

BOARD of REGENTS



THE UNIVERSITY OF
NEW MEXICO.

AUDIT AND COMPLIANCE COMMITTEE VIRTUAL MEETING

Thursday, August 11, 2022 9:00 am

The University of New Mexico
Board of Regents' Audit and Compliance Committee Virtual Meeting
August 11, 2022 – 9:00 AM
Virtual Meeting
Agenda

ACTION ITEMS

1. Confirmation of a Quorum and Adoption of Agenda
2. Approval of Meeting Minutes from May 5, 2022
3. Audit and Compliance Committee Meeting remaining date for Calendar Year 2022. The following proposed meeting date is presented for Committee approval. It is a revised date per the request of the Committee Chair. This schedule accommodates an exit conference for the FY22 External Financial Statements Audit.

October 12, 2022 (Exit Conference for FY22 External Audit)

INFORMATION ITEMS

4. Advisors' Comments
5. Director of Internal Audit Status Report (*Victor Griego, Internal Audit Director*)
6. Main Campus Chief Compliance Officer Status Report (*Francie Cordova, Chief Compliance Officer, Angela Catena, Title IX Coordinator*)
7. Status of Audit Recommendations (*Chien-Chih Yeh, Internal Audit Manager*)
Implemented
Pending

EXECUTIVE SESSION

8. Vote to close the meeting and to proceed in Executive Session as follows:
 - a. Discussion of draft Internal Audit Reports, and discussions of information subject to attorney-client privilege pursuant RPM 1.2;
 - b. Discussion of strategic plans of a public hospital pursuant to exception at Section 10-15-1.H(9)NMSA (1978);
 - c. Discussion of limited personnel matters pursuant to exception at Section 10-15-1.H(2) NMSA (1978);
 - d. Vote to re-open the meeting.
9. Certification that only those matters described in Agenda item #8 were discussed in Executive Session and if necessary ratification of action, if any, taken in Executive Session.
10. Adjournment

THE UNIVERSITY OF NEW MEXICO
 Board of Regents' Audit and Compliance Committee Virtual Meeting
 May 5, 2022 – Draft Meeting Minutes

Members Present: Douglas Brown, Chair, Bill Payne, Vice Chair, Robert Schwartz (quorum).

Other Attendees: Garnett Stokes, Norma Allen, Terry Babbitt, Teresa Costantinidis, Ava Lovell, James Holloway, Loretta Martinez, Ari Vazquez, Christine Landavazo, Duane Arruti, Angela Vigil, Bruce Cherrin, Heather Jaramillo, Bonnie White, Bridgett Noonan, Jeremy Hamlin, Joseph Wrobel. Paula Williams, Susan Rhymer, Mike Schwantes, Javier Young, Lisa Todd (Moss Adams), Sujan Bhandari (Moss Adams), John Kennedy (KPMG), Jaime Cavin (KPMG), Brian Colon (OSA), Elena Tercero (OSA), Liza Kerr (OSA), Laura Wade (OSA), Ajay Gupta (CLA), Dave Strzyzewski (CLA), Randy Romes (CLA), Mallory Reviere, Victor Griego, Chien-chih Yeh, Kevin Enright. (Note: other attendees, including members of the public, were able to view through a link; therefore, it is impossible to know who viewed, and those attendees are not included in this list.)

Chair Brown called the meeting to order at 9:03 AM. He confirmed attendance of all three members of the Committee; therefore, there is a quorum.

ACTION ITEMS:

- The Committee approved the agenda.
- The Committee approved the minutes from February 10, 2022.
- The Committee approved the two upcoming 2022 dates.
- Norma Allen, University Controller addressed the Committee regarding renewal of the annual UNM financial statement external audit contract for fiscal year ending June 30, 2022. This is the final year of a three-year audit contract awarded to Moss Adams, with KPMG as a subcontractor for auditing the clinical areas. The New Mexico State Audit Rule requires that the term for the audit contract be for one-year only; therefore, approval every year is required for each audit during the contract period. The total cost for the FY 22 audit will be 1,142,396, which includes New Mexico gross receipts tax. This is pending any unanticipated supplemental audit procedures required for Higher Education Emergency Relief Funding (HEERF), as well as Governmental Accounting Standards Board (GASB) 87 implementation. This total cost is approximately nine-percent (9%) greater than last year.

Regent Payne asked for clarification regarding using the same company for three years, but approving them each year of the three years. Ms. Allen responded that the University went out for an RFP for a three-year audit contract. But the Audit Rule requires that they get individual approval for each of the years. Regent Payne then asked if the original contract would say approximately three million dollars, but because of the State requirement, it is approved basically in thirds. Ms. Allen replied yes. Regent Schwartz asked if there will be an open bid process again next year. Ms. Allen replied yes.

Chair Brown asked about the timeframe for changing the auditors and/or managers for the audit contract to get a varied perspective. Victor Griego, Internal Audit Director replied that the State Rule requires a change in auditor every six years. Lisa Todd, Partner, Moss Adams noted that requirement did change last year and now it is actually an eight-year requirement. Chair Brown noted we are a little limited in New Mexico as far as firms that have the bandwidth to handle an audit like UNM's. So, it can ping-pong back-and-forth between Moss Adams and KPMG.

- The Committee approved the renewal of the annual UNM financial statement external audit contract.

INFORMATION ITEMS:

- Advisors' comments: None.

- Brian Colón, State Auditor, Lisa Todd, Partner, Moss Adams, John Kennedy, Partner, KPMG, and their teams presented the Committee with entrance conference information for the FY22 external financial statements audit.

Mr. Colón briefly addressed the Committee. He thanked the Regents, and thanked KPMG and Moss Adams for their partnership in the engagement. He stated the State Auditor's Office has worked very closely with UNM, and he looks forward to this particular engagement, as he is a Lobo. It is a point of personal pride for him. Mr. Colón turned the meeting over to Mr. Kennedy. Mr. Kennedy stated that Moss Adams is the primary on the contract. They are the ones who were awarded the contract, and KPMG is currently the subcontractor to Moss Adams for the clinical operations. Today they will walk through the audit plan and scope of work, and introduce the service team. They will discuss a summary of the audits to be performed, materiality, responsibilities, timelines, etc.

Ms. Todd provided details. Moss Adams is responsible for the entity-wide audit and bringing that all together. That includes the single audit. The single audit is the audit of federal expenditures. They audit all the non-clinical component units and departments, bring all of the information together, and report on the consolidated financial statements. They refer to additional clinical operations that are audited by KPMG.

Mr. Colón introduced Elena Tercero, CFO and Audit Manager at the State Auditor's Office. Ms. Tercero will be managing and supervising this engagement. The State Auditor's Office will be doing test work for the State Audit Rule, the single audit, and other substantive audit procedures. Ms. Tercero introduced the other team members from the State Auditor's Office, including Liza Kerr, Quality Control Director, and Laura Wade, Audit Supervisor.

Mr. Kennedy supplied information regarding the KPMG responsibilities and service teams. KPMG is responsible for the clinical operations portion of the audit, which is UNM Hospital, Behavioral Health, Medical Group, and SRMC. They issue separate opinions on each of those entities and share information with Moss Adams, as is relevant, on the single audit. Both external audit teams have many years of experience regarding this audit process with UNM. Ms. Todd explained they perform the audit in accordance with generally accepted auditing standards, governmental auditing standards, and the New Mexico State Audit Rule. They will also be performing the federal grant compliance audit in accordance with the uniform guidance.

Mr. Kennedy stated he will be leading the team for the health operations audits. Amy Banovich, Concurrent Partner, is in the Seattle office. She also participates in the University of Washington audits. Jaime Cavin, Managing Director is part of the team again this year. Ruth Senior, Senior Manager is in the process of leaving KPMG to get her PhD. She will be helping with this audit until August or September. KPMG is starting their planning meetings with the various entities to work through their plans and strategies. Some of their key areas are allowances for uncollected accounts and contractual allowances, debt and debt covenants, PRF funding, and capital activities. They will be starting audit field work soon. The delivery date for their part is September 15th. Chair Brown thanked Mr. Kennedy for his attention to the \$600 million capital project.

