Board of Visitors
Audit, Compliance, and Risk Committee
June 2018

Action Items:

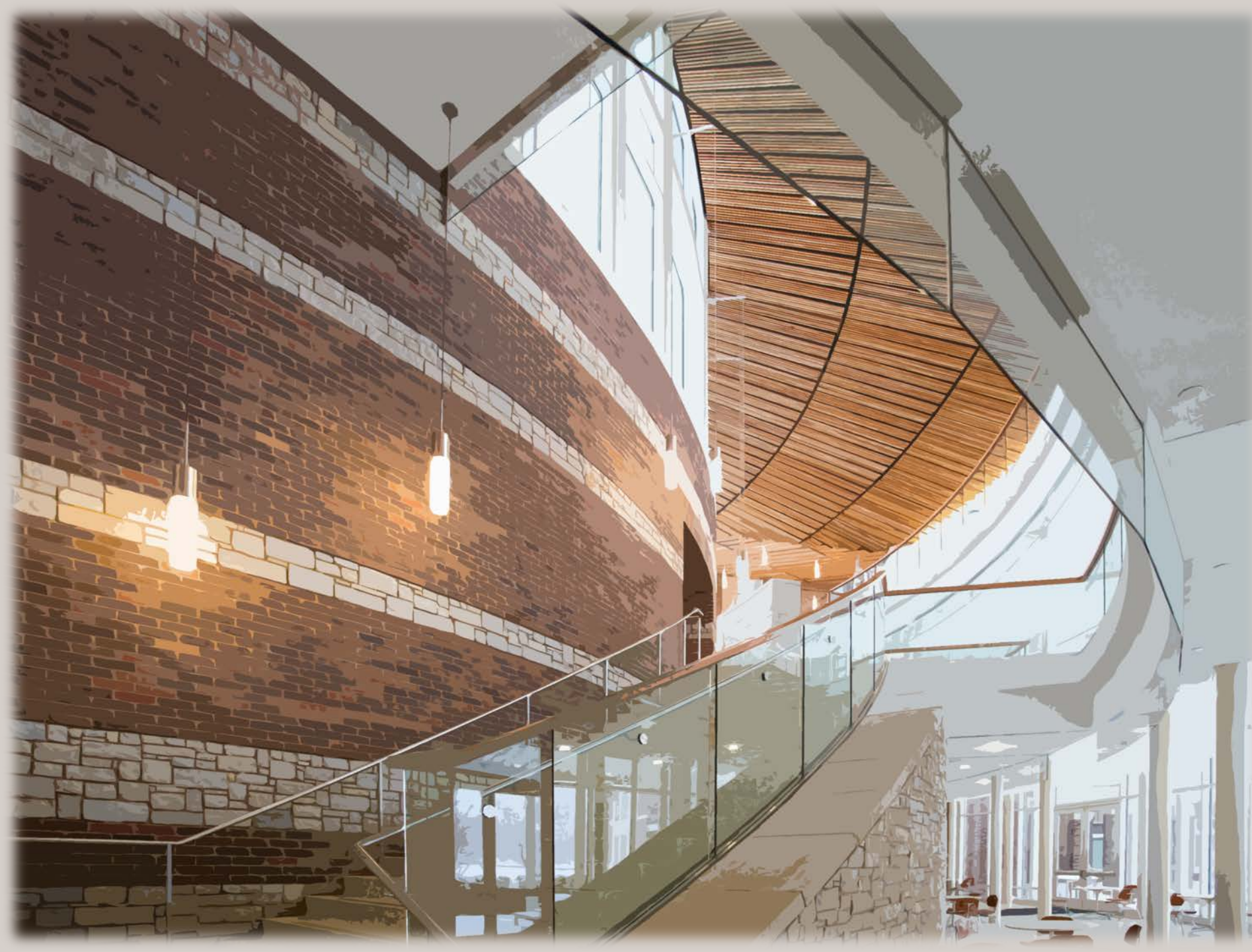1. Audit Plan FY2019-FY2020

2. Revised Audit and Compliance Charters
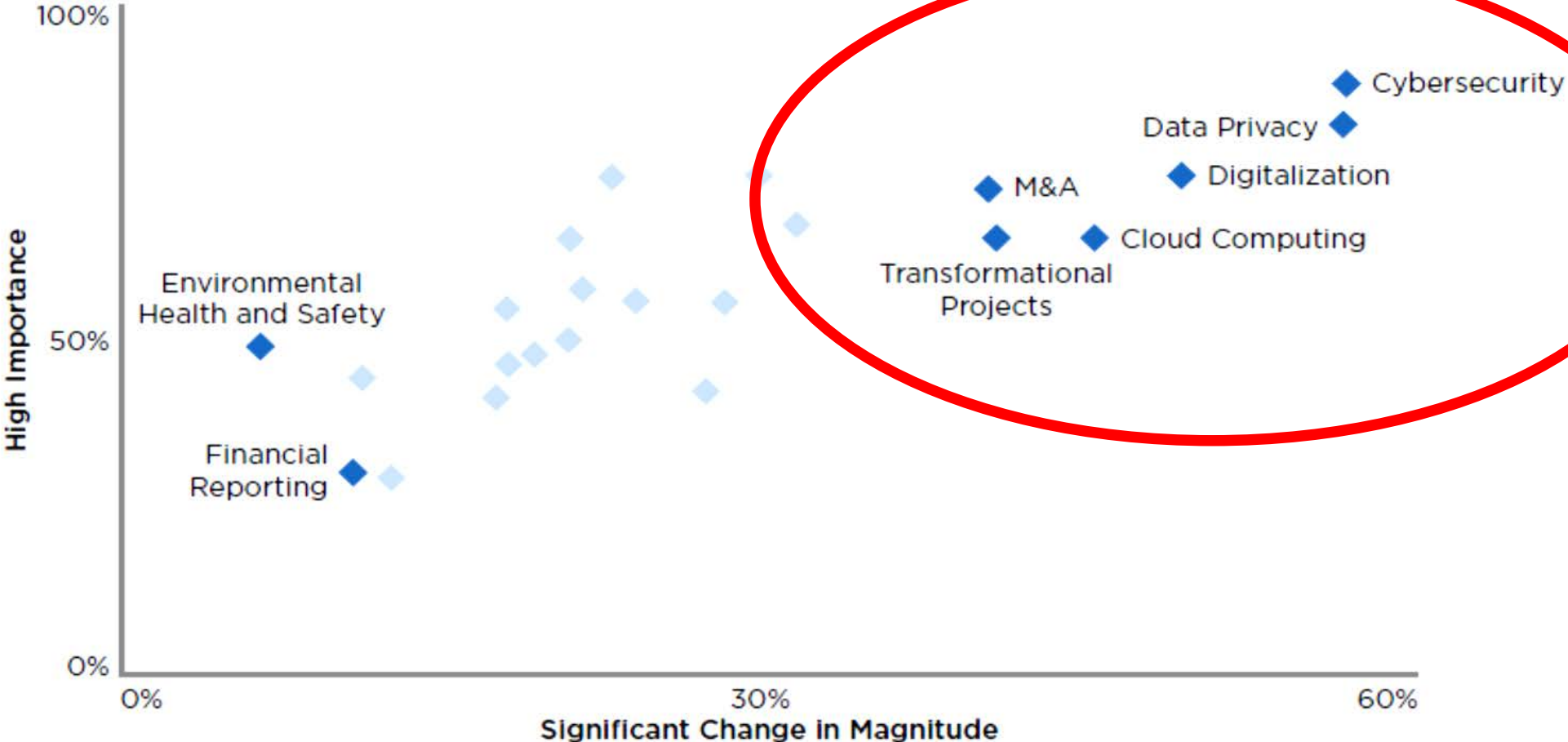
Audit Plan: FY2019-FY2020

Sense and Respond:

Moving Toward Real-Time Assurance

Regardless of industry, auditors report significant changes from year to year in the magnitude of important risks facing their organizations

Percentage of Audit Departments

Scatter plot with y-axis "High Importance" ranging from 0% to 100% and x-axis "Significant Change in Magnitude" ranging from 0% to 60%. Labeled points include: Cybersecurity, Data Privacy, Digitalization, M&A, Cloud Computing, Transformational Projects (all circled in red at upper right), Environmental Health and Safety, and Financial Reporting (at lower left).

n = 34 – 76.

