



UNIVERSITY
of VIRGINIA

Board of Visitors
Audit, Compliance, and Risk Committee
June 2017



Audit Department Report:

- Proposed Audit Department Plan (Fiscal Years 18 and 19)
- Updated Audit Department Charter

What Needs to Go Right?

We Focus on What Matters Most to UVA to Create the Risk-Based Audit Plan



UVA Audit's planning process filters risk inputs down to auditable risks, then considers them by degree of assurance required, risk impact, and available hours and resources.

Risk Information is Filtered Into a Manageable and Dynamic Plan



Create Audit Universe

- UVA org charts
- Higher Ed, healthcare, IT, and research process maps and frameworks
- Risk Publications
- Knowledge of the UVA environment

Identify Subset of Most Significant Risks

- ERM and Compliance Risk Assessments
- Stakeholder Input and Requests
- Peer Benchmarks
- Industry Hot Topics

Identify Possible Audit Engagements

Consider available Audit Department resources, degree of assurance required, and University's competing priorities

Draft plan for discussion and approval by Audit, Compliance, and Risk Committee

UVA's "Lines of Business"



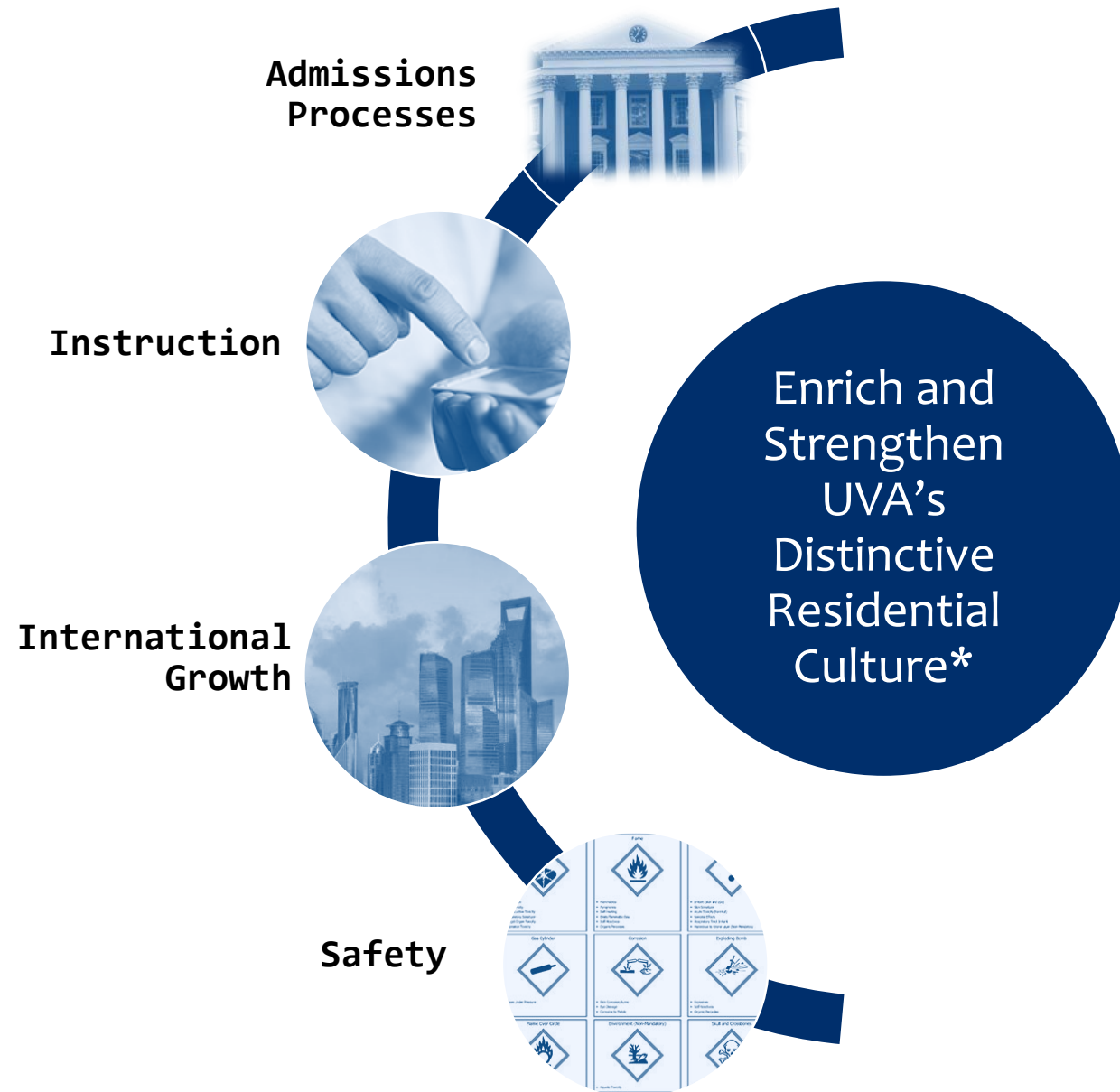
Education

Research

Clinical Care

Education

Student Experience | Safety

