



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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NEWS RELEASE

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

November 7, 2025

Auditor of State Rob Sand today released a report on the Iowa Utilities Commission (IUC) for the year ended June 30, 2024.

The Commission regulates the rates and services of investor-owned electric, natural gas, water, sanitary sewage, and storm water drainage public utilities and has specific regulatory authority over municipal electric and natural gas utilities and electric cooperatives (RECs). The IUC also has authority over the siting and construction of electric transmission lines, intrastate natural gas pipelines and hazardous liquid pipelines.

AUDIT FINDINGS:

Sand reported two findings pertaining to the Commission. The findings are on pages 3 and 4 of this report. Sand recommended the Commission review its operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff and improve controls over the receipt process. The Commission's responses to the recommendations are included in the report.

Both of the findings discussed above are repeated from the prior year. Management of the Iowa Utilities Commission has a fiduciary responsibility to provide oversight of the Commission's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" management exercise 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](#).

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**REPORT OF RECOMMENDATIONS TO THE
IOWA UTILITIES COMMISSION**

JUNE 30, 2024

Iowa Utilities Commission



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November 5, 2025

Iowa Utilities Commission
Des Moines, Iowa

To Sarah Martz, Iowa Utilities Commission, Chair

I am pleased to submit to you the Report of Recommendations for the Iowa Utilities Commission for the year ended June 30, 2024. The report includes findings pertaining to the Commission's internal control which resulted from the fiscal year 2024 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of Iowa Utilities Commission 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 that reads "Rob Sand".

Rob Sand
Auditor of State

Iowa Utilities Commission



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November 5, 2025

To Sarah Martz, Iowa Utilities Commission, Chair

The Iowa Utilities Commission 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, 2024.

In conducting our audits, we became aware of certain aspects concerning the Commission'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 Commission's internal control, statutory requirements and other matters. These recommendations have been discussed with Commission personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Commission's responses, we did not audit the Iowa Utilities Commission'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 Utilities Commission, citizens of the State of Iowa and other parties to whom the Iowa Utilities Commission 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 Commission 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 Commission are listed on page 5 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, 2024

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:

(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 – Generally, one individual may have control over the collection, deposit preparation and the reconciliation of receivable records for which no compensating controls exist.

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 Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff.

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.

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 Utilities Commission

June 30, 2024

(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 Iowa Advantage 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.

Findings Related to Statutory Requirements and Other Matters:

No matters were reported.

Report of Recommendations to the Iowa Utilities Commission

Staff

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Alexander N. Kawamura, CPA, Manager
Anthony M. Heibult, CPA, Senior Auditor II
April R. Davenport, Senior Auditor
Laurel P. Hoogensen, Senior Auditor
Christopher L. Poague, Staff Auditor