

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

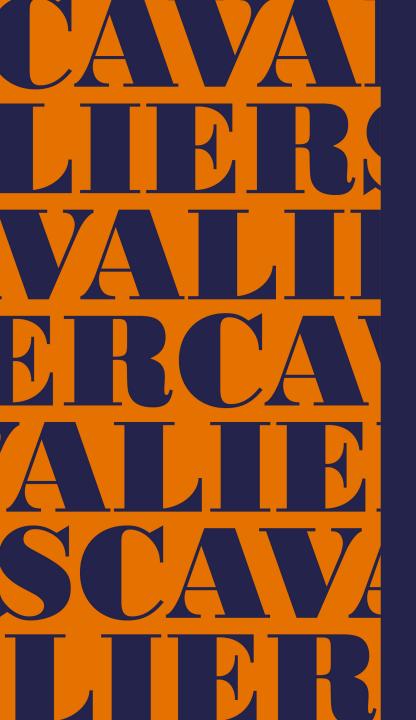


Upcoming/Ongoing Audit Considerations

HEERF and federal funding audit requirements

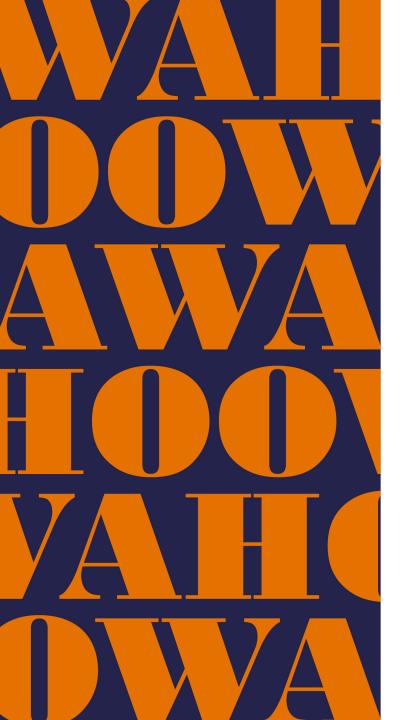
GASBS 87, Leases

Community Health (Novant JOC acquisition accounting)



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