Fiscal Year 2024
Internal Audit Annual Report

September 11, 2024

Executive Summary

FY24 in review:

✓ Supported the Regent Audit Committee in fulfilling responsibilities outlined in its annual work plan

✓ Achieved the highest level of compliance with Institute of Internal Auditors (IIA) standards as an outcome of the Quality Assurance Review (QAR)

✓ Continued to engage and educate stakeholders about risks and opportunities to strengthen internal controls through assurance and advisory engagements

✓ Expanded integration of data analytics into audits and fiscal misconduct investigations

✓ Kept pace with increased CU EthicsLine activity and number of fiscal misconduct investigations

✓ Engaged the broader higher education internal audit community by hosting the 2023 Pacific Northwest Higher Education Internal Audit (PNWHEIA) conference and presenting at the 2023 Association of College and University Auditors (ACUA) Conference

Looking forward:

✓ Strengthen internal processes by addressing QAR results, including a strengths-weaknesses-opportunities-threats (SWOT) analysis, design and rollout of additional key performance indicators (KPIs), and a departmental strategic plan

✓ Implement necessary changes to the departmental policies and assurance and advisory processes driven by the updates to the IIA Global Internal Audit Standards

✓ Improve engagement execution timeliness

✓ Continue to expand the use of data analytics throughout the internal audit portfolio

✓ Maintain focus on team culture, growth, and development

✓ Seek opportunities to provide insight and educational efforts across the CU system

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Our purpose is to strengthen the university's ability to create, protect, and sustain value by providing the Board of Regents and university management with independent, risk-based, and objective assurance, advice, insight, and foresight.

We carry out our mandate by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes across the university system.

We strive to enhance CU's:

- successful achievement of objectives;
- governance, risk management, and control processes;
- decision-making and oversight;
- reputation and credibility with its stakeholders; and
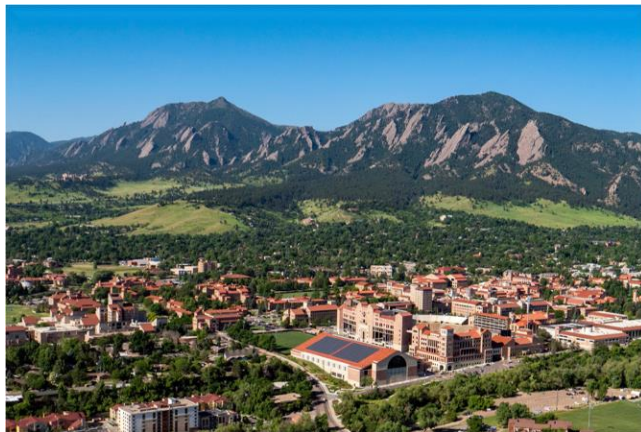- ability to serve the public interest.

Our Purpose

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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

Quality Assessment Review (QAR)

- Achieved the highest rating of conformance with the IIA standards
- The QAR was completed by a reputable external firm, Armanino
- The next QAR will be performed in five years (FY29)

Best practices recognized:

- Defined vision statement
- Dedicated data analytics and IT audit personnel
- Internal audit plan aligned with CU strategic objectives
- Use of Audit Liaisons
- Post-engagement client and semi-annual "Pulse of IA" surveys
- Regular outreach to increase stakeholder awareness and understanding of internal audit
- Focus on continuous improvement

Opportunities suggested:

- Update internal audit governing documents to reflect the new IIA Global Internal Audit Standards
- Establish specific objectives and additional KPIs to measure department performance
- Define a methodology for prioritization of findings and engagement-level conclusions
- Perform a SWOT analysis to prioritize areas of growth and development for the team
- Grow internal audit's role as a strategic partner

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 relevant regulations.

Investigations: We enable the university's confidential ethics reporting process by serving as the CU EthicsLine administrator. We evaluate and thoroughly investigate, in a timely manner, reports of alleged employee fiscal misconduct, which we receive 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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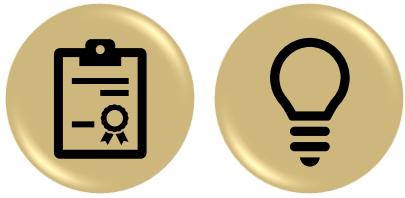
FY24 in Review: Assurance & Advisory

Internal Audit delivered a balanced, risk-based portfolio of assurance and advisory projects, which contributed to strengthening the university internal control environment. We adjusted our plan throughout the year to address emerging campus needs.

- Issued **14** assurance engagement reports[1], noting no significant gaps in the associated processes and providing recommendations for strengthening internal controls for the reported findings.

- Completed **1** advisory project, collaborating with campus subject-matter experts on the review of university's Administrative Policy Statement 2027 *Code of Conduct*.

- Monitored successful and timely resolution of previously identified management action plans.

- Developed and leveraged a **data analytics-intensive and agile audit approach** for a comprehensive procurement card audit[2] on one of the campuses.

- Leveraged data analytics techniques in **29%** of the assurance engagements (up from 9% in the prior fiscal year).

[1] Additional three audits were completed and were awaiting final sign-offs as of June 30, 2024
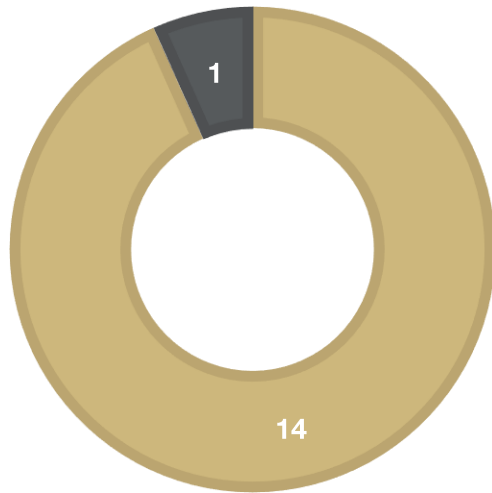[2] Audit report will be issued in early FY25

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FY24 Engagements Profile

ENGAGEMENTS BY TYPE

FY24

14 — Assurance
7 — (Assurance)
1 — Advisory

FY23

11 — Assurance
7 — Advisory
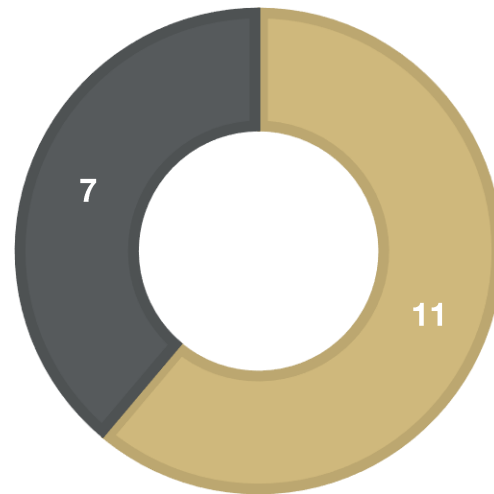
Legend: Assurance, Advisory

ENGAGEMENT ALIGNMENT WITH CU STRATEGIC PILLARS

- 37%
- 22%
- 22%
- 19%
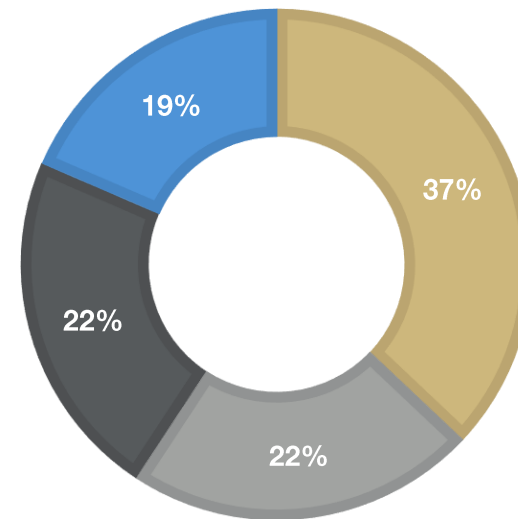
- Pillar 1: Affordability & Student Success
- Pillar 2: Discovery & Impact
- Pillar 3: Diversity, Inclusion, Equity, & Access
- Pillar 4: Fiscal Strength

ENGAGEMENT ALIGNMENT BY CAMPUS

- 7%
- 43%
- 14%
- 7%
- 29%
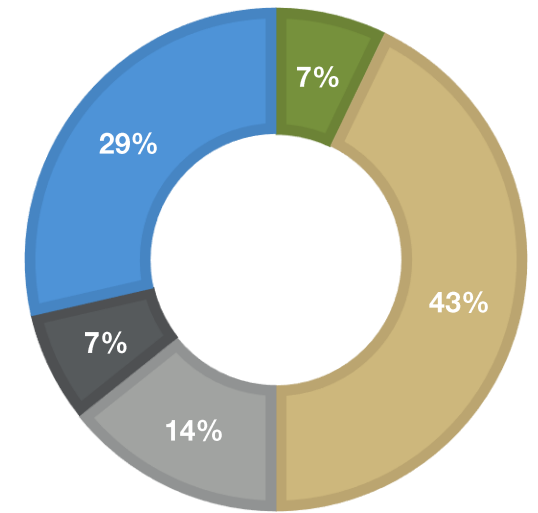
- CU-wide
- CU Boulder
- CU Anschutz
- CU Denver | Anschutz
- UCCS

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9

Post-Engagement Surveys

In FY22, Internal Audit rolled out a post-engagement stakeholder survey, disseminated after every assurance and advisory project. This direct feedback from our stakeholders serves as a relevant performance indicator which allows us to evaluate the team performance and identify process improvement opportunities.

