Audit and Compliance Committee Meeting
Harris Ballroom, Gatton Student Center
June 29, 2026

The Audit and Compliance Committee (ACC) met on June 29, 2026, in the Longship Club, Kroger Field.

I. Call to Order

Acting Chair Elizabeth McCoy called the meeting to order at 1:00 p.m.

II. Roll Call

The following members of the ACC were in attendance: Jim Gray, Janie Greer, Hannah Myers, Paula Leach Pope and Hollie Swanson. Claude “Skip” Berry III was absent.

III. Approval of Minutes – April 24, 2026

Acting Chair McCoy reported that the minutes of the April 24, 2026, meeting had been distributed. Trustee Gray motioned to approve the minutes, and Trustee Greer seconded. The motion carried without dissent.

IV. Reports and Discussion Items

A. UK Internal Audit FY 2025-26 Q3 Activity Update

Acting Chair McCoy introduced Deputy Accountability Officer and Audit Executive Martin Anibaba and Director of Conflict of Interest and Accountability Sean Clark to provide an update on UKIA’s activity during Q3 of FY 2025-26 and the Accountability Office’s activity, respectively.

Mr. Anibaba said that UKIA executes its work priorities, which are approved annually by the ACC, through 10 service lines. These include traditional assurance activities, such as comprehensive reviews, repetitive audits, information technology audits and follow-up reviews. They also include broader strategic activities, such as consultations, stakeholder outreach, investigations and a webinar titled *Lessons Learned*. This array of services allows UKIA to remain agile and address risks proactively.

By the end of Q3, UKIA had completed 31 enterprise-wide projects and was engaged in 23 active enterprise-wide projects. Risk areas among active projects included but were not limited to artificial intelligence, capital construction, infrastructure and operational effectiveness. Mr. Anibaba highlighted the growth of UKIA’s investigations, which are typically unplanned and arise from allegations, emerging concerns and high-risk operational matters that require immediate attention. He also highlighted consultations, outreach and training. He noted that the growth in consultations during Q3 reflects management’s trust in UKIA’s ability to provide value and identify risks early in the process before they become embedded in planned or ongoing projects. Outreach and training are also important aspects of preventative assurance because they strengthen institutional awareness across the enterprise.

Mr. Anibaba then summarized UKIA's healthcare activity, which included 20 completed projects and 37 active projects. They covered revenue cycle integrity, Health Insurance Portability and Accountability Act compliance, drug diversion, emergency department charge capture as well as scheduling and registration. Many of these projects stemmed from UKIA's healthcare revenue cycle assessment completed the prior year. The breadth of UKIA's work reflects a shift toward a broader enterprise function focused on assurance, accountability, advisory and strategic risk oversight.

Mr. Clark then detailed the Accountability Office's activity. This work centers on institutional compliance related to high-risk processes. Its activity is structured in three areas: policy compliance, program compliance and compliance infrastructure. Policy compliance is driven by UKIA's data analytics. The Accountability Office reviews exceptions identified via data analytics to determine whether they are part of a larger theme or scattered across units without a clear pattern, which helps to guide follow-up activity. Policy compliance also includes contract management, which is currently concentrated on capital construction projects.

Program compliance focuses on high-risk University programs and their adherence to University policies as well as federal and state regulations. It includes four active projects. The first is international travel, for which the Accountability Office validates whether employees who are traveling abroad on University business have registered with the University's International Center. The second is the Willed Body Program within the College of Medicine. The Accountability Office evaluates the program's adherence to its protocols and the University's commitment to donors and their families. The third is records management, which is focused on how the University's records retention and destruction practices align with state statutory and regulatory requirements. The fourth is motor vehicle records. This project validates whether individuals driving on behalf of the University are duly licensed and have submitted a motor vehicle records form.

Mr. Clark then summarized the Accountability Office's three projects related to compliance infrastructure — the design of University governance and its effectiveness in supporting operations. The first project is policy mapping, which reviews University policies for alignment with their associated regulatory requirements, consistency with other University policies and any gaps where critical topics are unaddressed. The second and largest project is conflicts of interest and commitment, a University-wide effort with the goal of establishing a centralized disclosure and review process for conflicts of interest. The third project is delegation of authority, which is focused on ensuring that they are documented appropriately in compliance with University policy.

Trustee Swanson asked whether motor vehicle records requirements apply only to University vehicles or whether it would cover, for example, a professor transporting their lab to a conference using their personal vehicle. Mr. Clark said the policy applies to both University vehicles and the use of personal vehicles for University business, provided that the professor's position includes driving duties as part of its description. However, the policy coverage hinges on the job description accurately accounting for predictable driving responsibilities.

