



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

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Des Moines, Iowa 50319-0006

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_

November 6, 2020

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Administrative Services for the year ended June 30, 2018.

The Iowa Department of Administrative Services is mandated by statute to provide services to other state agencies. To fulfill this responsibility, the Department is structured into the General Services Enterprise (GSE), the Human Resources Enterprise (HRE), the State Accounting Enterprise (SAE) and the Central Procurement and Fleet Services Enterprise (CPFSE).

**AUDIT FINDINGS:**

Sand reported three findings related to the Department. The findings are on pages 3 through 5 of this report. Sand recommended the Department ensure capital assets are properly reported in the GAAP package, targeted small business goals are set in accordance with the Code of Iowa and a state employee suggestion system is established in accordance with the Code of Iowa.

One of the findings discussed above is repeated from the prior year. Management of the Iowa Department of Administrative Services has a fiduciary responsibility to provide oversight of the Department's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" management exercises in its fiduciary capacity.

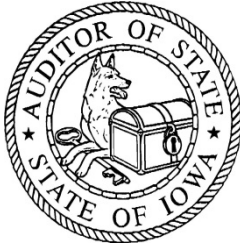
A copy of the report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF ADMINISTRATIVE SERVICES**

**JUNE 30, 2018**

**Iowa Department of Administrative Services**



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November 2, 2020

Iowa Department of Administrative Services  
Des Moines, Iowa

To Paul Trombino, Interim Director:

I am pleased to submit to you this Report of Recommendations for the Iowa Department of Administrative Services for the year ended June 30, 2018. The report includes findings pertaining to the Department's internal control and compliance with statutory requirements and other matters which resulted from the fiscal year 2018 audit.

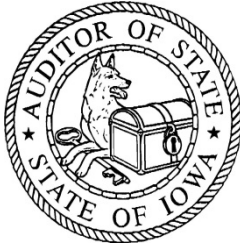
I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Department of Administrative Services throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand  
Auditor of State

**Iowa Department of Administrative Services**



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November 2, 2020

To Paul Trombino, Interim Director of the  
Iowa Department of Administrative Services:

The Iowa Department of Administrative Services 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, 2018.

In conducting our audits, we became aware of aspects concerning the Department'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 pertain to the Department's internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report. While we have expressed our conclusion on the Department's responses, we did not audit the Iowa Department of Administrative Services' 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 Department of Administrative Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Administrative Services 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 Department 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 Department are listed on page 6 and they are available to discuss these matters with you.

Marlys K. Gaston, CPA  
Deputy Auditor of State

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

Report of Recommendations to the  
Iowa Department of Administrative Services

June 30, 2018

**Findings Reported in the State's Single Audit Report:**

No matters were reported.

**Finding Reported in the State's Report on Internal Control:**

No matters were reported.

**Other Findings Related to Internal Control:**

Capital Assets

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the State's financial statements.

Chapter 7A.30 of the Code of Iowa requires each Department of the State to maintain a written, detailed and up-to-date inventory of property under its charge and control.

Condition – The following conditions were noted:

- 1) An end loader purchased for \$122,164 was capitalized in an Internal Service Fund, where the initial purchase was made. However, a correcting document in fiscal year 2018 subsequently moved \$103,164 of the costs to the General Fund. As a result, General Fund capital asset additions were understated by \$103,164 and Internal Service Fund capital asset additions were overstated by the same amount.
- 2) \$20,025 of trade-in revenue from the disposal of assets was not initially recorded in the Internal Service funds on the Department's GAAP package. An adjustment was subsequently made by the Department to properly record the amount.
- 3) \$56,251 of retainage payables for one project were not properly capitalized, causing building improvements to be understated.
- 4) One fully depreciated vehicle was sold to another agency prior to June 30, 2018; however, it was not deleted from the Department's capital asset listing. Therefore, capital assets and the related accumulated depreciation were overstated by \$26,501.

Cause – Existing policies have not been implemented to ensure an independent review of capital asset additions, deletions, adjustments, reclassifications and depreciation is performed to ensure capital assets are properly reported.

Effect – Lack of implementation of policies and procedures resulted in Department employees not detecting the errors in the normal course of performing their assigned functions.

Report of Recommendations to the  
Iowa Department of Administrative Services

June 30, 2018

Recommendation – The Department should establish procedures to ensure policies are implemented with respect to ensuring all asset additions, deletions, adjustments, reclassifications and depreciation are independently reviewed and are properly reported in the GAAP package.

Response – The Department has procedures and policies in place. Additional training with the CFO will occur to ensure that they follow existing policies and procedures.

Conclusion – Response accepted.



Report of Recommendations to the  
Iowa Department of Administrative Services

June 30, 2018

**Findings Related to Statutory Requirements and Other Matters:**

- 1) Targeted Small Business Procurement Goals – 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 of Administrative Services for fiscal year 2018 was not set at a level exceeding the fiscal year 2017 actual TSB spending.

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

Response – The Department of Administrative Services has written a policy providing guidance in the establishment of the Department’s TSB purchasing goal. Beginning in fiscal year 2020 the goal will be determined following the new policy.

Conclusion – Response accepted.

- 2) State Employee Suggestion System – Chapter 8A.110 of the Code of Iowa establishes a state employee suggestion system for the purpose of encouraging state employees to develop and submit ideas which will reduce costs and increase efficiency in state government and which will make monetary and other awards to state employees whose costs reduction ideas are adopted under the system. The Chapter states the Department of Administrative Services shall provide necessary personnel for the efficient operation of the state employee suggestion system and shall adopt rules as necessary for the administration of the system and to establish the award policy under which the system will operate. A state employee suggestion system has not been established and no rules have been developed by the Department.

Recommendation – The Department should adopt rules as necessary for the administration of the state employee suggestion system and establish the award policy under which the system will operate, as well as provide necessary personnel for the efficient operation of the system as required.

Response – The Department of Administrative Services is in the process of reviewing rules and policies for the state employee suggestion system in other states, which will assist with the development of the rules and policies for the program required by Code of Iowa Chapter 8A.110.

Conclusion – Response accepted.

Report of Recommendations to the  
Iowa Department of Administrative Services

June 30, 2018

**Staff:**

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy  
Tammy A. Hollingsworth, CIA, Manager  
Brandon J. Vogel, Senior Auditor II

Other individuals who participated in the audits include:

Taylor I. Cook, Senior Auditor  
Matthew A. Miller, Senior Auditor  
Chris M. Anderson, Staff Auditor  
Ronica H. Drury, Staff Auditor  
Jon G. Hanson, Staff Auditor  
Erin K. Howland, Staff Auditor  
Amanda M. Anderson, Assistant Auditor  
Drake J. Caple, Assistant Auditor  
Elin M. Landgren, Assistant Auditor