

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

Joe Reed, Chief Accountability Officer and Audit Executive



AN EQUAL OPPORTUNITY UNIVERSITY

UK INTERNAL AUDIT FY 2024-25 PRIORITIES

Amended FY 2024-25 Work Priorities

Processes

Business continuity

Contract management

Enrollment management

Institutional compliance

Medical revenue cycle

Planning, design and construction

Procurement card

Records management

Non-exempt overtime compensation

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

UK INTERNAL AUDIT FY 2024-25 PRIORITIES

UKIA Business Risk Factor Components

Business Risk Factor		Definition/Measurement	Risk Components	
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	Workplace Control Environment	Workplace culture and practices	15. Operational 16. Event Identification	17. Key Position Turnover Rate
6	Information Technology (IT) Control Environment	IT culture and practices	18. Information System (IS) Applications 19. Data Centers	
7	Management Requests	Review request made by university management	20. Management Requests	

FY 2024-25 ENTERPRISE-WIDE ACTIVITY

Active Enterprise-wide Assurance Reviews FY 2024-25 Q3

Project		Name	UKIA Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number and Title	Top Three Risk Components	Engagement Purpose	Phase
Comprehensive Reviews (CC)	<ul style="list-style-type: none"> <i>Process:</i> Export Controls 	2024 CC01 Export Controls	6 14 15	Evaluate export control procedures for proper internal controls and compliance with federal, state and university policies and procedures.	Reporting
	<ul style="list-style-type: none"> <i>Process:</i> Business Continuity <i>Unit:</i> Transportation Services 	2024 CC02 Transportation Services	2 4 6	Evaluate services offered and revenue generated by Transportation Services.	
	<ul style="list-style-type: none"> <i>Units:</i> Academic Units 	2025 CC01 College of Nursing	4 15 16	Evaluate the governance, operations and fiscal responsibilities of the college.	Planning
Information Technology (IT)	<ul style="list-style-type: none"> <i>Processes:</i> Business Continuity; Regulatory Compliance <i>Information Systems:</i> Data Centers, Governance 	2025 IT01 Enterprise Data Centers	12 15 19	Evaluate enterprise data centers, including governance, structures, physical and environmental security and change management processes.	Fieldwork

Active Data Analytics Reviews FY 2024-25 Q3

General Objectives	Project		UKIA Risk Components	Results	
	Audit Name	Work Prioritization	Top Three Risk Components	Concern Category	# of Exceptions
	9999 DA01 Employee Vendor Match	<ul style="list-style-type: none">• <i>Process:</i> Conflicts of Interest• <i>Process:</i> Contract Management• <i>Ongoing Activity:</i> Partnerships	3 15 16	Policy violations	7 ¹
				Missing documentation	
				Potential asset misappropriation	
				Conflicts of interest	
	9999 DA02 Supplemental Software applications	<ul style="list-style-type: none">• <i>Process:</i> Procurement Card• <i>Application:</i> Unit application• <i>Data Analytics</i>	9 11 18	Policy violations	TBD
				Missing documentation	
	9999DA03 Fictitious Employee Identification ²	<ul style="list-style-type: none">• <i>Process:</i> Records Management• <i>Data Analytics</i>	6 15 16	Asset misappropriation	

¹ Remaining exceptions to validate from data set 5 dated 5/9/2024-7/19/2024

² UKIA is currently determining the best sources of data to validate employment status

Active Enterprise-wide Assurance Reviews FY 2024-25 Q3

Audit Service	Information Source*	Audit Number	Concern Category
Inquiries/ Investigations (INQ)	Direct Contact	2024 INQ07	Asset misappropriation
		2024 INQ11	Conflict of interest
	Comply Line	2025 INQ01	Asset misappropriation
		2025 INQ02	
	Direct Contact	2025 INQ03	Contract compliance
		2025 INQ04	Conflict of interest
		2025 INQ05	Information security, regulatory compliance

*The four types of information sources are: (1) Direct Contact, (2) Comply Line, (3) UKIA’s Website Contact Form or (4) Audit Activity

