THE UNIVERSITY OF NEW MEXICO
Board of Regents’ Audit and Compliance Committee Meeting
August 15, 2019 – Meeting Minutes

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


Chairman Brown called the meeting to order at 9:02 AM in the Roberts Room, Scholes Hall, UNM.

ACTION ITEMS:

- The Committee approved the meeting agenda.
- The Committee approved the prior meeting minutes from May 23, 2019.
- The Committee approved the next meeting date of October 17, 2019 (Exit Conference for FY19 Financial Statements Audit).

INFORMATION ITEMS:

- Advisors’ Comments: None.
- Victor Grego, UNM Interim Internal Audit Director presented his Director’s Report. Through July 31, 2019, there have been nine audits completed; one that is being presented today and eight that are in fieldwork. Four of those should be completed for presentation at the next Audit and Compliance Committee meeting.

Mr. Grego detailed the status of complaints. In FY19, the department completed and closed 23 complaints. Through August 8, 2019 of FY20, the department completed and closed five complaints. Seven complaints are currently in planning and fieldwork. Six have not been assigned. Chairman Brown asked at what point Mr. Grego escalates a complaint to the attention of Administration or the Regents due to severity or an emerging pattern. Mr. Grego responded that: happens typically when there is misuse of funds or fraud that is severe enough that they should be notified. If it is severe enough, it may turn into an audit. There are requirements also for when the department needs to notify the State Auditor. Chairman Brown stated he is worried about things getting out and becoming a reputational risk. In the last meeting of this Committee, the Chairman brought up the question of patterns for complaints. The department is researching best types of reports to run out of the database.

Mr. Grego reviewed the department’s current financial report. The approved budget is $884,584. $804,584 is the department’s I&G allocation; $76,000 comes from approved use of reserves. Ninety percent of the budget is for salaries. The reserves come from salary savings from vacant positions in FY19. These funds will be used primarily for the Quality Assessment Review, paying the quarter-time, temporary salary of the former director, and for planned training. Chairman Brown asked if the department has student interns. Mr. Grego responded that: the department currently has one intern, Jacob Smith, and he introduced Jacob to the Committee.
Every five years, the Internal Audit Department is required to have a Quality Assessment Review (QAR) from an outside reviewer. There is an approved contract in place. It will be a team of four and the team lead is a former audit supervisor from Oklahoma State University. The department is in the process of gathering documents for the team in preparation for the on-site review. It is tentatively scheduled for the week of October 14th. Chien-chih Yeh, audit manager is leading this QAR effort in the department. The QAR team will send out surveys to key officials; when they are on site they will request interviews.

The Internal Audit Department has had several meetings with compliance areas for the joint effort of the FY20 risk assessment. Institutional Analytics is designing the survey and will assist in survey distribution.

The external auditors are currently in fieldwork for the FY19 external financial audit. The exit conference for this audit will take place at the October meeting of this Committee. The external auditors are on their last year of a three-year contract, so the Controller’s office is working on an RFP which should go out in the last quarter of this calendar year.

Mr. Griego provided the Committee with a summary of third party reviews of contracts and grants currently in progress at UNM. As of June 30, 2019, there are seven reviews underway. The Health Resources and Services Administration is auditing three grants totaling 2.7 million dollars. As of May 2019, no issues were noted. The Office of Justice is auditing six programs totaling 3.1 million dollars. As of the end of March 2019, they had only identified some salary and fringe benefits costs that were unsupported. However, Contract and Grant Accounting anticipates that will be cleared. The City of Albuquerque has one behavioral health review with no issues reported so far. The hospitals currently have 193 billing records under review.

Annually the department compiles information on the 990 tax forms. The report for this year will be presented in this meeting’s closed session.

Chairman Brown asked about the timing of the October meeting. It is two days after the full Board meeting. He inquired if the meeting date should be moved up prior to the Board meeting in order to be able to provide a report from this Committee to the full Board.

Following discussion, it was determined that it would not be acceptable to move October’s meeting due to timing issues for the external auditors. Discussion about meeting dates will continue after October.

