

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		
• Department of Surgery		Open
• Tuition Set-Aside Fund and Iowa Grant Program		Open
• UIHC Centralized Pharmacy Inventory		Open
• UI Health Care Human Resources		Open
• Veterans Affairs Contract Compliance		Open
IOWA STATE UNIVERSITY		
• NCAA Compliance – Academic Performance Program		Closed
• NCAA Compliance – Amateurism		Open
• Sponsored Programs Fiscal Compliance – OMB Circular A-21		Closed
• Study Abroad Rome Program		Open
UNIVERSITY OF NORTHERN IOWA		
• Malcolm Price Laboratory School Food Service Program		Open
• Temporary Faculty and Staff		Open

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

FOLLOW-UP REPORTS

UNIVERSITY OF IOWA

- 2010 Insight Bowl Closed
- NCAA Compliance Audit On/Off Campus Recruiting Closed
- Pathology /Tissue Bank Inventory Closed

IOWA STATE UNIVERSITY

- Department of Residence Access Control Closed
- Engineering Online Learning Closed
- Athletics Department Ticketing Procedures Closed

UNIVERSITY OF NORTHERN IOWA

- College of Education Closed
- Iowa Waste Reduction Center Closed
- Tuition and Fees Accountability Closed

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 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
Department of Surgery**
Issued August 25, 2011

Status: Open

The purpose of this audit was to ensure that: adequate processes are in place to accurately capture patient charges in a timely manner; the department is compliant with UI policies governing purchasing, procurement cards, cash handling and travel reimbursements; financial commitments are effectively monitored and dispersed to the department; adequate processes and controls are in place to support department functions with regard to recruitment activities; and that independently controlled hardware in the department is used in accordance with UI policies. Primary findings indicate a need for stronger oversight with regard to external hardware used by faculty and with procurement activities. In addition, the department has a charge lag for physician inpatient charges which exceeds the standard of seven days. Internal Audit will verify the implementation of corrective action plans in September 2011.



**The University of Iowa
Tuition-Set Aside Fund and Iowa Grant Program**

Issued August 25, 2011

Status: Open

The purpose of the audit was to provide reasonable assurance that internal controls established by the Office of Student Financial Aid and Admissions are in place and operating as intended. The audit included review of selection criteria, verification of management oversight, and financial reporting. One recommendation was made to increase documentation for awards granted under extenuating circumstances. The audit will remain open until follow-up procedures have been completed in the third quarter of FY 2012.



**The University of Iowa
UIHC Centralized Pharmacy Inventory**

Issued August 25, 2011

Status: Open

The audit was performed to provide assurance that UIHC Centralized Pharmacy inventory management processes and controls are in place and operating efficiently. Recommendations for improvements include a review of security camera placement throughout the storeroom, implementation of secure access to the drug waste storeroom, implementing inventory monitoring processes for oral solids, exploring the use of handheld scanners, and revising policies and procedures. Internal Audit will verify the implementation of corrective action plans in the second quarter of FY2012.



**The University of Iowa
UI Health Care Human Resources**

Issued September 28, 2011

Status: Open

The UI Health Care Human Resources audit was performed to examine the human resource processes (excluding Payroll) for reasonable internal controls and processes. Audit findings include concerns regarding the ER³MA system meeting strategic needs, the lack of human resource and system training, the cumbersome recruitment process, and lack of central location for human resource staff. Management agrees with the findings and expects to complete their action plan after October 2012.



**The University of Iowa
Veterans Affairs Contract Compliance**

Issued September 28, 2011

Status: Open

The purpose of this audit was to ensure timely invoice and revenue processes are in place, management appropriately quantifies costs associated with VA faculty appointments, and the institution has adequate procedures in place to resolve late payment issues. The audit also sought to verify that adequate controls are in place to prevent contract lapses, as well as provide for regular review of contracts and that channels of communication are in place to keep all parties informed of contracting efforts. Primary recommendations were to strengthen oversight with regard to accuracy and consistency of invoices, as well as timeliness of payments. In addition, staff working closely with the process have agreed to document standard operating procedures. Internal Audit will verify the implementation of corrective action plans in December 2011.



**Iowa State University
NCAA Compliance – Academic Performance Program**

Issued August 25, 2011

Status: Closed

The purpose of this audit was to evaluate the controls in place to ensure NCAA compliance regarding the Academic Performance Program. The scope of this audit included a review of ISU's efforts to comply with the NCAA bylaws regarding the Academic Performance Program, including: identifying university personnel who have responsibility for the university's compliance, identifying activities by the athletics department used to ensure compliance, and determining the process used to gather data for the Academic Performance Program. Based on the audit work performed, the university is in compliance with the NCAA regulations and no reportable issues were identified.



**Iowa State University
NCAA Compliance – Amateurism**

Issued August 25, 2011

Status: Open

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 identification of university personnel who have responsibility for the university's compliance, identification of activities to monitor compliance, 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 certification provided by the NCAA Eligibility Center for all student-athletes. Implementation of the audit recommendation to obtain all necessary signatures on the amateurism questionnaire and maintaining documents in the Compliance Office will strengthen the supporting documentation retained by the Compliance Office for international student-athletes. Management expects to complete the action plan by November 2011.



