



FY 2024-25

# ANNUAL REPORT



Internal Audit



# A Letter from the Chief Accountability Officer and Audit Executive

Dear University Community,

As the University of Kentucky grew, evolved and adjusted to the uncertainty that this year has brought, UK Internal Audit (UKIA) became even more steadfastly focused on fulfilling its mission and aligning our work with the strategic needs of the University. While internal audit work may seem complex, our aim is simple: to turn that complexity into clarity and work into insight and direction for our clients — and then walk alongside them as they navigate the often-difficult path of remediation and advancement.

In this annual report, you will see how UKIA dedicated nearly 11,000\* hours across our assurance and advisory service lines, completing 24 reviews that enabled us to illuminate what is working, identify improvement opportunities and provide recommendations that will help to mitigate risk going forward.

Additionally, our accountability service line invested more than 1,500 hours validating several high-risk processes at the University.

Through all of this work, we achieved 82.4% audit coverage, covering 14 out of our 17 work priorities. Our activity included concentrated coverage of contract management, procurement and enterprise applications, helping us reinforce our role as a trusted partner by assessing and communicating trends in those areas to the relevant process owners. This does not account for the many additional hours we devoted to key activities such as strategic planning, professional development and hiring.

You will read how we are scaling our staff, working more proactively and partnering more collaboratively — all to better meet the needs of this institution today.

But our desire to help the University improve never stops.

You will also learn about two new repetitive audits that we have added to our repertoire — set to commence next fiscal year — that will help position UK for the technical and operational challenges of the future.

There is still much for us to do. Yet with each step we take, we are better prepared to help the University achieve greater success for its students, its employees and the Commonwealth.

Joe Reed, Chief Accountability Officer and Audit Executive

\*Hours exclude time spent on activities such as administrative tasks, hiring and professional development.

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## Mission Statement

UKIA's mission is to support UK in its pursuit of excellence by providing expert analyses and advice to champion the achievement of institutional objectives.

## Achievements Growth Through Shared Knowledge

### 2025 Kentucky College and University Auditors Meeting

UKIA produced and hosted the 2025 Kentucky College and University Auditors Meeting, welcoming auditors from seven institutions across the Commonwealth for a day of learning and brainstorming. For the second consecutive year, UKIA released a call for presentation topic entries from other institutions' attendees.

This year, Amelia Jo Carlisle, director of internal audits at Morehead State University, was



Morehead State University's Director of Internal Audits Amelia Jo Carlisle presents at the 2025 Kentucky College and University Auditors Meeting.

selected to present on the role of workplace culture during audits. Ms. Carlisle detailed the significance of culture, strategies for assessing it and how to turn the data we glean into impactful insights for our institutions.

UKIA welcomed UK Associate Vice President and Chief Communications Officer Jay Blanton to speak on how UK is navigating recent executive orders as well as changes to federal and state laws, highlighting the role of cross-functional coordination in protecting the University and its mission. Attendees then broke into teams to discuss how internal audit can adapt to these changes.

UKIA Deputy Accountability Officer and Audit Executive Martin Anibaba closed the meeting with a discussion on how we can leverage tools to conduct audits that are more insightful and efficient. His presentation included an exercise on using technology and non-technology tools for various audit processes.

### Lessons Learned

UKIA produced three sessions of Lessons Learned, a webinar series focused on communicating emerging trends and insights at UK and across the country to business officers and others across the enterprise to help reduce risk.

The first episode focused on international travel, detailing the responsibilities of process owners, units and individuals who travel outside the United States on behalf of the University. The second episode highlighted the critical role of policy hierarchy — the relationship between federal and state law, industry standards, University policies and unit-level procedures. The final session outlined the worker status evaluation process and risk mitigation insights garnered from UKIA's data analytics program for vendor payments.

After each webinar participants are asked to rate their satisfaction with the event, the results of which are shown on page 16.

