



THE UNIVERSITY OF
TOLEDO

Internal Audit and Compliance

FY 2021

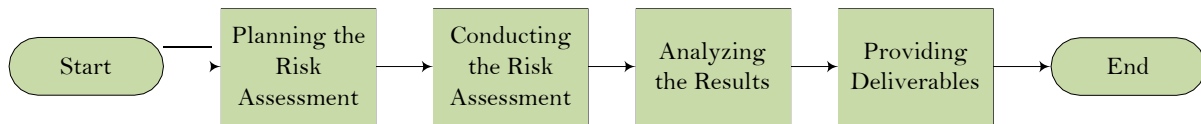
Annual Audit Plan

**University of Toledo
Audit Plan - FY 2021
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Executive Summary

The annual audit plan defines specific audit areas intended to be undertaken in the next year. An audit prioritization process consists of the following steps:



Step 1 - Planning the Risk Assessment: Perform research to identify audit universe.

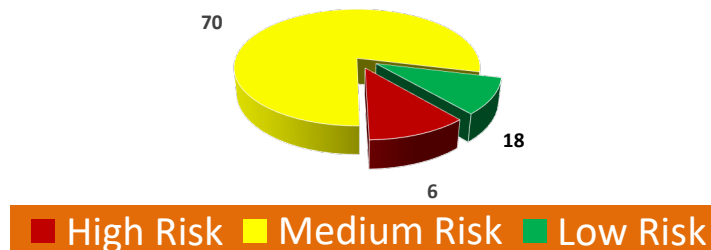
Step 2 - Conducting the Risk Assessment: Obtain client risk factor information.

Step 3 – Analyzing the Results: Assess based on audit universe and risk factors.

Step 4 – Providing Deliverables: Discuss audit plan priorities with University of Toledo Senior Management to obtain consensus. Obtain Finance and Audit Committee approval.

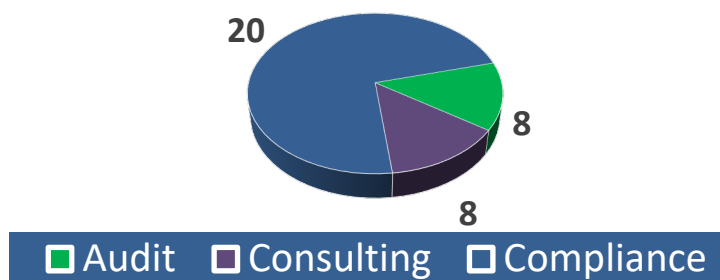
Risk Assessment Ratings Summary

Overall Risk rating (94 auditable processes)



Internal Audit – Time Allocation (3,770 hours; 8 projects)

Institutional Compliance – Time Allocation (12,790 hours; 28 projects)



FY21 Annual Audit Plan – Project Summary

Division	Process/ Auditable Area	Overall Risk Rating	IA Service	Description of IA Activity
1. Division of Technology and Advanced Solutions	IT Daily Operations (including cybersecurity)	4.45	Audit	Assess the University's capabilities to prevent and detect internal and external data security threats. Review results and action plans from system penetration tests and progress toward security plans.
2. University of Toledo Medical Center	Charge Capture and Collection	4.10	Audit	Assess billing accuracy across both inpatient and outpatient specialties. Ensure that physician documentation is enough to support billed amounts.
3. College of Medicine and Life Sciences	Medical Faculty and Staff	3.95	Audit	Assess quality of procedures for determining the compensation of physicians and medical directors. Ensure that physicians are compensated in accordance with Fair Market Value.
4. University of Toledo Medical Center	UTMC Compliance	3.90	Compliance	Report of annual activities of the UTMC compliance function.
5. Administrative Offices	Physical Plant Administration (including construction)	3.80	Audit	Assess the quality of procedures for managing construction contracts. Review a sample of recent construction contracts and ensure compliance with all contractual terms, and that change orders are preapproved and well managed.
6. Finance	University Credit Cards	3.75	Compliance	Review internal controls over purchases made on University credit cards and the University's Amazon Business account. Assess the quality of oversight over credit card usage. Scope will also include evaluating expense management processes and trends brought about by COVID-19.
7. Administrative Offices	Annual Security and Fire Safety Report	3.70	Compliance	Prepare the University's annual security and fire safety report, which is required by the Clery Act. Assemble campus crime statistics and communicate trend
8. Division of Technology and Advanced Solutions	IT Administration	3.70	Audit	Assess controls within the University's data center, focusing primary on information security and software change control. These controls are propagated across all University application systems.
9. Student Affairs	Counseling Services	3.65	Compliance	Prepare the University's biannual review of drug and alcohol education and remediation efforts.
10. College of Medicine and Life Sciences	Research Grants (selected grants)	3.65	Compliance	Audit and review patient encounters/claims for research with Medicare Coverage Analysis and Clinical Trial Agreement, and Sponsor Protocol to ensure services are billed to the proper payer.
11. Finance	Student Accounts/Bursar	3.60	Audit	Ensure that the ability to update student fee tables is restricted only to authorized personnel, and there is appropriate supervisory oversight.
12. Administrative Offices	Internal Audit	3.60	Audit	Conduct the self-assessment of internal audit activities required by Institute of Internal Auditors professional <i>Standards</i> .
13. Intercollegiate Athletics	Financial Aid	3.60	Compliance	Review a sample of student-athlete recipients of student aid awards from FY2020 to ensure conformance with NCAA rules.
14. Intercollegiate Athletics	NCAA Agreed Upon Procedures	3.60	Compliance	Perform agreed-upon procedures for intercollegiate athletics revenues and expenses required by the NCAA.
15. Student Affairs	Student Centers and Activities	3.45	Audit	For selected student centers (example: Toledo EXCEL), ensure that all participants receive equitable and consistent access to services.
16. Finance	Stakeholder Relations	3.45	Compliance	Assess the University's alignment with the expectations of the State of Ohio's Affordability and Efficiency Task Force.
17. Administrative Offices	Jeanne Clery Act	3.35	Compliance	Report of annual activities of the Clery Act compliance function and University efforts to maximize campus safety.
18. Finance	Human Resources (Instruction)	3.35	Consulting	Assess the University's tuition waiver benefit to ensure that they are extended only to eligible employees, spouses, and dependents.

