

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Audit and Compliance Committee Meeting
April 28, 2017 – Meeting Minutes

Members Present: Tom Clifford, acting as Chair in Regent Fortner's absence, Garrett Adcock (quorum).

Other Attendees: Chaouki Abdallah, David Harris, Craig White, Liz Metzger, Bruce Cherrin, Craig White, Amy Wohlert, Chris Vallejos, Dorothy Anderson, Francie Cordova, Heather Cowan, Elsa Cole, Peggy Davis, Nicole Dopson, Mike Brown, Kevin Gick, Carla Domenici, Che Shu-Nyamboli, Dianne Anderson, Pamina Deutsch, Ava Lovell, Ella Watt, Mallory Reviere, Tim Keller (State Auditor's Office), Sanjay Bhakta (State Auditor's Office), Lynette Kennard (State Auditor's Office), Shannon Sanders (State Auditor's Office), Steve Keene (Moss Adams), Amy Carter (Moss Adams), Lisa Todd (Moss Adams), Sheila Herrera (Moss Adams), John Kennedy (KPMG), Manu Patel, Chien-chih Yeh, Victor Griego, Lola Neudecker, Amy O'Donnell.

Regent Clifford informed the audience that Regent Fortner had contacted him and asked him to preside as chair in his absence.

Regent Clifford called the meeting to order at 1:03 PM in ROBERTS ROOM, Scholes Hall, UNM.

ACTION ITEMS:

- The Committee unanimously approved the meeting agenda and the minutes from March 31, 2017 and April 13, 2017.
- There were no changes to the proposed meeting dates.

INFORMATION ITEMS:

- Regent Clifford asked for Advisor Comments. There were none.
- Moss Adams, KPMG, and the State Auditor's Office presented the FY17 Financial Statements Audit Entrance Conference. Internal Audit Director Patel stated that this year's audit will be unusual in the sense that the State Auditor's Office will be performing portions of the audit. He added that the State Auditor has the first right to refuse the audit work or decide they want to do the work. However, they do not have the "horse power" to audit all of UNM, UNMH, and component units, so they chose specific areas.

Lisa Todd, Partner, Moss Adams began the entrance conference discussion. She walked the Committee through the process, including the required communications, introduction of team members, scope of the audit, and responsibilities. Regent Clifford asked why the entrance conference is not an action item as it is part of the required steps of the audit process per the audit rule. Director Patel replied that it is an information item at this meeting because the action item comes at the end of the process where the Committee votes to approve the audit report. Ms. Todd continued describing the process, including the various audits being performed, and who is doing what. There will be discussion on materiality and how that works. Additionally, they would like to do training on higher education benchmarking, accounting, auditing, and audit committees. There will be discussion on the State Land Grant issue.

Ms. Todd introduced the Moss Adams team members. She stated she is local and will be overseeing all of the educational components. Scott Simpson is the concurring review partner. He is based in Oregon but has a great deal of higher education experience and was the concurring partner on the UNM audit years ago. He has also served as concurring partner for NMSU. He will do the quality control review. Amy Carter, Senior Manager at Moss Adams has performed governmental audits for more than 20 years, including at UNM. Sheila Herrera and Corrine Zajac-Clarkson will also serve as on site managers for the component units that Moss Adams is auditing, as well as the KUNM and KNME portions.

John Kennedy introduced the KPMG team members. Mark McComb heads up their healthcare practice on the west coast. He is their concurring partner. Jaime Clark will be the manager on the engagement.

Regent Clifford asked the external auditors, including the State Auditor's Office, to provide team member bios to Director Patel to be forwarded to the Committee members.

