

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		
• Department of Urology		Open
• Tippie College of Business		Open
• Center for Digestive Disease		Open
• MAUI Security		Open
• University Dining Inventory Processes		Open
• Graduate Medical Education		Closed
IOWA STATE UNIVERSITY		
• Iowa State University Book Store		Closed
• Laboratory Animal Resources		Open
• NCAA Compliance – Extra Benefits		Closed
• NCAA Compliance – Recruiting		Closed
UNIVERSITY OF NORTHERN IOWA		
• Athletic Equipment and Apparel		Open
• Effort Reporting		Open

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

**FOLLOW-UP REPORTS**

UNIVERSITY OF IOWA

- University of Iowa Museum of Art Closed
- College of Law Closed
- Department of Athletics Closed
- Hospital Dentistry Closed
- College of Liberal Arts and Sciences – School of Social Work Closed
- Department of Psychiatry Closed

IOWA STATE UNIVERSITY

- Parking Division Closed
- Programs for Youth Closed
- Department of Electrical and Computer Engineering Closed

UNIVERSITY OF NORTHERN IOWA

- Physical Plant Utilities Billing 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.*



**The University of Iowa  
Department of Urology**

*Issued May 14, 2013*

Status: Open

The audit was performed to provide reasonable assurance that adequate business processes and internal controls are in place and operating as intended. Primary recommendations include evaluating the need for additional procurement cards based on business needs and compliance with policy, updating workflows paths to ensure appropriate level of approval and current employment, evaluation of the billing processes, implementation of a detailed termination checklist, and ensuring appropriate approvals occur on travel reimbursements, and procurement card transactions. Management expects to complete their action plans by July 2013.



**The University of Iowa  
Tippie College of Business**

*Issued May 14, 2013*

Status: Open

The audit was performed to provide management with reasonable assurance that business processes and controls are in place and operating as intended. Audit recommendations focused on improving general computer controls, renegotiating the study abroad contract, increasing segregation of duties, increasing required training compliance, and pursuing centralized tuition billing for all academic programs. Management expects to complete their action plans by October 2013.



**The University of Iowa  
Center for Digestive Disease**

*Issued June 21, 2013*

Status: Open

The Center for Digestive Disease audit was performed to examine the revenue, inventory, and financial management operations for reasonable internal controls and processes. A single recommendation is to better segregate the duties of the inventory processes. Management expects to complete their action plans by June 2013.



**The University of Iowa  
MAUI Security**

*Issued June 21, 2013*

Status: Open

Security within the MAUI application was reviewed for reasonable internal controls and processes. Audit recommendations include implementing a consistent process for requesting user access across the five core functional areas of the system, upgrading the operating system on web servers, and performing regular reviews of user accounts to assure appropriateness of user access. Management expects to complete their action plans by October 2013.



**The University of Iowa  
University Dining Inventory Process**

*Issued June 21, 2013*

Status: Open

The University Dining audit was performed to examine the inventory operations for reasonable internal controls and processes. Audit recommendations include developing department and sub-department budgets, implementing procedures so inventory balances are accurately reflected in the general ledger, updating storeroom alarm systems and ensuring alarms are appropriately used, implementing procedures for vendor reward programs, and implementing procedures so invoices are entered in the inventory management system accurately and timely. Management expects to complete their action plans by December 2013.



**The University of Iowa  
Graduate Medical Education**

*Issued July 10, 2013*

Status: Closed

The Graduate Medical Education audit was performed to evaluate business processes related to medical residency compliance and management of funds. The audit assessed compliance with the Resident Supervision and Duty Hour, Internal Review and Evaluation and Advancement policies. The audit also reviewed the flow of funds for Direct and Indirect Medical Education from Medicare to UIHC. No material audit findings or weaknesses were noted during the course of this audit. The audit is closed.



**Iowa State University  
Iowa State University Book Store**

*Issued June 28, 2013*

Status: Closed

The purpose of the audit was to evaluate financial accounting and reporting and inventory management processes to determine if controls are in place to ensure accurate reporting and custody of assets. Additionally, employee access to the Missouri Book System and camera system was evaluated to determine if rights are in alignment with job responsibilities. The book rental process was also reviewed to determine if the rental agreement was followed and if the rental supply is meeting the demand. Audit recommendations included review employee access rights to modules within the Missouri Book System to determine if access rights are in alignment with job responsibilities and updating financial reporting for the Design Store to include cost of goods sold and operating expenses. Management has implemented their action plans and the audit is closed.



**Iowa State University  
Laboratory Animal Resources (LAR)**

*Issued June, 28 2013*

Status: Open

The purpose of the audit was to evaluate the per diem rate structure and processes for recapturing expenses incurred by LAR such as per diems, animal orders, and extra duties or technical services. The audit also included a review of controls surrounding animal ordering and inventory control for controlled substances. Additionally, the process for granting and revoking access to LAR facilities was reviewed. The audit recommendations will provide additional oversight for monitoring controlled substances, building access, and recording services that should be charged back to research projects. Management expects to complete their action plans by April 2014.



