COMMITTEE MEMORANDUM

TO: Audit and Compliance Committee Members
    Board of Regents, State of Iowa

FROM: Andrea Anania

DATE: April 20, 2005

SUBJ: Internal Audit Reports

Recommended Action:

1. Receive the following internal audit reports:

   UNIVERSITY OF IOWA
   University Operations
   • Carver College of Medicine – Effort Reporting
   • Carver College of Medicine – Finance and Administration
   • Compliance with Federal Export Control Regulations Risk Assessment
   • Museum of Art
   • NCAA Compliance – Financial Aid
   • NCAA Employment of Student Athletes
   • Ophthalmology and Visual Sciences Sponsored Research

   IOWA STATE UNIVERSITY
   • Extension Administration
   • IBSSS Assistive Device Center
   • Sponsored Program in the Department of Biomedical Sciences

   UNIVERSITY OF NORTHERN IOWA
   • Department of Residence – Dining Services
   • FY 2005 Cash on Hand
   • Gallagher-Bluedorn Performing Arts Center
   • Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)

2. Receive the report on the Status of the Internal Audit Follow-up reports, including eight follow-up reports.

Executive Summary:

Completed institutional internal audit reports are reported to the Audit and Compliance Committee as required by Board policy.

Presented this month:

- Fourteen new audit reports: seven from SUI, three from ISU, and four from UNI; five are closed – four at SUI and one at UNI.
- Nine follow-up reports: six from SUI, one from ISU, and two from UNI; eight are closed.

The Status of Internal Audit Follow-Up Table on page 7 identifies 23 internal audit reports, 15 of which require follow-up.
**Background:**

Internal audits provide appraisals of institutional services to the Board and institutional administrators by measuring and evaluating the effectiveness of financial and managerial controls.

These audits are designed to determine the adequacy of controls and procedures by providing reasonable assurance that assets are properly safeguarded, resources are used economically and efficiently, and compliance is maintained.

The three universities have internal auditors to perform these functions. The University of Iowa internal auditor is responsible for internal audits at the Iowa School for the Deaf. The Iowa State University internal auditor is responsible for internal audits at the Iowa Braille and Sight Saving School.

The Board Office tracks and monitors audit reports indicating a need for corrective action. When all recommendations have been satisfactorily completed, the audits are closed.

**Dashboard Data**

At its May 2004 meeting, the Audit and Compliance Committee requested that a dashboard approach be incorporated in the quarterly internal audit report. At the August 2004 meeting, a simplified dashboard format was presented for discussion.

At its November 2004 meeting, the Committee discussed the dashboard definitions and the color indicators developed by the internal auditors and the Board Office. The dashboards are an evolving tool for the Committee. One change was made to the definitions at the February 2005 meeting to add the following language to the definition of the green follow-up color: “by or within three months of original scheduled date of completion.”

**Format Change**

For simplification, only the general description, title, and assessment of controls / efficiencies (CEA) color code for each recommendation / observation are included in this memorandum. Full text for each comment may be found in the reports.

Additionally, only details for those follow-up reports that remain open are included in the follow-up section. Follow-up reports that are closed are not summarized.
### MATERIALITY/CRITICALITY

| HIGH          | • Potential significant impact on enrollment/teaching/research/extension OR  
               | • Potential significant impact on people/health/safety OR                   
               | • Potential exposure to significant financial loss/costly inefficiencies OR 
               | • Potential exposure to loss or interception of sensitive electronic data/information OR 
               | • Potential exposure to significant legal liability/regulatory penalties OR 
               | • Potential significant reputational risk OR                                 
               | • Potential for broad impact of negative event.                           |
|---------------|---------------------------------------------------------------------------|
| MODERATE      | • Potential for moderate impact on people/health/safety OR                 
               | • Potential exposure to moderate financial loss/inefficiencies OR          
               | • Potential exposure to loss or interception of non-sensitive electronic data/information OR 
               | • Potential exposure to moderate legal liability/regulatory penalties OR  
               | • Potential moderate reputational risk OR                                  
               | • Potential for localized impact of negative event.                        |
| LOW           | • Low potential for impacting people/health/safety OR                      
               | • Low potential for loss/liability OR                                     
               | • Low potential for damage to reputation OR                               
               | • Low potential impact of negative event.                                 |

