

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Item for Information

|       |                                |
|-------|--------------------------------|
| EXH   | MOTION                         |
|       | SECOND                         |
|       | ACTION APPROVED BY THE REGENTS |
| NOTE: | JUN 16 2005                    |
|       |                                |
|       |                                |

Subject: Semi-Annual Report of University Internal Audits

Background:

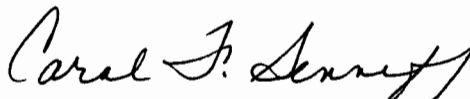
This is the semi-annual report of the Office of University Audits activities for the period October 1, 2004 through April 30, 2005. The summaries of audits contained in this report were previously reported in bi-monthly reports provided to member of the Board Finance, Audit and Investment Committee and included in discussions at Committee meetings.

Included in this report:

- Summaries of each audit report issued during the period, including Management's Plan to enhance specific control processes discussed with the audit client and presented in the report.
- Summaries of follow-up review reports issued during the period, including the actions taken by Management. Follow-up reviews are designed to give assurance that Management's Plan for corrective action has been implemented and controls are working appropriately.
- A report on the status of follow-up reviews.

If you have any questions or would like additional information, please contact me at 647-7500 or by e-mail at [cseuff@umich.edu](mailto:cseuff@umich.edu).

Respectively submitted,



Carol F. Senneff, Executive Director  
University Audits

June 2005

University Audits  
Semi-Annual Report of Completed Audit Projects  
October-April 2005

---

**ORIGINAL REPORTS**

**Campus Audits**

**Intercollegiate Athletics – NCAA Football – Attendance Requirements** #2005-243  
Issued October 28, 2004

**Objective and Scope**

- Effective August 1, 2004, the NCAA requires that each Division 1 football program verify that average attendance for home games is at least 15,000 per game.
- Ticket stubs from the September 18, 2004 game were counted; 108,600 tickets were counted; divided by six home games yields an average of 18,100 per game.

**Summary:** The University of Michigan football program complies with the attendance levels set by the NCAA. **This audit is closed.**

**Note:** Since this audit was conducted, the NCAA has eliminated the need for this review in future years.

**National Transit Database**

Issued November 9, 2004 #2005-249

Reporting forms for the National Transit Database were reviewed for compliance with the requirements of the Federal Transit Administration as set forth in the National Transit Database Uniform System of Accounts.

**Summary:** The reporting forms for fiscal year 2004 conform in all material respects with the accounting requirements of the Federal Transit Administration. **This review is closed.**

**Accounts Payable Office Purchase Order Vouchers – Duplicate Payments** #2005-251

Issued November 17, 2004

Control processes designed to avoid or detect duplicate payments to vendors were reviewed in the following locations:

- Athletics
- Dearborn
- Development
- Flint
- Institute for Social Research
- Library
- Michigan Unions
- M-Stores

**Summary:** Procedures for entering purchase order vouchers at the satellites that directly enter data appear to provide an appropriate level of assurance that the same amount will not be entered more than once. Procedures for reviewing and approving purchase order vouchers also provide appropriate assurance that duplicate vendor payments will be prevented or detected. **This audit is closed.**

Issued November 29, 2004

This audit looked at compliance with NCAA rules and regulations governing sports camps and clinics.

- The cover of a Camp brochure violated Regulation 12.5.1.7 which states “that the use of names, pictures, and University affiliation of student-athletes employed at camps be limited to identifying the student-athlete as a staff member and not to advertise or promote the camp.” The brochure did not mention that the student-athletes were staff members, but only that they were members of the 2004 Olympic team.

**Summary:** Except for the above mentioned issue, controls are in place and appropriate. Since the completion of the audit, the acknowledgement has been removed from the brochure and a self report was sent to the NCAA. **This audit is closed.**

**College of Pharmacy Financial and IT Controls**

#2004-251,351

Issued January 31, 2005

**Objective and Scope:**

- Over the past year, a cross-functional internal control task force developed a series of departmental self-assessment questionnaires. These questionnaires were designed to be used by departmental management in assessing internal control weaknesses.
- Internal Audit is using these questionnaires as a tool:
  - As the basis for a review of departmental financial processes.
  - To determine if the questionnaires are adequate for departmental management to determine, on their own, whether or not internal controls in their department are sound.

