

Contact: Todd Stewart

INTERNAL AUDIT REPORTS

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	M/C*	CEA*	Status
UNIVERSITY OF IOWA			
• Grant Accounting			Open
• Third Party Clinical Trial Billing			Open
• Cooperative Oncology Groups			Open
IOWA STATE UNIVERSITY			
• No Submissions			
UNIVERSITY OF NORTHERN IOWA			
• No Submissions			

**Materiality/Criticality (MC) and Assessment of Controls Efficiencies (CEA) are defined in the Attachment.*

The Status of Internal Audit Follow-Up Table on the following page identifies 15 internal audit reports, 13 of which require follow-up.

FOLLOW-UP REPORTS

UNIVERSITY OF IOWA

- No Submissions

IOWA STATE UNIVERSITY

- Memorial Union Closed
- IBSSS Assistive Device Center Closed

UNIVERSITY OF NORTHERN IOWA

- No Submissions

Status of Internal Audit Follow-Up

University of Iowa

Title	Report Date	Original Follow-Up Status	Expected Completion	Action Status
1. Department of Psychiatry	Oct 26, 2005	Originally scheduled Mar 2006	Apr 2006	
2. Residence Halls-Hall Government	Oct 26, 2005	Originally scheduled Aug 2006	Aug 2006	
3. NCAA Representatives of the University's Athletic interests	Mar 2, 2006	Originally scheduled Jul 2006	Aug 2006	
4. Office of the Registrar	Mar 2, 2006	Originally scheduled Aug 2006	Sep 2006	
5. IT Parallel Systems	Mar 2, 2006	Originally scheduled Oct 2006	Nov 2006	
6. Postseason Athletic Participation Capital One Bowl	Sep 26, 2005	Schedule TBD	TBD	

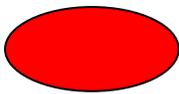
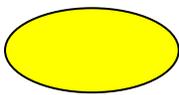
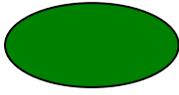
Iowa State University

Title	Report Date	Original Follow-Up Status	Expected Completion	Action Status
7. Memorial Union	Jun 28, 2005	Originally scheduled Jan 2006	Jan 2006	Closed
8. IBSSS Assistive Device Center	Mar 9, 2005	Originally scheduled Oct 2005 Revised to Feb 2006	Nov 2005 Mar 2006	Closed
9. Iowa Agriculture and Homes Economics Experiment Station	Jan 6, 2006	Originally scheduled Jul 2006	Aug 2006	

University of Northern Iowa

Title	Report Date	Original Follow-Up Status	Expected Completion	Action Status
10. Gallagher-Bluedorn Performing Arts Center	Feb 10, 2005	Originally scheduled Feb 2006	Mar 2006	
11. Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	Mar 9, 2005	Originally scheduled Mar 2006	Apr 2006	
12. Classis Upward bound Program	Apr 27, 2005	Originally scheduled May 2006	May 2006	
13. FY 2005 Cash on Hand	Jan 4, 2005	Originally scheduled Oct 2005 Follow #1 completed Dec 2005	1 st Nov 2005 2 nd Jun 2006	
14. Management and Professional Development Center	Jun 28, 2005	Originally scheduled Jul 2006	Jul 2006	
15. International Programs	Aug 8, 2005	Originally scheduled Aug 2006	Sep 2006	

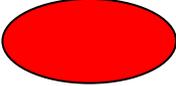
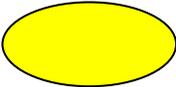
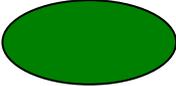
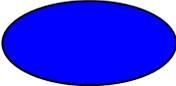
MATERIALITY / CRITICALITY (MC)

<p>HIGH</p> 	<p>Potential:</p> <ul style="list-style-type: none"> • Significant impact on enrollment/teaching/research/extension OR • Significant impact on people/health/safety OR • Exposure to significant financial loss/costly inefficiencies OR • Exposure to loss or interception of sensitive electronic data/information OR • Exposure to significant legal liability/regulatory penalties OR • Significant reputational risk OR • Broad impact of negative event.
<p>MODERATE</p> 	<p>Potential:</p> <ul style="list-style-type: none"> • Moderate impact on people/health/safety OR • Exposure to moderate financial loss/inefficiencies OR • Exposure to loss or interception of non-sensitive electronic data/information OR • Exposure to moderate legal liability/regulatory penalties OR • Moderate reputational risk OR • Localized impact of negative event.
<p>LOW</p> 	<p>Low potential:</p> <ul style="list-style-type: none"> • Impacting people/health/safety OR • Loss/liability OR • Damage to reputation OR • 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)

<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 colors for the control / efficiency assessment (CEA) are used in evaluating each individual comment.

FOLLOW-UP

	<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.
	<ul style="list-style-type: none"> • Closed.

**The University of Iowa
Grant Accounting**
Initial Audit Report Issued: April 12, 2006

Summary

M/C

CEA

Status: Open

Recommendations/
Responses

Auditor's Observation	CEA	Implementation Target Date	Expected Auditor Follow-up
1. Effort Reporting.		June 2006	Review: Oct 2006 Report: Nov 2006
2. Cost Share Accounts.		July 2006	Review: Oct 2006 Report: Nov 2006
3. NIH Salary Cap Accounts.		April 2006	Review: Oct 2006 Report: Nov 2006
4. Account Monitoring.		September 2006	Review: Oct 2006 Report: Nov 2006
5. Account Deficit Monitoring.		July 2006	Review: Oct 2006 Report: Nov 2006
6. Account Close Out Procedures.		September 2006	Review: Oct 2006 Report: Nov 2006
7. Account Establishment Timeliness.		May 2006	Review: Oct 2006 Report: Nov 2006
8. Performance Appraisals.		April 2006	Review: Oct 2006 Report: Nov 2006

**The University of Iowa
Third Party Clinical Trial Billing**
Initial Audit Report Issued: April 12, 2006

Summary

M/C

CEA

Status: Open

Recommendations/
Responses

Auditor's Observation	CEA	Implementation Target Date	Expected Auditor Follow-up
1. Incorrect Billings.		May 2006	Review: Aug 2006 Report: Nov 2006
2. Special Program Questionnaire.		July 2006	Review: Aug 2006 Report: Nov 2006
3. Campus Mailing Clinical Trial Claims.		July 2006	Review: Aug 2006 Report: Nov 2006
4. Joint Office for Compliance Review Process.		July 2006	Review: Aug 2006 Report: Nov 2006
5. Create Task Force.		July 2006	Review: Aug 2006 Report: Nov 2006

**The University of Iowa
Cooperative Oncology Groups Audit
Initial Audit Report Issued: April 19, 2006**

Summary

M/C

CEA

Status: Open

Recommendations/
Responses

Auditor's Observation	CEA	Implementation Target Date	Expected Auditor Follow-up
1. Affiliate Agreements		July 2006	Review: Aug 2006 Report: Aug 2006 