

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

Joe Reed, Chief Accountability Officer and Audit Executive



**UK INTERNAL AUDIT (IA)
FISCAL YEAR (FY) 2025-
26 PRIORITIES**

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**

2. Units

- Academic colleges
- Ambulatory clinics
- Externally funded academic centers
- Research programs and centers
- Student financial aid and scholarships

3. Information Systems

- Artificial intelligence
- Data centers
- Disaster recovery
- Electronic discovery
- Enterprise applications
- Unit applications

4. Continuous/Unplanned

- Inquiries/investigations
- Consultations
- Stakeholder outreach

**Handled by the Accountability Office

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	

**FY 2025-26
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>Units:</i> Academic units 	2025 CC01 College of Nursing	4 15 16	Evaluate the governance, operations and fiscal responsibilities of the college.	Fieldwork
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.	Reporting

Active Enterprise-wide Assurance Reviews FY 2025-26 Q1

Project		Name	UKIA Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number and Title	Top Three Risk Components	Engagement Purpose	Phase
Repetitive Audits (RA)	<ul style="list-style-type: none"> <i>Information Systems:</i> Data centers 	2025 RA08 CAFE Data Center	12	Evaluate the adequacy of the data center's controls and safeguards across key operational domains (governance, physical security, environmental controls, monitoring and backup/disaster recovery)	Reporting
		2026 RA04 College of Arts and Sciences Data Center	15 19		Fieldwork
	<ul style="list-style-type: none"> <i>Unit:</i> Student financial aid and scholarships 	2026 RA05 Kentucky Specialty Plate Fund	4 5 8		Validate that the university is meeting statutory requirements for the Kentucky Specialty License Plate Program per KRS 186.164(14).

Active Enterprise-wide Assurance Reviews FY 2025-26 Q1

Project		Name	UKIA Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number and Title	Top Three Risk Components	Engagement Purpose	Phase
Follow-up Reviews (FR)	<ul style="list-style-type: none"> <i>Follow-ups: Repetitive audits</i> 	2025 FR03 UK Libraries Asset Verification Follow-up	15 16 20	Evaluate remediation activities related to prior review regarding asset purchasing, recording, existence, valuation and disposal	Fieldwork
		2025 FR04 College of Pharmacy Asset Verification Follow-up			Fieldwork
		2025 FR05 College of Nursing Asset Verification Follow-up			Fieldwork
		2025 FR06 College of Engineering Asset Verification Follow-up			Reporting
		2026 FR01 Division of Regulatory Services Asset Verification Follow-up			Reporting
		2026 FR02 Department of Horticulture Asset Verification Follow-up			Reporting
		2026 FR03 College of Fine Arts Asset Verification Follow-up			Reporting

Active Enterprise-wide Assurance Reviews FY 2025-26 Q1

Audit Service	Information Source*	Audit Number	Concern Category
Inquiries/Investigations (INQ)	Comply Line	2026 INQ01	Misappropriation
	Direct Contact	2025 INQ03	Contract compliance
		2025 INQ09	Fraudulent vendor
	Audit Activity	2026 INQ04	Conflict of Interest
		2026 INQ05	Fraudulent vendor
		2026 INQ06	Compensation

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

Active Data Analytics Reviews FY 2025-26 Q1

General Objectives

Employee Vendor Match

Review relationships between employee(s) and vendor(s) for compliance.

Software Application Approval

Review software purchases for adherence to UK Procurement Protocols (as of Dec. 4, 2023, all software and subscription licenses must be approved by ITS for appropriate evaluation).

Fictitious Employee

Review SAP/other records for indications of a fictitious employee – names on the payroll who do not provide agreed upon services for the University.