Division	Process/ Auditable Area	Overall Risk Rating	IA Service	Description of IA Activity
19. Finance	Human Resources (Academic Personnel Administration)	3.35	Compliance	Review procedures and controls over managing vacation and sick time for academic and administrative staff. Ensure that University practices in this area align with “best practices” in higher education.
20. Finance	Human Resources (Expenses)	3.35	Compliance	Review the tracking of costs related to the Families First Coronavirus Response Act and the CARES Act (note: project will evaluate process modifications brought about by COVID-19).
21. College of Medicine and Life Sciences	Clinical Research	3.35	Compliance	Report of annual activities of the clinical research compliance function.
22. College of Medicine and Life Sciences	Clinical Revenue	3.35	Consulting	For clinical trials, review claim denials and rejections pertaining to coding and medical necessity issues. Ensure that corrective action plans are implemented to prevent recurrences.
23. Legal Affairs	Conflict of Interest (University-Wide)	3.35	Consulting	Implement a process whereby all forms of conflicts across the University are captured and assessed regularly.
24. University of Toledo Medical Center	Patient Information	3.35	Consulting	Support the maintenance of the risk assessment required by the HIPAA law. Monitor management’s progress in implementing corrective actions recommended in the risk assessment.
25. Student Affairs	Student Services Administration	3.35	Compliance	Review the process for providing accommodations to students and staff, due to the COVID-19 pandemic.
26. Academic Affairs	Course and Curriculum Development	3.35	Compliance	Review the process to adding courses to the academic catalog, including the process of coordinating with the Treasurer’s office to ensure the proper billing of added courses.
27. Academic Affairs	State Authorization	3.35	Compliance	Report of annual activities of the state authorization of online degree programs and professional licensure disclosure functions.
28. Research	Research Compliance	3.35	Consulting	Assess procedures and controls over financial conflicts of interest in conducting academic research.
29. Research	Research Financial	3.30	Audit	Review the quality of controls over research expenditures.
30. Division of Technology and Advanced	IT Strategic Planning and Governance	3.25	Consulting	Provide advisory support to ensure that University conforms with the Payment Card Industry Data Security Standard governing security of customer credit card transactions.
31. Intercollegiate Athletics	Intercollegiate Athletics Compliance	3.25	Compliance	Report of annual activities of the intercollegiate athletics compliance function.
32. Division of Technology and Advanced Solutions	Data Privacy (HIPAA and FERPA)	3.20	Compliance	Report of annual activities of the University privacy office.
33. Intercollegiate Athletics	Endowment and Development	3.20	Compliance	Ensure that all large contributions from donors to Athletics meet relevant disclosure requirements.
34. College of Medicine and Life Sciences	Clinical Trials Compliance	3.20	Compliance	Review correct coding of Current Procedural Terminology and “ICD-10” procedures performed by group, physicians, and location to include correct usage of modifiers and descriptors as required.
35. Academic Affairs	Academic Support	3.20	Consulting	Report of annual activities of the Americans Disabilities Act compliance function.
36. Administrative Offices	Incentive Compensation	3.20	Audit	Ensure that the accrual for incentive compensation is accurate and supportable, and that all incentives paid were earned.

Estimated Quarterly Engagement Schedule – FY21

Engagement	Level of IA Effort	Q1	Q2	Q3	Q4
1. IT Daily Operations (including cybersecurity)	Large			X	
2. Charge Capture and Collection	Large			X	
3. Medical Faculty and Staff	Large	X			
4. UTMCI Compliance	Large				X
5. Physical Plant Administration	Large			X	
6. University Credit Cards	Large	X			
7. Annual Security and Fire Safety Report	Large		X		
8. IT Administration	Large	X			
9. Counseling Services	Large	X			
10. Research Grants (Selected Grants)	Medium			X	
11. Student Accounts/Bursar	Medium	X			
12. Internal Audit	Medium				X
13. Financial Aid (Athletics)	Medium		X		
14. NCAA Agreed Upon Procedures	Medium		X		
15. Student Centers and Activities	Medium	X			
16. Stakeholder Relations	Small-Medium		X		
17. Jeanne Clery Act	Small-Medium				X
18. Human Resources (Instruction)	Small			X	
19. Human Resources (Personnel Admin.)	Small		X		
20. Human Resources (Expenses)	Small		X		
21. Clinical Research	Small				X
22. Clinical Revenue	Medium				X
23. Conflict of Interest (University-Wide)	Medium			X	
24. Patient Information	Small-Medium			X	
25. Student Services Administration	Small-Medium		X		
26. Course and Curriculum Development	Small-Medium	X			
27. State Authorization	Small-Medium				X
28. Research Compliance	Small				X
29. Research: Financial	Small-Medium		X		
30. IT Strategic Planning and Governance	Medium			X	
31. Intercollegiate Athletics Compliance	Small				X
32. Data Privacy (HIPAA and FERPA)	Small				X
33. Endowment and Development (Athletics)	Small		X		
34. Clinical Trials Compliance	Small-Medium			X	
35. Academic Support	Small-Medium	X			
36. Incentive Compensation	Small	X			

1 Introduction, Mission, Purpose & Requirements

Introduction

The annual audit plan is goal-oriented and defines specific audit areas intended to be undertaken in the next year.

The objectives for the compilation of an effective annual audit plan are:

- Scheduling of activities identified in the annual audit plan must be realistic;
- Completion of planned activities must be achievable; and
- Audit cycle for each activity must be completed.

This Audit Plan contains key information on expected audit activity for fiscal year 2021. The plan is based on the results of the annual risk assessment process.

Mission

The University of Toledo's Internal Audit Department will provide independent, objective assurance and consulting activities designed to improve management practices, identify operational improvement, and reduce the University of Toledo's risk exposure.

Purpose

Internal Audit's audit plan focuses on the following objectives:

- Develop an Internal Audit Annual Plan based upon risk
- Focus on areas of higher risk, strategic importance, or University of Toledo audit priority
- Provide University of Toledo with value added recommendations to improve controls, mitigate identified risks, and increase efficiency within operations

The scope of work of Internal Audit is to determine whether the University of Toledo's framework of risk management, control, and governance processes, as designed and represented by Board and management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed;
- Interaction with various governance groups occurs as needed;
- Significant financial, managerial, operating information is accurate, reliable, & timely;
- Employees' actions are following policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in control processes;
- Significant legislative or regulatory issues impacting the University of Toledo's fiscal operations are recognized and addressed appropriately; and
- Adequate controls are incorporated within new systems and processes.

Requirements

The Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (the Standards)* govern the framework to be followed by the University of Toledo's Internal Audit activities.

When developing the annual Internal Audit plan the following IIA guidance must be considered:

Standard 2010 – Planning: The chief audit executive (CAE) must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals.

Standard 2010.A1: The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.

IIA Practice Advisory 2010-1: Linking the Audit Plan to Risk and Exposures:

“In developing the internal audit activity's audit plan...first develop or update the audit universe. The audit universe is a list of all the possible audits that could be performed. The CAE may obtain input on the audit universe from senior management and the board.”

