



INTERNAL AUDIT

UNIVERSITY *of* WASHINGTON

2020 Audit Plan

Finance and Asset Management Committee
Board of Regents

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Table of Contents

Executive Summary	1
2020 Audit Plan	2
Analysis of Audit Coverage of University Auditable	
Units	3
Planned Audit Projects.....	4
Audit Resources	6
Appendix	
Risk Assessment Methodology/	
Development of Annual Plan.....	7

Executive Summary

The 2020 Audit Plan contains key information on our planned audit activity for calendar year 2020. The plan was based on the results of our annual risk assessment process.

Audit Goals

Internal Audit's major goals for 2020 are:

- Complete audits focused on the highest risk areas identified within the risk assessment;
- Dedicate an existing position within the department to focus on Investigations;
- Expand our services through co-sourcing relationships focused on Information Technology and Construction Auditing;
- Create a Data Analysis working group within the team to assist all audits; and
- Institute a Quality Assurance Improvement Program for Internal Audit.

Audit Plan 2020

The University of Washington Internal Audit Plan for 2020 is designed to provide audit coverage across the entirety of the University, deploying Internal Audit resources in an effective and efficient manner.

We continue to focus our audit plan and related projects on the highest risk areas identified in our Internal Audit risk assessment. The risk assessment includes the review of:

- Strategic plans and initiatives of the University;
- Interviews with over 100 executive and senior management personnel across the University and UW Medicine;
- Changes impacting the major operating units within the University (Schools, Colleges and Central Administrative units);
- Emerging risks within higher education, healthcare and information technology as shared with Internal Audit while attending national conferences throughout 2019; and
- Financial and historical information regarding the University.

The Audit Plan documents presented here include:

- Overview of the Audit Plan;
- Analysis of Audit Coverage of University Auditable Units from 2016 – 2020;
- Listing of Planned Audit Projects; and
- Allocation of Audit Resources.

2020 Audit Plan

Internal Audit engages in three primary activities – audits, management advisory services, and investigations. Our focus is to actively work with schools, colleges, central administration and UW Medicine to assist management in addressing strategic, financial, operational, and compliance risks and exposures. Internal Audit focuses on both university-wide and departmental level processes and control systems. In order to focus our audit resources, we consider the work completed by other audit professionals and compliance officers across the University such as KPMG LLP, Peterson Sullivan LLP, State Auditor’s Office, UW Medicine Compliance and other regulatory agencies in setting our overall audit plan and in planning the work conducted on any specific project. We also provide liaison services between the University and external audit parties to assist in the effective conduct of outside auditor’s projects.

Internal Audit’s goals for 2020 are:

- Complete audits focused on the highest risk areas identified within the risk assessment;
- Provide the University with value added recommendations to improve controls, mitigate identified risks and increase efficiency of operations;
- Continue staff training & development including our student intern program;
- Dedicate an existing position within the department to focus on Investigations;
- Expand our services through co-sourcing relationships focused on Information Technology and Construction Auditing;
- Create a Data Analysis working group within the team to assist all audits;
- Continue to manage the University-wide financial fraud and ethics reporting hotline;
- Participate on major system implementations as an advisor;
- Institute a Quality Assurance Improvement Program for Internal Audit;
- Provide training on internal controls, WA Ethics Law and other related subjects; and
- Participate in roundtables / conferences with peer institutions.

The UW Internal Audit Plan for 2020 is designed to provide audit coverage across the entirety of the University, deploying Internal Audit resources in areas of increased risk. We expect to complete 24 audits in 2020 and have identified these in the Planned Audit Projects. The risk assessment methodology used for developing our audit plan is included in Appendix I.

