UNIVERSITY OF VIRGINIA
BOARD OF VISITORS

Meeting of the Audit, Compliance, and Risk Committee

June 3, 2021

AUDIT, COMPLIANCE, AND RISK COMMITTEE

Thursday, June 3, 2021
2:15 – 3:00 p.m.
Pavilion Ballroom, Boar's Head Resort

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

IV. **CLOSED SESSION**
 • Discussion of external quality assessment of the UVA Audit Department
 where such assessment will necessarily involve discussion of the performance
 of specific individuals as provided for in Section 2.2-3711(A)(1) of the Code of
 Virginia.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: June 3, 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: June 3, 2021

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: II.A. Two-Year, Risk-Based Internal Audit Plan Topics and Priorities

BACKGROUND: A refreshed internal audit plan is discussed with and approved annually by the Audit, Compliance, and Risk Committee. The audit plan is developed based on assessed risks to achievement of the University's objectives, stakeholder input, benchmarking with peers, macroenvironmental factors, auditors' knowledge of UVA systems and processes, and resource availability.

Audit Plan Development Process

The audit plan is grounded in the COSO internal controls framework. *Internal control is a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance*[1].

Figure 1 COSO Internal Controls Cube

The audit plan prioritizes evaluation of processes important to achieving UVA's objectives. These are articulated in its mission statement.

> "The University of Virginia is a public institution of higher learning guided by a founding vision of discovery, innovation, and development of the full potential of talented students from all walks of life. It serves the Commonwealth of Virginia, the nation, and the world by developing responsible citizen leaders and professionals;

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[1]Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control-Integrated Framework, 2013.

advancing, preserving, and disseminating knowledge; and providing world-class patient care."

Audit Scope and Timing

Because the plan is intentionally dynamic to maintain its relevance, a status update on the department's activities will be provided at each Committee meeting. In addition to considerations of risks, timing and scope of audits will be established based on management's engagement of outside consultants, strategic change initiatives, and availability of resources from both the relevant unit and the Audit Department. To the extent possible to avoid duplication of effort, the audit plan is coordinated with work performed by the Auditor of Public Accounts as part of the annual financial statement audit.

Workday Financials Implementation

One of the most significant, ongoing commitments of audit resources relates to the Academic Division's implementation of Workday Financials, which will replace the Oracle financial system in place since the early 2000's. The Audit Department, assisted by outside experts from JJH Consulting, will conduct Project Health Checks to evaluate risks to the successful implementation of this approximately $75 million project and accompanying process and policy changes (collectively, "Finance Strategic Transformation"). Workday Financials go- live is planned for July 1, 2022.

Audits Planned for Fiscal Year 2021-2022 (July 1, 2021 through June 30, 2022)

	Division	Audit Topic	Audit Scope
1	UVA Health	Case Management/ Utilization Management (In Progress)	Analyze claims data for length of stay opportunities and compliance risk indicators. Assess Case Management and Utilization Management activities for compliance with established policies and opportunities for improvement.
2	UVA Health	Supplies Procurement (In Progress)	Evaluate purchasing and receiving controls for medical supplies
3	UVA Health	Charge Capture – Mosaiq (In Progress)	Assess charge capture controls for charges interfaced between Mosaiq and Epic systems
4	UVA Health	Provider Based Billing Compliance	Test for compliance with billing rules for provider-based clinics
5	UVA Health	Time Keeping and Payroll	• Unauthorized financial transactions • Excessive payroll costs
6	UVA Health	Purchase Card Controls	• Unauthorized transactions • Potential for internal theft/fraud
7	UVA Health	Emergency Department E&M Levels	• Revenue loss • Non-compliant claims