**Iowa State University
Sponsored Programs Fiscal Compliance – Circular OMB A-21**

Issued August 25, 2011

Status: Closed

This audit was performed to evaluate sponsored program fiscal compliance with Circular OMB A-21. University policies were reviewed for consistency and compliance with federal regulations. Procedures and resources were also reviewed to determine if they are clear and informative. Detailed transaction testing was completed to determine compliance with University and federal policies. Centralized monitoring processes were also reviewed. No reportable issues were identified.



**Iowa State University
Study Abroad Rome Program**

Issued August 25, 2011

Status: Open

The audit was requested by the Dean of the College of Design and was performed to determine whether appropriate financial management practices exist regarding the Rome bank account used for program support, procurement card usage, per diem, and the establishment of program fees. Also, the health and safety aspect of traveling and living abroad was reviewed to determine if students, faculty, and staff are being adequately prepared for the experience. Additionally, contract approval and signature authority was reviewed in terms of hiring and the commitment of funds. Audit recommendations included documentation standards regarding program expenses, re-evaluation of per diem rates and cash advances, employment status and delegated authority of Rome office staff members, and policy and procedure guidance for the general operation of the program. Recommendations also included health and safety aspects including, registering groups with the U.S. Department of State and the collection of information from program participants. Management expects to complete the action plans by January 2012.



**University of Northern Iowa
Malcolm Price Laboratory School Food Service Program**

Issued September 22, 2011

Status: Open

The audit was performed to analyze the food service program operations for reasonable internal controls and processes. Audit procedures included cash handling, fee calculation and recording, grants and contracts including disbursement testing, financial performance, payroll, and inventory procedures. Audit recommendations include segregation of duties, fee and budget development, reporting and food purchase procedures, maintaining control of assets, balancing food accounts, student hiring, and grant management. Management agrees with the findings and expects to complete their action plan by June 2012.



University of Northern Iowa
Temporary Faculty and Staff
Issued September 27, 2011

Status: Open

The audit was performed to examine temporary employee processes to reasonably ensure adequate and effective internal controls are operating and applicable University policies, procedures, union agreements, laws, and regulations are being followed. Audit procedures included a review of governance and policies, hiring practices, and monitoring temporary employee limitations. The audit recommended reducing the maximum temporary staff appointment period, updating the Faculty Hiring Guide, ensuring consistent pre-hire authorization, developing best practices for departmental selection of temporary employees, reviewing reasonableness of temporary salary and wage rates, using appointment and offer letters consistently, and providing temporary employee orientation. Management agrees with the findings and expects to complete their action plan by June 2012.

STATUS OF AUDIT FOLLOW-UPS

University of Iowa

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
1. Mechanical Engineering Program	Jan 12, 2011	July 2011	Oct 2011	
2. EPIC – Ophthalmology	Nov 11, 2010	Aug 2011		
3. Building Access Security	Jan 12, 2011	Aug 2011		
4. Department of Emergency Medicine	Feb 25, 2011	Aug 2011		
5. Off-Campus/Distance Education	Feb 25, 2011	Oct 2011		
6. Patient Financial Services Pre-Access/Admission	Feb 25, 2011	Oct 2011		
7. Department of Pediatrics	Mar 24, 2011	Oct 2011		
8. Holden Comprehensive Cancer Center	May 17, 2011	Nov 2011		
9. UI Health Care Epic Stork	June 23, 2011	Nov 2011		
10. University of Iowa Bookstore Distribution Center	June 23, 2011	Nov 2011		
11. MARS/MAUI Feeder Systems	May 17, 2011	Dec 2011		
12. Summer Youth Programs	June 23, 2011	Dec 2011		
13. University Approved Bank Accounts	Dec 14, 2010	Jan 2012		
14. PCI Compliance	Mar 24, 2011	Jan 2012		
15. Central Sterilizing Services	Apr 19, 2011	Jan 2012		
16. International Student Reporting - SEVIS	Apr 19, 2011	Jan 2012		
17. UIHC Child Care Center	Apr 19, 2011	Apr 2012		
18. University Housing & Dining	June 23, 2011	July 2012		

Iowa State University

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
19. Research Data Security	July 13, 2010	July 2011		
20. Employee Separation Procedures	Oct 8, 2010	Aug 2011	Jun 2012	
21. Non-Employees on Campus	Jan 13, 2011	Aug 2011		
22. Laboratory Safety	Mar 28, 2011	May 2012		

University of Northern Iowa

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
23. Academic Summer Youth Camps	Jan 7, 2011	Nov 2011		
24. International Student Admissions	Mar 31, 2011	Nov 2011		
25. University Approved Bank Accounts	Jan 7, 2011	Dec 2011		
26. Child Development Center	Mar 31, 2011	Dec 2011		
27. Modern Languages	July 7, 2011	Feb 2012		
28. Payment Card Industry Standards	July 7, 2011	May 2012		

Follow-Up Legend

	<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.