To enable us to focus on the appropriate areas, we considered the strategic plans and significant initiatives of the University, such as the Be Boundless Campaign, Population Health Initiative, Global Innovation, WorkDay Finance Transformation, Capital Planning, Clinical Transformation (D:1), UWMC/NWHMC Integration, and other UW Medicine Initiatives. We have also acknowledged increasing external forces (uncertain compliance oversight by federal government, data breaches and changes to state funding) that could adversely impact the internal controls processes previously developed within the University. Finally, Internal Audit held internal meetings to engage all of our staff and accumulate information we have learned through our many interactions across campus and in conferences to focus our work on the key risks and best practices within Higher Education and Healthcare.

Analysis of Audit Coverage of University Auditable Units

The University auditable units, listed below, are ranked from high to low in terms of the risk based on the 2020 risk assessment performed by Internal Audit (IA). Additionally, we have included the rankings from previous risk assessments. The previous year columns identify the IA risk ranking in those periods and the type of audit work conducted within the respective unit.

AUDITABLE UNIT	2020		2019/2018		2017/2016	
	Rank	Audit Coverage	Rank	Audit Coverage	Rank	Audit Coverage
UW Medicine Clinical Enterprise	1	IA	1	IA	1	IA
School of Medicine	2	IA	2	IA	2	IA
UW Facilities	3	IA	5	IA	6	IA
Enterprise Services	4	IA	6	IA	13	IA
UW Information Technology	5	IA	4	IA	3	IA
Health Sciences Administration	6	-	8	IA	5	IA
School of Dentistry	7	IA	3	IA	7	IA
Office of the President/Provost	8	IA	9	IA	8	IA
College of Engineering	9	-	12	IA*	18	IA
School of Public Health	10	-	14	IA	11	IA*
Office of the Controller	11	-	13	IA	14	IA*
Intercollegiate Athletics	12	IA	7	IA	4	IA
UW Bothell	13	IA	10	IA	10	IA
Enrollment Management	14	IA	17	Reg	15	IA
UW Tacoma	15	IA	11	IA	16	IA
College of Arts and Sciences	16	-	20	IA	19	IA
College of the Environment	17	-	15	IA*	17	IA
Office of Planning and Budgeting	18	-	16	IA	12	-
Office of Research	19	IA	21	IA	20	IA
Human Resources	20	-	18	Reg	9	IA
University Advancement	21	IA	25	-	25	IA
Treasury Office	22	Ext.	24	Ext	26	Ext
Evans School of Public Policy and Governance	23	-	32	-	37	-
Foster School of Business	24	-	36	-	30	IA*
CoMotion	25	-	22	IA	21	-
Continuum College	26	-	26	-	23	IA
Graduate School	27	-	33	IA	34	-
School of Social Work	28	-	29	-	28	IA*
Housing and Food Services	29	Ext.	23	IA	29	Ext
School of Nursing	30	-	30	IA	22	-
Information School	31	-	19	IA	32	-
School of Pharmacy	32	-	28	-	24	IA
School of Law	33	-	27	IA	33	-
Student Life	34	-	31	IA	27	IA
College of the Built Environment	35	-	37	IA	35	-
University Libraries	36	-	34	IA*	36	-
College of Education	37	-	35	-	31	IA

Legend: IA - Audited by Internal Audit
 IA* - Audited by Internal Audit as part of a university-wide process audit
 Ext - Audited by KPMG LLP or Peterson Sullivan LLP
 Reg - Audited by regulatory agencies, including State Auditor's Office

Planned Audit Projects

We will continue to focus on the high risk areas as identified in our risk assessment. We identified both auditable units and university-wide processes within which to focus our audit activities during 2020. As part of our risk assessment, we continued our focus on audit projects whose results could be shared across the campus to improve control effectiveness. Additionally, based on risk and controls reviews conducted in the audit planning process, we may validate and/or expand upon the areas of focus and risks in each respective auditable unit. We will conduct audits in the units identified in the chart below.

Please note that 2020 is the first year of the current two-year risk assessment cycle which includes a broad range of interviews with University Leadership. Auditable units not selected for review in the last several years are more likely to be selected in the upcoming audit plan because they are considered to have an increased level of risk when not recently audited.

