



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____ October 27, 2006

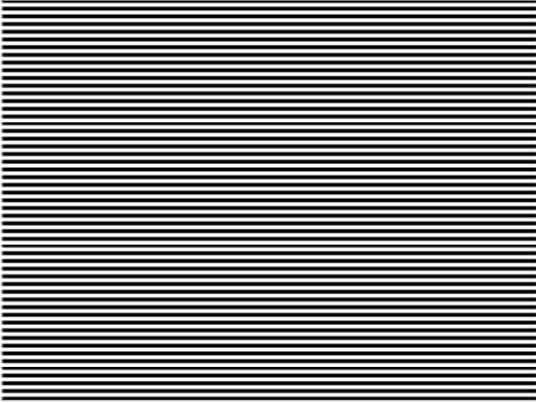
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Auditor of State David A. Vaudt today released a report on a review of selected general and application controls over the Iowa State University of Science and Technology (Iowa State University) student financial aid system for the period of April 24 through May 12, 2006.

Vaudt recommended Iowa State University develop and implement procedures to improve information system controls related to security profile changes.

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 THE REVIEW OF SELECTED GENERAL AND
APPLICATION CONTROLS OVER
THE UNIVERSITY'S STUDENT FINANCIAL AID SYSTEM**

April 24 Through May 12, 2006

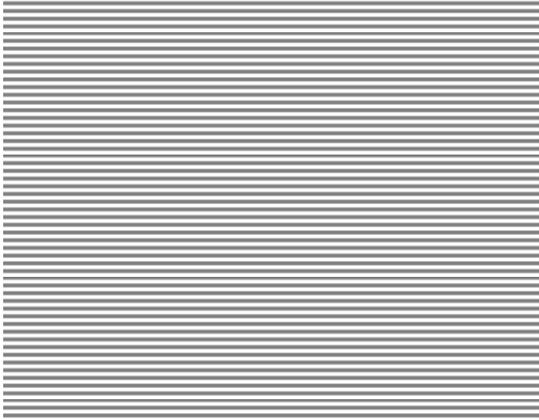
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October 24, 2006

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, 2006, we have conducted an information technology review of selected general and application controls for the period April 24, 2006 through May 12, 2006. Our review focused on the general and application controls of the University's student financial aid 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 an aspect concerning information technology controls for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on the following pages. We believe you should be aware of this recommendation which pertains to the University's general and application controls over the University's student financial aid system. This recommendation has been discussed with University personnel and their response to the recommendation is 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 student financial aid systems are listed on page 6 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 Thomas J. Vilsack, Governor
Michael L. Tramontina, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

April 24 through May 12, 2006

Student Financial Aid General and Application Controls

A. Background

The student financial aid system at Iowa State University (University) is used to calculate and award financial aid to students at the University.

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 financial aid system for the period April 24 through May 12, 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 controls relevant to the operations included in the scope of our review. We believe our review provides a reasonable basis for our recommendation.

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 recommendation, along with the University's response, is detailed in the remainder of this report.

General Controls

Security Profile Changes – Security profiles or authorized access rights protect against tampering or unauthorized changes. Changes to security profiles by security managers granting administrative or system rights should be automatically logged and periodically reviewed by management independent of the security function. Security profile changes are not logged.

Recommendation – The University Administrative Technology Services Department should enable or establish security features to ensure all security profile changes granting administrative or system rights are logged and the log is periodically reviewed by management independent of the security function.

Response – ATS has defined the formal process and form for employees and managers to use to request changes to their administrative or systems access rights. The process includes an annual review of the requested changes against the record of authority at the time of

Report of Recommendations to Iowa State University

April 24 through May 12, 2006

implementation of this process. Employees are being notified in October with the process being implemented on November 1, 2006.

Conclusion – Response accepted.

Application Controls

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

Report of Recommendations to Iowa State University

April 24 through May 12, 2006

Staff:

Questions or requests for further assistance should be directed to:

Kay F. Dunn, CPA, Manager
Ernest H. Ruben, Jr., CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this review include:

Patricia J. King, CPA, Senior Auditor II
Timothy D. Houlette, CPA, Senior Auditor II
Philip J. Cloos, Staff Auditor
Shawn R. Elsbury, Staff Auditor