Audit Department Staffing (Continued)
August 24, 2009

- Department size: 9 FTE at full staffing (currently 1 open position)
- Internal Audit Department will conduct full-range of audits, including financial and operational audits of University and Health Science functions and support areas, including information technology
- Internal Audit headcount includes 2 employees formerly from the Legal department who will perform compliance work as needed in addition to their internal auditing duties.
- Headcount also includes 1 employee formerly from the Athletics department who will be responsible for athletic compliance issues. This organization change was made at the request of Dr. Jacobs, with the intent of providing a segregation of duties between athletic compliance and athletic operations
- A full range of audit services is expected to be introduced during the FY10 Internal Audit Plan year, including:
  - Traditional risk-based audits
  - Control Self-Assessments
  - Business Process Improvement projects
  - Commercial contract audits
  - Advisory services pertaining to internal control matters
Audit Department Office Move
August 24, 2009

- Internal Audit is scheduled to move into its new office space the week of September 7, 2009
- New office space will be on the second floor of the Scott Park complex
- Internal Audit will retain office space on Main Campus and the Health Science Campus
- All contact information for the Internal Audit staff will remain the same
Internal Audit Plan – FY 2010
August 24, 2009

COMPLETED AUDITS:

Procurement Cards

Scope: The scope included an assessment of the level of cardholder compliance based on a sample of 50 p-cardholders tested along with a listing of seriously non-compliant cardholders who failed to supply the required monthly statements and an assessment of the effectiveness of how the program was administered by the Accounts Payable Department. Reviewed the contract with Chase Bank and the rebate calculation for reasonableness.

Results: Follow-up with cardholders needs improvement to include timeliness and should include the cardholder’s approver and supervisor. Disciplinary actions outlined in the P-Card Training manual should be initiated for noncompliant cardholders to facilitate compliance. Approvers for each cardholder should be documented, kept up to date, in one location and accessible to determine that approval is appropriate. Methods for cardholders to reimburse the university for personal charges should be implemented. Continuing reinforcement to cardholders of documentation requirements, card sharing restrictions, transaction splitting, sales tax exemption, and timeliness of reporting will increase efficiencies and compliance.

AUDITS IN PROGRESS:

Research Grants

Scope: Reviewing grant activity related to the potential for impropriety. Work is ongoing and thus far has included p-card charges, travel expenditures charged to specific grants, and labor distribution.
AUDITS IN PROGRESS (CONTINUED):

Life Flight Revenue Sharing Agreement

Scope: The University of Toledo Medical Center (UTMC) was billed $1,161,152 in 2008 for its portion of the critical care air and ground transport program jointly operated with St. Vincent Mercy Medical Center (SVMMC). To ensure the accuracy of the charges, Internal Audit performed the following: verified program related expenses were accurately reported for 2008; ensured program net revenue was properly determined based on patient billing and reported allowance rates; verified patient routing was equitable between SVMMC and UTMC; and verified the payor mix for all scene flight patients between UTMC and SVMMC was reasonable. Fieldwork is substantially completed on this audit, and the audit is entering the closing/reporting stage.

Clinical Risk Assessments

Scope: The Internal Audit Department is working with the Compliance Office to gather information on policies and procedures currently in place at UTMC Clinics. Internal Audit sent out a Risk Assessment Questionnaire to the employees at every clinic in the system. The purpose of the questionnaire was to assess whether adequate internal controls existed in the areas of IT, personnel, registration, charge capture and recording, billing, cash collections and drug storage and dispensing.

Payroll Processing

Scope: Lead a Control Self-Assessment of this business process relative to policies and procedures utilized in maintaining the master file data and payroll processing to ensure timely, authorized and appropriate payroll payments and deductions are made. Ensure accounting processes are in place to record payroll transactions.
PARTICIPATION IN LEGAL COMPLIANCE PROJECTS AND CONTINUOUS MONITORING:

Anonymous Reporting Line

Scope: All persons are invited to access the Anonymous Reporting Line to report potential ethics issues in the academic, healthcare, and athletics areas. The Anonymous Reporting Line is operated by an outside service provider (EthicsPoint) that collects and documents information provided on the call, operating seven days a week, twenty-four hours a day, three hundred sixty-five days a year. After the Anonymous Reporting Line call is received by EthicsPoint, a transcript of the call is prepared for review by the University Compliance function (now part of Internal Audit), who directs appropriate resolution of each issue.

For those Anonymous Reporting Line calls that present a significant risk to the University, The Director of Internal Audit will immediately inform the Audit Committee and keep it informed of progress of how these calls are resolved. In addition, a summary of Anonymous Reporting Line activity will be discussed at each future Audit Committee meeting.

Continuous Controls Monitoring

Scope: Continuous controls monitoring is the process and technology used to detect compliance, risk, and control issues associated with an organization’s financial and operational environment. In establishing a continuous controls monitoring capability at The University of Toledo, Internal Audit is developing a tool that identifies unusual or exception transactions that necessitate further review. By the time the continuous controls monitoring tool is developed, the audit staff will be able to execute over 100 different reports/applications on demand in the general ledger; purchasing and accounts payable management; payroll processing; billing and accounts receivable management; inventory management; property, plant, and equipment; and IT processing areas.
Proposed Policy for Dissemination of an Internal Audit Report
The University of Toledo

Before official release of a University of Toledo internal audit report, the proposed report shall be disseminated to all members of the Audit Committee, either by electronic mail, FAX, or U.S. mail. The members of the Audit Committee shall be asked to review the report, and respond to the Director of Internal Audit within three business days with any questions, comments, edits, or other feedback. The Director of Internal Audit shall then incorporate any relevant feedback into draft report. Should no modifications to the draft report be necessary, the internal audit report shall be issued shortly after these three business days have elapsed.

The internal audit report shall be issued to the University official in charge of the function or office that was audited (typically a Vice President or Dean), the University President, the Chairman of the Board of Trustees, and other relevant persons that the President would designate. The Director of Internal Audit reserves the right to send copies to other University personnel that have a secondary interest in the function that was audited (e.g., the chief financial officer, general counsel, external auditors, and supervisors and staff of the addressee of the audit report). The Director of Internal Audit will also work with Legal Affairs and adhere to their report dissemination requests for those audit projects to be conducted under attorney-client privilege.