Contact: Todd Stewart

FY 2007 INTERNAL AUDIT PLANS

Action Requested: Receive the progress reports for the universities' FY 2006 audit plans and the internal audit plans for FY 2007.

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 2006 Progress

	SUI	ISU	UNI	Total
Original Audits Planned	**31**	**5**	**9**	**45**
Completed and Released	21	2	6	29
In Process or Pending	9	2	2	13
On-going	3	0	0	3
Deferred	7	0	0	7
Cancelled	6	2	1	9
Totals	**46**	**6**	**9**	**61**
Follow-Up Audits Planned	**26**	**7**	**9**	**42**
Completed and Released	18	6	10	34
In Process or Pending	3	1	0	4
On-going	0	0	0	0
Deferred	7	0	0	7
Cancelled	1	0	0	1
Totals	**29**	**7**	**10**	**46**

FY 2007 Plans

	Scheduled Audits	Follow-Up Audits	Grand Total	Total Hours Budgeted[*]
University of Iowa	53	23	76	16,058
Iowa State University	19	4	23	5,208
University of Northern Iowa	12	7	19	2,693
Total	**84**	**34**	**118**	**23,959**

*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 are planned at each university. Internal audit plans for FY 2007 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, 2006

	SUI	ISU	UNI	TOTAL
Full-Time Professional Audit Positions	8.5	3	1	**12.5**
Support / Intern / Student Positions	0.5	0	1	**1.5**

Tables detailing FY 2007 plans and FY 2006 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: In FY 2007, enterprise-wide audits will continue to be performed when specific projects are identified that warrant a more comprehensive review. 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 audit procedures. Included in the FY 2007 plan are the following enterprise-wide audits:

FY 2007 Enterprise-Wide Audits

	University of Iowa	Iowa State University	University of Northern Iowa	Total Hours Budgeted[*]
Transformation and Excellence	130	98	120	348
Grow Iowa Values Fund	80	75	160	315
Student Financial Aid	100	40	80	220
Presidents Accounts	100	40	40	180
Student Program & Course Fees	250	300	240	790
Total	**660**	**553**	**640**	**1,853**

All of the above, other than the Student Program and Course Fees audit have been initiated during FY 2006 and will be completed in the FY 2007 fiscal year.

The FY 2007 Internal Audit Plan for all three Regent institutions is based on the following:

- Regent Internal Audit Director evaluation of plans and guidance from the Audit/Compliance and Investment Committee.

- The input of many university management personnel, the Auditor of State, and information shared among internal audit staff.

- 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 various input.

The risk assessment performed for FY 2007 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.

- Information technology particularly in areas of new system development and implementation.

UNIVERSITY OF IOWA
Proposed Internal Audit Plan for FY 2007

M/C	Audits and Reviews	Hours	Percent
🔴	Intercollegiate Home Game Ticket Revenue	320	2.0%
🔴	NCAA Compliance - Recruiting	200	1.2%
🔴	NCAA Compliance - Playing and Practice Seasons	80	0.5%
🔴	NCAA Compliance - Student Athlete Vehicles	80	0.5%
🔴	Quarterly Investment and Cash Reviews	256	1.6%
🔴	Regents Transformation and Excellence Plan - Enterprise-Wide	130	0.8%
🔴	Grow Iowa Values Fund - Enterprise-Wide	80	0.5%
🔴	Student Financial Aid - Enterprise-Wide	100	0.6%
🟡	President's Accounts - Enterprise-Wide	100	0.6%
🔴	Student Program & Course Fees - Enterprise Wide	250	1.6%
🔴	Student Health Clinic	300	1.9%
🔴	On-Line Requisition of Radiology Tests	225	1.4%
🔴	UIHC Facility Security	250	1.6%
🔴	Transplant Billing Process	200	1.2%
🔴	Dermatology Departmental	250	1.6%
🔴	UIHC Procurement Bidding Process	250	1.6%
🔴	Children's Miracle Network	250	1.6%
🔴	Volunteer Services Review	300	1.9%
🔴	UIHC Cash Handling	150	0.9%
🟡	Family Medicine	300	1.9%
🟡	Faculty Practice Plan	250	1.6%
🟡	Office of Student Affairs and Curriculum	200	1.2%
🟡	College of Nursing	300	1.9%
🔴	Research Compliance: Cost Transfers	250	1.6%
🔴	Hygienic Laboratory (Accounting Systems)	300	1.9%
🔴	Physics & Astronomy Sponsored Programs	200	1.2%
🔴	College of Business	280	1.7%
🔴	Timely Termination of Employees	240	1.5%
🔴	Dual-use Agent Compliance	250	1.6%
🔴	Surplus Stores Computer Hard Drive Cleaning Process	160	1.0%
🔴	Travel Expense Electronic Documentation Controls	200	1.2%
🔴	1099 MISC Reporting Controls	100	0.6%
🟡	Museum of Art - World-wide tour of exhibits	150	0.9%
🟡	Student Government Expenditure Process	200	1.2%
🔴	Research Data Security	40	0.2%
🔴	Neurology	250	1.6%
🔴	Anesthesia	250	1.6%