“The CAE prepares the internal audit activity's audit plan based on the audit universe, input from senior management and the board, and an assessment of risk and exposures affecting the organization.”

“Audit work schedules are based on, among other factors, an assessment of risk and exposures. Prioritizing is needed to make decisions for applying resources.”

The University of Toledo's Internal Audit activities must also align to audit planning requirements identified within the Internal Audit Charter, specifically:

Responsibility under Internal Audit Charter:

“Conduct an annual risk assessment and produce a flexible risk-based audit plan...based upon risks and control concerns identified by the Executive Director of Internal Audit and Chief Compliance Officer (Executive Director), Board Members, management...and will periodically be updated.”

“The Finance and Audit Committee retains the right to approve the annual audit plan presented by the Executive Director. The Executive Director shall periodically inform the Finance and Audit Committee of the status of the audit plan and any changes needed.”

“The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal year.”

“The Executive Director will implement the approved audit plan and any plan amendments, special tasks or projects requested by management or the Finance and Audit Committee and agreed to by the Executive Director.”

“The Executive Director may occasionally need to obtain expertise of persons outside of the Internal Audit Department. This expertise may be obtained within the organization through appropriate arrangements with management. Expertise may also be obtained from outside University of Toledo through contracts. The Finance and Audit Committee should be informed about the use of all external consultants obtained.”

Internal Audit's Operations Manual requires the Executive Director to develop a risk-based plan. The methodology for the completion of the annual audit plan shall consider the following:

- Organization's risk management framework or an alternative approach if a framework does not exist;
- Organization's identification and management of its strategic objectives and whether strategic risks and new initiatives are managed to an acceptable level;
- Input from key stakeholders (Board members, University of Toledo executive leadership, department directors) on audit priorities that may impact students, patients, external stakeholders, or the University of Toledo;
- Determine staffing resource availability and capability;
- To minimize duplication of effort and to maximize the amount of coverage achieved, consider audits planned by the external auditor and other assurance providers;
- Consider emerging issues resulting from the continuous update of the University of Toledo risk profile;
- Include engagements that focus on revenue enhancement or economy of operations for certain University of Toledo processes (sources may include financial statements, annual budget);
- Identify areas potentially subject to continuous auditing, leveraging any University of Toledo risk management framework;
- Accept consulting engagements based on the engagement's potential to improve management of risks, add value, and improve the University of Toledo's operations; and
- Consider common risk area profiles which could result in an enterprise audit across University of Toledo departments with similar risk factors.

This document describes the systematic process used by internal audit to develop its risk assessment and annual audit plan process. Risk assessment is inherently subjective; as such, quantitative analysis is supplemented with Internal Audit judgment and management input.

Internal Audit's risk assessment is solely for the purpose of developing the IA plan and focuses on auditable entities, not the entire universe of risks facing University of Toledo. Also, the assessment does not seek to determine or evaluate management's risk tolerance or risk appetite.

The annual audit plan will be reviewed every three months to determine:

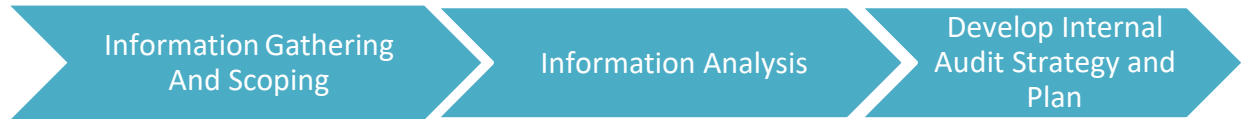
- Any significant variations to the original plan arising from the under or over assessment of the time required for audit projects;
- Effects of unforeseen events that significantly impacted the timetabling of audit projects;
- Rescheduling because of staff changes;
- Percentage of IA audit effort devoted to assurance and consulting engagements; and
- Other metrics developed in coordination with the Finance and Audit Committee

Amendments to the annual audit plan arising as a result of the quarterly review shall be presented by the Executive Director to the University of Toledo Finance and Audit Committee.

2 Audit Prioritization Process

The FY21 Internal Audit Plan is designed to provide audit coverage across the entire organization by deploying Internal Audit resources in an effective and efficient manner.

The following approach was taken in creating the risk assessment and Audit Plan:



2.1 Information Gathering and Scoping

- A. Understand industry trends/risks via discussions with industry and audit professionals, reading publications, attending relevant training
- B. Understand University of Toledo strategic objectives and new initiatives by reviewing the strategic plan, annual financial statements, quarterly operations reports, and annual budgets
- C. Develop and update Internal Audit's risk assessment and audit planning methodology
- D. Use prior audit plan as starting point of auditable risk areas/ audit universe

2.2 Information Analysis

- A. Update audit universe and preliminary risk assessments based on research and review of University of Toledo operations and higher education
- B. Interview University of Toledo leadership to gain understanding and input on audit universe, ratings and input on internal audit priorities/ value add opportunities
- C. Develop proposed Audit Plan based on interviews, risk assessment, resource availability, budget, third party assurance coordination, and coverage by risk and department

2.3 Develop Internal Audit Strategy and Plan

- A. Present University of Toledo leadership with:
 - Risk assessment results
 - Planned Internal Audit's audit and consulting projects
- B. Submit preliminary Internal Audit plan to Finance and Audit Committee for review

Appendix A contains a detailed listing of the Audit Universe – Highest to Lowest

Appendix B contains a detailed listing of the Audit Universe – By Department

3 Risk Based Audit Methodology

Organizations implement risk management processes to identify risks that threaten their capability of achieving their objectives and successful execution of their business strategies. Through an integrated risk management approach, senior management determines how much risk they are willing to accept (e.g. level of acceptable risk). Senior management's approach to risk management must be undertaken as a continuous process of:

- Establishing risk management objectives, tolerances & limits for the University of Toledo's significant risks;
- Assessing risks within the context of established tolerances;
- Developing cost-effective risk management strategies and processes consistent with the University of Toledo's overall goals and objectives;
- Implementing risk management processes;
- Monitoring and reporting on the performance of risk management processes;
- Improving risk management processes continuously; and
- Ensuring adequate communication and information for decision making.

The continuous improvement cycle for risk management illustrates the need for University of Toledo management to define, be aware of and manage their inherent and control risks.

IA should assess whether risk management processes are effective by determining:

- Organizational objectives support and align with the University of Toledo's mission;
- Significant risks are identified and assessed;
- Appropriate risk responses are selected that align risk with the University of Toledo's risk appetite; and
- Relevant risk information is captured and communicated in a timely manner across University of Toledo, enabling management to carry out their responsibilities.

