



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

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**NEWS RELEASE**

FOR RELEASE July 21, 2006

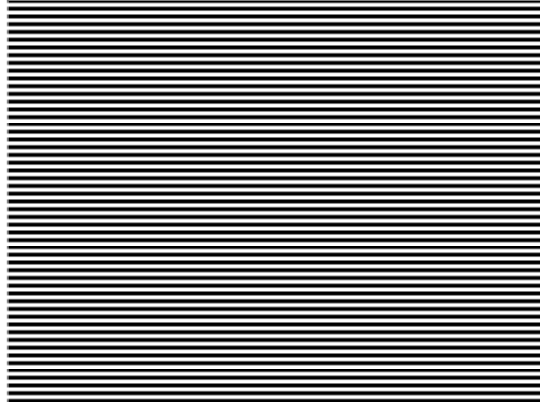
Contact: Andy Nielsen  
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Auditor of State David A. Vaudt today released a report on Iowa State University of Science and Technology, Ames, Iowa, for the year ended June 30, 2005. Iowa State University of Science and Technology previously released its annual financial report for the year ended June 30, 2005.

Iowa State University of Science and Technology is governed by the Board of Regents. For the year ended June 30, 2005, the full-time equivalent student enrollment was 25,921 with an average cost per student of \$11,293, compared to 26,298 students and an average cost of \$10,859 for the year ended June 30, 2004.

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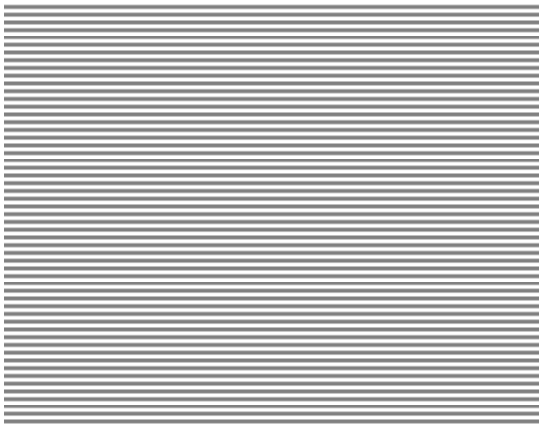
**REPORT OF RECOMMENDATIONS TO  
IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**JUNE 30, 2005**

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



**David A. Vaudt, CPA**  
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July 17, 2006

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, 2005. We have also audited the financial statements of the University as of and for the year ended June 30, 2005 and have issued our report thereon dated November 28, 2005.

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 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, 2005 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, 2005

**Findings Reported in the State's Single Audit Report:**

**CFDA Number: 84.007 – Federal Supplemental Educational Opportunity Grants**  
**Agency Number: P007A041440/SEOG 04-05**  
**Federal Award Year: 2005**

**State of Iowa Single Audit Report Comment 05-III-USDE-620-1**

- (1) Federal Supplemental Educational Opportunity Grants (FSEOG) – The 2004-2005 Federal Student Aid (SFA) Handbook, Chapter 2 states a school must make FSEOG funds reasonably available to all eligible students. It further states a school is allowed to establish categories of students to be considered for FSEOG funding. However, categorization may not be used to exclude certain students or groups of students from consideration. Iowa State University Office of Student Financial Aid awarding parameters allocated no FSEOG awards to Iowa residents in 2004-2005. However, 203 Iowa residents received a total of \$182,819 in FSEOG awards.

Additionally, the SFA Handbook gives guidance on the priority in which students are to be awarded FSEOG funds. “First selection group” students are defined as students with exceptional financial need, which are those with the lowest expected family contributions (EFC) who will also receive a Federal Pell Grant. Twenty-two students who were not eligible for a Pell Grant received FSEOG funds in 2004-2005 totaling \$23,900.

Recommendation – The University should ensure awarding parameters are in compliance with the SFA Handbook to award FSEOG funds. Additionally, the University should review FSEOG recipients to help ensure awards are made to the “first selection group” students.

Response and Corrective Action Planned – The Office of Student Financial Aid changed awarding parameters for the 2005-2006 award year to include Pell-eligible resident and non-resident students in the pool for FSEOG consideration.

Additionally, the Office of Student Financial Aid has implemented periodic queries of the award system to confirm that students who will receive FSEOG awards are also recipients of the Federal Pell Grant.

Conclusion – Response accepted.

**Findings Related to Internal Control:**

No matters were noted.

**Findings Related to Statutory Requirements and Other Matters:**

- (1) Supplemental Salary Approvals – The University hired a postdoctoral research assistant to work and live in Geneva, Switzerland. The hiring department made a verbal commitment to the new employee that should the value of the U.S. dollar fall in relation to the Swiss Franc, the Department would approve a per diem adjustment until such time as an annual review would provide an opportunity to formally adjust the staff members' salary. During the fiscal year, the Department paid an additional \$6,000 through travel reimbursements to supplement the employee's pay. The travel reimbursements were identified as lodging and meals only.

Report of Recommendations to Iowa State University

June 30, 2005

Recommendation – The University should require an electronic personnel action form be processed to ensure all required approvals are obtained before additional compensation is provide to employees.

Response – The University concurs with the Auditor’s recommendation.

Conclusion – Response accepted.

- (2) 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.

Chapter 10 of the University Policy Manual (UPM) addresses conflict of interest procurements. However, it 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 Chapter 10 of the UPM so it agrees with provisions of the Iowa Administrative Code.

Response – Iowa State University will revise Chapter 10 of the UPM, or the corresponding section of the Policy Library, to be consistent with the Iowa Administrative Code. The update will occur with the next revision to the appropriate sections of these resources.

Conclusion – Response accepted.

Report of Recommendations to Iowa State University

June 30, 2005

**Staff:**

Questions or requests for further assistance should be directed to:

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Iowa State University of Science and Technology

Cost per Student  
(unaudited)

Year ended June 30, 2005  
with comparative figures for prior years

Total General Educational Fund expenditures		\$ 365,199,141
Deduct:		
Expenditures not related to teaching programs:		
General University Research	\$ 14,720,471	
Public Service	2,948,960	
Scholarships	<u>54,804,457</u>	<u>72,473,888</u>
Net expenditures for teaching programs		<u>\$ 292,725,253</u>
Full-time equivalent enrollment 2004-2005		<u>25,921</u>
Cost per student 2004-2005		<u>\$ 11,293</u>

Comparative enrollment statistics and cost per student for the year ended June 30, 2005 and four previous years:

<u>Year</u>	<u>Enrollment</u>	<u>Cost per Student</u>
2004-2005	25,921	\$11,293
2003-2004	26,298	10,859
2002-2003	26,635	10,597
2001-2002	26,403	10,401
2000-2001	25,299	10,550