

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: FY 2004 Internal Audit Plans
Date: July 7, 2003

Recommended Actions:

1. Receive the progress reports for the universities' FY 2003 audit plans.
2. Receive the universities' internal audit plans for FY 2004.

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 and hours related to coverage of the special schools are detailed in the plans.

FY 2003
Plan Progress

The three internal audit staffs made progress towards completing the internal audit plans for FY 2003.

**Regent Composite
Internal Audit Plan Progress – FY 2003
Original and Follow-Up Audits**

	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>	<u>TOTAL</u>
Original Audits Planned	37	6	11	54
Completed and Released	27	2	7	36
In Process or Pending	7	4	4	15
On-going	1	0	0	1
Cancelled	1	0	0	1
Deferred Until FY 2004	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Subtotals	37	6	11	54
Follow-Up Audits Planned	16	7	4	27
Completed and Released	17	6	1	24
In Process or Pending	2	0	3	5
Deferred	0	1	0	1
Cancelled	<u>1</u>	<u>1</u>	<u>0</u>	<u>2</u>
Subtotals	20	8	4	32

**Regent Composite
Internal Audit Staff Positions – As of June 30, 2003**

	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>	<u>TOTAL</u>
Full-time Professional Audit Positions	10	4	2	16
Support / Interns / Students	0	0	1	1

FY 2004
Proposed Plans

The FY 2004 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 2004**

	<u>Scheduled Audits*</u>	<u>Follow-Up Audits</u>	<u>Total Hours Budgeted</u>
University of Iowa			
University Operations	18	12	5,370
Hospital Operations	10	7	2,600
University & Hospital Operations	<u>8</u>	<u>5</u>	<u>1,970</u>
University of Iowa Total	36	24	9,940
Iowa State University	21	3	8,320
University of Northern Iowa	<u>15</u>	<u>5</u>	<u>5,110</u>
Total Universities	72	32	23,370

*Includes Recurring Reported Audits / Reviews and Other Responsibilities.

Narratives regarding each university's individual internal audit plan progress for FY 2003 and proposed audit plans for FY 2004 begin on page 4.

Detailed tables for the University of Iowa, Iowa State University, and the University of Northern Iowa can be found on pages 14-24.

Background:

Internal Audit
Staffs

In accordance with Regent Policy Manual §7.08(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.

Based on recommendations identified during the Regent organizational review, Board policies on internal audit responsibilities were changed to include reviews of administrative and support services with the objective of reducing operating costs. The Board approved these changes in January 2003.

All three universities have internal auditors to provide independent appraisal services to the Board and to institutional administrators. Internal auditors also coordinate their work with state auditors and other external auditors.

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 2003 plan progress;
 - FY 2003 plan variance;
 - FY 2003 unexpected findings;
 - FY 2004 audit approach;
 - FY 2004 proposed plan;
 - High Risk Areas
 - Cost Reduction
 - Special School coverage (SUI and ISU only);
 - Current audit staff; and
 - Other comments.
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Analysis:

UNIVERSITY OF IOWA

Operation FY 2003 was the second 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 2003 Plan Progress The University made progress on the internal audit plan approved by the Board at its July 2002 meeting. The plan included 37 original audits, 16 follow-up audits, other responsibilities, and non-audit activities for a total of 9,820 hours.

The tables on pages 14-17 illustrate audit activities for FY 2003 and for the past three fiscal years.

**University of Iowa
Internal Audit Plan Progress – FY 2003**

	University Operations	Hospital Operations	University & Hospital Operations	Total
Original Audits Planned	18	11	8	37
Completed and Released	15	7	5	27
In Process or Pending	2	2	3	7
On-going	0	1	0	1
Cancelled	1	0	0	1
Deferred Until FY 2004	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
Totals	18	11	8	37
Follow-Up Audits Planned*	7	6	3	16
Completed and Released	9	5	3	17
In Process or Pending	0	2	0	2
Deferred	0	0	0	0
Cancelled	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Totals	10	7	3	20

FY 2003
Plan Variance

Variances from the FY 2003 internal audit plan included:

- Canceling one audit, the ISD Special Review (University Operations) due to the change in expected reviews of the special schools from annual to every three years;
- Deferring one audit Construction Projects (Hospital Operations) due to time constraints. It will be initiated in July 2003.
- Canceling one follow-up audit, Transporting Cash (University Operations) due to University management review of the system and their commitment to implementing changes to the system. Internal audit is consulting with management during this review.

Internal auditors also completed and issued additional original and follow-up reports in process or pending as of June 30, 2002.