This year, they know they will have several major programs that they are going to test. It is time for the Research and Development Program to be audited again. That is a significant program at the University. Ms. Todd stated they again will have COVID relief funding to test this year. The government has instructed that they cannot rotate that program. Historically, with the single audit, they have been able to rotate periodically how they are tested. But with the CARES Act and The American Rescue Plan Act, guidance has been ever changing, ever moving, and not necessarily timely from the federal government. However, they have asked that these programs continue to be audited each year. Chair Brown stated he thinks this area is very important. Last year, the audit finalization was delayed due to the changing instructions.

Ms. Todd introduced the Moss Adams team. She herself serves as the Partner on the audit for the University and non-clinical component units. Scott Simpson is the concurring partner out of the Portland, Oregon office. He is a dedicated Higher Education partner for Moss Adams. He is well versed in the New Mexico State Audit Rule as well, so he is a great quality control reviewer. Sujana Bhandari, Senior Manager, has been involved at the senior

manager level both at the University and several component units. Sheila Herrera, Senior Manager works on several of the component units.

They use a risk-based audit approach; they focus on areas of significant risk, based on risk of material misstatements in specific areas of the financial statements where there might be potential for error or fraud. They work through those areas based on their understanding of various entities and where they need to focus their time and effort. They look at internal controls and do some testing over internal controls. Under the Governmental Auditing Standards, they issue a report specifically related to compliance and internal controls they look at. They look at material account balances throughout the University. They focus significantly on IT controls and testing as well, using a specific team of IT professionals. The IT review focuses on things such as security, access, and change management. Mr. Kennedy stated the IT team members are also an important part of the process at KPMG.

They are required to also look at compliance and controls over the federal grant requirements. A significant amount of time is spent there. It's quite complex. They do all the testing of the balances. The component unit deadline is September 15th as Mr. Kennedy stated, because then they get to work putting everything together into one document to be reported to this Committee at the October 13th meeting.

They are working in a hybrid role with their clients. They are still doing a lot of remote work, but have met with the Controller and their team about coming in to work on site, as needed. They don't anticipate any issues with that. They have weekly meetings with each entity, and then get together as a whole.

Regent Payne thanked all the teams. He said he takes comfort in seeing how closely integrated the State Auditor has been at every one of the quarterly meetings, and how fully engaged all the firms are with each other.

Regent Schwartz stated he has some fundamental questions as someone who has no background at all in what auditing even means, how it applies to the University, and what comes out of the audit. He asked if he could get a brief summary explanation of what an audit is. Is it just financial or programmatic; is it just compliance?

Ms. Todd replied the University is complex. They perform and are engaged to report on a financial statement audit basis. All the opinions they issue are specific to if the University's financial statements are materially correct and reasonably stated. They provide reasonable but not absolute assurance that the financial statements are materially correct for all of the components. What that means, is, that a user could use those statements to make decisions about the organization. They don't audit to the dollar or penny; they use a materiality factor based on various risks. Because UNM is a state entity, and there are governmental standards, they are also required to look at compliance with federal grants. They issue a compliance-related report. UNM has a great deal of expenditures from federal awards. They look at what are high risk, and high dollar thresholds. For example, in research and development, they are looking at procurement, i.e. buying equipment for research. They are also looking at reporting and cash management. They issue a required report on internal controls, sometimes called a Yellow Book Report.

As a University, a State entity, the State Audit Rule is also something UNM has to comply with. The State Audit Rule has very specific rules for procurement, inventory management, etc. For anything that comes up in the entire audit process related to controls, findings, etc., the State Audit Rule dictates that they must be reported in writing in the audit report. Regent Schwartz asked if they audit if UNM is getting value for its money or if UNM is operating within its budget. Ms. Todd replied no. However, there are certain budgetary requirements - submissions that UNM is required to make to the State of New Mexico, and they do look at that. UNM's Internal Audit Department gets a little more detailed in scope, and could focus on those types of issues.

Regent Schwartz asked if they are using their experience to find out how to sample and figure out where you are most likely to find out if the program as a whole is consistent with good practices. Ms. Todd replied that there is a lot of auditor judgement and experience, but also a lot of standards and guidance they have to use when it comes to sampling techniques, appropriate testing methods, scope, etc. Regent Schwartz asked if this is a standard type of audit they do for institutions around the country. Ms. Todd replied yes.

Chair Brown stated there is also a management assessment aspect to it, too. There is a letter written to management as to their observations and cooperation received from staff working with the auditors, and whether they contested any findings. There is a lot of emphasis on checks and balances within the terms of the controls. Where that becomes particularly challenging is within small units. It is difficult to establish dual controls that a large organization puts in. UNM is now considering more centralized control that can swoop in and act as a second opinion maker or signing authority for duality. Internal Audit has a key role in the follow-up.

Victor Griego, Internal Audit Director stated he would be happy to prepare a presentation providing differences between the external and internal audit function. It is both different and yet similar in nature. There is a collaborative relationship between internal and external audit. Risks that internal audit identifies that might be widespread would be considered by the external auditors as an internal control issue. Conversely, external auditors may have findings or issues with non-compliance that internal audit will follow up on. Chair Brown noted that Internal Audit's reporting line is directly to the Regents, not through the operating departments who might have incentives to cover something up.

- Mr. Griego presented his Director's Report. The Department is still working on a hybrid schedule, at least until the end of the fiscal year. Based on guidance, Mr. Griego will determine the staff schedule after that point. The Department just hired an internal auditor, Walter Peters, who started April 11th. He has roughly ten (10) years of experience in internal audit, at both the federal and state levels.

The Department has completed an audit of Capital Projects, the annual President's travel audit, an audit of Facilities Management - Management and Maintenance Department, and will be presenting the audit of Research and Public Service Projects (RPSP) in the closed session of this meeting. The Robotics portion of that audit was presented at the last meeting of this Committee. There are three (3) audits in progress and are close to being completed. The Children's Campus audit will be presented at the next meeting. Other in process audits are Project Echo, Information Security, and Valencia Branch.

Regent Schwartz asked Mr. Griego if it is the same thing for him in internal audit; does he select the thing that has the greatest risk? Mr. Griego responded that Internal Audit performs a University-wide risk assessment in conjunction with the compliance areas every three years to establish higher risk areas. Internal Audit develops a work plan based on that assessment. The new risk assessment is coming soon, and Mr. Griego informed the Committee that he will be reporting on the status of the FY23 risk assessment at the next meeting. Chair Brown stated that he also collaborates with Mr. Griego on things he thinks are of particular interest. Mr. Griego continued stating that the risk assessment is the basis of the audit plan, but that plan is updated on an annual basis to identify any new, emerging risks or concerns pertaining to the University. Audits can also be initiated through management request.

As of March 31, 2022, the Department has completed nine (9) investigations. There are seven (7) that are in planning and field work, and five (5) that are yet to be assigned. These complaints are financial matters related to fraud, theft, misuse of funds, time abuse, etc. Mr. Griego is currently working with the CEEO to administer the EthicsPoint complaint system. They are working on updating processes and procedures. They are planning a training in late July for EthicsPoint users.

Chair Brown asked if the complaint numbers are down a bit. Mr. Griego replied they are slightly down. He said typically it is about 50-60 annually; it is on track to be under the normal range. Also, they are getting completed more quickly. Regent Payne asked about criminal behavior involved in the complaints. How does Internal Audit interact with that? Mr. Griego responded that if it involves criminal or illegal activity, Policy 7205 requires Internal Audit to report it to Campus Police and the State Auditor's Office. Internal Audit provides the nature of the complaint, and then waits for feedback if they are going to follow up on the identified issue. There is also a separate confidential report sent to management of the area. In that report, Internal Audit provides recommendations to be implemented on issues identified. The results of investigations are not reported to the

Committee, but a report is provided to management to implement recommendations, and also to the State Auditor and Campus police - if it meets the policy requirement to do so.

