

BOARD of REGENTS



THE UNIVERSITY OF
NEW MEXICO.

AUDIT AND COMPLIANCE COMMITTEE SPECIAL VIRTUAL MEETING

Friday, March 31, 2023 9:00 am

The University of New Mexico
Board of Regents' Audit and Compliance Committee
March 31, 2023
Special Meeting (Virtual)
Agenda

ACTION ITEMS

1. Confirmation of a Quorum and Adoption of Agenda
2. Approval of Meeting Minutes from February 9, 2023
3. Audit and Compliance Committee proposed meeting date for FY23
May 4, 2023 (Entrance Conference for FY23 Financial Statements Audit)

EXECUTIVE SESSION

4. Vote to close the meeting and to proceed in Executive Session as follows:
 - a. Certain purchases.
 - b. Vote to re-open the meeting.
5. Certification that only those matters described in Agenda item #4 were discussed in Executive Session; and if necessary, ratification of action, if any, taken in Executive Session.
6. Adjournment

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Audit and Compliance Committee Virtual Meeting
February 9, 2023 – Draft Meeting Minutes

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

Other Attendees: Garnett Stokes, Norma Allen, Terry Babbitt, Teresa Costantinidis, Bonnie White, James Holloway, Loretta Martinez, Ari Vazquez, Christine Landavazo, Scot Sauder, Ajay Gupta (CLA), Dave Strzyzewski (CLA), Randy Romes (CLA), Javier Young (CLA), Duane Arruti, Jeff Gassaway, Brian Pietrewicz, Lawrence Alderete, Angela Vigil, Francie Cordova, Susan Rhymer, Jamie Silva-Steele, Mike Schwantes, Bruce Cherrin, Stephanie McIver, Jared Udall, Joseph Evans, Marty Desautels, Robb Mclean, Darlene Fernandez, Colin Mitchell, Mallory Reviere, Lorenzo Perea, Victor Griego, Chien-chih Yeh, Lisa Wauneka, Kevin Enright, Avedona Lucero, Amy O'Donnell. (Note: other attendees, including members of the public, were able to view through a link; therefore, it is impossible to know who viewed, and those attendees are not included in this list.)

Vice Chair Payne called the meeting to order at 9:01 AM while Chair Brown had a technical issue. He confirmed there was a quorum. Chair Brown joined at 9:03, and all Committee members were then present.

ACTION ITEMS:

- The Committee approved the agenda.
- The Committee approved the minutes from October 21, 2022.
- The Committee approved the upcoming 2023 dates: May 4, August 10, and October 19. Victor Griego, Internal Audit Director noted that there will probably need to be a special meeting before May 4th to approve the award for the external audit contract.

INFORMATION ITEMS:

- Advisors' comments: None.
- Mr. Griego presented his Director's Report. The department still has one vacant senior auditor position. The department is also going to be losing a senior auditor in May, so Mr. Griego will be proposing to fill the vacant auditor position and also hire a student intern. Depending on available budget for the upcoming fiscal year, the department will make efforts to fill the other vacant senior auditor position.

Internal Audit (IA) just completed a full migration of its specialized audit software, *TeamMate*. It was a very comprehensive migration. The IA team had to go through several trainings to become familiar with the new platform. The process included migrating every one of the audits and investigation complaints for the last 10 years to the platform. So, that was a process in itself. There will also be an update to the recommendation follow-up tracking and time reporting components. Hopefully the IA Manager presentation on that will still be similar. The cost of the migration was \$31,000, taken from departmental reserve funds. It's the biggest non-labor operating cost for the year.

Chair Brown asked how much the departmental reserves are at this point. Mr. Griego replied that at the beginning of the year, IA actually had reserves of approximately \$200,000. That's primarily salary accumulation of a vacant auditor position for the last two years, so those have been increasing. The department has not been able to fill the vacant auditor position, due to funding. The department would not have the full budget to cover the position, and that's why the reserves have been increasing.