## Collaborating for Assurance

### College Business Management Institute

For nearly a decade, UKIA has been a part of the teams driving the development of training modules that would provide consistent guidance on the University's major functions and associated procedures — a program now known as UK's Finance and Administration Specialized Training (FAST) program.

In July 2024, UKIA Deputy Accountability Officer and Audit Executive Martin Anibaba, together with his co-instructor,

Britt Morgan, executive director of finance and administration, took the lessons learned from multiple iterations of this program to the College Business Management Institute (CBMI).

Their course focused on the benefits for universities to implement a mandatory training program, which has proven effective in improving operational efficiency and effectiveness across the enterprise while increasing regulatory and policy compliance. It is also expected that the increased knowledge from this training will help reduce incidents of fraud and misappropriation over time.

### Conflicts of Interest and Commitment Program Update

In FY 2024-25, the UKIA Accountability Office continued its work spearheading the Conflicts of Interest and Commitment (COI&C) program for the University, working in partnership with stakeholders<sup>1</sup> across the enterprise as follows:

- An online application to facilitate and manage COI&C disclosures is in its final stages of

configuration and is scheduled to enter beta testing in 2025.

- A COI&C enterprise policy will soon be ready for implementation.
- UKIA has also been working to determine the COI&C training requirements and formats and develop outlines for the training that will be finalized once the policy and application are complete.

<sup>1</sup>Stakeholders as of June 2025 were UK Information Technology Services, UK HealthCare, the Office of the Executive Vice President for Finance and Administration, the Office of the Provost, UK Research, the Office of Land-grant Engagement and UKIA.



UKIA Deputy Accountability Officer and Audit Executive Martin Anibaba and Executive Director of Finance and Administration Britt Morgan present at CBMI 2024.



# Achievements (continued)

## Expanded Risk Mitigation

### New Assurance Activity

As part of our expanding risk-based assurance mission, UKIA has developed two new audit initiatives focused on artificial intelligence (AI) and business continuity planning (BCP). Designed to improve institutional readiness in rapidly evolving areas of risk and operational resilience, the first of these audits are slated to be conducted next fiscal year.

Our AI audit program will help us identify unauthorized or unsanctioned AI usage in academic and administrative units while evaluating the associated risks. During these assessments, we will also promote awareness of approved AI tools and governance protocols. We will then use the assessment results to establish a scalable, repeatable model for future AI audits across the enterprise.

Our BCP reviews will fall under our repetitive audit service type — meaning they will be narrowly scoped with a quick turnaround time. These reviews are critical in light of recent disruptive events which have highlighted the uneven levels of disaster preparedness across

units. The objectives of these reviews will be to determine whether formal BCPs exist and include all essential criteria. Additionally, we will evaluate the effectiveness of continuity strategies, training and testing efforts. In units where no documented BCP exists, we will review any informal or ad-hoc practices to identify associated risks.

These reviews will give us greater insight into the resilience of the University's mission-critical operations while assisting us in building support related to the importance of maintaining continuity and preparedness.

### Expanded Data Analytics

UKIA added two new data analytics services to its repertoire to enhance auditing of high-risk activities within the University.

A new software acquisition analytic identifies software applications being purchased without prior approval. We have begun comparing these purchases to those for which UK has a contract to help the University reduce unnecessary expenses while also improving

information security across the enterprise.

A fictitious employee analytic analyzes payroll activity to identify people — real or made up — who are receiving a paycheck despite not providing a service of any kind for the University.

These complement the employee vendor match analytic, which not only helps to identify employees being improperly paid as vendors, but it also captures nepotism and other forms of conflicts of interest to be reviewed by our investigations team.

Together, these efforts provide continuous visibility into some of our highest risk processes, enhancing our ability to proactively detect and mitigate risks across the University.





# Achievements (continued)

## Supporting Our Students

This summer, UKIA expanded its student program to include student employees, bringing on two UK students to support the office with added flexibility.

Habeeb Bashir and Justin Dickerson joined the investigations and data analytics teams, where they played an active role in a variety of projects — attending interviews, conducting fieldwork testing, analyzing data and contributing to key executive assignments.

