

BOARD of REGENTS



THE UNIVERSITY OF
NEW MEXICO.

AUDIT AND COMPLIANCE COMMITTEE VIRTUAL MEETING

Thursday, August 13, 2020 1:00pm

The University of New Mexico
Board of Regents' Audit and Compliance Committee Virtual Meeting
August 13, 2020 – 1:00 PM
Roberts Room
Agenda

ACTION ITEMS

1. Confirmation of a Quorum and Adoption of Agenda
2. Approval of Meeting Minutes from May 7, 2020
3. Audit and Compliance Committee Meeting remaining date for Calendar Year 2020. The following proposed meeting date is presented for Committee approval This schedule accommodates an exit conference for the FY20 External Financial Statements Audit.

October 16, 2020 (Friday) - Start at 9:00 AM (Exit Conference for FY20 External Audit)

INFORMATION ITEMS

4. Advisors' Comments
5. Director of Internal Audit Status Report (*Victor Griego, Interim Internal Audit Director*)
6. Main Campus Chief Compliance Officer Status Report (*Francie Cordova, Interim Chief Compliance Officer and Rob Burford, Director of Compliance*)
7. Health Sciences Center Chief Compliance Officer Status Report (*Arthur Culpepper, HSC Chief Compliance Officer*)
8. Status of Audit Recommendations (*Chien-Chih Yeh, Internal Audit Manager*)
Implemented
Pending

EXECUTIVE SESSION

9. 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 limited personnel matters pursuant to exception at Section 10-15-1.H(2) NMSA (1978);
 - c. Schedule of Audits in Process and FY21 Audit Work plan, pursuant to RPM 1.2;
 - d. Vote to re-open the meeting.
10. Certification that only those matters described in Agenda item #9 were discussed in Executive Session and if necessary ratification of action, if any, taken in Executive Session.
11. Adjournment

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Audit and Compliance Committee Virtual Meeting
May 7, 2020 – Draft Meeting Minutes

Members Present: Douglas Brown, Chair, Marron Lee, Vice Chair (quorum). Absent: Robert Doughty.

Other Attendees: Garnett Stokes, Liz Metzger, Terry Babbitt, Francie Cordova, Rob Burford, Teresa Costantinidis, Duane Arruti, Paul Roth, Kate Becker, Loretta Martinez, Arthur Culpepper, Ari Vazquez, Brian Colón, Lynette Kennard, Liza Kerr, Natalie Cordova, Lisa Todd, John Kennedy, Mark McComb, Cynthia Rooney, Bob Harmon, Mallory Reviere, Victor Griego, Chien-chih Yeh, Gonzalo Olivas, Amy O'Donnell. (Note: others, including members of the public, were able to sign on as attendees, possibly even not with full names. They were not shown on screen for identity verification; therefore, those attendees are not included in this list.)

Chairman Brown called the meeting to order at 9:15 AM. He confirmed the quorum and that this virtual meeting is conducted in accordance with the rules established by the New Mexico Attorney General's Office.

ACTION ITEMS:

- The Committee approved the meeting agenda.
- The Committee approved the Special Meeting minutes from April 7, 2020.
- The Committee approved the next meeting dates of August 13, 2020 and October 15, 2020.

INFORMATION ITEMS:

- Advisors' comments: None.
- Lisa Todd, Partner, Moss Adams, John Kennedy, Partner, KPMG, Marc McComb, Partner, KPMG, Brian Colón, State Auditor, Lynette Kennard, Financial Audit Division Director, Liza Kerr, Audit Manager, and Natalie Cordova, Deputy State Auditor all joined together to present the Committee with the entrance conference information for the FY20 external financial statements audit.

Ms. Todd provided details regarding her service team, scope of the audit, summary of audits to be performed, and discussion of materiality. Mr. Kennedy and Mr. Todd supplied information regarding their service team. Both external audit teams have many years of experience regarding this audit process with UNM.

Ms. Todd explained they use a risk-based audit approach and focus on areas of significant risk, based on risk of material misstatements in specific areas of the financial statements. They use their experience with the specific types of institutions and organizations, and have discussions with management and audit committees. They have multiple meetings with the Controller's Office, CFO, and Audit Committee Chair. Everything goes into their analysis and how they focus the audit. The teams look at and test internal controls, including design and implementation. They focus on IT controls as well, using a specific team of IT professionals.

They also look at compliance with federal grants. The teams then come in for final, substantive testing, which is all of the final testing and reporting over those financial statement balances as of June 30th. They go through and look at all of the financial statements and disclosures related to each entity that they report on. Mr. Kennedy stated his team follows the same approach.

The external audit staff provides an opinion on the government-wide financial statements of the University, including main campus, branches, hospitals, Health Sciences Center (HSC), and all component units. This year Moss Adams is also working with the Office of the State Auditor (SAO). SAO will be performing about 250 hours and \$50,000 of the audit contract work, as well as about 200 additional hours looking at various areas of the audit process.

Mr. Colón informed the audience he is looking forward to working on the audit engagement and with the two premier audit firms. He introduced his team, and noted that the Committee members are always welcome to reach out to him directly. He thanked the Regents and President Stokes for their leadership efforts to regain trust and restore faith in UNM as the flagship university. Chairman Brown thanked Mr. Colón and his team for their support. Ms. Todd explained that everyone is working remotely, both University staff and the audit team staff. They are committed to getting the work done in the remote environment. The SAO will have direct access to their audit files, just like all other team members who are working remotely. They do not foresee any significant impact, especially as they already have a good base working with the University. Moss Adams staff is not travelling at this time in an effort to keep everyone safe. They have now canceled all conferences and events for the rest of the year. The presentation provided further guidance information regarding COVID-19 resources.

Mr. Kennedy stated that KPMG is also focused on safety. He also provided a COVID-19 resource slide. His team is working remotely while developing a play book on coming back; there are no specific dates for that yet. Coincidentally, they were already updating technology this year, with a data sharing platform called Clara.

Mr. McComb presented information on COVID-19 impacts on healthcare. Most hospitals have seen significant declines in total volume due to preparation for anticipated COVID-19 capacity needs that in most cases thankfully have not materialized. That has caused significant financial pressure, so cash flow and budgeting issues are occupying a lot of energy. Internal control issues arise with working remotely, and with collectability of receivables. There are changes in government programs, and CARES act funding to make up for some costs.

Ms. Todd informed the Committee that the teams will present again at the October meeting.

- Mr. Griego presented his Director's Report. Proposed meeting dates for the rest of the calendar year are August 13, 2020 and October 15, 2020. The external audit exit conference will be presented October 15th. Mr. Griego worked with Ms. Reviere in the Regents' Office to make sure the dates align with providing reports to full Board meetings.

All Internal Audit regular staff members are classified as Tier 2 staff, working remotely. The department has one student employee on call as a Tier 3 employee, providing support when needed. The remote environment does have an impact on the audit world, limiting ability to do face-to-face interviews. However, audits and complaint investigations are progressing. There will be one audit presented in this meeting's closed session. There are two audits in field work that should be completed for the August meeting. Several complaints have been closed.

Mr. Griego presented the status of the 2020 audit work plan. The Department has completed six (6) audits, one (1) will be presented in this meeting, and four (4) are in planning and fieldwork. Two (2) have been assigned, and two (2) are not yet assigned. They should all be assigned by the end of FY2020.

Mr. Griego updated the Committee on the status of complaints. Internal Audit has been assigned a total of 38 complaints. As of March 31st, the Department has completed and closed 22 of those complaints. There are 16 in fieldwork and planning. Chairman Brown stated he was glad to see complaint numbers being investigated by Internal Audit are starting to edge down, as it is taking up too much departmental time. Mr. Griego stated the Department is implementing some processes to resolve the complaints more efficiently.

The Department's adjusted budget at the beginning of FY 2020 was approximately \$889,900. That includes \$76,000 in departmental reserves. As of March 31st, the Department has actual expenditures of \$590,332, with encumbrances of \$176,305. That is primarily for labor-related costs, as labor is approximately 90% of the department budget.

For FY2020, the Department had some professional training paid for that had to be canceled due to the pandemic. The Department received refunds for all of the conference and travel-related costs. Hopefully staff can attend in FY2021. Mr. Griego stated he is waiting to hear from the accountancy board if there will be any exceptions made for CPE requirements for licensure. He is looking for alternative options as well for virtual training.

The FY2020 University-wide risk assessment survey was launched on April 30th with the help of Institutional Analytics. It was distributed to all main campus, branches, hospitals, Health Sciences Center, the health systems areas, etc. The deadline to complete the survey is May 28th. Recipients will receive reminders through Opinio, which is the software UNM uses for surveys. Mr. Griego has been working with leadership across all areas to ensure they have the most effective risk assessment process. This should result in really good work plans to propose to the Audit Committee at the August meeting.

There are currently three external audits in process. The Defense Intelligence agency has reviewed two grant programs totaling \$3.9 million. They have closed one program. UNM is waiting on documentation for closure on the second grant program. There are no findings or recommendations on that review. The National Science Foundation completed a review of a grant totaling \$7.2 million. They sampled 43 transactions representing approximately \$658,000. An item did come back; they are questioning a PI salary structure. The department in the College of Arts and Sciences subsequently provided all the information. UNM is waiting for a response on that, and the draft report, which is expected to be received soon. UNMH and Sandoval Regional Medical Center provided 364 records totaling \$2.2 million for RAC-related patient billing. As of March 31st, 143 claims have been reviewed for reimbursements of approximately \$1 million. \$148,000 was refunded based on review of those claims. The remaining 221 claims are pending with original reimbursement of \$788,000. From December to March, no other audits have been completed, likely due to barriers from COVID-19.

- The Main Campus Compliance Office provided a presentation to the Committee. Ms. Cordova stated the Ethics Task Force has completed their report to President Stokes. It will be submitted to her this week, and then presented to this Committee at the August meeting. There are some measures that can be taken immediately, and some are more aspirational.

Ms. Cordova provided detailed information on COVID-19 FAQs at UNM. She is the ADA coordinator for UNM, and she has received a substantial number of questions about COVID and people who have vulnerabilities based on their medical condition. Also, there is EEOC

information for employers regarding questions they normally would not be able to ask about a person's medical condition related to COVID. They put out the FAQ info through social media and on their websites at Compliance and OEO to let people know what the new norm is with COVID and how to make accommodations for vulnerable persons.

Next, Ms. Cordova relayed information on investigation status for civil rights cases, particularly sexual assault /sexual harassment. They have found ways to continue successfully with investigations without any real hiccups. With people who have been affected by COVID, it may slow down the process for a period of time. They also wanted to make sure people know all the resources are still available. There has been an uptick in mental health conditions and cyber issues. The hate speech that has happened will require an all hands on deck type of approach from a criminal, administrative, and control perspective.

There are new Title IX regulations just recently released by the Department of Education. They are busy trying to unpack and digest the information that comprises about 2,000 pages. OEO has been doing a lot of background work in preparation because they were anticipating a lot of it. Ms. Cordova stated she will provide a report on it at the next meeting.

- Mr. Burford provided Clery peer comparisons to the Committee, as previously requested by Chairman Brown. The data is unfortunately from 2018, because 2019 data is not available until 2021. It includes only on-campus incidents, not everything that needs to be reported.