UNIVERSITY OF IOWA
Proposed Internal Audit Plan for FY 2007

M/C	Audits and Reviews	Hours	Percent
🟡	College of Public Health Epidemiology	150	0.9%
🔴	Third Party Clinical Trials Task Force	175	1.1%
🔴	Supply Chain Management	175	1.1%
🔴	University Food Service	100	0.6%
🔴	Parking System	200	1.2%
🔴	Peer Review	300	1.9%
🔴	Athletics	250	1.6%
🔴	NADS	250	1.6%
🔴	IIHR Hydroscience - Engineering	100	0.6%
🔴	Iowa School for the Deaf	80	0.5%
🔴	Electronic Medical Record Implementation	200	1.2%
🔴	Data Center Physical Security & Environment	220	1.4%
🔴	HCIS Hardware Change Management	250	1.6%
🔴	PHI Access and Storage on Mobile Devices	200	1.2%
🟡	Security of Internet-Initiated ACH Transactions	100	0.6%
🔴	Student Information System Implementation	50	0.3%
	Unassigned/Unplanned Hours	702	4.4%
	Subtotal	**11,193**	**69.7%**

	Follow-Up Reviews	Hours	Percent
	Research Data Security Follow-up	30	0.2%
	Clinic Cash Handling Follow-Up	30	0.2%
	College of Public Health Epidemiology Follow-up	30	0.2%
	IDX Access and Security Follow-Up	30	0.2%
	HCIS Hardware Change Management Follow-Up	30	0.2%
	Cooperative Oncology Follow-Up	30	0.2%
	Psychiatry Follow-Up	30	0.2%
	UIHC Construction Follow - Up	30	0.2%
	Third Party Clinical Trials Follow-Up	30	0.2%
	PHI Access and Storage on Mobile Devices Follow-Up	30	0.2%
	EMAR Follow-Up	30	0.2%
	Anesthesia Follow-Up	30	0.2%
	Neurology Follow-Up	30	0.2%
	Grant Accounting Follow up	30	0.2%
	Registrar's office Follow up	30	0.2%
	Residence Hall Govt Follow up	30	0.2%
	IT Parallel Processes Follow up	30	0.2%
	Wireless IT Environment Follow up	30	0.2%

UNIVERSITY OF IOWA
Proposed Internal Audit Plan for FY 2007

Follow-Up Reviews	Hours	Percent
Student Financial Aid Follow up	30	0.2%
IIHR Hydroscience - Engineering Follow-Up	30	0.2%
NCAA Compliance - Camps and Clinics Follow-Up	30	0.2%
NCAA Compliance - Recruiting Follow-Up	30	0.2%
NCAA Compliance - Playing and Practice Seasons Follow-up	30	0.2%
NCAA Compliance - Student Athlete Vehicles Follow-Up	30	0.2%
University Food Service Follow-Up	30	0.2%
Parking System - Follow-Up	30	0.2%
Athletics - Follow-Up	30	0.2%
NADS - Follow-Up	30	0.2%
Subtotal	**840**	**5.2%**
Non-Audit Activities	**Hours**	**Percent**
Administration, Staff Meetings and Other	2,925	18.2%
Annual Risk Assessment and Audit Planning	400	2.5%
Professional Development	700	4.4%
Subtotal	**4,025**	**25.1%**
Total	**16,058**	**100.0%**

