

BOARD of REGENTS



AUDIT AND COMPLIANCE COMMITTEE MEETING

*Thursday, August 23, 2018 9:00 am
Scholes Hall, Roberts Room*

The University of New Mexico
Board of Regents' Audit and Compliance Committee
August 23, 2018 – 9:00 AM
Roberts Room
Agenda

ACTION ITEMS

1. Confirmation of a Quorum and Adoption of Agenda
2. Approval of Meeting Minutes from May 17, 2018
3. Audit and Compliance Committee Meeting remaining date for Calendar Year 2018. The following proposed meeting date is presented for Committee approval. The Committee meets in the Roberts Room. This schedule accommodates an exit conference for the FY18 External Financial Statements Audit.

October 15, 2018 - Start at 9:00 AM (Exit Conference for FY18 External Audit)

INFORMATION ITEMS

4. Advisors' Comments
5. Director of Internal Audit Status Report (*Manu Patel, Internal Audit Director*)
6. Status of Audit Recommendations (*Chien-chih Yeh, Internal Audit Manager*)
Implemented
Pending

EXECUTIVE SESSION

7. Vote to close the meeting and to proceed in Executive Session as follows:
 - a. FY18 External Audit Status Report pursuant to exceptions at Section 10-15-1H NMSA (1978) and Section 12-6-5 NMSA (1978) (*State Auditor's Office, Moss Adams, and KPMG*);
 - b. Discussion of draft Internal Audit Reports, and discussions of information subject to attorney-client privilege pursuant RPM 1.2;
 - c. Schedule of Audits in Process and FY19 Audit Work plan, pursuant to RPM 1.2;
 - d. Vote to re-open the meeting.
8. Certification that only those matters described in Agenda item #7 were discussed in Executive Session and if necessary ratification of action, if any, taken in Executive Session.
9. Adjournment

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Audit and Compliance Committee Meeting
May 17, 2018 – Draft Meeting Minutes

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

Other Attendees: Garnett Stokes, David Harris, Liz Metzger, Libby Washburn, Chaouki Abdallah, Melissa Vargas, Carla Domenici, Duane Arruti, Jeff Gassaway, Brad Hutchins, Ava Lovell, Cinnamon Blair, Peggy Davis, Rich Wood, Pamina Deutsch, Che Shu-Nyamboli, Ella Watt, Purvi Mody, Mallory Reviere, Lisa Todd (Moss Adams), Chris Noyes (Moss Adams), Mark McComb (KPMG), Mark Valenzuela (LFC), Wayne Johnson (State Auditor), C. Jack Emmons (Deputy State Auditor), Manu Patel, Chien-chih Yeh, Victor Griego, Amy O'Donnell.

Chairman Clifford called the meeting to order at 8:59 AM in ROBERTS ROOM, Scholes Hall, UNM.

ACTION ITEMS:

- The Committee approved the minutes from March 15, 2018. Regent Adcock abstained as he was not on the Committee. Chairman Clifford had follow up questions. He asked about SHAC follow up with President Stokes. Internal Audit Director Patel stated he provided the President with documents but they have not yet set up a meeting. At the last meeting, there was a question from Regent Hosmer about the IT follow up process. Mr. Patel replied there will be a presentation on that from the CIO in the Executive Session of this meeting. Regent Hosmer inquired about Research follow up. Mr. Patel stated there has not been much progress as there was a staffing change; there will be further discussion in the follow up later in the meeting. Chairman Clifford asked Mr. Patel for the department's personnel schedule. Director Patel stated he will email it to the members.
- The Committee discussed meeting dates for the remainder of the calendar year; proposed dates have changed and Mr. Patel will send new dates to the Committee. The Committee moved approval of the new dates, contingent upon the members' review of their calendars after the meeting.

By unanimous consent, the meeting went into Executive Session at 10:50 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 FY18 Audit Work plan, pursuant to RPM 1.2;
- d. Vote to re-open the meeting.

The meeting returned to open session at 1:58 PM, with certification that only those matters described above were discussed in Executive Session.

The Committee unanimously approved the following audits:

- UNM Health System Timely Documentation Report, Report 2018-07
- UNMMG Clinic Medication Administration and Billing, Report 2018-04
- UNMMG Guarantor Set-up and Billing, Report 2018-05
- Review of UNM Chrome River, Report 2017-11
- Audit of Athletics Administration, Report 2017-15

INFORMATION ITEMS:

- Advisors' comments: None.
- The external auditors from Moss Adams and KPMG provided the entrance conference materials for the FY18 external audit. Lisa Todd, Partner, Moss Adams, introduced her team for the audit. They are auditing main campus and non-clinical operations. This is Ms. Todd's second year in the role of audit partner on this audit. Mark McComb presented the team members for KPMG, stating he is based in San Francisco, but was the concurring partner on this audit last year. KPMG will audit the clinical operations. Chairman Clifford inquired as to what the concurring partners do. Mr. McComb stated they look at all the key judgements and estimates and the key audit areas that they conclude on. They read the financial statements and provide comments. Ms. Todd added they are a fresh set of eyes for quality control. Chairman Clifford asked the auditors to provide resumes for the team members.

Each team talked about the scope and approach to the audit. They focus on specific material audit risks, based on multiple factors. The audit is performed in phases. They begin with internal controls, gain an understanding to determine how much they can rely on the controls, and determine if they are designed and are operating effectively. There is a lot of time spent on IT work. They bring in IT specialists. They also look at compliance and controls over Federal grant requirements. They conclude their work with final audit testing, testing June 30, 2018 balances and financial statement disclosures, and providing an audit opinion regarding whether the financial statements for all units, areas, and branches are materially correct. They use governmental auditing standards and uniform guidance to guide the audit. The auditors detailed in depth what they will look at and also detailed the single audit review process.

Chairman Clifford stated he has had questions from the Hospital's Board of Trustees regarding the structure of the audit. The legal relationships among the entities are confusing, especially regarding how to explain and understand the transactions between them. He stated he needs to be comfortable that the scope includes this; he is not sure it has been tested in the past to the extent he would like for it to be this year. Mr. McComb replied they do not anticipate that it would require a lot of extra effort to include the queries, and UNM's Internal Audit is doing a lot of the heavy lifting on that.

Chairman Clifford asked the State Auditor's Office (SAO) about changes to the 2018 State Audit Rule. The Deputy Auditor reported there should be only minor changes, and they have already been in contact with Ms. Todd regarding rule changes. Chairman Clifford also asked the SAO about timeliness of this year's audit. He inquired if it would be processed more quickly this year, as last year saw some delays. The Deputy Auditor responded they believe they have some solutions to speed up the process. Ms. Todd stated they are aware that the SAO completed their audit of Athletics and that they are doing a follow up audit this year. The audit team will work with them directly to stay on top of it throughout the audit process. The SAO stated they are very interested in what has been done to correct deficiencies.

Chairman Clifford stated there have been issues – certainly with regard to some of the component units. There is a complicated structure in terms of how UNM manages its finances. He asked Liz Metzger, University Controller, how the Regents get assurance that the system is working. There is a shared services program. Are there folks who need to sign up for that?

Ms. Metzger replied that as they identify issues in departments or areas of the University, they do their best to correct control issues that may be occurring or recommend solutions. Shared services is one solution if that works for the area. Individuals in shared services process things on a more regular basis, so they are more versed on the policies and transactions. Chairman Clifford stated he is not sure if UNM as an entity is addressing the structure of how to do this.

