

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Audit and Compliance Committee Virtual Meeting
October 16, 2020 – Meeting Minutes

Members Present: Douglas Brown, Chair, Marron Lee, Vice Chair (quorum).

Member Absent: 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, Kate Becker, Sarah Ramer, Ari Vazquez, Heather Jaramillo, Laura Putz, Lawrence Alderete, Sergio Pareja, Camille Carey, 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 9:04 AM. He confirmed attendance of two of the 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 13, 2020.
- The Committee approved the next meeting dates of February 11, 2021 and May 6, 2021.

INFORMATION ITEMS:

- Advisors' comments: None.
- Victor Griego, Interim Internal Audit Director presented his Director's Report. The final proposed meeting dates for the rest of the FY21 are February 11, 2021 and May 6, 2021 at 9:00 AM. The external audit entrance conference will be presented at the May meeting.

All Internal Audit (IA) 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. Internal Audit will continue to work remotely through the end of the year, and will begin to transition back to in office operations after Winter Break. Last year, the department submitted a proposal for funding for replacement of the building's roof. It is in bad shape and gets many leaks when it rains. A couple of weeks ago we were notified that funding was secured. That work is currently underway while staff is not occupying the building.

Mr. Griego presented the status of the 2021 audit work plan. There are 15 audits on this fiscal year's plan. Two are complete; two are in planning and fieldwork; an additional completed audit will be presented in this meeting in closed session; six are assigned; and, four are unassigned. Mr. Griego detailed complaint status. Eleven are completed and closed as of September 30th, and 14 are in fieldwork. There are no complaints that are unassigned. IA is working hard to streamline the investigation process to get them resolved quickly.

For the FY21 adjusted budget, the Department has a budget of \$1,062,979, of which \$964,979 is from the general pooled account and primarily makes up IA's funding. An amount of \$4,000 comes from a reimbursement from UNMH for the audit software sharing agreement. IA budgeted \$94,000 from the department's reserves. Funding of \$964,979 from the general pooled account reflects an I&G budget reduction of \$105,622, due to the impact of Covid-19 and final funding received from the state. IA did take a hit with the budget reduction, but fortunately had some reserves to makeup that shortfall. As of October 8, 2020, the department's expenditures are \$237,812 (with 97% as labor costs), and

encumbrances are \$492,539. Encumbrances for labor are \$486,057, making up almost 99% of the total expenditures.

Initially, this meeting was to include the exit conference for the external audit. Unfortunately, there is a delay on issuance of federal guidance to audit the Covid-19 programs related to the Cares Act. The external auditors need to receive that guidance before they can finalize the audit. Mr. Griego notified the Committee that he did get an email stating the guidance may not come out until mid-November. Mr. Griego asked Liz Metzger, University Controller if that is when to expect the guidance, and, if she has any idea when they may be able to have the exit conference. Ms. Metzger stated she does not think the auditors exactly know when they'll get the federal guidelines in order to audit the Cares Act funds that we received in FY20; they just have the same information indicating that it may not be out until mid-November. Evidently, there's a draft that went out for comments. The AICPA and other agencies involved in these audits had a lot of comments indicating the way the guidance currently is, it is impossible to use for auditing. The auditors want to get it done as quickly as we want it to be done. So as soon as they get those guidelines, they're ready to jump back in and audit our Cares Act funds. Hopefully we can schedule the exit conference shortly after that.

Chairman Brown stated he understands the auditors will miss the New Mexico State Auditor's deadline for submission. However, there's a full understanding at the State that the reason for the delay is the Fed's dilatory behavior. Mr. Griego added that typically there would be a State Auditor finding, but he thinks that they're going to actually wave that finding. Ms. Metzger stated if the reason the submission of the financial statements doesn't meet the November 1st deadline is because of this Cares Act funding work needing to be done, there will be no audit finding on the deadline. Mr. Griego noted that IA will plan on scheduling a special meeting of the Committee when this is complete to have that exit conference. Hopefully it will be before the end of the calendar year, before Winter Break.

Mr. Griego informed the Committee he wanted to briefly mention the Quality Assessment Review that IA went through last year. IA has primarily implemented the recommendations that the external reviewers had. There will be more detail in closed session in the annual report, but one thing to mention is one of the recommendations is that internal audit perform an internal quality assessment review where IA audits its own work papers to make sure they meet auditing standards. The Department will present the results of that review at the February meeting.

