

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

Joe Reed, Chief Accountability Officer and Audit Executive



AN EQUAL OPPORTUNITY UNIVERSITY

UK INTERNAL AUDIT FY 2023-24 Q1 ACTIVITY UPDATE

Joe Reed, Chief Accountability Officer and Audit Executive

ACTIVE REVIEWS

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	

ASSURANCE ACTIVITIES – ACTIVE REVIEWS FY 2023-24 Q1

Project		Name	UKIA 20 Business Risk Components	General Objective
Audit Service	Work Prioritization	Audit Number* and Title	Top Three Risk Components	Engagement Purpose
Comprehensive Reviews (CC or MC) *MC refers to UK HealthCare reviews; CC refers to campus reviews	Unit: Academic	2020 CC01 J. David Rosenberg College of Law	12 16 17	Validate the appropriateness of operational and financial administrative activities; expanded scope
		2020 CC05 College of Public Health	3 6 12	Evaluate operational efficiency, financial integrity, information security, regulatory adherence and the strategic alignment of the college; expanded scope
		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

ASSURANCE ACTIVITIES – ACTIVE REVIEWS FY 2023-24 Q1

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Repetitive Audits (RA)	• Process: Procurement	2023 RA09 Vice President of Research Procard	7 9 15	Evaluate university-wide procurement card process for associated weaknesses
		2023 RA10 Student Success Procard		
	• Process: Procurement cards	2024 RA03 Trauma and Acute Care Surgery Procard		
		2024 RA04 College of Medicine Procard		
	• Process: Student financial aid (SFA)	2024 RA02 SFA Verification	6 13 20	Student Forms application workflow efficiency and data integrity, and effectiveness and timeliness of the communication processes
	• Process: Asset management	2024 RA01 College of Fine Arts Asset Management	7 9	Assess internal controls surrounding capital and non-capital asset management
2024 RA05 College of Medicine Asset Verification		15		

ASSURANCE ACTIVITIES – ACTIVE REVIEWS FY 2023-24 Q1

Project		Name	UKIA 20 Business Risk Components	General Objective
Audit Service	Work Prioritization	Audit Number* and Title	Top Three Risk Components	Engagement Purpose
Follow-up Reviews (FR)	<ul style="list-style-type: none"> Follow-up: Comprehensive review Process: Sponsored projects Unit: Academic 	2020 FR04 College of Public Health Grants Review Follow-up*	6 8 12	Verify remediation activities related to observations from original grants review
	<ul style="list-style-type: none"> Follow-ups: Comprehensive review 	2023 FR13 Ryan White Follow-up	6 8 15	Verify remediation activities related to prior review
	<ul style="list-style-type: none"> Follow-up: Repetitive audits Process: Procurement cards 	2024 FR01 College of Fine Arts Procard Follow-up	9 15 20	Verify remediation activities related to prior review

* This project was merged with 2020 CC05 College of Public Health Comprehensive Review.

ASSURANCE ACTIVITIES – ACTIVE REVIEWS FY 2023-24 Q1

Audit Service	Audit Number	Concern Category
Inquiries/ Investigations (INQ)	2023 INQ14	• Conflicts of Interest
	2023 INQ20	• Conflicts of Interest
	2023 INQ21	• Asset misappropriation
	2024 INQ01	• Contract adherence
	2024 INQ02	• Compensation
	2024 INQ03	• Asset misappropriation

Audit Service	Audit Number	Concern Category	# of Exceptions Being Validated as of 11/1/2023
Data Analytics (DA)	9999 DA01 Employee Vendor Match	• Policy violation	9
Inquiries/ Investigations (INQ)	9999 INQ01 Employee Vendor Payments and Protocols	• Asset misappropriation and conflicts of interest	9

ADVISORY ACTIVITIES -- ACTIVE REVIEWS FY 2023-24 Q1

Project	Name	UKIA 20 Business Risk Components	General Objective
Audit Service	Audit Number and Title	Top Three Risk Components	Engagement Purpose*
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
	2024 CP03 College of Social Work Purchase Request Process	9 15 20	Provide advisory services regarding the College of Social Work's new purchase request procedures for proper internal controls and compliance with university policies and procedures
	2024 CP02 College of Dentistry Clinical Revenue	5 8 15	Provide advisory services to College of Dentistry clinical operations regarding the revenue cycle
	2024 CP04 Amazon Business	6 15 18	Evaluate current and proposed processes for handling protected health information related to Amazon Business purchases

*Agreed-upon procedures

ADVISORY ACTIVITIES -- ACTIVE PARTNERSHIPS FY 2023-24 Q1

Project Name	Partner	Engagement Purpose
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
Business Procedures Manual 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
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.
Willed Body Program	<ul style="list-style-type: none"> Office of the Provost 	Ensure 100% compliance for program requirements and policies
Conflicts of Interest	<ul style="list-style-type: none"> Office of Legal Counsel University Financial Services 	Update conflict of Interest policies, processes and systems
EDC Compliance (Electronic Records and Signatures)	<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
Records Management	<ul style="list-style-type: none"> UK HealthCare UK Libraries Information Technology Services 	Update the records management program for the enterprise