Ms. Todd informed the Committee that there is a significant amount of required communications to the Audit Committee and there is a lot of detail to those communications. The detail includes what their responsibility is, the responsibility of this Committee, and Management's responsibility. The documentation provided to the Committee at this meeting includes what their scope is in general terms, how they do an audit, and a little bit about the risks. As the external auditors, their auditing standards require that they do a risk-based approach. They are auditing to provide reasonable, but not absolute, assurance that the financial statements are materially correct. As part of that, they utilize materiality. They do not audit every item, every account. They look at risky areas as well as significant balances and transactions. It is both a quantitative and qualitative analysis. They will also have discussions with Management and a two-way dialog with this Committee about any concerns. Mr. Kennedy stated they will have a similar risk-based approach and meetings with Management on the healthcare side.

Regent Clifford noted that it would be helpful for him as a non-CPA to have citations with relation to where a standard is coming from, i.e. Audit Rule, GAAP, GASB, etc., specifically with regards to materiality as there are different materiality standards. He asked them to note where there is no materiality, where everything matters. Ms. Todd reiterated they do also want to have that educational seminar with the Committee. Regent Clifford wants to reach out to the rest of the Board and senior staff to help identify areas of risk. He asked for review of discussions in Committee meetings for issues that surfaced. There are probably some lingering issues. Ms. Todd asked the Committee if there is anything of concern currently that they would like to discuss. Regent Clifford replied that was his way of stating he is not prepared to do that at this time. He would also like to give Regent Adcock some time on this issue.

Ms. Todd informed the Committee that the audit will go in several phases. They will start by looking at all the internal controls. They are required by audit standards to understand internal controls. They test the controls to see how much they can rely upon. IT risk is a big one so they do significant testing in that area. Compliance audit testing is required for all federal funding, or for the single audit portion. They will be looking at processes related to grants,

contracts, student financial aid, etc. Then they look at substantive balances and the final balances as of the end of the fiscal year, testing those transactions and balances to provide the audit opinion. They had the concurring partner do a first pass on the prior year of the University's financials as a whole and identify any improvement opportunities early and quickly. Regent Clifford added that it would be good to know if the areas are doing a good job of addressing prior concerns.

Mr. Kennedy stated they will be identifying the controls they wish to rely upon. They will walk patient transactions from the beginning of the process through the end of the process. They also have their IT specialists lined up to test the systems the healthcare side uses. They have a list of the systems and are familiar with most of them. They want to have the right individuals involved to help assess the risks. Ella Watt, CFO for UNMH stated there are at least three systems: Lawson for their general ledger system, Soarian for billing, and Cerner for electronic medical records. Regent Clifford asked if these software packages are standardized or customized. Ms. Watt replied they are mostly remote hosted, which means you cannot customize a lot of things. Cerner does have some customization in the registration. The remote hosting does make for easier review, and Mr. Kennedy noted the interfaces on this end are somewhat less risky. Regent Clifford asked if the IT scope includes security of patient information. Mr. Kennedy replied they will look at general controls such as access, firewalls, and change management, but mostly that would be outside the scope of an audit of financial statements. Regent Clifford stated it is helpful to know what is in the scope of these audits versus other things we should be doing. Director Patel stated as far as HIPAA/patient data security, the Hospital and HSC contract out; lately it has been with CliftonLarsonAllen (CLA). They do the specific security audit for HIPAA compliance. Ms. Watt confirmed that is done every year. Regent Clifford asked if that is a requirement. Ms. Watt stated she did not know if it is a requirement but they do it every year as a best practice.

Ms. Todd directed the Committee to a list of audits they will be engaged to do. The first one relates to the government-wide financial statements. That includes main campus, branches, the Health Sciences Center, hospitals, and all of the component units. As part of that, it is then split up into pieces. For fiscal year 2017, Moss Adams will be responsible for the main campus portion and the branches, as well as component units - except for clinical operations and those units chosen for audit by the State Auditor's Office. KPMG is responsible for the healthcare operations as well as the Medical Group. As in the past, they will issue separate opinions on those. They will be shared with the University and rolled into the consolidated statements. The State Auditor's Office will audit separately Lobo Energy, Lobo Club, and the Alumni Association. They will issue separate audit opinions on those component units. All the information will roll up into the government-wide financial statement. Moss Adams will be responsible for federal compliance over the main campus. Mr. Kennedy said that portion is lighter on the clinical side but there is some ongoing reporting.

