

**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		
• Division of Pulmonary Medicine		Open
• Office of Admissions		Open
• University Surplus		Open
• University of Iowa Alumni Association		Open
• Pain Medicine Clinic		Open
• Fraternal Order of Eagles Diabetes Research Center		Open
• Residence Hall Security		Open
• College of Pharmacy		Open
• Flexible Benefits		Open
• UIHC Safety and Security		Open
• EPIC Beaker		Open
• Intercollegiate Athletics – Home Game Ticket Revenue – FY 2014-2015		Closed
• Dual Degree Programs		Open
• Finance and Business Information Services IT		Open
• NCAA Recruiting On and Off Campus		Closed
• Centralized Coding		Open
• UIHC Bioengineering		Open
IOWA STATE UNIVERSITY		
• NCAA Compliance – Amateurism		Closed
• NCAA Compliance – Governance and Organization		Open
• College of Engineering		Open
• Office of the Vice President for Research		Open
• Velocity Security Management System		Open
UNIVERSITY OF NORTHERN IOWA		
• Center for Multicultural Education		Open
• Speech and Hearing Clinic		Open

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

**FOLLOW-UP REPORTS**

UNIVERSITY OF IOWA

- Maxient Discipline Database Software Closed
- Onboarding Closed
- Iowa House Hotel Closed
- Reduction in Force Closed
- Department of Risk Management, Insurance and Loss Prevention Closed
- Volunteer Gift Shop Closed
- UIHC Dialysis Services Closed
- Facilities Management Information Technology Closed
- Work Injury Recovery Center Closed
- Fraternal Order of Eagles Diabetes Research Center Closed

IOWA STATE UNIVERSITY

- Facilities Planning and Management Closed
- University Library Closed
- ISU Dining 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.*



**The University of Iowa  
Division of Pulmonary Medicine**

*Issued January 15, 2015*

Status: Open

The Internal Medicine Pulmonary Division audit was performed to examine the operations for reasonable internal controls and processes. Audit recommendations were to monitor and enforce HIPAA/TB compliance and obtain approval for all out-of-state trips prior to travel. Management expects to complete its action plan by June 2015.



**The University of Iowa  
Office of Admissions**

*Issued April 14, 2015*

Status: Open

The Office of Admissions processes more than 20,000 freshman applications each year. Made At University Iowa (MAUI) has been the authoritative source for admissions student record data since the Fall 2013 academic term. The audit focused on access to admissions data, processing of merit scholarships, application and acceptance fees, student communications, identity validation for exchanging student information over the phone, and data retention practices. Audit recommendations include improving internal processes to document and track discrepancies between self-reported and official data which require an additional level of review, implementing a record retention policy, and improving identity verification practices when student information is requested over the phone. Management expects to complete its action plans by June 2015.



**The University of Iowa  
University Surplus**

*Issued April 14, 2015*

Status: Open

The Surplus Department coordinates the resale, recycling or disposal of all University owed items, and provides hard drive wiping or shredding services. FY 2014 net revenue from operations after sharing of proceeds with departments totaled \$718,000. Audit recommendations include periodic review of alarm system settings and access, developing formal policies and procedures for use of outside vendors for resale activities, requiring supervisor approval for time card changes and management review of time records to strengthen internal controls. Management expects to complete its action plans by June 2015.



**The University of Iowa  
University of Iowa Alumni Association**

*Issued May 5, 2015*

Status: Open

The University of Iowa Alumni Association (UIAA), an affiliated organization of the University of Iowa, was established as a way for alumni, students and friends of the university to remain engaged with each other and the University of Iowa community. The UIAA currently has approximately 40,000 active members which generated \$1.18 million of their \$3.96 million total revenue for FY 2014. Audit recommendations were made over travel and ensuring training has been completed for all staff with designated cash handling roles. Management expects to complete its action plan by May 2015.



**The University of Iowa  
Pain Medicine Clinic**

*Issued May 5, 2015*

Status: Open

The Pain Medicine Clinic audit was performed to examine the operations for reasonable internal controls and processes. Primary audit recommendations include automating the non-controlled substances billing process, training PCard reviewers on IACTS information, deactivating non-current employees from IT systems, and obtaining approval for all out-of-state trips prior to travel occurring. Management expects to complete its action plan by July 2015.



