



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

Contact: Mary Mosiman
515/281-5835
or Tami Kusian
515/281-5834

FOR RELEASE _____ April 25, 2014 _____

Auditor of State Mary Mosiman today released a report on a special investigation of the University of Iowa Hospitals and Clinics (UIHC), Health Care Information Systems Department (HCIS), for the period January 1, 2005 through July 5, 2013. The special investigation was requested by University officials as a result of allegations Brian Manary, a former Senior Information Technology (IT) Support Consultant within HCIS, improperly sold IT equipment owned by UIHC. As an IT Support Consultant, Mr. Manary provided IT services, including ordering, configuring, and installing computer equipment, to several UIHC Departments.

Mosiman reported the special investigation identified a \$57,026.89 loss to UIHC due to the sale of equipment to UIHC staff members and other individuals by Mr. Manary for his personal gain. The amount identified includes:

- \$36,123.39 paid by UIHC for 24 items sold which were matched to their original purchase because their fair value could not be determined. The items were sold for \$15,462.65
- \$16,123.00 of deposits to Mr. Manary's personal bank account which were described by individuals as payments for computers they purchased from Mr. Manary which could not be matched to a specific purchase by UIHC, and
- \$4,780.50 of payments reported by individuals who stated they purchased items from Mr. Manary which could not be matched to a deposit in his personal bank account or to a specific purchase by UIHC.

Because sufficient information was not available to match some equipment sold by Mr. Manary to the original purchase by UIHC, the amount identified is conservative. Several individuals interviewed stated they purchased computers from Mr. Manary but could not remember how much they paid, when the purchase was made, or any identifying characteristics of the computers purchased. A value for these sales is not included in the \$57,026.89 identified.

The \$36,123.39 of items purchased by UIHC were sold by Mr. Manary for \$15,462.65, which he deposited in his personal bank account. The procedures also identified some computers purchased by UIHC were sold within a short period of time after being received. In addition, Mr. Manary sold items which were to be sent to University surplus to be sold or disposed of.

Mr. Manary's personal bank and credit card statements did not include large or frequent purchases from vendors to support the possibility he personally purchased the items he sold.

Mosiman also reported sufficient inventory records were not maintained and related supporting documentation was not available from UIHC Departments during the period of the investigation. As a result, it was not possible to determine if Mr. Manary sold or otherwise disposed of additional items.

The report includes recommendations to strengthen internal controls and overall operations, such as enhancing controls over purchases made with UIHC funds and establishing and maintaining appropriate inventory records for items which are susceptible to theft or loss.

Copies of the report have been filed with the Board of Regents' Office of Internal Audit, the University's Department of Public Safety, the Division of Criminal Investigation, the Johnson County Attorney's Office, and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/1461-8010-BE01.pdf>.

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**REPORT ON SPECIAL INVESTIGATION OF THE
UNIVERSITY OF IOWA HOSPITALS AND CLINICS
HEALTH CARE INFORMATION SYSTEMS DEPARTMENT**

**FOR THE PERIOD
JANUARY 1, 2005 THROUGH JULY 5, 2013**

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Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Auditor of State's Report

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

As a result of the alleged diversion of computer equipment and at the request of University of Iowa (University) officials, we conducted a special investigation of the University of Iowa Hospitals and Clinics (UIHC), Health Care Information Systems Department (HCIS). Based on a review of relevant information and discussions with University and HCIS personnel and officials, we performed the following procedures for the period January 1, 2005 through July 5, 2013:

- (1) Obtained an understanding of concerns identified by University officials.
- (2) Interviewed University and HCIS personnel to obtain an understanding of how Brian Manary, a former HCIS Senior Information Technology (IT) Support Consultant, carried out his job duties.
- (3) Evaluated UIHC and HCIS's internal controls over the purchase, inventory, and disposal of computer and other electronic equipment. We also evaluated policies established by the University for purchasing, inventorying, and disposing of computer and other electronic equipment.
- (4) With the assistance of University and UIHC personnel, obtained reports which summarized purchases of computer equipment by various Departments for which Mr. Manary was listed as the receiver. For selected transactions, we examined available supporting documentation to determine if the purchases were appropriate, properly supported, and properly approved. We also analyzed transactions by type of items purchased.
- (5) Obtained and reviewed bank statements for personal accounts held at certain financial institutions by Mr. Manary and supporting documentation to identify the source of certain deposits made to the accounts.
- (6) Obtained and reviewed Mr. Manary's known personal bank and credit card statements to determine if he personally purchased computer equipment and supplies.
- (7) Obtained and reviewed Mr. Manary's payroll information to identify additional compensation, such as bonuses, technology allowances, and other provisions. We also reviewed additional compensation to Mr. Manary to determine its propriety and whether the payments were supported by adequate documentation.
- (8) Reviewed reimbursements to Mr. Manary to determine their propriety.

The procedures identified a \$57,026.89 loss to UIHC due to the sale of equipment to UIHC staff members and other individuals by Mr. Manary for his personal gain. Because sufficient inventory records were not maintained and related supporting documentation was not available, it was not possible to determine if Mr. Manary sold or otherwise disposed of additional items. The detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A through D** of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed a review of the Department of Information Technology, other matters might have come to our attention which would have been reported to you.

