

**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

September 12, 2013

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released a report on a review of selected general and application controls over the University of Northern Iowa Student Information System for the period June 12, 2012 through July 16, 2012.

Mosiman recommended the University of Northern Iowa establish procedures for the removal of user's access rights when they leave employment, obtain and review service organization reports for third party processors, and take steps to ensure the development of new applications involve impacted users, are thoroughly tested and allow reasonable timelines. The University has responded positively to the recommendations.

A copy of the report is available for review at the University of Northern Iowa, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1361-8030-BT01.pdf>.

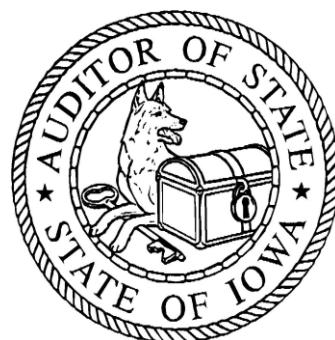
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**REPORT OF RECOMMENDATIONS TO
THE UNIVERSITY OF NORTHERN IOWA
ON A REVIEW OF SELECTED
GENERAL AND APPLICATION CONTROLS OVER
THE UNIVERSITY'S STUDENT INFORMATION SYSTEM**

JUNE 12, 2012 THROUGH JULY 16, 2012

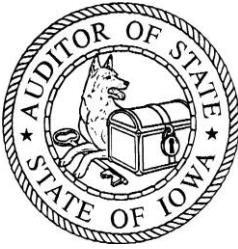
Office of
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OF STATE**

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**Mary Mosiman, CPA
Auditor of State**

1361-8030-BT01



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Mary Mosiman, CPA
Auditor of State

September 9, 2013

To the Members of the Board of Regents, State of Iowa:

In conjunction with our audits of the financial statements of the University of Northern Iowa for the year ended June 30, 2012, we conducted an information technology review of selected general and application controls for the period June 12, 2012 through July 16, 2012. Our review focused on the general and application controls over the University's Student Information System as they relate to our audit of the financial statements. The review was more limited than would be necessary to give an opinion on internal controls. Accordingly, we do not express an opinion on internal controls or ensure all deficiencies in internal controls are disclosed.

In conducting our review, we became aware of certain aspects concerning information technology controls for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations which pertain to the University's general and application controls over the Student Information System. These recommendations have been discussed with University personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the University's responses, we did not audit the University's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the University of Northern Iowa, citizens of the State of Iowa and other parties to whom the University of Northern Iowa may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the University during the course of our review. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our review of the University's Student Information System are listed on page 7 and they are available to discuss these matters with you.

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

Warren Jenkins
WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Report of Recommendations to the University of Northern Iowa

June 12, 2012 through July 16, 2012

Student Information System General and Application Controls

A. Background

The Student Information System Student Financials Module at the University of Northern Iowa (University) is used to record and bill tuition, fees and other charges incurred, apply financial aid awarded to the student and process payments, including online payments.

B. Scope and Methodology

In conjunction with our audit of the financial statements of the University, we reviewed selected aspects of the general and application controls in place over the University's Student Information System for the period June 12, 2012 through July 16, 2012. Specifically, we reviewed the general controls: security management and contingency planning and the application controls: access controls, segregation of users and the business process controls, including input, processing, output and interfaces. We interviewed staff of the University and we reviewed University policies and procedures. To assess the level of compliance with identified controls, we performed selected tests.

We planned and performed our review to adequately assess those University operations within the scope of our review. We developed an understanding of the University's internal controls relevant to the operations included in the scope of our review. We believe our review provides a reasonable basis for our recommendations.

We used a risk-based approach when selecting activities to be reviewed. We focused our review efforts on those activities we identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we use our finite review resources to identify where and how improvements can be made. Thus, we devote little effort to reviewing operations that may be relatively efficient or effective. As a result, we prepare our review reports on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

C. Results of the Review

As a result of our review, we found certain controls should be strengthened to further ensure the reliability of financial information. Our recommendations, along with the University's responses, are detailed in the remainder of this report.