FY 2003 Unexpected Findings	The Internal Audit department reported that no major unexpected findings or unusual circumstances were encountered during FY 2003.
General Audit Approach	<p>The FY 2004 audit plan is based on consultations with more than 35 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.</p> <p>Internal auditors provide advisory services in addition to traditional audits. Advisory services ensure that control points are identified in the design and implementation of new systems / processes. As such, they assist with ensuring that new institutional systems and processes are not only technically and functionally sound but also have built-in controls that work to mitigate risk. Examples include:</p> <ul style="list-style-type: none">• Participating in an advisory capacity during fiscal years 2002 and 2003 with the new Patient Billing System (IDX) for UI Health Care (University and Hospital); and• Discussing issues related to assurance of proper controls and procedures in meeting the emerging regulatory guidelines with the Health Insurance Portability and Accounting Act (HIPAA) task force over the past eighteen months.
Areas of Emphasis	<p>Current areas of emphasis include HIPAA, sponsored programs, departmental audits, NCAA compliance and cost savings through consolidating redundancies on campus. Internal auditors have allocated 200 hours in the FY 2004 plan to coordinate and provide cash handling training for personnel across campus.</p> <p>Past areas of emphasis include sponsored programs, construction contracts, travel charged on procurement cards, decentralized information technology information back-up, business continuation planning and major University processes and systems.</p> <p>The University reports that the internal audit staff strives to add value to their clients by providing services such as:</p> <ul style="list-style-type: none">• 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.

FY 2004
Proposed Plan

The proposed FY 2004 audit plan includes two recurring reported audits / reviews, 27 original audits, 24 follow-up audits, and seven other responsibilities for a total of 9,940 hours.

Audit Type	University Operations	Hospital Operations	University & Hospital Operations	Total
Recurring Reported Audits / Reviews	2	0	0	2
Original Audits Planned	14	7	6	27
Follow-Up Audits Planned	12	7	5	24
Other Responsibilities	2	3	2	7

Hours	University Operations	Hospital Operations	University & Hospital Operations	Total
Recurring Reported Audits / Reviews	1,050	0	100	1,150
Original Audits Planned	2,640	1,750	1,160	5,550
Follow-Up Audits Planned	680	400	260	1,340
Other Responsibilities	<u>1,000</u>	<u>450</u>	<u>450</u>	<u>1,900</u>
Total	5,370	2,600	1,970	9,940

Details of the proposed audit plan can be found on pages 18-20.

High Risk Areas

SUI reports that sponsored programs contain high-risk issues such as financial, regulatory, procedural, information technology and complexity risks. Internal auditors plan to review grant programs in several departments.

Other high-risk areas that will be addressed are Automated Workflow, Select Agents, UIHC Facility Safety and Security and the newly implemented IDX System in Health Care (University and Hospital).

Cost Reduction

SUI includes a review of opportunities for cost savings in all of its departmental audits including administrative and support services. The University reports that past audits have recommended alternatives to inefficient processes and elimination of non-value added steps in procedure.

In the FY 2004 plan, the Decentralized Information Technology – Parallel Systems audit will review like-information systems on campus for redundancy and the opportunity for consolidation.

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.

SUI internal auditors perform quarterly cash and investment reports each year, which review ISD's bank statements and account reconciliations for operating fund investments.

Beginning with FY 2003, internal auditors may perform audits of the special schools on a rotating, periodic basis, but no less frequent than every three years. Prior to that, internal audits had been performed yearly. The amount of internal audit coverage is based on the University's professional judgment and analysis of risk areas at the schools.

Internal auditors did not conduct an ISD review during FY 2003. They plan to conduct an on-site risk assessment of ISD processes during FY 2004. Findings will be included in a comprehensive audit during FY 2005.

Iowa School for the Deaf Audit Coverage – FY 2004

<u>Audit Type</u>	<u>Hours</u>
Risk Assessment	38
Quarterly Cash and Investment Reports	<u>50</u>
Total Hours	88
 <u>Costs</u>	
Personnel (\$29.26 hourly rate x 88 hours)	\$2,575.00
Travel	<u>200.00</u>
Total Estimated Cost	\$2,775.00

Current
Audit Staff

As of this report, SUI has ten full-time positions. One senior auditor position is currently vacant.

Current internal audit personnel includes:

- Carol Senneff, Director of Internal Audit;
- Richard See, Project Manager;
- Debra Johnston; Senior Auditor;
- Shari Sorenson; Senior Auditor;
- Jacqueline Ottemann; Senior Auditor;
- Herb Musser; Senior Auditor;
- Jane Adams; Senior Auditor;
- Chad Sharp; Senior Auditor; and
- Bronwyn Van Fossen, Audit Assistant.

IOWA STATE UNIVERSITY

FY 2003
Plan Progress

The University made progress on the internal audit plan approved by the Board at its July 2002 meeting. The plan included six original audits, seven follow-up audits, eleven recurring reviews, special projects, audit administration, and two non-audit activities for a total of 8,320 hours.

The table on page 21 illustrates audit activities for FY 2003 and for the three preceding fiscal years.

