

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS**

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

**June 7, 2024**

## AUDIT, COMPLIANCE, AND RISK COMMITTEE

Friday, June 7, 2024  
11:00 a.m.- 12:20 p.m.  
Board Room, The Rotunda

### Committee Members:

Thomas A. DePasquale, Chair	Stephen P. Long, M.D.
Rachel W. Sheridan, Vice Chair	The Honorable L.F. Payne
Mark T. Bowles	Amanda L. Pillion
Carlos M. Brown	Douglas D. Wetmore
The Honorable Paul C. Harris	Robert D. Hardie, Ex-officio
Babur B. Lateef, M.D.	Adelaide Wilcox King, Faculty Consulting Member

### AGENDA

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• Approval of FY2025-FY2026 Audit Department Plan	2
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• Auditor of Public Accounts FY2024 Audit Entrance Meeting (Mr. Augie Maurelli to introduce Mr. David Rasnic; Mr. Rasnic to present)	13
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B. Institutional Compliance and Medical Center Compliance Goals for FY2024: Year-End Status Report	28
<b>V. CLOSED SESSION</b>	
• Consultation with UVA Counsel on legal issues related to financial reporting.	
• Discussion of proprietary, business-related information about the operations of the Medical Center, the School of Medicine, and the School of Nursing, where disclosure at this time would adversely affect the competitive position of the Medical Center, the School of Medicine, or the School of Nursing, specifically:	
○ Strategic financial considerations and efforts in light of market and regulatory changes for the Health System and expected impact for FY2024, which further the strategic initiatives of the Medical Center and include proprietary metrics.	

- The relevant exemptions to the Virginia Freedom of Information Act authorizing the discussions and consultations described above are provided for in Section 2.2-3711(A)(8) and (22), and Section 2.2-3705 (14 (b)) of the Code of Virginia.

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

**BOARD MEETING:** June 7, 2024

**COMMITTEE:** Audit, Compliance, and Risk

**AGENDA ITEM:** I. Remarks by the Committee Chair

**ACTION REQUIRED:** None

**BACKGROUND:** Mr. Thomas DePasquale, the Committee Chair, will open the meeting, welcome guests, and provide an overview of the agenda.

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS CONSENT AGENDA**

**II. APPROVAL OF FY2025-FY2026 AUDIT DEPARTMENT PLAN**

The internal audit plan is approved annually by the Audit, Compliance, and Risk Committee and the Board of Visitors. Ms. Carolyn Devine Saint, Chief Audit Executive, oversees risk-based audits across the enterprise, supported by Mr. Philip Stavropoulos, Director for Academic Division Audits, Mr. Ian Day, Acting Manager for UVA Health Audits, and Mr. Rishab Shetty, EY Manager, UVA IT Audits.

Carolyn Devine Saint, CPA, CIA, CRMA is the chief audit executive for the University of Virginia. In this role, she oversees the Office of Audit and Compliance, which includes institutional compliance and Records and Information Management. Her responsibilities encompass providing assurance services for UVA's academic and healthcare divisions. Ms. Saint joined the University in 2015 and brings 30 years of combined external and internal audit experience.

Prior to joining the University, Ms. Saint served as the vice president of internal audit for several global retail companies including 7-Eleven, Inc., Lowe's, Sears Holdings, and Kmart. Her career includes eight years serving external and internal audit clients while at Deloitte. Ms. Saint was a member of the board and chair of the audit committee of Galvanize, a privately held company specializing in software for Governance, Risk, and Controls professionals, for seven years, until it was acquired by Diligent in 2021 at a billion-dollar valuation.

Ms. Saint has actively contributed to the Institute of Internal Auditors (IIA), the internal audit profession's global association and standards-setter. She chaired the North American Board of Directors, the Global Advocacy Committee, and the Global Guidance Council. Her commitment to advancing the internal auditing profession led to the creation of the IIA's global advocacy platform, emphasizing the pivotal role internal auditing plays in good governance and organizational success. In 2023 Ms. Saint received the Association of College and University Auditors' Outstanding Professional Contributions Award, which recognizes a member who has made outstanding and noteworthy contributions to the profession of internal auditing in higher education. Ms. Saint chairs the American Red Cross Central Virginia Chapter board, headquartered in Charlottesville, providing services to Virginians across 15 counties.

Philip Stavropoulos, CPA, CFE is the director for academic division audits. Mr. Stavropoulos has 23 years of experience with the University of Virginia and has served as audit director since 2015. Prior to joining UVA, Mr. Stavropoulos worked in the Manhattan office of Ernst and Young where he served on audit teams in the media and entertainment, retail and wholesale, financial services, and technology industries.

Mr. Stavropoulos' work at UVA has spanned audits of central administration, schools, auxiliaries, and other supporting entities. He is a licensed Certified Public Accountant and

holds the Certified Fraud Examiner designation. Mr. Stavropoulos is an accomplished musician having performed at venues up and down the east coast, recorded in studios as both artist and engineer, and has taught music privately and in retail environments. He holds a BS in Accounting from Binghamton University (1996).

Ian Day, J.D., is the acting manager for UVA Health System (UVAH) audits. In this role, he oversees staff on the UVAH audit team and co-sourced internal auditors performing projects focused on internal controls, compliance, and performance of UVA Health including the UVA Schools of Medicine and Nursing. He will continue to champion collaboration, organizational excellence, and professionalism among auditors and UVA Health management and staff. Mr. Day joined the University in 2023.

Prior to joining the University, Mr. Day most recently served as a Staff Attorney and Auditor for the South Carolina Legislative Audit Council, an independent state agency charged with conducting objective performance audits of state agencies and programs. He participated in a wide range of audits, including multiple audits of the S.C. Department of Health and Environmental Control and the University of South Carolina. Mr. Day is a graduate of the College of William and Mary (B.A. '12, J.D. '17) and member of the Virginia and South Carolina Bars.

Rishab Shetty is a Manager in the Protect Tech Consulting practice at EY. He has been a part of the Internal Audit team led by Carolyn Saint at the University of Virginia since 2022 and has led the planning and execution of a multi-year IT audit plan across the Academic Division and Health Systems and performed audits to evaluate management's implementation of recommendations provided by third parties performed to assess security and compliance procedures over information systems.