Their contributions added immediate value and provided the teams with additional bandwidth during the busy summer season.

From day one, both students demonstrated a strong work ethic, eagerness to learn and genuine curiosity that aligned seamlessly with UKIA's mission. Their participation allowed staff to take on new priorities while ensuring projects continued to move forward.

The students also had the opportunity to explore the inner workings of an internal audit office and gain firsthand experience in data analysis, investigation methods and

professional communication.

They had the opportunity to interact with UKIA leadership, attend staff meetings and see how strategic decisions are made behind the scenes.

Additionally, Ephraim Njeri, who was featured in our annual report last year as a summer intern, was hired to join the IT team full-time.

Ephraim is the second intern to transition to full-time staff, providing further testament of UKIA's ability to foster professional development for students and its determination to develop a meaningful pipeline for future talent.



Top photo: Student workers Habeeb Bashir (left) and Justin Dickerson (right).

Bottom photo: Auditor Assistant Ephraim Njeri.

## Supporting Our People

### Powers Jones Award

UKIA awarded the 2024 Powers Jones Award to Esther Rugerio, a staff auditor with the Accountability Office.

Named in honor of the first department lead, the award recognizes excellent performance, professionalism and ethics. Award recipients are selected by a committee of UK employees outside the department from nominations submitted by fellow UKIA staff.

Esther was nominated by more than one colleague, who each noted her enthusiasm for her work and her instinct for "getting at the root cause."

Those who nominated her also praised how she deftly handles numerous projects at a

time while cheerfully assisting others and noted the caring, sensitive way she communicates concerns to clients, building trust that will serve her well in her role.

Finally, Esther was also credited with fostering a more positive work culture by organizing departmental lunches and celebrating employees' birthdays with special signage and treats.

### Workplace Culture

Here at UKIA, we are committed to fostering a collaborative and engaging work environment that strengthens our team both professionally and personally. Recognizing the importance of work-life balance and how it contributes to overall work performance and satisfaction,

we have implemented quarterly work-from-home days, meeting-free Fridays (beyond our standard team meetings), flexible scheduling options and other incentives to improve productivity and well-being.

Also this year, UKIA began engaging in initiatives that promote teamwork, communication and unity.

Left photo: Deputy Accountability Officer and Audit Executive Martin Anibaba (left) and HR Business Partner Senior Crystal Gabbard (right) present Staff Auditor Esther Rugerio (middle) with the Powers Jones Award.

Right photo: Staff Auditor Heather Pike (left) and Chief Accountability Officer and Audit Executive Joe Reed (right) unload a vehicle during Big Blue Move-in.





# Services Assurance

### Assessments

Evaluate a unit’s functional responsibilities, processes and technology for high risks and consideration in our annual Work Priorities

### Comprehensive reviews

Evaluate a unit’s regulatory compliance, governance, financial integrity, asset safeguarding, information security and operational efficiency

### Data analytics

Examine large, complex data sets to determine exceptions and anomalies

### Repetitive reviews

Assess a client’s practices for compliance with federal regulations and University policies related to high-risk procedures through narrowly-scoped reviews

### Investigations

Validate alleged inappropriate activity, calculate any associated loss and determine the root cause or conditions which allowed the event to occur

### IT reviews

Evaluate a unit’s computing systems, applications and data as well as its IT governance, asset managment and overall cybersecurity posture

### Follow-up reviews

Gauge a client’s progress in remediating findings noted in the initial review



# Advisory

### Consultations

Performed at the client’s request using agreed-upon procedures, consultations provide units with valuable insights and opportunities to improve operational efficiency and effectiveness



### Partnerships and stakeholder outreach

The various means by which UKIA communicates noted concerns, emerging trends and improvement opportunities to University leadership and relevant stakeholders

“

The audit results are driving broader discussion across UK HealthCare and I appreciate that the findings are understood to not be limited to just my department. I’m getting leadership support to make changes without doing it in a silo.

