University of Virginia
Audit, Compliance, and Risk Committee

FY2017-18

August 2017 Board of Visitors Retreat
1. Provide oversight of UVA Audit Department to ensure University strategic, operational, compliance and enterprise risk mitigation activities are effective

STATUS:

• Goal: Health System Risk Coverage--Engage with Health System leaders to ensure optimal coverage of strategic, operational, compliance, and enterprise risk mitigation for all elements of the University of Virginia's Health System.

  • Our signature project in the Health System in FY2017 was the Epic Phase 2 Project Health Check. The team’s collaborative, in-depth assessment of risks to the project’s successful implementation was a catalyst to improving communication with Epic’s executive sponsors. Our objective reporting and continuous interactions with the Epic project management team helped mitigate risks associated with go-live of this $120 million system implementation.

• Goal: Academic Division Risk Coverage--Engage with relevant leaders to ensure optimal coverage of strategic, operational, compliance, and enterprise risk mitigation for all elements of the University of Virginia's Academic Division.

  • Completed compliance risk assessment with General Counsel’s office and AVP Compliance
Progress Report on FY2016-17 Major Goals for the Audit, Compliance, and Risk (ACR) Committee

1. Provide oversight of UVA Audit Department to ensure University strategic, operational, compliance and enterprise risk mitigation activities are effective

AUDIT DEPARTMENT GOAL STATUS CONTINUED:

• Created new methodology to evaluate the effective functioning of the University’s 2nd Line of Defense functions (management assurance functions that perform ongoing controls monitoring, create policy guidance, and provide training).

Portfolio of Academic Division assurance work completed in FY2016-17:

• Curry School of Education
• Distributed IT Systems Management
• Security Enhancement Plan Project Health Check
• Ufirst Project Health Check
• Special Collections Library
2. Provide oversight of UVA compliance practices to ensure adequate coverage of key compliance risks and issues

STATUS:

• Completed the search for the medical center’s new Compliance and Privacy Officer, with Regina Verde starting in the position and reporting jointly to Pam Sutton-Wallace and Gary Nimax.

• Developed a methodology to define and estimate the university's cost of compliance with all federal, state, and regulatory compliance. Compiled the data to share with the BOV at its September meeting.

• Launched a new compliance website, http://compliance.virginia.edu, furthering the University's effort to promote adherence to all laws, regulations and policies.

• Updated the institutional compliance policy to clarify the duties of the Assistant VP for Compliance and compliance officers, plus update the Federal Sentencing Guidelines language to be consistent with the Compliance Charter.
Progress Report on FY2016-17 Major Goals for the Audit, Compliance, and Risk (ACR) Committee

Medical Center Compliance & Privacy Office

• Team responds to inquiries and reports; investigates and resolves compliance and privacy issues
• Monthly privacy auditing and monitoring via operations site visits
• Billing, coding and documentation audits completed and results communicated
• Compliance training provided for new hires and live training presented to team members and managers
Progress Report on FY2016-17 Major Goals for the Audit, Compliance, and Risk (ACR) Committee

3. Provide oversight of Enterprise Risk Management (ERM) program to ensure risks to UVA’s strategic objectives are identified and managed

   • STATUS:
     • Repositioned the ERM program
       • Refocused on risks related to strategic objectives
       • Began aligning ERM efforts with goal setting and audit cycles
     • On-boarded Health System
       • First time Health System has been included in the ERM program
     • Created new key risk lists for the Academic Division and Health System
       • New key risks focused on strategic risks
       • Identified executive owners and risk leads who are responsible for mitigating each key risk
Progress Report on FY2016-17 Major Goals for the Audit, Compliance, and Risk (ACR) Committee

FY2016-17 ERM Status (continued)

• Formed networks of individuals around the University in support of ERM effort
  • Risk Management Committee – Five members, including Audit and Compliance, to help advise the ERM effort
  • Risk Management Networks – at the Academic Division and Health System to identify emerging risks and champion ERM in those areas
• Created an active dialogue around strategic risks by enhancing discussion of key risks among risk leads, executive owners, and president/EVP’s
Major Goals for the Audit, Compliance, and Risk (ACR) Committee

UVA Audit Department Goals- Fiscal Year 2017-18

Overall goal: execute the risk-based audit plan approved by the ACR in June 2017

1. Engage with UVA Health System leaders to ensure optimal coverage of strategic, operational, compliance, and enterprise risk mitigation for all elements of the University of Virginia Health System. Specifically, assess effective functioning of:
   - key revenue cycle processes and controls post Epic Phase 2 implementation
   - successful close-out of legacy system claims and receivables
   - IT general computing controls for significant systems
   - processes for procuring and securing medical devices

2. Engage with responsible University leaders to ensure optimal coverage of strategic, operational, and enterprise risk mitigation for all elements of the University of Virginia’s Academic Division. Specifically, assess effective functioning of risk mitigation of inherently higher risk topics related to:
   - student safety
   - research compliance
   - IT general computing controls for significant systems

3. Upgrade UVA Audit Department capabilities (tools and training) with a focus on amplified use of data analytics in all phases of the audit process
Major Goals for the Audit, Compliance, and Risk (ACR) Committee

Compliance Goals - Fiscal Year 2017-18

1. Review and update the university’s Code of Ethics for approval by the Board of Visitors.

2. Complete the onboarding of the medical center’s new Compliance and Privacy Officer, Regina Verde, including the operational changes necessary since that role was converted from an academic division position to a medical center position.

