



# UNIVERSITY of WASHINGTON

## FY2021 Annual Review Narrative Survey

**Unit Name:** Internal audit

### Programmatic & Academic Vitality Narratives

- 1) Have you made any changes to your unit's annual budget development process from the response provided last year? If yes, please briefly describe the changes you've made to your unit's annual internal budget development process. If no, please answer with a simple, "no changes." *No changes.*

<OPB inserting FY20 response, below>

Internal Audit completes an Annual Risk Assessment and Audit Plan for presentation to the Board of Regents and we determine if we have adequate resources to complete the approved plan (Note our audit plan is flexible in that we have no problem identifying additional audit projects beyond our current staffing, but as long as we do not feel that any significant key University or Health System risks cannot be properly audited, we do not request additional resources). Once this step is completed we evaluate our current staffing and follow the University prescribed escalations for salary and benefits to calculate the cost of personnel. This process also includes funding our Student Intern Program (two interns per year). Personnel costs make up over 95% of all our annual costs. Otherwise we have three other key annual expenses

– The University of Washington Fraud Hotline, our Internal Audit Software and our cost to maintain professional credentials (training and travel). In regards to these four main categories of costs, we annually project a normal 2% increase in salaries and benefits, (based on suggested estimated increases in salaries and benefit rates from OPB). We inquire of our providers as to expected annual increases in the licenses for the Hotline and the IA software. We project to have our nineteen professionals take training and travel at about \$4,000 per person annually.

Additionally, we plan to incur two other out of period expenses: Once every three to four years, we conduct audits of the I-Tech Federal Grant program and its operations in sub-Saharan Africa, which increases our travel budgets by approximately \$25k and once every five years we are required by our professional standards to have a Peer Review and budget \$90k.

- 2) Have you made any changes to your unit's strategic plan in the past year? If yes, what are 3-5 key elements of your unit's new/revised strategic plan? If no, please comment on the progress you've made in 3-5 key areas of your strategic plan. *Our strategic plan has not changed since last year's information. We will be completing a new strategic plan in the next few months to address the acknowledged risk of significant retirements in our department over the next few years. We will also be implementing four new programs within the department – two internally funded through reallocation of resources (Specifically identified Investigator and Data Analysis team) with two funded through the use of our carry-over funds (Construction Auditing and Cyber Security Auditing).*
- 3) What major obstacles or institutional barriers currently do, or will, hinder execution of your strategic plan? What are you doing to address these challenges? If no changes from your response to either component of this question from last year, please answer "no changes":

*No changes*

<OPB inserting FY20 response, below>

The ever changing and dynamic nature of the risks faced by the University are always challenging Internal Audit to adjust and stay ahead of the curve. However, the greatest risk to the University from an Internal Audit perspective is the significant investments being made over the next three to five years on implementing and



# UNIVERSITY of WASHINGTON

## FY2021 Annual Review Narrative Survey

**Unit Name:** Internal audit

updating a number of key IT systems. Internal Audit should be playing a more active role in these projects, but we currently have three IT auditors and one open position. We are looking to identify additional IT Audit resources but have not been able to find the appropriate skill sets within our budget in the Seattle market and may be looking at co-sourcing with an audit firm in the near future.

- 4) Over the next year, could any of your planned strategic activities result in material changes to revenues or expenditures, faculty or staff workload, or the student experience within your unit/campus and/or another unit/campus? *Our audits have the potential to impact revenues and expenditures for all units of the University. We regularly review compliance with Federal Grant funds to ensure the University has adequate controls over grant expenditures – ensuring appropriate reimbursement to the University of funds expended. We also complete revenue charge capture audits within the UW Medicine to ensure that all potential billings are captured and billed to maximize the revenue stream in medicine. Many of our audits have some aspect of cost savings, potential revenue identification and /or reduction in regulatory risks.*
- 5) What is your unit doing to effectively use or redeploy resources in a way that benefits your unit/campus and/or other units/campuses? *Our audits have the potential to impact revenues and expenditures for all units of the University. When we identify issues or potential cost savings on an audit at one campus, unit, or medical center, we encourage sharing of this information with other similar operations. We regularly provide senior management across the University with updates on how units are progressing on the implementation of agreed upon corrective actions to ensure identified risks are mitigated --- the "Follow-up Report". Other than our audits which benefit many units. We also assist in trainings provided to campus related to Grant Management, Internal Controls and WA State Ethics.*
- 6) For UW student facing units, what are you doing to improve the experience and outcomes of students on your campus or in your unit? What could the University do to support your efforts? *Word Limit: 500, Leave blank if N/A*