

Contact: Todd Stewart

**INTERNAL AUDIT REPORTS ISSUED**

**Action Requested:** Receive the original and follow-up internal audit reports.

**Executive Summary:** Completed institutional internal audit reports are reported to the Audit and Compliance Committee as required by Board Policy.

ORIGINAL REPORTS	CEA*	Status
UNIVERSITY OF IOWA		
• Patent Policy Compliance		Open
• Research Compliance: Cost Transfers		Open
• UI Health Care Criminal Background Checks		Open
• NCAA – Equipment and Apparel		Closed
• NCAA – Team Travel		Closed
• Intercollegiate Athletics – Home Game Ticket Revenue		Closed
• Medical Kiosk Security		Closed
• Controlled Substances		Open
IOWA STATE UNIVERSITY		
• Special Course Fees		Closed
• Building Access Services – Key Control and Access		Open
• Veterinary Diagnostic Laboratory		Open
UNIVERSITY OF NORTHERN IOWA		
• Athletic Ticket Sales		Open
• Price Laboratory School Fees		Open

\*Assessment of Controls Efficiencies (CEA) are defined on the following page.

**FOLLOW-UP REPORTS**

UNIVERSITY OF IOWA

- NCAA Compliance – Recruiting Closed
- School of Library Science & Information IT Review Closed
- Absence Management – FMLA Closed
- College of Dentistry – Business Processes Closed

IOWA STATE UNIVERSITY

- Special Course Fees Closed

UNIVERSITY OF NORTHERN IOWA

- No Submissions

**ASSESSMENT OF CONTROLS / EFFICIENCIES (CEA)**

<p><b>HIGH</b></p> 	<ul style="list-style-type: none"> <li>• Could seriously affect several areas within the University. Exposes the University to unacceptable risks or liability if not corrected OR</li> <li>• Involves difficult issues requiring the attention of executive management OR</li> <li>• Involves compliance with Federal, State, or other laws and could result in serious consequences if not implemented OR</li> <li>• Unacceptable weakness in the internal and/or accounting controls OR</li> <li>• Substantial savings (perhaps millions) can potentially be realized by correcting.</li> </ul>
<p><b>MODERATE</b></p> 	<ul style="list-style-type: none"> <li>• Could seriously affect a department or area within the University OR</li> <li>• Involves a difficult issue requiring the attention of upper management OR</li> <li>• Involves compliance with Federal, State or other law and could result in minor consequences if not implemented OR</li> <li>• Weakness in the internal and/or accounting controls OR</li> <li>• Savings (perhaps thousands) can potentially be realized by correcting.</li> </ul>
<p><b>LOW</b></p> 	<ul style="list-style-type: none"> <li>• Can affect a department or may be common to several areas OR</li> <li>• Could result in improved internal and accounting control OR</li> <li>• Can be corrected relatively easy OR</li> <li>• Could result in improved efficiency or effectiveness of operations OR</li> <li>• No reportable observations or corrective action taken prior to report issuance.</li> </ul>
<p><b>CONSULTATION</b></p> 	<ul style="list-style-type: none"> <li>• Auditors provided consultation only, without thorough assessment</li> <li>• No audit recommendations at this time.</li> </ul>

*The internal auditors have utilized the colors for the control / efficiency assessment (CEA) in evaluating each overall audit report.*

**SUMMARIES OF INTERNAL AUDIT REPORTS ISSUED**



**The University of Iowa  
Patent Policy Compliance**

*Issued November 6, 2008*

Status: Open

The audit was performed as part of the FY 2009 audit plan to provide assurance that personnel are compliant with the University Patent Policy and that internal controls are in place and operating as intended. Primary findings included a review of the University of Iowa Research Foundation's (UIRF) governance structure, revising of the patent policy to include language regarding consulting agreements, more formal education to be developed for the Patent Policy and UIRF procedures, and the creation of the Patent Advisory Group to perform the roles detailed in the Patent Policy. Management agrees with the findings and due to the complex issues involved expects to complete their entire action plan by October 2011.



**The University of Iowa  
Research Compliance: Cost Transfers**

*Issued December 18, 2008*

Status: Open

The Assistant Vice President for Research requested an audit of the university's cost transfer process to provide assurance that adequate operational controls were in place. Primary findings included formalizing and improving the university's cost transfer policy, educating departments to ensure policy compliance, system improvements such as routing cost transfers through workflow and controlling the use of specific applications, and improved oversight of cost transfer activity. The Assistant Controller has dedicated a significant amount of effort and resources to address these issues and expects to complete their action by July 2010.



**The University of Iowa  
UI Health Care Criminal Background Checks**

*Issued December 18, 2008*

Status: Open

UI Health Care Management requested an audit of the criminal background check process in order to provide assurance that adequate operational controls were in place to ensure compliance with federal regulations and JCAHO standards. JCAHO standards require a criminal background check for anyone working at UIHC. Audit findings included employees starting to work before the criminal background check was completed, lack of a self-reporting policy for employees who have been convicted of a crime, lack of a criminal background check policy for internal transfers, and the inability to reconcile criminal background check invoices with departmental requests. Management agrees with the findings and expects to complete their action plans by June 2009.