Mr. Shetty has collaborated with the Internal Audit team for a large Fortune 500 Power and Utilities company since its separation post a Transition Services Agreement and performed risk assessments, test of design and operating effectiveness along with effective integration with the second line IT compliance team to support SOX assertion. He has also led and managed teams across different geographies both in internal and external audits leading end to end process walkthroughs including the planning, execution, creation of process narratives, review of controls including IT General controls, application controls, key report testing, sensitive access, interface testing and pre- and post-implementation system testing for large ERP systems.

Mr. Shetty has been an active member of EY's Pan-Asian Professional Network and International Cultural Exchange Network which aims at building a sense of cultural awareness and diversity, widening personal networks, and cultivating long-term professional relationships.

**Risk-Based Audit Planning**



The Audit Department’s risk assessment, the foundation of the two-year plan, is based on the Association of College and University Auditors’ (ACUA’s) risk register. Weighted risk factors are used to score topics in the risk register to identify priority areas for audit. Available resources further refine the draft audit plan, which is discussed with key stakeholders and updated by their input. Ultimately, the proposed audit plan is shared with

the Audit, Compliance, and Risk Committee and the Board of Visitors for their review and approval.

The two-year plan aligns to primary categories in the Enterprise Risk Management (ERM) programs of both the Academic Division and the UVA Health Division.

**UVA Health Division Two Year Audit Plan**

To address observed deficiencies in fundamental accounting controls in the UVA Health finance and accounting departments, numerous control improvement initiatives are in progress. The internal audit plan for FY2025 is designed to be flexible to allow management time to design and implement policies, procedures, and internal controls to address deficiencies and gaps identified in prior audits and external assessments.

A series of control validation procedures are proposed as follow ups to ensure the effectiveness of remediated financial and process controls. Timing of specific control validations will be determined in consultation with management and external consultants.

<b>Control Validations and Action Plan Follow Ups (Financial Sustainability ERM Risk Area; to Occur in FY2025 and FY2026)</b>	
Vendor Master File Maintenance	Purchasing
Inventory Item Master Maintenance	Inventory Management
Accounts Payable	Cash Management
Timekeeping and Payroll (follow up on prior audit action plans)	Incentive Compensation (follow up on prior audit action plans)
Contract Labor Expense Controls (follow up on prior audit action plans)	Attorney-Client Privileged Community Health Audit Topic Follow Up

Primary ERM Risk Area	FY2025 UVA Health Audit Topic	Scope
Health Care Regulatory Compliance	Home Health Patient Choice	Assess level of compliance with Patient Choice requirements in discharges to Home Health
	Credit Balances and Patient Refunds	Evaluate the internal review and monitoring processes for credit balances and determine if they are done timely, adequate documentation is kept, and required CMS reporting occurred. Determine if separation of duties exists between the preparation of refund requests, approval, and the distribution of funds.
	Balance Billing (No Surprises Act)	Compliance with new regulatory requirement around specific services provided to patients with out-of-network coverage
	Provider-Based Billing Compliance – Culpeper (Co-Source)	Test for compliance with billing rules for provider-based clinics
Financial Sustainability	Small Balance Write-offs	Assess controls around small balance write-offs on patient accounts. Risks include misappropriation of cash receipts covered up by inappropriate write-offs on patient accounts; or account balances written off for family/friends.
System Integration and Optimization	Ambulatory Scheduling – Follow-up Audit	Follow-up to FY2021 audit focused on selected clinic(s) and progress in implementing changes resulting from the One Team United on Access project.
Quality and Patient Safety	Continuity of Care Readiness Assessment (Co-Source)	Evaluate UVA’s readiness to continue to serve patients during a prolonged system-wide network outage that could impact all UVA sites of care (acute, ambulatory, post-acute, retail pharmacies). The assessment would include any existing department procedures and guidance to implement during an IT outage, communication plans, related employee training processes, availability of paper downtime forms, IT recovery processes, Emergency Management procedures and structure, and availability of communication and IT equipment needed during downtime.



<b>Primary ERM Risk Area</b>	<b>FY2025 UVA Health Audit Topic</b>	<b>Scope</b>
	Practitioner Peer Review	Test that controls over Ongoing Professional Practice Evaluations (OPPE) and Focused Professional Practice Evaluations (FPPE) are functioning according to policy.
	Event Reporting (Be Safe program) (Co-Source)	Evaluate event reporting process to confirm procedures and controls for event reporting are defined and followed, and reporting is timely and complete.
Reimbursement Reform	Denials Management	Test controls intended to identify the root cause of denials and implement action plans to prevent future denials
IT Security and Governance	Incident Response Plan and Program Readiness	Assess preventive, detective, and corrective measures across the Health System to ensure measures are in place to protect information systems and technology from malware, phishing, denial of service (DoS attacks), ransomware, and data breaches.
	Data Recovery	Evaluate UVA Health's internal controls and processes to backup data, monitor for failures, store, protect, and restore backups for the mission critical applications at UVA Health and ensuring it is in alignment with the UVAH Disaster Recovery plan.
	Data Management (Sponsored Research)	Assess controls for monitoring data management plans using selected sponsored research awards within School of Medicine, School of Engineering and Applied Sciences, and School of Education and Human Development
	HIPAA Security Compliance	Evaluate management's implementation of recommendations from external consultant engaged to assess security procedures over information systems at the Health Systems that create, receive, maintain, or transmit ePHI.

