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### AUDIT REPORT — ISU CENTER FOR NONDESTRUCTIVE EVALUATION

**Special Investigation.** On January 26, 2017, the Auditor of State released a report on a special investigation of the Center for Nondestructive Evaluation (CNDE) at Iowa State University (ISU) and QNDE Programs, a nonprofit corporation which hosts an annual conference for which CNDE provides administrative support. The investigation was requested by ISU officials due to concerns regarding financial transactions processed by Pamela Backstrom, a former CNDE Administrative Specialist who was employed by ISU from August 12, 2013, until her resignation on January 28, 2016.

**Findings.** The investigation identified \$71,491 of improper and unsupported disbursements from the QNDE bank account for which Ms. Backstrom was responsible. The total amount includes the following:

- \$61,800 of cash withdrawals at ATMs and bank branches using counter withdrawal slips. On 10 occasions, the amount withdrawn from the QNDE account was the same amount as cash deposited to Ms. Backstrom's personal account on the same day. On one occasion, the same amount was deposited to her personal account the next day. There were also 13 deposits to her personal account on the same day as withdrawals from the QNDE account but in lesser amounts than the withdrawals.
- \$6,520 of purchases made from the QNDE bank account with a debit card for travel, registration fees, and personal items.
- \$3,171 of unsupported disbursements.

The report also notes that, because of insufficient documentation, it was not possible to determine if all QNDE collections were properly deposited.

Another issue raised in the report involved reimbursement to Ms. Backstrom of \$1,491 for moving expenses from Indiana to Iowa. The Auditor expressed concern that the reimbursement may not have met ISU's policy of being "necessary to attract specific personnel."

**Recommendations.** The report includes recommendations regarding segregation of duties, ensuring proper support documentation for disbursements, and review of financial reports and bank reconciliations by an independent party in a timely manner.

**More Information.** The [full audit report](#) is available on the Auditor of State's website.

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