

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Audit and Compliance Committee Quarterly Meeting
August 3, 2023 – Meeting Minutes

Members Present: Jack Fortner, Chair, Paula Tackett, Vice Chair, Kim Rael (quorum).

Other Attendees: Garnett Stokes, Norma Allen, Terry Babbitt, Teresa Costantinidis, Loretta Martinez, Ari Vazquez, Christine Landavazo, James Holloway, Duane Arruti, Jeff Gassaway, Brian Pietrewicz, Lawrence Alderete, Francie Cordova, Jared Udall, Darlene Fernandez, Lynn Waln, Ajay Gupta (CLA), Dave Strzyzewski (CLA), Randy Romes (CLA), Mallory Reviere, Blaine Moffatt, Lorenzo Perea, Victor Griego, Chien-chih Yeh, Gonzalo Olivas, Amy O'Donnell.

Chair Fortner called the meeting to order at 1:01 PM. He confirmed there was a quorum.

ACTION ITEMS:

- The Committee approved the agenda.
- The Committee approved the minutes from the Meeting of May 4, 2023.
- The Committee addressed a request regarding a date change for the next meeting. The external audit partners requested the date be moved to October 26, 2023. The Committee stated they could meet that day, but at 8:30 AM.

INFORMATION ITEMS:

- Advisors' comments: None.
- Victor Griego, Internal Audit Director presented his Director's Report. Mr. Griego reiterated the meeting date change for October. He provided the Committee with an update on staffing. There are two vacant auditor positions, one senior auditor and one internal auditor. The Department has posted both of those positions. The department hopes to fill the senior auditor position in the next couple of weeks. Mr. Griego reported he is reviewing the departmental budget for filling the positions, as well as for internal promotions and student intern hiring.

Mr. Griego reviewed the audit plan status for fiscal year '23. There were 12 audits on the audit plan. Eight (8) of the audits are completed or are in field work. Three (3) audits are unassigned, and one (1) is assigned. The department will present two audit reports in closed session. Field work is started for the audit of President's Travel, Entertainment, and Other Expenses which is required under the President's contract. It is not a risk-based audit.

Mr. Griego provided the Committee with an update on the status of complaints. Internal Audit has received 50 complaints this year. Of those, 22 have been completed and closed, 16 are in field work, and 12 are currently unassigned. A confidential formal memo is distributed to management and leadership if a complaint is substantiated. Of the 22 complaints that were completed and closed, nine (9) were substantiated, and 13 were unsubstantiated. Regent Rael asked about the nature of the complaints. Mr. Griego responded that the ones that come to Internal Audit are all financial-related – fraud, misuse of funds, time reporting issues, etc.

The University-Wide Risk Assessment process is complete. This was a joint effort between Internal Audit, Main Campus Compliance, and Health System/HSC Compliance offices. They developed a risk assessment survey to address operational, financial, compliance, and IT risk across the University. In accordance with auditing standards and UAP Policy 7.2, the report and proposed plan needs to be approved by this committee before it is formalized.

Mr. Griego reviewed the department's financial report and budget status. The final budget was \$1,185,730, consisting of \$1,115,730 from general funding, and \$70,000 from reserves. Total expenses for the year were about \$43,000 less than budgeted funds due to the vacant senior auditor position. The FY24 adopted budget is

\$1,324,265, of which \$1,287,020 is from the general pool, and \$37,245 from reserves. Labor makes up 95% of the budget when the department is fully staffed. Major non-labor expenses include IT and professional services, software maintenance, and employee professional development and training.

Mr. Griego identified items the department is required to communicate on an annual basis. Internal reviews are performed on the audit files, after-audit surveys after every audit, and an external peer review is done every five years. Internal audit must attest that all staff are independent and objective. All auditors must sign a conflict of interest disclosure. The department must also attest that it does not have resource limitations to complete audits and investigations. Chair Fortner asked if the department would then have to ask for a budget increase if necessary. Mr. Griego responded yes.

CliftonLarsonAllen (CLA) will present Health System audits in closed session. CLA serves as the internal audit function for the Health System, UNMH, SRMC, and UNMMG. CLA also completed their risk assessment procedures and will be presenting their audit plan in closed session.

The final part of Mr. Griego's report detailed the status of external audits and reviews. The information is provided to Internal Audit by UNM Contracts and Grants. The City of Albuquerque conducted an audit on various grants received by HSC, and there is one potential finding. UNM is currently working on a response to the finding. Sandia National Labs just completed an audit of all Main Campus and HSC purchase orders. There were multiple findings and recommendations to which UNM is currently working on resolving. The National Science Foundation completed an audit of various contracts and grants awarded to multiple departments. There are potential questioned costs that UNM is working on to try and resolve. Regent Tackett asked about the time frame that UNM has to report to these various groups. Norma Allen, University Controller responded it is a week. Regent Rael asked what the level of materiality is. Mr. Griego responded that they all have their own level of materiality. It varies from audit to audit.