- The survey is on a 4.0 scale (strongly agree – agree – disagree – strongly disagree).

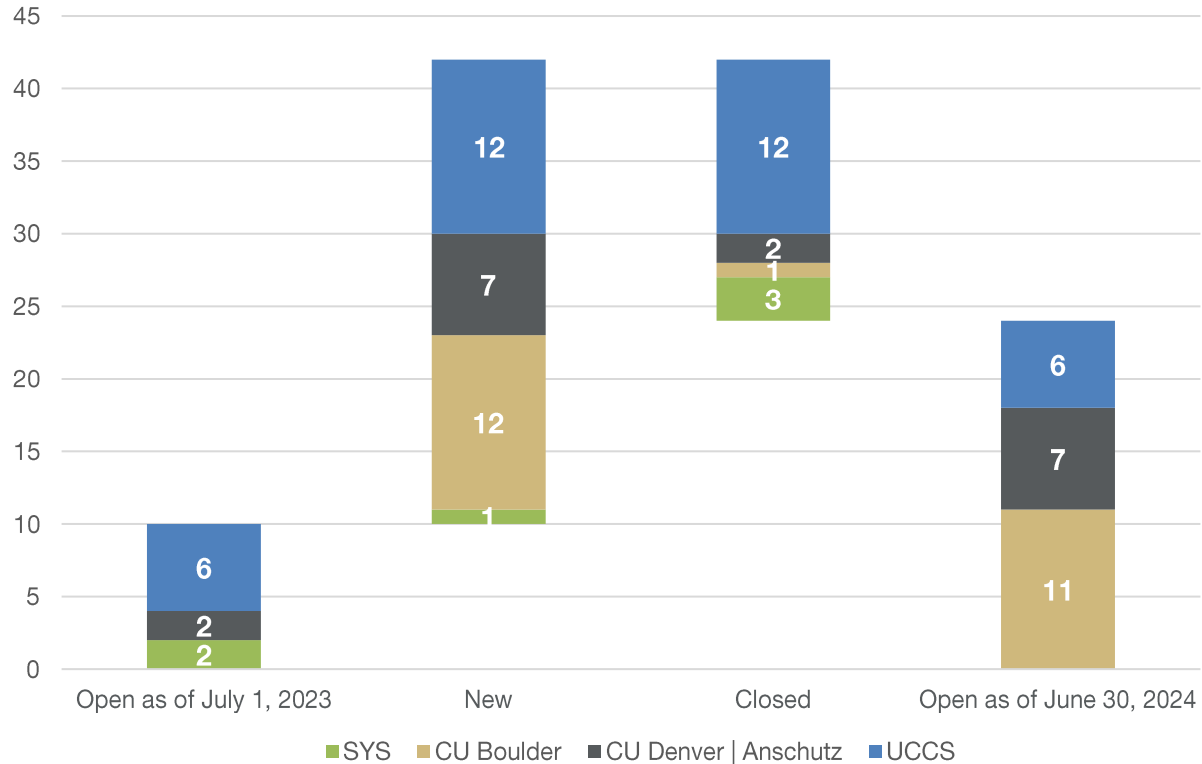- The stakeholders continue to rate the team in a positive way, with scores for **all categories above 3.0**.

- The team continues to enhance communication and rapport with stakeholders.

- Improvement areas include engagement timeliness and focus on valuable recommendations.

Area	FY22 Score	FY23 Score	FY24 Score
Engagement objectives clearly communicated	3.1	3.1	3.4
Engagement conducted in a professional manner	3.6	3.7	3.6
Healthy rapport with stakeholders	3.4	3.4	3.7
Effective listening	3.8	3.5	3.5
Findings and recommendations are reasonable and helpful	3.6	3.6	3.4
Timely communication of status and potential findings	3.7	3.1	3.4
Overall time to complete the engagement was acceptable	3.4	3.2	3.1
IA provided value	3.3	3.5	3.4

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Management Action Plans (MAPs)

Chart: Stacked bar chart showing MAPs by category (SYS, CU Boulder, CU Denver | Anschutz, UCCS)

- **Open as of July 1, 2023:** SYS 2, CU Denver | Anschutz 2, UCCS 6
- **New:** SYS 1, CU Boulder 12, CU Denver | Anschutz 7, UCCS 12
- **Closed:** SYS 3, CU Boulder 1, CU Denver | Anschutz 2, UCCS 12
- **Open as of June 30, 2024:** CU Boulder 11, CU Denver | Anschutz 7, UCCS 6

Legend: ■ SYS ■ CU Boulder ■ CU Denver | Anschutz ■ UCCS

- In FY24, observations largely focused on effectiveness of control and monitoring activities, as well as alignment of processes for efficiency.

- Campuses continue to work diligently to resolve agreed-upon MAPs.

- There are no overdue MAPs as of June 30, 2024.

- **Prior Years' MAPs**: Of the **10** MAPs that remained open at the start of FY24, **9** have been resolved.

- **FY24 MAPs**: FY24 audits resulted in **32** MAPs (+60% from FY23). Throughout the year, **9** of the 32 MAPs were resolved. We will follow up on the remaining 23 MAPs as they become due.

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FY24 in Review: Data Analytics

Internal Audit developed custom analytical capabilities by employing statistical analysis and machine learning models to isolate anomalous transactions, identify risk, and generate fiscal misconduct investigative leads.

- Using technology, specifically automation, data analytics, and machine learning, throughout the Internal Audit assurance, advisory, and investigations portfolio helps identify risks and opportunities more thoroughly, timely, and proactively.

- Proactive analysis of Travel Card and Procurement Card transactions revealed employee spending trends at Airbnb and VRBO, resulted in a risk and controls memo to the campuses in the spirit of insight with impact.

- As part of assurance engagements, identified remote access software and other IT purchases as potential risks to the university infrastructure.

- A multivariate categorical machine learning model was coded and deployed to risk-rank anomalous transactions, allowing auditors to better sample and review purchases that could be fraudulent or wasteful.

- Developed interactive HTML/JavaScript Reports with data visualizations to supplement auditor reports.

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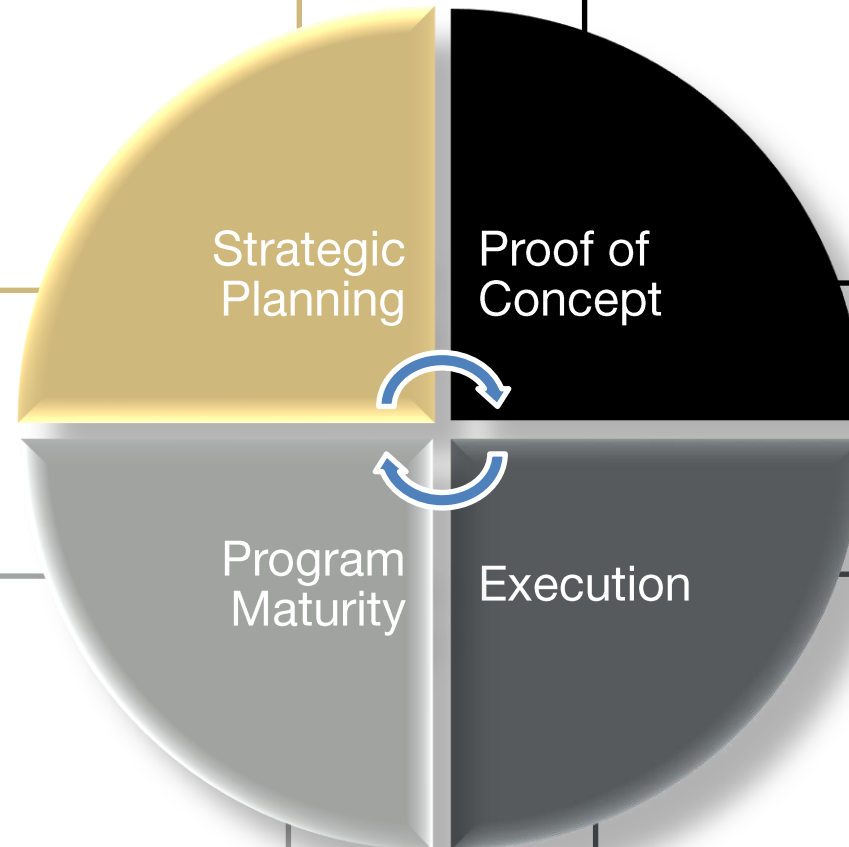
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Technology-Enabled Internal Audit

Primary goals of the data analytics program:
- Annual risk assessment for the purpose of annual audit plan development,
- Assurance and advisory engagement support,
- Investigations support, including proactive monitoring of fraud risks, and
- Continuous audit insight development and delivery.

Every goal will require meticulous planning, testing, and iterations to refine machine learning and analytics. Starting with data intensive areas, like travel and procurement cards, will build confidence in the program and approach.

Strategic Planning

Proof of Concept

Program Maturity

Execution

Movement towards unlocking efficiencies in executing Internal Audit services and providing timely insight on risks and controls. Additional data sources (e.g., CIW, HCM) become available.

Success is defined as effectively applying machine learning in at least 50% of assurance engagements and Internal Audit team members being data literate.

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FY24 in Review: Investigations

Despite the significant increase in fiscal misconduct investigations initiated during the year, the investigation timeliness and thoroughness were maintained. The team leveraged data analytics for investigations and providing proactive advice to campuses.

- In FY24, the number of fiscal misconduct investigations nearly doubled from the prior year **(+71%)** with a heavier balance of Tier 2 investigations.

- Approximately half of the new investigations were predicated by audit engagements, data analytics insights, or requests from campus stakeholders.

