BOARD of REGENTS

THE UNIVERSITY *of* NEW MEXICO

AUDIT AND COMPLIANCE COMMITTEE MEETING

Thursday, May 5, 2016 at 9:00 am
Scholes Hall, Roberts Room

The University of New Mexico
Board of Regents' Audit and Compliance Committee
May 5, 2016 – 9:00 AM
Roberts Room
Agenda

ACTION ITEMS

1. Confirmation of a Quorum and Adoption of Agenda

2. Approval of Meeting Minutes from March 3, 2016

3. The following 2016 calendar year meeting dates are being presented for Committee approval. The Committee meets at 9:00 AM in the Roberts Room. This schedule will accommodate both entrance and exit conferences for the FY16 Financial Statements audit.

    August 4, 2016
    October 20, 2016 (Exit Conference for FY16 External Audit)

INFORMATION ITEMS

4. Advisors' Comments

5. Follow-Up Items from March 3, 2016 Meeting

6. Fiscal Year 2016 Financial Statements External Audit Entrance Conference *(KPMG, Moss Adams, and Elizabeth Metzger, University Controller)*

7. Main Campus Chief Compliance Officer Status Report *(Helen Gonzales, UNM Main Campus Chief Compliance Officer*

8. Status of Audit Recommendations (*Chien-chih Yeh, Internal Audit Manager)*
       Implemented
       Pending

9. Director of Internal Audit Status Report (*Manu Patel, Internal Audit Director)*

The University of New Mexico
Board of Regents' Audit and Compliance Committee
May 5, 2016 – 9:00 AM
Roberts Room
Agenda

EXECUTIVE SESSION

10. Vote to close the meeting and to proceed in Executive Session as follows:

    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 FY16 Audit Work plan, pursuant to RPM 1.2

    d. Vote to re-open the meeting.

11. Certification that only those matters described in Agenda item # 10 were discussed in Executive Session and if necessary ratification of action, if any, taken in Executive Session

12. Adjournment

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Audit and Compliance Committee Meeting
March 3, 2016 – Draft Meeting Minutes

Members Present: Chairman Lt. Gen. Bradley Hosmer, Member Regent Fortner (Quorum).

Other Attendees: Chaouki Abdallah, Helen Gonzales, Chris Vallejos, Amy Wohlert, Liz Metzger, Mike Schwantes, Carla Domenici, Purvi Mody, Ella Watt, Richard Larson, Mike Tuttle, Duane Arruti, Crystal Davis, Manu Patel, Chien-chih Yeh, Lisa Wauneka, Victor Griego, Eileen Sanchez, Mallory Reviere, Amy O'Donnell, Md. Bellal Hossain.

Chairman Hosmer called the meeting to order at 9:00 AM in ROBERTS ROOM, Scholes Hall, UNM. The meeting was suspended at 9:01 AM due to an evacuation of the building. The meeting resumed at 9:26 AM.

ACTION ITEMS:

- The Committee unanimously approved the meeting agenda and the minutes from the meeting of November 5, 2015.
- The Committee will check their calendars and advise the Internal Audit Director regarding the proposed meeting dates of August 4, 2016 and October 20, 2016 (Exit Conference for FY16 External Audit)**.** The meeting will start at 9:00 AM, to precede ASAR.
- The Committee approved Regents' Policy, Section 8.8 – Harwood Foundation and Regents Resolution Regarding the Governing Board of the Harwood Foundation. This was the result of an audit that found that Harwood needed more direct oversight. It is the only museum not tied to a University or College. The UNM President assigns the individual who oversees the Director and appoints the UNM membership on the Harwood Board. Harwood reports in name to the Board and functionally to the UNM President.
- The Committee approved the final year of the external audit contract (FY16) with KPMG and Moss Adams, pending information and instruction by the State Auditor's Office as to if an independent public accounting firm will perform the audit work versus State Auditor's Office staff. There is a cost increase each fiscal year. The Controller's office will speak with KPMG to see if there is any room for cost reduction. Liz Metzger, University Controller stated the new bidding process will begin in either late fall or early next calendar year 2017.

By unanimous consent, the meeting went into Executive Session for the reasons stated in the agenda. The meeting went in to closed session at 10:33 AM.

    a. Discussion of draft Internal Audit Reports, and discussions of information subject to attorney-client privilege pursuant to 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 FY16 Audit Work plan, pursuant to RPM 1.2
    d. Vote to re-open the meeting

INFORMATION ITEMS:

- The Chairman asked for Advisors' Comments. Faculty Senate President Posse addressed the Committee. He stated that Faculty Senate is meeting with the Compliance Office. He is surprised that so few International students have health insurance and would like to see them covered. Staff Council President Davis stated she had no comments. GPSA President Texanna Martin sent representation as she was not available to attend; GPSA has no comment.

- Follow-Up Items from November 5, 2015 Meeting – Internal Audit Director Patel stated there are three items. The first item is the Minors on Campus policy. Helen Gonzales, Main Campus Chief Compliance Officer informed the Committee that the Compliance Committee has a new draft of the policy that is pending administrative approval. There is a training course that will be available soon on line. Eventually when the policy is implemented, some individuals will be required to take the training. Chairman Hosmer asked Ms. Gonzales about the revised Whistleblower policy. Ms. Gonzales deferred to administration. Amy Wohlert, Chief of Staff informed the Committee that the policy is multifaceted with impact over many areas. They are waiting a few months until the right people are in place. Much work has been completed and the Compliance Office has come about 95 percent of the way. Administration wants to wait until they see what the structure is for Internal Audit and Compliance a few months from now. There is a current policy in place.

  Mr. Patel provided the Committee with current, updated information regarding third party audits and reviews. There are currently four audits/reviews underway. NSF is looking into 12 million worth of grants that date from present back to fiscal year 2013. Once that is complete, Mr. Patel will inform the Committee if there are any major findings or recommendations. The University of South Denmark has a yearly expenditure review usually done by KPMG. That review is for 1.2 million in funds and will cover December 2013-November 2016. Sandia National Labs had one minor finding for travel costs in a recently completed review. They are going back and looking approximately 11.5 million dollars for fiscal years 2013-2015.

- Ms. Gonzales asked Eileen Sanchez, Compliance Specialist and hotline system administrator to provide the Committee with a brief overview of the hotline. Ms. Sanchez outlined a report with some benchmark data. The report compares data from the UNM Compliance Hotline with data from the Navex Global database (provider of the Ethics Point incident management system used by UNM). The data was generated from 2100 Navex Global clients representing 32,000,000 employees for a total of 730,000 reports. The data represents 26 industries and 45 sub-industries, including higher education. Reporting and reviewing the benchmarking data can allow for early detection of problems and risks. Problems may be resolved before they escalate into serious and perhaps damaging financial, legal and reputational risks.

  The first set of information is regarding reporting volume per 100 employees. UNM's report volume is significantly lower than other organizations at 0.6 versus nationally at 1.05. The system also tracks inquiries versus allegations. UNM has only about five percent where the national average is about 21 percent.

  Reporters do have a choice in the system to be anonymous. UNM had 46 percent anonymous reporting compared to 61 percent in other organizations. There is a follow-up method, and lack

of follow-up by a reporter could be a cultural red flag indicator. UNM's follow-up rate is lower at 27 percent, compared to 33 percent overall. Chairman Hosmer noted that the only way to get back in touch with the reporter is if they go back in to the system and that really limits the potential in pursuing the issue. The Chairman inquired if the complainants are fully informed that this is a third party administrator and not inside the UNM system. Ms. Gonzales stated that if the identity is known to the third party it is then known to UNM. The third party forwards all the information they receive.

The report looks at number of cases that are substantiated. UNM has 37 percent of closed cases that were fully or partially substantiated. The overall percentage for other organizations is 40 percent. However, there are two categories at UNM that have a 100 percent substantiation rate. That is because there was only one case for each of those categories.

The average case closure time for UNM is 49 days. The average for organizations is 39 days. Best practice calls for an average of 30 days.

Finally, the report looks at report intake method. UNM's web intake rate is on par with other entities; it is higher in phone reporting and lower in walk-in reporting.

Chairman Hosmer stated he thinks this information should be taken to the full Board of Regents to inform them on how it is working. He asked Ms. Gonzales to summarize what appears to be significant.

- Stuart Freedman, HSC Chief Compliance Officer provided the Committee with a quarterly report. He shared information regarding a presentation he has been making across north campus. The presentation starts with an interactive discussion about what compliance is. Compliance consists of both following rules and doing the right thing. Healthcare is the second-most highly regulated industry, next to the financial sector. Mr. Freedman stated he is focusing in this presentation on behavior. We want to model a "Mr. Rogers" type of behavior: respect, dignity, and quiet conversation. Several entities have lately been in the news for types of behavior not to model, such as FIFA, the Veterans' Administration, and Volkswagen. FIFA demonstrated a culture of bribery for decades. Volkswagen lied about diesel emissions. They faked the emission control device. The fines imposed on Volkswagen, just in the U.S., total 20 billion dollars. The Veterans' Administration lied about standard of care. They vastly underreported patient wait times. There is also a culture of retaliation for reporting incidents.

  Mr. Freedman supplied some statistics from the Ethics and Compliance Institute for organizations that do not have a good compliance program versus those that do. First, those surveyed were asked if they compromise standards. In organizations that do not have a good program, almost one-fourth of employees reported they compromise standards. Only three percent reported compromising in organizations with a good culture of compliance. When asked if people observe misconduct, 62 percent responded "yes" in those without a good program. The organizations with a good program reported 33 percent observed misconduct. When asked if they see something, do they say something, the percentage was 87 percent for those who feel comfortable reporting, and only 32 percent for those without a good program. When people see something and say something in an organization that doesn't have respect for employees, nearly 60 percent of people feel retaliated against. Whereas, if an organization has a good ethics and compliance program, that number is only four percent, a significant difference.

In 2014, they surveyed people at UNM HSC – faculty and staff – with about 1000 respondents. For observing misconduct, Mr. Freedman reported the UNM HSC number in this category is 43 percent. The retaliation number is 40 percent. They have a way to go. They will be doing another survey this year.

Two external compliance officers came in to HSC a year ago and found two best practices: the Code of Ethics and a health system provider committee. Rules are burdensome for the clinicians. The committee gives them a voice.

The posters for the compliance hotline have been updated. The three-year-old code of ethics is now updated as well as the Learning Central content. There are four Human Resources departments and they have never standardized education about compliance. Therefore, they created brochures for privacy and compliance with the same message regardless of the area in which an employee will work.

Mr. Freedman stated his area is also proposing a five year effort related to tone at the middle that is based on scenario-driven live sessions instead of web training. The concept is the people in the middle are receiving a message from the top of doing more with less and making the numbers. From employees, they are hearing it is getting harder to get the job done. The person in the middle gets caught. If they raise issues, they are dismissed. Most managers are promoted up to management but not provided assistance and training. However, there are a lot of resources available to provide assistance. If we can create the right culture where people can take pride in coming to work, we can reduce the amount of wrongdoing and retaliation.

Chairman Hosmer asked Ms. Gonzales if Main Campus Compliance has considered a similar survey on this side of campus. Ms. Gonzales responded that a couple of surveys have been done that may have included some overlap of this content, but not specifically this exact survey.

- Chien-chih Yeh, Internal Audit Manager, updated the Committee on the status of audit recommendations. The first three pages are implemented items. A few more items are reported as completed by the auditees but Internal Audit has not verified the paperwork. There was good progress otherwise in this reporting cycle. Other items are progressing as expected. There are none that are significantly overdue. There is one delay on payroll items due to an impending implementation of a new system.

- Mr. Patel reviewed his Director's Report. Internal Audit has completed eight of the audits on the FY16 audit plan; four are in fieldwork, and one is in report writing. Four are assigned, and five others are unassigned and will need to be delayed to a future audit plan because of the addition of some lengthy investigations. The department financial report is attached to the Director's Report. The Department expenditures as of the end of January are $438,000. Mr. Patel reported he expects to end the fiscal year with approximately $50,000 in reserves. This reserve balance is due to one staff auditor vacancy that will not be filled this fiscal year.

