

**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		
• Campus Conflict of Interest		Open
• Department of Public Safety – Lost and Found		Open
• Maintenance and Flood Response Equipment		Open
• Anesthesia		Open
• Department of Neurology		Open
• College of Education		Open
• Extended Care Moves		Closed
• Intercollegiate Athletics – Home Game Ticket Revenue		Closed
• Recreational Services Equipment Disposal		Closed
• State Hygienic Laboratory		Open
• UI Heart and Vascular Center		Open
IOWA STATE UNIVERSITY		
• Identity and Access Management		Open
• Office of the President		Closed
• Service Centers		Open
• University Community Childcare		Closed
UNIVERSITY OF NORTHERN IOWA		
• Events Complex Concessions		Open
• Gallagher-Bluedorn Performing Arts Center		Open

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

**FOLLOW-UP REPORTS**

UNIVERSITY OF IOWA

- |   |        |
|---|--------|
| • Tuition Set-Aside Fund and Iowa Grant Program | Closed |
| • Department of Pediatrics                      | Closed |
| • Off Campus/Distance Education                 | Closed |

UNIVERSITY OF IOWA *(continued)*

- University of Iowa Bookstore Distribution Center Closed
- Patient Financial Services – Pre-Access/Admission Closed
- Mechanical Engineering Program Closed
- Central Sterilizing Services Closed
- Department of Emergency Medicine Closed

UNIVERSITY OF NORTHERN IOWA

- Academic Summer Youth Camps Closed

**ASSESSMENT OF CONTROLS / EFFICIENCIES (CEA)**

<p><b>HIGH</b></p> 	<ul style="list-style-type: none"> <li>• Could seriously affect several areas within the University. Exposes the University to unacceptable risks or liability if not corrected OR</li> <li>• Involves difficult issues requiring the attention of executive management OR</li> <li>• Involves compliance with Federal, State, or other laws and could result in serious consequences if not implemented OR</li> <li>• Unacceptable weakness in the internal and/or accounting controls OR</li> <li>• Substantial savings (perhaps millions) can potentially be realized by correcting.</li> </ul>
<p><b>MODERATE</b></p> 	<ul style="list-style-type: none"> <li>• Could seriously affect a department or area within the University OR</li> <li>• Involves a difficult issue requiring the attention of upper management OR</li> <li>• Involves compliance with Federal, State or other law and could result in minor consequences if not implemented OR</li> <li>• Weakness in the internal and/or accounting controls OR</li> <li>• Savings (perhaps thousands) can potentially be realized by correcting.</li> </ul>
<p><b>LOW</b></p> 	<ul style="list-style-type: none"> <li>• Can affect a department or may be common to several areas OR</li> <li>• Could result in improved internal and accounting control OR</li> <li>• Can be corrected relatively easy OR</li> <li>• Could result in improved efficiency or effectiveness of operations OR</li> <li>• No reportable observations or corrective action taken prior to report issuance.</li> </ul>
<p><b>CONSULTATION</b></p> 	<ul style="list-style-type: none"> <li>• Auditors provided consultation only, without thorough assessment</li> <li>• No audit recommendations at this time.</li> </ul>

*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  
Campus Conflict of Interest**

*Issued October 31, 2011*

Status: Open

The purpose of the audit was to provide reasonable assurance that internal controls are in place and functioning effectively, to assist management in identifying and mitigating business risks, and to improve process efficiencies related to conflict of interest and conflict of commitment practices on campus. Principal results point to a need for a consolidated conflict of interest disclosure, improved transparency over employee reporting requirements and increased monitoring of faculty member disclosures. Internal Audit will verify the implementation of corrective action plans in February of 2013.



**The University of Iowa  
Department of Public Safety – Lost and Found**

*Issued October 31, 2011*

Status: Open

The purpose of the audit was to assess current process and procedures and to recommend additional controls appropriate to the office. The audit included assessment of the chain of custody, inventory system, and collection contact information. Three recommendations were made to increase controls. The audit will remain open until follow-up procedures have been completed in the third quarter of FY 2012.



**The University of Iowa  
Maintenance and Flood Response Equipment**

*Issued October 31, 2011*

Status: Open

This audit was performed to assess whether procedures related to the purchases of equipment/tools within Facilities Management Shops is managed in a manner that complies with applicable policies, procedures and best practices. Findings centered on: developing employee policies and procedures, standardizing equipment/tool purchases, enhancing the existing Flood Emergency Response Plan to include action specific to the construction of the newly acquired flood wall and creating a mechanism for tracking both capitalized and non-capitalized equipment. Management agrees with our recommendations and expects to complete their action plans by March 31, 2012.