In 2018, at UNM there were 24 on-campus rapes, compared to 33 at peer institution Texas A&M. The most reported was at Ohio State University, with 123. NMSU reported 12. UNM's reported fondling incidents in 2018 totaled 12, compared to 146 at Texas A&M and 1040 at Ohio State. NMSU had six (6).

The next information detailed on-campus burglaries and aggravated assaults (threat or injury with a weapon). Ohio State again had the most burglaries at 95. Peer institution Texas A&M had 59, NMSU had 19, and UNM had 35. For aggravated assaults, University of Iowa had 16, UNM had 10, and NMSU had 2. For on-campus robberies, the university with the most was George Washington University with 10. Peer institution University of Houston had seven (7). UNM had five (5), and NMSU had none reported.

Domestic violence cases were highest at Rowan University at 68. For peer institutions, Texas A&M was highest at 26. UNM had 13, and NMSU was a bit higher at 15. As for dating violence, Prairie View University had the most at 41, peer institution University of Houston had 36, UNM had 16, and NMSU did not report any. Mr. Burford believes that is because they included that statistic in domestic violence. Stalking cases were highest in the country at peer institution Texas A&M with 175. UNM had 36, and NMSU 20. For disciplinary action, such as alcohol and drug referrals - typically within residence halls - University of Colorado was highest in the country and as a peer institution in these categories.

The statistic UNM gets the most negative publicity for is vehicle theft. In 2018, UNM was the institution with the most in the country with 129. NMSU had six (6). For 2019, the numbers are almost done, and they are showing to be down to just under 80. Mr. Burford wanted to thank President Stokes for what she has done to improve this problem.

Mr. Burford stated UNM was spotlighted in the Clery report, and he can provide the link to the Regents if they would like. Regent Lee asked about a comparison per capita, as some of

UNM's numbers compared to peer institutions do not look good. Mr. Burford replied he could run a comparison based on enrollment numbers. Regent Lee responded she thinks that would be helpful. Chairman Brown stated all this data is helpful; it's just too bad the information is a year behind. He is puzzled about why UNM is such an outlier on vehicle theft, though it is improving. He hopes we can work with local law enforcement to look at patterns. There must be organized crime going on. Mr. Burford stated Albuquerque is the top city for vehicle theft in the country, and UNM is in the middle of the city. He added that UNM is teaming up with local authorities. That is making a big difference, as well as additional staffing and cameras. Regent Lee added it is interesting that UNM is not as close to the border as NMSU, and NMSU's numbers are much lower. She remembers NMSU had the issue several decades ago, and she believes they figured out a way to stop that.

- Dr. Culpepper, HSC Chief Compliance Officer, presented the Committee with an update on HSC Compliance. There are operational changes due to COVID-19, specific to adherence with guidelines for clinic visits. Some of his staff are Tier 1, and some are Tier 2.

Earlier in the year, Dr. Culpepper shared with the Committee the process for exclusions and sanctioning. There was no activity in the first quarter. In the second quarter, some confirmed matches were found and have been addressed. Two vendors were banned as a result, and an employee left the HSC before the process could be completed. There were no matches in the third quarter. They are in the process of developing a policy for HSC so that all parties know what is expected when new employees or vendors are onboarding.

They are also developing research screening guidance. In 2018, the National Institutes of Health put out a warning regarding threats of biomedical research theft, specifically from China, North Korea, Iran, and Russia. As a result, they began to work with the FBI, so that all faculty and students traveling abroad are setting up the screening process. In 2019, the Department of Energy put out a paper that said none of their employees or vendors could contract with any of these groups that were recruiting. These warnings and responses were the basis of HSC putting together the research screening guidance. Temptations might be even greater going forward for economic reasons.

HSC Compliance revised their compliance education in the beginning of the year. Parties came to them with concerns that English is not always the first language. They talked to a number of supervisors that had to sit down with staff one-on-one to complete the training. They are now deploying a Spanish version.

The Policy and Alignment Workgroup was looking at an easier way for everyone to have access to policies, so the HSC launched new software. The HSC Compliance Program is also revising the Code of Ethics to present to the Compliance Committee on May 20th, and then bring to this Committee. They are updating personal relationships policy to address conflicts of interest, perceptions, and potential bias, and have a rigid process for this when onboarding new employees. Dr. Culpepper's office will manage those plans and Legal will review them.

HSC has a new Information Security Officer and hired an Executive Director. In conjunction with Main Campus, they are in an RFP phase for a new cybersecurity insurance vendor. An update will be provided at the next meeting.

HSC is advancing enterprise risk management through a collective effort. They are working on a joint database. Dr. Culpepper provided the Committee with a document showing the timeline

for development of their work plans. Chairman Brown asked if the new Title IX regulations impact his area as well. Dr. Culpepper affirmed this is correct. They work closely with OEO.

- Chien-chih Yeh, Internal Audit Manager updated the Committee with the status of audit recommendations. First, are the audit recommendations that Internal Audit has been able to verify with the auditees and close out as implemented. There are seven (7) of those this time; that is pretty good, as it is almost half of the total. Items were implemented for HSC Master's Degree Tuition, Reserves, UNMMG and HSC Hiring, and Purchasing Operations audits.

There are currently only eight (8) outstanding recommendations. Mr. Yeh reviewed which audits still have pending recommendations. Three (3) Alumni Association recommendations are coming past due, but due to turnover in leadership, Internal Audit is able to work with them on these and provide an update to the Committee at the next meeting. The final recommendation regarding Chrome River was implemented in the past, but is going to stay as pending for additional monitoring by Internal Audit.

Internal audit has a separate report regarding Athletics recommendations. There are only three (3) remaining; one was implemented this time, and the other two are implemented but kept as pending for further monitoring as well. One of those is to continue to monitor progress of their deficit reduction plan. Chairman Brown noted he is afraid the deficit reduction plan will be placed on hold due to tremendous declines in revenue, as with other parts of the University in this period ahead. Regent Lee added it is good news for Athletics on the other recommendations.

By unanimous consent, the meeting went into Executive Session at 10:40 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. Schedule of Audits in Process and Proposed FY20 Audit Work plan, pursuant to RPM 1.2
- d. Vote to re-open the meeting

The meeting returned to open session with certification that only those matters described above were discussed in Executive Session.

The Committee unanimously approved the following UNM reports:

- 2020-02 Audit of Los Alamos Branch Campus

The meeting adjourned at 11:21 AM.

Approved:

Audit and Compliance Committee Chairman

There is no
handout
required for
this item

There is no
handout
required for
this item

**Interim Internal Audit Director’s Status Report
Audit and Compliance Committee Meeting
August 13, 2020**

INFORMATION ITEMS

Audit Committee Meeting Calendar. This approved schedule will accommodate the exit conference for the FY20 External Financial Statements Audit. The following is the future proposed date for the remainder of calendar year 2020 for the Committee’s consideration.

October 16, 2020 (Exit Conference for FY20 Financial Statements Audit)

Internal Audit Operations and Staffing. Due to Covid-19 precautionary measures, Internal Audit is operating at limited capacity. All Internal Audit professional staff are classified as Tier 2 employees and currently working remotely. Our Student Intern is classified as the department’s only Tier 3 employee, and is providing support as needed. Internal Audit is currently stocking the Internal Audit office with necessary supplies to ensure health and safety requirements are in place upon return to office operations.

Audit Plan Status. The project status and hours report for the plan is at Tab #9c. The status of the proposed audit plan for the period of July 1, 2019 through June 30, 2020 is:

Completed	7
Committee Presentation	2
Planning/Fieldwork	4
Subtotal	13
Unassigned	2
Total	15

Internal Audit has completed its FY 2020 risk assessment and proposed three-year audit plan. FY 2021 audits will be based on the approved audit plan.

Complaint Status. The status of complaints assigned to Internal Audit for FY 2020 and FY 2021, as of August 6, 2020, is:

Completed/Closed	27
Planning/Fieldwork	14
Unassigned	2
Total	43

Department Financial Report. At Tab #5 is the Internal Audit Department’s budget status report for your review. The FY20 adjusted budget is \$889,990, of which \$804,584 is from the general pooled account, \$5,406 is for 1% increase in salary adjustments, \$4,000 is reimbursements of expenditures from the University of New Mexico Hospital for sharing audit software, and \$76,000 from the departmental reserve. As of June 30, 2020, the department’s final

**Interim Internal Audit Director's Status Report
Audit and Compliance Committee Meeting
August 13, 2020**

expenditures are \$770,151, and encumbrances are \$6,613. Of the total expenditures, \$703,868 (91%) is for labor costs. Internal Audit ended FY 2020 \$119,839 under budget.

FY 2020 Risk Assessment. The University-Wide Risk Assessment procedures have been completed by Internal Audit, Main Campus Compliance office, HSC Compliance, and the Health Systems Internal Audit. The deadline to complete the risk assessment survey was May 28th. Internal Audit and the Compliance programs has used their chosen methodology for developing work plans. Internal Audit will present its risk assessment report and proposed three-year audit plan in closed session for Committee approval. Main Campus and HSC Compliance offices will present their risk assessment procedures during their open session reports.

Financial Statements External Audit and RFP

The University's FY 2020 external audit is currently in fieldwork, and is in the first year of the three-year contract with KPMG and Moss Adams and staff from the NM State Auditors office. The external auditors are completing fieldwork procedures remotely. UNM is expecting the external auditors will be ready to present the audit for the exit conference during the scheduled October 16th Audit and Compliance meeting.

External Audits and Reviews. At Tab #5 is the summary information as of June 30, 2020 regarding the external audits and reviews (third party financial audits) of various grants, contracts, and programs by various grantor agencies. There are currently six (6) reviews underway.

The City of Albuquerque completed a review of a grant for \$750,000 and issued their exit letter with no issues noted.

The Defense Intelligence Agency (DIA) reviewed two grant programs totaling \$3.9 million. Both reviews have been completed with no findings or corrective action and the review has been closed.

The National Science Foundation (NSF) completed a review of a grant program totaling \$7.2 million. The NSF concluded UNM had adequate internal controls for the areas reviewed and transaction testing did not disclose material unallowable charges to the NSF award except for additional compensation paid to the grant PI. UNM and NSF were able to reach a mutually agreeable settlement with regard to the institutional base salary rate and extra compensation paid to the PI. The audit was closed on 7/24/20.

The University of New Mexico Hospital and Sandoval Regional Medical Center provided 364 requested records with reimbursements totaling \$2 million to the Recovery Audit Contractor (RAC) related to patient billings. As of June 30, 2020, 162 claims with reimbursement of \$1.3 million was reviewed and \$171K (13%) was refunded based on the review of the claims.

