



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____

July 17, 2009

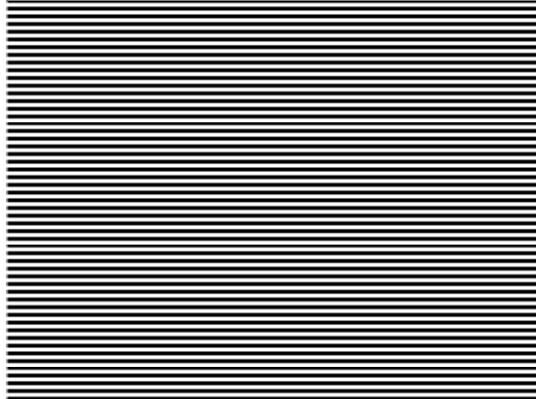
Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released a report on the State University of Iowa, Iowa City, Iowa for the year ended June 30, 2008. The State University of Iowa (University of Iowa) previously released its annual financial report for the year ended June 30, 2008.

The University of Iowa is governed by the Board of Regents. For the year ended June 30, 2008, the full-time equivalent student enrollment was 27,298 with an average cost per student of \$17,361, compared to 26,902 students and an average cost of \$16,547 for the year ended June 30, 2007. The University Hospitals and Clinics provided a total of 194,480 patient days at an average daily cost per patient of \$4,032 for the year ended June 30, 2008, compared to 194,893 patient days at an average daily cost per patient of \$3,637 for the year ended June 30, 2007.

A copy of the report is available for review at the University of Iowa, 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 THE
STATE UNIVERSITY OF IOWA**

JUNE 30, 2008

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



David A. Vaudt, CPA
Auditor of State





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July 17, 2009

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

The State University of Iowa (University of Iowa) 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, 2008. We have also audited the financial statements of the University as of and for the year ended June 30, 2008 and have issued our report thereon dated December 15, 2008.

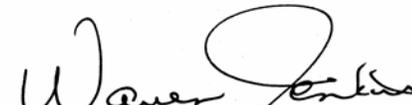
In conducting our audits, we became aware of certain aspects concerning the University's operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations, which include those reported in the State's Single Audit Report and the University's Report on Internal Control. These recommendations have been discussed with University personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the University's responses, we did not audit the University's responses and, accordingly we express no opinion on them.

We have also included certain unaudited financial and other information on pages 8 and 9 to report an average cost per student for the University and an average cost per patient for the University Hospitals and Clinics for the five years ended June 30, 2008 as required by Section 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 the University of Iowa, citizens of the State of Iowa and other parties to whom the University of Iowa 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 7 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
Director, Department of Management
Glen Dickinson, Director, Legislative Services Agency

June 30, 2008

Findings Reported in the State's Single Audit Report:

- (1) **CFDA Number: 84.007 – Federal Supplemental Educational Opportunity Grants**
CFDA Number: 84.038 – Federal Perkins Loan Program_Federal Capital Contributions
CFDA Number: 84.063 – Federal Pell Grant Program
CFDA Number: 84.268 – Federal Direct Student Loans
CFDA Number: 84.375 – Academic Competitiveness Grants
CFDA Number: 84.376 – National Science and Mathematics Access to Retain Talent (SMART) Grants
Agency Number: None
Federal Award Year: 2008

State of Iowa Single Audit Report Comment: 08-III-USDE-619-1

Return of Title IV Funds – When a student withdraws from school prior to the end of a period of enrollment, the Code of Federal Regulations 34 CFR 668.22, requires the University to determine the earned and unearned portion of Title IV funds. If the student received more aid than was earned, the unearned funds must be returned to the Title IV programs in a specified order and time period.

The University uses the worksheet developed by the U.S. Department of Education to calculate the earned and unearned portion of Title IV aid for students who withdraw from school. However, there are no procedures in place to ensure calculations are performed accurately.

Recommendation – The University should develop procedures to ensure the calculation of Title IV funds to be returned is accurate.

Response and Corrective Action Planned – The University of Iowa Office of Student Financial Aid (OSFA), did establish controls to randomly check the work of the staff member performing the R2T4 calculations. However, the person performing the random check did not initial or date the worksheet to confirm the completion of this review. Other office staff will be trained to complete the R2T4 calculation and then will be asked to assist with random checking of the calculations. The staff performing the random checks will initial and date the R2T4 worksheet when done to verify the control.

Conclusion – Response accepted.

