

**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 <ul style="list-style-type: none"> <li>• Biochemistry Stores</li> <li>• NCAA Compliance Activities - Coaching Staff Limits and Contracts</li> <li>• NCAA Extra Benefits - Representatives of the University's Athletic Interests</li> <li>• Procurement Card</li> <li>• UIHC Department of Orthopaedics Business Processes</li> <li>• EPIC Radiant</li> <li>• NCAA Camps and Clinics</li> </ul>	      	Open Closed Closed Closed Open Open Open
IOWA STATE UNIVERSITY <ul style="list-style-type: none"> <li>• NCAA Compliance</li> <li>• Purchasing Card</li> <li>• Leopold Center for Sustainable Agriculture</li> <li>• Research Data Security</li> </ul>	   	Open Closed Open Open
UNIVERSITY OF NORTHERN IOWA <ul style="list-style-type: none"> <li>• Academic Learning Center - Examination Services</li> <li>• Student Course and Program Fees</li> <li>• Tuition and Fees Accountability</li> </ul>	  	Open Open Open

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

**FOLLOW-UP REPORTS**

UNIVERSITY OF IOWA

- |  |        |
|--|--------|
| • Human Subject Office                     | Closed |
| • UIHC Patient Elopement                   | Closed |
| • University Bookstore – Apple Merchandise | Closed |
| • University Surplus Processes             | Closed |

**IOWA STATE UNIVERSITY**

- Human Subjects in Research Closed
- ISU Dining Closed

**UNIVERSITY OF NORTHERN IOWA**

- Physical Plant Job Cost System Efficiency Closed
- Conflict of Interest Analysis Closed
- Federal Export Controls Closed
- Recharge Centers Rate Compliance Improvement Closed

**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  
Biochemistry Stores**

*Issued May 11, 2010*

Status: Open

This audit was performed to provide assurance that Biochemistry Stores' business and inventory management system processes and controls are in place and operating as intended. Recommendations included improving inventory records and performing cycle counts, improving fire safety and storage concerns, and timely deposit and reconciliation of cash received. Additional recommendations were made over the business processes associated with maintaining inventory. Stores has initiated corrective actions to address the issues cited in the report and expects to complete their action plan by October 2010.



**The University of Iowa  
NCAA Compliance Activities – Coaching Staff Limits and Contracts**

*Issued May 11, 2010*

Status: Closed

As a Division I member, the University of Iowa is obligated to comply with the National Collegiate Athletic Association (NCAA) legislation. This audit was performed to fulfill the portion of the NCAA's requirement related to coaching staff limits and contracts. Analysis of these processes revealed that the Athletics Department has controls in place to monitor and account for coaching limits and contracts in accordance with the NCAA, and no reportable conditions were noted. This audit is closed.



**The University of Iowa  
NCAA Extra Benefits – Representatives of the University's Athletics Interests**

*Issued May 11, 2010*

Status: Closed

As a Division I member, the University of Iowa is obligated to comply with the National Collegiate Athletic Association (NCAA) legislation. This audit was performed to fulfill the portion of the NCAA's requirement related to representatives of the University's athletics interests. Analysis of these processes revealed that the Athletics Department has controls in place to monitor and account for representatives of the University's athletics interests in accordance with the NCAA, and no reportable conditions were noted. This audit is closed.



**The University of Iowa  
Procurement Card**

*Issued May 11, 2010*

Status: Closed

This audit was performed to assess the University's controls, policies, and processes in place for use of procurement cards by employees. The single recommendation was for a process to ensure timely response from departments terminating employees with P-Cards. The Purchasing Department implemented our audit recommendations prior to the issuance of our report and the audit is closed.