Project	UKIA Risk Components	
Audit Name	Top Three Risk Components	Concern Category
2026 DA01 Employee Vendor Match	3 15 16	Policy violations
		Missing documentation
		Potential asset misappropriation
		Conflicts of interest
2026 DA02 Supplemental Software Applications	9 11 18	Policy violations
		Misallocation
2026 DA03 Fictitious Employee Identification	6 15 16	Asset misappropriation

Active Consultative Reviews FY 2025-26 Q1

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 CP01 JBBI Business Plan	5 8 15	Provide advisory support in the areas of asset protection and quality assurance, regulatory compliance, operational efficiency and strategic planning.	Reporting
	2025 CP02 Food As Health Alliance	15 20	To ensure proper controls have been implemented to reduce financial risk and Health Alliance procedures are aligned with applicable federal and state laws as well as university regulations.	Reporting

Completed Enterprise-wide Assurance Reviews FY 2025-26 Q1

Project		Name	General Objective	Project Conclusion	
Audit Service	Work Prioritization	Audit Number and Title	Engagement Purpose	Risk Areas Identified	Final Distribution to Client
Follow-up Reviews (FR)	<ul style="list-style-type: none"> <i>Follow-ups:</i> Repetitive Audits <i>Process:</i> Asset Management 	2025 FR02 College of Health Sciences Asset Verification Follow-up	Evaluate remediation activities related to prior review regarding asset purchasing, recording, existence, valuation and disposal.	Outdated computers and laptops in the Electronic Barcoded Assets Resource System (eBARS) and non-capital assets that could not be located.	8/5/2025 Remediation Score: 89%

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

SUMMARY OF ENTERPRISE-WIDE PROGRESS

Current **Enterprise-wide** Activities Summation

24 Total Projects Underway

Audit Category	Audit Service	Activity Purpose	Activity
			Q1
Assurance	Comprehensive review	Verify financial reporting integrity, regulatory compliance and operational effectiveness.	2
	IT reviews (standalone)	Independent IT reviews to verify information security.	1
	Repetitive reviews	Provide reasonable assurance for high-risk areas.	3
	Follow-up	Verify resolution.	7
	Data analytics	Continuous evaluations of data.	3
	Inquiries/Investigations	Evaluate improper activity and calculate associated losses.	6
	Assessments	Evaluation of processes and technology to determine risk and inform our Work Prioritization Plan.	0
Advisory	Consultations	Provide counsel and advice.	2
	Training	Sharing trends and insights from completed activity.	0
Total			24

FY 2025-26
HEALTH CARE ACTIVITY

Active Health Care Assurance Reviews FY 2025-26 Q1

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 for Medical Comprehensive)	<ul style="list-style-type: none"> Information Systems: Enterprise applications Units: 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"> Processes: Drug diversion Processes: Health care operations Units: Ambulatory Clinics Units: Hospital Services 	2026 MC01 UKHC Drug Diversion	4 6 15	Evaluate the effectiveness of the pharmacy drug diversion process.	Fieldwork
		2026 MC02 UK King's Daughters Drug Diversion			Fieldwork
	<ul style="list-style-type: none"> Processes: Medical revenue cycle management Units: Hospital Services 	2026 MC03 UKHC Emergency Department Charge Capture	8 9 15	Assess the Emergency Department charge capture process.	Fieldwork
		2026 MC04 UKKD Emergency Department Charge Capture			Fieldwork

Active Health Care Assurance Reviews FY 2025-26 Q1

Project		Name	UKIA Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number and Title	Top Three Risk Components	Engagement Purpose	Phase
Repetitive Audits (RA)	<ul style="list-style-type: none"> <i>Process:</i> Non-exempt overtime compensation 	2025 RA03 Internal Medicine Group – Non-exempt Overtime	6 12 15	Review for compliance with Fair Labor Standards Act and Kentucky statutes, timekeeping accuracy and monitoring for breaks and lunches.	Reporting
		2026 RA01 Cockpit Telemetry			Reporting
		2026 RA02 Chandler Hospital Microbiology Lab			Reporting
		2026 RA03 Chandler Hospital Lab Central Processing			Reporting
		2026 RA06 UKKD Russell Urgent Care – Non-exempt Overtime compensation			Planning

