

Contact: Todd Stewart

**FY 2007 AUDIT PROGRESS AND FY 2008 INTERNAL AUDIT PLANS**

**Action Requested:** Receive the progress reports for the universities' FY 2007 audit plans and the internal audit plans for FY 2008.

**Executive Summary:** On an annual basis, the Regent universities compile and submit audit plans to the Board of Regents. In accordance with Board policy, these plans review past accomplishments and identify the next fiscal year's internal audit focuses.

FY 2007 Progress	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>	<u>Total</u>
<b>Original Audits Planned</b>	<b>53</b>	<b>16</b>	<b>10</b>	<b>79</b>
Completed and Released	32	8	7	47
In Process or Pending	9	2	1	12
On-going	3	0	0	3
Deferred	2	2	2	6
Cancelled	<u>7</u>	<u>4</u>	<u>0</u>	<u>11</u>
<b>Totals</b>	<b>53</b>	<b>16</b>	<b>10</b>	<b>79</b>
<b>Follow-Up Audits Planned</b>	<b>28</b>	<b>3</b>	<b>7</b>	<b>38</b>
Completed and Released	14	2	7	23
In Process or Pending	7	1	0	8
Deferred	6	0	0	6
Cancelled	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
<b>Totals</b>	<b>28</b>	<b>3</b>	<b>7</b>	<b>38</b>

FY 2008 Plans

	<u>Scheduled Audits</u>	<u>Follow-Up Audits</u>	<u>Grand Total</u>	<u>Total Hours Budgeted*</u>
University of Iowa	53	34	87	17,012
Iowa State University	17	5	22	5,208
University of Northern Iowa	<u>12</u>	<u>2</u>	<u>14</u>	<u>3,413</u>
<b>Total</b>	<b>82</b>	<b>41</b>	<b>123</b>	<b>25,633</b>

\*Includes budgeted hours for recurring reported audits / reviews; original audits; follow-up audits; non-audit activities; and other responsibilities.

Internal audit plans for FY 2008 are based on known circumstances and certain areas needing routine audit coverage. Portions of the plans are unannounced and unplanned to allow the internal auditors flexibility to respond to events that transpire throughout the year and to add audits throughout the year as necessary.

Internal Audit Staff as of June 30, 2007

	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>	<u>TOTAL</u>
Full-Time Professional Audit Positions	8.8	3	1	<b>12.8</b>
Support / Intern / Student Positions	1	0	1	<b>2</b>

Tables detailing FY 2008 plans for each university may be found in the attachment. Tables containing audits completed for FY 2004 – FY 2007 may be found in the Regent Exhibit Book.

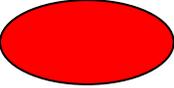
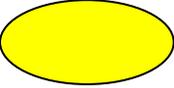
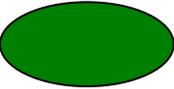
The FY 2008 Internal Audit Plan for all three Regent institutions is based on the following:

- Regent Internal Audit Director evaluation of plans and guidance from the Board;
- The input of many university management personnel, the Auditor of State, and information shared between the three internal audit departments;
- Compilation of institutional risk concerns;
- Risk assessment based on the application of certain risk measurement criteria to the compiled risk concerns; and
- Prioritization based on risk criteria and management input.

The risk assessment performed for FY 2008 identified the following high risk areas:

- Business processes;
- Compliance with departmental policies and procedures in areas where there has been a change of top management and complex office processes; and
- Information technology particularly in areas of new system development and implementation.

