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FOUR CAMPUSES UNITED
ALL FOUR: **ONE**

Fiscal Year 2022 Internal Audit Annual Report

September 21, 2022

Executive Summary

Year in review:

- ✓ Renewed focus on team engagement and culture
- ✓ Supported staffing changes
- ✓ Progress in every department strategic initiative
- ✓ Continued to successfully manage CU EthicsLine and improve process timelines
- ✓ Presented emerging higher education risk topics to the Audit Committee
- ✓ Actively engaged in the higher education internal audit community

Looking forward:

- ✓ Onboard data analytics manager and develop data analytics capabilities
- ✓ Continue to align and strengthen internal processes in anticipation of the Quality Assurance Review (QAR) in early FY24
- ✓ Focus on engagement timeliness
- ✓ Maintain focus on team culture, growth and development by operationalizing our vision and core values
- ✓ Enhance outreach and education efforts



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INTERNAL AUDIT



The mission of the University of Colorado Department of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

The Department's processes are designed to improve the university's operations and promote achievement of institutional objectives by utilizing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Our Mission



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Our Vision

Insight with Impact

We are trusted partners.

We deliver timely and relevant perspective on risks and opportunities.

We are committed to our core values, intellectual curiosity, and alignment with our stakeholders.



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Our Core Values: **IA CARES**



Integrity

We are honest, respectful of others, and seek to model the highest standards of ethical behavior in our service to the university. “If you have integrity, nothing else matters. If you don’t have integrity, nothing else matters.” – Senator Alan Simpson



Accountability

We are accountable to each other, to the Internal Audit team, to the university community and its stakeholders. We take responsibility for providing accurate, timely, valuable, and actionable insights and recommendations. “A culture of accountability makes a good organization great, and a great organization unstoppable.” – Henry J. Evans



Community

We support each other, assist when needed, give credit where credit is due, and celebrate each other’s successes. We work as a team and seek insightful solutions together. We share information, suggestions, and concerns freely, which contributes to our growth and creativity. “Alone we can do so little; together we can do so much.” – Helen Keller



Agility

We identify opportunities for improvement and innovation for our clients and for ourselves. We pursue further training to advance our knowledge, skills, and awareness of emerging issues affecting the university. We take an agile approach to our work; we embrace change and think outside the box. “We cannot solve our problems with the same thinking we used when we created them.” – Albert Einstein



Respect

We respect each other and our clients. We respect each other’s work. We are considerate, fair, and seek to understand. We are caring and compassionate. We communicate clearly with our clients and each other, and listen deeply with an open mind. We value the time, experience, views, and contributions, and assume the best intent of others. “Any worthwhile conversation starts with listening.” – Simon Sinek



Excellence In Service

We are committed to the success of the university and its stakeholders. We are humble, curious, authentic, encouraging, trustworthy, and visionary. We collaborate with our colleagues to improve the effectiveness and efficiency of the university processes. We seek to understand the needs of our stakeholders and strive to exceed their expectations. “Every job is a self-portrait of the person who did it. Autograph your work with excellence.” – Jessica Guidobono

CU Internal Audit: What We Do



Assurance: We focus on a broad set of governance, financial, operational and compliance risks, including IT systems and processes and information security, supporting CU's four strategic pillars: Affordability & Student Success; Discovery & Impact; Diversity, Inclusion, Equity & Access; and Fiscal Strength.



Advisory: We support our stakeholders in establishing best practices and internal controls, identifying and mitigating risks throughout the project lifecycle (e.g., participating in steering committees, reviewing process and control design, raising awareness and facilitating conversations about risk and opportunities in system implementations, etc.), and provide perspective on sufficiency of policies for compliance with certain relevant regulations.



Investigations: We enable the university's confidential ethics reporting process by serving as the CU EthicsLine administrator. We evaluate and investigate reports of potential employee fiscal misconduct received through various sources: CU EthicsLine, phone, email, or in-person. As needed, we provide support during litigation of related cases.



Education: We collaborate with our stakeholders and other university assurance and compliance functions to deliver insight on effective control environment, regulatory compliance, and fraud prevention and detection.



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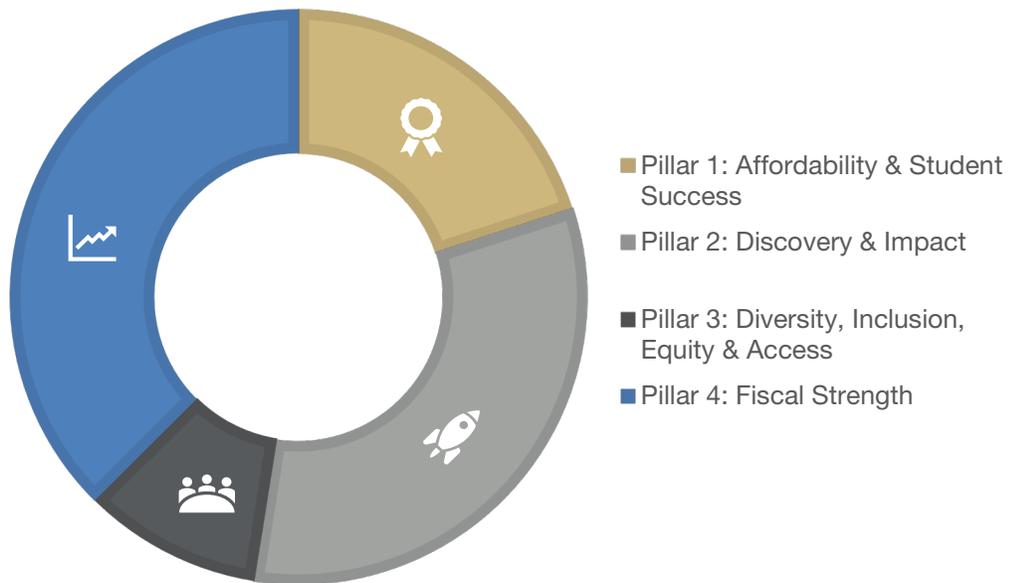
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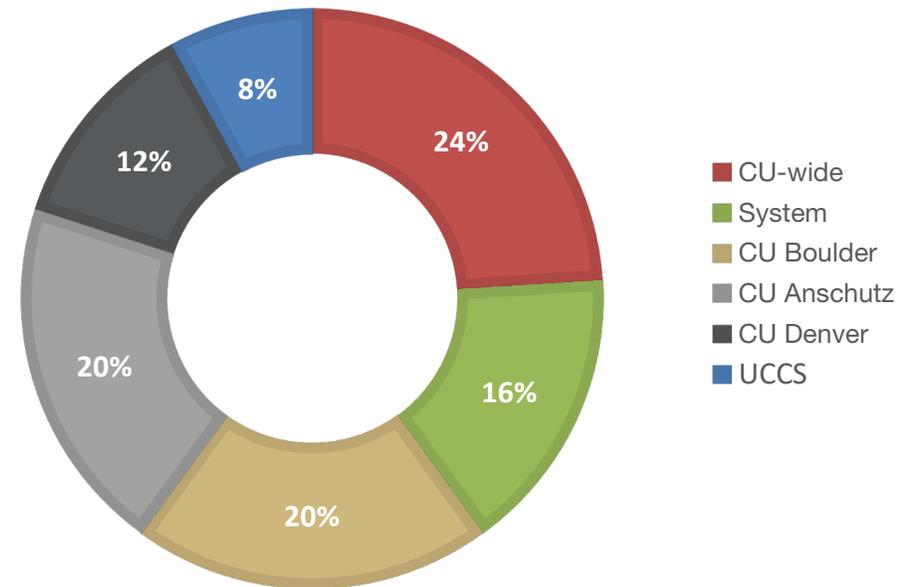
FY22 in Review: Assurance & Advisory Projects