	Division	Audit Topic	Audit Scope
8	UVA Health	Insurance Verification and Pre-Authorization	Denials and rework
9	UVA Health	Status Assignment	• Non-compliant claims • Loss of revenue • Denials
10	UVA Health	Controlled Substances Diversion Program	Effectiveness of diversion controls established after prior internal audit.
11	UVA Health	Data Warehouse Controls	Information Security and Privacy
12	UVA Health	Pharmacy Department Charge Capture	Assess charge capture controls for Pharmacy including Pharmacy 340B
12	UVA Health	Epic Provisioning and De-provisioning—clinical areas	• Identity and Access Management • Information Security and Privacy
1	Pan-University	Cybersecurity	Follow-up on status of 2019 KPMG Cybersecurity Assessment recommendations.
2	Pan-University	Safety and Security	Implementation status of recommendations in the 2017 MH consulting report.
3	Pan-University	Research Data Security	Information security for non-centrally managed research data systems.
1	Academic	Advancement Payment Processing (In Progress)	Assessment of controls over processes outsourced by Advancement to CDS Global.
2	Academic	Section 117 of the Higher Education Act Reporting	Implementation of process improvement recommendations arising from limited scope procedures performed previously.
3	Academic	Rebates and Credits Related to Sponsored Awards	Implementation of process improvement recommendations arising from prior procedures.
4	Academic	CARES Compliance - Research (2020 OMB Supplement and Addendum, Memorandum 20-17)	Processes for applying administrative relief granted by OMB to address COVID-19 related loss of operational capacity and increased costs.
5	Academic	CARES Compliance - Higher Education Emergency Relief Fund (HEERF I, II, III)	Controls and processes related to HEERF funds data collection, use, accounting, and reporting.
6	Academic	Cash Deficit Management Process (In Progress)	University policies, practices, and tools for monitoring and managing unit cash deficits.

	Division	Audit Topic	Audit Scope
7	Academic	NCAA Compliance (Integrated Assurance)	Refresh reliance on UVA Athletics Department Compliance Office by evaluating monitoring procedures for at least one major compliance area.
8	Academic	Student Health & Counseling	Student health and counseling services (includes Elson Student Health, Women's Center, Sheila Johnson Center, McCue Center)
9	Academic	Undergraduate Student Advising	Accuracy, completeness, availability, and usage (data analytics) of information for students, faculty, advisors, parents, and other constituents about the advising process; technology used in support of advising processes; training and continuing development required for advisors. (COSO Principle 13)
10	Academic	Study Enabling Technologies	Use of Artificial Intelligence (AI) in Instructional Technologies
11	Academic	Finance Strategic Transformation (FST) - Project Health Checks (In Progress)	Ongoing project health checks approximately every 2 months through July 2022 Workday Financials go-live.
12	Academic	FST - Internal Control Framework (In Progress)	Advise UVA Finance and Baker Tilly in development and documentation of internal controls framework related to Workday implementation
13	Academic	Construction Projects: • Hotel and Conference Center • Physics Building Renovation • Hospital Expansion Project Closeout (In Progress) • Ivy Mountain Musculoskeletal Clinic (In Progress)	Using an outside expert in construction project management accounting, perform procedures relevant to phase of specified construction projects
14	Academic	International Operations - Phase 1: Inventory of Activities	Develop inventory of international activities to determine eventual audit scope

	Division	Audit Topic	Audit Scope
15	Academic	Academic Records and Policies	Processes for ensuring undergraduate and graduate records convey quality information (complete, accurate, timely, available) for students and others who use them. (COSO Principle 13)
16	Academic	Institutional Data	Processes for ensuring statistical data used in external reporting conveys quality information (complete, accurate, timely, available). Includes UVA website (info for prospective students and parents), US News and World Report, National Study of Instructional Cost & Productivity (Delaware Cost Study), IPEDS, SCHEV, etc. (COSO Principle 13)

Audits Planned for Fiscal Year 2022-2023 (July 1, 2022 through June 30, 2023)