**Areas reviewed:**

- Cash handling
- Monitoring of financial activities by management
- Procurement card transactions
- Equipment inventories
- Supporting documentation for Statement of Activity expenses
- Form G payments
- Computers and networks, including physical security

**Issues:**

- The department did not have a Disaster Recovery Plan.
- There was no documentation of installed software and its configuration.
- Credit card batch totals were not being reconciled to bank statements and Statements of Activity.
- Revenue from Homecoming activities was not processed timely.
- **Management’s Plan** – Management has addressed each issue to improve the associated controls.

**Summary:** A follow-up review to ensure new and stronger control procedures will be conducted during the second quarter of fiscal year 2006.

**WUOM/WVGR/WFUM-FM Certified Audited Financial Statements**

#2004-247

Issued January 20, 2005

This is not a process audit. It is a detailed review of the financial statements and supplemental financial information for the purpose of giving a statement on the appropriateness of the information contained within. The opinion states that the financial statements are "fairly stated."

**WFUM-TV Certified Audited Financial Statements**

#2004-248

Issued February 28, 2005

This is not a process audit. It is a detailed review of the financial statements and supplemental financial information for the purpose of giving a statement on the appropriateness of the information contained within. The opinion states that the financial statements are "fairly stated."

**Michigan Public Media**

#2004-247

Issued March 28, 2005

In addition to the audit of the financial statements of Michigan Public Media which were reported previously, University Audits reviewed general internal controls within the department. The following issues and recommendations represent areas for strengthening the control environment:

- Cash management
  - Restrictive endorsement
  - Security of receipts
  - Daily deposits
  - **Management's Plan** – Michigan Radio and TV staff met with Treasurer's office and are making all needed changes.
- In-kind contributions –
  - All contributions should be well documented.
  - **Management's Plan** – Michigan Radio and TV staff met to discuss improvements to the underwriting contracts process. They have developed a format for in-kind contracts.
- Policies and Procedures Manual
  - There is a need for a departmental policies and procedures manual.
  - A policies and procedures manual is being written. It will incorporate steps required to perform financial and operational tasks within the department.

**Summary:** University Audits will conduct a follow-up review during the first quarter of Fiscal Year 2006.

**English Language Institute – Financial and Information Technology Controls**

Issued March 30, 2005

#2005-208/308

The English Language Institute is an independent unit offering credit courses with the College of Literature, Science, and the Arts. It was the first English language research and training entity of its kind in the United States.

**Issues:**

- Revenue Controls
  - Segregation of Duties
  - Cash handling procedures
  - **Management's Plan** – Planning is underway to having a single efficient and well controlled revenue process.

- Reconciliations
  - Monthly tracing of credit card batch totals to bank statements was not always happening.
  - **Management's Plan** – Procedures to implement appropriate reconciliations was implemented during the audit.
- Independent Review of timesheets
  - Supervisors with functional supervision responsibilities are now required to review and sign timesheets.

**Summary:** A high level review of controls over computer hardware and networks was also conducted. Adequate controls are in place. A follow-up review of the outstanding issues will be conducted during the first quarter of Fiscal Year 2006.

**Intercollegiate Athletics Football Ticket Counts FY 2005**

#2005-243

Issued March 31, 2005

The NCAA requires an independent verification of the accuracy of the 2004/2005 settlement reports for home football game revenues.

Based on the audit work conducted, the amount of ticket revenue due for the visiting teams was accurately reported on all 2004/2005 settlement reports for the home football games.

**This review is closed.**

**Business and Finance Division Procurement Data Monitoring**

#2005-250

Issued April 27, 2005

The procurement database was searched for data that may be an indication of error or irregularity.

