

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: FY 2003 Internal Audit Plans
Date: July 8, 2002

Recommended Actions:

1. Receive the progress reports for the universities' FY 2002 audit plans.
2. Receive the universities' internal audit plans for FY 2003.

Executive Summary:

On an annual basis, the Regent universities compile and submit audit plans to the Banking Committee. In accordance with Board policy, these plans review past accomplishments and identify the next fiscal year's internal audit focus.

All three universities have internal auditors. The University of Iowa (SUI) provides audit coverage for the Iowa School for the Deaf and Iowa State University (ISU) provides audit coverage for the Iowa Braille and Sight Saving School. Costs related to coverage of the special schools are detailed in the plans.

FY 2002
Plan Progress

The three internal audit staffs made progress towards completing the internal audit plans for FY 2002.

**Regent Composite
Internal Audit Plan Progress – FY 2002
Original and Follow-Up Audits**

	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>	<u>TOTAL</u>
Original Audits Planned	48	12	8	68
Completed and Released	31	7	2	39
In Process or Pending	5	2	3	10
On-going	4	0	0	4
Cancelled	5	2	0	7
Deferred Until FY 2003	<u>2</u>	<u>1</u>	<u>3</u>	<u>6</u>
Subtotals	47	12	8	67
Follow-Up Audits Planned	29	8	4	41
Completed and Released	18	4	4	26
In Process or Pending	7	4	0	11
Deferred	0	0	1	1
Cancelled	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Subtotals	26	8	5*	39

*Two follow-ups were performed for one audit.

**Regent Composite
Internal Audit Staff Positions – As of June 30, 2002**

	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>	<u>TOTAL</u>
Full-time Professional Audit Positions	11	4	2	17
Support / Interns / Students	0	0	1	1

FY 2003
Proposed Plans

The FY 2003 internal audit plans are based on known circumstances and certain areas needing routine audit coverage. The plans also include non-audit activities such as leave and professional development. Portions of the audit plans are unscheduled to allow the internal auditors flexibility to respond to events that transpire throughout the year.

**Regent Composite
Proposed Internal Audit Plan – FY 2003**

	<u>Scheduled Audits</u>	<u>Follow-Up Audits</u>	<u>Total Hours Budgeted</u>
University of Iowa			
University Operations	18	7	4,300
Hospital Operations	11	6	2,710
University & Hospital Operations	<u>8</u>	<u>3</u>	<u>2,810</u>
University of Iowa Total	37	16	9,820
Iowa State University	6	7	8,320
University of Northern Iowa	<u>11</u>	<u>4</u>	<u>3,360</u>
Total Universities	54	27	21,500

Narratives regarding each university's individual internal audit plan progress for FY 2002 and proposed audit plans for FY 2003 begin on page 4.

Detailed tables for the University of Iowa, Iowa State University, and the University of Northern Iowa can be found in attachments A, B, and C, respectively.

Background:

Internal Audit
Staffs

In accordance with Regent Policy Manual §7.05(B), each university has an internal audit staff to assist the Board of Regents and institutional administrators in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations, and pertinent comments concerning the activities reviewed.

All three universities have internal auditors to provide independent appraisal services to the Board and to institutional administrators. The University of Iowa internal auditor is responsible for internal audit work at the Iowa School for the Deaf, while the Iowa State University internal auditor is responsible for internal audit work at the Iowa Braille and Sight Saving School.

Internal audit staffs report to the university presidents or special school superintendents, as appropriate, for all auditing activities. Audit activities related to the presidents and superintendents are reported directly to the President of the Board of Regents.

Audit Plans

The university internal auditors develop and execute comprehensive audit plans annually, which are submitted to the Banking Committee for approval, as are the completed internal audit reports.

Audit plans are developed based upon presently known circumstances and include routine monthly audits of cash and investments, audit follow-ups, special projects, bank reconciliations, and annual reconciliation of athletic office tickets at the University of Iowa and Iowa State University.

Portions of the internal audit activities are unannounced and unplanned to accommodate events that transpire throughout the year.

The presentation for the universities' audit plans includes a summary of the following items:

- FY 2002 plan progress;
 - FY 2002 plan variance;
 - FY 2002 unexpected findings;
 - Recent history;
 - FY 2003 audit approach;
 - FY 2003 focus;
 - FY 2003 proposed plan;
 - Special School coverage (SUI and ISU only);
 - Current audit staff; and
 - Other comments.
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Analysis:

UNIVERSITY OF IOWA

Operation FY 2002 was the first full year that University and Hospital Internal audit staffs operated under one department. Prior to the FY 2001 reorganization, the internal audit staffs had previously operated as separate departments.

