

BOARD of REGENTS



AUDIT AND COMPLIANCE COMMITTEE MEETING

*Thursday, May 17, 2018 9:00 am
Scholes Hall, Roberts Room*

The University of New Mexico
Board of Regents' Audit and Compliance Committee
May 17, 2018 – 9:00 AM
Roberts Room
Agenda

ACTION ITEMS

1. Confirmation of a Quorum and Adoption of Agenda
2. Approval of Meeting Minutes from March 15, 2018
3. Audit and Compliance Committee Meeting dates for Calendar Year 2018. The following proposed meeting dates are being presented for Committee approval. The Committee meets in the Roberts Room. This schedule the exit conference for the FY18 External Financial Statements Audit.

August 9, 2018 or August 23, 2018

October 18, 2018 (Exit Conference for FY18 External Audit)

INFORMATION ITEMS

4. Advisors' Comments
5. Fiscal Year 2018 Financial Statements External Audit, Entrance Conference (*Moss Adams, KPMG, and Elizabeth Metzger, University Controller*)
6. Main Campus Chief Compliance Officer Status Report (*Libby Washburn, UNM Main Campus Chief Compliance Officer*)
7. Director of Internal Audit Status Report (*Manu Patel, Internal Audit Director*)
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 FY18 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 Meeting
March 15, 2018 – Draft Meeting Minutes

Members Present: Thomas Clifford, Chair, Lt. Gen. Bradley Hosmer (quorum).

Other Attendees: Garnett Stokes, David Harris, Liz Metzger, Bruce Cherrin, Adam Weeks, Julian Sandoval, Libby Washburn, Francie Cordova, Rob Burford, Melissa Vargas, Che Shu-Nyamboli, Ella Watt, Purvi Mody, Mallory Reviere, Manu Patel, Chien-chih Yeh, Victor Griego, Lola Neudecker, Julie Gamble, Amy O'Donnell.

Chairman Clifford called the meeting to order at 9:02 AM in ROBERTS ROOM, Scholes Hall, UNM.

ACTION ITEMS:

- Following the Chairman's announcement of the postponement of agenda item #5, the Committee unanimously approved the agenda.
- Regent Hosmer noted he likes the Chairman's guidance to shorten the minutes and pull out follow up items. The Committee unanimously approved the minutes from October 18, 2017.
- Liz Metzger, University Controller provided the Committee with updated information regarding the recommendation for approval of the second year of a three year award of the FY18 external audit contract to Moss Adams, with clinical pieces subbed out to KPMG. UNM put out an RFP last year and received four bidders. A committee of six individuals reviewed the proposals and in-person presentations from each of the bidders and made a recommendation for an audit firm; however, that firm was not selected following further review of the firm's status with the State Auditor's Office (SAO). The committee then went to the firm that scored second highest - Moss Adams and KPMG.

During the previous entrance conference with Moss Adams, KPMG, and the SAO, this Committee specifically brought up the issue of rotation and how the SAO would view that. The SAO agreed there could be some perception it is a problem, but also indicated that with the knowledge and skills of those two particular firms, and switching who does main campus and who does clinical areas, the SAO was comfortable with that. Ms. Metzger added that the first year a new firm comes in and audits, there is a learning curve requiring extra effort. The current firm's fees are lower this second year to reflect the efficiencies gained the first year.

Regent Hosmer asked if all four bidders were in-state. Ms. Metzger replied there was one firm from outside New Mexico who was partnering with an in-state firm. Audit Director Patel stated he thinks the in-state partner was CLA. Mr. Patel did discuss the rotation issue with the current SAO staff. On the Moss Adams side, the engagement partner has changed. KPMG is willing to do the same. The SAO indicated there are not many big firms in this state who can take on a job this large. David Harris, EVP for Administration informed the committee that the SAO was also a part of the external audit last year. The SAO wanted \$30,000 in additional follow up funds this year that UNM found to be excessive because UNM has complied with the audit findings. Director Patel assisted to negotiate that fee down to \$10,000. That fee is not included in the figure for the external audit contract. Director Patel stated he will invite the Deputy State Auditor to attend the next meeting on March 28th. Chairman Clifford stated he believes the Moss Adams auditors did a good job, but he does have some concerns about the managing partner for KPMG, so they should work very closely with the partner they rotate in.

The Committee voted unanimously to approve the contract for the FY18 external audit.

- The Committee approved the remaining Committee meeting dates for calendar year 2018.

By unanimous consent, the meeting went into Executive Session at 9:51 AM per the agenda.

- a. Discussion of draft Internal Audit Reports, and discussion of information subject to attorney-client privilege pursuant to 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 Status of FY18 Audit Work plan, pursuant to RPM 1.2;
- d. Vote to re-open the meeting.

The meeting returned to open session at 11:37 AM, with certification that only those matters described above were discussed in Executive Session.

The Committee unanimously approved the following audits:

- UNMH Outpatient Pharmacy Schedule II-V Controlled Substances, Report 2018-02
- SRMC Schedule II-V Controlled Substances, Report 2018-02
- UNMH Research Billing Compliance, Report 2018-04
- UNMMG Data Transit Integrity Audit, Report 2018-01
- UNMH Materials Management, Report 2018-05
- SRMC Materials Management, Report 2018-03
- UNMH IT Follow Up Terminated Employees Removal from System Access, Report 2018-03
- SRMC IT Terminated Employees Removal from System Access, Report 2018-05
- UNMMG IT Terminated Employees Removal from System Access, Report 2018-03
- UNMH Centralized Outpatient Charge Entry & Coding, Report 2018-06
- SRMC Centralized Outpatient Charge Entry & Coding, Report 2018-04
- UNMMG Centralized Outpatient Charge Entry & Coding, Report 2018-02

INFORMATION ITEMS:

- Advisors' Comments: None.
- Chien-chih Yeh, Internal Audit Manager provided a status update on prior audit recommendations. Mr. Yeh explained the nature of the reports and the processes involved (including management responses, implementation dates, and if a recommendation is high, medium, or low risk) to President Stokes.

Chairman Clifford asked about Information Security recommendations that ask for the President to provide direction. Chairman Clifford stated that if the CIO has not already, it might be good if he meets with the President to provide background/status on these findings. President Stokes replied she did meet with him, but could spend some more time on it.

Chairman Clifford stated that the UNM Press debt issue seems more like a budget planning issue than an audit issue. David Harris stated that Provost Abdallah and his staff would be best suited to present a report to ASAR and to the Finance and Facilities Committee. UNM Press

has issued too many publications that increase costs but not necessarily revenue. UNM has learned from consultants that these press operations do not survive without some kind of subsidy; that is true all over the country. A line item budget request at the State level was not considered for approval this year, but UNM will attempt RPSP next year.

Chairman Clifford asked Mr. Yeh to pull out the SHAC recommendations into a separate report; he would like for the SHAC director to meet with President Stokes. Director Patel offered to sit down and go through high profile audits with President Stokes. Chairman Clifford asked Mr. Patel to bring the directors of those areas to the meetings.

There are two recommendations remaining from the Payroll audit. Ms. Metzger provided background and status to President Stokes. They have developed a robust process for tracking payroll adjustments in order to target what areas need training. Regent Hosmer asked if there is anything built in to the management response to check on results. Ms. Metzger responded for the payroll report that was the purpose of providing the tool and rollout process to Internal Audit for their review. Director Patel stated he can schedule a review of results in six months. Regent Hosmer suggested building it into the risk assessment.

Regent Hosmer asked if there is periodic testing of our information security. Director Patel responded that there is an outside security firm that does penetration testing.

Chairman Clifford asked about a long standing open item about faculty research. Melissa Vargas, Provost's Office Director of Operations stated she will get an update and report back to the Committee; the issue requires a technology solution and is now being addressed at OVPR.

Regent Hosmer noted there is an SRS item with an implementation date over a year old. Mr. Yeh replied it is partially closed, but they have not completed a central receiving center.

Mr. Yeh provided a separate report that included both implemented and pending items on a Physical Plant audit. Chairman Clifford asked for an update on the status of these recommendations. Mr. Yeh reported two more items are resolved in this reporting cycle, leaving four items still pending. Chairman Clifford inquired if their reporting process has changed. Mr. Patel responded the construction department went through reorganization.

- Director Patel provided his Internal Audit Director's Report including the status of audits on the FY18 audit plan. The department recently lost a staff member, and is in the process of filling that vacant position. Applications have been reviewed and the interview process will start soon. Director Patel requested reinstatement of a prior Auditor 2 position. This position can be funded from vacancy savings and streamlined costs in FY19; however, the department will require recurring funds for this position. Chairman Clifford asked Mr. Patel to provide a personnel schedule with salaries and vacancies.

The meeting adjourned at 11:40 AM.

Approved:

Audit and Compliance Committee Chairman

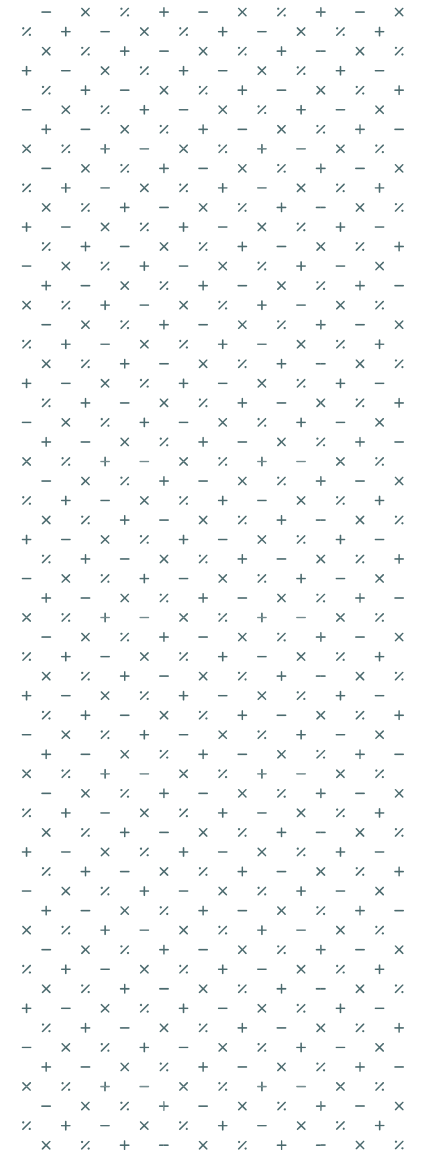
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this item



