

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 and Compliance Committee as required by Board Policy.

ORIGINAL REPORTS	CEA*	Status
UNIVERSITY OF IOWA <ul style="list-style-type: none"> • University Bookstore – Apple Merchandise • College of Pharmacy Business Processes • Main Operating Room Billing Process • Parking and Transportation Credit Cards 	   	Open Open Open Closed
IOWA STATE UNIVERSITY <ul style="list-style-type: none"> • Security of Internet-Initiated ACH Transactions • Personnel Actions • Construction Change Requests • Social Security Number Protection • Conflict of Interest 	    	Closed Open Open Open Open
UNIVERSITY OF NORTHERN IOWA <ul style="list-style-type: none"> • Special Compensation Controls • Events Complex Business Plan 	 	Open Open

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

FOLLOW-UP REPORTS

UNIVERSITY OF IOWA

- Shared Campus Active Directory Forest Closed
- UIHC Environmental and Guest Services Closed

IOWA STATE UNIVERSITY

- No Submissions

UNIVERSITY OF NORTHERN IOWA

- Hong Kong MBA Program Closed
- Central Revenue Processes Closed
- Athletic Ticket Sales Closed

ASSESSMENT OF CONTROLS / EFFICIENCIES (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 easy OR • Could result in improved efficiency or effectiveness of operations OR • No reportable observations or corrective action taken prior to report issuance.
<p>CONSULTATION</p> 	<ul style="list-style-type: none"> • Auditors provided consultation only, without thorough assessment • No audit recommendations at this time.

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
University Bookstore – Apple Merchandise**

Issued August 7, 2009

Status: Open

An audit of the University Bookstore focused on controls over Apple merchandise. Primary findings include: reconciling Apple commissions and bonus checks to sales, adding additional inventory controls, and increasing physical controls in the store location. Management agrees with the findings and expects to complete their action plans by January 31, 2010.



**The University of Iowa
College of Pharmacy Business Processes**

Issued September 3, 2009

Status: Open

The College of Pharmacy Business Processes audit was performed due to the change in leadership within the college. The business processes reviewed included accounting and financial management, costing and contracting procedures for products and services, grant management, cash-handling procedures, and information systems. The College of Pharmacy has never employed a business manager, and resources may not be available to hire one at the present time. In the interim, the College has delegated some accounting responsibilities to an university accounting student, with the Dean clearly defining financial reporting requirements. Other audit recommendations included development of a costing methodology for products and services, and completion of all overdue performance reviews. Management agrees with the findings and expects to complete their action plans by May 2010.



**The University of Iowa
Main Operating Room Billing Process**

Issued September 3, 2009

Status: Open

The audit was performed to provide reasonable assurance that controls are in place and working as intended so that; 1) The Main Operating Room (MOR) billing procedures are documented, and the billing is accurate and timely and; 2) Implants used in MOR procedures are controlled in a manner that enables accurate and timely patient bills and reconciliation of vendor implant charges. Primary findings include inconsistent procedure coding, implants not available in EPIC and physician documentation delays, both of which result in lengthy billing cycle times, dropped anesthesia charges, inconsistent tracking of MOR delays, lack of an inventory tracking system in the MOR, manual Tissue Bank billing process, no review of commercial claims with implants similar to existing Medicare/Medicaid review, test patient data in the production environment, and no regular communication between all involved in the process. Management expects to complete their entire action plan by March 2010. Internal Audit will verify the action plan in the fourth quarter of FY 2010.



The University of Iowa
Parking & Transportation Credit Cards

Issued September 3, 2009

Status: Closed

The audit scope was limited to a review of current credit card and cash handling processes to ensure compliance with University Policies and Procedures and credit card related regulations. Analysis of processes revealed that the Parking & Transportation Department has proper controls in place to monitor and account for credit card transactions, and no reportable conditions were noted. This audit is closed.



Iowa State University
Security of Internet-Initiated ACH Transactions

Issued July 8, 2009

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.



Iowa State University
Personnel Actions

Issued August 19, 2009

Status: Open

The audit included reviewing a sample of high risk actions for accuracy of system entries, appropriateness of routing hierarchy, adequacy of the supporting documentation and justification, and timeliness of action processing. Audit findings include the need for improved supporting documentation and justification for personnel actions. Management is developing University compensation policies and procedures that will include personnel actions and expects to complete the action plan by July 2010.



Iowa State University
Construction Change Requests

Issued August 19, 2009

Status: Open

The audit scope included change requests completed during FY09. Audit testing was performed on a sample of change requests and included determining whether change requests were properly calculated, differences between approved contractor pricing and design professional estimates were adequately explained, and approvals occurred per ISU and Board of Regents policies. Findings included the need for defining the official record for approval of change requests, the elimination of redundant hard copy forms, implementation of electronic approval hierarchies, and establishment of a policy limiting change request approval actions. Management agrees with the findings and expects to complete their action plans by January 2010.



