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**NEWS RELEASE**

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FOR RELEASE

March 18, 2025

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Auditor of State Rob Sand today released an Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters on Iowa State University of Science and Technology, Ames, Iowa for the year ended June 30, 2024.

**AUDIT FINDINGS:**

Sand reported one finding related to financial reporting. It is found on page 4 of this report. The finding addresses financial reporting over bond segments.

This finding is repeated from the prior year.

A copy of the report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENTAL AUDITING STANDARDS**

**JUNE 30, 2024**



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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Members of the Iowa Board of Regents:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business type activities and the fiduciary activities of Iowa State University of Science and Technology (the "University") and its discretely presented component unit as of and for the year ended June 30, 2024, and the related Notes to Financial Statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 20, 2024. Our report includes a reference to other auditors who audited the financial statements of the Iowa State University Foundation, the Iowa State University Achievement Fund and the Original University Foundation (the "Foundation"), the Iowa State University Research Foundation, Incorporated and the Iowa State University Veterinary Services Corporation as described in our report on the University's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters which are reported on separately by those auditors. The financial statements of the Foundation and the Iowa State University Research Foundation, Incorporated were not audited in accordance with Government Auditing Standards.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control described in the accompanying Schedule of Findings as item (A) that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Iowa State University of Science and Technology’s Response to the Finding

Government Auditing Standards require the auditor to perform limited procedures on the University’s response to the finding identified in our audit and described in the accompanying Schedule of Findings. The University’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the University during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Brian R. Brustkern, CPA  
Deputy Auditor of State

December 20, 2024

Iowa State University  
Schedule of Findings  
Year ended June 30, 2024

**Finding Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCY:**

(A) Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the University’s financial statements.

Iowa State University’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and are due to the State of Iowa by October 1 of each year. Because Iowa State University is operated by the State of Iowa and is not legally separate, the University’s financial information is included in the State of Iowa’s Annual Comprehensive Financial Report (ACFR). The Iowa Department of Administrative Services and the Iowa Department of Management are responsible for the issuance of the ACFR. The DAS-SAE GAAP Team compiles activity reported in each Department’s and University’s GAAP package in preparation of the State of Iowa’s financial statements.

Condition – Material amounts of certain bond segment financial statements information were not properly reflected in the University’s financial statements. Adjustments were subsequently made by the University to properly report these amounts in the University’s audited financial statements and GAAP reporting package.

Cause – Policies have not been established and procedures have not been implemented to require a detailed independent review of the bond segment financial statements to ensure the University’s financial statements and GAAP reporting package to the GAAP Team are accurate and reliable.

Effect – A lack of policies and procedures and detailed independent reviews resulted in the University employees not detecting errors in the normal course of performing their assigned functions.

Recommendation – Procedures should be implemented to ensure the University is able to prepare accurate financial statements and GAAP package information. The University should establish policies and procedures to ensure all bond segment financial statements are properly reported in the University financial statements.

Response – Iowa State is continuing a project to streamline and standardize the bond segment reporting process since our system conversion. This project is nearing completion and will be finished prior to the end of fiscal year 2025, enabling a more efficient accounting process.

Conclusion – Response accepted.