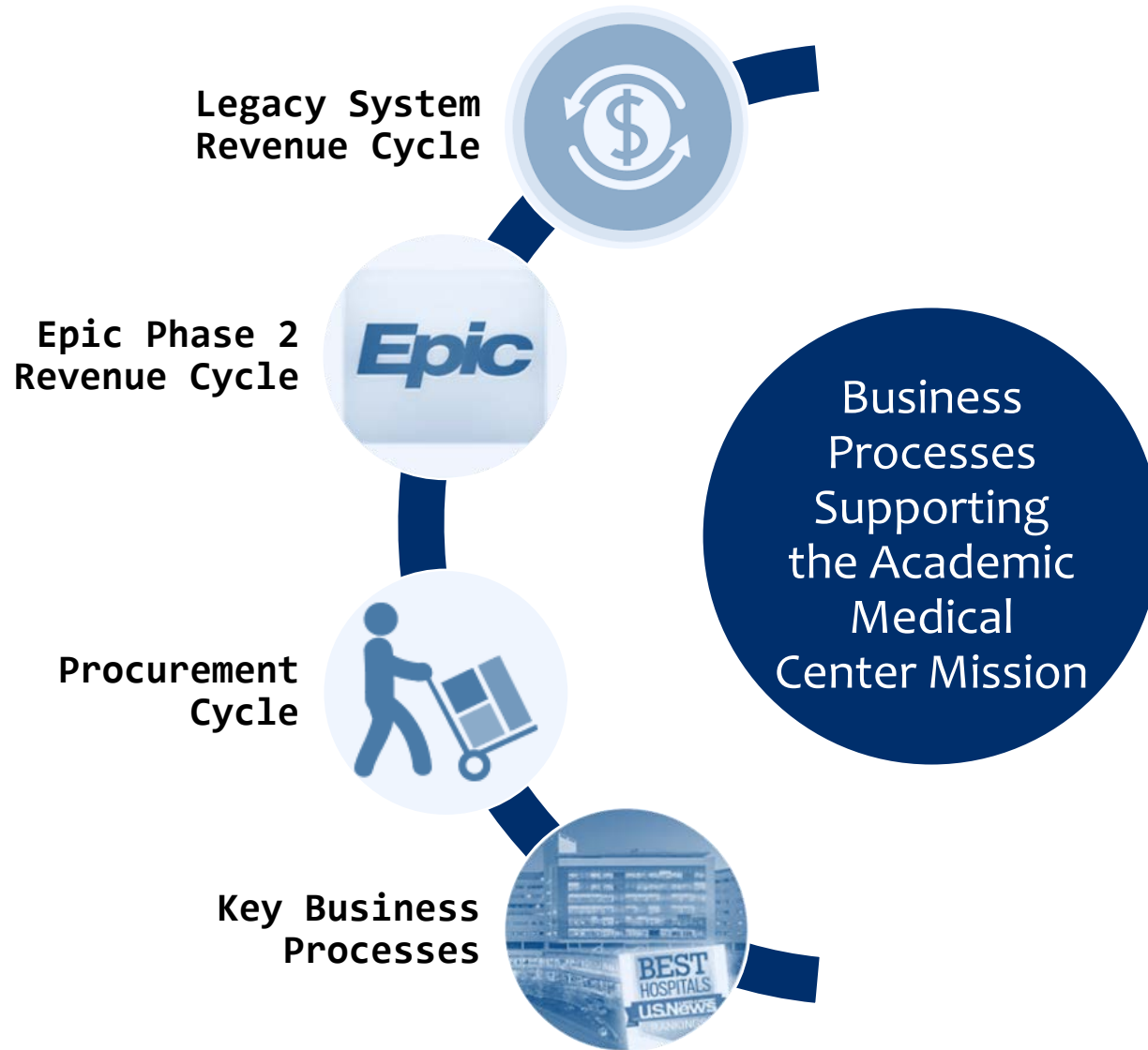


*Cornerstone Pillar 1

Education

Audit Topic	FY18	FY19
Admission Processes	X	X
Lab Safety	X	
Environmental Health & Safety	X	
Student Health & Counseling		X
Dining, Housing and Residence Life		X
International Programs		X
Security & Integrity of Key Instructional Systems		X

Clinical Care





Revenue Cycle Processes

Include:

Front End:

Scheduling, Pre-Registration, Authorization Checks, Financial Counseling, Registration or Admission

Mid Revenue Cycle:

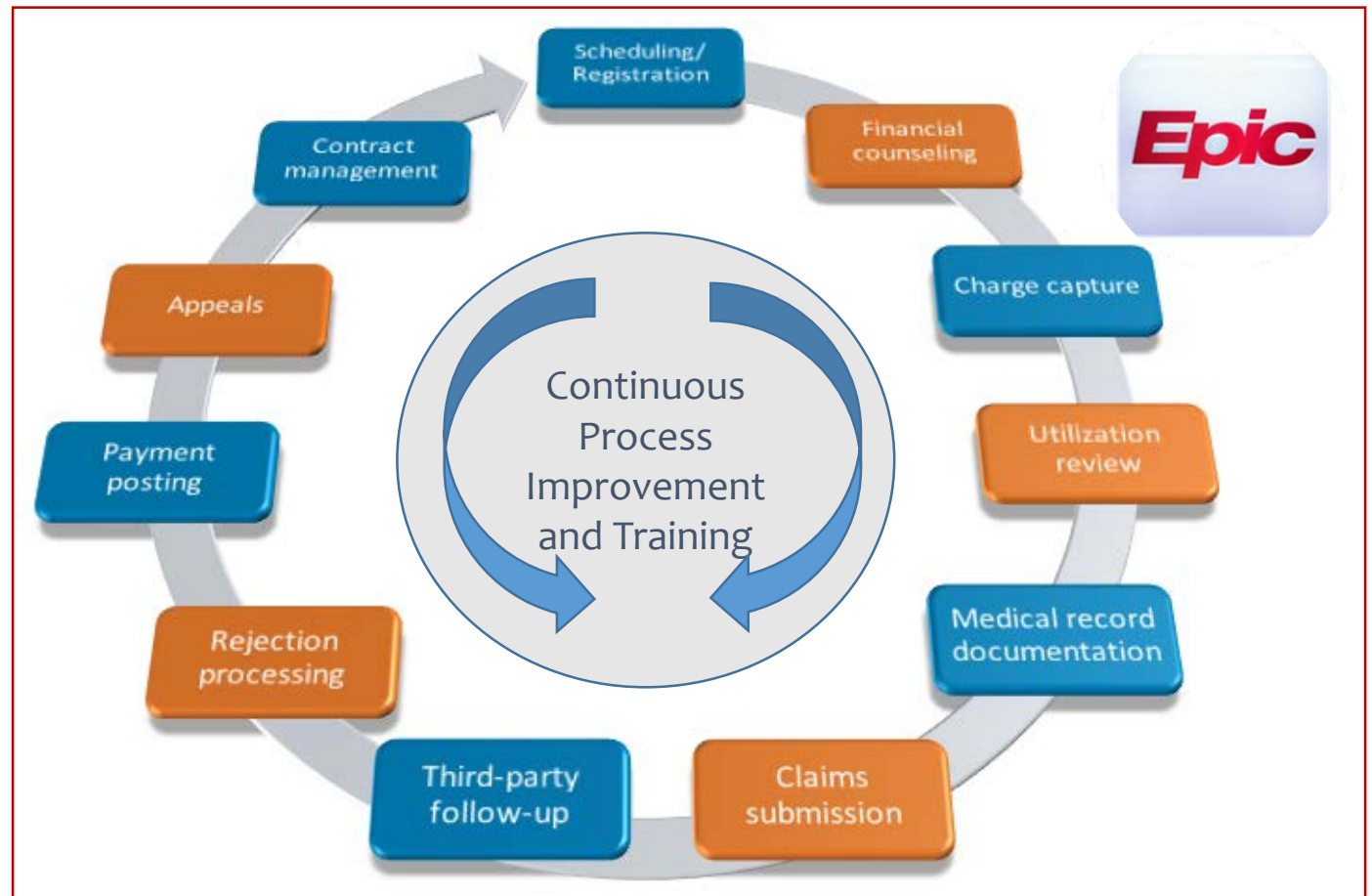
Services Provided, Charge Capture, Clinical Documentation, Coding