- **13** assurance projects and **1** advisory project completed* - down from prior year (18 and 4 reports issued, respectively) mainly due to staffing turnover and focus on internal process updates
- Audit plan more closely aligned engagements to strategic pillars and the relative size and risk of campuses

AUDIT PLAN PROJECT ALIGNMENT TO THE STRATEGIC PILLARS

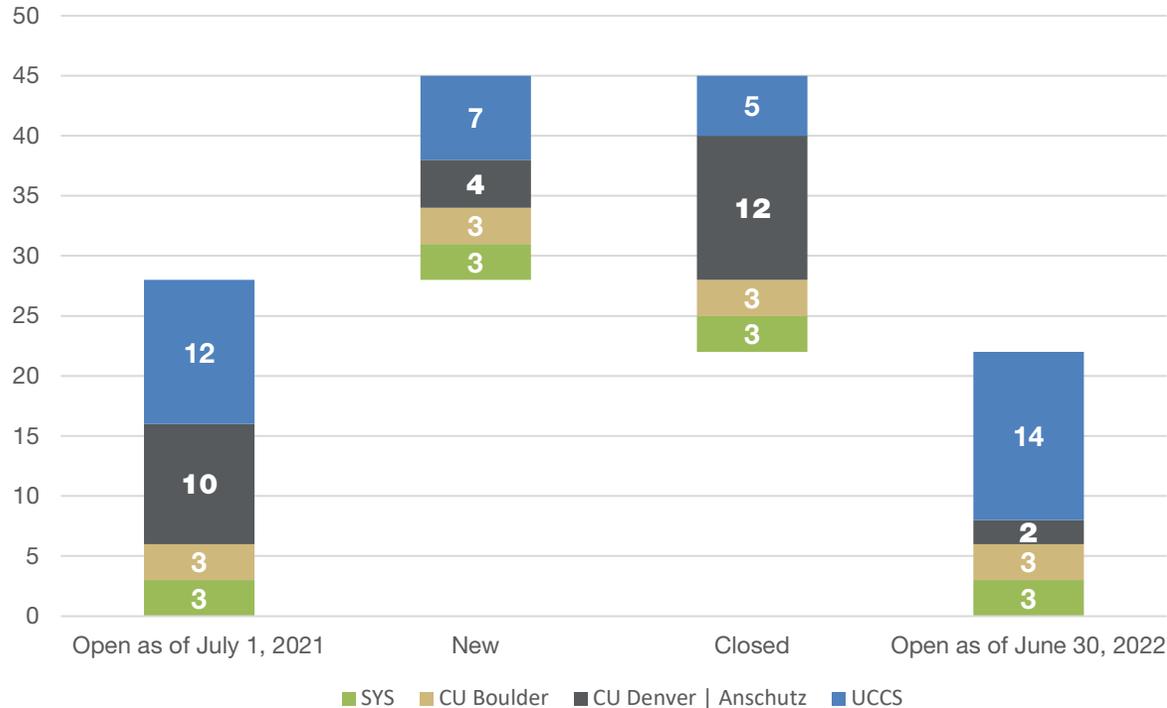


AUDIT PLAN PROJECT ALIGNMENT BY CAMPUS



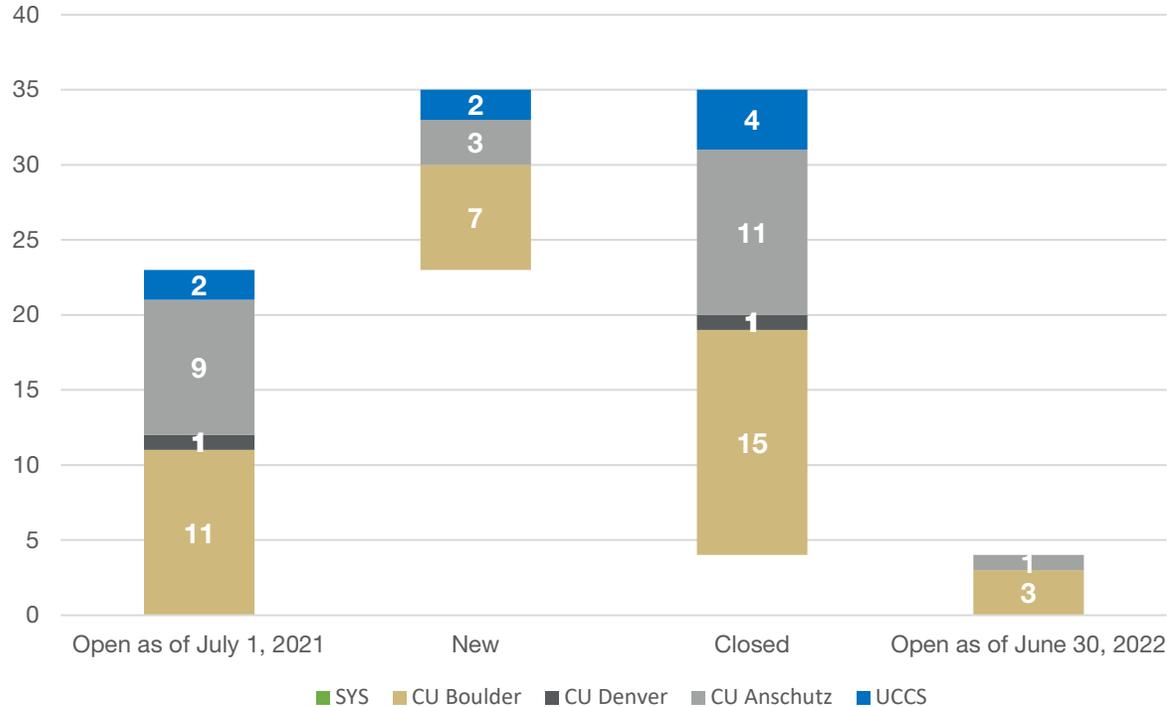
* Reports issued during FY22 as of June 30, 2022