	Division	Audit Topic	Audit Scope
1	UVA Health	Financial Assistance and Financial Counseling	Potential revenue loss, Patient satisfaction, compliance with Virginia Debt Collection Act
2	UVA Health	Denials Management	Potential for revenue loss
3	UVA Health	Point of Service Collections	Fraud controls and potential for revenue loss
4	UVA Health	Patient Choice Compliance	Compliance with relevant CMS regulations
5	UVA Health	Funds Flow-Department of Medicine	Conformance of transactions with relevant Memorandum of Understanding
6	UVA Health	Discharge Planning	Readmissions; length of stay; CMS regulatory compliance (Conditions of Participation)
7	UVA Health	IT Disaster Recovery	Risks to operational continuity posed by IT interruptions
8	UVA Health	Contract Management	Controls over contract management
9	UVA Health	Telehealth Coding and Billing Compliance	Potential for non-compliant claims, loss of revenue, denials
10	UVA Health	Balance Billing	Compliance with new regulatory requirements around out-of-network provider billing
11	UVA-Novant JOC	Specific topic TBD	Dependent on integration details and risk assessment
12	UVA Health and Academic Division	Distributed Information Systems Management	Information security practices for non-centrally managed IT systems or networks (School of Medicine, School of Nursing, School of Data Science)
1	Pan-University	Cybersecurity	Follow-up on Mandiant assessment (2021) and recommendations for ransomware and malware readiness/response

	Division	Audit Topic	Audit Scope
2	Pan-University	Human Resources Benefit Plans Administration	Controls related to benefit plan administration (specific plan(s) to be determined).
1	Academic	International Operations	Assessment of higher priority international activities identified in Phase 1.
2	Academic	School Level Audit(s)	Effectiveness of key unit/school level controls and processes.
3	Academic	Student Information System (SIS) Business and IT Controls	Controls over the Student Information System, the system of record for all student-related information including class enrollment, teaching and exam schedules, unofficial transcripts and grades, and student finance.
4	Academic	Workday Financials Controls Validation	Effectiveness of key financial and access controls post Workday Financials go-live
5	Academic	Emergency Preparedness & Safety - Public Health Annex	Alignment of pandemic response activities to Critical Incident Management Plan Public Health Annex.
6	Academic	Auxiliary Services	Housing Department processes and controls
7	Academic	Student Financial Aid	Processes and controls to ensure compliance with Gramm Leach Bliley Act (GLBA) requirements for safeguarding customer information.
8	Academic	Police Department	Training beyond Basic Training, which will be reviewed this summer during CALEA accreditation visit.

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

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AUDIT DEPARTMENT FY2022-FY2023 AUDIT PLAN

      RESOLVED, the Audit Department FY 2022-FY 2023 Audit Plan is approved as recommended by the Audit, Compliance, and Risk Committee.

BOARD MEETING: June 3, 2021

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: II.B. Updated Audit Department Charter

BACKGROUND: The External Quality Assessment (EQA) identified as a process improvement the need to more frequently review the Audit Department charter. The updated charter reflects the change in organizational reporting made in 2019 from the University President to the Executive Vice President and Chief Operating Officer. Changes to the charter for the Committee's review and approval are highlighted.

UNIVERSITY OF VIRGINIA INTERNAL AUDIT CHARTER

Purpose:

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The UVA Office of Audit and Compliance assists UVA's Board of Visitors and University management in the discharge of their oversight, management, and operating responsibilities by providing independent assurance and consulting services to the University community. Our services add value by improving the control, risk management and governance processes to help the University achieve its business objectives.

Internal Auditing Policy:

It is the policy of the of the University to establish and support the Office of Audit and Compliance to assist the University in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the University's governance, risk management, and internal controls. The internal audit activity's responsibilities are defined by the Audit, Compliance, and Risk Committee (ACR Committee) of the Board of Visitors (Board) as part of its oversight role.

Authority:

The internal auditor, with strict accountability for confidentiality and safeguarding records and information, is authorized to have full, free, and unrestricted access to any and all of the University's records, physical properties, and personnel pertinent to carrying out an engagement.

All employees are requested to assist the Audit Department in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the ACR Committee and its chairman.

Organization:

The Chief Audit Executive will report on behalf of the internal audit activity (functionally) to the ACR Committee chairman, and administratively (day to day operations) to the President Executive Vice President and Chief Operating Officer of the University.

