

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

Joe Reed, Chief Accountability Officer and Audit Executive



AN EQUAL OPPORTUNITY UNIVERSITY

UK INTERNAL AUDIT FY 2024-25 PRIORITIES

FY 2024-25 Work Prioritization

Processes

- Business continuity
- Contract management
- Enrollment management
- Institutional compliance**
- Medical revenue cycle**
- Planning, design and construction
- Procurement card
- Records management**

Information systems

- Data centers
- Electronic discovery
- Enterprise applications
- Disaster recovery

Units

- Ambulatory services
- Ancillary units/entities
- Athletics
- Externally-funded academic centers

Continuous/ unplanned activities

Inquiries

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

Follow-ups

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

Other/ongoing activities

- Committee membership
- Partnerships
- Task force participation
- Consultations

BOLD items refer to work priorities for the university and UK HealthCare enterprise

UK INTERNAL AUDIT FY 2024-25 WORK PRIORITIES

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 2024-25
ENTERPRISE-WIDE
ACTIVITY**

Active Enterprise-wide Assurance Reviews FY 2024-25 Q1 and Q2

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.	
	<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.	

Active Enterprise-wide Assurance Reviews FY 2024-25 Q1 and Q2

Project		Name	UKIA 20 Business Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number and Title	Top Three Risk Components	Engagement Purpose	Phase
Information Technology (IT)	<ul style="list-style-type: none"> Processes: Business Continuity, Regulatory Compliance Information Systems: Data Centers, Governance 	2025 IT01 Enterprise Data Centers	12 15 19	Evaluate enterprise data centers, including governance, structures, physical and environmental security and change management processes.	Fieldwork
Repetitive Audits (RA)	<ul style="list-style-type: none"> Inquiry 	2025 RA01 Respiratory — Non-exempt Overtime Compensation	6 12 15	Review for compliance with FLSA standards and KRS related to timekeeping, breaks and lunches.	Reporting

FY 2024-2025 ENTERPRISE-WIDE ACTIVITY

Active Enterprise-wide Assurance Reviews FY 2024-25 Q1 and Q2*

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			
		2024 FR05 Department of Horticulture ProCard Follow-up			
		2024 FR06 College of Social Work ProCard Follow-up			

Active Enterprise-wide Assurance Reviews FY 2024-25 Q1 and Q2

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"> Process: Conflicts of Interest Process: Contract Management Ongoing Activity: Partnerships 	9999 DA01 Employee Vendor Match	3 15 16	Policy violations	1
					Missing documentation
	9999 INQ01 Employee Vendor Payments and Protocols			Potential Asset misappropriation	0
				Conflicts of Interest	7
	<ul style="list-style-type: none"> Process: Procurement Card Application: Unit application Data Analytics 	9999 DA02 Supplemental Software Applications	9 11 18	Software acquisition approval process	360
<ul style="list-style-type: none"> Data Analytics Records Management 	9999 DA03 Fictitious Employee Identification	6 15 16	Asset misappropriation	TBD	

Active Enterprise-wide Assurance Reviews FY 2024-25 Q1 and Q2

Audit Service	Audit Number	Concern Category
Inquiries/ Investigations (INQ)	2024 INQ07	Asset misappropriation
	2024 INQ11	Conflict of interest
	2025 INQ01	Asset misappropriation
	2025 INQ02	Asset misappropriation
	2025 INQ03	Contract compliance
	2025 INQ04	Conflict of interest
	2025 INQ05	Information security, regulatory compliance
	2025 INQ07	Contract adherence

FY 2024-2025 ENTERPRISE-WIDE ACTIVITY

Active Enterprise-wide Partnerships FY 2024-225

■ Enterprise
 ■ Research
 ■ Health Care

	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	Human Resources	<ul style="list-style-type: none"> UK Human Resources 	Communicate trends related to processes owned by Human Resources (e.g. non-exempt overtime compensation, employee status).	✓	✓	✓
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	Data Analytics	<ul style="list-style-type: none"> Office of the Provost Procurement Services Human Resources University Financial Services Information Technology Services 	Communicate results from UKIA's data analytics related to employee vendor payments	✓	✓	✓
7	Finance and Administration Specialized Training	<ul style="list-style-type: none"> Finance and Administration 	Advise on web-based training courses to strengthen business and financial operations across the enterprise.	✓	✓	✓

