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David A. Vaudt, CPA
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NEWS RELEASE

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FOR RELEASE July 2, 2007

Auditor of State David A. Vaudt today released a report on the review of selected general and application controls over the State University of Iowa (University of Iowa) ProTrav system for the period June 5, 2006 through July 28, 2006.

Vaudt recommended the University of Iowa develop and implement procedures to improve information system controls related to system access.

A copy of the report is available for review at the University of Iowa, in the Office of Auditor of State and on the Auditor of State's web site at http://auditor.iowa.gov/reports/reports.htm.

# # #

REPORT OF RECOMMENDATIONS TO THE STATE UNIVERSITY OF IOWA ON THE REVIEW OF SELECTED GENERAL AND APPLICATION CONTROLS OVER THE UNIVERSITY'S PROTRAV SYSTEM

June 5, 2006 through July 28, 2006

Office of
AUDITOR
OF STATE
State Capitol Building • Des Moines, Iowa

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June 28, 2007

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

In conjunction with our audit of the financial statements of the State University of Iowa (University of Iowa) for the year ended June 30, 2006, we conducted an information technology review of selected general and application controls for the period June 5, 2006 through July 28, 2006. Our review focused on the general and application controls of the University's ProTrav 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 ProTrav system. These recommendations have been discussed with University personnel and their responses to these recommendations are included in this report.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the University of Iowa, citizens of the State of Iowa and other parties to whom the University of 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 ProTrav system are listed on page 6, and they are available to discuss these matters with you.

David A. Vaudt
DAVID A. VAUDT, CPA
Auditor of State

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

cc: Honorable Chester J. Culver, Governor
Charles J. Krogmeier, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

ProTrav System General and Application Controls

A. Background

The ProTrav System at the University of Iowa (University) is a web based tool to reconcile Procurement Card charges, process all travel related forms and facilitate administrative review of those expenses.

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 ProTrav system for the period June 5, 2006 through July 28, 2006. Specifically, we reviewed the general controls: security program, access controls, application software development and change controls, system software controls, segregation of duties and service continuity; and the application controls: input, processing and output controls. 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 control 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 can be strengthened to further ensure the reliability of financial information. Our recommendations, along with the University's response, are detailed in the remainder of this report.

General Controls

(1) Password Controls – User ID's and passwords are used to identify and authenticate users in controlling access to system resources. Passwords, however, are not conclusive identities of specific individuals since they may be guessed, copied, overheard or recorded and played back. Typical controls for protecting the confidentiality of passwords include the requirements they be changed every 60 to 90 days, not allowed to be reused and locked out after a limited number of consecutive unsuccessful attempts. HawkID password policies include these controls, but they could be strengthened.

Recommendation – The University should implement security features to strengthen HawkID password controls.

Response – The University of Iowa will immediately take steps to review password controls and identify the best method of strengthening these controls.

Conclusion – Response accepted.

(2) Removal of Access for Terminated Employees – Access to the ProTrav system is automatically removed for terminated employees on the night in which final approval of the termination document is entered into Workflow.

Termination documents were not entered into workflow on a timely basis for five employees tested. Access to the system was not removed for periods ranging from one week to one month after the actual termination date.

Recommendation – The University should take steps to ensure termination dates are entered into Workflow on a timely basis.

Response –

The University of Iowa Internal Audit department finalized a report dated December 14, 2006 entitled "Review of Termination Practices". Implementing the corrective actions identified within this report will greatly improve the timeliness of recording termination dates in the payroll system. Comments from Internal Audit covered the following areas:

- Internal Audit Comment #1) Increased Awareness/Education
- Internal Audit Comment #2) Enhanced On-line Reports
- Internal Audit Comment #3) Temporary Academic Employees
- Internal Audit Comment #4) Complimentary Appointments

Conclusion – Response accepted.

Application Controls

No recommendations were noted in our review of application controls for the University's ProTrav system.

Staff:

Questions or requests for further assistance should be directed to:

Erwin L. Erickson, CPA, Director
Gwen D. Fangman, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this review include:

Daniel L. Grady, Staff Auditor
Carrie L. Livingston, CPA, Staff Auditor