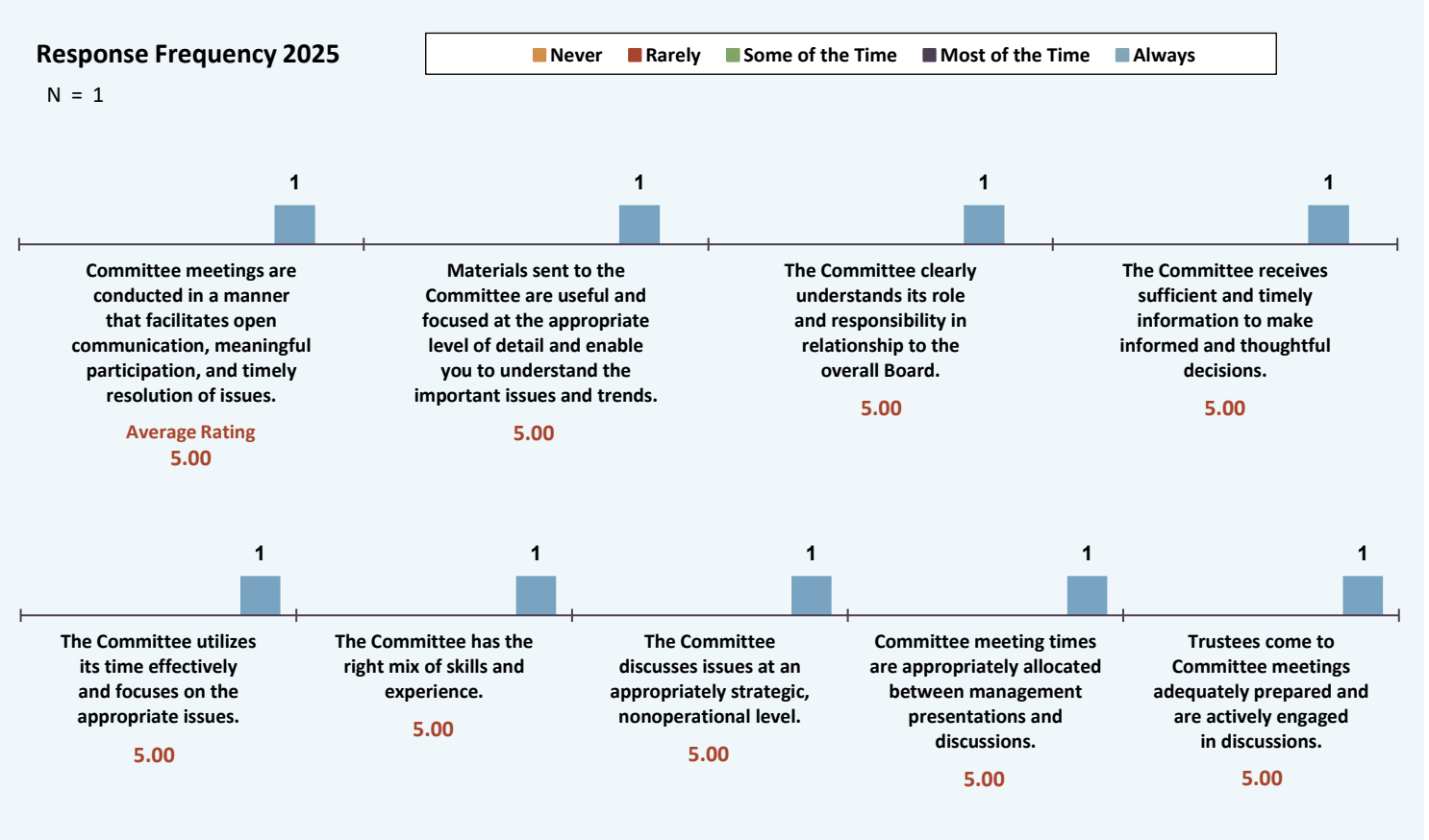
