



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____ September 12, 2013

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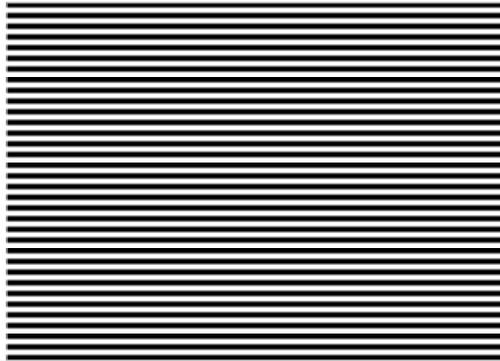
Auditor of State Mary Mosiman today released a report on the Iowa Judicial Branch for the year ended June 30, 2012. The Iowa Judicial Branch is comprised of the Supreme Court, the Court of Appeals, the District Courts, the Clerks of Court and the Court Administrator.

The Iowa Judicial Branch's purpose is to exercise general, general appellate and original jurisdiction in civil and criminal cases and in all proceedings including probate and juvenile matters. The Iowa Judicial Branch determines rules for admission and discipline of the bar and adopts rules regulating appellate practice and procedures and promulgates regulations of the Commission on Judicial Qualifications, the Board of Law Examiners and the Board of Shorthand Reporters.

Mosiman recommended the Iowa Judicial Branch review its policies and procedures for ensuring the GAAP package information is complete and accurate, segregate the duties of the Human Resource Associates from the duties of payroll and segregate the duties of timesheet data entry and timesheet approval. The Iowa Judicial Branch's responses to the recommendations are included in the report.

A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1360-4440-OR00.pdf>.

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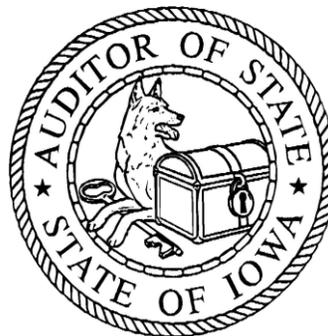


**REPORT OF RECOMMENDATIONS TO THE
IOWA JUDICIAL BRANCH**

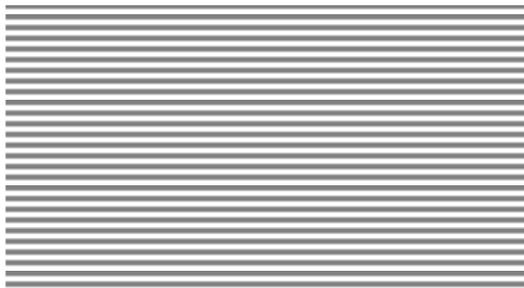
JUNE 30, 2012

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



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September 9, 2013

To the Iowa Judicial Branch:

The Iowa Judicial Branch 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, 2012.

In conducting our audits, we became aware of certain aspects concerning the Iowa Judicial Branch'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 those reported in the State's Report on Internal Control as well as other recommendations pertaining to the Iowa Judicial Branch's internal control. These recommendations have been discussed with Iowa Judicial Branch personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Iowa Judicial Branch's responses, we did not audit the Iowa Judicial Branch'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 Judicial Branch, citizens of the State of Iowa and other parties to whom the Iowa Judicial Branch 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 Iowa Judicial Branch 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 Iowa Judicial Branch are listed on page 6 and they are available to discuss these matters with you.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

Payroll - The Judicial Branch processes and records payroll and personnel information on the Human Resource Information System (HRIS). The Human Resource Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. The following findings were noted where there were no compensating controls:

- a) Four individuals have the ability to initiate and approve P-1 documents. Three of the four individuals also have the ability to initiate and approve timesheets.
- b) For the period April 1, 2011 through February 29, 2012, nineteen P-1 documents were initiated and received department level approval by the same person.

Recommendation - To strengthen controls, the Judicial Branch should develop and implement procedures to segregate the duties of the Human Resource Associates from the duties of payroll.

Response - Our payroll processing people have been instructed to ensure someone else approves any P-1 document they initiate. In addition, we now receive a report from payroll showing who initiated and approved a P-1 document. This report is reviewed by an independent person.

Conclusion - Response accepted.

Other Findings Related to Internal Control:

- (1) Financial Reporting - The Judicial Branch records 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 Department of Administrative Services - State Accounting Enterprise (DAS-SAE) on a GAAP package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year. The following findings were noted:

- a) The Judicial Branch understated jury and witness fee payables on the GAAP package by \$36,930.
- b) The Judicial Branch overstated operating lease rental expense on the GAAP package by \$40,038.

Recommendation - The Judicial Branch should ensure the GAAP package information reported is complete and accurate.

Response - Next year we will have an independent person review to ensure accuracy.

Conclusion - Response accepted.

Report of Recommendations to the Iowa Judicial Branch

June 30, 2012

- (2) Timesheets – Judicial Branch District Court employees record hours worked on paper timesheets. Each Clerk of Court is responsible for entering data from the paper timesheets into the Human Resource Information System (HRIS). When a County Clerk of Court is absent, a Judicial Branch employee enters the data from the paper timesheets into HRIS. The Judicial Branch employee who enters timesheet information into HRIS also approves the timesheets.

Recommendation – To strengthen controls, the Judicial Branch should develop and implement procedures to segregate duties for timesheet data entry and approval.

Response – We will find ways to segregate duties as recommended.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Judicial Branch

June 30, 2012

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Manager
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Karen J. Kibbe, Senior Auditor II
David C. McQuarry, CPA, Staff Auditor
Karie A. Meisgeier, CPA, Staff Auditor
Kayley R. Alexander, Assistant Auditor
Hannah K. Haas, Assistant Auditor
Elissa R. Olson, Assistant Auditor
April D. Harbst, Auditor Intern