Index: 676000 - 113280-AUDIT DEPARTME-General Activ

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										
0340 - University Hospital Re!	\$4,000.00	\$0.00	\$4,000.00	\$0.00	.00%	\$2,517.16	62.93%	\$0.00	\$1,482.84	37.07%
0390 - UNMMG Spec Arrang!	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$472.50	.00%	\$0.00	(\$472.50)	.00%
1640 - Allocations Pooled Allo!	\$804,584.00	\$0.00	\$804,584.00	\$0.00	.00%	\$804,584.00	100.00%	\$0.00	\$0.00	.00%
1667 - Instruction and Genera!	\$0.00	\$5,406.00	\$5,406.00	\$0.00	.00%	\$5,406.00	100.00%	\$0.00	\$0.00	.00%
1900 - Reserves	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$161,394.39	.00%	\$0.00	(\$161,394.39)	.00%
1901 - Budgeted Use of Rese!	\$76,000.00	\$0.00	\$76,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$76,000.00	100.00%
*TOTAL Revenue	\$884,584.00	\$5,406.00	\$889,990.00	\$0.00	.00%	\$974,374.05	109.48%	\$0.00	(\$84,384.05)	(9.48%)
Expense										
2020 - Administrative Profess!	\$713,507.00	\$0.00	\$713,507.00	\$51,961.88	7.28%	\$643,409.04	90.18%	\$0.00	\$70,097.96	9.82%
2060 - Support Staff Salary D!	\$48,128.00	\$0.00	\$48,128.00	\$5,071.40	10.54%	\$49,012.26	101.84%	\$0.00	(\$884.26)	(1.84%)
20J0 - Student Salaries Gen	\$23,000.00	\$0.00	\$23,000.00	\$1,439.80	6.26%	\$11,447.10	49.77%	\$0.00	\$11,552.90	50.23%
20SA - Salary Adjustments	\$19,867.00	\$5,406.00	\$25,273.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$25,273.00	100.00%
3100 - Office Supplies Gener!	\$600.00	\$0.00	\$600.00	\$67.12	11.19%	\$420.54	70.09%	\$508.76	(\$329.30)	(54.88%)
3110 - Books Periodicals Gen	\$50.00	\$0.00	\$50.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$50.00	100.00%
3140 - Computer Software G!	\$150.00	\$0.00	\$150.00	\$0.00	.00%	\$180.00	120.00%	\$0.00	(\$30.00)	(20.00%)
3150 - Computer Supplies <\$!	\$100.00	\$0.00	\$100.00	\$0.00	.00%	\$768.60	768.60%	\$0.00	(\$668.60)	(668.60%)
3170 - Custodial Supplies Gen	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$0.00	.00%	\$103.80	(\$103.80)	.00%
3180 - Non Capital Equipmen!	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$809.98	.00%	\$0.00	(\$809.98)	.00%
3189 - Tagged Non-Capital E!	\$2,000.00	\$0.00	\$2,000.00	\$0.00	.00%	\$1,180.00	59.00%	\$0.00	\$820.00	41.00%
31A0 - Business Food - Local	\$1,200.00	\$0.00	\$1,200.00	\$0.00	.00%	\$174.58	14.55%	\$0.00	\$1,025.42	85.45%
31B0 - Food F&A Unallowabl!	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$542.90	.00%	\$0.00	(\$542.90)	.00%
31C0 - Dues Memberships G!	\$4,000.00	\$0.00	\$4,000.00	\$325.00	8.13%	\$4,912.16	122.80%	\$0.00	(\$912.16)	(22.80%)
31J0 - Parking Permits Gen	\$250.00	\$0.00	\$250.00	\$0.00	.00%	\$400.00	160.00%	\$0.00	(\$150.00)	(60.00%)
31K0 - Postage Gen	\$40.00	\$0.00	\$40.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$40.00	100.00%
31P0 - Training Materials Sup!	\$200.00	\$0.00	\$200.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$200.00	100.00%
3800 - In State Travel Gen	\$800.00	\$0.00	\$800.00	\$0.00	.00%	\$1,454.14	181.77%	\$0.00	(\$654.14)	(81.77%)
3805 - Instate Travel-Per Die!	\$151.00	\$0.00	\$151.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$151.00	100.00%
3820 - Out Of State Travel G!	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$3,889.81	.00%	\$0.00	(\$3,889.81)	.00%
3825 - Out State Travel-Per D!	\$1,500.00	\$0.00	\$1,500.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$1,500.00	100.00%
3830 - Out State Trvl-Per Die!	\$450.00	\$0.00	\$450.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$450.00	100.00%
39Z1 - Travel Non UNM Emp-!	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$6,192.95	.00%	\$0.00	(\$6,192.95)	.00%
6000 - Telecom Charges Gen	\$3,500.00	\$0.00	\$3,500.00	\$292.50	8.36%	\$3,510.00	100.29%	\$0.00	(\$10.00)	(.29%)
6020 - Long Distance Gen	\$50.00	\$0.00	\$50.00	\$0.00	.00%	\$7.92	15.84%	\$0.00	\$42.08	84.16%

Index: 676000 - 113280-AUDIT DEPARTME-General Activ

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
6060 - Voice Mail Box Gen	\$634.00	\$0.00	\$634.00	\$50.00	7.89%	\$600.00	94.64%	\$0.00	\$34.00	5.36%
6300 - Alarm System Gen	\$200.00	\$0.00	\$200.00	\$11.25	5.63%	\$178.66	89.33%	\$0.00	\$21.34	10.67%
6310 - Internet Fees Gen	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$40.00	.00%	\$0.00	(\$40.00)	.00%
63A0 - Conference Fees Gen	\$2,000.00	\$0.00	\$2,000.00	\$0.00	.00%	\$4,185.00	209.25%	\$0.00	(\$2,185.00)	(109.25%)
63A2 - Seminars/Training Fe!	\$7,000.00	\$0.00	\$7,000.00	\$0.00	.00%	\$1,490.00	21.29%	\$0.00	\$5,510.00	78.71%
63C0 - Copying Gen	\$100.00	\$0.00	\$100.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$100.00	100.00%
63L1 - Graphic Design Gen	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$225.00	.00%	\$0.00	(\$225.00)	.00%
63V0 - Consultant Fees Gen	\$25,000.00	\$0.00	\$25,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$25,000.00	100.00%
63X0 - Technical Services Ge!	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$30.00	.00%	\$0.00	(\$30.00)	.00%
69Z0 - Other Professional Ser!	\$11,500.00	\$0.00	\$11,500.00	\$753.47	6.55%	\$16,305.28	141.79%	\$6,000.00	(\$10,805.28)	(93.96%)
7000 - Plant Repairs Mainten!	\$200.00	\$0.00	\$200.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$200.00	100.00%
70E0 - Computer Hardware !	\$600.00	\$0.00	\$600.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$600.00	100.00%
70E1 - Computer Software M!	\$11,500.00	\$0.00	\$11,500.00	\$0.00	.00%	\$11,992.27	104.28%	\$0.00	(\$492.27)	(4.28%)
70F0 - Equipment Rent Expe!	\$2,400.00	\$0.00	\$2,400.00	\$152.44	6.35%	\$2,351.39	97.97%	\$0.00	\$48.61	2.03%
75Z0 - Other Repairs Mainten!	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$10.00	.00%	\$0.00	(\$10.00)	.00%
80K0 - Banner Tax	\$657.00	\$0.00	\$657.00	\$16.52	2.51%	\$607.81	92.51%	\$0.00	\$49.19	7.49%
80K2 - Foundation Surcharge	\$3,250.00	\$0.00	\$3,250.00	\$300.62	9.25%	\$3,823.25	117.64%	\$0.00	(\$573.25)	(17.64%)
*TOTAL Expense	\$884,584.00	\$5,406.00	\$889,990.00	\$60,442.00	6.79%	\$770,150.64	86.53%	\$6,612.56	\$113,226.80	12.72%

[Index: 676000 - 113280-AUDIT DEPARTME-General Activ](#)

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:	\$884,584.00	\$5,406.00	\$889,990.00	\$0.00	.00%	\$974,374.05	109.48%	\$0.00	(\$84,384.05)	(9.48%)
Total Expense:	\$884,584.00	\$5,406.00	\$889,990.00	\$60,442.00	6.79%	\$770,150.64	86.53%	\$6,612.56	\$113,226.80	12.72%
Net:	\$0.00	\$0.00	\$0.00	(\$60,442.00)	.00%	\$204,223.41	.00%	(\$6,612.56)	\$197,610.85	.00%

Parameters:

[Index: 676000 - 113280-AUDIT DEPARTME-General Activ](#)

Groupings:

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

Granting Agency/Entity	City of Albuquerque	Intelligence Community Centers for Academic Excellence (IC CAE)	National Science Foundation	UNMH CMS (Patient Billings) - RAC Requests as of June 30, 2020	SRMC CMS (Patient Billings) - RAC Requests as of June 30, 2020
Contract/Grant/Program Title	3RFB8	2RCY6 and 2RMR3	2RJX7 COMPRES	Medicare	Medicare
Contract/Grant Period	10/1/18-9/30/19	Various; 2RCY6 ended on 9/7/19, 2RMR3 grant period is 9/28/18 through 9/27/21.	06/01/17 - 05/31/22	Various	Various
Contract/Grant Total Amount	\$750,000.00	\$3,875,199.43	\$7,200,000	N/A	N/A
Contract/Grant Amount - Current FY				N/A	N/A
Principal Investigator	Arthur Kaufman	Frank Gilfeather	Carl Agee	N/A	N/A
Department	FCM	Provost Office	Institute of Meteoritics	Hospital RAC Audits	Hospital RAC Audits
Agency Audit/Review Notification Date	3/25/2019	Defense Intelligence Agency (DIA)	National Science Foundation (NSF)	Various	Various
Audit/Review Entrance/Visit Date(s)	4/30-5/2/19	9/17/2019	10/3/2019	Remote	Remote
Audit/Exit/Final Report Issued	TBD	N/A	7/24/2020	Continuous	Continuous
Questioned Cost, if any		N/A	N/A	N/A	N/A
Audit/Review Major Finding, if any		N/A	N/A	See Comments	See Comments
Corrective Action Plan, if any		N/A	N/A	In Process	In Process
Planned Implementation Date		N/A	N/A	N/A	N/A
Campus	HSC	Main	Main	Hospital RAC Audits	Hospital RAC Audits
Auditor if Different than Grantor				Cotiviti	Cotiviti
Comments	Exit letter received, no issues noted.	DIA Program Manager closed the first grant 2RCY6. The DIA Program Manager is no longer involved as a Program Manager. We received an email from the old Program Manager dated 4/13/2020. Per his email, he is unable to access the final report from home as the report is located on the Agency server. He is not essential personnel, and therefore, is not allowed in the building during the duration of the pandemic. However, there appears to be no findings or corrective actions noted. This can be closed.	Summary Results of Review: Based on the review steps performed by the Cost Analysis and Pre-award Branch and the responses to our inquiries provided by the University of New Mexico, we make the following observations: UNM appears to have adequate policies and procedures for Internal oversight by other offices for the NSF COMPRES Center. UNM appears to have adequate policies and procedures on project expenditures and budget controls. UNM was able to document charges to the NSF awards and reconcile to drawdowns of funds. Transaction testing did not disclose material unallowable charges to the NSF award except for additional compensation paid to the PI Dr. Carl Agee. UNM and NSF were able to reach a mutually agreeable settlement with regard to the institutional base salary rate and extra compensation paid to the PI Dr. Carl Agee. UNM appears to have adequate policies and procedures on Subrecipient Monitoring and Risk Assessment of Subrecipients. UNM appears to have adequate policies and procedure for Internal Controls and Segregation of Duties. UNM was able to document Conference, Guest Lecture, and Annual Meeting expenses. UNM appears to have adequate policies and procedures for Time & Effort Reporting.	330 requests for records with charges of \$4,927,351. Original reimbursement for the 330 claims was \$1,366,363.89. 131 reviews completed as of 6/30/2020. Total charges for the 131 claims were \$2,470,552.24, with original reimbursement of \$714,152.63. After completing the reviews, Medicare took back \$70,043.95 for net reimbursement on the 131 claims of \$644,108.68. Of the 131 claims reviewed, 100 resulted in no findings (76.3%). 30 of 131 resulted in findings/overpayments (22.9%). 1/131 (0.76%) claims resulted in a determination of underpayment and Medicare made an additional payment to UNMH (\$6,926.32).	34 requests for records with charges of \$1,761,947.98. Original reimbursement for the 34 claims was \$617,831.47. 31 reviews completed as of 6/30/2020. Total charges for the 31 claims were \$1,598,131.50, with original reimbursement of \$558,025.37. After completing the reviews, Medicare took back \$101,161.66 for net reimbursement on the 31 claims of \$456,863.71. Of the 31 claims reviewed, in 21 cases no issues were identified (67.7%). In 10 of 31 claims (32.3%), issues were discovered resulting in takebacks by Medicare. (SRMC has appealed two of the 10, with a favorable response in one. One appeal is still pending.)