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

	Original Audits	Follow-Up Audits
Planned	6	7
Completed / Released	3	6
In Process or Pending	3	0
Deferred	0	1
Cancelled	<u>0</u>	<u>1</u>
Totals	6	8

FY 2003
Plan Variance

Variances from the FY 2003 internal audit plan included:

- Canceling the follow-up audit for Printing Services due to no reportable observations; and
- Adding one unplanned follow-up report, which will be issued in FY 2004.

Internal auditors also completed and issued four follow-up reports in process or pending as of June 30, 2002.

FY 2003
Noteworthy
Items

ISU internal auditors report that the Sponsored Programs audit is having a significant impact by:

- Helping central administrators of sponsored programs to realize the importance of training, communication, and monitoring in promoting good decentralized administration of sponsored programs; and
- Assuring compliance with funding agencies and award agreements.

General Audit
Approach

The Office of Internal Audit reports that the audit plan each year is based on assessments of risks and controls within the University that extend throughout the year as new issues, initiatives, regulations, and challenges are encountered.

Internal auditors interviewed key University personnel to expand their understanding of activities, changes, opportunities, and risks at ISU. In addition, they met with the resident in-charge auditor from the Auditor of State to share ideas and work plans.

The approach of Internal Audit has evolved over the past three years and report that they are committed to addressing the University's most significant risks by:

- Broadening their definition of an "auditable subject" to encompass far more than academic and administrative organizational units; and
- Including many support functions, regulatory compliance issues, and automated systems that cross organizational lines as possible audit subjects.

ISU Internal Audit staff rely on (or follow) the guidance for the internal auditing profession provided by the Institute of Internal Auditors (IIA).

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 2004 internal audit plan contains 500 reserved hours for special reviews 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. Further risk assessment will be performed during FY 2004 to determine the need and priority for future audits and include:

- Uses and protection of social security numbers;
- Access Plus (personalized online University resource for students and faculty);
- Federal Trade Commission rules regarding safeguarding of customer information;
- Human Resource Services' security of employee data; and
- Construction projects (Internal auditors have suggested outsourcing this audit due to the special expertise and human resources required, and the potential for cost savings).

Areas of
Emphasis

Current areas of emphasis are primarily high-dollar activities for which effective internal controls are essential to the preservation of funds and/or the assurance of compliance with regulatory requirements.

Past areas of emphasis have included new technologies and systems as well as regulatory compliance.

FY 2004
Proposed Plan

The proposed FY 2004 audit plan includes two recurring reported audits / reviews, eight original audits, three follow-up audits (plus follow-up audits not completed as of this report), a number of other responsibilities, and non-audit activities for a total of 8,320 hours.

<u>Audit Type</u>	<u>Number</u>	<u>Hours</u>
Recurring Reported Audits / Reviews	2	550
Original Audits	8	3,200
Follow-Up Audits	3	90
Other Responsibilities	9	3,020
Non-Audit Activities	<u>2</u>	<u>1,460</u>
Grand Total	24	8,320

Details of the proposed audit plan can be found on page 22.

High Risk Areas

The FY 2004 internal audit plan includes examination of high-risk areas such as ACH (automated clearing house) transactions. ISU originates such transactions via the Internet. The National Automated Clearing House Association (NACHA) requires originators to follow its operating rules and undergo an annual compliance audit. ISU reports that they have become more aware of institution-wide technology security needs and have been more involved with the efforts to implement solutions.

Other areas routinely included in the internal audit cycle include NCAA compliance, football attendance, bank reconciliations, operating portfolio investments, and the Iowa Braille and Sight Saving School.

Cost Reduction

The Office of Internal Audit reports that virtually every audit in its FY 2004 plan includes examination of administrative and support activities with the potential for cost savings. They also report that all of their audit activities contribute to cost savings by identifying problems and offering solutions that enable better use of available resources.

ISU auditors plan to continue seeking opportunities for improvement of operational and administrative efficiencies and effectiveness, and for strengthening internal controls consistent with the recommendations of the Regent organizational review.

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.

ISU internal auditors perform quarterly cash and investment reports each year, which review IBSSS's bank statements and account reconciliations for operating fund investments.

Beginning with FY 2003, internal auditors may perform audits of the special schools on a rotating, periodic basis, but no less frequent than every three years. Prior to that, internal audits had been performed yearly. The amount of internal audit coverage is based on the University's professional judgment and analysis of risk areas at the schools.

ISU's most recent IBSSS audit was an information technology general controls review in FY 2002. The next formal audit will be in FY 2005. In addition, ISU internal auditors meet with IBSSS each spring to obtain an overview of and update on programs, administrative activities, staffing, computer systems, and internal controls.

Iowa Braille and Sight Saving School Audit Coverage – FY 2004

<u>Audit Type</u>	<u>Hours</u>
Annual Review	20
Quarterly Cash and Investment Reports	<u>50</u>
Total Hours	70
Total Estimated Cost (\$36.11 hourly rate x 70 hours)	\$2,527.70

Current
Audit Staff

ISU had four full-time positions as of June 30, 2003. No staff changes occurred during the year. The University reports that the staff has continued to seek training and experiences to help address the many varied activities and issues that they encounter. Current internal audit personnel includes:

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

FY 2003
Plan Progress The University made progress on the internal audit plan approved by the Board at its July 2002 meeting. The plan included eleven original audits, four follow-up audits, other responsibilities, and non-audit activities for a total of 3,360 hours.