3. Review improvements to be made regarding the university’s compliance with digital accessibility, background check policies, and UFirst project compliance requirements.

4. Use the results of the compliance risk assessment conducted in partnership with UVA Audit Department and General Counsel to confirm the strength of the university’s compliance efforts. This assessment evaluated which compliance areas present the greatest risks, based on the consequences of non-compliance (legal, operational, and reputational), levels of effort necessary to address regulatory changes, regulatory scrutiny, and cross-functional coordination.

5. Expand marketing and use of the university’s anonymous helpline in order to more effectively monitor compliance reporting.
Major Goals for the Audit, Compliance, and Risk (ACR) Committee

Medical Center Compliance & Privacy Office Goals - Fiscal Year 2017-18

1. Complete rebuild of the Medical Center Compliance & Privacy Office team; develop team members and Office function into an interactive and facilitative resource for the Health System, providing routine interaction and support to managers and their teams, scheduled and episodic compliance training, interactive assistance in issue resolution, as well as the standard functions of auditing and compliance investigation and documentation.

2. Evaluate the results of the compliance risk assessment conducted by former Medical Center compliance leaders in partnership with University Compliance, Internal Audit and General Counsel to ascertain risk levels to the Medical Center Compliance Program; reexamine areas of greatest risk based on the consequences of non-compliance (legal, operational, and reputational), levels of effort necessary to address regulatory changes, regulatory scrutiny, and cross-functional effort.

3. Perform and oversee audits to assess compliance in high risk areas as identified by the FY 2017 Office of Inspector General/Health & Human Services Work Plan, e.g., compliance with regulatory requirements for documentation of medical necessity for appropriate admissions, accurate coding, billing and reimbursement from Medicare for specific services, etc. The Office will work in conjunction with other functional areas in conducting these reviews.
Major Goals for the Audit, Compliance, and Risk (ACR) Committee

Enterprise Risk Management Goals Fiscal Year 2017-18

Goal #1 – Expand dialogue around key risks - how do we engage BOV members in a more robust discussion of risk in addition to what’s discussed at Audit Committee meetings?

Work Plan: Map key risks to one or more BOV committees and connect committee chairs with key risk leads and risk owners on a semi-annual basis to discuss risk mitigation. Board committee chairs would meet with risk owners and risk leads prior to Dec. and Jun. heat map updates.

Goal #2 – Update key risk lists considering emerging risks and opportunities - after last year’s program restart, how do we effectively update our key risk lists?

Work Plan: – Rely on the networks we have created to identify emerging risks that may become key risks. Additionally, work to expand the spectrum of ERM to include opportunities (or upside risk)

Goal #3 – Strengthen alignment of timelines among ERM, Audit, and BOV reporting - how do we better align annual ERM activities with audit and board reporting schedules?

Work Plan: Align the annual ERM cycle with the audit planning cycle so ERM key risks are included in audit planning. Implement a BOV reporting cycle.
Major Goals for the Audit, Compliance, and Risk (ACR) Committee

**Enterprise Risk Management Goals Fiscal Year 2017-18**

**Goal #4** – Strengthen risk mitigation plans – how do we improve the key risk management plans developed over the past year?

Work Plan: Bring together risk leads to discuss risk mitigation approaches to learn from each other and to establish standards. Work with risk owners and leads to incorporate risk appetite into the mitigation plans (i.e., how much risk are we willing to tolerate)
## FY2017-18 Key ACR Committee Agenda Items

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<tr>
<th>Meeting</th>
<th>Action Items</th>
<th>Discussion Topics/Reports *</th>
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<td>September 2017</td>
<td>• Approve updates to ERM Charter</td>
<td>• Review Priority 1 and 2 Audit Findings with business owners</td>
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<td>• Cost of Compliance results</td>
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<td>• Compliance Accomplishments FY17 (written report)</td>
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<td>• Present FY17 ERM Goals and Work Plan</td>
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<td>December 2017</td>
<td>• Approve Updates to University Code of Ethics</td>
<td>• Review Priority 1 and 2 Audit Findings with business owners</td>
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<td>• Approve UVA Athletics Compliance Charter</td>
<td>• Key Enterprise Risk Heat Map Update</td>
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<td>March 2018</td>
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<td>• Review Priority 1 and 2 Audit Findings with business owners</td>
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<td>• Compliance Mid-Year Report FY18 (written report)</td>
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<td>• Refresh of key Enterprise Risk lists</td>
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<td>June 2018</td>
<td>• Approve Audit Department Risk-Based Plan</td>
<td>• Review Priority 1 and 2 Audit Findings with business owners</td>
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<td>• Auditor of Public Accounts Initial Meeting</td>
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<td>• Compliance Goals FY19 (written report)</td>
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