The University of New Mexico Main Campus Compliance Office

Project Blueprint 2020-2021

This blueprint outlines ongoing initiatives and introduces priorities of the UNM Main Campus Compliance Office for 2020 and 2021.

ONGOING COMPLIANCE OFFICE TASKS

Project Name	Description	Due Date
Compliance Hotline	Administers the EthicsPoint Hotline, including monitoring assignments and progress, and benchmarking with peers.	Ongoing
DOJ Compliance	Ensures compliance with the three year agreement between the US Department of Justice and UNM related to Title IX.	Completed Fall 2019 (Monitoring)
Clery Act	The Compliance Office ensures annual compliance with the Clery Act in accordance with federal law.	Ongoing
Institutional Compliance Committee	The Compliance Office convenes the compliance partners across the campus several times per year to discuss compliance related matters.	Ongoing
ADA Transition Plan	UNM is required to comply with the federal law, Americans with Disabilities Act (ADA).	Currently Evaluating Bids for Transition Plan
Minors on Campus	The Compliance Office monitors the MOC program.	Ongoing
Vehicle Program	The Compliance Office helps monitor the Athletics Department's vehicle program with other partners.	February of Each Year
Training Needs	The Compliance Office monitors training needs on the campus	Spring of Each Year
Peer Hearings	Guides the administrative process for staff peer hearings.	Ongoing – Process Changes Being Finalized due to new Title IX Procedures
Information IT Initiatives	The Compliance Office is the functional owner of the CUI effort on campus. Includes GDPR, FERPA, HIPPA, GBLA.	Ongoing
Ethics Task Force	Guide the Task Force and provide deliverables to the President	Completed - May 2020 - Will Continue this work as advised by President
Annual Policy Notifications	Send out policy notification reminders during the year	Ongoing

PRIORITY PROJECTS for 2020 and Beyond

Project Name	Description	Target Date
EthicsPoint Hotline	Finalizing EthicsPoint Standard Operating Procedures for investigators; Monitor the efficiency of the system by tracking cases from start to finish; Continue to plan trainings for investigators on possibly a yearly basis	Fall of 2021
DOJ Final Report	Prepare a final report for the conclusion of the 3-year agreement with DOJ.	Complete
Sexual Misconduct Protocol	Create a protocol for handling failures to report sexual misconduct on the UNM campus.	Complete
Clear Reporting/ Investigative SOPS	Write standard operating procedures for reporting and investigating sexual misconduct.	Complete
Task Force on Title IX Compliance	Task force focused on compliance and the creation of interim measures protocols for faculty, staff and students.	Ongoing (New Title IX Regs)
#MeToo Best Practices	Benchmark best practices in higher education institutions & private practice.	Complete
Annual Policy Notification Schedule	Create an annual notification schedule and template emails reminders for dissemination to the campus.	Complete
MOC	Place form for departments to sign up for MOC programs on the website. Also working on a form for those working with minors to sign in, as an attestation form. Create a tracking system for campers. Formalize the professional boundaries training.	Partially Complete - COVID
MOC Amplification to Main Campus and Branches	Check in with Branch Campus compliance with MOC.	January – Yearly check in
MOC- Additional Measures	Review best practices to determine if additional measures should be put in place.	As Needed
Background Check Protocol	Coordinate with HR to establish a protocol on handling background check information.	Fall 2020
Threat Assessment	Coordinate with HR/UNMPD to review protocol for handling threat situations.	Fall 2020
Guidance for Policies Violations	Create a guide that details who investigates alleged violations of various UNM policies.	Complete
Volunteer Policy	Review existing policies to determine if UNM needs to create a university policy for volunteers on the campus.	Spring 2021
Risk Assessment with Internal Audit	Coordinate with Internal Audit to conduct a campus-wide risk assessment in 2020.	In Process
Professional Boundaries	Best practices review and creation of training module for faculty and staff.	November 2020
Gifts Policy	Review the current gifts policy and determine if it needs revising.	Spring 2021

Compliance Office Structure	Best practices review of compliance office structures at peer institutions	In Process
Clery Report	Revise Clery Report template. Put additional guidance in place for handling Clery Act Reporting and publish report.	Revisions done by Summer 2020 – Report Posted by October 1st of each year (Deadline Extended to 12/31/2020)
Whistleblower Protection	Review current policy and determine if additional measures should be put in place to protect people from retaliation.	Fall 2020
Minors on Campus Investigation Strategies	Develop strategies and practices for investigating Minors on Campus issues on the campus. Includes guidance on interviewing minors.	Spring 2021



HSC Institutional Compliance Program Update

UNM BOARD OF REGENTS AUDIT & COMPLIANCE COMMITTEE MEETING

AUGUST 13, 2020 | 1:00 PM | VIA ZOOM VIDEO CONFERENCING

HSC ICP Administration Updates:

- Brie Delvin hired as new Compliance Manager.
 - » Start date June 29th, 2020
- HSC ICP personnel working with greater independence due to COVID-19.
 - » Purchased laptops to allow increased remote work.
- Designing 2021 Compliance Week outreach and training via virtual approach
 - » Compliance Week scheduled for November 2nd – 6th, 2020
- Pursuing “FY2021 HSC ICP Compliance Internship”
- Completing Policy/Procedure Revision Work:
 - Code of Ethics Revision (**In Process**)
 - » Exclusion Screening Policy (**In Process**)
 - » Management of Personal Relationships (**Completed**)
 - » Policy Manager Tracker Implementation & Staff Training (**In Process**)
 - » Red Flags Alert Task Force (**In Process**)

HSC ICP Annual Program Assessment

2019 Department of Justice Update on Compliance Program Guidance

- In 1991, The Department of Justice (DOJ), United States Sentencing Commission – Federal Sentencing Guidelines, published guidance for corporate compliance programs.
- In 2017, the DOJ further expanded the compliance program guidance.
- In April 2019, the DOJ published an up-to-date providing newer program guidance.
 - » The guidance directs organizations' to “operationalize” a compliance program versus simply acknowledging the presence of a program.
- This “new” guidance provides three (3) practices to assess compliance program effectiveness.
- The three practices include:
 - » Part I: Design of compliance programs
 - » Part II: Hallmarks of program implementation
 - » Part III: Details and metrics used to assess program adequacy and effectiveness in practice

2019 Department of Justice Update on Compliance Program Guidance cont.

- During the FY2020, the HSC ICP:
 - » Leveraged the seven (7) elements throughout the UNM Health Science Center
 - » Supported HSC research compliance through various compliance activities (e.g., audit collaboration, and solutions for operations improvement).
 - » Strengthened enterprise wide health sciences compliance program structure through increased collaboration, information sharing, problem solving, and training.
 - » Increased monitoring of sexual harassment/sexual misconduct to assure that faculty and HSC business units in receipt of federal funding comply with contractual obligations (e.g., NIH, OIG, FAR).

System-wide Collaboration with HSC and Main Campus Compliance Programs

- HSC Health Systems Compliance Program
 - » HSC ICP assisted with interviewing, selection and onboarding tool for new Executive Director of Health Systems Compliance.
 - » Shared Enterprise Risk Management (ERM) tools and information.
- HSC Research Compliance
 - » Completed joint audits and reviews.
- Compliance Subcommittee
 - » Collaboration with HSC representatives
 - » Receipt of monthly compliance reporting
- UNM Main Campus Compliance Program, Office of Equal Opportunity (OEO) & UNM Internal Audit
 - » Joint collaboration with ERM Initiative
 - » Development and sharing of “Minors on Campus Database”
 - » Title IX Program Coordination, NIH Sexual Harassment Reporting Collaboration
 - » Audit & Review Sharing to Eliminate Duplication

Next Steps

2021 Enterprise Risk Management, Terrain, and Activities

2021 Enterprise Risk Management

- Enterprise risk management (ERM) is a plan aimed for the identification, assessment, and preparation/prevention of dangers/hazards/potential disasters that may interfere with success in reaching strategic plan goals and objectives.
- During FY2020, the HSC ICP allied with the University of New Mexico – ERM Initiative.
- ERM Initiative consists of relationship between HSC ICP, HSC Health Systems Compliance Program, Internal Audit, and the UNM Main Campus Compliance Program.
- Goal of UNM ERM Initiative is assist UNM entities and business units in understanding ERM principles, and to strategically apply those principles according to a business units' individual risk types.

2021 Enterprise Risk Management cont.

- HSC ICP allied with the University of New Mexico - Enterprise Risk Management (ERM) Initiative.
- Collaboration consists of HSC ICP, HSC Health Systems Compliance Program, Internal Audit, and the UNM Main Campus Compliance Program.
- Immediate and future benefits from ERM Initiative include:
 - Designing and launching of ERM Survey;
 - Assembling and classifying business unit risk registers;
 - Development of business risk owner training module; and,
 - Forged increased direct work HSC ICP interaction with business unit owners and selected business unit risk owners.

2021 Risk Management Terrain

- HSC ICP will potentially face unprecedented margin pressures.
 - » Sustained economic uncertainty;
 - » Changes to healthcare regulation (especially those related to reform);
 - » Reductions in government
 - » Commercial payor reimbursement
 - » Cutbacks in research funding and declining educational subsidies
 - » Challenges to market position
 - » Relevance to local payors
 - » Reputation
- Senior leadership will be focused on cost reduction in order to protect the HSC's mission and stabilize margins and expenditures.
- The HSC ICP will need to work individual senior leaders to adopt an **individualized, unique compliance risk management strategy**, to address risks through a methodology that examines operations methods to structural design and cultural risk issues within business units that may hinder innovation, yet identify ways to “bend the cost curve.”

