

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

Joe Reed, Chief Accountability Officer and Audit Executive



AN EQUAL OPPORTUNITY UNIVERSITY

UK INTERNAL AUDIT FY 2023-24 PRIORITIES

FY 2023-24 Work prioritization

Processes

Asset management

Business continuity

Conflicts of interest

Contract management

Export controls

Pharmacy services

Procurement cards

Student aid

Student fees

Medical revenue cycle

Information systems

Data centers

Deprovisioning

Electronic discovery

Enterprise applications

Units

Athletics

Ancillary units

Transportation services

Inquiries

- Comply line calls
- Direct reports (first-hand accounts)
- UKIA website reporting form

Follow-ups

- Comprehensive reviews
- Information technology
- Inquiries/investigations
- Repetitive audits

Other/ongoing activities

- Committee membership
- Partnerships
- Task force participation
- Data analytics
- Consultations

Bold items denote carryover from FY 2022-23.

Blue box indicates the items that are consistently a part of UKIA's ongoing Work Prioritization.

UKIA BUSINESS RISK FACTOR COMPONENTS

Business Risk Factor		Definition/Measurement	Component	
1	Public Exposure	Media coverage intensity and type of clientele	1. Media Coverage 2. Customer Type	3. Current Affairs 4. Program Visibility
2	External Factors	Federal and state regulations and industry standards	5. State Regulations 6. Federal Regulations	7. Industry Compliance
3	Materiality	Financial and budgetary impact	8. Sources of Revenue 9. Transaction Volume	10. Budget Breakdown 11. Transaction Complexity
4	Audit Interval	Interval since last external and/or internal audit	12. Internal Audits 13. External Audits	14. Other Audits
5	Control Environment I	Workplace culture and practices	15. Operational 16. Event Identification	17. Key Position Turnover Rate
6	Control Environment II	Information technology culture and practices	18. Information System (IS) Applications 19. Data Centers	
7	Management Requests	Review request made by university management	20. Management Requests	

**FY 2023-24
ENTERPRISE-WIDE
ACTIVITY**

ACTIVE ENTERPRISE-WIDE ASSURANCE REVIEWS FY 2023-24 Q3 AND Q4*

Project		Name	UKIA 20 Business Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number* and Title	Top Three Risk Components	Engagement Purpose	Phase
Comprehensive Reviews (CC)	<ul style="list-style-type: none"> <i>Unit:</i> Academics 	2023 CC01 College of Communication and Information	15 18 20	Evaluate operational efficiency, financial integrity, information security, regulatory adherence and strategic alignment of the College of Communication and Information.	Reporting
	<ul style="list-style-type: none"> <i>Process:</i> Export Controls 	2024 CC01 Export Controls	6 14 15	Evaluate export control procedures for proper internal controls and compliance with Federal, State, and university policies and procedures.	Planning
	<ul style="list-style-type: none"> <i>Process:</i> Business Continuity <i>Unit:</i> Transportation Services 	2024 CC02 Transportation Services	2 4 6	Evaluate services offered and revenue generated by Transportation Services	Fieldwork

*As of June 1, 2024

ACTIVE ENTERPRISE-WIDE ASSURANCE REVIEWS FY 2023-24 Q3 AND Q4*

Project		Name	UKIA 20 Business Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number* and Title	Top Three Risk Components	Engagement Purpose	Phase
Repetitive Audits (RA)	<ul style="list-style-type: none"> • <i>Process:</i> Asset Management 	2024 RA07 Division of Regulatory Services Asset Verification	7 9 15	Assess internal controls surrounding capital and non-capital asset management.	Fieldwork
		2024 RA08 Department of Horticulture Asset Verification			Fieldwork
		2024 RA09 College of Social Work Asset Verification			Fieldwork
	<ul style="list-style-type: none"> • <i>Process:</i> Deprovisioning • <i>System:</i> Enterprise Applications • <i>Unit:</i> Athletics 	2024 RA10 UK Athletics Web Application Security	4 7 18	Evaluate the web application security posture of UK Athletics	Fieldwork

