



Board of Visitors
Audit, Compliance, and Risk Committee
December 9, 2021

December 2021
Audit,
Compliance, and
Risk Committee
Meeting Agenda

- Remarks by Dr. Lateef, Committee Chair
- Auditor of Public Accounts Audit and Management Report for FY 2020-2021
- Enterprise Risk Management Program Report
- Written Reports

Eric Sandridge,
Deputy Auditor
for Technology
and Innovation

David Rasnic,
Director of
Higher Education
Programs

- Auditor of Public Accounts Audit and Management Report for FY 2020-2021

University of Virginia Audit Results



**Presentation to the Board of Visitors
University of Virginia**

December 9, 2021

Changes for Fiscal Year 2021

- Adoption of GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*
- Relied upon internal audit of Higher Education Emergency Relief Fund (HEERF)

Audit Opinions

- Unmodified opinion for business-type activities, aggregate discretely presented component units and fiduciary activities in consolidated UVA financial statements
- Unmodified opinion for business-type activities and disclaimer of opinion on financial activity of UVA Imaging (discrete component unit) in UVAMC separate financial statements

Audit Opinions

- Opinion references the work of other auditors for most University-associated organization that meet the definition of a component unit

Internal Control & Compliance

- Obtain sufficient understanding of internal control to determine nature, timing, and extent of test work to perform
- Separate report on internal control and compliance (No material weaknesses)

Findings & Recommendations – Academic, Wise

Finding Title	Division	Responsible Department	Included in Prior year?	Compliance Finding?
Improve Controls over User Access to the Payroll and Human Resources System	All	University HR	Yes, Partial repeat	Yes
Improve Processes over Employment Eligibility Verification	All	University HR	Yes, Partial repeat	Yes
Continue to Improve Controls and Compliance with Student Financial Aid Requirements	Wise	Wise Financial Aid Office	No (issued in separate report)	Yes
Complete Annual Review over User Access to University Information Systems	Academic	Information Technology Services	No	Yes
Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act	Academic	Student Financial Services; Information Technology Services	No	Yes
Promptly Return Unclaimed Aid to Department of Education	Academic	Student Financial Services	No	Yes
Properly Complete Exit Counseling for Direct Loan Borrowers	Academic	Student Financial Services	No	Yes

Findings & Recommendations – Medical Center

Finding Title	Division	Responsible Department	Included in Prior year?	Compliance Finding?
Allocate Additional Resources for Financial Statement Preparation	MC	Health System Finance	No	No
Improve Accuracy of Provider Relief Fund Reporting	MC	Third-Party Reimbursement	No	Yes
Improve Firewall Patch Management	MC	Health System Technology Services	No	Yes
Improve Security Awareness Training	MC	Health System Technology Services	No	Yes

Significant Audit Adjustments – Consolidated Financial Statements

- Corrections with net position impact:
 - Various adjustments to properly report UVA Imaging under GASBS 90 (\$16.9 million understatement net position)
 - Record 229k adjustment to Fiduciary statements for prior year change not included in current year 2020 column

Significant Audit Adjustments – Consolidated Financial Statements

- **Corrections with no net position impact:**
 - Reclassify deferred FICA liabilities from grants payable to accounts payable and other long-term liabilities (\$33.3 million)
- Significant adjustments have been reviewed with management and recorded in the audited financial statements

Other Required Communications

- No indications of fraudulent transactions or illegal acts
- Concur with management's application of accounting principles
- Reviewed the basis for accounting estimates, and any necessary adjustments, and determined estimates appear reasonable based on available information and consistent with prior periods

Other Required Communications

- No material changes to accounting and reporting policies and standards other than those already mentioned (GASBS 90)
- No material alternative accounting treatments identified
- No unusual transactions or significant accounting policies in controversial or emerging issues

Other Required Communications

- No significant difficulties encountered
- No disagreements with management regarding auditing, accounting, or disclosure matters

NCAA Agreed Upon Procedures

- Starting the fiscal year 2021 NCAA Agreed Upon Procedures required by NCAA Bylaw 3.2.4.17
- A separate report will be distributed to the Board of Visitors in February

Upcoming/Ongoing Audit Considerations

- HEERF and federal funding audit requirements
- GASBS 87, Leases
- Community Health (Novant JOC acquisition accounting)

CAVA
LIERB
VALLI
ERCA
ALLIE
SCAVA
LLIER

**ENTERPRISE RISK
MANAGEMENT
PROGRAM REPORT
(ACADEMIC DIVISION)**



FISCAL SUSTAINABILITY: PILOT GROUP CREATED TO DEVELOP ERM PROGRAM METHODOLOGIES

- 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
- Contemplated program maturation and scalability
- Leverage Values-based Structure and Working Group

NEW WORKING GROUPS FORMED: SAFETY & OPERATION



- **Safety:** Ability to Provide the Safety and Well Being of our Faculty, Students & Staff
- **Operations:** Future State of Work: Ability to Attract, Compensate and Retain the Best Faculty & Staff