



**University of Virginia  
Board of Visitors  
Audit, Compliance, and  
Risk Committee  
June 2, 2022**



June 2022  
Audit,  
Compliance, and  
Risk Committee  
Meeting Agenda

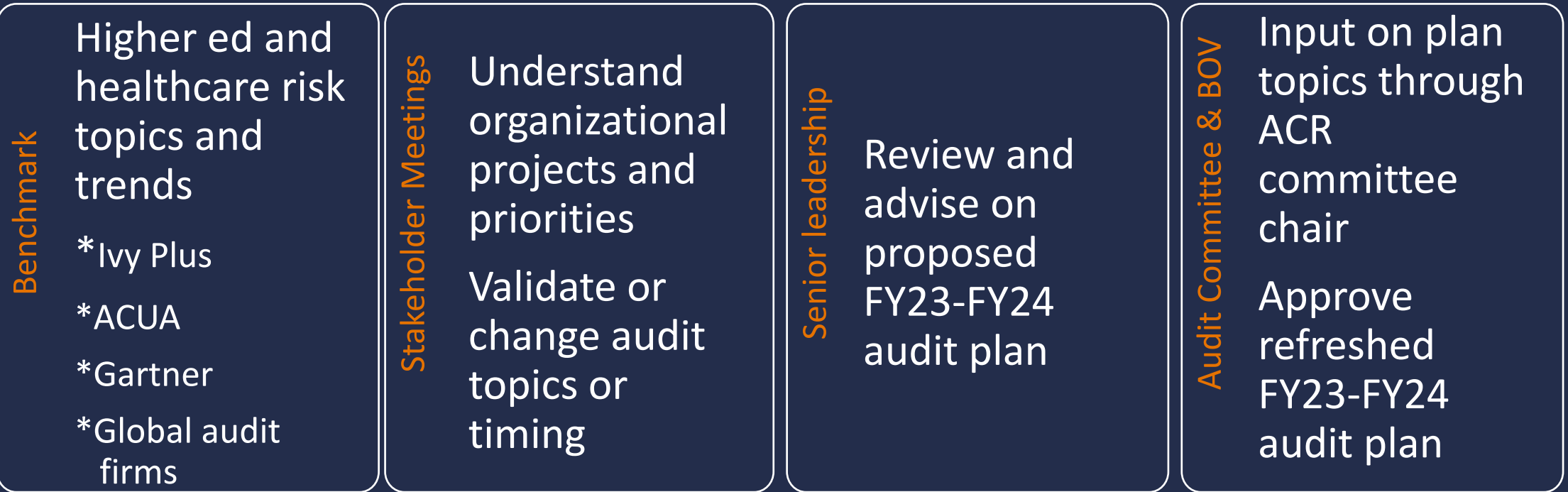
- Remarks by Dr. Lateef, Committee Chair
- Audit Plan Review and Approval
- Auditor of Public Accounts Entrance Meeting
- Enterprise Risk Management Report: Fiscal Sustainability
- Written Reports

