

Contact: Patrice Sayre

MINUTES OF SEPTEMBER 12, 2018
AUDIT AND COMPLIANCE COMMITTEE MEETING

MAIN LOUNGE, IOWA MEMORIAL UNION
UNIVERSITY OF IOWA
IOWA CITY, IOWA

Committee Members

Sherry Bates
Nancy Boettger
Patty Cownie

Milt Dakovich
Nancy Dunkel (Chair)
Rachael Johnson

Jim Lindenmayer
Larry McKibben (Vice Chair)
Michael Richards

Others

Mary Mosiman, Auditor of State
Andy Nielsen, Deputy Auditor of State
Marlys Gaston, Financial Audit Division Director, Office of Auditor of State
Patrice Sayre, Chief Audit Executive
Bruce Harreld, University of Iowa President

Chair Dunkel called the meeting to order at 2:42 p.m.

Minutes of June 6, 2018, Committee Meeting

- MOVED by DAKOVICH, SECONDED by JOHNSON, to approve the minutes from the June 6, 2018, Committee Meeting. MOTION APPROVED UNANIMOUSLY.

FY 2018 State Audit Plan

Auditor of State Mary Mosiman presented the FY 2018 State Audit Plan and discussed anticipated audit scopes, approaches, and deliverables, as well as timelines, staffing plans, hours, fees, and expenses. Recent GASB statement additions were also presented.

- By GENERAL CONSENT, the Committee received the FY 2018 State Audit Plan.

State Audit Reports

Auditor of State Mary Mosiman discussed the FY 2017 Reports of Recommendation for the five institutions and the Board Office and reviewed the reports on special investigations.

In response to questions from Regent Cownie, Auditor of State Mosiman: 1) explained the distribution of audit reports; and 2) confirmed that no further action has been taken in regards to the special investigations.

- By GENERAL CONSENT, the Committee received the State Audit Reports.

FY 2018 Audit Progress and FY 2019 Internal Audit Plans

Chief Audit Executive Patrice Sayre summarized the FY 2018 Audit Progress and FY 2019 Audit Plans.

- By GENERAL CONSENT, the Committee received the FY 2018 Audit Progress Report and recommended that the Board approve the FY 2019 Internal Audit Plans.

Internal Audit Reports Issued

Chief Audit Executive Sayre highlighted several of the original audit reports presented this month.

- By GENERAL CONSENT, the Committee received the Internal Audit Reports Issued.

Internal Audit Charter

Chief Audit Executive Sayre summarized the Internal Audit Charter.

- By GENERAL CONSENT, the Committee recommended that the Board renew the Internal Audit Charter.

Audit of University of Iowa Stead Family Children's Hospital by Navigant Consulting

Chief Audit Executive Sayre gave a report on the Construction Cost Audit and Evaluation of Construction Management Processes Report performed by Navigant Consulting, Inc. on the University of Iowa Stead Family Children's Hospital.

In response to a question from Vice Chair McKibben, SUI President Bruce Harreld talked about the project timeline, process, Navigant Consulting report, and dispute with Modern Piping.

Vice Chair McKibben responded that SUI is taking the correct actions by advancing the Modern Piping dispute to the Iowa Supreme Court and expressed appreciation to SUI President Harreld for stating the other side of the legal case.

Chair Dunkel expressed her appreciation for the Stead Family Children's Hospital and the many lives saved there on a daily basis.

President Richards expressed his appreciation for the timeline given by SUI President Harreld.

In response to President Richards' questions, SUI President Harreld confirmed that: 1) a bidding process was not undertaken on the square building originally drawn up, which was a conceptual design only; 2) the only building contractors bid on was the oval-shaped building, with the bidding process occurring 14 months after the original conceptual design was drawn; and 3) only 2 of the 24 contractors have had a dispute with SUI. Modern Piping has been paid \$57 million and \$17 million is in dispute.

President Harreld further reported that Modern Piping has not delivered documentation to file for LEED Certification or the as-built drawings. In response to President Richards, President Harreld confirmed as-built drawings would normally be a deliverable from the contractor. He also reported SUI not only paid, but that he and VPMA Jackson met with Modern Piping officials and said they agreed to deliver.

- By GENERAL CONSENT, the Committee received the Construction Cost Audit and Evaluation of Construction Management Processes Report performed by Navigant Consulting, Inc.
- MOVED by BOETTGER, and SECONDED by MCKIBBEN, to adjourn the meeting. MOTION APPROVED UNANIMOUSLY.

Chair Dunkel adjourned the meeting at 3:50 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.iowaregents.edu>. Copies of these memoranda can also be obtained from the Board Office by calling 515-281-3934. Audio of the meeting is also available on the website.