Internal auditors continue to distinguish audits between University Operations, Hospital Operations, and University and Hospital Operations.

FY 2002 Plan Progress The University made substantial progress on the internal audit plan approved by the Board at its July 2001 meeting.

**University of Iowa
Internal Audit Plan Progress – FY 2002**

	University Operations	Hospital Operations	University and Hospital Operations	Total
Original Audits Planned	22	13	13	48
Completed and Released	18	7	6	31
In Process or Pending	0	2	3	5
On-going	1	2	1	4
Cancelled	0	2	3	5
Deferred Until FY 2003	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>
Totals	19	15	13	47
Follow-Up Audits Planned	15	7	7	29
Completed and Released	13	3	2	18
In Process or Pending	3	3	1	7
Deferred	0	0	0	0
Cancelled	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Totals	17	6	3	26

FY 2002 Plan Variance Variances from the FY 2002 internal audit plan included:

- Postponing two audits, Fixed Asset Management and Firewalls due to staffing issues;
- Delaying one audit indefinitely, Electronic Funds Transfers, due to other, higher-priority audits; and
- Incorporating two audits, TSI Consulting / Review and Unrelated Business Income, into departmental audits.

FY 2002 Unexpected Findings The Internal Audit department reported that no major unexpected findings or unusual circumstances were encountered during FY 2002.

Recent History

During FY 2002, internal auditors at the University of Iowa completed 53 audits – 37 original and 18 follow-up reports – as well as recurring audits / reviews and special projects.

The table on pages 14-15 at the end of this memorandum illustrates audit activities for the past three fiscal years.

FY 2003
Audit Approach

SUI reports that the approach of Internal Audit for FY 2003 is to focus on departmental audits in both the University and the Hospital. Current areas of emphasis include sponsored programs, construction contracts, travel charged on procurement cards, decentralized IT information back-up, and business continuation planning. Past areas of emphasis have included major University processes and systems.

The FY 2003 audit plan is based on consultations with more than 25 University and Hospital management personnel. Internal auditors perform risk assessments to identify areas that represent the greatest risks and where resources are most needed in the given environment. Audit areas are ranked based on assessing risk factors including:

- Cash and Asset Handling;
- Regulatory Compliance;
- General Control Environment;
- Change;
- Information Technology; and
- Complexity of Operations.

Internal auditors gave priority to areas with the highest risk in the FY 2003 audit plan including. Projects are ranked from highest to lowest priority and are limited by available time and resources.

Internal audit will conduct a comprehensive review program during FY 2003 that will focus on the following:

- Adequacy of existing internal control systems and assisting in the review of new control systems prior to implementation;
 - Integrity and security of data;
 - Compliance with established university policies and procedures as well as laws and regulations of external regulatory agencies;
 - Safeguarding of assets against loss;
 - Providing information to management that will assist them in the decision-making process; and
 - Sharing lessons learned with other departments or areas of the university and hospital that may benefit from the information.
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FY 2003
Focus

For the FY 2003 audit plan, internal auditors at SUI plan to:

- Review grant programs in several departments;
- Focus on NCAA compliance, construction contracts, travel charged on procurement cards and decentralized IT information back-up and business continuation planning; and
- Continue to provide consulting for The Patient Billing and Registration System (IDX) through testing and employee training phases.

Past areas of emphasis have included major University processes and new systems such as Human Resources / Payroll, Accounts Payable / Purchasing, Asset Management and Procurement Cards.

FY 2003
Proposed Plan

The proposed FY 2003 audit plan includes 29 original audits, 16 follow-up audits, five recurring reviews, three special projects, audit administration, and non-audit activities for a total of 9,820 hours.

<u>Audit Type</u>	<u>Hours</u>
Original Business Process Reviews	2,600
Original Departmental Reviews	2,250
Original Information Technology	500
Original Sponsored Programs	400
Follow-Up Reviews	1,100
Recurring Audits / Reviews	2,280
Special Projects	600
Iowa School for the Deaf Annual Review	<u>90</u>
Grand Total	9,820

Details of the proposed audit plan can be found in Attachment A on pages 16-17.

ISD
Audit Coverage

At the request of the Board of Regents, the University of Iowa provides annual audit coverage for the Iowa School for the Deaf (ISD). ISD reimburses the University for the costs associated with this coverage. Each year, internal auditors complete the following:

- An annual audit report, which concentrates on a different area each year; and
- Quarterly cash and investment reports, which review ISD's bank statements and account reconciliations for operating fund investments.

