

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS**

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

December 9, 2021

AUDIT, COMPLIANCE, AND RISK COMMITTEE

Thursday, December 9, 2021

1:30 – 2:15 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

The Honorable L.F. Payne

Whittington W. Clement, Ex-officio

Adelaide Wilcox King, Faculty Consulting Member

AGENDA

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| I. REMARKS BY THE COMMITTEE CHAIR (Dr. Lateef) | 1 |
| II. COMMITTEE DISCUSSION | |
| A. Auditor of Public Accounts Audit and Management Report for FY 2020-2021 (Ms. Bianchetto to introduce Mr. Eric Sandridge and Mr. David Rasnic; Messrs. Sandridge and Rasnic to report) | |
| • Action Item: Auditor of Public Accounts' Findings for FY 2020-2021 | 3 |
| B. Enterprise Risk Management Program Report (Ms. Bianchetto and Ms. Saint) | 4 |
| III. WRITTEN REPORTS | |
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| B. Institutional Compliance and Medical Center Compliance Goals for FY21-22: Mid-Year Status Report | 11 |

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

BOARD MEETING: December 9, 2021

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, welcome guests, and provide an overview of the agenda.

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

BOARD MEETING: December 9, 2021

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: II.A. Auditor of Public Accounts Audit and Management Report for FY 2020-2021

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 members of the APA's office. Mr. Eric M. Sandridge, Deputy Auditor for Technology and Innovation for the Virginia Auditor of Public Accounts, and Mr. David Rasnic, Director of Higher Education Programs, will report on the FY 2020-2021 audit.

Eric M. Sandridge is APA's Deputy Auditor for Technology and Innovation. In addition to the core responsibilities related to the APA's workplan and technical review over audit reports, Eric oversees the research, development, and implementation of new technologies and audit approaches and evaluates compliance with auditing standards. Collaborating with the office's various specialty teams, Eric helps to identify opportunities for leveraging technology to enhance existing practices. Additionally, Eric oversees reporting methods and delivery mechanisms, assesses the design, policies, and content of the APA website, and oversees the APA's activities related to the design and update of Commonwealth Data Point.

Prior to becoming Deputy, Eric spent nine years as the Director of the APA's Higher Education Programs specialty team. Eric is a member of the National State Auditors Association (NSAA) Audit Standards and Reporting committee and NSAA Single Audit committee. He received a BBA in Finance and a Master of Science in Business Analytics from the College of William and Mary and is a CPA, CISA, and CGFM.

David Rasnic is the Director of Higher Education Programs for the Virginia Auditor of Public Accounts. His current responsibilities include management of the office's Higher Education Programs Specialty Team and project management oversight for various agencies and institutions of the Commonwealth. He also coordinates required federal audits at the Commonwealth's institutions of higher education and NCAA Agreed Upon Procedures engagements. He is a graduate of Virginia Tech and is a CPA and CISA.

DISCUSSION: Messrs. Sandridge and Rasnic 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 2020-2021

RESOLVED, the Auditor of Public Accounts' Findings for FY 2020-2021, are approved as recommended by the Audit, Compliance, and Risk Committee.

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BOARD MEETING: December 9, 2021

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: II.B. Enterprise Risk Management (ERM) Program Report

ACTION REQUIRED: None

BACKGROUND: Ms. Bianchetto and Ms. Saint will brief the committee on progress in implementing the values based ERM approach for the academic division.

DISCUSSION: The Enterprise Risk Management program for the academic division continues to make progress, as noted below:

- Adopted and calibrated scoring methodology
- Created dynamic and searchable risk repository
- Aligned rating methodology with previous ERM and current UVA ARMICs processes
- Deep dive on key risks underway
- Created two new risk working groups: Safety and Operations
 - Safety risk defined as: Ability to Provide the Safety and Well Being of our Faculty, Students & Staff
 - Operations risks include Future State of Work: Ability to Attract, Compensate and Retain the Best Faculty & Staff

The following schedule of reports to the ACR Committee from the risk working groups is contemplated:

| Risk Working Group | Report Schedule |
|-----------------------|-----------------|
| Fiscal Sustainability | Spring 2022 |
| Future State of Work | Fall 2022 |
| Safety and Well Being | Spring 2023 |

The ERM team’s work includes coordinating with UVA Health and UVA Wise ERM programs, continuing enhancements of risk registers, and developing a reporting template.

