THE UNIVERSITY OF NEW MEXICO  
Board of Regents Audit and Compliance Committee Meeting  
June 29, 2015 – Meeting Minutes

Members Present: Chairman Lt. Gen. Bradley Hosmer, Vice Chair Suzanne Quillin appeared by phone (Quorum); Regent Marron Lee attended for Regent Fortner.


Chairman Hosmer called the meeting to order at 11:02 AM in ROBERTS ROOM, Scholes Hall, UNM.

ACTION ITEMS:

- The Committee approved the meeting agenda and the minutes from the meeting of April 22, 2015. (Motion: Regent Quillin; second Chairman Hosmer).

- The Committee approved proposed meeting dates of August 18, 2015, November 5, 2015, February 18, 2016, and April 21, 2016.

- Chairman Hosmer invited Pamina Deutsch, Director, UNM Policy Office, and Amy Wohlert, Chief of Staff, Office of the President to speak on the topic of Guiding Principles and the related draft policy 2.18. This discussion originally stemmed from a comment by Regent Quillin in November of 2013. Ms. Wohlert stated that Regent Quillin pointed out that the Health Sciences Center (HSC) has a code of ethics that has been very useful for them, encouraging compliance as well as good employee relations and expectations. She wondered if Main Campus might do something similar. This resulted in activities that included creation of a code of ethics document for Main Campus based on the HSC model; however, that code proved unwieldy due to the larger mission of all of Main Campus.

They consulted with experts, including the Daniels Foundation [Fund], known leaders in ethics, and advisors such as Ann Rhodes, Chair, People Ink. People Ink advises corporations on ethical matters. The President’s Office convened a committee that included co-chairs Linda Ferrell, Bill Daniels Professor of Business Ethics, and Melissa Bokovoy, Chair, History Department. With their leadership they established a committee that includes representatives from Staff Council, Faculty Senate, student leadership, Compliance Office, and the HSC. They met approximately eight times over several months to develop a set of guiding principles. The draft was presented to and approved by multiple constituent groups. The draft was presented to the Board of Regents at the end of last year. The Regents had some suggestions, such as additional language in the preamble. Ms. Wohlert noted the principles invoke freedom, integrity, respect, and responsibility. These ideas are broad and not controversial. Hopefully they will be used in performance assessments. But the real value of this policy is the link to the related policies. We have many documents that guide behavior but the difficulty is with pointing to the right one at the right time. This policy is a way to investigate the nuances and keep us grounded in what we can and cannot expect of all of our employees. The principles will guide employees when they make decisions. It’s not just a tool to use during evaluations.
Regent Hosmer stated he would like to commend the effort and the deftness of the brief statement. As distinct from the policies, this statement is aspirational. Regent Quillen asked about how we effectively measure this in evaluations. How do we make it part of the culture? Ms. Wohlert stated that as these things always are, it will be an ongoing effort. The President has a huge role in invoking the principles when decisions are being made. These principles can either enhance or replace some of the language about values in the yearly evaluation form. Regent Quillen added they have a set of principles at her hospital and it is weighted heavily on their leadership team, setting the tone and the example. It is a process and it does start with the top. Ms. Wohlert noted they kept it to four principles because people can hold that in memory. President Frank stated that he thought we would end up in a different place, one more like HSC, but he has been educated and now knows we are in the right place. He fully supports the Principles and is ready to move forward. It is time to start using this and learn how to make it a living part of our organization.

INFORMATION ITEMS:

- Chairman Hosmer asked for Advisors’ Comments. Texanna Martin, President, GPSA stated that their grant cycle is open and is closing July 11th. If you have any graduate students in your departments, please let them know to apply for the two that are available on the GPSA website. The Student Fee Review Board (SFRB) is meeting today (6/29/15). They will start doing tours soon. There were no other advisor comments.

- Follow up items: Manu Patel, Internal Audit Director noted one of the two follow up items was already addressed in this meeting – the guiding principles. The other item pertains to completion dates for the Clery Act audit report. It was agreed that it would wait until the new Clery Coordinator is in place. This follow up item should be addressed at the August meeting, as the hire should be complete at that time.

