

**Audit of UNM Medical Group and Health Sciences Center
Hiring Practices**

THE UNIVERSITY OF NEW MEXICO

**Report 2019-03
May 8, 2019**



**THE UNIVERSITY OF
NEW MEXICO.**

Audit and Compliance Committee Members

Doug Brown, Chair
Marron Lee, Vice Chair
Robert M. Doughty III

Audit Staff

Victor Griego, Interim Internal Audit Director
Manu Patel, (Former, Retired) Internal Audit Director
Bill Cottrell, Senior Auditor
Jane Tinker, Senior Auditor

CONTENTS

EXECUTIVE SUMMARY	1
INTRODUCTION.....	4
BACKGROUND	4
PURPOSE AND OBJECTIVES.....	7
SCOPE AND PROCEDURES PERFORMED	7
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES.....	8
UNMMG Hiring for Positions within HSC.....	8
Alternative Appointment-Sole Source Placements.....	9
UNMMG Hiring of HSC Director	10
Timeline of Personnel Actions and Salary Adjustments.....	11
Lack of Documentation for In-Range Salary Increases.....	12
Sole Source Placement for HSC Executive Director, Chief Operating Officer and Executive Director, UNM Health System.....	15
Alternative Appointment – Sole Source	22
UNMMG Human Resources Reservations Concerning the Hire	23
Salary Determination for Executive Director	24
Review of University Research Park Act Entities and Hiring within UNM	26
APPROVALS	29

ABBREVIATIONS

AAHC.....	Association of Academic Health Centers
BCI.....	Bernalillo County Indian Hospital
BCMC.....	Bernalillo County Medical Center
BOD.....	Board of Directors
CIO.....	Chief Information Officer
CFO.....	Chief Financial Officer
COO.....	Chief Operating Officer
FY.....	Fiscal Year
HSC.....	University of New Mexico Health Sciences Center
HR.....	University of New Mexico Human Resources
IA.....	University of New Mexico Internal Audit Department
Internal Audit.....	University of New Mexico Internal Audit Department
MOU.....	Memorandum of Understanding
PRQ.....	Position Review Questionnaire
Sole-Source.....	Alternative Appointment-Sole Source
SOM.....	School of Medicine
SRMC.....	Sandoval Regional Medical Center
UAP.....	University Administrative Policy and Procedures
University.....	University of New Mexico
UNM.....	University of New Mexico
UNM Banner.....	UNM Banner Finance Accounting System
URPEDA.....	University Research Park and Economic Development Act

EXECUTIVE SUMMARY

In February 2018, Internal Audit received two separate anonymous complaints alleging irregularities in hiring processes by the UNMMG and HSC. The allegations include UNMMG hiring a UNM HSC employee at a higher salary, and then assigning the employee back to the same HSC Department with no change in the employee's duties or responsibilities. Other issues include insufficient justification for alternative hiring methods (sole source hiring), bypassing of competitive hiring processes of HSC by hiring through the UNMMG, and cross entity hiring to increase salaries of employees.

Internal Audit began its review in February 2018 and concluded the field work in December 2018. Internal Audit reviewed certain hiring practices of the UNM Medical Group, Inc. (UNMMG) and UNM Health Sciences Center (HSC) during FY 2014 -2018.

Our review of hiring documents, and interviews of UNMMG management personnel and University personnel, indicate noncompliance with University and UNMMG hiring, wage and salary administration policies. The non-compliance with applicable policies and undue pressure on UNMMG for sole source placement results in low employee morale and undermines the fundamental premise for an HR system, which is based upon fairness and equity.

Conclusion

Following are issues identified by the Internal Audit Department, along with recommendations to address the audit findings in the report:

- The UNMMG Human Resources department failed to include proper documentation in the personnel files, including approvals and justification for hiring using alternative appointment – sole source.
 - HSC Chancellor should work with the UNMMG HR to strengthen the process for determining appropriate use of alternative appointment – sole source method of hiring. A competitive search should be undertaken where there is a question whether the person has truly unique qualifications.
- UNM HR did not maintained proper documentation supporting the in-range salary adjustment, and the salary increase was made in the HR and payroll system without proper documentation or HR approval.
 - UNM HR should implement processes to maintain documentation that supports salary increases, and prevent overrides to the system to ensure salary adjustments are not executed in the payroll system without proper documentation and approvals.
- An HSC department administrator was hired by UNMMG and reassigned back to the HSC department. Salary increases and lack of justification for transferring HSC

positions to UNMMG suggest the arrangement was made to bypass UNM HSC salary limit and wage increase policies.

- HSC Chancellor should work with UNMMG HR and UNM HR to develop guidelines that differentiate UNM HSC Department positions and UNM Health System positions, and detailing which positions should be hired through UNM HR and which through UNMMG HR.
- UNMMG failed to comply with policy by allowing unreasonable salary increases, and by failing to document reclassifications and in-range salary adjustments.
 - HSC Chancellor should work with UNMMG HR to ensure that salary increases are properly approved, and that adjustments are not entered into the UNMMG payroll system unless fully supported and justified with proper documentation in the personnel files.
- Hiring HSC Department Administrators through UNMMG to bypass University wage and salaries policies may create serious inequity with other HSC department administrators.
 - HSC Chancellor should work with UNM HR and UNMMG HR to review the COO and the UNM Department Administrator hiring to determine if the UNMMG is the appropriate place to house these administrative positions. HSC Chancellor should also work with UNMMG HR to review the previously identified Alternative Appointment – Sole Source hires to determine the appropriate location for those positions.
 - HSC Chancellor should work with UNM HR and UNMMG HR to review whether hiring some HSC Administrative positions through UNMMG and others through HSC has created any equity issues, including each of the Alternative Appointment – Sole Source hires through the UNMMG.
- UNMMG hiring policy on alternative appointment – sole source states that a competitive posting should be considered in the event there are questions related to the unique qualifications of an individual. UNMMG did not follow its established hiring, and wage and salary administration policies in hiring the Executive Director,
 - HSC Chancellor should work with UNMMG HR to develop appropriate guidelines for hiring Health System positions through the UNMMG, including the appropriate level for hiring decisions, and better documentation of the justification for sole source hiring.
 - UNM HSC Chancellor should ensure enforcement of existing UNMMG hiring policies for UNM Health System.

- UNM competes with other organizations locally and nationwide to recruit talented personnel to manage operations. Currently there are no documented guidelines in place for extraordinary hiring circumstances where the position or the candidate is so unique that established salary guidelines cannot accommodate the hire. UNMMG should refrain from hiring HSC positions until such clarification is provided.
 - HSC Chancellor should work with UNM HR to identify circumstances that warrant extraordinary hiring for certain HSC positions, and develop appropriate guidelines and processes, including appropriate salary guides for any special circumstance hiring within HSC.
 - HSC Chancellor should work with UNM HR to differentiate hiring for HSC departments and for UNM Health System employees, and should develop processes and guidelines for circumstances where hiring should be made through the UNM Medical Group.
- There is currently a lack of consensus as to the purpose of the UNMMG as it relates to hiring for UNM Health System and HSC employees. In addition, cross hiring UNM HSC positions through the UNMMG and reassigning them back to HSC may create inequity where a contracted University Research Park Economic Development Act (URPEDA) employee is performing job duties that are the same or similar to the job duties of an employee of the University.
 - The President's office should work with HSC and UNMMG leadership to arrive at a collective understanding of the purpose of the UNMMG, specifically as it relates to its organization as a New Mexico Research Park Act organization, and acceptable hiring practices by UNMMG for UNM HSC and the UNM Health System. The President's office should work with the Office of University Counsel to review the MOUs and Affiliated Services Agreements between UNM and the UNMMG, and revise or update the agreements as needed.