The ACR Committee will:

- Periodically review and approve changes to the Audit Department charter.
- Approve the risk-based audit plan.
- Approve the internal audit budget and resource plan.
- Receive communications from the Chief Audit Executive on the Audit Department's performance relative to its plan and other matters.
- Approve decisions regarding the performance evaluation, appointment, or removal of the Chief Audit Executive
- Approve the remuneration of the Chief Audit Executive
- Make appropriate inquiries of management and the Chief Audit Executive to determine whether there is inappropriate scope or resource limitations.

The Chief Audit Executive will communicate and interact directly with the ACR Committee, including in executive sessions and between ACR Committee meetings as appropriate.

Professional Standards

UVA's Office of Audit and Compliance will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

The Office of Audit and Compliance will adhere to the University's relevant policies and procedures as well as the *Generally Accepted Governmental Auditing Standards* of the Government Accountability Office.

Core Principles for the Professional Practice of Internal Auditing:

The Office of Audit and Compliance will continuously strive to be effective by operating in a manner consistent with the IIA's Core Principles:

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organization.

- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.

- Promotes organizational improvement.

Independence and Objectivity:

The internal audit activity will remain free from interference by any element in the University, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective function. The Chief Audit Executive must disclose such interference to the ACR Committee and discuss the implications.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditors' independence or judgment. Internal auditors may provide assurance services for areas previously consulted, provided the consulting services did not impair objectivity.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Chief Audit Executive will annually evaluate reporting lines and responsibilities and confirm to the ACR Committee the organizational independence of the Office of Audit and Compliance.

Responsibility:

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the University's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the University's stated goals and objectives. This includes:

- Evaluating the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities.
- Evaluating risk exposure relating to achievement of the University's strategic objectives.
- Assessing whether the information technology governance of the organization supports the organization's strategies and objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- To enable this responsibility, the Office of Audit and Compliance will participate in the planning, development, implementation, and modification of major computer- based and manual systems to ensure that:

  o adequate controls are incorporated into the system;
  o thorough system testing is performed at appropriate stages;
  o system documentation is complete and accurate; and
  o the resultant system is a complete and accurate implementation of the system specifications.

- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the University.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency of resource utilization.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Assessing and making appropriate recommendations for

improving the governance process in its accomplishment of the following objectives:

- o Promoting appropriate ethics and values within the organization
- o Ensuring effective organizational performance management and accountability
- o Communicating risk and control information to appropriate areas of the organization
- o Coordinating the activities of and communicating information among the board, external and internal auditors, and management.

- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Performing consulting services related to governance, risk management, and control.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the ACR Committee or management.
- Evaluating specific operations at the request of the ACR Committee or management, as appropriate.
- Reporting periodically on the purpose, authority, and responsibility of the Office of Audit and Compliance and performance relative to its plan.

Internal Audit Plan:

At least annually, the Chief Audit Executive will submit to senior management and the ACR an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next year. The Chief Audit Executive will communicate the impact of resource limitations and significant interim changes to senior management and the Board.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management, the ACR, and Board.

The Chief Audit Executive will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to senior management and the ACR through periodic activity reports.

Audit Department Services:

The Chief Audit Executive is empowered to conduct assurance services, special audit projects, reviews, or investigations at the request of the Board, ACR Committee, President, General Counsel, EVP Provost, EVP Chief Operating Officer, EVP Health Affairs, or their designee, to assist management in meeting its objectives, promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in its programs and operations. The Office of Audit and Compliance may also provide consulting services, beyond assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services.

Coordination with External Auditing Agencies:

The Chief Audit Executive, with the goal of avoiding duplication of work, will coordinate the office's audit efforts with those of the Commonwealth of Virginia's Auditor of Public Accounts, or other external auditing agencies as applicable, by participating in the planning and definition of the scope of proposed audits so the work of all auditing groups is complementary and their combined efforts provide comprehensive, cost- effective audit coverage for the University.

Reporting and Monitoring:

A written report will be prepared and issued by the Chief Audit Executive or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will be available for review by the ACR and the Board of Visitors.

