

Internal Audit and Consulting Quarterly Report
UM
April 2019

Status of the FY2019 Annual Audit Plan

FY2019 Audit Plan Changes since the February 2019 Board of Curators Meeting

| Audits | Changes Since Last Meeting |
|--|-----------------------------------|
| Approved Internal Audit Plan | 54 |
| + Additions to the Plan | 5 |
| 1. Attorney Client Privilege Investigation (Reported as added Sep 2018, In process) | |
| 2. Buchanan County Extension Consulting Engagement (Reported as added Sep 2018, Completed) | |
| 3. S&T Rock Mechanics Center Investigation (Reported as added Feb 2019, In process) | |
| 4. Hotline Investigation (Reported as added Apr 2019, In process) | |
| 5. Attorney Client Privilege Investigation (Reported as added Apr 2019, Not started) | |
| + Audits from FY2018 | 11 |
| Adjusted Total | 70 |

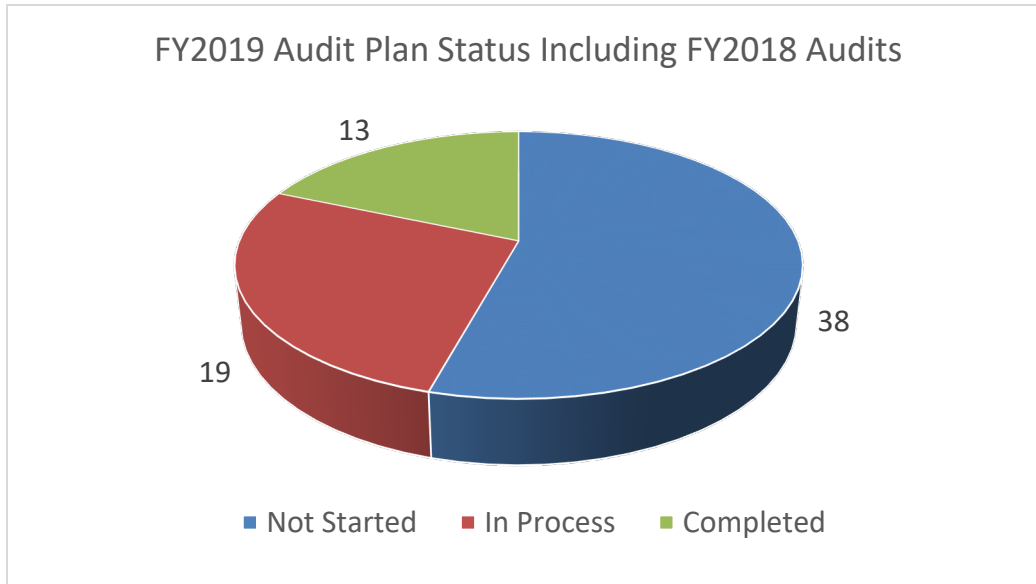
Status of the remaining audits from the FY2018 Audit Plan:

- Ten audits completed
- One audit in process

Status of audits from the FY2019 Audit Plan

- Three audits completed
- Eighteen audits/investigations in process
- Thirty-eight audits/investigations not started

The following graph represents the combined status of both FY2018 remaining audits and FY2019 Audit Plan.



Audit Performance

Internal Audit and Consulting Services did not complete any audits, investigations or consulting projects since the February 2019 Board of Curators Meeting. All Follow-Up procedures for FY2019 have been completed.

Detailed below is a list of audits currently underway.

| Audit Area | Overall Objective | Status |
|---|--|-------------------|
| Social Media audits at the System and four campuses | Assessment of policies and controls related to social media. | Fieldwork |
| MU Health -Physician contracts | Review of processes to ensure compliance with regulations. | Planning |
| MU Health -Provider credentialing | Assessment of processes and controls for credentialing providers. | Fieldwork |
| MU Health Cardiology PACS System | Post-implementation review | Planning |
| UMSL – College of Arts & Sciences | Assessment of summer retirement credits and non-tenured track faculty promotion policies and practices | Finalizing Report |
| UMKC Institute of Human Development | Assessment of financial practices | Finalizing Report |
| MU – Mizzou Recreation Center | Assessment of controls over selected finance operations and compliance activities. | Planning |
| One Card Approval Process | Review of controls over the One Card Approval Process implemented in 2017. | Fieldwork |

Internal Audit and Consulting Services has recently hired Shawn Hogan, a Certified Fraud Examiner and John E. Reid Advanced Interview and Interrogation Certification. This will provide us a professional for designing and performing investigations and to begin building a fraud approach in our auditing and risk assessments.

