

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Audit and Compliance Committee Virtual Meeting
August 13, 2020 – Meeting Minutes

Members Present: Douglas Brown, Chair, Marron Lee, Vice Chair, Robert Doughty, Member.

Other Attendees: Garnett Stokes, Liz Metzger, Terry Babbitt, Rob Burford, Teresa Costantinidis, Duane Arruti, Dean Bernardone, Jeff Gassaway, Ava Lovell, Loretta Martinez, Arthur Culpepper, Angela Vigil, Bonnie White, Ari Vazquez, Eddie Nunez, Jalen Rodriguez, Josh Padilla, Warren Ellis, John Perner, Mallory Reviere, Victor Griego, Chien-chih Yeh, Kevin Enright, Lisa Wauneka, 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.)

Chairman Brown called the meeting to order at 1:01 PM. He confirmed attendance of all three members of the committee, therefore there is a quorum.

ACTION ITEMS:

- The Committee approved the meeting agenda.
- The Committee approved the minutes from May 7, 2020.
- The Committee approved the next meeting date of October 16, 2020.

INFORMATION ITEMS:

- Advisors' comments: None.
- Victor Griego, Interim Internal Audit Director presented his Director's Report. The final proposed meeting date for the rest of the calendar year is October 16, 2020 at 9:00 AM. The external audit exit conference will be presented at this meeting.

All Internal Audit regular staff members are classified as Tier 2 staff, working remotely. The department has one student employee on call as a Tier 3 employee, providing support when needed. The Department is in the process of stocking the office with all PPE necessary to meet all health and safety requirements and guidelines for when the department starts transitioning back to office operations. Mr. Griego stated he will keep the President's office updated on when we do develop that plan to start transitioning back.

Mr. Griego presented the status of the 2020 audit work plan. For fiscal year 2020, of the 15 audits in the department's plan, the department previously completed seven. Two will be presented in today's meeting in closed session. Four are in planning and fieldwork; therefore, of the 15, the department has gotten to 13 of them, and did just complete the risk assessment. The 2021 audit plan will be proposed in closed session in the risk assessment presentation. Mr. Griego detailed the complaint status. For fiscal year 2020, and through August 6th of this year, Internal Audit has been assigned 43 total complaints; of those, 27 have been closed. Of the remaining, 14 are in planning or fieldwork, which will be wrapping up, and two have not been assigned.

For the department's financial report for fiscal year 2020, the final budget was \$889,000, which primarily consists of \$804,584 of base funding, and also \$76,000 budgeted from use of reserves. For the year, the department had total expenditures of \$770,151 with encumbrances of \$6,613. Of the total expenditures, \$703,868 is labor related, which is approximately 91% of the total budget.

So once again for the year, most of the expenses are related to labor costs. The department ended the year actually \$119,000 under budget, which is primarily due to a vacant senior auditor position, and some training and professional development conferences that had to be canceled due to COVID-19.

Regent Lee relayed a question someone posted in the comments: Is the number of 47 complaints low, or par for the course? Mr. Griego responded that it is fairly average, or maybe a bit low.

As mentioned, the internal audit and compliance offices worked on a joint collaboration to complete the 2020 risk assessment with the idea that it would increase the effectiveness and reduce duplication for risk assessment procedures. The risk assessment survey deadline was May 28th. From there, the collaborative group completed risk assessment procedures. Mr. Griego stated he will be presenting the results of the internal audit risk assessment and the three-year audit plan in closed session, and Rob Burford, Director of University Compliance will give a presentation on the compliance side of the risk assessment.

The external auditors are currently working on the external audit, completing fieldwork procedures primarily in a remote fashion as well. The auditors are expecting to be ready for the October 16th exit conference. They are moving along smoothly and completing the audit, as expected, even though they're working primarily remotely.

