

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 <ul style="list-style-type: none"> • Athletics • NCAA Compliance – Extra Benefits – Athletic Equipment and Apparel • UI Health Care Clinical Trial • UI Health System Financial Management • Extra Compensation for Teaching Academic Courses • Hospital Supply Chain Management • University of Iowa Research Foundation 	      	Open Closed Open Open Open Open Open
IOWA STATE UNIVERSITY <ul style="list-style-type: none"> • ISU Dining – Cash Handling 		Open
UNIVERSITY OF NORTHERN IOWA <ul style="list-style-type: none"> • Arctic, Remote and Cold Territories Interdisciplinary Center 		Open

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

FOLLOW-UP REPORTS

UNIVERSITY OF IOWA

- International Writing Program Closed
- Iowa Courses Online (ICON) Closed
- 2015 Early Retirement Incentive Program Closed
- Center for Disabilities and Development Closed
- Controlled Substances in Laboratories Closed
- Department of Psychiatry Closed
- Health Information Management Closed
- Orthopedics Closed
- ReadySet System Closed

IOWA STATE UNIVERSITY

- America's Small Business Development Centers Iowa Closed

UNIVERSITY OF NORTHERN IOWA

- Department of Technology Closed
- Special and Summer Compensation Closed

CONTROLS/EFFICIENCIES ASSESSMENT (CEA)

<p>HIGH</p> 	<ul style="list-style-type: none"> • Could seriously affect several areas within the university. Exposes the university to unacceptable risks or liability if not corrected OR • Involves difficult issues requiring the attention of executive management OR • Involves compliance with Federal, State, or other laws and could result in serious consequences if not implemented OR • Unacceptable weakness in the internal and/or accounting controls OR • Substantial savings (perhaps millions) can potentially be realized by correcting.
<p>MODERATE</p> 	<ul style="list-style-type: none"> • Could seriously affect a department or area within the university OR • Involves a difficult issue requiring the attention of upper management OR • Involves compliance with Federal, State or other law and could result in minor consequences if not implemented OR • Weakness in the internal and/or accounting controls OR • Savings (perhaps thousands) can potentially be realized by correcting.
<p>LOW</p> 	<ul style="list-style-type: none"> • Can affect a department or may be common to several areas OR • Could result in improved internal and accounting control OR • Can be corrected relatively easily OR • Could result in improved efficiency or effectiveness of operations OR • No reportable observations or corrective action taken prior to report issuance.

The internal auditors have utilized the colors for the CEA in evaluating each overall audit report.



**University of Iowa
Athletics**

Issued February 21, 2017

Status: Open

Athletics is a self-sustaining enterprise with fiscal year 2017 budgeted operating expenses of \$102.1 million. The audit was performed to provide reasonable assurance that business processes and internal controls are in place and functioning effectively. Recommendations were made for strengthening the internal controls for IT purchasing and the equipment inventory cycle, user access management for the Paciolan ticketing system, and policies and segregation of duties regarding departmental cell phones. Management expects to complete its action plans by September 2017.



**University of Iowa
NCAA Compliance – Extra Benefits – Athletic Equipment and Apparel**

Issued February 21, 2017

Status: Closed

The NCAA Compliance – Extra Benefits – Athletic Equipment and Apparel audit was completed to examine whether the Athletics Department has adequate controls in place to monitor the use of logos, donations, and offers of athletic equipment and apparel. No material weaknesses were noted during the audit and the audit is closed.



**University of Iowa
UI Health Care Clinical Trial**

Issued February 21, 2017

Status: Open

The UI Health Care Clinical Trial audit was completed to examine whether the controls are in place to ensure clinical trials are conducted in accordance with applicable regulations and policies and research charges and payments are appropriately billed and reconciled. Primary audit recommendations include ensuring clinical trial visit and payment reconciliation is occurring at least quarterly, enforcing timely updates of research subject enrollment information in the Epic system, and training research teams on informed consent processes. Management expects to complete its action plans by July 2017.



**University of Iowa
UI Health System Financial Management**

Issued February 21, 2017

Status: Open

The UI Health System Financial Management audit was completed to examine whether adequate business processes and internal controls are in place and operating as intended. Audit recommendations include evaluating the health system structure, invoicing for missed billing, converting medical record numbers from social security numbers to a generic number, reviewing a billing service and business associate agreement to ensure it is adequate, and reviewing UI Health Care services provided to UI Health System and adjusting the associated agreements accordingly to encompass all services provided. Management expects to complete its action plans by July 2017.



**University of Iowa
Extra Compensation for Teaching Academic Courses**

Issued March 29, 2017

Status: Open

The Overload Teaching process allows full-time faculty members to provide course instruction above their normal agreed upon number of on-load courses. Additionally, full-time staff may offer course instruction for extra compensation to further allow the university to offer students necessary courses. The audit was performed to provide reasonable assurance that business processes and internal controls are functioning effectively. Primary audit recommendations focused on review of policies, identification of common guidelines, enhancement to the workflow forms, and development of automated data comparisons and links to other applications. Management expects to complete its action plans by January 2018.