—A FY 2024-25 client





# Performance Measures

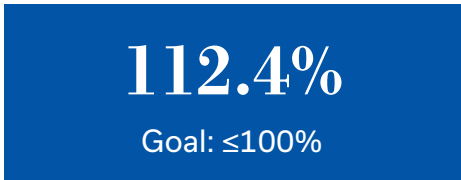
## Audit Duration

UKIA performs its audit work in compliance with the Institute of Internal Auditors’ *Global Internal Audit Standards*. Accordingly, we assess our performance against six core metrics focused on efficiency and effectiveness. As we expand our service lines, we have also begun tracking the time spent on stakeholder outreach through our partnerships, which involves the time spent communicating trends and concerns beyond audit clients to stakeholders across the enterprise to enhance compliance and risk mitigation. Lastly, we track the time our inquiry/investigation team spends on their critical work related to potential fraud, theft and other forms of malfeasance. These metrics are detailed below.

Audit duration represents the total hours our audit consultants expend — from planning through final report distribution to the client — on audit projects completed during the fiscal year, excluding inquiries and investigations which are not assigned project budgets by which duration is determined. This metric also excludes the hours invested in audit projects that were not completed by the end of the fiscal year.

Accordingly, UKIA expended approximately 8,763 hours on the 19 audit projects completed in FY 2024-25, coming in 12.4 percent over the budget of

7,795 hours — a significant improvement compared to the prior year’s audit duration, in which the total hours expended exceeded the budget by more than 57 percent. As we achieved this despite having two fewer audit managers and two fewer audit consultants than we had when we established our work priorities for the year, UKIA attributes these positive results to the implementation of two new measures. Our audit budget meetings ensure the hours allotted for each audit accurately account for the audit scope and objectives, while our monthly metrics meetings help managers to identify and



overcome bottlenecks and other obstacles earlier in the process.

With comprehensive reviews being the primary detractor from achieving the duration goal this year, UKIA will seek to improve its performance with this audit type by limiting, where possible, the scope of these reviews to the most high-risk activities, and budgeting for each objective individually.

Service type	Project count	Budgeted hours	Actual hours	% of budget
Repetitive audits	7	1,225.0	1,089.0	88.9%
Follow-up reviews	5	750.0	430.3	57.4%
Comprehensive reviews	4	3,700.0	5,855.5	158.3%
IT reviews	1	500.0	579.0	115.8%
Assessments	1	1,500.0	740.8	49.4%
Consultations	1	120.0	68.3	56.9%
Total all projects	19	7,795.0	8,762.9	112.4%

# Productivity

UKIA counts as productive time all work hours dedicated to audit work steps, as well as stakeholder outreach — the time spent communicating audit results, trends and insights to process owners, program partners, relevant stakeholders and University leadership.

Non-productive time includes activities critical to internal departmental operations, such as strategic planning, hiring/interviewing, general administrative procedures and professional development.

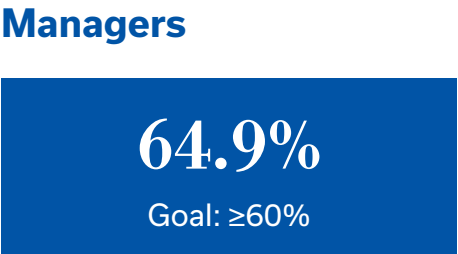
UKIA’s audit team logged nearly 19,000 working hours, with productivity categorized as follows:

- Audit managers’ time was 64.9 percent productive —

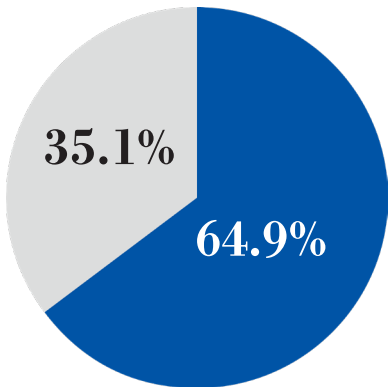
nearly five percent more than the goal of 60 percent.

