



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

July 22, 2015

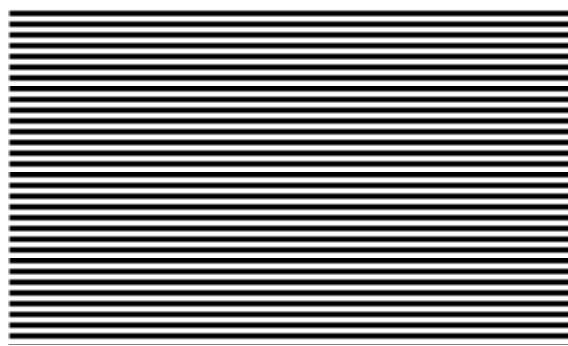
Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released a report on the State University of Iowa, Iowa City, Iowa for the year ended June 30, 2014. The State University of Iowa (University of Iowa) previously released its annual financial report for the year ended June 30, 2014.

The University of Iowa is governed by the Board of Regents. For the year ended June 30, 2014, the full-time equivalent student enrollment was 29,491 with an average cost per student of \$18,912, compared to 29,399 students and an average cost per student of \$18,318 for the year ended June 30, 2013. The University Hospitals and Clinics provided a total of 195,807 patient days at an average daily cost per patient of \$5,420 for the year ended June 30, 2014, compared to 196,323 patient days at an average daily cost per patient of \$5,163 for the year ended June 30, 2013.

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/1561-8010-BR00.pdf>.

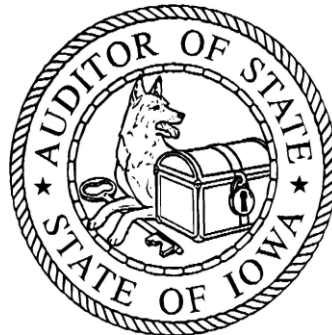
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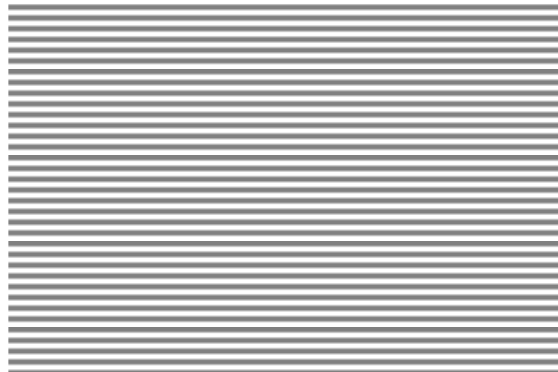
**REPORT OF RECOMMENDATIONS TO THE
STATE UNIVERSITY OF IOWA**

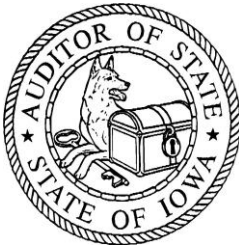
JUNE 30, 2014

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



Mary Mosiman, CPA
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July 15, 2015

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


The State University of Iowa (University of Iowa 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, 2014. We have also audited the financial statements of the University as of and for the year ended June 30, 2014 and have issued our report thereon dated December 10, 2014.


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 a recommendation which is reported on the following pages. We believe you should be aware of the recommendation which relates to statutory requirements and other matters. The recommendation has been discussed with University personnel and their response to the recommendation is included in this report. While we have expressed our conclusion on the University's response, we did not audit the University's response and, accordingly, we express no opinion on it.

We have also included certain unaudited financial and other information on pages 6 and 7 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, 2014, 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 5 and they are available to discuss these matters with you.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2014

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Finding Related to Statutory Requirements and Other Matters:

Theft from Health Care Spending Accounts – University employees may elect to have funds withheld from their payroll and deposited into a health care spending account. To withdraw funds from their account, an employee submits a reimbursement request form to the University's Human Resources Department. The request form must include copies of supporting documentation for eligible health care expenses incurred prior to December 31 of the current year. If the employee leaves during a calendar year, the expenses must be incurred by the end of the month in which the termination occurs. Once the form is received, staff in the Human Resources Department review and approve the request. The reimbursement is then deposited automatically to the bank account selected by the employee. In some cases, a check is issued.

An internal investigation by the University's Human Resources Department, in conjunction with the University's Public Safety Department, identified 6 reimbursement request forms totaling \$7,404 which had been copied from legitimate reimbursement requests and altered. The 6 request forms and attached supporting documentation had been altered to make it appear the reimbursement request was submitted by an employee who had left employment with the University. Of the 6 altered forms, 5 included supporting documentation and 1 did not have supporting documentation attached.

The bank account indicated in the Human Resources Department computer system for these 6 terminated individuals had been changed to a bank account owned by a Clerk III in the Human Resources Department and the record of the Clerk III's bank account number was subsequently deleted from the computer system. The bank account owned by the Clerk III had only \$7,404 in deposits and each deposit agreed with an altered health care reimbursement request or unsupported reimbursement in a terminated employee's name. The employee was terminated from the University and was charged with forgery and fraudulent practice in the 2nd degree. No further investigation was considered necessary.

Report of Recommendations to the State University of Iowa

June 30, 2014

Staff:

Questions or requests for further assistance should be directed to:

James S. Cunningham, CPA, Manager
Gwen D. Fangman, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Eric L. Rath, Senior Auditor
Ramona E. Daly, Staff Auditor
April D. Harbst, Staff Auditor
Jesse J. Harthan, Staff Auditor
Zack D. Kubik, CPA, Staff Auditor
James P. Moriarty, CPA, Assistant Auditor

University of Iowa

Cost per Student
(unaudited)

Year ended June 30, 2014
with comparative figures for prior years

Total General Educational Fund expenditures		\$ 678,633,093
Deduct:		
Expenditures not related to teaching programs:		
Research separately budgeted	\$ 27,870,457	
Extension and public service	3,329,988	
Student aid	<u>89,699,137</u>	<u>120,899,582</u>
Net expenditures for teaching programs		<u>\$ 557,733,511</u>
Full-time equivalent enrollment 2013-2014		<u>29,491</u>
Cost per student 2013-2014		<u>\$ 18,912</u>

Comparative enrollment statistics and cost per student for the year ended June 30, 2014 and the four previous years:

<u>Year</u>	<u>Enrollment</u>	<u>Cost per Student</u>
2013-2014	29,491	\$ 18,912
2012-2013	29,399	18,318
2011-2012	29,319	17,646
2010-2011	28,977	18,035
2009-2010	28,169	18,051

State University of Iowa
University Hospitals and Clinics

Daily Cost per Patient
(unaudited)

Year ended June 30, 2014
with comparative figures for prior years

Total University Hospitals' expenses:	<u>\$ 1,061,304,000</u>
Total patient days 2013-2014	<u>195,807</u>
Daily cost per patient 2013-2014	<u>\$ 5,420</u>

Comparative patient statistics and cost per patient for the year ended June 30, 2014 and the four previous years:

<u>Year</u>	<u>Patient Days</u>	<u>Daily Cost per Patient</u>
2013-2014	195,807	\$ 5,420
2012-2013	196,323	5,163
2011-2012	195,262	5,028
2010-2011	196,482	4,596
2009-2010	182,820	4,609