University of New Mexico

Entrance Conference Presentation to Audit Committee
May 17, 2018



Agenda

Audit Plan

- Your service team
- Scope
- Summary of audits to be performed
- Materiality

Other Items

Appendix A (for your reference)

Your Service Team

Moss Adams – Main Campus and Non-Clinical Operations:

- Lisa Todd, Partner
(UNM financial statement audit, single audit and component units)
- Scott Simpson, Concurring Partner
- Sujan Bhandari and Chris Noyes ,
Managers (UNM financial statement audit,
UNM Single Audit)
- Sheila Herrera , Senior Manager
(STC.UNM, Lobo Development, Innovate
ABQ, KNME, KUNM, and NCAA)
- Corrine Zajac-Clarkson, Manager
(UNM Foundation and Anderson
Schools of Management Foundation)

KPMG–Clinical Operations (UNM Hospital, UNM Behavioral Health, UNM Medical Group, SRMC):

- Mark McComb, Partner
- Karissa Marker, Concurring Partner
- Jaime Cavin, Senior Manager
- Ruth Senior, Manger



Scope

Risk-based Audit Approach:

- Specifically, significant risks of material misstatement whether due to error or fraud
- Based on our experience, discussions with management and those charged with governance

Audit Phases:

- Internal Controls
 - Conduct testing during the year to conclude on the proper design and implementation of controls
 - Test controls for purposes of assisting us to form an opinion on the financial statements
 - IT controls testing
- Compliance and controls over Federal grant requirements
- Final Audit Testing and Reporting
 - Testing of June 30, 2018 balances
 - Testing and review of financial statement disclosures

Summary of Audits

Financial Statement Audits:

- Opinion on the Government-wide financial statements of the University, includes the main campus, branches, health sciences center, hospitals, and all component units
- Moss Adams – responsible for the main campus and branches, Health Sciences Center and all components except clinical operations
- KPMG– responsible for the UNM Hospitals, Behavioral Health, UNMMG, SRMC

Single Audit:

- Moss Adams– responsible for the federal program compliance audit for the main campus
- KPMG– responsible for the federal program compliance audit for the UNM Hospital and SRMC (FHA programs)

Professional Requirements:

- Governmental Auditing Standards issued by the Comptroller General of the United States
- Uniform Guidance
- New Mexico Office of the State Auditor – 2018 Audit Rule



Other Items

Communication

- Moss Adams and KPMG schedule weekly status meetings with applicable management teams through the issuance of the audit reports
- Moss Adams to work with OSA as needed regarding their follow up work to be conducted on athletics audit

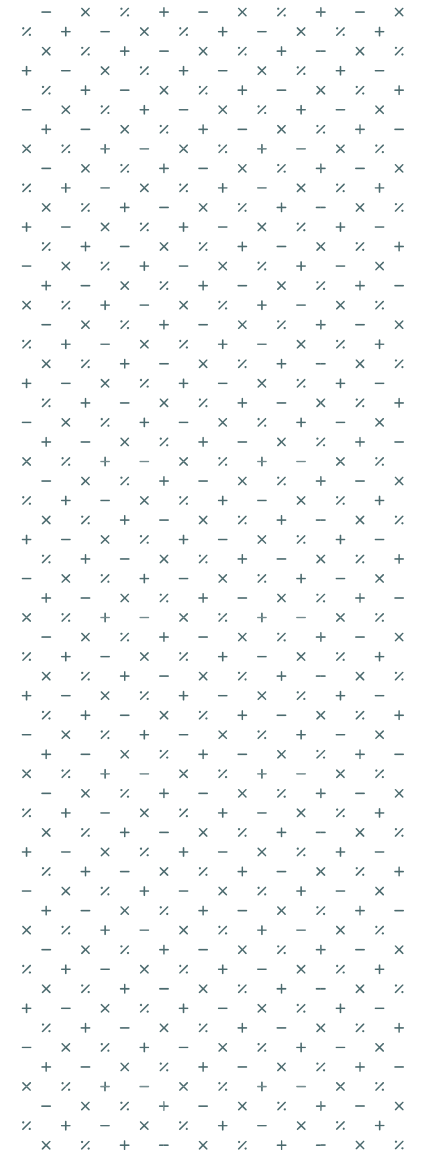




MOSSADAMS



Thank you!



Appendix A

- Timeline, Required Communications and Audit Areas

Timeline for UNM Main Campus (Includes HSC Academic Units), Component and Other Reporting Units

Entity	Planning	Interim Fieldwork	Final Fieldwork	Review Draft Financial Statement	Deliver Drafts to UNM
Moss Adams					
UNM	May 14 1 week	May 14 1 week	August 6 6 weeks	September 21 2 weeks	October 15
UNM Foundation	June 25 1 week	June 25 1 week	August 20 2 weeks	August 27 1 week	September 14
UNM Anderson Foundation	July 9 1 week	July 9 1 week	August 27 1 week	August 27 1 week	September 14
Lobo Development	July 9 1 week	NA	August 13 1 weeks	August 13 1 week	September 14
Innovate ABQ	July 9 1 week	NA	August 13 1 week	August 13 1 week	September 14
Lobo Club	July 9 1 week	NA	August 13 2 weeks	August 20 1 week	September 14
Lobo Energy	July 9 1 week	NA	August 6 2 weeks	August 13 1 week	September 14
Alumni	July 9 1 week	July 30 1 week	August 13 1 week	August 13 1 week	September 14
STC	July 9 1 week	NA	July 30 2 weeks	August 6 1 week	September 14
KUNM	June 18 1 week	June 18 1 week	September 17 1 week	September 17 1 week	NA
KNME	June 25 1 week	June 25 1 week	September 25 1 week	September 25 1 week	NA
NCAA	NA	NA	November 19 1 week	November 19 1 week	NA

Timeline Healthcare Reporting Units

Entity	Planning	Interim Fieldwork	Final Fieldwork	Review Draft Financial Statement	Deliver Drafts to UNM
KPMG					
UNM Hospital	March 26 1 week	April 9 3 weeks	August 6 6 weeks	September 3 2 weeks	September 14
Behavioral Health	March 26 1 week	April 9 2 weeks	August 6 6 weeks	September 3 2 weeks	September 14
UNM Medical Group	March 26 1 week	April 16 2 weeks	August 6 5 weeks	September 3 2 weeks	September 14
Sandoval Regional	March 26 1 week	April 30 2 weeks	August 6 5 weeks	September 3 2 weeks	September 14



Purpose of Audit Committee Communication

The Auditor's Communication with Those Charged with Governance, requires:

- Communication with Audit Committee
- Pre and Post Audit communication
- Planned scope and timing
- Significant issues and findings

Audit Responsibilities

Management is responsible for:

- Adopting sound accounting policies
- Fairly presenting the financial statements, including disclosures, in conformity with GAAP
- Establishing and maintaining effective internal control over financial reporting (ICFR), including programs and controls to prevent, deter, and detect fraud
- Identifying and ensuring that the Company complies with laws and regulations applicable to its activities, and for informing the auditor of any known material violations of such laws and regulations
- Making all financial records and related information available to the auditor
- Providing unrestricted access to personnel within the entity from whom the auditor determines it necessary to obtain audit evidence
- Adjusting the financial statements to correct material misstatements
- Providing the auditor with a letter confirming certain representations made during the audit that includes, but is not limited to, management's:
 - Disclosure of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Company's financial reporting
 - Acknowledgement of their responsibility for the design and implementation of programs and controls to prevent, deter, and detect fraud
 - Affirmation that the effects of any uncorrected misstatements aggregated by the auditor are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

Audit Responsibilities

The Audit Committee is responsible for:

- Oversight of the financial reporting process
- Oversight of the establishment and maintenance by management of programs and internal controls designed to prevent, deter, and detect fraud

Management and the Audit Committee are responsible for:

- Setting the proper tone and creating and maintaining a culture of integrity and high ethical standards

The audit of the financial statements does not relieve management or the Audit Committee of their responsibilities.

Audit Responsibilities

Auditor is responsible for:

- Forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of the Audit Committee, are presented fairly, in all material respects, in conformity with GAAP.
- Planning and performing our audit with an attitude of professional skepticism to obtain reasonable—not absolute—assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error. Because of the nature of audit evidence and the characteristics of fraud, we are able to obtain reasonable, but not absolute, assurance that material misstatements will be detected. Our audit is not designed to detect error or fraud that is immaterial to the financial statements.
- Conducting the audit in accordance with professional standards and complying with the Code of Professional Conduct of the American Institute of Certified Public Accountants, and the ethical standards of relevant CPA societies and relevant state boards of accountancy.
- Evaluating internal controls as a basis for designing audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.
- Communicating to management and the Audit Committee all required information, including significant matters.
- Communicating to management and the Audit Committee in writing all significant deficiencies and material weaknesses in internal control identified during the audit and reporting to management all deficiencies noted during our audit that are of sufficient importance to merit management's attention. The objective of our audit of the financial statements is not to report on the Company's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements.



Audit Responsibilities – Other Information In Documents Containing Audited Financial Statements

The auditors' report on the financial statements does not extend to other information in documents containing the audited financial statements, excluding required supplementary information.

We are required to:

- Read the other information to identify material inconsistencies with the audited financial statements or material misstatements of fact, and
- Make appropriate arrangements with management or the Audit Committee to obtain the other information prior to the report release date

Any material inconsistencies or misstatements of fact that are not resolved prior to the report release date, and that require revision of the other information, may result in Moss Adams or KPMG modifying or withholding the auditors' report or withdrawing from the engagement.