The internal audit report will include management's response and corrective action taken or to be taken regarding the specific findings and recommendations.
Management's response to audit findings and recommendations should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The Office of Audit and Compliance will be responsible for appropriate follow-up on its engagement findings and recommendations. All significant findings will remain in an open issues file until cleared. The ACR will receive periodic reporting from the Chief Audit Executive on the status of management's action plan implementation.

The Chief Audit Executive will periodically report to senior management and the ACR on the internal audit activity's purpose, authority, and responsibility, as well

as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management, ACR, or the Board.

Quality Assurance and Improvement Program:

In alignment with the IIA *Standards* the Chief Audit Executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program must include both internal and external assessments to evaluate the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors abide by the Code of Ethics.

Internal assessments are conducted at the conclusion of each engagement in accordance with the quality standards described in greater detail in the Internal Audit Policies and Procedures Manual. The results of ongoing internal assessments are communicated to the ACR on an annual basis.

External assessments must be conducted at least once every five years by a qualified independent assessor or assessment team from outside the organization.

The Chief Audit Executive must discuss with the ACR Committee:
- The form and frequency of external assessment;
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

The program will also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement. The Chief Audit Executive must communicate results of the quality assurance and improvement program to senior management and the ACR Committee.

Updated on June 3, 2021 7, 2018

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

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AUDIT DEPARTMENT CHARTER

   RESOLVED, changes to the Audit Department Charter are approved as recommended by the Audit, Compliance, and Risk Committee.

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UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: June 3, 2021

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: II.C. Auditor of Public Accounts FY2021 Audit Entrance
Meeting

ACTION REQUIRED: None

BACKGROUND: The Auditor of Public Accounts of the Commonwealth conducts an annual audit of the University and the Medical Center and reports findings to the Board of Visitors. Ms. Bianchetto, Vice President for Finance, will introduce Mr. Eric M. Sandridge and Mr. David Rasnic, who will discuss with the committee the FY 2020-2021 audit.

Eric M. Sandridge is Deputy Auditor for Technology and Innovation for Virginia's Auditor of Public Accounts. In addition to core responsibilities related to oversight over the APA's workplan and technical review over audit reports and compliance, he oversees the research, development, and implementation of new technologies and audit approaches. Collaborating with the office's various specialty teams, he works to identify opportunities for leveraging technology to enhance existing practices. Additionally, he evaluates 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 his role as Deputy, Mr. Sandridge spent nine years serving as Director of the APA's Higher Education Programs specialty team. His primary role on this year's audit will be oversight of the audit of the UVA Medical Center. He 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.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: June 3, 2021

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: III.A. Office of Audit and Compliance: Audit Department
                                      Summary of FY2020-2021 Activities

ACTION REQUIRED: None

Audit Projects Completed in FY2021 (July 1, 2020-June 30, 2021)

Audits Completed - Fiscal Year 2020-2021	UVA Division
Distributed Information Systems Management – Computer Science	Academic
Employee Assistance Fund Processes and Controls	Academic
Project Health Check Reports – Finance Strategic Transformation Reports #1 (Baseline) and #2	Academic
Mission Essential Vendors	Academic
Virginia Humanities Support Grant*	Academic
Medical Center and UPG Furlough Support Services Fund	UVA Health
Patient Friendly Billing Follow-Up	UVA Health
Revenue Cycle Work Queue Management	UVA Health
Ambulatory Scheduling	UVA Health
Third-Party Payer Contracts	UVA Health
Carr's Hill Construction	Pan-University
COVID-19 Payroll Controls	Pan-University
Bill and Melinda Gates Foundation Awards*	Pan-University
Section 117 of the Higher Education Act of 1965 Reporting Review*	Pan-University
Research Conflicts of Interest and Foreign Influence*	Pan-University
National Institutes of Health – Division of Program Integrity Review	Pan-University

Attorney Client Privileged Engagement Conducted under Direction of University Counsel

In addition to assurance work, the Audit Department participated in University initiatives as an advisor or consultant.