<b>Primary ERM Risk Area</b>	<b>FY2026 UVA Health Audit Topic</b>	<b>Scope</b>
Health Care Regulatory Compliance	Clinical Trials Billing Compliance (Co-Source)	Policies, procedures, and internal controls for compliant billing of clinical research

Primary ERM Risk Area	FY2026 UVA Health Audit Topic	Scope
	Price Transparency (Co-Source)	Compliance with the regulatory requirement to publish standard fees and provide estimates to patients.
	Provider Credentialing	Test whether processes to obtain and verify information required to credential and re-credential a physician are in accordance with hospital Medical Staff Bylaws, Medicare CoPs and The Joint Commission (TJC) Standards (new providers, cross border, telehealth)
	Information Blocking Rule (Co-Source)	Compliance around the HHS rule prohibiting any practice likely to interfere with, prevent, or discourage access, exchange, or use of electronic health information (EHI).
Quality and Patient Safety	Opioid Stewardship Program (Co-Source)	Assess maturity of the Opioid Stewardship Program at the University Hospital.
Reimbursement Reform	Financial Assistance and Financial Counseling	Processes for helping uninsured patients find resources to help pay medical costs.
	Insurance Verification and Validation	Procedures and controls for gathering and validating patient insurance coverage prior to providing services.
Financial Sustainability	Billing Write-offs-Resident Services and Supervision	Assess the scope of lost revenue due to billing write-offs associated with undocumented supervision of residents providing medical services. Evaluate root cause and make recommendations for improved processes to reduce such write-offs.
System Integration and Optimization	Contract Management	Evaluate internal controls over contract development, approval, and management
Research/Education	School of Medicine	Evaluate internal controls for selected processes and internal departments within SOM (unit level audit).
IT Security and Governance	Artificial Intelligence Governance	Evaluate the controls and processes governing the secure and ethical use of Artificial Intelligence within the UVA Health System. Additionally, review the measures implemented by the Health Systems, including their

Primary ERM Risk Area	FY2026 UVA Health Audit Topic	Scope
		approach to governance, security, and ethical considerations.
	IT Asset Management	Evaluate the controls the Health System has in place to monitor software assets and confirm the appropriate users have licenses to the software. The scope of this audit would include Asset Acquisition, Asset Tracking, Asset Maintenance, Depreciation Accounting, Asset Disposal, Asset Protection, and Compliance.
	Data Use & Sharing	Assess UVA Health's practices, policies, and procedures surrounding the utilization and dissemination of data, particularly data which is sensitive or highly sensitive.

## UVA Academic Division Two Year Audit Plan

Primary ERM Risk Area	FY2025 Academic Division Audit Topic	Scope
Safety	Housing and Residence Life – Environmental Safety	Evaluate processes that promote safety in residential spaces, including room condition and inspection reports, maintenance, safety measures, emergency response, and communication.
	Youth Protection	Assess the ongoing effectiveness of controls related to Youth Protection on and near Grounds.
Community	Benefit Plan Administration	For a selected employee benefit plan, evaluate processes to determine plan terms and eligibility, documentation requirements, reporting and monitoring.
Compliance	Controlled Substances in Research	Evaluate controls governing the use of Controlled Substances in research, including their acquisition, registration, storage, transport, administration, and disposal.

Primary ERM Risk Area	FY2025 Academic Division Audit Topic	Scope
	Research Conflict of Interest (COI) Management Plans	Evaluate compliance with individual COI management plans for identified conflicts of interest in research throughout the University.
	Student Disability Intake and Accommodation Management	Evaluate processes governing the receipt, review, and response to requests for accommodations, accessibility, and assistance.
	Presidential Travel and Expenses	Annual audit of the President's Travel and Entertainment expenses. Audit will cover FY24 expenses.
Operations	Third Party Vendor Management – John Paul Jones Arena	Evaluate oversight controls for contracted arena management services that support regulatory compliance, financial responsibility, customer experience, safety, and security.
	School-Level Audits (2)	Assess effectiveness of risk-relevant school level controls and processes.
	UVA Wise Student Billing and Accounts Receivable	Evaluate controls over accuracy and timeliness of student billing and accounts receivable.
Fiscal Sustainability	Financial Control Validation (1 business cycle)	Assess the ongoing effectiveness of key financial controls and managerial reporting capabilities to support operational decisions.
	Football Operations Building Construction Audit	Audit initiated in FY23 continues through the construction life cycle. Closeout report anticipated summer of 2024.
	Performing Arts Center Construction Audit	Audit to be initiated in FY25 will continue through the construction life cycle.
IT Security & Governance	Asset Management	Evaluate the controls in place to monitor software assets and confirm appropriate users have licenses to the software. The scope of this audit would include Asset Acquisition, Asset Tracking, Asset Maintenance, Depreciation Accounting, Asset Disposal, Asset Protection, and Compliance.
	Data Loss Prevention	Assess the design and operating effectiveness of Data Loss Prevention controls over the established policies and procedures that reside within the University environment.

<b>Primary ERM Risk Area</b>	<b>FY2025 Academic Division Audit Topic</b>	<b>Scope</b>
	Data Use & Sharing	Assess UVA's practices, policies, and procedures surrounding the utilization and dissemination of data, particularly data which is sensitive or highly sensitive at schools and departments within the Academic Division.
	Data Management (Sponsored Research)	Assess controls for monitoring data management plans using selected sponsored research awards within the School of Medicine, the School of Engineering & Applied Science, and the School of Education & Human Development.

<b>Primary ERM Risk Area</b>	<b>FY2026 Academic Division Audit Topic</b>	<b>Scope</b>
Compliance	Research Effort Certification	Complete an overall evaluation of research effort reporting and certification using the PAC (Payroll Allocation Confirmation) system.
	Animal Care & Use Program	Evaluate the effectiveness of controls that support regulatory compliance over animal care and use, and promote safety, appropriate care, and security for individuals, animals, and facilities.
	Military Affiliated Students	Evaluate controls that promote regulatory compliance related to military affiliated students.
	Presidential Travel and Expenses	Annual audit of the President's Travel and Entertainment expenses. Audit will cover FY25 expenses.
	Athletics Compliance	Evaluate processes and controls related to UVA's administration of student athlete compensation for the use of their name, image, or likeness.
Operations	School-Level Audits (3)	Assess effectiveness of risk-relevant school level controls and processes.
	Faculty and Employee Assistance Program	Assess the mechanisms for intake, evaluation, triage, intervention, and referral for the Faculty and Employee Assistance Program. Privacy and completeness of remediation/closing.

