

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Audit and Compliance Committee Virtual Meeting
October 14, 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, Lisa Marbury, Alfred Sena, Duane Arruti, Dean Bernardone, Jeff Gassaway, Ava Lovell, Loretta Martinez, Arthur Culpepper, Angela Vigil, Bonnie White, James Holloway, Ari Vazquez, Brian Pietrewicz, Lisa Todd (Moss Adams), John Kennedy (KPMG), Ajay Gupta (CLA), Dave Strzyzewski (CLA), Natalie Cordova (OSA), Francie Cordova, Matt Suazo, Angela Catena, Mallory Reviere, Victor Griego, Chien-chih Yeh, Kevin Enright, 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 9:02 AM. 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 August 5, 2021.
- The Committee approved the remaining FY22 meeting dates of February 10, 2022 and May 5, 2022.

INFORMATION ITEMS:

- Advisors' comments: None.
- Victor Griego, Internal Audit Director presented his Director's Report. Staff members are working a hybrid schedule. This will be in place at least until the end of the year. Before Winter Break he will reassess the situation to see if that will be maintained. The department has an open posting for senior auditor due to a recent retirement. The department will also soon be posting to fill a student intern position.

Mr. Griego presented the status of the audit work plan through August 31st of this fiscal year. The department has completed one (1) audit. This was the Capital Projects audit that was presented at the last meeting. Two (2) more audits are complete, and will be presented in the closed session of this meeting. These are the Facilities and Maintenance Audit and the President's Travel audit. There are three (3) audits that are in planning and fieldwork. Those audits include an Information Security audit, an audit of Children's Campus, and Research and Public Service Projects (RPSP).

The department updated the risk assessment procedures for any possible revisions to the proposed FY22-FY23 audit plan. That will also be presented in closed session for approval from the Committee. Chair Brown noted he spoke with Victor about including an audit of the Regents' expenses at some point. Although, he stated, they are extremely minor given the virtual environment currently. Mr. Griego replied that can be a part of the discussion on the plan in closed session.

For FY22 thus far, Internal Audit has completed and closed one (1) complaint. There are 13 in planning and fieldwork. Some of those are almost wrapped up, and the department is getting ready to issue reports. There is another one that is assigned, for a total of fifteen (15) received thus far for FY22. Most of the complaints are for fraud, theft, or time abuse. Chair Brown asked if the complaints are down. Mr. Griego said they have been, but are starting to ramp up now that the campus is back to full operations.

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. As of September 30th of this year, expenses so far for FY22 are \$231,512. The majority of department expenses are labor costs – about 92% of the budget. The two

major expenses outside of labor costs this year will be a full migration of the audit software program. This is important because the current version is no longer supported. The department will be upgrading from TeamMate AM to TeamMate Plus. There is a migration/upgrade fee of approximately \$30,000. The department has also budgeted \$7,000 for training and professional development. That is primarily for requirements for staff to maintain their CPA licenses.

The FY21 external financial audit has been substantially completed. There is a special meeting set for October 29th for the exit conference presentation of that audit. UNM is currently in the second year of a three-year audit contract. There are staff from Moss Adams and KPMG present in this meeting to answer any questions and provide status. Regent Payne asked what is audited in an external audit. Mr. Griego responded that it is basically an audit of the financial statements of the University to ensure the account balances are materially correct. They audit every component of the balance sheet: cash, accounts receivable, liabilities, and the income statement – revenues and expenses. They perform procedures to ensure the balances reported by UNM are materially correct. They also perform a single audit over UNM's contracts and grants. There are thresholds for how they determine which of these they will audit.

Lisa Todd from Moss Adams also stated they do audits of the component units. KPMG has been engaged to do the clinical side. The New Mexico State Auditor's Office (OSA) is co-sourcing the engagement. They assist in the completion of those various processes. Last year, the audit was delayed significantly due to waiting on federal guidance regarding CARES Act funds. The guidance to perform that single audit was not received until late December. There are provider relief funds included in this year's single audit. It is a significant part of the single audit. It is substantially complete. However, they just received more information this week. They are waiting for some specific guidance related to reporting in the audit opinion. They might have to tweak some language to describe it. OSA is aware of it, and if there are delays on reporting because of this federal guidance, the external audit firms can ask for an exception on the deadline.

In FY20, Internal Audit collaborated with compliance offices on both sides of campus to conduct a University-wide risk assessment to develop audit work plans. An audit plan was proposed and approved for FY21-FY23. Internal Audit performs limited procedures on an annual basis to identify new or emerging risks that would result in an audit being added to the audit plan. The audit plan is updated accordingly. The update will be proposed in closed session for approval.

There are no updates on the external reviews in process. There are currently seven (7) underway. An update was provided at the August meeting, and there have been no changes since that time.

