

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Audit and Compliance Committee Virtual Meeting
August 5, 2021 – Meeting Minutes

Members Present: Douglas Brown, Chair, Bill Payne, Vice Chair, Randy Ko (quorum).

Other Attendees: Garnett Stokes, Liz Metzger, Terry Babbitt, Francie Cordova, Teresa Costantinidis, Bruce Cherrin, Lisa Marbury, Amy Coburn, Michelle Bailey, Duane Arruti, Dean Bernardone, Jeff Gassaway, Ava Lovell, Loretta Martinez, Arthur Culpepper, Angela Vigil, Bonnie White, Kate Becker, Paula Williams, James Holloway, Ari Vazquez, Brian Pietrewicz, Lawrence Alderete, Ajay Gupta (CLA), Dave Strzyzewski (CLA), Randy Romes (CLA), Matt Suazo, Patricia Young, 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 8:16 AM. He confirmed attendance of all three members of the committee; therefore, there is a quorum. Regent Payne was asked to take over Chair duties at 9:30 as Regent Brown had to leave due to a conflict.

ACTION ITEMS:

- The Committee approved the meeting agenda.
- The Committee approved the minutes from May 6, 2021.
- The Committee approved the next meeting date of October 14, 2021.

INFORMATION ITEMS:

- Advisors' comments: None.
- Victor Griego, Internal Audit Director presented his Director's Report. He stated he is honored and excited to be chosen as the Internal Audit Director after serving as Interim.

Staff is adjusting to in-office operations. Most staff members are working a hybrid schedule. The department needs to fill two staff auditor positions in the next few months. The first being Mr. Griego's former position, and the second is to fill a vacancy for an upcoming retirement on September 1, 2021.

Mr. Griego presented the status of the audit work plan. Fifteen (15) audits were on the FY21 audit work plan. Nine (9) are completed or in field work. One (1) will be presented in closed session at today's meeting. Another audit is complete, but is pending final approval from the President. The department plans on presenting that one in October. There is an IT audit in the planning phase. An audit of the UNM Children's Campus is underway. UNM Internal Audit does an annual risk assessment as well as a University-wide 3-year risk assessment. An updated audit plan for FY22 will be presented at the next meeting.

IA received a total of 36 complaints in FY21. Of those, 25 are completed and closed, and ten (10) are in planning or fieldwork. Only one (1) is currently unassigned. Complaints assigned to the Internal Audit Department are those that are financial-related. They can include fraud, theft, misuse of funds, time abuse and time reporting issues. Chair Brown asked Mr. Griego if that number is down. Mr. Griego responded that is comparable with last year. Even with COVID and a remote work environment, complaints are still coming in. What has really gone down is the number of unassigned complaints. The department has been more efficient in getting complaints resolved.

For the FY21 adjusted budget, the Department had a budget of \$1,062,979, and final expenses of \$963,838. This left the department with a reserve of approximately \$97,000 from FY21. The reserve is

primarily due to a vacant position. Some also came from reduced travel and training costs during COVID. The department has an approved budget for FY22 of \$1,126,757. Of that, \$977,757 is I&G funding, and a use of reserves amount of \$149,000. The majority of department expenses are labor costs – about one million, or 92% of the budget.

The external financial statement audit is currently in year two of a three-year contract with Moss Adams and KPMG. The exit conference for the FY21 audit will be at the October meeting.

Mr. Griego just completed the final in-house audit on the health systems side. This procurement audit will be presented in closed session. Clifton. Larson + Allen will now take over that audit function. They will present their audit plan in this meeting's closed session.

There are currently seven (7) external reviews in process. One for the National Science Foundation has been completed, and UNM received a preliminary draft. There are some potential findings which will be discussed in closed session. All other reviews are on the Health Sciences side. The Health Resources and Services Administration has two audits in the planning phase covering a period of 4/1/2015 through 3/31/2021 and 7/1/2019 through 6/30/2021. Los Alamos National Labs is conducting a review of a contract covering a period of 3/20/2014 through 9/30/2017 within the School of Medicine's Internal Medicine Department. UNM has provided all requested information for these reviews and is awaiting further information from the funding agency. Leidos Philanthropy is currently conducting a review of all Leidos awards within the Cancer Center, covering a period of 4/15/2016 through 8/31/2021. UNM has provided requested ledgers for sample selection, and is still awaiting a request for transactions to review.

