

**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.

<b>ORIGINAL REPORTS</b>	<b>CEA*</b>	<b>Status</b>
UNIVERSITY OF IOWA		
• 2015 Early Retirement Incentive Program		Open
• Iowa Courses Online (ICON)		Open
• Department of Orthopedics		Open
• Department of Pediatrics		Open
• Finkbine Golf Course		Open
• International Programs		Open
• Office of the Patient Experience		Open
• Safety and Security's Video Surveillance System		Open
• Department of Public Safety		Open
• University Book Store		Open

IOWA STATE UNIVERSITY		
• America's Small Business Development Centers Iowa		Open
• Employment Verification and Background Checks		Open
• School of Education		Open

UNIVERSITY OF NORTHERN IOWA		
• Event Center Beverages		Open
• Center for Energy & Environmental Education		Open
• School of Kinesiology Allied Health and Human Services		Open

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

**FOLLOW-UP REPORTS**

UNIVERSITY OF IOWA

- Communication Sciences and Disorders Closed
- DeGowin Blood Center Closed
- Internal Medicine Closed
- OptiFlex Closed
- Iowa Lakeside Laboratory Regents Resource Center Closed
- Sociology Information Technology Closed

IOWA STATE UNIVERSITY

- Department of Residence Closed
- ISU Research and Demonstration Farms Closed
- College of Engineering Closed

UNIVERSITY OF NORTHERN IOWA

- Center for Social & Behavioral Research Closed
- Metal Casting Center Closed
- Campus Supply and Warehousing Closed

**CONTROLS/EFFICIENCIES ASSESSMENT (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 easily 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>

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



**The University of Iowa  
2015 Early Retirement Incentive Program**

*Issued April 15, 2016*

Status: Open

Approximately 1,400 employees were eligible to participate in the 2015 Early Retirement Incentive Program (ERIP). There were 360 applications submitted resulting in 184 employee retirements. The 2015 ERIP audit was performed to provide reasonable assurance that business processes and internal controls were in place and functioning effectively for implementing the 2015 ERIP and for achieving the projected cost savings. Primary audit recommendations were to improve the monitoring of ERIP impacted positions and employees to conserve potential cost savings and to ensure appropriate approval of temporary reemployment of ERIP participants. Additional recommendations focused on establishing clear policies and procedures in the event an ERIP is offered again in the future. Management expects to complete its action plans by January 2017.



**The University of Iowa  
Iowa Courses Online (ICON)**

*Issued May 19, 2016*

Status: Open

ICON is the central course management system for the University of Iowa, accessed daily by thousands of students, faculty, and staff. The audit focused on system access and infrastructure monitoring controls. Recommendations include enforcing FERPA training for all users with access to sensitive data, deleting guest accounts that are no longer being used, executing vulnerability scans on the application infrastructure, and enforcing an appropriate application timeout for all users. Management expects to complete their action plans by December 2016.



**The University of Iowa  
Department of Orthopedics**

*Issued May 19, 2016*

Status: Open

The Department of Orthopedics audit was performed to examine the operations for reasonable internal controls and processes. Audit recommendations include reduction of entertainment expenditures, improvement of shared and offsite IT inventory tracking, implementation of Clinical Departmental Administrator approval of special compensation payments, and assessment of computer configurations to increase efficiency and security. Management expects to complete its action plan by August 2016.



**The University of Iowa  
Department of Pediatrics**

*Issued June 23, 2016*

Status: Open

The Department of Pediatrics audit was performed to examine the operations for reasonable internal controls and processes. Audit recommendations include establishing reporting lines to departmental administration from divisions, standardizing policies and procedures, assigning time record approval to appropriate staff, segregating cash handling duties, implementing standard orientation and termination checklists, and improving review and timeliness of travel and related expenditures. Management expects to complete its action plan by July 2017.



**The University of Iowa  
Finkbine Golf Course**

*Issued June 23, 2016*

Status: Open

Finkbine Golf Course is the university's golf course and generates \$1.1 million in revenue annually. The Finkbine Golf Course audit was performed to examine operations for reasonable internal controls and processes. Primary audit recommendations included consulting with the University of Iowa Foundation and Purchasing Department to ensure gift-in-kind transactions are handled appropriately, that various customer types are clearly defined, and complimentary golf offered to Finkbine staff and volunteers are clearly defined for tax purposes. Additional recommendations were made in the areas of human resources, cash handling, and inventory procedures. Management expects to complete its action plans by October 2016.