INTRODUCTION

BACKGROUND

Internal Audit reviewed certain hiring practices of the UNM Medical Group, Inc. (UNMMG) and UNM Health Sciences Center (HSC) during FY 2014 -2018. Internal Audit received two separate anonymous complaints that alleged irregularities in the hiring processes by the UNMMG and HSC. The allegations include an HSC department bypassing UNM wage and salary policies by using UNMMG to hire an existing HSC employee at a higher salary, and then UNMMG assigning the employee back to the same HSC Department with no change in the employee's duties or responsibilities. Other issues include insufficient justification for alternative hiring methods (sole source hiring), bypassing the competitive hiring processes of HSC by hiring through the UNMMG, and cross entity hiring to increase salaries of employees.

UNM Health Sciences Center: UNM HSC is not a legal entity separate from the University; it is an integral part of UNM under the governance of the UNM Board of Regents. As stated in Regents' Policy 3.4:

The health care related education, research, and clinical programs and services offered by the University and/or provided in the University's facilities and those of certain of its University Research Park and Economic Development Act ("URPEDA") subsidiaries as described in this policy are hereby designated as the "UNM Health Sciences Center" which is and shall be a component unit of the University.

The HSC consists of the School of Medicine (SOM), the College of Nursing (CON), the College of Pharmacy (COP), the Health Sciences Center Library & Informatics Center (HSLIC), the UNM Cancer Center, UNM Medical Group, Inc. (UNMMG), and UNM Sandoval Regional Medical Center, Inc. (SRMC). The HSC also includes the University of New Mexico Hospital (UNMH), the University of New Mexico Children's Hospital (Children's Hospital), the University of New Mexico Adult Psychiatric Center formerly known as the Mental Health Center (Adult Psychiatric Center), the University of New Mexico Children's Psychiatric Hospital (CPH), the Carrie Tingley Hospital (CTH), and the outpatient facilities and clinics operated under the license(s) of forgoing. In the Policy 3.4, UNMH, Children's Hospital, Adult Psychiatric Center, CPH, CTH, and outpatient facilities and clinics thereof are referred to collectively as the "UNM Hospital."

UNM Health System: UNM Health Sciences Center (HSC), UNM Hospital (UNMH), UNM Medical Group, Inc. (UNMMG), and UNM Sandoval Regional Medical Center, Inc. (SRMC) are separate operating organizations that have overlapping management and governance. These organizations are often referred to as the "UNM Health System;" however, there is no legal entity that operates as the UNM Health System. These entities are to work as operating and coordinated components within an integrated healthcare delivery system. As stated in Regents' Policy 3.4, "The health care related education,

research, and clinical programs and services offered by the University and/or provided in the University's facilities and those of certain of its University Research Park and Economic Development Act ("URPEDA") subsidiaries as described in this policy are hereby designated as the "UNM Health Sciences Center" which is and shall be a component unit of the University. The clinical elements of the HSC are intended to be fully integrated, academic health center and health care delivery system and will be collectively administered as the "UNM Health System."

These separate organizations make up the UNM Health System, which is a virtual entity that does not have its own hiring infrastructure. The University, UNMMG, UNMH, and SRMC each have their own separate hiring structure and policies.

UNM Medical Group: UNMMG is a separate legal entity formed in 2007 under the New Mexico nonprofit corporation act and the University Research Park and Economic Development Act. The UNMMG Bylaws, Section 2: states the purpose of the UNMMG "Specifically, the Corporation is organized to facilitate and enhance the clinical, educational and research functions of the faculty of the University of New Mexico School of Medicine and in connection therewith, the medical staffing of health care facilities in support of and under the operating aegis of the Health Sciences Center of the University of New Mexico;..."...to perform business functions related to staffing such health care facilities, including, without limitation, employment, payroll, contracting and fiscal services; and to perform other functions as reasonable to promote the social welfare of New Mexico through the advancement of healthcare." UNMMG operates as an administrative billing organization for the physicians employed at the UNM Health Sciences Center, also has medical clinics, is a member of a joint venture with Lovelace Health System (Lovelace UNM Rehabilitation Hospital, LLC, a New Mexico limited liability company), contracts with third parties to provide medical providers and medical professional services, and administers UNM Team Health, a health care plan providing care management, care coordination, and customer service operational services. The UNMMG is a nonprofit corporation organized to promote, advance, and support the clinical, scientific, educational, research, and charitable purposes of the School of Medicine (SOM) and the University of New Mexico Health Sciences Center (HSC). UNMMG is a component unit of the University, of which the UNM Board of Regents are the sole member. Consistent with the provisions of the URPEDA, UNMMG is operated separate and apart from the University and is managed by its Board of Directors consistent with its corporate bylaws (all iterations of which have been approved by the Board of Regents), the members of which are appointed by the Board of Regents.

UNM Sandoval Regional Medical Center, Inc.: SRMC, was formed by the UNM Regents in 2009 under the New Mexico nonprofit corporation act and URPEDA corporation. SRMC is the licensed owner and operator of Sandoval Regional Medical Center located in Sandoval County, a community teaching hospital. SRMC is a separate legal entity organized as a 501(c)(3) corporation under the United States Internal Revenue Code. Consistent with the provisions of the URPEDA, SRMC is operated separate and apart from the University and is managed by its Board of Directors

consistent with its corporate bylaws (all iterations of which have been approved by the Board of Regents), the members of which are appointed by the Board of Regents.

The University Research Park and Economic Development Act (URPEDA): The University Research Park and Economic Development Act, Section 21-28-5(A)(10), NMSA 1978 as amended, provides the framework for the establishment of Research Park entities such as UNMMG and SRMC. The powers of the UNM Board of Regents as related to URPEDA are broad, and allow the Board “to do anything else that the Regents deem appropriate to further the purposes of the URPEDA either directly or indirectly.”

URPEDA provides that as follows vis-à-vis the formation and governance of the URPEDA corporations:

A. Any university may form, pursuant to the provisions of the Nonprofit Corporation Act or the Business Corporation Act, one or more research park corporations, *separate and apart from the state and the university*, to promote, develop and administer research parks or technological innovations for scientific, educational and economic development opportunities in accordance with bylaws adopted by the research park corporation or economic development initiatives that support the teaching, research or service mission of the university.

B. *Each research park corporation shall be governed by, and all of its functions, powers and duties shall be exercised by, a board of directors appointed by the regents.* Members of the board of directors may include the president of the university, the regents, officers and employees of the university and other persons selected by the regents.

C. The board of directors shall elect a chair and other officers as the board of directors deems necessary.

D. The board of directors shall adopt bylaws, in accordance with the provisions of the Nonprofit Corporation Act or the Business Corporation Act, as appropriate, governing the conduct of the research park corporation in the performance of its duties under the University Research Park and Economic Development Act.

NMSA 1978, Section 21-28-4 (emphasis added). The affairs and the property of the URPEDA shall be managed by the URPEDA entity’s Board of Directors (BOD). The majority membership of the UNMMG BOD are employed by the HSC. Fifty percent of SRMC’s BOD membership is composed of employees of HSC.

It is important to understand that state personnel law constraints simply do not apply to URPEDA corporations. In this connection, the URPEDA provides:

A. A research park corporation shall not be deemed an agency, public body or other political subdivision of New Mexico, *including for purposes of applying statutes and laws relating to personnel*, procurement of goods and services, meetings of the board of directors, gross receipts tax, disposition or acquisition of property, capital outlays, per diem and mileage and inspection of records.

PURPOSE AND OBJECTIVES

The purpose of the review is to determine whether the Health Sciences Center (HSC) has properly utilized the alternative appointment/sole source hiring processes at the University of New Mexico (UNM). Internal Audit (IA) received two separate anonymous complaints (February 2 and February 7, 2018) that alleged the following irregularities in the hiring processes at HSC and UNMMG:

- HSC management pushed to hire certain individuals and favoritism toward prior relationships was evident in selection of candidates.
- The Executive Director _____ position was not properly posted as a competitive hire.
- Candidate commenced work for HSC department prior to completion of hiring process.
- Lack of job description for the position prior to completion of hiring process.
- The position was filled using sole source justification for a position not qualifying for alternative appointment by sole source.
- HSC recruitment requirements and policies were bypassed by hiring through the UNMMG
- Concern that similar issues exist with several other hires by UNMMG.