Not much has changed since the original budget was completed for FY22. There was an additional amount of \$5,866 budget adjustment for the recent three-percent salary increase and associated fringe benefits increase. As of March 31st, our total expenditures are \$687,950, with incumbrances of \$254,010. Most of the budget is labor costs. Right now, the single largest operational budget expense for the remainder of the year is a complete migration upgrade for the departmental audit software from TeamMate AM to TeamMate Plus. The migration should start in August and hopefully be completed by the end of the year.

Mr. Griego provided the Committee with an update on the Health System Internal Audit function. CliftonLarsonAllen (CLA) was contracted to complete audits. They will be giving an informational presentation of completed audits in the closed session of this meeting. Mr. Griego will also be providing an update of the Health System Internal Audit function and reporting and communication. This will also be in closed session.

Mr. Griego gave an update on third-party external audits and reviews. There are currently four (4) to report on this cycle. Three (3) were completed, and one is ongoing. First, there is the Health Resources and Services Administration (HRSA). They completed an audit of South-Central AIDS Education and training centers within the Health Sciences Center. The audit covered the period of 7/1/19 to 6/30/21. The funding agency submitted an exit letter stating the findings led to a spending plan for the residual balance. It was basically a finding for the reserve balances in the area. HSC has provided responses to the findings with a resolution plan. The Department of Justice completed an audit of awards on Main Campus under the Department of Social Research. The audit found no programmatic or administrative issues. Leidos Philanthropy also completed a review of all awards within the Cancer Center covering a period of 4/15/2016 though 8/31/2021. The audit did not find any issues to report. The only ongoing audit right now is with Sandia National Labs for all Main Campus and HSC purchase orders from 7/1/19 to 6/30/21, covering a two-year period. They are looking at actual versus budgeted expenditures. The University received questions and provided answers; UNM is now waiting for the auditor to respond.

Chair Brown asked if the State Auditor's Office is done with oversight of the Athletic Department, and if they are issuing a statement of release as they are confident things are now under control. He asked if that is correct. President Stokes responded it is not over; UNM still has to report. However, she is going to write a formal letter requesting that UNM be relieved of that responsibility. The UNM Internal Audit findings from the Athletics audit are resolved. Regent Schwartz asked if we would expect to hear more, or is no news good news? Mr. Griego said for Internal Audit they think it's good news. Athletics is always a higher risk on a risk assessment, but there is nothing specific at this time.

- Heather Jaramillo, Director, Office of Equal Opportunity addressed the Committee with a CEEO report. They have two new staff members. Blaine Moffatt is the new Compliance Coordinator. He previously practiced law in Texas and helped corporations set up complex compliance systems with respect to global requirements as well as United States regulations governing trade. Adrienne Helms is the new Clery Act Coordinator. She has an interesting background. She has worked with law enforcement and also has a degree in urban planning, with an eye toward identifying environmental and physical barriers that might detract from safety.

Ms. Jaramillo updated UNM's efforts to become more fully compliant with the Americans with Disabilities Act. They are in the process of wrapping up the buildings and paths of travel review. The database provided by the vendor who did the review, Architect Research Consultants, will be previewed at the Regents' Retreat later this summer. There are currently efforts underway to obtain funding for additional building assessments on both the South and North Campuses. Only a small percentage of the buildings on Main Campus and a handful on North Campus were reviewed due to funding. They are undergoing programmatic, academic, and employment area self-evaluation surveys which are required by the ADA. They are evaluating and compiling the data. They will be sending student surveys out this fall.

They have successfully launched a reasonable accommodation funding request form that they are calling the RAP form. This is for departments to request accommodations or accessibility enhancements with regard to either a program or event, or an employee who is requesting assistive devices that might be expensive. It can also be for building issues or physical barriers. There are already a number of departments who have already utilized this form. They have helped departments identify funding.

At the same time that they were working on the building and paths of travel, they also obtained a vendor for a web and digital accessibility review. There were several departments involved. The vendor put out a draft report that is awaiting review by the Office of University Counsel. There are some suggestions that they have, primarily for additional personnel in order to manage and train in different areas on campus with respect to digital accessibility. This includes things like websites, application materials, the learning management system, digital learning materials, etc. They are also looking to update policy and have a very robust resource and training program. They plan to provide this in advance of the Regents' Retreat.

As Mr. Griego mentioned earlier, there are EthicsPoint updates underway. There have been some attempts to streamline the portal more broadly. Previously, if someone wanted to file a complaint through the hotline, they were met with a series of dropdowns to select different areas that were somewhat confusing if you were not involved in the UNM administrative system. They have taken that portion out and have streamlined it to just identify main areas for the type of report someone might want to give. It should make it less cumbersome for people to make reports. They worked with Ethics Point over the last several months to create a custom report form to comply with Title IX requirements. Currently, CEEO is exploring other EthicsPoint features including a conflict of interest disclosure management plan. CEEO will provide their office's annual data to this Committee at the next meeting.

Ms. Jaramillo provided an update on the President's Ethics Task Force. Several subcommittees with people from all over the University have come together to research best practices and craft draft policies for review by the President and the Office of University Counsel in the following areas: conflict of interest (COI) as required by law; training on COI; foreign contracts and gifts; human trafficking; data privacy; limited English proficiency, and commitment to diversity.

CEEEO is providing Title IX and Clery trainings in August. There is a potential fundraising opportunity for the University with the Title IX summit. Title IX is turning 50 this year. The Title IX Coordinator, Angela Catena is working hard on broader efforts for programming toward prevention as well as implementation of regulations. The Clery training is planned for all campus security authorities at UNM. The following day is the Title IX Training institute, a regional symposium which they hope to have on an annual basis going forward. Registration will be opening soon. Chair Brown thanked Ms. Jaramillo for the focused attention on Clery.

- Chien-Chih Yeh, Internal Audit Manager presented the audit recommendation follow-up report for this reporting cycle. When an audit is completed, if there are any recommendations, they go on this report for follow up tracking. He informed the Committee that there were no audit recommendations that were implemented during this reporting cycle. Therefore, this time there is no report for that; there are only four pending recommendations. There are still pending recommendations on the Reserves, Los Alamos Branch Campus, Bookstore, and Facilities Management audits. For the Reserves audit, there are still existing deficits in the remaining recommendation that need to be reduced. The impact of the pandemic has pushed back timelines for implementation. The Los Alamos Branch has a partially completed recommendation. Internal Audit is in the process of validating completion of the final Facilities Management recommendation. It should be on the implemented report at the next meeting.

For the Bookstore recommendation, they are waiting for review of a roles and responsibilities document regarding PCI compliance. Duane Arruti, CIO addressed the Committee with a status update on the recommendation. Mr. Arruti stated the roles document has been completed and reviewed by SVP Costantinidis.

Regent Payne asked about the deficit related to Student Publications. He asked if that is for the Daily Lobo. Provost Holloway replied that it is. Regent Payne is concerned that their answer to having a deficit is just to request more money. That's what everyone says, and he is not sure he is satisfied with that answer.

Chair Brown commented on the symbiotic relationship between deficits and reserves. In the Health Sciences area, due to COVID issues, and extra expenses for traveling nurses and that sort of thing, he voiced concerns about deficits in the Hospital area. That should turn around fairly soon. But in the meantime, the reporting is that it is in the clear because of dipping into reserves.

SVP Costantinidis stated that there are three types of reserves into which the funds are categorized: dedicated, committed and discretionary. Money can "slosh over" because they know they need to make that expense in the future. At UNM, the discretionary pool is very tiny. We need to keep an eye on that because it's the kind of thing that helps you in a bad year. Regent Brown stated that he understands how you would dip in to reserves to cover deficits, but to declare something is profitable when dipping in to reserves gives him anxiety. Ava Lovell, HSC Executive Officer for Finance and Administration commented that at the Finance and Facilities Committee meeting, there was an error in a report showing a \$120 million error in use of balance. They did not do that. Overall, the total Health Science Center is in a \$5 million positive situation, but the Hospital is at a \$30 million loss. Regent Schwartz stated that there is sometimes a mistake looking at just the Hospital and not the Health Science enterprise overall, because overall it is not in deficit. Regent Payne asked Ms. Lovell about the deficit for the physician pay increase. Ms. Lovell replied that is something that is happening, but that will be in FY23, because that is when the full increase kicks in.