**University of Iowa
Hospital Supply Chain Management**

Issued March 29, 2017

Status: Open

The Hospital Supply Chain Management audit was completed to examine whether controls over contracts with vendors, supplies purchasing, and supplies storage/distribution are effective. The Supply Chain Department primarily manages supplies for the Main Operating Room, the Ambulatory Surgery Center, and the Heart and Vascular Center; however, continues to look for opportunities to standardize supply management in more departments. Significant audit recommendations include implementing a system to more effectively track vendor-owned trays, implementing consistent policies and practices for documenting approval processes for new products, and limiting access to the procedural perpetual inventory to improve inventory controls. Management expects to complete its action plan by June 2017.



**University of Iowa
University of Iowa Research Foundation**

Issued March 29, 2017

Status: Open

The University of Iowa Research Foundation (UIRF) is the designated owner of the University of Iowa's patent rights and manages the interest in qualifying inventions. The UIRF audit was performed to examine operations for reasonable internal controls and processes. Audit recommendations included complying with the Bayh-Dole act, consistency in the commercialization review process, and completing a cost-benefit analysis for the purchase of a patent docketing system. Additionally, the UIRF should make the University of Iowa community more aware of their obligation to disclose inventions. Management expects to complete its action plans by September 2017.



**Iowa State University
ISU Dining – Cash Handling**

Issued March 27, 2017

Status: Open

Iowa State University (ISU) Dining is a self-supporting unit under the Division of Student Affairs. ISU Dining provides residential, retail, and catering services to the university community and employs 1,777 student workers as well as 192 full-time employees. The ISU Dining audit was performed to provide reasonable assurance that business processes and internal controls are in place and operating as intended. Audit recommendations include utilizing additional system generated reports to monitor daily operations and updating cash handling procedures. Implementing audit recommendations will help ensure cash is handled in a responsible manner. Management expects to complete its action plans by May 2017.



**University of Northern Iowa
Arctic, Remote and Cold Territories Interdisciplinary Center**

Issued March 23, 2017

Status: Open

The University of Northern Iowa Arctic, Remote and Cold Territories Interdisciplinary Center (ARCTICenter) is a center within the Geography Department in the College of Social and Behavioral Sciences. The ARCTICenter is a research center that focuses on developing collaboration among geography faculty, staff, and students on campus and internationally. The ARCTICenter is engaged in research and educational activities in the Arctic region, as well as other remote and cold regions, including the Arctic, Antarctic, subarctic, high mountainous areas, and cold deserts. Researchers are involved in multiple projects dealing with social and environmental systems in the Arctic as well as other international research activities. Audit recommendations focused on improving controls related to fiscal management and operational controls. Management expects to complete their action plans by December 2017.

STATUS OF AUDIT FOLLOW-UPS

University of Iowa

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
1. Heart and Vascular Center	Dec 9, 2015	July 2016	July 2017	
2. Utilization Management	Jan 22, 2016	Aug 2016	Sept 2017	
3. Finkbine Golf Course	June 23, 2016	Nov 2016		
4. UIHC Charity Care	Oct 26, 2016	Dec 2016		
5. Department of Neurology	Sept 23, 2016	Dec 2016		
6. University Book Store	July 19, 2016	Dec 2016	Aug 2017	
7. Mobile Device Encryption	Aug 19, 2016	Jan 2017		
8. Claim Submission and Electronic Remittance Processes	March 23, 2016	April 2017		
9. Clinical Quality Safety and Performance Improvement	March 23, 2016	April 2017		
10. Department of Chemistry	Sept 23, 2016	April 2017		
11. Child Health Specialty Clinics	Aug 19, 2016	May 2017		
12. Denial Management and Follow-up Processes	Dec 13, 2016	June 2017		
13. Cloud Computing	Oct 26, 2016	July 2017		
14. College of Engineering IT	Jan 19, 2017	July 2017		
15. Grant Accounting	Jan 19, 2017	July 2017		
16. UI Health System Governance and Processes	Nov 29, 2016	July 2017		
17. Department of Pediatrics	June 23, 2016	Aug 2017		
18. College of Education	Jan 19, 2017	Sept 2017		
19. Department of Public Safety	July 19, 2016	Sept 2017		
20. Compliance and Qualifications System	Oct 26, 2016	Nov 2017		

Iowa State University

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
21. NCAA Compliance – Recruiting	Oct 24, 2016	Dec 2016		
22. Dr. W. Eugene and Linda Lloyd Veterinary Medicine Center	Jan 5, 2016	Dec 2016		
23. School of Education	July 21, 2016	Jan 2017		
24. Storage and Transportation of Weapons	Jan 25, 2017	March 2017		
25. Veenker Memorial Golf Course	Jan 25, 2017	March 2017		
26. Employment Verification and Background Checks	July 21, 2016	April 2017		
27. Department of Economics	Jan 25, 2017	June 2017		
28. Office of Intellectual Property and Technology Transfer	Dec 15, 2016	June 2017		
29. Veterinary Field Services	Sept 21, 2016	Aug 2017		

University of Northern Iowa

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
30. Event Center Beverages	May 20, 2016	Dec 2016	April 2017	
31. Center for Business Growth and Innovation	Sept 20, 2016	Feb 2017		
32. Center for Energy & Environmental Education	July 12, 2016	April 2017		
33. School of Kinesiology, Allied Health and Human Services	July 12, 2016	May 2017		
34. Tallgrass Prairie Center	Oct 27, 2016	Aug 2017		
35. College of Education	Dec 19, 2016	Oct 2017		
36. Career Services	Feb 9, 2017	Dec 2017		

Follow-Up Legend

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