

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS**

**Meeting of the Audit, Compliance,
and Risk Committee**

February 28, 2019

AUDIT, COMPLIANCE, AND RISK COMMITTEE

Thursday, February 28, 2019

2:30 - 3:15 p.m.

Board Room, The Rotunda

Committee Members:

Babur B. Lateef, M.D., Chair
Robert M. Blue
Mark T. Bowles
L.D. Britt, M.D.
C. Evans Poston Jr.
Frank M. Conner III, Ex-off
Margaret F. Riley
Adelaide Wilcox King, Faculty Consulting Member

AGENDA

	<u>PAGE</u>
I. REMARKS BY THE COMMITTEE CHAIR (Dr. Lateef)	1
II. CLOSED SESSION	
• Consultation with University Counsel regarding legal compliance matters requiring the provision of legal advice by counsel as provided for in Section 2.2-3711(A) (8) of the <u>Code of Virginia</u> ; discussion and consideration of the performance of specific administrative personnel; and discussion of information technology security-related matters as provided for in Sections 2.2-3711(A)(1) and (19) of the <u>Code of Virginia</u> .	
III. OPEN SESSION: COMMITTEE DISCUSSION	
• FY 2020 Audit Plan Topics (Ms. Saint)	2
IV. WRITTEN REPORT	
• Enterprise Risk Management	6

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: February 28, 2019

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 and provide an overview of the agenda.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: February 28, 2019

COMMITTEE: Audit, Compliance, and Risk

AGENDA ITEM: III. FY 2020 Audit Plan Topics




















ACTION REQUIRED: None

BACKGROUND: Ms. Saint will facilitate the Committee’s discussion and input on risks and processes for potential inclusion in the FY 2020-FY 2021 audit plan.

















The table below shows progress made toward completing the plan approved by the Committee and the Board of Visitors at the June 2018 meeting. At the Committee’s June 2019 meeting, priorities for the Audit Department will be reconfirmed in an updated plan developed through a risk-based planning process.

Progress on Audit Topics from June 2018 Approved Two Year Plan (FY19-FY20)	
Audit Coverage: Pan- University	
	Ufirst Project Health Check: Provide feedback on project risk mitigation
	Research Compliance Administration Topics: <ul style="list-style-type: none">  Subrecipient Monitoring  Management and Close Out of Fixed Fee Contracts
	Construction Contract Audits: <ul style="list-style-type: none"> --Hospital Expansion Project --Ivy Mountain Musculoskeletal Project --Carr’s Hill Renovations
	Research Computing Security (Ivy Secure Computing Environment)
	COSO Internal Controls Framework Pilots (Payroll and Financial Reporting Processes) <ul style="list-style-type: none"> --Finance organizational priorities and personnel changed

Progress on Audit Topics from June 2018 Approved Two Year Plan (FY19-FY20)


	<p>Financial and Budgetary Management Processes:</p> <ul style="list-style-type: none">  UVA Wise Budgetary Control (Engaged by University Counsel)  Health System Funds Flow and UVA Institutional Budget processes have not yet been audited  <i>Added: Finance Strategic Transformation Checkpoint Team</i>
	<p>Presidential Turnover Audit: Presidential Travel & Carr’s Hill Entertainment Expenses <i>Added: President’s Office Budget Analysis</i></p>
	<i>Added: NIST 800-171 Controlled Unclassified Information</i>
	<i>Added: Minors Protections and Title IX Complaint Management Process-Phase 2 (Engaged by University Counsel)</i>
Audit Coverage: Academic Division	
	<i>Added: Athletics Business Office</i>
	International Student and Scholar Support
	Dining Services
	Student Health & Counseling
	Athletics Drug Testing Program (ACC Follow Up Request)
	Security and Integrity of Key Instructional Systems
	Network Infrastructure & Security: Vulnerability & Patch Management
	Third Party IT Vendor Management; Cloud System Vendor Risks
	Disaster Recovery & Business Continuity Planning
Audit Coverage: Academic Division— UVA Wise	
	UVA Wise: Comprehensive Risk Assessment
	UVA Wise: General Computer Controls for Key Systems
	<i>Added: UVA Wise Network Security</i>

Progress on Audit Topics from June 2018 Approved Two Year Plan (FY19-FY20)

	<i>Added: UVA Wise Undergraduate Safety in Labs, Shops and Studios (Engaged by University Counsel)</i>
Audit Coverage: Health System	
	Revenue Cycle: Charge Capture (Procedures and Surgeries) <ul style="list-style-type: none">  Data analytics approach developed and piloted in Charge Capture for Neurology Department  Charge Capture: Dermatology Department  Charge Capture: Surgeries in the Surgical Department (coordinated with UPG)  Surgeries in the Orthopedics Department (coordinated with UPG)
	Epic as a Platform: Managing Ongoing System Upgrades and New Functionality
	Outpatient Clinical Set Up
	Patient Friendly Access (PFA): Registration and Scheduling Processes
	Network Infrastructure & Security: Vulnerability & Patch Management
	Distributed IT Systems Management: Pharmacy, Radiology, Heart and Vascular, Perioperative Departments
	Clinical Trials Billing (Epic)
	Disaster Recovery & Business Continuity Planning
	Third Party IT Vendor Management; Cloud Vendor Risks
	Data and Document Storage: HIPAA Compliance
	<i>Added: Financial Operations Audit at the Malcolm Cole Child Care Center</i>

Progress on Audit Topics from June 2018 Approved Two Year Plan (FY19-FY20)

	<i>Added: Pharmaceutical Diversion Prevention, Detection and Incident Response</i>
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KEY:  Completed FY2019  Scheduled
 Tentative  Removed from Plan or Deferred

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

<u>BOARD MEETING:</u>	February 28, 2019
<u>COMMITTEE:</u>	Audit, Compliance, and Risk
<u>AGENDA ITEM:</u>	IV. Enterprise Risk Management Report
<u>ACTION REQUIRED:</u>	None

BACKGROUND: The Enterprise Risk Management Charter (amended and approved in September 2017) states that the ERM program’s mission is to:

“...strengthen the University’s ability to achieve its mission and strategic objectives. This is done by effectively managing key risks and seizing opportunities related to the achievement of our strategic objectives. In this context, risk encompasses both negative events (downside risk) and opportunities (upside risk). An effective ERM program helps the University effectively deploy its resources in pursuit of its objectives.”

UPDATE: Recent accomplishments toward the following ERM FY 2019 goals include:

- A. Working to further on-board Wise into the ERM program – Significant progress has been made in partnership with Chancellor Henry and her leadership team. A risk survey of key stakeholders was completed resulting in an initial Key Risk List. Chancellor Henry will be presenting that list to the Wise Committee.
- B. Building a key-risk interaction map – The design is completed and training has taken place with all Risk Leads. This tool strengthens understanding of how individual key risks interact with other key risks and functional areas throughout the University.
- C. Moving ERM data into the Governance Risk Compliance (GRC) system being implemented by Audit – The system has been piloted for ERM purposes in the initiative to further on-board Wise and was utilized in the risk identification survey among Wise stakeholders.
- D. Revising the annual ERM cycle and governance structure – The annual cycle coincides with the fiscal year culminating in an ERM Final Report at the June BOV meeting. Initial conversations are underway to 1) align the current ERM process and governance structure with the goals and strategies of new executive leaders, and 2) prepare to begin an ERM key risk refresh in conjunction with the new strategic plan.