In addition to the one auditor vacancy, the Department has one vacant student position. The student position is posted in UNMJobs, but the Department has not received any applications.

The meeting returned to open session at 11:41 AM, with certification that only those matters described above were discussed in Executive Session.

The Committee unanimously approved the following UNMH audits:

- UNMH Human Resources, Audit Report #2015-01
- SRMC Human Resources, Audit Report #2015-01
- UNMH Accounts Payable, Audit Report #2015-02
- SRMC Accounts Payable, Audit Report #2015-02
- UNMH Capital Assets, Audit Report #2015-03
- SRMC Capital Assets, Audit Report #2015-03
- UNMH Internal Audit Workplan for Calendar Years 2016-2018, Report #2015-07
- SRMC Internal Audit Workplan for Calendar Years 2016-2018, Report #2015-08

The Committee unanimously approved the following UNM audit:

- Audit of BioNutrition Program P-Card Use, Audit Report #2016-05

The meeting adjourned at 11:44 AM (Motion: Regent Fortner; Second: Chairman Hosmer).

Approved:

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Audit and Compliance Committee Chairman

There is no handout required for this item

There is no handout required for this item

INFORMATION

TO

BE

SUPPLIED

AT

MEETING

Entrance Conference Presentation to Audit Committee

The University of New Mexico

May 5, 2016

Agenda

— Audit Plan

  - Your service team

  - Scope

  - Summary of audits

  - Materiality

  - Timeline

— Purpose of communication

— Responsibilities

— Limitations to the audits

— Audit approach – Main Campus (KPMG)

— Audit approach – Clinical Operations (Moss Adams)

— Key areas of focus

— Closing

Your service team

KPMG – Main Campus and Non-Clinical Component Units

— John Kennedy, Partner
(UNM financial statement audit and UNM single audit)

— Suzette Longfellow, Managing Director
(STC.UNM, UNM Foundation, Alumni Association,
Lobo Club, KNME and KUNM)

— Caroline Garcia, Partner
(Anderson Schools of Management Foundation,
Lobo Development and Lobo Energy)

— Brett Hanselman, Concurring Partner

— Pepper Cooper, Manager
(UNM financial statement audit, UNM Single Audit,
Lobo Club, KNME and KUNM)

— Lakmini Perera, Manager
(STC.UNM, Alumni Association and Anderson
Schools of Management Foundation)

— Jonathan Roepcke, Manager
(UNM Foundation, Lobo Development
and Lobo Energy)

Moss Adams – Clinical Operations

— DeVon Wiens, Partner
(UNM Hospitals, Behavioral Health, UNMMG, SRMC)

— Brian Conner, Concurring Partner
(UNM Hospitals, Behavioral Health, UNMMG, SRMC)

— Josh Lewis, Sr. Manager
(UNM Hospitals, Behavioral Health, UNMMG, SRMC)

— Chris Noyes, Manager
(UNM Hospitals, Behavioral Health, SRMC)

Audit plan

Scope

— Risk-based approach to our audit procedures:

- Specifically, significant risks of material misstatement whether due to error or fraud
- Based on our experience, discussions with management and those charged with governance

3 Phases to the Audits:

1. Internal Controls

- Conduct testing during the year to conclude on the proper design and implementation of controls
- Test controls for purposes of assisting us to form an opinion on the financial statements

2. Test controls and compliance with Federal grant requirements

3. Final Audit Testing and Reporting

- Testing of June 30, 2016 balances
- Testing and review of financial statement disclosures

Summary of audits

Financial Statement Audits

— Opinion on the Government-wide financial statements of the University, includes the main campus, branches, health sciences center, hospitals, and all component units

— KPMG – responsible for the main campus and branches, Health Sciences Center and all components except clinical operations

— Moss Adams – responsible for the UNM Hospitals, Behavioral Health, UNMMG, SRMC

OMB Circular A-133 Audit

— KPMG – responsible for the federal program compliance audit for the main campus

— Moss Adams – responsible for the federal program compliance audit for the UNM Hospital and SRMC (FHA programs)

Professional Requirements:

— Governmental Auditing Standards issued by the Comptroller General of the United States

— Uniform Guidance or 2 CFR 200

— New Mexico Office of the State Auditor – 2016 Audit Rule

Materiality

— Professional standards require that we exercise professional judgment when we consider materiality and its relationship with audit risk when determining the nature, timing, and extent of our audit procedures, and when evaluating the effect of misstatements.

— Information is material if its misstatement or omission could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

— Judgments about materiality are made in light of surrounding circumstances and are affected by the size or nature of a misstatement, or a combination of both.

— Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered.

Timeline for UNM Main Campus (includes HSC Academic Units)

Planned Timing of the Audit

Planning	Interim Fieldwork (Internal Control and A-133 testing)	Final Fieldwork	Component Unit Drafts due to UNM	Review Draft Financial Statement	Deliver Drafts to Office of State Auditor
May 2 (1 week)	May 9 (4 weeks)	August 8 (8 weeks)	September 14	October 3 (2 weeks)	October 17

Timeline of Component and Other Reporting Units

Component Unit	Planning	Interim Fieldwork	Final Fieldwork	Review Draft Financial Statement
UNM Hospital	April 25 (2 weeks)	April 25 (2 weeks)	August 1 (5 weeks)	September 5 (1 week)
Behavioral Health	April 25 (2 weeks)	April 25 (2 weeks)	August 1 (5 weeks)	September 5 (1 week)
UNM Medical Group	June 6 (1 week)	June 6 (1 week)	August 1 (4 weeks)	August 29 (1 week)
Sandoval Regional	April 25 (2 weeks)	April 25 (2 weeks)	August 3 (5 weeks)	September 5 (1 week)
UNM Foundation	June 6 (2 days)	June 13 (1 week)	August 22 (3 weeks)	September 5 (1 week)
Alumni Association	June 6 (1 day)	N/A	August 15 (3 weeks)	September 5 (1 week)
Anderson Schools Foundation	June 6 (1 day)	N/A	August 15 (3 weeks)	September 5 (1 week)
Lobo Club	June 13 (1 day)	June 6 (1 week)	July 25 (2 weeks)	September 5 (1 week)
STC.UNM	June 13 (1 day)	N/A	August 1 (2 weeks)	September 5 (1 week)
Lobo Energy	June 13 (1 day)	N/A	August 8 (3 weeks)	September 5 (1 week)
Lobo Development	June 6 (1 day)	N/A	August 8 (3 weeks)	September 5 (1 week)
KNME	June 20 (3 days)	N/A	October 3 (4 weeks)	October 17 (2 weeks)
KUNM	June 20 (2 days)	N/A	Sept. 12 (3 weeks)	October 24 (1 week)
NCAA report	June 13 (1 day)	N/A	December 5 (2 weeks)	December 7 (1 week)
Innovate ABQ	June 6 (1 day)	N/A	August 8 (3 weeks)	September 5 (1 week)

Purpose of communication

Statement on Auditing Standards No. 114, *The Auditor's Communication with Those Charged with Governance*, **requires:**

— Communication with Audit Committee

— Pre and Post Audit communication

— Planned scope and timing

— Significant issues and findings

Responsibilities

Management is responsible for:

— Adopting sound accounting policies

— Fairly presenting the financial statements, including disclosures, in conformity with GAAP

— Establishing and maintaining effective internal control over financial reporting (ICFR), including programs and controls to prevent, deter, and detect fraud

— Identifying and ensuring that the Company complies with laws and regulations applicable to its activities, and for informing the auditor of any known material violations of such laws and regulations

— Making all financial records and related information available to the auditor

— Providing unrestricted access to personnel within the entity from whom the auditor determines it necessary to obtain audit evidence

— Adjusting the financial statements to correct material misstatements

— Providing the auditor with a letter confirming certain representations made during the audit that includes, but is not limited to, management's:

  - Disclosure of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Company's financial reporting

  - Acknowledgement of their responsibility for the design and implementation of programs and controls to prevent, deter, and detect fraud

  - Affirmation that the effects of any uncorrected misstatements aggregated by the auditor are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

Responsibilities (continued)

The Audit Committee is responsible for:

— Oversight of the financial reporting process

— Oversight of the establishment and maintenance by management of programs and internal controls designed to prevent, deter, and detect fraud

Management and the Audit Committee are responsible for:

— Setting the proper tone and creating and maintaining a culture of honesty and high ethical standards

The audit of the financial statements does not relieve management or the Audit Committee of their responsibilities.

Responsibilities (continued)

Auditor is responsible for:

— Forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of the Audit Committee, are presented fairly, in all material respects, in conformity with GAAP.

— Planning and performing our audit with an attitude of professional skepticism to obtain reasonable—not absolute—assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error. Because of the nature of audit evidence and the characteristics of fraud, we are able to obtain reasonable, but not absolute, assurance that material misstatements will be detected. Our audit is not designed to detect error or fraud that is immaterial to the financial statements.

— Conducting the audit in accordance with professional standards and complying with the Code of Professional Conduct of the American Institute of Certified Public Accountants, and the ethical standards of relevant CPA societies and relevant state boards of accountancy.

— Evaluating ICFR as a basis for designing audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's ICFR.

— Communicating to management and the Audit Committee all required information, including significant matters.

— Communicating to management and the Audit Committee in writing all significant deficiencies and material weaknesses in internal control identified during the audit and reporting to management all deficiencies noted during our audit that are of sufficient importance to merit management's attention. The objective of our audit of the financial statements is not to report on the Company's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements.

Responsibilities

Other information in documents containing audited financial statements

— The auditors' report on the financial statements does not extend to other information in documents containing the audited financial statements, excluding required supplementary information.

— We are required to:

- Read the other information to identify material inconsistencies with the audited financial statements or material misstatements of fact, and

- Make appropriate arrangements with management or the Audit Committee to obtain the other information prior to the report release date.

— Any material inconsistencies or misstatements of fact that are not resolved prior to the report release date, and that require revision of the other information, may result in KPMG modifying or withholding the auditors' report or withdrawing from the engagement.

Limitations to the audits

— The audit of the financial statements does not relieve management or those charged with governance of their responsibilities

— Audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting

— We design our audit to detect **material** misstatements, whether due to error or fraud

- Materiality is based on auditor judgment

- Considers both quantitative and qualitative factors

Main campus (includes HSC Academic Units) (KPMG)

Approach to Internal Controls – Main Campus

Focus on testing internal controls in the following key areas:

— Cash receipting transaction cycle

— Investments

— Payroll expenditures

— Non-payroll expenditures (procurement expenditures)

— Completeness and accuracy of census data (pension and OPEB liabilities)

— Contract and grants transaction cycle

— Journal entry approval

— Financial close process

— Banner system controls

  - Test both information technology and manual controls – incorporate use of IT specialists in the audits

Main campus, cont. (includes HSC Academic Units) (KPMG)

Key areas of focus – Main Campus, Branches, Health Sciences Center:

— Compliance with Federal Grants and contracts

— Alternative investments valuation (UNM and UNMF)

— Accounts receivable and related revenues (student tuition and fees, Lottery scholarships, and other)

— Patient revenues (UNM Cancer Center, etc.)