Back End:

Claim Generation, 3rd Party Payers and Denials, Payer Follow Up and Secondary Billing, Patient Billing and Collections, Write Offs, Financial Statement Reserves

Understanding the Revenue Cycle

It starts the moment a patient calls to make an appointment and ends when all outstanding payments are collected

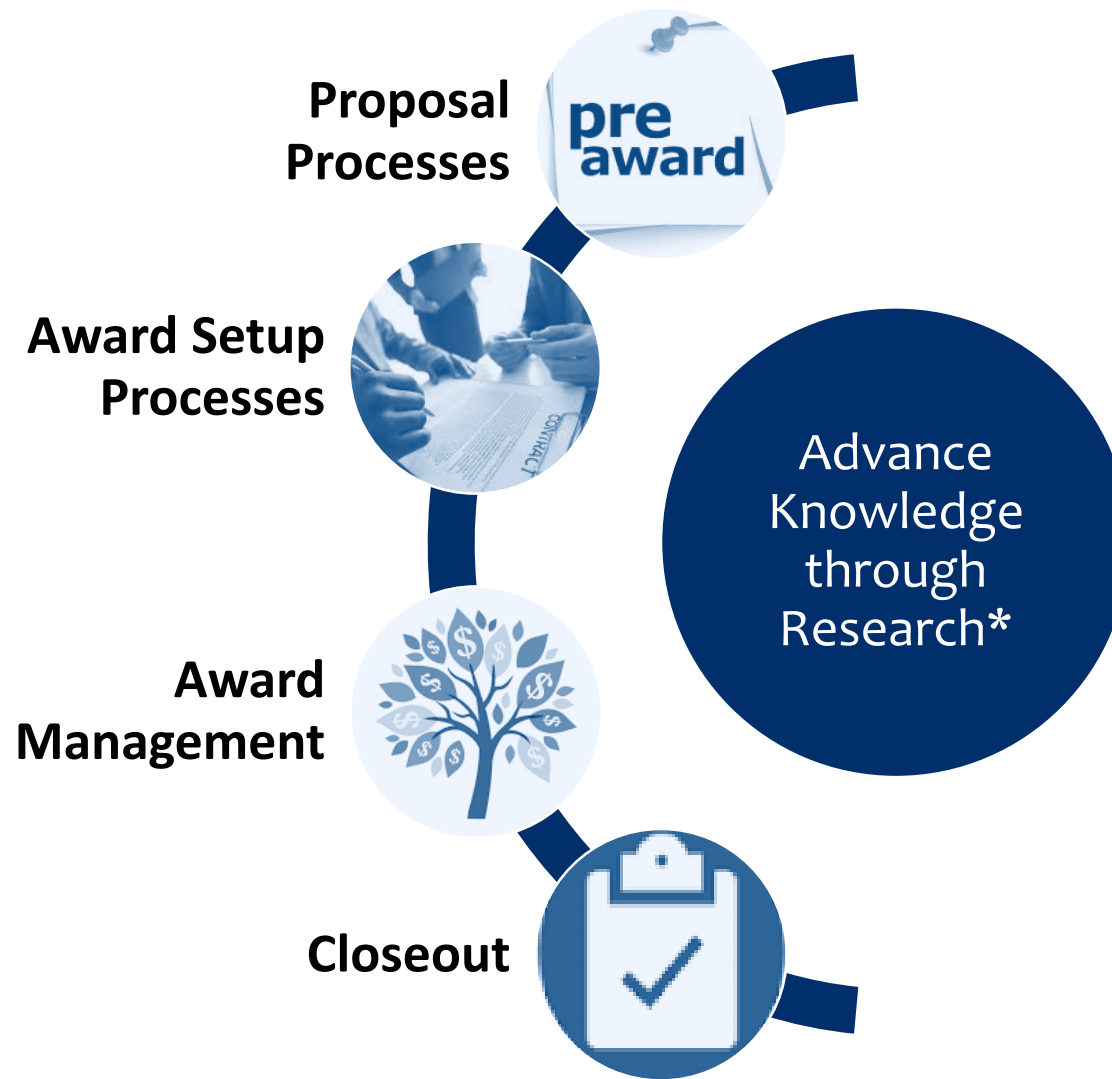


We coordinate closely with UPG's Director of Audit and Billing Quality to provide integrated assurance across the revenue cycle for the benefit of UVA

Clinical Care

Audit Topic	FY18	FY19
Legacy System Revenue Cycle	X	
Epic Phase 2 Post-Implementation Revenue Cycle	X	X
Procurement Cycle Processes: Medical Devices	X	
Business Processes:		
• Financial Budgeting		X
• Forecasting and Reserves		X
• Clinical Trials Revenue		X

Research



Placeholder: Inova Partnership

Peer Tier 1 Research Institutions are Focusing On:

- Data Privacy and Security
- Federal Data Security Requirements (FISMA, Publication Restrictions)
- Research Integrity
- Subrecipient Monitoring
- Sponsored Programs Outside US

*Cornerstone Pillar 2

Research

Audit Topic

FY18

FY19

24 Month Research Compliance Audit Plan

Pre-Award Processes

- Sponsor Requirements
- Budgeting
- Proposal Submission

X

X

X

X

X

X

Award Set Up

X

X

Award Management

X

X

Closeout Processes

X

X

Fundamental Business and IT Processes

Audit Topic	FY18	FY19+
Ufirst HR Transformation Project Health Check	X	X
IT Security Across UVA (includes SecureUVA, Medical Devices, Key IT Systems and Database Access Controls, and Building Controls Systems)	X	X
Presidential and Executive Travel and Expenses	X	X
UVA Travel and Expense System (New)	X	
PCI Compliance (MC and Academic Divisions)		X
Annual Inventories (Bookstore & Pharmacy)	X	X
Construction Project Audits (co-sourced)	X	X
Strategic Investment Fund	X	X
Facilities Contract Management		X
Donor Gift Processing		X

Resolution to Approve Audit Department FY 18 and FY 19 Plan

Institute of Internal Auditors' Updated Standards

Proposed Revisions to the UVA Audit Department Charter to
Conform to Professional Standards Changes

IIA Standards: What's New?