ERAS OF AUDIT

Changing Characteristics of Audit Work

Tolerance for Volatility (vertical axis)

Time (horizontal axis)

- **Cyclical Auditing:** Set number and type of audits performed each year to execute a cyclical plan with a fixed refresh process
- **Risk-Based Auditing:** Annual audit plan that prioritizes elements of audit universe based on an annual risk assessment
- **Enterprise Risk-Based Auditing:** Annual audit plan (with quarterly updates) that prioritizes risk universe with input from all three lines of defense
- **Real-Time Assurance:** Just-in-time allocation of audit and other assurance resources based on up-to-date analysis of diverse risk information

Source: CEB analysis.

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Given the magnitude of risk changes over relatively short periods of time, traditional audit planning methods are no longer sufficient.

Audit needs a new approach to allocating coverage: real-time assurance.

Audit must:
- Enable real-time changes to the audit plan
- Process a broader set of information inputs in real-time
- Enable auditors to make real-time scope changes in audit engagements

Flexibility is key to providing risk assurance in a high change environment

Audit allocates resources just in time, with a flexible set of coverage options.

Real-Time Audit Planning

Audit collects risk information from a broad set of sources on an ongoing basis and distills it in real time.

Real-Time Risk Assessment

Real-Time Engagement Course Corrections

Auditors adapt scope, even during fieldwork, based on the latest risk information from a broad set of sources.

Source: CEB analysis.

Lead Audit Team	**Risk Prioritized Audit Topics** *Audit Timing Determined by Assessment of Current Institutional Priorities; Detailed Scope Determined at Time of Audit*
Audit Coverage: Pan- University	
IT & Health System	Ufirst Project Health Check: Provide feedback on project risk mitigation (through launch in January 2019)
Health System	Research Compliance Administration
Health System/Co-Sourced	Construction Contract Audits (Specific Capital Projects To Be Determined)
IT	Research Computing Security (Ivy Secure Computing Environment)
Academic & Health System	COSO Internal Controls Framework Pilots (Payroll and Financial Reporting Processes)
Academic	Financial and Budgetary Management Processes
Academic	Presidential Travel and Expenses (Conducted Annually)
Audit Coverage: Academic Division	
Academic	International Student and Scholar Support
Academic	Dining Services
Academic	Student Health & Counseling
Academic	Athletics Drug Testing Program (ACC Follow Up Request)
IT	Security and Integrity of Key Instructional Systems
IT	Network Infrastructure & Security: Vulnerability & Patch Management
IT	Third Party IT Vendor Management; Cloud System Vendor Risks
IT	Disaster Recovery & Business Continuity Planning
Audit Coverage: Health System	
Health System	Revenue Cycle: Charge Capture (Procedures and Surgeries)
Health System	Epic as a Platform: Managing Ongoing System Upgrades and New Functionality
Health System	Outpatient Clinical Set Up
Health System	Patient Friendly Access (PFA): Registration and Scheduling Processes
Health System	Clinical Trials Billing (Epic)
IT	Network Infrastructure & Security: Vulnerability & Patch Management
IT	Disaster Recovery & Business Continuity Planning
IT	Third Party IT Vendor Management; Cloud Vendor Risks
IT	HIPAA Compliance – EPHI Security
Audit Coverage: UVA's College at Wise	
Academic	Comprehensive Risk Assessment with Specific Audits to Follow
IT	General Computer Controls for Key Local UVA Wise Systems

With a backdrop of leadership transition, ongoing investments in systems and infrastructure, and ever-present cybersecurity threats, our current view of risks prioritizes ensuring foundational controls and processes continue to provide a solid footing on which to build.

Resolved: the Audit Department FY2019-FY2020 Audit Plan is approved as recommended by the Audit, Compliance, and Risk Committee

Audit Department FY2019-FY2020 Audit Plan

Resolved: the updated Internal Audit Charter, dated June 7, 2018, is approved as recommended by the Audit, Compliance, and Risk Committee.

Internal Audit Charter

Resolved: the updated Institutional Compliance Charter, dated June 7, 2018, is approved as recommended by the Audit, Compliance, and Risk Committee.