### MATERIALITY/CRITICALITY TERMS
- Definitions include but are not limited to the following:
  - **Enrollment/Teaching/Research/Extension**: Recruiting, admissions, financial aid, registrar, curriculum, sponsored programs, extension programs.
  - **People/Health/Safety**: Hospital, clinics, student health center, national security issues, environmental health and safety.
  - **Financial Loss/Inefficiencies**: Improper or inefficient use of money, equipment, human resources, or other assets resulting in lost funds or increased costs.
  - **Loss or Interception of Electronic Data/Information**: Central university and departmental information technology security.
  - **Legal Liability/Regulatory/Penalties**: Violation of laws or regulations resulting in litigation, loss of funding, restriction of programs, fines/penalties.
  - **Reputational Risk**: Negative publicity that could result in loss of public trust, contributions, and other support.
  - **Significance and Impact**: Significant impact of a negative event related to any of the above areas could include large dollar losses, penalties, or other types of harm that could broadly restrict fulfillment of the universities’ missions. Moderate impact would include losses or penalties that could restrict specific key activities that are related to the universities’ missions.
## ASSESSMENT OF CONTROLS/EFFICIENCIES (CEA)

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>HIGH</td>
<td>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.</td>
</tr>
<tr>
<td>MODERATE</td>
<td>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.</td>
</tr>
<tr>
<td>LOW</td>
<td>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.</td>
</tr>
<tr>
<td>CONSULTATION</td>
<td>Auditors provided consultation only, without thorough assessment • No audit recommendations at this time.</td>
</tr>
</tbody>
</table>

The internal auditors have also utilized these colors and definitions in evaluating each comment.
### Internal Audit Report Dashboard

Colors provided by university internal auditors

April 20, 2005

<table>
<thead>
<tr>
<th></th>
<th>Materiality/Criticality</th>
<th>Control/Efficiency Assessment (CEA)</th>
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</thead>
<tbody>
<tr>
<td><strong>UNIVERSITY OF IOWA</strong></td>
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<tr>
<td>University Operations</td>
<td></td>
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<tr>
<td>Carver College of Medicine</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Green" /></td>
</tr>
<tr>
<td>Effort Reporting</td>
<td></td>
<td></td>
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<tr>
<td>Carver College of Medicine</td>
<td><img src="#" alt="Yellow" /></td>
<td><img src="#" alt="Green" /></td>
</tr>
<tr>
<td>Finance and Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance with Federal Export</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Green" /></td>
</tr>
<tr>
<td>Control Regulations</td>
<td></td>
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<tr>
<td>Risk Assessment</td>
<td></td>
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<tr>
<td>Museum of Art</td>
<td><img src="#" alt="Yellow" /></td>
<td><img src="#" alt="Green" /></td>
</tr>
<tr>
<td>NCAA Compliance</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
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<tr>
<td>Financial Aid</td>
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<tr>
<td>NCAA Employment of Student</td>
<td><img src="#" alt="Yellow" /></td>
<td><img src="#" alt="Green" /></td>
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<tr>
<td>Athletes</td>
<td></td>
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<tr>
<td>Ophthalmology and Visual Sciences</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Yellow" /></td>
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<tr>
<td>Sponsored Research</td>
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<tr>
<td><strong>IOWA STATE UNIVERSITY</strong></td>
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<tr>
<td>Extension Administration</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Green" /></td>
</tr>
<tr>
<td>IBSSSS Assistive Device Center</td>
<td><img src="#" alt="Yellow" /></td>
<td><img src="#" alt="Yellow" /></td>
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<tr>
<td>Sponsored Program in the</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
</tr>
<tr>
<td>Department of Biomedical Sciences</td>
<td></td>
<td></td>
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<tr>
<td><strong>UNIVERSITY OF NORTHERN IOWA</strong></td>
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<tr>
<td>Department of Residence Dining</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Green" /></td>
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<tr>
<td>Services</td>
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<td>FY 2005 Cash on Hand</td>
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<td><img src="#" alt="Yellow" /></td>
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<tr>
<td>Gallagher-Bluedorn Performing</td>
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<td><img src="#" alt="Yellow" /></td>
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<td>Arts Center</td>
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<tr>
<td>Gaining Early Awareness and Readi-</td>
<td><img src="#" alt="Yellow" /></td>
<td><img src="#" alt="Yellow" /></td>
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<tr>
<td>ness for Undergraduate Programs</td>
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<td></td>
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<tr>
<td>(GEAR-UP)</td>
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</tbody>
</table>