*As of June 1, 2024

ACTIVE ENTERPRISE-WIDE ASSURANCE REVIEWS FY 2023-24 Q3 AND Q4*

Project		Name	UKIA 20 Business Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number* and Title	Top Three Risk Components	Engagement Purpose	Phase
Follow-up Review (FR)	<i>Process:</i> Procurement Cards	2024 FR02 Lewis Honors College Procard Follow-up	7 9 15	Validate progress in remediating noted concerns related to the unit's procurement card process.	Fieldwork
		2024 FR04 Division of Regulatory Services Procard Follow-up			Fieldwork
		2024 FR05 Department of Horticulture Procard Follow-up			Fieldwork
		2024 FR06 College of Social Work Procard Follow-up			Fieldwork

*As of June 1, 2024

ACTIVE ENTERPRISE-WIDE ASSURANCE REVIEWS FY 2023-24 Q3 AND Q4*

Project		Name	UKIA 20 Business Risk Components	Update	
Audit Service	Work Prioritization	Audit Number and Title	Top Three Risk Components	Concern Category	# of Exceptions*
Data Analytics (DA)	<ul style="list-style-type: none"> • <i>Process:</i> Conflicts of Interest • <i>Process:</i> Contract Management • <i>Ongoing Activity:</i> Partnerships 	9999 DA01 Employee Vendor Match	3 15 16	• Policy violations	12
		9999 INQ01 Employee Vendor Payments and Protocols		• Missing documentation	2
				<ul style="list-style-type: none"> • Asset misappropriation • Conflicts of interest 	11

Audit Service	Audit Number	Concern Category
Inquiries/ Investigations (INQ)	2024 INQ06	• Asset misappropriation
	2024 INQ07	• Asset misappropriation
	2024 INQ08	• Asset misappropriation
	2024 INQ09	• Asset misappropriation
	2024 INQ11	• Conflict of interest

*As of June 1, 2024

ACTIVE ENTERPRISE-WIDE PARTNERSHIPS FY 2023-24

■ Enterprise
 ■ Research
 ■ Health Care

Project Name		Partner(s)	Engagement Purpose	Impact		
				E	R	H
1	Area Fiscal Officers (AFOs)	<ul style="list-style-type: none"> University Budget Office 	Communicate trends stemming from UKIA activities related to AFO's area of responsibility.	✓	✓	✓
2	Business Procedures Manual (BPM) and UK HealthCare Policy Reviews	<ul style="list-style-type: none"> University Financial Services UK HealthCare 	Provide input/advice on improving the clarity and harmony of enterprise policies.			✓
3	Card Integrity	<ul style="list-style-type: none"> Procurement Services 	Proactively evaluate policy adherence and reduce improper purchases using existing data tools engaged by Procurement Services.	✓	✓	✓
4	Conflicts of Interest/Commitment	<ul style="list-style-type: none"> Office of Legal Counsel University Financial Services 	Advise conflict of Interest policies, processes and systems.	✓	✓	✓
5	Electronic Records and Signatures (EDC) Compliance	<ul style="list-style-type: none"> Vice President for Research Clinical Research Support Office 	Provide input/advice on the development of an efficient 21 Code of Federal Regulations (CFR) Part 11 compliance program.		✓	
6	Records Management	<ul style="list-style-type: none"> UK HealthCare UK Libraries Information Technology Services 	Advise the records management program for the enterprise.	✓	✓	✓
7	Finance and Administration Specialized Training	<ul style="list-style-type: none"> Finance and Administration 	Advise web-based training courses to strengthen business and financial operations across the enterprise.	✓	✓	✓

ACTIVE ENTERPRISE-WIDE PARTNERSHIPS FY 2023-24

■ Enterprise
 ■ Research
 ■ Health Care

Project Name		Partner(s)	Engagement Purpose	Impact		
				E	R	H
1	Area Fiscal Officers (AFOs)	<ul style="list-style-type: none"> University Budget Office 	Communicate trends stemming from UKIA activities related to AFO's area of responsibility.	✓	✓	✓
2	Business Procedures Manual (BPM) and UK HealthCare Policy Reviews	<ul style="list-style-type: none"> University Financial Services UK HealthCare 	Provide input/advice on improving the clarity and harmony of enterprise policies.			✓
3	Card Integrity	<ul style="list-style-type: none"> Procurement Services 	Proactively evaluate policy adherence and reduce improper purchases using existing data tools engaged by Procurement Services.	✓	✓	✓
4	Conflicts of Interest/Commitment	<ul style="list-style-type: none"> Office of Legal Counsel University Financial Services 	Advise conflict of Interest policies, processes and systems.	✓	✓	✓
5	Electronic Records and Signatures (EDC) Compliance	<ul style="list-style-type: none"> Vice President for Research Clinical Research Support Office 	Provide input/advice on the development of an efficient 21 Code of Federal Regulations (CFR) Part 11 compliance program.		✓	
6	Records Management	<ul style="list-style-type: none"> UK HealthCare UK Libraries Information Technology Services 	Advise the records management program for the enterprise.	✓	✓	✓
7	Finance and Administration Specialized Training	<ul style="list-style-type: none"> Finance and Administration 	Advise web-based training courses to strengthen business and financial operations across the enterprise.	✓	✓	✓

