

THE UNIVERSITY OF NEW MEXICO  
Board of Regents' Audit and Compliance Committee Virtual Meeting  
August 11, 2022 – Meeting Minutes

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

Other Attendees: Garnett Stokes, Norma Allen, Terry Babbitt, Teresa Costantinidis, Doug Ziedonis, Ava Lovell, Bonnie White, James Holloway, Loretta Martinez, Ari Vazquez, Christine Landavazo, Duane Arruti, Brian Pietrewicz, Paul Chang, Angela Vigil, Bruce Cherrin, Francie Cordova, Angela Catena, Susan Rhymer, Mike Schwantes, Javier Young, Jared Udall, Kate Becker, Paula Williams, Kathy Agnew, Kevin Stevenson, Kirsten Martinez, Ajay Gupta (CLA), Dave Strzyzewski (CLA), Randy Romes (CLA), Daniela Baca, Darlene Fernandez, Mallory Reviere, Victor Griego, Chien-chih Yeh, Lisa Wauneka, Kevin Enright, Gonzalo Olivas, Amy O'Donnell. (Note: other attendees, including members of the public, were able to view through a link; therefore, it is impossible to know who viewed, and those attendees are not included in this list.)

Chair Brown called the meeting to order at 9:01 AM. He confirmed attendance of all three members of the Committee; therefore, there is a quorum.

**ACTION ITEMS:**

- The Committee approved the agenda.
- The Committee approved the minutes from May 5, 2022.
- The Committee approved the upcoming October 12, 2022 date.

**INFORMATION ITEMS:**

- Advisors' comments: None.
- Mr. Griego, Internal Audit Director presented his Director's Report. At the October meeting, Mr. Griego will propose the meeting dates for calendar year 2023. The Department is still working on a hybrid schedule based on guidance from Human Resources. There is one vacant auditor position. The Department will continue to review budget and staffing needs in an effort to fill that position. It would be nice to fill it in FY23.

The department has nine (9) audits on the FY22 audit plan that are completed, presented or in planning and fieldwork. There are two (2) more that are assigned and two (2) that are unassigned. An audit of Children's Campus will be presented in this meeting in closed session. The department will be conducting a University-wide risk assessment and updated three-year audit plan which will be discussed later in this report. The department has substantially completed planning procedures for the Project Echo and Valencia Campus audits. The annual President's travel audit is in the planning phase. It is a short audit.

Chair Brown asked for a status on Research Park. Mr. Griego replied that the Office of the State Auditor (OSA) initiated an audit for the Research and Public Service Projects for UNM. Mr. Griego has been working closely with them to help provide any information or documentation that they are requesting. The OSA is targeting an end of the month completion date for the audit. They will be providing their potential findings and recommendations. Regent Payne asked if OSA is auditing all those contracts, or if they are sampling. Mr. Griego replied that they sampled 11 or 12 specific RPSPs that they are doing transaction testing on. They are looking at internal controls or processes for administering the RPSP awards. It is very similar in nature to the scope of the audit performed by Internal Audit.

For FY22, the Department received a total of 35 complaints. Twelve (12) have been completed and closed. Twelve (12) have completed planning/fieldwork. Eleven (11) need to be assigned. All complaints Internal Audit receives are financial-related. Two complaints that the department received require notification to this Committee under Regents' Policy 7.2. One has been completed and will be presented in closed session. The

other is in fieldwork, and Mr. Griego will provide a status update. Mr. Griego is still serving as a system administration for the EthicsPoint complaint system, assisting Francie Cordova at CEEO. They provided an EthicsPoint user training on July 29, 2022.

The Internal Audit department financial report for FY22 shows a final budget of \$1,132,623. This primarily consisted of general pool I&G funding of \$977,757; that is about 86% of the total budget. The department budgeted use of reserves of \$149,000. However, actual expenses for the year came in below that at \$950,998. That is less than the general pool funding. The reason for this is staff vacancy savings. When the department is fully staffed, the funding primarily just covers the labor costs. Two positions were vacant for most of the year. One was filled in April and the other is still vacant. The student employee is not working in the summer, but plans to resume working in the department in the fall.

The FY23 budget, which primarily consists of labor costs, is \$1,351,742. The department does budget non-labor expenses, mostly related to fixed costs: IT services and software maintenance. The only variable cost is professional development and training. There are five (5) CPAs in the office that must get required training to maintain licensure.

Mr. Griego updated the Committee on the University-wide risk assessment. In FY2020, there was a collaborative effort between Internal Audit and the Compliance Offices. Planning procedures are initiated for the FY2023 assessment. The team consists of Mr. Griego, Main Campus Compliance, and UNMH and HSC Compliance. Right now, they are currently developing the risk assessment survey, which is targeted to address operational financial compliance and IT risks. For the last survey, Institutional Analytics assisted in development and distribution, as well as administration of the data. This time, IT Services will be assisting with the process. Chair Brown noted the irony regarding all the careful thought about risks, but none of us even thought about a pandemic and how such an overwhelming risk could hit that was unanticipated.