The Main Campus Compliance Office provided a presentation to the Committee. Francie Cordova, Interim Chief Compliance Officer stated that at the last meeting they presented on the hotline statistics. This time she is presenting Office of Equal Opportunity (OEO) data. The OEO data is captured separately and there is separate reporting. Some complaints do come in through the hotline and they are transferred to the OEO area to a different system that is walled off.

The prior Committee members asked her to report this annually, and every so often would ask for specifics. Looking at trend data, they are not unhappy about the increase in reports. Mostly because they did not use to get many cases. A goal was to have people come to them and trust them, and they have. Most cases are resolved informally. There are a number of formal investigations. Last year they had 731 cases, and this year looks like it will be approximately 900
cases. Regent Doughty clarified this does not say occurrences are increasing, but that awareness and reporting have increased. Ms. Cordova added it is also due to the office’s ability to address these issues, outreach, and marketing. The largest complaints fall into the sexual harassment category. That is typical nationally. Universities were at the forefront of the “Me Too” movement; before the entertainment industry, etc. The national average is very similar and complaint numbers are staying steady in terms of percentages. Some areas are increasing such as stalking and domestic violence. Chairman Brown asked how they gauge what the actual trend is with the exponential increase in reporting. Ms. Cordova responded they can run the trend data by area, by type of reporter (student, faculty, staff, etc.), location, if there are weapons or alcohol involved, etc.

They also meet with different areas on a regular basis to discuss their specifics and help them identify trends. If they can identify a particular troubling location, they can say maybe they should not have students there. Regent Lee noted formal and informal case percentages stay fairly steady. Ms. Cordova stated they try to investigate when they see cases that are severe or pervasive. These cases are staying pretty steady. Chairman Brown added there is educational value in complaints that do not become cases. Ms. Cordova stated they monitor them for three months after there is education or a dialogue; ninety-nine percent of these cases do not have repeat complaints. Typically it is people who say they did not know the behavior was incorrect or offensive. They do pattern checks on every case that comes in – with the police, Dean of Students, and with HR, to help them decide if it will warrant formal or informal action.

The Department of Justice (DOJ) has been very complimentary about the work the campus is doing. Instead of working in isolation, they now work in an integrated fashion with other areas of campus. The Compliance and OEO websites are now updated and ADA complaint. Complaints can be filed more easily and the trend data is posted. The DOJ updates are on the Compliance website; both websites have all their yearly surveys. Ms. Cordova believes UNM is the only university in the nation that did live training of all the students.

The Ethics Task Force is meeting on August 28th. It is a diverse group of members of the community, students, faculty, and staff. They are also making strides in improving accessibility. The campus is old and often not very compliant. They employed a vendor to scope out the highest risk areas. That report should be completed by the October meeting. It will help them develop a plan going forward. The federal standard is a good faith effort, and UNM can show it is working on the issue. Ms. Cordova informed the Committee that they can let her know how often she should report this information, what they would like to see, and specific areas of focus.

- Dr. Culpepper, HSC Chief Compliance Officer, presented the Committee with an update on work in his area. Currently, they are working on their exclusion screening project, assuring there are not excluded persons as a part of the medical system. There are two types of exclusions: mandatory (due to crimes, patient abuse, felonies related to healthcare, etc.) and permissive (misdemeanor convictions, dispensing controlled substances, etc.). There are opportunities for reinstatement. That is a lengthy process with federal paperwork. Medical direction or prescription done by an excluded person is prohibited. There are very significant fines associated with this. Companies as well as physicians, volunteers, vendors, etc. can be put on the exclusion list. Jail time is also possible.

In 2018, they selected a vendor through an RFP process, Compliance Resource Center. They have been working with them now for over six months to get the system set up. It is a two-phase
process. There are a number of databases throughout the country that are checked, such as
OSHA, GSA, EPA, Homeland Security, and so forth. The State of New Mexico does not have a
database, but some other states do and those need to be checked because people come from other
states. Chairman Brown asked if there are steps to try to get New Mexico on a database. Dr.
Culpepper stated it would be beneficial but he does not know what would be required for
infrastructure. Chairman Brown stated that would be good to add on to the legislative agenda.

