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Mary Mosiman, CPA
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NEWS RELEASE

FOR RELEASE _____ December 3, 2015

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released a report on a review of selected general and application controls over the Iowa Department of Human Services' Iowa Collection and Reporting System (ICAR) for the period April 1, 2013 through April 24, 2013 and April 1, 2014 through April 29, 2014.

Mosiman recommended the Department update its policies and procedures related to confidentiality statements and strengthen its change control procedures. The Department has responded positively to the recommendations.

A copy of the report is available for review at the Iowa Department of Human Services, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1460-4010-BT01.pdf>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF HUMAN SERVICES
ON A REVIEW OF SELECTED GENERAL AND APPLICATION
CONTROLS OVER THE DEPARTMENT'S
IOWA COLLECTION AND REPORTING SYSTEM**

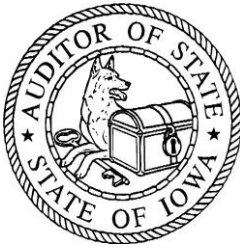
**APRIL 1, 2013 THROUGH APRIL 24, 2013 AND
APRIL 1, 2014 THROUGH APRIL 29, 2014**

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November 3, 2015


To Charles Palmer, Director of the
Iowa Department of Human Services:


In conjunction with our audits of the financial statements of the State of Iowa for the years ended June 30, 2013 and 2014, we conducted an information technology review of selected general and application controls of the Iowa Department of Human Services for the period April 1, 2013 through April 24, 2013 and April 1, 2014 through April 29, 2014. Our review focused on the general and application controls of the Iowa Department of Human Services' Iowa Collection and Reporting System (ICAR) as they relate to our audits of the financial statements. The review was more limited than would be necessary to give an opinion on internal controls. Accordingly, we do not express an opinion on internal controls or ensure all deficiencies in internal controls are disclosed.

In conducting our review, we became aware of certain aspects concerning information technology controls 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 Department's general and application controls over the ICAR system. 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 Department'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 Human Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Human Services 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 Department of Human Services during the course of our review. 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 review of the ICAR system 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

Report of Recommendations to the Iowa Department of Human Services

April 1, 2013 through April 24, 2013 and April 1, 2014 through April 29, 2014

Iowa Collection and Reporting System General and Application Controls

A. Background

The Iowa Department of Human Services' Iowa Collection and Reporting System (ICAR) is used to record, track and issue child support payments.

B. Scope and Methodology

In conjunction with our audit of the financial statements of the State of Iowa, we reviewed selected aspects of the general and application controls in place over the Iowa Department of Human Services' Iowa Collection and Reporting System for the period April 1, 2013 through April 24, 2013 and April 1, 2014 through April 29, 2014. Specifically, we reviewed the general controls: access controls, segregation of duties and configuration management and the application controls: business process controls, including input, processing and output, and interface controls. We interviewed staff of the Department and we reviewed Department policies and procedures. To assess the level of compliance with identified controls, we performed selected tests.

We planned and performed our review to adequately assess those Department operations within the scope of our review. We developed an understanding of the Department's internal controls relevant to the operations included in the scope of our review. We believe our review provides a reasonable basis for our recommendations.

We used a risk-based approach when selecting activities to be reviewed. We focused our review efforts on those activities we identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we used our finite review resources to identify where and how improvements can be made. Thus, we devoted little effort to reviewing operations that may be relatively efficient or effective. As a result, we prepare our review reports on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

C. Results of the Review

As a result of our review, we found certain controls can be strengthened to further ensure the reliability of financial information. Our recommendations, along with the Department's responses, are detailed in the remainder of this report.

Report of Recommendations to the Iowa Department of Human Services

April 1, 2013 through April 24, 2013 and April 1, 2014 through April 29, 2014

General Controls

- (1) Confidentiality Statements – Policies for the confidentiality forms are not consistent. The Department’s Employee Handbook states employees who have access to or may come in contact with federal tax information are required to sign an IRS Annual Confidentiality Certification Form if requested. The Handbook goes on to state it is the employee’s responsibility to sign the form on an annual basis and forward it to the Human Resource Associate for inclusion in the employee’s personnel file. The Department’s Employee Manual states the supervisor should ensure the IRS Confidentiality Certification Form is signed by new employees, but does not address if it needs to be signed annually thereafter. Child Support Recovery Unit employees are also required to sign a Bureau of Collections Confidentiality Statement. Personnel files for 6 non-Child Support Recovery Unit employees did not contain annual IRS Confidentiality Certification Forms.

Recommendation – The Department should review policies and procedures for confidentiality statements to ensure consistency and compliance with IRS requirements and appropriate oversight.

Response – The comment pertains to the appendix of Chapter 14-G of the department’s employee manual. Chapter 14-G was previously updated to remove all reference to the confidentiality form located in the appendix, however the form itself is still in existence. The effort to keep all employees manual sections current is an ongoing process. The Department continually updates employee manuals to ensure consistent processes are followed by all workers.

In addition to the employee manuals, the Department maintains a personnel handbook that is updated with human resource policies as needed. Each update requires DHS personnel to acknowledge they have read, understood, and will abide by the rules in the handbook. The information contained in the handbook as it relates to confidentiality is up to date and in compliance with federal IRS rules. The information and updates sent out through the personnel handbook is a compensating control over the inability to update all manual references at a time of change.

Conclusion – Response accepted.

- (2) Programmer Access – Programmers have the opportunity to make changes to program source code after the analyst has reviewed and approved changes, which could allow unauthorized changes to be moved into production.

Recommendation – The Department should strengthen controls to prevent or detect unauthorized changes to production program source code.

Response – The Department makes updates to programs on an environment hosted by the State of Iowa’s Office of Chief Information Officer (OCIO). The dataset is used by all agencies so therefore cannot be restricted by the Department. OCIO plans to enhance the security over who is allowed to make changes to the library by February 2016. As a precursor to implementation, starting in September 2015 staff cataloging programs to the library will be identified. While the individual will be able to perform the function, these staff will receive a warning message regarding the authority level needed to catalog programs to the library.

Report of Recommendations to the Iowa Department of Human Services

April 1, 2013 through April 24, 2013 and April 1, 2014 through April 29, 2014

This will provide agencies a way to know which of their staff use the library so proper authority levels can be set for future use.

Once the increased security is implemented by OCIO, the Department will ensure only state staff will have the authority to catalog programs from the ICAR system to the library.

Conclusion – Response accepted.

Application Controls

No recommendations were noted in our review of application controls for the Department of Human Services' Iowa Collection and Reporting System.

Report of Recommendations to the Iowa Department of Human Services

April 1, 2013 through April 24, 2013 and April 1, 2014 through April 29, 2014

Staff:

Questions or requests for further assistance should be directed to:

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Other individuals who participated in this review include:

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