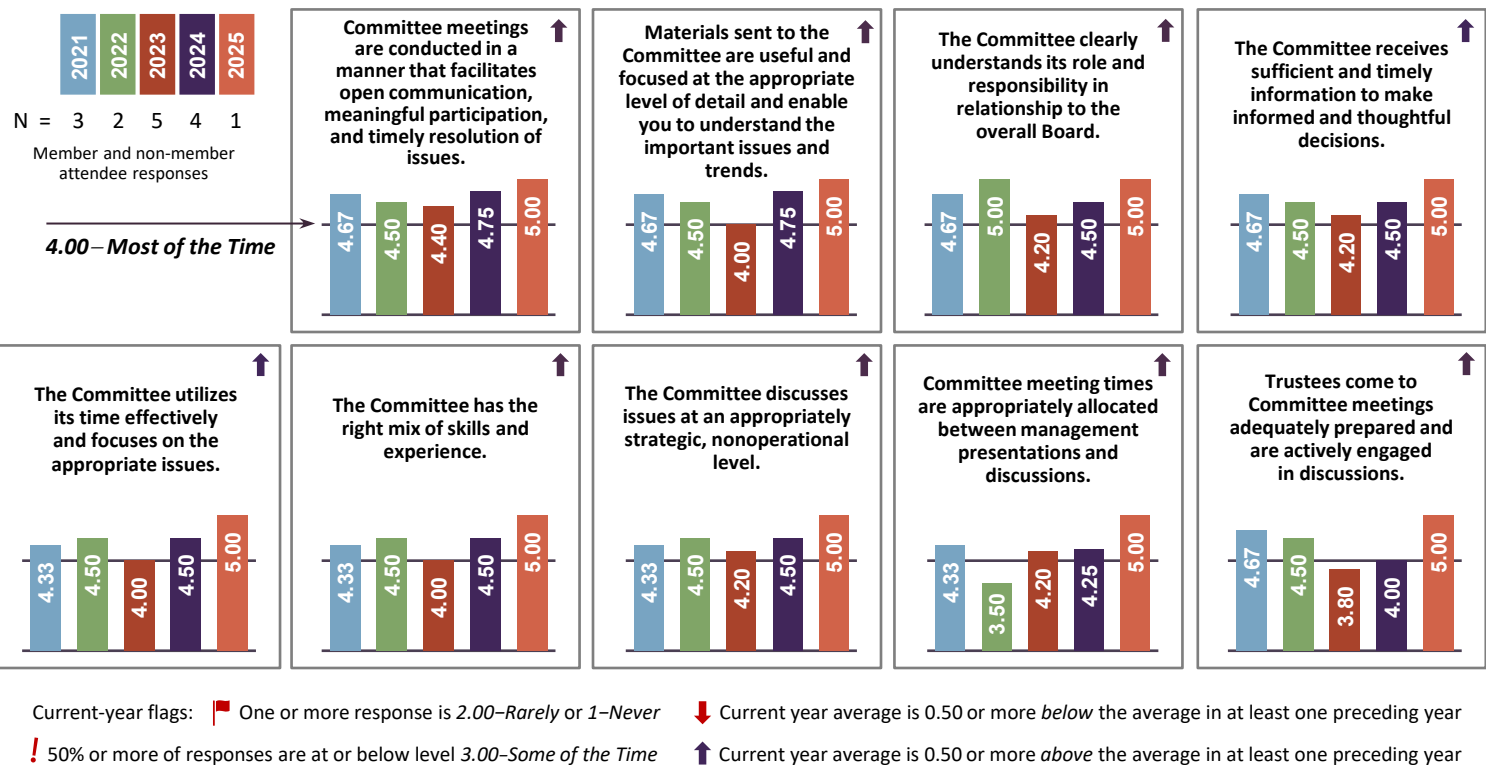
Response Frequency