- Average investigation completion from initiation to reporting was **57** days.

- **1** of the closed investigations substantiated fiscal misconduct, and **3** highlighted policy violations.

- For the investigation that substantiated fiscal misconduct, Internal Audit provided Supplemental Letter of Recommendation to help strengthen internal controls that may have contributed to the situation.

- Provided proactive advice to CU Boulder and CU Anschutz regarding potential risks of Airbnb/VRBO rentals.
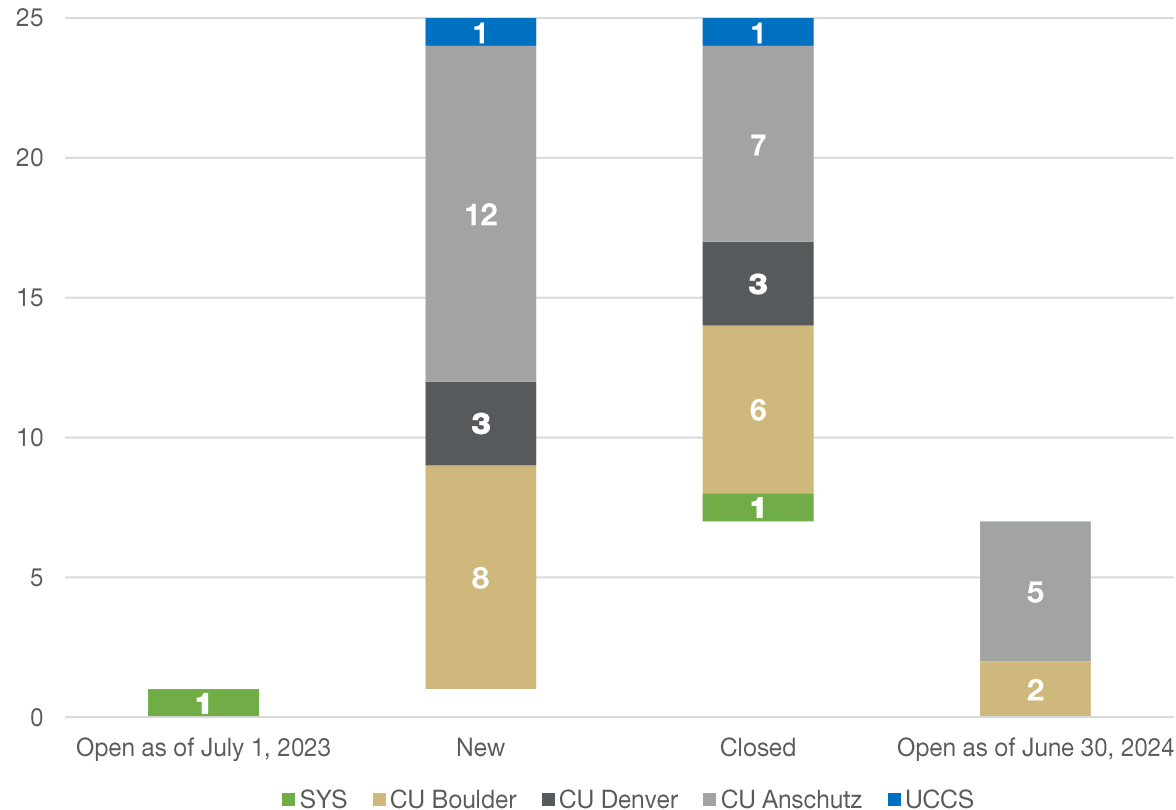
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Fiscal Misconduct Investigations

- **24** cases initiated in FY24 (up from 14 in FY23, **71%** increase)
  - 12 Tier 1 and 12 Tier 2 in FY24 vs. 10 Tier 1 and 4 Tier 2 in FY23
- **18** cases closed (up from 17 in FY23, **6%** increase)
  - 10 Tier 1 and 8 Tier 2 in FY24 vs. 9 Tier 1 and 8 Tier 2 in FY23
- Policies commonly violated in FY24:
  - Board of Regents Policy 8: *Conduct of Members of the University Community*
  - Board of Regents Policy 13.E: *Fiscal Misconduct*
  - APS 2027(D)(3): *Code of Conduct, Conflicts of Interest*
  - APS 4016: *Fiscal Code of Ethics*
  - APS 5012: *Conflict of Interest and Commitment in Research and Teaching*

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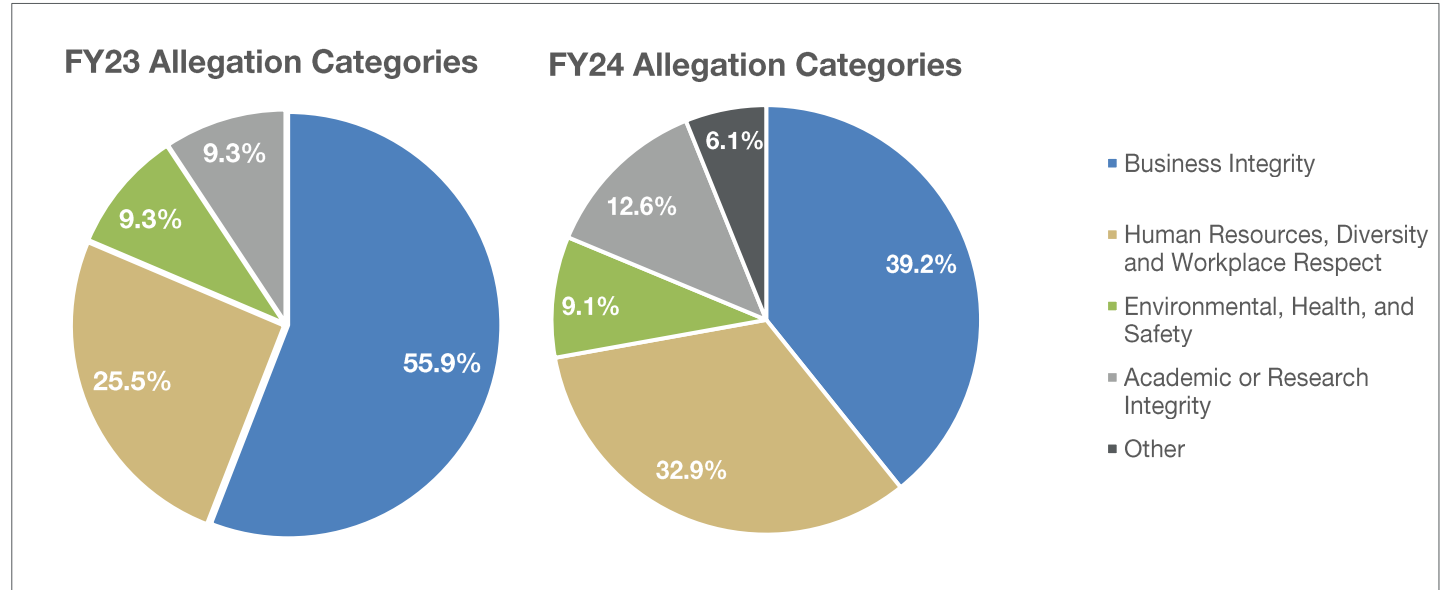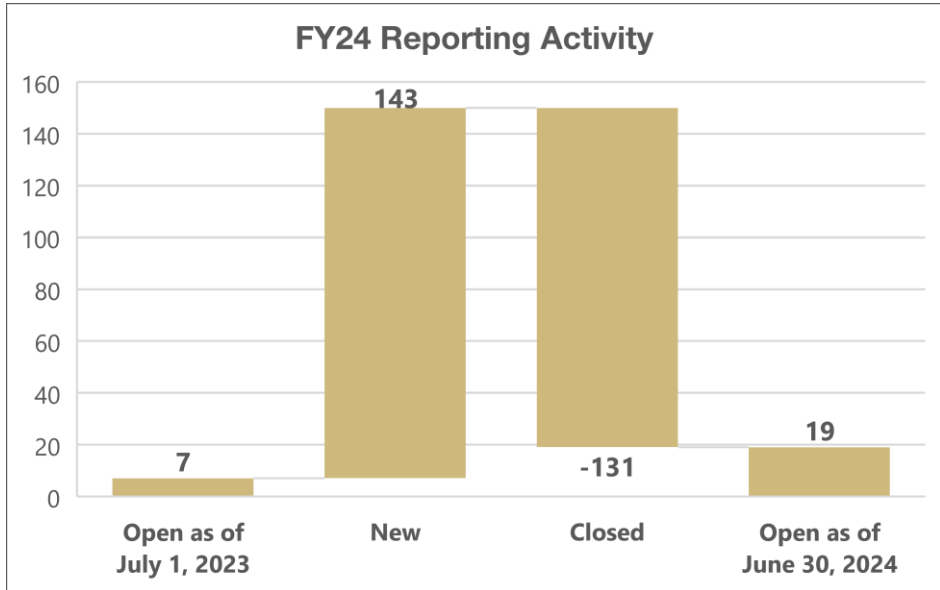
FY24 in Review: CU EthicsLine

The number of reports submitted through the CU EthicsLine reached an all-time high of 143. The increased volume (+66.28%) and broad distribution of concerns are indicative of increased awareness of and trust in the program.

- In the ongoing effort to raise the visibility of this resource, we launched an **"explainer" video** to enhance the redesigned CU EthicsLine landing page (**www.cu.edu/ethicsline**).

- The average and median days to close reports during FY24 were **39** and **27** days, respectively, marking an improvement over FY23.

