Members Present: Thomas Clifford, Chair, Garrett Adcock, Vice Chair, Lt. Gen. Bradley Hosmer (quorum).


Chairman Clifford called the meeting to order at 9:01 AM in the Roberts Room, Scholes Hall, UNM.

ACTION ITEMS:

- The Committee approved the meeting agenda.

- The Committee approved the prior meeting minutes from October 15, 2018. Regent Hosmer asked if there would be information on follow up items in Executive Session. Internal Audit Director Manu Patel confirmed there would be.

- The Committee approved the next meeting dates of February 21, 2019 and May 23, 2019 (Entrance Conference for FY19 Financial Statements Audit). Chairman Clifford asked President Stokes if she has any concerns with the February date. She replied that date looks great. Chairman Clifford noted the May 23rd date seems late for the external audit entrance conference. Director Patel replied it is the typical time it is done, because UNM has to wait for the State Auditor and HED to approve the contract. Although this is year three (3) of the existing three-year contract, it is still subject to approval by both entities on an annual basis.

INFORMATION ITEMS:

- Advisors’ Comments: None

- Director Patel presented the Internal Audit Director’s report. He estimates the department will close out this fiscal year with $40,000 in reserves. Director Patel updated the Committee regarding ten (10) external audits currently in progress.

The largest audit is National Science Foundation covering approximately $73,000 in questioned costs. Of that amount, and following negotiations, UNM will have to pay $44,500. The Health and Human Services Department is auditing a couple of grants. UNM has not received any final report on that. Sandia is auditing some purchase orders; the dollar amount is unknown at this time. The University of North Carolina is auditing a period from July 2013 through June 2018. UNM has not received any report. CMS is reviewing twenty (20) claims with reimbursement of just over two million dollars, and repayment of $56,800. Twenty-eight claims with reimbursement of $432,700 are still pending.

Chairman Clifford asked if they always review such a small volume of transactions. Purvi Mody, UNM Health System Chief Compliance and Internal Audit Officer, replied that it was risk-based selection. Chairman Clifford stated it is a good report, but it would be helpful to know who the responsible parties for the items are. Mr. Patel replied that there are a lot of
contracts involved. It is difficult to identify one responsible party. What happens is that all of these audits flow through restricted grant accounting on both sides of the campus. They usually take the responsibility to coordinate the audit and provide information. Considering all the audits UNM is going through, the questioned costs are very minimal. The grants and contracts departments are doing an outstanding job.

Liz Metzger, University Controller provided the Committee with information regarding the CYFD audit. One of the agencies did not indicate a federal tracking number on the document. Therefore, it did not get classified under the CYFD category. CYFD said UNM should have contacted them to inquire about a field that was left blank. Ms. Metzger stated it is actually the funding agency’s responsibility to let the University know. It is not related to funding. Chairman Clifford asked for follow-up on that by the next meeting because that is a very important relationship. Ava Lovell, HSC Senior Executive Officer for Finance and Administration, stated that since it is HSC she will take responsibility to follow up on that technical classification issue.

By unanimous consent, the meeting went into Executive Session at 9:12 AM per the agenda.

a. Discussion of draft Internal Audit Reports, and discussion of information subject to attorney-client privilege pursuant to RPM 1.2;
b. Discussion of limited personnel matters (Director of Internal Audit Department) pursuant to exception at Section 10-15-1.H(2) NMSA (1978);
c. Schedule of Audits in Process and FY19 Audit Work plan, pursuant to RPM 1.2;
d. Vote to re-open the meeting.

The meeting returned to open session at 10:59 AM, with certification that only those matters described above were discussed in Executive Session.

The meeting adjourned at 10:59 AM.

Approved:

Audit and Compliance Committee Chairman