

# UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

Joe Reed, Chief Accountability Officer and Audit Executive



# **UK INTERNAL AUDIT (UKIA) AND ACCOUNTABILITY OFFICE FY 2024-25 ANNUAL REPORT**

## FY 2024-25 highlights

- Achievements
- Performance Measures
- Accountability Office



## Achievements

### Growth Through Shared Knowledge

- 2025 Kentucky College and University Auditors Meeting
- Lessons Learned



### 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 entries to field presentation topics 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.



## Achievements

### Collaborating for Assurance

- College Business Management Institute
- Conflicts of interest and commitment program update

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### 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.

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>Information Technology Services, Office of Technology Commercialization, Office of Faculty Advancement, Office of the Executive Vice President for Finance and Administration, Procurement Services, UK Cooperative Extension Services, University Financial Services and UKIA.



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

#### 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

## Achievements

### Expanded Risk Mitigation

- New assurance activity
  - Artificial Intelligence (AI) Audit Program
  - Business Continuity Repetitive Audit Program
- Expanded data analytics activity
  - Employee vendor match
  - Software acquisition (new)
  - Fictitious employees (new)

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### 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

### Supporting Our Students

- Expanded student program
- Internship to staff pipeline

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### 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.

## Achievements

### Supporting Our People

- Powers Jones Award
- Workplace culture

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### 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.





# Performance Measures

Metric one: audit duration  
112% (goal: ≤100%)

Service type	Project count	Budgeted hours	Actual hours	Percentage 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%
Information technology 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%

# Performance Measures

## Metric two: productivity

- Manager Productive Time (Goal: 65%)



- Audit Staff Productive Time (Goal: 75%)



**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:**  
Activities critical to internal departmental operations, such as strategic planning, hiring/interviewing, general administrative procedures and professional development.

# Performance Measures

## Metric three: audit coverage

82.4% (Goal: 100%)

- 14 of 17 work priorities covered by at least one project
- Concentrations in:
  - Contract management (eight projects)
  - Procurement cards (six projects)
  - Enterprise applications (six projects)
- Five investigations completed

### 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

  
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

## Performance Measures

Metric four: Stakeholder Outreach and Partnerships  
Eight partnerships (Goal: Two per quarter)

UKIA's partnerships enable critical information to be exchanged and concerns to be addressed appropriately and expediently.

- UKIA expended **448 hours** engaged in stakeholder outreach in FY 2024-25.
- These meetings were made possible through **eight partnerships**, achieving UKIA's goal of two per quarter, including three new partnerships:
  - UK Human Resources
  - Information Technology Services
  - Institutional Research, Analytics and Decision Support

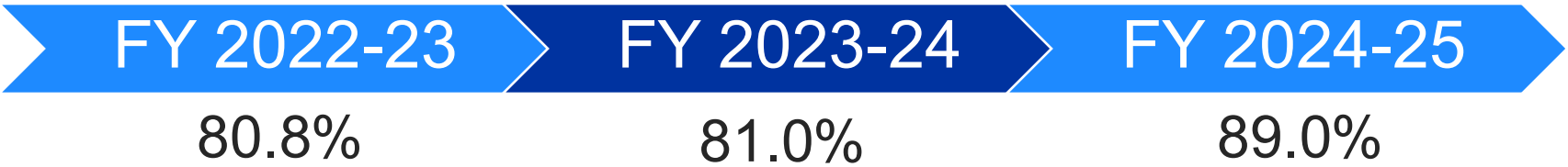


# Performance Measures

## Metric five: remediation

89% (goal: 100%)

In FY 2024-25, UKIA completed five follow-up reviews with an average remediation score for the University of **89%**, eight percent higher than the remediation score in FY 2023-24 (81%). This score demonstrates the impact of UKIA’s activity in mitigating risk across the enterprise and providing reasonable assurance for the University.



# Performance Measures

## Metric six: client satisfaction

### Audit Client Satisfaction

3.7/5.0 (goal: 5.0)

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

### Lessons Learned

4.2/5.0 (goal: 5.0)

- Three “Lessons Learned” sessions were held:
  - Policy hierarchy (score: 3.8)
  - International travel (score: 3.9)
  - Worker classification (score: 4.5)
- 97% of respondents said they were likely to attend future “Lessons Learned” events.

## Accountability Services

### Accountability Office

- 1,536 hours expended on Accountability projects
- Four projects engaged in FY 2024-25:
  - International travel
  - Willard Body Program
  - Capital construction
  - Motor vehicle records

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### 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

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

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

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

#### 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

#### Accountability Results

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

#### Vehicle Records

Employees whose jobs include driving duties as designated in Analysis Questionnaire had to submit a Motor Vehicle Records (MVR) Release Form to UK Risk Management. The Accountability Office conducted an ongoing review of MVR form completion.

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.

#### Capital Construction

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

expenses due to the of projects occurring enterprise. The to assess the and effectiveness of h the planning, design phases.

ntability team has a risk profile for sity's construction d identified the k individual projects.

1,536 hours expended on accountability projects in FY 2024-25.

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# 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.*



AN EQUAL OPPORTUNITY UNIVERSITY