**The University of Iowa**  
**Fraternal Order of Eagles Diabetes Research Center**

*Issued May 5, 2015*

Status: Open

The Diabetes Research Center audit was performed to examine the operations for reasonable internal controls and processes. Audit recommendations included deactivating non-current employees from the badge database, updating workflow paths and reviewing Transaction Detail Report timely. Management expects to complete its action plan by April 2015.



**The University of Iowa**  
**Residence Hall Security**

*Issued June 29, 2015*

Status: Open

The University of Iowa provides on-campus housing for over 5,000 students in residence halls. Securing residence halls is a shared responsibility between University Housing & Dining, and the Department of Public Safety. Primary audit recommendations included completing the integration of the access control and video surveillance systems, creating and modifying policies and procedures to control temporary electronic access cards and mechanical keys, ensuring access to buildings is removed for terminated and transferred employees, and tracking Campus Security Authority training. Management expects to complete its action plans by August 2015.



**The University of Iowa**  
**College of Pharmacy**

*Issued June 29, 2015*

Status: Open

The College of Pharmacy audit was performed to examine the operations for reasonable internal controls and processes. Audit recommendations include strengthening controls over level III data, repairing critical items on the most recent vulnerability scan, updating the key holder database and electronic access system to ensure physical security over facilities, updating the pricing data for UI Pharmaceuticals services and updating the invoicing system to enhance accounts receivable management. Management expects to complete its action plan by September 2015.



**The University of Iowa**  
**Flexible Benefits**

*Issued June 29, 2015*

Status: Open

The Flexible Benefits audit was performed to examine the internal controls and procedures for the processing of Flexible Spending Accounts (FSA) reimbursement claims. FSA claims can be submitted electronically or by hard copy and upon approval are paid by check or direct deposit. There were 45,737 claims processed in calendar 2014 for a total amount of \$13,787,655. Audit recommendations included fully segregating the ability to process FSA claims from the ability to edit address or bank account information, restricting user access in systems to only those functions required for job duties, and requiring management to process personal claims submitted by Benefits staff. Management expects to complete its action plans by January 2016.



**The University of Iowa**  
**UIHC Safety and Security**

*Issued June 29, 2015*

Status: Open

The UIHC Safety and Security audit was performed to examine the operations for reasonable internal controls and processes. Audit recommendations include cross referencing the departments and department operators in the electronic access management software, sending current electronic access list to operators periodically to verify the user validity, updating current key holder information, conducting inventory of master keys and key cores, developing request forms for electronic access authorization and testing the functionality of surveillance camera system periodically. Management expects to complete its action plan by December 2015.



**The University of Iowa  
EPIC Beaker**

*Issued June 29, 2015*

Status: Open

The EPIC Beaker audit was performed to examine the operations utilizing the system for reasonable information technology controls and processes. Audit recommendations include developing a solution for cleaning up old lab orders in the system, reconciling the Cerner charge master to the EPIC charge master, and updating downtime procedures. Management expects to complete its action plan by August 2015.



**The University of Iowa  
Intercollegiate Athletics – Home Game Ticket Revenue – FY 2014-2015**

*Issued July 28, 2015*

Status: Closed

This audit is performed annually to provide an independent verification and reconciliation of home game athletic ticket revenue, ensure accurate payment of sales tax, completion of guaranteed payments according to Big Ten revenue sharing regulation or contractual terms to visiting institutions, and to reconcile complimentary ticket listings. Additional fieldwork verified accuracy of reporting of employee complimentary tickets as taxable income. No material audit findings or weaknesses were noted during the course of this audit. This audit is closed.



**The University of Iowa  
Dual Degree Programs**

*Issued July 28, 2015*

Status: Open

Dual degree programs are parallel enrollment in two programs of study with up to 12 semester hours cross-credited. During the 2014-2015 academic year, 435 students were enrolled in dual programs within the University of Iowa and 40 students were enrolled in programs offered in conjunction with Iowa State University. The Dual Degree Programs audit was performed to provide reasonable assurance that business processes were in place and functioning effectively. Audit recommendations include developing formal policies and guidelines for programs including the approval process, automating the degree audit process within the Graduate College, implementing procedures to verify student enrollment status at partnering institutions, and receiving Board of Regents approval for all programs with different tuition structures. Management expects to complete its action plans by September 2016.



