

Audit and Compliance Committee Memorandum
Board of Regents, State of Iowa

Subject: State Audit Report
Prepared by: Andrea Anania
Date Submitted: January 19, 2005

Recommended Action:

Receive the Auditor of State report on the review of selected general and application controls over the University of Iowa's accounts receivable system.

Executive Summary:

State audit reports are presented to the Audit and Compliance Committee as required by Board policy. Representatives from the State Auditor's Office will be available for any questions.

The State Auditor reviewed and evaluated the general and application controls of the University of Iowa's Accounts Receivable System. Review efforts focused on those activities identified in a preliminary survey as having the greatest possibility for needing improvement. Their reports are prepared on an exception basis.

The auditor reported certain aspects of information technology controls that need corrective action. The University is taking corrective action and the auditor's conclusions for all responses have been accepted or acknowledged. Further follow-up is dependent on the State Auditor's Office.

Background:

In accordance with Regent Policy Manual §1.05, audit reports from the State Auditor are presented to the Audit and Compliance Committee. Studies of university departments were initiated by the State Auditor during FY 1995 and are expected to continue as part of their annual review process. The reviews are conducted to study and evaluate departmental controls and/or to determine departmental compliance with university guidelines; the reports are not intended to constitute audits of the financial statements.

These audits are designed to determine whether controls were sufficient to provide reasonable, but not absolute, assurances that control objectives were achieved.

Corresponding tables highlight auditor recommendations, management responses, auditor responses, and whether corrective actions have been taken. Controls in the following key areas were studied:

General Controls:

- Security Program
- Access Controls
- Application Software Development and Change Controls
- System Software Controls
- Segregation of Duties and Service Continuity

Application Controls:

- Input, Processing, and Output Controls

**The University of Iowa
Selected General and Application Controls over
the Accounts Receivable System**

State Audit Report Issued: October 8, 2004

Recommendations/ Responses	Auditor's Recommendation	Management's Response
	GENERAL CONTROLS	
	1. <u>Password Controls</u> . Require that passwords be changed every 60 to 90 days and reduce the number of unsuccessful log on attempts allowed within a 24-hour time period.	Management has coupled several measures to strengthen password controls.
	2. <u>Documentation of Access Requests</u> . Develop procedures to retain documentation of system access requests authorized.	Management is in the process of developing a system to accept, track, and maintain all requests and changes.
	3. <u>Migration of Programs to Production</u> . Establish controls to ensure programmers do not have access to programs after submission and before production.	Management's security prohibits access to production and data modification. A manual utility is used to determine if code has been modified.
	APPLICATION CONTROLS	
	No findings reported.	N/A

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