Regent Schwartz asked how the University goes about doing this. Where do you look? Is there anything that was discovered in the risk assessment three years ago, or six years ago, that surprised you and that you are glad you found? Mr. Griego responded that the survey is a key component. There are about 25 to 28 questions for about 200 units University-wide. They also look at the number of complaints that come through. That could indicate an area of risk. A heat map is developed based on the results of the risk assessment survey, complaints, size and impact of a unit, volume of transactions, dollar amounts spent, and the public image of the entity. For example, if something goes wrong with Athletics, it's going to be on the front page of the paper. They are always considered a higher risk. Internal Audit identifies common themes like turnover, limited resources, etc. These things create higher risk for pressure and potential misuse of funds. Compliance has their methodology for putting their work plan together. The risk assessment report will be presented together with the three-year audit plan. The survey should go out after winter break, and the report should be presented at the May meeting or possibly August, 2023.

Mr. Griego stated he just wanted to touch on Internal Audit's communication to this Committee that is required by internal auditing standards. The required communication includes: ongoing performance of the department; independence and objectivity of all staff members; and, adequate departmental resources to complete audits and investigations.

Moss Adams and KPMG are currently conducting the FY22 external audit. The audit is in the third year of a three-year contract. Results of that audit will be presented at the exit conference in the October 12<sup>th</sup> meeting. Norma Allen, University Controller stated that so far everything is running along really smoothly. They are just finishing up their schedules for the auditors.

Mr. Griego stated that Clifton Larson Allen has completed four audits during this reporting period that will be presented in closed session. They have all been presented and approved by each corresponding committee of the health system. There are also some reports that were presented at the last meeting that didn't get

formal approval because they had not yet been accepted by some of the committees on the health system side. They just need formal approval now.

UNM is currently going through two other external audits. Sandia Labs is looking at auditing every Main Campus and HSC purchase order. The Health Resources and Services Administration is conducting an audit of a drug pricing program. They have selected the samples. Right now, UNM is in the process of gathering the documentation and providing it to the third-party auditors.

- Francie Cordova, Chief Compliance Officer addressed the Committee with a CEEO report. Ms. Cordova provided more information about the risk assessment. It is an important tool to be able to identify risk, opportunities and challenges. The survey is one component of that. They utilize the risk assessment to inform their planning and compliance programming. They also use the ethics taskforce that the President put together to identify policy or training gaps, compliance risks or research they need to do. Of course, they also use the EthicsPoint hotline data. They can use benchmarking. It is pretty typical every time UNM does a risk assessment, that the top three risks are the same as every university across the nation. New for 2023, is, they will be interviewing 38 stakeholders on Main, South and Branch campuses to have them provide narrative and context to any risks they identify in the survey. CEEO will present that information to this Committee when the risk assessment is presented. In the spring, CEEO will be using recent data regarding accessibility gained through a survey (primarily about visitor experience, employment, and academic online learning environments) to identify risks.

Ms. Cordova explained the last changes in Title IX regulations. The final regulations under the Trump administration came out in August of 2020. They were very aggressive in terms of how much Higher Education had to do. They were proud they got it done within the 90 days. They put up a hearing office that is doing really, really well. Angela Catena, Title IX Coordinator presented proposed Title IX changes under the Biden administration's Department of Education. Once the changes are final, CEEO will meet with people individually to talk through the final changes. Ms. Catena stated the previous changes focused solely on sexual misconduct. The new proposed changes have expanded to look at including sexual orientation and gender identity as protected under Title IX. They are also looking to expand protections for pregnant students and expanded the definition and jurisdictional considerations for sexual harassment. Under the Trump administration, they narrowed those quite a bit and limited what institutions could address under Title IX. The new proposed changes more closely reflect the guidance UNM was working under during the DOJ agreement. So, they are much more familiar with the proposed changes that the Biden administration has put forth.

A hot topic right now is athletes' eligibility to participate on particular male or female athletics' teams. The Department of Education chose not to include guidance for that in the proposed regulations. They said they would put out separate notice to address that. CEEO is looking forward to more guidance for that. It has been really variable depending on the sport and very confusing for institutions to follow. The public comment period ends September 12<sup>th</sup>. They are anticipating the regulations to come out next year, mid 2023. It could be May or June if it's similar to 2020. There will probably be an expected implementation date sometime in the fall. So, there might be a short turnaround time again next year.

CEEO is providing Title IX and Clery trainings this week. It is Clery week. Ms. Cordova stated they have some really great speakers, both local and national. Five New Mexico universities are participating. Today is specific training and reflections for UNM police and security guards about Clery and crime and safety. Then they will be doing one for the RAs as they embark on their new semester.

