

THE UNIVERSITY OF NEW MEXICO  
Board of Regents Special Audit Committee Meeting  
September 20, 2012 – Meeting Minutes

Members Present: Vice Chair Lt. Gen. Bradley Hosmer, Regent James Koch (Quorum).

Other Attendees: President Robert Frank, David Harris, Helen Gonzales, Ava Lovell, Chaouki Abdallah, Liz Metzger, Ellen Wenzel, Lee Peifer, Chris Vallejos, Stuart Freedman, Maureen McGuire, Cynthia Reinhart (KPMG), Francisco Archuleta (KPMG), Jennifer Hall (KPMG), Purvi Modi (Moss Adams), Ella Watt, Steve McKernan, Amy Neel, Ruby Santos, Erin Doles, Rita Abeyta, Manu Patel, Chien-chih Yeh, Avedona Lucero, Lola Neudecker, William Cottrell, Amy O'Donnell.

Vice Chairman Hosmer led the meeting in the absence of Chairman Gallegos. He called the meeting to order at 10:00 a.m. in ROBERTS ROOM, Scholes Hall, UNM.

**ACTION ITEMS:**

- The Committee approved the minutes from August 16, 2012 by unanimous consent.

**INFORMATION ITEMS:**

- Vice Chairman Hosmer asked for any advisors' comments. There were none.
- Vice Chairman Hosmer reviewed follow up items from the last meeting. The first item is the external Quality Assessment Review (QAR) for the Internal Audit Department. Internal Audit Director Patel stated that he did send an agreement to the Director of New Mexico State Internal Audit who will lead the review. Director Patel further stated that he received a response from the QAR reviewer that the agreement will be signed and returned. The Review will take place at the end of October or early November. The report will hopefully be complete by the end of November. The other item for follow up is the Hospital risk assessment. This will be covered at this meeting in Executive Session.
- Director Patel reviewed the remaining items on his Director's Report (the QAR information above was also on this report). The remaining FY13 Audit Committee meetings are scheduled for October 18, 2012, February 21, 2013, and May 16, 2013. The proposed FY 13 audit plan includes 5 audits in field work, of which 2 are in the report writing stage, and 11 new audits are proposed. Director Patel informed the Committee that he did get input and feedback from them as well as from the President. The Department is reserving 1100 audit hours for new topics that might come up during FY13. There are 37 open complaints that are at various stages of investigation. The Department is working with Human Resources and other departments regarding status of their portions of the investigations.

Vice Chairman Hosmer asked for comment on the level of analysis for complaints relating to trending indicators. Director Patel stated the Department has identified the 3 areas that get the most complaints and the Department could provide that data at the next meeting. The data can include what the most frequent subject areas are. Vice Chairman Hosmer is interested if the complaint system is working to our advantage. For example, can we make good use of it in a way that helps inform the University about more than just individual issues? Helen Gonzales, Vice President of Human Resources, commented that on their end they do categorize the

complaints, look for trends, and have done interventions in areas that have a significant number. President Frank asked if we also track number trends over time. Vice President Gonzales stated that Human Resources recently started working with Internal Audit to capture that information. Director Patel stated there is not a central system where everything comes to one place; this makes it difficult to capture all data. The University is switching providers for the compliance system on October 1st. The new system will have more robust tools. The new provider will also ask customized questions on the hotline. This will give us more information than we are getting now.

Vice Chairman Hosmer wants to establish goals for the complaint system, to at least include the ability to trend down to the specific issues, and that the information itself is specific enough to find root causes. President Frank asked if this data includes only signed complaints or if it also includes anonymous complaints. Director Patel replied that it is both. Vice President Gonzales noted a large majority of the complaints are anonymous. Director Patel reported that based on Federal law and the State Whistleblower Protection Act, anonymous complaints are welcome and accepted; we cannot turn them down.

- Director Patel reviewed the Department's budget summary report. It is early in the fiscal year, but as it stands now, the Department may have a carry forward balance of \$200,000 at the end of the year.
- There are two UNM Hospital audits for discussion in Executive Session.
- There is one vacant auditor position. Internal Audit plans to post the position next week and start interviewing in October.
- The Department has started using the new electronic work paper software on a current audit. There will be further electronic work paper training every other week. The software should help departmental efficiency and assist in keeping the audit projects on track.
- Vice Chairman Hosmer asked Director Patel if the availability of the new hire is built into the work hours budget. Director Patel confirmed the new hire hours are included.
- Internal Audit Manager Chien-chih Yeh presented the status of audit findings. There are no past due items at this time. The next section includes findings that have been addressed and verified; they are cleared. The final report includes items still outstanding that are not past due. President Frank noted there are multiple Gallup Campus items, but nothing past due, so he appreciates the work in resolving these. The President also mentioned that there was some difficulty with units following up on audit findings, and appreciating the seriousness of audit findings and the recommendations need action. Director Patel stated Internal Audit has worked closely with the departments and they do understand how important it is to meet the deadlines and implement recommendations. This was an issue several years ago, but has not been a recent problem. If the Department does not get a satisfactory response from a department, Director Patel kicks it up one level above, and that works.

Vice Chairman Hosmer asked for any public comment. None was received.

The meeting went into Executive Session for the reasons stated in the agenda. (Motion: Regent Koch, Second: Vice Chairman Hosmer).

- a. Discussion of Final Internal Audit Reports, pursuant to limited personnel matters exception at Section 10-15-1.H(2) NMSA (1978) and exception for matters subject to attorney-client privilege pertaining to threatened or pending litigation at Section 10-15-1.H(7), NMSA (1978)
- b. Schedule of Audits in Process, pursuant to exceptions at Sections 10-15-1H(2 and 7), NMSA (1978)

The meeting returned to open session (Motion: Regent Koch, Second: Vice Chairman Hosmer). Certification that only those matters described above were discussed in Executive Session.

The Committee approved the following UNMH audits:

- Purchasing, dated October 2011 (Motion: Regent Koch, Second: Vice Chairman Hosmer)
- Risk Assessment, dated February 2012 (Motion: Regent Koch, Second: Vice Chairman Hosmer)

There being no further business, the meeting was adjourned at 12:29 p.m. (Regent Koch, Second: Vice Chairman Hosmer).

Approved:

  
\_\_\_\_\_  
Audit Committee Chairman