Limitations to the Audit

- The audit of the financial statements does not relieve management or those charged with governance of their responsibilities
- Audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting
- We design our audit to detect material misstatements, whether due to error or fraud
- Materiality is based on auditor judgment
- Considers both quantitative and qualitative factors

Use of Materiality in the Audits

- Professional standards require that we exercise professional judgment when we consider materiality and its relationship with audit risk when determining the nature, timing, and extent of our audit procedures, and when evaluating the effect of misstatements.
- Information is material if its misstatement or omission could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Audit Approach – Main Campus (Includes HSC Academic Units) (Moss Adams)

Internal controls key areas of focus :

- Cash receipting transaction cycle
- Investments
- Payroll expenditures
- Non-payroll expenditures (procurement expenditures)
- Completeness and accuracy of census data (pension and OPEB liabilities)
- Contract and grants transaction cycle
- Journal entry approval
- Financial close process
- Banner system controls
 - Test both information technology and manual controls – incorporate use of IT specialists in the audits

Audit Approach – Main Campus (continued) (Includes HSC Academic Units) (Moss Adams)

Substantive Audit work key areas of focus:

- Compliance with Federal Grants and contracts
- Alternative investments valuation (UNM and UNMF)
- Accounts receivable and related revenues (student tuition and fees, Lottery scholarships, and other)
- Patient revenues (UNM Cancer Center, etc.)
- Valuation allowance for patient receivables and determination of uncompensated care
- Non-routine transactions
- Measurement of OPEB and related disclosures – updated current year valuation
- Recording of ERB net pension liability - updated current year valuation
- Measurement of Pension and related disclosures
- Derivatives valuation (UNM)
- VEBA plan
- Bonds payable, including compliance and financial statement presentation
- Compliance with bond and HUD loan guarantee covenants
- Accounting for transactions with affiliates (UNMMG, UNM Hospitals, SRMC, and other UNM component units)
- Operating expenses
- Non-operating revenues and expenses
- Follow up on prior year findings
- Financial statement presentation
- State audit rule testing

Audit Approach – Clinical Operations (KPMG)

Internal Controls and Substantive Audit Procedures

Key areas of focus:

- Patient revenue cycle
- Valuation allowance for contractual discounts and uncollectible patient receivables and determination of uncompensated care
- Estimated third-party payor settlements
- Payroll
- Recognition of purchased services (physician clinical effort)
- General expenditures
- Non-operating revenues/grants and expenses
- Cash and investments
- Evaluate both information technology and manual controls – incorporate use of IT specialists in the audits
- Transactions between UNM, UNM Hospitals and SRMC
- Contingencies (malpractice, payor disputes, etc.)
- Financial reporting and presentation
- Debt covenant compliance
- State Audit Rule compliance test for Healthcare entities



Key Areas – Other Component Units

Other Component Units

- Revenue recognition (patient revenue, investment income, contributions and other revenue sources)
- Expenditures
- Transactions with UNM
- Financial reporting and presentation
- NCAA Intercollegiate Athletics Agreed-upon procedures report
- KNME-TV and KUNM-FM Attestation reports



Compliance Office - Main Campus

UNIVERSITY OF NEW MEXICO MAIN CAMPUS COMPLIANCE PROGRAM 2018 COMPLIANCE PLAN

To further develop and strengthen a culture of compliance in 2018, the Main Campus Compliance Program will focus on the following broad risk areas described in greater detail below.

SAFETY AND SECURITY

DOJ Follow Up

In October 2016, UNM entered into an agreement with the U.S. Department of Justice (DOJ) formalizing UNM's obligations under federal civil rights laws to prevent and address sexual harassment and sexual misconduct. UNM has three years to implement the agreement, to proactively address procedures and practices related to Title IX and Title IV compliance. In 2017, the Main Campus Compliance Office oversaw the implementation process with various units, to confirm that UNM is meeting its requirements and deadlines under the agreement. This included filing of five status reports, publication of a six-month and one-year progress report, and a site visit from DOJ.

- In 2018, we have achieved the monumental task of educating the majority of our students through an in-person, interactive training on sexual misconduct. On April 27, 2018, we conducted our final training session as part of this broad year-long effort. Going forward, we will train new and incoming students through orientation and other specially organized sessions.

Grey Area Training

Total Students Trained in 2017 & 2018:	24,881
o Undergraduate Students:	17,984 (including New Student Orientation 2015, 2016, 2017)
o Graduate Students:	2,552
o Professional Students:	2,003
o Branch Campus Students:	2,342 (number of students receiving the "The Grey Area" training at the Gallup, Los Alamos, Taos and Valencia branch campuses)

- We anticipate finalizing additional policies involving sexual misconduct in 2018.
- In March and April 2018, UNM conducted another climate survey on the Main Campus. The Multi-College Bystander Efficacy Evaluation (McBEE) Campus Climate Survey was sent to UNM undergrad students age 18-24 on March 26. The survey closes on May 14.

Our response rate is currently at 10.8%. We have put numerous messages to campus, LGBTQ hosted a carnival to try to increase the response rate, OEO encouraged students to take the survey during a campus-wide event and WRC, El Centro and AISS put out laptop kiosks in their common areas with signage to encourage filling out the survey.

Results of past surveys were highly instructive and have influenced the formation of bystander programs at UNM.

- In addition to the above, UNM will submit at least five status reports with DOJ in 2018.

Minors on Campus

The safety of minors on campus who are involved in campus-sponsored functions is a serious concern. In March 2016, UNM Policy 2205 regarding Minors on Campus was adopted, to help protect the many thousands of children who visit the campus each year. In 2017, the Main Campus Compliance Office conducted extensive work with the Minors on Campus Taskforce to finalize Phase 2 of the Minors on Campus Policy. This included:

- Conducting a campus-wide survey for Minors on Campus Programs
- Creating a spreadsheet with all of the Minors on Campus Programs
- Quantifying the number of children on the UNM campus every year – approximately 19,500 children
- Revising UNM policy regarding children on the campus - UAP 2205 – Minors on Campus
- Creating a Mandatory Camp Checklist
- Meeting with UNM senior leadership to roll out the new process, procedures and policies
- Coordinating with Human Resources regarding background checks
- Creating a UNM Camp Counselor Training by the Office of Equal Opportunity
- Creating a Minors on Campus Training Certification Form
- Unannounced spot-checking of UNM summer camp programs for compliance with the Minors on Campus policy

In 2018, we are continuing these important efforts. This includes:

- Convening the task force to study online registration system options for UNM Minors on Campus Programs
- Purchasing t-shirts that easily identify UNM Summer Camp Counselors [The Compliance Office has just purchased UNM Summer Camp T-Shirts for approximately 190 camp counselors]

- Continuing to spot-checking UNM programs for compliance with the Minors on Campus Policy and procedures
- Requiring UNM departments and units to certify their camps, programs and activities involving minors are in compliance with the policy and procedures [Certification is required in January, May and September 2018]
- The Compliance Office also created a listserv to communicate with UNM Minors on Campus program leaders and conveys important information and updates about compliance matters.

UNM COMPLIANCE REPORTING

UNM Compliance Hotline

The UNM Compliance Hotline is the main reporting system for the UNM community to make inquiries, file complaints, and report alleged misconduct and violations of laws, regulations and policies. The Compliance Hotline operates 24 hours a day, seven days a week. In March 2015, the Main Campus Compliance Office took over the Compliance Hotline from the UNM Internal Audit Department, when a new vendor was chosen and the current system was implemented. The Compliance Hotline uses EthicsPoint, a case management system provided by NAVEX Global that has the capability to accommodate allegations and document information gathered from an investigation. The Main Campus Compliance Office administers the Compliance Hotline for UNM Main and Branch Campuses, UNM Health Sciences Center, UNM Hospital, UNM Medical Group and Sandoval Regional Medical Center.

Since April 1, 2015, the UNM Compliance Hotline has logged in more than 2,000 tips, reports and complaints. In 2018, we will continue to use this hotline for reporting. We will provide benchmarking reports to the Regents, to keep them updated regarding cases coming through the hotline.

Increase Awareness about the UNM Compliance Hotline

In 2017, the Main Campus Compliance Office worked with the Communications Office and IT to communicate with all UNM students, faculty and staff to describe the channels for direct or confidential reporting and encourage reporting of misconduct. We created communication materials and a newsletter to spread the word about the hotline. We will continue these efforts in 2018.

Protocols for Investigations

Investigation protocols serve to delineate the formal procedures for initiating investigations for a range of university compliance issues. Such protocols protect the integrity of the process as well as the rights of the person filing the complaint and the alleged offender. Currently, units and departments within UNM have procedures in place, but there are no uniform protocols when investigating concerns received through the UNM Compliance Hotline. In 2017, the Main

Campus Compliance Office developed consistent investigative protocols for handling day-to-day internal investigations received through the Compliance Hotline. These protocols describe how an investigation is started, conducted, documented and how a decision is ultimately reached and communicated. The Main Campus Compliance Office will update these protocols, as necessary, to improve the integrity of the investigation process.

TRAINING

Training and education are necessary to ensure that faculty, staff and students understand applicable laws, regulations and university policies that apply to them. This is critical for an effective compliance program. Currently, UNM requires annual mandatory basic safety training and active shooter training for all employees. UNM also requires annual mandatory training focused on prevention of harassment and sexual violence. In addition, there is a one-time ethics training (that must occur within the first 30 days of employment) entitled “Ethics: A Framework for Ethical Decision Making.” Additional trainings may be necessary for individual divisions and departments.

The Main Campus Compliance Office facilitated the following specialized training opportunities:

- UNM has trained thousands of employees about workplace harassment, including sexual harassment, various types of discrimination, Title IX compliance, and the Campus SaVE Act. UNM currently requires all faculty, staff, and student employees to take an online training course, “Intersections: Preventing Discrimination and Harassment,” on an annual basis. This across-the-board training makes the campus safer for everyone. For the 2017 calendar year, UNM’s employee training had broad participation by our faculty, staff, and student employees. Of the 13,410 UNM faculty, staff, and student employees, 12,556 individuals (93.6%) completed the required “Intersections: Preventing Discrimination and Harassment” training in 2017. The training module is currently operational and we will continue these training efforts in 2018.
- In 2017, UNM provided interactive and intensive in-person training on the prevention of sexual harassment and misconduct, and our policies and procedures regarding Title IX complaints, to thousands of students on campus. The in-person training program, entitled “The Grey Area,” is approximately 1.5 - 2 hours in length and is comprised of two sessions – a large group session and a smaller, interactive session. In the sessions, students examine the interconnected issues of dating and domestic violence, sexual violence, bystander intervention, and consent, through a variety of discussions and supportive materials. In the spring of 2017, UNM began administering the mandatory, in-person, interactive training to all students – including freshmen, new graduate students, incoming transfer students and existing students. These trainings are offered across campus at varying times and locations. Statistics for this training are noted above.
- In January 2017, the Main Campus Compliance Office engaged Dr. Chris Wilson, a nationally known professional trainer, to conduct an intensive, multi-day training session

about the Forensic Experiential Trauma Interview (FETI) within the Sexual Assault Investigation Response, for approximately 50 University employees. This training enables response staff to gather evidence more effectively and accurately, by better understanding the traumatized person's experience.