David Harris, Executive Vice President for Administration stated he agrees with that and it may be more of a legal analysis (in particular with Research Park corporations) than a financial analysis. We would need to find out if we want to standardize the structures and if we would gain effectiveness from that. It is something that would come from the Regents. Regent Clifford agreed, but he said he was also speaking about internal budget units. He would like a better understanding of who is managing the books and how, assessing the risks, and how we could better organize internally. He asked Ms. Metzger to come back with a proposal. Mr. Harris said that is something that could actually be done through Internal Audit. UNM probably could and should come up with an operations manual. There is no statute that purposes each unit within the University. Regent Clifford replied he is looking at a more comprehensive look across the entire University. Regent Hosmer asked who should do that; he would think David Harris. We may have a solution looking for a problem. Perhaps there should be a review to assess if there is a problem. Chairman Clifford said he would like the external auditors to look at the student loan programs. He also asked the audit teams to come back for the August meeting and provide a full audit update.

- Libby Washburn, Chief Compliance Officer provided the Committee with her Status Report that includes the 2018 Compliance Plan, current as of this month. The Department of Justice (DOJ) compliance has been a main area of focus. Last year, her office filed five status reports with the DOJ, published progress reports and had a site visit from the DOJ. This year, there will be approximately the same number of reports.

Ms. Washburn does not believe any other University has had to complete in person training for every student. The training, called Grey Area, is approximately 1.5 hours in length. The Dean of Students office has a group of trainers who have provided the training to approximately 25,000 people over the course of one year. The numbers were provided to the DOJ, who seems to be very happy with the 87% completion rate among the student body. Chairman Clifford stated it would be good to know what the coverage is by area. UNM also provided specialized training for how to interview victims of sexual assault as well as anti-retaliation training for senior leaders and specialized training for Athletics.

They just completed another climate survey for main campus. The Compliance Office and OEO will provide an analysis of results to this Committee in August. Chairman Clifford asked if the DOJ reviews the methodology. Ms. Washburn replied they do, prior to it being sent out. They also analyze the responses. Ms. Washburn provided an updated schedule of DOJ deliverables, and a progress report on Minors on Campus including tracking the information and background checks done through UNM Human Resources (HR).

Ms. Washburn stated that since the inception of the current compliance hotline system in April of 2015, they have logged in more than 2,000 tips. Regent Hosmer asked if there is anything being done within the University community to publish hotline activity and results. Ms. Washburn stated they have provided presentations to some individual units around campus, but it is not published on the website. Regent Hosmer stated he would like to do whatever

possible to publicize it University-wide. Ms. Washburn also noted that there was internal investigation training for 90 investigators that was completed last year. The Compliance Office and IT have taken the lead in working with a federal executive order regarding Controlled and Unclassified Information (FERPA and HIPAA). The Compliance Office is assisting OEO with a new ADA plan and is also administering peer hearings. Chairman Clifford stated he would like to have side-by-side compliance update reporting from the HSC as well as main campus. David Harris added that UNM needs to be thinking about a functional review of compliance and how to resource it adequately and correctly.

Peggy Davis, Administrative Officer provided the Committee with an update regarding hotline activity over all units, including HSC, hospitals, and branches. The largest number of reports fall under HR, which is standard. Chairman Clifford informed Ms. Davis he would like for her to break down the HR information into subcategories. The web intake is the most popular way to report. Anonymous reports are at 61%, and 47% of reports were found to be unsubstantiated. Regarding the hot topic of retaliation, Ms. Davis compiled the data from the inception of this hotline, and broke it down through the years. Approximately 10% noted a primary or secondary concern of retaliation; 23 cases were in 2017. Two of those cases were substantiated. In 2018, they are already monitoring five cases with a primary concern of retaliation. Cases that span multiple areas of concern take quite a while to investigate, so that affects case closure rates.

- 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 position. This year, Mr. Patel requested reinstatement of a prior Auditor 2 position and the Department will post the position soon. The Chairman noted an anticipated shortfall in FY19. Mr. Patel replied there is no shortfall for FY19; the department should have a fund balance at the end of FY18 due to vacancy savings. The additional position that was approved will be funded 50% from additional general pool funds and 50% from FY18 reserves for FY19. Mr. Patel updated the Committee on the status of external audits, most of which are audits of grants and contracts.
- Chien-chih Yeh, Internal Audit Manager provided a review of prior audit recommendations. Three recommendations were implemented in this reporting cycle; there are some in the College of Arts and Sciences and SHAC that are still pending. There is a separate report for PPD recommendations, with two implemented and two pending. Chaouki Abdallah, Provost, and Rich Wood, Senior Vice Provost responded to the research activity recommendation. The goal is to unburden faculty with some over-burdensome reporting requirements and track engagement efforts; they are trying to figure out if it is better to develop internally or purchase software. The piece to track qualifications is going to be handled now in the UNMJobs system. Mr. Wood cautioned against using the software to compare across unlike areas/departments. Mr. Harris stated there was significant reorganization in response to the PPD recommendations.

The meeting adjourned at 1:59 PM.

Approved:

Audit and Compliance Committee Chairman

There is no
handout
required for
this item

There is no
handout
required for
this item

**Internal Audit Director's Status Report
Audit and Compliance Committee Meeting
August 23, 2018**

INFORMATION ITEMS

Audit Committee Meeting Calendar. Below is the proposed meeting date (approved by the prior committee) for the remainder of calendar year 2018. The Committee meets in the Roberts Room. This schedule will accommodate the exit conference for the FY18 External Financial Statements Audit.

October 15, 2018 Start at 9:00 AM (Exit Conference for FY18 External Audit)

The following are future proposed dates in FY19 for the Committee's consideration:

February 21, 2019

May 23, 2019 (Entrance Conference for FY19 Financial Statements Audit)

Audit Plan Status. The project status and hours report for the plan is at Tab #7C. The status of the proposed plan as of July 31, 2018 is:

Completed	11
Report Writing	1
Fieldwork	1
Subtotal	13
Assigned	-
Unassigned/Deferred	-
Total	13

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

The Fiscal Year 2019 (FY19) draft audit plan includes three (3) audits carried over from FY18. The draft FY19 audit plan will be finalized based on the University-wide risk assessment survey and input from the Executive leadership and the Audit and Compliance Committee.

Department Financial Report. At Tab 5 is the Internal Audit Department's budget status report for your review. The FY19 adjusted budget is \$875,043, of which \$822,543 is from the general pooled account, \$4,000 is reimbursements of expenditures from the University of New Mexico Hospital for sharing audit software, and \$48,500 from the departmental reserve. The department ended FY18 with a reserve balance of \$102,655 resulting from salary savings. As of July 31, 2018, the department's actual expenditures are \$56,773, and encumbrances are \$591,735.

External Audits and Reviews. At Tab 5 is the summary information as of June 30, 2018 regarding the external audits and reviews (third party financial audits) of various grants, contracts, and programs by various federal and state government agencies. There are currently seven (7) reviews underway. The National Science Foundation contracted with the WithumSmith + Brown firm to conduct a financial audit of various grants, totaling \$79 million. The University received a draft report on April 20, 2018 with about \$73 thousand in questioned

Internal Audit Director's Status Report
Audit and Compliance Committee Meeting
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costs, which is very insignificant compared to overall grant amounts. The University Contract and Grant Departments (Main and HSC) and Principle Investigators (grant recipients) should be commended for their hard work in administering these grant funds. The Health Resources and Services Administration is auditing two grants totaling \$2.4 million from grant period August 1, 2015 through July 31, 2017. The Office of Justice is auditing four programs totaling \$2.6 million. The Dallas County Hospital District is auditing the \$750 thousand grant for the project Extension for Community Healthcare Outcomes (ECHO). The Children, Youth and Family Department, State of New Mexico, is auditing various grants and contracts of unspecified dollar amounts.

The Center for Medicaid and Medicare Services (CMS) has contracted with Conifer to conduct billing reviews. The University of New Mexico Hospital and Sandoval Regional Medical Center have received requests from the Recovery Audit Contractor (RAC) to provide 62 records related to patient billings, totaling \$1.3 million, from January 2017 through June 30, 2017. Of these, approximately \$150 thousand has been repaid to CMS and three (3) claims totaling \$76 thousand are pending further review.

