

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS**

**Meeting of the Audit, Compliance,
and Risk Committee**

December 5, 2019

AUDIT, COMPLIANCE, AND RISK COMMITTEE

Thursday, December 5, 2019

1:45 - 2:30 p.m.

Board Room, The Rotunda

Committee Members:

Babur B. Lateef, M.D., Chair
Thomas A. DePasquale, Vice Chair
Robert M. Blue
Mark T. Bowles
L.D. Britt, M.D.
Barbara J. Fried
Louis S. Haddad
James B. Murray Jr., Ex-officio
Adelaide Wilcox King, Faculty Consulting Member

AGENDA

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**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: I. Remarks by the Committee Chair

ACTION REQUIRED: None

BACKGROUND: Dr. Babur Lateef, the Committee Chair, will open the meeting and provide an overview of the agenda.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: II.A. Auditor of Public Accounts Audit and Management Report for FY 2018-2019

BACKGROUND: The Auditor of Public Accounts (APA) of the Commonwealth conducts an annual audit of the University and the Medical Center and reports findings to the Board. Ms. Bianchetto, Vice President for Finance, will introduce Mr. Eric M. Sandridge, Director of Higher Education Programs for the Virginia Auditor of Public Accounts, who will report on the FY 2018-2019 audit.

DISCUSSION: Mr. Sandridge will present the required communications on the auditor's opinion, scope of internal control work, compliance testing, fraud and illegal acts, significant accounting policies, alternative accounting treatments, accounting estimates, significant audit adjustments (if any), and disagreements with management (if any).

ACTION REQUIRED: Approval by the Audit, Compliance, and Risk Committee and by the Board of Visitors

AUDITOR OF PUBLIC ACCOUNTS' FINDINGS FOR FY 2018-2019

RESOLVED, the Auditor of Public Accounts' Findings for FY 2018-2019, are approved as recommended by the Audit, Compliance, and Risk Committee.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: II.B. UVA Code of Ethics for Faculty and Staff in the Academic Division

BACKGROUND: In 2004, the Board of Visitors approved the University’s Code of Ethics for faculty and staff in the Academic Division. The Code of Ethics has not been updated since that time. Mr. Gary Nimax, Assistant Vice President for Compliance, led an effort to review and update the code. The University compared codes from peer institutions and worked with Gartner, an outside consulting firm, to conduct a best practices review. The consensus was that the University’s existing Code of Ethics covered key concepts, but it should be improved for readability, updated to include some additional items, and communicated more effectively.

The proposed new Code of Ethics is shown on the following page, followed by a chart comparing the current code to the proposed new version.

DISCUSSION: Mr. Gary Nimax will review the proposed new version of the University’s Code of Ethics and will discuss the process through which the document was socialized with the University community.

ACTION REQUIRED: Approval by the Audit, Compliance, and Risk Committee and by the Board of Visitors

UNIVERSITY OF VIRGINIA CODE OF ETHICS FOR FACULTY AND STAFF IN THE ACADEMIC DIVISION

RESOLVED, the University of Virginia Code of Ethics, dated December 5, 2019 and attached to this resolution, is approved as recommended by the Audit, Compliance, and Risk Committee; and

RESOLVED FURTHER, the December 5, 2019 Code of Ethics supersedes and replaces in its entirety the University of Virginia Code of Ethics approved by the Board of Visitors in 2004.

UVA Code of Ethics for Faculty and Staff in the Academic Division (2019)