The Auditor of State performs an audit each year at ISD, which includes the testing of financial-related controls. (See B.C. 7)

Iowa School for the Deaf Audit Coverage – FY 2003

<u>Audit Type</u>	<u>Hours</u>
Annual Report	44
Quarterly Cash and Investment Reports	<u>46</u>
Total Hours	90
Average Hourly Rate	\$26.75
Estimated Personnel Costs	\$2,407.50
Travel Costs	\$175.00
Total Estimated Cost	\$2,582.50

Current
Audit Staff

As of this report, SUI has eleven full-time positions. One Project Manager position has been eliminated since last year as part of the reorganization of the Internal Audit Department and two senior auditor positions are vacant.

Current internal audit personnel includes:

- Carol Senneff, Director of Internal Audit;
 - Richard See, Project Manager;
 - Debra Johnston; Senior Auditor;
 - Shari Sorenson; Senior Auditor;
 - Herb Musser; Senior Auditor;
 - Jane Adams; Senior Auditor;
 - Debra Schott; Senior Auditor;
 - Bronwyn Van Fossen, Audit Assistant; and
 - Laurie Porsch – Friedman, Secretary III.
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Other
Comments

The University reports that the internal audit staff strives to add value to their clients by providing services such as:

- Internal Audit review and reporting of targeted areas of risk;
 - Partnering with development teams to assure proper controls and efficiency / effectiveness in new systems and processes; and
 - Assisting clients, at their request, to improve the internal control in existing processes / systems.
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IOWA STATE UNIVERSITY

FY 2002 Plan Progress The University made substantial progress on the internal audit plan approved by the Board at its July 2001 meeting.

**Iowa State University
Internal Audit Plan Progress – FY 2002**

	Original Audits	Follow-Up Audits
Planned	12	8
Completed / Released	7	4
In Process or Pending	2	4
Deferred	1	0
Cancelled	<u>2</u>	<u>0</u>
Totals	12	8

FY 2002 Plan Variance Variances from the FY 2002 internal audit plan included:

- Canceling two original audits, Forestry and Microcomputer Products Center, due to budget-related program changes that will significantly impact the scope and operations of these areas; and
- Deferring one original audit, Facilities Planning and Management Prism System, until FY 2003 due to the elimination of one internal audit position.

FY 2002 Unexpected Findings The Office of Internal Audit reported that no unusual circumstances were identified during FY 2002.

Recent History During FY 2002, internal auditors at Iowa State University completed 11 audits – seven original and four follow-up reports as well as ten recurring reviews / special projects / audit administration items.

The table on page 18 at the end of this memorandum illustrates audit activities for the past three fiscal years.

FY 2003 Audit Approach ISU reports that the approach of the Office of Internal Audit is to continue its effort to provide assurance of compliance and internal controls in both academic and administrative units.

The FY 2003 audit plan is based on consultations with internal and external sources as well as consideration of areas that have and have not been audited. Current areas of emphasis include new technologies and systems as well as regulatory compliance. Past areas of emphasis have included cash handling and service centers operating on a cost-reimbursement basis.

Internal auditors perform risk assessments to identify areas that represent the greatest risks and where resources are most needed in the given environment. Audit areas are ranked based on risk factors including:

- Significant cash received or processed in the unit;
- Changes in operations, programs, technologies, or management;
- Degree of regulation, operational complexity, security exposure; and
- Perceived control environment.

Internal auditors gave priority to projects ranked as high risk and projects requested by university officials when determining audit areas for the FY 2003 audit plan. The general scope of work will evaluate:

- Compliance with applicable laws, regulations, policies, and procedures;
- Accomplishment of the mission of the unit or program;
- Reliability and integrity of information used and produced;
- Efficiency and effectiveness of operations; and
- Safeguarding of assets such as cash, equipment, and information.

The audit plan includes certain narrow-scope reviews each year that are performed on a regular basis. Specific units are not formally audited on a standard rotating basis due to limited staff resources. Concerns, new developments, and current topics pertinent to educational institutions are also considered when establishing the audit plan and throughout the year.

FY 2003
Focus

For the FY 2003 audit plan, internal auditors at ISU propose to:

- Focus two audits on areas under the responsibility of the Office of the Provost and four audits in administrative areas;
 - Continue recurring reviews on football attendance, bank statement reconciliations, operating portfolio investments, and the Iowa Braille and Sight Saving School.
 - Include an annual review of endowment expenditures; and
 - Reserve unassigned hours to allow for special needs and requests that arise during the year.
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FY 2003
Proposed Plan

The proposed FY 2003 audit plan includes six original audits, seven follow-up audits, a number of recurring reviews, special projects, audit administration, and non-audit activities for a total of 8,320 hours.