- In October 2017, the Main Campus Compliance Office provided approximately 40 University employees with a "Neurobiology of Trauma" training by Dr. David Lisak. For the past 30 years, Dr. Lisak has been the premier researcher in the area of sexual and gender-based violence on college campuses, having conducted his research through the Psychology Department at University of Massachusetts. Dr. Lisak also provided a condensed version of the "Neurobiology of Trauma" training to Interim President Chaouki Abdallah, Vice Provost Rich Wood, a member of the Board of Regents, and several staff members from the Office of the Provost.
- In November 2017, the Main Campus Compliance Office provided a half-day "Internal Investigator Training" for approximately 90 UNM employees.
- In January 2018, the Main Campus Compliance Office provided approximately 60 University employees with an intensive all-day training focused on Title IX, supporting respondents, sanctioning and privacy of records by nationally known trainers Gina Smith and John DiPaolo.
- On March 7, 2018, the Main Campus Compliance Office provided a half-day "Whistleblower/Anti-Retaliation Training" for approximately 120 UNM employees. An additional training session was held on April 17 and another is scheduled for May 14.
- The Compliance Office provided customized in-person training primarily focused on sexual assault, identification and resolution of all forms of harassment, and misconduct within the Athletics Department in April 2018.

WHISTLEBLOWER POLICY

Fear of retaliation is a major reason that individuals fail to report misconduct. In implementing the Compliance Hotline, UNM adheres to a non-retaliation policy. In 2017, the Main Campus Compliance Office assisted with a revision to the University's Whistleblower Policy. On May 10, 2017, President Abdallah signed the updated Whistleblower Policy. Here is a link to UAP 2200 on UNM's Policy Office website: <http://policy.unm.edu/university-policies/2000/2200.html>. As noted above, the Compliance Office hosted a half-day training in March 2018 focused on this new policy.

CONTROLLED AND UNCLASSIFIED INFORMATION (CUI)

Presidential Executive Order 13556 established the Controlled Unclassified Information (CUI) program, which standardizes the way the executive branch handles unclassified information, that requires safeguarding or dissemination controls, pursuant to and consistent with law, regulations, and government-wide policies. The regulation compels each federal agency or contractor to implement programs to ensure the security (confidentiality, integrity, and availability) of information and information systems. UNM is initiating a programmatic effort to ensure our compliance with the CUI Regulations, as it applies to our operations, to leverage the new framework to streamline management of controlled information.

The Main Campus Compliance Office is spearheading this new project in conjunction with IT and other units within the University. We created a Steering Committee and Core Planning Team for UNM's Controlled Unclassified Information Compliance Program. The program also requires direct participation from UNM's data stewards. Their role will be to assist in planning the program roadmap and play a key role on one or more implementation projects.

The Core Planning Team is working with various units and departments to meet the most imminent CUI deadlines, the first of which was December 31, 2017, involving Covered Defense Information (CDI). The Core Planning Team's work is ongoing, with upcoming deadlines for the Health Insurance Portability and Accountability Act (HIPAA) and General Data Protection Regulation (GDPR). Progress updates are provided to the Steering Committee on a quarterly basis.

AMERICANS WITH DISABILITIES ACT

In May 2017, the Office of Equal Opportunity and the Main Campus Compliance Office reconvened UNM's *Americans with Disabilities Act (ADA) Task Force*. The task force will review UNM's responsibilities under Title II of the ADA, which prohibits discrimination against individuals with disabilities by public entities. The task force will meet quarterly and focus on UNM's requirements to conduct a self-evaluation and develop a transition plan.

Pursuant to the ADA, all public entities are required to complete a comprehensive review (self-evaluation) of all of its facilities, communications, policies and practices by January 1993. The review leads to a complete "transition plan" that identifies non-compliant buildings, facilities, communications (IT/phones, websites), policies and practices, and includes a prioritized timeline for bringing them into compliance. UNM conducted the self-evaluation and created the plan in the early 1990s but the plan is now out-of-date. In 2018, the university is seeking a contractor to reevaluate and assist in creating a new transition plan for buildings and travel paths.

PEER HEARINGS

In May 2017, the Compliance Office took over administration of the Peer Hearing Process for staff, from the Ombuds Office. If a Peer Hearing is requested, the Compliance Office will now be responsible for coordinating the administrative arrangements for the hearing, identifying potential Peer Review Panel members, and corresponding with the parties. We revised the University's Dispute Resolution Hearing Procedures, to reflect the change from the Ombuds Office to the Compliance Office.

One peer hearing has been requested in 2018.

ONGOING

The Main Campus Compliance Office will continue to evaluate emerging compliance trends in higher education and government and recommend best practices for UNM.

CONTACT INFORMATION

University of New Mexico Main Campus Compliance Office

Libby Washburn, Chief Compliance Officer

Peggy Davis, Administrative Officer

Phone: 505-277-3979

Email: compliance@unm.edu

<http://compliance.unm.edu>

UNM Compliance Hotline

Toll-Free Phone: 1-888-899-6092

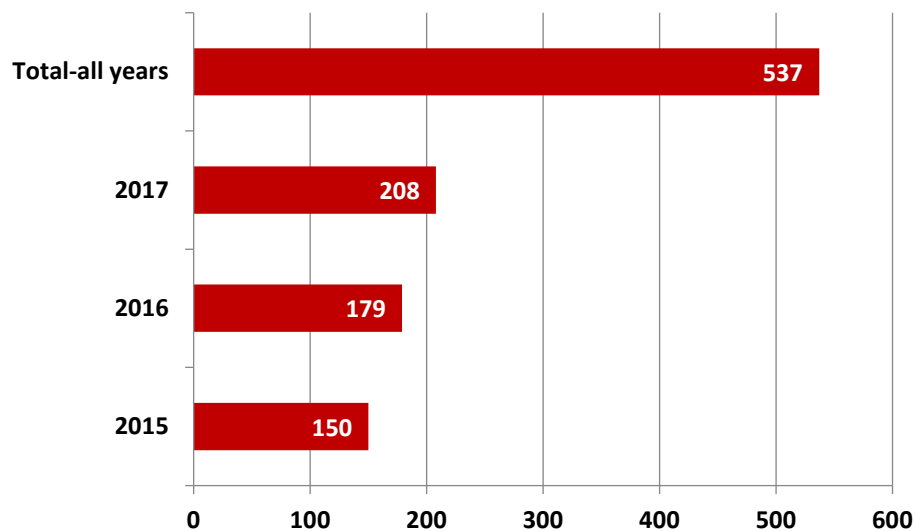
<https://unm.ethicspoint.com>

Compliance Office - Main Campus

**UNM Compliance Hotline Report
Presented to the
UNM Board of Regents Internal Audit and
Compliance Committee**

January 1, 2017-December 31, 2017 Hotline Activity

UNM Hotline-Total Cases Reported



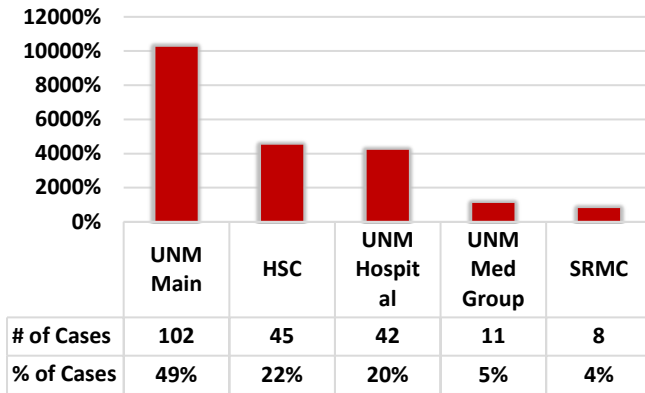
This report covers EthicsPoint Hotline statistics for UNM Main Campus, UNM Health Sciences Center, UNM Hospital, UNM Medical Group, Branch Campuses and Sandoval Regional Medical Center.

Submitted by Peggy Davis
Administrative Officer
Compliance Office-Main Campus
March 15, 2018

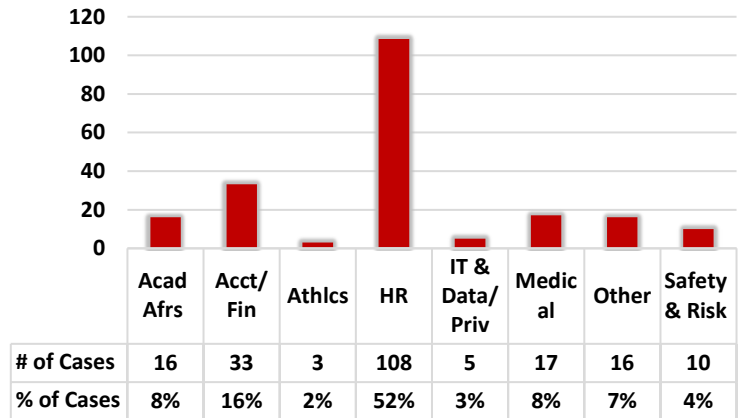
Hotline Case Summary – January 1, 2017 thru December 31, 2017

In 2017, there were a total of 208 cases reported to the Hotline and investigated on varying issues and locations. This is a 9% increase over 2016. The information below indicates the majority of cases reported in 2017 originate from UNM Main Campus, with the majority of issues falling under Human Resources related categories. The preferred method of reporting is via the Hotline web or phone platforms, with the overwhelming percentage of reporters continuing to prefer to remain anonymous.

