

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

Joe Reed, Chief Accountability Officer and Audit Executive



AN EQUAL OPPORTUNITY UNIVERSITY

UK INTERNAL AUDIT (UKIA) ACTIVITY UPDATES

FY 2021-22 Q4 and FY 2022-23 Q1

UKIA BUSINESS RISK FACTOR COMPONENTS

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

COMPLETED REVIEWS FY 2021-22 Q4

Project		Name	General Objective	Project Conclusion	
Audit Service	Work Prioritization	Audit Number and Title	Engagement Purpose	Risk Areas Identified	Distributed to Audit Committee
Comprehensive Review	<ul style="list-style-type: none"> Conflicts of interest (COI) 	2020 CC02 Conflicts of Interest	Evaluate practices associated with the identification, communication, documentation and monitoring of pertinent COI activities.	<ul style="list-style-type: none"> Regulatory compliance Corruption (conflicts of interest) Fiscal responsibility 	6/23/2022
Repetitive Audits (RA)	<ul style="list-style-type: none"> Academic units Procurement 	2022 RA15 College of Communication and Information ProCard	Evaluate procurement card process university-wide for associated weaknesses.	<ul style="list-style-type: none"> Operations Compliance Fiscal responsibility 	4/5/2022
	<ul style="list-style-type: none"> Academic units Procurement 	2022 RA19 College of Fine Arts ProCard			5/9/2022
	<ul style="list-style-type: none"> Employee lifecycle Conflicts of interest 	2022 RA29 Transportation Services Cash Handling	Review cash handling and credit card acceptance processes for compliance and associated weaknesses.	<ul style="list-style-type: none"> Operations Fiscal responsibility 	6/30/2022
Follow-up Reviews (FR)	<ul style="list-style-type: none"> Follow-ups 	2022 FR04 Cheerleading	Verify remediation activities related to prior review.	<ul style="list-style-type: none"> N/A – Remediation score 100 	6/1/2022

COMPLETED OR CLOSED INQUIRIES/INVESTIGATIONS FY 2021-22 Q4

Name	General Objective	Project Conclusion	
Audit Number	Engagement Purpose	Risk Areas Identified	Closed/ Distributed Date
2022 INQ09	Inquiry into allegations of program data manipulation.	Process vulnerabilities	5/20/2022
2022 INQ16	Inquiry into a potential conflict of interest.	N/A	Closed
2022 INQ18	Inquiry into improper travel reimbursements.	N/A	Closed
2022 INQ19	Inquiry into contract compliance.	N/A	Closed

WORK PRIORITIZATION METRIC – COMPLETED REVIEWS ONLY

Project Counts Accrued During FY 2021-22

Processes		Units		Information Systems	
Type	Project Count	Name	Project Count	Type	Project Count
Accounts payable	2	Third-party vendors	2	Web applications	7
Employee lifecycle	2	Research centers	-	Data centers	-
Compensation	4	Academic units*	9	In-house applications*	1
Student aid*	-	Health care services	4	Server configuration*	7
Procurement	12				
Conflicts of interest*	6				
Sponsored projects*	2				
Export controls	-				
UK HealthCare revenue lifecycle	-				

* Work prioritization carried over from the prior fiscal year.

FY 2022-23 Work Prioritization

Processes

- Asset Management
- Employee Lifecycle
- Endowments and Gift Accounting
- **Export Controls**
- Fringe Benefits
- **Student Aid**
- Procurement
- Travel
- **UK HealthCare Revenue Cycle**

Information Systems

- Governance
- Cybersecurity Operations
- **Data Centers**

Units

- Academics
- Athletics
- **Research Centers**
- UK HealthCare Services

Inquiries

- Comply Line Calls
- Direct Reports (First-hand Accounts)
- UKIA Website 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 2021-22.

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

ACTIVE REVIEWS FY 2022-23 Q1

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 *MC refers to UK HealthCare reviews; CC refers to non-UK HealthCare reviews	Academic units	2020 CC01 J. David Rosenberg College of Law	Medium	12 16 17	Validate the appropriateness of operational and financial administrative activities; expanded scope.
	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; expanded scope.
	Academic units	2022 CC02 The Graduate School Comprehensive	High	15 16 17	Validate the appropriateness of operational and financial administrative activities.
	Academic units	2023 CC01 College of Communication and Information	Medium	15 18 20	Evaluate operational efficiency, financial integrity, information security, regulatory adherence and strategic alignment of the College of Communication and Information.
	UK HealthCare services	2023 MC01 UK HealthCare Command Center	High	6 15 16	Validate administrative and functional responsibilities of UK HealthCare Command Center unit management.
	Health care revenue lifecycle	2019 MC05 UK HealthCare Patient Financial Services	High	6 11 16	Ensure receiving, depositing, posting, refunding and reconciliation of patient payments are appropriate.

