



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

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NEWS RELEASE

FOR RELEASE

November 5, 2020

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Education, Division of Vocational Rehabilitation Services for the year ended June 30, 2019.

The Iowa Department of Education, Division of Vocational Rehabilitation Services is responsible for determining eligibility of individuals for vocational rehabilitation and the nature and scope of vocational rehabilitation services to be provided. In addition, the Division has assumed the duties relating to making determinations of disability under the Social Security Act pursuant to an agreement between the Division and the Social Security Administration.

AUDIT FINDING:

Sand reported two findings pertaining to the Iowa Department of Education, Division of Vocational Rehabilitation Services. The findings can be found on pages 3 and 4 of this report. The findings address a lack of segregation of duties over receipt depositing and reconciling and the online processing of P-1 documents. Sand provided the Department with recommendations to address the findings.

One of the findings discussed above is repeated from the prior year. Division management have a fiduciary responsibility to provide oversight of the Division's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

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 EDUCATION, DIVISION OF
VOCATIONAL REHABILITATION SERVICES**

JUNE 30, 2019

**Iowa Department of Education
Division of Vocational Rehabilitation Services**



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Rob Sand
Auditor of State

November 2, 2020

Iowa Department of Education, Division of Vocational Rehabilitation Services.
Des Moines, Iowa

To David Mitchell, Administrator of the Iowa Vocational Rehabilitation Services:

I am pleased to submit to you the financial and compliance audit report for the Iowa Department of Education, Division of Vocational Rehabilitation Services for the year ended June 30, 2019. The audit was performed pursuant to Chapter 11.2 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Division 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".

Rob Sand
Auditor of State

**Iowa Department of Education
Division of Vocational Rehabilitation Services**



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November 2, 2020

To the Members of the State Board of Education:

The Iowa Department of Education, Division of Vocational Rehabilitation Services is 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, 2019.

In conducting our audits, we became aware of an aspect concerning the Division'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 Division's internal control. The recommendations have been discussed with Division personnel and their responses to the recommendations are included in this report. While we have expressed our conclusion on the Division's responses, we did not audit the Division's 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 Education, Division of Vocational Rehabilitation Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Education, Division of Vocational Rehabilitation Services may report. This report is not intended to be and should not be used by anyone other than these specified parties.

Should you have questions concerning the above matter, we shall be pleased to discuss it with you at your convenience. Individuals who participated in our audit of the Division are listed on page 5 and they are available to discuss the matter with you.

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 Education,
Division of Vocational Rehabilitation Services

June 30, 2019

Findings Reported in the State's Single Audit Report:

No matters were reported.

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

No matters were reported.

Other Findings Related to Internal Control:

- (1) Segregation of Duties – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recoding of transactions are not under the control of the same employee. The segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Department's financial statements.

Responsibilities for deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts.

Recommendation – The Department should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff to provide additional control through review of financial transactions, reconciliations, and reports.

Response – IVRS will review the assignment of tasks in regards to receivables and deposits to maintain secure and accurate handling of cash and checks received by the Department.

Conclusion – Response accepted.

- (2) Initial Receipt Listing – IVRS does not have procedures in place to prevent entries from being altered/deleted from the initial receipt listing spreadsheet.

Recommendation – Controls should be implemented to prevent entries from being altered/deleted from the initial receipt listing spreadsheet.

Response – IVRS financial supervisor has reviewed the initial listing and deposit processes. To ensure that entries cannot be deleted by staff making the deposits, the Department will establish a Google sheet as the initial listing. Google sheets allows for stricter access; access will only be given to the depositing staff to put their initials in the verification and date of deposit columns and not to be able to delete any of the initial listing information.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Education,
Division of Vocational Rehabilitation Services

June 30, 2019

- (3) Payroll – The Division processes and records payroll and personnel information in the Human Resource Information System (HRIS). The Human Resource Associates (HRA) utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. Beginning in fiscal year 2017, the Division developed compensating control procedures to include a remark as justification for why an individual is both initiating and approving the document.

Three employees have the ability to initiate and approve P-1 documents. In addition, we identified sixty instances in which the same employee initiated and approved a P-1 document. Of these sixty instances, ten P-1 documents were tested to determine whether a remark was included as a compensating control. For all ten P-1 documents tested, a remark was not included to document justification for why an individual was both initiating and approving the document.

Recommendation – To Division should ensure that justification is documented on a P-1 document when the same individual is both initiating and approving the document.

Response – This finding covers a period when the Department employed an internal HR professional. The Department now has an MOU with DAS-HRE to process P-1 documents. The control risk was eliminated with the change in HR processes due to the MOU versus internal staffing.

Conclusion – Response accepted.

Finding Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Department of Education,
Division of Vocational Rehabilitation Services

June 30, 2019

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy
Suzanne R. Dahlstrom, CPA, Manager
Tiffany M. Ainger, CPA, Manager
Adjoa S. Adanledji, Senior Auditor

Other individuals who participated in the audit include:

Jamie T. Reuter, Senior Auditor II
Brandon G. Sommers, Staff Auditor
Chris M. Anderson, Staff Auditor
Craig S. Miller, Staff Auditor
Megan A. Waldbillig, Staff Auditor
Terry J. Erlbacher, Staff Auditor