Primary ERM Risk Area	FY2026 Academic Division Audit Topic	Scope
	Facilities Management Maintenance	Evaluate controls and processes over cost accounting and internal service charges for inhouse work-order fulfillment.
Fiscal Sustainability	Tax-Exempt Debt Compliance	Evaluate controls ensuring UVA's compliance with post-issuance debt requirements necessary to maintain tax-exempt status.
	Financial Control Validation (2 business cycles)	Assess the ongoing effectiveness of key financial controls and managerial reporting capabilities to support operational decisions.
	Hotel and Conference Center Construction Audit	Audit initiated in FY23 continues through the construction life cycle. Closeout report anticipated fall/winter 2025.
	Performing Arts Center Construction Audit	Audit initiated in FY25 continues through the construction life cycle.
IT Security & Governance	Artificial Intelligence Governance	Evaluate the controls and processes governing the use of Artificial Intelligence and review the measures implemented by the Gen-AI task force, including their approach to governance, security, and ethical considerations.
	Crisis Management Readiness	Evaluate the controls and processes the Academic Division has in place to assess if an incident (such as terrorist threat, natural disaster, cybersecurity breach etc.) rises to the level of a crisis and the escalation procedures that should occur based on the severity of the incident at hand.
	Server Database Management	Evaluate UVA's controls over MS SQL servers to ensure that settings and assignment of privileged access remain appropriate.
	Data Recovery	Evaluate UVA's internal controls and processes to backup data, monitor for failures, store, protect, and restore backups for mission critical applications at UVA and ensure alignment with the UVA Disaster Recovery plan.

**ACTION REQUIRED:** Approval by the Audit, Compliance, and Risk Committee and by the Board of Visitors

**AUDIT DEPARTMENT FY2025-FY2026 AUDIT PLAN**

RESOLVED, the Audit Department FY 2025-FY 2026 Audit Plan is approved as recommended by the Audit, Compliance, and Risk Committee.

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

**BOARD MEETING:** June 7, 2024

**COMMITTEE:** Audit, Compliance, and Risk

**AGENDA ITEM:** III. Auditor of Public Accounts FY2023-2024 Audit Entrance Meeting

**ACTION REQUIRED:** None

**BACKGROUND:** The Auditor of Public Accounts of the Commonwealth conducts an annual audit of the University and the Medical Center and reports findings to the Board of Visitors. Mr. Augie Maurelli, Associate Vice President for Financial Operations, will introduce Mr. David Rasnic, who will discuss with the committee the FY 2023-2024 external audit.

David Rasnic is the Director of Higher Education Programs for the Virginia Auditor of Public Accounts. His current responsibilities include management of the office's Higher Education Programs Specialty Team and project management oversight for various agencies and institutions of the Commonwealth. He also coordinates required federal audits at the Commonwealth's institutions of higher education and NCAA Agreed Upon Procedures engagements. He is a graduate of Virginia Tech and is a CPA and CISA.



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

**BOARD MEETING:** June 7, 2024

**COMMITTEE:** Audit, Compliance, and Risk

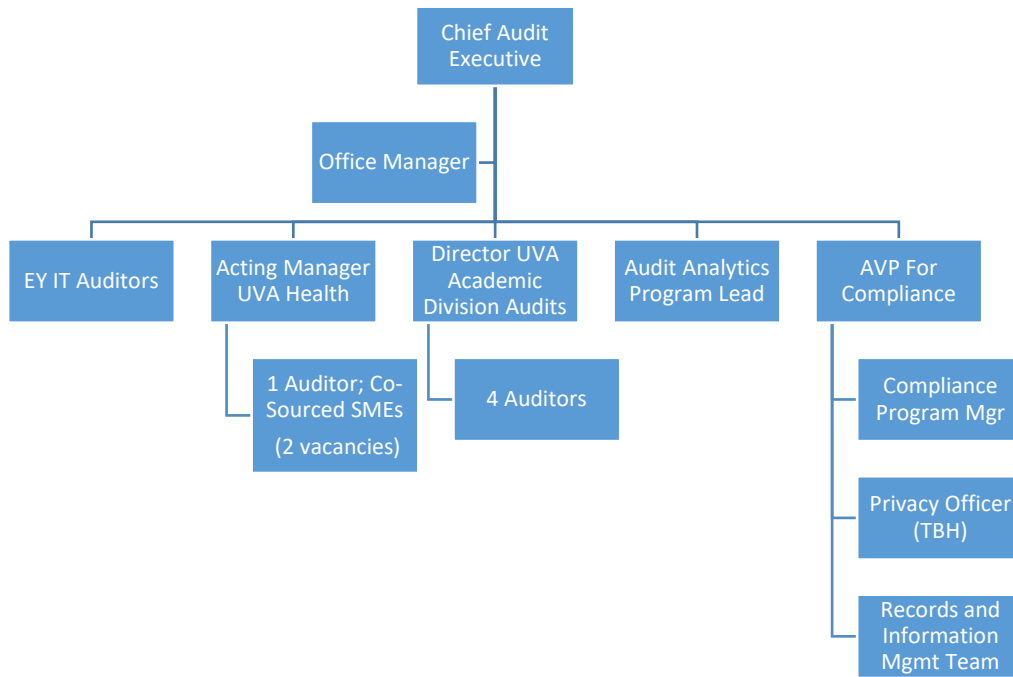
**AGENDA ITEM:** IV.A. Office of Audit and Compliance Audit Department Report

**BACKGROUND:** To facilitate the Committee’s oversight of internal controls, risk management, and compliance, the written report summarizes UVA Audit’s work performed during the period January 31, 2024- April 30, 2024:

- 1) Office of Audit and Compliance Staffing Update
- 2) Executive summary of audit activities
- 3) BOV FY2024 approved audit plan status reports
  - a. Completed audits year to date
  - b. Status of all approved audit plan topics year to date
- 4) Summary of audit findings for the period January 31-April 30, 2024

1. Office of Audit and Compliance Staffing Update

The Office of Audit and Compliance organization structure is depicted below. Recruitment to fill vacant UVA Health (UVAH) auditor positions will occur in the fall and winter of 2024. The hiring process to select an academic division privacy officer, who will report to AVP for Compliance Gary Nimax, is underway.