ACTIVE REVIEWS FY 2022-23 Q1

Project		Name	UKIA 20 Business Risk Components		General Objective
Audit Service	Work Prioritization	Audit Number* and Title	Rating	Top Three Risk Components	Engagement Purpose
Repetitive Audits (RAs)	<ul style="list-style-type: none"> Procurement 	2023 RA01 Office of Institutional Diversity ProCard	Medium	7	Evaluate university-wide procurement card processes for associated weaknesses.
		2022 RA03 College of Social Work ProCard		9	
	<ul style="list-style-type: none"> Academic units Web applications Server configuration 	2022 RA22 College of Medicine Web Application Security	High	15	Evaluate cybersecurity posture of unit web applications.
		2022 RA07 Student Financial Aid Verification		6	
Consultations/ Partnerships	<ul style="list-style-type: none"> Agreed Upon Procedure 	2022 CN01 Auxiliary Services	N/A	13	Review efficiency of governance and operational processes per management request.
		2022 CP01 College of Medicine Purchasing		20	
				N/A	3

ACTIVE REVIEWS FY 2022-23 Q1

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/ Partnerships	Partnerships	2023 CP03 Conflict of Interest	High	6 16 20	Partner with university stakeholders for development of revised COI policies, processes and systems.
		2023 CP04 UKHC Cost Savings (Benefit Confirmation Committee)	Medium	6 9 20	To review and evaluate both estimates and actual savings presented at UK HealthCare's monthly Benefits Confirmation meetings.
		2023 CP05 PBO Pre-approval	Medium	20 9 15	Assist Provost Budget Office with the development of pre-approvals policy and procedures.
		2023 CP06 College of Design Asset Management	High	15 18 20	To review the College's current asset management practices to identify process improvements in the areas of governance, training and systems.
		2022 CP08 Libraries Record Retention	High	3 5 10	Develop policy and procedures; establish clear roles and responsibilities for the process owner; dedicate adequate resources to meet roles and responsibilities; and train employees to ensure policy and practice congruence.
		2022 CP09 Center for Interprofessional and Community Health Education	Medium	15 18 20	Evaluate risks associated with merger of existing centers.

ACTIVE REVIEWS FY 2022-23 Q1

Project		Name	UKIA 20 Business Risk Components		General Objective
Audit Service	Work Prioritization	Audit Number and Title	Rating	Top Three Risk Components	Engagement Purpose
Data Analytics (DA)	<ul style="list-style-type: none"> Conflicts of interest Accounts payable Compensation 	2022 DA01 Employee Vendor Match	High	1 9 15	Identify potential conflicts of interest between employees and vendors.
	<ul style="list-style-type: none"> Unplanned activity Compensation Comply line 	2022 DA03 UKHC Kronos Time Editing	Medium	9 15 16	Identify improper timekeeping activity.
Assessment (AS)	<ul style="list-style-type: none"> Data centers 	2023 AS01 Data Center Identification	High	6 18 19	Identify, categorize and assess risks involved with enterprise, college and unit-level data centers operated across the university.

ACTIVE REVIEWS FY 2022-23 Q1

Project		Name	UKIA 20 Business Risk Components		General Objective
Audit Service	Work Prioritization	Audit Number and Title	Rating	Top Three Risk Components	Engagement Purpose
Follow-up Reviews (FR)	<ul style="list-style-type: none"> Academic units Follow-up: comprehensive review Sponsored projects 	2020 FR04 College of Public Health Grants Review Follow-up	Medium	6 8 12	Verify remediation activities related to observations from original grants review.
	<ul style="list-style-type: none"> Academic Unit Follow-up: Repetitive review 	2023 FR02 College of Design Web Application Security Follow-up	High	6 16 18	Verify remediation activities related to prior review.
	<ul style="list-style-type: none"> Governance Follow-up: Comprehensive Reviews 	2023 FR04 Institutional Research, Analytics and Decision Support	High	4 15 18	Verify remediation activities related to prior review.

