



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

January 17, 2020

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Administrative Services for the year ended June 30, 2017.

The Iowa Department of Administrative Services is mandated by statute to provide services to other state agencies. To fulfill this responsibility, the Department is structured into the General Services Enterprise (GSE), the Human Resources Enterprise (HRE), the State Accounting Enterprise (SAE) and the Central Procurement and Fleet Services Enterprise (CPFSE).

Sand recommended the Department ensure capital assets are properly reported in the GAAP package and targeted small business goals are set in accordance with the Code of Iowa. The Department's responses to these recommendations are included in the report.

A copy of the report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF ADMINISTRATIVE SERVICES**

JUNE 30, 2017

Iowa Department of Administrative Services



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December 23, 2019

Iowa Department of Administrative Services
Des Moines, Iowa

To Jim Kurtenbach, Director:

I am pleased to submit to you this Report of Recommendations for the Iowa Department of Administrative Services for the year ended June 30, 2017. The report includes findings pertaining to the Department's internal control and compliance with statutory requirements and other matters which resulted from the fiscal year 2017 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Department of Administrative Services throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand", written in a cursive style.

Rob Sand
Auditor of State

Iowa Department of Administrative Services



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December 23, 2019

To Jim Kurtenbach, Director of the
Iowa Department of Administrative Services:

The Iowa Department of Administrative Services is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2017.

In conducting our audits, we became aware of aspects concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations, which pertain to the Department's internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report. While we have expressed our conclusion on the Department's responses, we did not audit the Iowa Department of Administrative Services' responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Administrative Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Administrative Services may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Department during the course of our audits. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the Department are listed on page 5 and they are available to discuss these matters with you.

A handwritten signature in black ink that reads "Marlys K. Gaston".

Marlys K. Gaston, CPA
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Report of Recommendations to the
Iowa Department of Administrative Services

June 30, 2017

Findings Reported in the State's Single Audit Report:

No matters were reported.

Finding Reported in the State's Report on Internal Control:

No matters were reported.

Other Findings Related to Internal Control:

Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the State's financial statements.

Departments record receipts and disbursements in the Integrated Information for Iowa (I/3) system throughout the year, including during the accrual period. Activity not recorded in the I/3 system is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS-SAE) in a GAAP package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year.

Condition – The Department omitted sales/trade-in revenue related to the disposal of assets in the GAAP package which overstated the Department's loss from disposal of assets by \$186,593. This amount was properly adjusted for reporting purposes.

Cause – Although policies and procedures are in place to review GAAP package information, the review was not in sufficient detail to identify the omitted sales/trade-in revenue.

Effect – The loss from disposal of assets was overstated by \$186,593.

Recommendation – The Department should implement procedures to ensure information reported to DAS-SAE in the GAAP package is complete and accurate.

Response – The Department of Administrative Services has a process in place to recognize the sale proceeds. In this instance it was an administrative oversight and the Department will conduct additional training to ensure all steps are followed.

Conclusion – Response accepted.

Report of Recommendations to the
Iowa Department of Administrative Services

June 30, 2017

Findings Related to Statutory Requirements and Other Matters:

Targeted Small Business Procurement Goals – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

The TSB procurement goal for the Department of Administrative Services for fiscal year 2017 was not set at a level exceeding the fiscal year 2016 actual TSB spending.

Recommendation – The Department should establish a procurement goal exceeding the previous fiscal year certified targeted small business procurement level as required or seek legislation to change this statutory requirement.

Response – The Department of Administrative Services has written a policy providing guidance in the establishment of the Department's TSB purchasing goal. Beginning in fiscal year 2020 the goal will be determined following the new policy.

Conclusion – Response accepted.

Report of Recommendations to the
Iowa Department of Administrative Services

June 30, 2017

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy
Tammy A. Hollingsworth, CIA, Manager
Brandon J. Vogel, Senior Auditor II

Other individuals who participated in the audits include:

Adjoa S. Adanledji, Staff Auditor
Alexia M. Grgurich, Staff Auditor
Anthony J. T. Mallie, CPA, Staff Auditor
Matthew A. Miller, Staff Auditor
Mallory A. Sims, Staff Auditor
Cole J. Hanley, Assistant Auditor
Jon G. Hanson, Assistant Auditor
Elin M. Landgren, Assistant Auditor