ACTIVE ENTERPRISE-WIDE PARTNERSHIPS FY 2023-24

■ Enterprise
 ■ Research
 ■ Health Care

Project Name		Partner(s)	Engagement Purpose	Impact		
				E	R	H
1	Area Fiscal Officers (AFOs)	<ul style="list-style-type: none"> University Budget Office 	Communicate trends stemming from UKIA activities related to AFO's area of responsibility.	✓	✓	✓
2	Business Procedures Manual (BPM) and UK HealthCare Policy Reviews	<ul style="list-style-type: none"> University Financial Services UK HealthCare 	Provide input/advice on improving the clarity and harmony of enterprise policies.			✓
3	Card Integrity	<ul style="list-style-type: none"> Procurement Services 	Proactively evaluate policy adherence and reduce improper purchases using existing data tools engaged by Procurement Services.	✓	✓	✓
4	Conflicts of Interest/Commitment	<ul style="list-style-type: none"> Office of Legal Counsel University Financial Services 	Advise conflict of Interest policies, processes and systems.	✓	✓	✓
5	Electronic Records and Signatures (EDC) Compliance	<ul style="list-style-type: none"> Vice President for Research Clinical Research Support Office 	Provide input/advice on the development of an efficient 21 Code of Federal Regulations (CFR) Part 11 compliance program.		✓	
6	Records Management	<ul style="list-style-type: none"> UK HealthCare UK Libraries Information Technology Services 	Advise the records management program for the enterprise.	✓	✓	✓
7	Finance and Administration Specialized Training	<ul style="list-style-type: none"> Finance and Administration 	Advise web-based training courses to strengthen business and financial operations across the enterprise.	✓	✓	✓

COMPLETED ENTERPRISE-WIDE ASSURANCE REVIEWS FY 2023-24 Q3 AND Q4*

Project		Name	General Objective	Project Conclusion	
Audit Service	Work Prioritization	Audit Number and Title	Engagement Purpose	Risk Areas Identified	Distribution to Client/ Closed
Repetitive Audits (RA)	<i>Process:</i> Asset Management	2024 RA01 College of Fine Arts Asset Verification	Assess internal controls surrounding capital and non-capital asset management.	<ul style="list-style-type: none"> • Deployment • Equipment maintenance and tracking 	1/18/2024
	<i>Process:</i> Student Aid	2024 RA02 SFA Verification	Student Forms application workflow efficiency and data integrity, and effectiveness and timeliness of the communication processes	<ul style="list-style-type: none"> • Information security 	1/22/2024
Follow-up Reviews (FR)	<ul style="list-style-type: none"> • <i>Process:</i> Procurement cards • <i>Ongoing Activity:</i> Follow-up 	2024 FR01 College of Fine Arts Procard Follow-up	Verify remediation activities related to prior review.	<ul style="list-style-type: none"> • Purchasing pre-approval • Editing timeliness • Reconciliations 	1/24/2024
Inquiries (INQ)	<ul style="list-style-type: none"> • <i>Process:</i> Conflicts of Interest • <i>Inquiries</i> 	2024 INQ10	Validate nepotism and conflicts of interest and associated payments	<ul style="list-style-type: none"> • Conflicts of interest • Nepotism 	3/13/2024

*As of June 1, 2024

Bold Audit Number and Title indicates that the report was distributed to the ACC.