FY22 in Review: Management Action Plans



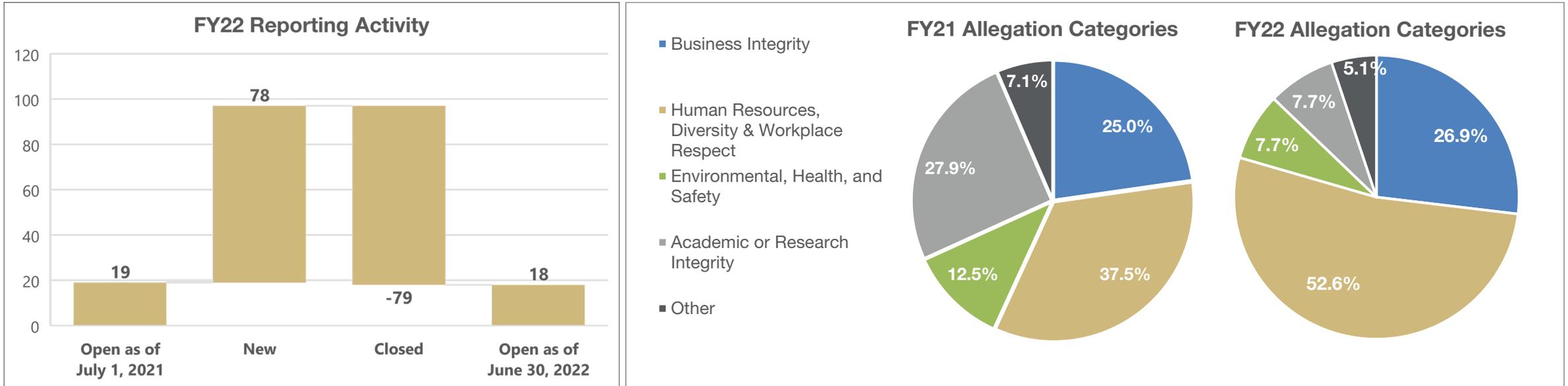
- Campuses are working diligently to resolve identified Management Action Plans (MAPs). There are no overdue MAPs as of June 30, 2022. Two MAPs required extensions to the original implementation date in part due to continued discussions with community and project partners needed for plan implementation.
- **Prior Years' MAPs:** of the **28** MAPs that remained open at the start of FY22, **18** have been resolved.
- **New (FY22) MAPs:** FY22 audits resulted in **17** MAPs. Throughout the year, **5** of these 17 MAPs were resolved. The remaining 12 MAPs will be followed up on as they become due.
- In agreement with CU Boulder and the Audit Committee, **3** prior years' MAPs were closed administratively prior to resolution (noted as resolved above) due to turnover in area leadership and potential misalignment of those MAPs with new leadership's vision. The area and associated risks will be audited in FY23.

FY22 in Review: Investigations



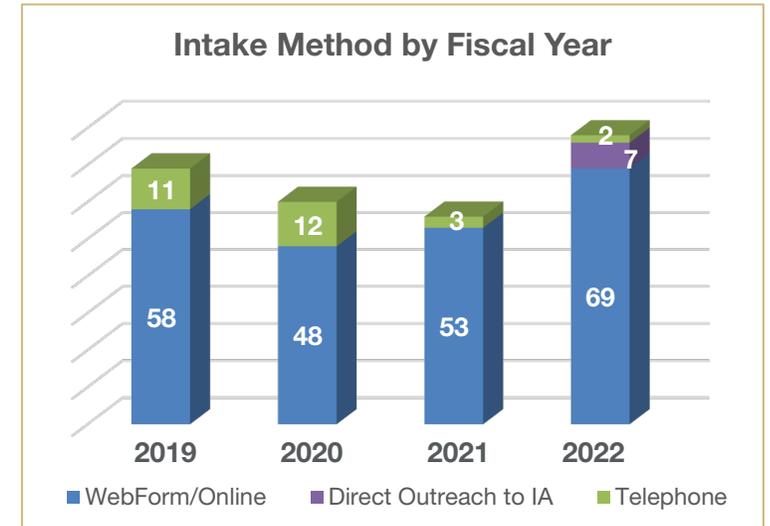
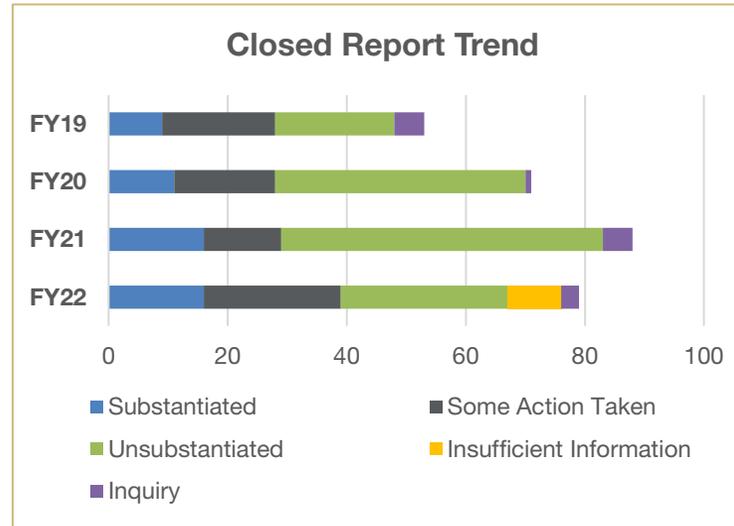
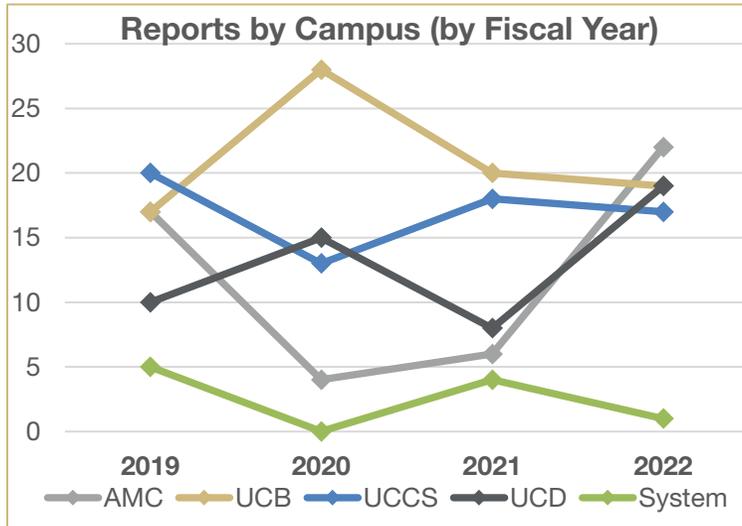
- Out of the **31** cases closed during FY22, **3** substantiated fiscal misconduct and **3** substantiated other policy violations
- Improved length of time from case open to completion average from >1 year to **<90 days**
- Engaged by CU Boulder in **2** special investigations and **1** advisory project (included in the Audit Plan)
- Implemented a “Supplemental Letter” process to communicate control weaknesses that were a contributing factor to policy violations or fiscal misconduct