Active Consultative Reviews FY 2024-25 Q3

Project	Name	UKIA Risk Components	General Objective	
Audit Service	Audit Number and Title	Top Three Risk Components	Engagement Purpose (Agreed-upon procedures)	Phase
Consultations (CP)	2025 CP01JBBI Business Plan	5 8 15	Provide advisory support in the areas of asset protection and quality assurance, regulatory compliance, operational efficiency and strategic planning.	Fieldwork
	2024 CP02 College of Dentistry Clinical Revenue	5 8 15	Provide advisory services to College of Dentistry clinical operations regarding the revenue cycle.	Fieldwork

FY 2024-2025 ENTERPRISE-WIDE ACTIVITY

Active Enterprise-wide Partnerships FY 2024-225

■ Enterprise
 ■ Research
 ■ Health Care

Name		Partner(s)	Engagement Purpose	Impact		
				E	R	H
1	Area Fiscal Officers (AFOs)	<ul style="list-style-type: none"> University Budget Office 	Communicate trends stemming from UKIA activities related to AFOs' area of responsibility.	✓	✓	✓
2	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.			✓
3	Card Integrity	<ul style="list-style-type: none"> Procurement Services 	Evaluate policy adherence and reduce improper purchases.	✓	✓	✓
4	Cybersecurity and Privacy	<ul style="list-style-type: none"> UK ITS Cybersecurity UK ITS Compliance and Privacy 	Align and prioritize risk areas through regular collaboration and proactive information sharing. Track and monitor remediation activities related to cybersecurity vulnerabilities and compliance gaps noted in UKIA activities.	✓		✓
5	Employee Vendor Payments and Protocols	<ul style="list-style-type: none"> University Financial Services Procurement Services Human Resources Information Technology Services Office of the Provost 	Communicate trends stemming from UKIA analytics regarding conflicts of interest, misappropriation and fictitious employees.	✓	✓	✓
6	Enterprise Data Access	<ul style="list-style-type: none"> Institutional Research, Analytics and Decision Support (IRADS) 	Inform UKIA data analytics development, ensure appropriate UKIA access to enterprise data and share requirements to support effective visualization and reporting.	✓	✓	✓
7	Finance and Administration Specialized Training	<ul style="list-style-type: none"> Finance and Administration 	Advise on web-based training courses to strengthen business and financial operations across the enterprise.	✓	✓	✓
8	Human Resources	<ul style="list-style-type: none"> UK Human Resources 	Communicate trends related to Human Resources' processes.	✓	✓	✓

Completed Enterprise-wide Assurance Reviews FY 2024-25 Q3

Project		Name	General Objective	Project Conclusion	
Audit Service	Work Prioritization	Audit Number and Title	Engagement Purpose	Risk Areas Identified	Final Distribution to Client
Comprehensive Reviews (CC)	• <i>Unit: Academics*</i>	2023 CC01 College of Communication and Information	Evaluate operational efficiency, financial integrity, information security, regulatory adherence and strategic alignment of the college	<ul style="list-style-type: none"> • Business procedures • Fund management • System lifecycle management and maintenance protocols • Business continuity • Internal communication 	3/13/2025
Inquiries (INQ)	• <i>Unplanned Activities: Inquiries</i>	2025 INQ07	Substantiate allegations pertaining to university obligations for a sponsored project	<ul style="list-style-type: none"> • Communication and information flow 	Closed 3/31/2025

* Work Prioritization from FY 2023-24

Bold Audit Number and Title indicates that the report was distributed to the ACC.

HEALTH CARE ACTIVITY

Active Health Care Assurance Reviews FY 2024-25 Q3

Project		Name	UKIA Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number and Title	Top Three Risk Components	Engagement Purpose	Phase
Comprehensive Reviews (MC/CC)	<ul style="list-style-type: none"> <i>Process:</i> Pharmacy Services* 	2024 MC01 UKHC 340B	6 11 15	Evaluate the information security and regulatory adherence of the UKHC 340B Program.	Reporting
	<ul style="list-style-type: none"> <i>Information Systems:</i> Enterprise applications <i>Units:</i> UK HealthCare 	2025 MC01 HIPAA Right of Access	2 6 15	Evaluate information security and compliance with HIPAA regulations.	Fieldwork
	<ul style="list-style-type: none"> <i>Units:</i> Academic Units 	2025 CC01 College of Nursing	4 15 16	Evaluate the governance, operations and fiscal responsibilities of the college.	Planning
Follow-up Reviews (FR)	<ul style="list-style-type: none"> <i>Follow-ups:</i> Repetitive Audits 	2025FR01 College of Medicine wRVU	6 15 16	Verify remediation activities related to the prior review and validation of the wRVU calculation	Planning