  - Valuation allowance for patient receivables and determination of uncompensated care

— Non-routine transactions

— Measurement of OPEB and related disclosures – updated 2015 valuation

— Recording of ERB net pension liability

— Measurement of Pension and related disclosures

— Derivatives valuation (UNM)

— VEBA plan

— Bonds payable, including compliance and financial statement presentation

— Compliance with bond and HUD loan guarantee covenants

— Accounting for transactions with affiliates (UNMMG, UNM Hospitals, SRMC, and other UNM component units)

— Operating expenses

— Non-operating revenues and expenses

— Follow up on prior year findings

— Financial statement presentation

Audit approach

Clinical Operations (Moss Adams)

Approach to Internal Controls and Substantive Audit Procedures

Focus on the following key areas:

— Patient revenue cycle

— Valuation allowance for uncollectible patient receivables and determination of uncompensated care

— Estimated third-party payor settlements

— Payroll

— Recognition of purchased services (physician clinical effort)

— General expenditures

— Non-operating revenues/grants and expenses

— Cash and investments

— Test both information technology and manual controls – incorporate use of IT specialists in the audits

— Transactions between UNM, UNM Hospitals and SRMC

— Contingencies (malpractice, payor disputes, etc.)

— Financial reporting and presentation

Other component units

Other Component Units

— Revenue recognition (patient revenue, contributions, royalty revenues and other revenue sources)

— Expenditures

— Transactions with UNM

— Financial reporting and presentation

— NCAA Intercollegiate Athletics Agreed-upon procedures report

— KNME-TV and KUNM-FM Attestation reports

New component unit – Innovate ABQ

New accounting standards

GASB 72 – *Fair Value Measurement and Application* **– effective for FY2016**

This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* **– effective for FY2016**

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

GASB 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* **– effective for FY2016**

The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

New accounting standards (cont.)

GASB 79 – *Certain External Investment Pools and Pool Participants* – effective for FY2016

This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement 31, as amended.

Uniform Guidance – applicable to new and incremental Federal awards issued on or after December 26, 2014

The Office of Management and Budget (OMB) has combined many Federal circulars- including OMB Circulars A-110, A-21, and A-133- into a single document called the "Uniform Administrative Requirements. Cost Principles, and Audit Requirements for Federal Awards", generally referred to as the Uniform Guidance of 2 CFR 200.

Closing

— We will communicate any significant issues encountered in connection with the audit as the audit progresses

— We appreciate any questions or concerns you may have for us during the course of the audit.

KPMG MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

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INFORMATION

TO

BE

SUPPLIED

AT

MEETING

Follow Up Report - Recommendation Implemented (May 2016 Open Session)

Project Code	Project Name	Recommendation Title	Executive Recommendation	Response	Estimated Implementation Date	Recommendation Action	Actual Implementation Date	Responsible Party
2015-02	UNM Taos	Recommendation 3 - Enforce Cash Management Training	All UNM-Taos employees that handle, or have access to, cash should take Cash Management training.	Schedule training for regular employees and work studies involved in Cash Management functions as per UAP 7200.	3/31/2016	Internal Audit performed follow-up test work and verified that all UNM Taos employees (including student employees) that handle cash, or have access to cash, have completed cash management training.	4/21/2016	Mario Suazo, Dir,Business Opns/Sm Branch; Thomas Duran, Business Manager
2015-05	Safety and Risk Services	Recommendation 4 - Monthly Review and Reconciliation	The Director of SRS should review deposit, distribution, and expense reports on a monthly basis, preferably within fifteen days after end of month. The Director of SRS should initial and date these reports as evidence of review.	The Director will task the Financial Analyst to maintain a filing system containing the following monthly documents: PCARD reconciliation, Operating Ledger Summary, Operating Ledger Detail by Index and initial, payroll summary, bills processed. The Director will sign and date each month to confirm review. The managers will sign and date the reports for the indices each one manages.	10/30/2015	The SRS Director is reviewing each SRS index Operating Ledger after month end close. The review includes discussion with the responsible manager of the area. The SRS Director verifies support for expenditures and signs off on the top copy of each index as reviewed.	3/22/2016	Carla Domenici, Dir,Safety & Risk Services
2015-05	Safety and Risk Services	Recommendation 11 - Building Inpections - Corrective Action Responses	The Director of Safety and Risk Services should ensure that concerns noted by LPC inspections are communicated to the supervisory person most immediately responsible for the operations, and that a corrective action response is received according to NMAC 1.6.4. SRS should document the follow up process to ensure that noted deficiencies are corrected as stated by the corrective action response.	The Loss Prevention Control Coordinator and two Co-Coordinators will insure that LPC inspection reports are communicated to stakeholders.	12/31/2015	SRS has implemented a process to ensure that stakeholders in each building are notified of inspection results via a formal memo delivered by email.	3/22/2016	Arthur Bishop,Mgr,Admi nistrative Opns; Carla Domenici, Dir,Safety & Risk Services
2016-05	CTSC Food and Nutrition P-Card Use	Recommendation 1 - Violation of UAP 7205: Fraudulent and Dishonest Activities	The UNM HSC Clinical and Translational Science Center should: Transfer unallowable costs of $13,295 from the CTSC grant. File a report with the UNM Police Department for their investigation of intentionally excluded and altered receipts for food and beverage purchases totaling $7,590. Work with the UNM Human Resources department to place former Dietary Coordinator on the UNM employee "Do Not Hire" list.	$13,295 was transferred from the CTSC grant on January 28, 2016. A police report was filed with UNM Campus Police on February 24, 2016 to conduct an investigation of intentionally excluded and altered receipts for food and beverage purchases. CTSC will work with the UNM Human Resource department to place the former Bionutrition Dietary Coordinator on the "Do Not Hire" list.	2/24/2016	Internal Audit verified that CTSC posted JVs totaling $13,295 to move unallowable expenses from the CTSC grant. In addition, we obtained a copy and reviewed the police report filed with campus police for their investigation. Finally, we obtained and reviewed a screen shot from Human Resources indicating the former Dietary Coordinator has been placed on the "Do Not Hire" list.	4/22/2016	Amy Overby, Clinical Administr Dir/CTSC.

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2013-10	P-Card	Recommendation 2 - Implementation of new system to record and track hazardous chemicals and radioactive materials	The Purchasing department and SRS should implement a system which effectively records the purchase of hazardous materials and radioactive materials, and provides all relevant information to SRS for tracking.	SRS purchased the Enterprise Re-Agent Manager (ERM) software and is implementing this software in five UNM Departments effective August 2013. This ERM software will replace ICID. ERM is a SciQuest Product that communicates with Banner. Purchasing and SRS are working as a team to populate the ERM software with data from Chemical and Research Laboratory Supplies (CRLS). SRS established a main campus Chemical and Laboratory Safety Committee and is working with the committee to attempt to implement ERM campus-wide. SRS needs the support of UNM management to promulgate policies to require the use of ERM software and the inventory of chemical and radioactive materials.	12/31/2016	The recommendation can be closed upon full implementation of Recommendation #18 in a Safety & Risk Services follow up audit (2015-15).		Carla Domenici, Dir,Safety & Risk Services
2013-01	Review of College of Arts and Sciences Operations	Implementation of Process to Track Research Activities	A process should be implemented that enables colleges to effectively track and monitor time that faculty members spend on research activities to help management determine if faculty members are meeting academic load requirements and workload guidelines.	To track faculty research activities, an RFP was created for the purchase of a scholarly productivity subscription service, which will have the ability to track faculty research activities. The products of three vendors responding to the RFP are being evaluated Fall 2014, and a decision on purchase is expected to be made by January 1, 2015. Actual implementation of the software is expected to be completed by December 15, 2015.	5/31/2016	The Provost office has been fully engaged in completing the roll out of UNM's Cohort Analytics application for tracking Faculty Research. The Provost office believes they will have this completed by the end of February 2016, and they can start to investigate the ability to include some public data sets related to faculty productivity (probably Google Scholar) into the APR process. The Provost office has requested, and received approval, for an extension until May 31, 2016 for full implementation.		Greg Heileman, Associate Provost; Chaouki Tanios Abdallah
2013-15	Safeguards for Protecting Private Data– Service Providers and Contractors	Recommendation 1 - UNM Information Security Program	The CIO needs to implement the UNM Information Security Program University-wide.	Concur. The CIO will continue implementation of the Information Security Program with the advisory structure approved by the President. The CIO submitted a recommendation to the IT Governance Council UNM Policy 2560 (President, EVPs, and Chancellor) to create a University wide security council. The existing and operational UNM Information Security Program will be assigned to the appropriate advisory structure.	1/31/2017	Per the CIO, IA is in receipt of a memo outlining how the proposed UNM Security Program compares to benchmark institutions. IT is awaiting IA's approval to implement the entire Security Program as designed. Per IA, information submitted is not sufficient to clear the recommendation.		Gilbert Gonzales,Chief Information Officer
2013-15	Safeguards for Protecting Private Data– Service Providers and Contractors	Recommendation 2 - University Information Security Function	The President should give the CIO the explicit authority and responsibility to manage information security University-wide, including the decentralized computing services. The President should also ensure that the CIO has the budget to develop, implement, and enforce security policies.	Concur. The President's Office is working with the EVP for Administration, the Provost and EVP for Academic Affairs, and the Chancellor for Health Sciences on the appointment of an appropriate advisory structure. We will work with the EVP for Administration and the CIO to evaluate whether this office has sufficient budget and authority to develop, implement, and enforce security policies. The Information Security Office, through the CIO, has established a security management reporting mechanism and makes quarterly reports to senior management on the status of information security at UNM.	7/31/2016	KSA report submitted on June 22 acknowledged Security as an Enterprise concern. Budget, authority and advisory structures are yet to be assigned. Proposal to establish enterprise information security is being developed for presentation to IT Executive Governance in this fiscal year.		Gilbert Gonzales,Chief Information Officer

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2013-29	Review of College of Education Operations	Recommendation 3 - Time to acquire a degree at UNM COE	The Dean of the College of Education should work with Office of the Provost to ensure any redesign of the College addresses the Provost's recommendation for reducing minimum credit hours for degree programs.	A college-wide Curriculum Review has been underway since 2013; one objective of the review is to reduce the required number of credit hours in each bachelor degree program to 120 hours, or close to it. The NM PED requires 57 credit hours in core courses for teacher preparation programs. The PED is reviewing this requirement. The Early Childhood Education program (ECE) is well under way to restructuring the program into a 5 year degree program, and in compliance with regulatory and accreditation agencies.	6/30/2016	02/18/2016 - No change in status on this recommendation. With the passage of SB 329 (Kernan's bill), the core requirements for college of education students has been reduced. While this provides additional flexibility with respect to our curriculum, it now requires a reworking of our initial licensure programs for submission to PED for approval. This will occur in fall 2015 for a spring submission for approval and implementation in fall 2016 in compliance with both this recommendation and SB 329.		Salvador Hector Ochoa, Dean
2013-29	Review of College of Education Operations	Recommendation 6 - Residency School	The Dean of the COE and the Provost office should consider developing a College of Education Teacher Preparation Residency School. Such a residency school could provide COE students with hands on training throughout their teacher preparation experience.	The College of Education will consider the Teacher Preparation Residency School as a part of the continuing re-imagining efforts and future direction of the College.	8/31/2016	02/18/2016 - With regard to establishing a residency school, in light of the current budgetary climate and current COE financial situation, funding is not available. However, COE remains committed to approximating this model by embedding faculty into neighboring school districts.		Salvador Hector Ochoa, Dean
2013-29	Review of College of Education Operations	Recommendation 7- Field Services Assessments	The College should consider establishing a coordinated clinical field service assessment program to effectively provide feedback while teacher candidates are conducting field service and to follow up with them after graduation. Consider changes in programs to include student field service experience earlier in the program/student experience and establish a program to assess the effectiveness of traditional field service.	The College established a Field Services Portal (the first of its kind in NM) for feedback between teacher candidates and supervisors during the entire field service experience. This portal undergoes continuous improvement to facilitate and enhance feedback and communication with candidates, staff and supervisors. The College also utilizes the TK-20 assessment system to collect observations on students' learning and can be accessed by our alumni to store their teaching and learning dossiers. In addition, the Center for Education Policy Research is conducting a separate program evaluation of the Co-Teaching Collaborative model as part of its two-year pilot program (FY14 and FY15). FY14 is the first year for which this type of data is being gathered.	8/31/2016	2/18/2016 - No change in status on this recommendation. The college plans development of a Fitness to Teach model during FY16 to provide feedback to students who are meeting expectant standards while doing their field services. Additionally, the College is utilizing the TK-20 system to collect longitudinal data to analyze the effectiveness of our program and field service component. This is in accordance with the requirements of the national accreditation agency (CAEP) for the College of Education. The effectiveness of these efforts will be evaluated as part of the annual reporting requirements of our national accreditation agency.		Salvador Hector Ochoa, Dean
2013-29	Review of College of Education Operations	Recommendation 8 - Expand Field Service to Rural NM	The Dean of the COE should work with the Provost's Office to develop a permanent funding model for field service, and explore expansion of the Co-Teaching Collaborative School model within the Teacher Education Department, to other departments within the College, and to rural areas of New Mexico.	The new COE Dean and the Provost will explore funding possibilities for Field Services, and further examine possibilities for expanding the Co-Teaching Collaborative School model in Teacher Education and other areas of the college. Rural areas of New Mexico will also be included.	8/31/2016	2/16/2016 - No change in status on this recommendation. A cost analysis of all field services models in effect for AY15-16 will be performed to serve as a focal point for conversations with the Provost and Budget offices.		Salvador Hector Ochoa,Dean

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2015-14	Cancer Center Portable Devices	Recommendation 5 - Archived PHI	The Chief Financial Officer of the CC should explore the feasibility of using the PACS system for archiving information.	UNM Cancer Center will investigate the possibility of utilizing a PACS system for archiving ongoing treatment and planning data.
				