<u>Audit Type</u>	<u>Hours</u>
Original Audits	2,300
Follow-Up Audits	340
Recurring Reviews / Special Projects / Audit Administration	4,220
Non-Audit Activities	<u>1,460</u>
Grand Total	8,320

Details of the proposed audit plan can be found in Attachment B on page 19.

IBSSS
Audit Coverage

At the request of the Board of Regents, Iowa State University provides annual audit coverage for the Iowa Braille and Sight Saving School (IBSSS). IBSSS reimburses the University for the costs associated with this coverage.

In years past, ISU has performed a formal report examining one area each year as well as an annual internal control review examining programs, administrative activities, staffing, computer systems, and internal controls.

For FY 2003 and beyond, ISU internal auditors will prepare:

- A written, annual audit report, which could focus on a different area of emphasis each year; and
- Quarterly Cash and Investment Reviews, which review IBSSS' bank statements and account reconciliations for operating fund investments.

The Auditor of State performs an audit each year at IBSSS, which includes the testing of financial-related controls. (See B.C. 7)

Iowa Braille and Sight Saving School Audit Coverage – FY 2003

<u>Audit Type</u>	<u>Hours</u>
Annual Report	20
Quarterly Cash and Investment Reports	<u>50</u>
Total Hours	70
Hourly Rate	\$34.22
Total Estimated Cost	\$2,395.40

Current
Audit Staff

ISU had four full-time positions as of June 30, 2002. A fifth auditor position was eliminated during the year due to budget cuts. The University reports that FY 2003 will be especially challenging without this position.

Current internal audit personnel includes:

- Sheryl Rippke, Director;
- Karen Cline, Auditor;
- Toni Taylor, Auditor; and
- Jeanne Vande Voort, Audit Assistant.

Other
Comments

The Institute of Internal Auditors (IIA) provides guidance for the internal auditing profession.

The IIA advises that audit plans be flexible so that adjustments can be made during the year to accommodate management strategies, external conditions, or revised expectations. ISU's FY 2003 internal audit plan contains reserved hours for special projects that may arise during the year.

Internal auditors are also advised by the IIA to identify areas that are considered to have significant risk, but are not included in the audit plan due to resource limitations. ISU internal auditors have identified areas that merit audit coverage but were not included in the audit plan as a result of limited resources. These areas include:

- Several large academic departments that have never undergone an internal audit;
 - Office of Intellectual Property and Technology Transfer;
 - Extension;
 - ISU Card New Functionality;
 - Travel Programs and Reimbursements; and
 - FERPA Compliance (Family Educational Rights and Privacy Act of 1974.)
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UNIVERSITY OF NORTHERN IOWA

FY 2002 Plan Progress The University made substantial progress on the internal audit plan approved by the Board at its July 2001 meeting.

**University of Northern Iowa
Internal Audit Plan Progress – FY 2002**

	Original Audits	Follow-Up Audits*
Planned	8	4
Completed / Released	2	4
In Process or Pending	3	0
Deferred	<u>3</u>	<u>1</u>
Totals	8	5

*Five follow -up audits are reported. Two follow -ups were performed on the Cash Funds On Hand audit.

FY 2002 Plan Variance

Variances from the FY 2002 internal audit plan included:

- Delaying the Continuing Education & Special Programs audit due to the revamping of operations by administration in one of the four subdivisions. The audit began in May 2002;
 - Delaying the Department of Residence Administration audit that began in June 2001 due to the relocation and return of its administrative offices. The audit resumed in May 2002; and
 - Delaying the Conference and Visitor Services audit and deferring the Department of Residence – Dining Services, Human Resources, and Motor Vehicle Pool audits to FY 2003 due to:
 - Spending additional time on The Modern Executive and Management Financial Information System (MEMFIS), the new campus-wide comprehensive financial system implemented July 1, 2001;
 - Training a new student assistant auditor;
 - Refocusing the FY 2002 Cash on Hand audit;
 - Relocating the Office of Operations Auditor; and
 - Analyzing the current audit process to make it more efficient and timely.
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FY 2002 Unexpected Findings

The Office of Operations Auditor reported that no unexpected findings or unusual circumstances were identified during FY 2002.

Recent History

During FY 2002, internal auditors at the University of Northern Iowa completed seven audits – two original and five follow-up reports as well as two other responsibilities / non-audit activities.

The table on page 20 at the end of this memorandum illustrates audit activities for the past three fiscal years.

FY 2003
Audit Approach

UNI reports that the FY 2003 approach of the Office of Operations Auditor continues to focus on those departments or units that have not been audited recently and have the greatest internal control risk.

Internal auditors perform a periodic risk analysis and consider information from management to select areas throughout the University to audit. Risk factors that are considered include: cash liquidity, annual budgets, revenues and expenditures, as well as fixed assets. The risk analysis has primarily focused on tangible values that can be quantified.