- Francie Cordova, Chief Compliance Officer, addressed the Committee to provide the Main Campus Compliance Office's status report. She provided an update on the Ethics Task Force. President Stokes convened the task force in September, 2019. Members include faculty, staff, students, and some community members that looked at campus initiatives in the areas of ethics and integrity. A report was issued and draft policies created. Because it was so successful, they have now convened some subcommittees. Conflict of interest is a hot topic. There will be a committee on foreign gifts and contracts and research. There will also be a reporting tool for people to report. They will be looking at data privacy from an overarching perspective. They will be looking at human trafficking, limited English proficiency, and diversity commitment/preferred qualifications for staff and faculty. The goal is to finish by December and have some policies and training tools for review by the President and Regents.

The end-of-year Ethics Point hotline activity report is based on academic year. There was a drop last year due to COVID, but it is not as significant as people may have thought. There were 815 as opposed to 1155 the year before. The Compliance area is doing better with speed of resolving complaints – a drop from an average of 72 days to 49 days, but there were less cases. The top ten issues are primarily civil rights issues - that is the same nationally, for all universities, and across virtually all types of companies. These are issues such as sexual harassment, sexual violence, disabilities, etc. If you remove the civil rights case data, the largest amount of issues fall under Human Resources. Anonymous reporting was up last year, at about 20% overall, including OEO cases. It does make it a bit harder to investigate those. Most OEO cases, due to the nature of the investigations, are not anonymous. When the OEO cases are removed from the data, anonymous cases are over 50%. Most civil rights cases come in via email currently due to the remote environment. Otherwise they primarily come in as walk-ins. As far as population of people being accused of violating policy, this academic year it was staff. The previous year, it was faculty. It used to be students, but that has decreased. Ms. Cordova presented the gender complaint by type to the Committee.

Ms. Cordova introduced Matt Suazo, Compliance Coordinator to talk about Clery Act. Mr. Suazo took over for Rob Burford who recently retired. The requirements of the Clery Act are to collect, count, and classify crime reports, issue campus alerts and timely warnings, publish an annual safety and security report, and submit crime statistics to the education department. For universities like UNM that have housing, the reporting must include fire safety statistics as well as a missing student notification process coordinated through UNMPD. Campuses with police/security need to keep a daily crime log. Failure to comply with Clery is not only irresponsible and illegal, it is a disservice to the community in general. Consequences include significant fines to the University. For the Regents, the Compliance office compiled UNM's statistics in comparison to New Mexico State and peer institutions with the most Clery crimes. UNM no longer leads the nation in vehicle thefts. Due to work by President Stokes and UNMPD, though still high, vehicle thefts are down at UNM compared to recent past years. One thing to note is that the category of vehicle thefts does also include attempted vehicle theft, even if not fully successful attempts. Clery data is compiled by calendar year, not academic year like the Ethics Point data. Finally, Mr. Suazo wanted to relay that Safety Week will be the week of September 21st.

Chair Brown thanked Mr. Suazo for a clear and complete report. He stated that vehicle thefts are still high, and there is clearly an organized crime component. He hopes crimes for chop shops could be elevated to felonies.

Detective Tish Young, UNMPD addressed the Committee regarding safety initiatives. More than 160 cameras have been installed in campus parking lots. They hired a new Security Operations Director, Jeff McDonald. They are doing research into new technologies such as drones, license plate readers, shot spotters, etc. They want to see if any of these technologies might work at UNM. UNMPD staffing levels have increased. This allows them to do more proactive initiatives. They are doing more campus, community, and student initiatives, talking with parents, and partnering with Equity and Inclusion. They are promoting safety features such as the Lobo Guardian app, emergency blue phones, police escorts, and reporting. This spring was the first time they were invited to go into classrooms. They spoke about conflict resolution and mediation. They will continue to work with students, faculty, staff and the community and build rapport. UNMPD will be involved in Safety Week. They are training with staff in the residence halls to see how they can better work together. They are increasing officer training to better reflect changes happening in society. There are layers of safety on campus, including the Campus Safety Council. The Council makes recommendations on how the campus might make environmental changes like cameras or lighting. In June, they kicked off the Nob Hill Public Safety Echo. This is a community policing effort.