FY 2023-24 HEALTH CARE ACTIVITY

ACTIVE HEALTH CARE ASSURANCE REVIEWS FY 2023-24 Q3 AND Q4*

Project		Name	UKIA 20 Business Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number* and Title	Top Three Risk Components	Engagement Purpose	Phase
Comprehensive	<i>Process:</i> Pharmacy	2024 MC01 UKHC 340B	2 6 8	Evaluate the operational efficiency, financial integrity, information security and regulatory adherence of the UKHC 340B Program.	Fieldwork
	<i>System:</i> Deprovisioning	2024 IT01 EHR Deprovisioning	3 16 18	Evaluate policies and procedures for effective removal of electronic health record (EHR) systems access upon employee departure or role change.	Fieldwork
Assessment	<i>Process:</i> Medical Revenue Cycle	2024 AS01 UKHC Revenue Cycle	6 9 11	Document the key controls and identified risks in the UKHC revenue cycle and determine any associated process weaknesses.	Planning

*As of June 1, 2024

ACTIVE HEALTH CARE ASSURANCE REVIEWS FY 2023-24 Q3 AND Q4*

Project		Name	UKIA 20 Business Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number* and Title	Top Three Risk Components	Engagement Purpose	Phase
Repetitive Audits (RA)	<i>Process:</i> Procurement cards	2024 RA04 College of Medicine Procard (unit results reported separately) <ul style="list-style-type: none"> • Orthopaedic Surgery • Radiation Medicine • All Other departments (randomly selected sample) 	7 9 15	Evaluate university-wide procurement card process for associated weaknesses.	Reporting
	<i>Process:</i> Asset management	2024 RA05 College of Medicine Asset Verification (unit results reported separately) <ul style="list-style-type: none"> • Orthopaedic Surgery • Radiation Medicine 	7 9 15	Assess internal controls surrounding capital and non-capital asset management.	Reporting
Follow-up Review (FR)	<i>Process:</i> Procurement Cards	2024 FR03 College of Dentistry Procard Follow-up	7 9 15	Validate progress in remediating concerns noted in initial review	Fieldwork

*As of June 1, 2024

ACTIVE HEALTH CARE CONSULTATIVE REVIEWS FY 2023-24 Q3 AND Q4*

Project	Name	UKIA 20 Business Risk Components	General Objective	
Audit Service	Audit Number and Title	Top Three Risk Components	Engagement Purpose (Agreed-upon procedures)	Phase
Consultations (CP)	2024 CP01 College of Pharmacy CPE Service Center	2 7 20	Provide advisory services to College of Pharmacy regarding the creation of the College of Pharmacy CPE Service Center.	Planning
	2024 CP02 College of Dentistry Clinical Revenue	5 8 15	Provide advisory services to College of Dentistry clinical operations regarding the revenue cycle.	Planning
	2024 CP05 Radiation Medicine Clinic	2 9 15	Review revenue cycle operations in Radiation Medicine Clinic	Planning

*As of June 1, 2024

COMPLETED HEALTH CARE ASSURANCE REVIEWS FY 2023-24 Q3 AND Q4*

Project		Name	UKIA 20 Business Risk Components	Project Conclusions	
Audit Service	Work Prioritization	Audit Number* and Title	Top Three Risk Components	Risk Areas Identified	Distribution to Client/ Closed
Repetitive Audits (RA)	Process: Procurement cards	2024 RA03 Trauma and Acute Care Surgery Procard	7 9 15	<ul style="list-style-type: none"> • Preapprovals • Separation of duties • Reconciliations 	2/8/2024
		2024 RA04 College of Medicine Procard (6 separate reports) <ul style="list-style-type: none"> • Markey Cancer Center • Sanders Brown Center on Aging • Barnstable Brown Diabetes Center • Behavioral Science • Pharmacology and Nutritional Science • Urology 			4/10/2024
	Process: Asset management	2024 RA05 College of Medicine Asset Verification (6 separate reports) <ul style="list-style-type: none"> • Markey Cancer Center • Sanders Brown Center on Aging • Barnstable Brown Diabetes Center • Behavioral Science • Pharmacology and Nutritional Science • Urology 	7 9 15	<ul style="list-style-type: none"> • Asset tracking • Asset disposition 	4/10/2024
Inquiry/ Investigation (INQ)	Inquiries	2023 INQ14	Review potential conflict of interest	<ul style="list-style-type: none"> • Conflict of Interest • information flow 	1/17/2024

*As of June 1, 2024

Bold Audit Number and Title indicates that the report was distributed to the ACC.