Testing was designed to:

- Identify duplicate payments made to vendors who are assigned more than one vendor identification number.
- Search for vendors with a large number of merchandise returns in fiscal year 2004.
- Find former employees who may still have University purchasing card privileges.
- Search for departments that prepare NON-PO vouchers for purchases that should have been ordered on a University purchase requisition.

**Issue:**

- Standard Practice Guide 507.01 states that purchase requisitions are to be used for expenditures over \$5,000 and for all purchases that are subject to the terms and conditions of a written contract. Of the sample of vendors, several of them received payments for goods and services that should have been requested by a purchase requisition.
- **Management's Plan:** Management is developing new procedures related to non-PO vouchers. In the future, purchases will be reviewed more closely for non-compliance.

**Summary:** A pilot program is scheduled to begin by July 1, 2005. A follow-up review will be conducted during the first quarter of Fiscal Year 2006.

## Healthcare Audits

### UMHHC Housing Bureau for Seniors

#2005-112

Issued October 28, 2004

#### **Objective and Scope**

The Housing Bureau for Seniors requested assistance for University Audits in reviewing the internal control structure surrounding their loan program. Management was aware of potential vulnerabilities and the need to establish corrective measures.

#### **Issues:**

- Documentation supporting loans is not consistently prepared or obtained.
- There should be an accounts receivable system.
- Segregation of duties can be enhanced.
- Loan policies should include the following:
  - Maximum loan amount (per loan)
  - Maximum number of loans awarded per applicant per year
  - Documentation that must be obtained or verified
  - Loan restrictions
  - Non-discriminatory practices

**Summary:** Management is in the process of improving policies and procedures as well as implementing stronger controls over the loan program.

### UMHHC Chargemaster Assessment

#2005-120

Issued November 9, 2004

This audit was conducted to evaluate administrative controls related to the Hospitals and Health Centers Charge Description Master with focus on accuracy, completeness, authorizations, and appropriate utilization.

#### **Issues:**

- The Budget and Rate Setting Office did not have a procedure in place to assure that all updates have been made and made correctly to the Chargemaster.
- **Management's Plan** – Numerous process changes have been made to assure that updates are made, that rates are allowed and appropriate and that training is received by everyone that has a responsibility for the Chargemaster and the rates.

**Summary:** A follow-up review to assure that new procedures are in place and working as intended will be conducted during the fourth quarter of Fiscal Year 2005.

### UMHS Rehabilitation Engineering

#2005-116

Issued January 18, 2005

#### **Objective and Scope:**

- Management requested that a review be conducted prior to the transition of the departmental chair.
- To evaluate key financial and administrative processes within the department.

#### **Issues:**

- Grant and discretionary fund expenses were not consistently reviewed.

- PMR had not maintained an equipment log documenting the location or condition of equipment purchases. Based on this review, the department has performed an initial inventory of all equipment and developed a database log.
- Administrative fees charged to patient accounts had not always been approved by Chargemaster Description personnel.
- **Management's Plan** – Management addressed all open issues during the audit.

**Summary:** Overall, the department controls are good. A follow-up review will be conducted during the first quarter of Fiscal Year 2006.

**University of Michigan Medical School Outside Employment Disclosure** #2005-118  
 Issued April 26, 2005

Medical School faculty members are required by the Office of Research and Graduate Studies policy to self-disclose their non-University employment activity on an annual, prospective basis.

- **Disclosure Evaluations**
  - Not all disclosures had been evaluated by the Department Chairs.
  - In some cases, descriptions were too vague to give enough information for an appropriate evaluation.
  - **Management's Plan** – Communication will be enhanced for the 2005 letters. The UMMS Compliance Office has responsibility to review the Outside Employment policy and establish an improved procedure.
- **Disclosure Reporting Follow-up**
  - Not all faculty responses were received within the specified time frame.
  - **Management's Plan** – New procedures will be included in the Outside Employment policy. Department Chairs will be reminded by letter of the due date for all department faculty.
- **On-line Report Form**
  - Data field for the number of days is limited to 48 days. There may be cases where that is not sufficient.
  - **Management's Plan** – The database has been revised to allow unlimited disclosure days. This issue is working well and has been closed.
- **Outside Military Reserve Activity**
  - The disclosure policy does not address military reserve employment.
  - **Management's Plan** – SPG 201.33 allows for up to 15 days of reserve duty per calendar year. This will be added to the additional oversight included in the Outside Employment policy.

