

Contact Person: Todd Stewart

**FY 2006 REVISED INTERNAL AUDIT PLANS**

**Action Requested:** Receive the progress reports for the universities' FY 2005 audit plans and the revised internal audit plans for FY 2006.

**Executive Summary:** On an annual basis, the Regent universities compile and submit audit plans to the Audit and Compliance Committee. In accordance with Board policy, these plans review past accomplishments and identify the next fiscal year's internal audit focuses.

FY 2005 Progress	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>	<u>Total</u>
<b>Original Audits Planned</b>	<b>35</b>	<b>21</b>	<b>14</b>	<b>70</b>
Completed and Released	31	6	13	50
In Process or Pending	11	5	1	17
On-going	5	10	0	15
Deferred	6	0	1	7
Cancelled	<u>0</u>	<u>1</u>	<u>1</u>	<u>2</u>
<b>Totals</b>	<b>53</b>	<b>22</b>	<b>16</b>	<b>91</b>
<b>Follow-Up Audits Planned</b>	<b>19</b>	<b>9</b>	<b>3</b>	<b>31</b>
Completed and Released	18	7	3	28
In Process or Pending	0	1	0	1
On-going	0	1	0	1
Deferred	5	0	3	8
Cancelled	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>
<b>Totals</b>	<b>23</b>	<b>11</b>	<b>6</b>	<b>40</b>

FY 2006 Revised Plans	<u>Scheduled Audits</u>	<u>Follow-Up Audits</u>	<u>Grand Total</u>	<u>Total Hours Budgeted*</u>
University of Iowa	30	27	57	12,450
Iowa State University	6	8	14	4,380
University of Northern Iowa	<u>7</u>	<u>8</u>	<u>15</u>	<u>2,419</u>
<b>Total</b>	<b>43</b>	<b>43</b>	<b>86</b>	<b>19,249</b>

\*Includes budgeted hours for recurring reported audits / reviews; original audits; follow-up audits; non-audit activities; and other responsibilities.

Included in the numbers above are enterprise-wide audits that will occur at each university. Internal audit plans for FY 2006 are based on known circumstances and certain areas needing routine audit coverage. Portions of the plans are unannounced and unplanned to allow the internal auditors flexibility to respond to events that transpire throughout the year.

Internal Audit Staff as of June 30, 2005	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>	<u>TOTAL</u>
Full-Time Professional Audit Positions	7.5	3	2	<b>12.5</b>
Support / Intern / Student Positions	0.5	0	1	<b>1.5</b>

Tables detailing FY 2006 plans and FY 2005 progress for each university may be found in the attachment. Tables containing audits completed for the past three fiscal years may be found in the Regent Exhibit Book.

**Analysis:**

New for FY 2006 is the concept of enterprise-wide audits whereby audits on selected topics would be performed at all of the institutions. Internal auditors may still have findings that are specific to individual institutions, but the audit would be done simultaneously within the enterprise with the same set of standards. Student Financial Aid and the Cashier's Offices have been selected as enterprise-wide audits for FY 2006.

FY 2006 Enterprise-Wide Audits	<b>University of Iowa</b>	<b>Iowa State University</b>	<b>University of Northern Iowa</b>	<b>Total Hours Budgeted*</b>
Transformation Review	400	300	240	940
Student Financial Aid	300	300	282	882
Cashiers Office	<u>300</u>	<u>300</u>	<u>280</u>	<u>880</u>
<b>Total</b>	<b>1,000</b>	<b>900</b>	<b>802</b>	<b>2,702</b>

Additional enterprise-wide audits will continue to be planned in future years during the annual risk assessment that will be coordinated by the Internal Audit Director.

The revised FY 2006 Internal Audit Plan for all three Regent institutions is based on the following:

- Regent Internal Audit Director evaluation of plans previously presented in August and guidance from the Audit & Compliance Committee.
- The input of many university management personnel, the Auditor of State, and information shared between the three internal audit departments.
- Compilation of institutional risk concerns.
- Risk assessment based on the application of certain risk measurement criteria to the compiled risk concerns.
- Prioritization based on risk criteria and management input.
- Review by the Internal Audit Management Committee at SUI and by the Presidents or their representatives at ISU and UNI.