Staffing. Internal Audit filled one Auditor 3 vacancy in June 2018. The former employee in that position retired. The Department selected a qualified candidate to fill the open position of Auditor 2. The employee will start the first week of September.

Student Internships. The Internal Audit department currently has one student intern. There is a current posting in UNMJobs.

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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!	\$4,000.00	\$0.00	\$4,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$4,000.00	100.00%
1640 - Allocations Pooled Allocatio!	\$822,543.00	\$0.00	\$822,543.00	\$822,543.00	100.00%	\$822,543.00	100.00%	\$0.00	\$0.00	.00%
1900 - Reserves	\$0.00	\$0.00	\$0.00	\$102,655.88	.00%	\$102,655.88	.00%	\$0.00	(\$102,655.88)	.00%
1901 - Budgeted Use of Reserves	\$48,500.00	\$0.00	\$48,500.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$48,500.00	100.00%
*TOTAL Revenue	\$875,043.00	\$0.00	\$875,043.00	\$925,198.88	105.73%	\$925,198.88	105.73%	\$0.00	(\$50,155.88)	(5.73%)
Expense										
2020 - Administrative Professional !	\$683,716.00	\$0.00	\$683,716.00	\$48,397.23	7.08%	\$48,397.23	7.08%	\$547,273.28	\$88,045.49	12.88%
2060 - Support Staff Salary Detail !	\$47,184.00	\$0.00	\$47,184.00	\$2,722.15	5.77%	\$2,722.15	5.77%	\$44,461.87	(\$0.02)	.00%
20J0 - Student Salaries Gen	\$18,000.00	\$0.00	\$18,000.00	\$1,079.69	6.00%	\$1,079.69	6.00%	\$0.00	\$16,920.31	94.00%
20P0 - Temporary Salary Gen	\$5,000.00	\$0.00	\$5,000.00	\$88.05	1.76%	\$88.05	1.76%	\$0.00	\$4,911.95	98.24%
20SA - Salary Adjustments	\$51,500.00	\$0.00	\$51,500.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$51,500.00	100.00%
3100 - Office Supplies General	\$672.00	\$0.00	\$672.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$672.00	100.00%
3110 - Books Periodicals Gen	\$50.00	\$0.00	\$50.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$50.00	100.00%
3140 - Computer Software Gen	\$150.00	\$0.00	\$150.00	\$354.00	236.00%	\$354.00	236.00%	\$0.00	(\$204.00)	(136.00%)
3150 - Computer Supplies <\$5,001	\$100.00	\$0.00	\$100.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$100.00	100.00%
3180 - Non Capital Equipment <\$5,!	\$0.00	\$0.00	\$0.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$0.00	.00%
3189 - Computers & Servers <\$5,0!	\$2,000.00	\$0.00	\$2,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$2,000.00	100.00%
31A0 - Business Food - Local	\$800.00	\$0.00	\$800.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$800.00	100.00%
31C0 - Dues Memberships Gen	\$4,000.00	\$0.00	\$4,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$4,000.00	100.00%
31J0 - Parking Permits Gen	\$250.00	\$0.00	\$250.00	\$400.00	160.00%	\$400.00	160.00%	\$0.00	(\$150.00)	(60.00%)
31K0 - Postage Gen	\$40.00	\$0.00	\$40.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$40.00	100.00%
31P0 - Training Materials Supplies !	\$200.00	\$0.00	\$200.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$200.00	100.00%
3800 - In State Travel Gen	\$890.00	\$0.00	\$890.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$890.00	100.00%
3805 - Instate Travel-Per Diem Sta!	\$200.00	\$0.00	\$200.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$200.00	100.00%
3810 - Instate Travel-Per Diem No!	\$100.00	\$0.00	\$100.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$100.00	100.00%
6000 - Telecom Charges Gen	\$3,500.00	\$0.00	\$3,500.00	\$292.50	8.36%	\$292.50	8.36%	\$0.00	\$3,207.50	91.64%
6020 - Long Distance Gen	\$50.00	\$0.00	\$50.00	\$0.77	1.54%	\$0.77	1.54%	\$0.00	\$49.23	98.46%
6060 - Voice Mail Box Gen	\$634.00	\$0.00	\$634.00	\$45.00	7.10%	\$45.00	7.10%	\$0.00	\$589.00	92.90%
6300 - Alarm System Gen	\$200.00	\$0.00	\$200.00	\$11.25	5.63%	\$11.25	5.63%	\$0.00	\$188.75	94.38%
6315 - Electronic Databases	\$1,200.00	\$0.00	\$1,200.00	\$126.00	10.50%	\$126.00	10.50%	\$0.00	\$1,074.00	89.50%
63A0 - Conference Fees Gen	\$1,000.00	\$0.00	\$1,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$1,000.00	100.00%
63A2 - Seminars/Training Fees	\$6,900.00	\$0.00	\$6,900.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$6,900.00	100.00%

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63C0 - Copying Gen	\$100.00	\$0.00	\$100.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$100.00	100.00%
63J0 - Legal Services Gen	\$0.00	\$0.00	\$0.00	\$2,046.80	.00%	\$2,046.80	.00%	\$0.00	(\$2,046.80)	.00%
63V0 - Consultant Fees Gen	\$15,000.00	\$0.00	\$15,000.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$15,000.00	100.00%
69Z0 - Other Professional Services!	\$13,500.00	\$0.00	\$13,500.00	\$716.59	5.31%	\$716.59	5.31%	\$0.00	\$12,783.41	94.69%
7000 - Plant Repairs Maintenance !	\$200.00	\$0.00	\$200.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$200.00	100.00%
70E0 - Computer Hardware Mainte!	\$600.00	\$0.00	\$600.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$600.00	100.00%
70E1 - Computer Software Mainten!	\$11,500.00	\$0.00	\$11,500.00	\$0.00	.00%	\$0.00	.00%	\$0.00	\$11,500.00	100.00%
70F0 - Equipment Rent Expense G!	\$2,400.00	\$0.00	\$2,400.00	\$168.67	7.03%	\$168.67	7.03%	\$0.00	\$2,231.33	92.97%
80K0 - Banner Tax	\$607.00	\$0.00	\$607.00	\$41.62	6.86%	\$41.62	6.86%	\$0.00	\$565.38	93.14%
80K2 - Foundation Surcharge	\$2,800.00	\$0.00	\$2,800.00	\$282.24	10.08%	\$282.24	10.08%	\$0.00	\$2,517.76	89.92%
*TOTAL Expense	\$875,043.00	\$0.00	\$875,043.00	\$56,772.56	6.49%	\$56,772.56	6.49%	\$591,735.15	\$226,535.29	25.89%
Total Revenue:	\$875,043.00	\$0.00	\$875,043.00	\$925,198.88	105.73%	\$925,198.88	105.73%	\$0.00	(\$50,155.88)	(5.73%)
Total Expense:	\$875,043.00	\$0.00	\$875,043.00	\$56,772.56	6.49%	\$56,772.56	6.49%	\$591,735.15	\$226,535.29	25.89%
Net:	\$0.00	\$0.00	\$0.00	\$868,426.32	.00%	\$868,426.32	.00%	(\$591,735.15)	\$276,691.17	.00%

Parameters:

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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 June 30, 2018**