Regent Clifford asked the external auditors to explain why CMS is not included in the scope of the single audit. Mr. Kennedy replied that it is at the state level. Regent Clifford stated the State is preparing a Comprehensive Annual Financial Report (CAFR) and they need input from UNM in order to be able to do that. He would like any issues or questions raised by the State to be included in the scope.

Regent Clifford asked the State Auditor's Office to introduce their team members, and to talk about their scope and why they chose these particular UNM units to audit. Also, he is curious about if the State Auditor's Office is comfortable within their rule to have the external auditors continue performing the audit in this rotation. Tim Keller, State Auditor addressed the Committee. He stated they have a revenue requirement, meaning they have to do audits on their own. There are not a great deal of options that meet the revenue requirement as well as the capabilities of their staff in terms of its size and geography. The irony is they used to pick far flung entities but now they have no travel budget. Now they almost exclusively do Albuquerque and Santa Fe, because that is where their team lives.

They also want to match up the diversity of experience so they are not always auditing cities or state agencies, etc. Also, they have a lot of Lobos, and people were really excited about being a part of the UNM audit. There are pieces their team will be focused on. They were picked based on size and interest by the staff. In general in the auditing world things can be a little plain vanilla. But these UNM units are not plain vanilla for their junior auditors. At a high level, of course, they sort of audit UNM anyway every year, through a contractor.

There are things the State Auditor's Office would be having conversations with UNM about regardless. For instance, they will look at the Land Grant issue, clean up from the mill levy with the county, follow-up on the internal audit of Athletics, financial rubs between UNMH and UNM, and indigent care. They worked really well with UNMH on a special audit with Moss Adams, and they now have a way to account for how indigent care spending happens. It was great that UNM stepped up and agreed to do it, because it was so helpful they are rolling out to all hospitals in New Mexico.

Mr. Keller stated in reference to the rotation, that they absolutely looked at it. They do frankly have some concerns about it, but they could not look at it in a vacuum. He would agree that on paper, the auditors switching from the Hospital to UNM and back and forth, does not sound like the best idea for prolonged rotation. However, when they look at the capabilities of other firms, and conflicts of interest, especially with what is going on with the Land Grant Permanent Fund, you might not want to hire entities on the other side of that issue. When all of that flushed out, Mr. Keller thinks this is the best setup for the State and for UNM, and they have no objection to it. Academically and technically it is not something they are a huge fan of. The only other alternative is probably a brand new auditor from out of state with no presence here, and both of those are problematic. A firm that has never touched UNM in any way is probably not going to be very helpful and they try to use firms that have an investment here in New Mexico.

Regent Clifford stated if we reward experience in a subject matter there is a tendency to use the same firms year, after year, after year. We want to be careful that we are honoring within our procurement the knowledge base and skills we need and not just longevity. He hopes UNM balances those as it goes forward. He plans to continue working on that because he thinks the rotation concept is an excellent one. Mr. Keller noted that even though it is a three-year contract, it is an annually renewed contract. The Regents are always the decisions makers (subject to a veto) and it is within the Regents' purview to make changes. According to Mr. Keller, this particular State Auditor's Office has been stricter on the rotation rule than any other in recent memory. It has cost firms tens of millions of dollars. They do have a track

record of standing up against that kind of legacy setup. To their credit, the accounting industry recognizes the value of rotation as well. As long as it is fair and everyone is treated the same, everyone believes in it.