The risk assessment performed for FY 2006 identified the following high risk areas:

- Business processes;
- Compliance with departmental policies and procedures in areas where there has been a change of top management and complex office processes; and
- Information technology particularly in areas of new system development and implementation.

**Audit of Transformation and Excellence Plan**

The universities and the Board Office are working to formulate a coordinated tracking and reporting mechanism for the new revenues and reallocations of the Regent Transformation and Excellence Plan. Internal Audit, in consultation with the State Auditor's Office, is designing an audit program to verify compliance with the Board's Plan. Additionally, Internal Audit will perform procedures on funding received from the Department of Economic Development through the Grow Iowa Values Fund and the required matching funds.







UNIVERSITY OF IOWA  
Proposed Internal Audit Plan for FY 2006

<u>M/C</u>	<u>Recurring Reported Audits/Reviews</u>	<u>Hours</u>	<u>Percent</u>
●	Intercollegiate Home Game Ticket Revenue	250	2.0%
●	NCAA Compliance - Coaching Staff Limits	80	0.6%
●	NCAA Compliance - Boosters	80	0.6%
●	NCAA Compliance - Camps and Clinics	70	0.6%
●	Quarterly Investment and Cash Reviews	<u>250</u>	<u>2.0%</u>
	<b>Subtotal</b>	<b>730</b>	<b>5.9%</b>
	<b><u>Original Audits - Business Process Reviews</u></b>	<b><u>Hours</u></b>	<b><u>Percent</u></b>
●	Transformation and Excellence Plan Review - Enterprise-Wide Initiative	400	3.2%
●	Clinic Cash Handling	200	1.6%
●	Construction Project	250	2.0%
●	Denial Management	400	3.2%
●	Gift Cards for Human Subject Research	200	1.6%
●	Parking System	300	2.4%
●	PHI Access and Storage on Mobile Devices	300	2.4%
●	Pre-Access Unit	350	2.8%
●	Research Data Security	350	2.8%
●	Student Financial Aid - Enterprise-Wide Initiative	300	2.4%
●	Supply Chain Management	200	1.6%
●	University Food Service	<u>350</u>	<u>2.8%</u>
	<b>Subtotal</b>	<b>3,600</b>	<b>28.9%</b>
	<b><u>Original Audits - Departmental Reviews</u></b>	<b><u>Hours</u></b>	<b><u>Percent</u></b>
●	Anesthesia	300	2.4%
●	Athletics	250	2.0%
●	Cashier's Processes - Enterprise-Wide Initiative	300	2.4%
●	Epidemiology - College of Public Health	300	2.4%
●	National Advanced Driving Simulator	300	2.4%
●	Neurology	<u>300</u>	<u>2.4%</u>
	<b>Subtotal</b>	<b>1,750</b>	<b>14.1%</b>
	<b><u>Original Audits - Information Technology</u></b>	<b><u>Hours</u></b>	<b><u>Percent</u></b>
●	Business Continuation - Off-Site Backup	250	2.0%
●	Hardware Change Management	250	2.0%
●	IDX Access and Security	300	2.4%
●	New System Development	200	1.6%
●	Student Information System Implementation	400	3.2%
●	Web Business Process Application Security	<u>250</u>	<u>2.0%</u>
	<b>Subtotal</b>	<b>1,650</b>	<b>13.3%</b>
	<b><u>Original Audits - Sponsored Programs</u></b>	<b><u>Hours</u></b>	<b><u>Percent</u></b>
●	IIHR Hydroscience - College of Engineering	<u>250</u>	<u>2.0%</u>
	<b>Subtotal</b>	<b>250</b>	<b>2.0%</b>

