

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

Joe Reed, Chief Accountability Officer and Audit Executive



AN EQUAL OPPORTUNITY UNIVERSITY

**UK INTERNAL AUDIT (UKIA)
AMENDED WORK PRIORITIES
FOR FY 2024-25**

Non-exempt Overtime Compensation (NOC) Criteria and Risks

Fair Labor Standards Act (FLSA)

A federal law that establishes standards for:

- Overtime pay
 - Non-exempt employees must be paid 1.5 times their regular rate for hours worked beyond 40 in a work week.
- Minimum wage
- Recordkeeping of hours worked and wages
- Child labor

Kentucky Revised Statutes (KRS)

Employers must provide their employees with:

- A “reasonable period for lunch” taken no sooner than three hours after the employee’s shift begins but no later than five hours after (KRS 337.355)
- A rest period of at least 10 minutes during each four hours worked (KRS 337.365)



Noncompliance with federal and/or state law may result in:

- Backpay to employees
- Monetary fines
- Employee lawsuits

NOC Activity

UKIA’s current fiscal year NOC activity has been **reactive**, consisting of **inquiries** that stemmed from **anonymous reporting**.

UKIA’s **planned activity** will use four of its services (shown at right) to provide **reasonable assurance** that NOC practices:

- Incorporate proper **internal controls**.
- **Comply with applicable regulations**, including the FLSA.
- Adhere to state statutes regarding **employee breaks** and **lunch periods**.

Service	Activity
Repetitive audits	UKIA is engaging a series of repetitive audits across the enterprise, beginning with highest-risk areas .
Data analytics	UKIA is developing a data analysis to detect anomalies .
Consultations	UKIA is engaging ad hoc meetings to discuss communicated audit results and trends .
Training	In partnership with Human Resources, UKIA will assist with training related to NOC regulatory compliance and the associated risks . Additionally, UKIA will host a Lessons Learned webinar on NOC compliance.

Amended FY 2024-25 Work Priorities

Processes

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

Non-exempt overtime compensation

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

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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