Report of Recommendations to the University of Iowa

June 30, 2008

(2) CFDA Number: 93.397 – Cancer Centers Support Grants

Agency Number: 5P30CA0S6862-8

Federal Award Year: 2007

CFDA Number: 93.838 – Lung Diseases Research

Agency Number: 5P50HL0612340-9

Federal Award Year: 2006

CFDA Number: 93.855 – Allergy, Immunology and Transplantation Research

Agency Number: 5P01AI060699-2

Federal Award Year: 2006

State of Iowa Single Audit Report Comment: 08-III-HHS-619-2

Federal Financial Reports – The National Institutes of Health Policy Statement – Part II: Terms and Conditions of NIH Grant Awards require Financial Status Reports (FSRs) to be submitted no later than 90 days after the end of the reporting period. The Policy Statement also states: “Failure to submit complete, accurate, and timely reports may indicate the need for closer monitoring by NIH or may result in possible award delays or enforcement actions, including withholding, removal of expanded authorities, or conversion to a reimbursement payment method.”

Ten Research and Development Cluster awards tested required submission of an FSR for the reporting period ended during fiscal year 2008. Three of the FSRs were submitted 141-158 days late.

Recommendation – The University should develop procedures to ensure FSRs are submitted within 90 days after the end of the reporting period.

Response and Corrective Action Planned – The Grant Accounting Office has been working on several improvements to help us meet this requirement. We have recently hired new staff to assist with FSR submissions. Additionally, we will continue to see the benefits of new policies and procedures related to cost transfers, monitoring and overspent accounts that have been developed and implemented during the past two years. These new policies and procedures will continue to reduce the time spent on grant closeout and address outstanding issues earlier in the process.

Conclusion – Response accepted.

June 30, 2008

Findings Reported in the University's Report on Internal Control:

Journal Entry Approval – The University does not have a policy requiring review and approval of journal entries by supervisory personnel, nor do the various journal entry systems have a mechanism in place to document supervisory approval. Journal entries are not reviewed and approved by supervisory personnel to ensure only authorized transactions are entered into the system.

Recommendation – The University should implement policies and procedures to ensure supervisory approval of journal entries is obtained and documented.

Response – In prior years, the University has communicated expectations that campus departments are required to review their monthly financial transaction reports (SA3 & TDS) in a timely and accurate manner. However, no formal written policy existed prior to fiscal year 2009. Effective July 1, 2008, the University implemented a new policy, *Monthly Review of Transactions & Accounts*. This policy requires that account owners and reviewers work together to ensure an accurate and timely review of financial transactions in their accounts. For details on the policy, please visit <http://www.uiowa.edu/~fucntrl/reviewoftransactionspolicy.pdf>. In order to document individual account owners and reviewers, we are also developing a web application to collect this information (called *WhoKey Administration Application*).

Conclusion – Response accepted.

Other Findings Related To Internal Control:

No matters were noted.

Findings Related To Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the University of Iowa

June 30, 2008

Staff:

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager
Gwen D. Fangman, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Shawn R. Elsbury, Senior Auditor
Daniel L. Grady, Senior Auditor
Carrie L. Livingston, CPA, Staff Auditor
Jenny M. Podrebarac, Staff Auditor
Bryan S. Dopheide, CPA, Assistant Auditor
Kurt D. Goldsmith, Assistant Auditor
Jacqueline E. Gulick, Assistant Auditor
Jennifer M. Kopp, Assistant Auditor
Kristin M. Ockenfels, Assistant Auditor
Joshua A. Pronk, Assistant Auditor

University of Iowa

Cost per Student
(unaudited)

Year ended June 30, 2008
with comparative figures for prior years

Total General Educational Fund expenditures		\$ 539,244,397
Deduct:		
Expenditures not related to teaching programs:		
Research separately budgeted	\$ 11,412,490	
Extension and public service	5,238,007	
Student aid	<u>48,672,316</u>	<u>65,322,813</u>
Net expenditures for teaching programs		<u>\$ 473,921,584</u>
Full-time equivalent enrollment 2007-2008		<u>27,298</u>
Cost per student 2007-2008		<u>\$ 17,361</u>

Comparative enrollment statistics and cost per student for the year ended June 30, 2008 and four previous years:

<u>Year</u>	<u>Enrollment</u>	<u>Cost per Student</u>
2007-2008	27,298	\$ 17,361
2006-2007	26,902	16,547
2005-2006	26,774	15,947
2004-2005	26,111	15,685
2003-2004	26,407	15,402

University of Iowa
University Hospitals and Clinics

Daily Cost per Patient
(unaudited)

Year ended June 30, 2008
with comparative figures for prior years

Total University Hospitals' expense:	<u>\$ 784,136,714</u>
Total patient days 2007-2008	<u>194,480</u>
Daily cost per patient 2007-2008	<u>\$ 4,032</u>

Comparative patient statistics and cost per patient for the year ended June 30, 2008 and four previous years:

Year	Patient Days	Daily Cost per Patient
2007-2008	194,480	\$ 4,032
*2006-2007	194,893	3,637
*2005-2006	185,429	3,685
*2004-2005	196,511	3,044
*2003-2004	196,322	3,002

* 2003-2004 through 2006-2007 patient day and daily cost per patient information has been restated to include Psychiatric Hospital, Center for Disabilities and Development and other costs included by the University Hospitals and Clinics to determine the daily cost per patient.