UNIVERSITY OF IOWA  
Proposed Internal Audit Plan for FY 2006

<u>Follow-Up Reviews</u>	<u>Hours</u>	<u>Percent</u>
Capital One Bowl	30	0.2%
CCOM Core Labs Recharge Centers	30	0.2%
CCOM Finance and Administration	30	0.2%
College of Law	30	0.2%
Construction Project	30	0.2%
Cooperative Oncology	30	0.2%
Credit Card Processing	30	0.2%
Data Backup and Business Continuation	30	0.2%
Department of Surgery	30	0.2%
Grant Accounting	30	0.2%
HCIS Change Management	30	0.2%
IT Parallel Processes	30	0.2%
NCAA - Financial Aid	30	0.2%
Offer Letters	30	0.2%
Office of Animal Resources	30	0.2%
Office of State Archaeologist	30	0.2%
Office of the Provost	30	0.2%
Office of the Registrar	30	0.2%
Ophthalmology Sponsored Programs	30	0.2%
Pathology	30	0.2%
Pediatrics	30	0.2%
Psychiatry	30	0.2%
Research Laboratory Recharge Center	30	0.2%
Residence Hall Govt	30	0.2%
Third Party Clinical Trials	30	0.2%
Travel Expenses on Procurement Card	30	0.2%
Travel Expenses on the Procurement Card	<u>30</u>	<u>0.2%</u>
<b>Subtotal</b>	<b>810</b>	<b>6.5%</b>
<u>Other Responsibilities</u>	<u>Hours</u>	<u>Percent</u>
Desktop Support	200	1.6%
Iowa School for the Deaf	80	0.6%
Special Requests	<u>1,200</u>	<u>9.6%</u>
<b>Subtotal</b>	<b>1,480</b>	<b>11.9%</b>
<u>Non-Audit Activities</u>	<u>Hours</u>	<u>Percent</u>
Administration, Staff Meetings and Other	300	2.4%
Annual Risk Assessment and Audit Planning	300	2.4%
Audit Supervision	1,075	8.6%
Professional Development	455	3.7%
UIHC Management Staff Meetings	<u>50</u>	<u>0.4%</u>
<b>Subtotal</b>	<b>2,180</b>	<b>17.5%</b>
<b>Total</b>	<b>12,450</b>	<b>82.5%</b>

IOWA STATE UNIVERSITY  
Proposed Internal Audit Plan for FY 2006

<u>M/C</u>	<u>Recurring Reported Audits/Reviews</u>	<u>Hours</u>	<u>Percent</u>
	Investment Reviews	150	3.4%
	Security of Internet-Initiated ACH Transactions	80	1.8%
	<b>Subtotal</b>	<b>230</b>	<b>5.3%</b>
	<u>Original Audits - Business Process Reviews</u>	<u>Hours</u>	<u>Percent</u>
	Transformation and Excellence Plan Review - Enterprise-Wide Initiative	300	6.8%
	Cashiering Processes - Enterprise-Wide Initiative	300	6.8%
	Natural Resource Ecology and Management	300	6.8%
	Student Financial Aid - Enterprise-Wide Initiative	300	6.8%
	<b>Subtotal</b>	<b>1,200</b>	<b>27.4%</b>
	<u>Follow-Up Reviews</u>	<u>Hours</u>	<u>Percent</u>
	Assistive Device Center - IBSSS	10	0.2%
	Audits Completed in FY 2006 with Follow-up in FY 2006	15	0.3%
	Employee Medical Benefit Claims	10	0.2%
	Extension Administration	10	0.2%
	Iowa Agriculture and Home Economics Experiment Station	10	0.2%
	Memorial Union	10	0.2%
	Procurement - Compliance with OMB A-110 Procurement Standards	10	0.2%
	Sponsored Program in Department of Biomedical Science	10	0.2%
	<b>Subtotal</b>	<b>85</b>	<b>1.9%</b>
	<u>Other Responsibilities</u>	<u>Hours</u>	<u>Percent</u>
	Bank Statement Reconciliation Reviews	20	0.5%
	Completion of FY05 Original Audits	300	6.8%
	Football Attendance Audit	40	0.9%
	IBSSS Annual Review	10	0.2%
	Special Projects	660	15.1%
	Unplanned Requests & Consulting	860	19.6%
	<b>Subtotal</b>	<b>1,890</b>	<b>43.2%</b>
	<u>Non-Audit Activities</u>	<u>Hours</u>	<u>Percent</u>
	Annual Risk Assessment and Audit Planning	120	2.7%
	Audit Supervision	400	9.1%
	Office Administration and Staff Meetings	180	4.1%
	Professional Development	275	6.3%
	<b>Subtotal</b>	<b>975</b>	<b>22.3%</b>
	<b>Total</b>	<b>4,380</b>	<b>100.0%</b>

