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NEWS RELEASE

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FOR RELEASE

June 7, 2018

Auditor of State Mary Mosiman today released a report on a special investigation of the Study Abroad Center – Office of International Programs for the period July 1, 2011 through June 30, 2014. The special investigation was requested after concerns were identified regarding transactions authorized by the former Director, Dr. Yana Cornish.

Mosiman reported the special investigation identified \$6,691.15 of improper and unsupported disbursements and undeposited collections. The \$5,768.95 of improper and unsupported disbursements included hospitality, and catering costs which did not comply with University policies and cost for a Visa for Dr. Cornish's daughter. The \$922.20 of undeposited collections identified include reimbursements Dr. Cornish received for costs paid for with her University procurement card. However, the University identified the undeposited reimbursements and withheld the amount from Dr. Cornish's final salary payment.

Mosiman also reported it was not possible to determine if additional improper disbursements were issued or if additional collections were not properly deposited because certain records were not readily available for all time periods.

The report includes recommendations to strengthen the University's internal controls, such as improving segregation of duties, independent reviews of amounts deposited, and maintaining adequate documentation to properly support collections.

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 Black Hawk County Attorney's Office, and the Attorney General's Office. A copy of the report is available for review on the Auditor of State's website at <https://auditor.iowa.gov/reports/1561-8030-B0P1> and in the Office of Auditor of State.

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**REPORT ON SPECIAL INVESTIGATION OF THE
UNIVERSITY OF NORTHERN IOWA
STUDY ABROAD CENTER -
OFFICE OF INTERNATIONAL PROGRAMS**

**FOR THE PERIOD
JULY 1, 2011 THROUGH JUNE 30, 2014**

Table of Contents

	<u>Page</u>
Auditor of State's Report	3-4
Investigative Summary:	
Background Information	5
Detailed Findings	5-13
Recommended Control Procedures	14-15
Exhibit:	<u>Exhibit</u>
Summary of Findings	A 17
Staff	18



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Auditor of State

Auditor of State's Report

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

As a result of concerns regarding certain transactions for the Study Abroad Center (SAC) of the University of Northern Iowa (University), Office of International Programs, we have applied certain tests and procedures to selected financial transactions for the period July 1, 2011 through June 30, 2014, unless otherwise specified. Based on a review of relevant information and discussions with University staff, we performed the following procedures:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Interviewed University staff to obtain an understanding of financial transactions processed for the SAC and the responsibilities of the former Director of the SAC, Dr. Yana Cornish.
- (3) Examined disbursements of SAC funds related to hospitality, entertainment, and catering to determine if purchases complied with University policies.
- (4) Examined documentation for financial transactions related to SAC operations, including costs associated with summer camps held in China for which Dr. Cornish served as the course leader, to determine propriety.
- (5) Examined reimbursements issued to Dr. Cornish to determine propriety.
- (6) Examined documentation compiled by University officials to determine if funds were properly withheld from Dr. Cornish's final salary payment from the University as reimbursement for costs paid by the University but reimbursed to Dr. Cornish by an outside organization.
- (7) Examined the use of athletic passes provided to the SAC to determine propriety.
- (8) Examined documentation related to the purchase of promotional items to give away at events sponsored by SAC to determine if University policy was complied with during procurement of the items.
- (9) Examined documentation related to a rewards account established in the name of the SAC to determine compliance with University policy.

These procedures identified \$6,691.15 of improper and unsupported disbursements and undeposited collections. We were unable to determine if additional amounts were improperly disbursed or if additional collections were not properly deposited because certain records were not readily available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibit A** 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 for the University of Northern Iowa's Study Abroad Center, other matters might have come to our attention that 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 Black Hawk 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 of Northern Iowa's Department of Public Safety and the College of Education during the course of our investigation.


MARY MOSIMAN, CPA
Auditor of State

February 15, 2018

Report on Special Investigation of the
University of Northern Iowa
Study Abroad Center -
Office of International Programs
Investigative Summary

Background Information

The Study Abroad Center (SAC) is located within the Office of International Programs at the University of Northern Iowa (University). SAC offers academic opportunities in over 25 countries and administers approximately 15 faculty-led programs. SAC programs range in duration from 2 weeks to a full academic year and allow students to earn UNI credit while studying abroad.