At least two large audits are planned each year. In addition, two routine audits are performed annually:

- Investments & Cash Management compliance audit – Required by the Board of Regents' Investment Policy; and
- Cash Funds On Hand audit – Addresses the liquidity risk of cash and cash equivalents in the various departments and units as well as promotes the presence and oversight responsibility of the Office of Operations Auditor on a continual basis.

FY 2003 Focus

For the FY 2003 audit plan, internal auditors at UNI propose to:

- Focus on the residence system – Three audits are planned including: Administration, Dining Services, and Facilities; and
- Continue two routine audits – Investments and Cash Management and Cash Funds on Hand.

FY 2003
Proposed Plan

The proposed FY 2003 audit plan includes eleven original audits, four follow-up audits, other responsibilities, and non-audit activities for a total of 3,360 hours.

<u>Audit Type</u>	<u>Hours</u>
Original Audits	2,320
Follow-Up Audits	280
Other Responsibilities	480
Non-Audit Activities	<u>280</u>
Grand Total	3,360

Details of the proposed audit plan can be found in Attachment C on page 21.

Current
Audit Staff

UNI has two full-time and one student auditor. As of this report, current internal audit personnel includes:

- Timothy J. McKenna, Operations Auditor;
- Carla S. Kelley, Internal Auditor; and
- Brooke M. LaCoste, Student Assistant Auditor.

Other Comments

The implementation of MEMFIS had a significant impact on audit activities during FY 2002. Internal auditors significantly increased hours on the Investment & Cash Management audits during the first half of the year and advisory services throughout the year. The impact of this system was not known when the internal audit plan was developed.

Recent History

Audit Activities Completed for the Past Three Fiscal Years

O = Original Report / F = Follow-Up Report / X = Recurring Audits and Special Projects

Audit	FY 1999	FY 2000	FY 2001	FY 2002
BUSINESS PROCESS REVIEWS				
University:				
APPO Implementation – Cash Disbursements	X			
APPO Implementation – P / O Issuance & Invoice Approval		X		
APPO Implementation – Purchasing & Receiving		X		
APPO Implementation – Purchasing System Access Security				O F
APPO Implementation – Vendor File Maintenance			X	
Athletic Ticket Revenue				F
Asset Mgmt. System Implementation – Central Processing		X		
Box Office – Athletics				O
Box Office – Hancher				O
Box Office – University				O F
College of Dentistry – Business Office Cash Handling				O F
Faculty Practice Plan Compliance Program			X	
HRIS – (Human Resources Info. System) – Access Security			X	F
HRIS – Benefits Administration				O F
HRIS – Decentralized HR Processes				O F
NCAA Compliance – Athletics Boosters				O F
NCAA Compliance – Basic Reviews – Various Areas			X	F
NCAA Compliance – Coaching Staff Limits & Contracts (Men)		X		
NCAA Compliance – Coaching Staff Limits & Contracts (Women)		X		
NCAA Compliance – Complimentary Tickets (Men)		X		
NCAA Compliance – Complimentary Tickets (Women)		X		
NCAA Compliance – Comprehensive – Financial Aid			X	
NCAA Compliance – Comprehensive – Recruiting				O
NCAA Compliance – Comprehensive – Sports Camps & Clinics				O
NCAA Compliance – Intercollegiate Athletics	X			
NCAA Compliance – Student Athlete Employment				O
Registrar – In-State Tuition				O
Student Billing Process				O
Student Government / Fees				O
Student Organization Travel Vouchers			X	F
Surplus Stores				O F
Transporting Cash – University				O
Treasury Department	X			
Hospital:				
Accounts & the Allowance for Contractual Adjustments (Hospital)	X			
Acuity System		X		
AFSCME – Grievance Award: Merit 4-Hours Paid Time Off		X		
Allowances for Doubtful & Indigent Accounts (Hospital)	X	X	X	
Ambulatory Care & Ancillary Services Complimentary Parking			X	
Ambulatory Care Complimentary Parking Pilot Program		X		
Business Office – Credit Balances				O
Business Office – Patient Fiscal & Registration Services				O
Cash Advances	X	X		O
Commercial Insurance Audits	X			
Electronic Signatures				O
Food and Nutrition Gift Card Program				O
FPP Allowance for Doubtful and Indigent Accounts			X	
Griffin / Diebold Automated Meal Charging System	X			
Helen K. Rossi, Volunteer Guest House Receipting		X		
Non-Business Office Cash Receipting Procedures		X		
PYXIS – Pharmacy Automated Dispensing System				O F
Retirement Incentive Program	X			
Taxi Permits		X		
Time and Attendance / Payroll				O
Transporting Cash – Hospital				O
UI Health Plans		X		
UIHC Cafeteria Meal Card Program		X		
UIHC Identification Badge		X		
UIHC Omnicell System		X		
Vacation & Sick Leave Input Controls	X			
Valet Parking				F
Value Analysis Program			X	
Vending Revenue				O F

