

THE UNIVERSITY OF NEW MEXICO
Board of Regents Audit Committee
April 16, 2009 – Meeting Minutes

Members Present: Chairman Regent Raymond Sanchez, John “Mel” Eaves, Carolyn Abeita (Quorum).

Other Attendees: Breda Bova, Ava Lovell, Lisa Marbury, Therese Sears, Carol Stephens, Gil Gonzales, Patrick Apodaca, Michael Carr, Bill Turner, Bruce Cherrin, Wanita Kirkman, Mark Koson, Suzanne Ortega, Lisa Wauneka, Pam Losinski, Bill Cottrell, Avedona Lucero, G. Christine Chavez, Yvonne Cox, Amy O’Donnell.

Regent Sanchez called the meeting to order at 10:40 a.m. in ROBERTS ROOM, Scholes Hall, UNM.

ACTION ITEMS:

- Discussion regarding Minutes of the Regents’ Audit Committee (Committee) Meeting from January 23, 2009:
 1. Regent Eaves requested a follow-up report on the Art Collection Committee. Christine Chavez, Director, Internal Audit stated she wanted Jim Dixon, Chairman of the Art Collection Committee to make a presentation to the Audit Committee, but he was out of town for this meeting. She will try to have him present next time. Ms. Chavez referred to the email Regent Koch received from Donna Smith, Director Safety and Risk Services; from this email Ms. Chavez read the policy detailing the loss limit of 200,000,000 per loss. Ms. Chavez will schedule a briefing for the next Audit Committee meeting.
 2. Regent Eaves asked for an update on faculty dispute resolution. Audit Manager Yvonne Cox stated it is still with the faculty senate. Per Provost Ortega, it is still in a subcommittee (no exit date was given) but is moving forward slowly. Regent Eaves requested a tracking system.
 3. The Committee approved the Minutes of the Regents’ Audit Committee Meeting from January 23, 2009 (Motion: Regent Eaves, Second: Regent Abeita).

- Ava Lovell, Vice President for HSC UNM Finance and University Controller presented the external financial audit contract renewal information to the Committee. Ms. Lovell stated the Request for Proposal (RFP) went out last year. It was an RFP that allowed for renewal for three years. She stated there were no issues or problems, so they would like to renew the contract. She asked for the Audit Committee’s approval of Moss Adams as primary auditor, with the same KPMG as subcontractor, which has been approved by the State Auditor for the hospital and the medical group. After approval by the Committee, the request is then approved by the Higher Education Department (HED) and sent to the State Auditor. The deadline to deliver the final audit report to the State Auditor is November 15, 2009. In order to have time for review, Ms. Lovell stated they are committing to deliver on October 8, 2009. Regent Eaves referred to the audit asked for by faculty resolution; he asked if it could be combined into this audit. Regent Abeita asked if this would simply add to the scope of the existing audit. Chairman Sanchez noted the State Auditor is reviewing the issue; this is a sensitive subject because of the resolution. (Motion to approve: Regent Eaves, Second: Regent Abeita.)

INFORMATION ITEMS:

- Audit Manager Yvonne Cox provided the Audit Committee with three reports as of April 13, 2009: “Past Due Findings”, “Cleared Findings”, and “Not Past Due Findings.”