SCOPE AND PROCEDURES PERFORMED

The scope includes review of UNMMG recruitment from FY 2014 – FY 2018 for employees hired by UNMMG and assigned to work locations within HSC. Internal Audit reviewed hiring practices for these UNMMG employees focusing on Alternative Appointment – Sole Source placements.

Internal Audit performed the following procedures during the course of the audit:

- Interviewed UNMMG Management and Human Resources personnel
- Interviewed HSC Management
- Reviewed email correspondence related to the hiring process of the UNMMG employees
- Analyzed recruitment packages and hiring documentation for UNMMG employees assigned to UNM Health System or HSC
- Performed test work on the hiring documents for:
 - Completeness of hiring documentation
 - Proper approvals during hiring processes
 - Documentation of alternative appointment (sole source) justification
 - Hiring processes compliance with UNM and UNMMG policies

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

UNMMG HIRING FOR POSITIONS WITHIN HSC

Internal Audit reviewed the following list of hires for FY 2014-2018 by UNMMG that were placed through an Alternative Appointment – Sole Source or competitive hire, where the UNMMG employee’s actual work is performed at HSC or SRMC.

	Employee	Date of Hire	Position – Location	Initial Salary	Current Salary	Annual Bonus	Hiring Method
1.		05/01/2016	Director	\$105,000	–	5%	Sole Source
2.		02/08/2018	Executive Director,	\$141,821	\$141,821	–	Sole Source
3.		02/01/2018	Executive Director,	\$190,000	\$190,000	15%	Sole Source
4.		12/16/2013	VP	\$160,000	\$173,855	10%	Sole Source
5.		08/01/2013	Director,	\$130,000	\$143,246	15%	Sole Source
6.		02/05/2018	Chief Operating Officer	\$250,000	\$250,000	–	Sole Source
7.		02/01/2016	Project Planner	\$38,000	\$38,000	–	Sole Source
8.		08/01/2017	Physician	\$265,000	\$285,000	–	Sole Source
9.		04/01/2016	Director,	\$100,000	\$246,440	–	Sole Source
10.		03/01/2015	Administrator,	\$83,000	\$86,093	–	Sole Source
11.		07/18/2016	RN,	\$90,000	\$93,354	–	Competitive Hire
12.		06/20/2016	Hospital Medicine	\$230,000	–	–	Competitive Hire
13.		01/03/2018	Advance Practice Professional	\$91,500	\$91,500	–	Competitive Hire
14.		03/01/2018	Executive Project Director –	\$140,000	\$140,000	–	Competitive Hire

*Resigned from UNM Feb. 9, 2018.

Source: UNMMG HR

**Hired by SOM, but works at UNMMG.

***Terminated Employment Dec. 31, 2017

****Hired .5 FTE Apr. 1, 2016; Change to 1.0 FTE Jul. 1, 2016; Change to .8 FTE Nov. 1, 2018

Alternative Appointment-Sole Source Placements

From FY 2014 – 2018, UNMMG hired 10 individuals through Alternative Appointment – Sole Source placement, with the majority of those positions physically located at HSC. The UNMMG Human Resources department failed to include proper documentation for eight of the ten employees in the personnel files for UNMMG hiring using alternative appointment – sole source. Over the 5-year period, the UNMMG hired the following positions using the alternative appointment of sole source:

Employee	Position and Work Location	Date of Hire
	Director (HSC)	May 1, 2016
	Executive Director	February 8, 2018
	Executive Director	February 1, 2018
	VP	December 16, 2013
	Director	August 1, 2013
	Chief Operating Officer	February 5, 2018
	Project Planner	February 1, 2016
	Physician (HSC)	August 1, 2017
	Director	April 1, 2016
	Administrator (HSC)	March 1, 2015

* Alternative Appointment – Sole Source form not prepared

** Alternative Appointment – Sole Source form not properly approved

The Alternative Appointment Request Form for seven (7) employees, including justification for sole source hiring, was not prepared. This form requires signature of the hiring officer and approval by the UNMMG Human Resources Department. In one (1) instance the required approvals were not on the form when prepared.

UNMMG Policy 3310 – Recruitment and Hiring provides a guide for hiring of UNMMG employees, including the use of an alternative appointment to fill a staff position. The policy states:

Hiring Officers will submit an Alternative Appointment Request Form, when an Alternative Appointment is used to fill a staff position. By signing the form, the Hiring Officer certifies that the conditions of the appointment meet the criteria as defined in this policy/procedure. Requests to appoint staff using an Alternative Appointment must be documented and approved by HR.

Specific to sole source appointments, the policy states:

A Hiring Officer may fill a new or vacant position under the Alternative Appointment process with an individual who has unique qualifications needed for the position. A competitive posting should be considered in the event there are questions related to the unique qualifications of an individual. Sole Source documentation should clearly justify why sole source hiring was necessary.

The Human Resources department is unable to validate unique qualifications of applicants without proper documentation of the justification and approval for Sole Source hiring. Absent the validation of a candidate's unique qualifications, policy requires a competitive posting for the position.

Recommendation 1:

HSC Chancellor should work with UNMMG HR to strengthen the process for determining appropriate use of the alternative appointment - sole source method of hiring. UNMMG HR should refrain from using the alternative appointment - sole source method of hiring unless the position requires truly unique expertise and qualifications. A competitive search should be undertaken where there is a question whether the person has truly unique qualifications.

Response from UNM Health Sciences Center Chancellor:

Action Items
<i>Targeted Completion Date:</i> October 30, 2019
<i>Assigned to:</i> Ava Lovell, Senior Executive Officer Finance and Administration HSC
<i>Corrective Action Planned:</i> Management concurs with Recommendation #1, while referencing the UNM Office of University Counsel (OUC) opinion provided on page 27 of this document, the concept of "sole source" does not apply to Research Park entities. The HSC Chancellor will work with UNMMG executive leadership to cause UNMMG to strengthen and document the alternative appointment hiring criteria and procedures in conjunction with any UNMHSC-Affiliated University Research Park and Economic Development Act corporation, such as UNMMG, SRMC, etc. The documentation will be an HSC Policy.

UNMMG HIRING OF HSC DIRECTOR

In January 2015, _____ HSC Director _____ received an in-range salary adjustment of 6%. UNM Human Resources was unable to locate documentation justifying the increase, or provide any supporting documentation outlining additional duties taken on for an in-range salary increase.

Timeline of Personnel Actions and Salary Adjustments

- April 2, 2014 - [REDACTED] was hired by HSC as Director of Clinical Services, [REDACTED], at grade position 15 with a salary of \$85,000.
- January 2015 - [REDACTED] sent an inquiry to Human Resources regarding the promotion of [REDACTED] to Grade 16, with the title [REDACTED] Interim Human Resources Vice-President Jewel Washington forwarded the request for upgrade to the SOM.
- January 14, 2015 - Jeanne Marquardt, Executive Project Director SOM Administration, and Ava Lovell, HSC Senior Finance and Administration Officer, responded that the promotion would create serious inequity with other HSC department administrators and the request was denied; however, they did support an immediate 6% in-range adjustment for [REDACTED].
- January 1, 2015 (effective date) - [REDACTED] received an in-range adjustment of 6%, to increase [REDACTED] annual salary to \$90,100. Although the department completed a Personal Action Form granting the increase, it did not have all of the proper signatures, and there was no documentation in the personnel file to justify the in-range salary adjustment. UNM HR files contain no documentation supporting this 6% salary increase. HR personnel searched archives, compensation databases, and related files, and were unable to locate a Position Review Questionnaire (PRQ) for the in-range salary adjustment.
- April 30, 2016 - [REDACTED] resigned from UNM School of Medicine, [REDACTED].
- May 1, 2016 - [REDACTED] was hired by UNMMG as Director, [REDACTED] Clinical Services, and was 100% assigned back to work at the HSC [REDACTED] Department (with same duties previously held while employed by HSC) with an annual salary of \$105,000, plus a 5% annual incentive bonus. The new salary level at UNMMG represents a 16.5% increase over the prior salary for the position at HSC.
- May 1, 2016 - [REDACTED] was hired by UNMMG through an alternative appointment - sole source; however, the proper HR forms were not completed, and signature approvals for the sole source placement were not obtained.
- November 1, 2016 - [REDACTED] received a salary increase to \$120,000 (a 14.28% raise). A Personal Action Justification Form, effective November 1, 2016 was signed by the UNMMG CEO, the UNMMG Chief Financial Officer, and the HSC supervisor, and was labeled as annual salary increase resulting from assumption of additional duties.

