

**ROBERT WOOD JOHNSON FOUNDATION CENTER FOR
HEALTH POLICY AT THE UNIVERSITY OF NEW MEXICO**

AUDIT OF BUSINESS PRACTICES AND PROCEDURES

**Report 2012-02
October 9, 2012**



Audit Committee Members

J.E. "Gene" Gallegos, Chair
Lt. General Bradley Hosmer, Vice Chair
James Koch

Audit Staff

Manu Patel, Audit Director
Avedona Lucero, Senior Auditor

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ABBREVIATIONS

Center	Robert Wood Johnson Foundation Center for Health Policy at the University of New Mexico
FSSC	Financial Services Support Center
Plan	Governance and Management Plan
RWJF	Robert Wood Johnson Foundation
UBPP.....	University Business Policy and Procedures Manual
UNM	The University of New Mexico

EXECUTIVE SUMMARY

The Robert Wood Johnson Foundation Center for Health Policy at the University of New Mexico's (Center) Governance and Management Plan, Section 4.2 requires an internal audit of the Center every two years. Internal Audit conducted the first audit in January 2010, covering the period of January 1, 2007, through December 31, 2008. This audit covers the period of January 1, 2009 through December 31, 2011, and concludes the requirements of the Center's Governance and Management Plan.

Based on our audit, it appears that the Center has adequate internal controls to ensure that they are in compliance with applicable laws and regulations, University of New Mexico (UNM) Policies and Procedures, Robert Wood Johnson Foundation (RWJF) Policies and Procedures, and policies and procedures developed by the Center. The Center is in compliance with submitting financial information to RWJF. The Center is operating economically and efficiently and acquired resources are protected. The following summary provides management with an overview of our recommendations.

STEERING COMMITTEE

The Steering Committee (to be chaired by the Provost) has not been meeting as prescribed by the Governance and Management Plan. The purpose of the Steering Committee is to provide guidance to the Center to ensure that target goals are met. The vast diversity of required committee members offers representation of different disciplines and a large pool of individual perspectives to ensure the Center's success. Despite not meeting, the Center continues to succeed in a turbulent organizational environment.

The Executive Director should work with the Provost to resume meetings of the Steering Committee. The Committee should meet at least once per semester as required by the Governance and Management Plan.

STUDENT FELLOWSHIP AWARDS

During the audit period, the Center awarded up to ten \$24,000 doctoral fellowships and three \$12,000 doctoral dissertation fellowships per year. A review of student fellowship award files indicated that required application items did not have *receipt date information* to verify that applications were submitted timely. In addition, we could not locate the following items in the files: letter of nomination, graduate committee chair letter, documentation of full time enrollment and the application or letter of acceptance to Ph.D. program.

The Executive Director should implement a systematic process to ensure that student fellowship applications include all required items, are submitted by the due date, and that all information is documented and maintained in the award files.

THE CENTER'S POLICIES AND PROCEDURES

The Center should develop a process to ensure that all plans and policies are reviewed annually as required by the Governance and Management plan.

PRIOR AUDIT FINDINGS

All prior audit recommendations have been resolved.

CONCLUSION

Based on our audit, it appears that the Center has appropriate and adequate internal controls to ensure that they are in compliance with applicable laws and regulations, UNM Policies and Procedures, RWJF Policies and Procedures, and policies and procedures developed by the Center. They are also in compliance with submitting financial information to the RWJF, and they appear to be operating economically and efficiently to adequately protect resources acquired.

INTRODUCTION

BACKGROUND

The Center is a collaborative project between the Robert Wood Johnson Foundation and the University of New Mexico. The purpose of the Center is to increase the diversity of those with formal training in the social and behavioral sciences, especially economics, political science and sociology, who engage in health services and health policy research. Particularly, the Center seeks to become a nationally recognized locus for health policy research that will support work to inform health policy debates at multiple levels.

The Center is dedicated to increasing the diversity of health policy leaders in the social, behavioral and health sciences and nursing. The Center's goal is to increase the number of social and health scientists from Latino, American Indian and other racial and ethnic communities underrepresented in these academic disciplines.

The Center scholars will learn to become a new generation of health policy leaders through on-the-job training in research and policy analysis, leadership development and community capacity building.