Copies of this report have been filed with the Board of Regents' Office of Internal Audit, the University's Department of Public Safety, the Division of Criminal Investigation, the Johnson County Attorney's Office, and the Attorney General's Office.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the University's Department of Public Safety, the Board of Regents' Office of Internal Audit, the University of Iowa, and the University of Iowa Hospitals and Clinics Information Technology Department during the course of our investigation.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 20, 2014

Report on Special Investigation of the
University of Iowa Hospitals and Clinics
Health Care Information Systems Department
Investigative Summary

Background Information

The University of Iowa Hospitals and Clinics (UIHC) is Iowa's only comprehensive academic medical and regional referral center. The UIHC's mission is "Changing Medicine. Changing Lives." UIHC is part of the State University of Iowa, which is owned and operated by the State of Iowa and under the supervision of the Board of Regents.

UIHC includes substantially all of the healthcare provider activities for patient care associated with the University other than the physicians and dentist services and research activities provided by the faculties of the University's College of Medicine and Dentistry. UIHC is a comprehensive tertiary care referral center located in Iowa City, Iowa, offering a full range of clinical services in substantially all specialties and subspecialties of medicine and dentistry.

According to the UIHC website, UIHC employed 1,593 physicians, residents and fellows and 8,139 non-physician employees, including 1,896 professional nurses during fiscal year 2013. UIHC also relies on the help of more than 1,300 volunteers.

The Health Care Information Systems Department (HCIS) is one of many departments operated by the UIHC. According to the HCIS website, HCIS provides and supports information and communication systems and technology that facilitates quality patient care, progressive medical education, and innovative research.

HCIS includes the administrative application division which employs approximately 40 staff who work to develop, maintain, implement, and provide on-going support for all administrative applications for UIHC. The division works closely with UIHC staff to identify technology solutions and address business needs and improve operational efficiency.

Brian Manary began employment with HCIS on January 13, 2005 as an Information Technology Support Services Technician I. Mr. Manary started providing support to the Otolaryngology Department and the Neurology Department during November 2005. Mr. Manary was promoted to the position of Senior Information Technology (IT) Support Consultant in April 2011. Mr. Manary also was the lead worker for a desktop team in the Customer Services Unit.

According to the Senior IT Support Consultant job description, Mr. Manary was to "plan, coordinate, and manage the daily operations of a Desktop Support team within Health Care Information Systems and to assist in project work with the analysis, integration, installation, and troubleshooting of wired and wireless computing devices." Some of the specific duties and responsibilities include:

- Direct, schedule, assign, and monitor the work of the Desktop Support team.
- Recommend measures to improve service delivery, scheduling, and quality control.
- Modify procedures and workflow to make effective use of available technologies to increase unit efficiency.
- Provide expert technical support on hardware and software applications used by the organization.
- Develop work plans and time schedules for large-scale projects. Monitor progress and modify schedule and plan as needed.

- Develop and enforce unit policies and procedures.
- Evaluate and/or design IT management tools for problems and service management.
- Manage division HR, including staff development and coaching, conflict resolutions, salary and classification recommendations, performance, and evaluations.
- Act as a liaison between IT customers, other IT departments, and HCIS.
- Prepare specific and periodic reports, fiscal records, and service charges.
- Train and evaluate employees in new or revised work methods and procedures.

In addition to the above duties, Mr. Manary helped staff determine what computers would best fit staff needs and comply with UIHC and HCIS policies. Once an appropriate configuration was determined, Mr. Manary contacted the person in-charge of ordering equipment for a particular department and provided them the specifications. It was the individual department's responsibility to order the equipment. Mr. Manary was not authorized to order equipment and was not assigned a University procurement card (PCard). The departments followed normal UIHC and University procurement procedures when ordering equipment.

The University contracts with Dell for desktop and laptop computers. Dell computers are ordered by the departments through the University's PReq system. Desktop and laptop computers purchased from other vendors, such as Apple, and peripheral equipment, such as monitors, printers, and external hard drives, can be purchased from the manufacturer or third party vendors using either the PReq system or a PCard. The University Accounts Payable Department pays vendors for purchases made through the PReq system.

Computer equipment purchased for departments was shipped directly to Mr. Manary or to the ordering department. The decision on where to ship the equipment was determined by the individual who ordered the equipment. Once received by the department or Mr. Manary, the computer was to be configured by Mr. Manary or another team member and then delivered to the appropriate staff person.

When a computer is no longer needed, it is to be sent to HCIS Asset Management in accordance with UIHC and University policy. To surplus equipment, department staff contact HCIS and an HCIS staff person collects the computer so all confidential data and the hard drive can be properly removed.

HCIS was contacted on June 4, 2013 by an individual who reported a potential misappropriation of computer equipment. According to the individual, she received a laptop computer from Mr. Manary as a Christmas gift in 2011. She was familiar with Mr. Manary through a relationship he had with her daughter. When she contacted Dell technical support for assistance on November 16, 2012, she was informed by a Dell representative the computer was registered to UIHC. She received an e-mail from Dell on December 6, 2012 which stated the request to transfer ownership from UIHC to her was denied. After receiving the e-mail, she contacted her daughter who, in turn, contacted Mr. Manary to "ask him what was going on."