Granting Agency/Entity	National Science Foundation (NSF)	Dallas County Hospital District	HRSA	HRSA	NMDPS	CYFD	OJP	CMS (Patient Billings) - RAC Requests as of July 31, 2018
Contract/Grant/Program Title	Various; 92 total awards tested.	3RZ07	3RY66	3RX49	3RCJ2	Various; 20 total contracts tested.	Various; 4 total awards tested.	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; Financial On-site Review covers FY17 Federal funds only.	Various; Financial and Programatic On-site Review.	Various
Contract/Grant Total Amount	Various; 92 awards in totaling \$79 million tested by OIG-Contract auditor.	\$750,000.00	\$945,256.00	\$1,465,732.00	\$14,920.00	\$13,899,820.63	\$2,635,502.00	N/A
Contract/Grant Amount - Current FY								N/A
Principal Investigator	Various	Sanjeev Arora	Steven Williams	Steven Williams	Hannah Kastenbaum	Various	Various	N/A
Department	Various	ECHO	Infectious Diseases	Infectious Diseases	OMI	Various	Various	Hospital RAC Audits
Agency Audit/Review Notification Date	7/14/2016	Dallas County Hospital District	HRSA	HRSA	NMDPS	CYFD 5/15/2018	OJP 4/12/2018	Various
Audit/Review Entrance/Visit Date(s)	7/27/16 Entrance Call 3/27/17 - 4/7/17 On-Site	TBD	6/13/2017	6/13/2017	3/7/2018	6/7/2018	8/13/2018	Remote
Audit/Exit/Final Report Issued	TBD	6/28/2017				Exit Conference on 6/11/2018 TBD on Final Report	TBD	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	N/A	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	Main/HSC	Main/HSC	Hospital RAC Audits
Auditor if Different than Grantor	WithumSmith+Brown (WSB)							Cotiviti
Comments	NSF, OIG Audit Received Formal Draft Report from WithumSmith+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, pending draft report. Communication via email with Edward Davila in March, May and August of 2018; no report provided to date.	Initial Response Letter sent November 2017. Revised report submitted May 2018 and waiting for response from Sponsor.	Initial Response Letter sent November 2017. Revised report submitted May 2018 and waiting for response from Sponsor.	Initial Response Letter sent November 2017. Revised report submitted May 2018 and waiting for response from Sponsor.	Pending	Pending	62 Claims were reviewed with reimbursement of \$1.39M from 1/1/2017-7/31/18. Repayment in the amount of \$150K was made. Three (3) claims are pending review; reimbursement was \$76K.

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1	<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	The VP for Institutional Support Services has met with University Counsel on multiple occasions to discuss issues pertaining to the caulking issues with the SRC and RVA stairwells. The VP for ISS will move forward on this issue as recommendations are received from Legal Counsel.	Chris Vallejos,Avp,Bsn Plng & Svcs/Iss
2	<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	The VP for Institutional Support Services has met with University Counsel on multiple occasions to discuss issues pertaining to the caulking issues with the SRC and RVA stairwells. The VP for ISS will move forward on this issue as recommendations are received from Legal Counsel.	Al Sena, Dir,Physical Plant; Shirley Mitchell,Assoc Dir,Finance & Admin
3	<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	SHAC management states that SHAC has installed a halon fire extinguisher in the data center that is considered to meet minimum standards according to the risk assessment as noted in the CLA Risk Assessment recommendation. The initial solution along with its offsite storage of server backups was agreed to by UNM IT.	James Wilterding,Exec Dir,Student Hlth & Cnsing
4	<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	SHAC has completed a more comprehensive data center access policy in response to the finding also recommended by the CLA risk assessment.	James Wilterding,Exec Dir,Student Hlth & Cnsing

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5	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 3 - Deficit Reduction Plan</u>	The Director for Intercollegiate Athletics should ensure the approved deficit reduction plan is implemented .	The Athletics Department will work in conjunction with the Office of Planning, Budget and Analysis in implementing the approved deficit reduction plan.	5/18/2018		Internal Audit obtained and reviewed Athletics' ten-year Deficit Reduction Plan.	Eduardo Nunez,Dir,Intercollegiate Athletics
6	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 5 - Enhancement Funds</u>	The Athletics' Chief Financial Officer should ensure that sports enhancement fundraising and donor cultivation activity is charged to the enhancement funds within Lobo Club. Reserves remaining in the Sports Enhancement Funds recorded in Banner should be expended on goods or services that are not a fundraising or donor cultivation activity.	All sports enhancement fundraising and donor cultivation activity is currently charged to the enhancement funds within Lobo Club. Following the conclusion of each fundraising event, the net profits raised will only be transferred from the Lobo Club to Athletics for public use as funds are needed. Otherwise, monies generated from fundraising events will remain at the Lobo Club.	5/18/2018		Internal Audit verified sports enhancement funds are now housed at the Lobo Club. Fundraising and donor cultivation activities are now recorded using the Lobo Club sports enhancement funds. Internal Audit also reviewed the sports enhancement reserves in Banner and noted the remaining reserves are being expended on goods and services that are not a fundraising or donor cultivation activity.	Robert David Robinson,Fiscal Opns Director/Division
7	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 12a - Coaches Overpayments</u>	The Vice President for Human Resources should address identified payroll weaknesses; make sure extra compensation payments are not duplicated in the future; and, review the data entry process for Non-Standard Payments.	1. HR worked with the Office of University Counsel to modify the current employment contract/addendum amendment process for Athletic staff. Previously, when a portion of a coach's contract was changed, an amendment to the addendum is issued addressing only the terms that have changed. Currently, the Division of Human Resources now creates a new addendum in its entirety whenever there is a change in the terms of employment beyond a change in salary, duration, or other minor revision. 2. HR will review the NSP form upon receipt and prior to processing into UNM's Banner System. They will be responsible for verifying the accuracy of the data on the form and ensuring there is no duplication of NSP payments. They will also review existing NSP payments in Banner, and terminate as needed. An SOP and corresponding checklist has been developed to ensure a consistent process by Central HR when entering and reviewing NSP forms.	5/17/2018		The Vice-President for Human Resources implemented standard operating procedures for the non-standard payment process for Athletics coaches. Internal Audit reviewed the SOP for the implemented process in place.	Dorothy Terese Anderson,Vice President,Human Resources
8	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 13 - Courtesy Car Program</u>	A signed agreement should be obtained for every courtesy car issued to an Athletics employee, and mileage should be closely reviewed to ensure personal vs. business miles are accurately reported. In addition, courtesy cars should only be assigned to Athletics' employees if provided by their contract.	The outlined recommendations have been implemented. All personnel within the courtesy car program have completed and reviewed all policies and procedures prior to obtaining the courtesy vehicle. Athletics staff members and the Athletic Business Office will continue to monitor all aspect of the program with all employees.	5/17/2018		Internal Audit reviewed mileage reported by selected courtesy car recipients and determined mileage is accurately being reported. In addition, Athletics management indicated they will continue to ensure all courtesy car recipients have a signed agreement on file.	Eduardo Nunez,Dir,Intercollegiate Athletics

