

Contact: Todd Stewart

**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		
• 2010 Insight Bowl		Open
• Central Sterilizing Services		Open
• International Student Reporting - SEVIS		Open
• UIHC Child Care Center		Open
• Holden Comprehensive Cancer Center		Open
• MARS/MAUI Feeder Systems		Open
• Summer Youth Programs		Open
• Third Party Clinical Trial Billing		Closed
• UI Health Care Epic Stork		Open
• University Housing & Dining		Open
• University of Iowa Bookstore Distribution Center		Open
IOWA STATE UNIVERSITY		
• Department of Residence Access Control		Open
• Security of Internet-Initiated ACH Transactions		Closed
UNIVERSITY OF NORTHERN IOWA		
• Modern Languages		Open
• Payment Card Industry Standards		Open

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

**FOLLOW-UP REPORTS**

UNIVERSITY OF IOWA

- |  |        |
|--|--------|
| • Main Operating Room Billing Process              | Closed |
| • International Programs – Office for Study Abroad | Closed |
| • UIHC Ambulatory Care Pharmacy Cash Handling      | Closed |
| • OMB A-21 Allowable Direct Charges                | Closed |
| • Finkbine Golf Course Business Processes          | Closed |

**IOWA STATE UNIVERSITY**

- Personnel Actions Closed
- Conflict of Interest Closed

**UNIVERSITY OF NORTHERN IOWA**

- Student Course and Program Fees Closed
- Motor Vehicle Pool 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  
2010 Insight Bowl**

*Issued April 19, 2011*

Status: Open

In December of 2010, The University of Iowa participated in the 2010 Insight Bowl in Tempe, AZ. The audit was performed to review internal controls, verify expenditures and test compliance with NCAA and University policy. Three reportable conditions were noted. The audit will remain open until follow-up procedures have been completed in the first quarter of FY 2012.



**The University of Iowa  
Central Sterilizing Services**

*Issued April 19, 2011*

Status: Open

The audit was performed to provide assurance that Central Sterilizing Services (CSS) surgical instrument inventory management processes and controls are in place and operating efficiently. Primary findings included large amounts of unnecessary rework, a missing instrument tray, lack of inventory processes for bulk instrumentation, and security of the CSS areas. Recommendations included re-evaluation of tray instrumentation, consideration to use of a real time location system (RTLS) for tracking material items, completion of a physical inventory, implementation of inventory best practices, implementation of appropriate access controls, and a complete inventory software evaluation. Internal Audit will verify the implementation of their corrective action plan in the second quarter of FY2012.



**The University of Iowa  
International Student Reporting - SEVIS**

*Issued April 19, 2011*

Status: Open

This audit was performed to evaluate the adequacy of required procedures and compliance to federal regulations within SEVIS reporting. Findings centered on: developing an adequate system implementation plan that enhances access to required information; creating appropriate permissions so that essential dates can be recorded; revision of record retention procedures to augment compliance with regulations and; increasing system security by providing users with unique IDs and passwords. Management agrees with our recommendations and expects to complete their action plan by December 31, 2011.



**The University of Iowa  
UIHC Child Care Center**

*Issued April 19, 2011*

Status: Open

The audit was performed at the request of UIHC's CEO to determine whether the Bright Horizons child care contract terms were being fulfilled and evaluate the associated financial transactions and profit sharing. Findings included lack of reconciliation of the profit sharing payment and non-compliance with the University of Iowa cash handling policies. Internal Audit will verify the implementation of their management's action plan in the third quarter of FY 2012.



**The University of Iowa  
Holden Comprehensive Cancer Center**

*Issued May 17, 2011*

Status: Open

The Holden Comprehensive Cancer Center audit was performed to examine the business operations for reasonable internal controls and processes. Audit findings include formalization of the governance structure, improving the charge capture and pre-certification processes, and improving the account reconciliation process for clinical trial grants. Management agrees with the findings and expects to complete their action plan after October 2011.



**The University of Iowa**  
**MARS/MAUI Feeder Systems**

*Issued May 17, 2011*

Status: Open

The audit was performed to evaluate the adequacy of business processes and internal controls related to the University's billing system, MARS/MAUI, and to provide assurance that feeder systems populating the system are being properly maintained and reconciled. Primary findings include establishing an owner for the Tuition Assessment feeder system, as well as developing written procedures and performing a periodic reconciliation and variance analysis for the system, performing periodic entitlement reviews for MARS system access, and documenting the process used to review the updates to the tuition rate spreadsheet and MARS tuition tables. Management expects to complete their action plan by November 30, 2011.



**The University of Iowa**  
**Summer Youth Programs**

*Issued June 23, 2011*

Status: Open

The purpose of the audit was to provide assurance that Summer Youth Programs have internal controls that maintain the fiscal integrity and the fiduciary obligation for the well-being of minors at the University of Iowa. The audit included review of cash handling procedures, revenue collections, monitoring of discounts and refunds, and policies for background checks and certifications. Three recommendations to improve controls were noted. Management expects to complete their action plan by December 1, 2011.



**The University of Iowa**  
**Third Party Clinical Trial Billing**

*Issued June 23, 2011*

Status: Closed

The Third Party Clinical Trial Billing audit was performed to provide reasonable assurance that services associated to clinical trials were being properly identified and billed. There were no reportable audit findings. Management has implemented controls into this newly designed process that provide reasonable assurance that all clinical trials and associated services are properly identified and billed in compliance with federal regulations. This audit is closed.