Regent Payne asked Ms. Cordova about aligning the definition of sexual harassment with Title VII. Ms. Cordova replied that under Title VII, sexual harassment is defined as severe or pervasive. When the Trump administration came in, they changed Title IX to severe and pervasive. The two definitions in Title VII and Title IX no longer matched. The Biden administration is proposing to return Title IX back to match Title VII

definitions. Regent Schwartz asked if they are pleased with the changes that are proposed. Is UNM filing a comment with the agency that is making these changes? Ms. Cordova responded she thinks they are pleased because the pendulum did not swing as severely. They are allowing universities to continue with live hearings and advisors, and they are glad because they think it is a good system. They are happy that the definitions will align.

Ms. Cordova stated that CEEO did conduct an EthicsPoint training in conjunction with Internal Audit. EthicsPoint is the hotline system. It has been in place since 2015. Complaint number one was entered in April of 2015. The University is now at about 6700 complaints. They have done a lot of work to streamline the reporters' experience. They had been getting feedback that it was complicated and hard to file a complaint. They also created a mobile form. They will be doing a campaign in the fall to get the word out even more. Reporting is also available in just about any language via a live person. They also wanted to do a lot of training for the staff on the back end who are responding to the complaints, and the data stewards. UNM has about 50 of those. They want to make sure everyone is doing it consistently. They created SOPs in 2019 about how they would capture data and what fields were important to UNM as a University. That way they can better trend the data and benchmark against other universities. Mr. Griego is doing a little spot auditing of various areas to make sure it is being done consistently. People signed an agreement that they are going to follow that. Data is only as good as what goes in.

This is the point in the meeting, Ms. Cordova informed the Committee, that she would typically present the Ethics Point data for the academic year ending June 30<sup>th</sup>. But they are actually going to present it at the October meeting. They want everybody to really go back and make sure their data is clean before they run it.

- Chien-Chih Yeh, Internal Audit Manager presented the audit recommendation follow-up report for this reporting cycle. When an audit is completed, if there are any recommendations, they go on this report for follow up tracking. This reporting cycle, there are two recommendations that were completed and verified by Internal Audit regarding the RPSP audit. The first implemented recommendation is the Office of Government and Community Relations developed a process to identify purpose, metrics, and budget so they can be accountable in a similar manner to the regular RPSP. The second implemented recommendation is a reimbursement of an RPSP that was incorrectly charged, so they did a JV to reverse the transactions.

There are a total of six outstanding recommendations. The first one pertains to reserves. The deficit continues to be reduced. However, since there is still a significant balance, Internal Audit is keeping the recommendation open until a determination is made that a deficit reduction plan has been developed. The second one is Los Alamos. It is in the IT area. They have made some progress. But they have a new person overseeing the area right now. So, they requested a little bit more time, until the end of the year. There is an audit of Facilities Management where Internal Audit is in the process of review notes. The rest are not due yet.

Regent Schwartz asked about the designations of reserve funds as committed. What was the problem and why was it a problem? Kevin Enright, Senior Auditor responded to the question. Mr. Enright stated that the funds are State appropriations. UNM Policy specifically requires that State appropriations that are designated for a specific purpose must be categorized as committed. The reason for that is to ensure that the monies are expended for a purpose that is consistent with the legislative purpose. So, if the department does not directly specify that these are committed, it runs the risk that in the event we ever have a University-wide deficit reduction, or some sort of budget cuts, UNM might not realize that the State funds were misused - that funds were intended for a specific purpose but used for a different purpose. Regent Schwartz asked how they are classified if they are not committed. Teresa Costantinidis responded there are two more categories: dedicated and discretionary. Dedicated funds may be set aside for a specific purpose, but there is no legal commitment.

By unanimous consent, the meeting went into Executive Session at 9:32 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 strategic plans of a public hospital pursuant to exception at Section 10-15-1.H(9)NMSA (1978);
- c) Discussion of limited personnel matters pursuant to exception at Section 10-15-1.H(2) NMSA (1978);
- d) Vote to re-open the meeting.

The following CLA audit reports were formally approved by this Committee at this meeting, although they were presented at the May meeting as pending approval by their respective Boards:

- UNMH and SRMC Charge Capture Management
- UNMH Copayment Collection Audit
- UNM Health System Remote Computing Controls
- UNMH Patient Registration Audit
- UNMH and SRMC Denials Management

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

- UNM Health System User Account Management Controls
- UNMH/SRMC/UNMMG Provider Relief Funding
- UNM Health System OnBase Audit
- UNMMG Evaluation and Management (E/M) Coding Review

The Committee unanimously approved the following UNM report:

- 2021-03 Audit of UNM Children's Campus

The meeting returned to open session at 11:45 AM with certification that only those matters described above were discussed in Executive Session. The meeting adjourned at 11:45 AM.

Approved:

  
Audit and Compliance Committee Chair