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9	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 14 - Learfield Communications Agreement</u>	The Director of Intercollegiate Athletics should a.) work with UNM Legal Counsel and Learfield Communications to determine a path forward to payment from Lobo Sports Properties, which may take the form of an amended or new contract; and, b.) work with Learfield Communications and Pepsi to ensure that credits due Learfield pursuant to the contact are properly transacted.	Athletics worked with UNM Legal Counsel and Learfield in amending the 2013 Marketing and Media Rights agreement with Learfield Communications. The amended agreement was signed by the appropriate UNM officials on May 10, 2018 and Learfield on May 11, 2018. Pepsi money allocated to sponsorship will be deducted from the annual rights fee in fiscal year 2019	5/17/2018		Internal Audit reviewed the amended agreement with Learfield Communications through June 30, 2019. In addition, Learfield applied credits for the Pepsi contract from its second half payment for FY 2017-18 as recommended and agreed between UNM and Learfield.	Eduardo Nunez,Dir,Intercollegiate Athletics
10	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 15 - Contract Execution and Compliance</u>	The Director of Intercollegiate Athletics should ensure all Athletics contracts are reviewed by a designated Contract Review Officer and ensure contracts/agreements are not entered by an Athletics employee who is not authorized to enter contracts/agreements.	All Athletics contracts are reviewed by a designated Contract Review Officer. In addition, all contracts initiated by the Director of Intercollegiate Athletics are reviewed and approved by the Purchasing Department and the President. All Athletics contracts/agreements are entered by an Athletics employee who is authorized to enter contracts/agreements.	5/17/2018		Internal Audit reviewed an agreement entered in June 2018 and noted it was properly signed by UNM Purchasing.	Eduardo Nunez,Dir,Intercollegiate Athletics
11	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 16b - Endowment Disbursements</u>	The University Controller should ensure expenses recorded by Unrestricted Accounting to endowment accounts are only made if adequate supporting documentation has been reviewed.	Effective immediately, no journal vouchers submitted for approval that are transferring costs from athletic operation indexes to endowment accounts will be processed or approved without adequate supporting documentations indicating the specific transaction being transferred and must include supporting documentation indicating that the transaction being transferred is compliant with donor intent for the index receiving the transaction.	5/17/2018		Internal Audit reviewed endowment account detail for June 2018 and did not identify any JVs to charge expenses to endowment accounts that were posted by unrestricted accounting. The Controller's office further indicated that unrestricted accounting will no longer record JVs to endowment accounts unless adequate supporting documentation is provided that supports compliance with donor intent.	Elizabeth Metzger,University Controller
12	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 19 - Event Management Parking Fee Collections</u>	The Assistant Athletics Director for Events should enforce compliance with UAP 7200: Cash Management, ensure that cash deposits from parking fee collections are made by the next working day, and separate cash reconciliation and deposit duties.	The Events Planner is responsible for acquiring, counting, and reconciling all monies collected for each event. This individual will count all monies collected and then place the funds in the safe after each event. The following working day, the Assistant AD – Events will count the funds in the safe and initiate a deposit in accordance with UAP 7200. Thus, the Assistant AD – Events will be responsible for cash deposits to reduce the risk of misappropriation and/or lost cash.	7/1/2018		Internal Audit completed follow up procedures for the collection, reconciliation, and deposit of parking fee cash collections. IA determined deposits are being made timely, and responsibilities have been adequately separated between cash collections, reconciliation, and deposits.	Eduardo Nunez,Dir,Intercollegiate Athletics
13	<u>Chrome River Data Analysis</u>	5/17/2018, 10, H	<u>Recommendation 1 - Fuel Card Training</u>	The UNM PCard Office should consider requiring standard training for department's Fuel Card holder.	Management acknowledges the recommendation. The P-Card office will require training for new fuel card holders and require periodic refresher training for existing fuel cardholders at each interval of card renewal.	10/1/2018		IA verified that a standard Fuel Card Training is available at UNM Learning Central and is required for FCard application by UNM PCard Office.	Peggy Sedillo,Mgr,Purchasing

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14	<u>Chrome River Data Analysis</u>	5/17/2018, 10, H	<u>Recommendation 5 - Independent Approval and Pre-Approval</u>	The EVP for Administration, University Provost, and Chancellor for HSC should direct departments under their purview to ensure that: • The dean, director, department head, PI or designate as noted in UAP 4030, reviews supporting documents and approves the travel request in CR. • The international traveler should receive and submit prior approval of their dean, director, department head, PI, or designate, where applicable, in CR. • If the traveler is a dean, director, department head, or PI, their supervisor (or designate within supervisor office) must approve the request in CR.	A. The EVP for Administration will direct departments under his purview via a memo of the following: • The director, department head, or designate as noted in UAP 4030, Section 3.3 reviews supporting documents and approves the travel request in CR. • International travel should receive prior approval of the travel from the director, department head or designee. This prior approval should be included in the CR document. • If the traveler is a director, department head, or manager, their supervisor (or designate within supervisor office) must approve the request and attach approval to the CR document. B. The Chancellor for HSC will direct departments under his purview via a memo. C. Provost Management acknowledges the recommendation. As stated in recommendation 4, management will validate with units that appropriate approval queues are setup per UAP. • International travel should receive prior approval of the travel from the director, department head or designee. This prior approval should be included in the CR document.	6/1/2018		The EVP for Administration, University Provost, and Chancellor for HSC issued its own memo to departments under their purview regarding prior and supervisor approvals for travel as recommended.	David Harris, Ava Lovell, Chaouki Tanios, Abdallah, Elizabeth Metzger, Nicole Christine Dopson, Paul Roth
15	<u>Chrome River Data Analysis</u>	5/17/2018, 10, H	<u>Recommendation 9 - Approver Group Update Process</u>	The University Controller should direct UNM FSM to revise the Approver Group Update process to ensure the Dean, Director, Department Head, or PI provides their written approval as supporting documentation before UNM FSM adds or updates requested changes in CR.	The Chrome River Approval Group Maintenance Request form will be revised to more clearly convey a Dean, Director, Department Head or PI acknowledgement must be submitted via email, accepting responsibility and outlining expectations for how their specific departmental approvals are configured in ChromeRiver. These expectations can be further delineated in the CR Approvers training as noted in Recommendation #3.	5/1/2018		The University Controller confirms that the Approver Group Update request requires the Dean, Department Head and PI be copied on the email submission of the form, and they only need to respond to FSM if they do not approve. The Controller believes the process of negative confirmation is more efficient.	Elizabeth Metzger, University Controller

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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	SHAC Pharmacy	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	SHAC Pharmacy	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

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5	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 1 - Business Processes</u>	The Athletics Fiscal Operations Director should: a. The Fiscal Operations Director should also consider adding resources to the business office, such as an additional full-time employee, to strengthen internal controls within the accounting function. b. Budgeted expenses should also be closely monitored on a regular basis and adjusted to reflect actual revenues generated. This will decrease the risk of inaccurate revenue accruals, over-expended budgets, and year-end deficits. c. Amortize the \$500,000 additional investment received from Levy Restaurants over the term of the contract. d. Record funds intended for specific purposes and their corresponding expenses in their own index.	A comprehensive business operations manual detailing policies and procedures for specific business functions, including, but not limited to: journal vouchers, accounts payable, purchasing, cashiering, payroll, financial award processes, compliance with endowment restrictions, etc., will be developed and implemented. In addition, a comprehensive assessment of the business operations within Athletics will be completed in order for a determination to be made as to the most efficient use of the current resources within the office and whether additional resources are necessary. Moving forward, account reconciliations will be performed on a regular basis throughout the year. In addition, revenue accruals will be adjusted on a quarterly basis to recognize actual revenues earned for the period. Further, budgeted expenses will also be closely monitored on a regular basis and adjusted to reflect actual revenues generated. The additional investments received from Levy Restaurants will be amortized over the term of the contract.	9/1/2018		80%	Athletics is currently reviewing the manuals of industry leaders in terms of best practices and working with campus personnel to tailor these procedures to the applicable university administrative policies. Management believes they will have a working draft of a comprehensive business operations manual by its target date of September 1, 2018. Athletics has entered into a shared service agreement with the Academic Affairs Fiscal Shared Service Center. As stated in the agreement, the Shared Service Center is responsible for timely account reconciliation, and will amortize the \$500,000 additional investment from Levy as required by the amended agreement and ensure funds intended for specific purposes are recorded in their own index. Internal Audit will perform procedures to determine if corrective action for this recommendation has been implemented.	Robert David Robinson, Fiscal Opns Director/Division
6	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 2 - General Activities Financial Management</u>	The Fiscal Operations Director should conduct a thorough review of expenses throughout the year to ensure expenses, by budgeted line item, are within budget and conduct a cost savings analysis to determine where management controlled expenses can be reduced.	All budgets will be closely monitored throughout the year to ensure expenses are within budget at year end. This process will include: (1) a thorough review of expenses throughout the year to ensure expenses, by budgeted line item, are within budget; (2) budgeted expenses will be adjusted at least quarterly to reflect adjustments to actual revenues; and (3) a cost savings analysis will be conducted on a quarterly basis to determine where management-controlled expenses can be reduced.	9/1/2018		60%	For FY2018, the Athletics CFO, in conjunction with the Fiscal Shared Services unit, completed a thorough review of all fiscal operations within the Athletics Department. For FY19, Athletics will work with the Fiscal Shared Service Center to review budgeted expenses and make quarterly adjustments, as necessary, to reflect actual revenues. The Athletics CFO also indicated a cost savings analysis will be conducted on a quarterly basis to determine where management-controlled expenses can be reduced. Internal Audit will perform procedures to determine implementation of this corrective action.	Robert David Robinson, Fiscal Opns Director/Division
7	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 4 - Fundraising</u>	The Director of Intercollegiate Activities should consult with the University of New Mexico Board of Regents and University Counsel to revise and update the May 17, 2015 Memorandum of Agreement between the Board of Regents, UNM Foundation, and the UNM Lobo Club to clearly define roles and responsibilities of all parties in the agreement.	Athletics is in the process of developing and executing a Memorandum of Agreement, which will clearly define the roles and responsibilities of the all parties in the agreement.	8/1/2018	9/30/2018	90%	Athletics is in the process of finalizing the MOA, and has provided Internal Audit a draft copy of Agreement. Management indicated the final Agreement needs to reflect a restructuring of the Lobo Club, and believes the MOA will be finalized by a requested extension date of September 30, 2018.	Eduardo Nunez, Dir, Intercollegiate Athletics