The table on page 23 illustrates audit activities for FY 2003 and for the three preceding fiscal years.

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

	Original Audits	Follow-Up Audits
Planned	11	4
Completed / Released	7	1
In Process or Pending	4	3
Deferred	<u>0</u>	<u>0</u>
Totals	11	4

FY 2003
Plan Variance The Office of Operations Auditor reported no significant variances from the FY 2003 internal audit plan. One unplanned audit was performed.

FY 2003
Unexpected Findings The Office of Operations Auditor reported that no unexpected findings or unusual circumstances were identified or encountered during FY 2003.

General Audit Approach The UNI Office of Operations Auditor focuses on departments or units that have not been audited recently, and/or have the greatest internal control risk to determine the audit approach.

Internal auditors perform an annual risk analysis and consider information from management to select areas throughout the University to audit.

Areas of Emphasis The internal auditor performs an annual risk assessment of each department / unit at the University based on the following criteria: cash handling and security, budget / revenue size, fixed asset responsibility, personnel changeover, previous audit attention, compliance issues, and public relations exposure.

Past audit emphasis has been on overall cash handling controls to protect the most liquid asset. To accomplish this, reviews of cash on hand audits have been performed annually. The emphasis for FY 2004 will not include this regular cash on hand audit since the Auditor of State will be performing a distributed cash audit within their regular financial audit.

Current emphasis for UNI internal auditors will be to audit those areas of the University with the greatest internal control risk and to address the concerns and needs of University administration and the Board of Regents. Internal audit work includes:

- Operational auditing;
- Financial auditing;
- Regulatory auditing; and
- Advisory services.

FY 2004
Proposed Plan

The proposed FY 2004 audit plan includes two recurring reported audits / reviews, seven original audits, five follow-up audits, other responsibilities, and non-audit activities for a total of 5,110 hours.

<u>Audit Type</u>	<u>Number</u>	<u>Hours</u>
Recurring Reported Audits / Reviews	2	400
Original Audits	7	1,360
Follow-Up Audits	5	200
Other Responsibilities	4	2,630
Non-Audit Activities	<u>2</u>	<u>520</u>
Grand Total	20	5,110

Details of the proposed audit plan can be found on page 24.

High-Risk Areas Two audits are routinely performed, Investments and Cash Management and Cash on Hand. For FY 2004, UNI will not be conducting a Cash on Hand audit. The State of Iowa Auditor plans to perform a cash activities audit in the departments similar to the Cash on Hand audit. This audit will be coordinated with UNI internal auditors. Findings will be reported in the State Auditor's yearly financial audit report for UNI.

Cost Reduction UNI considered the recommendations from the Regent organizational review performed relating to audit activities. They report that their approach has always been to identify costs reductions for each department or unit audit as well as larger cost reductions that can be implemented at the administrative and support services level. This approach will continue during fiscal year 2004.

Other Comments The University's new Modern Executive and Management Financial Information System (MEMFIS) entered its second year of implementation. UNI reports that it did not have the impact on audit activities that the first year did, but still remains a factor in obtaining useful information.

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
- Kristin George, Student Assistant Auditor.

Key

- X Distinction between original and follow-up internal audits not delineated.
- O Original internal audit report.
- F Follow-up audit report.
- O¹ No follow-up required.
- ✓ Work performed; no formal audit report issued.

**University of Iowa – University Operations
Audit Activities Completed for the Past Three Fiscal Years**

Audit	FY 2000	FY 2001	FY 2002	FY 2003
Recurring Reported Audits / Reviews				
Intercollegiate Athletics – Home Game Ticket Revenue	X	X	O/F	O/F
Quarterly Cash and Investment Reviews (endowment funds) – SUI, ISU, UNI, ISD, and IBSSS	✓	✓	✓	✓
Quarterly Cash and Investment Reviews (operating funds) – ISD	✓	✓	✓	✓
Quarterly Cash and Investment Reviews (operating funds) – SUI	✓	✓	✓	✓
Original and Follow-Up Reports				
BUSINESS PROCESS REVIEWS				
APPO Implementation – P/O Issuance & Invoice Approval	X			
APPO Implementation – Purchasing and Receiving	X			
APPO Implementation – Purchasing System Access Security			O F	
APPO Implementation – Vendor File Maintenance		X		
Asset Management 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 Information System) – Access Security		X	F	
HRIS – Benefits Administration			O F	
HRIS – Decentralized HR Processes			O F	
Internal Controls Relating to Student Activity Fees				O F
ISD – General Internal Control Review	O			
ISD – Leases			O	
NCAA Compliance – Athletics Boosters			O F	
NCAA Compliance – Basic Reviews – Various Areas		X	F	
NCAA Compliance – Coaching Staff Limitations (men and women)				O
NCAA Compliance – Coaching Staff Limits & Contracts (men)	X			
NCAA Compliance – Coaching Staff Limits & Contracts (women)	X			
NCAA Compliance – Complimentary Tickets				O
NCAA Compliance – Complimentary Tickets (men)	X			
NCAA Compliance – Complimentary Tickets (women)	X			
NCAA Compliance – Comprehensive – Financial Aid		X		
NCAA Compliance – Eligibility				O
NCAA Compliance – Playing and Practice Sessions				O
NCAA Compliance – Recruiting				O F
NCAA Compliance – Sports Camps & Clinics			O	
NCAA Compliance – Student Athlete Employment			O	
NCAA Compliance – Student Athlete Vehicles				O
Registrar – In-State Tuition			O	
Review of Departmental Inventory Activity		X	O	F
Student Billing Process			O	F
Student Organization Travel Vouchers		X	F	
Surplus Stores			O F	
Transporting Cash - University			O	
UI President's Residence Inventory				O