## 2. Executive Summary of Audit Activities for the Period

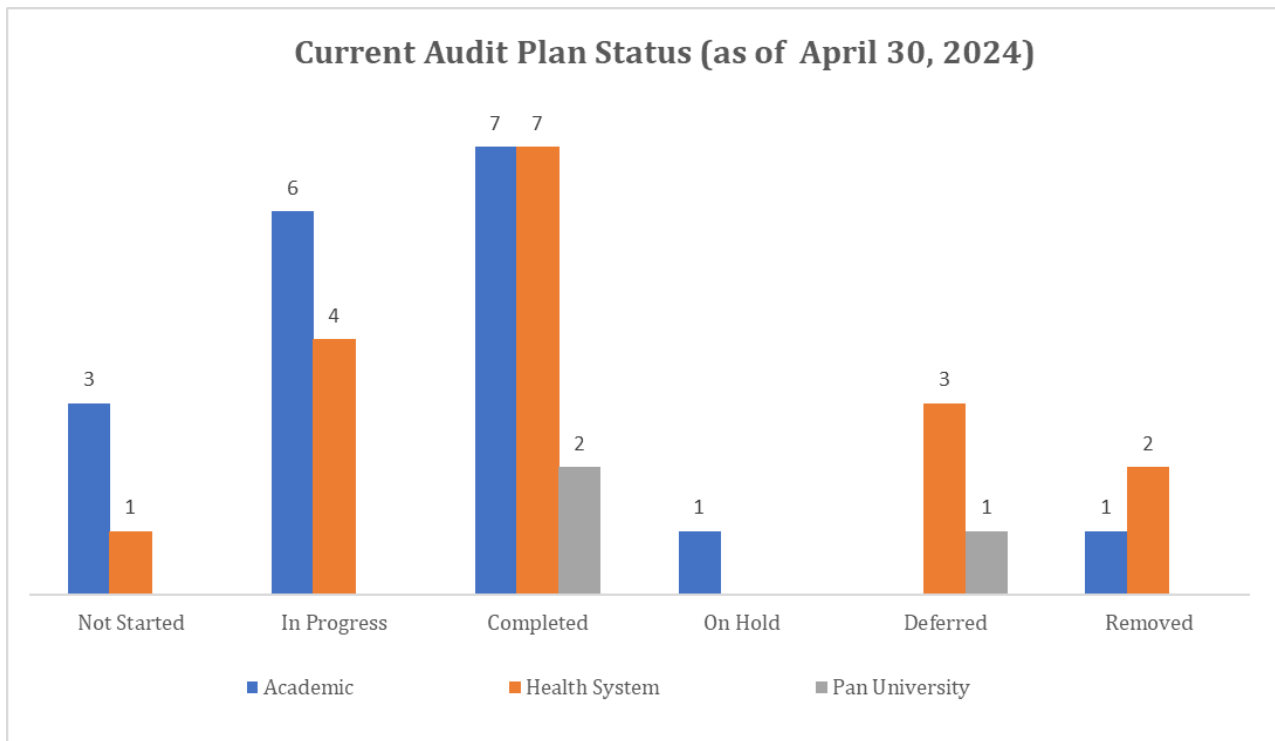
### 4 Audit Projects Completed:

- Student Billing and Collections (Academic Division)
- Payroll Processing Review (Academic Division)
- Residential Colleges (Academic Division)
- UVACH: IRS 501(r) Compliance (UVA Health)

### 1 Audit Deferred:

- Insurance Verification and Pre-Authorization (UVA Health)

Value Added Activities	Risks to Audit Plan Completion
<p><b>Audit Department Support for University Committees and Initiatives:</b></p> <ul style="list-style-type: none"> <li>• Member of Policy Review Committee (Academic Division)</li> <li>• Member of Enterprise Risk Management Network (Academic Division)</li> <li>• Member of IT Security Advisory Committee (Academic Division)</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing remediation of UVA Health’s internal controls over financial reporting and accounting consume management’s and internal audit’s time and attention, putting completion of the audit plan at risk</li> </ul>



### 3.a. BOV Approved Audit Plan Status: Completed Audits FY2024 Year to Date (July 1, 2023-April 30, 2024):

Fiscal Year Audit Plan	Division	Audit Project Name
<b>FY2023</b>	Academic	Salesforce Service and Marketing Cloud (IT Audit)- Academic
<b>FY2023</b>	Academic	Threat & Vulnerability Management - Academic (IT Audit -EY)
<b>FY2024</b>	Academic	CARES Compliance - Higher Education Emergency Relief Fund (HEERF I, II, III) - Part 3 (FY24)
<b>FY2024</b>	Academic	Student Billing and Collections
<b>FY2024</b>	Academic	Payroll Processing Review
<b>FY2024</b>	Academic	Presidential Travel and Expense
<b>FY2024</b>	Academic	Residential Colleges (Management Request: Added to FY2024 Plan)
<b>FY2023</b>	Health System	UVACH: IRS 501(r) Compliance
<b>FY2023</b>	Health System	Ransomware Assessment Follow Up (IT Audit)-Health System
<b>FY2023</b>	Health System	Physician Transactions (Purchased Services)
<b>FY2023</b>	Health System	Contract Labor Controls
<b>FY2024</b>	Health System	Trauma Activation Claims – Billing Compliance
<b>FY2024</b>	Health System	Incentive Compensation Plans – University Hospital
<b>FY2024</b>	Health System	PeopleSoft ITGC (IT Audit)

<b>FY2023</b>	Academic & UVA Health	ESG - Sustainability Reporting
<b>FY2024</b>	Academic & UVA Health	Child Development Centers

3.b. BOV Approved Audit Plan Status Report (Changes to Plan and Progress on Audits) Year to Date (April 30, 2024)

*Because the plan is intentionally dynamic to maintain its relevance, a status report on the department's activities is provided at each Committee meeting.*

	<b>Division</b>	<b>Audit Plan Topic</b>	<b>Scope</b>	<b>Status as of April 30, 2024</b>
1	Academic & UVA Health	Child Development Centers	Identify and assess oversight controls for contracted child day care services that ensure regulatory compliance and promote safety and security.	<b>Completed</b> (Replaced School-Level Audit 3)
2	Academic & UVA Health	ESG - Sustainability Reporting	Assess controls ensuring relevant, quality information is captured through the reporting process, culminating in the preparation of reliable sustainability reports.	<b>Completed</b>
3	Academic & UVA Health	Research - Post Award Administration		<b>Deferred</b>