Internal Audit recognizes that University of Toledo is at the initial stage of developing its enterprise risk management program. IA will engage and work collaboratively with University of Toledo management, and the Enterprise Risk Management Officer, as they implement their program. As the enterprise risk management develops, IA will incorporate the ERM assessments within the IA risk assessment used for audit planning purposes.

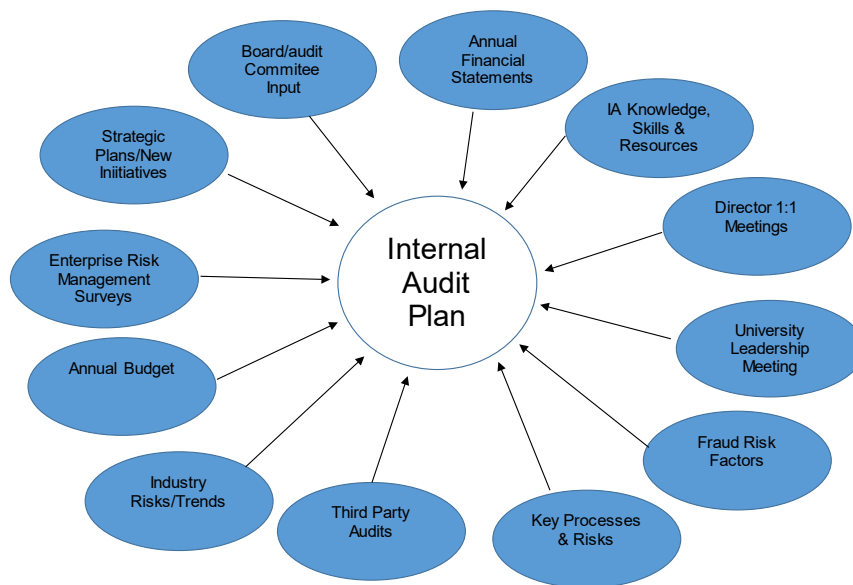
3.1 Risk Methodology Framework

The risk methodology framework and strategy can directly impact risk assessments and planning within the internal audit function. Internal Audit will utilize the methodology as one factor in the course of developing its strategic and annual plans. The process will help ensure higher risk areas are identified and prioritized in the conduct of the audit plan and assignment of internal audit resources.

A risk assessment methodology applies across an entire organization. Each department is responsible for the application of the methodology in their respective areas and aligning to the organizational strategic risk management approach.

3.2 Identification of Audit Universe

The audit universe is reviewed annually as part of the planning process. The audit universe is risk-based and IA leverages management and Finance and Audit Committee input, as well as IA knowledge of operations, financial statements, budgets, professional judgment, comparative higher education risks, and brainstorming techniques to identify potential risks. The following factors are considered when developing the audit universe and priorities for annual plan consideration:



NOTE: FY21’s plan involved extensive independent research, coordination with other assurance service providers, and management’s involvement in identifying audit priorities - including 8 departmental/senior leadership meetings involving over 25 leaders. The University of Toledo’s ERM was involved in these meetings and as the program becomes more established will provide added input on risk.

Internal Audit (IA) will evaluate the auditable areas and make modifications throughout the year based upon changes to the University of Toledo’s risk profile. IA will also participate in the University of Toledo’s strategic planning process and align IA’s plan with appropriate assurance and consulting activities.

3.3 Risk Factors and Weighting

In prioritizing the risks identified, consideration is given to the likelihood of occurrence and consequence, or impact, in the event of occurrence. In weighting risk factors, IA utilizes risk factors from IIA guidance, historical knowledge of academic affairs, and internal auditing best practices. The overall goal of the risk scoring approach is to ensure that IA audits of high and moderate risk areas receive the largest concentration of audit effort over multiple years.

Once various risk factors are rated, they are weighted in order to arrive at a composite risk score for each area. The composite risk score is then used to determine areas to prioritize in the annual audit plan. Risk factors and assigned weighting are as follows:

Risk Factors	Weight	Description
A. Control Design and Effectiveness	20%	Assessed reliability of internal controls are important in judging the likelihood of errors in the system; consider known problems/prior audit results
B. Impact to Students, Patients, Stakeholders, Members of the Public, Reputation	20%	Impact to University of Toledo's constituents; management or other stakeholder concerns can influence the priority of an auditable area; consider reputational impact to University of Toledo by failure of a sensitive process
C. Changes in Organization, Programs, and Operations	15%	A dynamic change to systems/processes/people, increases probability of efficiencies as well as errors
D. Complexity of Activities, Operations, and/or Systems	15%	Degree of process complexity or perceived impact of IT controls
E. Dollar Materiality/Operational Impact	15%	Financial statement impact, relative importance, or sensitivity to ongoing operations
F. Impact of Fraud, Waste, or Data Loss	15%	Impact of illegal acts, wasteful spending, or sensitive data loss can result in a heightened consequence regardless of the dollar amount

A. Control Design and Effectiveness

The assessed reliability of the internal control system is important in judging the likelihood of errors in the system. Internal controls consider the adequacy of written procedures and whether controls have been previously tested.

B. Impact to Students, Patients, Stakeholders, and Public Reputation

Management or other stakeholder concerns can influence the priority of an auditable area and could take priority over other risk factors in some cases. The reputation of University of Toledo can be impacted by failures in certain sensitive processes. Amount of impact the audit area has on the University of Toledo's constituents. Includes concern for public perception. Concern about adverse publicity; laws and regulations; customer demands; and political exposure.

C. Changes in Organization, Programs and Operation

A dynamic environmental change, in terms of systems/processes/people, increases the probability of efficiencies as well as errors occurring. Changes in operations can impact the efficiency and effectiveness of the organization's performance. Criteria include changes in staff size, processing changes (manual to computerized), systems (input and/or output), as well as staff turnover. This area includes concerns of rapid growth in personnel size or additional programs added to an operational area.

Changes in operation to meet statutory, regulatory, and legal requirements, and/or to address organizational restructuring including modifications to manual or automated procedures such as increased use of technology. Changes in operations since this area was last audited may have a significant impact on accuracy and timeliness of work completed, efficiency and effectiveness of operation, and the reliability of work products and records.

D. Complexity of Activities, Operations, or Systems

Complexity includes amount of time, number of steps, techniques or procedures, degree of difficulty, training necessary, and interaction with other organizations/divisions necessary to complete a work task or process a transaction. Complexity can increase both the probability of error and the effort required to monitor the system. Includes complexity of federal and state laws, rules and regulations governing a program.

