The University of Toledo
Audit Committee Meeting

August 16, 2010
Internal Audit Department Background

• Prior to the merger of University of Toledo and the Medical University of Ohio (MUO) in 2006, the internal audit function at UT was somewhat limited and an internal audit function at MUO had not been in existence in several years

• After the merger, internal audit coverage remained limited until the Spring of 2009 when the UT Audit Committee developed and approved a Strategic Plan

• The Strategic Plan was the basis for the development of a full-service internal audit function for the merged UT entity

• David Cutri, hired in June 2009 as Director, was charged with establishing a quality internal audit function and implementing the Strategic Plan

• The Department is divided into a director, four internal auditors, three compliance auditors, and one executive secretary for a total of nine
Internal Audit Project Status

FY2010 Audits Completed Prior to the June Audit Committee Meeting
- Purchase Cards
- Life Flight Revenue-sharing Agreement
- Research Grants
- Payroll Processing (Control Self-Assessment (CSA))
- Clinical Risk Assessments
- Information Security
- NCAA Football Attendance
- ThyssenKrupp Contract Audit
- UT Pharmacy
- In-patient Charge Capture
- Patient Revenue Cycle
- Student Financial Aid
- Conflict of Interest

FY2010 Audits Completed Since the June Meeting
- IT General Controls

FY2011 Audits in Progress
- Research Expenditures
- Student Financial Aid (eligibility)
- Collections/Cash Management Procedures (clinics)
- Financial Reporting and Accounting Closing (CSA)
- Purchase Card and Purchasing Process Redesign
- Banner 8 (new systems development)
- Outside Athletics Income (barter agreements, etc.)

Ongoing Audit Work
- Anonymous Reporting Line
- Continuous Controls Monitoring

Note: All Planned FY2010 Internal Audit Projects Were Completed on Time and within Budget
## FY2011 Internal Audit Plan

### Internal Audits – Academic Enterprise
- Research Expenditures
- Student Financial Aid (eligibility)
- Commercial Contract Audit (Ottawa House)
- Departmental “Field” Audits

### Intercollegiate Athletics
- Outside Income (barter agreements, etc.)
- NCAA Football Attendance
- Rocket Sports Properties
- Team Travel

### Internal Audits – Clinical Enterprise
- Collections and Cash Management Procedures
- Pharmacy Accounting for Drugs and Equipment
- Charge Capture/Charge Master
- UTMC Strategic Initiatives (various)

### Compliance Projects – Academic Enterprise
- Anonymous Reporting Line
- Continuous Controls Monitoring
- Higher Learning Commission (HLC) Assessment
- “Red Flags” Procedures

### Internal Audits – Support Functions
- Financial Reporting and Accounting Closing (CSA)
- Purchase Card and Purchasing Process Redesign
- Accounts Payable
- Time and Reporting System

### Compliance Projectors – Clinical Enterprise
- Access to Clinical Informatics Systems
- Clinic Recordkeeping/Documentation (ICD-10)
- Joint Commission Procedural Compliance
- Compliance and Privacy Update

### Information Technology
- Banner 8 (new systems development)
- People-Admin (new systems development)
- Commercial Contract Audit (digital campus)
- IT General Controls
The review was led by Mr. Charles Chaffin, Chief Audit Executive of the University of Texas System and Dr. Rodney Mabry, President of The University of Texas at Tyler.

**Conclusion:** “Based on the scope of our review, we believe that the internal audit function is aligned with the Internal Audit Department Strategic Plan and has already enjoyed several successes, including fostering a hands-on Audit Committee, hiring of a high-quality internal audit director and staff, developing a risk-based audit plan, establishing sound internal audit processes, completing value-added audits, and cultivating working relationships with audit clients.”

The detailed QAR report was discussed with and distributed to David Cutri, Dr. Jacobs, Dr. Scarborough, and the members of the Audit Committee.
Plante and Moran Financial Statement Audit

• Plante and Moran FY2010 financial statement audit is on schedule
  ➢ internal control evaluations are in progress
  ➢ account balance testing will begin on September 1 and be completed by the end of September
  ➢ despite several open positions, the Accounting Department has supported Plante and Moran as needed

• Financial Statements to be mailed by Monday, October 4 at the latest
  ➢ electronic version will be e-mailed to Committee members
  ➢ Joan Stasa will print hard-copy versions and overnight them to Committee members’ homes/offices

• Joint Audit and Finance Committee meeting is scheduled for Monday, October 11

• Plante and Moran to file financial statements with the State of Ohio by October 15
“The Audit Committee is charged with oversight and continuous improvement of fiscal and other controls for the University and insures that the fiduciary responsibility of the Board is carried out. The Committee will insure that the highest ethical and legal standards are met.”
• **October 11:** Joint meeting with Finance Committee to review results of FY2010 financial statement audit with Plante and Moran

• **Post-October Meetings:**
  - internal audit status update
  - action plans arising from quality assurance review
  - anonymous reporting line update
  - compliance update
  - privacy update