Individuals are screened based upon their name, and the HSC Compliance Office gets a monthly
report. Some names can be common. If there were to be a match, there is infrastructure through
the vendor and they will bring in the individual to sign an affidavit that either says it is true or is
not true. Nothing of that nature has happened here at this juncture. They are consistently sending
data manually and are working with an IT source for an electronic solution, so either the vendor
will be able to pull the data or they will push it to them. They are also finalizing their escalation
procedures and hope to have that finished sometime in September. They just completed a
training for onboarding and the initial check into the system. Then, following that, they will be
part of the data that goes to the vendor on a monthly basis.

His office is also participating in the combined risk assessment efforts. They have worked on
their portion and shared it with the data analyst. Due to construction, the HSC Compliance Office
is temporarily moving to building 1650. They are adding staff members: an investigator Kay
Kennedy, and a compliance educator JoAnn Martinez. A new compliance manager is joining
from Seattle on August 19th, Victoria Rendon.

- Chien-chih Yeh, Internal Audit Manager updated the Committee with the status of audit
  recommendations. There are four reports. Two recommendations for the College of Nursing are
  implemented and verified. There is a recommendation related to approves training from the
  Chrome River data analysis. Management implemented their proposed corrective action plan.
  Internal Audit is going to leave this item open for now pending verification of completion rate
  for training.

The next report has almost 12 pages of pending recommendations, with 16 recommendations
added since the last meeting of this Committee. The Reserves and UNMMG and HSC Hiring
Practices audits each have eight recommendations. If they are not due yet, there may not be a
current status update. Chairman Brown asked if the policy change will fix the issue with the
tuition payments to third parties. Chamiza Pacheco de Alas, Chief of Staff, Office of the
Chancellor replied that Policy 3700, when followed properly, will address the anti-donation
issue and will allow the important program to continue. Policies will need to be approved by
the President. They are drafting new contracts with the nurses to assure there are no anti-
donation issues.

There is a separate four page report for Athletics. During this reporting cycle, one
recommendation is verified as implemented. Two more will stay open. The deficit reduction
plan is in place, but Internal Audit will verify if it continues to be positive. Chairman Brown
asked if Internal Audit is in coordination with the Attorney General’s office in terms of their
clearance on Athletics. Mr. Griego replied that Internal Audit has been in communications
with the State Auditor’s Office (SAO) and he believes the last pending item they had for
their recommendations was regarding a signed MOU that is now in place. UNM’s internal
audit has a few outstanding recommendations. Mr. Griego told the Committee he will reach
out to the SAO to see if they would like to report back to the Committee to say everything
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has been completed. Chairman Brown stated it would be nice to be able to put out a release on that.

By unanimous consent, the meeting went into Executive Session at 9:47 AM per the agenda.

a. Discussion of draft Internal Audit Reports, and discussions of information subject to attorney-client privilege pursuant RPM 1.2;
b. Discussion of limited personnel matters pursuant to exception at Section 10-15-1.H(2) NMSA (1978);
c. Schedule of Audits in Process and FY20 Audit Work plan, pursuant to RPM 1.2;
d. Vote to re-open the meeting.

The meeting returned to open session at 10:50 AM, with certification that only those matters described above were discussed in Executive Session.

The Committee unanimously approved the following UNMH reports:

- Contract Management Report 2019-02
- Human Resources and Payroll Processing Report 2019-03
- UNMH IT Terminated Employees Removal From System Access Report 2019-04
- UNMMG IT Terminated Employees Removal From System Access Report 2019-04
- SRMC IT Terminated Employees Removal From System Access Report 2019-05

The Committee unanimously approved the following UNM report:

- Related Party Transactions: Governing Documents and the UNM Hospital Mill Levy Report 2018-03A

The meeting adjourned at 10:51 AM.

Approved:

Audit and Compliance Committee Chairman