International Professional
Practices Framework



The Framework for
Internal Audit
Effectiveness:
The New IPPF

Audit Department Charter Changes

The Institute of Internal Audit's Updated Standards Require:

- Must Recognize Mandatory Guidance in the Department's Charter
- Core Principles for the Professional Practice of Internal Auditing must be referenced in the Charter
- Updates to the Chief Audit Executive's mandatory disclosure requirements related to the department's Quality Assurance and Improvement Program were made
- Clarification of the Chief Audit Executive's organizational reporting was made

Resolution to Approve Updated Audit Department Charter

Compliance Reports:

- Survey of Legal and Regulatory Compliance
- Medical Center Compliance and Privacy



Survey of Legal and Regulatory Compliance

Audit, Compliance, and Risk Committee

June 8, 2017

UVA Cost Survey Parameters

- Personnel costs of staff with some degree of responsibility for compliance activities:
 - Managing day-to-day responsibilities for compliance
 - Developing and updating policies and procedures
 - Conducting compliance training
 - Preparing and compiling required reports
 - Monitoring activities and investigating non-compliance
- Program-specific costs such as:
 - Compliance software, training materials
 - Printing and mailing required reports
 - External services (consultants, investigators)
- Estimated ten-year increase in compliance costs



Medical Center Compliance and Privacy

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HEALTH SYSTEM

UVA Children's Hospital Clinics

Orthopedic Surgery Center

1204
Medical Building



Enterprise Risk Management Update

ERM – FY17 Milestones

- Repositioned program
 - Refocused on risks surrounding strategic objectives
 - Began aligning ERM efforts with goal setting and audit cycles
- On-boarded Health System
- Created new key risk lists for the Academic Division and Health System
- Engaged individuals around the University in support of ERM effort
- Created an active dialogue around strategic risks

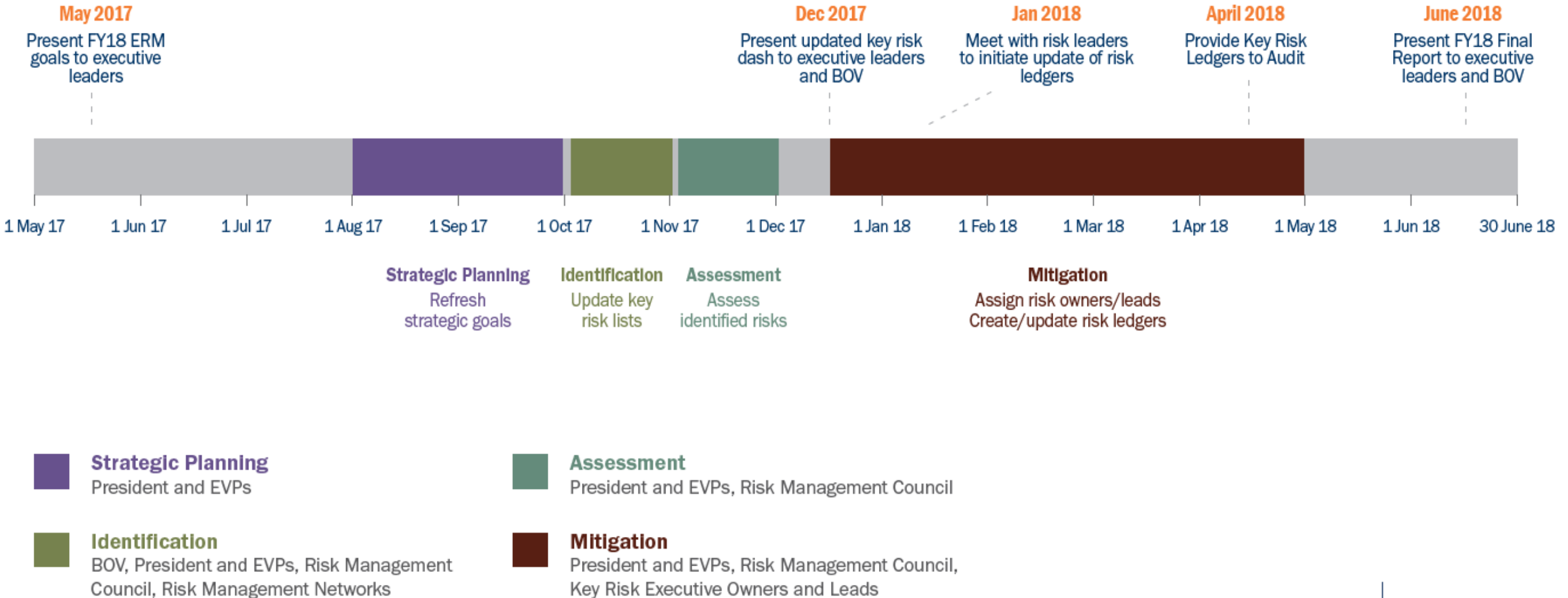
ERM Key Risk Dashboard – Academic Division