The internal auditors have utilized the colors for the control/efficiency assessment (CEA) in evaluating each comment.
## Follow-Up Issues

<table>
<thead>
<tr>
<th>Color</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red</td>
<td>Planned corrective action and/or follow-up report not completed within 6 months of originally scheduled date.</td>
</tr>
<tr>
<td>Yellow</td>
<td>Planned corrective action and/or follow-up report not completed within 3 months of originally scheduled date.</td>
</tr>
<tr>
<td>Green</td>
<td>Follow-up report completed as originally planned and all issues resolved by or within three months of original scheduled date of completion.</td>
</tr>
<tr>
<td>Blue</td>
<td>Follow-up report not yet due.</td>
</tr>
<tr>
<td>Title</td>
<td>Report Date</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>7. Travel Expenses on Procurement Card (SUI)</td>
<td>Sep 27, 2004</td>
</tr>
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</table>

**Iowa State University**

<table>
<thead>
<tr>
<th>Title</th>
<th>Report Date</th>
<th>Original Follow-Up Status</th>
<th>Expected Completion</th>
<th>Action Status</th>
</tr>
</thead>
</table>

**University of Northern Iowa**

<table>
<thead>
<tr>
<th>Title</th>
<th>Report Date</th>
<th>Original Follow-Up Status</th>
<th>Expected Completion</th>
<th>Action Status</th>
</tr>
</thead>
</table>
The University of Iowa  
Carver College of Medicine Effort Reporting  
Initial Audit Report Issued: March 28, 2005
Audit Closed

Description

The Carver College of Medicine (CCOM) received $147 million in federally funded research projects during FY 2003. Federal regulations require that individuals who receive federal funds comply with federal regulations that govern sponsored research, which includes at least annual affirmation of work performed.

The University of Iowa certifies effort via a Personal Activity Report (PAR), which details the percent of an individual's total effort on each federal research project and other University duties. The person signing the PAR certifies that the effort percentages represented are an accurate reflection of the work that was performed.

Scope / Objective

Internal auditors reviewed 48 federally funded research projects to verify that current effort reporting is compliant with appropriate federal regulations.

Recommendations/Responses

<table>
<thead>
<tr>
<th>CEA</th>
<th>Auditor’s Recommendation</th>
<th>Implementation Target Date</th>
<th>Expected Auditor Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔</td>
<td>Properly Certified Effort.</td>
<td>Immediately</td>
<td>Item closed.</td>
</tr>
</tbody>
</table>
The University of Iowa – University Operations  
Carver College of Medicine – Finance and Administration  
Initial Audit Report Issued:  March 28, 2005

Audit Remains Open

Description  
Finance and Administration provides a variety of fiscal, human resource, and administrative services, which support the entire Carver College of Medicine.

Scope / Objective  
Internal auditors focused on current business processes established in three service areas: budgeting, financial reporting, and financial analysis and planning. Primary objectives were to:

1. Review recurring financial analysis, budget, allocation, and other reporting processes:
   A. Determine if operational goals/standards are established and measured;
   B. Desired goals/standards are being achieved;
   C. Factors preventing achievement of goals/standards are identified and evaluated;
   D. Processes produce reliable and accurate information in an efficient manner; and
   E. Processes are well documented, carried out consistently, and results communicated to appropriate personnel.

2. Interview Carver College of Medicine departments/academic units to assess the unit’s satisfaction with Finance and Administration support.