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8	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 6 - Agency Fund Written Procedures</u>	The Athletics Chief Financial Officer should develop formal fund establishment documentation for the Agency fund that outlines the purpose and use of the fund.	Formal fund establishment documentation for the Agency fund outlining the purpose and use of the fund will be developed and implemented. In addition, written procedures will be developed to clearly explain and support the financial activity that flows between the Lobo Club, Agency fund, and unrestricted athletics accounts.	9/1/2018		85%	Athletics is in the process of finalizing formal fund establishment documentation for its agency fund. Internal Audit has received and reviewed the written formal process for Lobo Club accounting in the agency fund.	Robert David Robinson, Fiscal Opns Director/Division
9	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 7 - Financial Reporting by Athletics Program</u>	The Athletics Chief Financial Officer should complete a thorough assessment of financial reporting in the Banner Accounting System and determine which transactions are not being recorded correctly by Athletics program.	A thorough assessment of financial reporting in the Banner Accounting System will be conducted to determine which transactions are not being recorded correctly by Athletics program. Following the completion of this assessment, Athletics accounts will be properly organized in Banner to ensure that transactions such as fundraising, payroll, and financial awards are recorded in the applicable Athletics program. Further, budgeted salaries for Athletics staff will be properly organized in the Banner index that corresponds to their Athletics program using the "Salary Planner" budget module. This measure will ensure salary and benefits are budgeted and recorded in the correct Athletics program as they occur.	9/1/2018		75%	The Athletics CFO indicated he worked in conjunction with the Fiscal Shared Services unit and completed a thorough assessment of financial reporting in the Banner Accounting System to determine which transactions were not being recorded properly. As a result of this assessment, Athletics' indices have been properly organized in Banner to ensure that all transactions are recorded in the applicable index. In addition, the Athletics CFO indicated budgeted salaries for Athletics personnel are properly organized within the Banner index of the applicable unit/sports program. These measures ensure that salary and benefits of Athletics personnel are properly budgeted and recorded. These processes will continue in FY19 and beyond. Internal Audit will perform procedures to determine if this corrective action has been implemented.	Robert David Robinson, Fiscal Opns Director/Division
10	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 8 - Account Coding</u>	The Athletics Chief Financial Officer should ensure P-Card reviewers are conducting thorough reviews of P-Card activity to ensure P-Card transactions are recorded to the appropriate expense account.	A thorough review of all P-Card activity will be conducted to ensure that reviewers of P-Card activity are following all applicable policies and procedures and all P-Card transactions are recorded to the appropriate expense account.	9/1/2018		75%	Athletics entered into a shared service agreement with the Academic Affairs Shared Service Center. As part of the agreement, the Shared Service Center is responsible for conducting the review of P-Card transactions. Internal Audit will perform procedures to determine if P-Card transactions are adequately reviewed by the Shared Service Center, and that transactions are recorded to the correct account code.	Robert David Robinson, Fiscal Opns Director/Division
11	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 9 - Cash Advances</u>	The Athletics Chief Financial Officer should ensure that supporting documentation submitted for cash advances clearly supports the business purpose, and identifies how cash advance needs are calculated.	A thorough assessment of all activities related to cash advances will be completed. Following the completion of this assessment, best practices will be implemented and internal controls will be strengthened and enforced to ensure that all cash advances are for a valid business purpose, the documentation submitted for each cash advance clearly supports the business purpose, and excess cash is deposited in a timely manner.	9/1/2018		70%	Athletics entered into a shared service agreement with the Academic Affairs Shared Service Center. As part of the agreement, the Shared Service Center is responsible for conducting the review of cash advances. Internal Audit will perform procedures to determine if cash advances are adequately reviewed by the Shared Service Center, have adequate supporting documentation, and are for a valid business purpose.	Robert David Robinson, Fiscal Opns Director/Division

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12	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 10 - Cash Management Training</u>	The Athletics Chief Financial Officer should require all Athletics P-Cardholders to take the Cash Management training and enforce cash management policies and procedures requiring timely deposit of excess cash not used from cash advances.	All Athletics P-Cardholders will be required to complete Cash Management training and all cash management policies and procedures will be enforced, such as requiring timely deposit of excess cash not used from cash advances. In addition, any excess cash will be deposited by the next working day upon completion of the business activity.	9/1/2018		50%	The Athletics CFO is in the process of determining which P-Cardholders have not yet taken the cash management training. He will then provide a notice to the P-Cardholders to complete the training by September 1, 2018.	Robert David Robinson, Fiscal Opns Director/Division
13	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 11 - Chrome River Approvers</u>	The Athletics Fiscal Operations Director should: conduct an assessment of P-Cardholders, P-Card transactions, and reimbursements by each Athletics area; and, assign Chrome River reviewers and approvers responsible for the review and approval of P-Cardholders and reimbursements by Athletics area. Ensure reviewers and approvers complete the Chrome River online training.	A thorough assessment of P-Cardholders, P-Card transactions, and reimbursements by each Athletics area will be completed to determine the number of Chrome River reviewers and approvers needed for each Athletics area. Chrome River reviewers and approvers responsible for the review and approval of P-Cardholders and reimbursements will be assigned according to official duties and areas of oversight. All reviewers and approvers will be required to complete the Chrome River online training.	9/1/2018		75%	Athletics entered into a shared service agreement with the Academic Affairs Shared Service Center. As part of the agreement, the Shared Service Center is responsible for conducting the review of P-Card transactions. Therefore, Athletics does not have any Chrome River reviewers for P-Card transactions. Internal Audit will perform procedures to determine if P-Card transactions are adequately reviewed in Chrome River by the Shared Service Center.	Robert David Robinson, Fiscal Opns Director/Division
14	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 12b - Coaches Overpayments</u>	The Senior Associate Athletics Director for Administration should: ensure that Non-Standard Pay (NSP) forms accurately reflect contract terms; provide the Payroll Department copies of both the NSP forms and the coaches' contracts; and, monitor payments to coaches for three (3) months after contracts are initially executed, changed, or renegotiated.	Effective FY 18, Athletics HR will create a spreadsheet that includes all compensation-related details for coaches' contracts. Athletics HR will continue to update and send spreadsheets for contract employees at least annually (send by July 1 each year) and then if there were to be mid-year changes will send updates on an as-needed basis to HR consultant and Athletics CFO. Athletics HR will review be responsible for monitoring the encumbrances compared to coach's pay on a quarterly basis against the contract terms. Beginning July 1, 2018 Athletics Business office, primarily the Senior Associate Athletics Director - CFO, unless otherwise delegated, will be responsible for monitoring the encumbrance compared to coaches' pay on a monthly basis during account reconciliation. This will ensure payments made to coaches are consistent with the terms of the contract.	7/1/2018		60%	A shared service agreement was recently entered with Human Resources for the non-standard payment process and monitoring of changes to coaches contracts. Although the former Athletics Human Resources Administrator 3 had implemented a process, HR is currently developing a new process for implementation.	Robert David Robinson, Fiscal Opns Director/Division