UNIVERSITY OF NORTHERN IOWA  
Proposed Internal Audit Plan for FY 2006

<u>M/C</u>	<u>Recurring Reported Audits/Reviews</u>	<u>Hours</u>	<u>Percent</u>
●	FY 2005 Cash on Hand Follow-up	193	8.0%
●	Quarterly Cash & Investment Reviews	<u>274</u>	<u>11.3%</u>
	<b>Subtotal</b>	<b>467</b>	<b>19.3%</b>
	<u>Original Audits</u>	<u>Hours</u>	<u>Percent</u>
●	Transformation and Excellence Plan Review - Enterprise-Wide Initiative	240	9.9%
●	Cashier's Processes - Enterprise-Wide Initiative	280	11.6%
●	In-Process - Tuition Review*	240	9.9%
●	International Programs	88	3.6%
●	Student Financial Aid - Enterprise-Wide Initiative	<u>282</u>	<u>11.7%</u>
	<b>Subtotal</b>	<b>1,130</b>	<b>46.7%</b>
	<u>Follow-Up Reviews</u>	<u>Hours</u>	<u>Percent</u>
	Continuing Education - Credit Programs	60	2.5%
	Department of Residence - Facilities	40	1.7%
	Gallagher-Bluedorn Performing Arts Center	60	2.5%
	GEAR-UP Programs (Grant)	40	1.7%
	Human Resource Services - Workers' Compensation	40	1.7%
	UNI-Dome Event Parking	60	2.5%
	University Health Services - Student Health Center	40	1.7%
	Upward Bound - Classic Program	<u>40</u>	<u>1.7%</u>
	<b>Subtotal</b>	<b>380</b>	<b>15.7%</b>
	<u>Other Responsibilities</u>	<u>Hours</u>	<u>Percent</u>
	Advisory Services	132	5.5%
	<b>Subtotal</b>	<b>132</b>	<b>5.5%</b>
	<u>Non-Audit Activities</u>	<u>Hours</u>	<u>Percent</u>
	Audit Administration and Supervision	200	8.3%
	Annual Audit Planning	<u>110</u>	<u>4.5%</u>
	<b>Subtotal</b>	<b>310</b>	<b>12.8%</b>
	<b>Total</b>	<b>2,419</b>	<b>100.0%</b>

\*Formerly known as Student Records & Tuition Review, but the Student Records portion was separated to be included in the Entity-wide audit of Financial Aid.

REGENT UNIVERSITIES  
Audit Staff Positions as of June 30, 2005

<u>University of Iowa</u>	<u>Title</u>	<u>Status</u>
Richard See	Manager	Full-Time
Deb Johnston	Principal Auditor	Full-Time
Herb Musser	Principal Auditor	Full-Time
Jane Adams	Senior Auditor	Full-Time
Shari Sorensen	Senior Auditor	Full-Time
Chad Sharp	Senior Auditor	Full-Time
Joe Elder	Staff Auditor	Full-Time
Bronwyn Van Fossen	Audit Assistant	Full-Time
<u>Iowa State University</u>	<u>Title</u>	<u>Status</u>
Vacant*	Manager	Full-Time
Vacant	Auditor	Full-Time
Karen Cline	Auditor	Full-Time
Jeanne Vande Voort	Auditor	Full-Time
<i>*One of the auditors listed may become the Manager of ISU Internal Audit.</i>		
<u>University of Northern Iowa</u>	<u>Title</u>	<u>Status</u>
Timothy J. McKenna	Operations Auditor	Full-Time
Carla S. Kelley	Internal Auditor	Full-Time
Megan Brechwald	Internal Audit Assistant	Student