Computer applications affect the accuracy and timeliness of completed work tasks, as well as the productivities of the staff. Information systems should process information in a secure, reliable and accurate manner.

Age, condition, efficiency and effectiveness of the data processing system specific to this audit area, and the perceived impact of general information technology controls related to: consistent use of an acceptable systems development methodology (including programmer and user documentation and testing procedures), consistent use of an acceptable project management system, effective computer maintenance change controls (to assure application program changes are properly authorized, managed, and recorded), and effective logical access security to guard against unwarranted access and unauthorized changes to computer programs or data.

E. Dollar Materiality/Operational Impact

Materiality focuses on the organizational impact due to financial statement materiality, relative importance, and/or sensitivity to negative public exposure of a process or system.

F. Impact of Fraud, Waste, or Data Loss

Risk inherent in a process or system that employees (including management) individually, or in collusion with others, commit fraud, resulting in financial loss or unauthorized use of financial instruments, physical assets and/or confidential information. For IT systems, also consider the level and type of security threat(s) present (e.g., a firewall has a higher level of security threat associated with it than an internal file server).

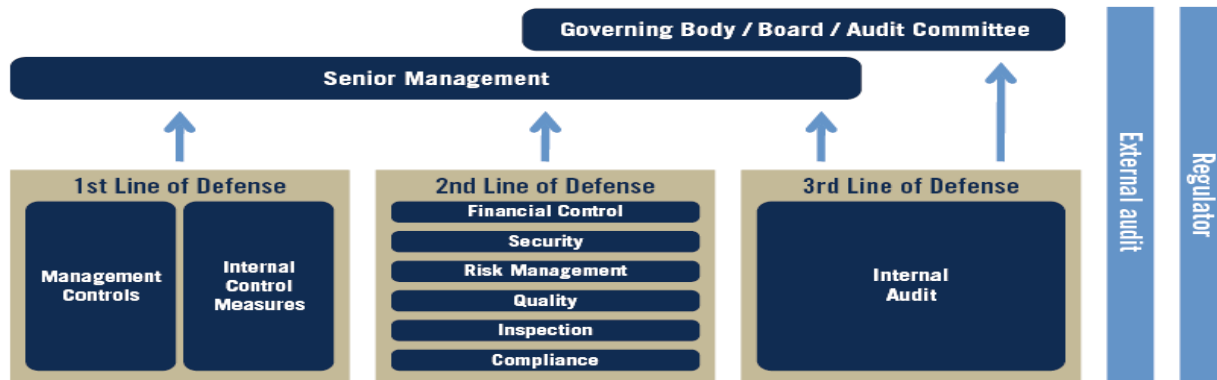
The composite risk rating system is a point in time assessment and ratings may vary based on an individual's perspective or recent event history. Ratings are designed to evaluate University of Toledo risk exposures related to governance, operations, and information systems regarding achievement of their strategic objectives; reliability of financial information; effectiveness and efficiency of operations; safeguarding of assets; and compliance with laws, regulations, and contracts.

To minimize the potential for duplication of effort and to maximize the amount of coverage achieved, the Executive Director will consider other assurance providers (both internal and external) and their scope and intended reliance by internal audit.

3.4 Coordinated Audit Coverage

After assessing risk-ratings against the audit universe, an evaluation of third-party assurance activities was conducted to maximize audit coordination efforts and coverage.

The Three Lines of Defense Model



Adapted from ECIIA/FERMA *Guidance on the 8th EU Company Law Directive, article 41*

NOTE: Internal Audit's plan incorporates audit coverage from external audit; 3rd party external reviews within Executive, Academic Affairs, Clinical Affairs, Finance and Administration and 2nd Line of Defense the University of Toledo's monitoring within compliance, accounting, and IT security. Internal Audit's review of selected auditable units is not intended to offer a complete opinion on every aspect of the category. Rather, Internal Audit judgmentally evaluates the auditable unit and focuses its scope and objectives on key risks and controls to evaluate and report the results to the Committee. University of Toledo is not "relying" on the work of the external auditors, rather avoiding duplication of efforts by not allocating Internal Audit hours to these areas.

Appendix A

Risk Rating – Highest to Lowes

Appendix A (continued)