Regent Clifford asked if the audit rule has guidance about the scoring of the external audit RFP responses and how to evaluate experience. Sanjay Bhakta, Deputy State Auditor, responded that there is a requirement in the rule that you cannot give over a certain percentage rating to the price criteria. Other than that, there is no other requirement except to follow the procurement code. They do not really monitor it unless there is a complaint. They do sometimes receive complaints but they have not received anything thus far on this. Regent Clifford stated they have a responsibility as a governing board, and he really wants our procurement management to look very carefully at these issues going forward.

Mr. Bhakta stated he feels certain that Moss Adams and KPMG did a good job explaining the scope and they wouldn't really have anything more to add. The audit manager on their audit portions is Shannon Sanders. Lynette Kennard is their Financial Audit Director. Ms. Kennard addressed the Committee. She noted that planning starts in June. Beginning in July, they will start fieldwork. They will draft the financials in September. They will deliver the draft to management by September 15, 2017. This will give them enough time to review and approve or make any changes. Reports will be submitted to their office by October 13, 2017.

Ms. Todd continued with the external auditor presentation. She stated Governmental Auditing Standards govern the audits that they do. On the single audit side, they have the Uniform Grant Guidance. They are the federal requirements they must follow. In New Mexico there is also the State Audit Rule. There are items they must review to make sure UNM is in compliance with that rule, such as purchasing cards and vendor compliance. Regent Clifford asked if updates to the audit rule are complete. Mr. Bhakta stated they are. Regent Clifford said that it might be helpful to have a guide that shows what is new. Mr. Keller stated they will send him the relevant PowerPoint slides. They actually cut 30 pages of it. So even though the due date deadlines have moved way up, the red tape should be less. The date used to be December 15th, then it moved to December 1st, and now everything must be submitted to their office by November 1st. There is a different deadline of mid-October for audits of component units when the auditor is different from the primary auditor. In this case, that earlier deadline will apply to the State Auditor's Office themselves. KPMG has offered to work with the State Auditor's Office in the transition of auditing the component units.

Ms. Todd asked about the Audit Committee schedules and what would be a good time to do a training session and identify topics they want included. Regent Clifford stated it will be challenging and some might have to be done over the phone. Ms. Todd stated they can work with their schedules and also can focus on what is most critical.

Regent Clifford asked David Harris who the leads are on the UNM management side. Mr. Harris replied that it is Liz Metzger, UNM Controller on the main campus, Ella Watt, CFO for UNMH on the Hospital side, and Ava Lovell, Senior Executive Officer of Finance and Administration for the Health Sciences Center.

Regent Clifford informed the external auditors that the Regents need a full report on the Land Grant issue. Mr. Keller asked if the Regents received the letter that went to the President.

Regent Clifford replied he does not think so. (President Abdallah provided copies at this point in the meeting.) They summarized it in seven pages. Regent Clifford asked how it affects the scope of the audit. Ms. Todd replied they do not know yet what the resolution of the accounting status will be. Depending on the conclusion, it may or may not affect what the financial statements look like going forward at UNM. Mr. Bhakta added that the statewide CAFR would probably be the beginning point to reflect where the State Controller is going with this because there are a couple of options. The fiscal year 2016 CAFR was due by the end of April. They received a letter a couple of days prior to this meeting that because of the Land Grant issue, the State Controller needs some more time. He is requesting a submission date of May 30th. The Controller thinks there may be another option and he wants to make a phone call to GASB. The State Auditor's Office will be listening on that call. Depending on the decision by the Controller, KPMG will need to make a decision and may need to restate last year's financial statements. If it goes the other way, they will probably have to restate the CAFR from last year. Mr. Bhakta stated he does not think it will be a matter of scope, just a matter of presentation. It would certainly require more work, but not to the point of a contract amendment. Chairman Clifford stated he thinks they need a brief Finance and Facilities meeting on this. Mr. Harris stated it has a material impact on the institutions and less so on the CAFRs. Mr. Keller added that their timeline is dependent on the CAFR so they have asked the Governor, through the Controller, to make a decision on it as soon as possible. The fallback is that the State Auditor is probably going to have to reject a CAFR if this issue is not resolved.