**The University of Iowa  
International Programs**

*Issued June 23, 2016*

Status: Open

The International Programs audit was performed to examine the controls and processes in place regarding International Student and Scholar Services, Study Abroad, information technology, and financial management. Audit recommendations included additional oversight for English Proficiency Evaluation waivers and increased monitoring of international students' health insurance coverage and pursuit of a full course of study. Additional recommendations focused on Study Abroad's international travel pre-departure processes. Management expects to complete its action plan by August 2016.



**The University of Iowa  
Office of the Patient Experience**

*Issued June 23, 2016*

Status: Open

The Office of the Patient Experience audit was performed to review management of complaints and grievances, service recovery toolkits and financial management. Primary audit recommendations included creating a comprehensive desktop procedure for complaint and grievance management, conducting timely reviews of overall status of complaints and grievances, and implementing an Access database for efficient review and reconciliation of service recovery toolkit items. Management expects to complete its action plan by July 2016.



**The University of Iowa  
Safety and Security's Video Surveillance System**

*Issued June 23, 2016*

Status: Open

The Safety and Security's Video Surveillance System audit was performed to examine the system and related operational processes for reasonable controls. Audit recommendations include requesting a main Health Care Information System's contact to help the department work through information technology issues, properly backing up video clips, and annually reviewing the system's access list to ensure only current employees have active user identifiers. Management expects to complete its action plan by September 2016.



**The University of Iowa  
Department of Public Safety**

*Issued July 19, 2016*

Status: Open

The Department of Public Safety audit was performed to examine the operations for reasonable internal controls and processes. The university is currently conducting a search for a new Director. Significant audit recommendations include evaluating job responsibilities and skills of staff in current positions, reviewing budget standings throughout the year, reorganizing patrols so that greater levels of field supervision are provided, updating the operations manual, and simplifying documentation related to billing for event security. Management expects to complete its action plan by August 2017.



**The University of Iowa  
University Book Store**

*Issued July 19, 2016*

Status: Open

The Iowa Hawk Shop/University Book Store offers merchandise for sale including Hawkeye apparel, gifts, student supplies, computer hardware, and electronics. Additionally, the Iowa Hawk Shop is a key component of the university's effort to comply with the Higher Educational Opportunity Act (HEOA) by supplying textbooks and course materials for student purchase. The audit was performed to provide reasonable assurance that processes and controls are in place and functioning effectively. Primary audit recommendations focus on compliance with the HEOA specific to developing a consistent course material adoption process, one source of data entry, and a single listing of materials for the student. Additional audit recommendations include implementing technology and modifying processes to improve inventory procedures and loss prevention controls. Other recommendations include monitoring physical security and system access, increasing reconciliation activities, and tracking employee training. Management expects to complete its action plans by November 2016.



**Iowa State University  
America's Small Business Development Centers Iowa**

*Issued April 1, 2016*

Status: Open

America's Small Business Development Centers Iowa (Iowa SBDC) exists to positively impact Iowa's economy and its communities by providing hands-on assistance to current and future businesses by collaborating with federal, state, local and private resources. Fifteen regional centers throughout Iowa are hosted by the three Iowa Regent institutions, ten community colleges, and one regional economic development entity. Regional centers are coordinated through the state center which is hosted by the College of Business. Iowa SBDC is one of five university economic development units that form the Office of Economic Development and Industry Relations which was established in July 2014. Implementing the audit recommendations will help ensure project proposals are fully reviewed in advance of submission to external sponsors, client information is secure, and the full extent of the network's economic impact is captured. Management expects to complete its action plans by September 2016.



**Iowa State University  
Employment Verification and Background Checks**

*Issued July 21, 2016*

Status: Open

The employment verification and background checks process exists to ensure that the decision to hire a candidate for employment is based on an informed assessment. It is necessary to consider both the quality and suitability of potential employees in order to further the institution's mission. Background checks may include the performance of criminal history investigations, confirmation of academic credentials, and the validation of licenses and certifications. University Human Resources (UHR) oversees the regular recruitment process which includes background checks. However, not all hires for positions requiring a background check are routed through UHR's regular recruitment process. Implementing audit recommendations will help ensure the background check process continues to improve. Management expects to complete its action plans by March 2017.



**Iowa State University  
School of Education**

*Issued July 21, 2016*

Status: Open

The School of Education (SOE) is administered by the College of Human Sciences. The SOE offers undergraduate and graduate degrees and supports candidates seeking teacher licensures. Primary recommendations include revisions to the management of contracts with cooperating school districts, documenting background check procedures, strengthening controls for cash handling operations, and increasing physical access controls where valuable equipment is stored. Additional recommendations include improving documentation of sponsored program expenditures, boosting efforts by the SOE to obtain Conflicts of Interest and Commitment disclosures, and formalizing expectations of graduate admissions committees. Management expects to complete its action plans by December 2017.