1. **Compliance and Ethics:** We perform our responsibilities ethically and honestly, in compliance with all University policies and applicable federal, state, and local laws.
2. **Use of University Resources:** We use University resources only for their intended business purpose, as aligned with the University's mission. We promote accurate financial reporting, protection of the University's assets, and responsible fiscal management. Our expenditures are reasonable and necessary.
3. **Conflicts of Interest:** We uphold our primary professional responsibilities to the University and the Commonwealth of Virginia, and actively avoid and report all actual, potential, and perceived conflicts of interest.
4. **Gifts and Gratuities:** We perform our public duties without accepting, soliciting or offering anything of economic value such as gifts, gratuities, favors, or benefits that may improperly influence our professional judgment or seek to influence the judgment of others.
5. **Confidentiality:** We preserve the confidentiality and security of University records and we protect the privacy of individuals who provide personal information to the University. We access information only as necessary and disclose information only to those individuals with a legitimate reason to receive it.
6. **Equal Opportunity:** We promote an inclusive and welcoming community that respects the rights, abilities, and opinions of all people. We value equal opportunity and diversity. We do not tolerate discrimination or harassment of any kind.
7. **Respectful Workplace:** We treat every individual with kindness, dignity and respect, regardless of position or status. We provide a safe and healthy environment for working, living, and learning. We collaborate with others in a positive and respectful manner.
8. **Honesty and Integrity:** We act and communicate honestly and with integrity, upholding the University's values at all times. We do not condone dishonesty by anyone in any form, including fraud, theft, cheating, plagiarism or lying.
9. **Reporting Without Fear of Retaliation:** We report all violations of law or University policy, without fear of retaliation for reports made in good faith. We investigate all concerns and determine corrective action. We will cooperate with all investigations into suspected wrongdoing.

University of Virginia Code of Ethics
Crosswalk between current (2004) and revised (2019) code

Current Code of Ethics (2004)	Revised Code of Ethics (2019)
1. We perform our public responsibilities, services and activities ethically, competently, efficiently and honestly, in keeping with University policy and applicable law.	1. Compliance and Ethics: We perform our responsibilities ethically and honestly, in compliance with all University policies and applicable federal, state, and local laws.
2. We expect that all necessary and proper controls safeguarding public resources are in place and observed, with periodic auditing of functions and departments by the State Auditor of Public Accounts and/or the University Auditor who shall report directly to the Board of Visitors' Audit and Compliance Committee.	2. Use of University Resources: We use University resources only for their intended business purpose, as aligned with the University's mission. We promote accurate financial reporting, protection of the University's assets, and responsible fiscal management. Our expenditures are reasonable and necessary.
3. While in the service of the University, we conduct ourselves free of personal conflicts or appearances of impropriety, mindful that our exercise of authority on behalf of the University has been delegated fundamentally for the public good. Conflicting interests or influences are promptly disclosed to our superiors and appropriate steps are undertaken to promote the integrity of University business and other transactions.	3. Conflicts of Interest: We uphold our primary professional responsibilities to the University and the Commonwealth of Virginia, and actively avoid and report all actual, potential, and perceived conflicts of interest.
4. We do not accept anything of value offered in consideration of performing our public duties, other than the compensation, benefits and reimbursement of expenses duly authorized by the University or otherwise permitted by law. We do not accept any favor, loan, service, business or professional opportunity from anyone knowing (or when it should be known) that it is offered in order to improperly influence the performance of our public duties, or when acceptance thereof may reasonably be perceived as an impropriety in violation of University policy or state law. University procurements of goods or services are undertaken only by authorized personnel and, when competitive principles apply, decisions are made impartially and objectively in accordance with established policy and state law.	4. Gifts and Gratuities: We perform our public duties without accepting, soliciting or offering anything of economic value such as gifts, gratuities, favors, or benefits that may improperly influence our professional judgment or seek to influence the judgment of others.
5. We preserve and respect the confidentiality of University records, including patient and student records. We do not externally disclose confidential records or other nonpublic information without appropriate authorization, and any confidential record or information we access as a result of our position or duty is neither exploited for personal benefit nor misused for any unauthorized purpose.	5. Confidentiality: We preserve the confidentiality and security of University records and we protect the privacy of individuals who provide personal information to the University. We access information only as necessary and disclose information only to those individuals with a legitimate reason to receive it.