University of Iowa – University Operations
Audit Activities Completed for the Past Three Fiscal Years
(continued)

Audit	FY 2000	FY 2001	FY 2002	FY 2003
DEPARTMENTAL REVIEWS				
Audio-Visual Center Departmental Audit				O
Biological Sciences Departmental Audit				O
Broadcast Services Departmental Audit				O
College of Medicine – Otolaryngology (Business Management)			O F	
College of Nursing	X			
Credit Programs – Division of Continuing Education			O	F
Department of Pathology		X		
Graduate College			O	F
Sponsored Programs Department			O	O
Student Legal Services				O
University Bookstore			O	
University Hygienic Laboratory – Des Moines Locations				O F
Video Center			O	F
INFORMATION TECHNOLOGY				
College of Dentistry – Business System Security and Access			O	F
SPONSORED PROGRAMS				
Biomedical Engineering				O
Orthopedic Surgery				O
Otolaryngology Department			O	F
Other Responsibilities				
Audit Administration, Supervision, and Review	✓	✓	✓	✓
Cash Handling Procedures			✓	
Confirmation of University Depository Accounts			✓	
Review of Departmental Cash Collection Activities	✓	✓		
Risk Assessment and Audit Planning	✓	✓	✓	✓
Year-end Cashier & Dept. Cash Advances with Auditor of State	✓		✓	
Year-end Supply Inventory Verifications with Auditor of State	✓		✓	
Special Reviews				
Cash Handling Training – College of Liberal Arts			✓	
College of Medicine - University	✓			
Department of Physics and Astronomy		✓		
International Writers Program	✓	✓		
MARS – Student Registration System				O
Research			✓	
Surplus Stores - University	✓			
Non-Audit Activities				
Leave (Holiday, Sick, and Vacation)	✓	✓	✓	✓
Professional Development	✓	✓	✓	✓

**University of Iowa – Hospital Operations
Audit Activities Completed for the Past Three Fiscal Years**

Audit	FY 2000	FY 2001	FY 2002	FY 2003
Original and Follow-Up Reports				
BUSINESS PROCESS REVIEWS				
Acuity System	X			
AFSCME – Grievance Award: Merit 4-Hours Paid Time Off	X			
Agency Nursing				O
Allowances for Doubtful & Indigent Accounts – Hospital	X	X		
Ambulatory Care & Ancillary Services Complimentary Parking		X		
Ambulatory Care Complimentary Parking Pilot Program	X			
Business Office – Credit Balances			O	F
Business Office – Patient Fiscal & Registration Services			O	F
Cash Advances	X		O	
Complimentary Parking Passes				O
Contractual Adjustments				O
Food and Nutrition Gift Card Program			O	
FPP Allowance for Doubtful and Indigent Accounts		X		
Helen K. Rossi – Volunteer Guest House Receipting	X			
Homerus – Pharmacy Dispensing System				O
Non-Business Office Cash Receipting Procedures	X			
PYXIS – Automated Dispensing System			O F	
Scanned Signatures				O F
Surplus Computers				O
Taxi Permits	X			
Time and Attendance / Payroll				O F
Transporting Cash – Hospital			O	
UI Health Plans	X			
UIHC Cafeteria Meal Card Program	X			
UIHC Capitalized Assets				O F
UIHC Identification Badge	X			
UIHC Omnicell System	X			
Valet Parking			F	
Value Analysis Program		X		
Vending Revenue			O F	
DEPARTMENTAL REVIEWS				
Center for Disabilities and Development				O
Otolaryngology			O	
Rehabilitation Therapies				O
Other Responsibilities				
Credit Card Usage	✓	✓		
Physical Cash Counts			✓	
Special Reviews				
Cash Handling Training in OB/GYN				✓
HIPPA – Consulting and Review			✓	✓
IDX – Patient Billing System			✓	✓
Mapping of Patient Account System Write-Off Codes to GL		✓		
Night and Weekend Cash Deposits				✓
Pharmacy Billing			✓	
Travel Expenses	✓			
Valet Parking				O