2021 Risk Management Activities

- Upcoming activities with the with College of Nursing, College of Pharmacy, College of Population Health, School of Medicine, UNM Comprehensive Cancer Center & UNM HS Rio Ranch include:
 1. Communicate HSC ICP Risk Management Plan with Executive Compliance Committee and BOR Audit & Compliance Committee (TBD)
 2. Convene a joint, one-hour Zoom meeting to introduce 2021's risk management activities.
Convene thirty-minute, individual Zoom meetings to:
 - » Communicate assignment of HSC ICP Representatives
 - A. Culpepper: School of Medicine, UNM Cancer Center
 - B. Delvin: School of Nursing, School of Population Health
 - K. Kennedy: School of Pharmacy, UNM Rio Rancho
 - » Sharing individual findings of the 2020 Enterprise-Wide Survey and risk registers.
 - » Facilitate selection of business unit risk owners.
 3. Host two-hour Zoom Training for Business Risk Owners (may include UNM Main Campus & Health System Compliance Business Risk Owners).



HSC Institutional Compliance Program

Thank you for your time,

Dr. Arthur Culpepper,

Chief HSC Compliance Officer

Deputy HSC Title IX Coordinator

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HSC Institutional Compliance Program

2019-2020 ANNUAL ASSESSMENT

of the HSC Institutional Compliance Program

Presented to:
The University of New Mexico Board of Regents'
Audit & Compliance Committee

Thursday, August 13th, 2020 | 1:00 PM

Presented by:
Dr. Arthur Culpepper, Chief HSC Compliance Officer



FROM: Arthur L. Culpepper, PhD., FACHE, CCP
Chief HSC Compliance Officer and Deputy Title IX Coordinator

TO: Paul B. Roth, MD, MS, Executive Vice President and Chancellor, HSC

CC: University of New Mexico, Board of Regents Audit & Compliance Committee
HSC Executive Compliance Committee
Compliance Subcommittee

SUBJECT: 2019-2020 Annual Assessment of the UNM Health Sciences Center
Institutional Compliance Program

DATE: July 22, 2020

Executive Summary

In FY2019-2020, the HSC Institutional Compliance Program (HSC ICP) leveraged the essential seven elements¹ of compliance to focus on a number of key compliance areas. The HSC ICP is the leader of the University of New Mexico Health Science Center (HSC) in its management and operation of compliance-related activities. The HSC continues pursuit of its core mission, which depends on the integrity and ethical conduct of the HSC community. The HSC ICP demonstrates that it is both committed to, and exercises due diligence in, seeking to prevent and detect systemic problems and violations of law by developing and sustaining a rigorous compliance program. Efforts of the HSC ICP are designed to establish a culture within the HSC that promotes prevention, detection, and resolution for instances of conduct that do not conform to federal, state and local law requirements. This is consistent with the HSC's commitment to ensure its relationships are directed in accordance with applicable law and ethical business practices. In addition, the HSC ICP exhibits effective monitoring that prevents accidental or intentional noncompliance with applicable laws and regulatory requirements. When noncompliance occurs, HSC ICP ensures the noncompliant behavior is addressed in a manner that preserves confidentiality, protects against improper retaliation, and eliminates barriers to the HSC Strategic Plan.

Achievements over this past year include hiring an HSC Compliance Manager and the transition of the Compliance Educator and Compliance Manager from Health System Compliance. The HSC ICP also maintained a strong collaborative relationship with the Office of Equal Opportunity in notifying the National Institutes of Health (NIH) of potential policy violation of grant funding recipients, assisting with Title IX cases and initiatives, and attending various training opportunities. The HSC ICP formulated a campus-wide proposal of ethics-related initiatives training supported by the President's Ethics Task Force. Contract completion and implementation of The HSC Exclusion and Sanction screening for Employees, Physicians, and Vendors agreement was signed. Training occurred from the vendor for immediate implementation of the program services. The HSC ICP completed drafting the "New" Compliance Education Module for placement on Learning Central. The HSC ICP participated in the University-Wide Risk Assessment through collaboration with the UNM Main Campus Compliance Program, Main Campus, and HSC Internal Audit.

¹ U.S. Department of Justice, U.S. Department of Justice Criminal Division, *Evaluation of Corporate Compliance Programs*, Guidance Document, Updated: April 2019. See U.S.S.G. §§ 8B2.1, 8C2.5(f), and 8C2.8(11).

Efficacy Review of Compliance Program Standards

- *Compliance Officer, Compliance Committee, Governing Body*

The program HSC ICP is properly organized with a well-designed compliance charter. The HSC Chief Compliance Officer (CCO)² is a full-time employee, designated by HSC senior leadership for the day-to-day responsibility and operations of the HSC ICP. In addition to the CCO, the program's staff is comprised of 3.20 FTE (2.0 FTE for compliance managers, .20 FTE compliance educator, and 1.00 FTE administrative assistant). The program receives dedicated financial resources, which allows the appropriate size and scope necessary for the program. The CCO reports directly to the HSC Chancellor, and meets on a monthly basis to discuss high-level institutional compliance matters and the overall status of compliance program activities (e.g. investigations and pertinent compliance issues). The CCO also maintains strong alignment and collaboration with the HSC Office of University Counsel (OUC).

The CCO reports to the Executive Compliance Committee (EEC) on a bimonthly basis. The ECC is comprised of executive representatives of relevant HSC business units, as well as other key senior management. The ECC supports the HSC ICP in compliance work plans, corrective action planning and program oversight. In addition, the CCO provides the University of New Mexico - Board of Regents' Audit and Compliance Committee quarterly, scheduled updates on the status and activities of the compliance program. These updates include program outcomes, the results of internal and external audits and all government compliance enforcement activity.

- *Written Policies and Procedures and Code of Ethics*

The HSC ICP has written policies and procedures and a Code of Ethics (COE) that articulates the HSC's commitment to comply with all applicable Federal and State standards, and describes compliance expectations as expressed within the COE.³ Further, the policies and procedures and COE provide guidance to all employees, medical students and others handling potential compliance issues, and provides guidance on how to communicate compliance issues to appropriate compliance personnel.

Upon receipt of a potential compliance issue, the HSC ICP will review the issue to determine the most advantageous approach in investigating and resolving the issue. Initially, the program assures that essential details have been collected. The program then determines whether to perform the investigation, or forward the matter to the specific HSC entity and/or business unit to investigate the matter and develop a suitable corrective action plan and/or resolution. If the HSC ICP elects to transfer the investigation allegation or inquiry issue, the HSC entity and/or business unit is required to provide a report that describes the investigation findings, corrective action plan, and monitoring.

² 42 CFR §422.503(b)(4)(vi)(B) and 42 CFR §423.504(b)(4)(vi)(B).

³ 42 CFR §422.503(b)(4)(vi)(B) and 42 CFR §423.504(b)(4)(vi)(A).



In the event the HSC ICP opts to conduct the investigation, the following steps are performed:

1. Assure essential details have been reported;
2. Record key identifying information;
3. Describe the compliance allegation or inquiry;
4. Analyze the noncompliance actions or conditions;
5. Evaluate the compliance allegation or inquiry;
6. Determine an appropriate corrective action plan (CAP); and
7. Prepare an investigation report. If the compliance allegation or inquiry issue is received through the “hotline”, the investigation report will be entered into the Navex Global - Ethics Point Hotline Reporting System.

The HSC maintains a policy of non-intimidation and non-retaliation of employees for good faith participation in the compliance program, including, but not limited to: reporting potential issues, investigating issues, conducting self-evaluations, reviews and remedial actions, and reporting to the appropriate senior leadership and institutional officials.

▪ **Effective Training and Education**

The HSC ICP provides effective training and education addressing compliance and fraud, waste and abuse (FWA) for all employees, including temporary employees, volunteers and Board of Directors.⁴ Training is provided within 90 days of hire/appointment for employees and board members and annually thereafter. Compliance training includes the reporting requirements related to an employee’s job functions.

In FY 2019-2020, the HSC ICP evaluated the historical compliance education and training content. As a result, there was an update to the compliance education curriculum. Revisions were made to assure appropriateness and sufficiency to cover the range of issues confronting HSC employees. The HSC ICP also keeps up to date with any changes in Federal and state laws and regulations and adapts compliance and education content accordingly. In addition, historical audits, investigations, reporting trends and external agency guidance is also considered when updating the compliance education content.

▪ **Effective Lines of Communication**

The HSC ICP uses email and virtual meetings to communicate information to others within a reasonable time frame. The HSC Code of Ethics and policy and procedures require HSC employees and members of the Health Systems Board of Directors/Trustees to report compliance concerns and potential FWA. The HSC ICP receives, records, tracks and responds to compliance complaints, concerns and inquiries.

The HSC has contracted managed care partners⁵, which establish the HSC as a First-Tier, Downstream, and Related entity (FDR). The HSC ICP is required to effectively manage and oversee the FDRs that assist us in providing administrative and/or healthcare services for our Medicare patients. The HSC ICP maintains the ultimate responsibility for

⁴ 42 CFR §422.503(b)(4)(vi)(C) and 42 CFR §423.504(b)(4)(vi)(C).

⁵ Aetna, Blue Cross/Blue Shield, Humana, Molina Healthcare and Presbyterian.



assuring the fulfillment of the terms and conditions of its contracts. The CCO is responsible for the completion and submission of the FDR Compliance Program Attestation on an annual basis. In doing so, the HSC attests to our organization's compliance with the Medicare Compliance Program requirements.

The University of New Mexico utilizes an anonymous hotline system⁶ so that employees, students, vendors, patients, and visitors can report potential compliance issues. The HSC ICP adheres to the HHS OIG Guidance regarding anonymity of individual reporting. However, the hotline maintains confidentiality to the extent possible. There are situations that may present themselves which make anonymity unpractical. The HSC ICP may report potential issues to external oversight and enforcement agencies.

In FY 2019-2020, analysis of our hotline data indicates 139 total cases, as compared to 114 cases during the 7/1/2018 to 6/30/2019 time period. Human Resources-type cases comprise approximately 40% of the total hotline cases, as compared to 43% of cases for the previous fiscal year. This represents a three (3) percent reduction. The data indicates the top case type for the previous year was human resources - employee misconduct as compared to human resources - bullying in the current fiscal year. Human resource hotline cases represent 56% of the total hotline cases in the current fiscal year, as compared to 50% of the total cases during the previous fiscal year. The top six (6) case types for the fiscal year were human resource-related case categories.

The case categories included:

- 9% - *bullying*;
- 7% - *employee misconduct*;
- 9% - *offensive or inappropriate language communication*;
- 9% - *other human resource matters*;
- 6%- *recruitment/hiring*; and,
- 4%- *retaliation*.

The same human resource case categories were also included within the top 6 case categories during the previous fiscal year. During the previous fiscal year, allegations comprised 91% of the hotline cases, whereas 8% of hotline cases were comprised of inquiry-type cases. During this fiscal year, 93% of hotline cases were allegation cases, while 7% were inquiry-type cases. Allegation type cases saw a slight two (2) percent reduction as compared to the previous fiscal year. Inquiry-type cases saw a small one percent reduction as compared to the previous fiscal year. The HSC conducts compliance training for faculty, staff and vendors, including both general and specific training pertinent to their responsibilities. New hires, including medical students, are required to complete training modules within 30 days as part of their new employee orientation. On an annual basis, all HSC personnel, volunteers, vendors and individuals associated with HSC are tasked with completing online and/or face-to-face compliance education and training by December 1st of each calendar year. Online education and training are delivered via the computer-based training program.

⁶ The Navex Global - Ethics Point Hotline Reporting System is a world-class hotline program, which offers users multiple reporting avenues (web intake, professional specialists available by a 24/7/365 hotline phone number, or email) to submit complaints); 42 CFR §422.503(b)(4)(vi)(D) and 42 CFR §423.504(b)(4)(vi)(D).