- We continued to **work closely with campus subject matter experts** and **build relationships** with affiliates (UCHealth and National Jewish Hospital) to effectively address reports crossing departmental and organizational boundaries.

- Internal Audit was the lead investigative unit or was substantially involved in the coordination of case resolution for **39%** of reports received in FY24.
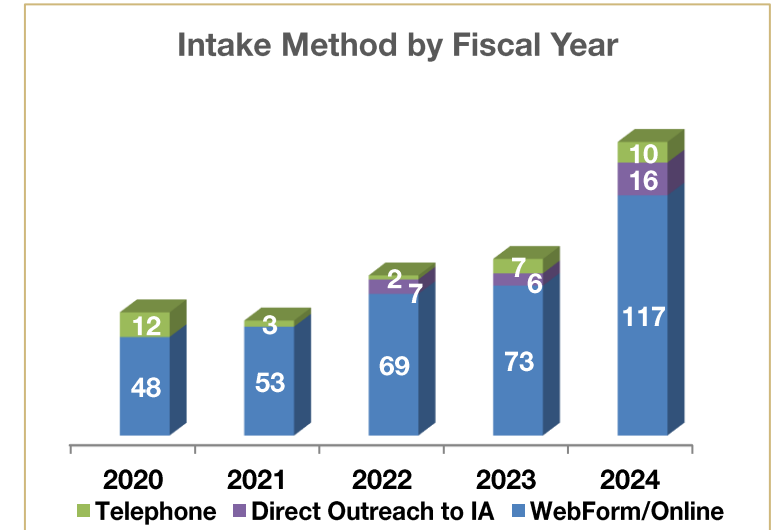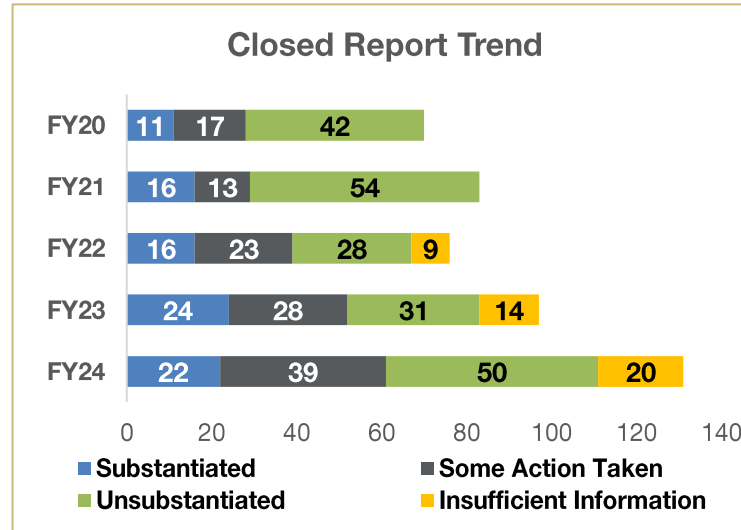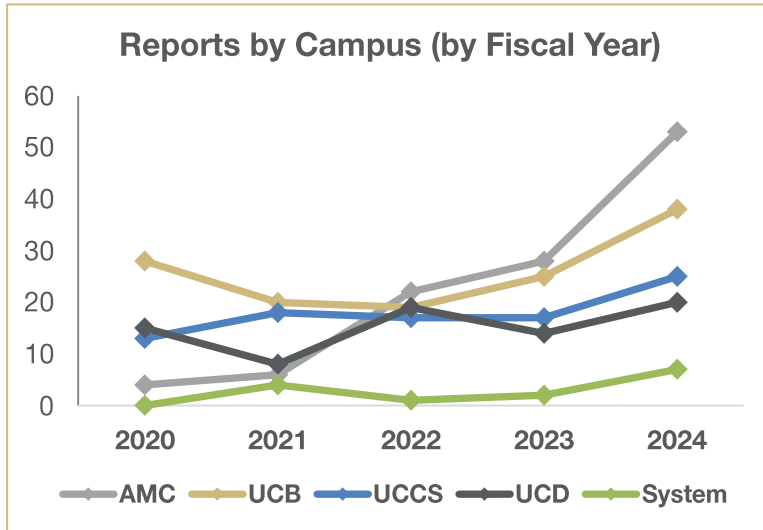
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CU EthicsLine: Insights

FY24 Reporting Activity

Open as of July 1, 2023: 7
New: 143
Closed: -131
Open as of June 30, 2024: 19

FY23 Allegation Categories
- Business Integrity: 55.9%
- Human Resources, Diversity and Workplace Respect: 25.5%
- Environmental, Health, and Safety: 9.3%
- Academic or Research Integrity: 9.3%

FY24 Allegation Categories
- Business Integrity: 39.2%
- Human Resources, Diversity and Workplace Respect: 32.9%
- Environmental, Health, and Safety: 9.1%
- Academic or Research Integrity: 12.6%
- Other: 6.1%

- The number of reports submitted in FY24 increased by 66.28% over FY23 and represents an all-time high, with an average of 11.9 reports filed per month, up from 7.2 per month in FY23.

- Despite significantly increased volume, cases continued to be addressed timely, with an average of 39 days to close for all reports closed in FY24 – an improvement of 5 days over the FY23 average. The median days to close were reduced from 29 to 27 days.

- The distribution of allegation categories received in FY24 shifted, with business integrity and human resource-related concerns more evenly balanced relative to FY23 and FY22 and the other categories remaining comparable to FY23 rates.

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CU EthicsLine: Report Trending

Reports by Campus (by Fiscal Year)

Legend: AMC, UCB, UCCS, UCD, System

Closed Report Trend

Fiscal Year	Substantiated	Some Action Taken	Unsubstantiated	Insufficient Information
FY20	11	17	42	
FY21	16	13	54	
FY22	16	23	28	9
FY23	24	28	31	14
FY24	22	39	50	20

Legend: Substantiated, Some Action Taken, Unsubstantiated, Insufficient Information

Intake Method by Fiscal Year

	2020	2021	2022	2023	2024
Telephone	12	3	2	7	10
Direct Outreach to IA			7	6	16
WebForm/Online	48	53	69	73	117

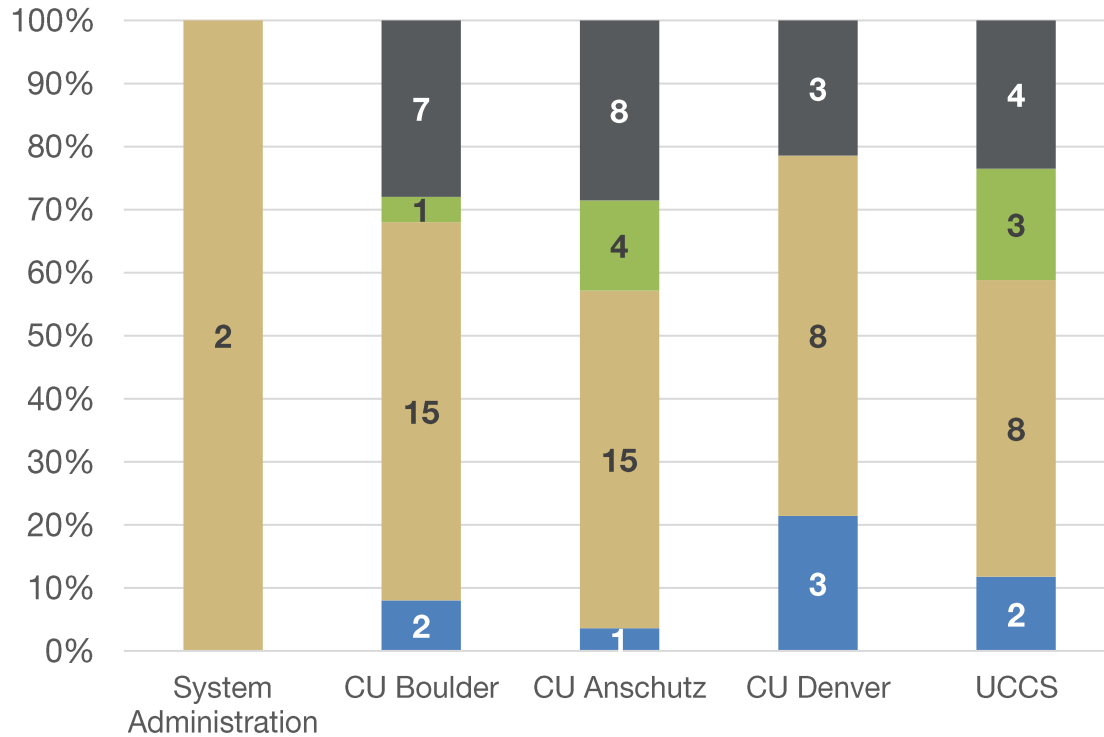Legend: Telephone, Direct Outreach to IA, WebForm/Online

- The percentage of substantiated reports, which had been increasing over the last 5 fiscal years, dropped to approximately 17% in FY24 (down from 27% in FY23). The other case outcomes remained relatively steady in FY24 compared to the prior year.

- In FY24, the rate of anonymous reports declined to 56% after remaining steady at 67% in FY22 and FY23. This rate is consistent with the NAVEX global benchmark. Generally, a lower anonymity rate signals reporters' trust in the reporting process.