By unanimous consent, the meeting went into Executive Session at 10:28 AM per the agenda.

- a) Discussion of draft Internal Audit Reports, and discussions of information subject to attorney-client privilege pursuant RPM 1.2.
- b) Discussion of limited personnel matters pursuant to exception at Section 10-15-1.H(2) NMSA (1978);
- c) Vote to re-open the meeting.

The Committee unanimously approved the following UNM report:

- 2022-02 Audit of Research and Public Service Projects (RPSP)

The meeting returned to open session at 11:53 AM with certification that only those matters described above were discussed in Executive Session. Regent Payne commented on the length of the documents to review for several Committee meetings. The Committee asked Terry Babbitt, Chief of Staff if they could, generally, for all Committees, get the materials sooner and perhaps with a summary of items. Mr. Babbitt replied that the President's Office is working on the issue and units will strive to improve the process under the President's guidance. The meeting adjourned at 11:57 AM.

Approved:

Audit and Compliance Committee Chair

There is no
handout
required for
this item

There is no
handout
required for
this item

**Internal Audit Director’s Status Report
Audit and Compliance Committee Meeting
August 11, 2022**

INFORMATION ITEMS

Audit Committee Meeting Calendar. This schedule will accommodate the exit conference for the FY22 External Financial Statements Audit. The following is the future proposed date for the remainder of 2022. The date for this meeting was changed per the request of the Committee Chair.

October 12, 2022 (Exit Conference for FY22 Financial Statements Audit)

Internal Audit Operations and Staffing. The Internal Audit department is currently working on a hybrid office and telecommuting schedule, which is based on telecommuting guidance issued by Human Resources.

Internal Audit has one vacant senior auditor position. Internal Audit is continuing to review available budget and department staffing needs in efforts to fill the vacant position.

Audit Plan Status. The project status and hours report for the audit plan is at Tab #5. The status of the proposed audit plan for the period of July 1, 2021 through June 30, 2022 is:

Completed	4
Committee Presentation	1
Planning/Fieldwork	4
Subtotal	9
Assigned	2
Unassigned	2
Total	13

The Audit of Children’s Campus has been completed and will be presented in this meeting’s closed session. Planning procedures have been substantially completed for Project Echo and UNM Valencia Branch Campus, with fieldwork procedures beginning shortly. In addition, planning procedures have been initiated for the annual audit of the President’s Travel and Entertainment Expenses and an Information Security Computing audit.

Complaint Status. The final status of complaints assigned to Internal Audit for FY2022 is:

Completed/Closed	12
Planning/Fieldwork	12
Unassigned	11
Total	35

Complaints assigned to Internal Audit for review are those of financial related matters (i.e., fraud, theft, misuse of funds, time abuse, etc.). Two (2) complaints requiring BOR A&C Committee notification will be presented/discussed during closed session.

**Internal Audit Director's Status Report
Audit and Compliance Committee Meeting
August 11, 2022**

The Internal Audit director is still serving as an EthicsPoint Administrator and assisted the Main Campus Compliance Office in providing an EthicsPoint training on July 29th, which was provided to all EthicsPoint users.

Department Financial Report. At Tab #5 is the Internal Audit Department's operating ledger reports for FYs 22 and 23 for your review. The FY22 final budget was \$1,132,623 primarily consisted of \$977,757 (86%) from general pool funding and \$149,000 (13%) for the department's reserves. Total expenses for the year were \$950,998, resulting in I&G funding exceeding expenses. Departmental reserves increased from \$203,388 at the beginning of FY22 to \$236,012 at FY22 year end. Internal Audit's budget savings is due to two vacant senior auditor positions for the majority of the year.

The FY23 adopted budget is \$1,351,742, of which \$1,115,730 is from the general pool, and \$70,000 is from the departmental reserve. Budgeted expenses are primarily labor at \$1,110,576 (94%). Non-labor expenses primarily consist of IT Services and software maintenance (\$23,500) and trainings and professional development (\$10,000).

Risk Assessment

Planning procedures for the FY2023 University-Wide Risk Assessment have been initiated. The risk assessment team is comprised of Internal Audit, Main Campus Compliance, and UNMH/Compliance offices. The team is currently developing the risk assessment survey for distribution to all university-wide units being assessed. The risk assessment survey questions are being designed to address operational, compliance, financial, and information security risks facing the university. The team plans to finalize the risk assessment survey and determine the method of distribution and administration of the data during its next monthly meeting. Institutional Analytics assisted in the survey distribution and administration of the data using Opinio during the FY2020 University-Wide Risk Assessment.

Required Communication. As required by the Internal Auditing Standards, Internal Audit management determines the following:

- Ongoing monitoring of the performance of the department, as a part of routine activities.
- All staff members are independent and objective in completing Internal Audit responsibilities.
- Internal Audit does not believe it has resource limitations to complete its audits and investigations.

External Financial Statement Audit

The FY22 external audit is currently being conducted, and is in the final year of its three-year contract. The exit meeting for the audit and approval of the financial statement audit report is scheduled to occur during the October 12th A&C Committee meeting.

Health System Internal Audit

Clifton Larson Allen (CLA) has completed four (4) audits and has presented and received approval from each applicable Health System Audit and Compliance Committees. These reports will be presented in closed session by the CLA team for BOR A&C Committee approval. In addition, certain CLA reports that were presented at the May 5th meeting will also need formal approval.

**Internal Audit Director's Status Report
Audit and Compliance Committee Meeting
August 11, 2022**

Office of the State Auditor Special Audit

The Office of the State Auditor (OSA) is conducting a special audit of UNM Research and Public Service Projects (RPSP). OSA has received the remaining test samples from Main Campus and HSC and is currently validating them for test work. Audit field work has been completed barring any unforeseen developments during final test work. The OSA believes it is on track for report completion and the exit conference by the end of August.

External Audits and Reviews. At Tab #5 is the summary information as of June 30, 2022 regarding the external audits/reviews (third party financial audits) of various grants, contracts, and programs by various grantor agencies. There are currently two (2) audits/reviews to report for this reporting period, which are both currently in-process.

The University is currently going through an audit with Sandia National Labs of all Main Campus and HSC Purchase Orders. The audit period covered awards from 7/1/2019 – 6/30/2021. Official Sample selection was sent 05/17/22 and Sandia requested additional samples and information on 7/18/2022 for testing. UNM is in the process of gathering and providing the additional information for Sandia's audit.

The Health Resources & Services Administration (HRSA) is conducting an audit of a Ryan White 340B Drug Pricing Program grant awarded to the Internal Medicine department. The audit scope covers 7/1/2021 through 6/30/2022. UNM has provided documentation for samples and other audit requests, and is waiting on final exit information for the audit to be completed.

Organization Level 5: '676A - Internal Audit Department'

Fiscal Year to Date: Through the Month of June 2022, Actuals Current Month is summarized for both Fiscal Periods 12 and 14.