UNIVERSITY OF TOLEDO 2020 Risk Assessment - High to Low Risk	Risk Factors						Combined Risk Rating	Risk Rating	Last Year Audited	Internal Audit and Compliance Planned Coverage	Planned Hours	External Audit	Other 3rd Party	University of Toledo Control Monitoring
	20%	20%	15%	15%	15%	15%								
Auditable Area	A. Control Design and Effectiveness	B. Impact to Students, Patients, External Stakeholders, Public Reputation	C. Changes in Organization, Programs, Operations	D. Complexity of Activities, Operations, or Systems	E. Dollar Materiality/Operational Impact	F. Impact of Fraud, Waste, or Data Loss								
IT Daily Operations (incl. cybersecurity)	3	5	4	5	5	5	4.45	High	FY2020	Internal Audit	560	X		
Charge Capture & Collection	2	5	4	4	5	5	4.10	High	FY2020	Internal Audit	540	X		
Medical Faculty & Staff	3	4	4	4	5	4	3.95	High	FY2020	Internal Audit	530	X		
UTMC Compliance	2	4	4	5	5	4	3.90	High	FY2020	Compliance	520		X	X
Physical Plant Admin. (incl. construction)	3	4	4	3	4	5	3.80	High	FY2020	Internal Audit	510	X		
University Credit Cards	3	3	3	4	5	5	3.75	High	FY2020	Compliance	500		X	X
Annual Security and Fire Safety Report	3	5	4	3	5	2	3.70	Medium	FY2016	Compliance	470	X	X	X
IT Administration	4	4	4	3	2	5	3.70	Medium	FY2017	Internal Audit	470	X		
Counseling Services	2	5	3	3	5	4	3.65	Medium	FY2016	Compliance	470		X	X
Research Grants (selected grants)	2	5	3	3	5	4	3.65	Medium	FY2016	Compliance	470		X	X
Student Accounts/Bursar	2	4	4	4	4	4	3.60	Medium	FY2016	Compliance	470		X	X
Internal Audit	2	4	3	4	5	4	3.60	Medium	FY2018	Internal Audit	450	X		
Financial Aid	2	4	3	4	5	4	3.60	Medium	FY2016	Compliance	470		X	X
NCAA Agreed-Upon Procedures	3	3	3	3	5	5	3.60	Medium	FY2017	Compliance	450		X	X
Student Centers & Activities	2	4	4	4	3	4	3.45	Medium	FY2016	Internal Audit	470			
Stakeholder Relations	2	4	4	3	4	4	3.45	Medium	FY2017	Compliance	450		X	X
Jeanne Clery Act	3	4	3	4	3	3	3.35	Medium	FY2017	Compliance	450		X	X
Clinical Revenue	4	3	4	3	3	3	3.35	Medium	FY2020	Compliance	430		X	X
Conflict of Interest	3	4	3	4	3	3	3.35	Medium	FY2016	Compliance	470		X	X
Patient Information	3	4	3	4	3	3	3.35	Medium	FY2017	Compliance	450		X	X
Human Resources (Personnel Admin.)	3	4	2	3	4	4	3.35	Medium	FY2019	Compliance	430		X	X
Student Services Administration	3	4	3	3	3	4	3.35	Medium	FY2017	Internal Audit	450			
Course & Curriculum Development	4	3	3	3	3	4	3.35	Medium	FY2018	Compliance	430		X	X
Research Compliance	3	4	3	3	3	4	3.35	Medium	FY2019	Compliance	410		X	X
Human Resources (Instruction)	3	4	4	3	4	2	3.35	Medium	FY2020	Compliance	410		X	X
Human Resources (Expenses)	3	4	3	3	3	4	3.35	Medium	FY2020	Compliance	410		X	X
State Authorization and Prof. Licensure	3	4	3	3	4	3	3.35	Medium	FY2018	Compliance	430		X	X
Clinical Research	3	4	3	3	4	3	3.35	Medium	FY2017	Compliance	470		X	X
Research Financial	3	3	3	3	4	4	3.30	Medium	FY2018	Internal Audit	450			
IT Strat Planning & Governance	2	3	4	4	3	4	3.25	Medium	FY2016	Compliance	470		X	X
Intercollegiate Athletics Compliance	2	3	4	4	3	4	3.25	Medium	FY2018	Compliance	430		X	X
Data Privacy (HIPAA and FERPA)	3	4	3	3	3	3	3.20	Medium	FY2018	Compliance	430		X	X
Endowment & Development	3	4	3	3	3	3	3.20	Medium	FY2019	Compliance	430		X	X
Clinical Trials Compliance	3	4	3	2	3	4	3.20	Medium	FY2019	Compliance	450		X	X
Academic Support	3	4	3	2	3	4	3.20	Medium	FY2017	Compliance	450		X	X
Incentive Compensation	4	3	3	3	3	3	3.20	Medium	FY2020	Internal Audit	410			
Capital Asset Depreciation	3	4	2	4	3	3	3.20	Medium	FY2017			X		X
Grants Accounting	3	4	3	3	3	3	3.20	Medium	FY2018			X		
IT Customer Service	3	4	3	3	3	3	3.20	Medium	FY2018			X		X
Treasury Management	2	4	3	4	3	3	3.15	Medium	FY2017			X		
Maintenance of Infrastructure	2	4	4	4	4	1	3.15	Medium	FY2017			X		
Bookstore	2	4	3	3	4	3	3.15	Medium	FY2017			X		
Admissions	2	4	3	4	3	3	3.15	Medium	FY2017			X		X
Accounts Payable	2	4	3	4	3	3	3.15	Medium	FY2017			X		
Strategic Financial Mgt	2	4	3	4	3	3	3.15	Medium	FY2017			X		
Family and Medical Leave Act	3	3	4	3	3	3	3.15	Medium	FY2018			X	X	
Dining	2	4	2	3	4	4	3.15	Medium	FY2018			X		
Revenue	2	4	4	3	4	2	3.15	Medium	FY2018			X		X
Enrollment Management	3	3	3	3	3	4	3.15	Medium	FY2018			X		
Building Maintenance	2	4	4	3	4	2	3.15	Medium	FY2019			X		
Sexual Misconduct	2	3	4	3	3	4	3.10	Medium	FY2017				X	
Compliance	2	3	4	4	4	2	3.10	Medium	FY2018			X	X	
Procurement Practices	4	3	3	3	3	2	3.05	Medium	FY2017			X		X
External Services	2	5	3	3	4	1	3.05	Medium	FY2017					
Payroll	3	4	4	3	2	2	3.05	Medium	FY2017					X
Patient Care	2	4	3	2	3	4	3.00	Medium	FY2017					X
Financial Mgt Operations	2	4	3	2	3	4	3.00	Medium	FY2019			X		X
Athletics (NCAA)	3	3	4	2	3	3	3.00	Medium	FY2017					
Minors On Campus	2	4	3	4	2	3	3.00	Medium	FY2018					

Appendix A (continued)

UNIVERSITY OF TOLEDO 2020 Risk Assessment - High to Low Risk	Risk Factors						Combined Risk Rating	Risk Rating	Last Year Audited	Internal Audit and Compliance Planned Coverage	Planned Hours	External Audit	Other 3rd Party	University of Toledo Control Monitoring
	20%	20%	15%	15%	15%	15%								
Auditable Area	A. Control Design and Effectiveness	B. Impact to Students, Patients, External Stakeholders, Public Reputation	C. Changes in Organization, Programs, Operations	D. Complexity of Activities, Operations, or Systems	E. Dollar Materiality/Operational Impact	F. Impact of Fraud, Waste, or Data Loss								
Housing	2	5	3	2	4	1	2.90	Medium	FY2018					
Custodial Services	4	3	2	2	4	2	2.90	Medium	FY2019			X		
Hospital Building & Facilities	2	4	3	2	3	3	2.85	Medium	FY2018					
Student Judicial Affairs	2	4	3	3	2	2	2.85	Medium	FY2018				X	X
Major Repair & Renovation	3	2	3	2	3	4	2.80	Medium	FY2019			X		
Facilities & Equipment--Research	2	3	3	3	3	3	2.80	Medium	FY2017					
Intellectual Property/Tech. Transfer	3	2	3	2	3	3	2.80	Medium	FY2017				X	
NCAA Football Attendance	2	3	3	3	2	4	2.80	Medium	FY2019				X	X
Research Administration	2	2	2	3	3	4	2.75	Medium	FY2018					
Export Controls	2	5	3	3	2	2	2.75	Medium	FY2017				X	X
Pre-award & Award Acceptance	3	4	4	4	2	1	2.75	Medium	FY2018					
Financial Reporting	3	3	3	2	1	4	2.70	Medium	FY2019			X	X	X
Accounting	2	4	3	3	2	2	2.70	Medium	FY2019			X	X	
Motor Pool	2	3	3	2	3	3	2.65	Medium	FY2019			X		
Auxiliary Enterprises Administration	1	4	2	3	4	2	2.65	Medium	FY2020			X		X
Patient Care	2	2	3	3	2	4	2.60	Medium	FY2019				X	
Landscape & Grounds	2	4	2	1	1	5	2.55	Medium	FY2020			X		
Academic IT	2	3	3	3	3	1	2.50	Low	FY2019					
Hospital Equipment & Supplies	2	2	2	2	3	4	2.45	Low	FY2019					
Security--Research	2	2	3	2	2	4	2.45	Low	FY2020					
Closing Process	2	2	3	3	2	3	2.45	Low	FY2020			X	X	
Health Services	2	2	2	2	3	4	2.45	Low	FY2020				X	
Financial Fraud--Research	1	4	2	2	4	1	2.35	Low	FY2019				X	X
Trademark Licensing	1	4	2	1	2	3	2.35	Low	FY2019				X	
Academic Records Mgt	2	3	3	2	2	2	2.35	Low	FY2020				X	X
Research Quality	2	3	2	2	1	3	2.20	Low	FY2018					X
International Affairs	1	3	2	2	2	3	2.15	Low	FY2020					
Governance	1	3	2	2	2	3	2.15	Low	FY2016					
Animal Research	1	2	3	2	2	4	2.10	Low	FY2019				X	
Academic Reporting	1	3	2	1	1	4	2.00	Low	FY2020				X	X
Cash Handling/UToledo Cash Footprint	1	3	3	2	2	1	2.00	Low	FY2020			X		X
Form I-9 Employee Onboarding Process	1	3	1	2	2	3	2.00	Low	FY2020			X	X	
Utilities	2	1	2	1	1	3	1.65	Low	FY2020			X		
IT Development & Research	2	2	2	3	1	1	1.55	Low	FY2020				X	
Registration	2	2	1	1	1	1	1.40	Low	FY2020			X		X

