

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

Joe Reed, Chief Accountability Officer and Audit Executive



AN EQUAL OPPORTUNITY UNIVERSITY

UKIA FY 2025-26 PROPOSED WORK PRIORITIES

UK INTERNAL AUDIT'S (UKIA) STANDARDS AND GUIDANCE

Work Prioritization is Required per Industry Standards

The chief audit executive must create an internal audit plan that supports the achievement of the organization's objectives.

*- The Institute of Internal Auditors (IIA)
Global Internal Audit Standards*

Per Standard 9.4, the internal audit work plan must:

- Consider the internal audit mandate and the full range of agreed-to internal audit services.
- Specify internal audit services that support the evaluation and improvement of the organization's governance, risk management and control processes.
- Consider coverage of information technology governance, fraud risk, the effectiveness of the organization's compliance and ethics programs and other high-risk areas.
- Identify the necessary human, financial, and technological resources necessary to complete the plan.
- Be dynamic and updated timely in response to changes in the organization's business, risks operations, programs, systems, controls and organizational culture.

The plan and significant changes to the plan must be approved by the Board.

Work Prioritization is Required per Governing Documents

Audit and Compliance Committee Charter

General Responsibilities for
Internal Audit

“The Audit and Compliance Committee will... review the UKIA budget and approve the UKIA Work Prioritization Plan.”

UK Internal Audit Charter Responsibilities of Internal Audit

“2. At least annually, UKIA will submit its risk-based, dynamic Work Plan to the ACC for review and approval; any significant interim changes will also be submitted.”

FY 2024-25 Work Prioritization

Processes

Business continuity

Contract management

Enrollment management

Institutional compliance

Medical revenue cycle

Planning, design and
construction

Procurement card

Records management

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

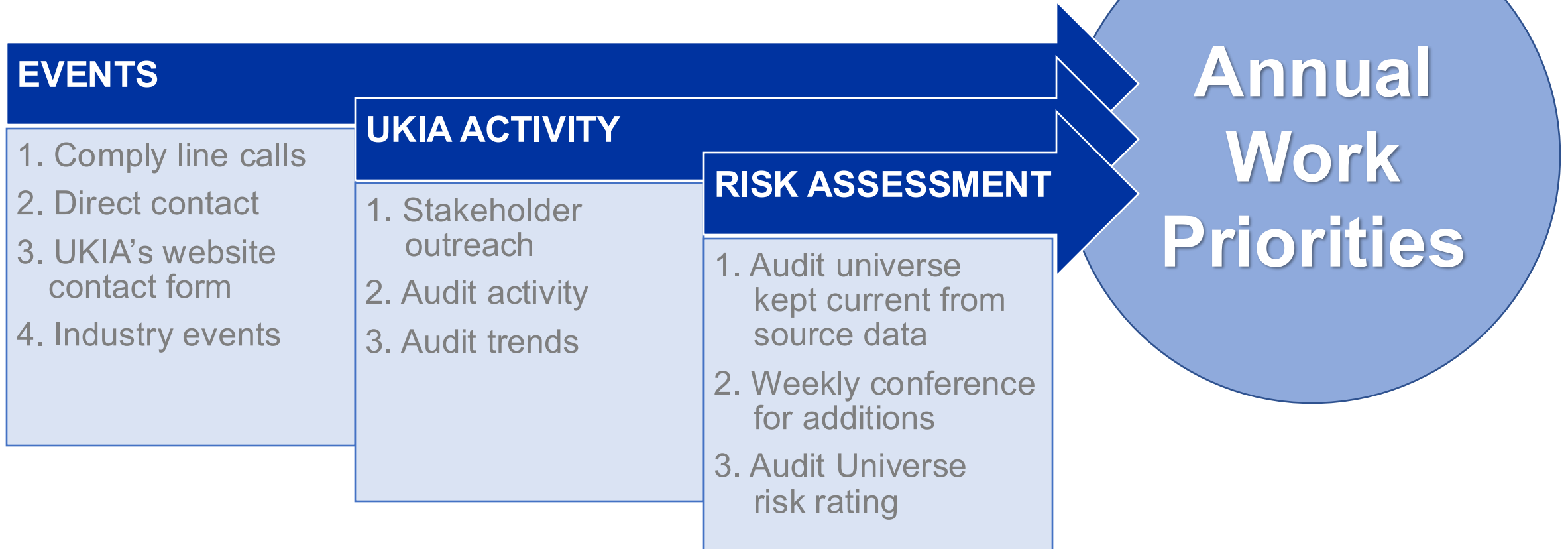
- Committee membership
- Partnerships
- Task force participation
- Consultations