Carolyn Devine  
Saint  
Chief Audit  
Executive

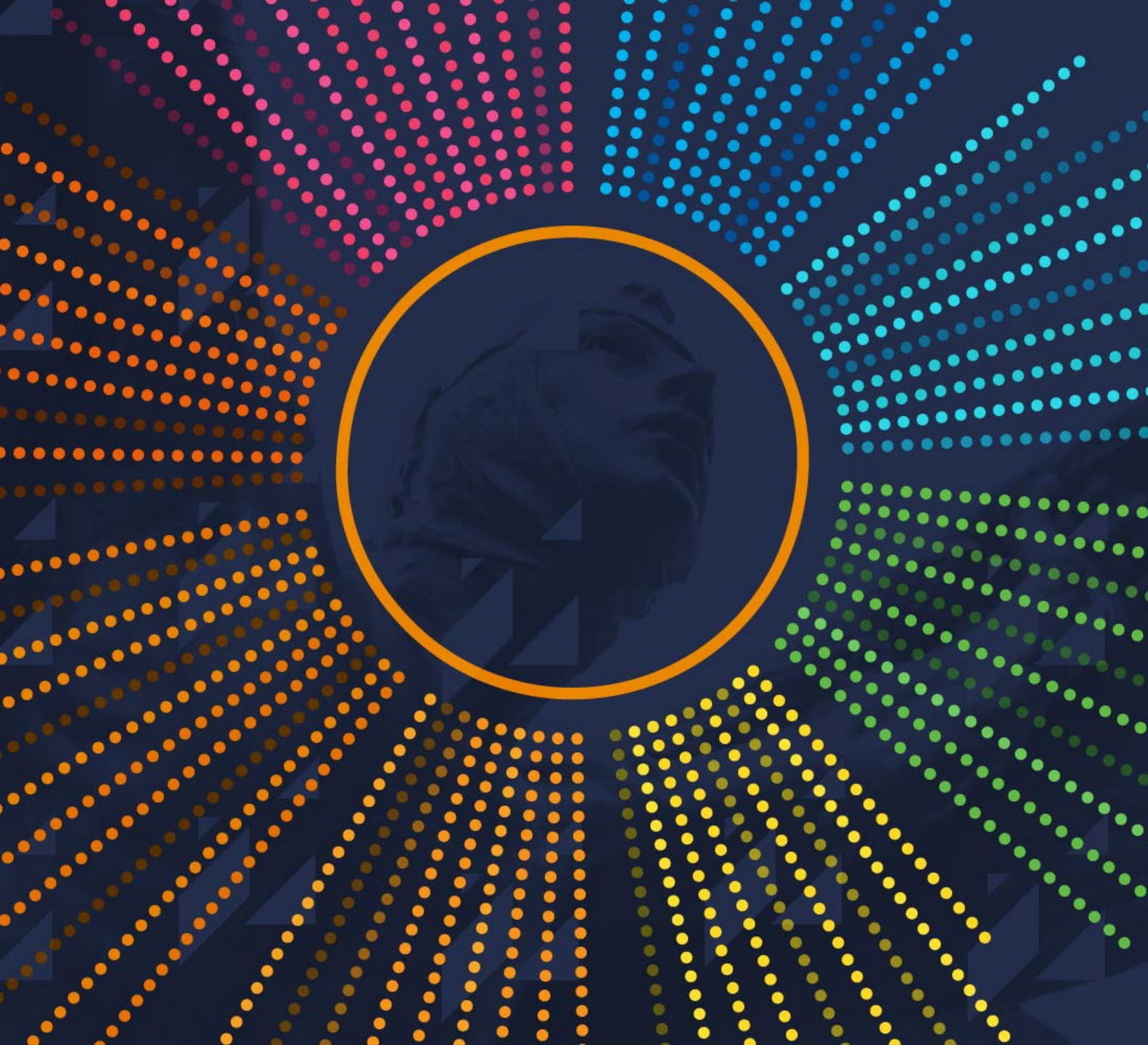
Audit Plan Review and Approval (FY2022-2023 and  
FY2023-2024)

# Audit Plan Refresh Approach

## FY2022-2024



Planning from February through June 2022



# Pan- University Audit Plan Topics

July 1, 2022 through June 30,  
2024 (FY's23-24)

# UVA Academic Division Audit Plan

FY2023-FY2024

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## FY23 Audit Plan Topics UVA Academic Division

Research Data Security (In progress from prior year plan)	Workday Financials Controls Validation
Safety and Security Follow Up (In progress from prior year plan)	Benefits Plan Administration (Plan TBD)
International Operations (In progress from prior year plan)	Cloud and SaaS Based Vendor Review (IT Audit)
Institutional Data (In progress from prior year plan)	University Police Department
Student Information System (SIS) Academic Records and IT Controls	Ransomware Assessment Follow Up (IT Audit)
Student Financial Aid: UVA Wise Follow Up	<p>Construction Audits</p> <ul style="list-style-type: none"> <li>• Hotel and Conference Center (In progress from prior year plan)</li> <li>• Football Operations Center</li> </ul>
CARES Compliance – Higher Education Emergency Relief Fund (HEERF I, II, III) – Part 2 (FY23)	Research - Post Award Administration
School-Level Audit (Pilot)	