- The favored method of reporting continues to be through the online web form. Direct outreach to Internal Audit (16 reports) significantly increased in FY24 (up 167% from FY23). Internal Audit was the lead investigative unit for 26 (18%) of new reports and was substantially involved in coordination of report resolution in 30 (21%) additional new reports.
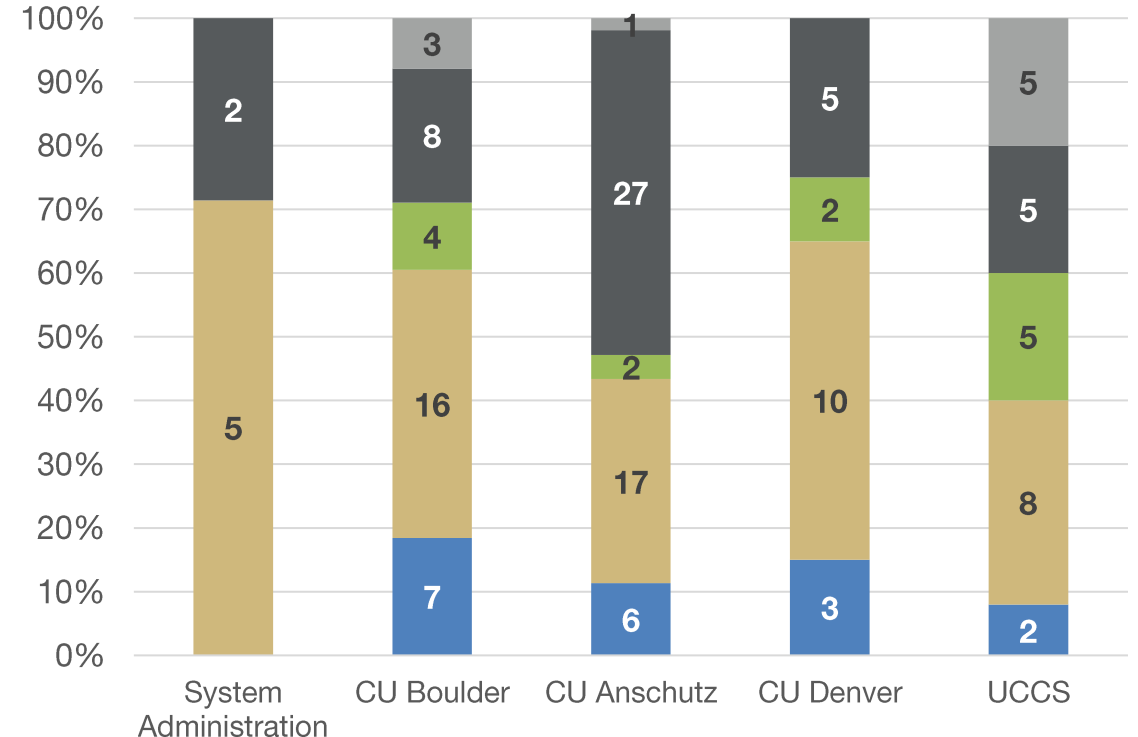
CU EthicsLine: Reports by Category

FY23

	System Administration	CU Boulder	CU Anschutz	CU Denver	UCCS
Human Resources		7	8	3	4
Environmental, Health & Safety		1	4		3
Business Integrity	2	15	15	8	8
Academic or Research Integrity		2	1	3	2

FY24

	System Administration	CU Boulder	CU Anschutz	CU Denver	UCCS
Other		3			5
Human Resources	2	8	1	5	5
Environmental, Health & Safety		4	27	2	5
Business Integrity	5	16	2	10	8
Academic or Research Integrity		7	17	3	2
			6		

Legend:
- ■ Academic or Research Integrity
- ■ Business Integrity
- ■ Environmental, Health & Safety
- ■ Human Resources
- ■ Other

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FY24 in Review: Education

We continued to seek out opportunities to share our mission, vision, and role, as well as share perspectives on effective internal controls.

- Shared the role of Internal Audit and the importance of effective internal controls environment at the UCCS EthicsFirst event.

- Discussed future collaboration and support by Internal Audit team with campus chief information officers and information security officers.

- Leveraged the CU Procurement Services Center Supplier Showcase event on every campus to promote CU EthicsLine.

- Co-presented training on executive expenses to CU Denver executive assistants.

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FY24 in Review: Investing in Team

**We kept a strong focus on team engagement, culture, and professional development.
We attended several campus events to create a stronger connection to the CU mission.
The latest Campus and Workplace Culture Survey results showed continued positive trends.**

- Employee turnover **18%** (up from 6.5% in the prior fiscal year; three employees left CU).

- **Onboarded** four team members.

- **Promoted** two team members.

- **Invested** in professional memberships and continuing professional education (CPE), providing the team with valuable training and professional development opportunities, with an average of 40 CPE hours per person and a grand total of 570 CPE hours.

- One team member attained a certification in information security management (CISM).

Team Profile

Areas of Expertise

Area of Expertise	Avg Years of Experience at CU IA	Avg Years of Relevant Experience
Audit	8	21
Investigations	4	32
Legal / Compliance	12	31
Information Technology / Security / Data Analysis	3	15
Team Total	7	25

Education
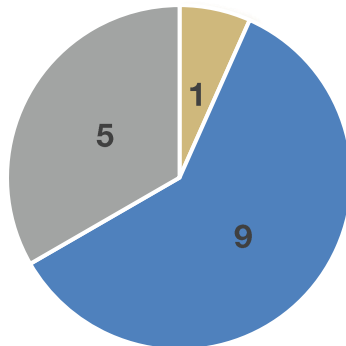
- Juris Doctorate
- Master's/MBA
- Bachelor's

Professional Certifications

CPA   CIA   CFE   CISA   CCEP   CISM   OTHER
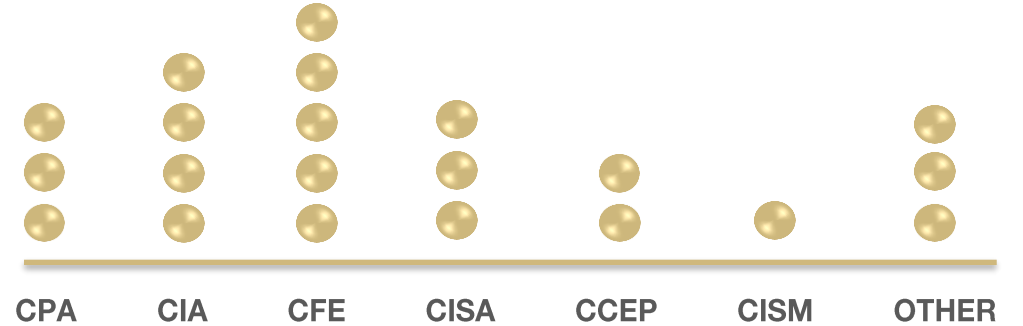
CPA – Certified Public Accountant
CIA – Certified Internal Auditor
CFE – Certified Fraud Examiner
CISA – Certified Information Systems Auditor
CCEP – Certified Compliance & Ethics Professional
CISM – Certified in Information Security Management
Other – Risk Management Assurance; Global Information Assurance Certification in Reverse Engineering Malware, Incident Handling, and Forensic Analysis
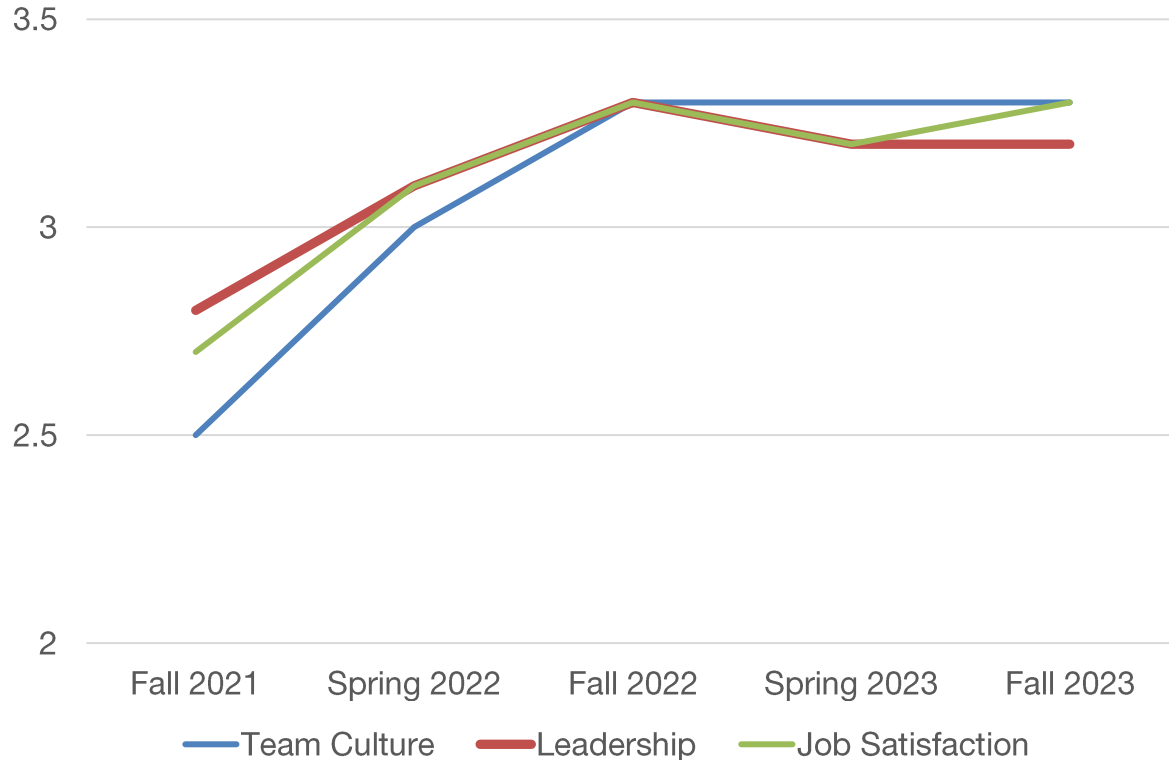
Languages

Veterans / Reserve

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Team Culture

- In Fall 2021, with support from Employee Services, Internal Audit rolled out a semi-annual Pulse Survey, which serves as a gauge for team engagement. The survey is on a 4.0 scale.