Mr. Griego provided status information regarding the external audits and reviews that are going on with UNM. The City of Albuquerque completed a review on a total of \$750,000 within Family and Community Medicine. There were no issues noted in that review. The Defense Intelligence Agency reviewed two grant programs totaling \$3.9 million. Both reviews have been completed and there are no findings or corrective actions noted in either of those reviews. The National Science Foundation completed a review of a grant program totaling \$7.2 million, and they concluded that there are adequate internal controls in place. There was only one issue that came up. That was a question of compensation pay to the PI on the grant. Ultimately, there was a settlement and that issue got resolved before the review was completed. The audit was closed on July 24th. Finally, UNMH and Sandoval Regional Medical Center provided 364 medical records that were requested for review, with reimbursements totaling \$2 million, to the Recovery Act Center. That is related to patient building billings. As of June 30, 2020, 162 claims with reimbursement of \$1.3 million were reviewed. As a result, \$171,000 was refunded based on the review of the claims.

Chairman Brown stated it seems like 13-percent refunds of our collections on those sounds like a lot. Mr. Griego responded that's coming from the Health System side with Sandoval Regional Medical Center and UNMH. That would probably be a question on their side - if that's typically a high number of refunds. He stated he is not sure what typical refunds are for medical billings. Chairman Brown asked if Dr. Culpepper, HSC Chief Compliance Officer could address that question. Dr. Culpepper stated each of the entities just mentioned are different. There are going to be profiles when you look at the statistics for each of their performance. There is an overall that is looked at normally by the Vice Chancellor of Clinical Affairs, Dr. Richards, that usually comes to the HSC committee. This might be something that's carried to that committee and inquired at the next meeting.

- Mr. Burford addressed the committee to provide the Main Campus Compliance Office status report. Francie Cordova, Main Campus Interim Chief Compliance Officer sent her regrets because she was unable to join this meeting as she's preparing for the new Title IX regulations which start actually tomorrow on August 14th. And she is interviewing people for the new hearing officer

position; that's where she is now. But she asked Mr. Burford to make some comments for her in her absence. Mr. Burford stated he has comments as well. First of all, on the Title IX regulations, a main adjustment is there are going to be significant changes to require a more formal complaint process that culminates in a live hearing that is a quasi-judicial hearing. The hearing officer is going to be part of that process.

The University must also provide advisors that conduct cross examination, because they cannot allow each of the parties to cross examine. The Compliance Office has met with the law school, State Bar staff, and faculty leaders to have a pool of advisors to draw from. So far, they haven't come to any conclusions on that, but are still working diligently to make that happen. A third change is OEO will no longer make decisions on cases as they have done in the past; that is going to be left up to the hearing officer to make. OEO will do the investigations, but not they will not make the decisions.

The last change Mr. Burford wanted to relay to the Committee is Title IX conduct must now happen on campus. The new regulations stipulate anything that happens off campus is not under the purview under the final regulations that go into effect tomorrow. But the Compliance Office is working with the Dean of Students' Office and others to see how they can work to address incidents where the behavior will effect on-campus conduct. They are not going to say they are not going to get involved, and are working to see how they can get involved legally and legitimately in those issues. One thing Ms. Cordova wanted to add is that she can provide a full update at the next meeting or at the full board if you think that's appropriate. Chairman Brown asked if the Compliance Office would provide a summary at the next Board meeting of all the various changes coming out of D.C. with respect to Title IX. It is important because it really alters the landscape here. Mr. Burford agreed and stated he will let Ms. Cordova know.

Mr. Burford discussed the ADA transition plan. There is an RFP that went out. UNM admittedly has a scattered and outdated plan thus far. Ms. Cordova wanted to make sure the Committee knows she is very passionate about this. Also, Regent Lee has been passionate about it throughout her tenure. Last year they worked on vendor scope-the-scope to determine which issues are most pressing. They selected the buildings and path of travel.