- February 9, 2018 - _____ resigned from UNMMG and is no longer employed by the University.

Lack of Documentation for In-Range Salary Increases

UNM HR lapses in Processes –The above timeline shows that in January 2015, the department attempted a grade adjustment to provide _____ a salary increase. UNM HSC and SOM administration rejected the grade adjustment; and a 6% in-range adjustment was proposed and granted; however, UNM HR could not locate documentation or the Position Review Questionnaire (PRQ) justifying the increase. In addition, UNM HR was unable to provide documentation of Mr. Semper’s additional job duties.

A UNM Human Resources “Personal Action Notice” form was prepared for the salary increase; however, it is missing approval signatures from the Supervisor/Department Chair, the Dean of the SOM, the HSC Chancellor or an HSC Vice President. There is no required PRQ form justifying the raise, and the only justification for the raise is an email recommendation from the HSC Senior Executive for Finance and Administration, and a SOM Administrator.

UAP Policy 3500 – Wage and Salary Administration governs the University’s wage and salary program. A staff employee’s salary may be changed by annual increases, adjustments to the staff salary schedules, change in grade, acting or interim appointments, or in-range salary adjustments. For in-range salary adjustments for higher level duties, the policy states:

An employee who has assumed some, but not all, of the key duties of a higher graded position may be awarded an in-range adjustment within the pay range for his or her current position. The additional assignments must be a significant portion of the position (generally at a minimum of fifty-percent of time effort), outside the scope of the employee’s current classification, performed for an extended period of time, and can be awarded on a temporary or on-going basis. Temporary in-range salary adjustments can be awarded for a period not exceeding twelve (12) months and on-going increases are awarded indefinitely. All increases must be authorized by HR.

UNM policy regarding record retention defers to the State of New Mexico Retention Schedules. According to 1.21.2 NMAC Retention and Disposition of Public Records, records related to recruitment of employees and to preparation of job descriptions and position classifications are to be maintained for three years from the date the file is closed. The above pattern indicates that UNM Hiring policies and Wage Administration policies are not being followed at HSC.

UNM HR has not maintained proper documentation supporting the in-range salary adjustment, and there is no record that UNM HR authorized the salary increase. Lack of approvals and required documentation increases the risk for management override of controls for the hiring and wage administration process.

Recommendation 2:

UNM HR should implement processes to maintain documentation that supports salary increases, and prevent overrides to the system to ensure salary adjustments are not executed in the payroll system without proper documentation and approvals.

Response from the Vice-President for Human Resources:

Action Items
<i>Targeted Completion Date:</i> September 1, 2019
<i>Assigned to:</i> Executive Director, Client Services
<i>Corrective Action Planned:</i> The Division of Human Resources agrees with the recommendation from Internal Audit. HR will develop a checklist for personnel actions that result in a salary increase that will be utilized by the HR Consultants when reviewing departmental personnel requests. The checklist will identify the type of request, such as in-range adjustment, reclassification, interim appointment, etc., the appropriate range of acceptable salary increases and the required supporting documentation. Any request that exceeds the identified standard will be escalated to either HR Compensation or Executive Director of Client Services for review and approval, as appropriate. For FY20, the Executive Director of Client Services will conduct an audit of a random sampling of the submitted personnel requests and confirm appropriate documentation and approvals were obtained. The results will be documented by the Executive Director of Client Services and retained in her departmental files.

The salary increases and lack of documentation justifying the transfer of the position to UNMMG suggest that the purpose of the transaction was merely to bypass UNM HSC salary limit and wage increase policies. The UNMMG assigned the position back to the HSC Neurosurgery Department with the same duties and responsibilities, indicating the position should not have been hired through the UNMMG.

Without written guidelines for UNMMG hiring, it is difficult to differentiate which HR function is responsible for hiring HSC department positions and UNM Health System positions.

Recommendation 3:

HSC Chancellor should work with UNMMG HR and UNM HR to develop guidelines that differentiate UNM HSC Department positions and UNM Health System positions, and detailing which positions should be hired through UNM HR and which through UNMMG HR.

Response from UNM Health Sciences Center Chancellor:

Action Items
<i>Targeted Completion Date:</i> October 30, 2019
<i>Assigned to:</i> Ava Lovell, Senior Executive Officer, Finance and Administration HSC
<i>Corrective Action Planned:</i> Management concurs with Recommendation #3. The HSC Chancellor will work with UNM HR and UNM Health System leadership and with UNMMG executive leadership to develop and implement the criteria and procedures for identifying UNM Health System positions and the attributes that differentiate them from positions normally hired through the UNM Human Resources system for the HSC Academic Enterprise (HSC-A). The documentation will be an HSC Policy.

_____ salary on January 1, 2015 (while employed by UNM HSC) was \$85,000, and final salary (while employed by UNMMG) was \$120,000; a total increase in salary of \$35,000, or 41.18%, over the 22-month period spanning his employment by both HSC and UNMMG.

While _____ was employed by UNM HSC, the _____ Department directly absorbed the cost of _____ salary. While employed by UNMMG, the UNMMG issued the paycheck, but 100% of the costs were allocated back to the HSC _____ Department, and 100% of _____ duties were performed at or on behalf of the _____ Department. The above hiring and salary transactions bypass established internal controls at UNM HSC by hiring _____ through the UNMMG. Even though administered through the UNMMG, the salary increases for _____ also potentially create salary inequities in relation to other Department Administrators within HSC.

UNMMG Policy 3710 describes the administration of the wage and salary program for UNMMG employees. The policy includes procedures related to pay ranges, base salary determination, changes to base pay, standby/pager pay, call back to work, and overtime. For changes to base pay related to reclassifications, the policy states:

An employee may be reclassified to a higher or lower pay grade if there are significant changes in an employee's responsibilities. Reclassifications will be based on a comprehensive job analysis conducted by the UNMMG HR Department.

For changes to base pay related to interim assignments, Policy 3710 states:

All employees are expected to occasionally perform responsibilities outside their job responsibilities as required to support the needs of the department. In circumstances in which an employee is assigned to perform responsibilities above his or her normal pay grade for an extended period of time in addition to regular responsibilities, a temporary increase in pay may be considered.

UNMMG failed to comply with policy by allowing unreasonable salary increases, and by failing to document reclassifications and in-range salary adjustments. The salary increases were recorded in the system, even though UNMMG HR did not maintain documentation supporting the in-range salary adjustment.

Recommendation 4:

HSC Chancellor should work with UNMMG HR to ensure that salary increases are properly approved, and that adjustments are not entered into the UNMMG payroll system unless fully supported and justified with proper documentation in the personnel files.

Response from UNM Health Sciences Center Chancellor:

Action Items
<i>Targeted Completion Date:</i> July 01, 2019
<i>Assigned to:</i> Dr. Michael Richards, Vice Chancellor for Clinical Affairs and COO UNM Health System
<i>Corrective Action Planned:</i> Management concurs with Recommendation #4. The HSC Chancellor will work with UNMMG executive leadership to set expectations and standards in an amendment to the Affiliation and Management Services Agreement in effect with UNMMG, to ensure that the proper documentation and records are maintained. Reference proposed UAP #6030, section 3.0 Master Services Agreement.

