



AUDIT REPORT — IOWA DEPARTMENT OF EDUCATION

Audit Report. The State Auditor's Office released a report on the audit of the Iowa Department of Education on September 5, 2017, for the year ending June 30, 2016.

Findings. The audit, which was included in both the State's comprehensive annual financial report (CAFR) and the State's single audit report, makes multiple findings regarding internal controls.

Recommendations and Responses. The Auditor made the following recommendations based on the findings:

Deficiency of internal control in reporting prepaid expenses. The Auditor found that the Department's reporting mechanisms for prepaid expenses did not include an independent review of year-end cut-off expenses. This resulted in employees not detecting prepaid expenses being understated by \$795,500.

- The Auditor recommended the Department establish procedures to ensure all prepaid expenses are identified and reported.
- The Department responded that there is now an established process to review transactions for prepaid expenses. The Department also intends to eliminate prepaid expenses unless the expense creates a tangible benefit to the State.

Contractual agreements. The Auditor tested 57 contracts and attached amendments and found several of them failed to comply with established policies and procedures or Code of Iowa requirements.

- The Auditor recommended that the Department ensure that all contracts and related amendments are properly approved and made in compliance with policies and procedures established by Iowa Department of Administrative Services. All required forms must also be completed.
- The Department responded that procedures are being put in place to initiate the contracting process earlier in order to properly meet contracting requirements, but there are times when contracting services are amended due to unforeseen circumstances, such as meeting unexpected demand.

Written policies and procedures. The Auditor noted a need for written policies and procedures regarding the EDINFO web application and IT systems controls. Without written policies, the Department is at greater risk for a break of security and control.

- The Auditor recommended that the Department develop written policies and procedures regarding access control procedures, employee background checks, segregation of incompatible duties, management oversight, removal of employee access rights after termination of employment, and future systems development.
- The Department responded that policies are being drafted, reviewed, and finalized. These policies will be in place by June 30, 2017, for the next fiscal year audit.

The full audit report is available [here](#).

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