Appendix B

Risk Rating

By Strategic Plan Pillar

Appendix B (continued)

UNIVERSITY OF TOLEDO: 2020 Risk Assessment - By Strategic Plan Pillar														
Auditable Area	Risk Factors						Combined Risk Rating	Risk Rating	Last Year Audited	Internal Audit and Compliance Planned Coverage	Planned Hours	External Audit	Other 3rd Party	University of Toledo Control Monitoring
	20%	20%	15%	15%	15%	15%								
	A. Control Design and Effectiveness	B. Impact to Students, Patients, External Stakeholders, Public Reputation	C. Changes in Organization, Programs, Operations	D. Complexity of Activities, Operations, or Systems	E. Dollar Materiality/Operational Impact	F. Impact of Fraud, Waste, or Data Loss								
Student Success and Academic Excellence														
A Counseling Services	2	5	3	3	5	4	3.65	Medium	FY2016	Compliance	470		X	X
B Student Centers & Activities	2	4	4	4	3	4	3.45	Medium	FY2016	Internal Audit	470			
C Stakeholder Relations	2	4	4	3	4	4	3.45	Medium	FY2017	Compliance	450		X	X
D Student Services Administration	3	4	3	3	3	4	3.35	Medium	FY2017	Internal Audit	450			
E Course & Curriculum Development	4	3	3	3	3	4	3.35	Medium	FY2018	Compliance	430		X	X
F State Authorization and Prof. Licensure	3	4	3	3	4	3	3.35	Medium	FY2018	Compliance	430		X	X
G Sexual Misconduct	2	3	4	3	3	4	3.10	Medium	FY2017				X	
H Patient Care	2	4	3	2	3	4	3.00	Medium	FY2017					X
I NCAA (Athletics)	3	3	4	2	3	3	3.00	Medium	FY2017					
J Housing	2	5	3	2	4	1	2.90	Medium	FY2018					
K Student Judicial Affairs	2	4	3	3	2	2	2.85	Medium	FY2018				X	X
L Academic IT	2	3	3	3	3	1	2.50	Low	FY2019					
M Hospital Equipment and Supplies	2	2	2	2	3	4	2.45	Low	FY2019					
N Academic Records Mgt	2	3	3	2	2	2	2.35	Low	FY2020				X	X
O International Affairs	1	3	2	2	2	3	2.15	Low	FY2020					
P Academic Reporting	1	3	2	1	1	4	2.00	Low	FY2020				X	X
Research, Scholarship, and Creative Activities														
A Research Grants (selected grants)	2	5	3	3	5	4	3.65	Medium	FY2016	Compliance	470		X	X
B Clinical Revenue	4	3	4	3	3	3	3.35	Medium	FY2020	Compliance	430		X	X
C Research Compliance	3	4	3	3	3	4	3.35	Medium	FY2019	Compliance	410		X	X
D Clinical Research	3	4	3	3	4	3	3.35	Medium	FY2017	Compliance	470		X	X
E Research Financial	3	3	3	3	4	4	3.30	Medium	FY2018	Internal Audit	450			
F Academic Support	3	4	3	2	3	4	3.20	Medium	FY2017	Compliance	450		X	X
G Clinical Trials Compliance	3	4	3	2	3	4	3.20	Medium	FY2019	Compliance	450		X	X
H Export Controls	2	5	3	3	2	2	2.75	Medium	FY2017				X	X
I Facilities & Equipment--Research	2	3	3	3	3	3	2.80	Medium	FY2017					
J Intellectual Property/Tech Transfer	3	2	3	2	3	3	2.80	Medium	FY2017				X	
K Pre-award & Award Acceptance	3	4	4	4	2	1	2.75	Medium	FY2018					
L Research Administration	2	2	2	3	3	4	2.75	Medium	FY2018					
M Security--Research	2	2	3	2	2	4	2.45	Low	FY2020					
N Financial Fraud--Research	1	4	2	2	4	1	2.35	Low	FY2019				X	X
O Trademark Licensing	1	4	2	1	2	3	2.35	Low	FY2019				X	
P Research Quality	2	3	2	2	1	3	2.05	Low	FY2018					X
Q Animal Research	1	2	3	2	2	4	2.25	Low	FY2019				X	
R IT Development & Research	2	2	2	3	1	1	1.55	Low	FY2020				X	
Faculty, Staff, and Alumni														
A Medical Faculty & Staff	3	4	4	4	5	4	3.95	High	FY2020	Internal Audit	530	X		
B Jeanne Clery Act	3	4	3	4	3	3	3.35	Medium	FY2017	Compliance	450		X	X
C Conflict of Interest	3	4	3	4	3	3	3.35	Medium	FY2016	Compliance	470		X	X
D Human Resources (Expenses)	3	4	3	3	3	4	3.35	Medium	FY2020	Compliance	410		X	X
E Human Resources (Personnel Admin.)	3	4	2	3	4	4	3.35	Medium	FY2019	Compliance	430		X	X
F Human Resources (Instruction)	3	4	4	3	4	2	3.35	Medium	FY2020	Compliance	410		X	X
G IT Strat Planning & Governance	2	3	4	4	3	4	3.25	Medium	FY2016	Compliance	470		X	X
H Data Privacy (HIPAA and FERPA)	3	4	3	3	3	3	3.20	Medium	FY2018	Compliance	430		X	X
I Incentive Compensation	4	3	3	3	3	3	3.20	Medium	FY2020	Internal Audit	410			
J Governance	1	3	2	2	2	3	2.15	Low	FY2016					