Sole Source Placement for HSC Executive Director, Neurosurgery Clinical Services

On February 8, 2018, [redacted] was hired by the UNMMG with the title of Executive Director, [redacted] Clinical Services at a starting salary of \$141,820.70. This salary represents an 18.183% increase over the salary of [redacted] predecessor in the position. [redacted] was hired through an alternative appointment (sole source); however, the justification for the sole source was not documented, and the approval form for alternative appointment – sole source was not prepared.

Based upon analysis prepared by UNM HR, the salary level may not be justified for the position held by [redacted]. The UNMMG classifications align primarily with the Department Administrator - Clinical classifications. For clarification, there are three types of Department Administrator in the job series – Clinical, Administrative, and Research, and are further distinguished by 1, 2, and 3 levels. The category (Clinical, Admin, and Research) is based on the nature of the work environment where the position is held. The level (1, 2, and 3) is based on the size of the organization, as determined by staff, faculty, and revenue levels.

The UNM HR analysis determined that the UNMMG titles align with the Clinical job series; however, they were unable to identify which level is the closest match. The table in **Attachment**

A outlines the comparison between the UNMMG classifications and the UNM Department Administrator – Clinical classifications.

There are 13 incumbents in Department Administrator – Clinical classifications within the UNM HSC system (0 incumbents in C1, 11 incumbents in C2, and 2 incumbents in C3). Attachment B outlines the incumbents, as well as their positions, grades, departments, and salaries.

The identified classifications of A8002/Executive Director _____ Clinical Services (UNMMG) and A8002/ Director, _____ Clinical Services (HSC) are similar, as indicated below:

The position summaries are closely aligned, as indicated by the common attributes listed below:

1. Overlapping responsibilities include:

- Collaborating with leadership on applicable business activities.
- Directing and overseeing all operations of the _____
- Establishing and leading the strategic direction of these units.
- Negotiating and implementing contracts.

2. The only distinguishable responsibilities indicated in the UNMMG Executive Director summary are the following:

- Leading governmental and private sector programs.
- Implementing goals for critical service lines, including _____
- Both positions (HSC Director and UNMMG Executive Directorships) support the _____ The HSC Director position provides expertise related to business and operations of the clinic, whereas the UNMMG Executive Director develops strategic plans.

3. Twelve of the thirteen (12/13) duties and responsibilities are exact matches. The only exception is duty #12 on the Executive Director classification:

- “Serves as staff representative to various University leadership constituencies and to external agencies, professional organizations, and community entities; presents and promotes departmental initiatives to professional associations and other constituencies, as appropriate.”
- Given its placement in the duties list, this duty is likely to be performed only periodically, rather than primarily.

The Executive Director, _____ Clinical Services position closely aligns with the Department Administrator position at other departments within HSC. The highest salary level of _____

these incumbents is \$120,000, and the range of the salaries in these aligned positions (14 department administrators) is from \$88,616 to \$120,000.

_____ prior position was Senior Director, _____ at UNM Hospital at an annual salary of \$131,706, with a 15% incentive bonus. Based upon the above analysis, UNMMG salary of \$141,820 may not be justified nor supported by policy.

UNMMG policy on sole source appointments is UNMMG Policy 3310 – Recruitment and Hiring - Section 6.3.2.6 - Sole Source which states:

A Hiring Officer may fill a new or vacant position under the Alternative Appointment process with an individual who has unique qualifications needed for the position. A competitive posting should be considered in the event there are questions related to the unique qualifications of an individual.

Hiring HSC Department Administrators through UNMMG to bypass University wage and salaries policies may create inequity with other HSC department administrators.

Recommendation 5:

HSC Chancellor should work with UNM HR and UNMMG HR to review whether hiring some HSC Administrative positions through UNMMG and others through HSC has created any equity issues, including each of the Alternative Appointment – Sole Source hires through the UNMMG.

Response from UNM Health Sciences Center Chancellor:

Action Items
<i>Targeted Completion Date:</i> July 30, 2019
<i>Assigned to:</i> Jeanne Marquardt, SOM Director of Administration
<i>Corrective Action Planned:</i> Management concurs with Recommendation #5. The HSC Chancellor will conduct a review of equity issues that may have arisen from Health System hires as a result of the alternative appointment process conducted through UNMMG. The HSC Chancellor will issue a memo of any findings and corrections and work with UNMMG executives to implement such corrections, if needed, as a result of the equity review.

CHIEF OPERATING OFFICER⁴

In June 2017, UNM Human Resources initiated a competitive hiring search for the Chief Operating Officer (COO). _____ posting the salary offered at \$147,409.56. The hiring process ended and the posting closed on January 19, 2018, without hiring for the position. On February 5, 2018, the UNMMG hired _____ as the Chief Operating Officer a grade 18 position with a salary of \$250,000. The hire was through the UNMMG, even

though the position is not associated with UNMMG. The responsibilities applicable to the position are for the benefit of HSC and not related to the operation or mission of UNMMG. The following timeline of the hiring events indicate the University hiring process was bypassed, and the hiring of the position was done through the UNMMG:

1. September 11, 2014 – Creation of Chief Operating Officer - _____ an HSC position.
2. May 4, 2015 to June 30, 2017 - Prior incumbent served in the position with an ending salary of \$147,409.56.
3. June 2, 2017 – COO - _____ position posted by UNM HR department, with a salary level of \$147,409.56. There were 105 applicants identified as qualified for the position, and a search committee interviewed 11 applicants for the job.
4. January 19, 2018 – The posting was closed by UNM HR without a hire being made. Typically, postings remain open until the department has a sufficient applicant pool or a hire has been made. UNM HR was unable to provide an explanation for closing the posted position.
5. January 11, 2018 – _____ hired _____ for the position of Chief Operating Office: _____. The hire was made through the UNMMG, with an effective date February 5, 2018, and a starting salary of \$250,000.

The position at HSC _____ was not filled through a competitive hiring process; instead, the hiring of _____ was made through UNMMG by alternative appointment – sole source. The UNMMG management and UNMMG HR formally objected to the hire. The executive leader signatory at UNMMG documented on the Personnel Action form that they disagreed with the hire, and although an Alternative Appointment form was filled out, and signed by UNMMG HR, it was not signed by the UNMMG director or the hiring supervisor.

There were 105 qualified applicants for the position posted by UNM, which indicates the position did not qualify under UNM policy for alternative appointment – sole source.

Salary Analysis of the COO _____ position

The UNM Human Resources department conducted a position and salary analysis of the COO – _____ position. The COO - _____ position description aligns with eight (8) job classifications at the University based on the nature of the duties and responsibilities of the position. Comparable classifications were based on the following similarities:

- Oversight of planning, development, and implementation of strategic plans.
- Development of policies, processes, systems, and procedures that support the strategic direction of the organization and ensure effective monitoring of financial, administrative, and operational activities.

- Establishment and implementation of short- and long-range goals related to financial solvency and revenue generation.
- Direction and leadership over operational activities.

There are currently seven (7) incumbents within the Health Sciences Center system in the identified classifications. The highest salary level of these incumbents is \$152,000, and the range of the salaries in the seven aligned positions is from \$95,400 to 152,000. The prior incumbent of the COO position had a final salary of \$147,410, while _____ was hired in at a salary of \$250,000, an increase of 69.6%.

UNMMG objections to the COO – hire

UNMMG management indicated that it was unusual that UNMMG was tasked with hiring a COO for _____ especially since it is a UNM initiative that is not affiliated with UNMMG. Following are the key events in the UNMMG objection to hiring _____ for the COO – _____ position through the UNMMG.

