

**COMMITTEE MEMORANDUM**

**TO:** Audit and Compliance Committee Members  
Board of Regents, State of Iowa

**FROM:** Jean Friedrich

**DATE:** April 20, 2005 *ASN*

**SUBJ:** State Auditor Special Investigation

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**Recommended Action:**

Receive the Auditor of State report on a special investigation of certain grants administered by the Department of Curriculum and Instruction College of Education at Iowa State University.

**Executive Summary:**

State audit reports are presented to the Audit and Compliance Committee as required by Board policy. Representatives from the State Auditor's Office will be available for any questions.

At the request of Iowa State University officials, the State Auditor reviewed two grants and one contract administered by Dr. Jerry Willis, a former ISU professor.

The auditor reported \$141,305.17 of unallowable disbursements of grant and contract funds in addition to undeposited conference proceeds.

The auditor made recommendations to Iowa State University to improve certain aspects of internal controls surrounding disbursements made by the University:

- Strengthen policies and procedures for review of expenditures to ensure compliance with grant agreements;
- Implement procedures to monitor budget limitations; and
- Clarify policies of authorized financial institutional accounts.

The Auditor issued an addendum on April 12, 2005, due to questions regarding the family relationship between Mr. Smyrnov and Dr. Willis. Regardless of any family or personal relationship, the Auditor stated that all payments to Mr. Smyrnov were unallowable expenses for the grant due to unsupported documentation.

The University is consulting with the U.S. Department of State to determine if certain conferences and costs are allowable uses of grant funds even if not specifically identified in the original grant agreement.

**Background:**

Reviews

In accordance with Regent Policy Manual §1.05, audit reports from the State Auditor are presented to the Audit and Compliance Committee.

The auditor reviewed the following grants and contract:

- Reform and Renewal in Teacher Education: Developing Collaboration between Iowa State University and Gogol State Pedagogical University (Ukraine) grant
- Bilkent University (Turkey) Student Teacher Internship Program grant
- Teachers Technology: Catalyst Project contract

Disbursement Categories

Unallowable disbursements of grant funds were categorized as follows:

- Non compliance with terms of grant
- No supporting documentation
- Inadequate supporting documentation
- Duplicate payment
- Not in compliance with ISU policies

Budget overages occurred when certain budget categories exceeded 10% of the project budget and did not have prior written approval from the U.S. Department of State as stipulated in the grant agreement.

Summary of Findings

The following table is a summary of the auditor's findings for the period September 1, 1999, through November 30, 2003.

**Iowa State University**  
**Special Investigation of Certain Grants Administered by the Department of Curriculum and Instruction College of Education**  
State Audit Report Issued: April 4, 2005

Auditor's Findings	
1. Unallowable Disbursements	\$105,988.16
2. Budget Overages	11,099.62
3. Unallowable Disbursements from Registration Fees	22,620.28
4. Undeposited Conference Registration Fees	2.11
5. Undeposited Registration Fees	1,595.00
Total	\$141,305.17

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