Regent Clifford asked Ms. Todd if they can do some work in preparation for that to avoid missing deadlines because of it. Ms. Todd replied that they are already on board and they understand the accounting issues and methodologies being presented. They are fine from a financial statement presentation perspective either way. They will not have to do a lot of work to get comfortable with whatever decision is made. Ms. Metzger agreed that it should not delay this audit if FY16 has to be restated and consequently FY17 is presented in the same fashion. Mr. Kennedy stated there are some steps and related costs. They would have to withdraw the opinion and the financial statement. There would have to be a public notice that the financial statements must be withdrawn because they are not to be relied upon, and then there would be a reissuance. It is not a painless process and involves attorneys. Mr. Harris stated the real impact will be the other bond disclosures UNM would be required to make. Regent Clifford asked Mr. Harris if he has had any discussions about it with the bond agencies. Mr. Harris replied not yet. Regent Clifford asked Mr. Harris to seek the advice of the financial advisor regarding what the consequences might be, and report back to the Finance and Facilities Committee. Regent Clifford explained to the room that UNM is one of the beneficiaries of the income from the Land Grant. At issue is if the asset value is being reported in the right place. UNM has been reporting that asset as part of the University. The Controller may decide it is an asset of the State and that UNM is a component that shares that asset.

Ms. Todd reported there are some new accounting standards that will be implemented this year. Currently the component units are reported discretely, so they are seen separately in the notes and schedules. GASB 80 will require that the University do an analysis of those units to determine if they should be blended or discretely presented. The blended criteria has now changed. From a high level perspective, it depends on if a unit is a sole corporate member of an organization that is there to benefit a University, such as a Foundation. Regent Clifford stated he would like to know a lot more about that. He would like a description of the changes

and maybe a sketch of what it does to the financials. He also inquired as a governing body, what they do as an entity to keep track of those. Mr. Bhakta replied there will still be a separately issued report, but when it comes to the primary financial statement it will be blended. GASB 74 relates to the governing of the accounting of the benefit plan in the financial statements. The liability information associated with that plan is obtained from the actuary. It will be incorporated into the financial statements.

Regent Clifford asked what UNM's obligation is regarding the unfunded ERB liability. Who owns that liability? Mr. Kennedy stated from an accounting standpoint, UNM owns its share of that liability. Ultimately, ERB is obligated to make those payments to the beneficiaries. But from an accounting standpoint, the source of the funds is thought to be the entities participating in the plan. Three years ago, UNM started reporting that liability on their books, where previously they had not.

Ms. Todd reviewed the full timeline with the Committee. Interim work and advance compliance testing will take place in May and June. She stated final fieldwork will be in August and September. Mr. Kennedy reported interim fieldwork will take place in June on their portion, and they will be able to make the earlier deadline for component units. Regent Clifford noted there is a meeting of this Committee on August 3rd. The auditors should plan to provide an update on status for that meeting, including if everything is running on time and if they are seeing initial findings.

Ms. Todd asked Committee members to delve into the appendix information to help guide them in developing questions and preparing for the training. Regent Clifford told the auditors he is looking forward to working with them and he is glad the State Auditor's Office is involved. This process is very important to him and he does not feel that it is just an important technical exercise.

- Libby Washburn, Chief Compliance Officer updated the Committee regarding the status of the Department of Justice (DOJ) recommendations. Her office has updated the implementation plan. Ms. Washburn informed the Committee that most of the persons involved in implementing the plan are present at this meeting if there are any technical questions they would like to ask. Regent Clifford noted it is unfortunate that Regent Fortner was unable to attend because he did have some questions.