- Sandy Ross, Executive Director of UNMMG Human Resources resisted the hire, indicating that it did not seem right, and that the position did not have anything to do with UNMMG.
- Ms. Klar, CEO of UNMMG brought the issue to the attention of Dr. Richards, Chairman of the UNMMG, Board of Directors. Ms. Klar felt the hire for _____ was being forced upon the UNMMG. Ms. Klar was instructed by the HSC Senior Executive for Finance and Administration to complete the hiring of _____ that one of the reasons the Medical Group was formed was to have more flexibility in hiring.
- _____
- Marjorie Goldstein, Chief Financial Officer of UNMMG signed the hiring approval of _____ under protest, noting on the hiring form: “While I do not support this hire through the UNMMG, I am signing this during Ms. Klar’s absence. Her intent to proceed with this hire is demonstrated in the attached email dated 1-9-18. MG”
- During interviews with UNM Internal Audit, Ms. Goldstein was asked if UNMMG was pressured to approve these positions and hire sole source. Ms. Goldstein stated for _____ yes,” she believed UNMMG was pressured. Ms. Goldstein stated she believes Ms. Klar was pressured and that Ms. Klar has a very high standard but she did feel the pressure to proceed with the hire through the UNMMG.

UAP Policy 3500 describes the administration of the University's wage and salary program under UNM HR: "When hiring a new employee or rehiring a former employee, the hiring officer and HR will determine the employee's starting salary prior to making a salary offer."

A staff employee's salary may be changed annual increases, adjustments to the staff salary schedules, change in grade, acting or interim appointments, or in-range salary adjustments. Any exceptions to this policy must be approved, in writing, by the Vice President for Human Resources.

UNM competes with other organizations locally and nationwide to recruit talented personnel to manage operations. The _____ - Chief Operating Officer position was posted through UNM HR with a salary of \$147,410. HSC was unable to meet the salary requirements of the most qualified candidate for the _____ Chief Operating Officer position. Through UNMMG, the candidate was offered and accepted the position at the \$250,000 salary level. HSC does not have documented guidelines in place for extraordinary hiring circumstances where the position or the candidate is so unique that established salary guidelines cannot accommodate the hire. UNMMG should refrain from hiring HSC positions until such clarification is provided.

Recommendation 6:

HSC Chancellor should work with UNM HR to identify circumstances that warrant extraordinary hiring for certain HSC positions, and develop appropriate guidelines and processes, including appropriate salary guides for any special circumstance hiring within HSC.

HSC Chancellor should work with UNM HR to differentiate hiring for HSC departments and for UNM Health System employees, and should develop processes and guidelines for circumstances where hiring should be made through the UNM Medical Group.

Response from the Chancellor for Health Sciences Center:

Action Items
Targeted Completion Date: December 31, 2019
Assigned to: Ava Lovell, Senior Executive Officer Finance and Administration HSC
Corrective Action Planned: Management concurs with Recommendation #6, part 1. The HSC Chancellor will work with UNM HR to issue an RFP for services to correct our compensation/HR system as it does not take into consideration that there are three business lines at UNM - Main campus and traditional higher education staff needs (which deserves a new assessment to accommodate any new business models necessary for survival), Athletics, and staffing for an Academic Medical Center. Each business line has to compete in their own environment nationally. We will engage in a comprehensive review of our HR system at UNM and bring in a reputable outside firm that does this kind of work, with

experience with institutions in all three business lines and perform an objective review and recommend back to leadership any changes which we should consider.

Management concurs with Recommendation #6, part 2. The HSC Chancellor will document the criteria and procedures for identifying UNM Health System positions and the attributes that differentiate them from positions normally hired through the UNM Human Resources system for the HSC Academic Enterprise (HSC-A). The documentation will be an HSC Policy.

Recommendation 7:

HSC Chancellor should work with UNM HR and UNMMG HR to review the COO and the UNM Department Administrator hiring to determine if the UNMMG is the appropriate place to house these administrative positions. HSC Chancellor should also work with UNMMG HR to review the previously identified Alternative Appointment – Sole Source hires to determine the appropriate location for those positions.

Response from UNM Health Sciences Center Chancellor:

Action Items
<i>Targeted Completion Date:</i> December 31, 2019
<i>Assigned to:</i> Ava Lovell, Senior Executive Officer Finance and Administration HSC
<i>Corrective Action Planned:</i> Management concurs with Recommendation #7. The HSC Chancellor will document the criteria and procedures for identifying positions and the attributes that differentiate them from positions normally hired through the UNM Human Resources system for the HSC Academic Enterprise (HSC-A). The documentation will be an HSC procedure. The HSC Chancellor will conduct a review of placement issues that may have arisen from hires as a result of the alternative appointment process conducted through the UNM Medical Group. The Chancellor for HSC will issue a memo of any findings and corrective action as well as work with UNMMG executive leadership in respect of those findings and conclusions, if needed, as a result of any placement issues.

**EXECUTIVE DIRECTOR,
HEALTH SYSTEM**

UNM

was hired by UNMMG on January 4, 2018 (effective February 1) in the position of Executive Director for the UNM Health System. The salary offered was \$190,000, with incentive potential of 15% annually, based on achievement of goals. The hire was made using an Alternative Appointment - Sole Source.

A UNMMG Personnel Action Form hiring _____ was signed by Dr. Richards, Chair of the UNMMG Board of Directors, Jill Klar, CEO of UNMMG, and Sandy Ross, UNMMG Director of HR. Dr. Richards is the supervisor of _____. The hire was through a sole source appointment at the direction of Dr. Richards.

Alternative Appointment – Sole Source

The job description for the Executive Director, _____ position and the minimum job requirements are as follows:

Job Description

Reporting to the Health System Vice Chancellor of Clinical Affairs, the Executive Director will be responsible for the development of the Health System's integrated clinical and financial reporting systems. Responsible for the oversight of the gathering, reporting, and analyzing of financial and clinical; combining the best of financial, business intelligence and clinical information intelligence to enable optimal execution of short and long term strategic business decisions for the benefit of the UNM Health System delivery programs and the Health Sciences Center.

Minimum Job Requirements for Executive Director, Clinical Finance & Business

- Business or Accounting degree; CPA or CPA candidate preferred. Minimum 7 years' experience in a role with clinical or financial management experience.

Knowledge, Skills and Abilities Required

- Excellent judgment and creative problem solving skills.
- Self-reliant, good problem solver, results oriented.
- Strong written, oral, interpersonal, and presentation skills and the ability to effectively interface with senior management and staff.

Duties and Responsibilities

1. Provide financial and business operational reporting expertise to include the oversight of tracking and reporting of financial performance and operational goals.
2. Propose, develop and implement strategies and tactics to enable the UNM Health System to embrace the industry shift away from the fee-for-service payment model toward reimbursement based on quality, value, cost-containment, and risk-based reimbursement.
3. Maintain continuous lines of communication keeping Executive Team and University stakeholders informed on all critical issues.
4. Strategize closely with teams and project managers across the UNM Health System to ensure complete alignment across stakeholders on the healthcare delivery programs.
5. Provide leadership in the development of policies and guidelines, including planning for large projects.
6. Oversee, direct, and organize the work of the clinical and business intelligence team.

7. Provide leadership to and collaborate with finance and operations managers within the Health System to ensure financial and operational information culminates into actionable deliverables for providers and front line employees.
8. Oversee and provide data and analytical support for the Health System and its component units' strategic and operational plans, to include:
 - Provide high-level financial and operational modeling for new and/or expanding programs.
 - Develop Cost of Production and Funds Flow modeling.
 - Develop rolling forecast using productivity-based models as basis for activity.
 - Provide analytical support to the Health System's internal management team including development of internal management reporting capabilities.
9. Other duties as assigned.

The above requirements are typical qualifications for a pool of candidates rather than a single source.

UNMMG Human Resources Reservations Concerning the Hire

The Executive Director of UNMMG Human Resources stated that she was not comfortable with the reasons provided for _____ hiring. The information she received was not in writing, but rather came down verbally from her direct supervisor, Jill Klar, UNMMG CEO, who received the information from her direct supervisor (Dr. Michael Richards). UNMMG Management and Human Resources also noted the following inconsistencies from their normal hiring practices:

- UNMMG was told it was a Health System hire, and that it would be a sole source hire, and that UNMH and UNMMG will carry _____ as an expense. UNMMG did not have any input on the method of hire.
- UNMMG Executive Director of HR believed given the nature of the position that was being filled, sole source hiring would not be appropriate because there is a large external pool of qualified people to choose from and can be recruited with ease.
- The CEO of UNMMG did not know the candidate, even though she signed off on the hire.
- UNMMG Executive Director of HR stated that she reached out to Dr. Richards, instead of her direct supervisor, requesting further information in order to process this hire. She stated that she did not receive this information until _____ had already started working.
- _____ started working despite the fact that there technically was no position, duties, and/or responsibilities available or approved at that time. It was unusual that _____ started working before there was any official position established.
- _____ was hired directly for Dr. Richards by the UNMMG despite the fact that Dr. Richards is a UNM HSC employee. _____ is hired "for the Health System."