According to the individual, Mr. Manary was upset she contacted Dell and he told her daughter he needed to get the computer back. She also stated she told her daughter the only way he could get the computer back was "if he brought me another computer, not one owned by the University." The individual also reported he asked her daughter what types of programs she would want on the new computer. According to the individual, Mr. Manary came to her home on December 7, 2012 and provided her with a new laptop he had purchased that day and provided her the related sales receipt.

In addition, she stated Mr. Manary sold a desktop computer to another family member in August 2012 for his business. After he delivered and set up the replacement laptop computer for her, he stated he needed to get the desktop computer from the other family member. Mr. Manary and the individual went to the family member's place of business on December 7, 2012 and

replaced the desktop computer Mr. Manary previously sold to him with a new desktop computer he had purchased that morning. He also provided the related sales receipt for the new desktop computer.

After considering Mr. Manary's response when she contacted him on December 6, 2012, the individual's daughter asked him about an Apple laptop he had given her for her birthday in April 2012. He stated he would also need the Apple laptop back right away because it was his work computer. The daughter stated she told him he needed to get the computer out of her house right away. She stated he picked the computer up on December 6, 2012.

After HCIS was notified by the individual, the Loss Prevention Coordinator (Coordinator) began an internal investigation. The Coordinator interviewed Mr. Manary in late June 2013. Based on the interview, Mr. Manary was placed on administrative leave on June 21, 2013. He was subsequently terminated from employment on June 28, 2013.

After Mr. Manary was placed on leave, the Coordinator met with the Otolaryngology Department's administrator and accountant to determine the next step in the investigation. The Coordinator's investigation also included the following procedures:

- The individual who contacted HCIS regarding the computer she received from Mr. Manary also provided the original manufacturer's box which contained relevant information, including the make, model, and serial number. With assistance from the IT Department, the Coordinator used this information to track the device using UIHC's inventory system.

The UIHC inventory system requires any computer or printer which is connected to the UIHC computer system to be registered with the computer's serial number and UIHC assigned tag number. The information contained in the tracking software showed the computer was purchased by UIHC and was to be used by the Otolaryngology Department. Once this information was received, the Coordinator visited the Department and initially determined the computer was not in the Department. However, it was ultimately located in Mr. Manary's office.

Using the T3 system, UIHC's system for tracking computer inventory, the Coordinator verified the purchase date, purchase amount, the purchase agreement with the vendor, and the date the computer was put into service. Based on the information recorded in the T3 system, Mr. Manary used the computer for his own purposes, gave it as a gift to the individual who contacted UIHC, and ultimately recovered it from her and returned it to his office.

- The Coordinator sent out a questionnaire to selected staff members in departments Mr. Manary worked for in an attempt to identify anyone who had purchased computers or computer accessories from him. Over the course of the next several weeks, several individuals came forward. As they came forward, the Coordinator gathered available documentation from them, including descriptions of purchases they made from Mr. Manary, copies of canceled checks, and photographs of the computers with identifying characteristics. This information was shared with IT Department staff who were able to locate many of the related purchase documents; however, the documents did not consistently contain the serial numbers of the computers identified.
- Purchase documents were used to contact the vendors who provided the serial numbers of computers which matched the purchase order, if available. The IT staff prepared a listing which summarized the information obtained.
- IT staff completed an inventory of the Otolaryngology Department which identified additional missing computers. Based on information from Department staff, the computers were sold to former or current members of the Department. Using the

purchase orders and information provided by the vendors, staff verified these computers were the property of UIHC.

After the investigation began, the Coordinator contacted the University's Department of Public Safety and the Office of Internal Audit. University officials requested the Office of Auditor of State investigate the purchase of computer equipment and the related transactions processed by Mr. Manary.

As a result of the concerns identified, we performed the procedures detailed in the Auditor of State's Report for the period January 1, 2005 through July 5, 2013.

Detailed Findings

The procedures identified a \$57,026.89 loss to UIHC due to the sale of equipment to UIHC staff members and other individuals by Mr. Manary for his personal gain. The amount identified includes:

- \$36,123.39 paid by UIHC for 24 items sold which were matched to their original purchase because their fair value could not be determined. The items were sold for \$15,462.65
- \$16,123.00 of deposits to Mr. Manary's personal bank account which were described by individuals as payments for computers they purchased from Mr. Manary which could not be matched to a specific purchase by UIHC, and
- \$4,780.50 of payments reported by individuals who stated they purchased items from Mr. Manary which could not be matched to a deposit in his personal bank account or to a specific purchase by UIHC.

Because sufficient information was not available to match some equipment sold by Mr. Manary to the original purchase by UIHC, the amount identified is conservative. Several individuals interviewed stated they purchased computers from Mr. Manary but could not remember how much they paid, when the purchase was made, or any identifying characteristics of the computers purchased. A value for these sales is not included in the \$57,026.89 identified.

In addition, sufficient inventory records were not maintained and related supporting documentation was not available from UIHC Departments during the period of the investigation. As a result, it was not possible to determine if Mr. Manary sold or otherwise disposed of additional items.

