



OFFICE OF AUDITOR OF STATE
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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

August 21, 2014

Contact: Andy Nielsen
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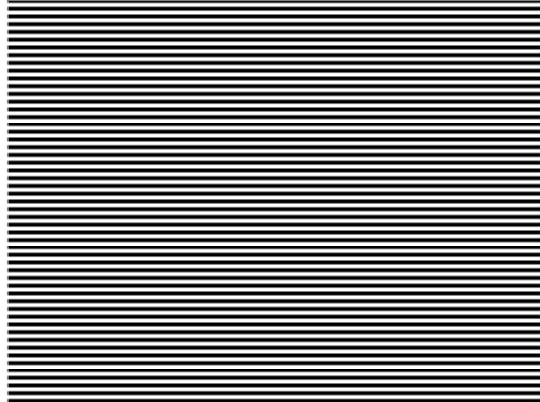
Auditor of State Mary Mosiman today released a report on the Iowa College Student Aid Commission for the year ended June 30, 2013.

The Commission is responsible for guaranteeing loans made by eligible lenders to eligible students and administering the program. The Commission is also responsible for establishing an effective system for the collection of delinquent loans.

Mosiman recommended the Commission review information reported in its GAAP package to ensure the GAAP package information is complete and accurate and review internal controls relating to policies regarding travel, personal services contracts and monthly reconciliations. The Commission responded corrective action is being implemented.

A copy of the report is available for review in the office of the Iowa College Student Aid Commission, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1460-2840-0R00.pdf>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA COLLEGE STUDENT AID COMMISSION**

JUNE 30, 2013

Office of
**AUDITOR
OF STATE**
State Capitol Building • Des Moines, Iowa



Mary Mosiman, CPA
Auditor of State





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August 18, 2014


To Karen Misjak, Executive Director
of the Iowa College Student Aid Commission:


The Iowa College Student Aid Commission 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, 2013.

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 related to internal control. These recommendations have been discussed with Commission personnel and their responses to the recommendations are included in this report. While we have expressed our conclusions on the Commission's responses, we did not audit the Iowa College Student Aid 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 College Student Aid Commission, citizens of the State of Iowa and other parties to whom the Iowa College Student Aid 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 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 Commission are listed on page 7 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, 2013

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

- (1) Financial Reporting – The Commission 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 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.

The Commission incorrectly recorded accrual activity in I/3 to fiscal year 2014, resulting in an understatement of accounts receivable of \$717,865 at June 30, 2013. The receivable was not reported in the Commission's GAAP package.

Recommendation – The Commission should ensure amounts recorded in I/3 are recorded in the correct fiscal year and the GAAP package information reported is complete and accurate.

Response – The Commission will train its accounting staff so all state policies and procedures are followed. All amounts recorded in I/3 will be recorded in the correct year in a timely and accurate manner. All GAAP package information will be reviewed and completely and accurately reported.

Conclusion – Response accepted.

- (2) Travel Disbursements – Procedure 210.102 of the Iowa Department of Administrative Services State Accounting Policy and Procedures Manual states “Employees shall submit an actual receipt provided by the supplier for each meal, travel or other work related allowable costs”. For one employee, meals were reimbursed without an actual receipt.

Recommendations – Travel claims submitted by all employees should be supported by actual receipts documenting the cost incurred as required by the Iowa Department of Administrative Services policy.

Response – The Commission will ensure all employee travel reimbursements are in compliance with state regulations. All reimbursements will be made only upon receipt of required documentation. The Commission's Travel Manual will be reviewed and updated as necessary to ensure compliance.

Conclusion – Response accepted.

Report of Recommendations to the Iowa College Student Aid Commission

June 30, 2013

- (3) Review of Monthly Reconciliations – The Commission provides loans to students to assist in funding their education. Loan balances are tracked in the TEAL system. In addition, the activity is recorded in the I/3 system. A reconciliation was prepared between the TEAL system and the I/3 system. However, there is no evidence the reconciliations were reviewed by an independent person.

Recommendation – The monthly reconciliations between the TEAL system and the I/3 system should be prepared and an independent person should review and document approval of the reconciliation.

Response – The Commission will reconcile the TEAL system with the I/3 system on a monthly basis. The Commission’s accountant will review and approve the reconciliation.

Conclusion – Response accepted.

- (4) Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Grant Expenditures – The GEAR UP Iowa project staff works with Iowa high schools to encourage students to gain higher education. The project coordinator secured a company, Heart of A Student, to coordinate assemblies at various GEAR UP high schools. The Commission did not follow the appropriate procedures regarding the selection of the vendor and a contract with the vendor was never established. Based on documentation obtained, Heart of A Student performed assemblies at nine GEAR UP Iowa high schools between February through April 17, 2013.

In March 2013, the Commission unsuccessfully attempted to set up Heart of A Student as a vendor with the State of Iowa. When the Commission was unable to set up Heart of A Student as a vendor due to conflicting information filed with the Internal Revenue Service (IRS) and information provided by the vendor, the Commission instructed the individual community school districts to pay Heart of A Student and then request reimbursement from the Commission.

The project coordinator notified the participating high schools of a special allocation of GEAR UP Iowa funds of \$5,000 to each of the participating community school districts for 2013 for payment to Heart of A Student for the event to be held at their high schools. Based on documentation obtained, Heart of A Student was to present assemblies at ten high schools. Of the ten schools interested in holding assemblies, one was considered to be a free test run, one did not request reimbursement and eight requested and received reimbursement of \$5,000 each.

Invoices submitted by Heart of A Student for two community school districts contained duplicate invoice numbers.

Recommendation – The Commission should implement procedures to ensure contracts are established for all personal services for which a contract is required. In addition, documentation of how the required procedures were followed should be maintained.

Response – The Commission will train staff to ensure all state policies and procedures for personal services contracts are followed. The Commission’s accounting department will handle procurements and will act as the contact for contracts. The accounting department will follow all state procedures to ensure proper administration of all procurements.

Conclusion – Response accepted.

Report of Recommendations to the Iowa College Student Aid Commission

June 30, 2013

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa College Student Aid Commission

June 30, 2013

Staff:

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager
Karen L. Brustkern, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Jamie T. Reuter, Senior Auditor
Brooke A. Robb, Staff Auditor
Kirstie R. Hill, Staff Auditor
Elissa R. Olson, Staff Auditor
Stephen J. Hoffman, Staff Auditor
Corey M. Vannausdle, Assistant Auditor
April D. Harbst, Staff Auditor
Melissa A. Hastert, Assistant Auditor