				  In regards to existing archived storage on portable CDs, UNM Cancer Center is currently in the process of moving this data from the CD archives to a shared network folder. The transition of this data to the network folder to be completed by April 30, 2015.
				  In regards to archived storage on tape media, an RFP to be issued for the permanent archive of this media from tape to a networked server/folder. To be completed by June 30, 2015.
					3/31/2016	Cancer Center is in the RFI stage, testing two vendor products to verify ability to perform archive storage. In the meantime, items are no longer stored on CDs, rather on a Cancer Center drive that has limited access and is backed up regularly. Once the two vendors are tested, Cancer Center will move to retain one. PROGRESS UPDATE - IA sent an email requesting status of progress toward meeting March 31, 2016 deadline.		RODNEY MARTINEZ,Chief Financial Officer: UNM Cancer Center

2015-02	UNM Taos	Recommendation 6 - Develop Policies and Procedures for Employer Issued Smart Phones	In addition to UAPP 7710, UNM-Taos should further develop policies and procedures that require smart phones to be tagged, monitored, and inventoried.	A detailed inventory will be conducted on employee issued cell phones, a property ID tag or other suitable identifier will be assigned to each phone and use levels monitored on a quarterly basis. The Process for identifying the phone hardware serial numbers will be developed by the Business Office and IT departments. The Business and IT Departments will coordinate a sign out process in which individuals issued phones will acknowledge receipt, and get a handout with basic security requirements for using the phones, and procedures for enabling remote wiping by the employee being issued equipment. The procedures developed will adhere to guidelines in UAPP 7710.	6/30/2016	UNM Taos hired a new IT Manager in November 2015 who has began drafting an IT security policies and procedures manual, which addresses employee-issued smart phones. The smart phone policy has been drafted, and will be part of the IT manual. In addition, UNM Taos is completing a review of employee-issued smart phones to ensure all smart phones are tagged. Management has requested and received an extension until June 30, 2016 for full implementation of this recommendation.		Mario Suazo, Dir,Business Opns/Sm Branch; Unit IT Support Manager
2015-02	UNM Taos	Recommendation 8 - Develop General IT Security Policies and Procedures	UNM-Taos IT Department should document IT security policies and procedures, which enforce procedures for regular back-up and off-site storage of IT systems, developing a disaster recovery plan, and encrypting computers issued to employees.	UNM-Taos IT will develop an operations manual documenting IT security policies and procedures. Procedures will be modeled on those implemented at UNM-Valencia and Gallup. The IT department has already started developing the process for backups and offsite storage, and will identify disaster recovery procedures, test them regularly once the backups are working as expected. Encryption will be implemented on an ongoing basis for laptops assigned to faculty and staff.	6/30/2016	UNM Taos hired a new IT Manager in November 2015 who has began drafting an IT security policies and procedures manual. The new IT Manager and UNM Taos management believe the IT manual will be completed and approved by June 2016. Management has requested and received an extension for this recommendation		Mario Suazo, Dir,Business Opns/Sm Branch; Unit IT Support Manager
2015-02	UNM Taos	Recommendation 9 - All UNM Taos Employees Should Take Required Training	All UNM Taos faculty, staff, and student employees should take the required annual training courses.	Determine which faculty, staff and students employees are required to the take the training. Develop a communication mechanism to inform and remind those who need the training and provide notification to supervisors.	12/31/2016	100 of 109 full-time faculty and staff completed both Sexual Harassment and Basic Safety required trainings for 2015. However, the UNM Policy office has revised Policy 3290 to reflect that all UNM employees are now required to take certain mandatory training. Implementation of this recommendation will be extended to December 31, 2016 due to pending implementation of a University-wide recommendation, including status reports on training uploaded onto employees' Learning Central plans, and results of testing of the system.		Catherine O'Neill,Executive Dir,Br Campus; Debra Martinez, HR Administrator 2

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2015-03	Harwood Museum	Recommendation 7 - Art Collection Record Keeping	Harwood should (1) complete data entry of art collection items that are missing critical information, such as value and loaned items from other museums; (2) clean up duplicate data resulting from the database migration; (3) ensure the collection records are reviewed by the Director periodically; (4) report accurate value for fine art insurance coverage to UNM Safety and Risk Services based on data generated from the complete and accurate database.	Incoming and outgoing loans have been tracked in the new database since its August 1, 2014 launch. The previous database did not have that capability. By November 1, 2015, all data entry of collection items missing critical information, including value, when that information is available and clean-up of duplicate data entry items will be complete. Beginning immediately, the director will review collection records on a quarterly basis. A current, accurate valuation of the Harwood's entire collection will require the engagement of a professional appraiser. This is a significant expense that the Harwood's operating budget cannot currently support. The timeline for completing the collection valuation will be informed by the Harwood Board's fundraising strategies to address operating revenue shortfalls.	12/31/2016	Management indicated Harwood has completed updating the collection inventory database as recommended by Internal Audit. Internal Audit needs to verify implementation.		Dir,Harwood Museum
2015-03	Harwood Museum	Recommendation 8 - Art Collections Inventory	Harwood should complete a formal physical inventory for its collection items, maintain current inventory records, and notify Inventory Control of its certified inventory results within a year.	In keeping with professional best practices, the director will create a narrative description of protocol and timelines for inventory control. This information will be incorporated into the Harwood's Collections Management Policy. The new protocol and policy will be implemented by November 1, 2015. A formal physical inventory of the museum's 4,900 object collection will require additional funding, in order to support two temporary Curatorial Assistants who will conduct the inventory under the guidance of the Curator of Collections and Exhibitions. If new funding is identified by the Harwood Board, the inventory will be completed by May 1, 2017, in keeping with the American Alliance of Museums' recommendation that formal inventories take place every ten years. In the event additional funding to hire two new temporary employees is not forthcoming in FY16, the Director will work with UNM Human Resources to undertake a staffing analysis to ascertain whether a staffing reorganization could shift existing staff resources to the task of completing an inventory within one year as recommended.	5/1/2017	Management indicated that Harwood's physical inventory (art collection) has been completed and submitted to UNM Inventory Control. Internal Audit needs to review certification of inventory to verify inventory submitted to UNM Inventory Control.		Dir,Harwood Museum
2015-01	Payroll Follow-Up Audit	Recommendation 1 - Payroll Adjustment Codes	The University Controller's Office should revise the adjustment code forms and explanations of the causes of the adjustments to clarify the causes, conditions, and responsible parties creating the adjustments.	Payroll will work with HR and EDCs to identify the needed enhancements. Payroll will work with FSMIT to add the enhancements to the report. Payroll will assess options for notifying departments of their adjustments.	4/1/2017	Implementation of the Talent Management System (TMS) has been delayed until July, 2016. Implementation of the audit recommendations depended upon the full functioning of the TMS and has therefore also been delayed.		Elizabeth Metzger,University Controller; Julian Sandoval, Chief Financial Svcs Officer

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2015-01	Payroll Follow-Up Audit	Recommendation 2 - Payroll Adjustment Late Paperwork Training	The University Controller's Office should develop mandatory training on business practices, required processes, and meeting deadlines aimed at reducing late filing of employment paperwork, EPAFs, payroll adjustments, and employee accounts receivable.	Payroll will work with HR and EDCs to improve communication and training. Adjustments are very heavily tied to the initial job setup. HR and the EDCs will need to partner with Payroll to provide the applicable training for each step of the required processes, and support from the University Provost will be needed to include Deans and Chairs in the mandatory training.	4/1/2017	Implementation of the Talent Management System (TMS) has been delayed until July, 2016. Implementation of the audit recommendations depended upon the full functioning of the TMS and has therefore also been delayed.		Elizabeth Metzger,University Controller
2015-01	Payroll Follow-Up Audit	Recommendation 3 - Administrative Fee	The University Controller's Office should consider charging an administrative fee to departments that submit late EPAFs or other employment documents, as well as for causing unnecessary payroll adjustments.	Payroll will assess options for a fee structure but would like to first determine the successful implementation of the remaining recommendations within this document, especially to identify the root causes of adjustments. Payroll also needs to see how the Talent Management Suite implementation impacts processes. The fee structure will be applied accordingly to departments, HR, and EDCs as applicable.	1/1/2018	Implementation of the Talent Management System (TMS) has been delayed until July, 2016. Implementation of the audit recommendations depended upon the full functioning of the TMS and has therefore also been delayed.		Elizabeth Metzger,University Controller
2015-01	Payroll Follow-Up Audit	Recommendation 4 - Develop a Policy to Ease the Administrative Burden	The University Controller's Office should work with the UNM Policy Office to develop (or amend) a policy to allow de minimus write-offs in order to ease the administrative burden of collection when the cost of collection exceeds the amount to be collected.	Payroll will submit revisions to the Policy Office. These revisions will depend on the analysis and corresponding direction taken in Recommendation 5 below.	10/1/2016	Implementation of the Talent Management System (TMS) has been delayed until July, 2016. Implementation of the audit recommendations depended upon the full functioning of the TMS and has therefore also been delayed.		Elizabeth Metzger,University Controller
2015-01	Payroll Follow-Up Audit	Recommendation 5 - Automated Tracking of Accounts Receivable	The University Controller's Office should research tracking of overpayments in the Banner Accounts Receivable module as a means to ease the administrative burden of manually tracking employee receivables.	Stale dated receivables will be written off. The Banner Accounts Receivable module will be assessed for tracking overpayments and is then intended to be utilized to track overpayments that require repayment of at least 2 pay cycles for that employee.	10/1/2016	Implementation of the Talent Management System (TMS) has been delayed until July, 2016. Implementation of the audit recommendations depended upon the full functioning of the TMS and has therefore also been delayed.		Elizabeth Metzger,University Controller
2015-01	Payroll Follow-Up Audit	Recommendation 6 - Assess One Source Portal	UNM HR should work with OFAS to assess the impact of new processes being implemented, especially Talent Management, on the hiring process instructions detailed in the One Source Information portal.	HR IT will work with the various Employment Data Centers (EDCs) to determine the current usage of the OneSource personnel action portal and to review the current content for accuracy of information. The EDC Team will then determine if it is appropriate to continue with the maintenance of the OneSource Portal and if so, develop an action plan for updating the OneSource content to reflect changes in hiring processes to coincide with the TMS implementation. If it is determined that OneSource should not be maintained then the EDCs will provide a recommendation to Administration on the appropriate mechanism to convey the hiring processes to departments.	7/1/2016	Implementation of the Talent Management System (TMS) is delayed until July 1, 2016. HR has completed the update of the One-Source portal to reflect current processes, and will incorporate any further changes due to TMS by July 1, 2016.		Dorothy Terese Anderson,Vice President,Human Resources
2015-01	Payroll Follow-Up Audit	Recommendation 7 - OFAS Adjustment Email Notification	OFAS should work with UNM IT to adopt an EPAF email notification system similar to the one developed by HR IT for UNM Staff.	OFAS will take the lead in soliciting IT's support to implement email notifications for faculty EPAFs before the end of the fall semester. OFAS will not implement all email notifications given their lack of resources and time to do so until the staff process is fully tested, implemented and assessed. OFAS will work with HSC and SOM Faculty Employment Areas.	3/31/2017	Implementation of the Talent Management System (TMS) is delayed until July 1, 2016. OFAS is working with IT to develop and test the EPAF notification system, but will not have a go-live date until after TMS is fully implemented.		Theresa Ramos,Dir,Faculty Employment & Svcs; Carol Parker, Sr. Vice Provost