IOWA STATE UNIVERSITY
Proposed Internal Audit Plan for FY 2007

M/C	Audits and Reviews	Hours	Percent
🔴	Quarterly Investment and Cash Reviews	80	7.5%
🟡	Security of Internet-Initiated ACH Transactions	80	7.5%
🔴	Regents Transformation and Excellence Plan - Enterprise-Wide	98	9.2%
🟡	Grow Iowa Values Fund - Enterprise-Wide	100	9.4%
🔴	Student Financial Aid - Enterprise-Wide	40	3.8%
🟡	President's Accounts - Enterprise-Wide	40	3.8%
🟡	Student Program & Course Fees - Enterprise Wide	300	28.3%
🟡	Animals in Research	300	28.3%
🔴	Building Access	300	28.3%
🔴	Information Security	300	28.3%
🔴	NCAA Compliance	240	22.6%
🔴	Registrar	400	37.7%
🔴	Service Centers	300	28.3%
🔴	Sponsored Programs	350	33.0%
🔴	Student Health Center	400	37.7%
🔴	Veterinary Teaching Hospital	100	9.4%
	Department of Public Safety	80	7.5%
	Football Attendance Review	40	3.8%
	IBSSS Annual Review	10	0.9%
	Unassigned/Unplanned Hours	500	47.2%
	Subtotal	**4,058**	**77.9%**
	Follow-Up Reviews	**Hours**	**Percent**
	Regents Transformation and Excellence Plan - Enterprise-Wide	30	2.8%
	Iowa Agriculture and Home Economics Experiment Station	30	2.8%
	Veterinary Teaching Hospital	30	2.8%
	Subtotal	**90**	**8.5%**
	Other Responsibilities	**Hours**	**Percent**
	Administration, Staff Meetings, and Other	600	56.6%
	Annual Risk Assessment & Audit Planning	200	18.9%
	Professional Development	260	24.5%
	Subtotal	**1,060**	**20.4%**
	Total	**5,208**	**100.0%**

UNIVERSITY OF NORTHERN IOWA
Proposed Internal Audit Plan for FY 2007

M/C	Audits and Reviews	Hours	Percent
🔴	Quarterly Investment and Cash Reviews	50	1.9%
🔴	Regents Transformation and Excellence Plan - Enterprise-Wide	120	4.5%
🔴	Grow Iowa Values Fund - Enterprise-Wide	160	5.9%
🔴	Student Financial Aid - Enterprise-wide	80	3.0%
🟡	President's Accounts - Enterprise-Wide	40	1.5%
🔴	Student Program & Course Fees - Enterprise Wide	240	8.9%
🔴	Cashiering Processes	240	8.9%
🔴	Sponsored Programs - Effort Reporting Process	140	5.2%
🔴	NCAA Compliance Investigation	160	5.9%
	Tuition Review --		
🔴	Tuition Financial Analysis	120	4.5%
🔴	Tuition Programming & Reconciliation	220	8.2%
🔴	Student Fee Allocations	120	4.5%
	Unassigned/Unplanned Hours	160	5.9%
	Subtotal	**1,850**	**68.7%**
	Follow-Up Reviews	**Hours**	**Percent**
	FY05 Cash on Hand	8	0.3%
	Gallagher-Bluedorn Performing Arts Center	28	1.0%
	Gear-Up Programs	2	0.1%
	International Programs	80	3.0%
	Management & Professional Development Center	50	1.9%
	Student Financial Aid - Enterprise-wide	50	1.9%
	Upward Bound - Classic Program	2	0.1%
	Subtotal	**220**	**8.2%**
	Other Audit Responsibilities	**Hours**	**Percent**
	Administration, Staff Meetings, and Other	401	14.9%
	Annual Risk Assessment & Audit Planning	160	5.9%
	Professional Development	62	2.3%
	Subtotal	**623**	**23.1%**
	Total	**2,693**	**100.0%**

MATERIALITY / CRITICALITY (MC)

High 🔴	Potential: • Significant impact on enrollment/teaching/research/extension OR • Significant impact on people/health/safety OR • Exposure to significant financial loss/costly inefficiencies OR • Exposure to loss or interception of sensitive electronic data/information OR • Exposure to significant legal liability/regulatory penalties OR • Significant reputational risk OR • Broad impact of negative event.
Moderate 🟡	Potential: • Moderate impact on people/health/safety OR • Exposure to moderate financial loss/inefficiencies OR • Exposure to loss or interception of non-sensitive electronic data/information OR • Exposure to moderate legal liability/regulatory penalties OR • Moderate reputational risk OR • Localized impact of negative event.
Low 🟢	Low potential: • Impacting people/health/safety OR • Loss/liability OR • Damage to reputation OR • Impact of negative event.

MATERIALITY / CRITICALITY TERMS - Definitions include but are not limited to the following:

• Enrollment/Teaching/Research/Extension: Recruiting, admissions, financial aid, registrar, curriculum, sponsored programs, extension programs.

• People/Health/Safety: Hospital, clinics, student health center, national security issues, environmental health and safety.

• Financial Loss/Inefficiencies: Improper or inefficient use of money, equipment, human resources, or other assets resulting in lost funds or increased costs.

• Loss or Interception of Electronic Data/Information: Central university and departmental information technology security.

• Legal Liability/Regulatory/Penalties: Violation of laws or regulations resulting in litigation, loss of funding, restriction of programs, fines/penalties.

• Reputational Risk: Negative publicity that could result in loss of public trust, contributions, and other support.

• Significance and Impact: Significant impact of a negative event related to any of the above areas could include large dollar losses, penalties, or other types of harm that could broadly restrict fulfillment of the universities' missions. Moderate impact would include losses or penalties that could restrict specific key activities that are related to the universities' missions.