**University of Iowa – University and Hospital Operations
Audit Activities Completed for the Past Three Fiscal Years**

Audit	FY 2000	FY 2001	FY 2002	FY 2003
Original and Follow-Up Reports				
BUSINESS PROCESS REVIEWS				
Cash Collection Activities			F	
Conflict of Interest			O	F
Entertainment Expenses				O
Family Medical Leave Act			O F	
Hazardous Materials Management – Chemicals				O F
Hiring Process				O F
Human Subjects Office / IRB				O F
INFORMATION TECHNOLOGY				
Decentralized IT Processes			O	
Network Security				O
Other Responsibilities				
Audit Coordination – Auditor of State			✓	✓
Departmental Cash Handling Procedures			O	O
Developed & Presented a Cash Handling Training Class			✓	
Inventory Activity Review			✓	
Review of Workflow System			✓	
Special Requests – Fraud / Other				✓

University of Iowa – University Operations

FY 2004
Proposed Plan

	Hours	Percent
Recurring Reported Audits / Reviews		
Intercollegiate Athletics – Home Game Ticket Revenue	250	4.7%
Quarterly Cash and Investment Reviews	<u>800</u>	<u>15.0%</u>
Endowment funds – SUI, ISU, UNI, ISD, and IBSSS		
Operating funds – ISD		
Operating funds – SUI		
Subtotal	1,050	19.7%
Original Audits		
BUSINESS PROCESS REVIEWS		
Dance Marathon	160	3.1%
Executive MBA Program	300	5.6%
HIPPA Compliance	250	4.7%
Iowa House	200	3.7%
NCAA Compliance – Athletic Equipment and Apparel	80	1.5%
NCAA Compliance – Certification of Compliance	80	1.5%
NCAA Compliance – Financial Aid	160	3.1%
NCAA Compliance – Rules Education	80	1.5%
NCAA Compliance – Team Travel	<u>80</u>	<u>1.5%</u>
Subtotal	1,390	26.2%
DEPARTMENTAL REVIEWS		
Center of Biocatalysis and Bioprocessing	250	4.7%
Provost Office	250	4.7%
International Studies	<u>250</u>	<u>4.7%</u>
Subtotal	750	14.1%
SPONSORED PROGRAMS		
Ophthalmology	200	3.7%
Effort Reporting – College of Medicine	<u>300</u>	<u>5.6%</u>
Subtotal	500	9.3%
Follow-up Reviews		
Audiovisual Center Department	40	0.7%
Biological Sciences Department	40	0.7%
Biomedical Engineering – Sponsored Programs	40	0.7%
Broadcast Services	40	0.7%
Campus Construction	40	0.7%
NCAA Compliance – Coaching Limitations	40	0.7%
NCAA Compliance – Eligibility	40	0.7%
NCAA Compliance – Recruiting	40	0.7%
NCAA Compliance – Complimentary Admissions	40	0.7%
Orthopaedic Surgery – Sponsored Programs	40	0.7%
Sponsored Programs Department	40	0.7%
Student Legal Services	40	0.7%
Other Follow-up Reviews	<u>200</u>	<u>3.7%</u>
Subtotal	680	12.1%
Other Responsibilities		
ISD Risk Assessment	40	0.7%
Peer Review - Self Assessment	200	3.7%
Special Requests	<u>760</u>	<u>14.2%</u>
Subtotal	1,000	18.6%
Grand Total	5,370	100.0%

University of Iowa – Hospital Operations

FY 2004
Proposed Plan

	Hours	Percent
Original Audits		
BUSINESS PROCESS REVIEWS		
Facility Safety and Security	200	7.8%
HIPPA Compliance	250	9.6%
IDX Processes	250	9.6%
Inventory Management	200	7.8%
Third Party Billings – Clinical Trials	<u>300</u>	<u>11.5%</u>
Subtotal	1,200	46.3%
DEPARTMENTAL REVIEWS		
Construction Department	300	11.5%
Dialysis Department	<u>250</u>	<u>9.6%</u>
Subtotal	550	21.1%
Follow-up Reviews		
Agency Nurses	40	1.5%
Center for Disabilities and Development	40	1.5%
Contractual Adjustments	40	1.5%
Homerus (Drug Dispensing)	40	1.5%
Medical Record Security	40	1.5%
UIHC Complimentary Parking	40	1.5%
UIHC Construction	40	1.5%
UIHC Housekeeping – Hazardous Materials	<u>40</u>	
Other Follow-Up Reviews	<u>80</u>	<u>3.1%</u>
Subtotal	400	15.1%
Other Responsibilities		
SPECIAL REVIEWS		
Peer Review – Self Assessment	50	1.9%
Special Requests	200	7.8%
Systems / Process Development	<u>200</u>	<u>7.8%</u>
Subtotal	450	17.5%
Grand Total	2,600	100.0%