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2015-01	Payroll Follow-Up Audit	Recommendation 8 - OFAS to Continue Automation of Processes	OFAS should expedite the transition to automated processing of contract renewal processes, and develop a time line to coincide with implementation of Talent Management. OFAS should work with UNM IT to further develop EPAF processes for employment transactions that are not currently using EPAFs.	June 30, 2016: OFAS will work with IT and HSC Faculty Employment Areas to develop additional EPAFs to automate existing paper employment transactions. July 1, 2015: The paperless contract renewals was implemented Main and Branch Campus Faculty. January 30, 2016: OFAS will work with HSC and SOM Faculty Employment Areas to utilize Talent Management for automating onboarding process for new hires with an integration of employee information from TM to Banner. However, fall hiring activity for AY 2016-17 will have started prior to the implementation of TM for Main and Branch Campuses; therefore, there will be delays if fully utilizing TM for Main and Branch Campuses until Spring/Summer 2016. All three faculty employment areas are and will continue to participate in the TM project.	3/31/2017	Implementation of the Talent Management System (TMS) is delayed until July 1, 2016. OFAS has completed several new EPAFs, however, OFAS is working with HSC on their timeline schedule and will not complete all of the EPAFs until after the implementation of TMS.		Theresa Ramos,Dir,Faculty Employment & Svcs; Carol Parker, Sr. Vice Provost
2015-01	Payroll Follow-Up Audit	Recommendation 9 - OFAS to Work with Payroll Department	OFAS should work with the Payroll Department to integrate their new processes with payroll department processes, work out kinks, discuss issues, and solve potential problems with the rollout of the new system.	OFAS will continue to collaborate with Payroll to complete vital error reports related to employment transactions; continue to meet to address gaps in the understanding of faculty related projects and/or to request their support in testing automation as needed.	3/31/2017	Implementation of the Talent Management System (TMS) has been delayed until July, 2016. Implementation of the audit recommendations depended upon the full functioning of the TMS and has therefore also been delayed.		Theresa Ramos,Dir,Faculty Employment & Svcs; Carol Parker, Sr. Vice Provost
2015-01	Payroll Follow-Up Audit	Recommendation 10 - HSC to Develop Additional EPAFs	HSC should work with UNM IT and UNM HR to further develop EPAF processes for employment transactions that are not currently using EPAFs.	The HSC Faculty Contracts Office will help develop ideas and implement new EPAFs with UNM HR and UNM IT for faculty employment transactions not currently using EPAFs. This is dependent on UNM IT programming the EPAFs into Banner.	3/31/2017	Implementation of the Talent Management System (TMS) has been delayed until July, 2016. Implementation of the audit recommendations depended upon the full functioning of the TMS and has therefore also been delayed.		Michael Schwantes,Dir,Fin Syst & Rstr Acctg
2015-01	Payroll Follow-Up Audit	Recommendation 1A - Required Training - 2015-01-A Stand Alone Report	The University's President should direct the Human Resources Department, the Office of Faculty Affairs and Services, HSC Faculty Contracts, SOM Office of Academic Affairs, and Graduate Studies to work with the UNM Policy Office to revise Policy 3290, clarifying that all University employees and academic volunteers must take mandatory training courses.	The President will direct appropriate offices to identify a mechanism to provide and track mandatory training to all employees, and will develop a mechanism to hold employees and managers responsible for compliance. Once the feasibility of expanding training has been verified, these offices will work with the UNM Policy Office to make appropriate revisions to UAP 3290 to reflect these changes.	1/1/2017	The UNM Policy office has revised Policy 3290 to reflect that all UNM employees are now required to take certain mandatory training. This finding has been assigned by President Frank to a group that is tasked with reviewing university-wide required training. 4/13/2016 - The team has configured the training delivery and tracking systems. Pending are status reports on training uploaded onto employees' Learning Central plans, and results of testing of the system, which will include: a. Required training modules for all employees, including interns, loaded into Learning Central plans. b. Reports of who has not yet taken required training. c. Identification of supervisors for accountability. Implementation is extended to January 1, 2017, with a status report on August 31, 2016.		Robert George Frank,President; Kevin Stevenson, Strategic Planner

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2015-05	Safety and Risk Services	Recommendation 1 - Fire Suppression Service and Sprinkler Repair	The Director of Safety and Risk Services should ensure that all five year flushing services identified in the FY2012 and FY2013 FSCFRs are addressed.	The SRS Fire Safety Budgets attached to the FY 2012 and 2013 FSCFRs include the services SRS staff anticipated would be necessary for code compliance. It is important to note that at the five year mark suppression systems undergo obstruction investigation and if necessary flushing. NFPA 25 requires five year obstruction inspections. Based on the findings of the obstruction inspection the vendor either flushes the system or waits five more years. All UNM buildings have undergone the obstruction inspections. Only buildings requiring the flushing will undergo that costly process. SRS will forward documentation of obstruction investigations and flushing during the time frame in question. SRS is now going to approach the preparation of the FSCFR in a more comprehensive and deliberate manner by forming the SRS Fire Safety Committee. Instead of including the items that SRS staff found to be of high priority, the work of this committee will provide a forum for campus stakeholders to identify, discuss and vote on priorities.	6/30/2016	SRS is working to complete the obstruction testing for buildings identified as behind in April and May 2016; once they are complete, IA will verify. SRS has formed a Fire Safety Capital Committee that has been meeting quarterly since August 2015. They provided the committee charter, meeting agenda and minutes. They are scheduled to have a list of recommendations for the FY2016 FSCFR. Once the FY16 FSCFR is complete, it will be the first under the newly formed SRS Fire Safety Capital Committee and will be forwarded to IA.		Arthur Bishop,Mgr,Administrative Opns; Carla Domenici, Dir,Safety & Risk Services
2015-05	Safety and Risk Services	Reccomendation 2 - Annual Fire Safety Capital Funding Report	The Director of Safety and Risk Services should ensure that FSCFRs are completed annually and presented to the Board of Regents per the commitment in the response to the prior audit finding.	The Director of Safety and Risk Services agrees to do so. Due to changes in the Fire Safety Program, SRS will be issuing a combined FY 2014-2015 report. Beginning in FY 2016, SRS has formed and will staff the SRS Fire Safety Capital Committee. The purpose of this committee is to involve campus stakeholders in the identification and prioritization of fire capital needs. This committee will identify and vote on priorities that will be included in future FSCFRs. Otherwise, the items included in the report are based solely on the SRS staff's opinions and observations. SRS will also obtain input from the PPD Asset Condition Evaluation project whose goal is to inspect assets and develop BR&R funding requests. SRS has a representative involved in the PPD project.	6/30/2016	SRS has formed a Fire Safety Capital Committee that has been meeting quarterly since August 2015. They provided the committee charter, meeting agenda and minutes. They are scheduled to have a list of recommendations for the FY2016 FSCFR. Once the FY16 FSCFR is complete it will be the first under the newly formed SRS Fire Safety Capital Committee and will be forwarded to IA.		Carla Domenici, Dir,Safety & Risk Services
2015-05	Safety and Risk Services	Recommendation 5 - Fire Extinguisher Reconciliaiton	The Director of Safety and Risk Services should ensure that invoices provided by the fire extinguisher contractor are reconciled to the master fire extinguisher inventory list. Any discrepancies should be addressed and resolved.	For the past several months, SRS has been in the process of purchasing a fire extinguisher software. It has involved UNM IT in this process to insure success. This purchase will likely occur in the next few months. The software will provide for an accurate and current reconciliation. It may also allow SRS to conduct monthly inspections in-house and only use vendor services for annual inspections. SRS will install the software, complete a pilot area of buildings and begin to stagger annual inspections. IA will be invited to a demonstration of processes during the pilot phase.	6/30/2016	IA received progress information from SRS. IA needs to review the information to confirm completion/status of progress on the recommendation.		Arthur Bishop,Mgr,Administrative Opns; Carla Domenici, Dir,Safety & Risk Services

Project Code	Project Name	Recommendation Title	Executive Recommendation	Response	Estimated Implementation Date	Last Status Update	Actual Implementation Date	Responsible Party
2015-05	Safety and Risk Services	Recommendation 6 - Safety Concerns Reported to SRS	The Director of Safety and Risk Services should develop and document a process for investigating safety concerns reported to SRS. The process should include detailed use of TMA or similar software to ensure that a clear audit trail from the date of report to final disposition is noted. The process should specifically include the requirement to notify the person who expressed concern about the final outcome.	SRS will work with PPD ISS to train and re-train its employees on TMA. Ideally, TMA can serve as the software for tracking the work and response of SRS staff. SRS will continue to use TMA through June 30, 2016. If the results are not improved, then it will consider the purchase of a software more specifically designed to occupational safety needs.	6/30/2016	IA received progress information from SRS. IA needs to review the information to confirm completion/status of progress on the recommendation.		Michael Tuttle,Mgr,Risk Mgmt, Ins & Claims; Carla Domenici, Dir,Safety & Risk Services
2015-05	Safety and Risk Services	Recommendation 7 - Reporting Test Results	SRS Director should ensure that the results of any monitoring tests for hazardous material levels performed are communicated according to OSHA 1910.1018(e)(5)(i). Documentation of report distribution should be kept with the report to facilitate a clear audit trail.	The SRS Environmental Health Manager will develop standard operating procedures to insure the results of air quality monitoring are communicated according to OSHA 1910.1018(e)(5)(i). Documentation of report distribution should be kept with the report to facilitate a clear audit trail.	6/30/2016	SRS has completed procedures for ensuring that the results of any monitoring for occupational hazards performed by SRS are properly communicated. The procedures have a step that notes final investigative outcome will be communicated to the person making the report. IA will review a judgmental sample of the most recent investigations and documentation to confirm distribution of the report per procedures. Once confirmed, the recommendation can be cleared.		Chemanji Shu-Nyamboli,Enviro n Hlth Manager; Carla Domenici, Dir,Safety & Risk Services
2015-05	Safety and Risk Services	Recommendation 8 - Construction Safety	The Director of Safety and Risk Services should require that SRS participate in all construction projects as directed by the Construction Safety Manual. As a documentary audit trail, SRS should collect and keep documentation that they attended the pre-bid meetings, approved the CSSP, and sent the Notice-To-Proceed after approving the CSSP.	SRS will insure that its staff attend all construction and remodel meetings. Further it will insure that the documentation requirements set forth in the Construction Safety Manual are adhered to by SRS staff.	6/30/2016	IA received progress information from SRS. IA needs to review the information to confirm completion/status of progress on the recommendation.		Chemanji Shu-Nyamboli,Enviro n Hlth Manager; Carla Domenici, Dir,Safety & Risk Services
2015-05	Safety and Risk Services	Recommendation 9 - Peer Review	SRS should participate in regular peer reviews, including one in the next 12 months, in order to gain insight and efficiency through interaction with similar and/or peer institutions.	SRS will complete the peer review in the time-frame set forth.	12/30/2016	The SRS Director informed that they have identified a vendor to complete the peer review and are on schedule to have it completed by the due date.		Carla Domenici, Dir,Safety & Risk Services
2015-05	Safety and Risk Services	Recommendation 13 - Annual Chrystalline Sylica Tests	The Director of Safety and Risk Services should work with chemical safety committees to identify areas of risk related to exposure and inhalation and determine what are the most appropriate annual monitoring tests to be conducted.	SRS will work with the HSC Chemical Safety Committee and Main Campus Chemical and Lab Safety Committee to review the risk and need for air quality and exposure testing.	6/30/2016			Chemanji Shu-Nyamboli,Enviro n Hlth Manager; Carla Domenici, Dir,Safety & Risk Services