FY22 in Review: CU EthicsLine



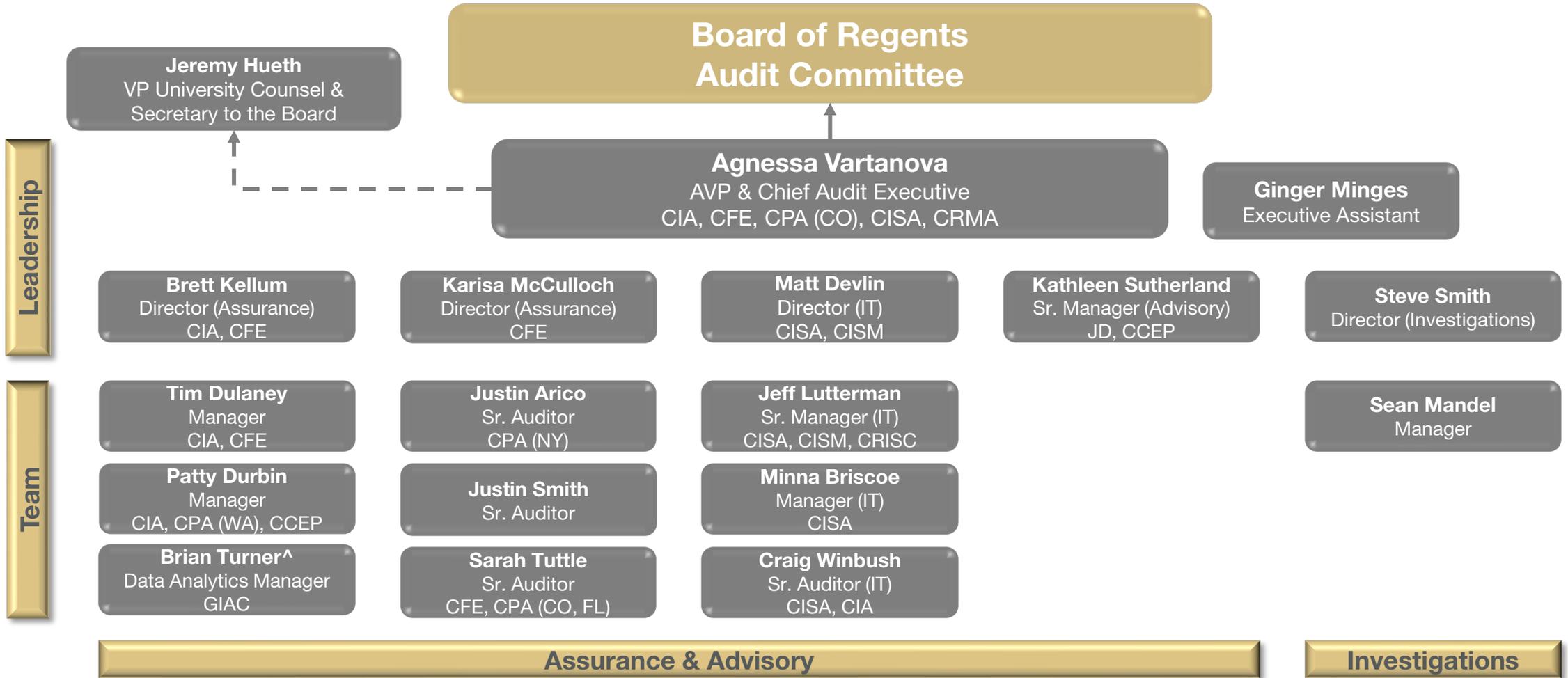
- IA continued to focus on improving administrative oversight of the CU EthicsLine resource to better monitor and timely address outstanding reports, in collaboration with campus partners.
- In FY22, the number of reports increased by 39% over FY21 with an average of 6.5 reports filed per month, up from 4.7 per month in FY21. The rate and timeliness of case closures kept pace with the increased volume of reports.
- The distribution of allegation categories received in FY22 shifted, with increased reporting of EH&S and human resource-related concerns and fewer reports concerning academic or research integrity.

FY22 in Review: CU EthicsLine



- The number of substantiated reports continues to edge upward over the last 5 fiscal years, consistent with global trends. For approximately 1/3 of all reports (including those not substantiated), some action is taken by university personnel to address the allegation directly or to enhance communications or controls that contributed to the reported situation.
- In FY22, anonymous reports decreased to 67% from 75% in FY21. This continues a trend observed over the past 3 fiscal years and reflects a continuing – and accelerating – global decline in anonymous reporting.
- The favored method of reporting continues to be through the online web form, with only 2 reporters choosing the telephonic option in FY22. IA is exploring the implementation of a mobile intake option (using a QR code) in the next fiscal year in connection with a focused effort to improve and “refresh” the CU EthicsLine resource, in collaboration with our campus partners.