Project Status	Advisory Projects Completed - Fiscal Year 2021	UVA Division
Complete	Workday HCM: Delegation Risks and Controls	Pan-University

Project Status	Advisory Projects Completed - Fiscal Year 2021	UVA Division
Complete	Consultation on implementation plans for Epic segregation of duties controls	UVA Health
In progress/Ongoing	Identity and Access Management Steering Committee Request-Based Access Working Group	Pan-University
In progress/Ongoing	Participate on both Finance Strategic Transformation Steering Committee and Advisory Group (Workday Finance Implementation)	Academic
In progress/Ongoing	Policy Review Committee—provide advice on UVA policies as they move through the approval process	Pan-University

Audit Department Staffing Update

The talent market for IT auditors is highly competitive nationwide. To adjust for changes in in-house staffing, the Audit Department will co-source all IT audits for FY2022 with an external firm. This staffing model provides resource flexibility, allowing UVA to tap into expertise based on the subject of each IT audit conducted. This approach complements the process improvement opportunity for upskilling the IT audit function identified by the External Quality Assessment (EQA).

Similarly, in house staffing changes on the UVA Health team, along with the need for upgraded healthcare industry expertise identified in the EQA, will be addressed through co-sourcing on selected UVA Health audits.

Rated Audit Findings Reported Since March 2021 Audit Activity Report

Audits Completed Since Prior Report Out (March)	# of Rated Findings	UVA Division
Mission Essential Vendors	1 *Priority 2* (P2) control finding	Academic
Finance Strategic Transformation Project Health Check #2	Multiple recommendations; no rated findings	Academic
Virginia Humanities Support Grant*	Multiple recommendations; no rated findings	Academic
Revenue Cycle Work Queue Management	6 *P2* control findings	UVA Health
Ambulatory Scheduling	2 *P2* control findings	UVA Health

Audits Completed Since Prior Report Out (March)	# of Rated Findings	UVA Division
Third-Party Payer Contracts	No recommendations or rated findings	UVA Health

Follow Up on Implementation of Management Action Plans

Overdue Action Plans (plans originally due by March 31, 2021)

Audit	Past Due Action Items	Priority Rating	Action Plan Owner
2021 DISM Computer Science – SEAS	Six past due action plans related to remediating gaps in the following control areas: --4 IT Access Control --1 malware controls --1 failure to update job descriptions to include IT security responsibilities. Action plan implementation deadlines (established by management) were 12/31/2020 and 3/31/2021.	6 *Partially Meets* IT Control findings	Paul Henderson Computer System Senior Engineer – Computer Science - SEAS
2020 Student Dining Services	Aramark has not provided the results of its corporate Service Organization Controls (SOC 2 Type II) review, or other University approved data security audit, as required in the current contract. Originally due 3/31/2021	1 *P2* control finding	Rich Kovatch, UVA Associate Vice President for Business Operations Margaret Gokturk, UVA InfoSec Director of IT Compliance Various members of Aramark management: Aramark AVP Accounting, Aramark Regional Finance Director, Aramark Dining Services Unit Controller
2019 Fixed Fee Monitoring	The Office of Sponsored Programs has started, but not yet completed the implementation of, two action plans	2 *P2* control gaps	Stewart Craig, Executive Director of OSP

Audit	Past Due Action Items	Priority Rating	Action Plan Owner
and Management	addressing residual balance controls. 1. Implement a residual balances policy. Originally due 6/30/2020 2. Develop key control metrics to help in monitoring awards. Originally due 12/31/2020.		

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.
PM	**Partially Meets**	An IT control that meets some, but not all, of the relevant IT controls framework (e.g. ISO-27002-2013) requirement
PI	**Process Improvement**	A process improvement item signifies an opportunity to achieve additional control and/or process efficiencies.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: June 3, 2021

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: III.B. Institutional Compliance and Medical Center Compliance
FY21 Goals: Year-End Status Report

ACTION REQUIRED: None

Institutional Compliance Fiscal Year 2020-2021Goals
Year-End Status Report

1. **COVID-19**: Supported the University's efforts to successfully implement and monitor changes
   to processes in response to COVID-19, including development and support of new reporting
   mechanisms through which the University receives COVID-related compliance concerns,
   coordination of regular team meetings to review management of COVID compliance concerns,
   creation and implementation of new policies and procedures, and participation in other related
   activities. In addition, we leveraged the Compliance Network to share information about COVID
   compliance processes.