In addition, in accordance with University policy 3.14, The “SAC is the campus unit responsible for oversight of all international study programs involving students, faculty, and/or staff traveling abroad, whether for credit or not for credit and regardless of program duration. SAC helps ensure that student, faculty, and staff transportation, housing and other logistical arrangements for study abroad activities meet personal safety standards, international travel regulations and are accurately reported and accounted for according to University policies governing financial transactions.” Policy 3.14 also states “To minimize risk to students, faculty, staff, and other participants in international programs and activities, all University departments and program faculty and staff will work through and with the SAC to meet the goal of offering consistent, high quality, and safe international study and program opportunities.” All students traveling internationally through programs not administered by the SAC (such as through the School of Music, Camp Adventure, or International Student Teaching) must use the Travel Registry administered by the SAC to provide their travel information.

Dr. Yana Cornish began employment at the University on June 1, 1999. As the Director of the SAC, she was responsible for administration of the SAC. She also established and led summer camps in China.

On May 12, 2014 University officials notified the Office of Auditor of State regarding concerns with certain activities and financial transactions within the SAC. Specifically, the concerns included charging airfare on a University procurement card but also being reimbursed for the same costs by an outside entity and obtaining dining center guest meal tickets and athletic game tickets for international student use but the meal tickets and athletic tickets were used for personal purposes. University officials also informed the Office of Auditor of State they confronted Dr. Cornish regarding the activities transactions on May 13, 2014. According to University records, Dr. Cornish’s employment with the University ended on May 13, 2014.

As a result of the concerns identified, University officials requested the Office of Auditor of State review transactions authorized by Dr. Cornish. In accordance with the request, we performed the procedures detailed in the Auditor of State’s report for the period July 1, 2011 through June 30, 2014.

Detailed Findings

These procedures identified \$6,691.15 of improper and unsupported disbursements and undeposited collections. The \$5,768.95 of improper and unsupported disbursements included hospitality, and catering costs which did not comply with University policies and cost for a Visa for Dr. Cornish’s daughter. The \$922.20 of undeposited collections identified include reimbursements Dr. Cornish received for costs paid for with her University procurement card. However, the University identified the \$922.20 of undeposited reimbursements and withheld the full amount from Dr. Cornish’s final salary payment.

It was not possible to determine if additional amounts were improperly disbursed or if additional collections were not properly deposited because certain documentation was not readily available. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

Disbursements for Hospitality, Entertainment, and Catering

The University has established a policy regarding the purchase of meals and food for purposes of hospitality. Specifically, policy 9.43 states, “The general policy of the university is to prohibit the use of budgeted funds ... for reimbursement of expenditures to provide food or lodging to campus guests, visitors, staff members, or students except under certain described and carefully controlled circumstances.” The policy also specifies the circumstances for when it is allowable to pay expenses for hosting campus guests, including the following:

- “For meal reimbursement to staff members at the in-state rates of the University Travel Policy:
 - When interviewing invited candidates for professional positions on the university staff. Allowance will be made for the candidate and spouse and 2 staff members.
 - When entertaining ... individual guests assisting directly in the formal instruction program. Allowance will be made for the guest and 1 staff member for 1 meal.
 - When serving as an official university host to a visiting dignitary (foreign visitor, ...visitor from another university, etc.). Meals for the staff member host are allowed in addition to the costs for the guest.
- For entertainment of university guests in university dining halls or at current down-the-line rate charged by the university dining halls under the following circumstances:
 - Larger groups of persons who assist the instructional program of the university, with the approval of the Vice-President and Provost.

In addition, policy 13.07 states, in part, “Use of University funds... to pay for the entertainment of guests is authorized only for recognized University events and activities. ... Staff entertaining University guests should do so using the most economical and opportune means.” The policy also specifies funds cannot be used for “expenditures that constitute a ‘Private purpose’, including food and beverages for routine employee breaks, staff meetings, office parties, staff retirement parties, or events of a personal nature.” It also specifies “University funds may be used when the primary purpose of entertainment is to acquaint guests with the campus and/or the University.” The policy provides examples of recognized University functions.