- Francie Cordova, Chief Compliance Officer, addressed the Committee to provide the Main Campus Compliance Office's status report. Ms. Cordova noted a change in the name of her office. It is now Office of Compliance, Ethics, and Equal Opportunity (CEEEO). The CEEEO has been busy reading and approving vaccine exemptions. If the regents want any data, they can reach out to their office.

Ms. Cordova provided information regarding the ADA transition plan. They are making substantial progress on path of travel in conjunction with the vendor and Facilities Management. Most of Main Campus is complete. They are moving to North Campus and working on that now. There is a lot of construction going on over there, so obviously they are not doing those buildings because they will be remodeled. Chair Brown asked what the budget is for this ADA transition, and where do they get the money? Ms. Cordova replied that the funds actually came from Regents' approval, and was set in motion by Regent Lee at the time.

The finalized report will show priority areas where accessibility is needed or fixes need to be made. Part of that is through the master plan for building and construction. Some things will be funded with

monies they have yet to identify. Smaller things like door openers, and also some larger projects. They will bring items to the Regents and Administration to think through what to do. It is the job of Ms. Cordova's office to review, gather information, and identify the construction needs. The responsibility of implementation is on the University as a whole. They will be working together with Facilities Management, Planning and Design, the Regents, the Senior VP for Finance and Administration, the President, etc., to think through this report once it is finalized to assess what is priority. From a legal standpoint, priority is usually where there are programmatic touchpoints – i.e. where students live, work, and learn, and staff work. Some are already slated for rehabilitation and remodeling. Some are not. There is also some opportunity for seeking grant money and state funds once they have a plan.

Matt Suazo, Clery Coordinator and Compliance Coordinator just completed his first annual security report for UNM that CEEO just submitted to the federal government. The report was published on October 1st. Regent Payne asked about a summary of statistics that happened in the last year, in a way that is easily digestible. Is the length because of the way the report is submitted to the federal government? Mr. Suazo responded that the report went from about 98 pages to about 115 pages because of edits and revisions that were requested from the Clery Center. It is very in depth. Chair Brown noted the trend lines are somewhat interrupted by COVID with very few students on campus. Because of such unusual circumstances, it is hard to normalize information. Mr. Suazo added that he did have to explain the reasons for differences in numbers due to the remote environment. Ms. Cordova told the Committee if there are more questions after they review the whole report, they are happy to meet to talk about them. There are so many requirements. They have to include all their processes for how they deal with any sort of crimes. They have to also include all the statistics. It's really massive, but they really do want to pare it down. It is meant for transparency and people don't want to read a 125-page report. Regent Payne said he would like a sort of executive summary that hits the high points.

They just completed a successful safety week with the support of the Presidents Office, various resource centers, and participating staff, faculty and students. There were ten events. Safety week included a safety walk on September 21st and September 23rd at Main and North Campuses, respectively. It was very successful. They were able to identify 67 locations and 172 work orders that consisted of inadequate lighting, lights out, crosswalks, damage, overgrown foliage, etc. The work orders were submitted, and from what Mr. Suazo understands, all but three were able to be addressed. One did not have enough clarity on location, and the other two were identified as not being owned by the University. They also conducted a Stop the Bleed CPR training with Emergency Manager Byron Piatt and a Coffee with our Cops event conducted on both campuses.

Angela Catena, Title IX Coordinator provided the Committee with an update on Title IX and the civil rights investigative process. As of last year, on August 14th, the new Title IX regulations went into effect. In May of last year, the Department of Education published its amendments to the Title IX regulations and gave institutions 100 days to comply with over 2000 pages. UNM was fully compliant by that deadline. The biggest change came in the process of moving from a single investigator model to a hearing officer model. Prior to these regulation changes, their office would do the investigation, analyze the information, and make a determination. Now, they do the investigation, but then it is referred over to their hearing office and their hearing officer holds a hearing to determine if there was a policy violation.

There is a Hearing Officer, a Hearing Coordinator, and two half-time Advisors. The Advisors do the cross examination during the hearing. They have one for the complainant, and one for the respondent. They do have one on-call Advisor as well, should one not be available. As of the end of September of this year, the Hearing Office had 19 cases that were referred to them. Now that everyone is back on campus, they expect the number to increase. In the Title IX changes last year, there was a rule that said if a party did not submit to cross examination, the hearing officer or decision-maker was not allowed to use those or any prior statements in their determination. So, the Department of Education has decided

that they will cease enforcement of that provision. That is a good thing, because if someone was accused and admitted some wrongdoing, they found a loophole where if they did not participate in the hearing, the submission of guilt would not be considered in the determination. Also, those who have been perpetrated against might be really traumatized by going to a hearing. And, some questions may be challenging to answer. If they didn't answer just one of the questions, none of their previous statements would be considered.

Title IX will be changing yet again with the new federal administration. Hearings are going to stay, no matter what happens. The Biden administration has stated they are going to publish their Notice of Proposed Rulemaking in May, 2022. Some members of the House are pushing for a much sooner timeline of publication. The Department of Education has stated recently that Title IX does protect against discrimination based on someone's sexual orientation and gender identity. Courts already established that for Title VII. Title IX was lagging behind.