Appendix B (continued)

UNIVERSITY OF TOLEDO: 2020 Risk Assessment - By Strategic Plan Pillar		Risk Factors						Combined Risk Rating	Risk Rating	Last Year Audited	Internal Audit and Compliance Planned Coverage	Planned Hours	External Audit	Other 3rd Party	University of Toledo Control Monitoring
Auditable Area		20%	20%	15%	15%	15%	15%								
		A. Control Design and Effectiveness	B. Impact to Students, Patients, External Stakeholders, Public Reputation	C. Changes in Organization, Programs, Operations	D. Complexity of Activities, Operations, or Systems	E. Dollar Materiality/Operational Impact	F. Impact of Fraud, Waste, or Data Loss								
Fiscal Positioning and Infrastructure															
A	IT Daily Operations (incl. cybersecurity)	3	5	4	5	5	5	4.45	High	FY2020	Internal Audit	560	X		
B	Physical Plant (incl. construction)	3	4	4	3	4	5	3.80	High	FY2020	Internal Audit	510	X		
C	University Credit Cards	3	3	3	4	5	5	3.75	High	FY2020	Compliance	500		X	X
D	Annual Security and Fire Safety Report	3	5	4	3	5	2	3.70	Medium	FY2016	Compliance	470	X	X	X
E	IT Administration	4	4	4	3	2	5	3.70	Medium	FY2017	Internal Audit	470	X		
F	Student Accounts/Bursar	2	4	4	4	4	4	3.60	Medium	FY2016	Compliance	470		X	X
G	Financial Aid	2	4	3	4	5	4	3.60	Medium	FY2016	Compliance	470		X	X
H	Internal Audit	2	4	3	4	5	4	3.60	Medium	FY2018	Internal Audit	450	X		
I	Capital Asset Depreciation	3	4	2	4	3	3	3.20	Medium	FY2017			X		X
J	Grants Accounting	3	4	3	3	3	3	3.20	Medium	FY2018			X		
K	IT Customer Service	3	4	3	3	3	3	3.20	Medium	FY2018			X		X
L	Treasury Management	2	4	3	4	3	3	3.15	Medium	FY2017			X		
M	Maintenance of Infrastructure	2	4	4	4	4	1	3.15	Medium	FY2017			X		
N	Bookstore	2	4	3	3	4	3	3.15	Medium	FY2017			X		
O	Admissions	2	4	3	4	3	3	3.15	Medium	FY2017			X		X
P	Accounts Payable	2	4	3	4	3	3	3.15	Medium	FY2017			X		
Q	Strategic Financial Mgt	2	4	3	4	3	3	3.15	Medium	FY2017			X		
R	Family and Medical Leave Act	3	3	4	3	3	3	3.15	Medium	FY2018			X	X	
S	Dining	2	4	2	3	4	4	3.15	Medium	FY2018			X		
T	Revenue	2	4	4	3	4	2	3.15	Medium	FY2018			X		X
U	Enrollment Management	3	3	3	3	3	4	3.15	Medium	FY2018			X		
V	Building Maintenance	2	4	4	3	4	2	3.15	Medium	FY2019			X		
W	Compliance	2	3	4	4	4	2	3.10	Medium	FY2018			X	X	
X	Payroll	3	4	4	3	2	2	3.05	Medium	FY2017					X
Y	Procurement Practices	4	3	3	3	3	2	3.05	Medium	FY2017			X		X
Z	Financial Mgt Operations	2	4	3	2	3	4	3.00	Medium	FY2019			X		X
AA	Custodial Services	4	3	2	2	4	2	2.90	Medium	FY2019			X		
AB	Major Repair & Renovation	3	2	3	2	3	4	2.80	Medium	FY2019			X		
AC	Financial Reporting	3	3	3	2	1	4	2.70	Medium	FY2019			X	X	X
AD	Accounting	2	4	3	3	2	2	2.70	Medium	FY2019			X	X	
AE	Motor Pool	2	3	3	2	3	3	2.65	Medium	FY2019			X		
AF	Auxiliary Enterprises Administration	1	4	2	3	4	2	2.65	Medium	FY2020			X		X
AG	Landscape & Grounds	2	4	2	1	1	5	2.55	Medium	FY2020			X		
AH	Closing Process	2	2	3	3	2	3	2.45	Low	FY2020			X	X	
AI	Cash Handling and Cash Footprint	1	3	3	2	2	1	2.00	Low	FY2020			X		X
AJ	Form I-9 Employee Onboarding	1	3	1	2	2	3	2.00	Low	FY2020			X	X	
AK	Utilities	2	1	2	1	1	3	1.65	Low	FY2020			X		
AL	Registration	2	2	1	1	1	1	1.40	Low	FY2020			X		X
Reputation and Engagement															
A	Charge Capture & Collection	2	5	4	4	5	5	4.10	High	FY2020	Internal Audit	540	X		
B	UTMC Compliance	2	4	4	5	5	4	3.90	High	FY2020	Compliance	520		X	X
C	NCAA Agreed-Upon Procedures	3	3	3	3	5	5	3.60	Medium	FY2017	Compliance	450		X	X
D	Patient Information	3	4	3	4	3	3	3.35	Medium	FY2017	Compliance	450		X	X
E	Intercollegiate Athletics Compliance	2	3	4	4	3	4	3.25	Medium	FY2018	Compliance	430		X	X
F	Endowment & Development	3	4	3	3	3	3	3.20	Medium	FY2019	Compliance	430		X	X
G	External Services	2	5	3	3	4	1	3.05	Medium	FY2017					
H	Minors On Campus	2	4	3	4	2	3	3.00	Medium	FY2018					
I	Hospital Building & Facilities	2	4	3	2	3	3	2.85	Medium	FY2018					
J	NCAA Football Attendance	2	3	3	3	2	4	2.80	Medium	FY2019				X	X
K	Patient Care	2	2	3	3	2	4	2.60	Medium	FY2019				X	
L	Health Services	2	2	2	2	3	4	2.45	Low	FY2020				X	