On-campus Hospitality Disbursements – According to SAC staff members we spoke with, during Dr. Cornish’s employment, meals from the campus dining centers were purchased by SAC. Some of the meals were paid for using department charge tickets and meal cards were used in other instances. We obtained a listing of all department charge tickets and meal card purchases for SAC for the period of our investigation and reviewed available documentation from SAC to determine if the meals paid for by SAC complied with the established university policy.

For the meals purchased using department charge tickets, we determined university policy was not complied with on a number of occasions. The instances of noncompliance we identified are summarized in **Table 1**.

Table 1

Description	Number of Instances Identified	Related Cost
A meal was provided for more SAC staff members than allowed by policy	29	\$ 606.00
The cost of the meals provided to SAC staff members exceeded the in-state reimbursement maximum	35	166.70
The purpose of providing the meal was not documented or the purpose was not in compliance with University policy	31	1,462.98
Total		<u>\$ 2,235.68</u>

We also determined certain meals purchased with meal cards paid for by SAC did not comply with the established University policy. The instances of noncompliance we identified for meals purchased with meal cards are summarized in **Table 2**.

Table 2

Description	Number of Instances Identified	Related Cost
A meal was provided for more SAC staff members than allowed by policy	10	\$ 228.85
The cost of the meals provided to SAC staff members exceeded the in-state reimbursement maximum	7	31.10
The purpose of providing the meal was not documented or the purpose was not in compliance with University policy	5	139.30
Total		<u>\$ 399.25</u>

The \$2,634.93 of costs summarized in **Tables 1** and **2** are included in **Exhibit A** as improper disbursements.

According to an SAC staff member we spoke with, meal cards and department charge tickets used to purchase meals in the University's dining centers were stored in the safe within the SAC. However, access to the safe was not restricted to a limited number of individuals. In addition, until December 2013, the meal cards and department charge tickets used by staff members were not logged or tracked in any way. The SAC staff member also reported she prepared a log to track the use of the meal cards and department charge tickets beginning in December 2013.

We observed copies of the log sheets for the meal cards which were filled out in a complete manner. However, the log sheets did not contain any identifying information, such as a unique or sequential number assigned to each card, which would allow the log to be compared to the remaining inventory of meal cards. The log sheets listed the following information:

- date meal cards were used,
- the type of meal card used (breakfast or lunch/dinner),
- the number of cards used,
- the staff members participating in the meal,
- a description of the event/meeting, and
- the signature of the authorizing SAC staff member.

We also observed copies of the log sheets used for the department charge tickets. The department charge tickets, which are slips of paper, were not sequentially numbered or unique in any manner. However, the SAC member we spoke with reported she added sequential numbers to each of the tickets in order to provide additional accountability for the tickets on hand. The log sheets observed listed the assigned ticket numbers, date of use, the attendees' names, and the purpose of the event. The ticket numbers were pre-filled on the log sheets observed and the columns for the date and attendees' names were completed; however, a purpose for the use of the department charge tickets was not included.

Other Hospitality Disbursements – According to SAC staff members we spoke with, during Dr. Cornish's employment, meals were also purchased from off-campus vendors by SAC. In addition, items such as recognition gifts were purchased. We obtained a listing of all of these types of disbursements from SAC funds for the period of our investigation and reviewed available documentation from SAC to determine if the purchases complied with the established University policy. Based on our testing, we determined university policy was not complied with on a number of occasions. The instances of noncompliance we identified are summarized in **Table 3**.

Table 3		
Description	Number of Instances Identified	Related Cost
Unallowable items for student meals or recognition gifts were identified	12	\$ 433.50
Unallowable items for meals or items at staff meetings were identified	14	776.72
Budget for the event hosted by SAC was exceeded	1	121.50
For off-campus meals:		
A meal was provided for more SAC staff members than allowed by policy	5	287.98
The purpose of providing the meal was not documented or the purpose was not in compliance with University policy	5	328.62
Total		<u>\$ 1,948.32</u>

The \$1,948.32 of costs summarized in **Table 3** are included in **Exhibit A** as improper disbursements.