**The University of Iowa  
Anesthesia**

*Issued December 1, 2011*

Status: Open

The Department of Anesthesia audit was performed to examine the operations for reasonable internal controls and processes. Audit findings include improving the efficiency and effectiveness of charge capture processes, documenting all charge capture processes, documenting business continuation and disaster recovery plans for locally supported IT resources, improving security controls on departmental servers, and reviewing data storage needs to ensure sufficient data storage capacity is available. Management agrees with the findings and expects to complete their action plan after March 2012.



**The University of Iowa  
Department of Neurology**

*Issued December 1, 2011*

Status: Open

The audit was performed to provide reasonable assurance to the new department head that adequate business processes and internal controls are in place and operating as intended. The audit specifically reviewed compliance regarding sponsored programs, financial management and revenue, procurement, and human resources. Recommendations included improving patient billings, departmental governance, internal financial reporting, segregation of duties, overdue performance appraisals, travel reimbursement approvals and human resource termination verification. Internal Audit will verify the implementation of corrective action plans in the fourth quarter of FY2012.



**The University of Iowa  
College of Education**

*Issued January 11, 2012*

Status: Open

The College of Education audit was performed to examine operations for reasonable internal controls and processes for grants, financial management, computer controls, and payroll and personnel. Three issues were discovered and communicated to management. Management agrees with the findings and expects to complete their action after February 2012.



**The University of Iowa  
Extended Care Moves**

*Issued January 11, 2012*

Status: Closed

The Extended Care Moves audit was performed to provide reasonable assurance that the Revolving and Expedited Discharge Funds have the proper controls in place. Management of these funds include appropriately approving patient requests, coordinating patient needs, monitoring patient Medicaid status, and monitoring reimbursements from care facilities. There were no reportable audit findings. This audit is closed.



**The University of Iowa  
Intercollegiate Athletics – Home Game Ticket Revenue**

*Issued January 11, 2012*

Status: Closed

This audit is performed annually to provide an independent verification of home game athletic revenue, ensure completion of guaranteed payments to visiting institutions, reconcile complimentary ticket listings, and provides oversight for the removal and destruction of unused, pre-printed tickets. No material audit findings or weaknesses were noted during the course of this audit. This audit is closed.



**The University of Iowa  
Recreational Services Equipment Disposal**

*Issued January 11, 2012*

Status: Closed

This audit was performed to assess whether procedures related to the disposal of equipment within Recreational Services is managed in a manner that complies with applicable policies, procedures and best practices. Findings centered on: enhancing the current tracking mechanism to include the UI Property Tag number for capitalized equipment, and complying with policies and procedures related to the disposal of University-owned property. Management agrees with our recommendations and completed their action plan prior to the issuance of the Internal Audit report.



**The University of Iowa  
State Hygienic Laboratory**

*Issued January 11, 2012*

Status: Open

The State Hygienic Laboratory audit was performed to examine the operations for reasonable internal controls and business processes. Audit findings focused on improving governance, better IT project planning, strengthening pricing and cost accounting methodologies, and increasing inventory oversight. Management agrees with the findings and expects to complete their action plan after July 2012.



**The University of Iowa  
UI Heart and Vascular Center**

*Issued January 11, 2012*

Status: Open

The UI Heart and Vascular Center audit was performed to examine the business operations for reasonable internal controls and processes. Audit findings include improving the charge capture processes, proper approval and documentation for travel vouchers, and documenting the delegation of signature authority for the center. Management agrees with the findings and expects to complete their action plan after March 2012.



**Iowa State University  
Identity and Access Management**

*Issued November 1, 2011*

Status: Open

The purpose of this audit was to evaluate processes for granting and removing access to high risk administrative information systems for current and transferring employees, creating student and employee system identifications, and creating sponsored system accounts. The audit also included a review of identity and access management policies and password requirements. Audit recommendations included developing a process to ensure access to administrative information systems is limited to current employees and students and obtaining justification for business need prior to granting access to high risk systems. Recommendations also included removing access to high risk systems for generic user names, providing central guidance on the use of generic user names, and defining who has the authority to request a sponsored account. Management expects to complete the action plans by December 2012.



**Iowa State University  
Office of the President**

*Issued January 10, 2012*

Status: Closed

The purpose of the audit was to provide assurance that the Office of the President adheres to the policies and procedures established by Iowa State University for the areas of expenditures, personnel actions, salary adjustments, conflict of interest disclosure, and access control. The scope of the audit included fiscal years 2011 and 2012. No reportable conditions were identified based on audit testing performed. This audit is closed.