N = 1

MEMBER Assessment of Committee Effectiveness | Scale: 1.00–Not Effective to 5.00–Highly Effective



Indicator Ratings by
Year 2021–2025



UNIVERSITY SYSTEM OF NEW HAMPSHIRE
BOARD OF TRUSTEES

Audit Committee

Information Item
Supporting Materials Summary Sheet

University System of New Hampshire

To: Audit Committee

Re: Item VI.B. USNH Audit Committee Charter (attached) – **For Information,
No Action Required**

SUPPORTING MATERIALS (attached) – SUMMARY AND SALIENT INFORMATION

The Audit Committee has the responsibility to review and assess the adequacy of its Charter on an annual basis and recommend any changes to the Board.

No changes to the Audit Committee's charter are recommended by USNH staff at this time.

SUBMITTED AND APPROVED BY:

Catherine A. Provencher
Chancellor

Date Prepared: June 17, 2025

For the Meeting of: June 26, 2025

-- End of Summary Sheet --

II. Audit Committee Charter

- **PRINTER-FRIENDLY VERSION**

The following responsibilities supplement the Audit Committee's charge contained in the USNH Bylaws.

In fulfilling its responsibilities, the Committee shall take appropriate actions to set an overall tone for quality financial reporting, sound business practices, and ethical behavior.

1. Ensure the Integrity of Financial Reporting:

- (a)** Review and approve the annual financial statements of USNH and receive and review the audit reports thereon, including those pertinent to Federal awards received by USNH as required by the U.S. Office of Management and Budget.
- (b)** Review the judgments of USNH management and auditors about the quality and consistency of the USNH's application of accounting principles; the reasonableness of significant judgments; and the clarity and completeness of the financial statements and related disclosure.
- (c)** Confirm with management and the external auditor that the annual financial statements disclose all material off-balance sheet transactions, arrangements, obligations, and relationships of USNH with unconsolidated entities or persons that may have a material current or future effect on financial condition, liquidity, or components of revenues or expenses.
- (d)** Review new and significant accounting pronouncements with the external auditor and understand their impact on the USNH financial statements.
- (e)** Obtain a report from the external auditor annually regarding required communications under the American Institute of Certified Public Accountants' standards.

2. Oversee the External Audit Process:

- (a)** Recommend to the Board the appointment or retention of the external auditor for USNH, and be responsible for the compensation and oversight of the external auditor. In accordance with the Board of Trustees' External Audit Policy, the external auditor shall be engaged from among the major national public accounting firms, subject to the Board's continuing satisfaction with the firm's

services and with re-proposals to be reviewed after each five to seven year period.

(b) Ensure rotation of the lead audit partner on the audit engagement at least every seven years, independent of the timing of the external audit firm's initial or subsequent engagements.

(c) Pre-approve all audit and non-audit services provided by the external auditors in excess of \$30,000 and ensure such services do not include management functions, internal audit services, or other services prohibited by independence standards for the auditing profession, including those standards established by the U.S. Government Accountability Office. External auditor services approved by the Chairperson between Committee meetings shall be reported to the entire Committee at its next scheduled meeting.

(d) Assess the independence of the external auditor on an annual basis by reviewing the written communication from the external auditor required by professional auditing standards and discussing any relationships disclosed that may impact auditor objectivity and independence.

(e) Resolve disagreements between management and the external auditor regarding financial reporting.

3. Oversee the Internal Audit Process:

(a) Review and appraise the organizational structure, qualifications, independence, budget, and activities of the USNH internal audit department.

(b) Review and approve the annual internal audit plan and receive interim progress reports on the plan.

(c) Review and concur with the appointment, reassignment, or termination of the Director of Internal Audit.

(d) Periodically review USNH's Internal Audit Charter for necessary changes.

(e) Receive reports of completed internal audits prior to each meeting, and at least annually receive updates on the status of management's actions in response to significant findings from prior reports.

4. Oversee Risk Management Processes:

(a) Inquire of management, the internal auditor, and the external auditor about significant financial and compliance risks or exposures to USNH, and assess the steps management has taken to mitigate such risks or exposures.

(b) Review and accept the USNH Environmental Health and Safety Council's annual report on behalf of the Board.

(c) Review areas of risk assigned to the Audit Committee by the Executive Committee for further review or other follow-up based on annual enterprise risk reports from the System's chief executive officers.

