

Contact: Andrea Anania

### **EXTERNAL AUDIT REPORT – QUAD-CITIES GRADUATE STUDY CENTER**

**Action Requested:** Receive the Quad-Cities Graduate Study Center external audit report for the fiscal year ended June 30, 2017: [http://www.iowaregents.edu/media/cms/0418\\_acITEM04bQuad\\_Cities\\_Attachmen\\_3F6F43D36D91D.pdf](http://www.iowaregents.edu/media/cms/0418_acITEM04bQuad_Cities_Attachmen_3F6F43D36D91D.pdf)

**Executive Summary:** Carpentier, Mitchell, Goddard & Company LLC conducted an audit of the Quad-Cities Graduate Study Center to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The audit report concluded that the financial statements as of June 30, 2017, present fairly, in all material respects, and in conformity with generally accepted accounting principles. Auditors identified a deficiency in internal control (see analysis section below.) No instances of noncompliance or other matters were identified.

**Background:** Section §2.2(9)(B)(iv) in the Board's Policy Manual requires that external audit reports conducted on the Regents-associated regional study centers be submitted to the Board Office for docketing on the Audit and Compliance Committee agenda.

The Regional Study Centers receive state appropriations through the Board of Regents and serve residents of Iowa who are geographically distant from the Regents campuses. They offer graduate and undergraduate degree programs, certificate programs, and continuing professional education courses for working professionals.

**Analysis:** The report includes the Independent Auditor's Report, which may be found near the beginning of the report and an internal control letter at the end of the report. Auditors:

- ▶ Reported the financial statements present fairly in all material respects, the financial position as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States;
- ▶ Identified a deficiency in internal control considered to be a material weakness and significant deficiency as described below:

The Quad-Cities Graduate Study Center (<http://www.gradcenter.org/>) lacks proper segregation of duties in areas of cash receipts and cash disbursements and increases the possibility that errors or irregularities may occur and not be detected on a timely basis. Due to the small number of people employed in administrative functions, the Center may not be able to fully achieve an ideal segregation of duties; and

- ▶ Reported no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Southwest Iowa Regents Resource Center (<https://qualityeducationswia.org/>) and the Northwest Iowa Regents Resource Center (<http://www.qualityeducationnwia.org/>) are included as part of the University of Iowa's financial statements since the University handles all of their transactions.