UKIA FY 2025-26 WORK PRIORITIES

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	

Methodology for UKIA's Work Priorities



DEVELOPMENT OF WORK PRIORITIES

Categorization of UKIA's Work Priorities



DEVELOPMENT OF WORK PRIORITIES

FY 2025-26 Work Priority 1: Processes

Process	General Description	Inherent Risk	Information Source*
Business Continuity	Capability to maintain or resume critical operations during and after disruptions	<ul style="list-style-type: none">• Business downtime• Customer service	Previous UKIA reviews
Contract Management	Agreements to provide a service and/or product from initiation through renewals	<ul style="list-style-type: none">• Procurement• Contract compliance	Previous UKIA reviews
Drug Diversion	Inventory controls and diversion protocols for medication/drugs	<ul style="list-style-type: none">• Regulatory adherence• Loss of resources	<ul style="list-style-type: none">• Industry events• Previous UKIA reviews
Health Care Operations	Management of clinics and departments	Efficiency and effectiveness	<ul style="list-style-type: none">• Partnerships• Executive orders
Information Security Management	Confidentiality, integrity and availability of information	Data security	Previous UKIA reviews
Labor and Compensation Compliance	Federal and state wage and hourly compensation regulations	Regulatory compliance	Previous UKIA reviews
Medical Revenue Cycle Management	Patient financial experience, clinical revenue management and billings/enterprise cash management	<ul style="list-style-type: none">• Loss of revenue• Inaccurate billing	<ul style="list-style-type: none">• Previous UKIA reviews• Process complexity
Planning, Design and Construction	Capital project contract and change order reviews	<ul style="list-style-type: none">• Cost overrun• Conflicts of interest	Previous UKIA reviews
University Compliance**	Units'/departments' obligations to University policies	Policy adherence	Previous UKIA reviews

*Source data from UKIA audit universe

**Handled by the Office of Accountability

Proposed FY 2025-26 Work Priorities

1. Processes

- Business Continuity
- Contract Management
- Drug Diversion
- Health Care Operations
- Information Security Management
- Labor and Compensation Compliance
- Medical Revenue Cycle Management
- Planning, Design and Construction
- University Compliance**
- Follow-up Reviews

2. Units

3. Information Systems

4. Continuous/Unplanned Activities

**Handled by the Accountability Office

DEVELOPMENT OF WORK PRIORITIES

FY 2025-26 Work Priority 2: Units

Unit	General Description	Inherent Risk	Information Source*
Academic Colleges	Divisions which have academia as primary responsibility	<ul style="list-style-type: none">Regulatory adherenceSouthern Association of Colleges and Schools Commission on CollegesFinancial health	<ul style="list-style-type: none">Previous UKIA reviewsPolitical environment
Ambulatory Clinics	Patient care facilities operating as full-service facilities	<ul style="list-style-type: none">Operational inefficienciesPatient care disruptionsRegulatory adherence	<ul style="list-style-type: none">Previous UKIA reviews
Externally funded academic centers	Self-funded service centers reporting to academic colleges	<ul style="list-style-type: none">Financial healthUniversity compliance	<ul style="list-style-type: none">Previous UKIA reviews
Research Programs and Centers	Programs and centers that support and facilitate research activities	<ul style="list-style-type: none">GovernanceRegulatory adherence	<ul style="list-style-type: none">Previous UKIA reviewsPolitical environment
Student Financial Aid and Scholarships	Financial aid program administration	<ul style="list-style-type: none">Loss of fundingRegulatory adherence	<ul style="list-style-type: none">Regulatory environmentPrevious UKIA reviews