	Division	Audit Plan Topic	Scope	Status as of April 30, 2024
1	Academic	CARES Compliance - Higher Education Emergency Relief Fund (HEERF I, II, III) - Part 3 (FY24)	Evaluate design and effectiveness of controls and processes related to HEERF funds data collection, use, accounting, and reporting.	<b>Completed</b>
2	Academic	Construction Audit: Football Operations Building Construction Audit	Using an outside expert in construction project management accounting, perform procedures relevant to phases of specified construction projects.	<b>Phase 1 Risk Assessment Completed</b>
3	Academic	Construction Audit: Hotel and Conference Center Construction Audit	Using an outside expert in construction project management accounting, perform procedures relevant to phases of specified construction projects.	<b>On Hold</b>
4	Academic	IT Disaster Recovery – Academic (IT Audit)	Determine and evaluate if adequate processes are in place for recovering critical systems and data in the event a service disruption or breach occurs.	<b>Not Started</b>
5	Academic	NCAA Compliance: Recruiting	Assess UVA Athletic Department Compliance Office's oversight of student-athlete Recruiting considering impacts of the NCAA Name, Image, and Likeness policy.	<b>In Progress</b>

	Division	Audit Plan Topic	Scope	Status as of April 30, 2024
6	Academic	Payroll Processing Review	Evaluate controls over payroll processes including Workday user access, identification of employees working out- of-state/country, and untimely terminations resulting in overpayments.	<b>Completed</b>
7	Academic	Presidential Travel and Expense	Annual audit of the President's Travel and Entertainment expenses. Audits were paused during pandemic-impacted years. Audit will cover FY23 expenses.	<b>Completed</b>
8	Academic	Ransomware Assessment Follow Up – Academic (IT Audit)	Determine if the recommendations outlined within the December 2021 Mandiant Purple Team Report for the Academic Division have been addressed and closed by Management.	<b>In Progress</b>
9	Academic	Residential Colleges	Compare processes and analyze data related to governance, budgeting, spending, funding, and financial oversight for each of the three residential colleges (Brown, Hereford, and the International Residential College)	<b>Completed</b> (Added to the Plan)

	<b>Division</b>	<b>Audit Plan Topic</b>	<b>Scope</b>	<b>Status as of April 30, 2024</b>
10	Academic	School-Level Audits: Pilot Audit of McIntire School	Complete pilot of school level audit program as a prelude to annual school level audits.	<b>Completed</b>
11	Academic	School-Level Audits (1) - UVA Engineering	Assess effectiveness of risk-relevant school level controls and processes at 3 UVA schools.	<b>In Progress</b>
12	Academic	School-Level Audits (2) – UVA Education and Human Development	Annual school level audit	<b>In Progress</b>
13	Academic	Student Billing & Collections	Evaluate design and effectiveness of controls over accuracy and timeliness of student billing and collections.	<b>Completed</b>
14	Academic	Third Party Risk Management – Academic (IT Audit)	Identify and assess the controls supporting the third-party risk management program such as: governance & operating model, policies, and procedures, third party data management, risk models, assessment methodology, and tools and technology used to support reporting.	<b>In Progress</b>

	Division	Audit Plan Topic	Scope	Status as of April 30, 2024
15	Academic	Threat & Vulnerability Management – Academic (IT Audit)	Evaluate UVA Academic Systems controls supporting the Threat & Vulnerability Management program used for identifying, classifying, prioritizing, remediating, and mitigating software, and firmware vulnerabilities.	<b>Completed</b>
16	Academic	UVA Wise Academic Records - Degree Related Data (Jenzabar)	Evaluate design and effectiveness of controls over the maintenance of degree-related data, including grade submissions and changes, course substitutions and/or degree requirement exceptions, and incoming transcripts.	<b>Not Started</b>
17	Academic	Workday Financials Controls Validation: Gifts	Assess the effectiveness of key financial business process controls related to the acceptance, receipt, recording, and processing of gifts to the University.	<b>Removed</b>
18	Academic	Workday Financials Controls Validation: Grants and Contracts	Assess the effectiveness of key financial business process controls related to expenditures of sponsored funding.	<b>In Progress</b>
1	Health System	Attorney-Client Privileged	Attorney-Client Privileged - Deferred from FY2023	<b>Completed</b>
2	Health System	Contract Management	Internal controls over contract development, approval, and management. (Deferred to FY2025)	<b>Deferred</b>



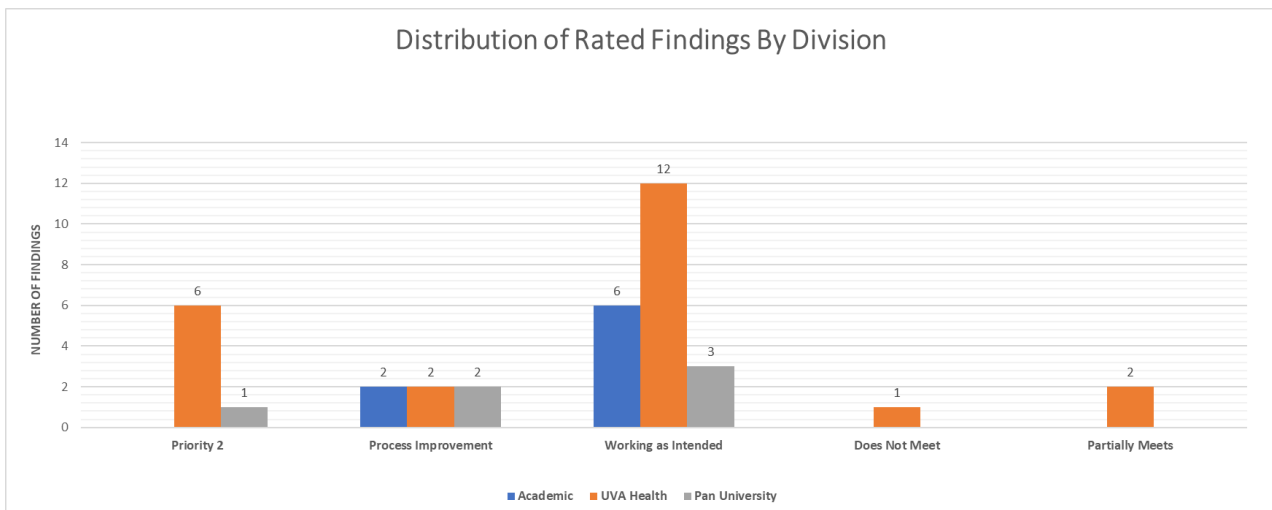
	Division	Audit Plan Topic	Scope	Status as of April 30, 2024
3	Health System	Exclusion Screening for Vendors	Policies and procedures designed to ensure all on-site vendor representatives receive the required screening for potential exclusion from government payer programs. (Deferred to FY2025)	<b>Deferred</b>
4	Health System	Incentive Compensation Plans – University Hospital	Internal controls around the University Hospital’s incentive compensation plans.	<b>Completed</b>
5	Health System	Insurance Verification and Pre-Authorization	Procedures and controls for gathering and validating patient insurance coverage prior to providing services.	<b>Deferred</b>
6	Health System	Attorney-Client Privileged	Attorney-Client Privileged	<b>In Progress</b>
7	Health System	Medical Device Recalls and Credits	Policies and procedures for claims adjustments related to medical device recalls.	<b>Removed</b>
8	Health System	PeopleSoft ITGC (IT Audit) - Health	Identify the methods, processes, and controls by which access is provisioned and deprovisioned both centrally and for selected applications that authorize access to end users.	<b>Completed</b> (Replaced Identity & Access Management IT Audit)

