

Contact: Patrice Sayre

FY 2006 STATE AUDIT REPORTS

Action Requested: Receive the following reports for the fiscal year ended June 30, 2006, which contain State Auditor's reports:

- State of Iowa Comprehensive Annual Financial Report (CAFR)
- State of Iowa Single Audit Report (SAR)
- University of Iowa – Financial Report and Report of Recommendations
- Iowa State University – Financial Report and Report of Recommendations
- University of Northern Iowa – CAFR and Report of Recommendations
- Iowa School for the Deaf – Report of Recommendations
- Iowa Braille and Sight Saving School – Report of Recommendations
- Board Office – Report of Recommendations
- University of Iowa – Report of Recommendations – Review of Selected General and Application Controls over the University's ProTrav System
- Iowa State University – Report of Recommendations – Review of Selected General and Application Controls over the University's Student Financial Aid System

Executive Summary:

Iowa statutes require the State Auditor to conduct audits on all state entities, including the Regent institutions and the Board Office. On an annual basis, two State of Iowa audit reports are released that contain information regarding the five Regent institutions, the Board Office, and the rest of state government. The State Auditor provides audit reports on each university and reports of recommendations for each Regent institution and the Board Office.

The FY 2006 State Auditor's reports for the Regent institutions contained comments on federal issues, internal control, and statutory requirements and other matters. None were considered significant. Corrective actions are being taken on all findings.

State Auditor Vaudt is scheduled to make brief comments on these reports.

Statewide Reports:

- The CAFR provides a broad perspective of the State of Iowa's financial activity with a general overview of the condition of the state, audited financial statements of the state, and a statistical section containing financial and demographic information. The CAFR may be accessed at the following web site: http://das.sae.iowa.gov/financial_reports/index.html.
 - ◆ The report noted that state appropriations of nearly \$27.5 million were made from the Rebuild Iowa Infrastructure Fund (RIIF) for items inconsistent with the fund's legislatively established purpose, which was for public vertical infrastructure-related expenditures.
 - ◆ The net assets of the state primary government as of June 30, 2006, totaled \$11,364.1 million, an increase of \$573.7 million over the previous year.
- The SAR, required by federal law, covers the disbursement of federal funds by all state agencies, institutions, and universities, as well as a review of internal controls, compliance with federal laws and regulations, and follow-up on prior year federal comments. The SAR may be accessed at the following web site: <http://auditor.iowa.gov/reports/0660-8991-A000.pdf>
- The State Auditor concluded that the State of Iowa complied, in all material respects, with the requirements applicable to each of its major federal programs for the fiscal year ended June 30, 2006.

UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORTS:

- University of Iowa: <http://www.uiowa.edu/~fusas/2006/FY06FinancialReport.pdf>
- Iowa State University: <http://www.controller.iastate.edu/far/finrpt06.pdf>
- University of Northern Iowa: <https://access.uni.edu/reports/cafr/2006/AFR-2006.pdf>

REPORTS OF RECOMMENDATIONS:

- State University of Iowa: <http://auditor.iowa.gov/reports/0761-8010-BR00.pdf>
- Iowa State University: <http://auditor.iowa.gov/reports/0761-8020-BR00.pdf>
- University of Northern Iowa: <http://auditor.iowa.gov/reports/0761-8030-BR00.pdf>
- Iowa School for the Deaf: <http://auditor.iowa.gov/reports/0761-8050-BR00.pdf>
- Iowa Braille and Sight Saving School: <http://auditor.iowa.gov/reports/0761-8040-BR00.pdf>
- Board Office: <http://auditor.iowa.gov/reports/0760-6150-BR00.pdf>
- University of Iowa – Review of Selected General and Application Controls over the University's ProTrav System: <http://auditor.iowa.gov/reports/0761-8010-BT01.pdf>
- Iowa State University – Review of Selected General and Application Controls over the University's Student Financial Aid System: <http://auditor.iowa.gov/reports/0761-8020-BT01.pdf>

Findings Reported in the Single Audit Report:

- SUI ♦ Federal Perkins Loan Program, Delinquent Notices
 ♦ Federal Perkins Loan Program, Refunds to Federal Perkins Loan Fund

Findings Related to Internal Control:

- SUI ♦ Journal Entry Approval
- ISU ♦ Accounts Receivable
- UNI ♦ Segregation of Duties
 ♦ Cash in Offices
 ♦ Timely Recording of Wire Transfers
 ♦ Untimely Deposits
 ♦ Backdating of Quick Pays
 ♦ Bank Reconciliations
 ♦ Payroll Deduction Reconciliation
 ♦ Wage and Salary Overpayments
 ♦ Payroll Entry Error
 ♦ Work Study Awards

Findings Related to Statutory Requirements and Other Matters:

- ISU ♦ University Conflict of Interest Procurement Policy

Findings Related to General Controls:

- SUI Review of Selected General and Application Controls over the University's ProTrav System
 ♦ Password Controls
 ♦ Removal of Access for Terminated Employees
- ISU Review of Selected General and Application Controls over the University's Student Financial Aid System
 ♦ Security Profile Changes