Website accessibility is at the forefront of things in this ADA transition plan. Together with a team of ADA stakeholders on campus and procurement, they drafted the RFP and they are currently out to bid. One thing Ms. Cordova wanted to add about the ADA piece, is that it has become a hot topic with COVID. Again, as a reminder, Ms. Cordova is the ADA Coordinator for campus. Her role is to get accommodations for faculty and staff, and there's been a significant increase in the this because of COVID. The accommodations that are needed may not only be for the individuals, but also risk to their family. She is working through those on a case-by-case basis with the staff and faculty. OEO put FAQs on the OEO and Compliance websites about COVID and ADA, as well as COVID and pregnancy issues that might come up during this time. Regent Lee asked Mr. Burford to thank Ms. Cordova. She stated she thinks it is important to ensure we make special accommodations where we can, and wants to thank her for remembering that she supports that.

Mr. Burford presented some highlights of the plan for the upcoming year for the Compliance Office. First, he discussed the compliance hotline. He asked the Committee when they would ideally like the analytics, and if they want them by academic year or calendar year. Chairman Brown responded that it would be governed by their reporting requirements. Other than that, he does not have a preference. Regent Lee stated she would prefer academic year if it does not

conflict with the requirements. Mr. Burford replied it does not conflict, so he will prepare them for the last academic year to report at the next meeting of this Committee.

There is a new deadline for the Clery report. Usually it is due October 1st, but due to COVID, that has been extended to December 31st. Mr. Burford will still try to make the October date, but there are some policy pieces that may cause them to go beyond October 1st. He provided some brief information on the Clery numbers. Auto thefts have gone down 60-percent from 2017 to 2019, thanks to efforts by President Stokes and UNMPD. Regent Doughty asked if we should be promoting that. Mr. Burford replied that unfortunately, numbers were so high, that even with a 60-percent decline, we are still highest in the country. But it is going in the right direction. Some other modest declines came in drug arrests, weapons law referrals, domestic violence, and liquor law arrests. There have been some modest increases in burglaries, dating violence, stalking, and drug referrals, though. When the report comes out, the Committee will see the final numbers in black and white.

Mr. Burford added information on minors on campus. With the help of University Council, they edited language to add COVID language, as there are some departments that are going to do remote work, or have people on campus that are practicing the Protect the Pack guidelines.

The Regents received the final ethics Task Force recommendations that were sent to the President. President Stokes said to start on the conflict of interest issues and consensual relationship issues, with other issues moving forward from there. The task force did a lot of good work. Some of the people that are here on this meeting are on the task force.

The Compliance Office is working on their heat maps with regard to the risk assessment. They are going to go in more detail, and meet with each of the individual stakeholders that the different areas identified. They want to make sure to address anything that came up as potentially an issue to see what they might be doing to mitigate those concerns.

- Dr. Culpepper addressed the Committee regarding what is going on in terms of HSC compliance. They have hired a new compliance manager and are working with staff to facilitate individuals having to work away. They transitioned staff to laptops to provide an opportunity to work at home. They are also looking at a creative way of doing a virtual compliance week. Dr. Culpepper stated he reached out to industry folks for assistance.

Dr. Culpepper noted his area is trying to comprise a compliance internship for young individuals who may be interested in the area of compliance in an academic medical center. They are looking not only at some of the masters of public health personnel or students, but also opening it up to other opportunities for individuals.

Dr. Culpepper reported they are also doing a lot of policy work right now, and working throughout the Health System to create a policy tracker. There were particular segments of the HSC that had a working knowledge in retention of all their policies, and now they are working to have all the policies in aggregate. This will provide employees access to those policies, and will aid with compliance, so that they don't surpass their expiration dates or revision dates.

Dr. Culpepper provided the Committee with a copy of the annual assessment. This year they worked really hard to move forward with what the Department of Justice has asked specific to compliance. In 1991, the Department of Justice wanted institutions like UNM and the medical center to just have a program in place with the seven elements. What has gradually taken place has

been an evolution of the compliance programs. Now they not only want you to have them in place, but they want them to be operational. In the new verbiage that came out from them in April 2019, there are three components that they want present in terms of compliance programs. They want them to be well designed, implemented, and operationalized. There are metrics and analytics used to help to track compliance issues throughout. As a result, they have now brought the program up and operating in a more professional manner. They collaborate and have a live program in terms of what the Department of Justice alluded to. They really leverage the seven elements, working with all the different aspects of compliance within HSC via collaborations. They are also looking at ways on how to strengthen the enterprise risk management (ERM) process and compliance throughout the HSC.