ACADEMIC DIVISION RISK	EXEC. OWNER	RISK LEAD(S)
ADVANCEMENT – developing a campaign strategy that adequately addresses philanthropic investment, fundraising strategies, and the governance implications of the resulting distribution of resources between the University and foundations	President	VP for Advancement
COMPETITIVE ENVIRONMENT – assessing the University's competitive space in undergraduate, graduate, and professional programs	EVP-Provost	Vice Provost for Academic Affairs
EXECUTIVE TRANSITION – preparing for an executive leadership transition and a potential change in the University's strategic direction	BOV President	Chief of Staff for the President
FACULTY - attracting, retaining, and developing a distinguished faculty	EVP-Provost	Vice Provost for Faculty Affairs
INVESTMENTS - stewarding assets particularly related to investable assets	EVP-COO	AVP & Treasurer UVIMCO
IT SECURITY – enhancing cybersecurity in an era of increasing threats	EVP-COO	Chief Information Officer
LEADERSHIP – maintaining and renewing a highly skilled and cooperative executive team given the attractive alternatives for the best executives	President	Chief of Staff for the President
RESEARCH - research leadership, infrastructure, and funding to adequately support the accomplishment of our research objectives	EVP-Provost EVP-Health Affairs	VP for Research School of Medicine Dean
RESOURCE ALLOCATION – developing an optimal process for allocating resources in meeting strategic objectives	EVP-COO	VP for Finance
RESOURCES - diminished, or loss of, financial resources from major funding sources. (e.g., State, Advancement, Research, Endowment)	EVP-COO	VP for Finance
SAFETY – maintaining a safe environment for the University community	EVP-COO VP for Student Affairs	Chief of Police Dir of Emergency Preparedness
STATE - concern about whether public policy in the State will continue to be supportive of quality public higher education	President	Senior VP for Operations Chief of Staff for the President

ERM Key Risk Dashboard – Health System

HEALTH SYSTEM RISK	EXEC. OWNER	RISK LEAD(S)
FACULTY PRODUCTIVITY - Managing faculty productivity (clinical and research)	EVP-Health Affairs	Chief Medical Officer, MC Dean, School of Medicine
HEALTH REFORM - Government payer reform (Medicare, Medicaid, and ACA)	EVP-Health Affairs	CEO, Medical Center
ONE SYSTEM - Alignment of Health System entities towards a single system of operation	EVP-Health Affairs	EVP-Health Affairs
PARTNERSHIPS - Realize the benefits of off-grounds partnerships	EVP-Health Affairs	EVP-Health Affairs
QUALITY - Achieving goals for national ranking/patient experience, quality, and care	EVP-Health Affairs	Chief of Quality & Performance Improvement, MC
RESEARCH - Leadership, infrastructure and funding to adequately support the accomplishment of our research objectives	EVP-Health Affairs	Dean, School of Medicine
SAFETY - A major quality or safety event	EVP-Health Affairs	Chief of Quality & Performance Improvement, MC
STRATEGY - Strategic direction in a changing competitive environment (flexibility around change)	EVP-Health Affairs	EVP-Health Affairs
TALENT MANAGEMENT - Recruitment and retention of key personnel (patient care services positions, research, and leadership)	EVP-Health Affairs	CEO, Medical Center Dean, School of Medicine
TECHNOLOGY - Investment and enablement	EVP-Health Affairs	Chief Information & Technology Officer, MC

ERM – FY18 Timeline



ERM – FY18 Work Plan

- Enhance communication and discussion among executives and board members related to key risk management
- Strengthen risk management efforts through better understanding and use of risk appetite and key risk indicators
- Better align and integrate ERM efforts with University planning and audit cycles
- Update charter