**MATERIALITY / CRITICALITY (MC)**

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

**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.

**UNIVERSITY OF IOWA  
Proposed Internal Audit Plan for FY 2008**

<b><u>M/C</u></b>	<b><u>Audit and Reviews</u></b>	<b><u>Hours</u></b>	<b><u>Percent</u></b>
	Intercollegiate Home Game Ticket Revenue	250	1.4%
	NCAA Compliance - Certification of Compliance	40	0.2%
	NCAA Compliance - Eligibility	220	1.3%
	NCAA Compliance - Complimentary Admissions	100	0.6%
	NCAA Compliance - Rules Education	40	0.2%
	Quarterly Investment and Cash Reviews	250	1.4%
	Conflict of Interest with Vendors	250	1.4%
	UIHC Finance and Accounting Services	300	1.8%
	Research Drugs	250	1.4%
	CORM Measures and Public Reporting	300	1.8%
	Extramural Activities	250	1.4%
	UIHC Call Center	200	1.2%
	COD Business Office and Complimentary or Discounted Care	300	1.8%
	Patient and Staff Safety	200	1.2%
	Compensation of Graduate Students- NIH Funded Research	250	1.4%
	Conflict of Interests - Continuing Medical Education	200	1.2%
	UIHC Absence Mgmt/FMLA	250	1.4%
	OBY-GYN Departmental	300	1.8%
	NADS	250	1.4%
	Human Subjects Office Process Review	250	1.4%
	Student Fees	250	1.4%
	Book Store	300	1.8%
	Psychology Departmental & IT Review	250	1.4%
	Blanket Purchase Order Controls	250	1.4%
	Bio -Safety Labs - Dual Use compliance and Access	250	1.4%
	Research Compliance: Cost Transfers	250	1.4%
	University Box Office	250	1.4%
	Capital Project Change Orders	250	1.4%
	University Alumni Association	250	1.4%
	FERPA Release Policy Compliance	200	1.2%
	Chemistry Department	250	1.4%
	Property Management Office	250	1.5%
	UIHC Facility Security	200	1.2%

**UNIVERSITY OF IOWA  
Proposed Internal Audit Plan for FY 2008**

<u>M/C</u>	<u>Audit and Reviews</u>	<u>Hours</u>	<u>Percent</u>
●	Transplant Billing Process	125	0.7%
●	Family Medicine	300	1.8%
●	University of Iowa Physicians	150	0.9%
●	HCIS Hardware Change Mgmt	44	0.3%
●	Supply Chain Management	30	0.2%
●	UIHC Bidding Process	15	0.1%
●	Data Center Physical Security	25	0.1%
●	Athletics	108	0.6%
●	Student Information System (MAUI)	50	0.3%
●	Speech Pathology and Audiology	60	0.4%
●	College of Business	20	0.1%
●	Electronic Medical Record Implementation	200	1.2%
●	EPIC Security	300	1.8%
●	Time and Attendance Implementation	200	1.2%
●	Electronic Medical Record for College of Dentistry	100	0.6%
●	Active Directory	300	1.8%
●	UIHC Kiosk Security	100	0.6%
●	College of Library and Info Science	250	1.4%
●	Telecom Closet Security	200	1.2%
	Unplanned/Unassigned Hours	590	3.5%
	College of Nursing Follow-Up	30	0.2%
	Student Health Follow-Up	50	0.3%
	UIHC Facility Security Follow-Up	30	0.2%
	Transplant Billing Follow-Up	30	0.2%
	Family Medicine Follow-Up	30	0.2%
	University of Iowa Physicians Follow-Up	30	0.2%
	UIHC Procurement Bidding Follow-Up	50	0.3%
	Neurology Follow-Up	50	0.3%
	Dermatology Follow-Up	30	0.2%
	Volunteer Services Follow-Up	30	0.2%
	Children's Miracle Network Follow-Up	30	0.2%
	Research Data Security Follow-Up	30	0.2%
	IDX Access and Security Follow-Up	5	0.0%

UNIVERSITY OF IOWA  
Proposed Internal Audit Plan for FY 2008

<u>M/C</u>	<u>Audit and Reviews</u>	<u>Hours</u>	<u>Percent</u>
	Hardware Change Management Follow-Up	30	0.2%
	Third Party Clinical Trials Follow-Up	20	0.1%
	PHI Access and Storage on Mobile Devices Follow-Up	10	0.1%
	Research Drug Follow-Up	30	0.2%
	Vendor Conflict of Interest Follow-Up	30	0.2%
	Graduate Compensation on NIH Funds Follow-Up	30	0.2%
	College of Business Follow-Up	30	0.2%
	Hygenic Lab Follow-Up	50	0.3%
	Data Center Physical Security Follow-Up	30	0.2%
	Physics and Astronomy Follow-Up	30	0.2%
	Security of Internet Initiated ACH Transfer Follow-Up	30	0.2%
	NCAA Recruiting Follow-Up	30	0.2%
	University Food Service Follow-Up	30	0.2%
	Parking System Follow-Up	30	0.2%
	Athletics Follow-Up	30	0.2%
	NADS Follow-Up	30	0.2%
	Grant Accounting Follow-Up	10	0.1%
	IT Parallel Processes Follow-Up	10	0.1%
	Wireless IT Environment Follow-Up	10	0.1%
	Speech Pathology and Audiology Follow-Up	30	0.2%
	Timely Termination Follow-Up	30	0.2%
	<b>Subtotal</b>	<b>11,802</b>	<b>69.3%</b>
	<b><u>Non-Audit Activities</u></b>	<b><u>Hours</u></b>	<b><u>Percent</u></b>
	Administration	2,619	15.4%
	Annual Risk Assessment & Audit Planning	400	2.4%
	Client Assistance	323	1.9%
	IT Support	250	1.5%
	Professional Development/Organizations	818	4.8%
	Staff Meetings	800	4.7%
	<b>Subtotal</b>	<b>5,210</b>	<b>30.7%</b>
	<b>Total</b>	<b>17,012</b>	<b>100.0%</b>