**The University of Iowa  
Finance and Business Information Services IT**

*Issued July 28, 2015*

Status: Open

The Finance and Business Information Services IT group develops and supports over 70 systems and 300 computers for a wide range of stakeholders on campus. The audit focused on systems they support and user access/authentication, IT asset inventory, computer management, disaster recovery, and sensitive data security best practices. Audit recommendations include Active Directory and administrator access process improvements, fully implementing automated machine management tools, and developing disaster recovery documentation. Management expects to complete their action plans by September 2015.



**The University of Iowa  
NCAA Recruiting On and Off Campus**

*Issued July 28, 2015*

Status: Closed

As a Division I member, the University of Iowa is obligated to comply with the National Collegiate Athletic Association (NCAA) rules and regulations. This audit was performed to fulfill the portion of the NCAA's requirement related to on and off campus recruiting. No findings were identified and the audit is closed.



**The University of Iowa  
Centralized Coding**

*Issued July 28, 2015*

Status: Open

The Centralized Coding audit was performed to determine whether the Coding Integrity Division of the Joint Office of Patient Financial Services has reasonable internal controls and processes regarding coding and charge capture. After the implementation of the new revenue cycle systems in August 2014 it was determined that reporting could be improved to allow for more comprehensive monitoring of timely claim filing, duplicate charges and deleted charges. Other recommendations include working to reduce the number of charges that are directed to incorrect work queues, working with external coding vendors to address error messages, bringing bill area entry to front-end processes where possible, and improving communication to departments when system changes are implemented. Management expects to complete its action plan by August 2016.



**The University of Iowa  
UIHC Bioengineering**

*Issued July 28, 2015*

Status: Open

The Bioengineering audit was performed to examine the operations for reasonable internal controls and processes. Audit recommendations included sending parts that were previously removed from inventory to University Surplus, considering the removal of seldom used parts from the inventory, and setting up ProTrav approval practices through the automated work flow system. Management expects to complete its action plan by December 2015.



**Iowa State University  
NCAA Compliance – Amateurism**

*Issued May 12, 2015*

Status: Closed

The purpose of this audit was to evaluate the controls in place to ensure compliance regarding NCAA Amateurism rules. The scope of the audit included a review of ISU's efforts to comply with the NCAA bylaws regarding amateurism, including a review of initial dates of competition and amateurism questionnaires for international student-athletes, a review of graduation dates and enrollment terms for domestic student-athletes, and a review of amateurism certifications provided by the NCAA Eligibility Center to verify final amateur status for student-athletes. Based on audit testing for the time period reviewed, the athletics department has reasonable controls in place to ensure compliance with NCAA regulations. No reportable issues were identified and the audit is closed.



**Iowa State University  
NCAA Compliance – Governance and Organization**

*Issued May 12, 2015*

Status: Open

This audit was performed to determine if ISU has the basic components of an effective institutional compliance program in accordance with NCAA bylaws. The scope of the audit included a review of departmental policies and procedures regarding NCAA compliance, identification of personnel who have responsibility for supervising the university's compliance, and an assessment of activities undertaken by the athletics department to determine if compliance with NCAA legislation is occurring. To strengthen the organizational structure, it was recommended a formal document be created detailing the responsibilities of the Faculty Athletics Representative and formalizing the relationship between the Faculty Athletics Representative and the Director of Compliance. Management expects to complete the action plan by June 2015.



**Iowa State University  
College of Engineering**

*Issued July 14, 2015*

Status: Open

The College of Engineering had undergraduate enrollment of 7,523 students and graduate enrollment of 1,266 in Fall 2014. It is one of the 10 largest undergraduate engineering programs in the United States and is the largest college at Iowa State. The purpose of the audit was to evaluate the adequacy of administrative processes to provide reasonable assurance internal controls are in place and operating as intended at both the College and departmental levels. Implementing the audit recommendations will ensure development of an inventory system for non-capitalized IT assets, strengthen the process of managing user access to databases and systems, ensure adequate documentation of research-related travel expenditures, ensure meal reimbursements are in line with ISU policy, and strengthen the scholarship selection process. Management expects to complete its action plan by December 2015.