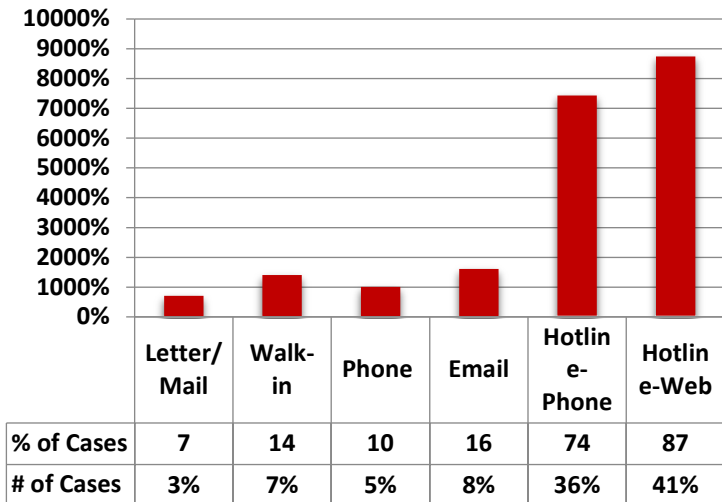
Hotline Case Locations 2017



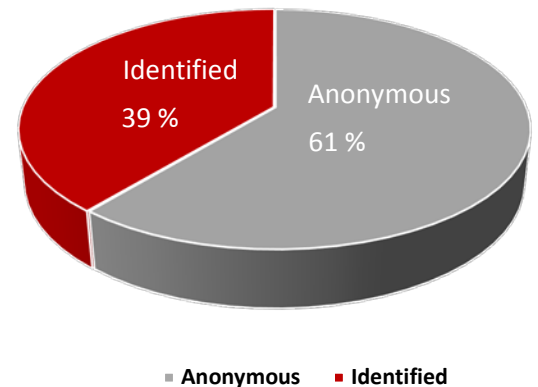
2017 Hotline Case Volume by Issue



UNM Hotline Intake Method Jan-Dec 2017



2017 Anonymous vs. Identified Reporters



Reported	# of Cases Reported	% of Cases Reported
Anonymous	126	61%
Employee	60	28%
Former Employee	2	1%
Student	6	3%
Vendor	1	.5%
Patient	7	3.5%
Other	6	3%
TOTAL	208	100%

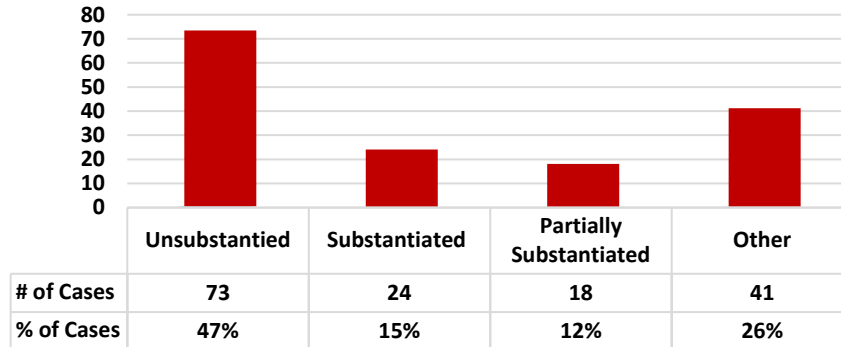


37 – Staff-Administrative
 10 – Staff-Technical/Trades
 6 – Staff-Medical
 7 – Faculty

Summary of Substantiated, Partially Substantiated and Unsubstantiated Cases

Of the 208 cases reported to the UNM Hotline in 2017, 156 cases have been investigated and closed, resulting in a 75% closure rate for cases reported in 2017. The information below highlights the outcomes on these closed cases. It is important to note, with EthicsPoint reporting an average of 41% for unsubstantiated cases for all of 2016, UNM's unsubstantiated rate for 2017 is 47%, a 5% improvement over the first six months of this year. There are 52 cases for 2017 open and being investigated at the time of this report.

2017 Case Outcomes - 156 Closed Cases

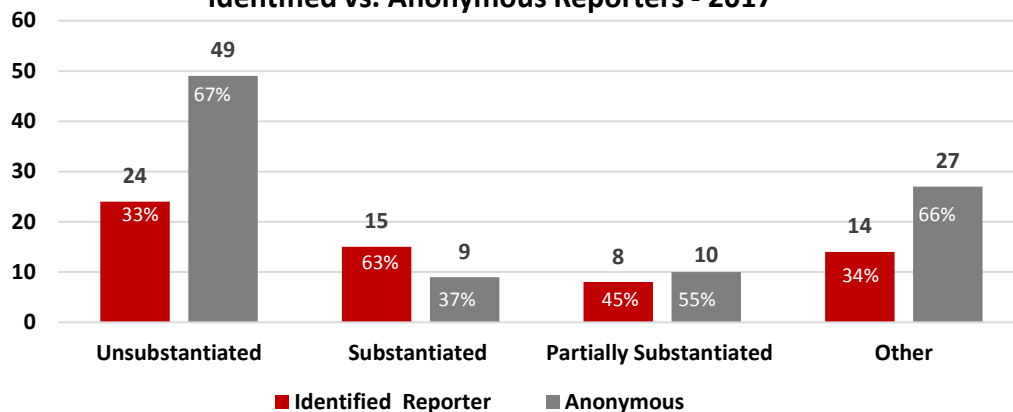


Actions Taken on Substantiated and Partially Substantiated Cases in 2017

Outcome	Summary of Action Taken
Substantiated – 24 cases	16 – Discipline 5 – Correction of Policy/Policy Review 2 – Executive Resolution 1 – Training
Partially Substantiated – 18 cases	5 – Discipline 6 – Correction of Policy/Policy Review 1 – Executive Resolution 5 – Training 1 – No Further Action Necessary

In response to an inquiry regarding the August 2017 Hotline report, an analysis was conducted to see if there is a correlation between anonymous reporting and unsubstantiated cases. Based upon this review, there is an indication that cases where reporters identify have a slightly higher rate of substantiation than cases where the reporter is anonymous. This trend will continue to be monitored and reported on in future reports.

Case Outcomes - 156 Closed Cases Identified vs. Anonymous Reporters - 2017

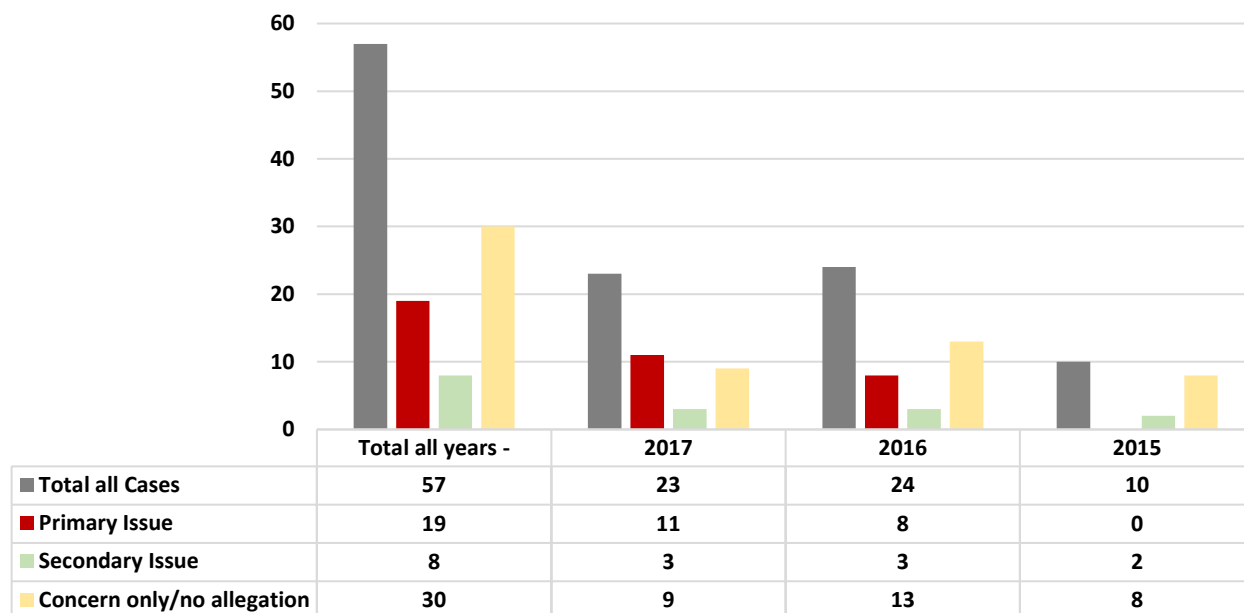


Reported claims of Retaliation –

With the adoption of the updated *UAP Policy 2200: Reporting Suspect Misconduct and Whistleblower Protection from Retaliation* in May 2017, UNM reinforced its commitment to ensuring the highest ethical and professional standards. In doing so, UNM has placed its full commitment to protecting members of the University community who report suspected misconduct or who cooperate with an investigation from acts of retaliation.

The information below focuses on retaliation claims submitted to the EthicsPoint Hotline, with attention to cases that state a primary or secondary issue of retaliation. The chart also distinguishes between actual claims of retaliation and reporters who only note a concern or fear of retaliation for filing a complaint. The information below reflects retaliation claims on all 537 cases that have been received at the EthicsPoint Hotline since April 2015.

Cases Indicating Retaliation 2015 - 2017



Outcome of 57 Cases Reporting Retaliation

	Substantiated	Partially Substantiated	Unsubstantiated	Insufficient Info	Withdrawn	Resolved	In Process
Primary Issue	1	3	8	0	1	1	5
Secondary	0	1	7	0	0	0	0
Concern/Fear	0	0	23	1	2	0	4
Total	1 or 2%	4 or 7%	38 or 67%	1 or 2%	3 or 5%	1 or 2%	9 or 15%

Action Taken on Substantiated and Partially Substantiated Claims of Retaliation

Substantiated – 1 case	1- Correction of Policy Violation-no further action necessary
Partially Substantiated – 4 cases	4- Correction of Policy Violation-no further action necessary

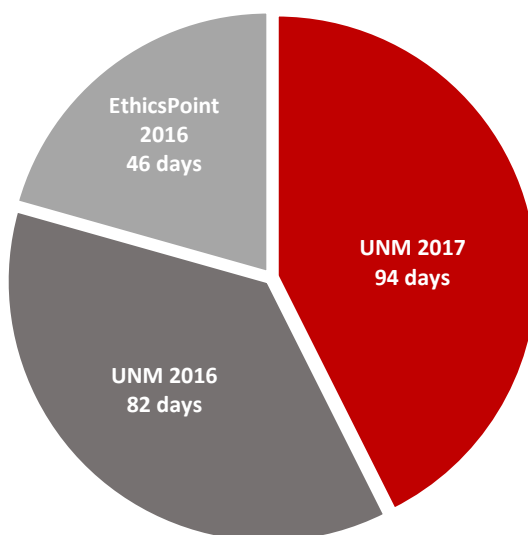
The information provided above indicates that while there are 57 total cases noting retaliation, only 27 of those represent primary or secondary claims of retaliation and a total of 5 were determined to be substantiated or partially substantiated. This is an important issue that will continued to be closely monitored and updated fully in future reports.