<table>
<thead>
<tr>
<th>Recommendations/Responses</th>
<th>Auditor’s Recommendation</th>
<th>Implementation Target Date</th>
<th>Expected Auditor Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Documentation of Month End Procedures.</td>
<td>July 2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Documentation for Recurring Financial Analysis.</td>
<td>April 2005</td>
<td></td>
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</tr>
<tr>
<td>E. Communicate Written Summary of Budget Goals/Objectives to Departments/Academic Units at End of Annual Budget Process.</td>
<td>April 2005</td>
<td></td>
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</tr>
<tr>
<td>2. Results of Interviews of College Departments/ Academic Units.</td>
<td>Completed</td>
<td>Item closed.</td>
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</tr>
</tbody>
</table>
Description
The University of Iowa (UI) is subject to federal export laws including Export Administration Regulations (EAR) and International Traffic in Arms Regulation (ITAR). Both are complex and have lengthy control lists, which detail equipment, goods, technology, and other commodities that fall under the regulations. When the University possesses an item on either control list, regulations on exports and deemed exports apply.

Unless an exemption is available, the University needs to obtain a special license. The regulations require a license before the export or deemed export can take place. Failure to obtain a license for these activities can result in criminal penalties against the individual and civil penalties against the University.

Due to recent efforts of the federal government to increase national security, more attention has been paid to export laws and compliance within the university community. Compliance with export control regulations have all recently been reviewed. Common to all reviews was a recommendation to increase federal monitoring of federal contractors, private companies, and universities.

Scope / Objective
The internal audit included:

- Interviews with the University’s Office of General Counsel and the Division of Sponsored Programs to understand the current compliance environment; and

- Assessments of the effectiveness and adequacy of internal control within selected areas of the University that are directly affected by export control regulations.

<table>
<thead>
<tr>
<th>Recommendations/Responses</th>
<th>CECA</th>
<th>Auditor’s Recommendation</th>
<th>Implementation Target Date</th>
<th>Expected Auditor Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training for University Researchers.</td>
<td>✔️</td>
<td>N/A</td>
<td>N/A</td>
<td>Review: N/A Report: N/A</td>
</tr>
</tbody>
</table>
The University of Iowa – University Operations
Museum of Art
Initial Audit Report Issued: January 25, 2005
Audit Remains Open

Description
The Museum of Art is funded by: the general education fund, contributions, membership fees, grants, museum store and event rental receipts, loans, and miscellaneous sales and services. The museum director reports to the Office of the Provost.

Scope / Objective
The audit was a general business review audit and focused on the following:

- Internal controls and business practices;
- Organizational structure, mission and goals;
- Management of risks related to the Museum of Art and its contents;
- Communication to management regarding business planning;
- Best practices for human resources;
- Protection of records and information technology policy; and
- Documentation of policies and procedures to ensure business continuity.

Recommendations/Responses

<table>
<thead>
<tr>
<th>CEA</th>
<th>Auditor’s Observation</th>
<th>Implementation Target Date</th>
<th>Expected Auditor Follow-up</th>
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<tbody>
<tr>
<td></td>
<td>A. Best Practices.</td>
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<td></td>
<td>B. Internal Controls.</td>
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<tr>
<td></td>
<td>A. Budgeting Process</td>
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<td></td>
<td>B. Self Supporting Activities.</td>
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<td></td>
<td>C. Grant Funding.</td>
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<tr>
<td></td>
<td>A. Business Policies and Procedures.</td>
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<td></td>
<td>B. Collections Policy Revision.</td>
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</table>
As a Division I member of the National Collegiate Athletic Association (NCAA), the University of Iowa is obligated to comply with NCAA rules and regulations. NCAA Bylaw 22.2.1.2.(e) requires member institutions to demonstrate at least once every four years that its rules-compliance program is the subject of evaluation by an authority outside the athletics department. This audit was performed to fulfill a portion of the requirement.

The objective of this audit was to determine whether the institution has policies and procedures in place to determine and monitor financial aid for student-athletes in accordance with NCAA and Big Ten regulations and to evaluate effectiveness.

Audit scope and procedures included review and evaluation of the following:

- Article 15 of the NCAA Division I Manual;
- Rule 15 of the Big Ten Conference Handbook;
- University departmental policies and procedures;
- Review of all team Squad Lists for the 2003/2004 academic year, including summer 2004, for completeness and proper reporting;
- Recalculation of counter and equivalency totals for 10 selected sports from a population of 24 teams; and
- Comprehensive review of Athletic Aid eligibility, documentation, pay-out, and reporting for a sample of 39 student athletes out of a population of 355, from the teams selected for review.

