

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                                |   |        |
| • Biosafety Laboratory Controls                   |    | Open   |
| • Department of Psychology Information Technology |    | Open   |
| • HIPAA Security Regulation Compliance            |    | Open   |
| • Hospital Supply Chain                           |    | Open   |
| • UIHC Construction                               |    | Open   |
| • Property Management Office                      |    | Open   |
| • University Surplus Processes                    |   | Open   |
| • Research Subject Compensation                   |  | Open   |
| • Institute of Clinical and Translational Science |  | Closed |
| IOWA STATE UNIVERSITY                             |   |        |
| • Effort Reporting                                |  | Open   |
| • Fuel Access and Usage                           |  | Closed |
| UNIVERSITY OF NORTHERN IOWA                       |   |        |
| • Conflict of Interest Analysis                   |  | Open   |
| • Athletics: Cash, Gift, and Tradeout Handling    |  | Open   |
| • Federal Export Controls                         |  | Open   |

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

**FOLLOW-UP REPORTS**

UNIVERSITY OF IOWA

- Pandemic Preparedness – UI Health Care Business Processes      Closed
- UI Health Care – EPIC Security      Closed
- University Box Office      Closed
- National Advanced Driving Simulator (NADS)      Closed
- Student Course Fees      Closed

- Controlled Substances Closed
  - UI Health Care Criminal Background Checks Closed
- IOWA STATE UNIVERSITY
- Biosafety – Select Agents Closed
  - Veterinary Diagnostic Laboratory 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  
Biosafety Laboratory Controls**

*Issued May 7, 2009*

Status: Open

The Vice President for Research requested an audit of Biosafety Level 3 (BSL-3) laboratories on the University of Iowa campus to provide assurance personnel are properly screened and receive adequate training. Primary findings included enhancing the record keeping of deactivated materials leaving the laboratories and establishing a positive confirmation to maintain compliance with the Center for Disease Control (CDC). Research Administration will create a task force to strengthen controls over agreements with external parties wishing to rent space in the BSL-3 laboratories. Management agrees with the recommendations and expects to complete their action plans by July 2009.



**The University of Iowa  
Department of Psychology Information Technology**

*Issued May 7, 2009*

Status: Open

The primary objective of the audit was to provide reasonable assurance that information technology resources are managed in a manner that complies with university policy and best practices. Principal findings include decommissioning the stand alone Active Directory environment and migrating to the Iowa domain, modifying workstation settings so that all necessary updates are installed, ensuring all required software licenses are in place and all administrator accounts are renamed, registering all wireless access points with ITS, and verifying proper employee access to the data center and lab servers. The Department of Psychology has dedicated a significant amount of effort and resources to address these issues and expects to mitigate the risk exposure by September 2009.



**The University of Iowa  
HIPAA Security Regulation Compliance**

*Issued May 7, 2009*

Status: Open

The Health Insurance Portability and Accountability Act (HIPAA) Security Rule requires administrative, physical, and technical safeguards for electronic protected health information (ePHI). This audit was conducted to determine the University's compliance with the Rule. Primary findings included the need to strengthen hybrid entity governance by increasing coordination and communication between the HIPAA Privacy Officer, HIPAA Security Officer and each of the ten hybrid components. Management has agreed that increased coordination, training and oversight will improve Rule compliance and facilitate compliance with other University IT policies. Management agrees with the findings and expects to complete their action plan by July 1, 2009.



**The University of Iowa  
Hospital Supply Chain**

*Issued June 30, 2009*

Status: Open

The University of Iowa Hospital and Clinics (UIHC) supply chain is an integrated system of functions and departments responsible for getting supplies from the manufacturer or distributor to the point of use. UIHC Processed Stores and Central Sterilizing Service's data, activity, and reports involving the supply chain from FY2008 to the present were reviewed to provide reasonable assurance that the module and processes are operating as intended, ensure proper accounting of all related activity and staff compliance with all necessary controls, and identify areas of risk or non-

compliance. Primary findings included the incorrect documentation of unresolved inventory discrepancies, insufficient security in some storage areas, and limited use of handheld scanner technology due to system software issues, which contributes to operational inefficiencies and increases the possibility of system entry errors. Management intends to alter their system entry practices to ensure the proper documentation of discrepancies, pursue the installation of additional surveillance equipment and door lock timers in all storage areas, and evaluate the replacement of current handheld scanner software technology if an upcoming software upgrade proves insufficient to allow full utilization of the scanners. Management expects to complete their action plan by the second quarter of FY 2010.