Account Description	Budget (FYTD) Adopted	Budget (FYTD) Adjustments	Budget (FYTD) Accumulated	Actuals Current Month	Actuals Pct	Actuals Fiscal YTD	Actuals Pct	Encumbrances	Balance Available	Balance Pct
Revenue										
1640 - Allocations Pooled Allo!	\$977,757.00	\$0.00	\$977,757.00	\$0.00	.00%	\$977,757.00	100.00%	\$0.00	\$0.00	.00%
1641 - Non-Recurring Pooled !	\$0.00	\$5,866.00	\$5,866.00	\$0.00	.00%	\$5,866.00	100.00%	\$0.00	\$0.00	.00%
1900 - Reserves	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$203,387.82	.00%	\$0.00	(\$203,387.82)	.00%
1901 - Budgeted Use of Rese!	\$149,000.00	\$0.00	\$149,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$149,000.00	100.00%
*TOTAL Revenue	\$1,126,757.00	\$5,866.00	\$1,132,623.00	\$0.00	.00%	\$1,187,010.82	104.80%	\$0.00	(\$54,387.82)	(4.80%)
Expense										
2020 - Administrative Profess!	\$724,293.00	\$5,398.00	\$729,691.00	\$54,577.07	7.48%	\$601,558.66	82.44%	\$0.00	\$128,132.34	17.56%
2060 - Support Staff Salary D!	\$49,328.00	\$468.00	\$49,796.00	\$5,674.41	11.40%	\$49,878.33	100.17%	\$0.00	(\$82.33)	(.17%)
20J0 - Student Salaries Gen	\$12,500.00	\$0.00	\$12,500.00	\$111.80	.89%	\$1,834.30	14.67%	\$0.00	\$10,665.70	85.33%
2110 - Fica Gen	\$50,063.00	\$0.00	\$50,063.00	\$4,312.95	8.62%	\$46,928.90	93.74%	\$0.00	\$3,134.10	6.26%
2140 - Retirement Gen	\$92,744.00	\$0.00	\$92,744.00	\$8,578.36	9.25%	\$92,231.22	99.45%	\$0.00	\$512.78	.55%
2160 - Group Insurance Gen	\$82,444.00	\$0.00	\$82,444.00	\$4,568.03	5.54%	\$54,900.39	66.59%	\$0.00	\$27,543.61	33.41%
2180 - Unemployment Comp!	\$459.00	\$0.00	\$459.00	\$53.87	11.74%	\$585.97	127.66%	\$0.00	(\$126.97)	(27.66%)
21A0 - Workers Compensatio!	\$395.00	\$0.00	\$395.00	\$66.88	16.93%	\$589.54	149.25%	\$0.00	(\$194.54)	(49.25%)
21J0 - Other Staff Benefits G!	\$30,068.00	\$0.00	\$30,068.00	\$2,759.73	9.18%	\$29,895.64	99.43%	\$0.00	\$172.36	.57%
21L0 - Accrued Annual Leave!	\$75.00	\$0.00	\$75.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$75.00	100.00%
21L1 - Catastrophic Leave Ex!	\$75.00	\$0.00	\$75.00	\$0.00	.00%	\$268.25	357.67%	\$0.00	(\$193.25)	(257.67%)
3100 - Office Supplies Gener!	\$500.00	\$0.00	\$500.00	\$0.00	.00%	\$339.23	67.85%	\$236.94	(\$76.17)	(15.23%)
3110 - Books Periodicals Gen	\$50.00	\$0.00	\$50.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$50.00	100.00%
3111 - Manuals	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$76.64	.00%	\$0.00	(\$76.64)	.00%
3140 - Computer Software G!	\$150.00	\$0.00	\$150.00	\$0.00	.00%	\$551.00	367.33%	\$0.00	(\$401.00)	(267.33%)
3150 - Computer Supplies <\$!	\$793.00	\$0.00	\$793.00	\$0.00	.00%	\$1,782.09	224.73%	\$0.00	(\$989.09)	(124.73%)
3170 - Custodial Supplies Gen	\$500.00	\$0.00	\$500.00	\$0.00	.00%	\$35.85	7.17%	\$0.00	\$464.15	92.83%
3180 - Non Capital Equipmen!	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$299.99	.00%	\$0.00	(\$299.99)	.00%
3189 - Tagged Non-Capital E!	\$2,000.00	\$0.00	\$2,000.00	\$0.00	.00%	\$10,180.00	509.00%	\$0.00	(\$8,180.00)	(409.00%)
31A0 - Business Food - Local	\$600.00	\$0.00	\$600.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$600.00	100.00%
31C0 - Dues Memberships G!	\$4,500.00	\$0.00	\$4,500.00	\$130.00	2.89%	\$3,385.00	75.22%	\$0.00	\$1,115.00	24.78%
31J0 - Parking Permits Gen	\$150.00	\$0.00	\$150.00	\$0.00	.00%	\$400.00	266.67%	\$0.00	(\$250.00)	(166.67%)
31K0 - Postage Gen	\$40.00	\$0.00	\$40.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$40.00	100.00%

Warning: These reports will show fiscal year activity. For inception to date activity for Grants please use the FRRGLDS - Grant Ledger Detail Summary report.

Organization Level 5: '676A - Internal Audit Department'

Fiscal Year to Date: Through the Month of June 2022, Actuals Current Month is summarized for both Fiscal Periods 12 and 14.

Account Description	Budget (FYTD) Adopted	Budget (FYTD) Adjustments	Budget (FYTD) Accumulated	Actuals Current Month	Actuals Pct	Actuals Fiscal YTD	Actuals Pct	Encumbrances	Balance Available	Balance Pct
31N2 - Individual Safety Equi!	\$.00	\$.00	\$.00	\$.00	.00%	\$132.00	.00%	\$.00	(\$132.00)	.00%
31P0 - Training Materials Sup!	\$200.00	\$.00	\$200.00	\$.00	.00%	\$.00	.00%	\$.00	\$200.00	100.00%
3800 - In State Travel Gen	\$400.00	\$.00	\$400.00	\$.00	.00%	\$.00	.00%	\$.00	\$400.00	100.00%
3805 - Instate Travel-Per Die!	\$100.00	\$.00	\$100.00	\$.00	.00%	\$.00	.00%	\$.00	\$100.00	100.00%
3825 - Out State Travel-Per D!	\$1,000.00	\$.00	\$1,000.00	\$.00	.00%	\$.00	.00%	\$.00	\$1,000.00	100.00%
3830 - Out State Trvl-Per Die!	\$500.00	\$.00	\$500.00	\$.00	.00%	\$.00	.00%	\$.00	\$500.00	100.00%
6000 - Telecom Charges Gen	\$3,500.00	\$.00	\$3,500.00	\$292.50	8.36%	\$3,510.00	100.29%	\$.00	(\$10.00)	(.29%)
6020 - Long Distance Gen	\$50.00	\$.00	\$50.00	\$.00	.00%	\$.00	.00%	\$.00	\$50.00	100.00%
6060 - Voice Mail Box Gen	\$600.00	\$.00	\$600.00	\$50.00	8.33%	\$600.00	100.00%	\$.00	\$.00	.00%
6300 - Alarm System Gen	\$200.00	\$.00	\$200.00	\$11.25	5.63%	\$185.00	92.50%	\$.00	\$15.00	7.50%
6370 - Printing/Copying/Bindi!	\$.00	\$.00	\$.00	\$.00	.00%	\$80.91	.00%	\$.00	(\$80.91)	.00%
63A0 - Conference Fees Gen	\$4,000.00	\$.00	\$4,000.00	\$925.00	23.13%	\$3,853.00	96.33%	\$.00	\$147.00	3.68%
63A2 - Seminars/Training Fe!	\$3,000.00	\$.00	\$3,000.00	\$1,764.99	58.83%	\$4,938.99	164.63%	\$.00	(\$1,938.99)	(64.63%)
63C0 - Copying Gen	\$100.00	\$.00	\$100.00	\$.00	.00%	\$.00	.00%	\$.00	\$100.00	100.00%
63V0 - Consultant Fees Gen	\$.00	\$.00	\$.00	\$.00	.00%	\$8,895.00	.00%	\$.00	(\$8,895.00)	.00%
69Z0 - Other Professional Ser!	\$11,500.00	\$.00	\$11,500.00	\$704.96	6.13%	\$13,851.52	120.45%	\$6,000.00	(\$8,351.52)	(72.62%)
7000 - Plant Repairs Mainten!	\$200.00	\$.00	\$200.00	\$148.40	74.20%	\$824.67	412.34%	\$.00	(\$624.67)	(312.34%)
70E0 - Computer Hardware !	\$600.00	\$.00	\$600.00	\$.00	.00%	\$.00	.00%	\$.00	\$600.00	100.00%
70E1 - Computer Software M!	\$41,500.00	\$.00	\$41,500.00	\$.00	.00%	\$11,092.80	26.73%	\$31,000.00	(\$592.80)	(1.43%)
70F0 - Equipment Rent Expe!	\$2,400.00	\$.00	\$2,400.00	\$347.64	14.49%	\$1,906.45	79.44%	\$.00	\$493.55	20.56%
75Z0 - Other Repairs Mainten!	\$.00	\$.00	\$.00	\$.00	.00%	\$10.00	.00%	\$.00	(\$10.00)	.00%
80K0 - Banner Tax	\$660.00	\$.00	\$660.00	\$43.75	6.63%	\$669.31	101.41%	\$.00	(\$9.31)	(1.41%)
80K2 - Foundation Surcharge	\$4,520.00	\$.00	\$4,520.00	\$425.39	9.41%	\$4,728.01	104.60%	\$.00	(\$208.01)	(4.60%)

*TOTAL Expense	\$1,126,757.00	\$5,866.00	\$1,132,623.00	\$85,546.98	7.55%	\$950,998.66	83.96%	\$37,236.94	\$144,387.40	12.75%
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Organization Level 5: '676A - Internal Audit Department'

Fiscal Year to Date: Through the Month of June 2022, Actuals Current Month is summarized for both Fiscal Periods 12 and 14.