CU Internal Audit: Our Team



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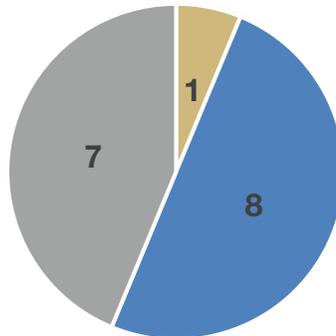
[^] Start date September 20, 2022

Team Profile

Years of Expertise

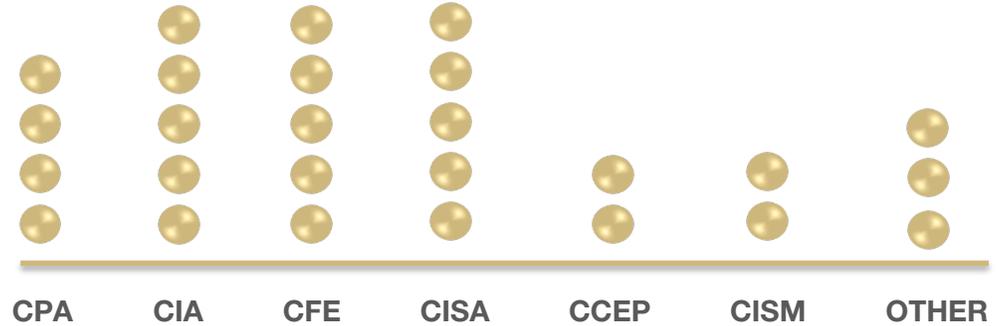
Area of Expertise	Avg Years of Experience at CU IA	Avg Years of Relevant Experience
Audit	6	16
Investigations	2	31
Legal/Compliance	10	19
Information Technology	6	17
Team Total	6	19

Education



■ Juris Doctorate ■ Master's/MBA ■ Bachelor's

Professional Certifications



CPA – Certified Public Accountant

CIA – Certified Internal Auditor

CFE – Certified Fraud Examiner

CISA – Certified Information Systems Auditor

CCEP – Certified Compliance & Ethics Professional

CISM – Certified in Information Security Management

Other – Certifications Risk and Information Systems Controls; Risk Management Assurance; Global Information Assurance Certification

Languages



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Key Performance Metrics

In Fall 2021, Internal Audit, with support from Employee Services, rolled out a semi-annual Pulse Survey, which serves as a gauge for team engagement. Upon review of the survey results, the team works through solutions for continuous improvement. The survey is on a 4.0 scale.

	Fall 2021	Spring 2022	Trend
Team Culture	2.5	3.0	+0.5
Leadership	2.8	3.1	+0.3
Job Satisfaction	2.7	3.1	+0.4

In FY22, Internal Audit rolled out a post-engagement stakeholder survey, disseminated after every assurance and advisory project. This direct feedback received from our stakeholders allows us to evaluate team’s performance and identify process improvement opportunities. The survey is on a 4.0 scale.

Area	Score
Engagement objectives clearly communicated	3.1
Engagement conducted in a professional manner	3.6
Healthy rapport with stakeholders	3.4
Effective listening	3.8
Findings and recommendations are reasonable and helpful	3.6
Timely communication of status and potential findings	3.7
Overall time to complete the engagement was acceptable	3.4
IA provided value	3.3

Looking to the Future

Meet the needs of CU stakeholders through timely delivery of valuable work
Embody a high-performance team culture | Support CU in delivering on its strategy



Continually seek excellence and drive improvement in operational performance:

- Create processes that promote sustainable efforts
- Reflect on how to become more effective, then turn and adjust our process accordingly
- Support operational improvements across the organization

Increase data literacy in audit team and use of data analytics in engagements

Provide the team with the environment and support they need to do their best work