Items Sold by Brian Manary Which Were Matched to Purchases by UIHC

Mr. Manary was not assigned a PCard and was unable to authorize purchases with department funds. As previously stated, purchases were placed by department staff members based on recommendations from Mr. Manary. As a result, the Coordinator and his staff used identifying information provided by individuals who reported they purchased equipment from Mr. Manary to determine if certain departments for which Mr. Manary provided IT services purchased the computers he sold. Specifically, they compared documents for computers purchased by the departments to the computers purchased by the individuals based on the serial number, model, or a basic description of the computer and/or the estimated date the individual bought the computer from Mr. Manary.

Using this method, the Coordinator and IT staff identified certain computers purchased by the departments which were subsequently sold by Mr. Manary. **Exhibit B** includes 24 of the computers matched by the Coordinator and IT staff. As illustrated by the **Exhibit**, the amount paid by the departments for the 24 computers total \$36,123.39. This amount is included in **Exhibit A**.

Using supporting documents for certain deposits made to Mr. Manary's personal bank account, we matched 22 checks and 2 money orders deposited in his personal bank account to the listing obtained from the Coordinator. The 22 checks and 2 money orders deposited in Mr. Manary's personal bank account are included in **Exhibit B**. As shown by the **Exhibit**, Mr. Manary deposited \$15,112.65 for the 24 computers for which the departments paid \$36,123.39.

We also determined an individual reported she paid an additional \$400.00 in cash for 1 of the 24 computers listed in **Exhibit B**. Because we were unable to verify the \$400.00 cash payment reported, it is not included in the \$15,112.65 summarized in **Exhibit B**.

Because some deposits were made at ATM machines not owned by Mr. Manary's bank, his bank was unable to provide detailed information for all the deposits requested. As a result, there may be additional deposits for computer equipment sold which were not identified.

Deposits for Items Sold by Brian Manary Which Could Not be Matched to Specific Purchases by UIHC

Some of the computers sold by Mr. Manary were new, which allowed the Coordinator and IT staff to match the computer to a purchase by UIHC. However, other individuals reported the computer they purchased was used. Because the computers were several years old (used), the Coordinator and IT staff were not able to match the computers to purchases made by UIHC.

Using the deposit detail received for Mr. Manary's personal bank account, we identified 38 checks totaling \$16,123.00 deposited to Mr. Manary's personal bank account which agreed to information provided by individuals who stated they purchased computers from Mr. Manary. **Exhibit C** lists the 38 checks and summarizes the information provided by each individual. Because the individuals could not provide additional information such as a serial number, manufacturer, model, or date purchased, we were unable to match the computer sold to a computer purchased by UIHC, even with the assistance of IT staff.

As previously stated, some of the computers sold by Mr. Manary were to be sent to University surplus to be reassigned to another department, sold, or disposed of. If the computers had been surplus, the computers could have been reassigned to another department, which would have saved UIHC the cost of a new computer for the acquiring department. Alternatively, UIHC would have received the proceeds from any sale of the surplus equipment. As a result, the price paid by the individuals is included in **Exhibit A**.

As previously stated, Mr. Manary's bank was unable to provide detail for all the deposits requested. Had this information been available, we may have identified additional deposits related to the sale of computer equipment.

Additional Payments to Brian Manary for Items Sold

The listing prepared by the Coordinator included 6 individuals who stated they purchased 8 computers from Mr. Manary and were able to provide a serial number for the computer they purchased. Of the 6 individuals, 1 reported they purchased 3 computers from Mr. Manary. The 8 computers purchased by the individuals are listed in **Exhibit D**. As shown in the **Exhibit**, the individuals stated they paid for the computers using cashier's checks, cash, and providing baby-sitting services in lieu of payment. We were unable to match the amounts reported by the individuals to a deposit in Mr. Manary's personal bank account. However, using the serial numbers of the computers, IT staff were able to match the computers to purchases by UIHC. As illustrated by **Exhibit D**, the amount paid for the computers by UIHC is \$13,493.99.

The **Exhibit** also includes the payment amounts reported by the individuals. As illustrated by the **Exhibit**, the payments total \$4,780.50. By selling the computers at the prices shown in

Exhibit D, Mr. Manary essentially established the market value for the computers. The price paid by each individual is included in **Exhibit A**.

During the review of the statements made and information provided by individuals whose checks were deposited to Mr. Manary's personal bank account, we determined some individuals had Mr. Manary repair their computers. Repairs included clearing hard drives as a result of viruses, replacing software, and, in at least 1 case, installing a battery. Individuals interviewed stated they sometimes brought the computers to Mr. Manary at his office at UIHC.

Based on the information provided, it is not clear if Mr. Manary performed the repair service during his normal working hours at UIHC or used UIHC equipment to perform the service. According to the Coordinator, as an IT Support Consultant, Mr. Manary had access to all the product keys for software licensed and owned by UIHC. Based on this information, it is possible Mr. Manary had the opportunity to use UIHC licenses to install software onto the computers he serviced. In addition, Mr. Manary had access to supplies and accessories, such as keyboards, batteries, and other components used to repair computers. UIHC was unable to provide a value of the components.