Active Health Care Assurance Reviews FY 2025-26 Q1

Project		Name	UKIA Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number and Title	Top Three Risk Components	Engagement Purpose	Phase
Follow-up Review (FR)	<ul style="list-style-type: none"> Follow-ups: Repetitive audits 	2025 FR01 College of Medicine Work Relative Value Units (wRVU)	6 15 16	Verify remediation activities related to the prior review and validation of Work Relative Value Unit (wRVU) calculation.	Fieldwork
		2026 FR04 Sanders Brown Center on Aging Procard Follow-up	7 9 15	Evaluate the implementation status of corrective actions identified during the initial ProCard audit.	Planning
		2026 FR05 Sanders Brown Center on Aging Asset Verification Follow-up	15 16 20	Evaluate remediation activities related to prior review regarding asset purchasing, recording, existence, valuation and disposal.	Planning
		2026 FR06 Barnstable Brown Diabetes Center ProCard Follow-up	7 9 15	Evaluate the implementation status of corrective actions identified during the initial ProCard audit.	Planning
		2026 FR07 Barnstable Brown Diabetes Center Asset Verification Follow-up	15 16 20	Evaluate remediation activities related to prior review regarding asset purchasing, recording, existence, valuation and disposal.	Planning

Active Health Care Assurance Reviews FY 2025-26 Q1

Project		Name	UKIA Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number and Title	Top Three Risk Components	Engagement Purpose	Phase
Follow-up Review (FR)	<ul style="list-style-type: none"> <i>Follow-ups: Repetitive Audits</i> 	2026 FR08 Markey Cancer Center Procard Follow-up	7 9 15	Evaluate the implementation status of corrective actions identified during the initial ProCard audit.	Planning
		2026 FR09 Markey Cancer Center Asset Verification Follow-up	15 16 20	Evaluate remediation activities related to prior review regarding asset purchasing, recording, existence, valuation and disposal.	Planning
		2026 FR10 Orthopaedic Surgery and Sports Medicine ProCard Follow-up	7 9 15	Evaluate the implementation status of corrective actions identified during the initial ProCard audit.	Planning
		2026 FR11 Orthopaedic Surgery and Sports Medicine Asset Verification Follow-up	15 16 20	Evaluate remediation activities related to prior review regarding asset purchasing, recording, existence, valuation and disposal.	Planning

Active Health Care Assurance Reviews FY 2025-26 Q1

Project		Name	UKIA Risk Components	General Objective	
Audit Service	Work Prioritization	Audit Number and Title	Top Three Risk Components	Engagement Purpose	Phase
Follow-up Review (FR)	<ul style="list-style-type: none"> <i>Follow-ups:</i> Repetitive audits 	2026 FR14 Pharmacology Surgery and Sports Medicine ProCard Follow-up	7 9 15	Evaluate the implementation status of corrective actions identified during the initial ProCard audit.	Planning
		2026 FR15 Pharmacology Asset Verification Follow-up	15 16 20	Evaluate remediation activities related to prior review regarding asset purchasing, recording, existence, valuation and disposal.	Planning
		2026 FR16 Behavioral Science ProCard Follow-up	7 9 15	Evaluate the implementation status of corrective actions identified during the initial ProCard audit.	Planning
		2026 FR17 Behavioral Science Asset Verification Follow-up	15 16 20	Evaluate remediation activities related to prior review regarding asset purchasing, recording, existence, valuation and disposal.	Planning
Assessments (AS)	<ul style="list-style-type: none"> <i>Process:</i> 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.	Reporting

Active Healthcare Assurance Reviews FY 2025-26 Q1

Audit Service	Information Source*	Audit Number	Concern Category
Inquiries/Investigations (INQ)	Comply Line	2025 INQ08	Contract compliance
		2026 INQ02	Misappropriation

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

Active Health Care Consultative Reviews FY 2025-26 Q1

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)	2024 CP02 College of Dentistry Clinical Revenue	5 8 15	Provide advisory services to College of Dentistry clinical operations regarding the revenue cycle.	

SUMMARY OF HEALTH CARE PROGRESS

Current **Health Care** Activities Summation

27 Total Projects Underway

Audit Category	Audit Service	Activity Purpose	Activity
			Q1
Assurance	Comprehensive review	Verify financial reporting integrity, regulatory compliance and operational effectiveness.	5
	IT reviews (standalone)	Independent IT reviews to verify information security.	0
	Repetitive reviews	Provide reasonable assurance for high-risk areas.	5
	Follow-up	Verify resolution.	13
	Inquiries/Investigations	Evaluate improper activity and calculate associated losses.	2
	Assessments	Evaluation of processes and technology to determine risk and inform our Work Prioritization Plan.	1
Advisory	Consultations	Provide counsel and advice.	1
	Training	Sharing trends and insights from completed activity.	0
Total			27

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