- Chien-Chih Yeh, Internal Audit Manager presented the audit recommendation follow-up report for this reporting cycle. At the last meeting of this Committee, there were six remaining recommendations open, and one additional audit was approved - Office of Capital Projects. That audit added another five recommendations for a total of 11. Six recommendations are now in a status of implemented on this report. Therefore, five are pending. The recommendation regarding reserves is still open because they need a more formal deficit reduction plan. The balance has been reduced, but there is still some work to be done. Los Alamos Branch Campus has made some progress but they need additional time, so Internal Audit extended the deadline to January 31, 2022. For the Lobo Club, Internal Audit cannot perform procedures yet due to cancellations of events. But it will be soon, now that the season has started. The final Bookstore recommendation is close to wrapping up, per Bookstore management. The final Capital Projects recommendation is awaiting more transactions to be tested. They only have one so far.

Chair Brown stated he wanted to emphasize the importance of keeping up with the Lobo Club basketball suites issue. Financial controls in Athletics has been an area where we worked really hard to bring up to par. And, it gets a lot of public attention. It's an area of potential public embarrassment if we don't have that in good shape.

By unanimous consent, the meeting went into Executive Session at 9:40 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. Schedule of Audits in Process and FY22-23 Audit Work plan, pursuant to RPM 1.2;
- c. 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.

- <Note>: Dr. Culpepper had to leave mid-meeting to participate in an impromptu fire drill, so this presentation was given after the meeting returned to open session from closed session.> Arthur Culpepper, HSC Chief Compliance Officer, addressed the Committee with an update on HSC compliance. Dr. Culpepper stated that he previously updated the Committee regarding the change in leadership for the HSC Executive Compliance Committee. Now he will present some more formalized, updated information. Dr. Richard Larson completed his term and Ava Lovell took over as Chair of the Committee. In addition, the charter was modified to also assign a Vice Chair. After the elections at the past Executive Compliance Committee (ECC) meeting, Dr. Robb McLean, who is the CEO of the UNM Medical Group, has now taken the role as Vice Chair. Both of them will lead the Committee, and it will meet quarterly.

This past year, they started a new joint effectiveness review process in conjunction with CEEO, the HSC Institutional Compliance Program, and the Health System Compliance Program which consists of Sandoval Regional Medical Center, the Medical Group, and UNM Hospitals. Dr. Culpepper shared a report with the Committee to communicate all of the different activities and events that all of the compliance programs participated in this past year. Those activities and events are driven by the seven elements which are set out by the US Sentencing Guidelines and the Office of the Inspector General (OIG). They are working together as a group to look at all compliance endeavors and activities. It sets the stage also, where they will be working a lot closer with each other programmatically, because a lot of activities and events cross the campus and are not germane to just one part of the University. For instance, HSC Compliance worked with CEEO on the ADA accessibility referenced earlier in the meeting. They also participated in the safety walk.

They are embarking on Compliance Week, which is coming up in November. They are working together to make sure there is a more collaborative effort in terms of how they do compliance and share openly all the different activities taking place across this institution.

The work plan for the Institutional Compliance Program was shared with the Regents. Dr. Culpepper provided some details on how the work plan is composed. First, they take information from Committee meetings (resolutions, minutes, etc.), conversations from compliance groups and others throughout the institution, trainings, hotline information, and more to make sure the work plan is very robust. The work plan is reviewed by senior management and the Executive Compliance Committee. The OIG puts out an annual work plan to give institutions throughout the country ideas. They don't want institutions to copy their work plan, but to look at all the recommendations they give and look at the particular risks germane to their specific institution. Regents' Policy 3.7 gives specific information for them to monitor the academic, clinical, and research functions, as well as facilities and service operations in the business units throughout the HSC. It is important to point out that compliance does not get involved in operations. It is their responsibility to look at policies, regulations, and laws, and to make sure these things align with requirements. The work plan also provides opportunity to improve communication and effectiveness throughout the institution. They work with HSC administration, business unit leaders, deans, faculty, to share skills they have to provide assistance. Compliance can also help them remedy and mitigate issues that come up. The work plan, completed annually, serves as a roadmap because there are so many compliance issues that is has to be targeted. The work plan specifically includes tasks, timeline, and responsible parties. They will share quarterly updates with the Committee.

The Committee unanimously approved the CLA audit work plan updates for UNM Hospitals and the Internal Audit work plan updates.

The Committee unanimously approved the FY21 Internal Audit Annual Report.

The Committee unanimously approved the following UNM Internal Audit reports:

- 2020-08 Audit of Facilities and Maintenance Division
- 2022-01 Audit of President's Travel, Entertainment and Other Expenses

The meeting adjourned at 10:29 AM.

Approved:


Audit and Compliance Committee Chair