- Upon review of the survey results, Internal Audit works through solutions for continuous improvement. The results of the Pulse Survey remain generally strong and positive.

- We coordinated with Employee Services to incorporate the Campus Workplace Culture (CWC) survey results into our daily operations and goals. This initiative took place in lieu of the Spring 2024 Pulse Survey.

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Engaging with
the Higher Education Audit Community

- Hosted the 2023 PNWHEIA Conference at CU Boulder. The conference had record attendance of 80 audit professionals from 18 institutions across the United States and Canada.

- Presented at the 2024 ACUA Conference on the topic of *Fraud Mitigation in a Hybrid/High-Turnover Environment.*

- Attended valuable conferences:

  – Baker Tilly Research Audit Roundtable

  – Western Association of College and University Business Officers annual conference

  – Association of Certified Fraud Examiners Global Fraud annual conference

  – Society of Corporate Compliance and Ethics Higher Education & Healthcare Research Compliance annual conference

- Supported QARs at the University of Central Florida and the University of Texas – Arlington.

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Supporting Our Colorado Community

- Supported the mission of **A Precious Child** by donating 34 hours of time valued at $1,018, directly impacting 347 children and caregivers in Colorado.

- Participated in the CU System Administration Staff Council Volunteer Day at the **Food Bank of the Rockies**, helping to package 8,664 pounds of food, resulting in 35,821 meals for people in need across the Front Range.

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Our Strategic Focus

Our strategic focus remained relevant, and we made progress toward all goals.
In FY25, we will implement QAR recommendations and begin updating our policies and practices for the IIA Global Internal Audit Standards released in January 2024 and effective January 2025.

Continually seek excellence and drive improvement in the team 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 CU
- Maintain a flexible and agile approach

Vision & Direction

Team Development & Continuous Improvement

Execution & Delivery
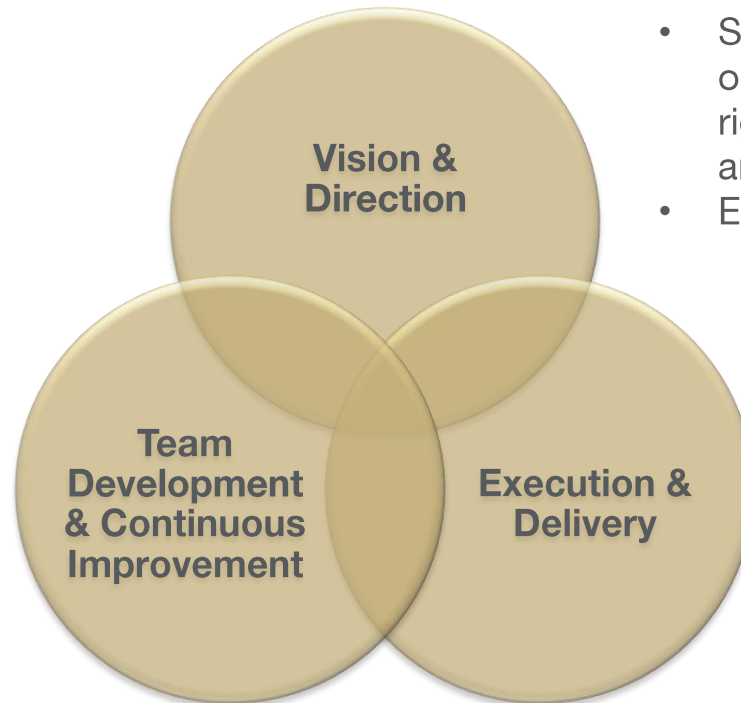
- Support CU in delivering on its strategy and objectives by delivering valuable insight at the right time, and responding to emerging risks and needs of the organization
- Embody a high-performance team culture

- 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
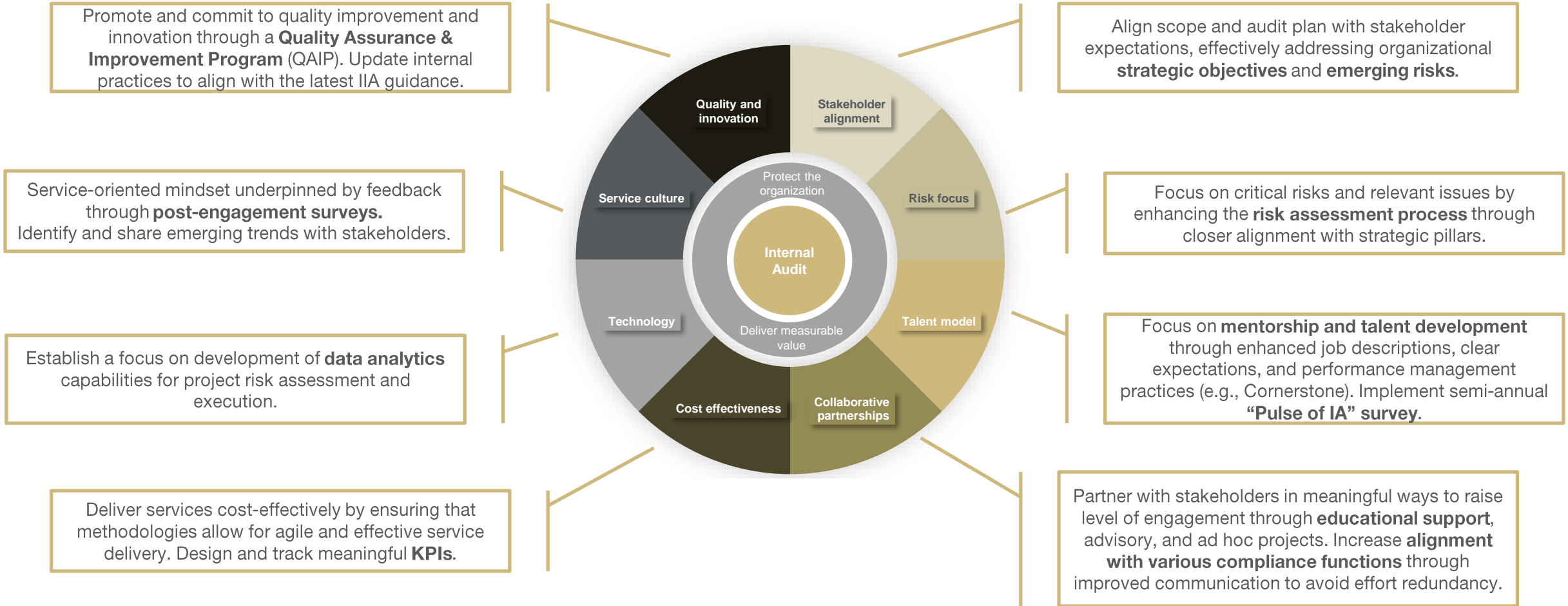- Harness leading practices to deliver insight with impact

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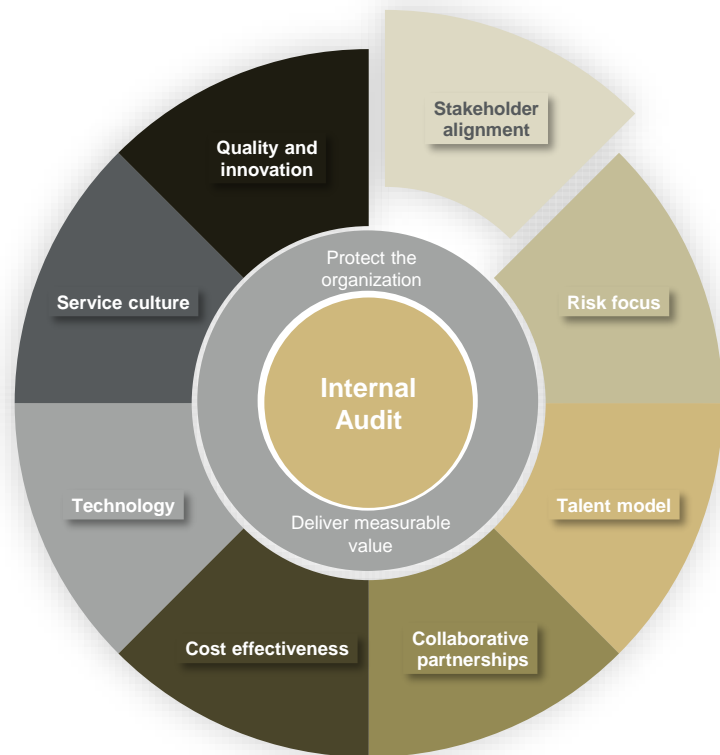
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Strategic Initiatives

Promote and commit to quality improvement and innovation through a **Quality Assurance & Improvement Program** (QAIP). Update internal practices to align with the latest IIA guidance.

Align scope and audit plan with stakeholder expectations, effectively addressing organizational **strategic objectives** and **emerging risks**.

Service-oriented mindset underpinned by feedback through **post-engagement surveys.** Identify and share emerging trends with stakeholders.

Focus on critical risks and relevant issues by enhancing the **risk assessment process** through closer alignment with strategic pillars.

Establish a focus on development of **data analytics** capabilities for project risk assessment and execution.

Focus on **mentorship and talent development** through enhanced job descriptions, clear expectations, and performance management practices (e.g., Cornerstone). Implement semi-annual **"Pulse of IA" survey**.