Audit Activities Completed for the Past Three Fiscal Years
(continued)

Audit	FY 1999	FY 2000	FY 2001	FY 2002
University and Hospital: Cash Collection Activities Conflict of Interest Family Medical Leave Act				F O OF
DEPARTMENTAL REVIEWS				
University: College of Medicine – Otolaryngology (Business Mgmt.) College of Nursing Department of Pathology Division of Continuing Education – Credit Programs Graduate College Hygienic Lab – Des Moines Facility University Bookstore Video Center		X	X	OF O O O O
Hospital: Otolaryngology				O
INFORMATION TECHNOLOGY				
University: APPO – Implementation – Change Management College of Dentistry – Business System Security & Access	X			O
Hospital: Digitized Signature Usage by HIS	X			
University and Hospital: Decentralized IT Processes				O
SPONSORED PROGRAMS				
University: College of Medicine – Otolaryngology (Grants)				O
RECURRING AUDITS / REVIEWS				
University: Cash Handling Procedures Confirmation of University Depository Accounts Intercollegiate Athletics – Home Game Ticket Revenue Quarterly Investment Reviews Review of Departmental Cash Collection Activities Review of Departmental Inventory Activity Year-end Cashier & Dept. Cash Advances with Auditor of State Year-end Supply Inventory Verifications with Auditor of State	X X X X X X X X	X X X X X X X X	X X X X X X X X	X X X X X X X X
Hospital: Credit Card Usage Physical Cash Counts	X X	X X	X X	X X
University and Hospital: Inventory Activity Review Cash Handling Procedures Audit Coordination – Auditor of State Financial & Federal A-110				X X X X
SPECIAL PROJECTS				
University: Cash Handling Review – College of Liberal Arts College of Medicine – University Department of Physics and Astronomy International Writers Program ISD – General Internal Control Review ISD – Leases ISD – Monthly / Quarterly Cash & Investment Review Office of Student Services Research Surplus Stores – University	X X X X X X X X X X	X X X X X X X X X X	X X X X X X X X X X	X X X X X X X X X X
Hospital: HIPPA – Consulting and Review IDX – Consulting and Review Mapping of Patient Account System Write-Off Codes to GL Pharmacy Billing Student Health Cash Controls Travel Expenses	X X X X X X	X X X X X X	X X X X X X	X X X X X X
University and Hospital: Developed & Presented a Cash Handling Training Class Review of Workflow System				X X

University of Iowa
Proposed Internal Audit Plan

FY 2003
Proposed Plan

	Hours	Percent
BUSINESS PROCESS REVIEWS		
University:		
• NCAA – Eligibility	200	2.1%
• NCAA – Complimentary Tickets	120	1.2%
• NCAA – Basic	80	0.8%
• NCAA – Basic	80	0.8%
• NCAA – Basic	80	0.8%
• Construction Projects	350	3.6%
• University President's Residence	<u>150</u>	<u>1.5%</u>
Subtotal	1,060	10.8%
Hospital:		
• Asset Management	80	0.7%
• Contract Nursing	190	1.9%
• Patient Medical Records Security	150	1.5%
• Approved Vendors	100	1.1%
• Surplus Computers	100	1.1%
• Construction Projects	300	3.1%
• Homerus – Pharmacy Dispensing System	<u>240</u>	<u>2.4%</u>
Subtotal	1,160	11.8%
University and Hospital:		
• Purchase Card / Travel	180	1.8%
• Entertainment Expenses	<u>200</u>	<u>2.1%</u>
Subtotal	380	3.9%
DEPARTMENTAL REVIEWS		
University:		
• Sponsored Programs Department	250	2.5%
• Biological Sciences	330	3.4%
• University Radio Stations	200	2.1%
• TBD	300	3.1%
• Audit-Visual Department	240	2.4%
• Student Legal Services	<u>160</u>	<u>1.6%</u>
Subtotal	1,480	15.1%
Hospital:		
• Rehabilitation Therapies	280	2.9%
• Center for Disabilities and Development	<u>270</u>	<u>2.7%</u>
Subtotal	550	5.6%
University and Hospital:		
• Radiology	220	2.2%
INFORMATION TECHNOLOGY		
University and Hospital:		
• Firewalls	300	3.2%
• Decentralized IT – Back-ups/Business Continuation	<u>200</u>	<u>2.0%</u>
Subtotal	500	5.1%
SPONSORED PROGRAMS		
University:		
• Biomedical Engineering	200	2.1%
• Orthopedic Surgery	<u>200</u>	<u>2.1%</u>
Subtotal	400	4.2%