Mr. Griego provided an overview of the audit plan status for FY23. The department is in the process of completing two audits: Project Echo and the Valencia Branch. The plan is to wrap those up soon and present them at the May meeting. The department is initiating planning procedures for OMI, Anderson School of Management, and a non-standard payment process.

The department is currently conducting the University-wide risk assessment, which will include an updated 3-year audit plan. Once the University-wide risk assessment is completed, the FY24 audit plan will be revised, based on the risk assessment.

The risk assessment team is comprised of the IA office and Main Campus and HSC/UNMH compliance offices. The team finalized the University-wide Risk Assessment Survey, which addresses operational compliance of financial and information security risks that the University faces. The survey launch date is February 20th, with a completion deadline of March 10th for units to complete the survey. Once the team receives the survey, IA and the compliance offices will apply their independent risk assessment procedures to develop their work plans. Once completed, the team will present the information to this committee. The target for that presentation for approval is the August meeting.

Regent Schwartz asked if the risk assessment includes the UNMH liability risk assessment? Mr. Griego replied that it does, and that risk assessment will be conducted by Angela Vigil on the compliance side. The internal audit function is CliftonLarsonAllen (CLA). They conduct their own independent risk assessment for the internal audit function of the Health System.

Mr. Griego updated the Committee on the status of complaints as of January 31st. The department completed and closed 15 complaints. There are 17 in planning and field work, and four that have been assigned, for a total of 36 complains that IA is working on for FY23.

Regent Payne asked Mr. Griego if when complaints are assigned to IA, do they start out with the Compliance Office and then they are referred to you, or they come directly to you separately from the Compliance? Mr. Griego replied that Ethics Point is the intake. There are several ways for complaints come in, but they typically come in through the Ethics Point complaint system. They could also come through phone calls, emails, or walk-ins. They're basically triaged. Mr. Griego noted he helps Francie serve as the Ethics Point administrator. The reporters will assign the complaint, stating if they're HR, financial, or CEEO related, and then they get triaged to the appropriate offices. Typically, whenever they come in and are financial-related, they get referred to IA for review; and, IA typically only looks at financial-related complaints.

Mr. Griego discussed the end of the current external financial audit contract. The current external auditors, Moss Adams and KPMG, completed the third year of their second three-year contract. After the second contract period, based on the State Auditor Rule, UNM has to go out for an RFP and switch auditors. That RFP was submitted and closed in mid-January. The UNM RFP external audit committee is in the process of reviewing the bids and hope to make a selection and award the contract by the end of this month. The committee's decision is contingent on the State Auditor's posted list of approved public accounting firms. A contract can only be awarded if it's an approved public accounting firm on the State Auditor website.

Regent Payne asked Mr. Griego if it has to be different than Moss Adams and KPMG, or can they rebid for the contract? Mr. Griego answered that they can rebid, they just cannot use the same auditors after six years. There will be more detailed discussion about the process in the closed session of this meeting.

Mr. Griego informed the Committee that the Health System internal audit function, CLA, has completed two (2) audits, and they will be presented for approval in closed session.

Mr. Griego reported on the status of external audits and reviews. Currently, there's only one audit in process. It is with the Health Resources and Service Administration. They're conducting an audit of the Ryan White 340 B drug pricing program awarded to the Internal Medicine Department at the School of Medicine. The Audit scope covers the period of July 1, 2021 through June 30, 2022. UNM is waiting for the funding agency to send the final exit information. UNM is currently not aware of any findings for that audit.

- Francie Cordova, Chief Compliance Officer, presented the Main Campus Chief Compliance Office status report. She stated she has just a couple of follow up things to say about Ethics Point. That was the heavy data presented at the last Regents meeting. It includes the entire enterprise of all types of complaints that come in through Ethics Point. They ran the data in a variety of different ways. But if the Committee looks at the data and decides they want to see something specific it can be provided. It can be run in terms of conflict of interest, civil rights, etc. Most of the data was just an overall report. But certainly, the CEEO office can provide specifics to see a different element of the data.

