

**MEMORANDUM OF
UNDERSTANDING BETWEEN
THE
OFFICE OF THE STATE AUDITOR
AND THE UNIVERSITY OF NEW MEXICO**

This Memorandum of Understanding (MOU) is made and entered into this 28th day of June, 2017, by and between the Office of the State Auditor, hereinafter referred to as the "State Auditor," the University of New Mexico and its component units, hereinafter referred to as "UNM." The State Auditor and UNM are public agencies and are authorized by law to enter into this MOU.

PURPOSE

The purpose of this MOU is to set forth the arrangements whereby the State Auditor shall provide a special, designated audit as described herein pursuant to a designation related to the review of certain expenditures from July 1, 2014 through June 30, 2017.

IT IS MUTUALLY AGREED BETWEEN THE PARTIES THAT THE METHOD BY WHICH THIS PURPOSE SHALL BE ACCOMPLISHED IS AS FOLLOWS:

1. SCOPE

A. The State Auditor will examine documentation, including relevant policies and procedures, related to specific selectively sampled transactions between July 1, 2014 and June 30, 2017. The State Auditor will also perform additional procedures, as deemed necessary, related to the sampled transactions.

B. The consulting engagement shall be conducted in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants, and *Requirements for Contracting and Conducting Governmental Audits* (2.2.2 NMAC).

2. DELIVERY AND REPRODUCTION

A. In order to meet the delivery terms of this MOU, the State Auditor shall deliver an organized and bound consulting engagement report to UNM no later than August 31, 2017 and in accordance with Section 2.2.2.15.B(5) NMAC.

B. After the State Auditor officially releases the consulting report by issuance of a release letter, the State Auditor shall deliver 5 copies of the consulting report and an electronic version of the consulting report, in PDF format to UNM.

3. COMPENSATION

The total amount payable to the State Auditor under this MOU shall not exceed Nineteen Thousand Dollars and No Cents (\$19,000.00). UNM will be solely responsible for payment related to this MOU.

4. TERM

Unless terminated pursuant to Paragraphs 5 or 6, *infra*, this MOU shall terminate one calendar year after the date on which it is signed by the State Auditor.

5. TERMINATION, BREACH AND REMEDIES

A. This MOU may be terminated, without cause, by either of the parties upon written notice delivered to the other party at least ten (10) days prior to the intended date of termination. This MOU may be terminated immediately by either of the parties upon written notice delivered to the other party if a material breach of any of the terms of this MOU occurs. By termination pursuant to this Section, neither party may nullify obligations already incurred for performance or failure to perform prior to the date of termination.

B. If UNM terminates this MOU under this paragraph, the State Auditor shall be entitled to compensation for work performed prior to termination in the amount of earned, but not yet paid, progress payments, if any. If the State Auditor terminates this MOU under this paragraph, the State Auditor shall repay to the UNM the full amount of any progress payments for work performed under the terms of this MOU.

6. APPROPRIATIONS

The terms of this MOU are contingent upon sufficient appropriation and authorization being granted by the New Mexico State Legislature. If sufficient appropriation or authorization is not granted, either party may terminate this MOU, or suspend performance pending approval of sufficient appropriation or authorization, upon written notice from one to the other. Either party's decision as to whether sufficient appropriations are available shall be final, binding and accepted by the other. This section of the MOU does not supersede the Agencies' requirement to have an annual audit pursuant to Section 12-6-3(A), NMSA 1978.

7. AMENDMENT

This MOU shall not be altered, changed or amended except by instrument in writing executed by the parties hereto. The engagement letter or any documentation included with the engagement letter shall not be interpreted to amend the MOU.

8. INDEPENDENCE

The State Auditor affirms and represents its personal, external and organizational independence from UNM in accordance with the *Government Auditing Standards 2011 Revision*, issued by the Comptroller General of the United States, and 2.2.2.8(M) NMAC. The State Auditor's Office agrees to adhere to its own policies and procedures, and accounting standards regarding independence.

9. MERGER

This MOU incorporates all of the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this MOU.

10. BOOKS AND RECORDS

UNM is responsible for maintaining control of all books and records at all times and the State Auditor shall not remove any original books and records from the UNM's possession for any reason.

11. WORKING PAPERS

The State Auditor shall retain the working papers of the engagement conducted pursuant to this MOU for a period of five (5) years from the date shown on the consulting report, or longer if requested by the federal cognizant agency for audit, oversight agency for audit or pass through-entity.