Disbursements for Catering - University facilities and grounds are often used by student or staff organizations, departments, and other University-related groups for events. Organizations sponsoring these events are subject to University policies governing use of these spaces, including services related to food and beverages. In accordance with University policy number 13.17, catering for events held in University facilities or on University grounds, other than events in the UNI Dome and McLeod Center, must be provided by the Department of Residence (DOR) Dining Services or by a licensed caterer approved by DOR Dining Services.

During our testing, we identified the following instances:

- The Summit 13 China Camp Post Program Dinner, sponsored by SAC, was catered by a vendor which was not approved by DOR Dining Services. The invoice from the caterer did not specify the location of the event and did not specify the quantity of items provided, with the exception of 12 shrimp spring rolls and 15 vegetable spring rolls. The invoice totaled \$280.00.

For the same event, \$31.00 was spent at a retail vendor for cups, plates, napkins, cutlery, tablecovers, autumn-themed dishes, and serving utensils. Because these costs are associated with the event, they also are considered unallowable because the purchase from the caterer did not comply with University policy.

- SAC staff and visitors exceeded the daily per diem rate on 3 instances. The 3 instances include:
 - On November 7, 2012, 2 SAC staff members, including Dr. Cornish, had a meal at Sakura Japanese steak House & Sushi Bar in Cedar Falls at a total cost of \$136.00. The receipt for the meals documents it was paid for at 12:28 P.M. Because the per diem rate for lunch is \$9.00 per person, the \$109.00 paid in excess of the \$27.00 allowable total was improperly disbursed.
 - On October 3, 2013, Dr. Cornish ordered an evening meal at Bourbon Street & Voodoo Lounge in Cedar Falls at a total cost of \$95.00. However, only \$32.00 was allowed for the 2 individuals. As a result, the additional \$63.00 was unallowable.
 - On November 8, 2013, 2 SAC staff members, including Dr. Cornish, and 2 student visitors ate an evening meal at Tony's LaPizzeria in Cedar Falls at a total cost of \$105.00. However, only \$64.00 was allowed for the 4 individuals. As a result, the additional \$41.00 was unallowable.

For these 3 instances meal costs incurred totaled \$336.00 when the per diem rate total was \$123.00. As a result, \$213.00 was improperly disbursed.

- SAC staff exceeded the per diem rates when dining in the Commons on 2 instances. The amount improperly disbursed for these instances totaled \$6.65.

The unallowable costs identified for these instances totals \$530.65. This amount is included in **Exhibit A** as improper disbursements.

Summer Camps in China

According to an SAC official, Dr. Cornish and a University faculty member started a program titled "Summer Camp in China." Dr. Cornish served as the course leader for the program. Students participating in the program spent time during the spring semester preparing lesson plans and afternoon activities for Chinese students. They also spent time touring Beijing, Guilin, and Hong Kong and teaching English for 3 weeks in Dongguan during the summer. University students earned academic credit for participation. According to an SAC official, there were 3 camp sites within the City of Dongguan during the summer of 2014.

We reviewed contracts established between Hong Kong China Education Services Limited (Education Services) and the University. The contract to provide services for the summer of 2013 was signed by Dr. Cornish on behalf of the University on March 26, 2013 and by a representative of Education Services on April 12, 2013. The contract included the following provisions.

- The University was to provide a training program to be provided to elementary level classes, middle school classes, and high school classes during 21 days inclusive from July 21, 2013 to August 10, 2013.
- The University was to prepare teaching material for the Camp. The originals of the teaching materials were to be provided to Education Services no later than 1 month before the start of the Camp and Education Services was to reproduce teaching materials in textbook style.

- The teachers provided by the University were to provide lesson plans for the classes at least 1 month prior to Camp, including homework and assignments for each student in the assigned class.
- Education Services was to be responsible for collecting tuition, providing course materials and supplies, securing teaching and living facilities for the University, and issuing appropriate certificates and invoices.
- Education Services was to provide University members with suitable accommodations and daily transportation between housing and the Camp site. Education Services was also to provide University members 3 meals per day Monday through Sunday and a stipend of 100 RMB (\$16.17 USD based on the exchange rate at that time) per day for lunch/dinner on days which those meals were not provided.

