Contact: Chad Sharp

MINUTES OF SEPTEMBER 16, 2026 COMMITTEE MEETING

AUDIT AND COMPLIANCE COMMITTEE
MAUCKER UNION
UNIVERSITY OF NORTHERN IOWA

Committee Members

Nancy Dunkel, Chair	Present
Steve Lacy, Vice Chair	Present
Peter Cownie	Present
Robert Cramer	Present
Lucy Gipple	Present
Christine Hensley	Present
Greta Rouse	Present
Kurt Tjaden	Present

Also Attending
Blair Brown, Baker Tilly
Robert Zellmer, Baker Tilly
Phil Boothby, UI Health Care Capital Management
Mike Kearns, UI Design and Construction
Brian Brustkern, Deputy Auditor of State
Chad Sharp, Chief Audit Executive

Call to Order
Chair Dunkel called the meeting to order at 3:21 p.m.

Minutes of June 15, 2026 Committee Meeting
- ✓ *The committee approved the June 15, 2026 committee meeting minutes by GENERAL CONSENT.*

North Liberty Hospital Construction Project
Regent Cramer stated that the board engaged with Baker Tilly to oversee the accounting throughout this project and thinks it was a good investment for the oversight. Blair Brown explained the project scope, final financial outcome and the project's close out conclusions. Brown noted that Baker Tilly began with a project controls assessment and reviewed monthly payment applications throughout the project for approximately three years and audit fees were $346,000. Brown explained the overall close out result was favorable and no material cost audit exceptions were identified. Baker Tilly identified $39,000 of total cost impacts out of $364.7M overall construction cost. During final close out reconciliations, Baker Tilly noted that approximately $7.88M in savings was returned to the university. Management responded to each of the five project control opportunities for improvement and these are all closed now.

Regent Lacy commended the board and those involved in deciding to perform this project because it was a large, complicated project that had a small number of items that were resolved and noted this provides confidence these funds were utilized appropriately and was a good investment.

Regent Tjaden commented this should give us confidence that we can reapply this in the future and would not need to bring in an outside firm and would question the need to do this again if we believe processes have been institutionalized. Sharp noted internal audit has performed a review on the back end of a construction project but not an ongoing review like this project. Regent Dunkel indicated this would need to be considered on a case-by-case basis as this was a large complex project.

In response to Regent Cramer's question about engagements with different levels of Baker Tilly's involvement that would reduce cost, Brown indicated they have performed engagements where they come in at different project phases or milestones, including at close out.

Rod Lehnertz commented that he understands and appreciates the reasons for the audit, especially considering a project of this scale at a time when there were cost escalations nationally and internationally. Lehnertz noted he had no apprehension about the audit because he was confident in the teams and systems in place and agrees that a case-by-case analysis is appropriate while hoping this project's outcome elicits reliance and trust in the processes in place.

Regent Lacy commented we could look at how to staff a project like this but would prefer an ongoing review over alternative approaches. In response to Regent Cramer's question, Brown noted that Baker Tilly was not involved in reviewing the medical equipment procurement process.

✓ *The committee received the North Liberty Hospital Construction Report by GENERAL CONSENT.*

State Audit Plan
Deputy Auditor of State Brian Brustkern presented the FY 2026 State Audit Plan, including anticipated audit scopes, approaches and deliverables. He also explained anticipated timelines, staffing plans, hours, fees and expenses.

In response to Regent Tjaden's question about the 15% increase in this year's estimate versus last year's actuals, Brustkern thought last year was estimated around 17,000 hours. Brustkern's goal is to estimate the worst possible scenario and finish under the estimate so there are no surprises.

✓ *The committee received the State Audit Plan by GENERAL CONSENT.*

State Audit Reports
Deputy Auditor of State Brian Brustkern presented the FY 2025 Reports of Recommendations for SUI, ISU, UNI and the Board Office. There were no findings in any of the reports.

✓ *The committee received the State Audit Reports by GENERAL CONSENT.*

FY 26 Audit Progress and FY 27 Internal Audit Plans
CAE Sharp noted the metrics below that contributed to a successful FY 26:

- 95% of the FY 26 audit plan was complete or in progress at FY end. This is a continued year-over-year improvement from FY 25 that finished with 82% and FY 24 and the few prior FYs that finished in the low to mid 70% range.
- Open past due follow-ups were reduced from 14 to 6 during FY 26.
- 95% of Internal Audit post engagement client survey responses continue to indicate that internal audits are conducted professionally, collaboratively and improve the operations and control environment of the audited area.

Sharp credited this success to the highly credentialed Internal Audit staff. Internal Audit has 14 staff with professional certifications or a master's degree, 17 total certifications across all staff, with eight staff currently working towards a certification and six of those are working towards their first. Sharp noted a few goals over the next year are for those eight staff to obtain their certification, remaining audit staff actively start working towards their first professional audit certification, and Internal Audit continues to deliver on the noted metrics and continues identifying efficiency gains in the audit process.

Sharp explained the annual risk assessment process and how the FY 27 audit plan with over 23,000 audit hours and 63 engagements was developed. Each potential project is risk ranked across eight separate criteria, with a score of one being low and five being high. The projects with the highest total risk scores make the plan based on available resources. In response to Regent Tjaden's question, Sharp noted the eight risk criteria are currently weighted equally.

✓ MOVED by LACY, SECONDED by GIPPLE, to recommend that the Board approve the FY 26 Audit Progress and FY 27 Internal Audit Plans.

	Cownie	Cramer	Gipple	Hensley	Lacy	Rouse	Tjaden	Dunkel
Aye	x	x	x	x	x	x	x	x
Nay								

MOTION APPROVED by ROLL CALL.

Internal Audit Reports Issued
CAE Sharp highlighted four of the 13 original reports issued and noted that two are closed as management was able to implement corrective action during the audit. Sharp also noted there are 11 closed follow-ups issued and five open follow-ups, which are within three months of their original due date and management is actively working to implement corrective action.

✓ *The committee received the Internal Audit Reports Issued by GENERAL CONSENT.*

Internal Audit Charter
CAE Sharp noted that the Internal Audit Charter is presented each September for board approval. Sharp explained the purpose and contents of the charter and noted the only change since last year is the CAE now administratively reports to the Chief Operating Officer of the board office and that this does not change Internal Audit's authority, independence or responsibility.

✓ MOVED by LACY, SECONDED by HENSLEY, to recommend that the Board approve the Internal Audit Charter.

	Cownie	Cramer	Gipple	Hensley	Lacy	Rouse	Tjaden	Dunkel
Aye	x	x	x	x	x	x	x	x
Nay								

MOTION APPROVED by ROLL CALL.

Adjourn
Chair Dunkel adjourned the meeting at 4:00 p.m.