



THE UNIVERSITY OF IOWA

FINANCIAL SUB-CERTIFICATION



Public Corporations – External Events



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Sarbanes Oxley Act of 2002

- “Public Company Accounting Reform and Investor Protection Act of 2002”
- Federal law passed in response to a number of major corporate & accounting scandals.
- Establishes new or enhanced standards for all U.S. public company boards, management, and public accounting firms.



SarbOx - Financial Certification

- Financial Certification

Written assurance that financial reports are reliable and that internal controls are working as intended

- Who does it apply to?

Issuers of publicly-traded securities (generally corporations)



Higher Education – Internal Events



University of Iowa

- Financial **Certification** –
 - Management representations are certified by Finance & Operations
 - Senior Vice-President & Treasurer
 - Associate Vice-President & University Controller
 - Associate Controller
- Financial **Sub-certification** –
 - Questionnaire format
 - Deans of collegiate units
 - Vice-Presidents/Directors of auxiliary units
 - Senior Fiscal Officers (Budget Officers)



Why sub-certification in higher education?

- ✓ High degree of decentralization in higher education
- ✓ Raises awareness of responsibility
- ✓ Results in greater accountability (individuals & entity)
- ✓ “Goes to the heart of ethics”
- ✓ Provides greater assurance of accurate financial results and effective internal controls
- ✓ Greater reliability for external users of financial statements
- ✓ Possible future GAO requirement for recipients of federal funding.



Higher Education...who is sub-certifying?

- ✓ University of Michigan
- ✓ Ohio State
- ✓ Purdue
- ✓ Indiana University
- ✓ University of Illinois
- ✓ Northwestern
- ✓ University of Texas System
- ✓ Harvard



Areas of special interest in sub-certification

- ✓ Training & education
- ✓ Effective control structure
- ✓ Coordination & collaboration with key areas
- ✓ Proper reporting of activities
- ✓ Documentation and review of transactions/results
- ✓ Accuracy of financial results
- ✓ Complete disclosure



FSC Advisory Committee

Joe Elder	Office of VP Research
Sydney Gussman	Library Administration
Terri Hein	Human Resources
George Herbert	Iowa Memorial Union
Charles Hession	College of Public Health
Mark Hingtgen	College of Medicine
Selina Martin	Controllers Office
Mick Walker	Athletics
Karna Wieck	College of Liberal Arts/Sciences
Debby Zumbach	Business Services



Implementation Stages

Stage 1: Draft Proposal (Spring 2007)

Stage 2: Communication (Summer/Fall 2007)

Stage 3: Certification Adjustments (Fall 2007)

Stage 4: Certification Workshops (Spring 2008)

Stage 5: Operational Improvements (on-going)

Stage 6: Go-live (July 1, 2008)

First sub-certifications will be signed in the fall of 2009 for the fiscal year 2009 (July 1, 2008 – June 30, 2009).



Sub-certification Workshop Sessions

1. Ethics & HR Compliance
2. Finance, Accounting & Audit Compliance
3. Purchasing, Travel & Resource Usage Compliance
4. Research & Gift Compliance
5. Non-cash Assets & Records Management
Compliance



UI Sub-certification Package

1. Sub-certification Statement

- 15 yes/no questions with a comments section

2. Guidance & Policy Document

- Links to related policies, guidance documents, training, etc. specific to each question

3. Control Document Checklist

- List of specific control documents (timesheets, training records, reconciliations, etc.) specific to each question



How will you benefit from sub-certification?

Over time....

- Your staff will have greater **awareness** of critical policies & procedures.
- You will have a more educated staff with a better **understanding** of their roles & responsibilities.
- There will be greater **accountability** at the departmental level resulting in better decisions.
- We will have stronger **internal controls**.
- We will reduce our risk of **fraud**.
- There will be more effective financial **management**.

