

THE UNIVERSITY OF NEW MEXICO
Board of Regents Audit Committee
June 9, 2008 – Meeting Minutes

Members Present: Chairman Regent Raymond Sanchez, Regent Carolyn Abeita, Regent James Koch (for Regent Mel Eaves).

Other Attendees: Ted David, Ava Lovell, Sandra Liggett, Helen Gonzales, Breda Bova, Viola Florez, Curt Porter, Liz Metzger, Thomas Duran, Helen Gonzales, Julia Fulgham, Jim Dixon, Ella Watt, Mike Carr, Anne Murray, Donna Smith, Jaime Clark (KPMG), Suzette Longfellow (KPMG), Therese Sears (Moss-Adams), Julie Alliman (Moss-Adams), Chris Wolf (Moss-Adams), Joyce Chavez (Moss-Adams), Brandon Fryar (Moss-Adams), Pam Losinski, Bill Cottrell, G. Christine Chavez, Yvonne Cox, Jason Darensburg.

Regent Sanchez called the meeting to order at 10:39am in ROBERTS ROOM, Scholes Hall, UNM.

ACTION ITEMS:

- The Committee approved the Minutes of the Regents' Audit Committee Meeting from March 3, 2008 (Motion: Regent Sanchez, Second: Regent Abeita).

INFORMATION ITEMS:

- Internal Audit Director Chavez introduced Ted David to the Committee. Mr. David is conducting research for the Association of Government Auditors on the effectiveness of Internal Audit Committees. He will be sitting in on the meeting today, and conducting some interviews with committee members immediately following the meeting. Mr. David spoke briefly to the committee and further explained the purpose of his research project. A written report on his findings will be submitted in the late summer or early fall.
- An overview presentation of the FY08 external audit plan was given to the committee by Brandon Fryar from Moss-Adams for main campus, HSC and component units. A similar presentation was given by Jaime Clark and Suzette Longfellow from KPMG for UNM Hospitals and UNM Medical Group. These presentations were given in compliance with auditing standard number 114, which deals with the required communication between the auditors and the entity charged with governance (Audit Committee). The standard requires auditors to meet with the committee twice per year. Mr. Fryar pointed out that there was a major change to the auditing standards during the year, specifically the 'Risk Assessment' standards, numbers 104 through 111. These new standards are meant to assist the auditors in doing a better job of assessing risks and internal controls in audits. Time frames, deadlines and focus of reporting were discussed. Regent Koch inquired as to whether Moss-Adams has the capability of analyzing UNM staff compensation compared to APS, the City of Albuquerque, the Counties, the State, and Sandia Lab. Mr. Fryar stated that they do indeed have specialists who look into those types of questions, but it would not be part of the regular audit. Regent Koch asked for a written proposal of any additional costs associated with this request. Mr. Fryar agreed to submit this proposal after consulting with Helen Gonzales and Ava Lovell. Regent Sanchez asked Director Chavez if UNM Internal Audit has the capacity to perform such an audit, and she stated that while Internal Audit does have the capability, it would have to be placed on the work plan as a project. Regent Sanchez requested that Ms. Chavez help evaluate the needs of the committee on this issue and coordinate a response with the interested parties and any additional costs involved. Ms. Chavez

informed the committee that Moss Adams may not be allowed to perform this analysis based on auditing standards.

KPMG's representatives Suzette Longfellow and Jaime Clark presented their audit plan to the committee. The plans and communication guidelines are similar to Moss-Adams, except the focus is on the UNM Hospitals (UNMH, UNM Psychiatric Hospital, the Children's Psychiatric Center, and the UNM Medical Group) and four separate reports will be issued. A further report will be issued regarding internal controls and compliance with laws and regulations. Draft reports will be submitted to the committee at the October meeting.