- Audit consultants achieved 72.5 percent productivity — just 2.5 percent less than their goal of 75 percent.

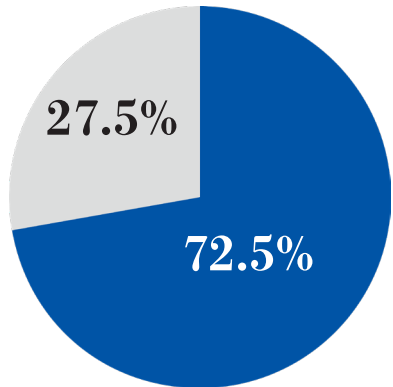
Of the total time deemed non-productive among both managers and consultants, more than 50 percent was devoted to general administrative duties and human resources/hiring processes, while ten percent was focused on professional development activities.



Managers



Audit consultants





# Performance Measures (continued)

## Audit Coverage

82.4%

Goal: 100%

Each year, UKIA develops a list of work priorities for the coming fiscal year that is based on trends and emerging risks both here at UK and across the nation, which must be approved by the Audit and Compliance Committee of the Board of Trustees. UKIA then aligns its audit engagements and associated objectives to “cover” as many of these work priorities as possible throughout the fiscal year.

### Inquiries and Investigations

UKIA’s investigations team logged more than 2,400 hours on completed projects during FY 2024-25, including:

- 1,995 hours across five investigations. These reviews evaluated potential conflicts of interest, time theft, misappropriation and contract management.
- 454 hours spent validating anomalies stemming from UKIA’s data analytics.

In FY 2024-25, UKIA’s 17 work priorities comprised nine processes, four units and four information systems, as shown in the table to the right. UKIA’s work also includes its continuous auditing programs, which encompasses follow-up reviews, consultations, assessments and inquiries/ investigations.

UKIA covered 14 of its 17 work priorities for FY 2024-25 with at least one project, achieving audit coverage of 82.4 percent, with concentrations in contract management (8 instances), procurement cards (6 instances) and enterprise applications (6 instances).



1,995 hours

expended on inquiries and investigations in FY 2024-25.

Processes	
Type	Complete
Business continuity	3
Contract management	8
Enrollment management	0
Institutional compliance	1
Medical revenue cycle	1
Non-exempt overtime compensation	4
Planning, design and construction	0
Procurement card	6
Records management	4
Units	
Type	Complete
Ambulatory services	2
Ancillary units/entities	4
Athletics	2
Externally funded academic centers	1
Information Systems	
Type	Complete
Data centers	0
Disaster recovery	2
Electronic discovery	1
Enterprise applications	6

# Stakeholder Outreach and Partnerships

Collaboration is of utmost importance to UKIA’s mission, as it is the partnerships UKIA has cultivated over the years that enable critical information to be exchanged and concerns to be addressed appropriately and expediently.

Collaboration is so important that, throughout FY 2024-25, UKIA expended nearly 450 hours engaging in stakeholder outreach. These meetings with key University stakeholders were made possible through eight partnerships, thereby achieving its goal of two per quarter.

These ongoing meetings enable UKIA to share emerging trends and provide guidance on critical enterprise initiatives, as well as affect policy and employee training to reduce risk for the University.

Ongoing partnerships include the University Budget Office, University Financial Services, UK HealthCare leadership, Procurement Services, the Office of the Provost and Finance and Administration.

UKIA also engaged in three new partnerships:

**UK Human Resources**  
This partnership enables us to share risk trends related to human resources processes. We meet monthly to share the statuses of our pertinent active projects and, when needed, coordinate our work to address any recent concerns.

**UK Information Technology Services (ITS) Cybersecurity and UK ITS Compliance and Privacy**  
This partnership assists us in aligning key risk priorities between our units as well as tracking and monitoring remediation progress related to cybersecurity vulnerabilities and compliance gaps.