- UNMMG Executive Director of HR stated that other executive directors have come to her with concerns regarding this position and have asked to see a job description, because they perceive to see overlap between _____ job and those of other individuals.

UNMMG Policy 3310 – Recruitment and Hiring - Section 6.3.2.6 - Sole Source states:

A Hiring Officer may fill a new or vacant position under the Alternative Appointment process with an individual who has unique qualifications needed for the position. A competitive posting should be considered in the event there are questions related to the unique qualifications of an individual.

Given that there were reservations by UNMMG HR for the use of Alternative Appointment – Sole Source, a competitive hire would have been a more appropriate method of hire.

Salary Determination for Executive Director

The Executive Director – _____ position is not a Chief Financial Officer nor Chief Information Officer level position, but it does have elements of each of those roles.

UNMMG HR has a process in place to determine salary levels based upon market conditions and various industry salary guides. _____ salary was determined by HSC leadership without considering UNMMG HR input or reference to UNMMG Wage and Salary Administration policies and processes. Responsibilities of the Human Resources Department include oversight of wage and salary administration.

UNMMG Policy 3710 describes the administration of the wage and salary program for UNMMG employees. The policy includes procedures related to pay ranges and base salary determination. The policy for development of pay ranges and starting salary states:

HR will set the midpoint of a pay range, which drives the development of the pay ranges, based on a comprehensive survey of comparable jobs in the marketplace. HR will move pay ranges as necessary based on data and market conditions.

Supervisors/managers must review salaries with HR, for all new employees and for individuals who have left the organization and come back, before an offer is made. Salaries for established positions must be no higher than the amount that has been budgeted for the position.

Starting salaries will be based on the grade of the position and the individual's qualifications, experience, and competencies, as well as budgetary considerations. Typically, a starting salary will fall between the minimum and the midpoint of the pay range.

UNMMG performed a market analysis and determined the midpoint salary for the position was \$150,000. UNMMG HR was instructed by Dr. Richards that _____ salary was to be \$190,000 per year, which was significantly higher than the \$150,000 midpoint range UNMMG HR had determined.

According to the UNMMG wage and administration policy, the salary offered to recruits should be between the low range and the midpoint range set by UNMMG HR. _____ salary was set by HSC leadership using the Association of Academic Health Centers (AAHC) salary guide; a guide not normally used by UNMMG HR in determining salaries during the hiring process. _____ also receives an incentive bonus of 15% per year rather than the 10% incentive bonus received by other Executive Directors within the UNMMG.

The salary and incentive bonus was communicated via email from Dr. Richards to the UNMMG CEO on January 2, 2018. The communication indicated this is in the low percentile for the work HSC intends _____ to grow into based upon the Association of Academic Health Centers (AAHC) range for a finance and administrative officer. Upon review, UNMMG HR noted the salary determination used was inconsistent with the established processes at the UNMMG. The UNMMG Executive Director for HR expressed the following concerns over the salary level for the Executive Director

- No information was provided to justify the \$190,000 salary level for the position, and the UNMMG HR expressed that the job description did not support a salary that high.
- UNMMG HR was concerned that the salary is high in regard to the compensation and market sources in use at UNMMG. UNMMG compensation is looked at holistically and the source cited (AAHC HS) is not the UNMMG's compensation philosophy that was previously reviewed and determined to be policy by UNMMG leadership. AAHC is not the cited source UNMMG uses to determine salaries.
- The methodology and scale for setting salary is not consistent with the established UNMMG hiring process. At UNMMG, there are various grades, and within each grade, there is a range. The HR Department evaluates the experience level and education of each particular person. In this particular case, UNMMG HR compensation had no involvement in establishing the salary.
- All other current Executive Directors are on the 10% incentive bonus payout, as are UNMMG Vice Presidents.
- UNMMG has reviewed and adjusted the bonus plan recently, and leadership made the decision to review equity in the plan. The incentive bonus for _____ is not part of the plan UNMMG leadership laid out and determined the UNMMG would follow.

Recommendation 8:

HSC Chancellor should work with UNMMG HR to develop appropriate guidelines for hiring Health System positions through the UNMMG, including the appropriate level for hiring decisions, and better documentation of the justification for sole source hiring. The UNMMG

should strengthen the salary determination process to require documentation for any variations from policy.

UNM HSC Chancellor should ensure enforcement of existing and newly developed UNMMG hiring policies and guidelines for the UNM Health System.

Response from UNM Health Sciences Center Chancellor:

Action Items
<i>Targeted Completion Date:</i> October 30, 2019
<i>Assigned to:</i> Dr. Michael Richards, Vice Chancellor for Clinical Affairs and Ava Lovell, Senior Executive Officer Finance and Administration HSC
<p><i>Corrective Action Planned:</i> Management concurs with Recommendation #8, part 1. The HSC Chancellor will document the criteria and procedures for identifying UNM Health System positions and the attributes that differentiate them from positions normally hired through the UNM Human Resources system for the HSC Academic Enterprise (HSC-A). The document will be an HSC Policy.</p> <p>Management concurs with Recommendation #8 part 2. The HSC Chancellor will set expectations and standards in the Master Services Agreement (MSA) with UNMMG, to ensure that the enforcement of policies are maintained. Reference proposed UAP #6030, section 3.0 Master Services Agreement.</p>

REVIEW OF UNIVERSITY RESEARCH PARK ACT ENTITIES AND HIRING WITHIN UNM

In order to understand the legal perspective of hiring employees within these entities, some of which are organized as public (HSC and UNMH), and other private (SRMC and UNMMG), Internal Audit requested the legal department to provide guidance and insight based on the structure.

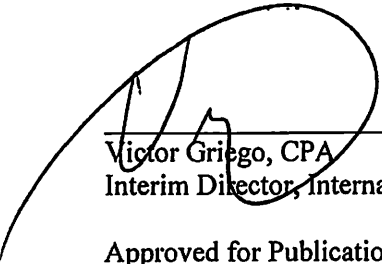
Recommendation 9:

The President's office should work with HSC and UNMMG leadership to arrive at a collective understanding of the purpose of the UNMMG, specifically as it relates to its organization as a New Mexico Research Park Act organization, and acceptable hiring practices by UNMMG for UNM HSC and the UNM Health System. The President's office should work with the Office of University Counsel to review the MOUs and Affiliated Services Agreements between UNM and the UNMMG, and revise or update the agreements as needed.

Response from the Office of the President:

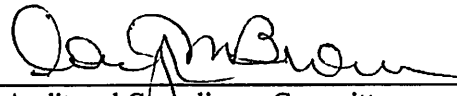
Action Items
<i>Targeted Completion Date: August 1, 2019</i>
<i>Assigned to: Chief of Staff Terry Babbitt</i>
<p><i>Corrective Action Planned: The University President concurs with the internal audit recommendation. The President's office will work with the UNM HSC, UNMMG and the University Counsel to:</i></p> <ol style="list-style-type: none"><li data-bbox="386 703 1344 772"><i>1) Review cross-entity hiring practices to ensure compliance with applicable University and UNMMG policies.</i><li data-bbox="386 772 1344 877"><i>2) Discuss roles and responsibilities of UNMMG and other Research park entities to clarify acceptable unique circumstances in hiring employee(s) for UNM HSC and UNM Health System, if any.</i><li data-bbox="386 877 1344 1050"><i>3) Review Memorandum of Agreements/Understandings and Affiliated Services agreements between the University Research Park Organizations and the University to ensure compliance with the purpose and intent for establishing the Research Park entities for the benefit of the University and applicable laws, rules and regulations, and Regents policies.</i>

APPROVALS



Victor Griego, CPA
Interim Director, Internal Audit Department

Approved for Publication



Chair, Audit and Compliance Committee

Comparison between UNMMG and UNM Classification Descriptions

The following table compares the Executive Director, hd
 Director, _____ positions from UNM Medical Group to the Department
 Administrator – Clinical job series classifications.