FY 2024-2025 ENTERPRISE-WIDE ACTIVITY

Completed Enterprise-wide Assurance Reviews FY 2024-25 Q1 and Q2

Project		Name	General Objective	Project Conclusion	
Audit Service	Work Prioritization	Audit Number and Title	Engagement Purpose	Risk Areas Identified	Final Distribution to Client
Repetitive Audits (RA)	Process: Asset Management*	2024 RA09 College of Social Work Asset Verification	Assessment of internal controls surrounding capital and non-capital asset management	• Equipment maintenance and tracking	10/9/2024
		2024 RA08 Department of Horticulture Asset Verification		• Deployment • Equipment maintenance and tracking	10/9/2024
		2024 RA07 Division of Regulatory Services Asset Verification		• Equipment maintenance and tracking	11/20/2024
	• Process: Deprovisioning* • Unit: Athletics*	2024 RA10 UK Athletics Web Application Security	Evaluate cybersecurity posture of unit web applications	• Asset documentation • Security vulnerabilities	12/20/2024

* Work Prioritization from FY 2023-24

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

FY 2024-2025 ENTERPRISE-WIDE ACTIVITY

Completed Enterprise-wide Assurance Reviews FY 2024-25 Q1 and Q2

Project		Name	General Objective	Project Conclusion	
Audit Service	Work Prioritization	Audit Number and Title	Engagement Purpose	Risk Areas Identified	Distribution to Client
Follow-up Reviews (FR)	<ul style="list-style-type: none"> Process: Procurement Card Follow-ups: Repetitive Audits 	2024 FR05 Department of Horticulture Procard Follow-up	Verify remediation activities related to prior review	<ul style="list-style-type: none"> Timeliness Reconciling Remediation Score: 90.0%	10/9/2024
		2024 FR06 College of Social Work Procard Follow-up		<ul style="list-style-type: none"> Timeliness G/L Coding Reconciling Remediation Score: 85.7%	10/9/2024
		2024 FR02 Lewis Honors College Procard Follow-up		<ul style="list-style-type: none"> Timeliness Remediation Score: 100.0%	10/16/2024
		2024 FR04 Division of Regulatory Services Procard Follow-up		<ul style="list-style-type: none"> Preapprovals Timeliness Reconciling Remediation Score: 88.0%	11/20/2024

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FY 2024-2025 ENTERPRISE-WIDE ACTIVITY

Completed Enterprise-wide Assurance Reviews FY 2024-25 Q1 and Q2

Project	Name	General Objective	Project Conclusion	
Audit Service	Audit Number and Title	Engagement Purpose	Risk Areas Identified	Distribution to Client
Inquiries (INQ)	2024 INQ09 Equine Analytical Chemistry Lab	Review allegations of improper business procedures	<ul style="list-style-type: none"> Falsified results Internal controls Conflicts of interest 	10/21/2024
	2024 INQ08 UK Athletics Turf Management	Review allegation of time and resource theft	<ul style="list-style-type: none"> Conflict of commitment Misuse of university assets Abuse of authority Falsification of records 	11/6/2024
	2025 INQ06 Athletics Tennis Camp	Review allegations of improper business procedures	<ul style="list-style-type: none"> N/A 	Closed

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HEALTH CARE ACTIVITY

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Active Health Care Assurance Reviews FY 2024-25 Q1 and Q2