Harness change for a competitive advantage

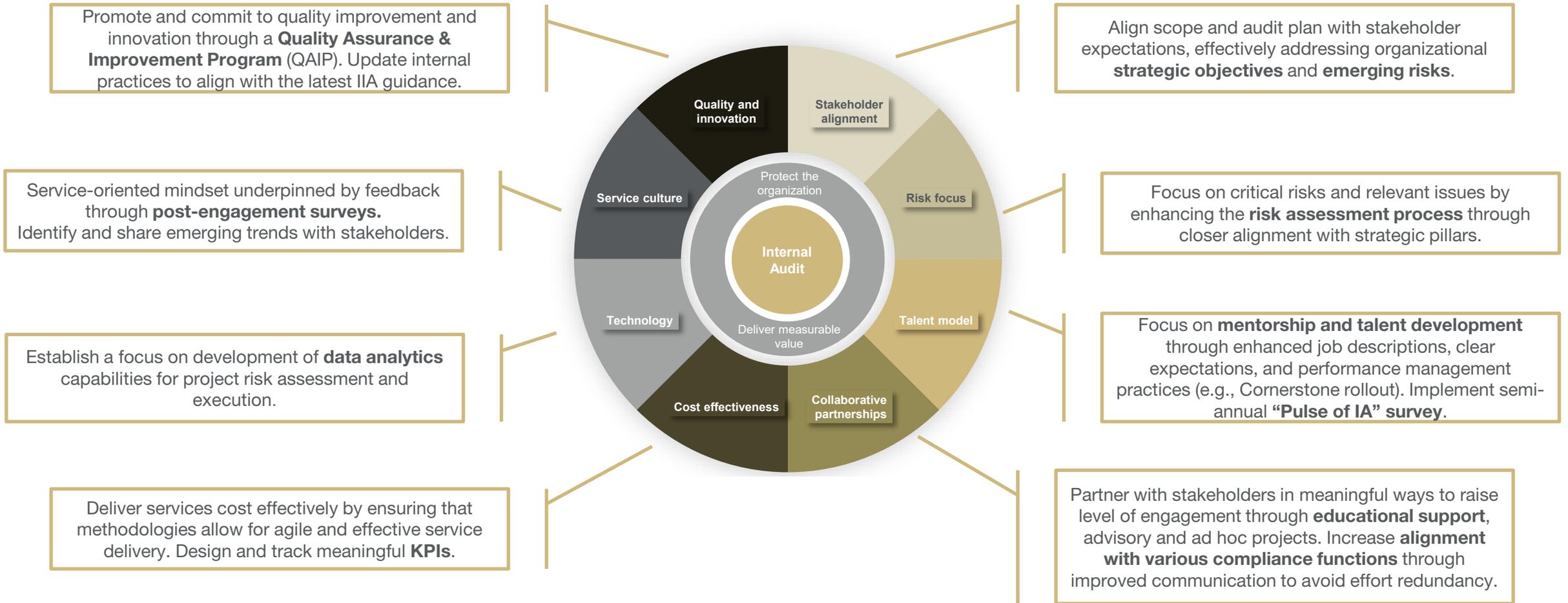


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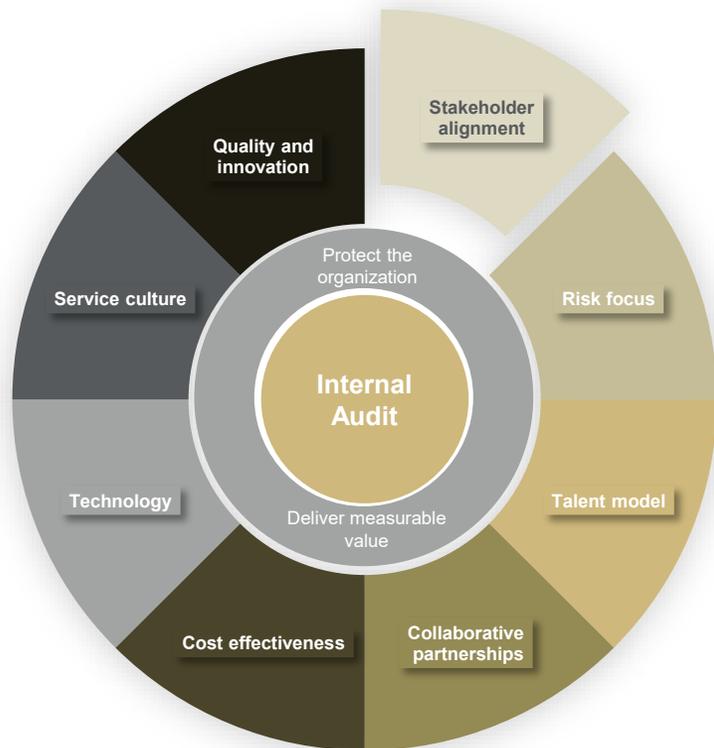
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Strategic Initiatives



Strategic Initiatives Progress



Stakeholder Alignment

- **Goal:**
 - Align scope and audit plan with stakeholder expectations, effectively addressing organizational **strategic objectives** and **emerging risks**
- **Key Elements and Milestones:**
 - We discuss expectations of the audit activity with key stakeholders on a regular basis
 - We understand and align our audit plan and engagements to our key stakeholder needs
 - We interact regularly, both formally and informally, with leadership and management at various levels and in all relevant functions
 - Suggested revisions of the Audit Committee Charter
 - Delivered three risk insight presentations (compliance, fraud, and information technology)

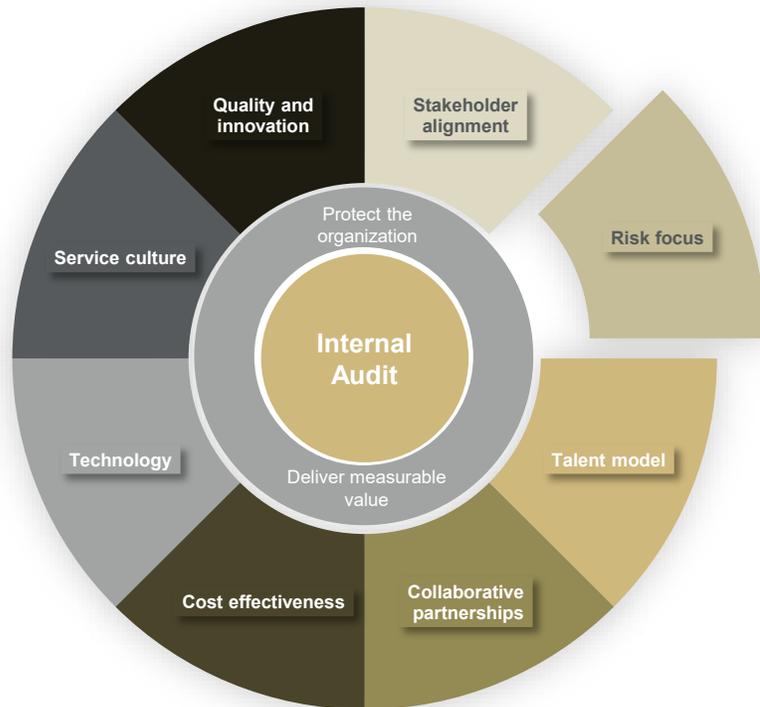


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Strategic Initiatives Progress



Risk Focus

- **Goal:**
 - Focus on critical risks and relevant issues by enhancing the **risk assessment process** through closer alignment with strategic pillars
- **Key Elements and Milestones:**
 - We practiced agility in revising the FY22 audit plan to better reflect relevant and emerging risks
 - We broadened the FY23 risk assessment to include a cross-section of campus stakeholders with accountability for student success; research; cybersecurity; compliance; risk management; finance; legal; diversity, inclusion, equity and access; operations; athletics; staff and faculty affairs
 - We aligned our FY23 audit plan with university strategic pillars, management objectives, and higher education risk trends

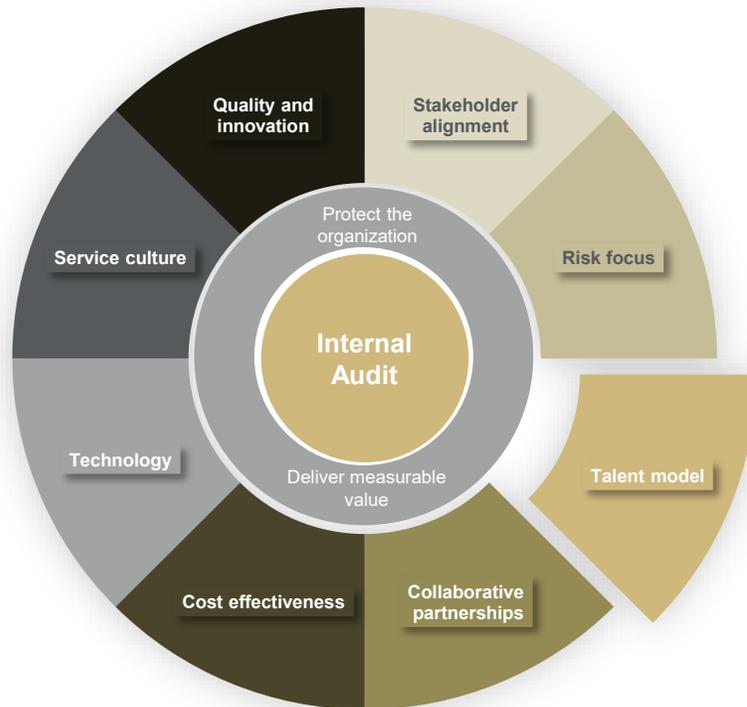


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Strategic Initiatives Progress



