



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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NEWS RELEASE

FOR RELEASE September 2, 2005

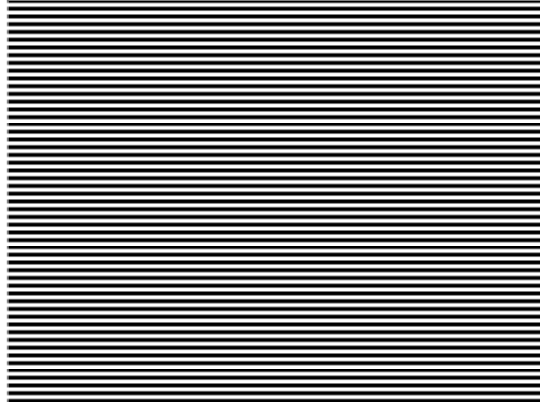
Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released a report on Iowa State University of Science and Technology, Ames, Iowa, for the year ended June 30, 2004. Iowa State University of Science and Technology previously released its annual financial report for the year ended June 30, 2004.

Iowa State University of Science and Technology is governed by the Board of Regents. For the year ended June 30, 2004, the full-time equivalent student enrollment was 26,298 with an average cost per student of \$10,859, compared to 26,635 students and an average cost of \$10,597 for the year ended June 30, 2003.

A copy of the report is available for review from Iowa State University of Science and Technology or in the Office of Auditor of State.

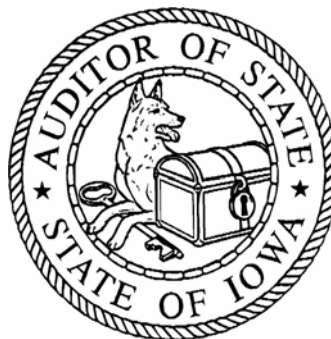
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**REPORT OF RECOMMENDATIONS TO
IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY**

JUNE 30, 2004

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



David A. Vaudt, CPA
Auditor of State





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August 16, 2005

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, 2004. We have also audited the financial statements of the University as of and for the year ended June 30, 2004 and have issued our report thereon dated December 1, 2004.

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, as well as other recommendations pertaining to the University's 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 in this report on page 7 certain unaudited financial and other information to report an average cost per student for the University for the five years ended June 30, 2004 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 6 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 Thomas J. Vilsack, Governor
Michael L. Tramontina, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

June 30, 2004

Findings Reported in the State's Single Audit Report:

CFDA Number: 19.405 – Educational Partnerships Program

Agency Number: ASDH-0332

Federal Award Year: 2000, 2001, 2002, 2003

CFDA Number: 19.408 – Educational Exchange – Teachers from Secondary and Postsecondary Levels and School Administrators

Agency Number: ASKS-1082/S-ECAAS-02-GF-149 (CS)

Federal Award Year: 2001, 2002, 2003

State of Iowa Single Audit Report Comment 04-III-DOS-620-1

- (1) Grant Management – The Office of Auditor of State, in conjunction with representatives of Iowa State University, has conducted an investigation related to grants awarded by the programs identified above. The grants were administered by the College of Education, Center for Technology in Learning and Teaching. Awards for the Educational Partnerships Program for the grant period August 15, 2000 through August 31, 2003 totaled \$299,597, of which \$194,600 was disbursed. Awards for the Educational Exchange – Teachers from Secondary and Postsecondary Levels and School Administrators for the grant period March 28, 2001 through June 30, 2003 totaled \$346,954, of which \$346,192 was disbursed. A report dated February 11, 2005 issued by the Office of Auditor of State included \$138,891 of unallowable disbursements and undeposited conference proceeds. The disbursements were not in compliance with the terms of the grants or University policies. ISU officials are consulting with the U.S. Department of State to determine the feasibility of reclassifying and rebudgeting a portion of the disbursements identified.

Recommendation – The University should continue to work with the U.S. Department of State to resolve these issues.

Response and Corrective Action Planned – The University will work with the Department of State to resolve any questioned costs and concerns identified.

Conclusion – Response accepted.