Mr. Griego provided status information regarding the external audits and reviews that are going on with UNM. UNM is currently under two reviews, and just received an engagement letter from the National Science Foundation on October 5th. They want to do a review or an audit of all NSF awards. Basically, it looks like it's going to be a standard audit of internal controls and to ensure that there's allowable costs and the processes are accurate and in compliance with the funding requirements. In the RAC audits of UNMH and SRMC, there are 299 requested records that were reviewed, of which 278 were carried over from FY2020. The claims totaled \$3.4 million, with original reimbursement of \$1,027,389. After the reviews were completed, Medicare actually recovered back \$79,000 for a net reimbursement of approximately \$948,000. As far as SRMC, there have been no requests for records for FY21.

- Rob Burford, Director of University Compliance addressed the committee to provide the Main Campus Compliance Office status report. The Compliance office is doing a methodical approach on the risk assessment that was recently completed. They have started meeting with the colleges' deans to review the information. It has been very helpful. They started with new deans that have come on board. It's been enlightening for them to see the trends of information through Ethics Point and the Risk Assessment Survey. Ethics Week is coming up and Dr. Culpepper will provide detailed information on that later in this meeting. The Compliance Office is finalizing the Clery report which should be out before Thanksgiving Break.

Mr. Burford provided the hotline data categorized by academic year. Total cases have increased from 808 in 2016-2017 to 1155 in 2019-2020. They did go in to look to see if Covid may have had an effect on the more recent numbers. The numbers of cases have gone down between March 2020 and the beginning of October 2020, as compared to the same time last year, so there does seem to be an effect. It makes sense, according to Mr. Burford, since there are fewer people on campus. Mr. Burford gave an overview of the top ten case outcomes for the prior academic year. Of total cases, 585 were determined to be unsubstantiated. There were 166 cases found to be outside UNM's jurisdiction. The average amount of days cases (including OEO cases) are open has increased from 55 in 2016-2017 to 72 in 2019-2020. Mr. Burford also provided statistics on the top ten issue types for academic year 2019-2020. The highest numbers are concerning sexual violence and misconduct, followed by harassment and discrimination. When OEO cases are extracted from the data, bullying and employee misconduct tied as the highest category. These areas fall under Human Resources' jurisdiction. The lowest number of eight (8) are related to unsafe work conditions, though that number has increased due to concerns with Covid-related issues. Anonymous reporting percentages, with OEO included, are low - at 17.58% last academic year - because almost everybody who reports to OEO has to disclose. When those cases are removed, the number jumped to approximately 53% last academic year. The vast majority of Ethics Point cases are reported through email, particularly OEO cases. For overall cases, web entry is the next highest category, followed by phone. Walk-ins will likely go way down this year due to the pandemic.

OEO has by far the highest number of cases total. Heather Jaramillo, Associate Director of OEO provided the data for OEO caseload trends. In 2019, they had almost 900 cases come in the door, though not all of those turned into an investigation. Each case does require processing. They are first reviewed for jurisdiction and referred out to the proper area if they do not fall under OEO. They do not think they will approach 900 in 2020 due to the pandemic and also the new Title IX regulations. The new regulations may scare some people off from reporting. Therefore, they are working with their campus partners like advocacy centers because the behavior is continuing even though reporting may go down. As usual, sexual harassment allegations are the highest number of reports. There has been an increase in allegations involving race; this includes a slight spike in race-related complaints against persons of Asian ancestry when Covid started, and other race-related complaints following the momentum in the Black Lives Matter movement. Ms. Jaramillo also detailed information that breaks out cases by affiliation of complainant, which has stayed pretty steady over the past five years. Nearly half are student complainants. Finally, Ms. Jaramillo provided data regarding categories of the nature of Title IX complaints, such as intimate partner violence, sexual harassment, differential treatment based on protected class, and retaliation under Policy 2740. As the cases have increased, so have the different types of allegations. Additionally, sexual harassment cases are on par to outpace the previous year, even though total case numbers are down. People are learning more about how and when to report, and OEO is providing training.

- Dr. Culpepper addressed the Committee with an update on HSC compliance. The area has some staffing changes to report. They are transferring one of their staff members over to Health Systems due to her expertise and ability to assist with a CDI coding initiative. They also have a 27-year employee who is retiring. Now they are transitioning that position to include compliance specialist experience.