We also reviewed an email to an SAC staff member from a member of the University's Office of Business Operations (OBO) dated October 4, 2013. The SAC staff member the email was addressed to had participated in the 2013 Summer Camp in China. The email was regarding the status of an outstanding \$400.00 cash advance related to the Camp. The SAC staff member responded to the email with a listing of dates the SAC spent the \$400.00 while in China. According to the email response, costs were incurred for taxi rides, a gift for Chinese hosts from the University, and "meals not included in the trip or at the camp site". The email included a list of 5 days meals were purchased which included travel days and days during the period the Camp was in session. However, the email did not specify the total costs incurred or the individual costs of the taxi rides, gift, or meals.

However, on January 7, 2014 OBO received a travel reimbursement document approved by Dr. Cornish which provided additional information. According to the reimbursement request, \$165.42 was spent on taxi rides between Camp sites for leaders. Attached to the reimbursement request was a written statement signed by Dr. Cornish and an SAC staff member which explained the taxi driver used to travel between sites did not speak English and he did not have receipts available for them except on 2 occasions, at which time he provided "a bunch of 19 RMB receipts." The statement also explained Chinese colleagues also tried to assist, but in the end we "are each short of receipts." The receipts submitted with the reimbursement request were in Chinese and we were unable to verify their validity.

The travel reimbursement request also specified \$2.31 was spent for academic materials, \$30.32 was spent for the gift, and \$212.00 was spent for meals. It does not appear receipts for these costs were attached to the reimbursement request. Because all receipts attached to the reimbursement claim were in Chinese, we were unable to determine the propriety of the costs claimed. However, a summary of the meals showed \$40.00 was claimed for breakfast meals, \$72.00 for lunch meals, and \$100.00 for dinners. The amount claimed for each meal was the maximum per diem allowed. Of the 7 days for which meals were claimed, 3 were dates during the Camp when meals were provided by Education Services. Because meals were provided by Education Services for the dates of the Camp, reimbursement should not have been provided for meals for 3 of the 7 days.

The reimbursement claim totaled \$410.05. Of this amount \$400.00 was provided in the form of a travel advance. As a result, \$10.05 was remitted to the SAC staff member. Because reimbursement should not have been provided for meals for 3 of the 7 days listed, the \$120.00 of meals reimbursed for the 3 days is included in **Exhibit A** as improper disbursements. In addition, we are unable to determine the propriety of the costs included on the reimbursement request for the academic materials, the gift and the meals on 4 days, the remaining \$290.05 claimed is included in **Exhibit A** as unsupported disbursements.

SAC officials also provided us a letter of attestation dated September 29, 2014 and signed by an SAC staff member. The letter stated the SAC staff member acted as a co-leader during the 2013

and 2014 Camps. During 2013 the SAC staff member worked with Dr. Cornish and with her replacement during the 2014 Camp. In addition, the SAC staff member attended the 2011 camp as a student participant and the 2012 Camp as a program assistant. The staff member reported she learned during the 2014 Camp that representatives of Education Services provided “bonuses” to Dr. Cornish. She learned this when representatives of Education Services provided similar payments to the University staff in China during the 2014 Camp.

The staff member also reported the funds received during the 2014 Camp were converted from RMB to USD and brought back to the University. She stated they were not given any receipts for the bonuses and the funds received in 2014 were deposited with OBO. No one was able to determine what amount of “bonuses” may have been provided during Camps held prior to 2014. Because we are unable to determine what amount, if any, of bonuses Dr. Cornish received during previous Camps, we have not included an amount of undeposited collections in **Exhibit A** for the bonuses.

Dr. Cornish was responsible for arranging transportation for University students to China for the Camps. Documentation we reviewed shows flights were booked through China Travel Agency. However, China Travel Agency was not an approved University vendor. In addition, we were unable to locate supporting documentation showing a competitive bidding process was followed when flights were procured. Because we are unable to determine what amount, if any, was improperly paid to China Travel Agency, we have not included an amount in **Exhibit A**.

Disbursement for Visa

During our fieldwork, we reviewed a \$245.00 invoice addressed to SAC dated April 25, 2012 for a Russian Visa. The invoice included the name of Dr. Cornish’s daughter in the description portion. We also reviewed emails related to the invoice within which Dr. Cornish responded to an SAC staff member “I took care of this.” The email was dated July 5, 2012.