2. **Hotline Rationalization** – Completed the implementation of a general compliance module in
   SafeGrounds, to better manage significant compliance related incidents in a single platform. By
   using SafeGrounds, we will have more effective management of intake and triage of employee
   reports, easier reassignment and/or sharing of cases among compliance professionals,
   enhanced reporting capabilities, integration with Workday and the Student Information System
   (SIS), improved compliance with digital accessibility, and customized web intake forms that
   have a similar look and feel to the University community. Presented to the board at its March
   2021 meeting to provide a more detailed update about SafeGrounds.

3. **Volunteer Policy:** Led a multi-department effort to create a substantial rewrite of the policies,
   processes, and forms related to volunteers at the University to confirm the appropriate use of
   volunteers, complete background checks as necessary, address provisions related to hazardous
   materials, research, and motor vehicles, and document special considerations related to
   volunteers who are foreign nationals or minors. The revised policy was approved by the
   institutional policy review committee and posted in the policy directory.

Medical Center Compliance Goals Fiscal Year 2020-2021
Year-End Status Report

1. **Oversight and Review of Changes in Law**: Collaborated with Telemedicine, University
   Counsel, and clinical leaders to maintain vigilance on the changes in law and regulation that
   impacted the Medical Center's operations. This was critical in pandemic operations due to the
   volatility and flexibility of laws during the Public Health Emergency. Continued monitoring and

support has remained a priority as the pandemic continues and compliance efforts need to adapt.

2. **Revenue Integrity Audit Function:** Developed an expanded Compliance Audit Plan to provide more focused independent revenue integrity audits and reviews. The schedule was built on trended denials and probe reviews to determine compliance in high-risk areas as identified by the Office of Inspector General/Health & Human Services Work Plan. The programmed audits were completed ahead of schedule; once results were communicated and corrective action plans in progress, two additional audits were added, including a Covid-19 related billing compliance audit.

3. **Management of Data Privacy and Security:** Partnered with HIT Information Security to evaluate and strengthen data privacy and security controls and policies. This was a focus as operations shifted to teleworking and remote communications in order to ensure appropriate management and controls of the highly sensitive data the Medical Center team members and third-party vendors routinely use and for which the Medical Center is responsible.

4. **Participation and Support in UVA Health Bridge Plan work:** Involved in the work of three separate UVA Health Bridge Plan organizational initiatives; Patient Progression, Information Technology, and Revenue Cycle. Participation and support included determining priorities, making decisions, providing subject matter expertise, and training to facilitate Plan progression.

5. **Compliance Risk Assessment:** Performed a comprehensive Compliance Risk Assessment to evaluate potential risk areas with operational, financial, reputational and/or stakeholder impact using the framework of the OIG elements of an effective compliance program. The scope of the assessment also included select academic departments that interface with Medical Center operations and functions. Risks in each area were analyzed, and the strengths and areas for improvement identified, and follow up corrective action plans are in progress.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: June 3, 2021

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: III.C. Enterprise Risk Management (ERM) Program Report

ACTION REQUIRED: None

DISCUSSION: The Enterprise Risk Management team kicked off the Values Focused ERM approach by convening the Risk Management Network on May 13, 2021 as well as the Risk Management Working Group on May 24, 2021.

The Working Group members will focus on the Fiscal Sustainability Risk Register and Reporting, while the Risk Management Network will focus on proposed timelines, governance structure, and risk rating methodologies. A detailed project plan was created and disseminated with updates to be provided to senior University leaders and the Board of Visitors in fall 2021. Quarterly Risk Management Network and monthly Risk Management Working Group meetings are scheduled through the next twelve months.