**Summary:** A review of the status of the updated policy, communication, and compliance will be reviewed during the first quarter of the Fiscal Year 2006.

**M-CARE Sales Commission** #2005-121  
 Issued April 26, 2005

The objective of this review was to evaluate practices that ensure:

- Compliance with Michigan Office of Financial and Insurance Services requirements.
- Appropriateness of broker sales commission payments.

**Issues:**

- **Commission Payments**
  - Rates appear to be correct; however, documentation supporting the rate calculations needed to be enhanced.

- **Management's Plan** – Management will establish an internal policy and evaluate and maintain documentation relating to the commission payment rates.
- Agent's Licenses
  - Documentation supporting authorized agents was not always available.
  - **Management's Plan** – M-CARE sales department is developing a process to define the circumstances in which an agent of record letter is required and how it will be documented.
- Commission Documentation
  - Data entered to document the commission arrangement was not always supported by commission agreements, agent of designation forms or appointment notices.
  - **Management's Plan** – Management will create standards for required information and evaluate whether the current software is the best solution.

**Summary:** M-CARE is making appropriate changes to their processes. A follow-up review will be conducted during the first quarter of Fiscal Year 2006.

### Information Technology

#### Facilities/Operations & Housing Administration Communication Closets (3) #2004-346

Issued November 30, 2005

This audit is third in a series of three audits of communication closets across campus. It was conducted to document conditions that could increase the risk of fire, loss of service, or compromise data.

#### **Issues:**

- Twenty-six of 40 closets had missing or inadequate firestops.
- Several closets were not secured from unauthorized access.
- Some of the closets needed clean-up and removal of unrelated or unnecessary equipment, supplies, and trash. Some of the closets are shared with facilities or custodial services.
- Other suggestions for future discussion:
  - A policy on proper use of communication closets which will be distributed campus-wide.
  - Training of personnel on the policy.
  - On-going review of all critical communications closets that have not already been reviewed.

**Summary:** A number of issues were addressed and resolved during the audit. By correcting all firestop and access issues, the level of assurance can be significantly increased. University Audits will review the progress of the initiatives to improve the control environment in University communications closets during the follow-up review during the fourth quarter of Fiscal Year 2005.

#### School of Social Work Computer and Physical Security Controls

#2004-350

Issued April 11, 2005

The audit was part of a series of reviews testing departmental internal controls using newly developed self-assessment questionnaires.

#### **Issues:**

- Emergency Plan
  - A documented emergency plan did not exist at the School of Social Work
  - **Management's Plan** – The School has a draft Building Emergency Action Plan in final phase. Once completed, it will be approved by the Department of Public Safety.
- Safety Disaster Recovery Plan



- A written disaster recovery plan did not exist to ensure that hardware, software, facilities and people are available to reestablish critical business systems in a timely manner in the event of a major disaster.
- **Management's Plan** – The School is finalizing a Building Emergency Action Plan which addresses the recommended points.
- Fire Drills
  - At the time of the audit, there had been no planned and organized fire drills as required by the Department of Public Safety and OSEH.
  - **Management's Plan** – Training has been scheduled for the floor marshals at the School of Social Work and a fire drill was being planned as soon as the fire marshals were properly trained.
- Potential Hazards
  - The facility boiler room was being used for storage.
  - **Management's Plan** – Plant Department management agreed to correct the situation immediately.
- Evacuation Signage
  - Emergency routes in the building were not marked. Although there are exit signs in place, the design of the building makes it difficult for them to be seen in some areas.
  - **Management's Plan** – The University's BMC office has been employed to develop exit signs for the School of Social Work. Mapping of exit routes is also in process.
- Equipment Shutdown
  - There was no procedure for shutting down computer equipment in the event of an emergency.
  - **Management's Plan** – This issue is being addressed as part of the Building Emergency Action Plan.
- Computer Room
  - Cables in the communications closets were not properly secured.
  - **Management's Plan** – A work order has been submitted to construct free-standing server racks. Loose cables are being secured until the permanent solution is implemented.