Ms. Cordova stated in terms of the risk assessment launching in February, CEEO has started a narrative component to the risk assessment that so far includes about 35 interviews of various stakeholders across campus. That included Chair Brown. Ms. Cordova thanked Chair Brown for his time. They are going to focus these narratives on what people perceive to be barriers, challenges, or even opportunities in regard to the 2040 goals. That will give, in addition to the survey data, some narrative data that can supplement any sort of barriers that CEEO might be seeing. They look forward to reviewing the data and bringing that to the Committee in the August meeting.

Ms. Cordova stated her office just has a short presentation. Most of it is just for the Committee's information. We've been talking a lot about the Federal Title IX gender discrimination law, which, of course, we all know, is a pendulum or a teeter totter in terms of whoever is president at the time. In 2020, during the Trump administration, there was a huge revision of the Federal regulations; it was several hundreds of pages long. They came out in May, and there were 90 days to implement them nationally across universities, and that included some wide sweeping changes and definitions. And of course, the requirement for the live hearing which they all managed to put together in the 90 days.

The proposed regulations have now come out in the Biden administration, and we've been wondering for a while when they will actually become final. They now told us that will be in May again. May seems to be the target. What is not known is how long they're going to give universities to implement the regulations. But what we do know is that the proposed regulations did continue the option of the live hearing and advisors. Ms. Cordova stated they are excited about that. They think that is a better process. And of course, there will be regular updates. It is going to require some policy changes for sure. Ms. Cordova's office will be individually meeting with all of the Regents because the Regents are a part of the appellate chain.

CEEEO did the annual safety walk in the fall, with faculty, staff, and students going out on Main Campus and North Campus to identify areas where there were barriers to safety, such as burned out lights or overgrown areas. Students had a really good idea. They always do, to have a tracker that would let them know where we were in terms of issues that were identified. So, they have created the campus safety tracker on the Campus Safety web page and on CEEEO's web page. There were 111 work orders that came from that safety walk; 65 of them are complete. There is a thermometer. The light gets bluer as orders get filled.

Ms. Cordova noted something that she did not get a chance to add that relates to safety and well-being - a coordinated effort between the CEEEO office, Women's Resource Center, local Respect Advocacy Center, and the Coordinated Community Response Team. They created a QR code that they are piloting in restrooms. Typically, it's because it's a private area that people are in. That QR code will immediately take people to confidential resources, reporting options, etc. So, if they've been the victim of, for example, a sexual assault or stalking, or they're just in crisis, they will be able to use that QR code without having to go to an office.

Lastly, Ms. Cordova wanted to say thank you to all the Regents, but specifically Chair Brown. He has been on this Committee for years now and has been a great support and a great wise resource for all our compliance issues. She thanked Chair Brown, and the other Committee members, for really supporting the compliance effort, and the equal opportunity effort, which we know is a rough effort on campus. Regent Schwartz stated he too wanted to thank Regent Brown, who has been extremely patient with him when he was appointed to this committee and helped him understand what this committee does, and how, in fact, it

does it. He feels like he has learned so much as a consequence of Chair Brown's extraordinary knowledge in this area, and his experience in this area.

Regent Schwartz asked Ms. Cordova, how she thinks Ethics Point is working. Ms. Cordova replied that Ethics Point is, first of all, a vendor product. So, it had its limitations in terms of its options upfront. Over the seven years UNM has used it, there are now almost 7,000 complaints that have come in through that system. Every year we are hitting about a 1,000. We know it is being widely used and we've learned to customize it. Now we have the option of customizing it to actually put in data points that are relevant to only our campus. It also allows us to benchmark against other organizations, including other universities. It is becoming more successful. It has the anonymous feature – anonymous complaints can be rough, but the system allows us to communicate with the anonymous reporter to try to get more information. The University is capturing so many complaints. It is actually exceeding the contract limitations. UNM is going to have to increase how many reports that are allowed to be registered, because it's being used so widely. It also has a call-in feature in virtually any language, which is a really nice option.

