

Updated FY2021 Audit Plan

Our updated plan reflects the impact of the pandemic on UVA's financial and operational environments

Uneven US virus mitigation efforts and uncertain economic recovery scenarios caused us to consider how these create **risks to the delivery of UVA's mission, both near term and longer duration**, for inclusion in the audit plan

- Unprecedented challenge to normal operations across the institution
- “Virtual everything,” especially in the Work from Home environment, heightens the risks and consequences of cyberattacks and data/privacy breaches, and the need for resilient technology and infrastructure
- Financial Stresses:
 - Financial metrics, including liquidity measures, require closer monitoring
 - Cost cutting measures and the need to move quickly to respond to changing conditions could impact established financial controls and safeguards
 - Financial pressures on critical vendors could affect availability of must-have supplies
 - Similarly, individuals’ financial pressures could increase the risk of fraud

Risk Themes and Audit Plan

Aligning audit services to highest value risk coverage

- ❖ Indicates audit topic carried over from prior approved plan

Risk Theme: Continuity of Operations

Primary Risk

Ability to sustain the delivery of UVA's mission (academic, research, patient care, and the requisite operational and administrative support) over varying lengths of time in the face of disruption

Key Risk Factors

Probability or occurrence of emergencies/incidents (local/regional/national/global) requiring sustained changes in operational status

Relevant processes	Relevant risks	Audit topic
Emergency management	Effectiveness of UVA's public health emergency response based on Critical Incident Management Plan (CIMP) and relevant annex	Public Health Emergency Annex After Action Review (conducted jointly with Emergency Management Dept.)
Work and Study Enabling Technologies	<ul style="list-style-type: none"> • Access: Identity integrity • Data integrity and security 	<ul style="list-style-type: none"> ❖ Online learning: evaluation of controls over most widely used online learning applications ❖ Telemedicine
Supply chain management	Vendors' capacity to meet demand for key products and services	Controls and processes ensuring key vendor identification, financial stability, and alternatives for sourcing
Facilities construction and planning	Escalation of costs for in-progress construction	❖ Continued monitoring of pay applications for Ivy Mountain Musculoskeletal Clinic, Hospital Expansion Project
Distributed IT Systems Management	Management of non-centrally controlled IT systems	❖ School of Nursing

Risk Theme: Fiscal Sustainability

Primary Risk

Diminished, or loss of, financial resources from major funding sources (e.g. State, tuition, philanthropy, research, investments, patient care revenue including Medicare and Medicaid, commercial payers)

Key Risk Factors

Decline in revenues caused by negative macroeconomic trends

Relevant processes	Relevant risks	Audit topic
Financial Stewardship	Macroeconomic factors stress UVA's financial position	<ul style="list-style-type: none"> • Co-development of ERM financial risk metrics for monitoring (ERM program management) ❖ Cash deficit management process ❖ Gift processing
Revenue Cycle Management	Loss of or delayed reimbursement through control breakdowns within the healthcare revenue cycle	<ul style="list-style-type: none"> ❖ Epic work queue Management ❖ Charge capture ❖ Patient registration and scheduling ❖ Patient financial counseling ❖ Charge Data Master maintenance
Healthcare Inventory Management	Inefficient inventory management reduces margins	<ul style="list-style-type: none"> ❖ Surgical supplies procurement and management
❖ Funds Flow	Expenditures are not aligned with relevant MOU's	Funds flow—Department of Medicine

Risk Theme: Compliance and Fraud

Primary Risk

Controls to decrease the risk of non-compliance with laws and regulations and the risk of fraud are not in place or are ineffective

Key Risk Factors

Increasing regulatory and compliance requirements are enacted, creating complexity and absorbing resources to address

Economic pressures increase, elevating the risk of fraud

Relevant processes	Relevant risks	Audit topic
Section 117 of the Higher Education Act Reporting	Increased federal scrutiny of universities receiving foreign gifts and contracts, and expanded reporting requirements for four-year colleges participating in federal student financial assistance programs	Implementation of process improvement recommendations arising from limited scope procedures
CARES Act Compliance	Expenditures are not made in accordance with CARES Act requirements	Controls and processes related to CARES Act funds use and accounting
Research Integrity	Foreign influence over research	❖ Conflict of interest management
Rebates and Credits Related to Sponsored Awards	Applicable credits are not accounted for in compliance with Uniform Guidance	Follow-up on July 2019 process improvement recommendations
Sponsor-requested Investigations	Sponsored awards are not managed according to agreed terms	Investigations requested by two sponsors are in progress
Office of State Inspector General Fraud, Waste, and Abuse Hotline Complaints	Related to hotline allegation(s)	Added to plan as they arise

Committee Vote Required

AUDIT DEPARTMENT UPDATED FY 2021 AUDIT PLAN

- RESOLVED, the Audit Department FY 2021 Audit Plan as updated is approved as recommended by the Audit, Compliance, and Risk Committee.