Account Description	Budget (FYTD) Adopted	Budget (FYTD) Adjustments	Budget (FYTD) Accumulated	Actuals Current Month	Actuals Pct	Actuals Fiscal YTD	Actuals Pct	Encumbrances	Balance Available	Balance Pct
Total Revenue:	\$1,126,757.00	\$5,866.00	\$1,132,623.00	\$0.00	.00%	\$1,187,010.82	104.80%	\$0.00	(\$54,387.82)	(4.80%)
Total Expense:	\$1,126,757.00	\$5,866.00	\$1,132,623.00	\$85,546.98	7.55%	\$950,998.66	83.96%	\$37,236.94	\$144,387.40	12.75%
Net:	\$0.00	\$0.00	\$0.00	(\$85,546.98)	.00%	\$236,012.16	.00%	(\$37,236.94)	\$198,775.22	.00%

Parameters:

Organization Level 5: '676A - Internal Audit Department'

Fiscal Year to Date: Through the Month of June 2022, Actuals Current Month is summarized from Fiscal Periods 12 and 14.

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Organization Level 5: '676A - Internal Audit Department'

Account Description	Budget (FYTD) Adopted	Budget (FYTD) Adjustments	Budget (Month) Accumulated	Actuals Current Month	Actuals Pct	Actuals Fiscal (Month)	Actuals Pct	Encumbrances	Balance Available (Month)	Balance Pct
Revenue										
1640 - Allocations Pooled Allo!	\$1,115,730.00	\$0.00	\$1,115,730.00	\$1,115,730.00	100.00%	\$1,115,730.00	100.00%	\$0.00	\$0.00	.00%
1900 - Reserves	\$0.00	\$0.00	\$0.00	\$236,012.16	.00%	\$236,012.16	.00%	\$0.00	(\$236,012.16)	.00%
1901 - Budgeted Use of Rese!	\$70,000.00	\$0.00	\$70,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$70,000.00	100.00%
*TOTAL Revenue	\$1,185,730.00	\$0.00	\$1,185,730.00	\$1,351,742.16	114.00%	\$1,351,742.16	114.00%	\$0.00	(\$166,012.16)	(14.00%)
Expense										
2020 - Administrative Profess!	\$716,027.00	\$0.00	\$716,027.00	\$56,422.82	7.88%	\$56,422.82	7.88%	\$620,651.02	\$38,953.16	5.44%
2060 - Support Staff Salary D!	\$52,841.00	\$0.00	\$52,841.00	\$2,235.56	4.23%	\$2,235.56	4.23%	\$50,808.25	(\$202.81)	(.38%)
20J0 - Student Salaries Gen	\$17,000.00	\$0.00	\$17,000.00	\$105.30	.62%	\$105.30	.62%	\$0.00	\$16,894.70	99.38%
2110 - Fica Gen	\$58,818.00	\$0.00	\$58,818.00	\$4,212.38	7.16%	\$4,212.38	7.16%	\$0.00	\$54,605.62	92.84%
2140 - Retirement Gen	\$131,861.00	\$0.00	\$131,861.00	\$10,059.93	7.63%	\$10,059.93	7.63%	\$0.00	\$121,801.07	92.37%
2160 - Group Insurance Gen	\$99,876.00	\$0.00	\$99,876.00	\$4,368.18	4.37%	\$4,368.18	4.37%	\$0.00	\$95,507.82	95.63%
2180 - Unemployment Comp!	\$538.00	\$0.00	\$538.00	\$41.06	7.63%	\$41.06	7.63%	\$0.00	\$496.94	92.37%
21A0 - Workers Compensatio!	\$707.00	\$0.00	\$707.00	\$52.88	7.48%	\$52.88	7.48%	\$0.00	\$654.12	92.52%
21J0 - Other Staff Benefits G!	\$32,754.00	\$0.00	\$32,754.00	\$2,498.83	7.63%	\$2,498.83	7.63%	\$0.00	\$30,255.17	92.37%
21L0 - Accrued Annual Leave!	\$77.00	\$0.00	\$77.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$77.00	100.00%
21L1 - Catastrophic Leave Ex!	\$77.00	\$0.00	\$77.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$77.00	100.00%
3100 - Office Supplies Gener!	\$700.00	\$0.00	\$700.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$700.00	100.00%
3110 - Books Periodicals Gen	\$150.00	\$0.00	\$150.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$150.00	100.00%
3140 - Computer Software G!	\$223.00	\$0.00	\$223.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$223.00	100.00%
3150 - Computer Supplies <\$!	\$750.00	\$0.00	\$750.00	\$0.00	.00%	\$0.00	.00%	\$209.68	\$540.32	72.04%
3170 - Custodial Supplies Gen	\$100.00	\$0.00	\$100.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$100.00	100.00%
3180 - Non Capital Equipmen!	\$1,000.00	\$0.00	\$1,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$1,000.00	100.00%
3189 - Tagged Non-Capital E!	\$2,500.00	\$0.00	\$2,500.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$2,500.00	100.00%
31A0 - Business Food - Local	\$500.00	\$0.00	\$500.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$500.00	100.00%
31C0 - Dues Memberships G!	\$5,000.00	\$0.00	\$5,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$5,000.00	100.00%
31J0 - Parking Permits Gen	\$100.00	\$0.00	\$100.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$100.00	100.00%
31K0 - Postage Gen	\$30.00	\$0.00	\$30.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$30.00	100.00%
31P0 - Training Materials Sup!	\$250.00	\$0.00	\$250.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$250.00	100.00%
3800 - In State Travel Gen	\$300.00	\$0.00	\$300.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$300.00	100.00%
3805 - Instate Travel-Per Die!	\$125.00	\$0.00	\$125.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$125.00	100.00%

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Organization Level 5: '676A - Internal Audit Department'