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BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: December 9, 2021

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: III.A. Audit Department Report

ACTION REQUIRED: None

BACKGROUND: To facilitate the Committee’s oversight of internal controls, risk management, and compliance, the written report summarizes UVA Audit’s work performed during the period September 1-November 9, 2021:

- 1) Executive summary of audit activities
- 2) BOV approved audit plan status reports
- 3) Management’s action plans: analysis of due dates extended (largely due to the impact of COVID-19 on operations)
- 4) Summary of audit findings for the period

1. UVA Audit: Activities for the Period¹: Executive Summary

| Second Quarter FY2022 Snapshot | Summary of Audit Activities |
|--|--|
| <p>UVA Audit completed or is in progress on a range of assurance audits, investigations, and consultative activities during the quarter.</p> <p>The results of our work indicate controls over processes audited were effective.</p> | <p>3 Audit Projects were completed during the period</p> <ol style="list-style-type: none"> 1. UVA Health: Radiation Oncology Charge Capture 2. Covid-19 Relief Fund Program Compliance-- HEERF (in coordination with APA) 3. Investigation: Vendor Invoice Approval Controls <p>10 Audit Projects are in progress</p> <ol style="list-style-type: none"> 4. Cash Deficit Management* 5. Undergraduate Student Advising Cost Analysis 6. CARES Compliance - Research (2020 OMB Supplement and Addendum, Memorandum 20-17)* 7. Point of Service Cash Collections 8. ED E&M Levels 9. Status Assignment |

¹ Board material due dates necessitate reporting only the data available to meet those deadlines (i.e. data is not a complete Fiscal Year quarter)

| Second Quarter FY2022 Snapshot | Summary of Audit Activities |
|--|--|
| | Distributed IT Systems Management audits: 10. School of Data Science; 11. Batten School 12. IT Audit: Research Data Security 13. IT Audit: Cybersecurity |
| Key Issues Raised by Audit | Consultative Activities and Support for Major University Projects |
| Several recommendations for improved controls over vendor invoice approvals were communicated. | <ul style="list-style-type: none"> • Policy Review Committee • Identity and Access Management Steering Committee • Role Based Access Steering Committee • Finance Strategic Transformation (FST) Executive Committee and Steering Committee • FST Foundation Data Model (FDM) Mapping • Workday Internal Controls Work Group |

* Draft audit report has been issued to management; waiting for management's response

2. BOV Approved Audit Plan Status Update (Changes to Plan and Progress on Audits)

Because the plan is intentionally dynamic to maintain its relevance, a status report on the department's activities will be provided at each Committee meeting.

| | Division | Audit Topic |
|----|------------|---|
| 1 | UVA Health | Case Management/ Utilization Management (On hold at management's request) |
| 2 | UVA Health | Charge Capture – Radiation Oncology (Completed) |
| 3 | UVA Health | Financial Assistance and Financial Counseling |
| 4 | UVA Health | Point of Service Collections (In progress) |
| 5 | UVA Health | Emergency Department E&M Levels (In progress) |
| 6 | UVA Health | Insurance Verification and Pre-Authorization |
| 7 | UVA Health | Status Assignment (In progress) |
| 8 | UVA Health | Controlled Substances Diversion Program |
| 9 | UVA Health | Ambulatory Clinic Medication Charge Capture (renamed from Pharmacy Charge Capture) |
| 10 | UVA Health | Monticello Community Surgery Center (MCSC) – (Management requested addition) |