## FY24 Audit Plan Topics UVA Academic Division

Environmental, Social, and Governance (ESG) – Inventory of Current Reporting	Identity and Access Management – Request Based Access
ESG Reporting: Sustainability Report	Data Privacy
Student Financial Services (Billing & A/R)	Research Data Governance Audit Follow Up
NCAA Compliance: Financial Aid for Student-Athletes	Post Implementation Review: Huron Pre-Award Module
Payroll (Workday)	School Audits (3 Schools)
Software Asset Management (IT Audit)	Hazardous Waste Management



# UVA Health Audit Plan

FY2023-FY2024

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## FY23 Audit Plan Topics UVA Health

Joint Commission (JC) Readiness: Performance Improvement Chapter Updates – Gap Analysis	UVACH: IRS 501(r) Compliance
Graduate Medical Education (GME) Program	Cloud-based and Software as a Service (SaaS) Vendor review (IT Audit)
Charge Capture – Renal Services	HIPAA Security Risk Assessment Follow-up (IT Audit)
Charge Capture – Interventional Radiology	Epic User Role Change Review (IT Audit)
Coding Compliance: Implantable Cardiac Devices (ICD) Procedure with Separately Billed ECG	IT Disaster Recovery (IT Audit)
Physician Transactions (Purchased Services)	UVACH: Controlled Substances Compliance
Case Management	Capture of Complications and Comorbidities (CC) and Major Complications and Comorbidities (MCC)
Contract Management	Timekeeping/Payroll

## FY24 Audit Plan Topics UVA Health

Financial Assistance/ Financial Counseling	Practitioner Peer Review
Insurance Verification/ Validation	Event Reporting (Be Safe)
Balance Billing (No Surprises Act)	Hospice Program
Late Charges	Information Blocking Rule
Opioid Stewardship Program	UVACH: Pharmacy 340B
Non-patient Receivables	Data Loss Prevention (IT Audit)
Price Transparency	Data Warehouse Controls (IT Audit)
Provider Credentialing	Ransomware Assessment Follow Up (IT Audit)

Student Information System (SIS) Academic Records and IT Controls (In progress from prior year plan—previously titled Academic Records and Policies)

David Rasnic  
Auditor of Public  
Accounts

Fiscal Year 2022 Audit Entrance Meeting

# University of Virginia Audit Engagement Audit, Compliance, and Risk Committee



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David Rasnic, CPA, CISA – Project Manager

## Overview

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- APA Overview
- Engagement Overview
- Terms of Engagement

## APA Overview

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- External auditor for Executive & Judicial Branches of the Commonwealth of Virginia
- Report to General Assembly via Joint Legislative Audit & Review Commission
- Approximately 125 auditors and staff



Staci Henshaw, CPA, CGMA  
Auditor of Public Accounts



## Engagement Overview

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- Audit Team: David Rasnic – Project Manager
  - » Noah Johnson – UVA Academic In-Charge
  - » Scott Booker – UVA Medical Center In-Charge
- Audit Period: July 1, 2021 – June 30, 2022
- Audit Timing: May 2022 – November 2022
- Objectives: University-specific  
Commonwealth Financial Statements  
Federal

## Engagement Overview

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- Reports:      Financial Statement Opinions  
                    Internal Control Report  
                    Statewide Single Audit  
                    NCAA Agreed-Upon Procedures
- Relationship between APA, Internal Audit and foundation auditors
- Discussion of Risk

## Terms of Engagement

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- Auditor's Responsibilities
- Management's Responsibilities
- Audit Committee
- Other elements of the audit process

