COMMITTEE MEMORANDUM

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

FROM: Jean Friedrich

DATE: April 20, 2005

SUBJ: FY 2006 Committee Work Plan

Recommended Action:

Review the Committee work plan and Committee activities to date.

Executive Summary:

The Board changed its committee structure in May 2004 and created an Audit and Compliance Committee. This Committee’s responsibilities, while similar to activities previously completed by the Board’s Banking Committee, are more extensive.

Since its inception, the Committee has:

- Related to Sarbanes-Oxley, discussed implementation of best practices to improve corporate management, financial reporting, internal controls, and executive conduct; revised audit policies; and developed code of business and fiduciary conduct.

- For audits:
  - Continued review of all audit reports and expanded committee direct interactions with internal and external auditors, including more committee input into audit planning.
  - Established a simplified “dashboard” format for internal audits with definitions for reviewing criticality/materiality, assessments of findings, and follow-up.
  - Consolidated the internal audit function among the three universities.

- Created a claims activity report with semi-annual institutional information that encompasses pending litigation of tort, contract, workers’ compensation, and administrative agency claims.

The attached work plan takes the Committee’s activities through May 2006.
Background:

The Audit and Compliance Committee was established in May 2004 for the following purposes:

- Receiving and reviewing information about internal and external audit functions related to the operation of all Regent institutions
- Oversight of security planning across the Regent enterprise
- Evaluating the annual audit plans proposed by internal auditors, with emphasis on financial control systems, mitigation of major risks, operational efficiencies, and compliance matters
- Reviewing all reports prepared by internal auditors of the Regent institutions
- Assuring continued evaluation, improvement, and adherence to all Board and institutional policies, procedures, and practices
- Facilitating an open avenue of communication among the independent auditors, financial and senior management, internal auditors, the Committee, and the Board of Regents
- Preparing an annual committee plan that defines the scope of the committee work, establishes benchmarks, and identifies indicators of committee progress
- Gathering information on issues and policies pertinent to the committee’s work, which may include directing the work and considering the reports of special and interinstitutional committees of the Board of Regents
- Developing short-term and long-term recommendations to the Board of Regents after thoughtful consideration of relevant issues and policies
- Regularly reporting to the Board of Regents regarding the status of the committee’s assignments and accomplishments
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| • Approval of minutes  
• Semi-annual claims activity report  
• Presentation by State Auditor and discussion of state audit reports for FY 2004  
• Evaluation of internal audit plans  
• Discussion of internal audits  
• Anticipated issues for November 2-3 meeting  | • Approval of minutes  
• Discussion of auditor selection process  
• Discussion of internal audits  
• Annual review of audit policies  
• Anticipated issues for February 1-2 meeting  | • Approval of minutes  
• Semi-annual claims activity report  
• Discussion of external bond audits  
• Discussion of internal audits  
• Discussion of guidance for enterprise-wide focus for internal audit plans  
• Committee activity review and self-assessment  
• Anticipated issues for May 3-4 meeting  | • Approval of minutes  
• Discussion of internal audits  
• Discussion of 2006-2007 committee work plan  
• Discussion of external audit planning  
• Anticipated issues for August 8-9 meeting  |