* Work Prioritization from FY 2023-24

Active Health Care Assurance Reviews FY 2024-25 Q3

Project		Name	UKIA Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number and Title	Top Three Risk Components	Engagement Purpose	Phase
Information Technology (IT)	<ul style="list-style-type: none">Processes: Business Continuity, Regulatory ComplianceInformation Systems: Data Centers, Governance	2025 IT01 Enterprise Data Centers	12 15 19	Evaluate health care enterprise data centers, including governance, structures, physical and environmental security and change management processes.	Fieldwork
Assessments (AS)	<ul style="list-style-type: none">Process: Health care revenue lifecycle	2025 AS01 UKHC Revenue Cycle	6 9 11	Identify and document processes and potential risks in the UKHC revenue cycle to establish a health care work prioritization plan.	Planning

* Work Prioritization from FY 2023-24

Completed Health Care Reviews FY 2024-25 Q3

Project		Name	General Objective	Project Conclusion	
Audit Service	Work Prioritization	Audit Number and Title	Engagement Purpose	Risk Areas Identified	Distribution to Client
Comprehensive (MC)	<ul style="list-style-type: none"> <i>Processes:</i> Pharmacy Services* 	2024 MC01 UKHC 340B (UK King's Daughters)	Evaluate operational efficiency, financial integrity, information security and regulatory adherence of the 340B Program.	<ul style="list-style-type: none"> Monitoring and oversight Regulatory compliance Vendor management 	2/24/2025
Repetitive Audits (RA)	<ul style="list-style-type: none"> <i>Processes:</i> Non-exempt overtime compensation 	2025 RA01 Respiratory — Non-exempt Overtime Compensation	Review for compliance with FLSA standards and Kentucky statutes for timekeeping and monitoring for breaks and lunches.	<ul style="list-style-type: none"> Timekeeping practices Time recording Regulatory compliance 	2/13/2025
		2025 RA05 Chandler Retail Pharmacy — Non-exempt Overtime Compensation			2/13/2025
Consultation (CP)	<ul style="list-style-type: none"> <i>Unplanned Activities:</i> Consultations 	2024 CP01 College of Pharmacy CPE Service Center	Provide advisory services to College of Pharmacy regarding the creation of the College of Pharmacy CPE Service Center.	<ul style="list-style-type: none"> Opportunities were communicated to the client 	3/10/2024

* Work Prioritization from FY 2023-24

Bold Audit Number and Title indicates that the report was distributed to the ACC.

SUMMARY OF PROGRESS

SUMMARY OF PROGRESS

Active Reviews FY 2024-25 Q1 and Q2 Summation

Current Activities Summation (28)

Audit Category	Audit Service	Activity Purpose	Activity	
			Q1 and Q2	Q3
Assurance	Comprehensive review	Verify financial reporting integrity, regulatory compliance and operational effectiveness	5	5
	IT reviews (standalone)	Independent IT reviews to verify information security	1	1
	Repetitive reviews	Provide reasonable assurance for high-risk areas	1	0
	Follow-up*	Verify resolution	0	1
	Data analytics	Continuous evaluations of data	3	3
	Inquiries/Investigations	Evaluate improper activity and calculate associated losses	9	7
	Assessments	Evaluation of processes and technology to determine risk and inform our Work Prioritization Plan	1	0
Total			20	17
Advisory	Consultations	Provide counsel and advice	2	2
	Partnerships	Collaboration to improve Internal Controls and promote reasonable assurance	7	9
	Training	Sharing trends and insights from completed activity	2	0
Total			11	11

*Five follow-ups were started and completed within Q1 and Q2 and thus never appeared on this current activities list

SUMMARY OF PROGRESS

FY 2024-25 Q3 Work Prioritization (Audit Coverage) Metric

Processes		Units		Information Systems	
Type	Completed	Type	Completed	Type	Completed
Business continuity	2	Ambulatory services		Data centers	
Contract management	3	Ancillary units/entities	2	Electronic discovery	
Enrollment management		Athletics	2	Enterprise applications	2
Institutional compliance	1	Externally funded academic centers	1	Disaster recovery	
Medical revenue cycle	2	Bolded items are being covered by active projects.			
Planning, design and construction					
Procurement card	5				
Records management					
Non-exempt overtime compensation	2				

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