

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/ Compliance and Investment Committee as required by Board Policy.

ORIGINAL REPORTS	CEA*	Status
UNIVERSITY OF IOWA		
• Criminal Background Checks		Open
• Iowa Testing Programs		Open
• Sports Clubs		Open
• University of Iowa Community Medical Services		Open
• 340B Drug Pricing Program		Open
• National Advanced Driving Simulator Information Technology		Open
• Department of Pathology		Open
• Student Course Fees		Open
• Biochemistry		Open
• College of Dentistry		Open
• Ghost Employees		Closed
• Hawkeye Express Cash Handling		Closed
IOWA STATE UNIVERSITY		
• Department of Physics and Astronomy		Open
• Iowa State Center		Open
• Control of Federal Equipment		Open
UNIVERSITY OF NORTHERN IOWA		
• Student Organizations and Intramural & Club Sports		Open

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

FOLLOW-UP REPORTS

UNIVERSITY OF IOWA

- Department of Urology Closed
- Department of Neurosurgery Closed
- Iowa River Landing Medication Security Closed
- Dance Marathon Closed
- MAUI Security Closed
- Iowa River Landing Cash Handling Closed
- Student Health Service Closed

IOWA STATE UNIVERSITY

- NCAA Compliance – Camps & Clinics Closed
- NCAA Compliance – Commitment of Personnel to Rules Compliance Activities Closed

UNIVERSITY OF NORTHERN IOWA

- International Programs Closed
- Information Technology Services Business Procedures and Chargebacks Closed

ASSESSMENT OF CONTROLS / EFFICIENCIES (CEA)

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

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



**The University of Iowa
Criminal Background Checks**

Issued October 16, 2013

Status: Open

The Criminal Background Checks (CBCs) audit was performed to examine the processes for CBCs for consistent and reasonable internal controls. Audit recommendations include developing reporting systems to track incomplete CBCs for new hires and transfers, providing additional training on the use of electronic authorizations and notifications for CBCs, and implementing a process to designate temporary, fixed term, and student positions as security sensitive prior to position advertisement. Management expects to complete their action plan by March 2014.



**The University of Iowa
Iowa Testing Programs**

Issued October 16, 2013

Status: Open

The Iowa Testing Programs audit was performed to examine the operations for reasonable internal controls and processes. Audit recommendations include approving out of state and international trips prior to travel by the appropriate level of employee and working with Information Technology Services to improve the password constraints for the internal billing system. Management expects to complete their action plan by December 2013.



**The University of Iowa
Sports Clubs**

Issued October 16, 2013

Status: Open

The Sports Clubs audit was performed to provide reasonable assurance that business processes and internal controls are appropriate and effective. Audit recommendations include implementing appropriate segregation of duties, obtaining club officers documented approval for club expenses, reconciling membership dues, documenting club equipment inventory, verifying all club members sign the waiver and release form, verifying each club consists of the required student membership, documenting local desktop cash handling procedures, and updating the Sports Clubs manual. Management expects to complete their action plan by May 2014.



**The University of Iowa
University of Iowa Community Medical Services**

Issued October 16, 2013

Status: Open

The University of Iowa Community Medical Services audit evaluated management processes and controls in the organization. The audit specifically focused on financial management, purchasing, human resources, contract management and billing. Audit recommendations include stronger medication controls, increased cash handling oversight, more thorough IT inventory controls, formal delegation of signature authority and more timely performance appraisals. Management expects to complete their action plan by May 2014.



**The University of Iowa
340B Drug Pricing Program**

Issued November 21, 2013

Status: Open

The 340B Drug Pricing Program audit was performed to examine pharmacy operations for reasonable internal controls and compliance with regulations. Audit recommendations include acquiring a program to manage 340B inventory automatically, correcting address support for identified transactions, updating 340B policy for regulatory updates, and setting up a separate account for over-the-counter purchases. Management expects to complete their action plan by January 2014.



The University of Iowa
National Advanced Driving Simulator Information Technology

Issued November 21, 2013

Status: Open

Information Technology processes within the National Advanced Driving Simulator (NADS) facility were reviewed for reasonable internal controls. Audit recommendations focused on strengthening security within the NADS active directory environment, automating desktop management, documenting key IT support responsibilities and cross training IT staff, conducting regular Identity Finder and vulnerability scans, and establishing a departmental IT inventory. Management expects to complete their action plan by April 2014.



The University of Iowa
Department of Pathology

Issued November 21, 2013

Status: Open

The audit was performed to provide reasonable assurance that adequate business process and internal controls are in place and operating as intended. Primary recommendations include implementing an annual review process of personnel with physical access to secured laboratory areas and updating workflow paths to ensure appropriate level of approval on procurement card transactions. Management expects to complete their action plan by December 2013.



The University of Iowa
Student Course Fees

Issued November 21, 2013

Status: Open

The Student Course Fees audit was performed to provide reasonable assurance that business processes and internal controls are in place and functioning effectively. Audit recommendations include implementing expiration dates for course fees and reevaluating existing fees to ensure compliance with current course fee policy, requiring unique MFKs at the WhoKey level for each course fee, communicating current course fee requirements and guidelines to Collegiate Budget Officers, and revising university web pages to make locating course fee information more intuitive. Management expects to complete their action plan by July 2014.



The University of Iowa
Biochemistry

Issued December 19, 2013

Status: Open

The Biochemistry Audit reviewed business processes and controls in the department. The audit specifically focused on procurement, human resources, financial management and research. Audit recommendations include updating delegation of signature authority and increasing research data backup and storage methods. Management expects to complete their action plan by May 2014.



