

Internal Audit and Consulting Quarterly Report
UM

The Interim Chief Audit Executive will be available to answer any questions.

FY2018 Audit Plan Changes since the February 2018 Board of Curators Meeting

Audits	Changes Since Last Meeting
Internal Audit Plan	55
+Additions to Plan	0
-Recommended cancellations due to timing of administrative review implementation efforts	-1
1. Retirement Plan Processes	
-Recommended cancellations due to budget constraints	-1
1. IT Network Penetration Test	
-Recommended consideration for FY2019 Plan due to lower risk compared to other audits	-1
1. Consulting Project – Best Practices for Improving Retention and Graduation Rates	
Audits from FY2017	+12
Adjusted Total	64

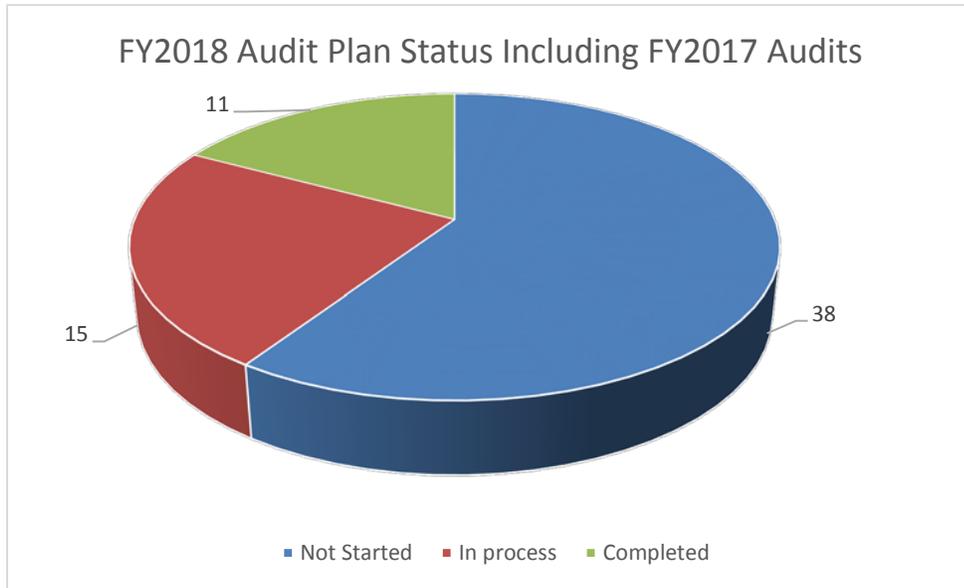
Status of the remaining audits from the FY2017 Audit Plan:

- Six audits completed
- Six audits in process

Status of audits from the FY2018 Audit Plan (with recommendations above incorporated)

- Five audits completed
- Nine audits in process
- Thirty-eight audits not started

The following graph represents the combined status of both the FY2017 remaining audits and the FY2018 Audit Plan.



Audit Performance

The Office of Internal Audit and Consulting Services completed one facilitated assessment and all follow-up procedures for FY2018.

**Internal Audit Facilitated Assessment
University Health Plan, HIPAA Security Rule
March 2018**

Background

The University of Missouri Health Plan is a designated covered entity component of the University of Missouri as defined in the Health Insurance Portability and Accountability Act (HIPAA) and must comply with the requirements of the HIPAA Security Rule or face significant penalties.¹ Guidance provided by the U.S. Department of Health and Human Services (HHS) identifies risk analysis as a foundational element for compliance with the Rule² and failure to conduct a satisfactory analysis is also a common deficiency found by the HHS Office of Civil Rights (OCR) when conducting investigations or audits related to HIPAA compliance.³

¹ See <http://www.hhs.gov/about/news/2016/10/18/214-million-hipaa-settlement-underscores-importance-managing-security-risk.html>; <http://www.hhs.gov/about/news/2016/08/04/advocate-health-care-settles-potential-hipaa-penalties-555-million.html#>; <http://www.hhs.gov/about/news/2016/07/21/ocr-announces-275-million-settlement-multiple-alleged-hipaa-violations.html>

² See <https://www.hhs.gov/sites/default/files/ocr/privacy/hipaa/administrative/securityrule/rafinalguidancepdf.pdf>