1. Ms. Cox began with the past due findings. One item is compliance with regulating private data. The second one is Extended University Leadership New Mexico grant audit of employment issue. Ms. Cox noted this is the one Regent Eaves referred to during discussion of the previous meeting's minutes. The last one refers to the Taos audit of awarding financial aid. The US Attorney's office is working with Taos to resolve the issue. There were no questions, therefore Ms. Cox moved on to cleared items.
 2. Regent Abeita asked about the status of hard drive erasure. Gil Gonzales informed Regent Abeita that the service is in place, and explained how the process works. Regent Eaves asked to go back to a past due finding regarding an audit of employment issues relating to grievance procedure for faculty. He stated the issue has been around a while. Ms. Cox addressed his question, stating that there has been transition of leadership in the Provost's office, which held up the process.
 3. Ms. Cox reviewed not past due findings. Regarding this issue, Chairman Sanchez discussed art collection open issues. Director Chavez stated she would like to schedule a presentation by the Chairman or Vice-Chair of the Art Collection Committee. Inventories have been completed. The regulations and policies for all museums to follow, so everyone follows the same guidelines need to be implemented. They lack resources to complete this task. Ms. Chavez can provide the report the Art Collection Committee submitted to the President. Chairman Sanchez suggested Ms. Chavez should find out why policies and procedures are not completed in this area. Regent Eaves suggested that University Counsel assist the museums with this process. Regent Eaves requested that Internal Audit obtain a list of art inventory, complete with values if possible. Regent Abeita suggested this is tied to an issue of protecting assets and making improvements at Harwood.
- Director Chavez presented the Director's Report to the Regents.
 1. She introduced the new Administrative Assistant, Amy O'Donnell. Ms. O'Donnell was hired March 16, 2009, and replaces Jason Darensburg.
 2. At the last meeting, Ms. Chavez mentioned she would bring information to this meeting regarding the Whistleblower Policy to see if changes are needed. She wants to hold off on suggesting changes to the Whistleblower Policy until there is more complete information resulting from a review or the complete investigative process that is currently being conducted. There are sometimes several departments investigating the same thing, and the plan is to streamline the process.
 3. Regarding the Audit Plan, Ms. Chavez informed the Committee that as a result of investigations, three (3) additional audits were added. Two (2) reports are in the report-writing phase currently, and there are seven (7) new audits starting. Two (2) audits had to be delayed to accommodate the audits resulting from investigations. This has to be done to adjust budget hours.
 4. Internal Audit has received 63 calls regarding assistance or reporting misconduct. Of those, 47 have been cleared. There are 26 still pending, and 4 are currently in the review process. Internal Audit has spent the equivalent of one man year working with these issues.
 5. The Internal Audit department was fortunate; the budget for next fiscal year only had to be cut by \$6,000. The cuts will be taken from the Administrative Assistant position (new hire's salary was at midpoint) and from training. To avoid the expense of travelling, more training will be done in-house.

The meeting went into Executive Session for the reasons stated in the agenda. (Motion to close: Regent Abeita, Second: Regent Eaves).

- a. Schedule of Audits in Process, pursuant to exceptions at Sections 10-15-1H(2 and 7), NMSA (1978);
- b. Discussion of Final Internal Audit Reports, pursuant to limited personnel matters exception at Section 10-15-1.H(2) NMSA (1978) and exception for matters subject to attorney-client privilege pertaining to threatened or pending litigation at Section 10-15-1.H(7), NMSA (1978). All audits presented to Committee were approved for publication (Motions to approve: Regent Eaves, Second: Regent Abeita);
- c. Vote to re-open the meeting.

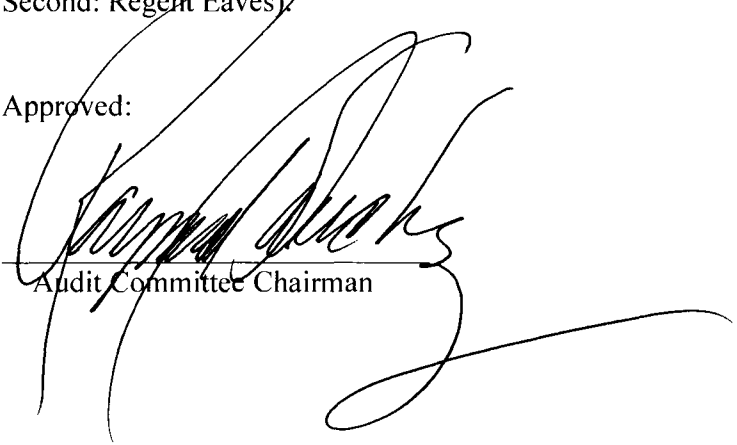
The meeting returned to open session (Motion: Chairman Sanchez, Second: Regent Eaves). Certification that only those matters described above were discussed in Executive Session.

The Committee approved the following audits for publication:

- 2007-06 Office of Capital Projects – Audit of Major Construction Projects;
- 2008-04 UNM Physical Plant Department – Audit of Selected Business Processes; and
- 2009-15 UNM Ticketing Services – Audit of Selected Business Processes.

There being no further business, the meeting was adjourned at 12:20 pm. (Motion: Regent Abeita, Second: Regent Eaves).

Approved:



Audit Committee Chairman