Iowa State University
Social Security Number Protection

Issued August 19, 2009

Status: Open

The scope of the audit was limited to certain central administrative units within the university that are primary users of social security numbers (SSNs). Audit objectives involved reviewing the adequacy of procedures related to storage, access, disposal, and transmission of SSNs. Audit findings were specific to the ISUCard Office. Findings identified the need for eliminating the SSN from the ISUCard application and that a verification process should be performed to ensure that current system users have a valid business need for accessing the ID Card Maintenance System, which provides a cross-reference between identification numbers and SSNs. Management agrees with the findings and expects to complete their action plans by the end of August 2009.



Iowa State University
Conflict of Interest

Issued October 13, 2009

Status: Open

This audit was performed to evaluate the University conflict of interest disclosure and management process and the University conflict of interest policy. Findings included the need for the policy to be updated to include conflict of commitment, reflect current disclosure practices, and include accurate resource links. Management expects to complete action plans by January 2011.



University of Northern Iowa
Special Compensation Controls

Issued September 30, 2009

Status: Open

The Special Compensation Controls audit was performed to improve the University's controls for special (additional) compensation by evaluating governance, authorization, accountability, and compliance with applicable laws and regulations. Procedures were developed to review the University's special compensation practices for these areas. Audit findings include development of university-wide special compensation policy, authorization for continuing education compensation, consistent calculation, annual limitation for special compensation, adequate audit trail in the information system, appropriate use, and timely processing. Management agrees with the findings and expects to complete their action plan by the end of May 2010.



University of Northern Iowa
Events Complex Business Plan

Issued October 9, 2009

Status: Open

The Events Complex Business Plan was audited to provide reasonable assurance that UNI's Events Complex is satisfying the intent of the McLeod Center Feasibility Study that was used by the Board of Regents to approve its construction. Procedures were developed to include a review of the operational performance of the Events Complex since the McLeod Center opened in November 2006, including revenue maximization and cost containment. Audit findings include improving revenue generation and expense cost containment in alignment with the Feasibility Study. Management agrees with the findings and expects to complete their action plan by the end of March 2010.

STATUS OF AUDIT FOLLOW-UPS

University of Iowa

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
1. Student Activity Fees	Feb 12, 2009	July 2009		
2. Biosafety Laboratory Controls	May 7, 2009	Aug 2009		
3. HIPAA Security Regulation Compliance	May 7, 2009	Aug 2009		
4. Conflict of Interest – Vendors/Extramural Activities	May 16, 2008	Sept 2009		
5. UIHC Construction	Jun 30, 2009	Sept 2009		
6. Joint Office for Clinical Outreach Services	Sept 12, 2008	Oct 2009		
7. Department of Psychology Information Technology	May 7, 2009	Oct 2009		
8. Hospital Supply Chain	Jun 30, 2009	Oct 2009		
9. Property Management Office	Jun 30, 2009	Oct 2009		
10. Blanket Purchase Orders	Oct 6, 2008	Nov 2009		
11. Research Subject Compensation	Jun 30, 2009	Nov 2009		
12. Human Subjects Office Process Review	Feb 11, 2008	Jan 2010		
13. Copyright Management	Apr 1, 2009	Jan 2010		
14. University Surplus Processes	Jun 30, 2009	Jan 2010		
15. Research Compliance: Cost Transfers	Dec 18, 2008	Aug 2010		
16. GLBA/FERPA Compliance	Apr 1, 2009	Aug 2010		
17. Patent Policy Compliance	Nov 6, 2008	Nov 2010		

Iowa State University

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
18. Building Access Services – Access Cards	Jan 16, 2008	Jun 2008	Dec 2009	
19. Building Access Services – Key Control & Access	Jan 12, 2009	Feb 2010		
20. Effort Reporting	Jul 8, 2009	Feb 2010		
21. Human Subjects in Research	Mar 4, 2009	Apr 2010		

University of Northern Iowa

Title	Report Date	Original Follow-Up Date	Revised Follow-Up Date	Action Status
22. Price Laboratory School Fees	Dec 19, 2008	July 2009		
23. Physical Plant Job Cost System Efficiency	Apr 21, 2009	Dec 2009		
24. Recharge Centers Rate Compliance Improvement	Apr 21, 2009	Jan 2010		
25. University Spending Controls	Apr 21, 2009	Jan 2010		
26. Athletics Cash, Gift, and Tradeout Handling	Jun 30, 2009	Jan 2010		
27. Conflict of Interest Analysis	Jun 30, 2009	Jan 2010		
28. Federal Export Controls	Jun 30, 2009	Feb 2010		

Follow-Up Legend

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