³ See <https://www.hhs.gov/ocr/newsroom/index.html>

Objective and Methodology

The objective of this audit was to ensure that the Health Plan's risk analysis activities (underway at the time the engagement began) would meet the requirements of the HIPAA Security Rule. After determining that this would be the first security risk analysis conducted by the department, it was decided that this engagement would be most beneficial if it was conducted as a facilitated assessment rather than as a traditional audit. A facilitated assessment would result in a documented risk analysis, as well as knowledge of how to conduct such an analysis in the future, while a traditional audit would simply reiterate what was already known (a risk analysis needed to be done) and would do nothing to assist the department in accomplishing this task.

As part of the facilitated assessment, the auditors presented information on tools to guide and document a risk analysis; assisted in determining what information about the department's IT environment (especially areas where electronic protected health information (ePHI) is created, stored and maintained) should be gathered and analyzed; provided information about specific questions within the selected tool; and facilitated the involvement of the Division of IT (necessary since the department does not have its own IT staff and technical expertise/knowledge of the IT environment needed to successfully conduct a security risk analysis.)

Conclusion

The department completed and documented a risk analysis and began work on the resulting remediation plan. At this time, they are preparing to begin their next periodic risk analysis demonstrating their commitment to complying with the risk analysis and management requirements of the Security Rule.

It should also be noted that conducting a successful risk analysis and having an effective risk management program cannot be done solely by department staff but also requires the involvement and technical expertise of the Division of IT. At the completion of the next HIPAA Security Risk Analysis, Internal Audit will follow-up to validate its success.

Management Action Plan Status as of February 28, 2018

Follow-up procedures are performed twice a year to verify the status of management actions for previously issued audit reports. For this time period, 52 action items were due for completion by February 28, 2018.

The table at the end of this report lists audit reports with open action items. The highlighted reports indicate at least one action plan was reviewed for completion in the time period August 2017 – February 2018 for that particular audit. Thirty-nine (39) of the 52 action plans due have been completed; one was deemed past due, eight have revised due dates, and four will not be implemented.

One management action item in the College of Natural Resources (CAFNR) Southwest Research Center audit addressed improvements to the master vendor file. This action item is reported as closed. *Due to the importance of ensuring effective management of the master vendor file, Internal Audit is focusing the Procurement/Supply Chain audit on the FY2018 Audit Plan on management of the vendor master file. This will provide additional assurance to leadership and the Board of Curators that appropriate and effective controls are in place.*

Past Due:

In the CAFNR audit, leadership changes in CAFNR and Extension have delayed the completion of a Memorandum of Understanding (MOU) to document the roles and responsibilities regarding the oversight and use of formula funding that is shared between the two organizations. These formula grant funds are used for cooperative agricultural work. A fixed allocation is provided to CAFNR by Extension and Extension is responsible to ensure the funding is spent in accordance with program guidelines. The Associate Vice Chancellor for Extension and Engagement is prioritizing the finalization of new faculty policies, which are projected to be completed in March 2018, and will then undertake the completion of a new MOU between CAFNR and Extension. The faculty policies outline key concepts important to the development of MOUs. A revised due date for this action plan is May 1, 2018.

Revised Due Date:

Eight individual action plans will be extended and have been assigned a revised due date. All of these audits were reported as Medium Risk. For each of the management action plans with revised due dates, Internal Audit substantiated that progress has been made to address the issues and the extended time to complete implementation is reasonable. A summary of each action item for these eight audits follows.

Two S&T Endowment's action items focused on improving processes and procedures around scholarship administration to ensure all possible scholarships are awarded timely and in accordance with donor restrictions. Student Financial Aid, Enrollment Management and the Scholarship advisory Board are continuing their work to align and finalize

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scholarship award guidelines and procedures, which are projected to be completed by August 2018.

The MU College of Veterinary Medicine action item focused on improving the monthly reconciliation process between the veterinary medicine billing system and PeopleSoft. Implementation of a new medical records and billing database was delayed, but is now complete, and the College of Veterinary Medicine IT is building the custom accounting reports to allow these reconciliations to be performed. This action item is projected to be completed in June 2018.