University of Iowa – University and Hospital Operations

FY 2004
Proposed Plan

	Hours	Percent
Recurring Reported Audits / Reviews		
Coordination with State Auditors	100	5.2%
Original Audits		
BUSINESS PROCESS REVIEWS		
Resident Work Hours – 80 Hour Week	160	8.1%
Select Agents	300	15.2%
Work Flow	<u>250</u>	<u>12.7%</u>
Subtotal	710	36.0%
INFORMATION TECHNOLOGY		
Credit Card Processing	200	10.2%
Decentralized IT – Parallel Systems	<u>250</u>	<u>12.7%</u>
Subtotal	450	22.9%
Follow-up Reviews		
Entertainment Expenses	40	2.0%
Hiring Process	40	2.0%
IT Network Security	40	2.0%
Procurement Card Travel	40	2.0%
Radiology Department	50	2.5%
Other Follow-Up Reviews	<u>50</u>	<u>2.5%</u>
Subtotal	260	13.0%
Other Responsibilities		
SPECIAL REVIEWS		
Cash Handling / Training	200	10.2%
Computer Support and Web Page Development	<u>250</u>	<u>12.7%</u>
Subtotal	450	22.9%
Grand Total	1,970	100.0%

Iowa State University
Audit Activities Completed for the Past Three Fiscal Years

Recent
History

Audit	FY 2000	FY 2001	FY 2002	FY 2003
Recurring Reported Audits / Reviews				
Quarterly Cash and Investment Reviews (operating funds) – IBSSS	✓	✓	✓	✓
Quarterly Cash and Investment Reviews (operating funds) – ISU	✓	✓	✓	✓
Original (O) and Follow-Up (F) Reports¹				
Academic Course Fees	X		F	
Agricultural and Biosystems Engineering			O	F
Analytical Services Laboratory	X			
Animal Ecology	X			
Animal Science			O, F	
Athletic Department Business Office			O	F
Athletic Ticket Office		X		F
City of Ames – ISU Sewer Agreement	X			
Department of Residence Accounting			O	F
Electrical and Computer Engineering			O	F
Extension Distribution Center		X	F	
Financial Aid Disbursements	X			
Human Subjects in Research		X	F	
IBSSS – Computer System General Controls Review			O	F
IBSSS – Motor Pool	X			
IBSSS – Purchasing Through ISU		X		
International Agricultural Programs		X		
Iowa Lakeside Laboratory	X			
NCAA Compliance – Part 2		X		
NCAA Compliance – Part 3		X		F
NCAA Compliance – Representatives of Athletics Interests				O
Printing Services			O ¹	
Procurement Functions			O	F
Purchasing Card		X		
Receivables Office			O ¹	
Reiman Gardens	X			
Residence Hall Convenience Store		X		F
Security of Internet-Initiated ACH Transactions				O
Small Business Development Center	X			
Student Financial Aid				O
Student Health Center		X	F	
Veterinary Diagnostic and Production Animal Medicine		X		F
Veterinary Teaching Hospital	X			
Other Responsibilities³				
Audit Administration, Supervision, and Review	✓	✓	✓	✓
Football Attendance Review	✓	✓	✓	✓
IBSSS – Annual Review	✓	✓	✓	✓
ISU – Quarterly Bank Statement Reconciliations	✓	✓	✓	✓
Risk Assessment and Audit Planning	✓	✓	✓	✓
Special Reviews:				
Agribusiness Education Program Review				✓
Change Fund Cash Advances: University Book Store, Athletics	✓			
Dining Dollars		✓		
Distance Education Delivery Fees			✓	
E-Commerce Policies and Procedures		✓		
Endowment and Gift Account Expenditures Review				✓
Endowment Expenditures Review			✓	
Extramural Billing Processes		✓		
Horticulture Accounting	✓			
Learning Connection			✓	
Military Science Expenditures Review				✓
President’s Office Financial Activity		✓		
Public Safety Department: Law Enforcement Unit		✓		
Residence Halls Maintenance System	✓			
Scholarship Processing System		✓		
Strategies for Reducing Travelers’ Out-of-Pocket Expenditures				✓
Tracy Timekeeping System		✓		
Non-Audit Activities				
Leave (Holiday, Sick, and Vacation)	✓	✓	✓	✓
Professional Development	✓	✓	✓	✓