- Helen Gonzales, Chief Compliance Officer, Main Campus shared the materials for her quarterly report. She reported that at several previous meetings she has discussed the organizing framework for the Compliance Office and the federal sentencing guidelines. Now, she wants to explain what her office is focusing on with the compliance partners. One of the larger activities in her office is to track federal and state regulations to identify compliance obligations that affect UNM. She shared some key statistics with the Committee.

In February of this year, the United States Senate Committee on Health Education Labor and Pensions received a report of the Task Force on Federal Regulations of Higher Education. The report was entitled Recalibrating Regulation of Colleges and Universities. The report found that many federal regulations have little or nothing to do with education of students, yet take a substantial amount of effort. These include selective service, link between drug convictions and Title IV eligibility, voter registration, foreign gift reporting, peer-to-peer file sharing, vaccinations, etc. The study also talks about Vanderbilt University. Vanderbilt hired the Boston Consulting Group (BCG) to do an analysis of their compliance obligations. The BCG found that Vanderbilt spends $150 million per year on all the different types of compliance; representing approximately $11,000 of the cost of tuition. UNM is required to comply with over 400 federal and state compliance obligations, representing 89 agencies and divisions of agencies. On average, the Department of Education issues one new guidance directive or clarification every work day. The Compliance Office spends a lot of time working with Terry
Babbitt, for instance, at Enrollment Management because they have one of the larger areas and a great deal of financial aid obligations. Chairman Hosmer asked if there is anything UNM can do about it to constrain the impulse to put universities in the role of the cop over numerous regulations that do not have to do with education. Ms. Gonzales replied that is really what the focus of the Senate Committee's task force was. The top three departments for the burdens are the Department of Education, Department of Labor, and the IRS. It remains to be seen if any results come from the findings. Chairman Hosmer inquired as to who speaks for the universities as a collective. Ms. Gonzales replied it tends to be industry and functional area issue-specific. There are different organizations that represent universities in front of these individual federal agencies. Chairman Hosmer further stated he feels that as the obligations continue to grow, some entity will come forward to represent universities as a countervailing authority. We need to stay alert for that entity to appear. Ms. Gonzales noted they have over 500 obligations documented and they continue to provide those to the compliance partners.

Ms. Gonzales stated her office is working on a risk assessment in partnership with Internal Audit. Her office is also piloting a risk mitigation worksheet with some of the compliance partners. When the partners identify some of the main risks, she helps them to ensure they are implementing strategies to mitigate those risks, whether it is through policy, procedure, training, internal controls, etc.

The largest bulk of recent work in her office is administering the hotline. Her office took over administration of the hotline at the end of March for the entire UNM system. There is a new vendor. They have spent a lot of time writing documentation on how to use the hotline and how the compliance partners use the database when there is a complaint specific to their area. Ms. Gonzales provided the Committee with some limited statistics from the early data. There will be more data for future meetings that have statistics with benchmarks, as well as trending. From April 1 – June 5, 2015, they had 38 cases with 40 issues. Some may have more than one issue. For the 38 received, 22 were Main Campus, seven were the hospitals, seven were HSC, and two were the UNM Medical Group. Pertaining to issue type, 18 were human resources-related; a typical result, perhaps a little lower than the norm. Of the cases they received, 22 are still in process and 16 were closed. In the future, the Compliance Office will be able to report on units; that will include the branches.

Ms. Gonzales also provided the Committee with a screen shot of what it looks like when someone makes a complaint via the complaint website. She has an alphabetical list of the responsible people for every type of issue. Eventually they will publish the list so that individuals can either go through the hotline or directly to the individual who owns the issue. They have asked the health system to compile and provide a similar list. Chairman Hosmer stated that branch campuses fall under UNM, and they may need to identify that. Regent Lee asked where they find the link to the hotline on the UNM main page. Regent Quillen agreed that is hard to find and communication, education and access should be improved. Ms. Gonzales stated they need to work with Communications to get that resolved. There is a place from the Compliance Office, Internal Audit, and some of the compliance partners. Chairman Hosmer speculated that as awareness of the hotline and the responses increase, the number of complaints should increase as well. How long does a transition usually take? Ms. Gonzales replied that she is unsure of that but has data for the number of complaints per thousand employees and it is close to the industry average.
• Chien-chih Yeh, Audit Manager, presented the audit follow up items. There were two reports: Implemented and Pending. He asked the Committee if they had any questions about any particular items. Chairman Hosmer inquired about implementation dates for the College of Education (COE) that are slated for 2016. He asked for an interim report on those items prior to the due dates. Mr. Yeh stated that Internal Audit has been working with the management at the COE to resolve a few of the recommendations, including the one due in May, 2015. Mr. Yeh confirmed that Internal Audit can get additional updates. Chairman Hosmer also noted that quite a few recommendations will close out at the end of this month. Mr. Yeh replied that these will be taken care of for the next meeting. Chairman Hosmer asked about a particular Cancer Center response. The last status does not refer to the security portion of the recommendation. Mr. Yeh responded that this item is still pending, and upon verification of completion, that can be updated. There are a few that are coming due and they are moving along.