2004 Code of Ethics	2019 Code of Ethics - Proposed
<p>6. We are committed to the principles of federal and state law guaranteeing equal opportunity and nondiscrimination with respect to University services, programs, activities and employment, and we support an environment that respects the rights and opinions of all people which, in the words of our founder, promote “the illimitable freedom of the human mind.” Complaints of discrimination, harassment and retaliation are investigated and when warranted appropriate corrective action is taken and disciplined in accordance with University policy and applicable law.</p>	<p>6. Equal Opportunity: We promote an inclusive and welcoming community that respects the rights, abilities, and opinions of all people. We value equal opportunity and diversity. We do not tolerate discrimination or harassment of any kind..</p>
<p>7. Our communications on behalf of the University with all persons, including co-employees, clients, customers, patients, students, guests and vendors, are conducted professionally and with civility.</p>	<p>7. Respectful Workplace: We treat every individual with kindness, dignity and respect, regardless of position or status. We provide a safe and healthy environment for working, living, and learning. We collaborate with others in a positive and respectful manner.</p>
<p>8. We do not condone dishonesty in any form by anyone, including misuse of University funds or property, fraud, theft, cheating, plagiarism or lying. We encourage and expect reporting of any form of dishonesty, and our managers and supervisors to appropriately investigate such reports. We also expect that the police and/or State Auditor of Public Accounts will be notified when circumstances reasonably indicate fraud or theft of University funds.</p>	<p>8. Honesty and Integrity: We act and communicate honestly and with integrity, upholding the University’s values at all times. We do not condone dishonesty by anyone in any form, including fraud, theft, cheating, plagiarism or lying.</p>
<p>9. We strive for continuous improvement in our performance of public duties for the University, mindful of the public cost to our activities which must be reasonable and appropriately authorized.</p>	<p><i>Included in #2, above</i> 2. Use of University Resources: We use University resources only for their intended business purpose, as aligned with the University’s mission. We promote accurate financial reporting, protection of the University’s assets, and responsible fiscal management. Our expenditures are reasonable and necessary.</p>
<p>10. We bring to the attention of supervisors and managers, the University auditor or other responsible University office, any violation of these principles or circumstances reasonably indicating that a violation has occurred or may occur. Such reporting in good faith in order to promote the ethical integrity of operations is expected and encouraged by the University, and retaliation by any University employee as a result against the person making such good faith report shall be subject to disciplinary action. We appropriately investigate all such reports and, when warranted by the facts, require corrective action and discipline in accordance with University policy and state law.</p>	<p>9. Reporting Without Fear of Retaliation: We report all violations of law or University policy, without fear of retaliation for reports made in good faith. We investigate all concerns and determine corrective action. We will cooperate with all investigations into suspected wrongdoing.</p>

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: II.C. Enterprise Risk Management Program Report

ACTION REQUIRED: None

BACKGROUND: Ms. Bianchetto will report on the University's Enterprise Risk Management program.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 5, 2019

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: III. Office of Audit and Compliance: UVA Audit Department
Summary of Current Activities

ACTION REQUIRED: None

BACKGROUND: The Audit Department Status Report outlines activities since the September 2019 Audit, Compliance, and Risk Committee meeting. Activities include progress made on the department’s data analytics initiative and the BOV approved audit plan. A summary of audit findings reported, and current status of management action plans due within the period are also provided.

Audit Projects Completed and In Flight Since September 2019 Board of Visitors Meeting:

Project Status	Audits Completed or In Progress Since September 2019 Report Out	UVA Division
Complete	Presidential Travel and Expenses FY2019	Pan-University
Complete	Contemplative Sciences Center Expenditures Review**	Academic
Complete	Brown Science and Engineering Library Grant-Related Expenditures Review**	Academic
Complete	Workday Human Capital Management Post-Implementation Analysis of System Segregation of Duties	Pan-University
Complete	Office of the State Inspector Confidential Hotline Investigations** (2)	Pan-University
Complete	Charge Capture—Rheumatology	Health System
In progress	Dining Services	Academic
In progress	Ivy Mountain Musculoskeletal Center Construction Audit (<i>draft report</i>)	Pan-University
In progress	Fixed Fee Monitoring and Management (Residual Balances) (<i>draft report</i>)	Pan-University
In progress	Incident Response Management	Academic
In progress	Charge Capture—Ophthalmology	Health System
In progress	UVA Arts Box Office**	Academic
In progress	Pharmacy Controls, including Drug Diversion	Health System

