



AUDIT REPORT: IOWA ECONOMIC DEVELOPMENT AUTHORITY

Audit Report. The Auditor of State released the FY 2016 Audit Report for the Iowa Economic Development Authority (IEDA) on September 7, 2017. The Auditor recommended that the IEDA should develop and implement additional procedures to ensure the information reported to the Department of Administrative Services – State Accounting Enterprise (DAS-SAE) is accurate. The Auditor also determined that the IEDA control activities should be reviewed to obtain the maximum internal control possible related to the segregation of financial duties of the Iowa Department of Economic Development Foundation.

Findings — Financial Reporting. The IEDA records receipts and disbursements in the Integrated Information for Iowa (I/3) System throughout the year, including the accrual period. Activity that is not recorded on the I/3 system is reported to the DAS-SAE in a Generally Accepted Accounting Principles (GAAP) package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year. The IEDA overstated the amount of contractual commitments by \$867,625.

The Auditor recommended that the IEDA should develop and implement additional procedures to ensure information reported to the DAS-SAE is accurate.

The IEDA responded that the agency will develop additional procedures to improve both the calculation and subsequent review of entity-wide adjustments to ensure these items are correct for financial statement purposes. The Auditor accepted the response.

Findings — Foundation Segregation of Duties. The Iowa Department of Economic Development Foundation is a separate, nonprofit corporation incorporated under Iowa Code chapter [504](#). The purpose of the Foundation is receiving and disbursing funds from public or private sources to be used to further the overall development and well-being of the State. The Auditor found that one individual had control over bank reconciliation and investments with no compensating controls.

The Auditor recommended that the IEDA control activities should be reviewed to obtain the maximum internal control possible related to the segregation of financial duties of the Foundation.

The IEDA responded that the Foundation bank reconciliations and investments will add a second level of review beginning in fiscal year 2017. A member of the IEDA legal team, who is completely separate from any matters related to the IEDA Foundation, will review bank reconciliations and the investment summary prepared each year and document the review on the monthly bank reconciliations and on the annual investment summary prepared for the Authority's financial statements. The Auditor accepted the response.

Additional Information. The report is available online at: auditor.iowa.gov/sites/default/files/audit_reports/1760-2690-0R00.pdf.

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