**Institutional Research, Analytics and Decision Support (IRADS)**  
As our data analytics programs continue to grow, IRADS assists us in identifying our data capturing capabilities, gaining access to relevant enterprise data and sharing requirements for effective data visualization and reporting.

8 partnerships

Goal: 2 per quarter



448 hours

dedicated to stakeholder outreach in FY 2024-25.

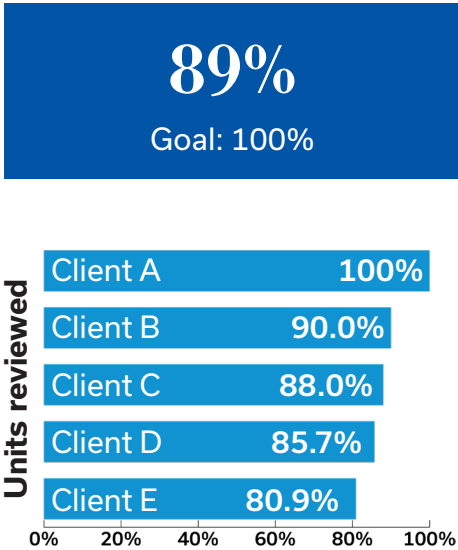


# Performance Measures (continued)

## Remediation

UKIA conducts follow-up reviews for each of its audits after giving the client ample time to mitigate the concerns noted in the initial review. Remediation scores are calculated by assigning a three (3) for each finding that was satisfactorily resolved, a two (2) for each finding for which progress was partially satisfactory or a zero (0) for findings where progress was unsatisfactory. These individual scores are then averaged to calculate the University’s overall

remediation score for the year. In FY 2024-25, UKIA completed five follow-up reviews, as shown in the graph to the right, with an average remediation score for the University of 89 percent, eight percent higher than the remediation score in FY 2023-24 (81 percent). This score demonstrates the impact of UKIA’s activity in mitigating risk across the University and achieving its mission of providing reasonable assurance.



## Client Satisfaction

### Lessons Learned

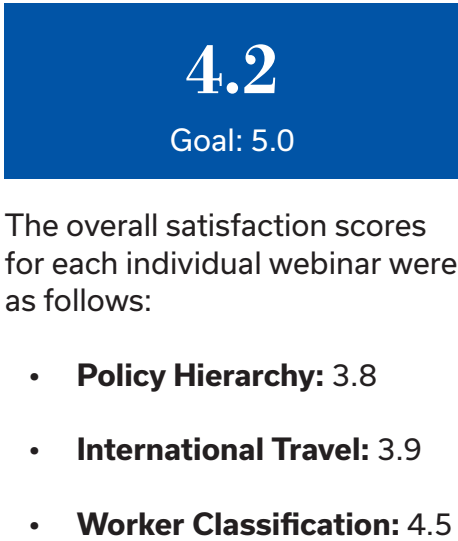
Launched in 2021, UKIA’s Lessons Learned webinars help to advance UKIA’s mission to “provide expert analyses and advice” by providing a broader audience to which trending concerns and insights gleaned from audit activities, as well as incidents at other higher education institutions, can be communicated.

These 30-minute sessions promote operational efficiency and mitigate risk

across the enterprise.

In FY 2024-25, UKIA hosted three Lessons Learned sessions and received an overall satisfaction score of 4.2 (out of 5.0) and an average applicability score, which refers to the topic’s applicability to their unit’s operations, of 4.1 (out of 5.0).

Nearly 98 percent of respondents said that they were likely to attend future Lessons Learned events.



# Client Satisfaction (continued)

### Audit Clients

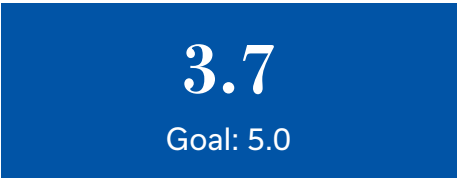
UKIA surveys its audit clients to obtain their feedback and identify opportunities for improvement related to the professionalism of UKIA’s audit staff, processes and communications, as well as value the audit provided to their unit. All personnel in the audited units with whom our audit consultants had at least two interactions (excluding units that were part of an inquiry or investigation) during the engagement are asked to complete the survey. UKIA achieved an overall satisfaction score of 3.7 out of 5.0.