Augie Maurelli  
Associate Vice  
President for  
Financial  
Operations

Enterprise Risk Management Report on Fiscal  
Sustainability

# VALUES FOCUSED ENTERPRISE RISK MANAGEMENT

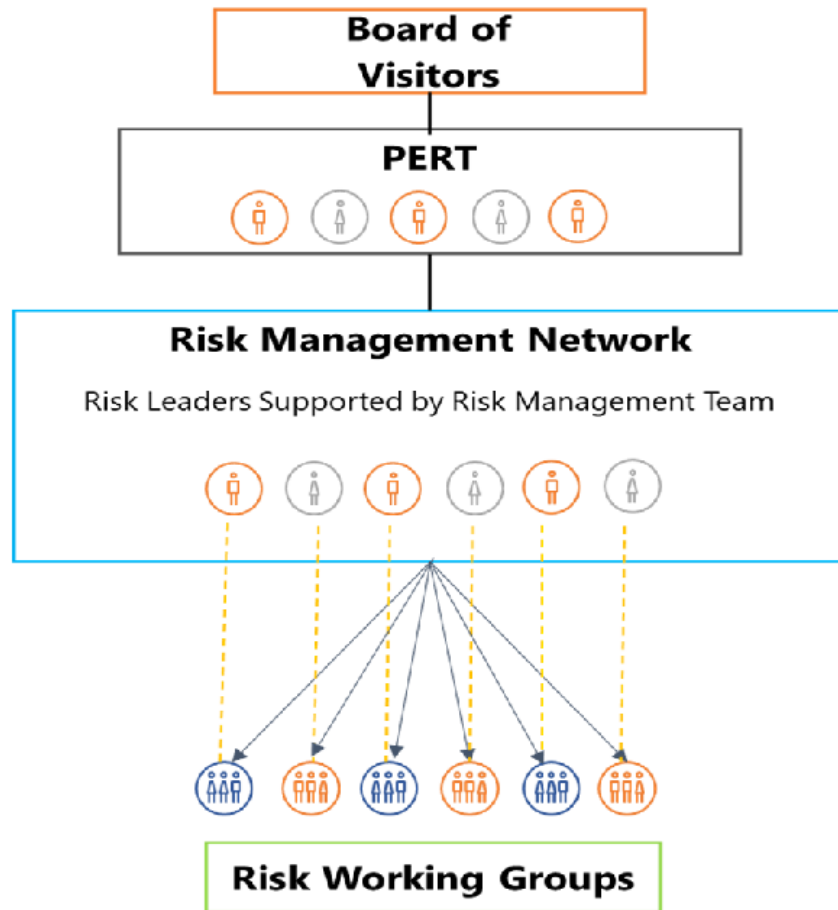
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PREPARED FOR THE UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS

JUNE 2, 2022



# UVA ERM: Value-Focused Governance Structure



Risk Management Network (RMN): MEMBERSHIP	
FISCAL SUSTAINABILITY	Melody Bianchetto, Vice President for Finance Adam Daniel, Vice Provost for Planning
SAFETY	Laura Duckworth, Director of Occupational Programs Tim Longo, Chief of Police and AVP for Safety & Security
COMMUNITY	Susan Davis, Associate Vice President, Student Affairs Dave Martel, Vice President for Communications and Marketing Kevin McDonald, Vice President for Diversity, Equity, and Inclusion
OPERATIONAL EXCELLENCE	Virginia Evans, Vice President and Chief Information Officer John Kosky, Interim Chief Human Resource Officer Colette Sheehy, Senior Vice President for Operations Anda Webb, Vice Provost for Administration
LEARNING & KNOWLEDGE CREATION	Steve Farmer, Vice Provost for Enrollment Brie Gertler, Vice Provost for Academic Affairs
COMPLIANCE	Kelly Hochstetler, Director of Research Regulatory Affairs Gary Nimax, Assistant Vice President for Compliance
STRATEGY	Margot Rogers, Vice President for Strategic Initiatives

## UVA ERM: Fiscal Sustainability Working Group

A Fiscal Sustainability working group was convened, representing eight major areas and obtaining contemplation from over 30 UVA leaders and fiscal stewards

The working scored and ranked 37 different risks, including regulatory, vendor, and endowment areas as identified by the ERM Network, associated with impact to fiscal well being of the institution

- Of these 37, seven risks were categorized as major.
- Two major risks were combined, with a new working group formed to address “Future of Work”
- The remaining five major risks were further evaluated by working group sub-teams and broken down into 100 specific areas, evaluated, and scored. Mitigation plans were developed for each.

## Fiscal Sustainability – Top Risks

	<b>ARMICS CATEGORY</b>	<b>SCORE</b>
Risk of escalating costs for buildings and other capital expenditures: inflation	Stewardship	10.7
Breach of sensitive data resulting in data compromise, fraud, financial loss, operational failure and reputational degradation	Operational	10.4
Adverse changes in government tax policy affecting endowment earnings or collegiate athletics	Strategic	10.3
Changes to Federal, NCAA and Conference regulations and requirements that have significant revenue and/or operational impacts on University Athletics	Operational	9.4
Inability to protect vendor identity, process accurate payments to vendors or financial beneficiaries and ensure against wire fraud for payment	Operational	9.1



## UVA ERM: Next Steps

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After the Fiscal Sustainability Working Group wrapped up initial work, the full impact of supply chain disruptions, inflation, and the Ukraine conflict had yet to fully manifest.