They do trainings with faculty and staff. They go to staff meetings and look at ways to do more problem solving to change the view of compliance - from one of police, to empowerment of those frontline personnel to be better at what they do. This year they incorporated new things from the National Institutes of Health regarding sexual harassment and sexual misconduct. All the U.S. institutions that received NIH funding are monitoring that now. As a result, their office works closely with OEO. In the event that there are cases that may materialize, they can then report and provide information on that to leadership.

They onboarded a new Executive Director, Angela Vigil, and Dr. Culpeper reports a very good working relationship with Ms. Vigil. They have shared ERM for some of the goals they have. They created a compliance subcommittee made up of representatives throughout the Health System that meets quarterly to review salient matters specific to compliance. As stated by Mr. Burford and Mr. Griego, they reached across to the main campus to create collaboration on what compliance is at UNM. With regard to ERM, they are looking at what may be the issues, dangers, and risks that are going to interfere with reaching goals and objectives. They will be working with the University as a whole. They set this initiative up in 2019, comprised of not only their area, internal audit, and main campus compliance, but really a lot of other folks.

They are in the process of finalizing data to get risk registers ready for those different parts of the institution that will work through individual business units, e.g. College of Nursing, School of Medicine, etc. They will give them individual risk registers and ask them to identify those risks that are important to them and establish a business risk owner. Dr. Culpeper's office can't get involved in operations, but can empower and train individuals. They have developed the training to help those risk owners. The HSC, in addition to all the different groups, will be facing a lot of unprecedented margin pressures with sustained economic uncertainty, government reductions, reimbursement, payers... all these different things are going to impact the HSC. This, in turn, brings risks to the surface. They will be working to identify those risks that are overarching. And as a result, they are going to work with senior leadership to identify an individualized approach based upon each portfolio. They will be sending out a two-hour training for risk owners. They can't create a cookie cutter approach because each business unit is going to be different. Dr. Culpeper stated they are going to be communicating the risk plan to the Committee.

Chairman Brown stated there is commendable work here in risk assessment and preparation. None of us saw this COVID crisis. It's like an anvil dropping from the sky and a sobering reminder of how difficult it is to anticipate all the mega risks that might be out there.

- Chien-Chih Yeh, Internal Audit Manager presented the audit recommendation follow-up report for this quarter. Six (6) new recommendations were added to the previous eight (8) since the last meeting.

The auditors were able to work with management and were able to clear seven (7) of those. Most of those recommendations are from the most recent audit that got approved, which was the Los Alamos Branch Campus audit. They were able to implement four (4) of those. During this pandemic, the Department has used email, pictures, Zoom, etc. to work with auditees and verify implementation. The report also contains some items that are implemented, but need to be monitored, such as deficit reduction plans. The Department continues to watch these items to see when they can be removed.

Chairman Brown noted that Athletics is going to have a very difficult time complying with any kind of a deficit reduction program because they developed a hole in their budget from postponement of sports, cancellation of events and sponsorships, and so on. He is afraid UNM is going to have to revisit that in a more realistic way. Mr. Griego added he will be working with Athletics and with Nicole Dopson, Director of Financial Operations, because prior to the pandemic Athletics was following the deficit reduction plan.

By unanimous consent, the meeting went into Executive Session at 1:43 PM 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 Proposed FY21 Audit Work plan, pursuant to RPM 1.2
- d. Vote to re-open the meeting

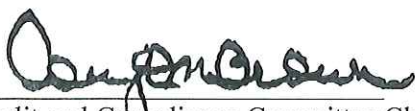
The meeting returned to open session with certification that only those matters described above were discussed in Executive Session.

The Committee unanimously approved the following UNM reports:

- 2020-03 Audit of UNM Lobo Club
- 2020-04 University-Wide Risk Assessment and Proposed Three-Year Internal Audit Plan

The meeting adjourned at 2:23 PM.

Approved:



Audit and Compliance Committee Chairman