University of Iowa
Proposed Internal Audit Plan – FY 2003

(continued)

	Hours	Percent
FOLLOW-UP REVIEWS		
University:		
• NCAA – Recruiting	50	0.5%
• Continuing Education – Credit Programs	50	0.5%
• Graduate College	50	0.5%
• Student Government	50	0.5%
• Sponsored Programs – Otolaryngology	50	0.5%
• Transporting Cash	50	0.5%
• Hygienic Lab – Des Moines	50	0.5%
• Other Follow-Up Reviews	<u>150</u>	<u>1.5%</u>
Subtotal	500	5.0%
Hospital:		
• Patient Fiscal Registration Services	50	0.5%
• Patient Fiscal Registration Services – Credit Balances	50	0.5%
• Contractual Adjustments	50	0.5%
• Time and Attendance / Payroll	50	0.5%
• Electronic Signatures	50	0.5%
• Environmental & Code Compliance	50	0.5%
• Other Follow-Up Reviews	<u>100</u>	<u>1.1%</u>
Subtotal	400	4.1%
University and Hospital:		
• Hazardous Materials – Chemicals	50	0.5%
• Hiring Process	50	0.5%
• Human Subjects / IRB	50	0.5%
• Other Follow-Up Reviews	<u>50</u>	<u>0.5%</u>
Subtotal	200	2.0%
RECURRING AUDITS / REVIEWS		
University:		
• Athletic Ticket Revenue	250	2.5%
• Quarterly Regents Investment Compliance	<u>520</u>	<u>5.3%</u>
Subtotal	770	7.8%
University and Hospital:		
• Coordination – Auditor of State	190	1.9%
• Special Requests – Fraud / Other	1,200	12.2%
• Cash Handling	<u>120</u>	<u>1.2%</u>
Subtotal	1,510	15.3%
SPECIAL PROJECTS		
Hospital:		
• IDX	400	4.1%
• HIPAA	<u>200</u>	<u>2.1%</u>
Subtotal	600	6.2%
Iowa School for the Deaf Annual Review	90	0.9%
Grand Total	9,820	100.0%

Recent History

Audit Activities Completed for the Past Three Fiscal Years

O = Original Report / F = Follow-Up Report / X = Recurring Audits and Special Projects

Audit	FY 1999	FY 2000	FY 2001	FY 2002
4-H Youth Development Program	X			
Academic Course Fees		X		F
Agricultural and Biosystems Engineering				O
Analytical Services Laboratory		X		
Animal Ecology		X		
Animal Science				O
Athletic Department Business Office				O
Athletic Ticket Office			X	
Athletic Ticket Revenue Review – Football				X
Audit Administration, Supervision, and Support				X
Campus Organizations Accounting	X			
Cash & Investment Review (ISU)	X	X	X	X
City of Ames – ISU Fire Service Agreement	X			
City of Ames – ISU Sewer Agreement		X		
College of Education Administration	X			
Consultation on System Developments				X
Electrical and Computer Engineering				O
Employee Benefits Processing	X			
Extension Distribution Center			X	F
Financial Aid Disbursements		X		
Human Subjects in Research			X	F
IBSSS – Annual Review	X	X	X	X
IBSSS – Cash & Investment Review	X	X	X	X
IBSSS – Computer System General Controls Review				O
IBSSS – Motor Pool – IBSSS		X		
IBSSS – Payroll Process	X			
IBSSS – Purchasing Through ISU – IBSSS			X	
International Agricultural Programs			X	
Iowa Lakeside Laboratory		X		
ISU Card	X			
Microelectronics Research Center	X			
Minority Student Affairs	X			
NCAA Compliance – Part 1	X			
NCAA Compliance – Part 2			X	
NCAA Compliance – Part 3			X	
Ongoing Dept. Self-Review; Procedural Improvements				X
Ongoing / Annual Risk Assessment; Audit Planning				X
Purchasing Card			X	
Quarterly Bank Statement Reconciliation		X	X	X
Receivables Office				O
Reiman Gardens		X		
Residence Hall Accounting				O
Residence Hall Convenience Stores			X	
Seed Science Center	X			
Small Business Development Center		X		
Special Reviews				X
Student Health Center			X	F
Veterinary Diagnostic Production Animal Medicine			X	
Veterinary Teaching Hospital		X		