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	Process: Pharmacy Services*	2024 MC01 UKHC 340B	6 11 15	Evaluate the information security and regulatory adherence of the UKHC 340B Program.	Reporting
	<ul style="list-style-type: none"> Information Systems: Enterprise applications Units: UK HealthCare services 	2025 MC01 HIPAA Right of Access	2 6 15	Evaluate information security and compliance with HIPAA regulations.	Fieldwork
Information Technology (IT)	<ul style="list-style-type: none"> Processes: Business Continuity, Regulatory Compliance Information Systems: Data Centers, Governance 	2025 IT01 Enterprise Data Centers	12 15 19	Evaluate health care enterprise data centers, including governance, structures, physical and environmental security and change management processes.	
Assessments (AS)	<ul style="list-style-type: none"> Process: Health care revenue lifecycle 	2025 AS01 UKHC Revenue Cycle	6 9 11	Identify and document processes and potential risks in the UKHC revenue cycle to establish a health care work prioritization plan	Planning

* Work Prioritization from FY 2023-24

HEALTH CARE ACTIVITY

Active Health Care Consultative Reviews FY 2024-25 Q1 and Q2

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.	Reporting
	2024 CP02 College of Dentistry Clinical Revenue	5 8 15	Provide advisory services to College of Dentistry clinical operations regarding the revenue cycle.	Fieldwork

HEALTH CARE ACTIVITY

Completed Health Care Assurance Reviews FY 2024-25 Q1 and Q2

Project		Name	General Objective	Project Conclusion	
Audit Service	Work Prioritization	Audit Number and Title	Engagement Purpose	Risk Areas Identified	Distribution to Client
Follow-up Reviews (FR)	<ul style="list-style-type: none"> Follow-ups: Repetitive Audits 	2024 FR03 College of Dentistry ProCard Follow-up	Verify remediation activities related to prior review	<ul style="list-style-type: none"> Timeliness Reconciling Remediation Score: 80.9%	10/4/2024
IT Reviews (IT)	<ul style="list-style-type: none"> Information Systems: Enterprise Applications 	2024 IT01 UKHC EHR Deprovisioning	Evaluate policies and procedures for effective removal of electronic health record (EHR) systems access upon employee departure or role change.	<ul style="list-style-type: none"> Deprovisioning processes 	12/5/2024
Assessments (AS)	<ul style="list-style-type: none"> Processes: Health care revenue lifecycle 	2024 AS01 UKHC Revenue Cycle	Identify and document processes and potential risks in the UKHC revenue cycle to establish a health care work prioritization plan.	High Risk Areas: Denials and Processes Medium Risk Areas: Regulatory Compliance, Governance, Technology	12/13/2024

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SUMMARY OF PROGRESS

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Active Reviews FY 2024-25 Q1 and Q2 Summation

Current Activities Summation (31)

Audit Category	Audit Service	Activity Purpose	Activity	
			Q1-Q2	Q3-Q4
Assurance	Comprehensive review	Verify financial reporting integrity, regulatory compliance and operational effectiveness	5	
	IT reviews** (standalone)	Independent IT reviews to verify information security	1	
	Repetitive reviews	Provide reasonable assurance for high-risk areas	1	
	Follow-up	Verify resolution	0	
	Data analytics	Proactive review of exceptions	3	
	Inquiries/Investigations	Evaluate improper activity and calculate associated losses	9	
	Assessments	Evaluation of processes and technology to determine risk and inform our Work Prioritization Plan	1	
Total			20	
Advisory	Consultations	Provide counsel and advice	2	
	Partnerships	Collaboration to improve Internal Controls and promote reasonable assurance	7	
	Training	Sharing trends and insights from completed activity	2	
Total			11	

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

SUMMARY OF PROGRESS

FY 2024-25 Q1 and Q2 Work Prioritization Metric

Processes			Units			Information Systems		
Type	Completed	Engaged	Type	Completed	Engaged	Type	Completed	Engaged
Business continuity	1	1	Ambulatory services			Data centers		1
Contract management	1	3	Ancillary units/entities	3		Electronic discovery		
Enrollment management			Athletics	2		Enterprise applications	2	1
Institutional compliance	1	2	Externally funded academic centers			Disaster recovery		
Medical revenue cycle	1	2						
Planning, design and construction		1						
Procurement card	5	2						
Records management		3						

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.



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