| | Division | Audit Topic |
|----|-----------------|---|
| 11 | UVA Health | Distributed Information Systems Management (DISM) – School of Nursing (Moved up from FY2023) |
| 12 | UVA Health | Distributed IT System Management– School of Medicine (Moved up from FY2023) |
| 13 | UVA Health | Data Warehouse Controls (Defer to FY2023) |
| 14 | UVA Health | Supplies Procurement (Defer to FY2023) |
| 15 | UVA Health | Epic Provisioning and De-provisioning—clinical areas (Defer to FY2023) |
| 1 | Pan-University | Cybersecurity (In progress) |
| 2 | Pan-University | Safety and Security |
| 3 | Pan-University | Research Data Security (In progress) |
| 4 | Pan-University | Ransomware Readiness (Moved up from FY2023) |
| 1 | Academic | Advancement Payment Processing (Completed) |
| 2 | Academic | Section 117 of the Higher Education Act Reporting |
| 3 | Academic | Rebates and Credits Related to Sponsored Awards |
| 4 | Academic | CARES Compliance - Research (2020 OMB Supplement and Addendum, Memorandum 20-17) (In Progress) |
| 5 | Academic | CARES Compliance - Higher Education Emergency Relief Fund (HEERF I, II, III) (Completed) |
| 6 | Academic | Cash Deficit Management Process (In Progress) |
| 7 | Academic | NCAA Compliance (Integrated Assurance) |
| 8 | Academic | Student Health & Counseling |
| 9 | Academic | Undergraduate Student Advising (In Progress; Change in Scope) |
| 10 | Academic | Study Enabling Technologies |
| 11 | Academic | Finance Strategic Transformation (FST) - Project Health Checks (Removed from Plan) |
| 12 | Academic | Construction Projects: <ul style="list-style-type: none"> • Hotel and Conference Center • Physics Building Renovation • Hospital Expansion Project Closeout (In Progress) • Ivy Mountain Musculoskeletal Clinic (In Progress) |
| 13 | Academic | International Operations - Phase 1: Inventory of Activities |
| 14 | Academic | Academic Records and Policies |
| 15 | Academic | Institutional Data |
| 16 | Academic | Distributed IT Systems Management – School of Data Sciences (In progress) |
| 17 | Academic | Distributed IT Systems Management – Batten School |

3. Management's Action Plans: Summary of Due Dates Extended


The IIA's *Standard 2500: Monitoring Progress* addresses internal auditors' responsibilities concerning disposition of audit findings and recommendations. The Audit Department has observed a trend in delayed implementation of the action plans developed by management to address control deficiencies reported in audits. Given the number of action plans experiencing delays and the length of time elapsed from original due dates established by management for addressing control deficiencies, the table below is provided for the Committee's awareness.