(d) Monitor adherence to USNH conflict of interest policies and related procedures.

5. Other:

(a) Provide for the confidential, anonymous submission by employees and other USNH constituents of concerns related to questionable accounting, auditing, or business practices.

(b) Obtain reports concerning any financial fraud resulting in losses in excess of \$10,000 or involving a member of senior management.

(c) Maintain open lines of communication between the Committee and the USNH external auditor, internal auditor, and management.

(d) Review and assess the adequacy of this Charter on an annual basis and recommend any changes to the Board.

This page last updated **Wednesday, June 17, 2015** . For information on the adoption and effective dates of policies please see explanation on the [OLPM Main Menu](#).

UNIVERSITY SYSTEM OF NEW HAMPSHIRE
BOARD OF TRUSTEES

Audit Committee

Information Item
Supporting Materials Summary Sheet

University System of New Hampshire

To: Audit Committee

Re: Item VI.C. Internal Audit Charter (attached) – **For Information, No Action Required**

SUPPORTING MATERIALS (attached) – SUMMARY AND SALIENT INFORMATION

The Audit Committee has the responsibility to review and assess the adequacy of the Internal Audit Charter on an annual basis and recommend any changes to the Board.

The Internal Audit Charter was last revised in April 2017. The Institute of Internal Auditors published new Global Internal Audit Standards on January 9, 2024, which were effective on January 9, 2025.

The changes to the Internal Audit Charter are under review. No changes to the charter are recommended by USNH staff at this time.

SUBMITTED AND APPROVED BY:

Catherine A. Provencher
Chancellor

Date Prepared: June 12, 2025

For the Meeting of: June 26, 2025

-- End of Summary Sheet --

C. Internal Audit

- [PRINTER-FRIENDLY VERSION](#)

(Note: OLPM sections on this page may be cited following the format of, for example, "BOT.IV.C.1". These policies may be amended at any time, do not constitute an employment contract, and are provided here only for ease of reference and without any warranty of accuracy. See [OLPM Main Menu](#) for details.)

C. Internal Audit

1. Internal Audit Department Mission (Purpose)

1.1 The USNH Internal Audit Department is an objective assurance and consulting activity designed to provide the Board of Trustees and management with appraisal of the adequacy of, compliance with, and improvement for existing internal controls. The Internal Audit Department helps the USNH accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes through both audits and consulting services.

2. Internal Audit Function

2.1 The internal auditing function is an objective appraisal activity within the USNH's overall organizational structure. The Internal Audit Department is specifically authorized and directed to:

2.1.1 Have full, free and unrestricted access, consistent with all applicable laws, to all USNH functions, files, records, property and personnel. All employees are requested to assist Internal Audit activity in fulfilling its roles and responsibilities. Internal Audit will also have free and unrestricted access to the Board through its Audit Committee.

2.1.2 Determine whether management's policies, procedures and instructions are followed in a manner consistent with USNH's objectives.

2.1.3 Evaluate any matter that comes to its attention that, in the judgment of the Internal Audit Director, would require a change in policy, procedure, or instruction in order to safeguard USNH assets.

2.1.4 Issue reports to members of management who should be informed or who should take appropriate action, showing the results of the internal audit review and offering recommendations for required improvements.

The Internal Audit Director will ensure that all formal audit reports are delivered to each member of the Audit Committee of the Board of Trustees.

2.1.5 Obtain and evaluate plans or actions taken to implement audit recommendations from internal or external auditors and recommend further plans or actions if appropriate.

2.1.6 Review and document the adequacy of internal controls of areas under review.

3. Independence and Objectivity

3.1 The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

3.2 Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

3.3 Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

4. Professionalism and Standards of Internal Audit Practice

4.1 The internal auditing department strives to comply with the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

4.2 The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to USNH's relevant policies and procedures and the internal audit activity's standard operating procedures.