Audit procedures included:

- Comparison of amounts awarded and sources of aid per the Office of Student Financial Aid to amounts reported on team Squad List and to the actual amounts credited to the student-athlete's account by the Cashier's Office;
- Review of proper notification of initial awards, renewals, non-renewals, and cancellations of aid; and
- Determination of proper inclusion or exclusion of aid from individual limit calculations.

<table>
<thead>
<tr>
<th>Recommendations/Responses</th>
<th>C E A</th>
<th>Auditor's Recommendation</th>
<th>Implementation Target Date</th>
<th>Expected Auditor Follow-up</th>
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</thead>
</table>
The University of Iowa – University Operations
NCAA Employment of Student Athletes
Initial Audit Report Issued: January 25, 2005

Audit Closed

Description
As a Division I member of the National Collegiate Athletic Association (NCAA), the University of Iowa is obligated to comply with NCAA rules and regulations. NCAA Bylaw 23.2.1.2 (e) requires member institutions to demonstrate at least once every four years that its rules-compliance program has been evaluated by an authority outside the athletics department. This audit was performed to fulfill a portion of the requirement.

Scope / Objective
The framework for this audit was developed by The Association of College and University Auditors (ACUA). The objective of the audit was to determine whether the athletics department is monitoring employment and maintaining adequate documentation to establish compliance with NCAA bylaws governing employment. Internal auditors:

- Identified University personnel who are responsible for monitoring Student-Athlete employment and reviewed their job descriptions to confirm the assignment.
- Determined that the Athletics Department has written policies and procedures for the student-athletes and the employers regarding the employment of student-athletes.
- Verified that student-athlete employment is documented in the files of the Athletic Compliance office which includes:
  - Name and location of employer
  - Identity of the supervisor of the athlete
  - Arrangements for the employment
  - Amount of pay
  - Description of job duties
- Identified that educational efforts are being made to ensure that student-athletes and employers understand applicable University policy and NCAA legislation.
- Determined the University’s process for monitoring student-athlete employment and whether this process is periodically evaluated.

Recommendations/Responses

<table>
<thead>
<tr>
<th>CEA</th>
<th>Auditor’s Recommendation</th>
<th>Implementation Target Date</th>
<th>Expected Auditor Follow-up</th>
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<tbody>
<tr>
<td></td>
<td>Description of Job Duties.</td>
<td>N/A</td>
<td>Review: N/A, Report: N/A</td>
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</tbody>
</table>
The Department of Ophthalmology has over thirty externally sponsored projects. The funding ratio is roughly two-thirds private/industry sponsored and one-third federally funded. During FY 2004, the department received just under $5 million in externally funded research.

The purpose of the audit was to provide management with a reasonable assurance that the department is compliant with applicable regulations, and that proper internal controls are in place to properly manage externally sponsored research projects.

<table>
<thead>
<tr>
<th>Recommendations/Responses</th>
<th>Auditor's Recommendation</th>
<th>Implementation Target Date</th>
<th>Expected Auditor Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Effort Reporting.</td>
<td>Immediately</td>
<td>Review: Jun 2005</td>
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<td></td>
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<td>Report: Jul 2005</td>
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<tr>
<td>2. Administrative Invention Agreement.</td>
<td>Immediately</td>
<td>Review: Jun 2005</td>
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<td>Report: Jul 2005</td>
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<td>Report: Jul 2005</td>
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</tbody>
</table>
Iowa State University
Extension Administration
Initial Audit Report Issued: January 14, 2005
Audit Remains Open

Description

Extension Administration at ISU provides administrative leadership in the areas of budget and finance, human resources, external relations, and ISU-wide support services.

The nationwide network of Extension programs was established by the Smith Lever Act of 1914.

Extension receives funding from: the federal government via the Smith Lever Act, federal and non-federal sponsored programs, the state of Iowa, and revenue generation activities.

Scope / Objective

The scope of testing included Extension Administration accounts and accounts that are assigned to other units that receive Extension funding. Internal auditors evaluated:

- Allowability of costs charged to a sample of accounts funded by the Smith Lever Act, a sample of federally funded sponsored program accounts, and a sample of non-federally funded accounts.

- Adherence to ISU Controller’s Department guidelines for a sample of service center accounts.

- Internal controls over cash handling processes.

