

June 11, 2010

MEMORANDUM

TO: The Audit and Compliance Committee:

W. Heywood Fralin, Chair  
Helen E. Dragas  
Austin Ligon  
Vincent J. Mastracco Jr.  
Don R. Pippin  
Warren M. Thompson  
John O. Wynne, Ex Officio

and

The Remaining Members of the Board:

Daniel R. Abramson	Robert D. Hardie
A. Macdonald Caputo	Glynn D. Key
The Hon. Alan A. Diamonstein	Randal J. Kirk
Susan Y. Dorsey	The Hon. Lewis F. Payne
Stewart H. Ackerly	E. Darracott Vaughan Jr., M.D.

FROM: Susan G. Harris

SUBJECT: Minutes of the Meeting of the Audit and Compliance  
Committee on June 11, 2010

The Audit and Compliance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 11:45 a.m., on Friday, June 11, 2010, in the Board Room of the Rotunda; W. Heywood Fralin, Chair, presided.

Present were Ms. Helen E. Dragas, Vincent J. Mastracco Jr., Don R. Pippin, Warren M. Thompson, and John O. Wynne.

Also present were Daniel R. Abramson, A. Macdonald Caputo, The Honorable Alan A. Diamonstein, Ms. Susan Y. Dorsey, Robert D. Hardie, Ms. Glynn D. Key, Randal J. Kirk, The Honorable Lewis F. Payne, E. Darracott Vaughan Jr., M.D., and Stewart H. Ackerly.

Present, too, were John T. Casteen III, Leonard W. Sandridge, Ms. Susan G. Harris, Ms. Susan A. Carkeek, Paul J. Forch, Ms. Barbara Deily, Ms. Lori Strauss, Arthur Garson Jr., M.D., R. Edward Howell, Ms. Patricia M. Lampkin, David J. Prior, and Ms. Jeanne Flippo Bailes.

The Chair began by mentioning a recently conducted audit of the Audit Department which was just completed. The Department received the highest rating of "generally complies", although there were some best practices recommendations. The report will be discussed in more detail at a future meeting. He then turned the meeting over to Ms. Deily, Chief Audit Executive. Ms. Deily presented the audit schedule for the 2010-2011 fiscal year. The schedule was developed based on required work from state and external agencies, risk assessment models, requests from management, and analyses of work performed in prior years. It includes an audit of the College at Wise as well as a review of the art inventory procedures throughout the Grounds. Expenditures made with the federal stimulus funds will be tested, and time will be spent on ARMICS, a risk management initiative of the Commonwealth. An audit will be conducted of the President's Office because of the transition.

For the University division, the Audit Department will look at the new time and leave system implemented last year, and the financial administration area. Additionally, a review of some aspects of NCAA compliance will occur.

In the Health System, ARMICS will be a focus as well as the financial statement reporting process. The General Clinical Research Center will be audited because this area is ceasing operation. A major portion of time will be spent on the electronic medical record implementation and Medical Center procurement functions. There will be an audit of the Department of Pathology.

In the area of Information Technology, Virginia Information Technology (VITA) requirements will be the focus. Other areas include the use of GPS technology and the incident response process. The schedule is appended to these Minutes.

The Chair introduced Lori Strauss, who presented the Corporate Compliance schedule for the 2010-2011 fiscal year. The Corporate Compliance and Privacy Office auditing and monitoring program is primarily responsible for billing compliance with state, federal and other payers; compliance with the HIPAA privacy rule; coding and billing for hospital services; and claim development, submission, and documentation among other topics. The schedule is appended to these Minutes.

On motion, the Committee approved the following resolutions and recommended them for approval by the full Board:

APPROVAL OF THE AUDIT SCHEDULE FOR FISCAL YEAR 2010-2011

RESOLVED, the Audit Schedule for Fiscal Year 2010-2011 is approved as recommended by the Audit and Compliance Committee.

APPROVAL OF THE CORPORATE COMPLIANCE PROJECT SCHEDULE FOR FISCAL YEAR 2010-2011

RESOLVED, the Corporate Compliance Project Schedule for Fiscal Year 2010-2011 is approved as recommended by the Audit and Compliance Committee.

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Summary of Findings

Ms. Deily said the summaries on Medical Center Financial Screening Process and the Phantom Systems Review are in the materials for review by the members of the Committee. She said they identified a \$13,000 savings opportunity for anti-virus software in one of the schools.

Executive Session

The Committee adopted the following motion and went into Executive Session at 11:55 a.m.:

That the Audit and Compliance Committee of the Board of Visitors go into Closed Session to discuss the audits of University operations as it concerns the personnel performance of specific University and Medical Center managers with regards to their business practices and policy compliance in administering financial processes related to cash collections and institutional expenditures and in managing employee performance and where, in the case of the Medical Center, disclosure at this time would adversely affect the Medical Center's competitive position as permitted by Section 2.2-3711 (A) (1), and (22) of the Code of Virginia.