Additional Deposits to Brian Manary's Personal Bank Account

During our review of Mr. Manary's personal bank statements, we identified a number of deposits which were unusual in nature, but we were unable to determine if the amounts deposited were proceeds from the sale of UIHC computers and related equipment. Specifically, we identified 26 checks from Kelly Manary, Mr. Manary's sister. The checks ranged from \$46.00 to \$644.00 and were dated between July 7, 2007 and October 18, 2011. Of the 26 checks, 13 were issued from July 1, 2010 through December 15, 2010 and total \$2,088.53.

Because we were unable to determine if any of these checks were the proceeds from the sale of UIHC equipment, they are not included in **Exhibit A**.

Inventory

UIHC did not maintain complete inventory listings or tag items with a value less than the \$5,000.00 threshold established by the University's capitalization policy. UIHC does require any electronic device which connects to the UIHC network be assigned an inventory tracking number and be included in the HCIS equipment inventory. However, UIHC does not require all computers, external hard drives, iPads, iPods, cameras, and other items be included in the inventory listing. Computer equipment and other current technology projects purchased by the departments, such as laptop computers and iPads which are small and designed to be portable, are attractive to individuals and susceptible to loss.

As previously stated, UIHC has a policy which requires all IT equipment no longer needed by a department be sent to HCIS Asset Management for disposition. If the IT equipment might fit a need for another department, it can be reconditioned and installed in another department. If there is no value remaining, the equipment is prepared for surplus.

As a result of the special report on the Department of Orthopaedics issued October 24, 2012, Departments within UIHC were instructed by the UIHC IT Department to undertake an inventory of all computer equipment. According to IT staff we spoke with, UIHC departments were directed to record desktops, laptops, tablets, and network attached printers in the IT inventory system. The instructions did not specify if departments were to record ancillary devices such as external hard drives, iPods, or digital cameras. The IT Department discourages the use of external hard drives for data security and privacy reasons. Because items such as external hard drives, iPods, and cameras are not included in the inventory, UIHC cannot track these items and determine if the items are in UIHC's possession or were lost or stolen.

Because sufficient inventory records were not maintained in accordance with UIHC policy, we were unable to determine if all computer equipment sent to HCIS Asset Management was repurposed or sent to surplus. Had records been available, additional equipment may have been identified which was not repurposed or sent to surplus and was possibly misappropriated.

Recommended Control Procedures

As part of our investigation, we reviewed the controls used by the University of Iowa Hospitals and Clinics. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from errors or irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen UIHC's internal controls.

- (A) Centralized Purchasing- Computers and related electronic equipment can be purchased by any department through the normal expense voucher system or by using PCards at any vendor selling electronic equipment items.

HCIS has no means to prevent or detect duplicate and unnecessary purchases of computer and related electronic equipment in a timely manner and ensure adequate security measures are taken for all equipment, such as installation and update of antivirus software. In addition, the lack of a centralized purchasing function does not allow maintenance of a complete inventory of all equipment which is susceptible to theft.

Recommendation – UIHC and the University should establish procedures which ensure equipment purchases are centrally controlled. The procedures should be applied to all purchases, regardless of funding source. Purchases made with grant funds should follow all established purchasing procedures.

- (B) Lack of Inventory Records and Internal Controls - By its nature, computer equipment and other current technology products are attractive to individuals and susceptible to loss. These items are frequently small and designed to be portable, such as laptop computers and iPads. HCIS did not have any inventory records which listed computer equipment purchased by the departments. The University's and the department's policies do not require maintaining an inventory or tagging equipment which individually cost less than \$5,000.00 but is susceptible to loss.

The University has a policy which requires all tagged and non-tagged computer and digital storage media leaving the University's possession and/or control while still intact be transferred in accordance with Part V, Chapter 12 of the University's Operations Manual. Because Mr. Manary sold UIHC computers, the computers and other equipment were not disposed of in accordance with University policy.

Because sufficient inventory records were not maintained and computer equipment was not disposed of in accordance with UIHC policy, we were unable to determine what specific pieces of equipment purchased by the departments were, or should have been, in each department's possession.

Recommendation – In addition to capitalization policies already established by the University, inventory records should be established and maintained to facilitate proper insurance coverage, maintenance and safeguarding of property and equipment susceptible to loss. A complete inventory of all electronic equipment, such as computers, cameras, iPads, printers, hard drives and monitors, should be completed

and items should be tagged. The inventory should include equipment kept at the homes of staff members.

An inventory of all equipment should be conducted periodically and compared to the fixed asset records by a person independent of the record keeping function. The University should also implement procedures which ensured departments comply with disposal policies. As part of the inventory process, all old or outdated equipment should be surplus in accordance with University policy.