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15	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 16a - Endowment Disbursements</u>	The Athletics Chief Financial Officer should a. Develop a formal process for the awarding and disbursement of financial awards from endowment funds. b. Implement a scholarship committee. c. Perform a detailed review of disbursements from endowed funds to ensure activity charged to endowments are in compliance with donor intent. d. Reimburse endowments that were incorrectly charged for disbursements that did not meet donor restrictions.	A formal process will be developed for the awarding and disbursement of financial awards from endowment funds. A scholarship committee will be formed to review student qualifications to ensure financial awards disbursed from endowments meet donor restrictions. A detailed review of disbursements from endowed funds will be performed to ensure activity charged to endowments are in compliance with donor intent. Endowments that were incorrectly charged for disbursements due to the failure to meet donor restrictions will be reimbursed. Athletics administration will work with donors to broaden restrictions on certain endowments if current restrictions are difficult to meet.	8/1/2018		90%	a. Implemented: IA reviewed the formal written process for awarding and disbursing financial awards from endowment funds. b. Implemented: Athletics implemented a scholarship committee for awards disbursed from endowments. Athletics also developed a Scholarship Endowment Form for formally selecting and documenting award disbursements and recipients. c. Implemented: IA reviewed disbursements from endowments and verified the implemented process was used for scholarship disbursements. d. Pending: Athletics entered a shared service agreement with the Academic Affairs Shared Service Center. It is in the process of preparing a JV for reimbursements to endowments that were charged for disbursements that did not comply with donor intent. Management believes the JV will be prepared and posted by September 1, 2018. e. Athletics management does not believe it is necessary to work with donors to broaden restrictions for any endowments.	Robert David Robinson, Fiscal Opns Director/Division
16	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 17 - Pit Suite and Club Seat Sales and Collection</u>	The Interim Executive Director of the Lobo Club should a. continue to ensure formal documentation such as contracts or sales invoices is obtained for every Pit Suite and Club Seat sale; b. enforce implemented collection procedures; c. ensure receivables are reconciled on a regular basis to ensure balances are accurately reported; and, d. work with UNM's Legal Counsel and/or the Director of Intercollegiate Athletics to develop a formal agreement that clearly defines the roles and responsibilities pertaining to UNM and the Lobo Club for the sale and collection of Pit Suites and Club Seats.	Recommendations (A), (B), and (C) have been implemented. Recommendation (D) – The Interim Executive Director of the Lobo Club is currently working with UNM's Legal Counsel as well as the Director of Intercollegiate Athletics to develop a formal agreement that clearly defines the roles and responsibilities pertaining to UNM and the Lobo Club for the sale and collection of Pit Suites and Club Seats	8/1/2018	9/30/2018	90%	Internal Audit reviewed a newly developed suite agreement and invoice used for the 2017-2018 basketball season and reviewed written processes for pit suite and club seat sales. Athletics sales and collection procedures resulted in 100% collection of sales for the 2018-2019 season. Internal Audit also reviewed a copy of a draft agreement between Lobo Club, Foundation, and Board of Regents. Athletics management indicated they believe a final agreement will be completed by September 31, 2018.	Jalen Ivan Dominguez, Asst AD for Premium Seating
17	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 18 - NCAA and Mountain West Conference Tournament Tickets</u>	Athletics should purchase NCAA and MWC tournament tickets only for UNM officials with such a provision for tickets in their employment contract. The Director of Intercollegiate Athletics should require NCAA and MWC tournament tickets to be purchased through the Lobo Club.	Athletics purchases NCAA and MWC tournament tickets only for UNM officials who are attending to conduct official university business and/or have such a provision for tickets in their employment contract. The Director of Intercollegiate Athletics requires NCAA and MWC tournament tickets to be purchased through the Lobo Club, which may then sell or distribute tickets as it deems necessary.	6/4/2018	12/31/2018	50%	The Lobo Club has not yet purchased tickets for the 2019 MWC and NCAA Tournaments. Management indicated that tickets will be purchased through the Lobo Club and then distributed and/or resold. Internal Audit will perform procedures to verify 2019 MWC and NCAA tournament tickets for Non-Athletics employees on official business are purchased through the Lobo Club.	Eduardo Nunez, Dir, Intercollegiate Athletics

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18	<u>Athletics Administration</u>	5/17/2018, 20, H	<u>Recommendation 20 - Events Management Payroll Processing</u>	The Director of Intercollegiate Athletics should add additional resources to assist in the payroll process for part-time and on-call employees to ensure payroll processing is complete by the pay period deadline	The Senior Associate Athletics Director – Administration will work with the Assistant Athletics Director – Events to change the current payroll tracking process to include the final Friday of the payroll cycle. Individual timesheets with both employee and supervisor signatures will be used. The Senior Associate Athletics Director – Administration will key timesheets, and prior to approval by the Senior Associate Athletics Director - CFO, will send the list of all inputted employees on Monday morning of the payroll deadline to ensure all time has been keyed properly and in advance of the deadline. The Senior Associate Athletics Director – CFO will then approve time and submit for processing prior to the payroll deadline.	9/1/2018		80%	Athletics has entered a shared service agreement with human resources for the payroll processing of events management employees. Human resources is developing processes to ensure compliance the Department of Labor Fair Labor Standards Act. Management believes processes will be developed and implemented by the target date of September 1, 2018.	Eduardo Nunez, Dir, Intercollegiate Athletics
19	<u>Chrome River Data Analysis</u>	5/17/2018, 10, H	<u>Recommendation 2 - Training Resources</u>	The CR committee should work with the President's Office to provide training content related to protecting sensitive information any CR user can access, and determine best practices to provide feedback to departmental approver(s) if the Core Office corrected an expense report but CR requires no re-approvals from them.	Management acknowledges the recommendation. Management will work with subject matter experts from each respective core office to develop relevant approval content to support effective training and feedback mechanisms pertaining to CR approvals and protecting sensitive information.	10/1/2018		50%	HSC cleared: HSC communicated recommended actions with its faculty and staff through a Chancellor memo and a RAFT presentation.	Elizabeth Metzger, University Controller, Ava Lovell
20	<u>Chrome River Data Analysis</u>	5/17/2018, 10, H	<u>Recommendation 3 - Training Resources</u>	The leadership of UNM's CR committee should require all CR approvers complete CR Approver Training before they approve transactions in CR, and identify a central tracking mechanism to ensure all CR approvers complete the training.	Management acknowledges the recommendation. Management will review existing CR approver training and work with subject matter experts from respective core offices to develop relevant CR approver training content that supports effective approver training and will explore opportunities that support central tracking mechanisms to ensure required training is completed. Delivery of the training and tracking of who completes the training is contingent upon a functioning central training software system (currently Learning Central).	10/1/2018		0%	High level discovery discussions to begin to outline possible options, that will require coordination and resource availability from both Main and HSC subject matter experts.	Elizabeth Metzger, University Controller, Ava Lovell