*Source data from UKIA audit universe

Proposed FY 2025-26 Work Priorities

1. Processes

2. Units

- Academic Colleges
- Ambulatory Clinics
- Externally funded Academic Centers
- Research Programs and Centers
- Student Financial Aid and Scholarships
- Follow-up Reviews

3. Information Systems

4. Continuous/Unplanned Activities

FY 2025-26 Work Priority 3: Information Systems

Information System	General Description	Inherent Risk	Information Source*
Artificial Intelligence	Technologies that simulate human abilities in data analysis, pattern recognition and informed decision-making	<ul style="list-style-type: none"> • Governance • Uncontrolled deployment 	<ul style="list-style-type: none"> • Recent events • Partnerships
Data Centers	Facilities that securely host critical IT systems, enabling data storage, processing and service delivery	<ul style="list-style-type: none"> • Information security • Infrastructure strain 	<ul style="list-style-type: none"> • Enterprise growth • Previous UKIA activity
Disaster Recovery	Processes and technologies used to restore IT systems and data access after a disruption	<ul style="list-style-type: none"> • Business continuity • Downtime impact 	<ul style="list-style-type: none"> • Recent events • Previous UKIA activity
Electronic Discovery	Identification, collection and production of electronically stored information for legal or regulatory purposes	<ul style="list-style-type: none"> • Governance • Chain of custody • Legal exposure 	<ul style="list-style-type: none"> • Previous UKIA activity
Enterprise Applications	Institution-wide systems that unify and manage operations across departments	<ul style="list-style-type: none"> • System modernization/migration • Data and process integration 	<ul style="list-style-type: none"> • Previous UKIA activity • Recent events • Partnerships
Unit Applications	Applications used at the unit or department level to perform specific tasks and meet local operational needs	<ul style="list-style-type: none"> • Data silos • Risk visibility • Vendor dependence 	<ul style="list-style-type: none"> • Previous UKIA activity • Partnerships

*Source data from UKIA audit universe

Proposed FY 2025-26 Work Priorities

1. Processes

2. Units

3. Information Systems

- Artificial Intelligence
- Data Centers
- Disaster Recovery
- Electronic Discovery
- Enterprise Applications
- Unit Applications
- Follow-up Reviews

4. Continuous/Unplanned Activities

FY 2025-26 Work Priority 4: Continuous/Unplanned Activities

Category	General Description	Inherent Risk	Information Source*
Inquiries and Investigations	Reviews conducted in response to an allegation and/or exception noted during fraudulent transaction testing	<ul style="list-style-type: none">Asset misappropriationConflicts of interest	<ul style="list-style-type: none">Comply line callsDirect contactUKIA's website contact formAudit activity
Consultations	Reviews conducted at client's request, or recommended service type for newly created initiative, application or process	<ul style="list-style-type: none">Operational efficiency and effectivenessStrategic alignment	<ul style="list-style-type: none">Direct reports
Stakeholder Outreach	Partnerships and collaboration with University leaders or process owners to provide insights related to internal controls	<ul style="list-style-type: none">Strategic alignmentRegulatory adherence	<ul style="list-style-type: none">Direct reports

*Source data from UKIA audit universe

Actual hours for Work Priority 4 for the last three fiscal years are shown below:

Continuous/Unplanned Activities	FY 2023	FY 2024	FY 2025**
Actual Hours	5,165	5,336	4,619

**FY 2025-26 through April 30, 2025

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Proposed FY 2025-26 Work Priorities

1. Processes

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- Health Care Operations
- Information Security Management
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- Planning, Design and Construction
- University Compliance**
- Follow-up Reviews

2. Units

- Academic Colleges
- Ambulatory Clinics
- Externally funded Academic Centers
- Research Programs and Centers
- Student Financial Aid and Scholarships
- Follow-up Reviews

3. Information Systems

- Artificial Intelligence
- Data Centers
- Disaster Recovery
- Electronic Discovery
- Enterprise Applications
- Unit Applications
- Follow-up Reviews

4. Continuous/Unplanned Activities

- Inquiries/Investigations
- Consultations
- Stakeholder Outreach

**Handled by the Accountability Office

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