



AUDIT REPORT - OFFICE OF THE CHIEF INFORMATION OFFICER

Audit Report Released. The Auditor's Office recently released a report regarding the Office of the Chief Information Officer (OCIO) for the year ended June 30, 2015.

Financial Reporting. The Generally Accepted Accounting Principles (GAAP) package is required to be submitted to the DAS-State Accounting Enterprise (SAE) by the first week of September each year. The audit found that amounts due from the General Fund to the Internal Service Fund were understated by \$141,882 and the operating lease rental expense was overstated by \$67,196.

- **Recommendation.** The OCIO should ensure that the GAAP package information is reported completely and accurately.
- **Response.** The FY 2015 reimbursement was processed on August 26 and coded as FY 2016 even though the FY 2015 hold open period was not closed. The OCIO will review the hold open coding requirement and pre-audit responsibilities with staff. In addition, the vendor's invoice for annual maintenance charges was incorrectly added to the lease database, causing an overstatement. Beginning July 1, 2015 (FY 2016), annual maintenance expenses will be identified and tracked on a separate spreadsheet.
- **Conclusion.** The Auditor's Office accepted the OCIO response.

Capital Assets. Iowa Code section [7A.30](#) requires each department of the state to maintain a written, detailed, up-to-date inventory of property under its charge and control. Accumulated depreciation was understated by \$329,236 due to a manual depreciation entry not being recorded when assets were transferred from the Department of Administrative Services-Information Technology Enterprise (DAS-ITE) to the newly formed OCIO.

- **Recommendation.** The OCIO 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 the DAS-ITE to the OCIO in the I/3 fixed asset system involved multiple steps and calculations. Existing controls were not designed to accommodate the types of accounting and financial activities required to transition the DAS-ITE to the OCIO. The I/3 fixed asset documents were not completed in a timely manner and calculations were not adjusted for this delay. This caused a gap in the system's depreciation and an understatement in the accumulated depreciation. A one-time catch-up entry was completed in FY 2016 to correct the depreciation account.
- **Conclusion.** The Auditor's Office accepted the OCIO 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/1660-1850-BR00.pdf

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