



AUDIT REPORT - OFFICE OF THE SECRETARY OF STATE

Audit Report Released. The Auditor's Office released a report on the Office of the Secretary of State for the year ended June 30, 2015. The Auditor reported the following findings in regard to internal controls.

Internal Controls - Financial Reporting. The Generally Accepted Accounting Principles (GAAP) package is required to be submitted by the Office of the Secretary of State to the Department of Administrative Services — State Accounting Enterprise (DAS-SAE) by the first week of September each year. The following findings were noted:

- Accounts receivables were understated by \$14,215.
- Prepaid expenses were understated by \$12,731.
- Unearned revenues were understated by \$9,767.
- Accounts payable were overstated by \$6,000.
 - **Recommendation.** The Office should ensure the GAAP package information reported is complete and accurate.
 - **Response.** The GAAP package information is being reported as accurately as possible. The Office sought counsel from the DAS-SAE in how to properly prepare the GAAP package. With the change in administration, there were also changes in the accounting personnel that lacked specialized training on GAAP package preparation. The items referenced by the Auditor have been taken under advisement and corrections will be made as necessary. The practice of the Office has been to track prepaid expense items of \$10,000 or more in accordance with the DAS-SAE GAAP Team recommendations. The Office stated that this will continue to be its practice.
 - **Conclusion.** The Auditor's Office accepted the Secretary of State Office's response.

Internal Controls - Capital Assets. Iowa Code section [7A.30](#) requires each state department to maintain a written, detailed, and up-to-date inventory of property under its charge and control. The Office's capital asset listing was not properly maintained. Eight capital assets included on the list did not contain identifying information such as a state identification tag, serial number, and model number. In addition, two assets removed in FY 2014 were not properly deleted from the capital asset listing.

- **Recommendation.** The Office should develop written procedures that ensure a detailed, up-to-date capital asset listing is maintained. The listing should include identifying information for each asset including a state identification tag, serial number, and model number.
- **Response.** The Secretary of State's Office Information Technology (IT) department maintains an inventory of assets (capitalized and other). All assets, with the exception of a Minolta copier, have been fully depreciated. There are an isolated number of devices that do not have an asset number. These include components replaced under a service agreement in which the Office did not recognize additional expenses and in which the life expectancy of the asset was not extended. Additional asset tags have been ordered for these devices and will be installed. The Office will also capture and record any of the missing serial numbers on the replaced equipment.
- **Conclusion.** The Auditor's Office accepted the Secretary of State Office's response.

More Information. The audit report is available on the Auditor of State's website at: https://auditor.iowa.gov/sites/default/files/audit_reports/1660-6350-0R00.pdf.

STAFF CONTACT: Jennifer Acton (515-281-7846) jennifer.acton@legis.iowa.gov