



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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NEWS RELEASE

FOR RELEASE

August 28, 2017

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, 2016.

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. The Department should also comply with requirements related to the establishment of a certified targeted small business procurement level goal. 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 <https://auditor.iowa.gov/reports/1760-2840-0R00>.

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

JUNE 30, 2016

Iowa College Student Aid Commission



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August 9, 2017

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, 2016.

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 the Commission's internal control and statutory compliance and other matters. 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 6 and they are available to discuss these matters with you.

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

cc: Honorable Kim Reynolds, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2016

Finding Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Finding 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 understated cash on hand by \$52,562 and understated prepaid expenses by \$15,149 at June 30, 2016.

The Commission overstated unearned revenue by \$16,303 and overstated intangible assets by \$186,806 at June 30, 2016.

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

Response – The Commission agrees with the findings of the auditors related to financial reporting. With regard to the understated cash on hand and prepaid expenses on the GAAP package, the Commission has noted the omissions in reporting and will ensure future GAAP reporting is accurate. With regard to the overstated unearned revenue, the Commission has noted the miscalculation and will ensure future GAAP amounts are calculated correctly. With regard to the overstated intangible assets, the Commission recognizes that additional expenses were incorrectly capitalized and will ensure that future software development costs are properly capitalized.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

Iowa Code Compliance – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

The TSB procurement goal for the Department for fiscal year 2016 was not set at a level exceeding the fiscal year 2015 actual TSB spending.

Report of Recommendations to the Iowa College Student Aid Commission

June 30, 2016

Recommendation – The Department should establish a dollar amount procurement level exceeding the previous fiscal year certified targeted small businesses procurement level as required or seek legislation to change this statutory requirement.

Response – The Commission agrees with the findings of the auditors related to the statutory requirement. With regard to the procurement levels from targeted small businesses being established at a level less than in the previous fiscal year, the Commission recognizes the oversight and accepts the auditors' recommendation. The Commission will establish certified targeted small businesses procurement goals that exceed previous fiscal year levels

Conclusion – Response accepted.

Report of Recommendations to the Iowa College Student Aid Commission

June 30, 2016

Staff:

Questions or requests for further assistance should be directed to:

Suzanne R. Dahlstrom, CPA, Manager
Karen J. Kibbe, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Joseph B. Sparks, CPA, Staff Auditor
Marcus B. Johnson, Staff Auditor
Mallory A. Sims, Staff Auditor
Carolina M. Chavez, Staff Auditor
Cole J. Hanley, Assistant Auditor
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