IOWA STATE UNIVERSITY  
Proposed Internal Audit Plan for FY 2008

<u>M/C</u>	<u>Audits and Reviews</u>	<u>Hours</u>	<u>Percent</u>
	Quarterly Investment Reviews	20	0.4%
	Security of Internet-Initiated ACH Transactions	40	0.8%
	Football Attendance Review	20	0.4%
	Special School	80	1.5%
	Sponsored Programs	300	5.8%
	Biosafety Compliance	300	5.8%
	Construction Project Management	300	5.8%
	Human Subjects	300	5.8%
	International Students and Scholars	300	5.8%
	Admissions	300	5.8%
	Service Centers	250	4.8%
	Social Security Number Protection Policy Compliance Review	250	4.8%
	Institutional Animal Care and Use Committee Compliance Review	30	0.6%
	Building Access Services - Access Cards	20	0.4%
	Building Access Services - Keys	300	5.8%
	Recreation Services	300	5.8%
	Special Course Fees	215	4.1%
	IT/IS Assessment	100	1.9%
	Unplanned/Unassigned Hours	285	5.0%
	Building Access Services - Access Cards Follow-up	40	0.8%
	Institutional Animal Care and Use Committee Compliance Review Follow-up	30	0.6%
	Registrar Follow-up	5	0.1%
	Thielen Student Health Center Follow-up	40	0.8%
	Veterinary Teaching Hospital - Follow-up	30	0.6%
	<b>Subtotal</b>	<b>3,855</b>	<b>74.0%</b>
	<u><b>Non-Audit Activities</b></u>	<u><b>Hours</b></u>	<u><b>Percent</b></u>
	Administration	660	12.7%
	Annual Risk Assessment & Audit Planning	150	2.9%
	Professional Development/Organizations	240	4.6%
	Staff Meetings	303	5.8%
	<b>Subtotal</b>	<b>1,353</b>	<b>26.0%</b>
	<b>Total</b>	<b>5,208</b>	<b>100.0%</b>

UNIVERSITY OF NORTHERN IOWA  
Proposed Internal Audit Plan for FY 2008

<u>M/C</u>	<u>Audits and Reviews</u>	<u>Hours</u>	<u>Percent</u>
●	Quarterly Investment and Cash Reviews	100	2.9%
●	Battelle Funds	180	5.3%
●	Cashiering Process (from FY07)	165	4.8%
●	HRS Personnel Action Form (PAF) Process Improvement	220	6.4%
●	Intercollegiate Athletics - Cash, Gift & Tradeout Handling	160	4.7%
●	Intercollegiate Athletics - Ticket Sales	110	3.2%
●	On Load Teaching & Consulting (complete in FY09)	200	5.9%
●	Physical Plant Job Cost System	320	9.5%
●	Recharge Centers Compliance & Process Improvement	120	3.5%
●	UNItix Operations	240	7.0%
●	University Spending Controls	160	4.7%
●	Vendor Payment	240	7.0%
	Unplanned/Unassigned Hours	240	7.0%
	NCAA Rules-Compliance Follow-Up	20	0.6%
	Tuition & Fees Allocation Follow-Up	80	2.3%
	<b>Subtotal</b>	<b>2,555</b>	<b>74.8%</b>
	<u>Non-Audit Activities</u>	<u>Hours</u>	<u>Percent</u>
	Administration	460	13.5%
	Annual Risk Assessment & Audit Planning	120	3.5%
	Professional Development/Organizations	108	3.2%
	Staff Meetings	170	5.0%
	<b>Subtotal</b>	<b>858</b>	<b>25.2%</b>
	<b>Total</b>	<b>3,413</b>	<b>100.0%</b>