Also, as previously stated, the invoice received was for a Russian Visa. Because the SAC was not sponsoring a student trip to Russia at the time of the invoice, it is apparent the \$245.00 cost was not for a University student. Because the invoice for the Visa documented the cost was for Dr. Cornish’s daughter’s Visa, the \$245.00 cost is included in **Exhibit A** as an improper disbursement.

UNDEPOSITED COLLECTIONS

As previously stated, Dr. Cornish’s employment with the University ended on May 13, 2014. Prior to her final salary payment, which was for the month ended May 30, 2014, University officials determined Dr. Cornish had received reimbursements from an organization for costs previously paid by the University. As a result, University officials withheld the \$922.20 of reimbursements previously provided to Dr. Cornish from her final salary payment.

Specifically, Dr. Cornish received \$431.30 reimbursements from the Institute of International Education (Institute) for airfare she purchased to attend an event at the Institute’s office in Houston in April 2011. She also received a \$490.90 reimbursement from the Institute for airfare she purchased to attend an event in Houston in May 2012. In each case, the airline costs were charged to Dr. Cornish’s University procurement card and paid for by the University.

University officials did not have any documentation regarding reimbursements from the Institute for additional years and we were unable to determine what amount, if any, Dr. Cornish received from the Institute for other trips. We requested information directly from the Institute, but representatives of the Institute were unable to provide any additional documentation.

Documentation obtained from the Institute shows the reimbursement check was mailed to Dr. Cornish at a personal residence located in Cedar Falls. Because Dr. Cornish received

reimbursement of the airline costs which were previously paid for by the University, she should have remitted the reimbursement to the University. Because the \$922.20 was not properly remitted to the University, it is included in **Exhibit A** as an undeposited collection. However, the amount withheld from Dr. Cornish's final salary payment is also included in the **Exhibit** as a repayment of the amount.

OTHER CONCERNS

Use of Athletic Passes

During the 2012/13 academic year, SAC made 3 payments to Learfield Communications (Learfield) for marketing. Each of the 3 payments allowed SAC to set up a booth at a basketball game during January and February of 2013. In addition, SAC paid Learfield \$2,000.00 for a contract effective during the 2013/14 academic year. The contract provided SAC 5 marketing display spaces on the concourse of the UNI Dome and McLeod Center during certain football and basketball games, respectively, and 1 premium item giveaway during a basketball game. SAC also received passes to the athletic events for which a marketing display was set up. The passes were to be used by SAC staff who worked at the booths during the games.

We contacted a representative of Learfield to determine how many passes were received for the football and basketball games. We also spoke with SAC staff members regarding the number of passes received. Based on our discussions and review of certain emails, we determined SAC received more passes to the football and basketball games than were needed for the individuals who worked at the booths during the games. For instance, for certain games, we determined SAC received 8 passes. However, at the times of these games, there were only 6 non-student SAC employees. All SAC student employees were able to attend the games at no cost using their student identification cards. As a result, the student employees did not need a pass to attend the games.

The SAC staff members we spoke with stated Dr. Cornish used some of the passes for her family members and she encouraged other SAC staff members to use available passes for their family members. In addition, SAC staff members reported using passes for family members.

While SAC did not incur a specific cost for the passes provided by Learfield, it was not appropriate for Dr. Cornish or other members of the SAC staff to use the passes for their personal purposes.

Rewards Programs

Kohl's Cash – During our fieldwork, we observed emails sent by Dr. Cornish regarding donations of luggage to be given away by SAC at certain athletic events. According to SAC staff we spoke with, individuals who stopped at booths sponsored by SAC at the athletic events completed a registration form were eligible to win a set of luggage. We confirmed with a representative of a local travel business it donated sets of luggage to SAC on 3 occasions during the 2013/14 academic year. The donated luggage was to be given away as promotional items by SAC at the International Fair and football or basketball games. A representative of the travel business also confirmed it had donated to the program for 4 or 5 years.