5. Internal Audit Operations

5.1 The Internal Audit Director will prepare a proposed audit budget for the next year. The audit budget will outline the scope and objectives of audit programs, projects and other activities, and resources necessary to perform them. The Audit Committee will approve the audit budget and will have overall responsibility for oversight of the performance of internal audit activities. The Chancellor's Office is responsible for providing the Internal Audit Department with adequate resources to perform the scope of its responsibilities. The Chancellor, through the Vice

Chancellor for Financial Affairs, will provide administrative oversight for the performance of the Internal Audit Department.

6. Quality Assurance Program

6.1 Internal Audit will strive to maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

7. Audit Committee Function

7.1 The Board of Trustees' Audit Committee has the responsibility for reviewing the activities of the Internal Audit Department to make certain it operates in accordance with this policy.

8. Audit Committee Operations

8.1 The Audit Committee will meet with USNH management, the Internal Audit Director and the external auditors at least three times per year and fulfill the duties and responsibilities of the Audit Committee of the Board as outlined in the [Audit Committee Charter, Appendix 9](#) in the Board of Trustees On Line Policy Manual and provide the Board with a report of each meeting.

This page last updated **Wednesday, April 26, 2017** . For information on the adoption and effective dates of policies please see explanation on the [OLPM Main Menu](#).



University of
New Hampshire

University System
of New Hampshire

Item VI. D. Gramm-Leach-Bliley Act (GLBA) Compliance Update June 2025

GLBA Executive Summary



- The Gramm-Leach-Bliley Act, also known as the Financial Services Modernization Act of 1999, is a federal law that protects customers' non-public personal information (NPI).
- Colleges and universities that offer financial products or services, such as student loans, are considered financial institutions under the GLBA Act.
- To evaluate compliance with the GLBA, organizations need to review the effectiveness of their security and privacy measures. This presentation will provide an update on USNH's status with GLBA requirements.

2024 CampusGuard Assessment

- CampusGuard completed a comprehensive GLBA compliance assessment in December of 2024. A total of 10 institutional observations (6 high and 4 medium risk) are actively being addressed.

Annual GLBA Training Requirement Progress

- Targeted GLBA training was provided in 2022 and 2023. In October of 2024, 477 individuals were assigned training, achieving 89.5% completion.

2026 GLBA Assessment

- A third assessment is scheduled for October 2026 to ensure continuous compliance and improvement as required by the GLBA Safeguards rule.

Status of High Risk GLBA Observations

Status	Assigned	Description	Deadline to Treatment
In Progress	GLBA Committee	Unmanaged personal devices and smartphones can be used for USNH business.	9/1/2025
In Progress	GLBA Committee	Electronic NPI (e.g., email, files stored on servers, SharePoint etc.) is retained beyond GLBA allowable limits	10/1/2025
In Progress	GLBA Committee	It is not fully understood where GLBA data resides or who can access it	9/1/2025
In Progress	ET&S	Not all stored electronic NPI (e.g., Banner databases, Colleague, unmanaged systems) is encrypted at rest.	9/1/2025
In Progress	ET&S	Faculty and Staff log into local machines with elevated access.	12/31/2025
In Progress	ET&S	Users with administrator level access log into local machines with elevated access.	12/31/2025

Status Medium Risk GLBA Observations



Status	Assigned	Description	Deadline to Treatment
In Progress	GLBA Committee	When staff change jobs, they might retain access to NPI when it is no longer needed	9/1/2025
Completed	ET&S	New server deployments do not need to go through the CAB process.	9/1/2025
In Progress	ET&S	High value targets reside in the same VLANs as other systems.	12/31/2025
In Progress	ET&S	For Wi-Fi networks, all staff, faculty, students, and vendors are in the same IP pool	12/31/2025

Appendix A - Risk Level Risk Description

High - If an observation is evaluated as a high risk, there is a strong need for corrective measures. An existing system may continue to operate, but a corrective action plan must be put in place as soon as possible.

Medium - If an observation is rated as medium risk, corrective actions are needed, and a plan must be developed to incorporate these actions within a reasonable period of time.

Low - If an observation is described as low risk, the system's Designated Approving Authority (DAA) must determine whether corrective actions are still required or decide to accept the risk

Thank you