Management Action Plan Status as of February 28, 2019

Follow-up procedures are performed twice a year to verify the status of management actions for previously issued audit reports. For this time period, 20 action items were due for completion by February 28, 2019.

The table on the following page lists audit reports with open action items. Highlighted reports indicate at least one action plan was reviewed for completion in the time period July 16, 2018 – February 28, 2018 for that particular audit. Seventeen (17) of the 20 action plans have been completed, and three have revised due dates. During this follow up period it was also determined two additional action plans, due on future dates, would not be implemented.

Revised Due Date and Will Not Be Implemented:

Two action plans for MU Health HIPAA Privacy – Business Associate Agreements (HIPAA–BAA) and one action plan for MU College of Veterinary Medicine will be extended and are reported in “Revised Due Date” column of the table on the following page. Two additional items in the HIPAA-BAA audit will not be implemented due to process changes that mitigate the risk, making these two action plans unnecessary.

MU Health HIPAA-Business Associate Agreements – High Risk

The MU Health HIPAA-BAA action items focused on responsibility and oversight of a comprehensive program for managing Business Associate relationships. At the time of the prior follow up period ending in July 2018, Internal Audit Services was engaged in a consulting arrangement to assist the parties in determining an approach to implement a revised action plan, which required coordinated activities across multiple business units. That consulting engagement resulted in a new plan for resolving issues identified in the audit, of which the Board of Curators was advised at its September 2018 meeting. Seven of the nine action items due for this reporting period were resolved, and two were assigned revised due dates. Revised dates were the result of the recent implementation of new policies, and the desire to perform testing of associated processes as the policy matures and becomes integrated into operations. Two additional items related to this audit, due at a future date, were determined no longer relevant, due to process changes resulting from the successful implementation of other action plan steps. It was agreed these items would not be implemented.

MU College of Veterinary Medicine – Medium Risk

The MU College of Veterinary Medicine action item focused on improving the monthly reconciliation process. This involved implementation of a new veterinary medicine billing system (VetView), including integration with PeopleSoft for an automated reconciliation between the two systems. Cash and checks are reconciled at detail level; credit card transactions are not. Since automated reconciliations between the two systems has not yet

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been completed, Internal Audit has shifted the focus of the action plan to implementation of a manual reconciliation process for credit card transactions between VetView and PeopleSoft to account for unreconciled items. The manual reconciliation will be performed until the automated reports are in place. The revised due date is April 30th, 2019. The Audit Committee of the Board will be apprised of progress at its June meeting.

Note: The action item reported as “Will Not Be Implemented” for the MU College of Veterinary Medicine was reported at the April 2018 Board meeting. This action plan was about the Office of Efficiency and Effectiveness performing an operational study of fiscal controls in the College. Due to personnel changes in the Office of Efficiency and Effectiveness these reviews are not being conducted at this time, making the action item obsolete.

Management Action Plan Summary as of February 28, 2019

| Entity | Report Name | Risk Rating | Total # of Action Plans in Report | Complete | Not Due | Past Due | Revised Due Date | Will not be Implemented |
|---------------|--|-------------|-----------------------------------|-----------|-----------|----------|------------------|-------------------------|
| S&T | Missouri S&T Endowments | Medium | 6 | 6 | | | | |
| | Higher Learning Commission Pre-Accreditation Review | Medium | 3 | 3 | | | | |
| MU | College of Veterinary Medicine | Medium | 9 | 7 | | | 1 | 1 |
| MUH | HIPAA Privacy - Business Associate Agreements | High | 12 | 7 | 1 | | 2 | 2 |
| | School of Medicine Clinical Trials | Medium | 1 | | 1 | | | |
| | School of Medicine Dept. of Surgery Charge Capture | Medium | 5 | 5 | | | | |
| | Device Encryption | Low | 4 | 4 | | | | |
| | School of Medicine HR Processes | High | 6 | 2 | 4 | | | |
| | Controlled Substances Diversion Prevention | High | 19 | | 19 | | | |
| | School of Medicine Dept of Surgery (Financial Processes) | Medium | 4 | 3 | 1 | | | |
| UMKC | School of Education | Low | 2 | 2 | | | | |
| UMS | External Student Funded Accounts | Medium | 1 | | 1 | | | |
| | University Bank Accounts | Low | 2 | | 2 | | | |
| | Cash Handling | Medium | 3 | | 3 | | | |
| | Vendor Master File Management | Medium | 3 | | 3 | | | |
| Totals | | | 80 | 39 | 35 | 0 | 3 | 3 |

KEY: Audits with action plans due between July 16, 2018 and February 28, 2019 are highlighted in GOLD. Audits in **BOLD** font have revised due dates; **RED** are past due.