



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834

NEWS RELEASE

Contact: Brian Brustkern  
515/281-5834

FOR RELEASE

July 31, 2025

---

Auditor of State Rob Sand today released a report on the six divisions of the Iowa Department of Commerce for the year ended June 30, 2023.

The Department administers and coordinates the various regulatory, service and licensing functions relating to the conduct of business or commerce in the state. The Department consists of the following divisions: Insurance, Utilities, Alcoholic Beverages, Banking, Credit Union and Professional Licensing Bureau.

**AUDIT FINDINGS:**

Sand reported three findings pertaining to the six divisions of the Department. The findings are on pages 3 through 6 of this report. Sand recommended the divisions implement procedures to improve controls over financial reporting, segregation of duties and receipts. Division responses to the recommendations are included in the report.

The three findings discussed above are repeated from the prior year. Management of the Iowa Department of Commerce has a fiduciary responsibility to provide oversight of the Department's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" management exercises in its fiduciary capacity.

A copy of the report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State.](#)

# # #

**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF COMMERCE**

**JUNE 30, 2023**

**Iowa Department of Commerce**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834

July 25, 2025

Iowa Department of Commerce  
Des Moines, Iowa

To: Mary Mosiman, Director of the Iowa Department of Revenue (Commerce – Alcoholic Beverages Division);  
Doug Ommen, Insurance Commissioner of the Iowa Department of Insurance and Financial Services (Commerce – Banking, Credit Union and Insurance Divisions);  
Sarah Martz, Iowa Utilities Board, Chair (Commerce – Utilities Division)  
Larry Johnson, Director of the Iowa Department of Inspections, Appeals and Licensing (Commerce – Professional Licensing Division):

I am pleased to submit to you the Report of Recommendations for the Iowa Department of Commerce for the year ended June 30, 2023. The report includes findings pertaining to the Department's internal control and compliance which resulted from the fiscal year 2023 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of Iowa Department of Commerce 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 Commerce**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834

July 25, 2025

To: Mary Mosiman, Director of the Iowa Department of Revenue (Commerce – Alcoholic Beverages Division);  
Doug Ommen, Insurance Commissioner of the Iowa Department of Insurance and Financial Services (Commerce – Banking, Credit Union and Insurance Divisions);  
Sarah Martz, Iowa Utilities Board, Chair (Commerce – Utilities Division)  
Larry Johnson, Director of the Iowa Department of Inspections, Appeals and Licensing (Commerce – Professional Licensing Division);

The Iowa Department of Commerce is a part of the State of Iowa and, as such, has been included in our audits of the State's Annual Comprehensive Financial Report (ACFR) and the State's Single Audit Report for the year ended June 30, 2023.

In conducting our audits, we became aware of certain 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 include findings pertaining to the Department's internal control, 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 conclusions on the Department's responses, we did not audit the Iowa Department of Commerce'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 Commerce, citizens of the State of Iowa and other parties to whom the Department 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 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 7 and they are available to discuss these matters with you.

A handwritten signature in black ink, appearing to read "Brian R. Brustkern".

Brian R. Brustkern, CPA  
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor  
Kraig Paulsen, Director, Department of Management  
Tim McDermott, Director, Legislative Services Agency

June 30, 2023

**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:**

(A) Insurance Division

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 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. Departments submit their GAAP packages to DAS-SAE by the first week of September each year.

Condition – The Division did not report receivables and related deferred inflows of \$113,841.

Cause – Although policies and procedures exist to require review of the I/3 system and activity reported in the GAAP packages, the review did not identify the misstatements.

Effect – For the Annual Comprehensive Financial Report (ACFR), the amounts reported as, right to use lease asset and lease liability and related footnote disclosures were misstated requiring adjustments to the financial statements.

The amounts reported as receivables and payables by the Division were misstated.

Recommendation – Additional policies and procedures should be implemented to ensure accurate financial statements. The Department should implement additional procedures to ensure information reported to DAS-SAE on the GAAP package is accurate.

Response – IID follows State's Accounting Enterprise rules and guidelines. The small amount of misstatement was due to turnovers and lack of training of less experienced staff. We have improved our training and ensure everyone on the team to follow the correct standards to prevent future mistakes.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Commerce

June 30, 2023

(B) Utilities Division

(1) Segregation of Duties

Criteria – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another.