Ms. Washburn stated that in this cycle they have been sending the DOJ documents two or three times a week, so there is some movement in the implementation. She did try to condense the plan to make it more user friendly. It is down to seven pages from thirteen; it is hard to get it any shorter than that because there are so many requirements. She provided a six month progress report. Regent Clifford asked about the status of campus feedback. Ms. Washburn stated there are two surveys currently out. They are surveying the branch campuses. There is also a new main campus survey that went out last week. Her office should have the results for the August meeting.

Francie Cordova, Director of the Office of Equal Opportunity (OEO) provided a presentation to the Committee regarding Title IX. Ms. Cordova stated that the Committee had asked her to present regarding laws that inform the OEO policies at UNM. The first one they asked for is Title IX. Title IX of the Education Amendments Act of 1972 is a federal law prohibiting

sexual discrimination in educational institutions that receive federal funding. Sexual discrimination is pretty uniformly defined amongst the civil rights statutes. It is similar to Title VII which applies to employment versus education.

There are several different types of discrimination. One is differential treatment, which relates to being treated differently due to sex. There is sexual harassment, which has subtypes such as quid pro quo, the utilization of leverage of sexual favors for benefit. UNM does not often see these types. Most of UNM's numbers (as is common with campuses) come from the type of sexual harassment that is unwanted conduct of a sexual nature that is severe or pervasive, and creates a hostile environment or denies an individual an educational benefit or opportunity. It can be anything from severe or pervasive jokes, looks or actions, all the way to unwanted sexual touching, sexual assault, and at the most severe, rape.

In 1972, when Title IX was first passed, the conversation at the time was about differential treatment and looking at equality in sports. There were hallmarks that came out of those regulations. One of those was a requirement to have a grievance process and that it be prompt, fair and equitable; another that there is one or more appointed employees responsible for overseeing Title IX complaints. That name is now Title IX Coordinator. Here at UNM, that is Heather Cowan. Title IX is overseen by the Department of Education Office of Civil Rights. There were not a lot of regulations that came after that, but a lot of guidance in the form of handbooks and guidance letters. Educational institutions were told they had to have a policy that says sexual discrimination is prohibited. The policy has to be distributed so people know it exists. The handbooks described a Title IX Coordinator's responsibilities and responsible employees. In 2011, the "Dear Colleague letter" came out. It was further guidance from the Department of Education and really started to focus more on the issue of sexual violence. It was important guidance on the preponderance of evidence standard. It informed that both parties have the opportunity to appeal.

Regent Clifford asked about the legal reliability of the guidance, and if UNM can be taken to court for not complying with guidelines. Ms. Cordova replied that Title IX is just one piece of the framework. Another important piece is the Campus Sexual Violence Elimination (SaVE) Act, because that amended the Clery Act and higher education amendments. It said campuses have to focus on other things besides just the sexual violence, such as stalking, domestic violence, prevention and outreach. Kevin Gick from University Counsel stated that the DOJ acts as the enforcement arm of many executive agencies, including the Department of Education. With regards to Title IX, the Office of Civil Rights focuses on individuals whose civil rights have been violated. Generally speaking, the DOJ comes into play when there is a general allegation that a Title IV funding recipient institution like UNM is not compliant with policies and procedures. The DOJ performed what was in essence an audit; UNM was the second one they did. The first was at the University of Montana and was a joint operation between the DOJ and the Office of Civil Rights. UNM was the first that was only the DOJ. They looked at individual cases as part of the process of their review, but not for the purpose of adjudicating individuals' rights. It can affect funding. Regent Clifford stated he would like more information regarding definitions.

Ms. Cordova directed the Committee to the numbers at the end of her handout. The numbers are from 2016 and demonstrate how differential treatment is a very small piece as compared to

many categories of sexual harassment. Numbers have gone up tremendously, which her office sees as a good thing because more people are reporting. All people who report that can be identified get a reach out from their office, providing information and resources so they may make informed choices about what they want to do. They can also reach out to OEO if they want to participate in their process. There is a breakdown provided as to what is actually under formal investigation and where they use the informal educational conference process. There are also numbers for general outcomes. There are reports that are no longer jurisdictional to OEO. For what they do have jurisdiction over, the more serious cases receive formal investigations.

