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NEWS RELEASE

FOR RELEASE _____

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Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released a report on a review of selected general and application controls over the Iowa State University of Science and Technology (Iowa State University) tuition and fees system for the period of April 11 through May 2, 2008.

Vaudt recommended Iowa State University develop and implement procedures to improve segregation of duties, independent reviews of critical information and develop written formal office policy and procedures.

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

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**REPORT OF RECOMMENDATIONS TO
IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY
ON A REVIEW OF SELECTED GENERAL AND
APPLICATION CONTROLS OVER
THE UNIVERSITY'S TUITION AND FEES SYSTEM**

APRIL 11 THROUGH MAY 2, 2008

Office of
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OF STATE**

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July 15, 2008

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

In conjunction with our audit of the financial statements of Iowa State University of Science and Technology (Iowa State University) for the year ended June 30, 2008, we conducted an information technology review of selected general and application controls for the period April 11, 2008 through May 2, 2008. Our review focused on the general and application controls of the University's tuition and fees 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 tuition and fees 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 Iowa State University, citizens of the State of Iowa and other parties to whom Iowa State University 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 tuition and fees system are listed on page 7 and they are available to discuss these matters with you.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

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

April 11 through May 2, 2008

Tuition and Fees System General and Application Controls

A. Background

The tuition and fees system at Iowa State University (University) is used to calculate and assess tuition and fees for enrolled students based on class schedules, residency and other factors as determined by the Board of Regents. The system also generates student billing information for the accounts receivable system.

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 tuition and fees system for the period April 11 through May 2, 2008. 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 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 can 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.

April 11 through May 2, 2008

General Controls

- 1) Formal Policy and Procedures – Procedures related to controls for the tuition and fees system have not been formally documented. The Registrar’s office does not have a written policy and written procedures to provide guidance in the following areas to ensure consistency of management decisions and aid in training of additional or replacement personnel.
 - (1) Documentation of the process for granting access to the tuition and fees system and in setting up access for an individual user, review of system permits and user access levels including inactive users, and removal of terminated/transferred employees.
 - (2) Administration and maintenance of confidentiality agreements.

Recommendation – A written formal office policy and procedures should be developed.

Response – We are establishing a new “Registrar’s Systems Access Policy” page available from our website. It details information about available access, steps to follow to gain access, review of access and the annual confidentiality form. The types of access available are presented and the departments are asked to specify the job position and data information needs for our evaluation. The page states our confidentiality agreement must be signed and returned on an annual basis for student systems access to continue. It also recommends the departments keep a copy of the confidentiality agreement. We have difficulty knowing when student employees with access leave a job position and the current ISU Human Resources system cannot supply that information. So we have also added a note to departments asking the departments notify the Registrar’s Data Steward when student employees leave their job position.

Conclusion – Response accepted.

- 2) Review of Tuition and Fee Table – Access rights have been provided to individuals within the Fees and Special Registrations department within the Office of the Registrar who have the capabilities to make modifications to the tuition and fee table which is then used to assess fees to students. Two individuals have the ability to update the tuition and fee table, perform review of the table prior to assessment and are involved in the review of the assessment process. In addition, there is no documentation of who performed reviews.

Recommendation – An independent person(s) without access to update the table should review the tuition and fee table and assessments should be reviewed by an individual without the capability to enter fees or manually adjust fees. In addition, the review of the rates should be documented.

Response – The Fees and Special Registrations staff member who reviews the assessments of students no longer has access rights to change the fee amounts in the tuition and fee table. The access rights to update tuition and fee amounts is now limited to the Assistant Registrar for Fees and Special Registrations. Proofing of the tuition and fee table will be completed by the Assistant Registrar for Registration and Scheduling, who will sign and date a verification document to certify the review has taken place.

In addition, a formal written procedure which describes the process for updating and reviewing tuition and fees has been created.

Conclusion – Response accepted.

Report of Recommendations to Iowa State University

April 11 through May 2, 2008

- 3) Incompatible Duties – The person who has access to the tuition and fee table also receives error reports after the initial assessments are completed. This person also has the ability to process cancellations.

Recommendation – An independent person(s) should review the error reports. In addition, the person who is processing cancellations should not have access to make changes to the tuition and fee table.

Response – Access to update the tuition and fee amounts in the tuition and fee table is now limited to the Assistant Registrar for Fees and Special Registrations. The staff member who is the primary reviewer of tuition and fee error reports and who processes cancellations will no longer have access rights to change the fee amounts in the tuition and fee table.

In addition, the Assistant Registrar for Registrations and Scheduling will now review the fee amounts in the tuition and fee table, and will formally certify their review of the table amounts by signing and dating a form that will be kept on file.

Conclusion – Response accepted.

Application Controls

No recommendations were noted in our review of application controls for the University's tuition and fees system

Report of Recommendations to Iowa State University

April 11 through May 2, 2008

Staff:

Questions or requests for further assistance should be directed to:

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Other individuals who participated on this review include:

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