Deliver services cost-effectively by ensuring that methodologies allow for agile and effective service delivery. Design and track meaningful **KPIs**.

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.

Quality and innovation · **Stakeholder alignment** · **Risk focus** · **Service culture** · Protect the organization · **Internal Audit** · Deliver measurable value · **Talent model** · **Technology** · **Cost effectiveness** · **Collaborative partnerships**

Source: adapted from the *PwC State of Internal Audit Profession Study*
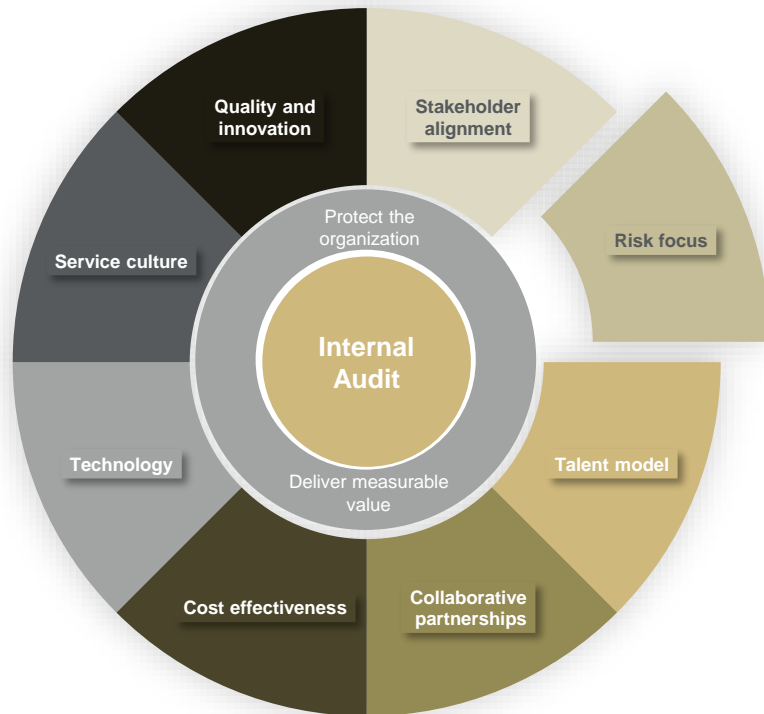
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27

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 continued to regularly engage with key stakeholders on a regular basis to better meet their needs and expectations.

  - We remained flexible throughout the year on risk topics, adjusting our audit plan as necessary.

  - We delivered a risk insight presentation to the Audit Committee on fraud in higher education.

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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 expanded the FY24 risk assessment to include a cross-section of campus stakeholders, including engaging new perspectives.

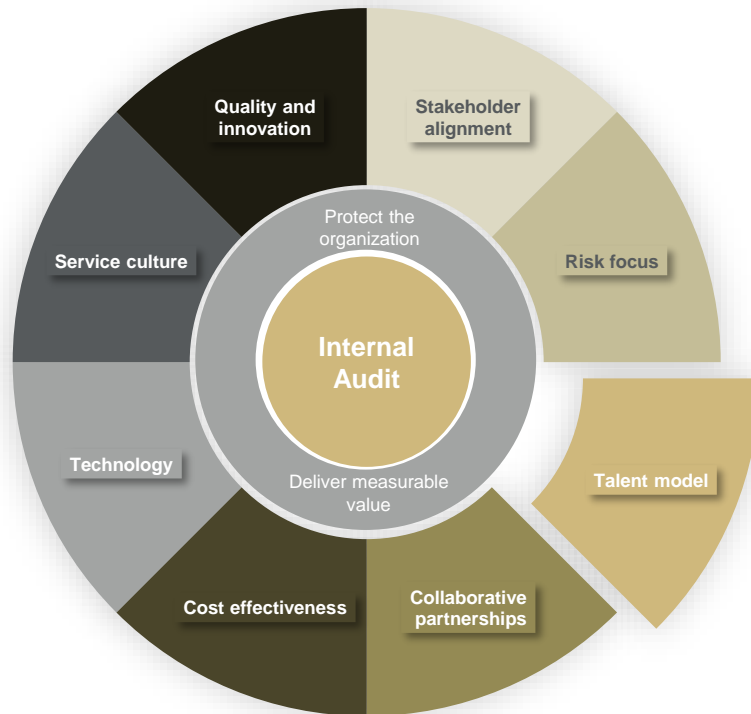 - We continued the development of the critical university activities map, assessing a wider and expanding range of risks.

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). Implement semi-annual **"Pulse of IA" survey**.

- **Key Elements and Milestones:**
  - Our team members attended a variety of external continuing professional education conferences and seminars.
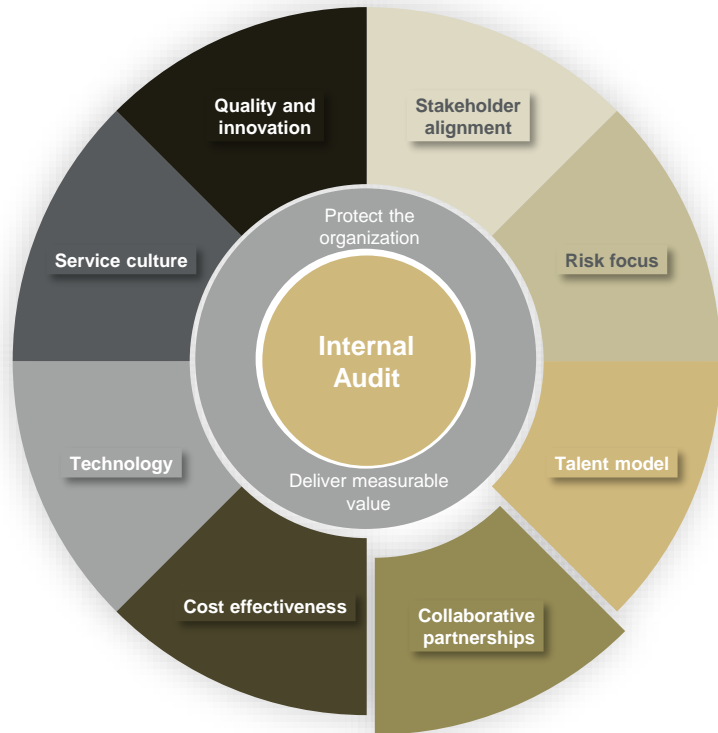 - One team member obtained an additional professional certification.

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 continued participation in the CU Boulder Campus Misconduct Advisory Group and Regent Laws & Policies Working Group by providing support and insight as appropriate.
  - We collaborated with university counsel on multiple investigations and audits conducted under attorney-client privilege across all campuses.
  - We continued training and support of campus subject matter experts in investigating CU EthicsLine allegations.
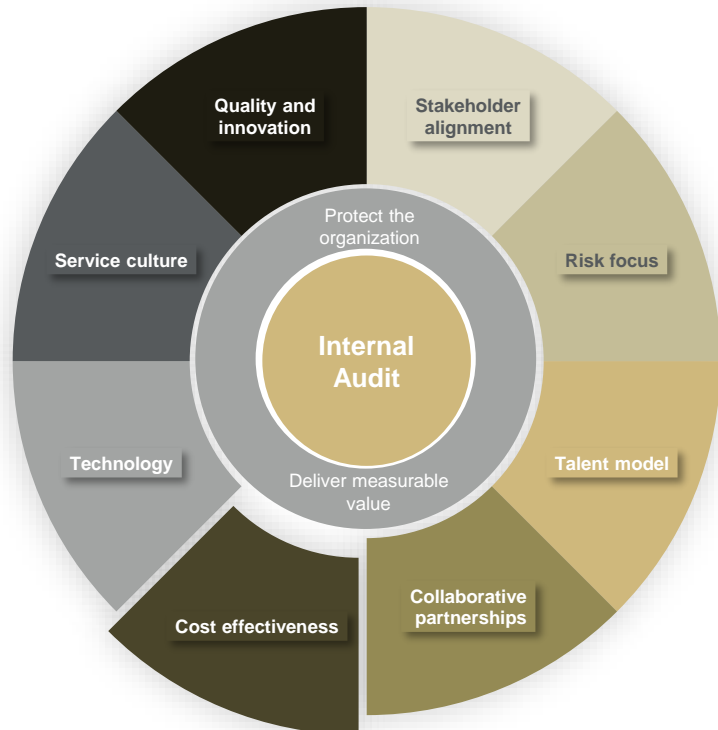 - We shared the Internal Audit mission, vision, and role with campus leadership.

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Strategic Initiatives Progress

Cost Effectiveness

- **Goal:**
  - Deliver cost-effective services by ensuring that methodologies allow for agile and effective service delivery. Design and track meaningful **KPIs**.

- **Key Elements and Milestones:**
  - We thoughtfully approached staffing and team structure in filling open positions.
  - We continued to revise our team processes to enhance alignment in our practice and improve quality.
  - We began identifying additional meaningful KPI's by defining and tracking project milestones to inform improvement opportunities.