**Iowa State University  
Office of the Vice President for Research**

*Issued July 14, 2015*

Status: Closed

The purpose of this audit was to provide reasonable assurance that the Office of the Vice President for Research adheres to the policies and procedures established by Iowa State University for the areas of conflict of interest and commitment, salary adjustments, performance appraisals, personnel actions, leave management, expenditures including travel reimbursements, and building access controls. No reportable conditions were identified based on the audit testing performed. This audit is closed.



**Iowa State University  
Velocity Security Management System**

*Issued July 14, 2015*

Status: Open

Velocity by Identiv, Inc. is an integrated software platform for security management which is used by Building Security Services, a unit within ISU Facilities Planning and Management, to coordinate key-card and keypad access control across campus. Velocity is used to manage 1,169 card readers controlling access to areas throughout the university for 55,000 individuals holding credentials. Implementing audit recommendations will bolster segregation of duties, and ensure the server housing Velocity is adequately protected against malware. Management expects to complete its action plans by October 2015.



**University of Northern Iowa  
Center for Multicultural Education**

*Issued July 8, 2015*

Status: Open

The Center for Multicultural Education was established in 1971 to contribute to the cultural competence of all students. The Center serves UNI students through regularly scheduled speaker and book series, the Gaining Panther Success mentoring program, a Multicultural Student Advisory Board, and a student support fund which can be accessed through an online application. Audit recommendations focused on improving operational controls over food and beverages and book collection and financial controls over cash, expenses and time recording. Management expects to complete its action plans by November 2015.



**University of Northern Iowa  
Speech and Hearing Clinic**  
*Issued July 8, 2015*

Status: Open

The University of Northern Iowa Speech and Hearing Clinic was established in the early 1960's for students entering into the professions of speech pathology and audiology. The clinic provides services for people of all ages with various types of speech, language and hearing disorders throughout the Cedar Valley. Audit recommendations focused on operational controls and financial management within the clinic. Management expects to complete its action plans by May 2016.

**STATUS OF AUDIT FOLLOW-UPS**

**University of Iowa**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
1. Observation Patient Status – Revenue Loss	July 14, 2014	Oct 2014	Aug 2015	
2. Centralized Management of Scheduling Program Audit	Aug 22, 2014	Jan 2015		
3. MAUI Billing	Feb 20, 2014	Mar 2015		
4. UIHC Project Art	Aug 22, 2014	June 2015		
5. Grade Entry and Grade Changes	Dec 19, 2014	June 2015		
6. Fleet Services	Mar 25, 2015	June 2015		
7. Hematology, Oncology, and Blood & Marrow Transplantation	Mar 25, 2015	June 2015		
8. Communication Sciences and Disorders	Jan 15, 2015	Aug 2015		
9. Surgery Preauthorization	Feb 12, 2015	Aug 2015		
10. Department of Anatomy and Cell Biology	Mar 25, 2015	Aug 2015		
11. Voalte	Mar 25, 2015	Sept 2015		
12. Biology Information Technology	Sept 23, 2014	Oct 2015		
13. OptiFlex	Jan 15, 2015	Oct 2015		
14. Bowen Science Building Information Technology	Sept 23, 2014	Feb 2016		

**Iowa State University**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
15. Department of Biomedical Sciences	Feb 16, 2015	June 2015		
16. College of Business	Feb 16, 2015	Sept 2015		
17. Institute of Transportation	Mar 31, 2015	Sept 2015		

**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>
18. Physical Plant Administration	July 8, 2014	May 2015		
19. Athletic Travel	Sept 17, 2014	July 2015		
20. Emeritus Controls	Sept 17, 2014	July 2015		
21. Counseling Center	Dec 18, 2014	Sept 2015		
22. Study Abroad Center	Dec 18, 2014	Oct 2015		
23. Metal Casting Center	Mar 23, 2015	Jan 2016		
24. Centers Administration	Mar 23, 2015	Feb 2016		

**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>