Account Description	Budget (FYTD) Adopted	Budget (FYTD) Adjustments	Budget (Month) Accumulated	Actuals Current Month	Actuals Pct	Actuals Fiscal (Month)	Actuals Pct	Encumbrances	Balance Available (Month)	Balance Pct
3825 - Out State Travel-Per D!	\$900.00	\$0.00	\$900.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$900.00	100.00%
3830 - Out State Trvl-Per Die!	\$300.00	\$0.00	\$300.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$300.00	100.00%
6000 - Telecom Charges Gen	\$3,650.00	\$0.00	\$3,650.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$3,650.00	100.00%
6020 - Long Distance Gen	\$40.00	\$0.00	\$40.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$40.00	100.00%
6060 - Voice Mail Box Gen	\$650.00	\$0.00	\$650.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$650.00	100.00%
6300 - Alarm System Gen	\$300.00	\$0.00	\$300.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$300.00	100.00%
63A0 - Conference Fees Gen	\$6,000.00	\$0.00	\$6,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$6,000.00	100.00%
63A2 - Seminars/Training Fe!	\$4,000.00	\$0.00	\$4,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$4,000.00	100.00%
63C0 - Copying Gen	\$75.00	\$0.00	\$75.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$75.00	100.00%
63V0 - Consultant Fees Gen	\$15,000.00	\$0.00	\$15,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$15,000.00	100.00%
69Z0 - Other Professional Ser!	\$12,000.00	\$0.00	\$12,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$12,000.00	100.00%
7000 - Plant Repairs Mainten!	\$300.00	\$0.00	\$300.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$300.00	100.00%
70E0 - Computer Hardware !	\$850.00	\$0.00	\$850.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$850.00	100.00%
70E1 - Computer Software M!	\$11,500.00	\$0.00	\$11,500.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$11,500.00	100.00%
70F0 - Equipment Rent Expe!	\$2,661.00	\$0.00	\$2,661.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$2,661.00	100.00%
80K0 - Banner Tax	\$700.00	\$0.00	\$700.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$700.00	100.00%
80K2 - Foundation Surcharge	\$4,500.00	\$0.00	\$4,500.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$4,500.00	100.00%
*TOTAL Expense	\$1,185,730.00	\$0.00	\$1,185,730.00	\$79,996.94	6.75%	\$79,996.94	6.75%	\$671,668.95	\$434,064.11	36.61%
Total Revenue:	\$1,185,730.00	\$0.00	\$1,185,730.00	\$1,351,742.16	114.00%	\$1,351,742.16	114.00%	\$0.00	(\$166,012.16)	(14.00%)
Total Expense:	\$1,185,730.00	\$0.00	\$1,185,730.00	\$79,996.94	6.75%	\$79,996.94	6.75%	\$671,668.95	\$434,064.11	36.61%
Net:	\$0.00	\$0.00	\$0.00	\$1,271,745.22	.00%	\$1,271,745.22	.00%	(\$671,668.95)	\$600,076.27	.00%

Parameters:

Organization Level 5: '676A - Internal Audit Department'

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Ongoing

Ongoing

Granting Agency/Entity	HRSA	Sandia National Labs (SNL)
Contract/Grant/Program Title	Ryan White Part C & D - 340B Drug Pricing Program (340B Program)	All SNL PO's
Contract/Grant Period	Audit covers 7/1/21 - 6/30/22	Various; Audit covers costs incurred between 7/1/18 - 6/30/21
Contract/Grant Total Amount	Various	Various
Contract/Grant Amount - Current FY		
Principal Investigator	Iandiorio	Various
Department	Truman/Internal Med	Various
Agency Audit/Review Notification Date		Original Engagement Letter - 8/5/21 (covered periods FY19 and F20) Revised Engagement Letter - 1/24/22 (added FY21 expenses to audit)
Audit/Review Entrance/Visit Date(s)	Entrance Conference - 5/10/2022	
Audit/Exit/Final Report Issued	N/A	
Questioned Cost, if any	N/A	
Audit/Review Major Finding, if any	N/A	
Corrective Action Plan, if any	N/A	
Planned Implementation Date	N/A	
Campus	HSC	Main and HSC
Auditor if Different than Grantor	HRSA	SNL
Comments	Provided samples and follow up audit requests. Waiting on final exit information.	After various sample requests and questions, the official Sample Selection was sent 05/17/22. After samples were sent, Sandia requested additional information multiple times. Additional samples were requested 7/18/22. From those samples, they are requiring additional information. We still need to provide the additional information and see if that is sufficient.

Budget to Actual Report
July 1, 2021 through June 30, 2022

Description	Status	FY 22 Budgeted Hours (*)	FY 22 Actual Hours	Variance
Audit Plan				
Prior Year				
Capital Projects	Completed	64	64	0
Audit of Facilities and Maintenance Division	Completed - Follow up	60	55	5
President's Travel and Entertainment FY21	Completed	200	142	58
RPSP (Main Campus and HSC)	Completed - Follow up	500	558	(58)
Children's Campus	A&C Committee	700	730	(30)
Information Security	Planning	400		400
UNM Valencia	Planning	200	148	52
Anderson School of Management	Assigned	500		500
Office of Medical Investigator (OMI)	Assigned	200		200
Enrollment Management	Unassigned			
FY 2022				
Project Echo	Planning	300	117	183
President's Travel and Entertainment FY22	Planning	150		150
Internal Medicine	Unassigned			
Audit Plan Subtotal		3,274	1,814	1,460
Misconduct and Fraud		3,520	3,414	106
Audit Recommendations Follow-up		350	187	163
Management Requests		150	15	135
Non Audit Plan Subtotal		4,020	3,616	404
Total Project Hours		7,294	5,430	1,864
Leave and Administrative				
Holiday		784	876	(92)
Annual		1,176	1,118	58
Sick		672	612	60
CPE/Training		400	937	(537)
Administrative Time/Management		3,500	3,158	342
Administrative Staff Time		640	692	(52)
Audit and Compliance Committee, Meetings		550	507	43
IT Support/TeamMate		144	142	2
Total Leave and Administrative Hours		7,866	8,042	(176)
FY22 Total Hours		15,160	13,472	1,688

* Including 600 hours of student intern

Regent's Audit and Compliance

August 2022



OFFICE OF
COMPLIANCE, ETHICS
& EQUAL OPPORTUNITY

Risk Assessment/Narrative

- Risk Assessment used to create compliance programming/training, create risk registry and develop controls in specific areas.
- New for 2023, interviews with 38 stakeholders in various departments/areas on main, branch and south campuses.
- Will include findings of recent ADA survey regarding employment, visitors and academic environment experiences.

Overview of *Proposed* Title IX Changes

- Hearings and advisors remain
- Expands definition of sexual harassment to align with Title VII and more closely resembles guidance under DOJ
- Expands jurisdiction of sexual harassment to include off campus conduct that has a continuing impact on the learning/working environment
- Expands and strengthens protections for sexual orientation and gender identity
- Establishes a more prescriptive response for pregnant students
- DE will release a separate notice of proposed rulemaking to address whether/how the Department should amend Title IX to address students' eligibility to participate on particular male or female athletics teams
- Likely to see final regulations mid-2023 with an implementation date sometime in Fall 2023
- Clery Act training and Title IX Summer Training Institute August 11th and 12th in the SUB



EthicsPoint Training

- CEEO and Internal Audit conducted a comprehensive EthicsPoint training on July 29, 2022. Included UNM enterprise. Reviewed case entry, case management, and analytics.
- Reviewed the Institutional Compliance Standard Operating Procedure adopted in 2019.
- CEEO created EthicsPoint user agreements that detail responsibilities of users and tier owners in order to ensure uniform and comprehensive data and uniform approach to resolving and investigating complaints.

Upcoming

- EthicsPoint Data for the academic year 2021-2022 will be presented to Regents Audit and Compliance Committee at October 2022 meeting.

**Follow Up Report - Implemented
August 11, 2022 Open Session**

No	Project Name	Report Approval Date, # of Recommendations, Risk (H/M/L)	Recommendation Title	Executive Recommendation	Management Response	Estimated Implementation Date	Recommendation Action	Responsible Party
1	<u>Audit of Research and Public Service Projects (RPSP)</u>	5/5/2022, 5, H	Recommendation 1 - Track Additional Appropriations	OGCR will identify RPSP-like projects and develop an internal process to document purpose and budget for funding, develop efficacy metrics, and submit completed RPSP forms.	The Office of Government and Community Relations is in the process of identifying RPSP-like appropriations in the Junior Bill with Academic Affairs and the HSC Budget Office. Directors of the RPSP-like projects will go through the internal RPSP process to document the purpose and budget for the funding, develop metrics for determining RPSP efficacy, and submit completed RPSP forms. We anticipate that these forms will be submitted for review by the end of May 2022. In addition, RPSP-like projects will submit an RPSP form to HED and present their project at the HED hearing in the fall.	5/31/2022	OGCR has successfully implemented their management response to capture programmatic purpose, efficacy metrics, and budget of RPSP-like appropriations to ensure accountability of RPSP program leaders in their management of State appropriations.	Nathan Bush, IntChief Gov Relations Officer
2	<u>Audit of Research and Public Service Projects (RPSP)</u>	5/5/2022, 5, H	Recommendation 2B - Refund RPSP indices	Africana Studies should reimburse the RPSP index the total amount of non-RPSP expenses incurred (\$2,274.27) from its general department funds.	The College of Arts & Sciences agrees with the recommendation. JV# J0730401 was submitted on 4/19/22 to reimburse the RPSP index for non-RPSP expenses incurred (\$2,274.27) from Africana Studies' general department funds. Academic Affairs will validate that the JV to reimburse the RPSP index was fully processed no later than 4/30/22.	4/30/2022	The Lead Auditor reviewed the Banner FOROLDS detail for the Morrissey Hall indices 800006 and 800024, noting that a JV totaling \$2,274.27 was processed on April 19, 2022, to reimburse the RPSP indices for non-RPSP expenses incurred in FY21 and FY22. This fully resolves recommendation 2B.	Arash Mafi, Interim Dean