	Division	Audit Plan Topic	Scope	Status as of April 30, 2024
9	Health System	Attorney-Client Privileged	Attorney-Client Privileged	<b>In Progress</b> (Added to the Plan)
10	Health System	Pharmacy 340B Program – UVA Community Health	Compliance to Pharmacy 340B regulatory requirements and assess practices for maximizing realized savings.	<b>In Progress</b>
11	Health System	Provider Based Billing Compliance	Assess compliance with Medicare's billing rules for provider-based clinics.	<b>Removed</b> (replaced with a similar audit focused on UVACH Culpeper only for FY2025)
12	Health System	Ransomware Assessment Follow Up (IT Audit)-Health System	Determine if the recommendations outlined within the December 2021 Mandiant Purple Team Report for the Health System have been addressed and closed by Management.	<b>Completed</b>
13	Health System	Third Party Risk Management (IT Audit)	Identify and assess the controls supporting the third-party risk management program such as: governance & operating model, policies, and procedures, third party data management, risk models, assessment methodology, and tools and technology used to support reporting.	<b>Completed</b>

	Division	Audit Plan Topic	Scope	Status as of April 30, 2024
14	Health System	Timely Encounter Closure – Professional Services	Level of compliance with Revenue Cycle standards for timely charge entry to patient accounts.	<b>In Progress</b>
15	Health System	Trauma Activation Claims – Billing Compliance	Validate that Medicare claims for trauma services comply with Medicare billing guidelines.	<b>Completed</b>
16	Health System	UVACH: IRS 501(r) Compliance	Compliance with IRS 501(r) rules applicable to non-profit hospitals, such as community needs analyses and community benefit plans, financial assistance elements and publication. (Deferred from FY2023)	<b>Completed</b>
17	Health System	Warehouse Receiving Controls	The receiving processes at the new distribution warehouse – internal control design and effectiveness.	<b>In Progress</b>





#### 4. Summary of Audit Findings for the Period January 31, 2024-April 30, 2024


The table below summarizes audit control findings by priority rating for audits performed since the last report to the Committee.



Project Name	Division	Priority Rating for Findings (See Ratings Scale for Definitions)					
		P1	P2	OP	W	DNM	PM
UVA Hospital Incentive Compensation Plans	UVA Health		2		3		
PeopleSoft IT General Controls	UVA Health			1	7	1	2
IRS 501(R) Compliance	UVA Community Health		4	1	2		
Student Billing and Collections	Academic Division				6		
Residential Colleges	Academic Division			2			
Payroll Processing Review	Pan University		1	2	3		
<b>Total</b>			7	6	21	1	2

Audit	Summary of Findings
<p>UVA Health: UVA Hospital Incentive Compensation Plans</p> <p><b>2</b> <b>3</b></p> <p>2 Priority 2 and 3 Working rated findings</p>	<p>Significant gaps exist in the governance and internal controls over incentive compensation programs at University Hospital.</p> <ol style="list-style-type: none"> <li>1. Policy and procedures governing incentive plan development, implementation, communication, and monitoring have not been established and documented; and not all compensation plans are documented with written plan designs.</li> <li>2. Internal controls were not sufficient to prevent compensation awards that deviated from plan design.</li> <li>3. Gaps exist in the technical system controls and administrative controls for award approval, employee eligibility, appropriate use of incentive compensation and dollar limitations.</li> <li>4. The complexity of some plan designs and the lack of clear procedures has resulted in some confusion on the part of the personnel tasked with administering the plans.</li> </ol> <p>These control gaps resulted in inconsistent application of incentive compensation and awards that were contrary to the documented intent for some of the plans.</p>
UVA Health: PeopleSoft IT General Controls	<u>Does Not Meet finding</u> : Current configurations within the access management tool used by HIT to provision access does not prevent users from being provisioned conflicting roles within

Audit	Summary of Findings
 <p>1 Does Not Meet, 2 Partially Meets, 7 Working, and 1 Process Improvement IT control-related findings</p>	<p>PeopleSoft. Management relies on the user’s supervisor to have knowledge of the permissions that each role has while approving access as part of the provisioning process.</p> <p><u>Partially Meets findings</u> related to performance of periodic user access reviews and monitoring of system change testing and approvals.</p>
<p>UVA Community Health: IRS 501(r) Compliance</p>  <p>4 Priority 2, 1 Process Improvement, and 2 Working rated findings</p>	<p>IRS 501(r) is a tax regulation introduced by the Affordable Care Act in 2010 that establishes requirements that hospital organizations must satisfy to maintain a tax-exempt status under section 501(c)(3).</p> <p>Significant gaps were observed in the controls designed to comply with 501(r) requirements generally, especially related to the creation of hospital Community Health Needs Assessments (CHNAs) and Implementation Strategies, the contents of Financial Assistance Policy (FAP), and publication of financial assistance information. An opportunity for improvement around financial assistance processes was also found. As a result, UVACH has been non-compliant with a substantial component of 501(r) and may be at risk of fines or losing non-profit tax-exempt status effective beginning with the whole of tax year 2022.</p>
<p>UVA Academic Division: Student Billing and Collections</p>  <p>6 Working rated findings</p>	<p>Our assessment indicates that controls over student billing and collections are functioning effectively and address relevant risks.</p>
<p>Residential Colleges Review</p>  <p>2 Process Improvements</p>	<p>Our review provided recommendations to enhance administrative oversight of the residential colleges and to implement a record retention process for applications to the Brown Residential College.</p>

Audit	Summary of Findings
Payroll Processing Review  1 Priority 2, 2 Process Improvements, and 3 Working rated findings	Our audit assigned identified duties that were incompatible with internal control principles. The employee who processed payroll costing allocations could initiate payroll transactions. This represents a risk that an improper transaction could occur and not be detected. In addition, we identified opportunities to improve retroactive pay processes and address verification procedures.