Talent Model

- **Goal:**
 - Focus on **mentorship and talent development** through enhanced job descriptions, clear expectations, and performance management practices (e.g., Cornerstone rollout). Implement semi-annual **“Pulse of IA” survey**.
- **Key Elements and Milestones:**
 - We updated job descriptions for every position in the department, ensuring expectations and competencies alignment across lines of services
 - With the support of Employee Services, we implemented Cornerstone performance management tool and the semi-annual Pulse of IA survey
 - We revised the continuous professional education model to foster accountability and ownership

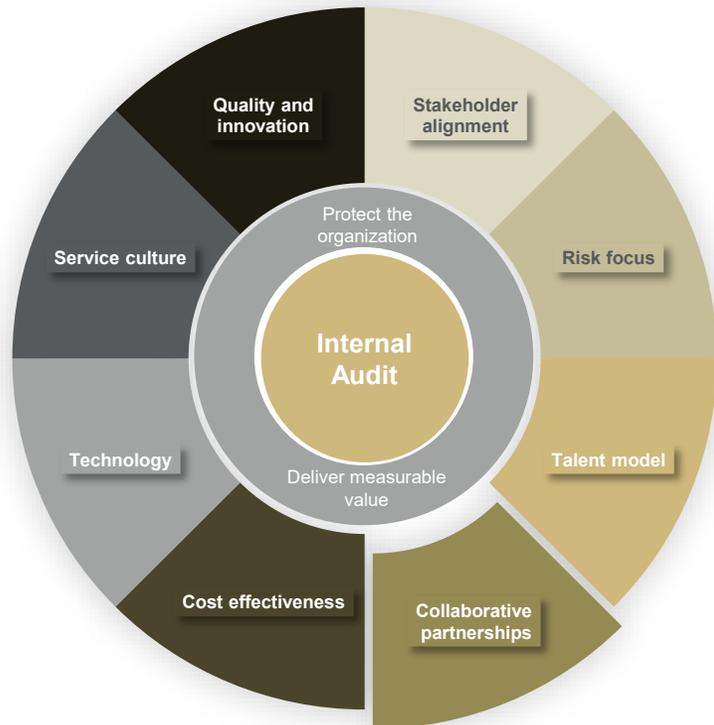


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Strategic Initiatives Progress



Collaborative Partnerships

- **Goal:**
 - Partner with stakeholders in meaningful ways to raise level of engagement through **educational support**, advisory and ad hoc projects. Increase **alignment with various compliance functions** through improved communication to avoid effort redundancy
- **Key Elements and Milestones:**
 - We actively participate in the CU Boulder Campus Misconduct Advisory Group, providing support and insight as appropriate
 - We collaborated with university counsel on multiple investigations across all campuses
 - We supported campus subject matter experts in investigating CU EthicsLine allegations and developed training for system users
 - We support our colleagues at other institutions by collaborating on development of audit programs and assessment of best practices (e.g., supporting Quality Assurance Reviews, volunteering with the Association of College and University Auditors)

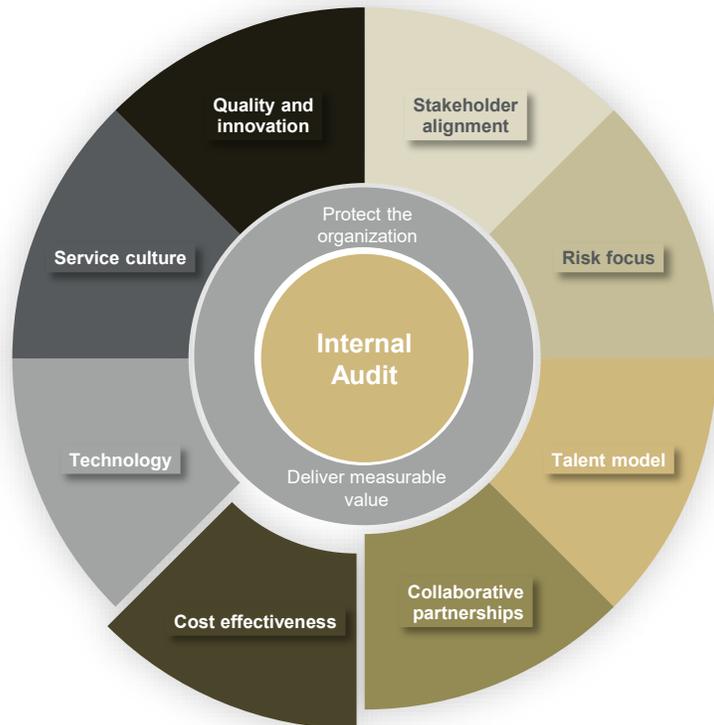


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Strategic Initiatives Progress



Cost Effectiveness

- **Goal:**
 - Deliver services cost effectively by ensuring that methodologies allow for agile and effective service delivery. Design and track meaningful **KPIs**.
- **Key Elements and Milestones:**
 - We used the retirements on our team to thoughtfully approach staffing and team structure
 - We revised our team Policy Manual and several processes to enhance alignment in our practice
 - Significantly improved timeliness of fiscal misconduct investigations