**Follow Up Report - Pending
August 11, 2022 Open Session**

No	Project Name	Report Approval Date, # of Recommendations, Risk (H/M/L)	Recommendation Title	Executive Recommendation	Management Response	Estimated Implementation Date	Last Status Update	Responsible Party
1	<u>Reserves</u>	5/23/2019, 7, M	<u>Recommendation 3 - Deficit Reduction Plans (Provost's Office Director of Financial Operations)</u>	The Provost's Office Director of Financial Operations should ensure FY 2018 deficits for Enrollment Management are eliminated prior to the close of FY 2019, and monitor and enforce current deficit reduction plans to ensure existing departments' deficits are reduced and eliminated according to plans.	If it is determined that a deficit reduction plan is needed, units will work with the Provost's Office to establish a reasonable reduction plan within UAP 7000 policy limitations. At this time, all deficit reduction plans are monitored and documented by the Provost's Office. Enrollment management did not have a documented deficit reduction plan because the FY18 deficit was to be eliminated by the end of FY19. Enrollment Management has verified that the accumulated deficit will be eliminated by the end of FY19. The Provost's Office fiscal team will verify that the deficit has been eliminated at the end of the fiscal year and will send the corresponding report to Internal Audit to document that no further action is needed.	6/30/2020	The deficit for Student Publication's decreased from (\$229,575) at the beginning of FY22 to (\$215,786) at the end of FY22. Management indicated the pandemic had a significant impact on the revenues Student Publications generates through advertising fees, which contributed to the accumulated deficit. Although the deficit decreased during FY22, IA will continue to monitor the deficit to determine if a deficit reduction plan is developed for the program since it is still (\$215,786) at FY22 year end.	Nicole Christine Dopson, Financial Officer Optg Grp
2	<u>Los Alamos Branch Campus</u>	5/7/2020, 6, M	<u>Recommendation 6 - General Information Technology Security</u>	NM-LA IT department should strengthen its IT security by executing the following: Developing a written information security program, communicating the program's policies and procedures with employees, and monitoring its implementation periodically.	We agree with the auditor's comments and recommendation. The following action will be taken to improve our processes with IT security. UNM-LA IT, with assistance from UNM IT, will review UNM policies with regard to: (1) computer accounts and user identification, (2) access control, (3) acceptable computer use, (4) computer security awareness, and (5) tracking software maintenance and licenses and other recommendations listed. A written program of these policies, and the procedures related to them, will be compiled and communicated to employees during new hire orientation, annually as part of our annual policy awareness process, and through the Operating Procedures manual.	12/31/2022	Partially completed – Los Alamos management indicates that it has completed several recommendation components and is in the process of implementing the remaining action items. An extension of the targeted implementation date to the end of December 2022 was requested and approved.	Mike Holtzclaw, Chancellor/Branch; Bob Harmon, Dir, Business Opns/Sm Branch: Los Alamos Branch

**Follow Up Report - Pending
August 11, 2022 Open Session**

No	Project Name	Report Approval Date, # of Recommendations, Risk (H/M/L)	Recommendation Title	Executive Recommendation	Management Response	Estimated Implementation Date	Last Status Update	Responsible Party
3	<u>Audit of Facilities and Management Division</u>	10/14/2021, 2, M	<u>Recommendation 2 - Audit Findings from Hotline Investigations</u>	FM should strengthen internal controls to: complete a thorough review of construction projects to ensure that outside contractors and vendors are fulfilling their responsibility prior to making final payment; and, to ensure required permits are obtained prior to the commencement of construction projects.	FM has established an expectation that projects are fulfilled as expected by the vendor/contractor performing work. Work shall not commence until vendor/contractor or trades personnel can verify that permits have been obtained. Final payment to vendor/contractors will be withheld until verification of work is completed and inspected. A checklist will be developed as part of project closing procedures.	4/30/2022	Internal Audit is in the process of reviewing certain service contracts to ensure procurement and accounts payable policies and procedures are being followed, and to ensure required permits are always obtained.	Alfred Sena, Dir, Facilities Management
4	<u>Audit of Research and Public Service Projects (RPSP)</u>	5/5/2022, 5, H	<u>Recommendation 2A - Centralize RPSP Monitoring</u>	Academic Affairs will establish an annual review process to raise awareness of programmatic expectations on the part of RPSP Project Directors.	Academic Affairs accepts the recommendation and will establish an annual review process that will sample approximately one third of continuing RPSPs each year to raise awareness of programmatic expectations on the part of RPSP Project Directors. RPSP-like projects, identified by Government Relations in collaboration with Academic Affairs, and in accordance with Recommendation 1 will be included in the set of projects sampled for Academic Affairs review.	9/30/2022	Corrective action not yet due.	James Paul Holloway, Provost/Exec VP for AA
5	<u>Audit of Research and Public Service Projects (RPSP)</u>	5/5/2022, 5, H	<u>Recommendation 3A - Monitor Categorization of Reserves (Main Campus)</u>	The Office of Planning, Budget and Analysis should work with Departments/Units who receive RPSP funding to ensure RPSP's reserves are properly categorized as "committed."	The Office of Planning, Budget and Analysis (OPBA) will identify all current active RPSP funding indices to ensure that reserves are appropriately categorized as "committed." In the short term, we will manually review our list of active RPSP indices to ensure proper categorization of reserves. In the long term, for all new RPSP indices setup going forward, we will explore a change to the naming convention for each RPSP index that more clearly identifies the RPSP activity, as well as incorporate a unique identifier within the Fund, Org, Program, or Activity (FOPA). OPBA will work with IT to see if there's a way to automatically categorize reserves as "committed" using the unique identifier in the Categorization of Reserves (CAR) system. Lastly, we will emphasize in our annual training to departments prior to opening the CAR system that RPSP activity must be categorized as committed.	9/30/2022	Corrective action not yet due.	Jeremy Hamlin, Dir, Univ Budget Operations

**Follow Up Report - Pending
August 11, 2022 Open Session**

No	Project Name	Report Approval Date, # of Recommendations, Risk (H/M/L)	Recommendation Title	Executive Recommendation	Management Response	Estimated Implementation Date	Last Status Update	Responsible Party
6	<u>Audit of Research and Public Service Projects (RPSP)</u>	5/5/2022, 5, H	<u>Recommendation 3B - Monitor Categorization of Reserves (HSC)</u>	The Health Sciences Budget Office should work with Departments/Units who receive RPSP funding to ensure RPSP's reserves are properly categorized as "committed."	The Health Sciences Budget Office will identify all current active RPSP funding indices to ensure that reserves are appropriately categorized as "committed." In the short term, we will manually review our list of active RPSP indices to ensure proper categorization of reserves. In the long term, for all new RPSP indices setup going forward, we will explore an addition to the naming convention for each RPSP index to clearly identify the RPSP activity to incorporate a unique identifier within our FOPA. OPBA and HSC Budget Office will work with IT to see if there is a way to automatically categorize reserves as "committed" using the unique identifier in the Categorization of Reserves (CAR) system. Lastly, we will emphasize in our annual training to departments prior to opening the CAR system that RPSP activity must be categorized as committed.	9/30/2022	Corrective action not yet due.	Joseph Wrobel, Int Chf Budgt & Facil Officer/

EXECUTIVE SESSION