**The University of Iowa  
UIHC Department of Orthopaedics**

*Issued May 11, 2010*

Status: Open

The Department of Orthopaedics Business Processes audit was performed at the request of UIHC administration. The objectives of the audit were to provide reasonable assurance that business processes follow University policy and best practices and to ensure internal controls are in place and operating as intended. Recommendations included implementation of appropriate segregation of duties by assigning financial, grant management, and human

resources responsibilities among multiple employees, and documenting all business processes and related job duties. It was also recommended that employees receive training for new tools such as GL Reporter and incorporate the use of the tools into key business processes. Recommendations relating to compliance included prompt charge capture, timely performance reviews, proper approval of travel expense vouchers, and documented cash handling procedures. Management agrees with the findings and expects to complete their action plans by July 2010.



**The University of Iowa  
EPIC Radiant**

*Issued July 1, 2010*

Status: Open

The audit was performed to provide assurance that all completed radiology exams have an active order, billable supplies are properly documented and charged, hospital and physician codes are consistent, and the interface between EPIC and IDX is appropriately monitored. Primary recommendations included ensuring orders are not canceled after procedures are complete, capturing all supply charges, properly ending exams in EPIC so hospital charges are accurately captured, and reviewing the database of procedures and linked charges so EPIC's automated charge capture functionality captures correct charges. Management agrees with the findings and expects to complete their action plan by July 2010.



**The University of Iowa  
NCAA – Camps and Clinics**

*Issued July 1, 2010*

Status: Open

As a Division I member, the University of Iowa is obligated to comply with the National Collegiate Athletic Association (NCAA) legislation. The lone recommendation centered on developing a reconciliation process to ensure outside income received by Athletics' employees from the operation of camps and/or clinics is properly reported to the Director of Athletics. Management agrees with the finding and expects to complete their action plan by September 1, 2010.



**Iowa State University  
NCAA Compliance**

*Issued May 12, 2010*

Status: Open

The purpose of this audit was to determine whether the Athletics Department maintains an adequate system to establish compliance with NCAA bylaws governing sports camps and clinics, proper documentation regarding the limits and restrictions on team and individual practice and competition activities is maintained and applicable NCAA standards are met, and that the Athletics Department is monitoring employment and maintaining adequate documentation to establish compliance with NCAA bylaws governing student-athlete employment. Audit recommendations were made that the documentation of the approval of a camp/clinic be more thorough, camp/clinic reporting be more uniform in the information that is required, more emphasis be placed on the monitoring of student-athlete employment, and a job manual be developed to outline the duties of the compliance staff. Management expects to complete their action plans by August 2010.



**Iowa State University  
Purchasing Card**

*Issued May 18, 2010*

Status: Closed

The purpose of the audit was to evaluate the purchasing card process for reasonable controls, policies, and procedures. Testing included review of policy and contract, training, card setup

and cancellation process, transaction and reconciliation process, and purchasing department reporting, analysis, and compliance review. No reportable issues were identified.



**Iowa State University  
Leopold Center for Sustainable Agriculture**

*Issued July 13, 2010*

Status: Open

The purpose of the audit was to evaluate the Leopold Center's adherence to documented procedures for evaluating grant proposals, reviewing subagreements, monitoring progress, reviewing payments to grantees, and amending grant agreements. Audit recommendations included obtaining legal interpretation about the use of agriculture management account funds, revising the presentation of the center's financial information for annual reports, revising grant agreements to include the appropriate conflict of interest provisions, developing an internal procedures manual that details the specific programmatic activities performed from pre-proposal to grant closeout, and performing a comprehensive review of the grant recipient manual to ensure that policies and procedures are accurate and complete. Management expects to complete their action plans by January 2011.



**Iowa State University  
Research Data Security**

*Issued July 13, 2010*

Status: Open

The purpose of the audit was to evaluate data security practices in various departments and centers that conduct research. Audit objectives included evaluating data security policies and the security environment and security methods in place, including backup and recovery, computer maintenance, and logical and physical security. Audit recommendations were made that Information Technology Services implement a University-wide data classification standard to uniformly classify different types of information and that the existing IT security policy be evaluated to ensure that it includes all areas that have been deemed as high risk. Management expects to complete their action plans by June 2011.