In addition to the donated luggage, we observed a receipt from Kohls®, a national retail chain store, which documented Dr. Cornish purchased 3 luggage items on November 29, 2013. On that date, Kohl's was holding its annual "Black Friday" sale. The receipt documents the purchase totaled \$245.53 and \$530.50 was saved as a result of the sale prices in effect at the time of the purchase. The receipt also documents \$60.00 of "Kohl's cash" was activated as a result of the purchase. According to an SAC official we spoke with, the 3 items were sets of luggage. We contacted a representative of Kohl's to determine if the \$60.00 of Kohl's cash was redeemed; however, using the transaction coding, they were not able to determine if it had been redeemed.

Using documentation provided by SAC officials, we determined Dr. Cornish requested a grant from the American Institute of Foreign Study (AIFS) to help with the costs of promotional events. The documentation provided includes an email Dr. Cornish sent to an AIFS representative on November 29, 2013. The email states, in part, "As we needed three suitcases for the upcoming three basketball games, I went ahead and purchased three during the Black Friday sale event. To make the suitcases as inexpensive as possible and get an additional 15% discount I used my personal store card." As a result, the \$60.00 of Kohl's cash activated as a result of the purchase was issued to Dr. Cornish.

In addition to the \$150.00 obtained from AIFS, Dr. Cornish submitted a reimbursement request and received \$93.53 from the University for the remaining portion of the purchase price. The amount requested by Dr. Cornish was not reduced by the \$60.00 of Kohl's cash she earned on the transaction. The University's Procurement Card Manual states, "In some instances University purchases may result in cash or cash-like value incentives. The cash and/or incentives are the property of the University and may not be used to personal gain." Because Dr. Cornish used her personal Kohl's credit card, this policy was not applicable to the purchase and the \$60.00 of Kohl's cash activated as a result of the transaction.

Of the 6 sets of luggage donated to SAC or purchased by Dr. Cornish during the 2013/14 academic year, we were able to determine 5 were distributed during athletic events or the International Fair. Because sufficient documentation was not available, we were unable to determine if the remaining set of luggage was properly distributed by SAC.

American Airlines – As previously stated, Dr. Cornish's employment with the University ended on May 13, 2014. SAC received an email notification from American Airlines on July 7, 2014 which stated the purpose of the email was to confirm SAC's account had been updated to change the account email from STUDY-ABROAD@UNL.EDU to Dr. Cornish's personal email address.

An SAC official forwarded the email to a member of the University's legal counsel staff and a member of the internal audit staff. The SAC official also stated in the email message a University staff member had requested Dr. Cornish open an account with American Airlines and add each students' and staff members' airfare information to obtain points with the intent they could be used toward scholarships for students.

Based on the emails we observed, the member of the University's legal staff stated it was his understanding reward programs of this nature were only for individuals and one account could not collect multiple users' miles. He also stated, if that understanding was not accurate and a "group" account was possible, Dr. Cornish should not be entitled to keep the miles earned by multiple users. In accordance with the University's Office of Business Operations Travel Guidelines, "University employees may participate in certain travel and lodging discounts extended to the University, but to do so means that the traveler is subject to the understanding that any rebates and/or other concessions are the property of the University."

In response to the email from the University legal counsel, an SAC official stated Dr. Cornish "kept this [participation in the rewards program] from the staff. We were not aware we were doing this." The SAC official also stated in the email she remembered Dr. Cornish "mentioned it once" and that another SAC official had asked Dr. Cornish to investigate the possibility of earning points 3 years ago.

We were unable to obtain any information directly from American Airlines. Because sufficient documentation was not available, we are unable to determine if any American Airlines rewards were transferred from an account established for SAC to Dr. Cornish's personal account. We are also unable to determine what rewards, if any, were earned during the period an account was in effect for SAC and the manner in which any rewards earned were used.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures for processing transactions associated with the SAC. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from error and 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 the University's internal controls.

- A. Inventory of Meal Cards and Department Charge Tickets – SAC staff maintain a log of the meal cards used to purchase meals when meeting with visitors at a dining center on campus. However, the log of meal cards does not include any identifying information such as a unique or sequential number assigned to each card which would allow the log to be compared to the remaining inventory of meal cards. Currently, the log can be used to determine if the number of cards on hand is correct, however, it does not provide enough information to determine which cards were not properly logged when used.