- *Routine Monitoring, Auditing and Identification of Compliance Risks*

During the fiscal year, HSC ICP collaborated with UNM Health Systems Compliance Program, UNM Institutional Compliance Program and UNM Internal Audit to design and deploy a university-wide risk assessment. Compliance work plans will address the resulting areas of high-risk concern, considering, for example, findings from prior audits and high compliance risk areas identified as a part of the aforementioned risk assessment. The HSC ICP Work Plan will clearly delineate the roles and responsibilities of compliance program staff. In addition, UNM Internal Audit will be available to conduct unscheduled reviews, and the HSC ICP can request additional audits or monitoring should the need arise.

- *Employee, Physician, and Vendor Exclusion Screening*

The HSC has a program dedicated to screening and adherence to the exclusion of employment of individuals contained in the List of Excluded Individuals and Entities (“LEIE”)⁷, as defined in Title 42 United States Code (U.S.C.) 1320a-7(b)f and prohibition of remuneration to vendors on the Excluded Parties List System (“EPLS”)⁸.

These screenings are conducted on a monthly basis via secure file transmission to a contracted vendor. Screening findings are shared with the HSC Chancellor, ECC, and Board of Regents’ Audit and Compliance Committee. Report of findings on the investigation and corrective action plan will be reviewed with the aforementioned committees.

- *Program Performance Metrics*

The HSC ICP has integrated the use of the SmartSheet online database platform to collect the following Program Performance Metrics:

1. EthicsPoint Hotline investigations – captures the number of monthly cases and the length of time to investigate and resolve issues.
2. Compliance Education/training – Learning Central’s percentage of employees who complete the annual compliance training requirements with the specified timeframe.
3. Monthly Exclusion checks – assuring screening checks are created monthly and have been completed within a specific period.
4. Official correspondence request from NM AG, NM Medical Board – captures number of monthly requests; number of complaints by topic matter compared to prior months, years, or divisions.
5. Entity work plan – College of Nursing, College of Pharmacy, College of Population Health, CRTC, School of Medicine, and UNM Rio Rancho Campus; assist management in developing process and controls to manage risks and issues.
6. Special projects – records monthly completion.

⁷ List of Excluded Individuals and Entities (“LEIE”). The HHS OIG LEIE data base provides information to the health care industry, patients, and the public regarding individuals and entities currently excluded from participation in Medicare, Medicaid, and all Federal health care programs.

⁸ Excluded Parties List System (“EPLS”). EPLS provides a single comprehensive list of individuals and firms excluded by Federal government agencies from receiving federal contracts or federally approved subcontracts and from certain types of federal financial and non-financial assistance and benefits ([68 Federal Register \(FR\) 66533](#)).

7. Success Initiatives – Compliance committees; federal sentencing guidelines; applicable policies, laws & regulations; code of conduct revision; Annual assessment of compliance program effectiveness, and Provision of operational guidance from Chancellor, BOR, EEC & CS.

▪ HSC Title IX Program

The CCO is the designated Deputy Title IX Coordinator for the HSC; i.e., CCO is responsible for receiving reports of potential violations and carrying out all duties and responsibilities pertaining to ensuring that the program remains in compliance with Title IX. A notice of nondiscrimination has been published and disseminated; the notice includes the CCO's name and office location, and contact information of the Title IX Coordinator. Training is provided on a consistent basis to all faculty, residents, staff and students regarding Title IX compliance. The Deputy Title IX Coordinator meets periodically with the Title IX Coordinator, to maintain lines of communication and discuss relevant changes in the laws or Title IX program interpretation. After an extensive notice and comment process, new Title IX regulations have been issued by the U.S. Department of Education.

The changes include:

- A narrower definition of sexual harassment now requires “severe, pervasive, and objectively offensive” conduct;
- A narrower definition of locations of incidents schools are required to investigate;
- Mandatory reporting requirements;
- All Title IX officials at an institution must receive training on Title IX and its regulations;
- An institution that receives a formal complaint must proceed with a formal grievance process, which includes a live hearing with cross examination;
- An institution may no longer use the single-investigator model;
- The accused may use a legal advisor or lawyer to cross examine the complainant;
- An institution may raise the burden of proof to the “clear and convincing standard” as long as the standard applies equally to faculty/employees and students;
- The institution receiving a sexual harassment report must provide the accused, in writing, the allegations and the evidence gathered. If the accused is a minor, the evidence is shared with the minor’s parents or legal guardian;
- Designated Title IX personnel dealing with a complaint must be free of conflicts of interest regarding the parties to the complaint;
- Institutions must provide anyone accused of Title IX sexual harassment with a written assurance of the presumption of innocence; and
- An institution must retain written records for seven (7) years of sexual harassment complaints and the actions taken in response.

As a result of these changes, UNM will be hiring a new hearing officer. UNM must comply with the new regulations by August 14, 2020.



2019-2020 HSC Health Systems Compliance Program Assessment

On January 6, 2020, the Executive Director of Compliance began her tenure with the HSC Health Systems Compliance Program. On April 28, 2020, she assumed the administrative responsibilities of the previous Executive Director of Internal Audit, including management of existing department staff, and currently has oversight responsibility of both the internal audit as well as the compliance functions. Prior to the assumption of these responsibilities, the Executive Director was on a trajectory toward staffing up the Compliance Program and gaining the necessary insight into areas requiring immediate focus and/or improvement toward building a more effective and robust Compliance Program. Since the assumption of these responsibilities, the vacant Compliance Program positions were placed on hold to evaluate the internal audit department and its staff. During this time, it was mutually decided that one employee from the HSC ICP, who was previously a part of the Health Systems Compliance Program, would be transferred to the program.

The Executive Director is currently preparing an *Internal Audit Department - Observations, Assessment and Recommendations* document that is intended to outline a detailed analysis of the program and staff, including a discussion as to how to best integrate staff from the Internal Audit Department into the Health Systems Compliance Program, and will serve as the basis for identifying future needs of the institution toward reaching further operational effectiveness. This document will be shared with the CEOs of the University of New Mexico Hospitals, Sandoval Regional Medical Center and University of New Mexico Medical Group for review and discussion of recommendations presented. It is anticipated that recommendations agreed upon will be implemented by the beginning of the fourth quarter of 2020.

2019-2020 Program Performance Highlights

- Q¹
 - Established and implemented procedural collaboration with Office of Equal Opportunity Office of University Counsel for notifying National Institutes of Health (NIH) of a Policy violation of the Grant holder.
 - Compliance personnel attended the *Norman C. Bay, Training for Conducting Internal Investigations*. The training was an interactive, small group training to practice conducting fair, timely and thorough investigations; how to ask open-ended questions; how to evaluate credibility; and how to write investigative documents.
 - “President’s Ethics Task Force Meeting”- The CCO was invited to participate on the task force to formulate a campus-wide proposal of ethics-related initiatives, training and best practice. The goal was to create and maintain an ethically inspired environment at UNM, based on strong moral conduct and compliance with applicable laws, rules, and guidance. The Task Force will serve as an advisory committee for the President on future projects and issues concerning the University’s ethical culture, values, and decision-making practices.
 - The HSC ICP completed and implemented the Compliance Resource Center’s (CRC) Sanction Screening Services for the HSC *Exclusion and Sanction Screening for Employees, Physicians, Vendors, and Volunteers*. A procedure was established for business unit Human Resources and Purchasing representatives to properly assess new employees, physicians, and vendors. In addition, the program hosted trainings for use of the vendor’s S3 Tool.



- Transitioned compliance personnel to the program (i.e., Compliance Educator and UNMMG Compliance Manager).
 - Collaboration with the University of New Mexico Main Campus Compliance, HSC Health Systems Compliance, Internal Audit and the Office of Institutional Analytics for the development and launch of the University Wide Risk Management Assessment Survey.
 - Compliance personnel secured membership to the *American Society of Administrative Professional* and registered for the completion of the professional administrative certification.
 - Attended NM State Police “Stronger Together” event.
 - Welcome newly-hired Compliance Manager for ICP Office.
 - HSC ICP Compliance Educator participated with the Clinical Documentation Initiative (CDI), to provide one-on-one education to new providers, residents, medical students, and other staff at UNM Hospitals, Sandoval Regional Medical Center, and UNM Medical Group. Training is provided on a scheduled and as-needed, basis.
- Q²
- Completed “new” Compliance Education Module for placement in Learning Central.
 - ICP Offices were relocated building 1650 University Blvd, NE
 - Attended *Community Healing Through Courageous Conversations; a Violence Against Women Act (VAWA) Convening*
 - Created Minors on Campus Database on SmartSheet platform.
 - Created database/log for Compliance Educator’s Training & Education in SmartSheet platform.
 - Updated Compliance Education & Training compliance awareness training content in Learning Central.
 - In conjunction with the HSC Privacy Office, ICP staff participated in and promoted the “First Annual Corporate Compliance and Ethics Week”. November 4th through 8th.
 - See 1st Quarter for continuous ongoing items worked, reviewed.
- Q³
- HSC Institutional Compliance Program University-Wide Risk Management “Kickoff” Training.
 - Construction Completion and Launch of the “Minors on Campus” registration portal via SmartSheet. Registration portal links placed on the HSC Institutional Compliance Program website landing page.
 - Attendance to *A Regional Discussion on Sexual Assault and Sexual Harassment of America’s Colleges, Universities and Service Academies* training.
 - Completion of Employee Occupational Health EHR Position Restrictions & Patient Consent.
 - Attended Quarterly Shared Services Meeting: UNM Employee & Organization Development (EOD) provided training for Administrative Support Personnel.
 - Staff Performances Evaluations Completed.

- Q⁴
 - Completion of Employee Occupational Health EHR Position, Restrictions & Patient Consent.
 - HSC Institutional Compliance Program, UNM Main Campus Program, Main Campus and HSC Internal Audit Completion of University-Wide Risk Assessment
 - Completion of *Management of Personal Relationships Policy*.
 - Completed the Final Draft of the *HSC Code of Ethics*.
 - Assisted with the development of the ERM Work Plan Registration database.
 - Added Spanish Translation version of the Compliance Training Module and Examination which was incorporated into the Learning Central online training platform.

2020-2021 HSC Institutional Compliance Program Strategic Plan Goals

Embarking on FY2021, the HSC ICP Strategic Plan Goals will enable the Program to provide the highest quality work compliance products to our employees, faculty, medical fellows and residents, students and vendors. In addition, the plan will ensure resources are expended in a responsible and reasonable fashion, and that all enterprise-wide academic, clinical and research programs are being run in an efficient and effective way.

The HSC ICP Strategic Plan assures the following five (5) key components are present to support implementation (i.e., people, resources, structure, systems, and culture). All the components were reviewed in order to move from creating the plan to activating the plan and its goals.