The University of Iowa
College of Dentistry

Issued December 19, 2013

Status: Open

The College of Dentistry audit was performed to examine College operations for reasonable internal controls and processes. Primary audit recommendations include addressing server vulnerabilities, improving environmental controls in the server room, correcting and monitoring Pharmacy inventory values, modifying complimentary care policy, and ensuring employees comply with regulatory training requirements. Management expects to complete their action plan by June 2014.



**The University of Iowa
Ghost Employees**

Issued December 19, 2013

Status: Closed

The Ghost Employee audit was performed to examine the operations for reasonable internal controls and processes which prevent the addition of fictitious employees into the University payroll system. The audit yielded no reportable findings and is closed.



**The University of Iowa
Hawkeye Express Cash Handling**

Issued December 19, 2013

Status: Closed

The Hawkeye Express Cash Handling audit was performed to review cash handling procedures for the cash receipts from game day train ticket sales. During the audit, an unexplainable drop in 2011 revenues was identified and two deposits for game day receipts could not be located. University Public Safety is conducting an independent investigation. Audit recommendations included ensuring deposits were timely and identified by game, contracting with an armored car service for transfer of cash and tickets, reconciling unused ticket stock to print order and season sales, updating cash handling guidelines, requiring ticket sellers to complete cash handling training, and segregating ticket stock from other cash handling duties. Management implemented recommendations during the 2013 football season.



**Iowa State University
Department of Physics and Astronomy**

Issued December 4, 2013

Status: Open

This audit was performed to evaluate the adequacy of significant administrative processes to provide reasonable assurance that internal controls are in place and operating as intended. Audit recommendations include completing Conflict of Interest and Commitment Disclosure follow-ups, developing a standard budgetary procedure, generating financial reports directly from the University system, documenting policy for committee work, collating a departmental computer inventory, reviewing the out-of-state travel authorization process, and transitioning to electronic file retention. Management expects to complete the action plan by August 2014.



**Iowa State University
Iowa State Center**

Issued December 4, 2013

Status: Open

The audit was requested by ISU's Assistant Vice President for Business Services to evaluate business processes for adequate controls and compliance with the management agreement between ISU and SMG. Audit recommendations included implementing additional controls regarding segregation of duties for cash handling and issuing complimentary tickets and building access. Management expects to complete the action plan by January 2014.



**Iowa State University
Control of Federal Equipment**

Issued December 4, 2013

Status: Open

The audit was performed to evaluate the effectiveness of the system of controls regarding government-owned property. Audit objectives included observing a sample of government-owned property, discussing knowledge of government-owned property regulations with responsible individuals, and determining if controls are in place for the disposal, sale, and transfer of government-owned equipment. The property reporting process was also evaluated to ensure that required property reports are submitted in a timely manner. The audit recommendations include implementing periodic spot checks of certified equipment inventory and distribution of the government-owned property control manual to principal investigators or responsible individuals. Management expects to complete their action plan by May 2014.



University of Northern Iowa
Student Organizations and Intramural & Club Sports
Issued October 31, 2013

Status: Open

The audit was performed to provide reasonable assurance student organizations and intramural and club sports programs are operating efficiently, effectively, and complying with University policies and procedures and applicable state and federal laws and regulations. Policy governance, organization recognition, advisor role, bank and cash handling, student fee funding and spending, revenue generation, financial performance and reporting, use of student employee resources, event and game management, safety and injury handling, facility usage, and a limited review of information systems were examined. Audit recommendations include improving documentation for funding allocations and contracted services, developing advisor agreements, improving safety reporting, and maintaining club constitutions in University records. Management expects to complete their action plan by July 2014.

STATUS OF AUDIT FOLLOW-UPS

University of Iowa

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
1. UI Health Care IT Purchases and Data Center Privatization	Nov 8, 2012	Feb 2013	June 2014	
2. Physics and Astronomy	Nov 8, 2012	June 2013		
3. Physician On-Boarding	Nov 8, 2012	Aug 2013		
4. University Housing and Dining StarRez System	Mar 7, 2013	Sept 2013		
5. Ambulatory Surgery Center	Feb 13, 2013	Oct 2013		
6. Export Controls	Sept 27, 2012	Nov 2013		
7. Department of Otolaryngology	Apr 9, 2013	Nov 2013		
8. Tippie College of Business	May 14, 2013	Nov 2013		
9. Recharge Centers	Aug 20, 2013	Dec 2013		
10. University Dining Inventory Processes	June 21, 2013	Jan 2014		
11. BuildUI	Aug 20, 2013	Jan 2014		
12. Office of Strategic Communication	Sept 19, 2013	Mar 2014		
13. UIHC Food and Nutrition Services	Aug 20, 2013	Aug 2014		
14. Office of Animal Resources	Aug 20, 2013	Sept 2014		

Iowa State University

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
15. Global Programs – College of Agriculture and Life Sciences	Sept 16, 2013	Jan 2014		
16. College of Design	Sept 16, 2013	Feb 2014		
17. Laboratory Animal Resources	June 28, 2013	May 2014		

University of Northern Iowa

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
18. College of Humanities, Arts and Sciences	Mar 29, 2013	Jan 2014		
19. Student Health Clinic	Mar 29, 2013	Jan 2014		
20. Public Safety	Sept 20, 2013	Mar 2014		
21. Effort Reporting	June 27, 2013	Apr 2014		
22. Athletic Equipment and Apparel	June 27, 2013	Apr 2014		
23. McNair Scholars Program	Sept 20, 2013	July 2014		

Follow-Up Legend

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