• Mr. Patel reviewed his Director’s Report, confirming the dates are set for FY16. The Internal Audit Department has completed 12 audits so far this fiscal year. Three audits are in fieldwork, two are in the report writing stage, and five have been deferred to FY16. The current financial report is enclosed in the materials; Internal Audit expects to close out the fiscal year with a reserve of about $20,000. That will carry forward into FY16. Internal Audit is dedicating $10,000 to balance the budget for FY16. Chairman Hosmer had asked Mr. Patel to compile a list of compliance certifications for University compliance personnel. Those are listed in this Director’s Report and he reviewed them for the Committee. Chairman Hosmer asked what the value or importance of these certifications are. Are they important to endorse? Ms. Gonzales stated that any time there is a professional certification available in a discipline you are working in having the designation enhances the profession as well as the skill level. There are requirements for ongoing professional education which assures continuity and that the individual stays current. She thinks it is an important endeavor. Stuart Freedman, HSC Chief Compliance Officer added that there is health care compliance certification that is a valuable asset for any individual they recruit into their organization. There is also the value of on-the-job experience. They encourage their professionals to get the certification. President Frank stated that certification emerges as a field grows, and that’s where we are with compliance. There is diversification over what the right status or degree is. As this is a somewhat new field that is not quite settled. We should encourage our personnel to have some state of knowledge that reflects the emerging consensus. Some senior people might not have that certification. Regent Lee asked who pays for the certification and continuing education (CE); is it the individual or the University? President Frank replied that it depends on the field people are in as well as budget concerns. Ms. Gonzales noted many CEs are available as webinars now. That is a low cost way to supplement the required credits. Director Patel agreed and stated that when the CPA license is required for the job description, the department pays the license fees and CEs. Internal Audit does try to find no- or low-cost options for CEs. When the budget is tight, Internal Audit cuts down on out of town trips for seminars.

By unanimous consent, the meeting went into Executive Session for the reasons stated in the agenda.

a. Discussion of Final Internal Audit Reports, pursuant to limited personnel matters exception at Section 10-15-1.H(2) NMSA (1978), exception for matters subject to attorney-client privilege pertaining to threatened or pending litigation at Section 10-15-1.H(7), NMSA (1978).
b. Discussion of limited personnel matters pursuant to exception at Section 10-15-1.1H(2) NMSA (1978);

c. Schedule of Audits in Process, pursuant to exceptions at Sections 10-15-1H(2 and 7), NMSA (1978);

d. Proposed FY15 Audit Workplan exceptions at Sections 10-15-1H(2 and 7), NMSA (1978); and

e. Vote to re-open the meeting.

The meeting returned to open session at 2:03 PM, with certification that only those matters described above were discussed in Executive Session.

The Committee approved the guiding principles document, Regents’ Policy Manual – Section 2.18 (Motion: Regent Quillen; Second: Regent Lee). Chairman Hosmer stated they will carry it forward to the full Board of Regents.

The Committee unanimously approved the following UNMH audits:

- UNM Hospitals Materials Management, January 1, 2014 – August 31, 2014
- Sandoval Regional Medical Center Materials Management, January 1, 2014 – August 31, 2014

The Committee unanimously approved the following UNM audit:

- Review of Harwood Museum of the University of New Mexico, Report #2015-03

The meeting Adjourned at 2:06 PM (Motion: Regent Lee; Second: Regent Quillen).

Approved:

[Signature]

Audit and Compliance Committee Chairman