HSC ICP Strategic Plan Goals:

1. Strengthen communication and collaboration amongst those holding compliance-related roles at the entity level within the HSC and Health System to encourage sharing best practices, collaboration, making risk management information readily available to HSC entities, and ensure clear, efficient and appropriate communication to personnel within the Office of Compliance.
2. Rebuild the HSC Institutional Compliance Program through the identification of key compliance risks (i.e. risk assessment survey), meet with key senior management and risk owners to create and review risk management work plans and other compliance needs.
3. Develop a strategic plan to expand and improve upon the fulfillment of the seven elements of an effective HSC Institutional Compliance Program.
4. Implement and maintain systems, including mechanisms that permit anonymity or confidentiality, whereby the HSC administration and entity employees may report or seek guidance regarding potential or actual activity not consistent with the Board of Regents' Policy Manual – RPM 3.7: Health Sciences Center Institutional Compliance Program, Federal Sentencing Guidelines for Organization and Corporate Compliance Programs, and applicable federal and state policies, laws, and regulations, without fear of retaliation.



5. Maintain ongoing communication and collaboration with the Title IX Officer, University Compliance Officer, and HSC Privacy Officer.

2021-2022 Program Work Plan

During FY2020-2021, the HSC Institutional Compliance Program (“Program”) Plan Activities and Initiatives will enable the Program to provide the highest quality work products to our employees, faculty, residents, students, vendors, and volunteers. In addition, ensuring resources are being expended in a responsible and reasonable manner and that enterprise-wide all academic, clinical and research programs are being run in an efficient and effective way.

1. Continual, collaborative oversight of the effectiveness, quality and implementation of compliance programs within the Health Sciences Center (HSC), including the HSC Health Systems Compliance Program, tying guidance from the *Regents’ Policy Manual, Section 3.7: Health Sciences Center Institutional Compliance Program*, *U.S. Federal Sentencing Guidelines*, and the *Office of Inspector General for the US Department of Inspector General for the U.S. Department of Health and Human Services*.
2. Active participation with the University-Wide Enterprise Risk Management Initiative (“ERM”) provide consultative support, materials and tools (e.g., work plans) to increase the level of risk knowledge among HSC employees, Health Systems Board of Directors/Trustees, UNMH, SRMC & UNMMG Audit & Compliance Committees, and the UNM Board of Regents Audit & Compliance Committee. In addition, actively collaborate with the Executive Director of Health Systems Compliance Program in launching and maintaining the SRMC & UNMMG Enterprise Risk Management Initiative Pilot Initiative.
3. Identify and coordinate compliance resources across the HSC, including identifying subject matter experts, who can assist with specialized compliance requirements, as needed.
4. Performance of regular in person contact throughout the HSC with all academic, clinical and research business units.
5. Reassure programmatic conformity to the seven (7) elements of a compliance program and prepare for HSC Internal Audit next fiscal year’s scheduled ICP Compliance Program Assessment Audit (TBD) (e.g. Schedule HSC Internal Audit of ICP Compliance Program Assessment.)
6. Facilitate, in conjunction with all HSC compliance professionals, an HSC Enterprise-Wide Compliance Week Initiative at all HSC locations in November 2021.
7. Maintain ongoing active communication and collaboration with the Executive Director of Health Systems Compliance, Title IX Officer, University Main Campus Compliance Officer and Director of Compliance, HSC Privacy Officer and Executive Director of Research.

**Follow Up Report - Implemented
August 2020 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>HSC Masters Degree Tuition Payments</u>	10/15/2018, 8, H	<u>Recommendation 5 - Terminated Neonatal Nurse</u>	UNM Pediatrics department should work with Bursar's office to collect the amount owed the University, to include both tuition and travel costs, over a more reasonable time period, in accordance with the Neonatal Practice Trainee Agreement.	HSC Chancellor recognizes this deficiency in the current form of the Neonatal Practice Trainee Agreement, although the agreement does make the amounts immediately outstanding, and the University, if it chose to, could commence collection activities. Going forward, the University will amend the form of the Neonatal Practice Trainee Agreement, to provide that any amount that may be owed to the University be repaid over a specified period of time.	9/30/2019	7-22-2020 HSC has recorded an accounts receivable on its books for the Neonatal Nurse Practitioner for repayment of tuition costs pursuant to her breach of agreement. In addition, HSC has initiated legal proceedings with a demand letter for repayment of the tuition costs.	Chancellor for HSC; Chamiza Pacheco de Alas; Chief of Staff, Office of the Chancellor
2	<u>HSC Masters Degree Tuition Payments</u>	10/15/2018, 8, H	<u>Recommendation 6 - Neonatal Nurse Taxation</u>	The UNM School of Medicine Pediatrics department should work with the UNM Payroll department and all nurses participating in the advanced degree program to determine the appropriate process for rectifying the taxable treatment of the tuition benefit.	The UNM School of Medicine Department of Pediatrics, working with School of Medicine, HSC financial leadership, and the UNM Payroll Department will meet and confer to rectify the tax treatment consequences of the tuition benefit for all of the nurses participating in the advanced degree program.	9/30/2019	The Neonatal Nurse Practitioner's W-2's have been adjusted to reflect the taxable tuition benefit, and they were notified of the adjustment. Pursuant to HSC Executive decision, the nurses are held harmless and given credit for the tax due, which was funded by HSC.	Chancellor for HSC; Chamiza Pacheco de Alas; Chief of Staff, Office of the Chancellor
3	<u>Alumni Association Operations</u>	10/15/2018, 6, M	<u>Recommendation 3 - Long-Term Budget Plan for Use of Investment Income</u>	The Vice President for Alumni Relations/Association Executive Director should work with the Alumni Board to develop a long-term strategic plan for the use of investment funds. The plan should include expectations of need and/or requests on a long-term basis, which will provide the Board with an advanced notice of expected need and/or use of funds for future years.	The Association believes that the strategy for the use of its endowment is embedded within its current investment policy. The Association also believes that its current process provides an appropriate level of discussion and implementation of the use of its investment funds. The Finance Committee serves as the primary team tasked with reviewing the Association's Investment Account, performance and the Investment Policy set forth by the Association. The Committee is currently engaged in a review of these areas, and has initiated the first steps required to make recommendations to the Board on updates and revisions.	12/31/2019	Under the leadership of President Chad Cooper, the Alumni Association has established an investment subcommittee, chaired by Ryan Ferguson. The purpose of the investment committee is to provide oversight and strategic direction and use of the Association's investment funds.	Connie Beimer, Interim VP, Alumni Relations

**Follow Up Report - Implemented
August 2020 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
4	<u>Los Alamos Branch Campus</u>	5/7/2020, 6, M	<u>Recommendation 2 - Account Reconciliations</u>	The UNM-LA Chancellor should strengthen internal controls over the revenue reconciliation process. UNM-LA should perform regular reconciliations of monies collected at UNM-LA and postings to UNM-LA revenue accounts. Where appropriate, UNM-LA should seek the assistance of UNM Main Campus Bursars/Cashier's Office in facilitating these reconciliations.	We agree with the auditor's comments and recommendation, and the following action has been taken to improve the revenue reconciliation process. On February 26, 2020, UNM-LA contacted the UNM Main Campus Bursars/Cashier's office to request assistance with the daily revenue reconciliation process used prior to April 2019 for Los Alamos, and currently being used by main campus. Written procedures for the reconciliation process have been prepared for UNM-LA and the reconciliation process was re-established on February 27, 2020. This will improve internal controls over the revenue reconciliation process.	2/29/2020	UNM-LA has been performing regular cash collection account reconciliations since Internal Audit brought this issue to their attention. Internal Audit reviewed two daily cash collection account reconciliations from June 2020, as well as a month-end cash collection reconciliation for the month of June 2020. Internal Audit also reviewed policies within the Business Office calling for regular account reconciliations, as well as guides on how to perform account reconciliations. Reconciliations appear to be occurring regularly.	Cynthia Rooney, Chief Exec Officer CEO/Branch; Bob Harmon, Dir,Business Opns/Sm Branch: Los Alamos Branch
5	<u>Los Alamos Branch Campus</u>	5/7/2020, 6, M	<u>Recommendation 3 - Segregation of Cash Collection Duties</u>	UNM-LA should work on filling the open Fiscal Services Tech position as soon as possible. While the position remains open, or in the event of an employee absence, UNM-LA should identify additional staff within the Business Operations department that may be able to serve in some of these roles on an interim basis.	We agree with the auditor's comments and recommendation, and the following action has been taken to strengthen internal controls and maintain proper segregation of duties as outlined in UAP 7200. The Fiscal Services Tech position was filled on April 6, 2020. The new staff member has completed Cash Management training and requested the appropriate BAR role for payment application access. The Fiscal Services Tech will be the primary Cashier for UNM-LA. The Cashier's role will consist of collecting funds, processing payments in the payment system, daily drawer balancing, and printing daily processing reports. The Accountant III will operate in one of the following roles; as a backup cashier or the staff member primarily responsible for account reconciliation. Additional Business Operations staff will prepare deposits, make deposits at the local bank, and complete account reconciliation when necessary. The Director of Business Operations will continue to review and approve the cash collection process.	4/30/2020	UNM-LA hired a new employee to fill the open Fiscal Services Tech position in April. This employee is serving as the regular full-time cashier at the UNM-LA Business Office. This employee has the appropriate access for cash collecting duties, has the proper BAR roles for their job assignment, and has completed the cash management training as of July 7th, 2020. UNM-LA has also selected an alternative employee within the Business Office to perform depositing and back-up reconciling duties. This employee has no cash collection duties as part of their normal job assignment. This employee has also completed the cash management training as mandated by UNM policy.	Cynthia Rooney, Chief Exec Officer CEO/Branch; Bob Harmon, Dir,Business Opns/Sm Branch: Los Alamos Branch

**Follow Up Report - Implemented
August 2020 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
6	<u>Los Alamos Branch Campus</u>	5/7/2020, 6, M	<u>Recommendation 4 - Cash Management Training</u>	UNM-LA administration should develop procedures to ensure that individuals responsible for handling cash and their direct supervisor take the online "Cash Management" training course.	We agree with the auditor's comments and recommendation, and the following action has been completed as recommended. All staff members currently responsible for handling cash, and their direct supervisor have completed the online Cash Management training. The Mandatory Cash Handling Training section in the UNM-LA Operating Procedures Manual has been updated to reflect this recommendation. Business operations staff will re-take the Cash Handling Training annually.	4/21/2020	All UNM-LA Business Office employees with cash collection duties, either as a primary job assignment, or as a backup role, have completed the Cash Management training available from EOD. IA was able to verify completion with EOD. Additionally, UNM-LA has drafted a policy calling for completion of this training no later than 60 days after being assigned cash collection duties, as well as retaking this training annually as a refresher. We consider this recommendation to be implemented.	Cynthia Rooney, Chief Exec Officer CEO/Branch; Bob Harmon, Dir,Business Opns/Sm Branch: Los Alamos Branch
7	<u>Los Alamos Branch Campus</u>	5/7/2020, 6, M	<u>Recommendation 5 - IT Security Surrounding Cashiering Activity</u>	1. UNM-LA Cashier's office should request UNM Bursar's office to obtain payment system software account and passwords for every user. 2. UNM-LA Cashiers should use their own payment system software accounts without sharing them with others at all times. 3. UNM-LA IT should assign individual user accounts for cashiers to log on to the shared workstation. 4. UNM-IT should consider installing a camera that provides a better coverage of cashiering's activity.	We agree with the auditor's comments and recommendation. The following action has already been or will be taken to improve our processes related to computer security controls and access to sensitive information. All UNM-LA staff required to work in the payment application will have their own user id and password. A request has been made to the main campus cashier supervisor to setup our new Fiscal Service Tech in the application with a unique login and password. The UNM-LA Cashier's office will complete appropriate BAR role request for all employees based on assessment of business need. UNM-LA cashiers will use their own payment system accounts at all times. UNM-LA IT will create, configure, and test individual accounts for each cashier in the payment application. UNM-LA staff will log in and out of the shared workstation with their individual user account logins. UNM-LA IT will install a security camera that covers the cashier workstation(s) explicitly.	6/30/2020	UNM-LA Cashier's Office has worked with UNM Bursar's office to obtain a payment system software account for the new cashier, who also has received his BAR roles as cashier. UNM-LA IT has assigned individual accounts for cashiers to log in to the workstation. A camera was installed to provide better coverage of the cashier's workstation. The recommendation is cleared.	Cynthia Rooney, Chief Exec Officer CEO/Branch; Bob Harmon, Dir,Business Opns/Sm Branch: Los Alamos Branch