Two MU College of Arts and Sciences action items focused on developing procedures and improving documentation around awards programs. The College is awaiting approval of procedures, expected in April 2018, to finalize documentation processes for approving non-endowed awards. The revised due dates for these items are April and June 2018.

The School of Medicine Clinical Trials action item focused on the development of a comprehensive approach, and centralization of processes and administrative support to streamline clinical trials management. Billing, reconciliation, and budget-building functions were centralized in July 2017 and work continues to strengthen coverage analysis, contract negotiations and securing additional skill sets. Research team members contacted by Internal Audit during the course of follow-up agree that centralization of clinical trials office/function has been positive. Given the importance of clinical trials to the objective of growing research across the UM System, Internal Audit has revised the due date to March 2019 to allow the centralized supports that have been put in place to mature and stabilize before evaluating effectiveness. Leadership over this function continues to find ways to support investigators in conducting clinical trials.

Two action items for School of Medicine Department of Surgery sought to improve communication to providers and coders regarding billing, coding and Medicare program changes, and to improve dashboard reporting in support of improving providers' understanding of both individual and departmental finances and business operations. Both are being addressed through software and technology solutions, and require piloting and testing reports, then integrating feedback to ensure success. The revised due dates for these items are October and December 2018.

Will Not Be Implemented:

Four action plans will not be implemented. These include one action plan related to the MU College of Veterinary Medicine, and three for the MU College of Arts and Sciences, both Medium Risk.

In the action plan for the MU College of Veterinary Medicine, the Division of Finance Office of Efficiency and Effectiveness was scheduled to perform 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.

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The three action plans for the MU College of Arts and Sciences were all related to the lack of alignment in MU and System HR and Business Policy Manual policies, specific to faculty awards. Administrative restructuring and policy and procedure review are underway at UM System HR; however, due to additional changes that are expected to impact HR and Finance functions as a result of the Administrative Review, these specific policies are not likely to be reviewed or revised soon. The College has taken action to document award requirements, approval processes and payment procedures for faculty awards and the issues identified in the audit are being addressed within the College of Arts and Sciences.

Internal Audit has confirmed the above activities and has determined that holding current leadership accountable to these specific action plans, as originally written, would not be practical or beneficial. ***For the above reasons Internal Audit will no longer follow-up on completion of one action plan for the MU College of Veterinary Medicine or of three action plans for the MU College of Arts and Sciences.***

Action Plan Summary as of February 28, 2018

Entity	Report Name	Risk Rating	Total # Action Plans in Report	Complete	Not Due	Past Due	Revised Due Date	Will Not Be Implemented
S&T	Missouri S&T Endowments	Medium	6	3	1		2	
	Office of Sponsored Programs	Medium	1	1				
	College of Arts, Sciences and Business	Low	5	4	1			
MU	College of Ag, Food & Natural Resources (CAFNR)	High	10	9		1		
	CAFNR - Southwest Research Center Investigation	High	14	14				
	College of Human Environmental Science	Low	5	3	2			
	College of Veterinary Medicine	Medium	9	7			1	1
	Intercollegiate Athletics	Medium	11	11				
	College of Arts and Sciences	Medium	9	2	2		2	3
	University of Missouri Campus Stores	Low	1	1				
	Parking and Transportation	Low	2	2				
MUH	HIPAA Privacy - Business Associates Agreements	High	1				1	
	IT Security Responsibilities Gap Analysis	High	2	2				
	School of Medicine Clinical Trials	Medium	1				1	
	School of Medicine Department of Radiology	Low	4	4				
	School of Medicine Department of Surgery	Medium	5	3			2	
	School of Medicine Department of Medicine	Low	1	1				
	Device Encryption	Low	4	2	2			
School of Medicine Human Resources Processes	High	6	1	5				
UMKC	School of Education	Low	2	1	1			
UMSL	College of Business Administration	Medium	5	5				
	Office of Research Admin & Graduate Studies	Low	2	2				
	College of Arts and Sciences	Low	3	3				
Totals			109	81	14	1	9	4

KEY: Audits with action plans due between August 2017 and February 2018 are highlighted in GOLD. Audits in **BOLD** font have revised due dates; audits in **RED** font are past due.