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21	Chrome River Data Analysis	5/17/2018, 10, H	Recommendation 4 - Proper Approval Authority	The EVP for Administration, University Provost, and Chancellor for HSC should direct departments under their purview to review their current Approval Groups in CR to ensure (1) they have identified sufficient person(s) who have appropriate authority and responsibility for departmental and program fiscal and operational activities; (2) they make adjustment requests, where applicable, through UNM FSM's Approver Group Update Form process or Banner.	EVP for Administration: Departments under the purview of the EVP for Administration will be asked to review their current approval groups in Chrome River to ensure that sufficient person(s) with appropriate authority are identified to approve transactions in Chrome River. Adjustments in the approval queues will be made if necessary. Chancellor for HSC: Departments under the purview of the Chancellor for HSC will be asked to review their current approval groups in Chrome River to ensure that sufficient person(s) with appropriate authority are identified to approve transactions in Chrome River. Adjustments in the approval queues will be made if necessary. Provost: Management acknowledges the recommendation. The Provost's Office will send out communication to all units within Academic and Student Affairs requesting the review detailed above. All units will be required to ensure that approvers in CR have authority and responsibility for departmental and program fiscal and operational activities.	6/1/2018	10/1/2018	50%	Part B HSC cleared: HSC issued a memo addressing departmental review and update of approval groups. Part A EVP for Administration and Part C Provost: Management needs additional time to ensure that the Chrome River reports for the review of appropriate approvers are accurate. A request for an extension to Oct. 1, 2018 was granted.	David Harris, Ava Lovell, Chaouki Tanios, Abdallah Elizabeth Metzger, Nicole Christine Dopson, Paul Roth
22	Chrome River Data Analysis	5/17/2018, 10, H	Recommendation 6 - Independent Approval and Pre-Approval	The UNM Controller's Office should work with the PCard Office and Core Office to train their staff to ensure that • If a PCard holder approved his/her own expense report, they must obtain another approval before the PCard Office or Core Office approves it. • The travel expense report includes documented approvals, and travelers should obtain prior approval for international travel, as required by University policies.	Management acknowledges the recommendation. Chrome River has already been configured to prevent implicit approvals of PCard reconciliation and expense reports. The audit sample exception was a system anomaly and the occurrence should not repeat. Standard Operating Procedures will be revised to highlight inclusion of appropriate supporting documentation showing travelers should obtain prior approval on international travel, as noted by University policy.	10/1/2018		75%	Memo to EVP direct reports from EVP for Admin dated 8/3/18 was sent reminding units of the International Travel requirements policy and inclusion of appropriate approval documentation in Chrome River. Existing SOP currently includes a link to UAP 4030 which addresses the pre-approval requirement for international travel. The following links will also be updated to reflect documented international travel approval requirements in ChromeRiver: http://chromeriver.unm.edu/docs/110616JobAidReconciePCardCR.pdf http://pcard.unm.edu/pcard-for-travel/allowable--unallowable-purchases.html	Elizabeth Metzger, University Controller, Ava Lovell

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23	Chrome River Data Analysis	5/17/2018, 10, H	Recommendation 7 - Independent Approval and Pre-Approval	The leadership of UNM's CR committee should work with the vendor and ensure the Approval Group Rule settings are properly set up to always require additional departmental approval if a PCard holder approves his/her expense report as an Org 6, 5, or 3 approver at the department level. • revise the approval routing rules to include approval of Contract and Grant Accounting if restricted funds are used for a PCard transaction.	Management acknowledges the recommendation. ChromeRiver Approval Group Rule settings have already configured to prevent implicit approvals of expense reports. The audit sample exception was an anomaly, and should never occur. The current PCard Exception process provides sufficient pre-review and approval of PCard transactions posting on restricted funds for transactions flowing through PCard.	10/1/2018		75%	The current PCard Exception process provides sufficient pre-review and approval of PCard transactions posting on restricted funds for transactions flowing through ChromeRiver. No additional routing rule changes necessary.	Elizabeth Metzger, University Controller, Ava Lovell
24	Chrome River Data Analysis	5/17/2018, 10, H	Recommendation 8 - Number of Departmental Approvals	The CR committee should explore CR's configurations and settings and determine if a current single required approval group at organization level 6, 5, or 3 can be expanded to two approval groups, as needed, based on dollar amount threshold or other criteria, where appropriate. This will accommodate departmental selection of approvers when they determine appropriate authority for fiscal and business operation review.	Management acknowledges the recommendation. However, it is not possible to configure the system to be a 'one-size fits all' and it should be acknowledged that each department structure is unique and different and may have many permutations that may not align with a single configuration and solution. Currently, the CR system is limited to one approver group. Considering the tremendous diversity and variability of the units, programs and departments across the UNM Campus, it is not possible to configure any system to be a "one-size-fits-all" solution. Major customizations of vendor systems are usually ill-advised, because they will require additional up-front expenses and on-going expenses to re-customize and test the system each time a patch or upgrade is applied. However, we could engage the CR vendor to assess and report on the feasibility of a customization effort. Management will engage with the vendor to assess the feasibility of meeting this recommendation.	10/1/2018		10%	Drafting an initial request to vendor on the feasibility of creating routing based on a dollar threshold or other non-baseline criteria. Existing functionality with Department Choice fulfills an additional layer of routing approval and is only utilized by some departments and is not based on any criteria but functions as a 'next level' queue.	Elizabeth Metzger, University Controller, Ava Lovell

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25	<u>Chrome River Data Analysis</u>	5/17/2018, 10, H	<u>Recommendation 10 - UNM Accountable Plan Requirements</u>	The University EVP for Administration and CFO should require: a) the UNM Controller's Office and HSC SEO for Finance and Administration to determine non-compliance with APR and develop processes and procedures for individuals that may not have met UNM's accountable plan requirements in a timely manner. b) the University Controller to monitor compliance with APR on a quarterly basis. c) HSC Chancellor to certify that HSC will follow the UNM accountable plan policy. d) the UNM Policy Office to revise the current policies related to the UNM accountable plan. The University EVP and CFO, University Provost and HSC Chancellor should issue communication every two months to all employees regarding compliance with APR to avoid unnecessary costs to the university and employees.	A. The University Controller will monitor compliance with APR quarterly and the EVP for Administration will ensure that reminder communication regarding compliance with APR is sent to employees semi-annually. B. Chancellor for HSC • HSC CEO for Finance and Admin. will develop processes and procedures for individuals that may not have timely met UNM's accountable plan requirements. • The Chancellor for HSC certifies that HSC follows the UNM accountable plan policy. • The Chancellor for HSC will align with the UNM Provost and EVP for Administration to work with the UNM Policy Office to revise current policies related to the UNM accountable plan with the suggestion to extend the reimbursement submission timeline to 120 days. The Chancellor for HSC will ensure that reminder communication regarding compliance with APR is sent to employees semi-annually. C. Provost will ensure that reminder communication regarding compliance with APR is sent to employees semi-annually.	8/31/2018		70%	Part 1 a) and c) HSC cleared: HSC Chancellor issued a memo requiring HSC faculty and staff to adhere to UNM accountant plan policy for travel and non-travel purchase reimbursements. It also updated its CR procedures for accountable plan and review of invoices and expenses. Part 1 d) Policy Office cleared: Policy Office revised the main policies, UAP 4000 ("Allowable and Unallowable Expenditures") and UAP 4030 ("Travel"), related to UNM accountable plan. The revisions were approved by the President's Office on Aug 14, 2018. Policy Office indicated that it will also review, and as appropriate, revise, the other CR-related policies, such as UAP 4020 ("Moving Expenses") and UAP 4320 ("Purchasing Goods Off Campus"), to ensure they are consistent with the accountable plan revisions. Part 2 HSC and Provost: Both EVPs confirmed that they will issue a reminder to all employees under their purview regarding compliance with UNM accountable plan as proposed.	David Harris, Ava Lovell Chaouki Tanios Abdallah Elizabeth Metzger Nicole Christine Dopson Paul Roth

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