Ms. Cordova stated they are actually looking at piloting a conflict of interest product of Ethics Point which will allow tracking of conflict of interest; of course, we have a new policy. That policy came out of the President's ethics task force, and part of that will be a regular annual disclosure for all staff and faculty about conflict of interest. The system will be able to manage those disclosures. There are some competitor products out there they looked at. They are previous Ethics Point workers that have now created other companies. The problem is that UNM is vested now with so many complaints. There are 7,000 complaints and investigations with documents in the system, and it is HIPAA compliant. That is probably the way UNM will continue to go. If there is ever a time that the Regents want to demo how the features look from both the front and back end, her area would love to provide that. Regent Schwartz stated that would be really helpful, actually, because he has looked at it, and it looks great. But it's hard to know when you can't actually see the whole process.

Ms. Cordova stated they have also added the QR code ability for Ethics Point now. People can use their mobile device to go right into the reporting features. That gives people that flexibility. People really like not having to go through forms anymore, particularly students. Regent Schwartz noted that Ms. Cordova stated the Regents are a part of the appellate chain in Title IX. Do they have to be part of the appellate chain, or it just happens that they are? Ms. Cordova responded there is a first appeal to the President, and then a discretionary appeal to Regents. Right now, it is existing University policy with no Federal requirement.

- Angela Vigil provided the Committee with the UNM Health and Health Sciences Compliance Officer Report. She informed the Committee that at a previous meeting, she, and Dr. Ziedonis provided a presentation relative to the consolidation of the UNM Health and Health Sciences Compliance departments. Now, she would like to provide an update relative to some of the activities she has been involved in.

Ms. Vigil stated she has conducted some meet and greet sessions with the deans and leaders within UNM Health Sciences. The purpose of those meetings was primarily to introduce herself, to identify gaps, and discuss compliance needs within their respective units. She found the outcome of those meetings very enlightening. The primary theme was they weren't aware of what the Compliance Department did and how it can serve as a resource to them. The takeaway from that is really in the development of the next steps, which is to meet with each of the departments and provide an overview to them of what the Compliance Department does, its functions, and how it can serve as a resource. The meetings are currently being scheduled.

Ms. Vigil stated that regarding the conflict of commitment and outside activities for UNM Health Sciences, the documentation development process is currently underway. This includes the development of a policy, the attestation (or the disclosure that Ms. Cordova mentioned previously in her presentation), and then the management plan. There was a deadline of February 3rd for faculties to submit edits and recommendations on the policy attestation management plan. Her area plans to present the policy at the Executive Compliance Committee meeting in April. From April- June, the policy will move through the appropriate channels, and

then any subsequent initiatives will be addressed. Once the policy is approved, her area will put together a training plan and a communication plan, and then develop a process to roll it out to the UNM Health System.

Ms. Vigil noted that everyone has already talked about the enterprise risk assessment. But there was a Regent question about the Health System and what it will be doing from a liability standpoint as a separate initiative. They will also be conducting interviews with leaders of each respective entity within the Health System. They have developed the interview questions and are scheduling those interviews. The purpose is to identify and develop the FY24 compliance work plans for the Health System entities. And then the general audit compliance work plan that will subsequently be introduced for approval by the various compliance committees.

Regent Schwartz asked if they would get a chance to see the conflict of interest, conflict and commitment policy sometime before it's discussed campus wide – and, if there will be a draft available to people around the campus at some point. Ms. Vigil answered yes. The policy is scheduled to be introduced to the Executive Compliance Committee at its April meeting. She asked Ms. Cordova if she wanted to respond on timing for Main Campus. Ms. Cordova stated they have submitted the policy to the policy office. She is actually meeting with Sidney Mason-Coon, University Policy Officer next week to walk through the stages. Of course, it will get edited a bit and then go out for public comment. Regents all have a draft because they gave them the President's task force report. Of course, that was its first iteration. So, there may be changes.

