

MINUTES OF APRIL 27, 2011, COMMITTEE MEETING

**BOARD OF REGENTS, STATE OF IOWA
AUDIT/COMPLIANCE AND INVESTMENT COMMITTEE**

**SCHEMAN BUILDING, ROOMS 230-240
IOWA STATE UNIVERSITY
AMES, IOWA**

Committee Members

Jack Evans (Chair)
Bonnie Campbell
Robert Downer

Michael Gartner
Ruth Harkin
Greta Johnson

Craig Lang
David Miles
Rose Vasquez

Staff Members

Andrea Anania, Bob Donley, Patrice Sayre, Todd Stewart

Others

Tyler Marsh, KPMG LLP (via phone)
Andy Nielsen, Office of Auditor of State
David Vaudt, Office of Auditor of State

Chair Evans called the meeting to order at 3:05 p.m.

Minutes of March 23, 2011, Committee Meeting

- MOVED by MILES, SECONDED by DOWNER, to approve the minutes of the March 23, 2011, Committee Meeting. MOTION APPROVED UNANIMOUSLY.

FY 2010 State Audit Reports

Auditor of State David Vaudt and Deputy Auditor Andy Nielsen appeared before the Board.

Auditor Vaudt discussed the audits prepared by the Office of Auditor of State. He reported that the: (1) Comprehensive Annual Financial Report received a qualified opinion and said the opinion does not relate to the Regents institutions, but rather the funding level provided to the Office of Auditor of State; (2) Single Audit Report did not report any findings on the Regents institutions; (3) Reports of Recommendations received favorable responses from management and his office would follow up during FY 2011; and (4) University Financial Reports received unqualified opinions and no internal control comments were reported on any of the universities.

Auditor Vaudt thanked Regent employees and Chair Evans thanked Auditor Vaudt.

Chair Evans also thanked the financial officers at the institutions and said that no reportable conditions is significant for a \$4 billion enterprise.

- The Committee received the report by GENERAL CONSENT.

Internal Audit Reports Issued

Director Stewart discussed the audit reports presented this month.

Director Stewart informed the Committee that professional internal auditing standards require peer reviews every five years and said he participated in the independent assessment of Purdue University's Internal Audit Department with audit directors from the University of Wisconsin and Michigan State University.

He also informed the Committee that ISU had one resignation; that position has been filled and the new person should be up to speed by mid-May.

Director Stewart thanked Regent Gartner for his leadership during his term as Board President. He greatly appreciated Regent Gartner's focus, attention, and support of the internal audit function, which has continued over the last six years.

➤ The Committee received the report by GENERAL CONSENT.

External Audit Reports

GRADUATE CENTER AUDITS

Chief Business Officer Patrice Sayre reported that clean opinions were issued for the Quad-Cities Graduate Study Center and the Siouxland Interstate Metropolitan Planning Council (SIMPCO) audit report, which includes the Tri-State Graduate Center.

UIHC AUDIT

KPMG Senior Manager Tyler Marsh joined the meeting via phone and said KPMG: (1) issued an unqualified opinion on the financial statements; (2) encountered no disagreements with management on financial accounting matters; (3) reported no new significant accounting policies adopted by UIHC that materially affected the financial statements, nor were there any changes in the application of existing accounting policies; and (4) confirmed that as of December 6, 2010, KPMG was independent with respect to UIHC under all relevant professional accounting standards.

➤ The Committee received the reports by GENERAL CONSENT.

Chair Evans adjourned the meeting at 3:22 p.m.

The corresponding docket memorandum for each agenda item, an integral component of the minutes, is available on the Board of Regents website: <http://www.regents.iowa.gov/>. Copies of these memoranda can also be obtained from the Board Office by calling 515-281-3934.