**The University of Iowa  
NCAA – Equipment and Apparel**

*Issued December 18, 2008*

Status: Closed

As a Division I member, the University of Iowa is obligated to comply with the National Collegiate Athletic Association (NCAA) legislation. This audit was performed as part of the audit plan for fiscal year 2009 to fulfill the portion of the NCAA's requirement related to equipment and apparel. Analysis of these processes revealed that the Athletics Department has controls in place to monitor and account for equipment and apparel in accordance with the NCAA and no reportable conditions were noted. This audit is closed.



**The University of Iowa  
NCAA – Team Travel**

*Issued December 18, 2008*

Status: Closed

As a Division I member, the University of Iowa is obligated to comply with the National Collegiate Athletic Association (NCAA) legislation. This audit was performed as part of the audit plan for fiscal year 2009 to fulfill the portion of the NCAA's requirement related to team travel. Analysis of these processes revealed that the Athletics Department has controls in place to monitor and account for student-athlete team travel in accordance with the NCAA and no reportable conditions were noted. This audit is closed.



**The University of Iowa  
Intercollegiate Athletics – Home Game Ticket Revenue**

*Issued January 9, 2009*

Status: Closed

This audit is performed annually to provide an independent verification of home game athletic revenue, ensure completion of guaranteed payments to visiting institutions, reconcile complimentary ticket listings, and provides oversight for the removal and destruction of unused, pre-printed tickets. No material audit findings or weaknesses were noted during the course of this audit. This audit is closed.



**The University of Iowa  
Medical Kiosk Security**

*Issued January 9, 2009*

Status: Closed

The Medical Kiosk Security audit was performed to provide assurance that patient financial and medical information is secure. The two kiosks are used to assist with the clinic check-in function, update patient information and collect payments. One finding was identified regarding the storage of confidential patient information. A debug program/log was storing patient's credit card numbers, social security numbers, and electronic check/bank information on the Kiosk server. Health Care Information Systems turned off the debug log, deleted the debug log and reviewed the server for other areas where this information could be stored. No other areas were located. The Kiosk vender created a patch to mask the credit card numbers, social security numbers, and bank information on the debug program. The auditor verified the new patch was implemented on 11/05/08. This audit is closed.



**The University of Iowa  
Controlled Substances**

*Issued January 9, 2009*

Status: Open

UIHC's Chief Nursing Officer requested an audit of controlled substances handling in order to provide assurance that adequate operational controls were in place to ensure a safe supply for patients and to prevent diversion. Primary findings included instances of staff noncompliance with documented departmental protocols; inventory discrepancy resolution processes; key control weaknesses; lack of surveillance coverage and insufficient security in some storage areas and evidence that the layout of controlled substance disposition report forms were contributing to some discrepancies. Management intends to provide additional training and conduct regular compliance reviews of staff activity, develop key control policies, convene work groups to identify possible solutions for the surveillance and security issues for management evaluation/implementation, and modify disposition report forms to address concerns. Management expects to complete their action plan by May 2009.



**Iowa State University  
Special Course Fees**

*Issued April 23, 2008*

Status: Closed

The audit was performed as part of the FY 2008 audit plan to evaluate the policies and procedures over special course fees, the fee approval process, and the expenditure of the fees. Findings included inconsistent policies and procedures, lack of documentation supporting certain fees, and some fees expended for unapproved purposes. Management took appropriate actions and the audit is now closed.



**Iowa State University  
Building Access Services – Key Control and Access**

*Issued January 12, 2009*

Status: Open

The audit was performed as part of the FY 2009 audit plan to evaluate the adequacy of controls surrounding key creation, issuance, and verification. University key policy and key coordinator responsibilities were also reviewed. Findings included incomplete key records maintained centrally, a lack of a periodic verification of key holders, poorly controlled temporary keys, inappropriate access to key inventory, weaknesses in restricting key requests, inadequate key policy, and inefficiencies in key coordinator reporting tools. Management agrees with the findings and due to the complex issues involved expects to implement actions plans by January 2010.



**Iowa State University  
Veterinary Diagnostic Laboratory**

*Issued January 12, 2009*

Status: Open

The audit was performed as part of the FY 2009 audit plan to evaluate the adequacy of controls for specimen handling, release of test results, biosafety practices, and certain departmental procedures. Findings included lack of a periodic review of access to the lab, and discrepancies in the equipment records. Management will begin the process of access card and key holder verification. Also, a process will be developed for updating the equipment listing when changes occur, and all equipment will be verified during the annual inventory. Management expects to complete action plans by March 2009.