Overall Average Case Closure Rates

The chart below reflects the average number of days to close a case in 2017, compared to the UNM 2016 total average and the average rate reported by EthicsPoint 2016 Statistics. The benchmark statistics for 2017 activity from NAVEX/Global were not available in time to be included in this report.

It's important to note, the closure rate percentage includes cases closed in the Hotline that may have been carried over from previous years. These cases can skew closure percentages. The chart below indicates that UNM's closure rate is high in 2017 in comparison to 2016 statistics. However, the rate has dropped by 2 days since the 6-month report prepared in August, 2017. Currently, EthicsPoint benchmarking data include statistics of all subscribers of their system who enter 10 or more reports a year. The Main Campus Compliance Office is exploring options for receiving benchmarking statistics that provide information only from other university and college subscribers.

Case Closure Rate Comparison



There are some factors that contribute to case closure rates that should be taken into consideration when reviewing these statistics. A high rate of report volume and cases with complex issues involving multiple departments with limited resources can cause a case to remain open past the 45-day open-to-close goal. There have been many complicated cases closed in the last quarter of 2017 and it is anticipated the 2018 closure rate will recognize an improvement of this statistic. To support this, for the first two months of 2018, UNM's average time to close is 62 days which is a marked improvement. This will continue to be monitored on a monthly basis in 2018.

**Internal Audit Director’s Status Report
Audit and Compliance Committee Meeting
May 17, 2018**

ACTION ITEMS

Audit Committee Meeting Calendar. The following are proposed dates for calendar year 2018 for the Committee meeting (The Committee meets in the Roberts Room):

- August 9, 2018 or August 23, 2018
- October 18, 2018 (Exit Conference for FY18 External Audit)

INFORMATION ITEMS

Fiscal Year 2018 Financial Statements External Audit, Entrance Conference. The external auditors, in conjunction with the University Controller, will present the Entrance Conference to the Committee.

Audit Plan Status. The project status and hours report for the plan is at Tab #9c. The status of the proposed plan as of April 30, 2018 is:

Completed	8
Fieldwork	1
Subtotal	9
Unassigned/Deferred	2
Total	11

The Fiscal Year 2018 (FY18) draft audit plan includes seven (7) audits carried over from FY17.

Department Financial Report. At Tab 7 is the Internal Audit Department’s budget status report for your review. The FY18 adjusted budget is \$824,922, of which \$790,922 is from the general pooled account, and \$34,000 from the departmental reserve. The department ended FY17 with the reserve balance of \$85,356. As of April 30, 2018, the department’s actual expenditures are \$627,830 and encumbrances are \$113,854. The estimated fiscal year 2018 ending reserve is \$90,000.

Staffing. Effective February 1, 2018, the Department had one Internal Auditor 3 retire, creating a temporary vacancy. The department interviewed and made an offer; we are finalizing the hiring paperwork through UNMJobs to fill this position. For fiscal year 2019, the Department has requested to reestablish one Internal Auditor 2 position at annual salary of \$51,500. The Department will receive \$25 thousand from the pooled resources and will use \$26.5 thousand from available reserve balances to fund this position during fiscal year 2019.

Student Internships. The Internal Audit department currently has two student interns.

External Audits and Reviews. At Tab 7 is the summary information as of April 30, 2018 regarding the external audits and reviews (third party audits) of various grants, contracts, and programs by various federal and state government agencies. There are currently five (5) reviews underway. The Health Resources and Services Administration (HRSA) is auditing two

Internal Audit Director's Status Report
Audit and Compliance Committee Meeting
May 17, 2018

infectious diseases grants totaling \$2.4 million from grant period August 1, 2015 through July 31, 2017. The National Science Foundation contracted with Withum Smith and Brown (WSB) to audit 92 awards from fiscal year 2014 through 2016 for an unspecified amount. The University received a formal draft on April 28, 2018. This draft audit has \$73 thousand in questioned costs (subject to discussions with NSF and OIG). The Dallas County Hospital District is auditing the \$750 thousand grant for the project Extension for Community Healthcare Outcomes (ECHO).

The Center for Medicaid and Medicare Services (CMS) has contracted with Cotiviti to perform a post-payment (billing) review to identify and correct Medicare claims that contain improper payments. The University of New Mexico Hospital and Sandoval Regional Medical Center have received requests from the Recovery Audit Contractor (RAC) to provide forty-seven (47) records related to patient billings, totaling \$1.08 million, from January 2018 through April 30, 2018. Based on the RAC auditors' review, thirty-six (36) claims resulted in repayment of \$70 thousand, and eleven (11) claims with reimbursement of \$275K are pending review.

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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 Revenue!	\$0.00	\$0.00	\$0.00	\$450.00	.00%	\$3,085.00	.00%	\$0.00	(\$3,085.00)	.00%
1640 - Allocations Pooled Allocatio!	\$790,922.00	\$0.00	\$790,922.00	\$0.00	.00%	\$790,922.00	100.00%	\$0.00	\$0.00	.00%
1900 - Reserves	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$85,355.86	.00%	\$0.00	(\$85,355.86)	.00%
1901 - Budgeted Use of Reserves	\$34,000.00	\$0.00	\$34,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$34,000.00	100.00%
*TOTAL Revenue	\$824,922.00	\$0.00	\$824,922.00	\$450.00	.05%	\$879,362.86	106.60%	\$0.00	(\$54,440.86)	(6.60%)
Expense										
2020 - Administrative Professional !	\$656,354.00	\$0.00	\$656,354.00	\$49,468.08	7.54%	\$524,360.23	79.89%	\$98,936.16	\$33,057.61	5.04%
2060 - Support Staff Salary Detail !	\$46,717.00	\$0.00	\$46,717.00	\$3,599.22	7.70%	\$36,909.75	79.01%	\$9,882.40	(\$75.15)	(.16%)
20J0 - Student Salaries Gen	\$25,000.00	\$0.00	\$25,000.00	\$1,138.00	4.55%	\$14,099.00	56.40%	\$0.00	\$10,901.00	43.60%
20P0 - Temporary Salary Gen	\$7,500.00	\$0.00	\$7,500.00	\$228.93	3.05%	\$3,819.20	50.92%	\$0.00	\$3,680.80	49.08%
3100 - Office Supplies General	\$1,500.00	\$0.00	\$1,500.00	\$0.00	.00%	\$496.93	33.13%	\$0.00	\$1,003.07	66.87%
3110 - Books Periodicals Gen	\$250.00	\$0.00	\$250.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$250.00	100.00%
3140 - Computer Software Gen	\$200.00	\$0.00	\$200.00	\$280.00	140.00%	\$874.00	437.00%	\$0.00	(\$674.00)	(337.00%)
3150 - Computer Supplies <\$5,001	\$200.00	\$0.00	\$200.00	\$0.00	.00%	\$138.93	69.47%	\$0.00	\$61.07	30.54%
3180 - Non Capital Equipment <\$5,!	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$440.98	.00%	\$34.99	(\$475.97)	.00%
31A0 - Business Food - Local	\$1,200.00	\$0.00	\$1,200.00	\$0.00	.00%	\$321.50	26.79%	\$0.00	\$878.50	73.21%
31C0 - Dues Memberships Gen	\$4,500.00	\$0.00	\$4,500.00	\$0.00	.00%	\$7,732.08	171.82%	\$0.00	(\$3,232.08)	(71.82%)
31J0 - Parking Permits Gen	\$500.00	\$0.00	\$500.00	\$0.00	.00%	\$644.00	128.80%	\$0.00	(\$144.00)	(28.80%)
31K0 - Postage Gen	\$80.00	\$0.00	\$80.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$80.00	100.00%
31P0 - Training Materials Supplies !	\$200.00	\$0.00	\$200.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$200.00	100.00%
3800 - In State Travel Gen	\$2,000.00	\$0.00	\$2,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$2,000.00	100.00%
3805 - Instate Travel-Per Diem Sta!	\$500.00	\$0.00	\$500.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$500.00	100.00%
3810 - Instate Travel-Per Diem No!	\$200.00	\$0.00	\$200.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$200.00	100.00%
3820 - Out Of State Travel Gen	\$2,500.00	\$0.00	\$2,500.00	\$0.00	.00%	\$1,393.05	55.72%	\$0.00	\$1,106.95	44.28%
3825 - Out State Travel-Per Diem !	\$500.00	\$0.00	\$500.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$500.00	100.00%
3830 - Out State Trvl-Per Diem No!	\$200.00	\$0.00	\$200.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$200.00	100.00%
6000 - Telecom Charges Gen	\$4,000.00	\$0.00	\$4,000.00	\$292.50	7.31%	\$2,925.00	73.13%	\$0.00	\$1,075.00	26.88%
6020 - Long Distance Gen	\$100.00	\$0.00	\$100.00	\$0.00	.00%	\$16.61	16.61%	\$0.00	\$83.39	83.39%
6060 - Voice Mail Box Gen	\$700.00	\$0.00	\$700.00	\$40.00	5.71%	\$437.14	62.45%	\$0.00	\$262.86	37.55%
6300 - Alarm System Gen	\$300.00	\$0.00	\$300.00	\$11.25	3.75%	\$305.89	101.96%	\$0.00	(\$5.89)	(1.96%)
6315 - Electronic Databases	\$1,200.00	\$0.00	\$1,200.00	\$123.00	10.25%	\$1,081.00	90.08%	\$0.00	\$119.00	9.92%
63A0 - Conference Fees Gen	\$4,000.00	\$0.00	\$4,000.00	\$2,785.00	69.63%	\$3,577.50	89.44%	\$0.00	\$422.50	10.56%