In addition, SAC staff maintain a log of department charge tickets used to purchase meals. While the department charge tickets are manually sequentially numbered by SAC staff and the sequential numbers are recorded and accounted for on the log, the entries in the logs observed did not document the purpose of the meetings during which the department charge tickets were used.

Recommendation – SAC staff should continue to maintain a log of the meal cards and department charge tickets used to purchase meals when meeting with visitors. However, to improve the controls provided by the logs, the following revisions to current practices should be considered.

- A column should be added to logs to document approval by an appropriate party the use of the meal cards or department charge tickets complies with university policy. The individual approving the use of the meal cards or department charge tickets should not be a participant in the meal.
 - All the meal cards and department charge tickets should be recorded on the logs with a unique and/or sequential number when purchased/obtained. When the meal cards or department charge tickets are used, the information regarding their use should be recorded on the corresponding line of the log.
 - The logs should periodically be compared to the remaining meal cards and department charge tickets on hand to ensure all meal cards and department charge tickets are properly accounted for. The comparison should be performed by someone who is not authorized to remove the meal cards or department charge tickets from the inventory held in the safe.
 - The logs should periodically be reviewed by an SAC official to ensure the number of SAC staff members attending the meals and the purpose of the meals complies with established university policy.
- B. Hospitality and Catering Disbursements – We identified 37 instances for which purchases of meals from off-campus vendors and recognition gifts were purchased but were not in compliance with established University policy. The purchases identified totaled \$1,948.32. We also identified unallowable costs incurred for catering and dining in the Commons which totaled \$530.65.

Recommendation – SAC officials should ensure all disbursements of Department funds comply with established University policies. In addition, staff within the Office of Business Operations should ensure disbursements are appropriate prior to processing payments.

- C. Personal Use of Athletic Passes – The SAC staff members we spoke with stated Dr. Cornish used some of the passes for her family members and she encouraged other SAC staff members to use available passes for their family members. In addition, SAC staff members reported using passes for family members. .

Recommendation – University officials should ensure faculty and staff clearly understand athletic passes and tickets to other events should be used only for University-sanctioned events and not given away to family members, friends, and related parties.

- D. Rewards Programs – We identified a purchase Dr. Cornish made with a personal credit card for which she was reimbursed by the University. The purchase resulted in a rewards incentive valued at \$60.00 which could be used for a future purchase. The University did not reduce the amount reimbursed to Dr. Cornish by the \$60.00 value of the incentive. In addition, we were unable to determine if Dr. Cornish moved rewards from an account established with an airline for SAC to a personal account.

Recommendation – The University has established a policy which requires any travel or lodging discounts, rebates and/or other concessions earned by University staff are the property of the University. University officials should ensure this policy is also applicable to other discounts, rebates, and incentive funds earned when making other purchases. University officials should also ensure all staff are aware of these requirements and comply with them.

Exhibits

Report on Special Investigation of the
University of Northern Iowa
Study Abroad Center –
Office of International Studies

Summary of Findings
For the Period July 1, 2011 through June 30, 2014

Description	Table/ Page Number	Improper	Unsupported	Total
Improper and unsupported disbursements:				
On-campus hospitality disbursements	Page 7	\$ 2,634.93	-	2,634.93
Other hospitality disbursements	Table 3 / Page 8	1,948.32	-	1,948.32
Disbursements for catering	Page 9	530.65	-	530.65
Summer Camps in China travel reimbursement	Page 10	120.00	290.05	410.05
Disbursement for Visa	Page 11	245.00	-	245.00
Subtotal of improper and unsupported disbursements		5,478.90	290.05	5,768.95
Undeposited collections:				
Reimbursement of airfare	Pages 11 & 12	922.20	-	922.20
Total improper and unsupported disbursements and undeposited collections		\$ 6,401.10	290.05	6,691.15
Less: Amount withheld from final salary payment				(922.20)
Net Amount				<u>\$ 5,768.95</u>

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Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Melissa J. Finestead, Senior Auditor II

A handwritten signature in black ink that reads "Tamera S. Kusian". The signature is written in a cursive style with a large, stylized 'T' and 'K'.

Tamera S. Kusian, CPA
Deputy Auditor of State