- Francie Cordova, Chief Compliance Officer provided the CEEO end of year report and updated plan. The office has been a joined office with Compliance, Ethics, and Equal Opportunity for a couple of years. They have 13 full-time staff and one student. They unfortunately have two current vacancies in a very vulnerable area of investigations – a Compliance Manager and a Senior Investigator. Ms. Cordova stated they will be posting those positions soon. They repurposed a manager position to an associate Title IX Coordinator. The role of the Title IX Coordinator is to coordinate all Title IX efforts on campus, including athletic equity, prevention, and regulations. They will also soon be posting for an Accommodations Specialist. That person will be working full time on staff, student, and employee ADA accommodations and accessibility on campus. Then they would be 14 full-time staff.

Chair Fortner asked if a lot of their work comes through the hotline. Ms. Cordova responded they get most of their intake directly through their office, but they are starting to get more through Ethics Point. Workload also comes through risk assessment and federal requirements. New this year is they conducted 46 interviews with stakeholders on campus – faculty, staff, and a few students. The workplan is driven partially by the risk assessment, policy development, policy gap risks, and complaint system, but is primarily federal law. Even without including the hospital, there are about 200 federal regulations their area has to keep abreast of. They are going to work with stakeholders to create a risk registry.

New Title IX regulations and Trans Athlete regulations were supposed to come out in May but were delayed to October. There will only be 60 days to implement those, so it will be a long haul. They typically have to write their policies, update processes, retrain their investigators, and have town halls with the University community. The Trans Athlete federal regulations are new. They are already working with Athletics.

Ms. Cordova stated one of the President's priorities is finalizing an enterprise-wide conflict of interest and conflict of commitment policy. Current policies in place are sort of vague and unaligned. They want to develop a reporting tool where the disclosures are all maintained.

Chair Fortner asked if there are concerns with foreign contracts or gifts. Ms. Cordova stated absolutely; it's a big thing for the federal government. They have been reporting them to the government annually. But there is not a policy in place. The policy is written in the Policy Office now. It should be done by the end of the year. It is a big topic and they are doing some training now with export control.

Ms. Cordova stated they are about to get the Affirmative Action Plan for 21/22. It is another federal report they have to certify each year. Chair Fortner asked how that will be affected by the Supreme Court case. Ms. Cordova said it will not because that was an admissions case. Not to say that it will not someday be addressed in terms of workforce affirmative action. They will also be doing some supportive University-wide training, such as investigator training for all types of investigators. They will provide University-wide interview techniques training in October. That is federally required. They will also be doing updating regarding the Pregnant Workers Fairness Act that went into effect June 27, 2023. Chair Fortner asked for a short presentation to all the Regents regarding the Pregnant Workers fairness Act. Ms. Cordova said they would be happy to provide that.

Safety Month starts in September. That is when they start finalizing crime reporting statistics for the annual Clery report. During Safety Month they also have a number of campus safety initiatives, including safety walks. They now have a tracker on their website to show people how far along they are on getting the safety concerns resolved. The Clery report is incredibly long due to all the federal requirements, so there will be an executive summary of that report at the October meeting.

National Compliance week happens in November. CEEO partners with other compliance areas to do a week of highlighting all the things they do. They have some fun things that happen during that week as well.

They are bolstering the UNM ADA Accessibility Committee with a new person coming on board. This is something that's been on the radar for a while. They want to include community members and obviously individuals with disabilities who live and work on our campus to provide more feedback in that area.

They are updating the Ethics Point system. That just kicked off last week and that will hopefully provide some more functionality and integrate some more workflow. They have incorporated Banner into the system to automatically capture people's information. They are excited about that.

Ms. Cordova provided hotline trends for fiscal years 22 and 23. Ethics Point is a vendor product out of Navex and that is used nationally by other universities and private corporations. UNM has used it since 2015 and now has approximately 8,000 complaints in the system. Anyone can report to that system about any issue on campus, whether it's financial or civil rights. You don't have to be affiliated with UNM. They have increased the way people can report, through QR codes, mobile reporting, and phone reporting in various languages. For '22/'23, UNM has received 1,184 complaints. There is some built in methodology - so there's some automatic reporting to various areas, and then there are those that don't fall in that methodology because someone didn't fill it out accurately or they just chose not to fill it out because it can be difficult. Ms. Cordova and Mr. Griego oversee the hotline and triage them out to various areas.