Project Code	Project Name	Recommendation Title	Executive Recommendation	Response	Estimated Implementation Date	Last Status Update	Actual Implementation Date	Responsible Party
2015-05	Safety and Risk Services	Recommendation 16 - SRS Training - ERM Training	The Director of Safety and Risk Services should provide EOD with an annual list of (1) CSOs to ensure that CSO and ERM training becomes part of their required annual Learning Central training courses, and (2) PIs and PCard holders who make chemical purchases to ensure that ERM becomes part of their required annual Learning Central training courses.	The Environmental Health Manager will insure this information reaches Learning Central.	3/31/2016			Chemanji Shu-Nyamboli,Environ Hlth Manager; Carla Domenici, Dir,Safety & Risk Services
2015-05	Safety and Risk Services	Recommendation 17- SRS Training - CSO Training	The University President should send a directive to CSOs, PIs, and PCard holders identified as persons who make chemical purchases to comply with their annual requirements to complete CSO and/or ERM training. They should be reminded of the importance to ensure lab safety and accurate chemical labeling and inventory.	In response to Internal Audit report 2015-01-1, the University President directed a group to address university-wide mandatory training for employees. As a component of that effort, the President will direct this group to also develop a mechanism to ensure position-specific mandatory training for CSOs, PIs, and Pcard holders that make chemical purchases.	12/31/2016	OEO is working with SRS to develop the training and SRS is working to determine what titles need to have the training. A request was granted and the due date was extended to 12/31/16.		Dorothy Terese Anderson,Vice President,Human Resources; Chaouki Tanios Abdallah

2015-05	Safety and Risk Services	Recommendaiton 18 - Chemical Purchases and Perpetual Inventory	The Executive Vice President for Finance and Administration, Executive Vice President for Academic Affairs/Provost, and the Chancellor for Health Sciences should work with the Director of Safety and Risk Services to determine the best course of action to ensure that all chemicals purchased are properly and accurately inventoried via the ERM system. Two considerations might be that all chemical purchases are only allowed to be made via CRLS or LoboMart, or that SRS be the central receiving point for all chemical purchases made outside of CRLS.	EVP for Finance and Administration:
				  The departments that purchase chemicals that report to me include PPD and Student Housing. I will work with the Vice-President of Institutional Support Services to insure that those areas coordinate with SRS to insure that chemical purchases are recorded in ERM.
				  I will also work with the Purchasing Department to secure their cooperation in working with SRS to make purchasing through ERM as streamlined as possible.
				  Lastly, I will work with SRS to assist them in becoming the central receiving point for all chemical purchases made outside of CRLS. This may mean increased staffing and certainly the development of a storage area.
				  EVP for Academic Affairs/Provost:
				
				  With the Risk Management Division, Academic Affairs will issue a memo to all units that purchase chemicals within our organization by October 31, 2015. The memo will detail compliance requirements and a proposed schedule for appropriate training and implementation of the ERM system – it will prioritize the high impact units. This will require close coordination between SRS, the Chemical Safety Committee, Deans and Academic Affairs representatives.
					12/31/2016	IA received an informational update from SRS informing they have an ERM training schedule for main campus. Sent return email inquiring about ERM training schedule for HSC and a separate email to Provost inquiring about documentation to support that the interim due date of 10/2015 was met, and that the Provost sent a memo to the areas that report to him informing of ERM requirements to anyone that purchases chemicals.		David Harris,Executive Vice President; Paul Roth Chaouki Tanios Abdallah

Project Code	Project Name	Recommendation Title	Executive Recommendation	Response	Estimated Implementation Date	Last Status Update	Actual Implementation Date	Responsible Party

2016-05	CTSC Food and Nutrition P-Card Use	Recommendation 2 - Management Review and Oversight	CTSC management should initiate a thorough review of monthly P-Card reconciliations and supporting documentation.
			CTSC management should increase oversight of the Bionutrition program.
				Clinical Research Operations Manager and BioNutrition Supervisor meet biweekly to go over protocols and participants for next two weeks, number of participants will be determined.
				
				  BioNutrition Supervisors reviews menus and recipes of active protocols for upcoming weeks and order form for produce and proteins will be determined.
				
				  Clinical Research Operations Manager reviews order form prior to purchase and provides approval with documentation on order form.
				
				  After items are purchased by BioNutrition Supervisor, the items are checked-in the inventory control system by the Laboratory Technician matching the items on the receipt to the order form. Documenting items on Check-In Log and Inventory Database.
				
				  Clinical Research Operations Manager reviews Check-In log, receipt and order and verifies that all allowable items were purchased. Documenting this process on the order form.
					6/30/2016			Amy Overby, Clinical Administr Dir/CTSC.

2016-05	CTSC Food and Nutrition P-Card Use	Recommendation 3 - P-Card Office Review and P-Card Reviewer and Approver Training	The P-Card Manager should:
			  Strengthen the P-Card reconciliation review process to ensure documentation submitted for purchases is complete and accurate.
			
			  Provide a P-Card training for Department P-Card reviewers and approvers to ensure P-Card activity is adequately reviewed.
				We agree with the audit recommendations.
				  UNM departments are ultimately responsible for submitting properly approved, complete and accurate documentation with their P-Card logs. For this reason, each P-Card log requires the signatures of both the cardholder and Dean/Director/Department Head. Although the P-Card department conducts 100% reviews of PCard transactions, our current resources prohibit us from recalculating the totals of each of the 170,000+ PCard transactions each year. While this could likely be accomplished if significant additional resources were to be provided, the additional cost vs. benefit received would most likely be prohibitive. In response to this recommendation, we have effective immediately, begun to examine and recalculate a portion of receipts that contain elements of higher risk and have an appearance that they have been altered.
					7/1/2016			Peggy Sedillo,Mgr,Purc hasing

Project Code	Project Name	Recommendation Title	Executive Recommendation	Response	Estimated Implementation Date	Last Status Update	Actual Implementation Date	Responsible Party
2016-05	CTSC Food and Nutrition P-Card Use	Recommendation 4 - Inventory Control	Inventory control procedures should be implemented to ensure food and beverages purchased for the Bionutrtion program are allowable and accounted for. Procedures should include: Preparation and review of shopping lists. Tracking of meal and beverage distribution. Cross-check of itemized receipts purchased with food and beverages transported to the Bionutrition kitchen. Inspections of the Bionutrition kitchen.	The plan below was implemented in November 2015. Standard Operating Procedure will be completed by June 30, 2016 to document this process in detail. Clinical Research Operations Manager and BioNutrition Supervisor meet biweekly to go over protocols and participants for next two weeks, number of participants will be determined. BioNutrition Supervisors reviews menus and recipes of active protocols for upcoming weeks and order form for produce and proteins will be determined. Clinical Research Operations Manager reviews order form prior to purchase and provides approval with documentation on order form. After items are purchased by BioNutrition Supervisor, the items are checked-in the inventory control system by the Laboratory Technician matching the items on the receipt to the order form. □	6/30/2016			Michael Briggs, Chief Administrative Officer: CTSC

Follow Up Report - Clery Act Recommendations (May 2016 Open Session)

Project Code	Project Name	Recommendation Title	Executive Recommendation	Response	Estimated Implementation Date	Last Status Update/Recommendation Action	Actual Implementation Date	Responsible Party
2014-04	Clery Act	Recommendation 1 - Organizational Structure and Administrative Function	A. The University President should consider establishing the position of Clery Coordinator whose sole responsibility is Clery Act compliance and oversight. The Clery Coordinator should be empowered to enforce Clery Act compliance. B. The University President should establish a Clery Act Compliance Committee with appropriate representation from the campus community. Using the best practices provided earlier, the committee should be tasked with developing an organizational structure for compliance with, coordination, and communication of Clery Act requirements. C. The Clery Coordinator working with the Clery Act Compliance Committee should develop a formal UAPPM Clery Act Compliance policy. D. The University President should notify the entire campus community that Clery Act compliance is mandatory, and all are responsible for knowing their roles and responsibilities for reporting and keeping the campus safe.	A. An Interim Clery Coordinator at UNMPD has been assigned, effective August 1, 2014 for FY15. The Director of Office of Equal Opportunity (OEO) will develop a budget request for FY16 that includes Clery reporting to OEO by June 30, 2015. The Interim Coordinator will work with the UNM compliance office and the UNM policy office to develop policies and procedures (by June 30, 2015) in consultation with the Clery Compliance Steering Committee. B. A Clery Act Steering Committee was appointed August 1, 2014. C. The Steering Committee will work with the UNM policy office to develop a policy by June 30, 2015. A meeting was held with all individuals on the Audit "Clery Organization Chart" on May 7th in the President's conference room. Each of those supervisors agreed to communicate to their direct reports. In addition, after (C.) is completed, the policy will be included in the President's communication by June 30, 2015. The University President will issue a memo to notify the entire campus community that Clery Act compliance is mandatory- to be completed by September 15, 2014.	5/30/2016	A. Cleared - Hired the Clery Coordinator in August 2015. B. Cleared - the Clery Steering Committee is meeting, verified by review of meeting minutes. C. Revised due date to 05/30/16 - Per the Clery Coordinator, work is in progress with the Policy office. D. Cleared. The University President sent a campus wide memo informing the campus community of Clery duties and responsibilities.		Amy Wohlert,Chief Of Staff/Office Of Pres
2014-04	Clery Act	Recommendation 2 - Geography - Clery Act Locations	A. The University President must require the Clery Coordinator to assign the responsibility for determining the University's Clery geography. B. The University President should require that the Clery Coordinator ensure development of written policies and procedures that include adequate internal controls to accurately define, document, and update the Clery geography annually.	A. Delegated to the Provost's Office from the President's Office via email communication on August 12, 2014. B. Delegated to the Provost's Office. The Interim Clery Coordinator will work with the Provost's office and the UNM policy office to develop written policies by June 30, 2015.	9/30/2016	A. Partially cleared - the Clery Geography was assigned to Terry Babbit, Associate VP. The Clery Coordinator has been working with UNM areas charged with space allocation to review all campus buildings for inclusion of Clery Geography. The Clery Coordinator has also informed that the CATs system (a system that departments will use to enter arranged courses that are not taught on campus) is in the test phase. That system will identify non-campus areas includible in Clery Geography. Although Clery Geography is not completely defined, much progress has been made. B. Received a copy of the draft Clery University Policy from the Clery Coordinator. The policy does not address how study abroad programs will be addressed with regard to inclusion in Clery Geography; however, it does link to UNM Policy 2710 Education Abroad Health and Safety that does inform about the Clery Geography requirement. The Policy is out for public comment. Once it is finalized, this portion of the recommendation can be cleared.		Melissa Vargas,Strategic Planner