Iowa State University

FY 2004
Proposed
Plan

	Hours	Percent
Recurring Reported Audits / Reviews		
Quarterly Cash and Investment Reviews (operating funds) - IBSSS	50	0.6%
Quarterly Cash and Investment Reviews (operating funds) - ISU	<u>500</u>	<u>6.0%</u>
Subtotal	550	6.6%
Original Audits		
Employee Medical Benefit Claims	400	4.8%
International Education Services	300	3.7%
NCAA Compliance	250	3.0%
Security of Internet-Initiated ACH Transactions	200	2.4%
Security of Remote Computing	250	3.0%
Sponsored Programs	1,000	12.0%
Travel	400	4.8%
Workers' Compensation	<u>400</u>	<u>4.8%</u>
Subtotal	3,200	38.5%
Follow-Up Audits		
Follow-up on audits not yet completed	50	0.6%
NCAA Compliance	20	0.3%
Security of Internet-Initiated ACH Transactions (FY 2003 audit)	10	0.1%
Student Financial Aid	<u>10</u>	<u>0.1%</u>
Subtotal	90	1.1%
Other Responsibilities		
Annual Review – IBSSS	20	0.3%
Audit, Administration, Supervision, and Review	600	7.2%
Bank Statement Reconciliation Reviews	50	0.6%
Faculty and Staff Training Special Project	350	4.2%
Football Attendance Review	100	1.2%
Host Big XII Internal Auditors Conference	400	4.8%
Risk Assessment and Audit Planning	600	7.2%
Self Study and Peer Review	400	4.8%
Special Reviews, Requests, and System Developments	<u>500</u>	<u>6.0%</u>
Subtotal	3,020	36.3%
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

**University of Northern Iowa
Audit Activities Completed for the Past Three Fiscal Years**

Audit	FY 2000	FY 2001	FY 2002	FY 2003
Recurring Reported Audits / Reviews				
Cash on Hand	X	X	O	O
Cash on Hand Follow-ups	X	X	F	F
Quarterly Cash and Investment Reviews (operating funds)	✓	✓	✓	✓
Original and Follow-Up Reports				
Campus Supply Process Review				O
Conference and Event Services				O*
Continuing Education Credit Programs				O
Department of Residence – Administration				O
Grants & Contracts Accounting	X			
Grants & Contracts Accounting – Follow-Up #1		X		
Grants & Contracts Accounting – Follow-Up #2			F	
North American Review		X	F	
Office of Financial Aid – Follow-Up	X			
Price Laboratory School	X			
Price Laboratory School – Follow-Up		X		
Renaissance Group		X		
Travel	X	X		
UNI Camp Adventure		X	F	
UNI SBDC – Follow-Up #1		X		
UNI SBDC – Follow-Up #2		X		
University-Wide Business Procedures Year 2000	X			O
Other Responsibilities				
Advisory Services	✓	✓	✓	✓
Audit Administration, Supervision, and Review	✓	✓	✓	✓
Risk Assessment and Audit Planning	✓	✓	✓	✓
Special Reviews				
Management Department Review				O
UNI Small Business Development Center (SBDC)	✓			
UNI SBDC – Preliminary Review	✓			
Non-Audit Activities				
Leave (Holiday, Sick and Vacation)	✓	✓	✓	✓
Professional Development	✓	✓	✓	✓

* Monthly status reports were provided to the Banking Committee in May and June of 2003.

University of Northern Iowa

FY 2004
Proposed
Plan

	Hours	Percent
Recurring Reported Audits / Reviews		
Cash on Hand – FY 2004*		
Cash on Hand Follow-up – FY 2003	240	4.7%
Quarterly Cash and Investment Reviews (operating funds)	<u>160</u>	<u>3.1%</u>
Subtotal	400	7.8%
Original Audits		
Gallagher-Bluedorn Performing Arts Center	320	6.3%
In Process Audits		
Department of Residence – Dining and Facilities	120	2.3%
Human Resource Services – Workers' Compensation	120	2.3%
Motor Vehicle Pool	120	2.3%
International Programs	200	3.9%
UNI Dome Concessions	160	3.1%
UNI Student Health Clinic	<u>320</u>	<u>6.3%</u>
Subtotal	1,360	26.5%
Follow-Up Audits		
Continuing Education Credit Programs	40	0.8%
Conference and Event Services	40	0.8%
Department of Residence – Administration	40	0.8%
University-Wide Business Procedures	40	0.8%
Campus Supply Process Review	<u>40</u>	<u>0.8%</u>
Subtotal	200	4.0%
Other Responsibilities		
Advisory Services (ongoing)	1,000	19.6%
Audit Administration, Supervision, and Review (ongoing)	1,430	28.0%
Risk Assessment and Audit Planning	40	0.8%
Special Reviews (unidentified)	<u>160</u>	<u>3.1%</u>
Subtotal	2,630	51.5%
Non-Audit Activities		
Leave (Holiday, Sick, and Vacation)	440	8.6%
Professional Development	<u>80</u>	<u>1.6%</u>
Subtotal	520	10.2%
Grand Total	5,110	100.0%

* For FY 2004, the State of Iowa Auditor plans to perform a cash activities audit in the departments similar to the Cash on Hand audits performed annually by internal auditors at UNI. This audit will be coordinated with UNI internal auditors. Findings will be reported in the State Auditor's yearly financial report for UNI.