**Summary:** University Audits will conduct a follow-up review during the first quarter of Fiscal Year 2006.

**MAIS Business Continuity Planning**

#2004-302

Issued April 19, 2005

This audit was conducted to determine whether business continuity plans in key business units supported by MAIS Administrative Systems ensure that the University continues to function when faced with a disruption of systems, networks, or facilities. It did not include MAIS Disaster Recovery Planning. The following internal controls were evaluated:

- Documentation (including programs, materials, and procedures).
- Prioritization of critical functions.
- Plan content (systems, site contingencies, staff contingencies, security, recordkeeping, lost data, and communications).
- Communications between MAIS and the Emergency Operations Center.
- Training, testing, and maintaining plans.

Control issues:

- Central Authority
  - There is no standard approach for business continuity planning University-wide. MAIS has established a DR/BC Office to coordinate business continuity planning for business units supported by MAIS systems. University Audits and MAIS discussed the possibility

of sharing the MAIS business planning materials with campus administrative, academic, and research departments. Sharing the materials will promote consistent programs and standards.

- **Management's Plan** – The DR/BC Officer agrees with this and plans to update the business continuity templates and then placing them on the public website making them available for general use.
- Business Continuity Approval
  - There are no procedures to have formal business continuity plans approved and signed off by department management.
  - **Management's Plan** – The DR/BC Officer will integrate an appropriate procedure into the DR/BC process.
- Status Reporting
  - Although MAIS is not responsible for ensuring that adequate plans are written, missing or incomplete plans could affect overall operational effectiveness of recovered modules. If the status of unit plans was available on the MAIS website (requiring authentication), management would be advised as to where potential problems could arise.
  - **Management's Plan** – The DB/BC Officer will provide status information on existing and missing continuity plans on the website.
- Information Security
  - In one instance, a team's back-up CD's including programs and sensitive or confidential employee information were taken home as part of the off-site backup plan. Storing information in an employee's home is insecure and increases risk of compromising the data.
  - **Management's Plan** – MAIS will issue guidelines on stewardship over confidential information and offer alternative procedures for backup storage and offsite rotation.

**Summary:** The MAIS process for coordinating and reviewing baseline business continuity planning performed by business units appears complete and well run. Units participating in writing, testing, and maintaining business continuity plans are likely to meet University requirements particularly when all electronic systems and contingencies for loss of primary facilities and unavailability of key personnel are included. The discussion items (above) are primarily for the benefit of business units. Opportunities exist to use the MAIS model or a similar program in all administrative, academic, and research departments. University Audits will discuss the progress made toward the changes described in the Management Plan during a follow-up review during the first quarter of fiscal year 2006.

### MAIS Data Center Firewall

#2004-347

Issued April 29, 2005

This audit was conducted to assess the stability and effectiveness of the Data Center firewall. The following issues were discussed with management:

- Protocol vulnerabilities
  - A protocol which was part of the SSH service on the firewall had a known vulnerability.
  - **Management's Plan** – MAIS Security/Network Services (SNS) implemented the recommendation immediately. No follow-up is necessary.
- Unnecessary exceptions in firewall
  - A small portion of the rules in the MAIS Data Center firewall may allow excessive forms or sources of access into systems housed in the MAIS Data Center.
  - **Management's Plan** – MAIS SNS has addressed all of the findings. SNS will conduct another manual review of the firewall policy.

**Summary:** All issues were addressed immediately by MAIS. University Audits will conduct a follow-up review during the first quarter of fiscal year 2006.