Rating Scale		
<b>P1</b>	<b>Priority 1</b>	A Priority 1 item signifies a control and/or process deficiency of sufficiently high risk that it provides minimal or no assurance that institutional objectives will be achieved. Management must take immediate corrective action to mitigate Priority 1 deficiencies.
<b>DNM</b>	<b>Does Not Meet</b>	An IT control that is not in place or is ineffective to achieve the relevant IT controls framework (e.g., ISO-27002-2013) requirement
<b>P2</b>	<b>Priority 2</b>	A Priority 2 item signifies a control and/or process deficiency that hinders the effectiveness and efficiency of unit level operations, potentially impeding the attainment of institutional objectives. Management must take timely corrective action to mitigate Priority 2 deficiencies.
<b>PM</b>	<b>Partially Meets</b>	An IT control that meets some, but not all, of the relevant IT controls framework (e.g., ISO-27002-2013) requirement
<b>OP</b>	<b>Process Improvement</b>	A process improvement item signifies an opportunity to achieve additional control and/or process efficiencies.
<b>W</b>	<b>Working</b>	Control tested or process evaluated is working as designed

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

**BOARD MEETING:** June 7, 2024

**COMMITTEE:** Audit, Compliance, and Risk

**AGENDA ITEM:** IV.B. Institutional Compliance and Medical Center Compliance Goals for FY2023-24: Year-End Status Report

**ACTION REQUIRED:** None

**DISCUSSION:**

**Institutional Compliance Goals  
Fiscal Year 2023-2024  
Year-End Status Report**

1. **SafeGrounds Reporting:** Continued to enhance the reporting capabilities in the SafeGrounds incident management system to create more effective reporting and monitoring of compliance concerns. We worked with Information Technology Services (ITS) to roll out new reporting capabilities with the SafeGrounds upgrade that went live in September to include custom views of case information by user. We developed new reports using a different data analytics tool (Power BI) to provide additional opportunities for institution-wide reporting.
2. **Director of Privacy Programs** – Obtained funding, completed job classification, and posted the position description to conduct a national search to hire a Director of Privacy Programs, who will focus on information privacy for the academic division and manage the university’s response to ever increasing compliance requirements related to privacy. The successful candidate will develop more robust and aligned privacy protocols throughout the university.
3. **Conflict of Interest:** Convened key stakeholders across Grounds to identify gaps in the University’s current portfolio of COI programs, exploring possible systems and strategies for developing a more comprehensive COI program. We improved coordination with the state’s process and internal understanding of functions.
4. **BOV Records Document:** worked with Records and Information Management to complete a summary for new board members regarding what they should know about records management, as requested during a prior presentation to the board. The final document was shared with the board during its March meeting.

**Medical Center Compliance Goals  
Fiscal Year 2023-2024  
Year-End Status Report**

1. **Compliance Program Assessment:** Last year, legal counsel evaluated the UVA Health Compliance Program for compliance with the Department of Health and Human Services' Office of Inspector General's "Seven Elements of an Effective Compliance Program" guidance ("OIG Guidance"). We have accomplished the following in response to this gap assessment and/or in furtherance of the UVA Health System's Compliance Program:
  - The UVA Health Chief Compliance and Privacy Officer began work in September. This position oversees the Directors of Compliance and Privacy at both the Medical Center and Community Health, bringing greater consistency and collaboration to the system-wide Compliance Program.
  - The Medical Center added two compliance analysts, including one devoted to billing and reimbursement compliance. Community Health hired one new compliance analyst with billing and reimbursement experience.
  - The UVA Health System is in the process of conducting a comprehensive, system-wide regulatory compliance risk assessment that covers 120+ regulatory risks. This risk assessment will inform the Compliance Program's proactive compliance work in fiscal year 2025 and beyond.
  - A draft UVA Health Compliance Plan is under review and expected to be approved by the start of FY 2025.
  - The Joint Notice of Privacy Practices was updated and should be printed and posted in locations throughout the Health System shortly.
  - New Hire and Annual retraining, including Fraud and Abuse training, is now consistent across all UVA Health entities.
  - New training on Exclusion Checks was created and assigned to Human Resources personnel involved in the Medical Center's exclusion screening process. Discussions are underway about the potential for consolidating various exclusion check functions across the UVA Health System.
  - Various HIPAA-related compliance policies have been consolidated and/or updated.
  - New draft policies governing *Protected Health Information Breach Risk Assessment and Notification*, and *Fraud, Waste, and Abuse Compliance* are currently under review.
  
2. **Expand Coding Audit Function:** The goal was to expand the billing compliance function by adding an FTE dedicated to reviewing compliance with Medicare regulatory requirements such as documentation of medical necessity, accurate coding and billing, and to assess compliance in high-risk areas as identified by the HHS OIG. The Medical Center and Community Health have each hired a compliance analyst with coding and billing experience. These individuals will conduct billing-oriented investigations and reviews.
  
3. **Compliance and Privacy Office Staffing:** The goal was to onboard a new Chief Compliance and Privacy Officer, and to review the staffing model to ensure adequate staffing for the Compliance Program. Krista Barnes was onboarded as the Chief



Compliance and Privacy Officer. The Medical Center hired two compliance analysts, and Community Health hired one analyst with billing expertise and received approval to backfill another vacant analyst position. Compliance Program staffing is still lean, particularly in light of investigation volume. However, high investigation volume is not necessarily a bad thing; it is typically a sign of a vigilant workforce and a high degree of trust in the compliance program.