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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
63A2 - Seminars/Training Fees	\$4,000.00	\$0.00	\$4,000.00	\$25.00	.63%	\$3,949.00	98.72%	\$0.00	\$51.00	1.27%
63C0 - Copying Gen	\$100.00	\$0.00	\$100.00	\$0.00	.00%	\$126.60	126.60%	\$0.00	(\$26.60)	(26.60%)
63V0 - Consultant Fees Gen	\$25,451.00	\$0.00	\$25,451.00	\$0.00	.00%	\$0.00	.00%	\$5,000.00	\$20,451.00	80.35%
69Z0 - Other Professional Services!	\$15,100.00	\$0.00	\$15,100.00	\$716.59	4.75%	\$7,179.81	47.55%	\$0.00	\$7,920.19	52.45%
7000 - Plant Repairs Maintenance !	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$112.00	.00%	\$0.00	(\$112.00)	.00%
70E0 - Computer Hardware Mainte!	\$1,200.00	\$0.00	\$1,200.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$1,200.00	100.00%
70E1 - Computer Software Mainten!	\$10,400.00	\$0.00	\$10,400.00	\$0.00	.00%	\$11,011.67	105.88%	\$0.00	(\$611.67)	(5.88%)
70F0 - Equipment Rent Expense G!	\$3,000.00	\$0.00	\$3,000.00	\$279.84	9.33%	\$2,306.81	76.89%	\$0.00	\$693.19	23.11%
80K0 - Banner Tax	\$770.00	\$0.00	\$770.00	\$47.36	6.15%	\$450.70	58.53%	\$0.00	\$319.30	41.47%
80K2 - Foundation Surcharge	\$4,500.00	\$0.00	\$4,500.00	\$294.94	6.55%	\$3,120.37	69.34%	\$0.00	\$1,379.63	30.66%
*TOTAL Expense	\$824,922.00	\$0.00	\$824,922.00	\$59,329.71	7.19%	\$627,829.75	76.11%	\$113,853.55	\$83,238.70	10.09%
Total Revenue:	\$824,922.00	\$0.00	\$824,922.00	\$450.00	.05%	\$879,362.86	106.60%	\$0.00	(\$54,440.86)	(6.60%)
Total Expense:	\$824,922.00	\$0.00	\$824,922.00	\$59,329.71	7.19%	\$627,829.75	76.11%	\$113,853.55	\$83,238.70	10.09%
Net:	\$0.00	\$0.00	\$0.00	(\$58,879.71)	.00%	\$251,533.11	.00%	(\$113,853.55)	\$137,679.56	.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.

**External Audits and Reviews
As of April 30, 2018**

Granting Agency/Entity	National Science Foundation (NSF)	Dallas County Hospital District	HRSA	HRSA	NMDPS	CMS (Patient Billings) - RAC Requests as of April 30, 2018
Contract/Grant/Program Title	Various; 92 total awards tested	3RZ07	3RY66	3RX49	3RCJ2	Medicare
Contract/Grant Period	Various; Audit covers FY14-FY16	2016-2017	8/1/15 - 7/31/17	4/1/15 - 3/31/17	1/1/17 - 12/31/17	Various
Contract/Grant Total Amount	Various; 92 total awards tested	\$750,000.00	\$945,256.00	\$1,465,732.00	\$14,920.00	N/A
Contract/Grant Amount - Current FY						N/A
Principal Investigator	Various	Sanjeev Arora	Steven Williams	Steven Williams	Hannah Kastenbaum	N/A
Department	Various	ECHO	Infectious Diseases	Infectious Diseases	OMI	Hospital RAC Audits
Agency Audit/Review Notification	7/14/2016	Hospital District	HRSA	HRSA	NMDPS	Various
Audit/Review Entrance/Visit Date(s)	3/27/17 - 4/7/17 On-Site	TBD	6/13/2017	6/13/2017	3/7/2018	Remote
Audit/Exit/Final Report Issued	TBD	6/28/2017				Continuous
Questioned Cost, if any	Formal Draft Report issued April 20, 2018. Questioned costs of \$73,278; However, still subject to detailed discussions and negotiations with NSF.					N/A
Audit/Review Major Finding, if any	TBD					See Comments
Corrective Action Plan, if any	TBD					In Process
Planned Implementation Date	TBD					N/A
Campus	Main/HSC	HSC	HSC	HSC	HSC	Hospital RAC Audits
Auditor if Different than Grantor	WithumSmith+Brown (WSB)					Cotiviti
Comments	NSF, OIG Audit Received Formal Draft Report from Withum-Smith+Brown on April 20, 2018. UNM provided a response letter to WithumSmith+Brown on May 2, 2018. Currently awaiting further communication from WSB on next steps and timeline for report release to NSF-OIG. Also still anticipating involvement from NSF for further negotiations and discussion on resolution of questioned costs.	On Site Review	Initial Response Letter due end of Oct. 2017	Initial Response Letter due end of Oct. 2017		47 Claims were reviewed with reimbursement of \$1.08 million from 1/1/2018- 4/30/18. Repayment in the amount of \$70K was made for 36 claims. Eleven (11) claims with reimbursement of \$275k is pending review.

**Follow Up Report - Implemented (sort by project)
May 2018 Open Session**

No	Project Name	Report Approval Date, # of Recommendations, Risk (H/M/L)	Recommendation Title	Executive Recommendation	Management Response	Original Estimated Implementation Date	Revised Estimated Implementation Date	Recommendation Action	Responsible Party
1	<u>Safety and Risk Services</u>	11/5/2015, 18, H	<u>Recommendation 18 - Chemical Purchases and Perpetual Inventory</u>	The Executive Vice President for Finance and Administration, Executive Vice President for Academic Affairs/Provost, and the Chancellor for Health Sciences should work with the Director of Safety and Risk Services to determine the best course of action to ensure that all chemicals purchased are properly and accurately inventoried via the ERM system. Two considerations might be that all chemical purchases are only allowed to be made via CRLS or LoboMart, or that SRS be the central receiving point for all chemical purchases made outside of CRLS.	<p>A. EVP for Finance and Administration: I will work with the VP of ISS to insure that those areas coordinate with SRS to insure that chemical purchases are recorded in ERM. I will also work with Purchasing to secure their cooperation in working with SRS to make purchasing through ERM as streamlined as possible. Lastly, I will work with SRS to assist them in becoming the central receiving point for all chemical purchases made outside of CRLS.</p> <p>B. EVP for Academic Affairs/Provost: With the Risk Management, Academic Affairs will issue a memo detailing compliance requirements.</p> <p>C. Chancellor for Health Sciences: The Health Sciences Center agrees with the Internal Audit finding and recommendation to work with SRS to accurately inventory chemical purchases in the ERM. The HSC will work with SRS to complete the installation of inventory control processes with bar codes which is being implemented at all HSC labs. The systems are being put in place at the request of SRS over the past year to address this issue.</p>	12/31/2016	12/31/2016	<p>Cleared - Item B - SRS sent a memo on behalf of the Provost to the Deans of each college informing of the recommendation and requesting that they send a list of all persons that make chemical purchases to SRS. Cleared - Item C (HSC lab inspections) - IA accompanied SRS on lab inspections at the College of Pharmacy in November 2017. Three labs were inspected. In all of the labs, chemicals were properly labeled with an ERM bar code, all lab personnel that were asked knew what ERM was and had been trained. IA considers HSC/north campus labs to be in compliance with ERM. No further test work/lab inspections are necessary to clear this portion of the recommendation.</p> <p>CLEARED Item A - HSC Central Receiving area is set up to receive chemicals purchased outside of CRLS. SRS sends an employee to HSC Central Receiving two times per day to bar code the chemicals and data enter them into the ERM system prior to them being dispersed/delivered to departments. The UNM Chief Procurement Officer has informed all mail courier services that chemical deliveries should only be made to three areas: CRLS, HSC Central Receiving or Mail Services. Any chemicals delivered to mail services are forwarded to HSC Central Receiving for processing/bar coding prior to delivery via their standard practice described above. In conclusion, the central receiving area was not set up at SRS; it is set up at HSC. Working together with main campus employees from SRS, chemicals are bar coded and entered into ERM for tracking prior to delivery to departments.</p>	David Harris, Executive Vice President; Paul Roth; Provost
2	<u>LGBTQ Financial Operations</u>	10/18/2017, 10, H	<u>Recommendation 3 - Scholarship Process</u>	The Provost's Office should work with DEI to ensure that the Center develops a scholarship process in compliance UAP 2335: Departmental Scholarships.	The Provost's office will work with DEI to establish a standard protocol based on UAP policy for awarding all scholarships. Specifically, the criteria for awarding will be developed and a page added to the LGBTQ website that addresses and advertises all scholarship opportunities.	10/31/2017		Internal Audit verified LGBTQ has implemented a formal scholarship process, which has been uploaded to its website.	Melissa Vargas, Dir of Operations; Lawrence Roybal
3	<u>LGBTQ Financial Operations</u>	10/18/2017, 10, H	<u>Recommendation 10 - LGBTQ Reserved Parking Space</u>	The Provost's Office should review the cost and use of the Center's reserved parking space and determine if the Center should eliminate the cost of the reserved parking space.	The Interim Vice President will terminate the reserved parking space immediately as well as assign a staff member to log distribution of and business purpose for use of daily parking passes.	10/31/2017		Internal Audit reviewed verification from Parking and Transportation that the LGBTQ reserved parking space was not renewed for FY 2019.	Melissa Vargas, Dir of Operations; Lawrence Roybal