The number associated with each duty refers to the placement in the list of job duties and responsibilities in the respective job classification. The far left column indicates how closely matched the duties are between the UNMMG and UNM titles. An indication of “aligned” means that the UNMMG duties and responsibilities fall within the description of the UNM classification; however, the wording may be different between the two.

	UNMMG	UNM Dept Administrator – Clinical Titles
Close match	1. Oversees and provides strategic leadership in the development and implementation of integrated operational and administrative programs, financial structure, billing, IT systems, policies, clinical operations and programs for the department	1. Oversees and provides leadership in the development and implementation of integrated operational and administrative programs, structure, systems, policies, and programs for the department.
Close match	2. Serves as a strategic partner with the Chair and other senior School of Medicine faculty and staff in the planning and implementation of policies, programs, and initiatives that support the primary mission areas of the department.	2. Serves as a strategic partner with the Chair and other senior faculty and staff in the planning and implementation of policies, programs, and initiatives that support the primary mission areas of the department.
Aligned	3. Designs, establishes, and maintains an organizational structure and staffing to effectively accomplish the organization’s goals and objectives; oversees recruitment, training, supervision, performance, evaluation and resource allocation of department staff.	15. Ensures that appropriate human resources, staffing structures, and administrative systems are in place to ensure timely and resource-efficient responses to the demands of the department.
Aligned	4. Key leader in the development and strategic execution of UNM’s clinical neuroscience presence in rural communities of New Mexico.	Summary – Participates with the Chair and other senior faculty in integrated strategic and operational decision making as a full member of the department’s leadership team.

Comparison between UNMMG and UNM Classification Descriptions

Aligned	5. Oversees and directs the financial strategies of new business opportunities, re-engineers current business lines to facilitate solvency and sustainability, creates and develops the strategic approach for solvency across the department's divers business lines	5. Reviews, oversees, and coordinates the management, tracking, and reporting of all income for the various clinical components for the department; monitors all departmental revenue operations and prepares or oversees the preparation of periodic and ad-hoc business reports and projections. 7. Researches, identifies, and evaluates opportunities for enhancement of existing operational models and development of new and innovative programmatic and operational models for potential departmental application. 11. Plans, develops, and implements strategies for generating revenues for the various services and initiatives of the programs; oversees the contract and grant administration process, as well as clinical revenue productivity.
Aligned	6. Serves as a key negotiator of neuroscience telemedicine services contracts with executive leadership of all hospitals statewide.	14. Serves as staff representative to various University leadership constituencies and to external agencies, professional organizations, and community entities; presents and promotes departmental initiatives to professional associations and other external constituencies, as appropriate
Aligned	7. Oversees and directs the administration of the CMS, ACCESS Grant and Telemedicine Program administered in all hospitals statewide.	10. Directs and administers the activities of the various operating units reporting to the position; reviews, integrates, and oversees the administrative services provided by a wide variety of professional and technical staff across clinical, research, and educational programs.
Exact Match	8. Participates in the establishment and implementation of short- and long-range organizational goals, objectives, policies, and operating procedures; monitors and evaluates operational effectiveness; effects changes required for improvement.	6. Participates in the establishment and implementation of short- and long-range organizational goals, objectives, policies, and operating procedures; monitors and evaluates operational effectiveness; effects changes required for improvement.
Exact Match	9. Ensures that appropriate human resources, staffing structures, and administrative systems are in place to ensure timely and resource-efficient responses to the demands of the department.	15. Ensures that appropriate human resources, staffing structures, and administrative systems are in place to ensure timely and resource-efficient responses to the demands of the department.

Comparison between UNMMG and UNM Classification Descriptions

Aligned	<p>10. Assists the department chairman and director of the residency program in the overall management of the neurosurgery residency program. Supervises the residency program coordinator and support staff that manage and support the residency program's daily activities.</p>	<p>10. Directs and administers the activities of the various operating units reporting to the position; reviews, integrates, and oversees the administrative services provided by a wide variety of professional and technical staff across clinical, research, and educational programs.</p>
Aligned	<p>11. Provides strategic leadership in devising and establishing unprecedented Fair Market Value pricing structure for Neurosurgical Telemedicine Services in New Mexico.</p>	<p>Summary – Participates with the Chair and other senior faculty in integrated strategic and operational decision making as a full member of the department's leadership team.</p>
Exact Match	<p>12. <i>(Executive Director)</i> Serves as staff representative to various University leadership constituencies and to external agencies, professional organizations, and community entities; presents and promotes departmental initiatives to professional associations and other external constituencies, as appropriate.</p>	<p>14. Serves as staff representative to various University leadership constituencies and to external agencies, professional organizations, and community entities; presents and promotes departmental initiatives to professional associations and other external constituencies, as appropriate</p>

Attachment B

Level 3	Level 3 Desc	Org	Org Desc	UNM ID	Name	Position	Job Title	eClass	Pclass	Per Pay Salary	Annual Salary	Appt %
AFC	School of Medicine	772F	Anesthesiology Administration		Srouji, Jack	S01867	Dept Administrator C2	SE	A7111	\$7,666.67	\$92,000.04	100
AFC	School of Medicine	451B	Psychiatry Administration		Corbin, Joshua D.	S07315	Dept Administrator C2	SE	A7111	\$7,583.34	\$91,000.08	100
AFC	School of Medicine	490E	Neurology Administration		Jastrzemski, Theresa A.	S03702	Dept Administrator C2	SE	A7111	\$7,516.25	\$90,195.00	100
AFC	School of Medicine	525A	Department of Dental Medicine		Saiz, Margaret J.	S08224	Dept Administrator C2	SE	A7111	\$7,384.67	\$88,616.09	100
AFC	School of Medicine	254B	Pathology		Risenhoover, Nancy S.	S04880	Dept Administrator C2	SE	A7111	\$9,184.51	\$110,214.07	100
AFC	School of Medicine	794B	OB GYN Administration		Martinez, Sarah T.	S02653	Dept Administrator C2	SE	A7111	\$7,625.00	\$91,500.00	100
AFC	School of Medicine	160B	Family Community Medicine FCM		Rebolledo, Katharine M.	S03834	Dept Administrator C2	SE	A7111	\$10,062.90	\$120,754.75	100
AFC	School of Medicine	497B	Orthopaedics Administration		Case, Gail A.	S01063	Dept Administrator C2	SE	A7111	\$7,791.67	\$93,500.04	100
AFC	School of Medicine	523B	SOM Surgery Administration		Gurule, William J.	S02613	Dept Administrator C2	SE	A7111	\$8,196.56	\$98,358.70	100
AFC	School of Medicine	499B	Radiology General		Thomas, Sarah L.	S03374	Dept Administrator C2	SE	A7111	\$9,088.34	\$109,060.04	100
AFC	School of Medicine	558B	Emergency Medicine		Jameson, Amy L.	S00135	Dept Administrator C2	SE	A7111	\$8,925.00	\$107,100.00	100
AFC	School of Medicine	851B	IM Administration		Anstine, Pamela S.	S03145	Dept Administrator C3	SE	A7112	\$10,000.00	\$120,000.00	100
AFC	School of Medicine	997B	Pediatrics Administration Division		Laramillo, Robbi I	S03576	Dept Administrator C3	SE	A7112	\$10,000.00	\$120,000.00	100
BAA	UNM Medical Group	369B15	Clinical Operations			S10444	UNMMG AFFILIATE	NX	A7111	\$0.00	\$0.00	1