FY 2023-24 RESEARCH ACTIVITY

ACTIVE RESEARCH ASSURANCE REVIEWS FY 2023-24 Q3 AND Q4*

Project		Name	UKIA 20 Business Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number* and Title	Top Three Risk Components	Engagement Purpose	Phase
Repetitive Audits (RA)	<i>Process:</i> Procurement	2023 RA09 Vice President of Research Procard	7 9 15	Evaluate university-wide procurement card process for associated weaknesses.	Reporting

*As of June 1, 2024

ACTIVE REVIEWS FY 2023-24 Q3 AND Q4* SUMMATION

Current Activities Summation (37)

Audit Category	Audit Service	Activity Purpose	Activity		
			Q1	Q2	Q3-Q4*
Assurance	Comprehensive review	Verify financial reporting integrity, regulatory compliance and operational effectiveness.	3	1	4
	IT reviews (Stand-alone)	Independent IT reviews to verify information security	0**	0**	1
	Repetitive reviews	Provide reasonable assurance for high-risk areas.	7	21	7
	Follow-up	Verify resolution	3	1	5
	Data analytics	Proactive review of exceptions	1	1	1
	Inquiries/Investigations	Evaluate improper activity and calculate associated losses	7	5	6
	Assessments	Evaluation of processes and technology to determine risk and inform our Work Prioritization Plan	0	0	1
Total			21	29	25
Advisory	Consultations	Provide counsel and advice.	4	3	3
	Partnerships	Collaboration to improve Internal Controls and promote reasonable assurance	7	7	7
	Training	Sharing trends and insights from completed activity	0	1	2
Total			11	12	12

*As of June 1, 2024

**IT reviews are included in comprehensive reviews and some repetitive and follow-up reviews, depending on the objectives.

FY 2023-24 Q3 AND Q4 TOTAL WORK PRIORITIZATION METRIC – COMPLETED ACTIVITY ONLY

Projects Counts Accrued through June 1, 2024

Processes		Units		Information Systems	
Type	Project Count	Name	Project Count	Type	Project Count
Asset Management	13	Athletics		Data Centers	
Business Continuity	2	Ancillary Units	1	Deprovisioning	5
Conflicts of Interest	3	Transportation Services		Electronic Discovery	
Contract Management	4			Enterprise Applications	
Export Controls					
Pharmacy Services	1				
Procurement Cards	16				
Student Aid	4				
Student Fees	3				
Medical Revenue Cycle					

BOLD items denote carry over from the prior Fiscal Year.

FY 2023-24 Q3 AND Q4 TOTAL WORK PRIORITIZATION METRIC – COMPLETED ACTIVITY ONLY

Projects Counts Accrued through June 1, 2024

Processes		Units		Information Systems	
Type	Project Count	Name	Project Count	Type	Project Count
Asset Management	13	Athletics	<i>E</i>	Data Centers	
Business Continuity	2	Ancillary Units	1	Deprovisioning	5
Conflicts of Interest	3	Transportation Services	<i>E</i>	Electronic Discovery	
Contract Management	4			Enterprise Applications	<i>E</i>
Export Controls	<i>E</i>				
Pharmacy Services	1				
Procurement Cards	16				
Student Aid	4				
Student Fees	3				
Medical Revenue Cycle	<i>E</i>				

BOLD items denote carry over from the prior Fiscal Year.

E denotes projects that have been engaged.

**FY 2023-24
OFFICE OF
ACCOUNTABILITY
ACTIVITY**

ONGOING OFFICE OF ACCOUNTABILITY ACTIVITY

UKIA's Office of Accountability evaluates high-risk processes that require compliance with university policies and associated regulations. UKIA will provide an annual update regarding these activities to promote accountability while enhancing operational effectiveness in these areas.

Project Name	Partner	Engagement Purpose	Communications*		
			Engagement	Partners	Stakeholders
9999 AC01 International Travel Registry	International Center	Validate that all international travelers register with the International Center Travel Registrar.	12/1/2023	Closing Meeting 4/5/2024	To be determined
9999 AC02 Willed Body Program	Office of the Provost	Validate compliance for program requirements and policies.	10/23/2023	To be determined	To be determined

*Audit and Compliance Committee will receive a project status/summary of results at fiscal year-end, June 30th.

QUESTIONS





UK INTERNAL AUDIT MISSION STATEMENT

To support UK in its pursuit of excellence by providing expert analyses and advice to champion the achievement of institutional objectives.



AN EQUAL OPPORTUNITY UNIVERSITY