Observations/Responses

<table>
<thead>
<tr>
<th>Observations/Responses</th>
<th>Auditor's Observations</th>
<th>Implementation Target Date</th>
<th>Expected Auditor Follow-up</th>
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</table>
The purpose of the Assistive Device Center (ADC), housed at the Iowa Braille and Sight Saving School (IBSSS) in Vinton, Iowa, is to lend equipment to students to help educational teams make more informed choices regarding assistive technology devices. There is no charge for this service, as a State Vision Grant through the Iowa Department of Education’s Bureau of Children, Family & Community Services, funds the ADC. The State Vision grant is an ongoing proposal that provides needed statewide services and resources to address a targeted set of needs.

Equipment may be borrowed for several weeks or a semester, or while the purchase equipment is pending. All equipment is available for loan to any student who is visually impaired, blind, or deaf-blind, from 0 to 21 years of age. The ADC provides assessments, consultations, and training at no charge, and continually upgrades its devices to maintain an inventory that reflects the latest in technology for persons with visual impairments.

The scope of the audit included the activities of the ADC, primarily those taking place in its location in at the IBSSS. Internal auditors evaluated:

- General operations of the ADC;
- Compliance with the terms of the State Vision Grant;
- Inventory record keeping and controls; and
- Allowability and appropriateness of ADC expenditures.

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<th>A</th>
<th>Auditor’s Observations</th>
<th>Implementation Target Date</th>
<th>Expected Auditor Follow-up</th>
</tr>
</thead>
</table>
Description

Internal auditors select specific sponsored programs across the University to test specific controls in the administration of sponsored programs. Internal auditors selected a federally sponsored program in the Department of Biomedical Sciences in the College of Veterinary Medicine. This four-year project is in its final year and total funding is nearly $900,000.

Primary responsibility for carrying out sponsored projects at ISU lies with the department and with the principal investigator. Several central university units have responsibility for various aspects of project administration and support. Among these units are the Offices of Sponsored Programs Administration and Sponsored Programs Accounting, and the Office of Research Compliance.

Scope / Objective

The scope of the audit included the administrative and compliance aspects of this sponsored program. Internal auditors worked with the Department of Biomedical Sciences, and the Offices of Sponsored Programs Administration, Sponsored Programs Accounting, and the Office of Research Compliance to evaluate:

- Project documentation;
- Expenditures;
- Subcontractor monitoring;
- Compensation of program personnel;
- Financial and progress reporting; and
- Equipment inventory controls.

## Observations/Responses

<table>
<thead>
<tr>
<th>CEA</th>
<th>Auditor’s Observations</th>
<th>Implementation Target Date</th>
<th>Expected Auditor Follow-up</th>
</tr>
</thead>
</table>
Department of Residence – Dining Services (DOR) provides dining services to students, faculty, staff, and visitors of the University. Dining Services consist of many units throughout campus that provide a wide variety of dining options. These units include two recently renovated dining centers; five fast-food establishments located in Maucker Union; four grab-and-go locations and three food carts throughout campus. There are also two convenience stores.

The purpose of the internal audit was to provide reasonable assurance that an adequate internal control environment has been established that reasonably protects the University from exposure, loss, and/or misuse of the public trust. Operations were examined for:

- Regulatory compliance, including University policies and procedures;
- Effective accomplishment of its mission;
- Reliable financial information;
- Effective and efficient use of resources; and
- Adequate safeguarding of assets.

The review was accomplished by obtaining an understanding of operations through direct observation of processes, including physical observation of food stores inventory, examination of supporting financial and operational documentation by testing cost of food used and reviewing food contracts, and by discussions of questions and concerns with dining services staff.

<table>
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<tr>
<th>Recommendations/Responses</th>
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<tbody>
<tr>
<td>CEA</td>
</tr>
<tr>
<td>No audit recommendations were identified.</td>
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</table>
The University of Northern Iowa
FY 2005 Cash on Hand
Initial Audit Report Issued: January 4, 2005
Audit Remains Open

Description
The University has three types of cash on hand in its departments and units:

- Undeposited revenue - represents cash and check income collected for miscellaneous sales and services.
- Departmental change fund - an authorized cash fund used to make change for the department or unit’s cash and check income.
- Departmental reimbursement fund - an authorized cash fund used to reimburse employees for approved departmental supplies amounting to $100 or less per reimbursement.