Regent Clifford stated the numbers are helpful but he would like to see benchmarking against other campuses if the DOE produces that information. Ms. Washburn replied that she has not seen any but can report back on availability of that information at the next meeting. Ms. Cowan stated that some universities, such as University of Michigan, publish an annual report. She can look at those to compare. Mr. Gick stated that looking at Clery reports (crime statistics reports that campuses are required to produce) may provide some information if there is a Clery crossover. Jeanne Clery was a college student who was raped and murdered on her campus. The act that followed was a requirement that universities report specific crimes, and forcible and non-forcible sex offenses are part of those crimes. They also report stalking and domestic violence. The Clery report is required to come out by October 1st every year. However, UNM is close to being ready with that report now. Mr. Gick noted that Clery is focused solely on crimes, as opposed to harassment or discrimination reports that may be a civil issue.

- Director Patel provided a brief update on the Internal Audit Department, because the Committee met and received an update only a couple of weeks prior to this meeting. The department is still projecting a surplus of approximately \$65,000 at the end of the fiscal year. Regent Clifford asked about vacancies. Director Patel replied that there are no regular staff vacancies currently, but that is because the department permanently lost one full time audit position. Since the position was removed, it is not technically "vacant." There are vacant student positions.
- Chien-chih Yeh, Internal Audit Manager provided a status update on prior audit recommendations. The Committee had requested more information regarding the Talent Management System (TMS) implementation. Dorothy Anderson, Vice President, Human Resources and Ms. Metzger provided a status update. The TMS system provides onboarding and applicant tracking. Prior to the first phase of the implementation that occurred approximately a month ago, UNM was using an outdated application. There was a great deal of manual entry required, which ultimately could negatively affect some efficiencies in payroll processing. When a person was hired into a position, the hiring documentation would go to an individual in HR, and the individual would input the information. They are still testing the automation piece of the new system but they are expecting that to go live June 4, 2017. Applicant tracking is live and jobs are posted and applicants can apply to the postings. When the automation portion is live, a department selects a candidate, and the system triggers an offer letter. The new hire enters their direct deposit information and tax deductions, etc. in to the system. Ms. Metzger confirmed it will make processes more efficient. She believes the new system will help alleviate issues identified in an earlier internal audit that was classified as a human resources/payroll audit.

The initial estimated implementation of six months became two years because of the complexity of UNM, the various employment areas, and the branch campuses. Ms. Metzger added another delay came from the fact that the group of people who were the core implementation people were the same people who had to step away and work on the implementation of the new FLSA rules (which were actually not implemented because the government halted them). If there is a compliance issue that arises that has a deadline, these are the people who need to address it because they are the subject matter experts. Ms. Anderson stated the software vendor does not specialize in higher education so there was a learning curve there as well. UNM has many types of employees and many ways that we pay individuals.

Ms. Anderson informed the Committee they have made good progress on items that are pending. There is one item addressed to Ms. Anderson regarding OneSource and if that should be the appropriate mechanism with all the employment areas for training and storing data. They determined a new platform called Confluence would be more appropriate. Data has been migrated. It was a collaborative effort among employment areas. Mr. Yeh indicated that the review of the completion of that has not occurred. That is also the case for the completion of ePAF email notifications. Once Internal Audit has completed the review of these items, the follow-up status will be updated.

By unanimous consent, the meeting went into Executive Session at 2:50 PM for the reasons stated in 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 FY17 Audit Work plan, pursuant to RPM 1.2;
- d. Vote to re-open the meeting.

The meeting returned to open session at 3:21 PM, with certification that only those matters described above were discussed in Executive Session.

The meeting adjourned at 3:22 PM.

Approved:



Audit and Compliance Committee Chairman