We will primarily invest in the five disciplinary areas that the Robert Wood Johnson Foundation has historically cultivated to improve the quality of health services research and policy analysis:

- Economics
- Political Science
- Public Health
- Sociology
- Nursing

Our nation's health policy can only be improved through insightful identification of issues, innovative interdisciplinary analysis of solutions and careful evaluation of policy implementation. Center scholars will be trained to help decision-makers develop more effective health policies by offering a broader view of critical issues and expanding the knowledge base for potential solutions. Scholars from underrepresented communities will also provide unique observations on our increasingly multicultural society that will enrich analytic frameworks, redefine issues and offer different perspectives. We continue to focus on:

Conducting research and policy analyses that addresses the many social, political and economic factors that contribute to the inequities we observe in health and health care in our society.

Supporting leadership development activities that encourage interdisciplinary collaboration among scholars in the social, behavioral and health sciences.

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Building stronger and richer connections with our communities so that they can share their knowledge and teach us how best to improve the health and well-being of the individuals living in their environment.

The Center was created in January 2007 with one staff member (a program manager), and the Provost, who served as Interim Executive Director. The first cohort of seven doctoral students started that fall. The current Executive Director was hired in January 2008. By the end of that year, the Center had grown to include the Executive Director and two Associate Directors, five staff members, two full-time faculty, and 15 doctoral fellows. Today, in addition to stable faculty leadership, the Center boasts seventeen staff members, over twenty-five doctoral fellows in seven different departments, and five doctoral fellow graduates.

The program funds to support this grant from the RWJF through December 2011 totaled \$10,173,999 for operations, \$8,000,000 in endowment funds from the RWJF, and an additional \$1,000,000 in endowment funds raised by the University of New Mexico and the Executive Director for faculty support in accordance with the endowment stipulation. RWJF awarded a “bridge” grant of \$1,209,117 to the Center’s operations for the period of January 2012 through June 2012 for the purpose of shifting its fiscal year to match the University’s July 1 fiscal year start. The Center’s “Phase II” implementation was recently funded for an additional 3-year operating grant with the first year (July 2012-June 2013) funded in the amount of \$2,499,974, and with fellowships funding through 2020.

The Center awarded ten faculty research grants totaling \$234,787 for calendar years 2009 and 2010; none were awarded in Calendar year 2011. The table below details each grant.

Department	Project Title	Award Amount
Economics/Geography	Geographic Information Tools for Assessing Spatial Relationships Between Food Accessibility, Food Availability, and Diet-Related Public Health in a Local Community	\$19,863
Public Admin	A Study of Agency Strategic Orientation and Inter-agency Collaboration in a Mixed-Sector Behavior Health Services Network in Bernalillo County	9,958
C&J/FCM	Using community-Based Participatory Research to Map the Course of Integrated Health Care for Depression and Co-Occurring Conditions Among Off-Reservation American Indians	20,000
Sociology	Civilian-Section Health and Mental	19,730

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	Health Services for Active-Duty Military Personnel	
Economics	Effects of Business Cycles on Mortality for Vulnerable Populations by Age and Cause of Death	9,947
Pharmacy	Off-label Use: The Case of Gabapentin	8,338
FCM/Sociology	Factors Influencing Decision-Making for the HPV Vaccine	19,519
FCM	Study of Participatory Policy Development in Northern NM	10,000
Sociology/UNM Law School	Institute for Study of "Race" and Social Justice	92,032
Psychology	Endorphin Power Company	25,400
Total		\$234,787

Source: The Center's Faculty Research Grants Schedule

The table below highlights how funds were spent by major report category for 2009, 2010 and 2011 as required by RWJF.

Category	2009	2010	2011
Personnel	\$ 1,572,415	\$ 1,580,614	\$ 1,730,617
Student Support	147,481	128,374	209,651
Office Operations	47,242	29,444	48,107
Communications/Marketing	17,553	5,460	31,928
Travel	98,144	99,429	155,198
Meeting Expenses	25,798	17,651	37,343
Equipment	14,149	12,562	12,754
Other Direct Costs	135,326	86,786	116,122
Purchases Services/Contracts	250,869	99,140	147,580
Indirect Costs	277,077	247,136	298,716
Total	\$ 2,586,054	\$ 2,306,596	\$ 2,788,016

Source: Annual RWJFC Center Budget Reports

Selected category descriptions below:

Student Support includes: Graduate Fellows Tuition, Student Health Insurance, Dissertation Research Fund and Graduate Summer Course.

Office Operations includes: Office Supplies, Computer Software, Postage, and Telecom charges.

Travel includes: Student Recruitment, National Advisory Board Guest Lecture Series and Faculty/Student Travel

Equipment includes all computer equipment for the center and laptops purchased for the use of student fellows while in the program.