Exhibits

**Report on Special Investigation of the
University of Iowa Hospitals and Clinics
Health Care Information Systems Department**

Report on Special Investigation of the
University of Iowa Hospitals and Clinics
Health Care Information Systems Department

Summary of Findings
For the period January 1, 2005 through July 5, 2013

Description	Exhibit	Amount
Items sold by Brian Manary which were matched to purchases by UIHC	B	\$ 36,123.39
Deposits for items sold by Brian Manary which could not be matched to specific purchases by UIHC	C	16,123.00
Additional payments to Brian Manary for items sold	D	<u>4,780.50</u>
Total loss		<u><u>\$ 57,026.89</u></u>

Report on Special Investigation of the
University of Iowa Hospitals and Clinics
Health Care Information Systems Department

Items Sold by Brian Manary Which Were Matched to Purchases by UIHC
For the period January 1, 2005 through July 5, 2013

Per Listing Provided by UIHC

Information from Purchasers					Purchase Documentation from UIHC	
Purchaser	Date of Purchase	Brand	Model	Serial Number *	Date Shipped from Vendor	UIHC Purchase Price
Pettit, Molly	N/A	Apple	MacBook Pro	W88391SBYK0	09/27/08 A \$	2,749.00
Baker, Teresa	June 2009	Dell	Latitude 4300	19303784641 serial # 8V8Z3K1	05/17/09	1,348.68
Burke, Diane	2010	Dell	Latitude Laptop E5399	FVHZJ1 34556417677	05/12/10	827.00
Lowder, Mary	N/A	Dell	Latitude D630	7DKCVK1	09/6/09 A	1,543.15
Baker, Teresa	May 2010	Dell	Laptop Latitude E5400	38909982349 serial# HVHZYJ1	05/11/10	827.00
English, Jackie	May 2010	Dell	Laptop Latitude E5400	7594586677 serial# 3HLMCL1	05/10/10	949.00
Martinek, James	N/A	Apple	Mac Book Air	W88010R0141	02/11/08 A	1,969.00
Dondelinger, Karen	02/01/11	Dell	Latitude E4310	GBK7YN1	01/27/11	1,844.18
Martinek, Karen	N/A	Apple	MacBook Pro	W8019YBRATM	05/19/10	1,282.00
Burke, Diane	N/A	Dell	Optiplex 980	4SHBDQ1	03/31/11	1,046.00
Brake, Chris	08/11/11	Dell	E4310	2Q5NBP1	02/19/11	1,732.66
Brake, Chris	08/11/11	Apple	MacBook Pro	C02G6RR1DRJ9	08/10/11	1,399.00
Hazlett, Ronnie II	N/A	Apple	Mac Book Pro	C02G7025DRJD	08/11/11	1,999.00
Hazlett, Ronnie II	N/A	Apple	Mac Book Air	C02FL19TDDR0	04/22/11	1,358.00

**Per Supporting Documentation for Certain Deposits
to Brian Manary's Personal Bank Account**

Check Date	Check Number	Payer	Memo Line	Amount
01/11/08	1093	Pettit	<i>Blank</i>	\$ 200.00 B
06/05/09	3242	Baker	Computer	600.00
05/20/10	173	Burke	<i>Illustration of a happy face</i>	650.00
12/16/09	2046	Lowder	<i>Blank</i>	725.00 B
05/14/10	3517	Baker	Computer	600.00
05/19/10	5337	English	<i>Blank</i>	600.00
08/21/10	9824	Martinek	<i>Blank</i>	1,100.00 B
02/04/11	1167	Dondelinger	<i>Illustration of a happy face</i>	422.65
02/05/11	9933	Martinek	<i>Blank</i>	300.00 B
04/07/11	15163	Burke	<i>Blank</i>	600.00 B
08/01/11	1308	Brake	Dell, Mac	950.00
08/09/11	1100	Brake	Macbook Pro	325.00
08/11/11	Money Order	Hazlett	<i>Blank</i>	850.00
08/11/11	Money Order	Hazlett	<i>Blank</i>	1,000.00

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Items Sold by Brian Manary Which Were Matched to Purchases by UIHC
For the period January 1, 2005 through July 5, 2013

Per Listing Provided by UIHC						Purchase Documentation from UIHC	
Information from Purchasers							
Purchaser	Date of Purchase	Brand	Model	Serial Number *	Date Shipped from Vendor	UIHC Purchase Price	
Brown, Carolyn	N/A	Dell	Latitude E6320 Laptop	DFQZ2R1	08/23/11	1,450.52	
Pint, Arnette	Sep 2011	Dell	Latitud E6320	JLXM2R1	08/12/11	1,732.50	
Searls, Jaclyn	Sep 2011	Dell	Optiplex 990?	G24F1R1	09/17/11	1,158.70	
Dunn, Jan	N/A	Dell	Latitude E6420	60Z7FS1	12/09/11	1,168.00	
Martin, Hollie	05/01/12	Apple	MacBook Pro	CIMHKK4KDV13	04/26/12	1,099.00	
Van Daele, Douglas	05/02/12	Apple	Mac Pro	H01330C6EUG	08/11/11	2,551.00	
Martin, Richard	05/09/12	Apple	MacBook Pro	C02HM2N1DV7L	05/03/12	1,699.00	
Gurrola, Jose G II	07/19/12	Apple	MacBook Air	C02J23AGDRVG	07/12/12	2,108.00	
Grecian, Pamela	N/A	Apple	Mac Book Air	C02J80LGDRV9	08/23/12	1,554.00	
Searls, Jaclyn	05/29/13	Apple	iPad 2	GB0298YEETU	07/20/10	729.00	
Total						<u>\$ 36,123.39</u>	

* - Not all purchasers were able to provide the serial number. Some serial numbers were obtained from UIHC purchase documentation.