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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.	6/30/2013	8/31/2019	50%	In October, 2017, the UNM Interim Provost (now Senior Vice Provost) and Vice President for Research asked UNM IT to explore options for deploying a faculty annual activity reporting and faculty credentialing system across UNM. Due to the priority and time criticality for the faculty credentialing piece of the system, the project has been broken into two sections: 1.Faculty Credentialing – Active project: gone through analysis in collaboration with HR and the Provost's office. Finalizing the solution to utilize current UNM Jobs system. Meetings to agree and align now in April. Estimated timeline is dependent on the alignment and agreement; working towards Fall 2018. 2.FAAR Tool – Need assessment and approval of options by the Provost office now in April; this will consist of the capturing and reporting on several types of data and may need a phase implementation plan. This project will go into 2019; targeting Summer 2019.	Provost
2	<u>SHAC Pharmacy</u>	10/18/2017, 8, M	<u>Recommendation 1 - HIPAA Security Rule</u>	SHAC Management should work with UNM IT and the HIPAA Privacy Officer to resolve noncompliance with the HIPAA Security Rule.	UNM is a hybrid entity, meaning that it must comply with both HIPAA and FERPA. The risk assessment is a standard way of evaluating both processes and connectivity to verify that SHAC meets all requirements and best practices to minimize risk of data breaches and demonstrate compliance with relevant regulatory bodies. Additionally, SHAC's strategic business plan involves the expansion of services that will require ongoing compliance with the HIPAA security rule. Shortly after SHAC engaged UNM Internal Audit, and prior to any recommendations, the executive and associate directors engaged UNM IT and Compliance representatives to begin discussions on this issue.	10/31/2018		35%	SHAC: A firm has been engaged to provide a risk assessment for all main campus entities handling PHI. Under IT oversight, SHAC is participating in this risk assessment and has had extensive meetings with CLA consultants during the month of January 2018, in which current practices and policies have been reviewed. SHAC is awaiting this detailed report and will address the issues brought forth in a prioritized manner. The Information Technology Officer for the Division of Student Affairs will be involved in an ongoing manner as an additional liaison between SHAC and UNM IT. 4/3/2018 update: SHAC is currently working with UNM IT to be compliant with HIPAA security, is generally considered to be largely compliant.	James Wilterding, Exec Dir, Student Hlth & Cnsing

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3	<u>SHAC Pharmacy</u>	10/18/2017, 8, M	<u>Recommendation 3 - QS1 Change Control Concerns</u>	SHAC management should develop a change management policy and procedure. This policy and procedure should plan to govern and monitor the service pack installations and correct any issues in a timely manner.	The SHAC IT System Administrator has already set up a QS1 test server as recommended. Going forward, system updates will be performed in this test environment which will provide the ability to run test scenarios before applying the updates to the production server. SHAC will develop a testing protocol, in consultation with COP and the software vendor, to ensure completeness and accuracy of the process. The COP Consultant Group has been working with the QS1 Systems and Cardinal (wholesaler) Account Representatives on a series of system and inventory management updates.	4/1/2018	10/31/2018	85%	SHAC: we are on schedule for completion of this recommendation. IT has created and is utilizing a "test environment" for QS1. A QS1 Change Management form has been developed and is being utilized. They are awaiting the CLA Risk Assessment recommendations before finalizing the primary change management policy. SHAC requested a revised completion date of October 2018, along with Recommendation 1, as this item relates to the Risk Assessment findings as well.	James Wilterding, Exec Dir, Student Hlth & CnsIng
4	<u>SHAC Pharmacy</u>	10/18/2017, 8, M	<u>Recommendation 4 - Data Center Fire Suppression Concerns</u>	SHAC management should consider the costs, benefits and feasibility of installing a fire suppression system in their data center.	UNM Physical Plant Department is working on an assessment on the costs, benefits and feasibility of installing a fire suppression system. A review of this will also be included in the CLA risk assessment being planned. SHAC's facility has had few structural upgrades since the 1960's, and does not include a fire suppression system. Regarding catastrophic loss, our strategy has been to rely on the building fire detection system, temperature sensitive alarms that notify staff 24/7 if the room housing the server goes out of range, and most importantly, meticulously maintaining backups of all data (both clinical and business systems), including the storage of backup tapes offsite.	4/1/2018	10/31/2018	50%	SHAC: we have worked with UNM IT to provide plans, scope of work, and an estimate for a fire suppression system, which is approximately \$25,000. The Executive Director has placed any action on this on hold until the final CLA Risk Assessment report is completed, as an alternate solution, involving multiple UNM entities may provide a better and more cost-effective solution. Simply installing an onsite fire suppression system alone is not likely to meet HIPPA standards for disaster recovery. SHAC requested a revised completion date of October 2018, along with Recommendation 1, as this item relates to the Risk Assessment findings as well.	James Wilterding, Exec Dir, Student Hlth & CnsIng
5	<u>SHAC Pharmacy</u>	10/18/2017, 8, M	<u>Recommendation 5 - Data Center Security Policy Concerns</u>	SHAC management should develop a written data center security policy.	A comprehensive policy is currently under formulation, with reference to the noted resources above. It may also be informed by the planned risk assessment that is to be completed next year.	4/1/2018	10/31/2018	95%	SHAC has completed its data center access and security policy. SHAC: we anticipate additional recommendations for this policy upon completion of the ongoing security assessment. SHAC requested a revised completion date of October 2018, along with Recommendation 1, as this item relates to the Risk Assessment findings as well.	James Wilterding, Exec Dir, Student Hlth & CnsIng

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6	<u>SHAC Pharmacy</u>	10/18/2017, 8, M	<u>Recommendation 8 - Reconciliation Concerns</u>	The SHAC Associate Director should ensure that a reconciliation of insurance proceeds to QS1 is performed monthly. The SHAC Associate Director should train the fiscal staff performing the reconciliations regarding the various reimbursement methodologies, such as negative reimbursements.	SHAC is working with the College of Pharmacy (COP) to look into all of these possibilities as follows: COP consultants are reviewing and reconciling all payments using the remittance advice (835 hard copy) from October 2016 to June 2017, which will allow SHAC fiscal services to verify current reimbursement rates and identify other issues around reimbursement as noted above. COP has recently been through contract reviews with other UNM pharmacies and has the expertise to guide this process. UNM legal counsel and procurement will be engaged as well. Implementing new contracts may require 12 to 18 months.	4/1/2019		95%	SHAC's update on 4/3/2018 - 1. 100% completed: Reconciliation of pharmacy claims from October 2016 to June 2017 was completed on October 23, 2017. 2. 65% completed: SHAC will piggyback on UNMH master agreements to obtain current contracts. SHAC is pursuing stand-alone agreements with others. 3. 95% completed: Price plans and billing formulas were updated in QS1 system. Once SHAC obtains updated PBM contracts with current reimbursement rates, billing formulas will be updated. 4. 95% completed. 100% of the 835 reconciliation is being completed in a monthly basis. 5. 95% completed: The 835 Report Reconciliation Procedure has been developed and will be presented to "Leadership/Finance/Administrative" Committee for approval.	James Wilterding, Exec Dir, Student Hlth & Cnsing

**Follow Up Report - PPD Implemented and Pending
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1	<u>PPD Remodel and Two Bears Construction Contracts</u>	3/31/2017, 16, H	<u>Recommendation 2 - UNM Policy Refresher Trainings</u>	The Interim PPD Director should require that all PPD management and Project Managers attend the policy refresher session.	PPD Interim Director will coordinate with the Chief Procurement Officer to schedule a mandatory training by February 15, 2017.	3/31/2017	11/30/2017	100%	Internal Audit verified that 88% (37 of 42) of PPD employees completed the training offered by the UNM Purchasing Department. Management indicated the remaining 5 employees will take the next course scheduled for May 22, 2018.	Shirley Mitchell, Assoc Dir, Finance & Admin
2	<u>PPD Remodel and Two Bears Construction Contracts</u>	3/31/2017, 16, H	<u>Recommendation 8b - Payment for Services not Accepted by UNM</u>	The Interim PPD Director should conduct a General Conditions of the Contract for Construction refresher session, specifically section 9.10.1, and require attendance by all PPD Management.	The Interim PPD Director should conduct a General Conditions of the Contract for Construction refresher session by January 31, 2017 for PPD Management. PPD Interim Director will develop a formal written process for dispute resolution when issues arise concerning acceptance of work by February 15, 2017.	2/15/2017	11/30/2017	100%	Internal Audit verified that 88% (37 of 42) of PPD employees completed the training offered by the UNM Purchasing Department. Management indicated the remaining 5 employees will take the next course scheduled for May 22, 2018.	Al Sena, Dir, Physical Plant; Shirley Mitchell, Assoc Dir, Finance & Admin
3	<u>PPD Remodel and Two Bears Construction Contracts</u>	3/31/2017, 16, H	<u>Recommendation 6 - Contractor Warranties and Responsibilities</u>	The Vice President for ISS should contract with a third party consultant to test the application of the Sikaflex-15LM caulk against the manufacturer's recommended application for optimal results. If the consultant determines Two Bears Construction did not apply caulk according to recommended application, the PPD Remodel Manager should contact Two Bears Construction and request them to return and reapply caulk correctly to all stairwells.	We will contract with a third party consultant to test the application of the Sikaflex-15LM caulk against the manufacturer's recommended application. If the consultant determines that the caulk was not applied according to recommended application, we will contact Two Bears Construction and request that the caulk be re-applied to all stairwells.	1/31/2017	12/31/2017	85%	On March 18, 2018, AGI provided PPD with final condition assessments of the RVA and SRC stairwells. AGI also provided recommendations on how to replace the caulking, metal pans, and support brackets on the stairs. ISS and PPD are unable to move forward with these recommendations until further guidance is received from University Counsel. ISS Management is unable to estimate an implementation date for this recommendation as Legal Counsel continues to address this issue.	Chris Vallejos, Avp, Bsn Png & Svcs/Iss
4	<u>PPD Remodel and Two Bears Construction Contracts</u>	3/31/2017, 16, H	<u>Recommendation 6 - Contractor Warranties and Responsibilities</u>	The Vice President for ISS and Interim PPD Director should contract with a third party consultant to test the application of the Sikaflex-15LM caulk against the manufacturer's recommended application for optimal results. If the consultant determines Two Bears Construction did not apply caulk according to recommended application, the PPD Remodel Manager should contact Two Bears Construction and request them to return and reapply caulk correctly to all stairwells.	We will contract with a third party consultant to test the application of the Sikaflex-15LM caulk against the manufacturer's recommended application. Interim PPD Director will contact possible third party and schedule a site visit by January 10, 2017. If the consultant determines that the caulk was not applied according to recommended application, we will contact Two Bears Construction and request that the caulk be re-applied to all stairwells by January 31, 2017.	1/31/2017	12/31/2017	85%	On March 18, 2018, AGI provided PPD with final condition assessments of the RVA and SRC stairwells. AGI also provided recommendations on how to replace the caulking, metal pans and support brackets on the stairs. ISS and PPD are unable to move forward with these recommendations until further guidance is received from University Counsel. ISS Management is unable to estimate an implementation date for this recommendation as Legal Counsel continues to address this issue.	Al Sena, Dir, Physical Plant; Shirley Mitchell, Assoc Dir, Finance & Admin

EXECUTIVE SESSION