Indirect Costs: 12% F&A

PURPOSE

The purpose of our audit is to conduct an independent, objective, assurance service and consultation to determine whether the Center is in compliance with: the UNM systems of controls; financial, managerial and operating information risk management; policies, standards, procedures, applicable laws and regulations; economic, efficient and adequately protected acquisition of resources; and, adequate and properly-functioning organizational governance. The audit did not include an assessment or evaluation of the performance of this program.

SCOPE

We conducted an audit of policies, procedures, internal controls, financial records, reconciliations, and governance structure for the time period January 1, 2009, through December 31, 2011. We completed the fieldwork on August 24, 2012.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

STEERING COMMITTEE

The Steering Committee to be chaired by the Provost has not been meeting as prescribed by the Governance and Management Plan.

According to the Robert Wood Johnson Foundation Center for Health Policy Governance and Management Plan:

Section 3.9 Committees and Boards. To advise, counsel, advocate and champion the Center and its goals at appropriate levels, the UNM President, Provost, EVP for Health Sciences and the Center's Executive Director will establish boards, committees and ad hoc committees, as appropriate. The two boards and committees established as a permanent structure are: National Advisory Board and the Steering Committee. Each entity has a particular function and role, outlined in the sections following.

Section 3.9.2 Steering Committee. The Steering Committee is composed of the Provost, the Executive Director, the Executive Vice President for Health Sciences, the Dean of the College of Arts and Sciences, the Dean of the School of Medicine, the Dean of Pharmacy, the Dean of Nursing, and the Dean of Graduate Studies, as well as the chairs of Economics, Political Science, Sociology, and Family & Community Medicine with additional members as necessary to ensure minority representation. The Committee will provide the Executive Director guidance to ensure that the implementation of the Center's programs meets its goals and objectives in the recruitment, education, research, and community engagement programs and that its operations remain consistent with University, academic and departmental policy goals and objectives.

...The committee will meet at least once a semester and will be chaired by the Provost. ...This committee has responsibility for developing and reviewing benchmarks for the Center to be reported to the Robert Wood Johnson Foundation. ...

The Center's Executive Director informed us from the beginning of the audit that the Steering Committee has not met as prescribed by the Governance and Management Plan. There has been turnover in both the President and the Provost positions as well as turn over and restructuring of the Health Sciences leadership and the required meetings of the Steering Committee had not been addressed as a result.

Recommendation 1

The Executive Director should work with the Provost to resume meetings of the Steering Committee. The meetings should be held at least once per semester as required by the Governance and Management Plan.

Response from the Center's Executive Director

Action Items: The Provost is aware of our need to reconstitute and reconvene this advisory committee. We are in the process of scheduling meetings for this semester and for rest of the fiscal year.

Targeted Completion Date: 18 Dec 2012

Assigned to: Executive Director

Corrective Action Planned: We concur.

STUDENT FELLOWSHIP AWARDS

During the audit period, the Center awarded up to ten doctoral fellowships of \$24,000 each, and three doctoral dissertation fellowships of \$12,000 each per year. The Center posted a "call for nominations" on their website well in advance of the application date and the call for nominations included a list of items required and the due date. Selected applicants are informed of their awards, funds are transferred to their student accounts for application to student charges, and any remainder is distributed to the student.

The awards are financially attractive and the number of applicants suggests that they are highly competitive. A review of eight student award files revealed that various items required by the call for nominations could not be located in the file. Examples of the items that were not found in the files were: letter of nomination, graduate committee chair letter, documentation of full time enrollment and the application or letter of acceptance to Ph.D. program. The Center's award files were not kept in an organized manner so as to confirm that the Center received the required application documents. They did not have a systematic method to record when applications were received. As a result, Internal Audit could not determine that complete applications were received by the required due date.

Recommendation 2

The Executive Director should implement a systematic process to ensure that student fellowship applications that are awarded include all required items, are submitted by the due date as required by the call for nominations, and are documented and maintained in the files.

Response from the Center's Executive Director:

Action Items: Student files have been reorganized and consolidated to address concerns. We have created a system by which administrative support will date-stamp, itemize, and file materials as they are received. For those awarded fellowships, these materials will be maintained with a student's fellowship file.

Targeted Completion Date: Reorganization of the Doctoral Fellow files was completed on 15 September 2012

Assigned to: Senior Manager

Corrective Action Planned: We concur.

THE CENTER'S POLICIES AND PROCEDURES

The Center established internal policies and procedures during its first year of existence, but has not reviewed/updated them on an annual basis as required by its Governance and Management Plan.