Ms. Cordova noted it was actually two separate policies. The commitment and the conflict of interest. They might be joined as one, or they may remain as two, because they were two different committees that worked on the policy. Although they really overlap, they were two separate committees. Ms. Cordova stated that the committee work is done. The policies are written. It's just whether the two policies are joined as one. Conflict of commitment, of course, is a form of conflict of interest, but because it's so substantial, it may remain its own policy. The policies proposed that the management plans are going to be managed by the various areas. So, when it's an academic unit, it will be managed by that dean, for example. They're managed in those separate areas. She does think it's a good idea to keep a standing advisory committee available to advise anyone who is managing the conflict. That should be one of the proposals.

President Stokes added that she thinks it's really important to have something that happens at the institutional level, because otherwise these things end up managed differently in different units, and there should be some uniformity and some standard for how they are actually managed. Regent Schwartz responded that sounds great and sounds really important. Ms. Cordova agreed.

Ms. Cordova noted that part of the tool that Ethics Point has is being able to manage those disclosures. In the past, when disclosures existed, they were managed, and then they remained in someone's desk, or in their memory. And when they left the institution, there was no documentation. This system would allow the disclosure notices to be sent out annually. People would respond, and then the management plan would also have a place where it would live into perpetuity, and not leave when somebody left the institution.

Ms. Vigil provided an update on the status of mandatory training in Learning Central as of the end of 2022. There was a 99.7% code of conduct and ethics training completion rate for UNMMG. Out of 660 employees, 659 employees completed the training for fraud, waste, and abuse. Only one did not complete the compliance module. It is a great result and could be a case of someone being out on FMLA or similar reason. For UNMH, out of 7,204 employees, 7,201 employees completed the code of conduct training. 7,202 employees completed the compliance training and 7,201 completed fraud and abuse training. At Sandoval Regional Medical Center, out of 656 employees, 654 completed the code of conduct and ethics training, and 655 completed the compliance and fraud, waste, and abuse modules.

For the Health Sciences Center, the numbers are a little lower. Ms. Vigil stated she is exploring ways to improve those results moving forward. One of the ways we might improve is by changing the policy. She is meeting with Dr. Ziedonis today and will discuss it with him. There are no real consequences attached to not completing the training. Also, the fraud, waste, and abuse training is not required currently for the Health Sciences Center employees to complete, and that's something else she would like to discuss with Dr. Ziedonis to add that moving forward.

Regent Schwartz asked Ms. Vigil, as someone who has taken many of these courses, if she thinks it actually changes behavior? Do we know whether actually taking these courses makes a difference? He is trying to think about why people don't take them. They are all busy people who have lots of important things to do, and they're trying to decide how they should spend their time. If, in fact, they're really helpful it might be good to provide evidence to show them that; it would probably change behavior. Are there, in fact, more violations for those who didn't complete it versus those who did?

Ms. Vigil responded that certainly the hope from anyone who sits in a compliance seat is that they are effective, and they are helpful. That is a hard one to really measure, but really a good question. Ms. Cordova remarked that there is some research about, trainings, and what actually may impact behavior. Expressing the values over and over again is important. The literature is primarily around civil rights-type trainings and sexual assault and sexual harassment-type trainings. But it is still important to express those values over and over to people and make them at least understand that they exist.

Regent Schwartz stated he does not disagree. But it might be it would be extraordinarily interesting down the road to audit. And you could do that at the Health Science Center, it seems, where you have a noncompliance rate that is fairly high. Maybe that is impossible, or maybe it's not a good use of compliance resources. Ms. Vigil stated no, she thinks it's a great idea.