**Iowa State University  
NCAA Compliance – Extra Benefits**

*Issued June 28, 2013*

Status: Closed

This audit was performed to determine if the University has policies and procedures in place to administer and monitor extra benefits to student-athletes in accordance with NCAA bylaws. The audit consisted of a review of the activities performed by the ISU Athletics Department Compliance Office regarding athletic equipment and apparel, complimentary admissions, student-athlete vehicles, travel expenses, and booster education. The scope of the audit included policies, procedures, and processes in effect during the 2012-2013 academic year. Based on audit testing, the Compliance Office has reasonable controls in place to administer and monitor extra benefits activities in accordance with NCAA regulations. No reportable issues were identified and this audit is closed.



**Iowa State University**  
**NCAA Compliance – Recruiting**

*Issued June 28, 2013*

Status: Closed

The audit was performed to determine if the University has documented policies and procedures in place regarding recruiting activities in accordance with NCAA bylaws. The audit consisted of a review of activities performed by the ISU Athletics Department Compliance Office concerning off-campus recruiting activities, evaluations and contacts of prospective student athletes, telecommunication contact with prospects, and on-campus official and unofficial visits by prospective student athletes. The scope of the audit included policies, procedures, and processes in place during the 2012-2013 academic year. Based on audit testing for the time period reviewed, the Compliance Office has reasonable controls in place to administer and monitor recruiting activities in accordance with NCAA regulations. No reportable issues were identified and the audit is closed.



**University of Northern Iowa**  
**Athletic Equipment and Apparel**

*Issued June 27, 2013*

Status: Open

The audit was performed to provide reasonable assurance that Athletic Equipment and Apparel process is operating efficiently, effectively, and complying with generally accepted principles as well as University policies and procedures and applicable laws and regulations. Audit procedures included policy and procedures review, inventory control, cash and revenue handling, purchasing and general disbursements, and general operations. Audit recommendations include implementing centralized inventory, equipment and apparel return procedures, and operational efficiency. Management expects to complete their action plans by April 2014.



**University of Northern Iowa**  
**Effort Reporting**

*Issued June 27, 2013*

Status: Open

The audit was performed to evaluate effort reporting for adequate and effective internal controls in alignment with University policies and procedures, OMB cost principles, applicable laws and regulations, and generally accepted accounting principles to ensure time and effort costs charged to federal programs are allowable, allocable, and reasonable. University guidance, campus awareness, adequate monitoring and oversight, effort allocation and certification documents and process, and principal investigator understanding were examined. Audit recommendations include developing effort allocation and reporting policy and education, documenting Centers exemption and approvals, and obtaining required student certification for two Centers. Management expects to complete their action plans by March 2014.

**STATUS OF AUDIT FOLLOW-UPS**

**University of Iowa**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
1. Athletics Operations – Apparel and Promotional Items	Aug 16, 2012	Sept 2012	July 2013	
2. Department of Orthopaedics	Aug 16, 2012	Jan 2013		
3. Campus Conflict of Interest	Oct 21, 2011	Feb 2013		
4. UI Health Care IT Purchases and Data Center Privatization	Nov 8, 2012	Feb 2013		
5. UI Optical	Dec 13, 2012	Feb 2013		
6. Department of Nursing	Sept 27, 2012	May 2013		
7. Dance Marathon	Mar 7, 2013	May 2013		
8. Physics and Astronomy	Nov 8, 2012	June 2013		
9. Cleary Campus Security Policy and Campus Crime Statistics Act	Nov 8, 2012	July 2013		
10. Department of Neurosurgery	Mar 7, 2013	July 2013		
11. Physician On-Boarding	Nov 8, 2012	Aug 2013		
12. Student Health	Apr 9, 2013	Aug 2013		
13. Office of Equal Opportunity and Diversity	Dec 13, 2012	Sept 2013		
14. University Housing and Dining StarRez System	Mar 7, 2013	Sept 2013		
15. Ambulatory Surgery Center	Feb 13, 2013	Oct 2013		
16. Export Controls	Sept 27, 2012	Nov 2013		
17. Department of Otolaryngology	Apr 9, 2013	Nov 2013		

**Iowa State University**

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
18. Identity and Access Management	Nov 1, 2011	Jan 2013	Aug 2013	
19. Extension & Outreach	Jan 30, 2012	July 2013		
20. Export Controls	June 11, 2012	July 2013		
21. Lloyd Veterinary Medical Center (LVMC)	Jan 8, 2013	July 2013		
22. Student Organizations	Jan 7, 2013	Aug 2013		

University of Northern Iowa

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
23. International Programs	Sept 21, 2012	July 2013		
24. Multi-Modal Transit Center Operations	Sept 21, 2012	July 2013		
25. UNI Center for Urban Education	Jan 11, 2013	Sept 2013		
26. Information Technology Services Business Procedures and Chargebacks	Jan 11, 2013	Nov 2013		
27. College of Humanities, Arts and Sciences	Mar 29, 2013	Jan 2014		
28. Student Health Clinic	Mar 29, 2013	Jan 2014		

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>