| Project Name | Action Plan | Rating | Days Extended | Times Extended | Reason Extended | Due Date |
|--|--|--------|---------------|----------------|---|------------|
| 2019 - Fixed Fee Monitoring | A residual balances policy will be implemented. | P2 | 563 | 2 | COVID-related impacts delayed progress. | 1/14/2022 |
| 2019 - Fixed Fee Monitoring | Key monitoring metrics will be identified. | P2 | 379 | 2 | COVID-related impacts delayed progress. | 1/14/2022 |
| 2020 - Accounts Payable | Relevant data analytics will be used to monitor transactions. | P2 | 427 | 1 | Workday implementation timeline conflict | 8/31/2022 |
| 2020 - Dining Services | ARAMARK will complete an audit data security. | P2 | 275 | 2 | COVID-related impacts delayed progress. | 12/31/2021 |
| 2020 - Dining Services | Health inspection results for third-party food vendors will be reviewed. | P2 | 546 | 3 | COVID-related impacts delayed progress. | 2/28/2022 |
| 2020 - Arts Box Office | Employees and vendors with specific system access will complete security training. | PM | 579 | 2 | COVID-related impacts delayed progress. | 11/30/2021 |
| 2020 - Arts Box Office | Logs will be used to track the locations of devices and cash. | PM | 579 | 2 | COVID-related impacts delayed progress. | 11/30/2021 |
| 2020 - Arts Box Office | SOPs and onboarding records will state the need for information security training. | PM | 579 | 2 | COVID-related impacts delayed progress. | 11/30/2021 |
| 2020 - Arts Box Office | Logs will be used to track the locations of electronic media. | DNM | 455 | 2 | COVID-related impacts delayed progress. | 11/30/2021 |
| 2020 - Arts Box Office | Locks will be rekeyed. Safes, cash boxes and bags will be updated. | PM | 609 | 2 | COVID-related impacts delayed progress. | 11/30/2021 |
| 2020 - Arts Box Office | The A&S Dean's Office will ensure the Box Office is meeting control standards. | P2 | 518 | 3 | COVID-related impacts delayed progress. | 11/30/2021 |
| 2020 - Workday Provisioning and Deprovisioning | Password requirements for specific Workday accounts will be adjusted to policy. | PM | 375 | 3 | A policy exemption was required to complete actions. | 12/31/2021 |
| 2021 - Ambulatory Scheduling | Design the future state of Ambulatory Access. | P2 | 273 | 1 | Leadership changed and progress slowed. | 6/30/2022 |
| 2021 - Ambulatory Scheduling | Design and establish new performance measures. | P2 | 31 | 1 | Greater than expected effort was needed to complete the redesign. | 1/31/2022 |
| 2021 - DISM Computer Science | Deploy vulnerability scanning tools for IT systems. | PM | 133 | 1 | A related IT security standard was delayed. | 11/10/2021 |
| 2021 - DISM Computer Science | Implement dual factor authentication and password complexity. | PM | 397 | 1 | Fall semester preparations are taking priority. | 2/1/2022 |
| 2021 - DISM Computer Science | Implement procedure to disable terminated user accounts. | PM | 154 | 1 | Fall semester preparations are taking priority. | 12/1/2021 |
| 2021 - DISM Computer Science | Implement procedure to disable terminated user accounts. | PM | 245 | 1 | Fall semester preparations are taking priority. | 12/1/2021 |
| 2021 - DISM Computer Science | Remove from office administrative workstations. | PM | 365 | 1 | Fall semester preparations are taking priority. | 5/31/2022 |

4. Summary of Audit Findings for the Period September 1-November 9, 2021

The table below summarizes audit control findings by priority rating for audits performed since the last report to the Committee.

| Project Name | Division | Priority Rating for Findings (see Ratings Scale for Definitions) | | | | | |
|---|-------------------|--|----|----|---|-----------|----|
| | | P1 | P2 | OP | W | Not Rated | PM |
| UVA Health: Radiation Oncology Charge Capture | Health System | | 1 | | 7 | | |
| Confidential Investigation | Academic Division | | | | | 3 | |

| Audit | Summary of Findings |
|--|---|
| UVA Health: Radiation Oncology Charge Capture  1 Priority 2 Rated Finding | Standard Operating Procedures for the reconciliation of charges interfaced between the Radiation Oncology system (Mosaiq) and the Epic billing system were not formally documented. Management will develop and formalize written operating procedures for the reconciliation process by December 31, 2021. |
| Investigation: Vendor Invoice Approval Controls Findings were not rated | Management is working on process improvements identified during the audit (conducted under Attorney-Client Privilege). |

| Rating Scale | | |
|--------------|----------------------|---|
| P1 | Priority 1 | A Priority 1 item signifies a control and/or process deficiency of sufficiently high risk that it provides minimal or no assurance that institutional objectives will be achieved. Management must take immediate corrective action to mitigate Priority 1 deficiencies. |
| DNM | Does Not Meet | An IT control that is not in place or is ineffective to achieve the relevant IT controls framework (e.g. ISO-27002-2013) requirement |
| P2 | Priority 2 | A Priority 2 item signifies a control and/or process deficiency that hinders the effectiveness and efficiency of unit level operations, potentially impeding the attainment of institutional objectives. Management must take timely corrective action to mitigate Priority 2 deficiencies. |

| Rating Scale | | |
|---------------------|----------------------------|---|
| PM | Partially Meets | An IT control that meets some, but not all, of the relevant IT controls framework (e.g. ISO-27002-2013) requirement |
| OP | Process Improvement | A process improvement item signifies an opportunity to achieve additional control and/or process efficiencies. |
| W | Working | Control tested or process evaluated is working as designed |