President Stokes added there might be a graduate student somewhere who is interested. Chair Brown stated that over at Health Sciences there may be a management problem to some extent in enforcing and promoting, because there is 99-plus-percent compliance in other units. It is simply not being pursued at Health Sciences to the same extent, and I think that's where Dr. Ziedonis can help us out. It raises people's awareness and their obligation to behave properly. Where there are abuses of some kind, institutionally, we are in a much better position to defend ourselves if we've been aggressive.

Ms. Vigil moved on to the year-end report on Ethics Point cases. For UNMMG, there were a total of eight (8) cases. Five (5) of those cases have been closed, and three (3) are currently in process. For UNMH, there were 72 cases; 64 have been closed, with eight (8) in process. SRMC had two (2) cases and both have been closed. Health Sciences Center had 85 cases, with 66 closed and 19 are currently in process. Ms. Cordova did inform Ms. Vigil that there are several civil rights-type of cases that are not included in the Health Sciences numbers because they are primarily viewable by her office and her staff within the office.

- Chien-Chih Yeh, Internal Audit Manager presented the audit recommendation follow-up report for this quarter. There are nine (9) outstanding recommendations to report on since the last meeting in October. IA has determined that seven (7) of these have been implemented. They covered three audits: Facility Management, Research and Public Service Projects (RPSP), and Children's Campus.

The RPSP recommendations seek to raise awareness for those programs directed to make sure they always identify RPSP and RPSP-like projects, and then make sure those fund reserve balances are classified as committed. Both the Main Campus and HSC have identified a process that IA has verified is appropriate. They are now closed. The Children's Campus has completed implementation of all three recommendations.

There are two pending recommendations. One is for the Reserves Audit, and the other one from the Los Alamos Branch audit. For the Reserves Audit, management believes they should have a positive yearly

balance by the end of fiscal year 2023. And one recommendation is to reduce the accumulated deficit by one-time funding. If that is not approved, they will be revising their deficit reduction plan. IA will revisit this area at the end of 2023 and determine if they will need to continue to monitor this deficit. For Los Alamos, there are multiple IT support areas they need to fully implement. IA is scheduling a meeting with management and IT staff to determine their plan. When there is more information, IA will provide the Committee with a status update.

Regent Schwartz asked Mr. Yeh about the first one of the ones that are still open. Is that because Student Publications still has a \$215,000 debt that hasn't been paid off? Mr. Yeh replied yes, that is correct. As of the end of the 2022, it was \$215,786 and they're hoping to have a positive balance at the end of 2023. They are starting to offset this one. Or, they can propose one-time funds to wash out this balance. It depends on the result of the 2023. But they don't know the balance yet. Regent Schwartz stated that at the last year's rate, it's going to be 20 years before they pay this off. It looks like maybe we should be looking for some source of resources. Is that reasonable? Mr. Griego responded that Student Publications got in that big deficit mostly during COVID. And they have been reducing the deficit on an annual basis, but not enough to really eliminate it in a timely manner. So, if they don't implement a new deficit reduction plan, they do think that they could cover it with another resource as a one-time funding. That is the plan right now.

By unanimous consent, the meeting went into Executive Session at 9:45 AM per the agenda.

- a) Discussion of draft Internal Audit Reports, and discussions of information subject to attorney-client privilege pursuant RPM 1.2.
- b) Certain purchases.
- c) Vote to re-open the meeting.

The meeting returned to open session at 10:33 AM with certification that only those matters described above were discussed in Executive Session.

The Committee unanimously approved the following Board-approved CLA audit reports presented in this meeting:

- Biomedical Device Assessment
- Payroll Audit

The meeting adjourned at 10:35 AM.

Approved:

Audit and Compliance Committee Chair

Upcoming Meeting Date

May 4, 2023 (Entrance Conference for FY23 Financial Statements Audit)

EXECUTIVE SESSION