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The Committee resumed its meeting in Open Session at 12:05 p.m., and adopted the following resolution certifying that its discussions in Executive Session had been held in accordance with the exemptions permitted by the Virginia Freedom of Information Act:

That we vote on and record our certification that, to the best of each Board member's knowledge, only public business matters lawfully exempted from open meeting requirements and which were identified in the motion(s) authorizing the closed session, were heard, discussed or considered in closed session.

Open Session

The Chair asked for a motion to approve the Summary of Audit Findings discussed in Executive Session. The following resolution was adopted and recommended to the full Board of Visitors for approval:

APPROVAL OF THE SUMMARY OF AUDIT FINDINGS FOR THE PERIOD MARCH 1, 2010 THROUGH APRIL 30, 2010

RESOLVED, the Summary of Audit Findings for the period March 1, 2010, through April 30, 2010, as presented by the Chief Audit Executive, is approved as recommended by the Audit and Compliance Committee.

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On further motion, the Committee adjourned at 12:10 p.m.

SGH:lah

These minutes have been posted to the University of Virginia's Board of Visitors website. <http://www.virginia.edu/bov/auditminutes.html>

## **APPENDIX**

2010-2011 Audit Schedule

UNIVERSITY

DEPARTMENT/DIVISION	BUDGETED HOURS
<b>ADMINISTRATIVE &amp; SUPPORT SERVICES</b>	
President's Office	250
College at Wise	600
<b>ARMICS</b>	150
Self Service Time and Leave System	600
ARRA (Federal Stimulus Funds)	400
Financial Administration	600
<b>ATHLETICS</b>	
NCAA Compliance - (Non major areas)	400
<b>PROVOST ACTIVITIES</b>	
Art Inventory	150
<b>OTHER ACTIVITIES</b>	
University Bookstore/Cavalier Computers - Inventory	100
Follow-Up Audits - University	150
Compliance Audits	1,511
<b>UNIVERSITY TOTAL</b>	<b>4,911</b>

HEALTH SYSTEM

DEPARTMENT/DIVISION	BUDGETED HOURS
<b>PATIENT CARE ACTIVITIES</b>	
General Clinical Research Center	400
Outpatient Clinic Charge Captures (Post-Epic)	400
<b>ADMINISTRATIVE &amp; SUPPORT SERVICES</b>	
Financial Reporting	350
Medical Center Procurement	500
<b>SCHOOL OF MEDICINE</b>	
Department of Pathology	350
Follow-up Audits	100
<b>OTHER ACTIVITIES</b>	
Epic System Consulting	250
ARMICS - Medical Center	100
Follow-up Audits - Medical Center	200
Inventory - Pharmacy Services	25
Inventory - Surgical Supply	25
<b>HEALTH SYSTEM TOTAL</b>	<b>2,700</b>

**INFORMATION TECHNOLOGY**

<b>DEPARTMENT/DIVISION</b>	<b>BUDGETED HOURS</b>
Security Review of External Interfaces (U/HS)	255
Student Information System Review (U/Wise)	255
General Controls Review for end of 3 year cycle (U/HS)	252
GPS Technology Review (U/HS)	255
Incident Response Review	252
<b>INFORMATION TECHNOLOGY TOTAL</b>	<b>1,269</b>
<b>UNIVERSITY, HEALTH SYSTEM &amp; INFORMATION TECHNOLOGY TOTALS</b>	<b>8,880</b>

UVA Health System  
Corporate Compliance and Privacy Office

Determination of Hours Available for 2010-2011  
Compliance and Privacy Activities

Fiscal Year 2010-2011	TOTAL
Total Hours Available	6,240
Less: Vacancies	0
Sub-Total	6,240
Professional Development	240
Leave and Holidays	880
Other Activities: Office and Personnel Administration	320
Hours Available for Compliance & Privacy Activities	4,800

Allocation of Hours Available for  
Compliance & Privacy Activities

Fiscal Year 2010-2011	Total
Hours Available for Compliance & Privacy Activities	4,800
Consulting	600
Education	800
Special Projects	800
Hours Available for Compliance & Privacy Projects	2,600

Corporate Compliance & Privacy Projects  
Fiscal Year 2010-2011

Projects	HOURS
Outpatient Department Coding, Billing, & Documentation	400
Privacy Monitoring and Auditing	800
End Stage Renal Disease Dialysis	400
Governmental Payors (RAC, MIC, ZPIC)	400
Inpatient Medicare Severity Diagnosis Related Groups	600
Total	2,600