



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Management Letter

University of Arizona

Year Ended June 30, 2004



Debra K. Davenport
Auditor General

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**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

April 6, 2005

The Arizona Board of Regents

Dr. Peter Likins, President
The University of Arizona

In planning and conducting our financial statement audit of the University of Arizona and our single audit of the State of Arizona for the year ended June 30, 2004, we performed the following as required by *Government Auditing Standards* (GAS) and Office of Management and Budget (OMB) Circular A-133:

- Considered the University's internal controls over financial reporting,
- Tested its internal controls over its major federal program, and
- Tested its compliance with laws and regulations that could have a direct and material effect on the University's financial statements or the State's financial statements and major federal programs.

There are no audit findings that are required to be reported by GAS and OMB Circular A-133. However, our audit disclosed an internal control weakness that did not meet the reporting criteria. Management should correct this deficiency to ensure that it fulfills its responsibility to establish and maintain adequate internal controls. Our recommendation is described below.

The University should improve controls over its critical computer systems

The University electronically processes and stores sensitive student, financial, and personnel information on its computer systems. As such it is essential for the University's computer systems to function properly and to provide safeguards for any confidential or sensitive information. Therefore, it is critical that the University have effective written policies and procedures to provide the basic framework for establishing accountability to ensure that changes to information system programs have been properly authorized and changes are appropriately made and tested before being placed into operation. Also, they help ensure that only authorized users have access to read, create, or modify data in a system, which helps reduce the risk of theft, manipulation, or misuse of confidential or sensitive information. However, the University did not have adequate policies and procedures to control changes to information system programs or control user access for its Student Information (SIS), Financial Reporting (FRS), and Personnel Services Operating (PSOS) systems.

The Arizona Board of Regents

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Auditors noted the following program change and access control deficiencies in the University's SIS, FRS, and PSOS information systems:

	Program Change Controls			Logical Access Controls	
	No Written Procedures for Emergency Changes	No Written Procedures for Changes	Program Changes Not Reviewed, Approved, or Tested	Terminated Employees Access Not Deactivated Timely	Incomplete or Unapproved Access Requests
SIS	X			X	
FRS	X			X	X
PSOS	X	X	X	X	

To help ensure that the University's computer systems are operating properly and to safeguard its confidential or sensitive electronic information, the University should develop and implement written policies and procedures for changes to its information system programs, including emergency program changes, and for granting, modifying, and deactivating user access, as appropriate, for its SIS, FRS, and PSOS information systems. The University should ensure that its policies and procedures require that:

Routine Program Change Controls–

- All changes to information system programs be authorized, analyzed, designed, tested, documented, and approved prior to being placed into production.
- Authorization be obtained from user management prior to program changes.
- Management and users review and approve the testing methodology.
- All changes be adequately documented.
- All changes be reviewed, approved, and tested by an independent person.

Emergency Program Change Controls–

- All emergency changes be authorized by the appropriate level of management.
- All emergency changes be adequately documented.

Access Controls–

- All access rights be identified and deactivated immediately after an employee's termination or transfer.
- All requests for system access be approved by supervisors. System access requests should contain all necessary information for assigning the appropriate level of system access.

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This letter is intended solely for the information of the Arizona Board of Regents and the University of Arizona and is not intended to be and should not be used by anyone other than the specified parties. However, this letter is a matter of public record, and its distribution is not limited.

Should you have any questions concerning its contents, please let us know.

Sincerely,

Debbie Davenport
Auditor General

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March 22, 2005

Ms. Debbie Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

The following is the University of Arizona's response to the Management Letter comments for Fiscal Year 2003/2004.

Title of Finding: The University should improve controls over its critical computer systems

Response:

We concur. The policies and procedures governing program change controls are currently being reviewed for effectiveness and to insure that the minimum requirements (as listed in the recommendation) are included. Policies and procedures that are not currently documented will be formally documented and adopted. Policies and procedures that omit certain key elements or that require changes will be revised and formally adopted. This process will include routine and emergency program change controls.

Policies and procedures governing access controls that include granting, modifying and terminating access to the University's SIS, FRS, and PSOS information systems are being reviewed and modified to insure timely, accurate and complete information and the requisite action.

If you have any questions, please feel free to contact me, 626-1677.

Sincerely,

Mark McGurk
Comptroller