**University of Northern Iowa  
Academic Learning Center-Examination Services**

*Issued May 10, 2010*

Status: Open

The Academic Learning Center-Examination Services audit was performed to provide assurance for reasonable internal controls and processes. Audit findings include documenting confidentiality agreements with employees, managing proctors for eligibility and training, depositing income on a timely basis and maintaining its associated documentation, monitoring financial performance, and documenting and reviewing all contracts with external service providers. Management agrees with the findings and expects to complete their action plan after September 2010.



**University of Northern Iowa  
Student Course and Program Fees**

*Issued July 7, 2010*

Status: Open

The Student Course and Program Fees audit was performed to review course and program fees for internal controls, policies, and processes. Audit recommendations include reviewing course and program fees policies and procedures, documenting the purpose and approval, developing proper accounting procedures and monitoring, and communicating the fees to the University community and the public. Management agrees with the findings and expects to complete their action plan after March 2011.



**University of Northern Iowa  
Tuition and Fees Accountability**

*Issued July 7, 2010*

Status: Open

The Tuition and Fees Accountability audit was performed to examine tuition and fees for internal controls to ensure consistent and appropriate assessment and accounting. Audit recommendations include using approved tuition rates and recording institutional aid, accounting for Continuing and Distance Education credit course expenses with associated tuition revenue, and documenting tuition adjustments in the student information system. Management agrees with the findings and expects to complete their action plan after April 2011.

**STATUS OF AUDIT FOLLOW-UPS**

**University of Iowa**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
1. IIHR-Hydroscience & Engineering Active Directory Review	Nov 10, 2009	Jan 2010		
2. Broadcasting Services Active Directory Review	Nov 10, 2009	Mar 2010		
3. Prepaid Patient Services	Dec 16, 2009	Apr 2010		
4. Main Operating Room Billing Process	Sept 3, 2009	May 2010		
5. Facilities Management – Construction Change Orders	Jan 13, 2010	May 2010		
6. College of Pharmacy Business Processes	Sept 3, 2009	Jun 2010		
7. UI Health Care Finance and Accounting Services	Nov 10, 2009	Jul 2010		
8. University of Iowa Alumni Association	Nov 10, 2009	Jul 2010		
9. Research Compliance: Cost Transfers	Dec 18, 2008	Aug 2010		
10. GLBA/FERPA Compliance	Apr 1, 2009	Aug 2010		
11. EPIC Software Change Management	Jan 13, 2010	Aug 2010		
12. University Benefits	Jan 13, 2010	Aug 2010		
13. Mathematics, Statistics and Actuarial Science, and Computer Science Departments Active Directory Review	Nov 10, 2009	Sept 2010		
14. Cost Sharing	Dec 16, 2009	Oct 2010		

15. EPIC Cardiant	Apr 5, 2010	Oct 2010		
16. Patent Policy Compliance	Nov 6, 2008	Nov 2010		
17. Sexual Harassment Policy	Mar 10, 2010	Nov 2010		
18. International Programs – Office for Study Abroad	Apr 5, 2010	Jan 2011		

**Iowa State University**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
19. Effort Reporting	Jul 8, 2009	Feb 2010	Jul 2010	
20. Personnel Actions	Aug 19, 2009	Aug 2010		
21. Thielen Student Health Center	Mar 30, 2010	Jan 2011		
22. Conflict of Interest	Oct 13, 2009	Feb 2011		

**University of Northern Iowa**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
23. Events Complex Business Plan	Oct 9, 2009	Apr 2010		
24. Special Compensation Controls	Sept 30, 2009	Jun 2010		
25. Campus Fueling Station Access and Usage	Dec 14, 2009	Jun 2010		
26. Study Abroad Programs	Dec 14, 2009	Jul 2010		
27. Telework Arrangements	Dec 18, 2009	Jul 2010		
28. Applicable Credits and Program Income	Apr 2, 2010	Oct 2010		
29. Procurement Card	Apr 2, 2010	Oct 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>