This underscores the need to periodically re-assess our risk work. Accordingly, we will plan to re-visit risk working group findings every 9-12 months. we intend to review Fiscal Sustainability in late summer 2022.

The Risk Network will continue to evaluate risks related to community, learning and knowledge creation, compliance, and strategy, expecting to launch a new working group every six months.



## AUDIT APPENDIX SLIDES: Risk Trends

Audit Plan Topics from  
Peers and Across  
Industries

## Top Risks to Be Covered in 2022 Audit Activities by Industry Sector

■ Not In Top Five Most Important

	Consumer Discretionary	Energy and Utilities	Banks and Diversified Financials	Insurance	Government	IT	Industrials and Materials	Consumer Staples	Healthcare
<b>1</b>	Cyber Vulnerability	Cyber Vulnerability	Compliance	Cyber Vulnerability	Compliance	Digital Transformation	Financial Reporting and Accounting	Cyber Vulnerability	Cyber Vulnerability
<b>2</b>	Financial Reporting and Accounting	Financial Reporting and Accounting	Third and "Nth" Parties	Digital Transformation	Fraud and Unethical Conduct	Cyber Vulnerability	Fraud and Unethical Conduct	Fraud and Unethical Conduct	Compliance
<b>3</b>	IT Governance	Compliance	IT Resilience	New Technologies	Cyber Vulnerability	Fraud and Unethical Conduct	Compliance	Compliance	Fraud and Unethical Conduct
<b>4</b>	New Technologies	IT Governance	Financial Reporting and Accounting	Compliance	Future Working Model Transition	Compliance	Ransomware	Third and "Nth" Parties	Third and "Nth" Parties
<b>5</b>	Compliance	Data Governance	IT Governance	Third and "Nth" Parties	IT Governance	Privacy	IT Governance	ESG Commitment and Reporting	Financial Reporting and Accounting

## Top Provider Priorities for 2021

Indicate whether each topic is included in your 2021 audit plan.

	2021 Ranking	Yes, on 2021 Audit Plan
Government Funding	01	79%
Privacy and Security	02	72%
IT Application and System Changes	T03	65%
Finance and Accounting	T03	65%
Employee Time and Expense Reporting and Payroll	T03	65%
Billing and Collections	06	62%
Third-Party Risk Management	07	61%
Provider Financial Relationships	T08	54%
Compliance Investigations and Audits	T08	54%
Accounts Payable	T08	54%
Pharmacy Operations and Drug Compliance	T11	52%
Telehealth and Virtual Care	T11	52%
Fraud Management	T11	52%
Charge Capture and Integrity	14	50%
IT Disaster Recovery and Business Continuity	T15	48%
Employee, Provider and Vendor Verifications	T15	48%

Healthcare Internal Audit Plan Priorities Survey conducted by Protiviti and the Association of Healthcare Internal Auditors (AHIA)

- 2021 (Latest Data)

## UVA ERM: Values-Focused Risk Evaluation

In Spring 2021, the Academic Division ERM Network convened and evaluated industry and national enterprise risk lists.

After evaluating the likelihood and scale of potential risks of financial loss, interruption of services, impact to reputation and image, injury, and frequency, the Network identified 5 top categories risks for analysis

- Threat of Cyber
- Governmental & Regulatory Risk in Higher Ed
- Banking, Vendor and Payment Fraud
- Talent Management
- Endowment Regulation Risk

## UVA ERM: Values-Focused Working Groups

May 2021: **Fiscal Sustainability** (led by Augie Maurelli) became the first working group, based on scoring and fiscal uncertainty related to pandemic

March 2022: Fiscal Sustainability report released

April 2022: **Future State Of Work** (led by John Kosky) will be the second working group, based on fiscal sustainability work, with a projected Fall 2022 completion

May 2022: Medical Center and College at Wise joined the ERM Network, providing an enterprise-wide viewpoint.

Summer 2022: **Safety & Well Being of our Students Faculty & Staff** (led by Tim Longo) will be the third working group, due to rising sensitivity, with projected Spring 2023 completion.