Project Code	Project Name	Recommendation Title	Executive Recommendation	Response	Estimated Implementation Date	Last Status Update/Recommendation Action	Actual Implementation Date	Responsible Party
2014-04	Clery Act	Recommendation 4 - Campus Security Authorities	The University President or Clery Coordinator should designate CSAs, the Clery Coordinator should incorporate CSA policy into Clery Act Policy, the policy should be included in the Student Activities Handbook, and the CSA should sign signifying awareness of policy.	The Interim Clery Coordinator will gather a confirmed response from each CSA for reporting and will obtain a signed form from each CSA stating they are aware of their responsibilities. The OEO website will include this list of CSAs by June 30, 2015. The policy developed will be included and coordinated in the Student Organization Handbook - to be completed by June 30, 2015.	5/30/2016	Portion 'A' is cleared; Interim Clery Coordinator worked to notify all CSA's of their responsibility to register as a CSA and complete the training. The training will only be available via the UNM Police web page. Portion 'B' is cleared; CSA list is posted to OEO web page. Portion 'C' is in progress; the Clery Coordinator provided a copy of the draft UAPP. It does address the points noted with regard to CSAs. The recommendation can be cleared when the UAPP is final and when it is included in the Student Organization Handbook.		Amy Wohlert,Chief Of Staff/Office Of Pres
2014-04	Clery Act	Recommendation 6 - Validation of Crime and Disciplinary Statistics	The University President should require the Clery Coordinator to develop written policies and procedures, including adequate internal controls for documenting, tracking, and verifying and reporting crimes and disciplinary actions for all University reporting departments. Record retention requirements should also be included in the written policies and procedures.	The Interim Clery Coordinator will work with the UNM Policy Office to develop a policy on double counting and reporting. To be completed by June 30, 2015.	12/31/2015	IA received the SOP.	2/25/2016	Amy Wohlert,Chief Of Staff/Office Of Pres
2014-04	Clery Act	Recommendation 8 - Validation of Crime and Disciplinary Statistics	The Provost should require that all student housing facility personnel responsible for Clery crime reporting and disciplinary incidents, and the Dean of Students' Student Conduct Officer: meet monthly with the UNMPD to reconcile statistics; receive proper training from UNMPD; and maintain adequate documentation to substantiate disciplinary statistics submitted to UNMPD and submitted to ED. The Provost should also require all Clery incidents occurring at student housing facilities be coordinated by the Dean of Students' Student Conduct Officer. Student housing facilities must still maintain adequate documentation for statistics submitted to UNMPD.	The Provost will direct the VP for Student Affairs, AVP for Student Life, and the Student Conduct Officer to work with the Clery Coordinator and ASFSR officials to develop an implementation plan to meet these requirements.	6/30/2016	The annual reconciliation was completed. The process was laborious but is under review for consideration for areas of improvement. IA was provided with a copy of the 2015 crime statistics to be reported in the next annual report and a sample of the various area reports and review/reconciliation for inclusion.	4/27/2016	Melissa Vargas,Strategic Planner
2014-04	Clery Act	Recommendation 9 - Validation Crime and Disciplinary Statistics	The Chancellor for Health Sciences should inform the Chief Executive Officer for Health Systems to require that the Chief of Security: meet monthly with the UNMPD to reconcile statistics; receive proper training from UNMPD on how to categorize a Clery crime; and adequately document the outcome of the incident.	The UNMH Chief of Security is working with UNMPD for Clery reporting and will be meeting quarterly to reconcile reports. As for the training, UNMPD is working on developing training that will be available via learning central.	6/30/2016	The annual reconciliation was completed. The process was laborious but is under review for consideration for areas of improvement. IA was provided with a copy of the 2015 crime statistics to be reported in the next annual report and a sample of the various area reports and review/reconciliation for inclusion.	4/27/2016	Kevin McCabe,Dir,Univ Scty/Chief of Police

Follow Up Report - Clery Act Recommendations (May 2016 Open Session)

Project Code	Project Name	Recommendation Title	Executive Recommendation	Response	Estimated Implementation Date	Last Status Update/Recommendation Action	Actual Implementation Date	Responsible Party
2014-04	Clery Act	Recommendation 14 - Missing Student	A. The EVP for Academic Affairs/Provost should publish the missing student policy, B. require UNM Residence Life & Student Housing to implement adequate internal controls and access to missing student contact, and C. require Casas del Rio and Lobo Village to receive training on missing student requirements.	A. The Provost will send a memo to VP for Student Affairs and Dean of Students to write a policy (if it does not already exist) and to publish it in a prominent place. B. The Provost will send a memo to the VP for Student Affairs and AVP for Student Life to meet these directives. C. The Provost will send a memo to VP for Student Affairs and AVP for Student Life to meet these directives.	3/31/2016	A. Cleared. B. Cleared - Met with Residence Life Manager and verified via inspection that missing student information is requested via an online system and stored electronically. It is kept separately from emergency contact information and access is limited. C. Partially cleared. Clery Coordinator provided documentation that ACC management was provided a copy of the UNM Missing Student policy via email and that ACC management is storing missing person contact information separately. Per an email from ACC management, ACC personnel are trained annually. The agenda for 2015 training indicates that emergency response training was part of the training, and according to ACC management that includes missing person training.		Melissa Vargas,Strategic Planner
2014-04	Clery Act	Recommendation 16 - Fire Drills	The EVP for Finance and Administration should instruct the Director of SRS to work with UNM Residence Life and Student Housing, Casas del Rio, and Lobo Village to ensure students are educated on safe and proper evacuation procedures. The Director of SRS should monitor all housing facilities to ensure facility managers are conducting required fire drills.	SRS will ensure that students are thoroughly educated on safe and proper evacuation procedures. SRS will continue to organize fire drills in cooperation with facility managers. SRS will work with the property managers for Casas del Rio and Lobo Village to collect their statistics and documentation for submission. SRS met with the Regional Vice President for American Campus Communities in March 2014 and was informed that the company would conduct fire drills and maintain documentation. It was agreed that SRS would collect the data for Clery Act reporting purposes. SRS does not have jurisdiction over the fraternity and sorority houses as they are private property.	6/30/2016	SRS staff are working with personnel at ACC (American College Campuses) to obtain sufficient documentation to support training provided, namely a sign in sheet for each training session that contains student name, signature and date of training. SRS provided a sample to ACC personnel, and they agreed to implement the process at their next round of training sessions in the summer 2016 semester. Once that is complete, SRS will forward a copy of the documented sign-in sheets and the recommendation can be cleared. As mentioned earlier, UNM housing properties have already provided sufficient documentation.		Carla Domenici, Int Dir, Safety & Risk Services
2014-04	Clery Act	Recommendation 20B_Branch Campus Reporting	The University President should instruct the Special Assistant to the University President for Branch Affairs work with the Clery Coordinator to develop written policies and procedures for branch campus Clery Act reporting and oversight. In addition, branch campuses should be required to correct requisite statistics that are in error and branch campus personnel should be required to attend training.	The President has scheduled a meeting on August 25, 2014 with Branch campus directors. To be completed by June 30, 2015.	6/30/2016	Completion date was revised to 6/30/16 after discussion with the Clery Coordinator. The Clery Coordinator will hold a training session for all Branch Campus reporting persons and the Clery Coordinator will complete SOPs for branch campus reporting.		Amy Wohlert,Chief Of Staff/Office Of Pres

Follow Up Report - Clery Act Recommendations (May 2016 Open Session)

Project Code	Project Name	Recommendation Title	Executive Recommendation	Response	Estimated Implementation Date	Last Status Update/Recommendation Action	Actual Implementation Date	Responsible Party
2014-04	Clery Act	Recommendation 25 - IT Application Controls	The EVP for Finance and Administration should require the UNMPD Chief to develop its own written policies and procedures. UNMPD should ensure their IT backups are stored in a secure off-site location.	Policies and procedures have been written to address the Department's Information Technology (IT Unit). Included in the policy is the issue of proper segregation of IT personnel duties and the storage of back-up data in secure off-site locations. (Policy Number 82.1.6) UNMPD is in the process of working with UNM IT to identify the place and means to back-up data. Policies and procedures have also been written regarding a disaster plan for the dispatch center. The plan provides direction to all personnel if the dispatch center goes down. (Policy Number 81.3.2a).	3/31/2016	UNM PD has implemented off-site weekly and daily back-ups. They provided a detailed description of back-up processes, a copy of the log to document the weekly back-up for 3/13/16, and a copy of the daily back-up log for 3/16/16.	3/16/2016	Kevin McCabe,Dir,Univ Scty/Chief of Police
2014-04	Clery Act	Recommendation 26 - IT Application Controls	The EVP for Academic Affairs/Provost should require UNM Housing to develop its own written IT policies and procedures.	The Provost will send a memo to the VP for Student Affairs and AVP for Student Life to meet these directives.	6/30/2016	Per the Housing Director, IT personnel will work to draft procedures by May 18, 2016. At that time, IA will meet with Housing to review the procedures and give direction for improvement or approval.		Melissa Vargas,Strategic Planner

Internal Audit Director's Status Report
Audit and Compliance Committee Meeting
May 5, 2016

ACTION ITEMS

Proposed Meetings for Remainder of Calendar Year 2016.

    August 4, 2016
    October 20, 2016 (Exit Conference for FY16 External Audit)

INFORMATION ITEMS

FY16 External Audit Entrance Conference. KPMG, Moss Adams, and Liz Metzger, University Controller will present the external audit entrance conference information to the Committee.

Audit Plan Status. The project status and hours report for the plan is at Tab # 10c. The status of the plan as of March 31, 2016 is:

Completed	9
Fieldwork & Planning	4
Report Writing	2
Subtotal	**15**
Assigned	4
Total	**19**

The Fiscal Year 2016 (FY16) draft audit plan includes seven audits carried over from FY15. The Department will adjust the FY16 audit plan based on input from the Audit and Compliance Committee and the Executive leadership.

Department Financial Report. At Tab 9 is the Internal Audit Department's budget status report for your review. The FY16 budget is $812,250, of which $802,250 is from the general pooled account, and $10,000 from the departmental reserve. As of March 31, 2016, the department's actual expenditures are $554,670 and encumbrances are $175,169. The Department expects to have estimated reserves of $50,000 as of June 30, 2016. The FY17 departmental budget is complete.

External Audits and Reviews. At Tab 9 is the information (as of March 2016) regarding the external audits and reviews (third party audits) of various grants, contracts and programs by various federal and state grantors. There are four (4) reviews underway by the National Science Foundation (a $12.1 million Biology Department grant), Sandia National Laboratory ($11.5 million from FY13-15), the University of Southern Denmark, and the Federal Emergency Management Agency. Sandia National Laboratory completed their review on April 21, 2016 and indicated that there are no audit adjustments and no material findings to report. The University received a final letter on April 20, 2016 from the Federal Emergency Management Agency.

Internal Audit Director's Status Report
Audit and Compliance Committee Meeting
May 5, 2016

FEMA Grant Management Director commended the UNM team for "the excellent management of federal funding and compliance with all federal requirements." (See attached letter).

The Center for Medicaid and Medicare Services (CMS) has contracted with Connolly on a contingent fee basis to conduct billing reviews. The University of New Mexico Hospital and Sandoval Regional Medical Center have received various requests from the Recovery Audit Contractor (RAC) to provide over 600 records related to patient billings, totaling $15.6 million from June 1, 2015 to December 31, 2015. The RAC auditors had no findings for $12.8 million (470 records); the University Health System has paid back approximately $600 thousands as of March 31, 2016. A decision is pending on whether to appeal 35 denied records that were considered as over payments.

Audit Vacancies. The Internal Audit Department had one vacant auditor position earlier this year. This position has been deleted from the UNM position control.

Student Internship. One of the two student interns left Internal Audit for another position. We have interviewed four student applicants and are determining three to hire if budget is sufficient.

