

FOR RELEASE

OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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NEWS RELEASE	
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July 18, 2014	515/281-5834

Auditor of State Mary Mosiman today released a report on Iowa State University of Science and Technology, Ames, Iowa, for the year ended June 30, 2013. Iowa State University of Science and Technology previously released its annual financial report for the year ended June 30, 2013.

Iowa State University of Science and Technology is governed by the Board of Regents. For the year ended June 30, 2013, the full-time equivalent student enrollment was 31,119 with an average cost per student of \$12,661, compared to 29,775 students and an average cost per student of \$12,629 for the year ended June 30, 2012.

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/1461-8020-BR00.pdf.

REPORT OF RECOMMENDATIONS TO IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY

JUNE 30, 2013

_____ Office of _____

AUDITOR OF STATE

State Capitol Building • Des Moines, Iowa



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July 15, 2014

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

Iowa State University of Science and Technology (Iowa State University or University) 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 and the State's Single Audit Report for the year ended June 30, 2013. We have also audited the financial statements of Iowa State University as of and for the year ended June 30, 2013 and have issued our report thereon dated December 13, 2013.

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 were reported in the State's Single Audit Report. recommendations have been discussed with University personnel and their responses to the recommendations are included in this report. While we have expressed our conclusions on the University's responses, we did not audit Iowa State University's responses and, accordingly, we express no opinion on them.

We have also included certain unaudited financial and other information on page 7 to report an average cost per student for Iowa State University for the five years ended June 30, 2013, 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 Iowa State University, citizens of the State of Iowa and other parties to whom Iowa State University 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 6 and they are available to discuss these matters with you.

WARREN G. ØENKINS, CPA Chief Deputy Auditor of State

Honorable Terry E. Branstad, Governor David Roederer, Director, Department of Management Glen P. Dickinson, Director, Legislative Services Agency June 30, 2013

Findings Reported in the State's Single Audit Report:

CFDA Number: 84.033 - Federal Work-Study Program

Agency Number: None

Federal Award Year: 2010, 2011, 2012, 2013

State of Iowa Single Audit Report Comment: 13-III-USDE-620-1

(1) Mentoring Timesheet Hours Not Supported – During fiscal year 2013, Iowa State University (University) began an ongoing review related to the America Reads/America Counts component of Federal work study. The University has identified questionable timesheets and is continuing to review for unallowable costs. The total unallowable amount has not yet been identified. The University has notified the U.S Department of Education and continues to review work study activity for additional fraudulent transactions. The University has indicated additional controls have been implemented to reduce the risk of this occurring again. Any unallowable costs or other concerns identified from this activity, if any, will be disclosed in the Schedule of Findings and Questioned Costs in subsequent years.

<u>Recommendation</u> – The University should continue to review questionable timesheets for unallowable costs. The University should also communicate and work with the U.S. Department of Education to appropriately resolve this issue.

Response and Corrective Action Planned – The University has implemented controls to help mitigate the risk of future unallowable costs. The review of questionable timesheets for unallowable costs will be completed by September 30, 2014.

<u>Conclusion</u> – Response accepted.

CFDA Number: 93.855 - Allergy, Immunology and Transplantation Research

Agency Number: 5U19AI091031, 5R33AI076083, 5P01AI074286

Federal Award Year: 2013

State of Iowa Single Audit Report Comment: 13-III-HHS-620-2

(2) Questioned Costs – On December 23, 2013, the Office of Research Integrity (ORI) of the U.S. Department of Health and Human Services (HHS) issued a final action regarding a researcher at Iowa State University (University). The ORI and the University determined a research assistant professor engaged in research misconduct by falsifying certain results of research. At June 30, 2013, the amount spent on these grants was \$7,758,794, including \$5,335,093 spent in prior years. Of this amount \$2,474,346 was passed through to subrecipients, including \$1,649,612 in prior years. The U.S. National Institute of Health has not yet requested repayment and the unallowable amount, if any, is indeterminable.

<u>Recommendation</u> – The University should communicate and work with the U.S. National Institute of Health to resolve this issue.

<u>Response and Corrective Action Planned</u> – As necessary, the University will work with the U.S. National Institute of Health to resolve this issue.

Conclusion - Response accepted.

Report of Recommendations to Iowa State University

June 30, 2013

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

No matters were noted.

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 Iowa State University

June 30, 2013

Staff:

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Manager Janet K. Mortvedt, CPA, Senior Auditor II Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Patricia J. King, CPA, Senior Auditor II Jenny R. Lawrence, Senior Auditor Leanna J. Showman, Senior Auditor Laura E. Grinnell, Staff Auditor Tyler J. Guffy, Staff Auditor Thomas S. Hebert, Staff Auditor Andi J. Kaufman, CPA, Staff Auditor Ashley J. Moser, Staff Auditor Ryan J. Pithan, Staff Auditor Jesse J. Probasco, Staff Auditor Lucas D. Bernhard, Assistant Auditor Ramona E. Daly, Assistant Auditor Marcus B. Johnson, Assistant Auditor Jeremy L. Krajicek, Assitant Auditor James P. Moriarty, Assistant Auditor Trent M. Mussmann, Assistant Auditor Miranda A. Shipman, Assistant Auditor Kyle C. Smith, Assistant Auditor Brandon A. Soda, Assistant Auditor Janell R. Wieland, Assistant Auditor Tyler L. Bishop, Audit Intern Ryan A. Pick, Audit Intern

Report of Recommendations to Iowa State University

Cost per Student (unaudited)

Year ended June 30, 2013 with comparative figures for prior years

Total General Educational Fund expenditures		\$ 517,606,915
Deduct: Expenditures not related to teaching programs: General University Research Public Service Scholarships	\$ 12,437,084 3,912,215 _107,245,700	123,594,999
Net expenditures for teaching programs		\$ 394,011,916
Full-time equivalent enrollment 2012-2013		31,119

Comparative enrollment statistics and cost per student for the year ended June 30, 2013 and the four previous years:

12,661

		Cost per
Year	Enrollment	Student
2012-2013	31,119	\$12,661
2011-2012	29,775	12,629
2010-2011	28,631	12,264
2009-2010	27,985	12,632
2008-2009	26,768	13,207

Cost per student 2012-2013