N/A - Not available

A - The computer was originally purchased by the UIHC rental pool. The computer was transferred to HCIS after HCIS paid for the computer in full. When a computer was transferred between departments, the ship date was changed to reflect the date the department received the computer.

B - The check does not match the estimated amount or dates provided by the purchaser. However, the serial number was matched to a specific purchase by UIHC.

C - The cleared check, check carbon and other statements document who purchased the item. The bank was unable to retrieve the detail for the deposits on these days. However, the total deposit exceeds the check amount shown.

Per Supporting Documentation for Certain Deposits to Brian Manary's Personal Bank Account				
Check Date	Check Number	Payer	Memo Line	Amount
09/12/11	3903	Brown	<i>Blank</i>	650.00
09/14/11	9015	St. Mark's United Methodist Church	<i>Blank</i>	650.00
09/20/11	2427	Searls	<i>Blank</i>	175.00
11/16/11	1117	Dunn Nedl	Comp	700.00 B
05/01/12	1878	Martin	<i>Blank</i>	750.00 C
05/02/12	3917	Van Daele	Mac Pro	1,250.00 C
05/09/12	9677	Martin	MacBook Pro	950.00 C
07/19/12	1192	Gurrola	Mac Air	800.00
09/17/12	5236	Grecian	<i>Blank</i>	500.00 C
05/29/13	2295	Searls	Ipad	115.00 C
				<u>15,462.65</u>

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Deposits for Items Sold by Brian Manary Which
Could Not Be Matched to Specific Purchases by UIHC
For the period January 1, 2005 through July 5, 2013

Per Listing Provided by UIHC

Payer	Information Provided by the Purchaser
Colwill	<i>Information not provided</i>
Lowder	Emails sent by purchaser included pictures of 2 computers she purchased.
Dondelinger	Purchaser provided a list of checks she issued to Brian Manary and reported she purchased 2 or 3 refurbished computers.
Pettit	Email sent by purchaser reported she purchased a MAC in 2008.
Brown	Email dated 02/25/08 states payment is for laptop repair and installation of a virus scan and adware program.
Hughes-Roggeveen	Purchased a refurbished MAC.
Baker	Purchased used Mac Book Pro, serial #38909982349.
Dondelinger	Purchaser provided a list of checks she issued to Brian Manary and reported she purchased 2 or 3 refurbished computers.
Wilson	<i>Information not provided</i>
Dondelinger	Purchaser provided a list of checks she issued to Brian Manary and reported she purchased 2 or 3 refurbished computers.
Dondelinger	Purchaser provided a list of checks she issued to Brian Manary and reported she purchased 2 or 3 refurbished computers.
Dondelinger	Purchaser provided a list of checks she issued to Brian Manary and reported she purchased 2 or 3 refurbished computers.

**Per Supporting Documentation for Certain Deposits
to Brian Manary's Personal Bank Account**

Check Date	Check Number	Payer	Memo Line	Amount
09/12/07	8469	Colwill	Computer	\$ 500.00 #
10/08/07	4712	Lowder	None	600.00 B
12/01/07	3819	Dondelinger	1/2 pmt - laptop	175.00 B
02/01/08	1104	Pettit	None	200.00 B
02/25/08	3359	Brown	Thanks!	100.00 B
05/08/08	2419	Hughes-Roggeveen	Mac	800.00
05/14/08	6725	Baker	Mac - for Abbie	800.00
08/01/08	4139	Dondelinger	<i>Illustration of a happy face</i>	150.00 B
08/19/08	1476	Wilson	Apple Mac Pro	1,060.00 #
09/01/08	4143	Dondelinger	None	150.00 B
10/01/08	4151	Dondelinger	Pd in full - Thanks!	200.00 B
12/01/08	4180	Dondelinger	Thanks	100.00 B

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Payer	Information Provided by the Purchaser
Weatherly	<i>Information not provided</i>
Weatherly	<i>Information not provided</i>
Burke	<i>Information not provided</i>
Sporkman-Link	<i>Information not provided</i>
Sweedan	<i>Information not provided</i>
Whetstine (2)	<i>Information not provided</i>
Riggs	<i>Information not provided</i>
Whetstine (2)	<i>Information not provided</i>
Dondelinger	Purchaser provided a list of checks she issued to Brian Manary and reported she purchased 2 or 3 refurbished computers.
Dondelinger	Purchaser provided a list of checks she issued to Brian Manary and reported she purchased 2 or 3 refurbished computers.
Dailey	Only a check was provided. No additional information.
Martinek	Purchaser reported paying for computers but provided no additional information.
Whetstine (2)	<i>Information not provided</i>
Martinek	Purchaser reported paying for computers but provided no additional information.
Iowa Federation of Women's Club	<i>Information not provided</i>
Dondelinger	Purchaser provided a list of checks she issued to Brian Manary and reported she purchased 2 or 3 refurbished computers.
Hardy	Purchaser reported purchasing a Dell computer as a gift.