Average scores received for the audit staff, process and communications are shown below.

The following activities each earned 4.2, the highest average score this fiscal year:

- The audit consultants’ courteous, professional and helpful attitude
- The efforts taken to minimize disruption to the unit
- The efforts taken to minimize the impact of the daily operations when scheduling meetings and walkthroughs.

Clients also appreciated the time given to complete their management action plan, which received the next highest average score of 4.0.



Category	Description	Score
Audit staff	The knowledge and professionalism of the audit team	3.8
Audit process	The degree to which the audit team worked to minimize operational disruption to the unit during the engagement	4.0
Audit communications	The clarity with which the audit report communicated the concerns and the quality of the recommendations	3.8
Overall satisfaction	The degree to which the audit addressed the unit’s major areas of concern, provided workable solutions and guidance to remediate the noted concerns and mitigate risk	3.7



# Accountability Services

## Accountability Office

UKIA's Accountability Office provides ongoing analysis of employee and unit adherence to University regulations related to processes with significant reputational and compliance risks. Our accountability team engaged in four projects during FY 2024-25, each of which is outlined below along with our evaluation methodology:

### Evaluation Methodology



**Guidance**  
The University regulations, policies and procedures in place to promote and enhance compliance, safety and performance.

1



**Adherence**  
Each employee/unit is responsible for adherence.

2



**Validation**  
The Accountability Office conducts ongoing reviews to validate employee/unit adherence.

3

### International Travel

As the University is ultimately liable for the health, safety and welfare of its faculty, staff and students traveling internationally on behalf of the University, international travel and travel to U.S. territories must be registered with the University's International Travel Registry before departure, per "Business Procedures Manual E-5-1 Reimbursement of Travel Expenses." Accordingly, the Accountability Office launched an ongoing review of the University's international travel compliance.

In FY 2024-25, the Accountability Office shared the results of its review of Calendar Year 2023 international travel compliance with process owners to communicate gaps in the current registration process.

The Accountability Office also met with the five University units with the highest number of unregistered travelers. UKIA then produced an edition of Lessons Learned, our periodic

webinar, that highlighted the various responsibilities related to international travel, the importance of registering with UK's International Center and the resources available to University personnel when traveling abroad.

### Willed Body Program

The University's Willed Body Program is critical to medical education and research.

Due to the highly sensitive nature of this endeavor, the Accountability Office engaged a continuous review of the program to assess its adherence to state law, industry standards and institutional expectations.

During FY 2024-25, the accountability team tested pre-study anatomical donations to verify whether they were properly registered, documented and in the correct location. The team also tested in-study donations to verify their locations and has begun validating the program's paper records.

### Capital Construction

The Accountability Office initiated validations of the University's capital construction

project expenses due to the materiality of projects occurring across the enterprise. The purpose is to assess the efficiency and effectiveness of practices in the planning, design and build phases.

The accountability team has developed a risk profile for the University's construction projects and identified the highest-risk individual projects.

### Motor Vehicle Records

All UK employees whose job descriptions include driving responsibilities as designated in their Job Analysis Questionnaire are required to submit a Motor Vehicle Records (MVR) Release and Information Form to UK Risk Management.

To assist Risk Management, the Accountability Office commenced an ongoing evaluation of MVR form adherence.

By the end of FY 2024-25, this project was in the validation phase, during which the accountability team was analyzing MVR records and their associated collection process as well as various databases of known drivers.

### Accountability Results

Final results from the Accountability Office's projects are uploaded to UKIA's website and are accessible to those with LinkBlue credentials.



1,536 hours

expended on accountability projects in FY 2024-25.