As Mr. Burford mentioned, they are working on a 2020 virtual compliance week program. Historically, compliance week is in November. Compliance officers are out and about distributing information. Main Campus, HSC, and Health Systems Compliance have been meeting periodically to pull together a robust outreach and will deploy the compliance week project in the coming weeks. They transitioned staff to laptops to provide an opportunity to work at home and everyone has Zoom capability. This has provided a lot of autonomy and has increased productivity a great deal.

By virtue of the President's Task Force looking at consensual relationships and conflict of interest, it was determined there was a conflict with the HSC Code of Ethics. HSC had to look at a naming

convention change so that all of the policies and the Code would align with the work of the task force. Now the "HSC Code of Ethics" has become the "HSC Codes of Professionalism and Conduct."

Dr. Culpepper provided a copy of the 2020 work plan to the Committee members. It is divided into two components: Program Summary Activities and Enterprise Risk Management. The Program Summary Activities pertain specifically to compliance. They involve education, outreach, reporting, hotline monitoring, response, and readiness. They continue to work their exclusion program related to Medicare and Medicaid status.

For Enterprise Risk Management, they have taken the risk assessment survey results and identified units within HSC that they are going to be working on. They are going to be rolling it out in three stages to help those particular business units with risk mitigation efforts. Stage 1 is building a foundation with those units and working with the new EVP to make sure they understand the value of that relationship. Stage 2 is working at the unit level to have them really embrace enterprise risk management to understand risks specific to each individual unit. Stage 3 encompasses working with the university as a whole and other areas of compliance across campus. Decentralized efforts are happening in the different areas, but the goal is to meet together and report from a holistic standpoint.

The University of North Carolina came out with 2019 State of Risk Oversight. They are considered one of the tops in enterprise risk management in this country. The oversight provides opportunity to reach out and empower leadership to help them understand the pressures that are going on specific to risk, provide them with information, and how to connect that with strategic planning.

Dr. Culpepper stated they have four Enterprise Risk Management objectives. Their role is not to go in and interfere with operations, but to support and provide skills and knowledge. They are working to come up with an accountability model for the whole University. Survey results were shared with all of the areas they are going to work with. They set up virtual one-hour meetings to go through risk registers. HSC Compliance will assign an individual to work closely with each on the units. Each unit was requested to identify three to five risks that they want to work on. They are also being asked to identify risk owners. Those risk owners will be provided with training in November to empower them to know what is expected of them. The training will be recorded and shared with other compliance areas.

Regent Lee stated this is a very comprehensive report. It sounds like they have their work cut out for them. She thanked Dr. Culpepper for wanting to become a national model. That is always something to strive for. Dr. Culpepper replied that if you put a robust list together of all the risks it would be a 20-page document. How do you prioritize those risks and begin to work on them? The goal is how to get a culture that is aware of risk. Chairman Brown added you only have to look at this Covid crisis and how this has distorted our whole program. So, to the extent that we can anticipate some of these factors, prepare for them, and then activate remediation is very important. He particularly likes the idea of risk owners.

- Chien-Chih Yeh, Internal Audit Manager presented the audit recommendation follow-up report for this reporting cycle. This report includes a total of 12 recommendations. Two of them have been implemented since the last meeting - one from the Los Alamos audit, and another for Lobo Club from the most recent audit from the last meeting. The remaining 10 recommendations include a few for Alumni Relations as well as the audit of reserves. These areas are continuing to work on implementation. The final page of recommendations are those that are implemented but are still being monitored for various reasons. One is a Chrome River recommendation, and two are for Athletics. One of those Athletics recommendations is related to their deficit reduction plan.

Summary of the Regents' Audit and Compliance Committee Virtual Meeting
October 16, 2020

By unanimous consent, the meeting went into Executive Session at 9:52 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 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 UNMH/Health System reports:

- 2020-01 UNM Hospital, UNM Medical Group, Inc. and UNM Sandoval Regional Medical Center, Inc. Audit of Medical Record Requests
- 2020-02 Human Resources and Payroll Internal Audit Report
- 2020-02a Advanced Practice Provider Stipend Support Review

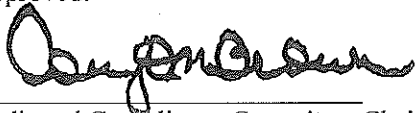
The Committee unanimously approved the following UNM reports:

- 2020-09 Audit of The University President's Travel, Entertainment, and Other Expenses

The Committee also approved submission of Main Campus Internal Audit's Annual Report.

The meeting adjourned at 11:38 AM.

Approved:



Audit and Compliance Committee Chairman