- Arthur Culpepper, HSC Chief Compliance Officer, addressed the Committee with an update on HSC compliance. He wanted to update the Committee regarding the change in leadership for the HSC Executive Compliance Committee. Dr. Richard Larson completed his term and Ava Lovell will take over as Chair of the Committee. They will send out electronic election information to select a new vice chair. The charter was updated. They will provide another update on the officers for that committee at the next meeting.

There has been a lot of focus regarding foreign research. They are beginning to look at the H1B visa process to ensure compliance in hiring, employee extension, and visa termination process. Last year there was an inquiry from the federal government regarding foreign dollars. This is a part of the areas HSC Compliance looked at with regard to foreign research and engagement.

HSC is also looking into conflict of interest per the President's Task Force initiative. There are three (3) different parts of the HSC: academic, clinical, and research aspects. They are looking at the current state of policies, procedures, consultation reports, historical audits, and other individual reporting. Policy 3720 looks at the employee code of conduct and conflicts of interest and goes into detail. They will be reviewing those policies as well as the faculty handbook E110 to assure the processes are

working appropriately. If there are going to be any gaps that are identified or discovered in this process, the work group will work together to identify recommendations on how to shore that process up. There are individuals in the work group that are also working on the President's Task Force. This will ensure there is alignment with the policies overall. Connected to that is information from NIH. There has been increased focus on making sure there is disclosure of financial interest from both foreign and domestic providers of research support. They are making sure faculty and researchers are well informed in reference to submitting grants.

- Chien-Chih Yeh, Internal Audit Manager presented the audit recommendation follow-up report for this reporting cycle. There is a five page report this time. There is a total of five implemented recommendations. The first one refers to reserve balances. Deficit has been reduced and the recommendation is closed. The other four (4) that are implemented pertain to the Bookstore. That is the most recent audit approved by this Committee at the last meeting. One is for cash receipts and deposits. Another is for segregation of duties. The third is for timely posting of credit memos. And finally, the fourth is for recommended training. All employees tested completed required training as suggested.

For pending recommendations, there is one for the reserves audit that management indicated needs a deficit reduction plan to fully complete this item. Internal Audit will keep the recommendation open until the department can determine that progress. There is a recommendation for Los Alamos IT. Internal Audit is awaiting some information and hopes to have further updates next time. The Lobo Club item is dependent on basketball season to start before testing can be done. Three more items are from the most recent Bookstore audit. The first two are IT-related. Parts of these are implemented, but Internal Audit is still awaiting a few items before they can be fully resolved.

Regent Payne asked how all the many contracts within the University are managed. What kind of auditing is done to ensure there is not some kind of kickback mechanism or increased bidding added in contracts? Mr. Yeh responded there are several methods to collect the information and determine whether it should be put on a front burner and subject to further review. One way is the reassessment of the risk assessment mentioned earlier. Based on feedback from senior leadership and other management, if there is any indication in a certain area that warrants additional review, it can be added to the audit work plan and scoped for the issue. Another way is through the complaint system. If a complaint is received, it will be investigated. There can also be a special management request (could be from the Regents). Chair Brown added that President Stokes immediately asked about any contracts UNM might have with APS, following the recent incidents there. She wants to make sure we check for any vulnerability there. He has not yet heard the results of that inquiry. That is the sort of thing we do if we are alerted. There are so many thousands of contracts, it is difficult to monitor all on an active basis. Mr. Griego added that audit procedures are done for every departmental audit. They do look at key controls. If something is found to be high enough risk, Internal Audit can initiate a standalone procurement and contracting audit.

By unanimous consent, the meeting went into Executive Session at 9:14 AM per the agenda.

- a. Discussion of draft Internal Audit Reports, and discussions of information subject to attorney-client privilege pursuant RPM 1.2;
- b. Discussion of limited personnel matters pursuant to exception at Section 10-15-1.H(2) NMSA (1978);
- c. Schedule of Audits in Process and FY22 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.

Summary of the Regents' Audit and Compliance Committee Virtual Meeting
August 5, 2021

The Committee unanimously approved the CLA Audit Work Plan for UNM Hospitals.

The Committee unanimously approved the following UNM Internal Audit report:

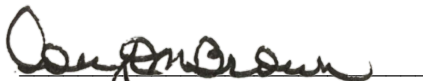
- 2021-01 Audit of Capital Projects Within Planning, Design and Construction

The Committee unanimously approved the following Health System Internal Audit report:

- 2020-04 UNMH Purchasing

The meeting adjourned at 10:45 AM.

Approved:



Audit and Compliance Committee Chairman