**University of Northern Iowa  
Event Center Beverages**

*Issued May 20, 2016*

Status: Open

Event Center Beverages at the University of Northern Iowa is operated by Athletics. The beverage operation for a concert in February grossed \$225,000 from cash and credit cards. Volunteers are used to staff the concessions and beverages stands. Audit recommendations focused on developing written policies and including them in a handbook to provide reference for the volunteers operating the stands. Management expects to complete its action plans by November 2016.



**University of Northern Iowa  
Center for Energy & Environmental Education**

*Issued July 12, 2016*

Status: Open

The Center for Energy & Environmental Education (CEEE) is an academic center empowering Iowa citizens with knowledge, experiences, tools, and inspiration to create a sustainable future within their communities related to energy and the environment. There are three service areas within the CEEE: energy programs, the local food program, and The Way We Live program. Energy programs include Green Iowa AmeriCorps, Fabulous Resources for Energy Education (FREE), and other K-12 and local energy education programs. Audit recommendations focused on maintaining and updating various sales and supplies inventories and reporting hazardous materials and disposals along with other operational improvements. Management expects to complete its action plans by March 2017.



**University of Northern Iowa  
School of Kinesiology, Allied Health and Human Services**

*Issued July 12, 2016*

Status: Open

The School of Kinesiology, Allied Health and Human Services at the University of Northern Iowa is within the College of Education. Physical education courses were first offered in 1878 and in 1978 the school was established. The school has over 1400 undergraduate and graduate students enrolled in health promotion, health education teaching, physical education teaching, movement and exercise science, athletic training, and leisure, youth and human services. Audit recommendations focused on improving controls related to financial management and building security. Management expects to complete its action plans by April 2017.

**STATUS OF AUDIT FOLLOW-UPS**

**University of Iowa**

<b>Title</b>	<b>Report Date</b>	<b>Original Follow-Up Date</b>	<b>Revised Follow-Up Date</b>	<b>Action Status</b>
1. UIHC Safety and Security	June 29, 2015	Jan 2016		
2. School of Art and Art History	Sept 8, 2015	Feb 2016		
3. Bowen Science Building Information Technology	Sept 23, 2014	Feb 2016		
4. UIHC Engineering Services	Sept 8, 2015	March 2016		
5. Anesthesia	Nov 12, 2015	March 2016		
6. Controlled Substances in Laboratories	Sept 8, 2015	July 2016		
7. UIHC Cash Handling	Nov 12, 2015	July 2016		
8. Heart and Vascular Center	Dec 9, 2015	July 2016		
9. State Hygienic Laboratory	Dec 9, 2015	Aug 2016		
10. Campus SSN Remediation	Jan 22, 2016	July 2016		
11. Department of Psychiatry	Jan 22, 2016	July 2016		
12. Utilization Management	Jan 22, 2016	Aug 2016		
13. Centralized Coding	July 28, 2015	Sept 2016		
14. Dual Degree Program	July 28, 2015	Oct 2016		
15. UIHC Capital Management	Feb 18, 2016	Nov 2016		
16. Claim Submission and Electronic Remittance Processes	March 23, 2016	April 2017		
17. Clinical Quality Safety and Performance Improvement	March 23, 2016	April 2017		

**Iowa State University**

<b>Title</b>	<b>Report Date</b>	<b>Original Follow-Up Date</b>	<b>Revised Follow-Up Date</b>	<b>Action Status</b>
18. Department of Statistics	March 24, 2016	Oct 2016		
19. Dr. W. Eugene and Linda Lloyd Veterinary Medicine Center	Jan 5, 2016	Dec 2016		

**University of Northern Iowa**

<b>Title</b>	<b>Report Date</b>	<b>Original Follow-Up Date</b>	<b>Revised Follow-Up Date</b>	<b>Action Status</b>
20. Speech and Hearing Clinic	July 8, 2015	June 2016		
21. Center for Teaching and Learning Mathematics	Sept 14, 2015	July 2016		
22. Theatre Department	Dec 17, 2015	Nov 2016		
23. Special and Summer Compensation	Feb 25, 2016	Dec 2016		
24. Department of Technology	March 22, 2016	Jan 2017		

**Follow-Up Legend**

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