Chair Fortner asked if anyone else does the triage. Ms. Cordova responded that the Navex system itself does some of that. They monitor them. So, if there's things that come in - weapons or any sort of safety issues, they actually call police or call UNM to notify us. Then she and Victor triage together out of their two offices, looking at the whole system. The system is broken into tiers so that people who own the various tiers, like HR, they'll monitor their own system. But she and Victor have the overall view of the enterprise.

The average closure days for all cases is kind of a double-edged sword. You want things to happen quickly, but there are processes that have all these federal due process things in it that make us go outside of the time frame. But overall, they are doing better and better in terms of how fast open issues are resolved. Sexual harassment is

always the number one issue, and it's everyone's issue nationally, whether you're private or public or a university. Human resources issues are always a large amount as well everywhere. Accommodation, of course, is getting to be big. Academic Affairs is really starting to use the hotline. They really like to be able to maintain this data to be able to use it for departments. Other areas include medical issues, accounting and financial, IT and data privacy, risk and environmental safety, and research. Research has their own system. Most of their cases go via their system.

People can report anonymously. Obviously, it's harder to address cases that are filed anonymously. The number of people reporting anonymously is going down. They really do want to respect that people may want to report anonymously. But it's harder to act on complaints that don't give a lot of detail and people don't provide their name. The CEEO area received about 840 cases in '22/'23. That's civil rights cases, and also stalking, domestic violence, dating violence, sexual assault, et cetera. They always give them resources so that they can have counseling or whatever it is they need.

Chair Fortner asked about people who report sexual assault to CEEO but do not report it to police. Ms. Cordova stated they always encourage people to report to the police, but of course, that is their choice. They will also bring the police to them if they say they would love to talk to the police then and there. The police will come over and talk to them. Some people want to just go through the administrative process and some people want to go through neither. They just want the resources. They want some sort of supportive measure in their workspace or in their educational environment. And all of those things are OK. Regent Rael asked what Accommodations refers to. Ms. Cordova responded that has to do ADA. With sexual assault and other survivor accommodations, those are captured in terms of the referrals that they do. Title IX now requires a live hearing process. It is always interesting to capture who are named as respondents in civil rights complaints. This sort of varies year by year. So, it used to be that students were always the named respondents. In the last couple of years, it's been faculty.

- Chien-Chih Yeh, Internal Audit Manager presented the audit recommendation follow-up report for this quarter. The first item is an implemented recommendation from the Reserves audit. This issue is related to a deficit reduction plan. Internal Audit has verified that the deficit has continuously been reduced and no longer needs to be monitored.

Mr. Yeh reviewed the open recommendations on the next section of the report. The first item is a Los Alamos Branch IT recommendation. Internal Audit has met with Los Alamos IT as well as Main Campus IT. They proposed a plan because Los Alamos IT needs some resources from Main Campus IT, who is trying to work out when they can get that accomplished. So, Internal Audit will continue to monitor this item.

There are three (3) open recommendations from the Valencia Branch audit that was presented at the last meeting of this Committee. The first one is due this month. Management has indicated they already have the backup system up and running at an off-site facility. Internal Audit will see if they are able to test the system and that they update the policy, and then will provide a status update at the next meeting. The next two Valencia recommendations relate to PCI compliance. They need to develop processes to streamline PCI compliance activity. Corrective actions on these two are not yet due. Regent Rael asked if there is any particular financial risk with having PCI practices out of compliance. Mr. Yeh responded there is no particular PCI compliance issue; it is not a violation of compliance. Internal Audit believes they can improve and enhance PCI activity with a better paper trail and better control processes. Mr. Griego added that they are documentation issues.

Summary of the Regents' Audit and Compliance Committee Meeting
August 3, 2023

By unanimous consent, the meeting went into Executive Session at 1:41 PM per the agenda.

- a. Discussion of draft Internal Audit reports and information subject to attorney-client privilege; risk assessments and audit work plans; and information security and privacy report, pursuant to RPM 1.2;
- b. Discussion of limited personnel matters pursuant to exception at Section 10-15-1.H(2) NMSA (1978);
- c. Vote to re-open the meeting.

The meeting returned to open session at 3:12 PM with certification that only those matters described above were discussed in Executive Session.

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

- UNM Medical Group Procurement Audit
- UNMH Controlled Substances and SRMC Controlled Substances

The Committee unanimously approved the following UNM Internal Audit reports:

- Audit of Project ECHO, Report #2022-03
- University-Wide Risk Assessment and Proposed Three-Year Internal Audit Plan, Report #2023-02

The meeting adjourned at 3:23 PM.

Approved:



Audit and Compliance Committee Chair