**Per Supporting Documentation for Certain Deposits
to Brian Manary's Personal Bank Account**

Check Date	Check Number	Payer	Memo Line	Amount	
12/01/08	3314	Weatherly	Laptop	100.00	#
12/22/08	3328	Weatherly	2 Laptops	200.00	#
01/26/09	14634	Burke	Daniels laptop	300.00	#
05/26/09	2452	Sporkman-Link	Computer	650.00	#
07/16/09	5004	Sweedan	Computer	500.00	#
09/06/09	7964	Whetstine (2)	Mike Computer	300.00	#
09/20/09	1148	Riggs	Aubrey Riggs - Apple Laptop	400.00	#
12/05/09	8031	Whetstine (2)	Sara Computer	450.00	#
12/21/09	3938	Dondelinger	Computer -	100.00	B
01/14/10	3944	Dondelinger	pd in full	60.00	B
03/01/10	9618	Dailey	<i>None</i>	100.00	B
05/25/10	9790	Martinek	<i>None</i>	800.00	B
06/14/10	7914	Whetstine (2)	Marks computer	350.00	#
06/17/10	9800	Martinek	<i>None</i>	850.00	B
11/05/10	1652	Iowa Federation of Women's Club	Computer	848.00	#
01/24/11	1165	Dondelinger	<i>Illustration of a happy face</i>	55.00	B
01/31/11	2230	Hardy	<i>None</i>	500.00	

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Deposits for Items Sold by Brian Manary Which
Could Not Be Matched to Specific Purchases by UIHC
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Per Listing Provided by UIHC

Payer	Information Provided by the Purchaser
Brown	Purchaser described paying for computer service and a new battery.
Aggson	<i>Information not provided</i>
St. Mark's United Methodist Church	Copy of check stub which documents the payment was for a computer dock.
Beard	Email string regarding purchase of computer. The emails include a price quote of \$600.00 for a XXXX from Brian Manary.
Dreckman	<i>Information not provided</i>
Leigh	Purchase of Apple Mac Book Pro #W80244W FAGZ
Grecian	Purchaser stated he purchased 2 Apple laptop computers from Brian Manary. He stated when the first laptop purchased no longer worked he traded it for the second purchased on 09/17/12.
Giriando	<i>Information not provided</i>
Gallerick Auto Sales & Salvage	Purchaser reported he purchased a computer in August 2012 for his business.
Total	

A - The cleared check, check carbon and other statements indicate the person purchased the item. The bank was unable to retrieve the detail for the deposits on these days. However, the total deposit exceeds the check amount shown.

B - The check does not match the estimated amount or dates given by the purchaser. However, the information is relatively close based on purchase date and check date.

SC - Check number not available because it was a starter check.

- Included based on memo line description and amount of check.

**Per Supporting Documentation for Certain Deposits
to Brian Manary's Personal Bank Account**

Check Date	Check Number	Payer	Memo Line	Amount
04/11/11	3900	Brown	<i>None</i>	145.00
04/20/11	9162	Aggson	Laptop computer (Dell)	350.00 #
11/30/11	9136	St. Mark's United Methodist Church	<i>None</i>	200.00
01/12/12	1001	Beard	Purchase of PC for (UNO) Skyler Johnson	630.00 B
01/12/12	118	Dreckman	Computer	600.00 #
04/16/12	1160	Leigh	<i>None</i>	750.00 A
04/17/12	5094	Grecian	Apple Laptop	650.00 A
06/06/12	SC	Giriando	Computer - thanks!	750.00 #
08/11/12	7633	Gallerick Auto Sales & Salvage	Computer equip	650.00
				<u>\$16,123.00</u>

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Additional Payments to Brian Manary for Items Sold
For the period January 1, 2005 through July 5, 2013

Per Listing

Information from the Purchasers

Purchaser	Date of Purchase	Brand	Model	Serial Number
Driscoll	December 2007	Canon	PowerShot-CDWG	821303542
Driscoll	<i>Not provided</i>	Apple	MacBook	W86170XYVJ3
Driscoll	<i>Not provided</i>	Apple	MacBook Pro	WQ048WWMATM
Lawler	April 2008	Apple	MacBook Pro	W86102UBVJ3
McClintock	<i>Not provided</i>	Dell	Latitude E6430 Laptop	7C84HV1
Siefken	12/11/11	Dell	Latitude E6320 Laptop	MCC258
Simpson	Summer 2012	Apple	Mac Book	W885200G5LA
Utlely	06/01/10	Dell	Inspirion 2200 Laptop	52NS871
Total				

- Individual reported a price of \$200 - \$300. We used the lower amount to be conservative.

@ - Value of babysitting services provided to Brian Manary in lieu of cash payment for a laptop.

^ - Value based on the date of purchase.

Provided by UIHC

Additional Information	Purchase Price
-	\$ 200.00 #
-	400.00
Cashiers Check	1,400.00
Cash	250.00
Provided baby sitting services in exchange for a computer valued at \$600.00 per Mr. Manary.	600.00 @
Gift from Brian Manary of a new computer for Christmas	1,230.50 ^
Cash	200.00
-	500.00
	<u>\$ 4,780.50</u>

Report on Special Investigation of the
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Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
James S. Cunningham, CPA, Manager
Gwen D. Fangman, CPA, Senior Auditor II



Tamera S. Kusian, CPA
Deputy Auditor of State