## **FOLLOW-UP REPORTS**

### **WFUM TV FY 2003 Management Letter**

#2004-223

Original Report issued April 13, 2004

Follow-up report issued February 24, 2005

All outstanding issues have been appropriately addressed.

- Underwriting contracts have been appropriately addressed.
- Segregation of funds within the radio station and the TV station are now established.
- Gifts are properly recorded and reconciled.
- In-kind gifts are now properly recorded.

**This audit is closed.**

### **Accounts Payable – Employees who are Supplier Vendors with Post Office Boxes**

#2004-2005

Original Report issued April 22, 2004

Follow-up report issued February 28, 2005

A script has now been developed by MAIS in collaboration with Accounts Payable that identifies active employees with active supplier vendor numbers and inactivates the vendor numbers. This script was run in October 2004 and February 2005. In the future, it will be run monthly.

**This audit is closed.**

### **M-Pathways HRMS – EMPLID**

#2001-110

Original Report issued October 8, 2001

Follow-up report issued February 28, 2005

- The risk of duplicate employee ID's has been reduced by changes made to the system. Improvements have also been implemented which will more readily identify duplicates if they are introduced into the system.
- A formal shared services agreement is being implemented between the HRMS principal office and the stakeholders during March 2005. Management has taken the correct actions.

**This audit is closed.**

### **Student Publications 2004 Management Letter**

#2004-208

Original Report issued August 19, 2004

Follow-up report issued March 28, 2005

Student Publications management has obtained approval from the Treasurer's Office to deposit receipts the next business day. University Audits verified that the new procedure is being followed.

**This audit is closed.**

### **Plan Operations Purchase Order Vouchers – Duplicate Payments**

#2004-211

Original Report issued July 29, 2004

Follow-up issued March 31, 2004

During the follow-up review, it was verified that Plant Payroll and Accounts Payable offices now search on a quarterly basis. In addition, the terms and conditions section of the revised University purchase order have a statement that warns vendors that failure to comply with invoice numbering protocol may result in contract termination. Internal controls over the purchase order process have been strengthened by these new procedures.

**This audit is closed.**

**Financial Operations Effort Reporting: As-needed Certification Process** #2002-133  
Original Report issued August 28, 2003 Follow-up Report issued April 27, 2005

- The HR/Payroll Programs Implementation Team approved new procedures for the submission of revised effort certification reports of retroactive payroll adjustments on sponsored programs.

**This audit is closed.**

**Intercollegiate Athletics M Den Royalty Payments** #2003-155  
Original Report issued October 30, 2003 Follow-up Report issued April 29, 2005

- M Den now retains cash out sheets for Michigan Stadium tent locations on which royalty payments are calculated.

**This audit is closed.**

**Accounts Payable –PCard Duplicate Reimbursements** #2003-149  
Original Report issued April 29, 2004 Follow-up Report issued April 27, 2005

Accounts Payable now verifies whether or not a traveler is a PCard holder is no hotel or airfare is listed on their travel expense report.

- The PCard online training has been modified to emphasize the expense recording aspect of the ATM form.
- PCard reconcilers are sent quarterly emails stressing the importance of proper expense coding.
- Accounts Payable is now verifying whether event numbers are on ATM forms for travel expenses other than just mileage.

**This audit is closed.**

**MAIS Computer Security Incident Response** #2004-301  
Original Report issued July 20, 2004 Follow-up Report issued April 20, 2005

- The Incident Report Template now has a place for documenting approvals or other types of communication.
- Procedures and guidelines related to the MAIS Computer Security Incident Response policy have been rewritten.
- The Security Office now has access to the database which documents account usage incidents.