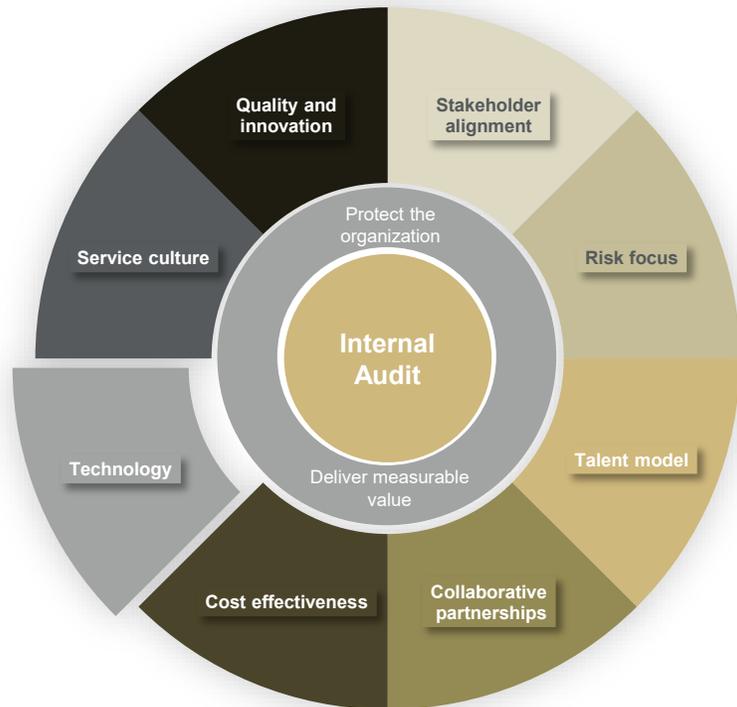


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Strategic Initiatives Progress



Technology

- **Goal:**
 - Establish a focus on development of **data analytics** capabilities for project risk assessment and execution
- **Key Elements and Milestones:**
 - We evaluated our current tools and technology needs. We continue to see opportunities in this space and anticipate significant strides in FY23 by hiring a Data Analytics Manager, enabling the team with access to appropriate technologies and knowledge, and creating stronger connections with data analytics partners across the university.

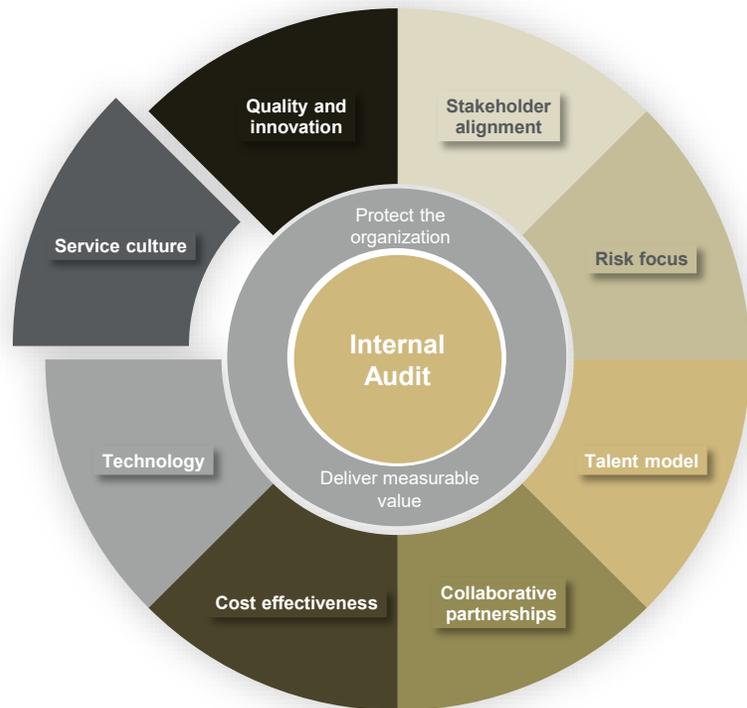


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Strategic Initiatives Progress



Service Culture

- **Goal:**
 - Service-oriented mindset underpinned by feedback through **post-engagement surveys**. Identify and share emerging trends with stakeholders.
- **Key Elements and Milestones:**
 - We defined our team’s Vision and Core Values, which strengthened our focus and commitment to better serve our key stakeholders
 - We rolled out post-engagement surveys and monitor them for opportunities to improve our process
 - We continuously monitor emerging risks through staying actively engaged in the higher education audit and compliance communities (e.g., attending relevant conferences, reviewing publications) and sharing insights with our stakeholders in real-time

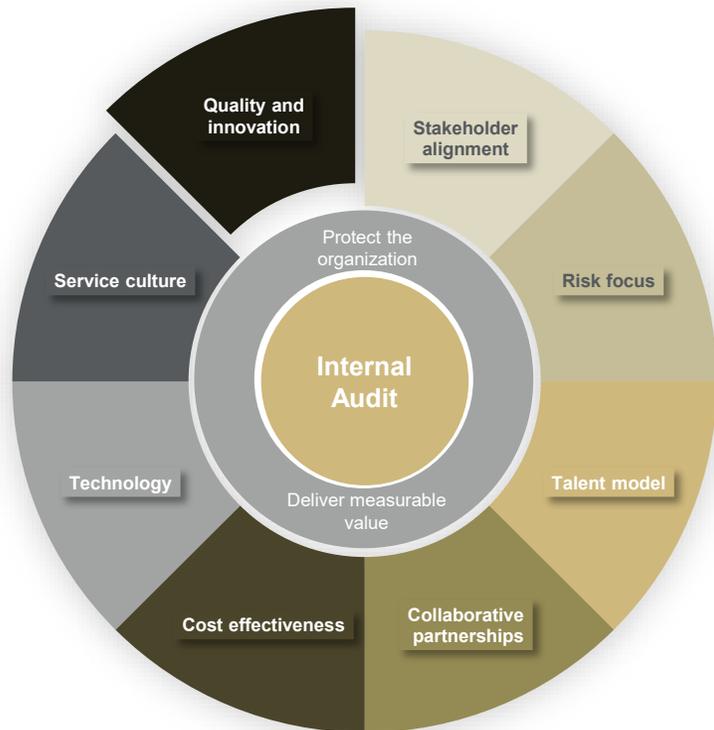


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Strategic Initiatives Progress



Quality & Innovation

- **Goal:**
 - Promote and commit to quality improvement and innovation through a **QAIP**. Update internal practices to align with the latest IIA guidance.
- **Key Elements:**
 - We updated our department Charter, policies, and procedures to be in better alignment with the International Professional Practices Framework issued by the IIA
 - We designed a QAIP and plan to fully roll it out in FY23 to ensure the consistency and quality of our work



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“Great things are done by a series of small things brought together.”

~ Vincent Van Gogh



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