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NEWS RELEASE

FOR RELEASE _____ March 25, 2016

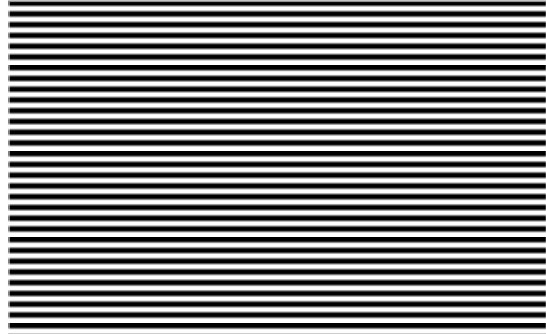
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Auditor of State Mary Mosiman today released a report on a review of selected general and application controls over the University of Northern Iowa's eBusiness Payroll and Human Resources System for the period April 1, 2015 through May 27, 2015.

Mosiman recommended the University of Northern Iowa strengthen its policies for access controls and controls over changes made to payroll. 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/1661-8030-BT01.pdf>.

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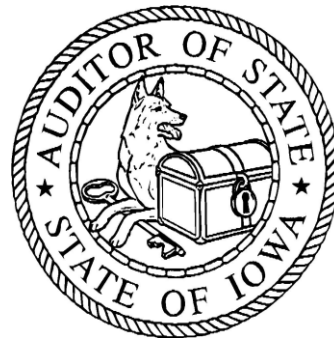


**REPORT OF RECOMMENDATIONS TO
THE UNIVERSITY OF NORTHERN IOWA
ON A REVIEW OF SELECTED
GENERAL AND APPLICATION CONTROLS OVER
THE UNIVERSITY'S EBUSINESS PAYROLL AND
HUMAN RESOURCES SYSTEM**

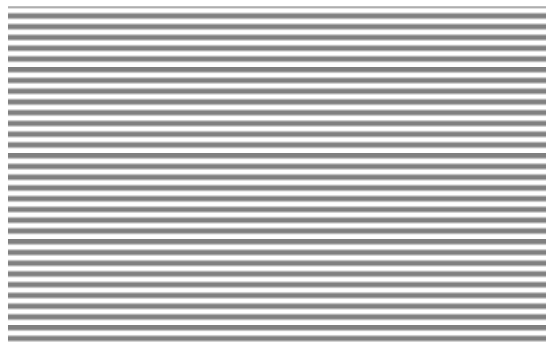
APRIL 1, 2015 THROUGH MAY 27, 2015

Office of
**AUDITOR
OF STATE**

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March 9, 2016


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


In conjunction with our audit of the financial statements of the University of Northern Iowa for the year ended June 30, 2015, we conducted an information technology review of selected general and application controls for the period April 1, 2015 through May 27, 2015. Our review focused on the general and application controls over the University's eBusiness Payroll and Human Resources 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 eBusiness Payroll and Human Resources System. These recommendations have been discussed with University personnel and their responses to the 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 eBusiness Payroll and Human Resources System are listed on page 6 and they are available to discuss these matters with you.


MARY MOSIMAN, CPA
Auditor of State


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

April 1, 2015 through May 27, 2015

Information System General and Application Controls

A. Background

The eBusiness Payroll and Human Resources System at the University of Northern Iowa is a purchased product from Oracle and contains modules for payroll and human resources functions.

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 eBusiness Payroll and Human Resources System for the period April 1, 2015 through May 27, 2015. Specifically, we reviewed the general controls: access controls, segregation of duties and configuration management and the application controls: 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 which 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 which 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

April 1, 2015 through May 27, 2015

General Controls

- (1) Student Employee Access – Employees of the payroll department are granted access to specific areas of the payroll system based on their job duties. Three student employees appear to have the ability to access the check writing program (UNI US Payroll Reports responsibility).

Recommendation – The University should review access to the UNI US Payroll Reports responsibility to ensure student employees are not allowed to access programs which are incompatible with their job duties.

Response – The University agrees student employees should not have access to programs incompatible with their job duties. The check writing function was removed from the UNI US Payroll Reports responsibility in October 2015. Management will continue to review and consider additional changes to the access available to the Payroll student employees.

Conclusion – Response accepted.

- (2) Payroll Staff Passwords – IDs and passwords are used to identify and authenticate users in controlling access to System resources. University password policies require passwords/passphrases to be a minimum of 15 characters and a maximum of 30 characters in length and changed every 365 days.

Recommendation – The University should strengthen password/passphrase controls for System users with elevated privileges by increasing the frequency of required password/passphrase changes.

Response – The University will evaluate password/passphrase requirements for Payroll, and other staff responsible for sensitive or legally protected information. In June, 2016, the University will introduce two-factor authentication for those individuals who manage sensitive and legally protected information within the Oracle eBusiness system.

Conclusion – Response accepted.

Application Controls

- (3) Payroll Changes – Five employees in the Payroll area can override pay elements within the payroll application. There is no log or evidence of review for amounts overridden.

Recommendation – The University should establish procedures to ensure changes made to payroll by Payroll staff are reviewed for appropriateness.

Response – It is a normal frequent job duty of Payroll staff to override or adjust pay elements based on supporting documentation such as Personnel Action Forms, Student Employee Approval Forms, or timecards. Payroll staff ensures all requested changes are authorized by appropriate originating departmental staff. All departments are held accountable for reviewing wage reports for accuracy and questioning any wages that appear to be inappropriate. The University will continue to evaluate procedures and compensating controls to minimize the risk of inappropriate changes made within the payroll application by Payroll staff.

Conclusion – Response accepted.

Report of Recommendations to the University of Northern Iowa

April 1, 2015 through May 27, 2015

Staff:

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, Senior Auditor
James P. Moriarty, CPA, Assistant Auditor