Institutional Compliance Charter

Enterprise Risk Management Update

ERM- FY18 Milestones

- Engaged BOV Committee Chairs in ERM Discussion
- Strengthened Risk Mitigation Plans
  - First annual meeting of risk leads
  - Standardization of risk ledgers
- Created new key risk lists for the Academic Division and Health System
- Updated the ERM Charter to better reflect program growth

Academic Division – Key Risk Heat Map
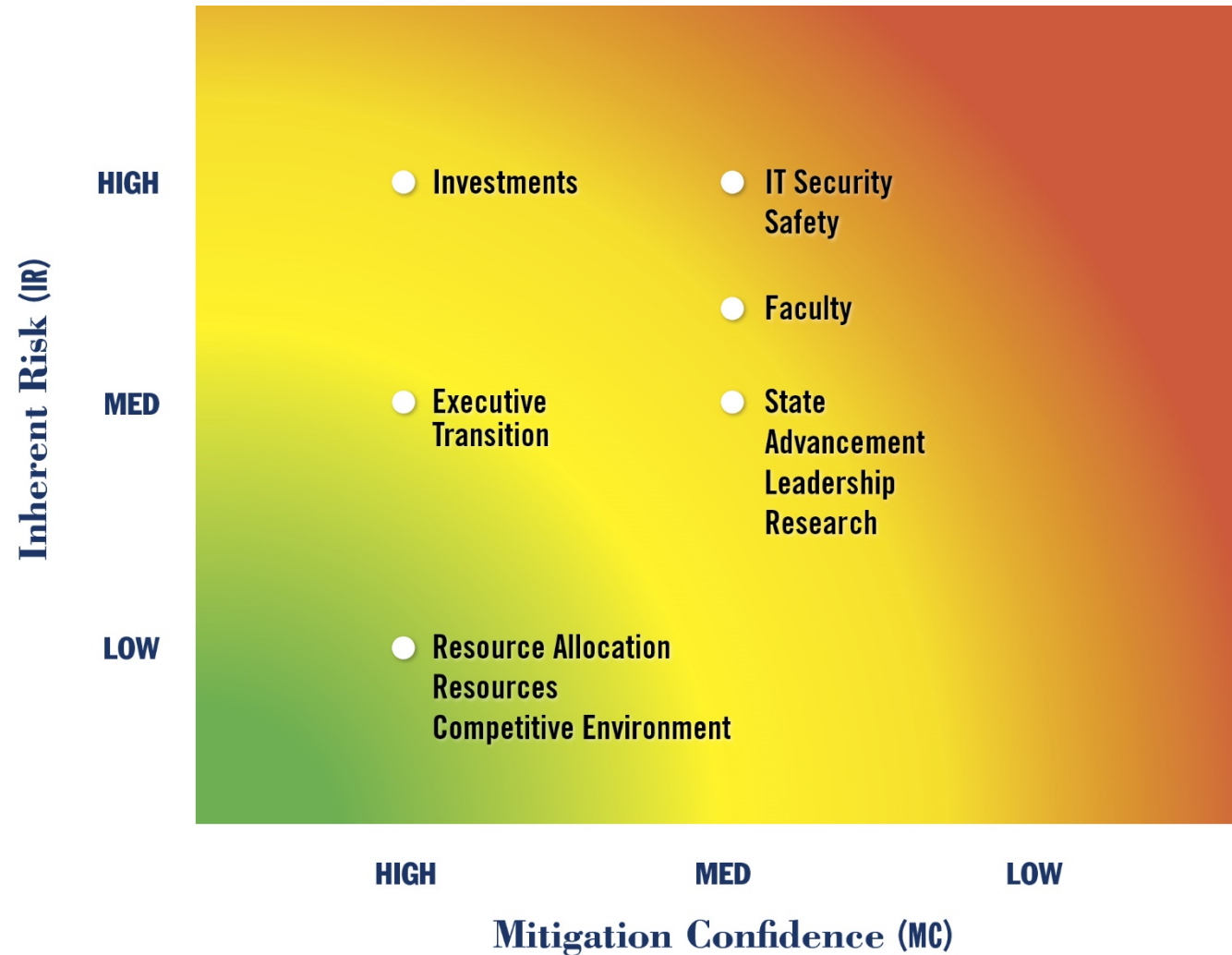
Health System – Key Risk Heat Map
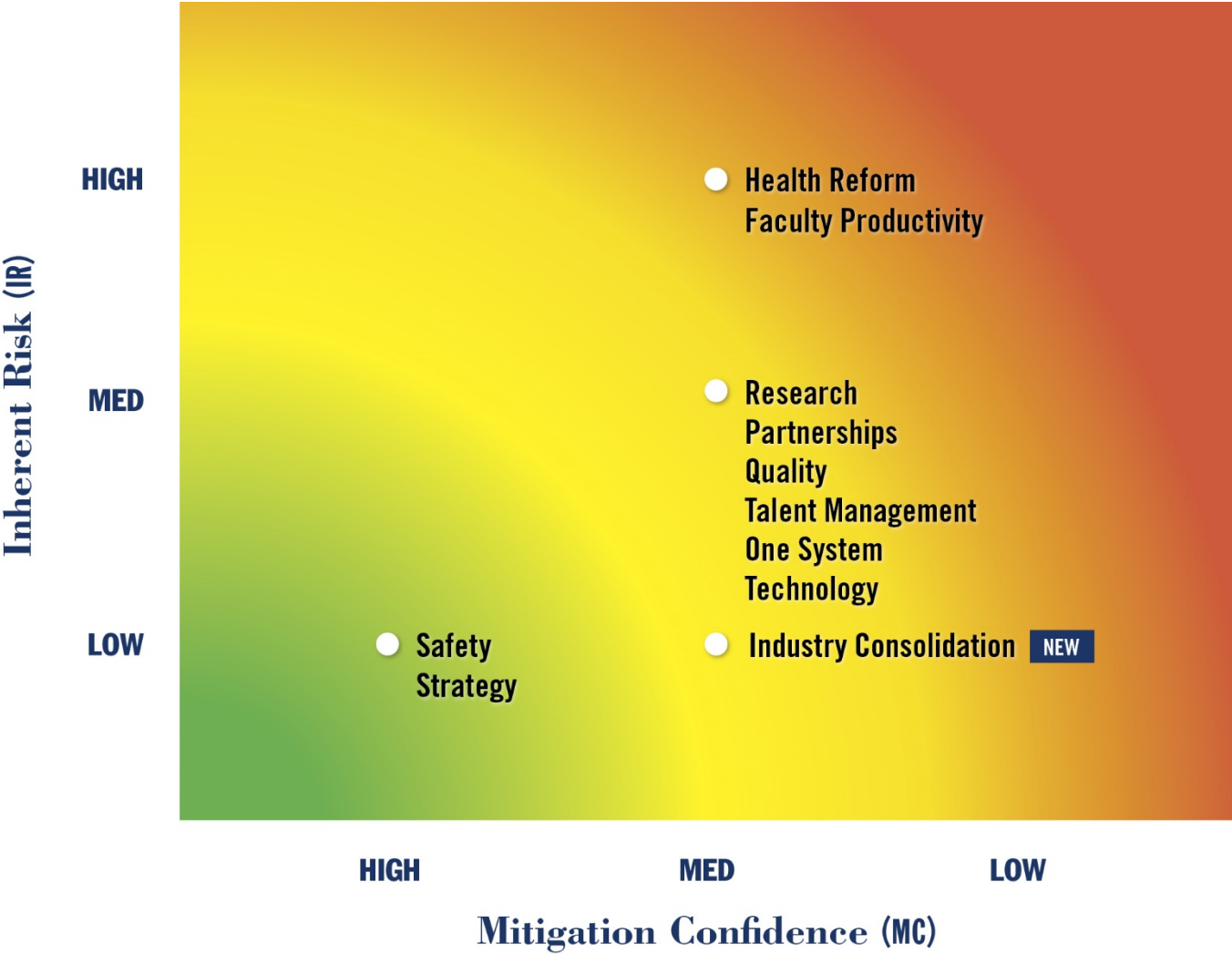
ERM – FY19 Goals

- Further Onboard UVA Wise – dedicated effort that reflects Wise's unique business model

- Build Risk Interaction Map – build a map of connected and overlapping risks among the academic division and health system

- Migrate ERM Data onto Governance, Risk and Compliance (GRC) system

Written Reports

Committee Meeting Adjourns