V. Reports and Discussion Items

A. UK Internal Audit FY 2026-27 Work Priorities

Acting Chair McCoy introduced Chief Accountability Officer and Audit Executive Joe Reed to share UKIA's proposed work priorities for FY 2026-27. The submission of these work priorities aligns with the Institute of Internal Auditors' requirement for internal audit functions to create an internal audit plan that supports the organization's objectives. It also aligns with principle four of the University's strategic plan, "Ensuring Greater Trust, Transparency and Accountability," and UKIA's charter.

UKIA's work priorities consider emerging industry risks (e.g., artificial intelligence, revenue cycle, labor), institutional trends identified through previous audit engagements and strategic alignment. These considerations enable UKIA's work priorities to be dynamic and adjusted in real-time to respond to the most pressing risks facing the University.

Mr. Reed shared UKIA's work priorities for FY 2025-26, divided into processes, units, information systems and unplanned activity, then detailed UKIA's audit coverage metric as of March 31, 2026. This metric tracks the degree to which UKIA's reviews "cover" or address its work priorities. 17 of UKIA's 20 work priorities had been addressed by one or more completed or active projects, with some also being evaluated by the Accountability Office.

Mr. Reed then discussed UKIA's risk assessment methodology to identify the highest-risk areas at the University, which is informed by data within UKIA's audit universe repository. The audit universe includes reports to the University's comply line, direct contacts to UKIA, UKIA's website contact form, the top 20 risks identified by the University's Enterprise Risk Management office and top industry risks for both healthcare and academia. It also includes UKIA's past activity and stakeholder outreach. The audit universe team meets weekly to discuss recent events, audit trends and whether resources should be reallocated to more pressing matters.

Mr. Reed then highlighted the major risk themes and priority areas from FY 2025-26 across processes, units and information systems. Regarding processes, UKIA observed systemic control weaknesses across multiple areas, significant reliance on manual workflows and exposure driven by financial, compliance and operational dependencies. Priority processes included facilities/deferred maintenance, labor and compensation, medical revenue cycle management, procurement services, research administration and University compliance.

Risk themes for units included a shift from audits of individual units to enterprise-facing, high impact areas, continued exposure in areas with decentralized operations and oversight as well as a focus on units that support core institutional functions. Priority units included central administrative functions, public safety, research programs and operations, select healthcare units, student financial aid and follow-up reviews.

Risk themes among information systems included risks shifting from decentralized infrastructure to centralized systems and governance gaps, increased reliance on technology for core processes and limited enterprise visibility into unit-managed and emerging technologies. Priority areas included artificial intelligence (shifted to “processes” for FY 2026-27 due to the focus on governance and adoption), cloud platforms, enterprise applications, unit applications and follow-up reviews.

Mr. Reed then detailed UKIA’s proposed work priorities for FY 2026-27 and the two major risk categories associated with each priority.

The processes include:

- Artificial intelligence (governance, information security)
- Business continuity (system backup and recovery, succession planning)
- Contract management (compliance and execution, conflicts of interest)
- Drug diversion (regulatory adherence, inventory controls)
- Medical revenue cycle management (revenue optimization, reconciliations)
- Planning, design and construction (contract compliance, separation of duties)
- Procurement services (supply chain management, independent contracts)
- University compliance (regulatory adherence, conflicts of interest)

The units include:

- Academic colleges (recruitment and retention, governance)
- Ancillary units (clinical operations, extension services)
- Athletics (key employee turnover, governance)
- Research programs and centers (self-funded units, regulatory adherence)
- Shared services (operational dependency, governance)

The information systems include:

- Cloud platforms (information security, third-party contracting)
- Data centers (physical and environmental security, information security)
- Unit applications (information security, system backup and recovery)
- Unit hardware (endpoint security, system backup and recovery)

UKIA’s unplanned activity includes inquiries/investigations, consultations and stakeholder outreach.

Trustee Swanson asked how the University could mitigate risks related to research programs and centers — whether through improved standard operating procedures, training and/or communication. Mr. Reed said the remediation strategy depends on the specific unit, but conducting multiple reviews in this area enables UKIA to identify commonalities that can be shared with the University’s vice president for research.

Acting Chair McCoy summarized UKIA’s work priorities methodology, beginning with a risk assessment to prioritize the highest risks to the University, which then drives UKIA’s priority areas for the following year. Mr. Reed agreed with this description, saying that conducting similar audits across the University allows UKIA to work with its partners to more effectively mitigate risks and ensures that operations, process owners and administration are working together. Acting Chair McCoy said that UKIA’s team relationship is critical to its success and ability to minimize risk.

Acting Chair McCoy asked for a motion to approve UKIA's work priorities for FY 2026-27. Trustee Pope motioned to approve; Trustee Swanson seconded the motion, and the recommendation passed without dissent.

VI. Adjournment

With no further business to come before the Committee, Acting Chair McCoy adjourned the meeting at 1:43 p.m.

Respectfully Submitted,

Skylar Bensheimer
Editorial Assistant
UK Internal Audit