FEMA

April 20, 2016

Regional Tracking Number: R6-2016-NM-2009

Julian Sandoval, Director Finance Systems and Restricted Accounting
The University of New Mexico
1700 Lomas NE, Suite 2200
Albuquerque, NM 87131
Attn: Debora Selke, Accounting Manager

RE: FY16 Monitoring Visit

Dear Mr. Sandoval:

The purpose of this letter is to provide the results of the grant monitoring site visit conducted by the Federal Emergency Management Agency (FEMA), Grant Programs Directorate (GPD), Region 6 Grants Management Division, from March 28-29, 2016. Our review included financial grant monitoring for the FEMA grant program Cooperating Technical Partners.

We examined the following cooperative agreements managed by the University of New Mexico (UNM):

Grant Number	Program	Award Amount
EMW-2014-CA-00237	Cooperating Technical Partners	$150,000.00
EMW-2015-CA-00132	Cooperating Technical Partners	$75000.00
EMW-2015-CA-00135	Cooperating Technical Partners	$150,000.00
EMW-2015-CA-00150	Cooperating Technical Partners	$231,875.00
EMW-2015-CA-00160	Cooperating Technical Partners	$100,000.00

We worked closely with UNM personnel to ensure the expedient closure of any findings while the FEMA team was onsite and after the visit. As a result no findings were noted.

We thank you and the UNM staff for the outstanding effort in providing the Region 6 Grants Management Division with the information requested for conducting this site visit. Additionally, we commend you and your team on the excellent management of federal funding and compliance with all federal requirements.

Should you have any questions, please contact Ann Furbay via email at ann.furbay@fema.dhs.gov or by calling (940) 383-7248.

Mr. Sandoval
April 20, 2016
Page 2

Sincerely,

Nancy M. Casper, Acting Director
Grants Management Division

cc: Sandra Keefe, Division Director, Region 6 Mitigation Division
     Jerry Clark, Program Manager

Index: 676000 - 113280-AUDIT DEPARTME-General Activ

Account Description	Budget (FYTD) Adopted	Budget (FYTD) Adjustments	Budget (FYTD) Accumulated	Actuals Current Month	Actuals Pct	Actuals Fiscal YTD	Actuals Pct	Encumbrances	Balance Available	Balance Pct
Revenue										
0340 - University Hospital Revenue!	$.00	$.00	$.00	$1,130.00	.00%	$1,130.00	.00%	$.00	($1,130.00)	.00%
1640 - Allocations Pooled Allocatio!	$802,250.00	$.00	$802,250.00	$.00	.00%	$802,250.00	100.00%	$.00	$.00	.00%
1900 - Reserves	$.00	$.00	$.00	$.00	.00%	$33,886.45	.00%	$.00	($33,886.45)	.00%
1901 - Budgeted Use of Reserves	$10,000.00	$.00	$10,000.00	$.00	.00%	$.00	.00%	$.00	$10,000.00	100.00%
*TOTAL Revenue										
	$812,250.00	**$.00**	**$812,250.00**	**$1,130.00**	**.14%**	**$837,266.45**	**103.08%**	**$.00**	**($25,016.45)**	**(3.08%)**
Expense										
2020 - Administrative Professional !	$697,764.00	$.00	$697,764.00	$54,696.05	7.84%	$482,881.59	69.20%	$164,088.15	$50,794.26	7.28%
2060 - Support Staff Salary Detail !	$38,932.00	$.00	$38,932.00	$2,995.63	7.69%	$28,163.88	72.34%	$11,080.69	($312.57)	(.80%)
20J0 - Student Salaries Gen	$18,000.00	$.00	$18,000.00	$775.00	4.31%	$4,694.00	26.08%	$.00	$13,306.00	73.92%
20P0 - Temporary Salary Gen	$7,000.00	$.00	$7,000.00	$970.71	13.87%	$1,576.48	22.52%	$.00	$5,423.52	77.48%
3100 - Office Supplies General	$1,600.00	$.00	$1,600.00	$133.04	8.31%	$634.05	39.63%	$.00	$965.95	60.37%
3110 - Books Periodicals Gen	$150.00	$.00	$150.00	$.00	.00%	$149.00	99.33%	$.00	$1.00	.67%
3140 - Computer Software Gen	$100.00	$.00	$100.00	$100.00	100.00%	$523.00	523.00%	$.00	($423.00)	(423.00%)
3150 - Computer Supplies <$5,001	$100.00	$.00	$100.00	$.00	.00%	$.00	.00%	$.00	$100.00	100.00%
3180 - Non Capital Equipment <$5,!	$.00	$.00	$.00	$.00	.00%	$583.78	.00%	$.00	($583.78)	.00%
31A0 - Business Food - Local	$900.00	$.00	$900.00	$193.00	21.44%	$640.00	71.11%	$.00	$260.00	28.89%
31C0 - Dues Memberships Gen	$3,000.00	$.00	$3,000.00	$1,485.00	49.50%	$4,815.00	160.50%	$.00	($1,815.00)	(60.50%)
31J0 - Parking Permits Gen	$500.00	$.00	$500.00	$.00	.00%	$400.00	80.00%	$.00	$100.00	20.00%
31K0 - Postage Gen	$29.00	$.00	$29.00	$.00	.00%	$.00	.00%	$.00	$29.00	100.00%
3800 - In State Travel Gen	$1,200.00	$.00	$1,200.00	$.00	.00%	$.00	.00%	$.00	$1,200.00	100.00%
3805 - Instate Travel-Per Diem Sta!	$225.00	$.00	$225.00	$.00	.00%	$.00	.00%	$.00	$225.00	100.00%
3810 - Instate Travel-Per Diem No!	$125.00	$.00	$125.00	$.00	.00%	$.00	.00%	$.00	$125.00	100.00%
3820 - Out Of State Travel Gen	$1,950.00	$.00	$1,950.00	$.00	.00%	$.00	.00%	$.00	$1,950.00	100.00%
3825 - Out State Travel-Per Diem !	$200.00	$.00	$200.00	$.00	.00%	$.00	.00%	$.00	$200.00	100.00%
3830 - Out State Trvl-Per Diem No!	$125.00	$.00	$125.00	$.00	.00%	$.00	.00%	$.00	$125.00	100.00%
39Z1 - Travel Non UNM Emp-Non !	$.00	$.00	$.00	$.00	.00%	$.00	.00%	$.00	$.00	.00%
6000 - Telecom Charges Gen	$3,800.00	$.00	$3,800.00	$292.50	7.70%	$2,632.50	69.28%	$.00	$1,167.50	30.72%
6020 - Long Distance Gen	$50.00	$.00	$50.00	$.44	.88%	$20.79	41.58%	$.00	$29.21	58.42%
6060 - Voice Mail Box Gen	$600.00	$.00	$600.00	$45.00	7.50%	$427.83	71.31%	$.00	$172.17	28.70%
6300 - Alarm System Gen	$300.00	$.00	$300.00	$11.25	3.75%	$101.25	33.75%	$.00	$198.75	66.25%
6315 - Electronic Databases	$1,500.00	$.00	$1,500.00	$.00	.00%	$.00	.00%	$.00	$1,500.00	100.00%
63A0 - Conference Fees Gen	$2,000.00	$.00	$2,000.00	$.00	.00%	$.00	.00%	$.00	$2,000.00	100.00%

Index: 676000 - 113280-AUDIT DEPARTME-General Activ

Account Description	Budget (FYTD) Adopted	Budget (FYTD) Adjustments	Budget (FYTD) Accumulated	Actuals Current Month	Actuals Pct	Actuals Fiscal YTD	Actuals Pct	Encumbrances	Balance Available	Balance Pct
63A2 - Seminars/Training Fees	$3,000.00	$.00	$3,000.00	$.00	.00%	$540.00	18.00%	$.00	$2,460.00	82.00%
63C0 - Copying Gen	$.00	$.00	$.00	$.00	.00%	$42.00	.00%	$.00	($42.00)	.00%
69Z0 - Other Professional Services!	$10,000.00	$.00	$10,000.00	$902.92	9.03%	$13,906.28	139.06%	$.00	($3,906.28)	(39.06%)
7000 - Plant Repairs Maintenance !	$.00	$.00	$.00	($34.56)	.00%	$175.44	.00%	$.00	($175.44)	.00%
70E1 - Computer Software Mainten!	$12,000.00	$.00	$12,000.00	$476.05	3.97%	$6,062.05	50.52%	$.00	$5,937.95	49.48%
70F0 - Equipment Rent Expense G!	$3,500.00	$.00	$3,500.00	$193.44	5.53%	$2,600.62	74.30%	$.00	$899.38	25.70%
80K0 - Banner Tax	$600.00	$.00	$600.00	$37.98	6.33%	$342.51	57.08%	$.00	$257.49	42.92%
80K2 - Foundation Surcharge	$3,000.00	$.00	$3,000.00	$316.18	10.54%	$2,757.85	91.93%	$.00	$242.15	8.07%
*TOTAL Expense										
	$812,250.00	**$.00**	**$812,250.00**	**$63,589.63**	**7.83%**	**$554,669.90**	**68.29%**	**$175,168.84**	**$82,411.26**	**10.15%**
Total Revenue:	$812,250.00	$.00	$812,250.00	$1,130.00	.14%	$837,266.45	103.08%	$.00	($25,016.45)	(3.08%)
Total Expense:	$812,250.00	$.00	$812,250.00	$63,589.63	7.83%	$554,669.90	68.29%	$175,168.84	$82,411.26	10.15%
Net:	$.00	$.00	$.00	($62,459.63)	.00%	$282,596.55	.00%	($175,168.84)	$107,427.71	.00%

Parameters:

Index: 676000 - 113280-AUDIT DEPARTME-General Activ

Groupings:

Warning: These reports will show fiscal year activity. For inception to date activity for Grants please use the FRRGLDS - Grant Ledger Detail Summary report.

External Audits and Reviews
March 31, 2016

Granting Agency/Entity	NSF	University of Southern Denmark Program Expenditure Audit	Sandia National Labs	Federal Emergency Management Agency (FEMA)	CMS (Patient Billings) - Rac Requests as of December 31, 2015
Contract/Grant/Program title	2RC97 &2RG74 (ARRA)	3RN90	Various	Various	Medicare
Contract/Grant Period	Inception to date 8/13	12/1/2013 - 11/30/2016	FY13-FY15	Various	Various
Contract/Grant Total Amount	$12,143,306.35	$1,233,492	$11,492,697.75	$706,875	N/A
Contract/Grant Amount - Current FY			N/A	N/A	N/A
Principal Investigator	Robert Waide	Michael Bogenschutz	Various	Shirley Baros	N/A
Department	Biology	Psychiatry	Various	EDAC	Hospital RAC Audits
Agency Audit/Review Notification Date		In Contract - Required Annually	1/20/2016	2/17/2016	Various
Audit/Review Entrance/Visit Date(s)	Remote		TBD	3/28/2016	Remote
Audit/Exit/Final Report Issued	TBD		TBD	4/18/2016	Continuous
Question Cost, if any	TBD	None	TBD	None	N/A
Audit/Review Major Finding, if any	TBD	None	TBD	None	See Comments
Corrective Action Plan, if any	TBD	N/A		N/A	In Process
Planned Implementation Date		N/A		N/A	N/A
Campus	Main	HSC	All	Main	Hospital RAC Audits
Auditor if Different than Grantor		KPMG Program Expenditure Audit - Denmark	Derek Van Loo	Nancy Casper	Connolly
Comments		Period covered 7/1/2014 - 6/30/2015	An Exit conference was held on the April 21, 2016 and **SNL indicated that there are no audit adjustment and no material findings to report**.	Monitoring Site Visit Review - No management improvement observations or findings. **Final letter received April 20, 2016. FEMA Grant Management Director commended UNM team for "the excellent management of federal funding and compliance with all federal requirements."**	$15.6 million total RAC audits (601 records requested), of which $12.8 million (470 records) had no audit findings, $50K (2 records), and 120 records were over or underpaid. UNM Health System paid back $600K as of March 31, 2016. A decision is pending on whether to appeal 35 records that were denied for overpayment.

EXECUTIVE SESSION