**Follow Up Report - Pending
August 2020 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>Review of College of Arts and Sciences Operations</u>	4/18/2013, 4, H	<u>Recommendation A: Implementation of Process to Track Research Activities</u>	A process should be implemented that enables colleges to effectively track and monitor time that faculty members spend on research activities to help management determine if faculty members are meeting academic load requirements and workload guidelines.	To track faculty research activities, an RFP was created for the purchase of a scholarly productivity subscription service, which will have the ability to track faculty research activities. Actual implementation of the software is expected to be completed by December 15, 2015.	8/31/2019	The former Interim Provost indicated the Provost's office is in the process of shared governance consultation with faculty and believes they are almost ready to go out for RFP for purchasing an external service for tracking faculty research activities.	Provost; Duane Arruti, IT; OVPR
2	<u>Alumni Association Operations</u>	10/15/2018, 6, M	<u>Recommendation 2 - Financial Management</u>	The Vice President for Alumni Relations/Association Executive Director should: a) Work with the UNM President's Office to develop a proposal to reestablish its I&G funding to previous levels; b) Work with the Association Board to request permanent contribution to the Relations office; c) Perform a cost savings analysis to determine where management should control and reduce expenses.	The Association believes that the work of the Office of Alumni Relations is critical to the University and that UNM should reassess its current I & G allocation to the office, reinstating it to such a level that, at minimum, there is a commitment to salaries for positions as established in FY19 through FY24, including any such salary increases that are granted by the Board of Regents. For FY19, a strategy will be developed to address the current anticipated shortfalls. Assessment of expenses and analysis of potential savings will be ongoing, and the Association will participate as appropriate in providing feedback on measures designed to provide savings where possible without a significant reduction in programs or services to alumni.	12/31/2019	1. Resolved - Although the Alumni Relations Office is unable to fully restore funding to previous levels, the President's office and the Alumni Association have agreed that the I&G funding level will be increased by \$75,000 and that level will be reflected on annual basis. Internal Audit verified that the amount is reflected in the I&G line item of the Alumni Relations Office budget for FY '21. 2. Unresolved - The Alumni Association continues to support the Alumni Relations Office budget on an annual basis. The amount is currently determined by the Association Executive Committee and approved by the board of directors. The Association will review as to whether an addendum to the current MOA is needed. 3. Resolved - The Interim Executive Director, with input from the Association leadership, has performed a cost savings analysis and determined significant savings from such line items as Mirage magazine.	Connie Beimer, Interim VP, Alumni Relations
3	<u>Alumni Association Operations</u>	10/15/2018, 6, M	<u>Recommendation 4 - License Plate Royalties Agreement</u>	The Vice President for Alumni Relations/Association Executive Director should work with the President's office and UNM Legal Counsel to execute a signed agreement for the Association's rights to license plate royalties.	Although the Association feels that the resolution passed by the Regents in 2015 remains the primary source of codifying the designation of the License Plate royalties to the Association, the Association is in agreement that a more strongly defined agreement is needed to ensure the continued allocation of royalties from current and future license plate revenue to the Association. Leadership of the organization will work with University Counsel to produce a more formalized agreement.	12/31/2019	Alumni Association President Chad Cooper has created an ad hoc legal group made up of the attorneys currently serving on the Alumni Association Board to provide analysis and direction on legal matters. The group will be looking at the license plate royalty agreement and make any recommendations that may be necessary. The Alumni Association Interim Executive Director indicated she will pursue action regarding a license plate royalty agreement based on legal counsel advice.	Connie Beimer, Interim VP, Alumni Relations

**Follow Up Report - Pending
August 2020 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
4	<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 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 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 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	Partially Resolved - Internal Audit verified Accessibility Resource Center's deficit decreased from (\$197,113) as of June 30, 2019 to (\$147,515) at June 30, 2020. However, it was noted that the deficit for Student Publications has increased during FY 2020 even though a deficit reduction plan was in place. IA will continue to review this department's deficit.	Nicole Christine Dopson, Financial Officer Optg Grp
5	<u>Reserves</u>	5/23/2019, 7, M	<u>Recommendation 3 - Deficit Reduction Plans (HSC Senior Executive for Finance and Operations)</u>	The HSC Senior Executive Officer for Finance and Administration should ensure FY 2018 deficits for OBGYN, Radiopharmacy, and Dermatology 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.	HSC Management agrees with recommendation #3. The OBGYN and Radiopharmacy deficits have already been resolved while Dermatology will not be able to clear their deficit by the end of FY2019 and will have a deficit reduction plan in place at year-end. Deficit reduction plans will be documented through the FY 2019 CAR process.	6/30/2020	The College of Pharmacy Radiopharmacy and SOM Dermatology departments ended FY 2020 with a deficit. Radiopharmacy's deficit increased from (\$166,434) to (\$267,459) at 6/30/2020. Dermatology's deficit decreased from (\$820,365) to (\$635,334) at 6/30/2020. Internal Audit will continue to monitor these deficits to determine if a deficit reduction plan needs to be established.	Ava Lovell, Exec Ofcr Fin & Admin/HSC, Sr; Joseph Wrobel, Chf Budgt & Facil Officer
6	<u>Los Alamos Branch Campus</u>	5/7/2020, 6, M	<u>Recommendation 1 - Business Operations Manual</u>	UNM-LA campus should continue updating their operating manual. Updates should reflect both standard UAPs as well as campus-specific operating procedures (where appropriate) for specific business functions, including, but not limited to: accounts payable, purchasing, cashiering, payroll, time keeping/reporting, financial award processes, processing of any gifts received, compliance with endowment restrictions, etc. Additionally, UNM-LA campus administration should consider developing a policy which calls for regular review and updates of this operating manual to reflect current business practices, policies and procedures.	We agree with the auditor's comments and recommendation, and the following action will be taken to improve our operating manual. Each member of the executive team will be responsible for updates to their respective sections of the manual. Specific updates to the Business Operations sections will include, but not be limited to the items listed in this recommendation. A designated staff member will be responsible for final consolidation of the document and assist with periodic revisions. Updates to the manual will be completed by September 30, 2020. The operating manual will be made available via our internal shared drive. UNM-LA faculty and staff will be advised of all revisions. UNM-LA will update our operating manual on an annual basis by June 30th each year in the future.	9/30/2020	The campus is continuing to work to update its Operations Manual. The campus expects to meet its implementation deadline.	Cynthia Rooney, Chief Exec Officer CEO/Branch; Bob Harmon, Dir,Business Opns/Sm Branch: Los Alamos Branch

**Follow Up Report - Pending
August 2020 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
7	<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 and 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.	12/31/2020	UNM-LA is currently on schedule and expects to implement the recommendation by the targeted date.	Cynthia Rooney, Chief Exec Officer CEO/Branch; Bob Harmon, Dir,Business Opns/Sm Branch: Los Alamos Branch

**Follow Up Report - Implemented,
but kept as Pending for additional monitoring by Internal Audit
August 2020 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>Chrome River Data Analysis</u>	5/17/2018, 10, H	<u>Recommendation 3 - Training Resources</u>	The leadership of UNM's CR committee should require all CR approvers complete CR Approver Training before they approve transactions in CR, and identify a central tracking mechanism to ensure all CR approvers complete the training.	Management acknowledges the recommendation. Management will review existing CR approver training and work with subject matter experts from respective core offices to develop relevant CR approver training content that supports effective approver training and will explore opportunities that support central tracking mechanisms to ensure required training is completed. Delivery of the training and tracking of who completes the training is contingent upon a functioning central training software system (currently Learning Central).	3/31/2019	The Chrome River Approver Training has been developed and is available in the University's Learning Central training system. New approvers will be required to complete the training going forward. For all existing approvers, it was added to their learning plan (currently as optional) in Learning Central and an email was sent by UNM Chrome River Team on May 10, 2019 to notify current approvers of such optional training. Internal Audit will monitor to determine if management's controls are effective in ensuring approvers complete the training.	Elizabeth Metzger, University Controller, Ava Lovell, Exec Ofcr Fin & Admin/HSC
2	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 1 - Business Processes</u>	The Athletics Fiscal Operations Director should: A) consider adding resources to the business office, such as an additional full-time employee, to strengthen internal controls within the accounting function; B) closely monitor budgeted expenses on a regular basis and adjust to reflect actual revenues generated, thus decreasing the risk of inaccurate revenue accruals, over-expended budgets, and year-end deficits; C) amortize the \$500,000 additional investment received from Levy Restaurants over the term of the contract; and, D) record funds intended for specific purposes and their corresponding expenses in their own index.	A comprehensive business operations manual detailing policies and procedures for specific business functions, including, but not limited to: journal vouchers, accounts payable, purchasing, cashiering, payroll, financial award processes, compliance with endowment restrictions, etc., will be developed and implemented. In addition, a comprehensive assessment of the business operations within Athletics will be completed in order for a determination to be made as to the most efficient use of the current resources within the office. Account reconciliations will be performed on a regular basis throughout the year. In addition, revenue accruals will be adjusted on a quarterly basis to recognize actual revenues earned for the period. Further, budgeted expenses will also be closely monitored on a regular basis and adjusted to reflect actual revenues generated.	9/30/2019	The Athletics department has completed a working draft of its business operations manual. The business operations manual is being continuously updated as Athletics updates procedures and streamlines processes through its ARMS system. The manual has been disseminated to senior management at Athletics. While the document may continue to update, Athletics management provided a copy of the current business operations manual to Internal Audit for review. Internal Audit reviewed the drafted business operations manual and noted it includes all key operations processes. Internal Audit considers this recommendation implemented, but will continue to monitor the manual as it is being updated until management finalizes the manual.	Nicole Dopson, Dir, Financial Operations
3	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 3 - Deficit Reduction Plan</u>	The Director for Intercollegiate Athletics should ensure the approved deficit reduction plan is implemented.	The Athletics Department will work in conjunction with the Office of Planning, Budget and Analysis in implementing the approved deficit reduction plan.	5/18/2018	Athletics has an approved ten-year Deficit Reduction Plan. Internal Audit will perform continued follow-up procedures to determine compliance with its deficit reduction plan. Internal Audit noted Athletics ended the year in the black for FY 2019.	Eduardo Nunez, Dir, Intercollegiate Athletics

EXECUTIVE SESSION