FY2019-20 THIRD QUARTER ACTIVITY UPDATE

Joe Reed, Chief Audit Executive, UK Internal Audit (UKIA)

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APPROVED FY2019-20 WORK PRIORITIZATION PROGRAM

	Processes		Units		Applications
1	Contract Management	1	Alumni Associations	1	In-House Applications
2	Family Educational Rights and Privacy Act (FERPA)	2	Shared Services	2	Server Configuration
3	Health Insurance Portability and Accountability Act (HIPAA)	3	Service Centers	3	Unit Applications
4	Conflicts of Interest	4	501(c)(3) Entities		
5	Regulatory Compliance	5	Unit Reviews Required by Kentucky Revised Statutes (KRS)		
6	Student Fees	6	Academic Units		
7	Agency Accounts				
8	ProCard				
9	Cash Handling				
10	Vendor Master File				
11	Deprovisioning				
12	Capital Construction				

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UKIA BUSINESS RISK FACTORS

Business Risk Factor	Component	Business Risk Factor	Component
Public Exposure	(1) Media Coverage	Audit Duration	(12) Internal Audits
	(2) Customer Type		(13) External Audits
	(3) Current Affairs		(14) Other Audits
	(4) Program Visibility		
External Factors	(5) State Regulations	Control Environment 1	(15) Operational
	(6) Federal Regulations		(16) Event Identification
	(7) Industry Compliance		(17) Key Position Turnover Rate
Materiality	(8) Source(s) of Revenue	Control Environment 2	(18) Information System (IS) Application
	(9) Transaction Volume		
	(10) Budget Breakdown		(19) Data Centers
	(11) Transaction Complexity		
(20) Management Requests			

FY2019-20 QUARTER 1 – QUARTER 3 ACTIVITY

Audit Service	Total Projects	Completed	In Progress	Pending
Assessments	0	0	0	
Comprehensive Reviews	16	4	9	3
Consultations	1	0	1	
Data Analytics	3	0	0	3
Follow-Ups	5	3	2	
Information Technology	1	0	1	
Inquiries / Investigations	19	10	7	2
Repetitive Audits	6	6	0	
Trainings	9	9	0	
Totals	**60**	**32**	**20**	**8**
Contacts/Partnerships	8	1	7	

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FY2019-20 THIRD QUARTER ACTIVITIES UNDERWAY

Project		Name	UKIA 20 Business Risk Components**		General Objective
Audit Service	Work Prioritization	Audit Number and Title*	Rating	Top Three Risk Components**	Engagement Purpose
Comprehensive Reviews	Contract Management	2019 MC03 Crothall	High	• 7 • 15 • 16	Validate fiscal responsibility, equipment reconciliation, and performance metrics
	Contract Management and Regulatory Compliance	2019 MC04 Ryan White Grant Review	High	• 6 • 12 • 20	Validate governance, protected health information, and fiscal affairs
	Cash Handling	2019 MC05 UK HealthCare Patient Financial Services	Medium	• 9 • 12 • 16	Ensure receiving, depositing, posting, refunding, and reconciliation of patient payments are appropriate
	Academic Units	2020 CC01 Rosenberg College of Law	Medium	• 12 • 16 • 17	Validate the appropriateness of operational and financial administrative activities

* In the Audit Number, MC refers to a UK HealthCare related comprehensive review, while CC refers to a non-UK HealthCare related comprehensive review.

** Refer to Slide 3, *UKIA Business Risk Factors*, for the UKIA 20 Business Risk Components.

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FY2019-20 THIRD QUARTER ACTIVITIES UNDERWAY

Project		Name	UKIA 20 Business Risk Components**		General Objective
Audit Service	Work Prioritization	Audit Number and Title*	Rating	Top Three Risk Components**	Engagement Purpose
Comprehensive Reviews	Conflicts of Interest (COI)	2020 CC02 Conflicts of Interest	High	• 6 • 16 • 20	Evaluate practices associated with the identification, communication, documentation and monitoring of pertinent COI activities
	Regulatory Compliance	2020 CC04 Leave Administration	Medium	• 5 • 15 • 20	Evaluate internal controls related to leave administration processes
	Academic Units	2020 CC05 College of Public Health	Medium	• 3 • 6 • 12	Evaluate operational efficiency, financial integrity, information security, regulatory adherence, and the strategic alignment of the college
	Service Centers	2020 CC06 Facilities Management Garage Shop Review	High	• 9 • 15 • 16	Evaluate protocols, purchasing practices, usage, and tracking of physical inventory

* In the Audit Number, CC refers to a non-UK HealthCare related comprehensive review.
** Refer to Slide 3, *UKIA Business Risk Factors*, for the UKIA 20 Business Risk Components.

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FY2019-20 THIRD QUARTER ACTIVITIES UNDERWAY

Project		Name	UKIA 20 Business Risk Components**		General Objective
Audit Service	Work Prioritization	Audit Number and Title*	Rating	Top Three Risk Components**	Engagement Purpose
Consultations	Unit Applications	2020 CN01 UK HealthCare 3M 360 Coding	High	• 7 • 15 • 18	Evaluate the medical coding process which utilizes the 3M 360 coding system
Follow-Up Reviews	Regulatory Compliance	2020 FR04 College of Public Health Grants Review Follow-Up	Medium	• 6 • 8 • 12	Verify remediation activities related to observations from original grants review
	ProCard	2020 FR05 Human Environmental Sciences – Family Sciences ProCard Follow-Up	Medium	• 9 • 12 • 15	Verify remediation activities related to observations from original ProCard review
Information Technology Reviews	Deprovisioning and Server Configuration	2018 CC04B UK Information Technology	High	• 15 • 18 • 19	Evaluate governance related to information security
	Unit Applications and Server Configuration	2020 IT01 Cyber Incident Preparedness and Response	High	• 16 • 18 • 19	Evaluate UK HealthCare's cybersecurity posture, including incident preparedness and response plans.

* In the Audit Number, CN refers to a Consultation, FR refers to a Follow-up Review, CC refers to a non-UK HealthCare related comprehensive review, and IT refers to an Information Technology Review.

** Refer to Slide 3, *UKIA Business Risk Factors*, for the UKIA 20 Business Risk Components.

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FY2019-20 THIRD QUARTER ACTIVITIES UNDERWAY

Audit Service	Project Category	Audit Number*
Inquiries / Investigations	Asset Misappropriation	2018 INQ10
		2020 INQ03
		2020 INQ04
		2020 IR02
	Financial Statement Fraud	2018 INQ11
	Regulatory Compliance	2018 INQ12
		2020 INQ07

* In the Audit Number, INQ refers to an Inquiry, while IR refers to an Investigation.

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IIA 1110: Organizational Independence

The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.

- Internal Audit (UKIA) reports *administratively* to the Executive Vice President for Finance and Administration

- UKIA reports *functionally* to the Audit and Compliance Committee (ACC)

  ✓ ACC approves UKIA work plan.

  ✓ ACC receives report from Chief Audit Executive (CAE) on UKIA's performance.

  ✓ ACC approves decisions regarding the appointment and removal of the CAE.

  ✓ ACC assesses scope or resource limitations which may inhibit proper reviews.

  ✓ ACC approves UKIA charter.

  ✓ ACC reviews UKIA budget.

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Internal Audit

Mission Statement:
Support UK in its pursuit of excellence by providing expert analyses and advice to champion the achievement of management objectives.