**University of Northern Iowa  
Athletic Ticket Sales**

*Issued December 19, 2008*

Status: Open

The Athletic Ticket Sales audit was performed in conjunction with the UNItix Operations audit to evaluate athletic ticket sales for reasonable internal controls and compliance with policies, procedures, laws and regulations. Primary findings include a review and analysis of complimentary ticket policies and procedures and management of the intercollegiate athletics account to avoid deficit financial conditions. Intercollegiate Athletics management is currently reviewing and updating its policies regarding complimentary tickets that they can control. To better account for the revenues and expenditures of the department, the budgeting and accounting for Intercollegiate Athletics has been changed to reflect all sources and uses in the main intercollegiate account. Management agrees with the findings and expects to complete their action plan by June 2009.



**University of Northern Iowa  
Price Laboratory School Fees**

*Issued December 19, 2008*

Status: Open

The Price Laboratory School Fees audit was requested by senior administration to analyze the fee process for compliance and to assess the internal controls in place during the 2008-2009 academic year. Primary findings include documenting, communicating, and monitoring business policies and procedures for tuition fee calculations, developing an accounts receivable process to collect outstanding revenue in a timely manner, depositing revenue on a timely basis, and publishing and enforcing scholarship documentation. Management agrees with the findings and expects to complete their action plan by June 2009.

**STATUS OF AUDIT FOLLOW-UPS**

**University of Iowa**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
1. NCAA Compliance - Recruiting	Jun 14, 2007	Mar 2008		Closed
2. School of Library & Information Science IT Review	Feb 11, 2008	May 2008		Closed
3. Absence Management - FMLA	May 16, 2008	Nov 2008		Closed
4. College of Dentistry Business Processes	July 11, 2008	Dec 2008		Closed
5. Iowa Memorial Union Food Service	Sept 13, 2006	Mar 2007	Feb 2009	
6. Carver College of Medicine Research Data Security	Dec 14, 2006	May 2007	Mar 2009	
7. University of Iowa Physicians	Nov 8, 2007	Mar 2008	Jun 2009	
8. University Hygienic Lab	Jun 14, 2007	Aug 2008		
9. UIHC Access Control Security	Mar 12, 2008	Aug 2008		
10. ITS Telecom Closet Physical Security	May 16, 2008	Sept 2008		
11. Speech Pathology and Audiology	Sept 17, 2007	Sept 2008		
12. Department of Intercollegiate Athletics	Oct 9, 2007	Sept 2008		
13. University Box Office	May 16, 2008	Oct 2008		
14. National Advanced Driving Simulator (NADS)	Sept 12, 2008	Jan 2009		

15. UI Healthcare Integrated Call Center (ICC)	Sept 12, 2008	Feb 2009		
16. Student Course Fees	Oct 6, 2008	Feb 2009		
17. UIHC Patient and Staff Safety	Oct 6, 2008	Mar 2009		
18. Department of Obstetrics and Gynecology	Sept 12, 2008	Mar 2009		
19. UI Health Care – EPIC Security	Oct 6, 2008	Aug 2009		
20. Conflict of Interest – Vendors/Extramural Activities	May 16, 2008	Sept 2009		
21. Joint Office for Clinical Outreach Services	Sept 12, 2008	Oct 2009		
22. Blanket Purchase Orders	Oct 6, 2008	Nov 2009		
23. Human Subjects Office Process Review	Feb 11, 2008	Jan 2010		
24. Postseason Athletic Participation (Outback Bowl)	Sept 13, 2006	Schedule TBD	TBD	

**Iowa State University**

<b>Title</b>	<b>Report Date</b>	<b>Original Follow-Up Date</b>	<b>Revised Follow-Up Date</b>	<b>Action Status</b>
25. Special Course Fees	April 23, 2008	Jun 2008		Closed
26. Building Access Services – Access Cards	Jan 16, 2008	Jun 2008		
27. Biosafety – Select Agents	Jun 16, 2008	Apr 2009		

**University of Northern Iowa**

<b>Title</b>	<b>Report Date</b>	<b>Original Follow-Up Date</b>	<b>Revised Follow-Up Date</b>	<b>Action Status</b>
28. UNItix Operations	Oct 7, 2008	Mar 2009		
29. Hong Kong MBA Program	Jul 15, 2008	May 2009		
30. Central Revenue Processes	Oct 7, 2008	May 2009		

**Follow-Up Legend**

	<ul style="list-style-type: none"><li>Planned corrective action and/or follow-up report not completed within 6 months of originally scheduled date.</li></ul>
	<ul style="list-style-type: none"><li>Planned corrective action and/or follow-up report not completed within 3 months of originally scheduled date.</li></ul>
	<ul style="list-style-type: none"><li>Follow-up report is due and is within 3 months of originally scheduled completion date.</li></ul>
	<ul style="list-style-type: none"><li>Follow-up report not yet due.</li></ul>
	<ul style="list-style-type: none"><li>Closed.</li></ul>