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REVISION TO THE BOARD OF REGENTS POLICY MANUAL - CHAPTER 7

Recommended Action: Consider, as a first and final reading, approval of the revision to Chapter 7.03H of the Board of Regents Policy Manual to reflect current Iowa Code §11.36.

Executive Summary: Board Policy Manual Chapter 7.03H (Awards to Private Agencies) needs to be revised to be consistent with Iowa Code §11.36 (Review of Entities Receiving Public Monies).

CURRENT CHAPTER §7.03H

Iowa Code §11.36 requires that Regent institutions, prior to awarding a grant or a purchase of service contract of more than \$150,000 to a private agency, excluding architect/engineering agreements, shall obtain from the Auditor of State a certification of the entity's accounting system and an evaluation of its internal controls.

PROPOSED CHAPTER §7.03H

Iowa Code §11.36 allows the Auditor of State, at the request of the Board of Regents, to review working papers prepared by a certified public accountant covering the receipt and expenditure of state or federal funds provided by the Board of Regents to any other entity to determine if the receipt and expenditure of those funds by the entity is in substantial compliance with the laws, rules, regulations, and contractual agreements governing those funds. If an entity has not been audited by a certified public accountant, the Auditor of State may, at the request of the Board of Regents, review the records covering the receipt and expenditure of state and federal funds to determine the same.

Background/Analysis: From 1995 to 2005, §11.36 of the Iowa Code required that prior to awarding grants or service contracts exceeding \$150,000 (one or more total in a fiscal year) to a private agency, state agencies were required to obtain certification from the Auditor of State or the Auditor's designee stating that the grantee/contractor had an adequate accounting system to effect compliance with the terms and conditions of the grant/contract.

The 2006 Acts completely replaced the 2005 language. The new language, modified in 2007 and 2008, does not require Auditor of State certification, but rather provided for the Auditor of State, at the request of a department, to:

- ◆ Review audit working papers prepared by a Certified Public Accountant (CPA) covering the receipt and expenditure of state or federal funds provided by the department to any other entity to determine if the receipt and expenditure of those funds by the entity is consistent with the laws, rules, regulations, and contractual agreements governing those funds;
- ◆ Review records covering the receipt and expenditure of state or federal funds provided by the department to any other entity, which has not been audited by a CPA, to determine if the receipt and expenditure of those funds by the entity is consistent with laws, rules, regulations, and contractual agreements covering governing those funds; and
- ◆ Determine if the entity is non-compliant.