**The University of Iowa  
UIHC Construction**

*Issued June 30, 2009*

Status: Open

The audit was performed to provide reasonable assurance that construction processes taking place at the UIHC follow Board of Regent policies and procedures, the Iowa Code, and departmental procedures. The findings include lack of documentation in three areas: architectural selection process, approval of pay applications, and Change Authorization Requests. Other findings consist of outlining an agreement for use of Constructware software and two change orders not properly approved according to Board of Regent policy. Management expects to complete their entire action plan by August 2009.



**The University of Iowa  
Property Management Office**

*Issued June 30, 2009*

Status: Open

The primary objective of the audit was to provide reasonable assurance that procedures are in place to properly account for the University's investment in capitalized equipment and to comply with related federal regulations. Principal findings include the failure to conduct regular reconciliations of federally-titled assets to Property Management's records to ensure proper records, inconsistent validation of departmental capitalized equipment inventories, and outdated policies and procedures. Management agrees with the findings and expects to complete their action plans by September 30, 2009.



**The University of Iowa  
University Surplus Processes**

*Issued June 30, 2009*

Status: Open

An audit of the controls over Surplus processes focused on three areas: Surplus, Property Management, and UIHC Environmental and Guest Services. Primary findings include: increasing controls over Surplus tracking of items, updating UIHC policy and procedures for surplus items, formalizing contracts with recycling vendors, and updating policy to renew controls over cash handling. Management agrees with the findings and expects to complete their action plans by December 31, 2009.



**The University of Iowa  
Research Subject Compensation**

*Issued June 30, 2009*

Status: Open

The audit was performed to provide reasonable assurance that research at the University is following the Research Subject Compensation (RSC) policy and that proper controls are in place. The findings include cash handling issues when research subjects are compensated with gift cards and lack of documentation required by the RSC policy. Management expects to complete their entire action plan by October 2009.



**The University of Iowa  
Clinical and Translational Science**

*Issued June 30, 2009*

Status: Closed

The Institute is one of 38 academic health centers nationwide to receive a Clinical and Translational Science Award from the National Institutes of Health National Center for Research Resources; the Institute was granted a five-year, \$33.8 million award. The objectives of the audit were to provide reasonable assurance that Institute business processes and internal controls are in place and operating as intended, ensure proper accounting of all related activity, and assist management in identifying areas of risk. No material audit findings or weaknesses were noted during completion of the audit. Analysis of processes validated that the Institute's business processes are in place and operating as intended and its internal controls are sufficient to mitigate areas of risk and ensure compliance with CTSA award requirements and University policies and procedures. This audit is closed.



**Iowa State University  
Effort Reporting**

*Issued July 8, 2009*

Status: Open

This audit was performed to evaluate the effort reporting process, including the controls over effort reporting form production, the approval of sponsored project salary changes, and the timeliness of the process. The adequacy of training resources and policies and procedures were also reviewed. Findings included the need for a formalized effort reporting policy and increased procedural guidance, an evaluation of the process for efficiencies and timeliness gains, and faculty training on the topic. Management expects to complete action plans by January 2010.



**Iowa State University  
Fuel Access and Usage**

*Issued July 9, 2009*

Status: Closed

The audit included verifying that adequate controls exist to restrict fuel pump access to authorized users, to ensure appropriate usage of fueling cards, and to monitor usage at Transportation Services fuel pumps. No observations were noted.



**University of Northern Iowa  
Conflict of Interest Analysis**

*Issued June 30, 2009*

Status: Open

The conflict of Interest analysis was performed to evaluate policies and controls affecting potential conflict of interest situations with employees, vendors, and students. Procedures were developed to include a review of current policies, procurement and vendor controls and processes, and employee relationships in regards to nepotism perquisites. Audit findings include the documentation and communication of conflict of interest policies, disclosures of conflict of interest from all staff, a review of the nepotism policy, and the approval of departmental scholarships. Management agrees with the findings and expects to complete their action plan by the end of December 2009.