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Strategic Initiatives Progress
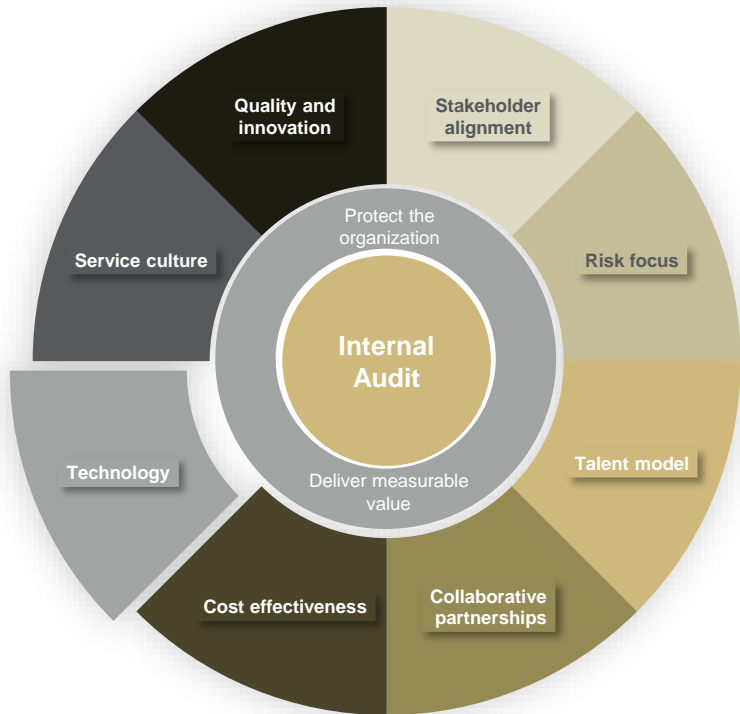
Technology

- **Goal:**
  - Establish a focus on development of **data analytics** capabilities for project risk assessment and execution.

- **Key Elements and Milestones:**
  - We expanded the use of data analytics in audits and fiscal misconduct investigations by leveraging machine learning to proactively identify risks and anomalous financial transactions.
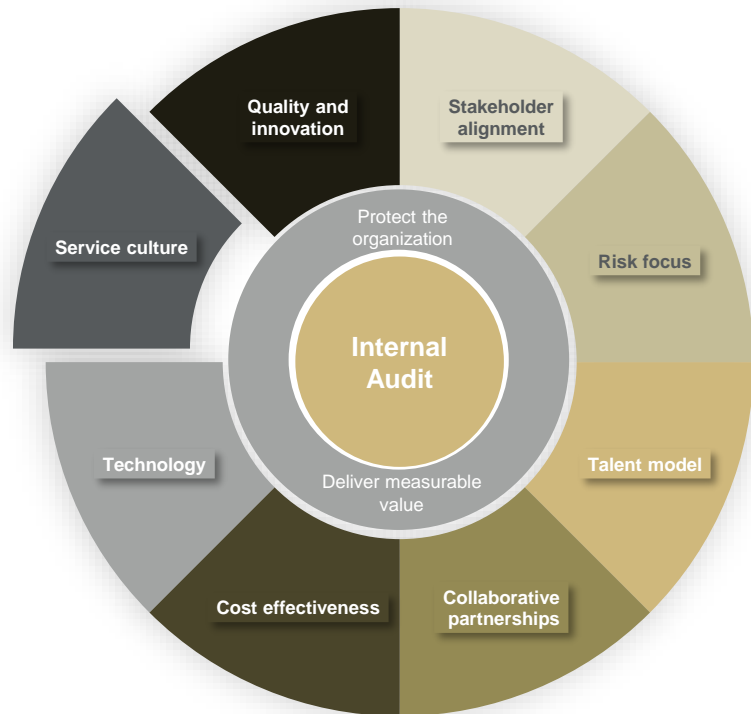
Strategic Initiatives Progress

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 continuously monitored emerging risks by 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.

  - We actively sought opportunities to provide our stakeholders with valuable insight on risk and internal controls.

  - In collaboration with our campus partners, we continued to focus on improving the timeliness of review and response to CU EthicsLine reports, seeing marked year-over-year improvement despite the increased number of reports.
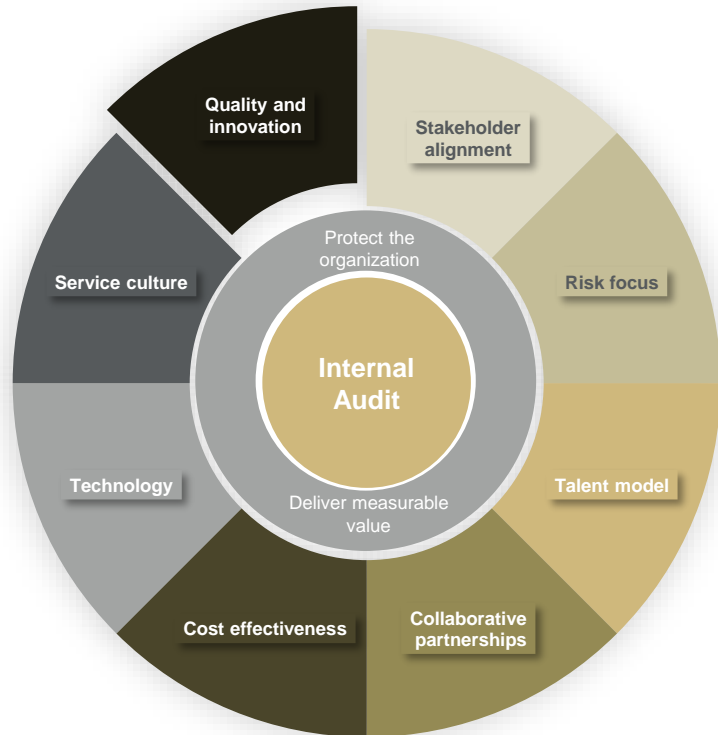
Strategic Initiatives Progress

Quality & Innovation

- **Goal:**
  - Promote and commit to quality improvement and innovation through an internal quality assurance and improvement program (**QAIP**). Update internal practices to align with the latest IIA guidance.

- **Key Elements:**
  - We continuously shared process improvement ideas and lessons learned from completed projects at team meetings.
  - We conducted a QAIP review and shared the results with the team, providing ideas for further strengthening and streamlining our process.

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Independence & Objectivity Certification

- To provide for independence and objectivity, the Department of Internal Audit reports functionally to the Board of Regents Audit Committee and administratively to the Vice President, University Counsel and Secretary.

- There were no additional reporting relationships and responsibilities during FY24 that created actual or potential impairments to independence or objectivity of the Associate Vice President of Internal Audit or the Internal Audit staff.

- Internal Audit did not experience any scope limitations or undue pressures from university personnel in carrying out its duties throughout FY24.

- Internal Audit conducted its activities in accordance with the IIA International Professional Practices Framework and upheld the University of Colorado Principles of Ethical Behavior, Regent laws, policies, and standards of conduct.

APPENDIX A:
Engagements Completed[3] in FY24

Engagement	Campus	Audit Plan Year
Effort Reporting	CU Anschutz	2023
Export Control	CU Boulder	2023
International Students and Faculty Visa Sponsorship and Compliance (J-1 Visa Processes)	CU Boulder	2023
Hiring of Instructional Faculty	CU Boulder	2023
Minors on Campus	CU Boulder	2023
H-1B Visa Program	CU Anschutz | Denver	2023
Cybersecurity Event Detection	UCCS	2023
Donor Stewardship	UCCS	2023
Minors on Campus	UCCS	2023

Engagement	Campus	Audit Plan Year
Service Accounts	CU Anschutz	2024
IT Asset Management (Software)	CU Boulder	2024
Student Mental Health Accommodations	CU Boulder	2024
IT Asset Management	UCCS	2024
Executive Expenses	University-Wide	2024
Code of Conduct *	University-Wide	2023

[3] Reports issued July 1, 2023 – June 30, 2024
* Advisory

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APPENDIX B:
Fiscal Misconduct Investigations Classification

Tier 1 "Preliminary Investigation"

- The **first phase** of an inquiry
- Campus notification is limited
- Opened when the allegation lacks sufficient information or is not perceived to be egregious enough to warrant a Tier 2 investigation
- Investigators may close the case due to insufficient evidence or escalate it to a full (Tier 2) investigation based on their findings
- Typically results in a **memo** to the campus and the Internal Audit file

Tier 2 "Full Investigation"

- A **comprehensive and thorough** examination by investigators to gather evidence regarding a specific incident or alleged fiscal misconduct
- Campus leaders are notified
- Techniques used include interviews, document analysis, and forensic tools, as needed
- The goal is to provide a detailed and accurate **report** of the facts, enabling informed decision-making and appropriate actions by campus leaders, which may lead to policy changes or other remedial measures
- In cases where fiscal misconduct is substantiated, a **supplemental letter** is issued to the campus requesting action plans to remediate internal control weaknesses that contributed to the situation

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APPENDIX C:
CU EthicsLine Issue Category Definitions

Academic or Research Integrity	Business Integrity		Environmental Health & Safety	Human Resources
• Academic Misconduct • Animal Research • Conflicts of Interest and/or Commitment • Guidance Request • Human Subjects Research • Research or Scientific Misconduct • Other	• Accounting and Auditing Matters • Athletics NCAA Violations • Conflicts of Interest and/or Commitment • Data Privacy/Confidentiality • Donor Stewardship • Effort Reporting • Failure to Disclose or Report Financial or Business Transactions • Falsification of Records • Guidance Request • Improper Supplier or Contractor Activity	• Information Technology Security • Misuse of University Resources • Nepotism • Policy or Code of Conduct Violation • Political Contributions & Activities • Software Piracy/Intellectual Property Infringement • Theft/Embezzlement • Time Abuse • Other	• Environmental and Safety Matters • Guidance Request • Public Safety • Substance Abuse • Threats and Physical Violence • Other	• Credentials Misrepresentation • Discrimination • Employee Benefits Abuses • Guidance Request • Harassment – Sexual • Harassment – Workplace • Threat or Inappropriate Supervisor Directive • Other

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