ACTIVE REVIEWS AS OF FY 2022-23 Q1

Audit Service	Audit Number	Concern Category
Inquiries/ Investigations	2022 INQ08	Compensation
	2022 INQ20	Asset Misappropriation
	2023 INQ02	Asset Misappropriation
	2023 INQ03	Conflicts of Interest
	2023 INQ04	Asset Misappropriation
	2023 IR01	Asset Misappropriation

COMPLETED REVIEWS FY 2022-23 Q1

Project		Name	General Objective	Project Conclusion	
Audit Service	Work Prioritization	Audit Number and Title	Engagement Purpose	Risk Areas Identified	Distribution Date
Repetitive Audits (RA)	<ul style="list-style-type: none"> Academic units Procurement 	2022 RA17 College of Dentistry ProCard	Evaluate the procurement card process university-wide for associated weaknesses.	<ul style="list-style-type: none"> Operations Compliance Fiscal stewardship 	7/25/2022
		2022 RA23 Lewis Honors College ProCard			7/25/2022
		2022 RA34 Department of Veterinary Sciences ProCard			7/25/2022
		2022 RA35 Department of Entomology ProCard			7/25/2022
		2022 RA37 Division of Regulatory Services ProCard			7/25/2022
		2022 RA33 Department of Horticulture ProCard			7/28/2022
		2022 RA28 International Center ProCard			9/15/2022
		2022 RA30 Department of Chemistry ProCard			9/22/2022

COMPLETED REVIEWS FY 2022-23 Q1

Project		Name	General Objective	Project Conclusion	
Audit Service	Work Prioritization	Audit Number and Title	Engagement Purpose	Risk Areas Identified	Distribution Date
Repetitive Audits (RA)	<ul style="list-style-type: none"> Academic units Procurement 	2022 RA32 Department of Anthropology ProCard	Evaluate the procurement card process university-wide for associated weaknesses.	<ul style="list-style-type: none"> Operations Compliance Fiscal stewardship 	9/22/2022
		2022 RA36 Department of Psychology ProCard			9/22/2022
		2022 RA20 College of Education ProCard			9/29/2022
Inquiries/ Investigations	<ul style="list-style-type: none"> Unplanned activity (Comply line) 	2022 INQ17 Patient Transport STEPS Employees	Document a financial loss determination for student-athletes who were compensated as regular UKHC employees.	<ul style="list-style-type: none"> Compensation Regulatory compliance Fiscal stewardship 	7/13/2022

COMPLETED REVIEWS FY 2022-23 Q1

Project		Name	Project Conclusion			
Audit Service	Work Prioritization	Audit Number and Title	Engagement Purpose	Remediation Score	Unresolved Concerns	Distribution Date
Follow-up Reviews (FR)	<ul style="list-style-type: none"> Academic units Web applications 	2022 FR07 College of Health Sciences Web Application Security Follow-up	Verify remediation activities related to prior review.	58	<ul style="list-style-type: none"> Privileged accounts Outdated/unpatched vulnerabilities, Inadequate web application policies and procedures related to roles, access control and deprovisioning. 	8/16/2022
	<ul style="list-style-type: none"> Academic units Procurement Repetitive audits 	2023 FR05 Gatton College of Business and Economics ProCard Follow-up	Verify remediation activities related to prior review.	100	N/A	9/29/2022

COMPLETED OR CLOSED INQUIRIES/INVESTIGATIONS FY 2022-23 Q1

Name	General Objective	Project Conclusion	
Audit Number	Engagement Purpose	Risk Areas Identified	Closed/ Distribution Date
2023 INQ01	Inquiry into compensation method	N/A	Closed
2023 INQ05	Inquiry into grants management	N/A	Closed
2021 FR01	Follow-up on inquiry into contract compliance	N/A	Closed

WORK PRIORITIZATION METRIC – COMPLETED REVIEWS ONLY

Project Counts Accrued During First Quarter of FY 2022-23

Processes		Units		Information Systems	
Type	Project Count	Name	Project Count	Type	Project Count
Asset Management		Academics	13	Governance	1
Employee Lifecycle	1	Athletics	1	Cybersecurity Operations	1
Endowments and Gift Accounting		Research Centers	1	Data Centers	
Export Controls		UK HealthCare Services	1		
Fringe Benefits					
Student Aid	2				
Procurement	13				
Travel					
UK HealthCare Revenue Cycle					

* Work prioritization carried over from the prior fiscal year.

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 management objectives.



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