



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

October 5, 2016

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released a report on the Iowa Office of the Chief Information Officer for the year ended June 30, 2015.

The Iowa Office of the Chief Information Officer was created for the purpose of leading, directing, managing, coordinating and providing accountability for the information technology resources of state government. The mission of the Office is to provide high-quality, customer-focused information technology services and business solutions to government and to citizens.

Mosiman recommended the Office ensure the GAAP package information reported is complete and accurate and ensure accumulated depreciation is properly calculated and recorded. The Office's responses to these recommendations are included in the report.

A copy of the report is available for review in the Iowa Office of the Chief Information Officer, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1660-1850-BR00>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA OFFICE OF THE CHIEF INFORMATION OFFICER**

JUNE 30, 2015

Iowa Office of the Chief Information Officer



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STATE OF IOWA

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October 3, 2016

To Robert von Wolfradt, Chief Information Officer of the Iowa Office of the Chief Information Officer:

The Iowa Office of the Chief Information Officer 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, 2015.

In conducting our audits, we became aware of certain aspects concerning the Office's operations for which we believe corrective actions are 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 were reported in the State's Report on Internal Control. These recommendations have been discussed with Office personnel and their responses to these recommendations are included in this report. While we have expressed our conclusion on the Office's responses, we did not audit the Iowa Office of the Chief Information Officer'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 Office of the Chief Information Officer, citizens of the State of Iowa and other parties to whom the Iowa Office of the Chief Information Officer 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 Office 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 Office are listed on page 6 and they are available to discuss these matters with you.

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

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

June 30, 2015

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

- (1) Financial Reporting – 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. The GAAP package is to be submitted to DAS–SAE by the first week of September each year.

The following were noted:

- a) Amounts due from the General Fund to the Internal Service Fund at June 30, 2015 were understated by \$141,882.
- b) Operating lease rental expense was overstated by \$67,196.

Recommendation – The Office should ensure the GAAP package information reported is complete and accurate.

Response –

- a) The fiscal year 2015 reimbursement was processed on August 26th and coded to fiscal year 2016 even though the fiscal year 2015 hold open period was not closed. We will review fiscal year and hold open coding requirements and pre-audit responsibilities with all Chief Financial Officers (CFO's) and the Accountant 4.
- b) The vendor's invoice for annual maintenance charges was incorrectly added to the lease database causing the overstatement. Beginning July 1, 2015, annual maintenance expenses are being identified and tracked in a separate spreadsheet.

Conclusion – Response accepted.

- (2) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each department of the state to maintain a written, detailed and up-to-date inventory of property under its charge and control.

Accumulated depreciation was understated by \$329,236 due to depreciation not recorded after a manual entry transferred assets from the Department of Administrative Services – Information Technology Enterprise (DAS–ITE) to the newly-formed Office of the Chief Information Officer (OCIO).

Recommendation – The Office should ensure a detailed, up-to-date capital asset listing is maintained. Accumulated depreciation should be properly calculated and recorded.

Response – The process of moving assets from DAS to OCIO in the I/3 fixed asset system involved multiple steps and calculations at a point in time. This was one of many activities DAS and OCIO were diligently working through, to create a new department, something which is rarely undertaken in state government and for which an implementation plan had to be created and managed. Existing controls were not all

Report of Recommendations to the Iowa Office of the Chief Information Officer

June 30, 2015

designed to accommodate the types of accounting and financial activities required to transition DAS-ITE to OCIO. The I/3 fixed asset documents were not completed timely and calculations were not adjusted for this delay. This caused a gap in the systems depreciation and an understatement in the accumulated depreciation. A one-time catch-up entry was completed in fiscal year 2016 to bring the depreciation in line.

Conclusion – Response accepted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Office of the Chief Information Officer

June 30, 2015

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Manager
Brandon J. Vogel, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

David A. Cook, CPA, Staff Auditor
Adjoa S. Adanledji, Assistant Auditor
Preston R. Grygiel, Assistant Auditor
Tara H. Williams, Assistant Auditor
Cole J. Hanley, Auditor Intern