**Iowa State University
Proposed Internal Audit Plan – FY 2003**

FY 2003
Proposed Plan

	Hours	Percent
Original Audits		
E-Commerce Security	400	4.8%
Computerized Facilities Management System	500	6.1%
NCAA Compliance	200	2.4%
Conflict of Interest	100	1.2%
Office of Student Financial Aid	500	6.1%
Sponsored Programs	<u>600</u>	<u>7.3%</u>
Subtotal	2,300	27.9%
Follow-Up Audits		
Athletic Department Business Office	60	0.7%
Computer General Controls Review – IBSSS	20	0.2%
Residence Hall Accounting	20	0.2%
Electrical and Computer Engineering	20	0.2%
Printing Services	20	0.2%
Procurement Functions	40	0.6%
Agricultural and Biosystems Engineering	60	0.7%
Follow-up on audits completed in early-mid FY 2003	<u>100</u>	<u>1.2%</u>
Subtotal	340	4.0%
Recurring Reviews / Special Projects / Audit Administration		
Annual Review – IBSSS	20	0.2%
Investment and Cash Reviews – IBSSS	50	0.6%
Investment Reviews – ISU	500	6.1%
Football Attendance Review	100	1.2%
Bank Statement Reconciliation Reviews	50	0.6%
Endowment Expenditures Annual Review	500	6.1%
Special Reviews, Requests, and System Developments	1,000	12.0%
Internal Audit Self Review	800	9.5%
On-Going Risk Assessment, Annual Risk Assessment, and Audit Planning	400	4.7%
Audit Administration, Supervision, Support	<u>800</u>	<u>9.6%</u>
Subtotal	4,220	50.6%
Non-Audit Activities		
Leave (Holiday, Sick, and Vacation)	1,200	14.4%
Professional Development	<u>260</u>	<u>3.1%</u>
Subtotal	1,460	17.5%
Grand Total	8,320	100.0%

Recent History

Audit Activities Completed for the Past Three Fiscal Years

Audit	FY 1999	FY 2000	FY 2001	FY 2002
Cash Funds On Hand		X	X	O
Cash Funds On Hand – Follow-Up #1			X	F
Cash Funds On Hand – Follow-Up #2			X	F
Grants & Contracts Accounting		X		
Grants & Contracts Accounting – Follow-Up #1			X	
Grants & Contracts Accounting – Follow-Up #2				F
Investments & Cash Management	X	X	X	O
Leave (Holiday, Sick and Vacation)				X
North American Review			X	
North American Review – Follow-Up				F
Office of Financial Aid – Follow-Up	X	X		
Price Laboratory School		X		
Price Laboratory School – Follow-Up			X	
Renaissance Group			X	
Risk Analysis & Annual Planning				X
Travel		X		
Travel – Follow-Up			X	
UNI Camp Adventure			X	
UNI Camp Adventure – Follow-Up				F
UNI Small Business Development Center (SBDC)		X		
UNI SBDC – Preliminary Review		X		
UNI SBDC – Follow-Up #1			X	
UNI SBDC – Follow-Up #2			X	
Year 2000		X		

**University of Northern Iowa
Proposed Internal Audit Plan – FY 2003**

FY 2003
Proposed Plan

	Hours	Percent
Original Audits		
Investments & Cash Management	400	11.9%
Cash Funds On Hand – FY 2003	360	10.7%
Continuing Education & Special Programs	160	4.7%
Conference & Visitor Services	120	3.6%
Department of Residence – Administration	160	4.8%
Department of Residence – Dining Services	320	9.5%
Department of Residence – Facilities*	80	2.4%
Human Resources – Workers’ Compensation	160	4.8%
Motor Vehicle Pool	320	9.5%
University-wide Business Procedures*	120	3.6%
Campus Supply Process Review	<u>120</u>	<u>3.6%</u>
Subtotal	2,320	69.1%
*Audit will begin in last quarter of FY 2003 and is not expected to be complete by June 30, 2003.		
Follow-Up Audits		
Cash Funds On Hand – FY 2002	160	4.7%
Conferences & Visitor Services	40	1.2%
Continuing Education & Special Programs	40	1.2%
Department of Residence - Administration	<u>40</u>	<u>1.2%</u>
Subtotal	280	8.3%
Other Responsibilities		
Advisory Services (ongoing)	120	3.6%
Audit Administration & Supervision (ongoing)	120	3.6%
Audit Review (ongoing)	160	4.7%
Risk Analysis & Audit Planning	<u>80</u>	<u>2.4%</u>
Subtotal	480	14.3%
Non-Audit Activities		
Leave (Holiday, Sick, and Vacation)	224	6.6%
Professional Development	<u>56</u>	<u>1.7%</u>
Subtotal	280	8.3%
Grand Total	3,360	100.0%