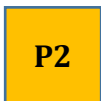
Project Status	Audits Completed or In Progress Since September 2019 Report Out	UVA Division
Project Status	Advisory Projects Completed or In Progress Since September 2019 Report Out	UVA Division
Complete	Member of AVP Financial Operations Search Committee	Academic
Complete	Provided comments on revised ITS Security Policies	Academic
Complete	Coordinated UVA Wise/UVA Finance consultation as part of audit follow-up	Academic
Complete	Participated in Working Group Task Force (Finance) for UVA Wise	Academic
Ongoing/ longer term	Participate on both Finance Strategic Transformation Steering Committee and Advisory Group (Workday Finance Implementation)	Academic
Ongoing/ longer term	Policy Review Committee—provide advice on UVA policies as they move through the approval process	Pan-University
In progress	Member of Digital Accessibility Steering Committee	Pan-University
In progress	Workday Payroll Controls—assisting UVA Finance in identifying and documenting payroll controls using the COSO internal controls framework	Pan-University
In progress	Fisher Identity and Access Management Steering Committee	Pan-University
In progress	Consultation on implementation plans for Epic segregation of duties controls	Health System

*Attorney Client Privileged Engagement Conducted under Direction of University Counsel

**Unplanned/ad hoc requests for audit services

Audit Findings Reported Since September 2019 Board of Visitors Meeting:

Audit Report	Responsible Unit	# of Rated Findings	
		P1	P2
Charge Capture—Rheumatology	Rheumatology		2
Total rated findings reported for the period			2



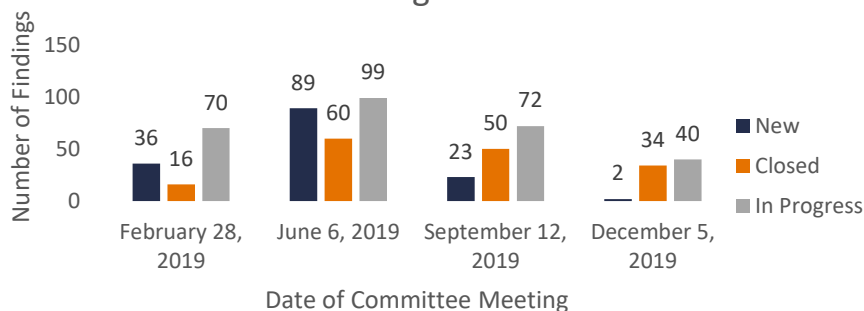
A Priority 2 rating signifies a control or process deficiency that hinders the effectiveness and efficiency of operations, potentially impeding the attainment of institutional or unit level objectives. Management must take timely corrective action to mitigate Priority 2 deficiencies.

Workday Human Capital Management (HCM) Segregation of Duties Findings:

The Audit Department engaged Deloitte Consulting to identify possible segregation of duties risks in UVA’s Workday HCM implementation using Deloitte’s proprietary tool. The Workday ruleset used for UVA’s assessment was built to report on different types of application security

risks. A priority rating for each risk was not assigned; rather, specific risks identified during the assessment were either 1) remediated during the engagement or 2) are being evaluated and addressed by HR, Finance, and IT team members. The Audit Department will continue to follow up on reported risks until closed.

Audits of Distributed IT Systems Management (50 controls tested across multiple schools and units) and NIST 800-171 CUI Environment (110 controls tested) drove the *number of findings*



IIA Standard 2500: Monitoring Progress

requires the chief audit executive to establish and maintain a system to monitor the disposition of results communicated to management. The charts below display the status of management’s action plans through October 31, 2019.

As shown in the graphics at left, management takes timely actions to address

recommendations in audit reports. The majority of action plans are implemented within 6 months of the audit report date.

Details of Open Past Due Action Plans

Audit	Past Due Action Item	Priority Rating	Action Plan Owner
Clinical Trials Billing	Physician charges (UPG) were incorrectly billed to federally sponsored clinical trials due to charge routing and system functionality. Charges were to be reversed in Epic and a check issued to UVA for manual correction in Oracle. Reversals in Epic are complete; checks for UVA’s manual correction have not yet been received. (Originally Due 9/30/19)	P2	Urmila Bajaj
Subrecipient Monitoring	Development of a subaward and subrecipient monitoring policy was initiated in November. Audit will follow up until final policy issued—new due date 6/30/2019. (Originally Due 9/30/19)	P2	Stewart Craig