Auditable Unit	Project
UW Medicine Clinical Enterprise (9)	Medical Centers - Opioid Prescription Monitoring Controls
	Medical Centers - Overlapping Surgeries
	UWMC/HMC - Kronos Payroll Approval
	UW Medicine - GME Billing Processes
	UW Med ITS - Change Management
	UW Med ITS - D:1 Testing Methodology
	UW Med Finance /Revenue - D:1 Cash, Charge Capture
	UWMC/NWHMC - Post Integration Review
	VMC - Pharmacy Compliance
School of Medicine (3)	Clinical Trials Management (CTMS)
	IT General Controls Review - Selected Departments
	Neurology/Neurosurgery - Fiscal/Grant Management
Enterprise Services	Finance Transformation - Pre-Implementation Review
UW Information Technology	Identity Access Management
School of Dentistry	Faculty Practice Plans - Compliance/Fiscal Management
Office of the President/Provost	HMC Research & Training Bldg. Reimbursement
Intercollegiate Athletics - 2020	NCAA Compliance, Contract Review
UW Bothell	Commuter Services - Compliance/Fiscal Management
Enrollment Management	Admission Policies
UW Tacoma	Center for Urban Waters - Fiscal/Grant Management
Office of Research	Conflict of Interest/ Foreign Influence Monitoring
University Advancement	IT Business Continuity Planning
Multiple Unit Audits	Faculty Reduced Responsibility - Compliance
Multiple Unit Audits	Service Contracting Process

Planned Audit Projects (continued)

Co-Sourced Audits

Internal Audit and management have identified a number of projects/opportunities to address key risks to the University utilizing co-sourced audit resources. Internal Audit does not have the resources and resident expertise to undertake these audits and will therefore initiate a process to procure audit services from outside experts. We will evaluate the options for this program and provide an update in March 2020. The projects to potentially be undertaken in this co-sourcing relationship are as follows:

Auditable Unit	Audit Focus
UW Facilities	Creation of construction audit program - contracts/costs
UW Information Technology	Cyber Security - breach detection & response

Audit Projects as Staffing Permits

The following projects were identified as higher risk by Internal Audit and management but not significant enough to be included in the 2020 planned audits. We will include certain of these audits in our 2020 audit projects, if we identify staffing opportunities or have unexpected available staff time during the year.

Auditable Unit	Audit Focus
UW Medicine Clinical Enterprise	Pharmacy Compliance, e-Consult Charge Capture, VMC Epic User Access & Medical Device Security
School of Medicine	Emergency Medicine - Fiscal/Grant Management
UW Facilities	Business Operations, Lease Mgmt., Capital Spending
UW Information Technology	Vendor Management
Office of the President / Provost	Title IX, Investments
College of Engineering	Fiscal/Grant Management - Selected Departments
School of Public Health	IT General Controls
UW Bothell / UW Tacoma	Clery Act Reporting
UW Tacoma	Court 17 Apartments - Compliance with ILP Loan
College of Arts & Sciences	Jackson School of Int'l Studies - Business Operations
College of the Environment	Friday Harbor Labs - Fiscal/Grant Management
Office of Research	Applied Physics Laboratory - Fiscal/Grant Management
Human Resources	Retirement System Reconciliations
University Advancement	Gift Acceptance Policy - Large Gifts
Treasury Office	Semi-Annual Borrower Reports (SABRs)
Foster School of Business	Faculty Compensation
University Libraries	Business Operations
Evans School of Public Policy and Governance	Business Operations
Multiple Unit Audits	CTA Accounts , JV transfers, Recharge Centers, Payroll/HR
Multiple Unit IT Audits	IT Security Plans, IT General Control Reviews

Audit Resources

The audit plan for calendar year 2020 is based on a professional staffing complement of 18 FTE, which is consistent with our 2019 Audit Plan. We will augment our staff by creating a co-source relationship with one to three specialty audit firms and continuing our IA Internship Program in which we currently employ two UW students.