**Iowa State University  
Service Centers**

*Issued January 10, 2012*

Status: Open

The Service Centers Audit was conducted to determine the adequacy of central guidance for service centers and to test procedures and controls for compliance. The University policy, "Selling Departments and Service Center Operations" provides fiscal management guidelines for service centers. Additionally, costs charged to federal grants and contracts from University service centers must meet requirements set forth in the Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions. A sample of service centers was selected to provide coverage across the research operations of the University. Testing of rate calculations, transactions, and billing processes was performed for five service centers. Audit findings include service center guidance, rate calculations, billing procedures, and accumulated balances. Management expects to complete the action plans by April 2012.



**Iowa State University  
University Community Childcare**

*Issued January 10, 2012*

Status: Closed

The purpose of the audit was to provide assurance that University Community Childcare is adhering to all terms of the contractual agreement with Iowa State University, including the areas of fees and tuition, safety and security, insurance, facilities expenses, enrollment, and the Comfort Zone. University Community Childcare was in compliance with the contractual agreement. No reportable issues were identified.



**University of Northern Iowa  
Events Complex Concessions**

*Issued January 4, 2012*

Status: Open

The audit was performed to analyze the events complex concessions operations for reasonable internal controls and processes. Audit procedures included cash handling, financial performance, payroll and staff hiring procedures, inventory control, and operational effectiveness and efficiency. Audit recommendations include employee hiring, food purchase procedures, maintaining control of inventory, maintaining policy and procedures, cash handling, and efficiency and operation. Management agrees with the findings and expects to complete their action plan after October 2012.



**University of Northern Iowa  
Gallagher-Bluedorn Performing Arts Center**

*Issued January 4, 2012*

Status: Open

The audit was performed to provide reasonable assurance GBPAC is operating with adequate and effective internal controls and following University policies and procedures as well as applicable laws and regulations. Audit recommendations included a complimentary ticket policy, improvement in ticket practices, adequate documentation for sensitive operational expenses, controlling accounts receivable, improvements in cash and revenue handling, and additional monitoring of student employees for valet parking. Management agrees with the recommendations and expects to complete their action plan after October 2012.

**STATUS OF AUDIT FOLLOW-UPS**

**University of Iowa**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
1. EPIC – Ophthalmology	Nov 11, 2010	Aug 2011		
2. Building Access Security	Jan 12, 2011	Aug 2011		
3. Department of Surgery	Aug 25, 2011	Oct 2011		
4. Holden Comprehensive Cancer Center	May 17, 2011	Nov 2011		
5. UI Health Care Epic Stork	June 23, 2011	Nov 2011		
6. MARS/MAUI Feeder Systems	May 17, 2011	Dec 2011		
7. Summer Youth Programs	June 23, 2011	Dec 2011		
8. Veterans Affairs Contract Compliance	Sept 28, 2011	Dec 2011		
9. University Approved Bank Accounts	Dec 14, 2010	Jan 2012		
10. PCI Compliance	Mar 24, 2011	Jan 2012		
11. International Student Reporting - SEVIS	Apr 19, 2011	Jan 2012		
12. UIHC Centralized Pharmacy Inventory	Aug 25, 2011	Jan 2012		
13. UIHC Child Care Center	Apr 19, 2011	Apr 2012		
14. University Housing & Dining	June 23, 2011	July 2012		
15. UI Health Care Human Resources	Sept 28, 2011	Jan 2013		

**Iowa State University**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
16. Research Data Security	July 13, 2010	July 2011		
17. Employee Separation Procedures	Oct 8, 2010	Aug 2011	Jun 2012	
18. Non-Employees on Campus	Jan 13, 2011	Aug 2011		
19. NCAA Compliance - Amateurism	Aug 25, 2011	Dec 2011		
20. Study Abroad Rome Program	Aug 25, 2011	Feb 2012		
21. Laboratory Safety	Mar 28, 2011	May 2012		

**University of Northern Iowa**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
22. International Student Admissions	Mar 31, 2011	Nov 2011		
23. University Approved Bank Accounts	Jan 7, 2011	Dec 2011		
24. Child Development Center	Mar 31, 2011	Dec 2011		
25. Modern Languages	July 7, 2011	Feb 2012		
26. Payment Card Industry Standards	July 7, 2011	May 2012		
27. Malcolm Price Laboratory School Food Service Program	Sept 22, 2011	July 2012		
28. Temporary Faculty and Staff	Sept 27, 2011	July 2012		

**Follow-Up Legend**

	<ul style="list-style-type: none"> <li>Planned corrective action and/or follow-up report not completed within 6 months of originally scheduled date.</li> </ul>
	<ul style="list-style-type: none"> <li>Planned corrective action and/or follow-up report not completed within 3 months of originally scheduled date.</li> </ul>
	<ul style="list-style-type: none"> <li>Follow-up report is due and is within 3 months of originally scheduled completion date.</li> </ul>
	<ul style="list-style-type: none"> <li>Follow-up report not yet due.</li> </ul>