

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Internal Audit Reports
Date: November 5, 2001

Recommended Action: Receive the report on the Status of Internal Audit Follow-up.

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.

One follow-up audit report is presented.

The Status of Internal Audit Follow-Up Table on page 2 identifies 18 internal audit reports, 17 of which require follow-up. The table on page 3 identifies auditor recommendations, management responses, auditor responses, and the status of the corrective action for the one follow-up report.

Background: In accordance with Regent Procedural Guide §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, while the Iowa State University internal auditor is responsible for those 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.

**Status of Internal Audit Follow-Up
November 5, 2001**

University of Iowa

Title	Report Date	Follow-Up Status	Expected Completion
1. Patient Accounts (UIHC)	January 16, 1996	Major changes have occurred in UIHC Business Office operations. A new review will be conducted of these significantly revised operations. Issues included in the initial review will be addressed as applicable.	December 2001
2. Intercollegiate Athletics – Home Game Ticket Revenue-FY 2000 (SUI) Follow-up report #1	October 23, 2000 September 24, 2001	A follow-up was conducted in FY 2002.	Completed September 2001 (will be presented in February)
3. Human Resources Software Access Security (SUI) Follow-up report #1	February 20, 2001 August 20, 2001	Second follow-up scheduled in FY 2002.	December 2001
4. NCAA Compliance Audit (SUI)	February 20, 2001	Follow-up scheduled in FY 2002.	December 2001
5. NCAA Compliance Audit – Financial Aid (SUI)	January 19, 2001	Audit closed. (page 3).	Closed
6. Human Resources – Decentralized Processes (SUI)	June 21, 2001	Follow-up scheduled in FY 2002.	November 2001
7. Student Organizations – Travel Expenditures (SUI)	May 14, 2001	Follow-up scheduled in FY 2002.	November 2001
8. Human Resources Benefits Administration (SUI)	August 20, 2001	Follow-up scheduled in FY 2002.	December 2001
9. Surplus Stores (SUI)	August 20, 2001	Follow-up scheduled in FY 2002.	December 2001
10. University Box Office (SUI)	August 20, 2001	Follow-up scheduled in FY 2002.	November 2001
11. Complimentary Valet Parking – Cash Handling (UIHC)	August 20, 2001	Follow-up scheduled in FY 2002.	November 2001
12. Hospital Vending Revenue (UIHC)	August 20, 2001	Follow-up scheduled in FY 2002.	December 2001
13. PYXIS (Pharmacy Dispensing Machines) (UIHC)	August 20, 2001	Follow-up scheduled in FY 2002.	December 2001

Iowa State University

Title	Report Date	Follow-Up Status	Expected Completion
14. Extension Distribution Center	February 16, 2001	Follow-up scheduled in FY 2002.	November 2001
15. Residence Hall Convenience Stores	February 16, 2001	Follow-up scheduled in FY 2002.	November 2001

University of Northern Iowa

Title	Report Date	Follow-Up Status	Expected Completion
16. Grants and Contracts Accounting Follow-up report #1	March 22, 2000 June 29, 2001	Second follow-up scheduled in FY 2002.	June 2002
17. North American Review	March 9, 2001	Follow-up scheduled in FY 2002.	February 2002
18. Cash Funds On Hand	June 19, 2001	Follow-up scheduled in FY 2002.	December 2001

University of Iowa – University Operations
NCAA Compliance Audit – Financial Aid
Initial Audit Report Issued: January 19, 2001
Follow-Up Audit Report Issued: October 16, 2001

Auditor's Recommendation	Management's Response	Auditor's Response	Auditor's Follow-Up
1. <u>Training Table/Room & Board Calculations and Off-Campus Payments</u> . Calculation Review and Payment Instructions. Compliance Coordinators should approve payment instructions for processing of training table meals and room and board allotments for student-athletes.	Management has implemented a procedure of review and signature approval for payment calculations and instructions for payment.	Appropriate measures taken.	Item closed.