According to the Robert Wood Johnson Center for Health Policy Governance and Management Plan Section 6.0 Additional Plans and Policies:

The Executive Director is responsible for ensuring that additional supporting plans and policies are developed, published and implemented. At a minimum, the Executive Director will publish policies for student support criteria and selection process, research proposal selection and award processes, administrative policies, and an Assessment Plan. All plans and policies will be reviewed annually and must be consistent with University Business Policies and Practices.

The Center provided copies of the administrative policies they have in place; they are consistent with University Business Policies and Procedures.

Recommendation 3

The Executive Director should develop a process to ensure that all plans and policies are reviewed annually as required by the Governance and Management Plan.

Response from the Center's Executive Director:

Action Items: Over the last four years we have reviewed our policies and procedures on a regular basis and revised them as appropriate although not on an annual basis. The Directors group will once a year review our policies and procedures with the Center's senior manager.

Targeted Completion Date: 30 June 2013

Assigned to: Senior Manager

Corrective Action Planned: We concur.

PETTY CASH FUND

The Center established a \$250 petty cash fund in its first year of operations and has continued to keep the petty cash fund even though it is not used very often. Reconciliation as prescribed by University Policy has not been completed since 2008 and a surprise count of the fund revealed a shortage of \$4.43. A review of supporting documentation for purchases revealed that single purchases do not often exceed \$50 in any one month.

University Business Policies and Procedures 7210, Petty Cash Fund states:

4. Fund Custodian

The Fund Custodian is responsible for ensuring that the total amount of the fund is accounted for at all times and should reconcile the Petty Cash Fund once a week. The UNM Petty Cash Fund Reconciliation form should be used for this purpose and be available for review by Financial Services or auditors upon request. The Reconciliation form must be signed by the Fund Custodian and maintained for two (2) years.

6. Replenishing the Petty Cash Fund

Fund Custodians should replenish the Petty Cash Fund monthly or when total accumulated receipts exceed \$200, whichever occurs first. If Petty Cash usage typically does not exceed \$50 monthly, the department should consider closing the fund and making these purchases via another method (P-Card or reimbursement via DPEZ process). To replenish the Petty Cash Fund, the Fund Custodian prepares a Petty Cash Reimbursement form, in accordance with Financial Services' procedures and attach the requested documentation.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

The Center's administration stated that emergency purchases using petty cash fund were more frequent prior to establishing purchasing cardholders and setting up the Center's index and financial system. It appears that petty cash is no longer regularly used, as other methods of purchasing are now established. As a result, the petty cash fund should be closed.

Recommendation 4

The Center should close the petty cash fund in accordance with the above-referenced University policy 7210.

Response from the Center's Executive Director:

<i>Action Items: We no longer require a petty cash account. So, we are in the process of closing it out.</i>
<i>Targeted Completion Date: 31October 2012</i>
<i>Assigned to: Senior Manager</i>
<i>Corrective Action Planned: We concur.</i>

FOLLOW-UP ON THE 2009 AUDIT OF THE CENTER, REPORT 2009-03

Prior Recommendation 1: Management and Governance Plan

The Executive Director should finalize the Plan, and have it reviewed and approved as soon as possible to meet the current operational needs of the Center. The updated Plan should include recommended changes regarding how often the plan should be reviewed and approved. The Plan should also address the types and number of boards necessary to assist the Center for compliance with the Plan.

Current Status – Resolved:

The Governance and Management Plan was drafted and approved in July 2010.

Prior Recommendation 2: Review of Documents Processed for Payment

The Program Manager should work with the Center's staff to ensure that purchases are made in compliance with University Policy, and that documents are processed in a timely manner as required by University Policy.

Current Status – Resolved:

Based on documents reviewed in June 2010, the Center complied with required University Policy.

Prior Recommendation 3: Segregation of Duties

The Program Manager should contact Financial Services Support Center (FSSC) for assistance in the removal of dual roles (initiating and approving) for all employees.

Current Status – Resolved:

The FSSC removed dual roles (initiating and approving) for all of the Center employees in February 2010.

Prior Recommendation 4: Timekeeping Approval

The Program Manager should sign as approver on time sheets for all employees supervised under this position.

Current Status – Resolved:

In February 2010 the Center made the appropriate changes requiring the Program sign physical time sheets as well as electronic forms for all employees supervised under this position.

APPROVALS



Manu Patel, CPA
Director, Internal Audit Department

Approved for Publication



Chair, Audit Committee