ACTIVE REVIEWS FY 2023-24 Q1 – SUMMATION

Current Activities Summation (32)

Audit Category	Audit Service	Activity Purpose	Activity
Assurance	Comprehensive review	Verify financial reporting integrity, regulatory compliance and operational effectiveness	3
	IT reviews (Stand-alone)	Independent IT reviews to verify information security	0*
	Repetitive reviews	Provide reasonable assurance for high risk areas	7
	Follow-up	Verify resolution	3
	Data analytic	Proactive review of exceptions	1
	Inquires /Investigations	Evaluation of improper activity	7
Total			21
Advisory	Consultations	Provide counsel and advice	4
	Partnerships	Collaboration to improve communication and provide guidance that support and promote reasonable assurance	7
	Training	Share lessons learned	0
Total			11

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

COMPLETED REVIEWS

FY 2023-24 Work Prioritization

Processes

Asset management

Business continuity

Conflicts of interest

Contract management

Export controls

Pharmacy services

Procurement cards

Student aid

Student fees

Medical revenue cycle

Information systems

Data centers

Deprovisioning

Electronic discovery

Enterprise applications

Units

Athletics

Ancillary units

Transportation services

Inquiries

- Comply line calls
- Direct reports (first-hand accounts)
- UKIA website reporting 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 2022-23.

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

ASSURANCE ACTIVITIES – COMPLETED REVIEWS FY 2023-24 Q1

Project		Name	General Objective	Project Conclusion	
Audit Service	Work Prioritization	Audit Number and Title	Engagement Purpose	Risk Areas Identified	Distribution to Client
Comprehensive (CC)	<ul style="list-style-type: none"> Unit: Academic 	2022 CC02 The Graduate School Comprehensive	Validate the appropriateness of operational and financial administrative activities.	<ul style="list-style-type: none"> Governance Financial operations Information security 	8/24/2023
Repetitive Audits (RA)	<ul style="list-style-type: none"> Follow-up: Repetitive audits Process: Procurement Unit: Academic 	2023 RA03 Environmental Health and Safety Procard a) Environmental Health and Safety b) Transportation c) UK Police	Evaluate procurement card process university-wide for associated weaknesses	<ul style="list-style-type: none"> Initiating Purchasing Editing Reconciling 	8/28/2023
	<ul style="list-style-type: none"> Process: Asset management Unit: Academic 	2023 RA08 College of Nursing Asset Verification	Assess internal controls surrounding capital and non-capital asset management	<ul style="list-style-type: none"> Equipment maintenance Tracking Disposition of assets Theft Data breach 	7/27/2023
		2023 RA07 College of Engineering Asset Verification		<ul style="list-style-type: none"> Equipment maintenance Tracking Theft Data breach 	8/21/2023

ASSURANCE ACTIVITIES – COMPLETED REVIEWS FY 2023-24 Q1

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-up: Repetitive audits Process: Procurement Unit: Academic 	2023 FR11 College of Nursing Procard Follow-up	Verify remediation activities related to prior review	<ul style="list-style-type: none"> Auto-approvals Timeliness of expense reports 	7/27/2023
		2023 FR10 College of Engineering Procard Follow-up		<ul style="list-style-type: none"> Auto-approvals Reconciling Editing 	8/10/2023
	<ul style="list-style-type: none"> Follow-up: Comprehensive reviews 	2023 FR14 KADAP Follow-up		<ul style="list-style-type: none"> Account provisioning Printer credentials 	8/11/2023

ADVISORY ACTIVITIES – COMPLETED REVIEWS FY 2023-24 Q1

Project	Name	General Objective	Project Conclusion	
Audit Service	Audit Number and Title	Engagement Purpose	Risk Areas Identified	Distribution to Client*
Consultations (CP)	2023 CP07 Smart Campus Initiative iPad Storage	Assess the efficiency and effectiveness of controls and processes employed by the Smart Campus Initiative for the storage and distribution of iPads to new students.	<ul style="list-style-type: none"> Operational effectiveness Segregation of duties 	Distributed: 7/31/2023
	2023 CP04 UKHC Cost Savings (Benefit Confirmation Committee)	To review and evaluate both estimates and actual savings presented at UKHC's monthly Benefits Confirmation meetings.	<ul style="list-style-type: none"> Fiscal stewardship 	Closed: 7/11/2023

*Consultations are not distributed to the Audit and Compliance Committee.

FY 2023-24 Q1 WORK PRIORITIZATION METRIC – COMPLETED ACTIVITY ONLY

Projects Counts Accrued During FY 2021-22

Processes		Units		Information Systems	
Type	Project Count	Name	Project Count	Type	Project Count
Asset Management	4	Athletics		Data Centers	
Business Continuity	1	Ancillary Units		Deprovisioning	2
Conflicts of Interest		Transportation Services		Electronic Discovery	
Contract Management	1			Enterprise Applications	1
Export Controls					
Pharmacy Services	1				
Procurement Cards	6				
Student Aid	1				
Student Fees	1				
Medical Revenue Cycle					

BOLD items denote carry 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 institutional objectives.



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