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

| | |
|--------------------------------|--|
| <u>BOARD MEETING:</u> | December 9, 2021 |
| <u>COMMITTEE:</u> | Audit, Compliance, and Risk |
| <u>AGENDA ITEM:</u> | III.B. Institutional Compliance and Medical Center Compliance Goals for FY21-22: Mid-Year Status Report |
| <u>ACTION REQUIRED:</u> | None |

**Institutional Compliance Goals
Fiscal Year 2021-2022**

- 1. COVID-19:** Continued to support the University's efforts to successfully implement and monitor changes to processes in response to COVID-19, by overseeing reporting mechanisms through which the University will receive COVID-related compliance concerns, reviewing new policies and procedures, and participating in other related activities that have arisen. The academic division has mandated vaccines for all faculty and staff, in order to comply with a federal executive order by December 8, 2021. In addition, we have leveraged the Compliance Network to share information about COVID compliance processes.
- 2. Hotline Rationalization** – Enhanced reporting capabilities of the new compliance module, as well as developed a high-level institutional reporting dashboard for data in SafeGrounds to create standard reporting and monitor trends related to compliance concerns. Developed plans to market the new customized web intake form to receive compliance concerns and enhancements to the existing 800 number helpline to the University community. As soon as the web intake form was linked from the compliance website, the university community began to find and use it to report concerns for both the academic division and the medical center.
- 3. Conflict of Interest Processes:** Coordinated a multi-department effort to update the processes related to conflict of interest at the University in order to better understand the how conflicts are documented and managed, as they relate to procurement, research, and the Statement of Economic Interests (SOEI) that are submitted to the state. Met with existing process owners to review the current procedures, updated the list of individuals required to complete the SOEI, and completed available training that we offer to the university community. We will continue to identify potential ways to streamline and improve existing processes.

Medical Center Compliance Goals Fiscal Year 2021-2022

- 1. Compliance Program Effectiveness:** The Office is completing an organizational Compliance Program Effectiveness Evaluation to evaluate the UVA Health Compliance Program's effectiveness to identify and prevent criminal conduct using federal regulatory criteria, indicators, and guidance of the U.S. Department of Justice Criminal Division Evaluation of Corporate Compliance Programs. A survey was distributed health system-wide in early October, yielding over 1000 responses which are being aggregated and analyzed. The department is also completing a detailed effectiveness self-assessment, evaluating fulfillment of the OIG Compliance Guidance elements.
- 2. Follow up on Compliance Risk Assessment:** The Office continues to monitor the completion of corrective action plans developed following completion of the prior fiscal year compliance risk assessment. Operational departments are facilitated by the Office in implementing the corrective action plans to manage identified risks and mitigate potential liability; updates are routinely provided to the Compliance Steering Committee.
- 3. Organizational IT and Data Governance:** The Office is facilitating HIT and Data Analytics in the development and implementation of procedures for appropriate access to and use of UVA Health data. Highly sensitive data requires that strong governance provide protections required by regulation and define appropriate procedures and processes for authorized access of protected data for non-patient care purposes. Charter documents, guidance, and web intake request forms have been developed and are pending rollout this quarter.
- 4. Compliance Issues Database Transition:** The Office transitioned the compliance case management function from a third-party application to the compliance module in UVA SafeGrounds on July 1, 2021. While still in the early phases, overall the system is versatile and allows for more effective management of reported compliance issues, workflow to refer cases to others as needed and offers web intake to facilitate the reporting of compliance concerns. Local reporting function is still in development but will be achieved before the end of the fiscal year.