Approximately 60% of Internal Audit's resources are committed to the completion of planned audit projects, development of a data analytics program to support audits, and follow-up audit procedures. The annual audit plan is designed to provide appropriate coverage utilizing a variety of audit methodologies: audits of individual units on campus and within the UW Medicine clinical entities, functional and process audits, University-wide reviews, and information system projects. In addition, we will develop a Data Analysis working group to support and expand IA's use of data on audits and potentially identify opportunities for additional audits. Internal Audit semi-annually conducts follow-up audit procedures to ensure that management is implementing controls as described within their responses to Internal Audit report findings.

We have a limited number of audit projects begun in 2019 which will carryover for completion in early 2020 (fewer than 4 audits). Additionally, we continue to refine our planning process and quarterly reporting to ensure our own accountability and minimize audit slippage. The amount of carryover work will be significantly reduced from prior years to allow us to focus on the key risks facing the University in 2020.

Approximately 14% of Internal Audit resources are committed to investigations (10%), management requests (4%). This will include the dedication of one existing senior auditor position to focus primarily on completing investigations and supporting the consistent delivery of investigatory work. We will continue to consider requests from the President, the Board, or other executive management within University departments for management requests in 2020.

Approximately 10% of Internal Audit resources are committed to Quality Assurance Improvements Projects and Professional Development, both of which are required by the Institute of Internal Auditors Standards and State Law. We receive continuing professional education credits when we participate in national roundtables with peer institutions.

Approximately 6% of Internal Audit resources are committed to risk mitigation efforts such as the audit liaison function for the University, advisory services regarding WA State Ethics regulations, training provided to University personnel, and University risk management.

The remainder 10% is committed to internal administrative functions, including IT Support, budgeting and fiscal management of department, staff meetings, employee performance evaluations, responding to public records requests, and internal metrics reporting.

Appendix I

Risk Assessment Methodology / Development of Annual Plan

We will once again retain our two-year risk assessment model to prioritize audit coverage and ensure timely reviews of high exposure areas. 2020 is the first year of the current two-year cycle which includes Internal Audit undertaking an extensive set of interviews with University and UW Medicine leadership. The Audit Plan is a calendar year plan to align with the finalization of budget data and annual approval processes of the Board of Regents.

We begin the process by utilizing previous Internal Audit risk assessments as a starting point. We identify the risk categories to be considered in the risk assessment and update the categories to acknowledge the changing profile of the University.

The following risk categories were considered in the development of our annual plan:

Strategic Risk	Impairment to the strategic mission of the University.
Operational Risk	Impairment of the ability to carry out the operations of the University.
Compliance Risk	Failure to comply with laws, regulations and policies of the University.
Financial Risk	Loss of financial resources or assets.
Reputational Risk	Risk that public image or reputation is damaged by actions of a unit or individual connected to the University.

We review the risk assessment models and processes used by peer institutions and utilize their experience and knowledge of university and medical center operations to ensure our risk assessment model includes factors relevant to the University of Washington and UW Medicine clinical entities.

We gather information about any trends or emerging risks, significant changes in organizations, information systems complexity, prior audits/results, and obtained input from key senior management regarding high risk areas. We review new and developing information being provided to the University from the Offices of the President and Provost over the last twelve months. We then evaluate both the financial and budgetary data for all audit units identified and update our current risk assessment model and related risk rankings identified during prior years.

Since the 2017 Internal Audit Risk Assessment, we have suspended the process of linking the University's top enterprise risks identified in the former ERM process to our audit coverage. Once the University has re-initiated an ERM process, we will revisit our plan and consider areas identified for review.

Our proposed audit projects for 2020 will be selected from a number of the highest risk areas identified within the ranked auditable units.