

THE UNIVERSITY OF NEW MEXICO  
Board of Regents Special Audit Committee Meeting  
April 11, 2011 – Meeting Minutes

Members Present: Chairman J.E. "Gene" Gallegos, Lt. Gen. Bradley Hosmer, Regent James Koch (Quorum).

Other Attendees: President Schmidly, David Harris, Helen Gonzales, Ava Lovell, Lee Peifer, Bruce Cherrin, Manu Patel, Amy O'Donnell.

Chairman Gallegos called the meeting to order at 8:28 a.m. in the Cherry/Silver Room, Student Union Building, UNM.

**ACTION ITEMS:**

- Ava Lovell presented the Committee with information to request approval on the external auditor selection process. UNM went to bid on March 4<sup>th</sup>. There were two respondents to perform the audit for FY11, 12, and 13. UNM is the second or third largest audit project in the state. There are not very many firms in New Mexico that are large enough to handle the size of UNM's external audit. Under the State Auditor's Rule, out-of-state firms must be on the State Auditor's list and file a large amount of supplemental paperwork. Therefore, we rarely get bids from out-of-state audit firms. The largest firms in the state are Moss Adams and KPMG. One new firm, Clifton Gunderson, did bid. They were a small firm but they recently purchased Meyners and Company in New Mexico and are now large enough. However, as they did not have experience auditing universities in New Mexico, they did not score as high. In addition, Clifton Gunderson left about a month's worth of work out of their proposal and they were going to direct part of the audit out of Milwaukee, Wisconsin, which Ms. Lovell stated would not work. Ms. Lovell reported they had a seven person team reviewing the bids. The team included, as usual, the lead financial officers for the UNM Foundation, UNM Medical Group and UNM Hospital, the Chief Accounting and Treasury Officer, Ms. Lovell, the Purchasing Agent, and (new) the Sandoval Regional Medical Center.

Ms. Lovell supplied the committee with information regarding the criteria for the point system, as well as the score sheets used to evaluate the bids.

This year, the bid includes Sandoval Regional Medical Center; as this is a new center, this component was not part of the previous proposal(s).

Ms. Lovell and Mr. Patel have spoken with Moss Adams and KPMG. As part of the best and final negotiations, Ms. Lovell informed Moss Adams they needed to come down some on their fees. They did reduce fees by 7.8% for FY11 and also agreed to work with us in reducing their fees if the Internal Audit department performs some of the audit work. Moss Adams will perform the audit of the Main Campus and Hospitals in FY11; KPMG will perform the audit of the component units. In FY12 and 13, KPMG will perform the Main Campus and component unit audits and Moss Adams will perform the Hospital audits. Moss Adams and KPMG have experience teaming together in this capacity. The selection must be approved by the Higher Education Department, the Finance and Facilities Committee must approve the expense, and the contract has to be approved by the State Auditor. Everything must be turned in to the State Auditor by May 1<sup>st</sup>.

Regent Hosmer asked if there are any weak spots in the response submitted by Moss Adams. Ms. Lovell stated there is not and they have done a great job over the past five years. Regent Koch and David Harris both agreed and said Moss Adams and KPMG are great firms.

- The Committee approved the selection of the External Auditor. (Motion: Regent Koch, Second: Regent Hosmer).
- The Committee approved the Minutes from January 20, 2011 (Motion: Chairman Gallegos, Second: Regent Koch).

Summary of the Regent's Special Audit Committee  
April 11, 2011

There being no further business, the meeting was adjourned at 8:47 a.m. (Motion: Chairman Gallegos, Second: Regent Koch).

Approved:

  
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Audit Committee Chairman