**University of Northern Iowa  
Athletics Cash, Gift, and Tradeout Handling**

*Issued June 30, 2009*

Status: Open

The Athletics Cash, Gift, and Tradeout Handling audit was performed to examine Athletics for adequate internal controls and compliance with University policies in the area of gift management. Audit findings include securing and depositing cash and checks on a timely basis, maintaining a gift inventory, reviewing courtesy vehicle reports, and recording auction/raffle gifts with the foundation. Management agrees with the findings and expects to complete their action plan by December 2009.



**University of Northern Iowa  
Federal Export Controls**

*Issued June 30, 2009*

Status: Open

The Federal Export Controls audit was performed to evaluate the University's current export controls and processes and identify improvements for compliance with federal export laws. Audit findings include developing and implementing a University-wide export control policy, improving internal processes for identifying export control situations, and implementing an awareness training program for employees so they understand export control compliance. Management agrees with the findings and expects to complete their action plan by January 2010.

**STATUS OF AUDIT FOLLOW-UPS**

**University of Iowa**

| <b>Title</b>  | <b>Report Date</b> | <b>Original Follow-Up Date</b> | <b>Revised Follow-Up Date</b> | <b>Action Status</b> |
|---|--------------------|--------------------------------|-------------------------------|----------------------|
| 1. Student Activity Fees                                | Feb 12, 2009       | July 2009                      |                               |                      |
| 2. Shared Campus Active Directory Forest                | Feb 12, 2009       | July 2009                      |                               |                      |
| 3. UIHC Environmental and Guest Services                | Apr 1, 2009        | Aug 2009                       |                               |                      |
| 4. Conflict of Interest – Vendors/Extramural Activities | May 16, 2008       | Sept 2009                      |                               |                      |
| 5. Joint Office for Clinical Outreach Services          | Sept 12, 2008      | Oct 2009                       |                               |                      |
| 6. Blanket Purchase Orders                              | Oct 6, 2008        | Nov 2009                       |                               |                      |
| 7. Human Subjects Office Process Review                 | Feb 11, 2008       | Jan 2010                       |                               |                      |
| 8. Copyright Management                                 | Apr 1, 2009        | Jan 2010                       |                               |                      |
| 9. Research Compliance: Cost Transfers                  | Dec 18, 2008       | Aug 2010                       |                               |                      |
| 10. GLBA/FERPA Compliance                               | Apr 1, 2009        | Aug 2010                       |                               |                      |
| 11. Patent Policy Compliance                            | Nov 6, 2008        | Nov 2010                       |                               |                      |

**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>  |
|---|--------------------|--------------------------------|-------------------------------|---|
| 12. Building Access Services – Access Cards         | Jan 16, 2008       | Jun 2008                       | Dec 2009                      |  |
| 13. Building Access Services – Key Control & Access | Jan 12, 2009       | Feb 2010                       |                               |  |
| 14. Human Subjects in Research                      | Mar 4, 2009        | Apr 2010                       |                               |  |

**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>  |
|--|--------------------|--------------------------------|-------------------------------|---|
| 15. Hong Kong MBA Program                        | Jul 15, 2008       | May 2009                       |                               |    |
| 16. Central Revenue Processes                    | Oct 7, 2008        | May 2009                       |                               |    |
| 17. Athletic Ticket Sales                        | Dec 19, 2008       | July 2009                      |                               |  |
| 18. Price Laboratory School Fees                 | Dec 19, 2008       | July 2009                      |                               |  |
| 19. Physical Plant Job Cost System Efficiency    | Apr 21, 2009       | Dec 2009                       |                               |  |
| 20. Recharge Centers Rate Compliance Improvement | Apr 21, 2009       | Jan 2010                       |                               |  |
| 21. University Spending Controls                 | Apr 21, 2009       | Jan 2010                       |                               |  |

**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>   |