12. GENERAL AND PROFESSIONAL LIABILITY

As between the parties, each party will be responsible for liability arising from personal injury or damage to persons occasioned by its own agents or employees in the performance of this Agreement, subject in all cases to the immunities and limitations of the New Mexico Tort Claims Act (Section 41-4-1, et seq., NMSA 1978) and any amendments thereto.

13. DESIGNATED ON-SITE STAFF AND EXPENSE AND COST ACCOUNTING

The State Auditor's on-site individual auditor responsible for supervision of work and completion of the engagement is Shannon Sanders, CPA, CFE. The State Auditor shall notify the Agencies in writing of any changes in staff assigned to perform the audit.


14. INVALID TERM OR CONDITION

If any term or condition of this MOU shall be held invalid or unenforceable, the remainder of this MOU shall not be affected.


SIGNATURE PAGE

IN WITNESS WHEREOF, the parties have herein set their hand and seal the day and year set forth below.

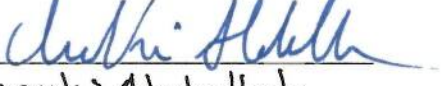
OFFICE OF THE STATE AUDITOR

SIGNATURE: 
NAME: Department State Auditor
TITLE: Department State Auditor
DATE: 6/28/17


Reviewed and approved as to form and legal sufficiency by State Auditor's Chief Legal Counsel.

SIGNATURE: 
NAME: Sarita Nair
DATE: 7/10/17

UNIVERSITY OF NEW MEXICO

SIGNATURE: 
NAME: Chaouki Abdallah
TITLE: Interim President
DATE: July 10, 2017

Reviewed and approved as to form and legal sufficiency by UNM's General Counsel.

SIGNATURE: 
NAME: Kimberly Bell
DATE: 7/10/2017

**FIRST AMENDMENT TO
SPECIAL AUDIT MEMORANDUM
OF UNDERSTANDING BETWEEN
THE
OFFICE OF THE STATE AUDITOR
AND THE UNIVERSITY OF NEW MEXICO**

This First Amendment to the Memorandum of Understanding (MOU) is made and entered into this 8 day of August 2017, by and between the Office of the State Auditor, hereinafter referred to as the "State Auditor," the University of New Mexico, hereinafter referred to as "UNM." The State Auditor and UNM are public agencies and are authorized by law to enter into this MOU.

PURPOSE

On June 28, 2017, the parties entered into a Memorandum of Understanding to set forth the arrangements whereby the State Auditor is conducting a special audit of UNM (the "Special Audit MOU"). The parties wish to amend the MOU pursuant to this First Amendment to the Special Audit MOU ("First Amendment").

1. Section 3 of the Special Audit MOU is deleted in its entirety and the following is substituted in its place:

3. **COMPENSATION**

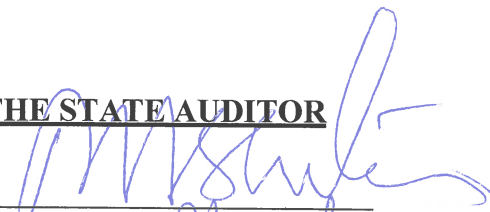
The total amount payable by the Agency to the State Auditor under this MOU shall not exceed \$90,000 ~~plus applicable gross receipts tax.~~ *EM* *95*

2. All provisions of the Special Audit MOU not expressly amended in this First Amendment will remain unchanged.
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SIGNATURE PAGE

IN WITNESS WHEREOF, the parties have herein set their hand and seal the day and year set forth below.


OFFICE OF THE STATE AUDITOR

SIGNATURE: 
NAME: Sara A. Shaker
TITLE: Deputy State Auditor
DATE: 8/10/2017

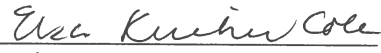
Reviewed and approved as to form and legal sufficiency by State Auditor's Chief Legal Counsel.

SIGNATURE: 
NAME: Supahi Stewart
DATE: 8/11/17

UNIVERSITY OF NEW MEXICO

SIGNATURE: 
NAME: Inaouki Abdallah
TITLE: UNM President (Interim)
DATE: 8/8/2017

Reviewed and approved as to form and legal sufficiency by UNM's General Counsel.

SIGNATURE: 
NAME: Elsa Kircher Cole
DATE: 8/8/17