**This audit is closed.**

**University Audits – University of Michigan**  
**Open Audits Follow-up Table**  
**April 30, 2005**

| <b>Audit Title</b>  | <b>Report Date</b> | <b>Status</b>   | <b>Expected Completion</b> |
|---|--------------------|---|----------------------------|
| UM-Flint ITS Disaster Recovery and Business Continuity 2002-160                 | 4/30/03            | Plan to be completed mid 2005   | June 2005                  |
| UMCE Arbor Lakes Data Facility Physical/Disaster Recovery 2003-128              | 2/18/04            | Plan is being developed   | June 2005                  |
| UM-Dearborn Infrastructure School of Education 2003-109-2                       | 2/26/04            | One item remains open   | May 2005                   |
| UM-Dearborn Infrastructure 2003-109   | 2/26/04            | Five issues will be reviewed  | May 2005                   |
| MCIT User Account Management 2004-338   | 5/19/04            | Eight issues remain open  | May 2005                   |
| UMHS MCIT Clinical Support Unit Pharmacy Omnicell System 2004-337               | 8/31/04            | Verify that new processes are in place and working appropriately  | May 2005                   |
| Facilities/Operations and Housing Administration Communication Closets 2004-346 | 11/30/04           | Will review progress on closet improvements; developing a central approach  | May 2005                   |
| School of Social Work Computer and Physical Security Controls 2004-350          | 4/11/05            | Emergency and Disaster Recovery Plans; emergency planning   | September 2005             |
| MAIS Business Continuity Planning 2004-302                                      | 4/19/05            | Review progress with business units   | September 2005             |
| MAIS Data Center Firewall 2004-347  | 4/29/05            | Review changes in system protocols and access   | September 2005             |
| Medical School Private Gifts 2003-160   | 10/31/03           | Two previous follow-up reviews. Verify that agreed upon procedures have been implemented appropriately                    | June 2005                  |
| Durable Medical Equipment Inventory and Billing 2004-109                        | 4/6/04             | One follow-up has been conducted  | May 2005                   |
| Michigan Visiting Nurses 2004-105   | 5/11/04            | All open items appear to have been corrected. Review will confirm   | June 2005                  |
| Medical School Internal Medicine Charge Capture Review 2004-102                 | 6/16/04            | One follow-up review has been conducted. Final review will confirm that planned corrective measures have been implemented | May 2005                   |
| Organ and Tissue Donation Review 2004-113                                       | 7/29/04            | Corrective measures are being implemented   | Aug 2005                   |
| Senior Housing Bureau 2005-112  | 10/28/04           | Follow-up will be conducted as planned in original report   | June 2005                  |
| Chargemaster 2005-120   | 11/9/04            | Policies have been drafted and preliminarily approved   | June 2005                  |
| University of Michigan Medical School Outside Employment Disclosure 2005-118    | 4/26/04            | Update disclosure policy and communication  | September 2005             |

|   |         |  |                |
|---|---------|--|----------------|
| M-CARE Sales Commission<br>2005-121   | 4/26/05 | Improve controls   | September 2005 |
| UMHS Rehabilitation Engineering<br>2005-116   | 1/18/05 | Review changes made to controls related to review of financial transactions, equipment tracking, billing policies and procedures | June 2005      |
| Flint Child Development Center<br>2003-140  | 12/1/03 | Review documentation for operational procedures  | June 2005      |
| Federal Financial Aid FY 2003<br>2004-236   | 1/27/04 | Review reporting of Law School graduation dates  | May 2005       |
| Office of Development Annual Giving Programs Telefund Recharge Program 2004-225             | 9/22/04 | Verify implementation of process improvements  | May 2005       |
| College of Pharmacy Financial and IT Controls 2004-251, 351                                 | 1/31/05 | Review new IT processes; cash handling for special events  | October 2005   |
| Michigan Public Media<br>2004-247   | 3/28/05 | Verify improved control processes  | September 2005 |
| English Language Institute – Financial and Information Technology Controls<br>2005-208, 308 | 3/30/05 | Improve controls related to cash handling, reconciliations, timesheets   | September 2005 |
| Business and Finance Division Procurement Data Monitoring<br>2005-250                       | 4/27/05 | New procedure related to non-PO purchases  | September 2005 |

Note: University Audits has completed formal follow-up reviews of nine audits during the period, October 2004 – April 2005. Summaries of those reviews are included in the Semi-Annual Report of Completed Audits (attached)