Condition – Responsibilities for maintaining detail accounts receivable records are not segregated from collections and records postings. In addition, the independent mail opener does not compare the listing of receipts to the general ledger to ensure proper recording and depositing.

Cause – The Board does not have procedures in place to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties over receipts could result in unauthorized and unsupported transactions and the opportunity for misappropriation.

Recommendation – The Board should review its operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including employees of other Divisions.

Response – The Iowa Utilities Commission (IUC) promotes the segregation of duties, particularly as it pertains to payments received. The IUC only has the capacity to accept physical payments in the form of a check that is received in our office. Virtually all of those payments are received in the mail. All agency mail is opened by a Clerk Specialist in the reception area and logged. The physical payments (checks) are then transported to the accounting area where they are logged a second time. The accounting staff member that logs the payments does not enter the payments into Iowa Advantage (formally known as Integrated Information for Iowa (I/3) system). The payments are recorded by a second accounting team member (third person in the sequence). The following day, the third accounting team member compares the amount received was entered into the system and updates the Accounts Receivable Journal. No person at any point of a physical payment journey does two steps in a row and each verifies the work of the prior step.

The IUC does not have a person outside of the accounting department to audit entries made in Iowa Advantage. If the advice of the auditor is to have the mail opened and logged by the accounting department as the first step for physical payments received, the IUC would be agreeable to follow that direction.

Conclusion – Response acknowledged. The initial listing, currently prepared by the Clerk Specialist, should be compared, at a minimum on a test basis, with payments in Iowa Advantage and the accounts receivable records to ensure accurate recording and depositing. This comparison could be made by either the Clerk Specialist or an independent member of the accounting department.

Report of Recommendations to the Iowa Department of Commerce

June 30, 2023

(2) Receipt Reconciliation (Billings)

Criteria – An effective internal control system provides for internal controls related to reconciling amounts collected and recorded to the accounting system to amounts recorded (billed) in the receivables journal to ensure the accuracy of the receivable balances.

Condition – A reconciliation is performed between receipts collected and receipts posted, however, the reconciliation is not performed by an independent person.

Cause – Policies have not been established and procedures have not been implemented to reconcile receipt deposits to the receivable journal to ensure the accuracy of the receivable balances.

Effect – Since reconciliations were not performed by an independent person, misstatements of receivables may not have been prevented or detected and corrected on a timely basis in the normal course of operation.

Recommendation – To improve controls over the receipt process, receipts posted in the receivables journal should be periodically reconciled to the deposits recorded in the I/3 system by an independent person.

Response – While the IUC practices rigorous segregation of duties practices, we were unable to provide an independent reconciliation between payments initially logged outside of the accounting bureau and those that were logged once they were delivered to the accounting bureau. The IUC was also not able to provide documentation of the AR Journal reconciliation. The IUC will prepare documentation going forward that will confirm the reconciliations and that they were done by accounting team members who are independent of the process in the interest of improved segregation of duties.

Conclusion – Response accepted.

(C) Alcoholic Beverages Division

No matters were reported.

(D) Banking Division

No matters were reported.

(E) Credit Union Division

No matters were reported.

(F) Professional Licensing Division

No matters were reported.

June 30, 2023

**Findings Related to Statutory Requirements and Other Matters:**

(1) Insurance Division

No matters were reported.

(2) Utilities Division

No matters were reported.

(3) Alcoholic Beverages Division

No matters were reported.

(4) Banking Division

No matters were reported.

(5) Credit Union Division

No matters were reported.

(6) Professional Licensing Bureau

No matters were reported.

Report of Recommendations to the Iowa Department of Commerce

Staff

**Staff:**

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy  
Suzanne R. Dahlstrom, CPA, Manager  
Alex N. Kawamura, CPA, Manager  
Janet K. Mortvedt, CPA, Manager  
Luke M. Bormann, CPA, Senior Auditor II  
Taylor A. Hepp, Senior Auditor II  
Maria L. Collins, Staff Auditor  
Nolen R. Schultz, Staff Auditor

Other individuals who participated in the audits include:

Laurel P. Hoogensen, Senior Auditor  
Ariel N. Dennler, Staff Auditor  
Miranda L. Hoch-deGuzman, Staff Auditor  
Bryce L. Rasmussen, Assistant Auditor  
Jason A. Weuve, Audit Intern