Report of Recommendations to the University of Northern Iowa

June 12, 2012 through July 16, 2012

General Controls

Student Information System – The student information system (SIS) began phased implementation in the Fall of 2010. The student financials module of SIS was moved into production July 1, 2011. The student financials module has been designed to record and bill tuition, fees and other charges incurred, apply financial aid awarded to the student's account and process payments, including online payments. Parallel processing was not considered feasible and was not utilized during the deployment. A number of problems were encountered with the SIS deployment which impacted the reliability of financial information, as follows:

- Journal entries were posted and reversed multiple times and the first successful posting of SIS accounts receivable information in March 2012 consisted of single summary batch postings.
- Reports necessary for Financial Accounting and Reporting Services (FARS) and the Office of Business Operations (OBO) to reconcile student accounts receivable to Federal loans receivable and the general ledger were not available in June 2013.
- Project to date summary postings resulted in errors which had to be investigated and corrected.
- Student billings prepared in September 2012 included duplicate amounts which had to be reversed.

The SIS implementation was impacted by the following:

- The implementation team did not include staff from all user areas.
- A formal test plan was not developed.
- The student accounts receivable module was rushed into production and not adequately tested.
- An unrealistic implementation deadline was set.

Recommendation – The University should take steps to ensure the development of new applications involve all impacted users, are thoroughly tested before they are moved into production, allow reasonable timelines to address problems encountered and consider parallel processing to maintain the integrity of financial information generated.

Response – The University will takes steps to ensure a project oversight committee is established for all future application development projects and are charged with the following:

- 1) Review project implementation team structure to ensure all impacted users are represented.
- 2) Review and monitor project plans to ensure detail project plans, timelines and milestones are developed, are realistic given assigned resources and timelines and milestone are met.
- 3) Ensure detail test plans are developed and executed and signed-off by all user group representatives before moving new applications to production.

Conclusion – Response accepted.

Report of Recommendations to the University of Northern Iowa

June 12, 2012 through July 16, 2012

Application Controls

- (1) User Access – The procedures used to remove access to the Student Information System (SIS) for employees who have terminated employment are not effective. Departments are to notify Information Technology Services when an employee departs so their access can be removed. Three of five employees who had terminated still had access to SIS.

Recommendation – The University should establish formal policies and procedures to remove a user's access rights in a timely manner when the individual leaves employment.

Response – The University acknowledges the procedures currently used to remove access to the SIS system when an employee leaves the University are not always timely. New automated procedures will be implemented which will remove access to the SIS system one day after an employee is terminated. A December 2013 implementation is planned.

Conclusion – Response accepted.

- (2) Service Organization Controls - The University has entered into a service agreement/contract with a vendor to provide electronic payment processing services for the University. The service agreement calls for the vendor to use commercially reasonable security measures. While the execution of these controls can be outsourced, management's responsibility for maintaining an effective system of internal control cannot be outsourced. The University has not established procedures or taken steps to assure effective controls are maintained by the vendor.

Examinations of controls at service organizations conducted in accordance with the American Institute of Certified Public Accountants' Statement on Standards for Attestation Engagements Number 16 (SSAE 16,) Reporting on Controls at a Service Organization, are widely recognized as the standard for reporting on the effectiveness of service organization controls. The service agreement states controls are validated annually by external auditors.

Recommendation – The University should obtain and review the annual SSAE 16 reports from the vendor and include the requirement in the service agreement/contract the next time it is renewed to ensure the controls are effective.

Response – The University has received and reviewed the SSAE-16 report from our service provider for the year ended September 30, 2012. The University will ensure this report is provided annually and will have it added as a requirement in future contracts.

Conclusion – Response accepted.

Report of Recommendations to the University of Northern Iowa

June 12, 2012 through July 16, 2012

Questions or requests for further assistance should be directed to:

Erwin L. Erickson, CPA, Director
Darryl J. Brumm, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in this review include:

Kelly L. Hilton, Staff Auditor
James H. Pitcher, CPA, Assistant Auditor