

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Internal Audit Reports
Date: June 9, 2003

Recommended Actions:

Receive the report on the Status of the Internal Audit Follow-up reports.

Executive Summary:

Completed institutional internal audit reports are presented to the Banking Committee as required by Board policy. The Board Office monitors the progress of the institutions' follow-up on these reports. When corrective action has been satisfactorily completed, the audits are closed.

The Status of Internal Audit Follow-Up Table on page 2 identifies 19 internal audit reports, 18 of which require follow-up. One follow-up report is presented this month from the University of Iowa: University Hygienic Laboratory – Des Moines Locations (page 3); it is closed.

At its April 2003 meeting, an internal audit report was presented on UNI Conference and Event Services (CES) which indicated a cash balance deficit. The Banking Committee requested monthly status reports to keep apprised of the situation.

In May, UNI officials discussed the deficit and indicated that the deficit would be eliminated within the month. This month, UNI reported that the deficit has been eliminated and that CES activity and accounts will continue to be monitored. An internal audit follow-up review will be performed in the fall of 2003. This is the last monthly status report on the issue.

Background:

In accordance with Regent Policy Manual §1.06, internal audit reports are presented to the Banking Committee. Internal audits provide appraisals of institutional services to the Board and institutional administrators by measuring and evaluating the effectiveness of financial and managerial controls.

These audits are designed to determine the adequacy of controls and procedures by providing reasonable assurance that assets are properly safeguarded, resources are used economically and efficiently, and compliance is maintained.

The three universities have internal auditors to perform these functions. The University of Iowa internal auditor is responsible for internal audits at the Iowa School for the Deaf. The Iowa State University internal auditor is responsible for internal audits at the Iowa Braille and Sight Saving School.

The Board Office tracks and monitors audit reports indicating a need for corrective action. When all recommendations have been satisfactorily completed, the audits are closed.

At its May 2003 meeting, the Banking Committee requested target implementation dates, review dates, and report dates for each comment in every audit report. The Board Office has requested that the internal auditors provide this information. No original reports are presented this month.

**Status of Internal Audit Follow-Up
June 9, 2003**

University of Iowa

Title	Report Date	Follow-Up Status	Expected Completion
1. Food and Nutrition Gift Card Program (UIHC)	April 15, 2002	Follow-up scheduled in FY 2004.	September 2003
2. Patient Fiscal and Registration Services (UIHC)	March 18, 2002 January 27, 2003	Follow-up scheduled in FY 2004.	August 2003
3. UIHC Timekeeping / Payroll Follow-up Memorandum	August 20, 2002 January 27, 2003	Follow-up scheduled in FY 2004.	July 2003
4. NCAA Compliance – Recruiting (SUI)	November 25, 2002	Follow-up scheduled in FY 2003.	June 2003
5. University Hygienic Laboratory – Des Moines Locations (SUI)	September 20, 2002	Audit closed (page 3).	Closed
6. Audiovisual Center – Departmental Audit (SUI)	February 17, 2003	Follow-up scheduled in FY 2004.	July 2003
7. Biological Sciences – Departmental Audit (SUI)	March 18, 2003	Follow-up scheduled in FY 2004.	July 2003
8. Biomedical Engineering – Sponsored Programs (SUI)	April 21, 2003	Follow-up scheduled in FY 2004.	September 2003
9. Broadcast Services – Departmental Audit (SUI)	March 18, 2003	Follow-up scheduled in FY 2004.	August 2003
10. NCAA Coaching Staff Limitations (SUI)	January 27, 2003	Follow-up scheduled in FY 2004.	September 2003
11. NCAA Compliance Audit– Eligibility (SUI)	April 21, 2003	Follow-up scheduled in FY 2004.	August 2003
12. Review of Cash Collection Activities (SUI)	April 21, 2003	Follow-up scheduled in FY 2003.	June 2003
13. Sponsored Programs – Departmental Audit (SUI)	February 17, 2003	Follow-up scheduled in FY 2004.	September 2003
14. Center for Disabilities and Development (UIHC)	March 10, 2003	Follow-up scheduled in FY 2004.	July 2003
15. Complimentary Parking Passes – Risk Assessment (UIHC)	April 21, 2003	Follow-up scheduled in FY 2004.	August 2003
16. Contractual Adjustments (UIHC)	January 27, 2003	Follow-up scheduled in FY 2004.	December 2003

Iowa State University

Title	Report Date	Follow-Up Status	Expected Completion
17. Security of Internet-Initiated ACH Transactions	January 14, 2003	Follow-up scheduled in FY 2004.	July 2003

University of Northern Iowa

Title	Report Date	Follow-Up Status	Expected Completion
18. FY 2002 Cash on Hand Follow-up report	September 10, 2002 January 31, 2003	Follow-up scheduled in FY 2003.	June 2003
19. Conference and Event Services	November 22, 2002	Follow-up scheduled in FY 2004.	August 2003

INTERNAL AUDIT FOLLOW-UP REPORTS

**University of Iowa – University Operations
University Hygienic Laboratory – Des Moines Locations**

Initial Audit Report Issued: September 20, 2002

Follow-up Memorandum Issued: May 23, 2003

Recommendations /
Responses

Auditor's Recommendation	Management's Response
<u>Annual Employee Evaluations.</u> Evaluate all staff annually.	Management will complete employee evaluations timely.

Auditor's Response
and Follow-up

Management has taken appropriate action. This audit is closed.