CFDA Number: 84.342 – Preparing Tomorrow's Teachers to Use Technology

Agency Number: GM10021-113055, 5-34322

Federal Award Year: 1999, 2000, 2001, 2002

State of Iowa Single Audit Report Comment 04-III-USDE-620-5

- (2) Grant Management – The Office of Auditor of State, in conjunction with representatives of Iowa State University, has conducted an investigation related to a contract with the University of Virginia for the program identified above. The contract is administered by the College of Education, Center for Technology in Learning and Teaching. The amount awarded and disbursed for the grant period September 1, 1999 through August 31, 2002 totaled \$142,900. A report dated February 11, 2005 issued by the Office of Auditor of State included \$2,414 of disbursements that did not comply with the agreement or were not properly supported by documentation. A copy has been provided to the pass-through entity, University of Virginia.

Recommendation – The University should continue to work with the University of Virginia to resolve any questioned costs and concerns identified.

Response and Corrective Action Planned – The University will work with the University of Virginia to resolve any questioned costs and concerns identified.

Conclusion – Response accepted.

June 30, 2004

Findings Related to Statutory Requirements and Other Matters:

- (1) Capital Assets – The University acquires and maintains equipment for research, teaching and administrative purposes. University Policy Manual (UPM) Chapter 10 requires an identification tag be placed on each equipment item with an acquisition value of more than \$5,000. Four of fifty-seven current year equipment purchases tested were not properly tagged. Additionally, certain assets had been purchased by one University department and subsequently transferred to other departments within the University and remained on the asset record. A loss on disposal was recorded and reported in the financial statements even though the University still owns the assets.

Recommendation – The University should ensure established procedures are followed for equipment purchases. Additionally, the University should review potentially unusual deletions for proper recording and reporting.

Response – The improperly recorded asset and corresponding loss on disposal was a processing error. All future transactions transferring equipment within the University will be recorded as transfers.

Beginning with fiscal year 2004-2005, the Equipment Inventory Office began testing a sample of equipment items in each department each year to help ensure equipment items are properly tagged and in the correct locations.

Conclusion – Response accepted.

- (2) Untimely Deposits – University Cash Handling Procedures state, “When cash receipts are less than \$100, the deposit must be delivered within five days. Monies exceeding \$100 should be delivered within two days.” Seven of fifty-two deposits from checks were not deposited in accordance with University Cash Handling Procedures.

Recommendation – The University should ensure established Cash Handling Procedures are followed to help ensure receipts are deposited timely.

Response – With the decentralization of cash handling, the Treasurer’s Office cannot ensure 100% compliance with the cash handling policy. However, we have designed, through collaboration with the University of Iowa and University of Northern Iowa, a cash handling power point presentation which is featured on the Deposit On Line website. A communication was sent to the University community instructing departments to review the Iowa State University Cash Handling Policy and Training Presentation and to contact the Treasurer’s Office if they had any questions. In addition, the Treasurer’s Office randomly reviews deposited checks for timeliness of deposit and contacts Internal Audit for follow-up. We will, through the Controller’s Information Network, issue periodic reminders to departments to review cash handling policies and to submit deposits according to University policy.

Please note the new cash handling training presentation was implemented February 1, 2005.

Conclusion – Response accepted.

Report of Recommendations to Iowa State University

June 30, 2004

Staff:

Questions or requests for further assistance should be directed to:

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

Other individuals who participated on the audits include:

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Marc D. Johnson, Staff Auditor
Julie J. Lyon, CPA, Staff Auditor
Sarah D. McFadden, CPA, Staff Auditor
Cory A. Warmuth, CPA, Staff Auditor
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Cynthia R. Ellingson, Assistant Auditor
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Jedd D. Moore, Assistant Auditor
Donna R. Neubauer, Assistant Auditor
Curtis J. Schroeder, Assistant Auditor
Scott D. Trauger, Assistant Auditor
Brandon J. Yuska, Assistant Auditor

Iowa State University of Science and Technology

Cost per Student
(unaudited)

Year ended June 30, 2004
with comparative figures for prior years

Total General Educational Fund expenditures		\$ 358,696,494
Deduct:		
Expenditures not related to teaching programs:		
General University Research	\$15,483,902	
Public Service	4,366,567	
Scholarships	<u>53,265,950</u>	<u>73,116,419</u>
Net expenditures for teaching programs		<u>\$ 285,580,075</u>
Full-time equivalent enrollment 2003-2004		<u>26,298</u>
Cost per student 2003-2004		<u>\$ 10,859</u>

Comparative enrollment statistics and cost per student for the year ended June 30, 2004 and four previous years:

Year	Enrollment	Cost per Student
2003-2004	26,298	\$10,859
2002-2003	26,635	10,597
2001-2002	26,403	10,401
2000-2001	25,299	10,550
1999-2000	24,522	10,539