**The University of Iowa**  
**UI Health Care Epic Stork**

*Issued June 23, 2011*

Status: Open

The purpose of the audit was to ensure that adequate processes are in place to accurately capture patient charges in a timely manner and that various documentation is consistent with one another, birthing center statistics are accurate and produced efficiently and that access to Epic Stork is appropriately controlled. The audit specifically reviewed the billing and documentation process in the Department of Obstetrics and Gynecology. Primary findings indicate a need on the behalf of the department to further integrate operational processes with functionality available in Epic Stork. Additional findings include an above average charge lag which is attributed to staff shortages and not related to software. Internal Audit will verify the implementation of corrective action plan in October 2011.



**The University of Iowa  
University Housing & Dining**

*Issued June 23, 2011*

Status: Open

The audit was performed to evaluate the adequacy of business processes and internal controls for University Housing & Dining. Primary findings include ensuring all software applications meet the minimum password requirements in the University's enterprise password policy, and all web applications are encrypted, performing periodic entitlement reviews for applications that do not utilize Active Directory for logon and for active directory groups; ensuring all residents receive and sign for the Residence Hall Guidebook; all emergency phones are operational and easily located, tracking professional staff training; verifying all staff with access to FERPA protected data have completed FERPA training. Management expects to complete their action plan by June 30, 2012.



**The University of Iowa  
University of Iowa Bookstore Distribution Center**

*Issued June 23, 2011*

Status: Open

This audit was performed to evaluate the operations of the Bookstore Distribution Center to ensure compliance with applicable policies, procedures and best practices. Findings centered on: enhancing inventory security and employee safety by providing unique user access codes and investigating security camera installation; increasing system security by creating appropriate permissions based on job responsibilities and proper segregation of duties. Management agrees with our recommendations and expects to complete their action plan by October 31, 2011.



**Iowa State University  
Department of Residence Access Control**

*Issued June 28, 2011*

Status: Open

The purpose of this audit was to evaluate the controls in place to prevent unauthorized access to Department of Residence (DOR) facilities with access cards and metal keys. An additional objective was to determine if security cameras are being used effectively to prevent unauthorized access to DOR facilities and enhance resident safety. Audit recommendations included developing a key and access card reconciliation process, working to reduce the number of electronic alarms related to the access card system, restricting access to the key management software, and improving segregation of duties amongst the key and access card management staff. Recommendations also included standardizing the key storage areas at hall desks, evaluating the student loaner key process, and ensuring the completion of loaner key logs. Management expects to complete the action plan by August 2011.



**Iowa State University  
Security of Internet-Initiated ACH Transactions**

*Issued July 5, 2011*

Status: Closed

This audit was requested by the University Treasurer in order to comply with the National Automated Clearing House Association (NACHA) requirement of an annual audit of security practices and procedures. The audit included reviewing the physical security, personnel and access controls to protect against unauthorized access and use, and network security. No observations were noted.



**University of Northern Iowa  
Modern Languages**  
*Issued July 7, 2011*

Status: Open

The audit was performed to analyze the Institutes for reasonable internal controls and processes. Audit procedures included tuition and fee calculation and recording, cash handling, travel advances and expenditures, hiring practices, financial performance, and scholarships. Audit recommendations include improving billing procedures, revising travel advance and expenditure procedures, complying with hiring and payroll practices, developing the budget, and reclassification of accounting entries. Management agrees with the findings and expects to complete their action plan by January 2012.



**University of Northern Iowa  
Payment Card Industry Standards**  
*Issued July 7, 2011*

Status: Open

The audit was performed to verify internal controls exist and are operating to reasonably ensure the University and its campus merchants are in compliance with payment card industry (PCI) standards and University policies and procedures. Audit procedures included evaluating processes for governance, identification and establishment of campus merchants, and satisfaction of PCI requirements by the University and its merchants. The audit recommended a University PCI policy and approving drafted security policies, improvements to some campus merchants' PCI compliance, coordinating and monitoring internal scanning, and obtaining an approved recharge rate for credit card fees distributed to campus merchants. Management agrees with the recommendations and expects to complete their action plan by April 2012.

**STATUS OF AUDIT FOLLOW-UPS**

**University of Iowa**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
1. Mechanical Engineering Program	Jan 12, 2011	July 2011	Oct 2011	
2. NCAA Compliance On/Off Campus Recruiting	Mar 24, 2011	July 2011		
3. EPIC – Ophthalmology	Nov 11, 2010	Aug 2011		
4. Building Access Security	Jan 12, 2011	Aug 2011		
5. Department of Emergency Medicine	Feb 25, 2011	Aug 2011		
6. Pathology/Tissue Bank Inventory	Feb 25, 2011	Sept 2011		
7. Off-Campus/Distance Education	Feb 25, 2011	Oct 2011		
8. Patient Financial Services Pre-Access/Admission	Feb 25, 2011	Oct 2011		
9. Department of Pediatrics	Mar 24, 2011	Oct 2011		
10. University Approved Bank Accounts	Dec 14, 2010	Jan 2012		
11. PCI Compliance	Mar 24, 2011	Jan 2012		

**Iowa State University**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
12. Research Data Security	July 13, 2010	July 2011		
13. Employee Separation Procedures	Oct 8, 2010	Aug 2011		
14. Non-Employees on Campus	Jan 13, 2011	Aug 2011		
15. Engineering Online Learning	Mar 28, 2011	Aug 2011		
16. Athletics Department Ticketing Procedures	Dec 1, 2010	Sept 2011		
17. Laboratory Safety	Mar 28, 2011	May 2012		

**University of Northern Iowa**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
18. Tuition and Fees Accountability	July 7, 2010	May 2011		
19. Iowa Waste Reduction Center	Jan 7, 2011	June 2011		
20. College of Education	Oct 1, 2010	July 2011		
21. Academic Summer Youth Camps	Jan 7, 2011	Nov 2011		
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		

**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>