The FY 2005 cash on hand audit focused on University departments and units receiving over-the-counter and mail revenue.

Scope / Objective
The objective of the internal audit for cash funds and undeposited revenue is to provide a reasonable assurance that the internal control environment over cash and revenue on hand is reasonable and functioning adequately. Audit procedures included:

- Performing counts of undeposited revenue and cash funds on hand in selected departments and units; and
- Ascertaining how cash funds and undeposited revenue are handled and secured until deposited.

Recommendations/Responses

<table>
<thead>
<tr>
<th>CEA</th>
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</table>
GBPAC is a $23 million, 100,000 square foot complex featuring three state-of-the-art concert halls, a soaring glass-walled lobby, and dozens of teaching and rehearsal spaces. Hosting over 300 performances each year, the GBPAC showcases the world’s finest artists, ensembles of the UNI School of Music, the Waterloo-Cedar Falls Symphony and many other community and regional events.

Currently, the GBPAC hosts twice the level of activity with approximately 25% less state support than envisioned by the original business plan. Revenues derived from non state sources, which include ticket sales, rental income, advertising income, corporate support, and an annual donations campaign, surpass originally planned levels, some by as much as one hundred percent.

The purpose of the internal audit was to provide a reasonable assurance that an adequate internal control environment had been established to reasonably protect the University from negative exposure, loss, and/or misuse of the public trust.

Internal auditors obtained an understanding of operations through direct observations of processes, examination of supporting financial and operational documentation, and discussions of questions and concerns with appropriate GBPAC staff.

GBPAC’s operations were examined for:

- Regulatory compliance, including University policies & procedures;
- Effective accomplishment of mission;
- Reliable financial information;
- Effective and efficient use of resources; and
- Adequate safeguarding of assets.

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</table>
The GEAR-UP program, a federally funded national program administered by the U.S. Department of Education, is a discretionary grant program designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. It is one of twelve programs in UNI’s Educational Opportunity Programs and Special Community Services.

GEAR-UP selected Logan Middle School as its partnership school, which is assisted by other organizations within the local community. Its mission is accomplished by providing tutoring, after school activities, and a summer program that involves assemblies, orientations, college visits, career awareness, implementation of decision-making curriculum, and homeroom mentors. The total budget for the first five years of the grant agreement is $1,260,085.

The purpose of the audit was to provide a reasonable assurance that an adequate internal control environment had been established that reasonably protects the University from exposure, loss, and/or misuse of the public trust.

Internal auditors obtained an understanding of operations through completion of an internal control questionnaire, examination of supporting financial and program documentation, and discussions of questions and concerns with GEAR-UP staff.

Operations were examined for:
- Regulatory compliance including University policies and procedures;
- Effective accomplishment of its mission;
- Reliable financial information;
- Effective and efficient use of resources; and
- Adequate safeguarding of assets.

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<tr>
<td>University of Iowa – University Operations</td>
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<td>Dance Marathon Business Process Review</td>
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<td>HIPAA</td>
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<td>Opportunity at Iowa Departmental Audit</td>
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<td>Workflow Business Process Review</td>
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<td>Meal Charging</td>
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<th>Iowa State University</th>
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<tr>
<td>Security of Remote Computing</td>
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<tr>
<td>Conference and Event Services</td>
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### Recommendations / Responses

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<tr>
<td><strong>1.</strong> Training.</td>
<td>December 2004</td>
<td>Item closed.</td>
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<tr>
<td><strong>2.</strong> Privacy Notice.</td>
<td>Dec 2004</td>
<td>Review: May 2005</td>
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<td>Report: Jun 2005</td>
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<td><strong>3.</strong> Address for HIPAA Privacy Officer.</td>
<td>July 2004</td>
<td>Review: May 2005</td>
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<td>Report: Jun 2005</td>
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<td><strong>4.</strong> Accessibility of PHI.</td>
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<td>Report: Jun 2005</td>
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<td><strong>5.</strong> Business Associate Database.</td>
<td>August 2004</td>
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<td><strong>6.</strong> Covered Versus Non-Covered Components.</td>
<td>December 2004</td>
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<td><strong>7.</strong> HIPAA Committee.</td>
<td>August 2004</td>
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