



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE July 16, 2007

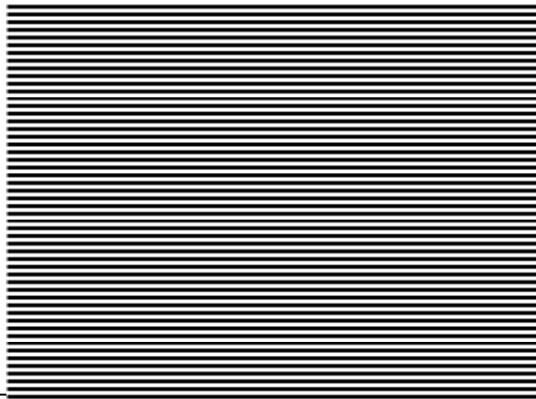
Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released a report on Iowa State University of Science and Technology, Ames, Iowa, for the year ended June 30, 2006. Iowa State University of Science and Technology previously released its annual financial report for the year ended June 30, 2006.

Iowa State University of Science and Technology is governed by the Board of Regents. For the year ended June 30, 2006, the full-time equivalent student enrollment was 25,410 with an average cost per student of \$11,914, compared to 25,921 students and an average cost per student of \$11,293 for the year ended June 30, 2005.

A copy of the report is available for review at Iowa State University of Science and Technology, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

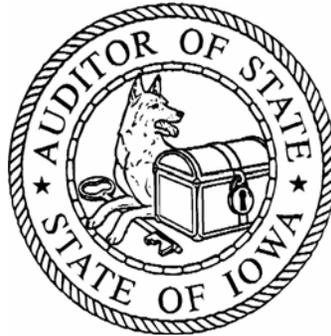
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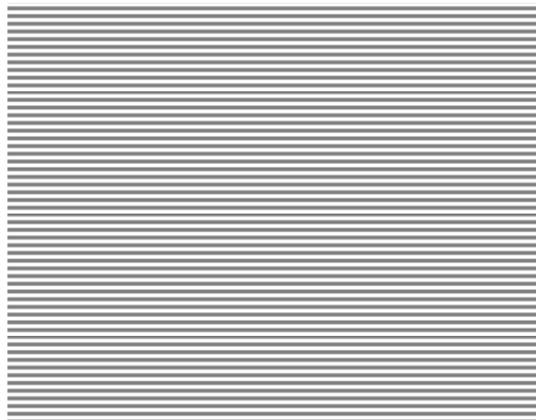
**REPORT OF RECOMMENDATIONS TO
IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY**

JUNE 30, 2006

Office of
**AUDITOR
OF STATE**
State Capitol Building • Des Moines, Iowa



**David A. Vaudt, CPA
Auditor of State**





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July 12, 2007

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

Iowa State University of Science and Technology is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2006. We have also audited the financial statements of the University as of and for the year ended June 30, 2006 and have issued our report thereon dated December 1, 2006.

In conducting our audits, we became aware of certain aspects concerning the University's operations for which we believe corrective action is necessary. As a result, we have developed certain recommendations which are reported on the following pages. We believe you should be aware of these recommendations which include recommendations pertaining to the University's internal control, compliance with statutory requirements and other matters. These recommendations have been discussed with University personnel and their responses to these recommendations are included in this report.

We have also included on page 6 of this report certain unaudited financial and other information to report an average cost per student for the University for the five years ended June 30, 2006 as required by Chapter 11.28 of the Code of Iowa.

This report, a public record by law, is intended solely for the information and use of the officials and employees of Iowa State University of Science and Technology, citizens of the State of Iowa and other parties to whom Iowa State University of Science and Technology may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the University during the course of our audits. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the University are listed on page 5 and they are available to discuss these matters with you.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Chester J. Culver, Governor
Charles J. Krogmeier, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

Report of Recommendations to Iowa State University

June 30, 2006

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

Accounts Receivable – At June 30, 2006, the accounts receivable balance and tuition and fees revenue inappropriately included fees for study abroad activities scheduled for Fall semester 2006.

Recommendation – The University should implement procedures to help ensure accounts receivable are properly reported.

Response – Students participating in the study abroad program are charged tuition and program fees. Tuition is assessed through the Registrar's system and includes the semester designation as part of the data record. The receivables system includes controls that prevent tuition charges for Fall from appearing on the June 30 accounts receivable report. However, the program fees were manually assessed by the study abroad offices and were imported into the receivables system. This import did not require the semester designation and accordingly, the error was not detected by the edit.

The University has increased controls over accounts receivable that are imported from other units and is working to automate study abroad program fees so that they are assessed at the same time as tuition charges.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

University Conflict of Interest Procurement Policy – Iowa Administrative Code 681-8.9(1-2) provides no employee of a Regent Institution, employee of the Regent Board Office, or member of the Board shall sell, either directly or indirectly, any goods or services to any Regent Institution or the Board Office under a single contract exceeding \$1,000 or which results in \$2,000 in contracts in the aggregate for a fiscal year without prior authorization from the Board of Regents.

The University has a policy titled "Conflict of Interest Vendors/Employees, Procurement" which is available in the Policy Library. However, the policy does not contain the same provisions as Iowa Administrative Code 681-8.9. The University's policy restricts employees of the University from providing goods and services to the University, but does not restrict other Regents employees from providing services to the University without prior authorization from the Board of Regents.

Recommendation – The University should revise the current policy so it agrees with provisions of the Iowa Administrative Code.

Report of Recommendations to Iowa State University

June 30, 2006

Response – Iowa State University will revise the Policy Library to be consistent with the Iowa Administrative Code 681-8.9, which restricts other Regents employees from providing goods or services to ISU and changes the value when authorization by the Board of Regents is required. This change should be completed by July 16, 2007.

Conclusion – Response accepted.

Report of Recommendations to Iowa State University

June 30, 2006

Staff:

Questions or requests for further assistance should be directed to:

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

Other individuals who participated on the audits include:

Scott P. Boisen, Senior Auditor
Philip J. Cloos, Staff Auditor
Shawn R. Elsbury, Staff Auditor
Michelle L. Harris, Staff Auditor
Marc D. Johnson, Staff Auditor
Chad D. Lehman, Staff Auditor
Nickolas J. Schaul, CPA, Staff Auditor
Dorothy O. Stover, Staff Auditor
Janet K. Mortvedt, Assistant Auditor
Matthew R. Ritchey, Assistant Auditor
Jenny R. Schneider, Assistant Auditor
Adam D. Steffensmeier, Assistant Auditor
Aaron P. Wagner, Assistant Auditor
James R. Wittenwyler, Assistant Auditor

Iowa State University of Science and Technology

Cost per Student
(unaudited)

Year ended June 30, 2006
with comparative figures for prior years

Total General Educational Fund expenditures		\$ 380,069,422
Deduct:		
Expenditures not related to teaching programs:		
General University Research	\$ 15,668,149	
Public Service	5,645,163	
Scholarships	<u>56,024,328</u>	<u>77,337,640</u>
Net expenditures for teaching programs		<u>\$ 302,731,782</u>
Full-time equivalent enrollment 2005-2006		<u>25,410</u>
Cost per student 2005-2006		<u>\$ 11,914</u>

Comparative enrollment statistics and cost per student for the year ended June 30, 2006 and the four previous years:

Year	Enrollment	Cost per Student
2005-2006	25,410	\$11,914
2004-2005	25,921	11,293
2003-2004	26,298	10,859
2002-2003	26,635	10,597
2001-2002	26,403	10,401