- Audit Manager Yvonne Cox provided the Audit Committee with three reports: "Past Due Findings", "Cleared Findings", and "Not Past Due Findings". Regarding the "Past Due Findings", there are no major concerns for the Internal Audit Department as most of these items are in process and have not been completed yet for various reasons. In regards to the "Cleared Findings" report, Ms. Cox pointed out that many of the older items on the list have been cleared because they relate to policy issues, and there have been quite a few new policies issued recently. Ms. Cox mentioned that the "Not Past Due Findings" list is only 5 pages now, and she credited the work of the auditors and the cooperation of the campus community, which ensured these items were cleared. Regent Sanchez inquired about the entry regarding "Grievance Policy and Procedures" in regards to determining a procedure to supplement or replace the Faculty Dispute Resolution policy. Acting Provost Florez told the committee that Dr. Holder put together a group to look into this and her office had just received a package with the faculty recommendations, which is currently under review. Regent Sanchez made the point that this is more of a Human Resources issue and asked why Internal Audit was involved. Director Chavez pointed out that there was a disagreement between the faculty and since it could not be resolved, Internal Audit was asked to look into it, therefore it resulted in an audit. That is why a recommendation to develop a grievance policy and procedure was made so this situation could be avoided in the future.
- Director Chavez presented the Internal Audit Director's Status Report. The first item requiring action by the committee is the 2008-2009 calendar. The suggested meeting dates are all on Mondays, however, and it was decided by the committee that they no longer want to meet on Monday due to scheduling conflicts. Regent Sanchez asked Director Chavez to work with Ellen Wenzel in the Regent's office on the calendar. Director Chavez requested feedback on what days and times are preferable. The committee agreed that Tuesday and Thursday are better days, and they would like a day between committee meetings. Director Chavez will work with Ms. Wenzel to come up with a calendar.

Director Chavez informed the committee that the department is currently performing their internal risk assessment for Internal Audits and she provided the committee with materials explaining the methodology. She also pointed out that Internal Audit will distribute a web-based questionnaire to UNM Management as a component of the risk assessment. This will be done to identify the areas of highest risk to develop an annual and a 5-year work plan. The audit plan will be presented at the next committee meeting. She welcomed any input the committee might have relating to risk. Regent Sanchez stated he would like to see as close to 100% participation as possible and he would like an audit of the Valencia Campus placed on the work plan.

No UNMH Internal Audits reports were received during this period.

Regarding the work plan, there are 25 audits on the plan, which includes 2 that were added this quarter. The department has completed 73% of the plan, and the remaining 7 audits are already in fieldwork or preliminary assessment, and two audits are in the report writing stage.

UNM Internal Audit recently purchased ACL, a data analysis software package and all of the auditors received 32 hours of CPE training. New laptops were also recently purchased for the department.

Regent Koch praised Director Chavez and the department for their efforts, and Regent Sanchez thanked the entire Internal Audit staff for their good work.

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

- 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)
- c. Vote to re-open the meeting.

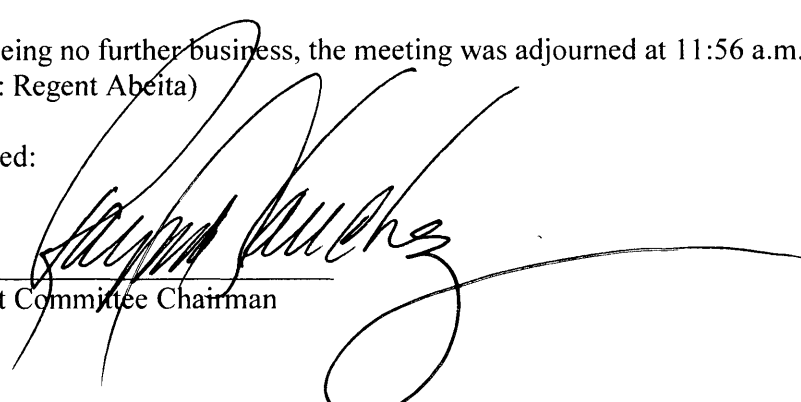
The meeting returned to open session (Motion: Regent Sanchez, Second: Regent Koch). Certification that only those matters described above were discussed in Executive Session.

The Committee approved the following audits for publication:

- 2008-01 UNM – Taos Audit of Financial And Operational Efficiency (Motion: Regent Sanchez, Second: Regent Abeita)
- 2008-08 Audit of Main Campus Research Business Practices and Processes (Motion: Sanchez, Second: Regent Abeita)
- 2008-12 Analysis of Main Campus Research Outside Study Group Recommendations (Motion: Sanchez, Second: Regent Abeita)
- 2008-13 Maxwell Museum of Anthropology Audit of Allegations Regarding Borrowing Cash (Motion: Sanchez, Second: Regent Abeita)
- 2008-14 Main Campus Academic Units - Analysis of The Carry Forward Balances (Motion: Sanchez, Second: Regent Abeita)

There being no further business, the meeting was adjourned at 11:56 a.m. (Motion: Regent Sanchez, Second: Regent Abeita)

Approved:



Audit Committee Chairman