



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE _____ September 12, 2013

Contact: Andy Nielsen
515/281-5834

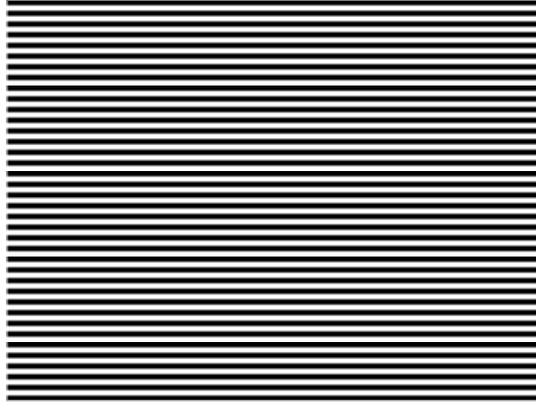
Auditor of State Mary Mosiman today released a report on the Iowa Communications Network (ICN) for the year ended June 30, 2012.

The ICN is responsible for the management, development and operation of the statewide telecommunications network which carries and switches full motion interactive video, voice and data traffic for Iowa's educational institutions and other authorized users.

Mosiman recommended the ICN strengthen internal controls over payroll, uncollectible accounts, billings and information systems. The ICN's responses to the recommendations are included in the report.

A copy of the report is available for review at the Iowa Communications Network, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/1360-3360-OR00.pdf>.

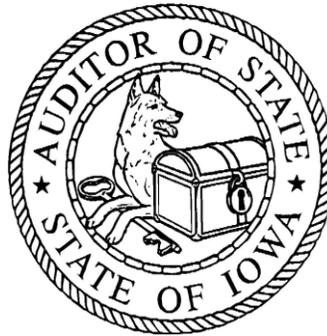
###



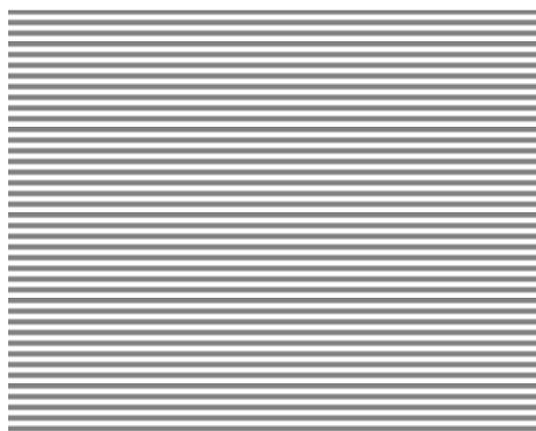
**REPORT OF RECOMMENDATIONS TO THE
IOWA COMMUNICATIONS NETWORK**

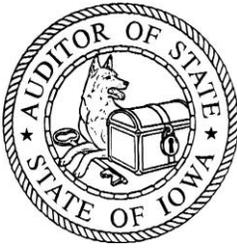
JUNE 30, 2012

Office of
**AUDITOR
OF STATE**
State Capitol Building • Des Moines, Iowa



Mary Mosiman, CPA
Auditor of State





OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

September 9, 2013

To the Members of the Iowa Telecommunications
and Technology Commission:

The Iowa Communications Network (ICN) 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, 2012.

In conducting our audits, we became aware of certain aspects concerning the ICN'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 include those reported in the State's Report on Internal Control as well as other recommendations pertaining to the ICN's internal control. These recommendations have been discussed with ICN personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the ICN's responses, we did not audit the ICN's 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 Communications Network, citizens of the State of Iowa and other parties to whom the Iowa Communications Network 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 ICN during the course of our audits. Should you have questions concerning the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the ICN are listed on page 6 and they are available to discuss these matters with you.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

Payroll – The ICN processes and records payroll and personnel information on the Human Resource Information System (HRIS). The Human Resource Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises.

Thirteen individuals within the ICN have the ability to initiate and approve P-1 documents. These thirteen individuals also have the ability to initiate and approve timesheets.

Recommendation – To strengthen controls, the ICN should develop and implement procedures to further segregate duties so individuals do not have the ability to apply multiple levels of approval for timesheets. The ICN should obtain a quarterly listing from the Department of Administrative Services to verify ICN approvals of P-1 documents are applied appropriately. The ICN should also ensure an independent individual performs the review of the quarterly report of P-1 actions. This review should be evidenced by the signature of the independent reviewer and the date the review was performed.

Response – The ICN will obtain a quarterly listing from the Iowa Department of Administrative Services to verify approvals of P-1 documents are being applied appropriately. The ICN will ensure an independent individual performs the review of this quarterly report of P-1 actions. This review will be evidenced by the signature of the independent reviewer and the date the review was performed. The ICN will also evaluate the need for individuals to have the ability to apply multiple levels of approval for timesheets.

Conclusion – Response accepted.

Other Findings Related to Internal Control:

- (1) Uncollectible Accounts – The ICN does not have a formal written policy for writing off uncollectible accounts.

Recommendation – The ICN should adopt and implement a formal written policy for writing off uncollectible accounts. At a minimum, the policy should identify the criteria for determining which accounts are deemed uncollectible.

Response – ICN has written a policy for uncollectible accounts and the policy was used in fiscal year 2013. Auditors have received a copy of the policy.

Conclusion – Response accepted.

- (2) Password Controls – User ID's and passwords identify and authenticate users in controlling access to system resources. Typical controls for protecting information resources include the use of strong passwords which are at least eight characters in length, include a combination of alpha, numeric and special characters, are changed every 60 to 90 days, are not allowed to be reused and are locked out after a limited number of consecutive unsuccessful attempts. Passwords for certain systems include several of these control features, but other control features are not present.

Report of Recommendations to the Iowa Communications Network

June 30, 2012

Recommendation – The ICN should take steps to strengthen password controls.

Response – ICN is looking at what can be changed for password control.

Conclusion – Response accepted.

- (3) Inmate Billings – Invoices for inmate billings were not prepared and billed to customers timely. During the fiscal year ended June 30, 2012, inmate billings for November through May were not billed to the correctional institutions until June 2012.

Recommendation – The ICN should prepare inmate billings in a timely manner.

Response – This problem was corrected by having the vendor fix its billing reports. In fiscal year 2013, the billings were made more timely. We also will be changing to a new vendor chosen by a Request for Proposal (RFP) process beginning in October of fiscal year 2014.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Communications Network

June 30, 2012

Questions or requests for further assistance should be directed to:

Suzanne R. Dahlstrom, CPA, Manager
Selina V. Johnson, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Keith C. Kistenmacher, Senior Auditor
Jamie T. Reuter, Staff Auditor
Ryan D. Baker, Assistant Auditor
Jessica L. Barloon, Assistant Auditor
Thomas S. Hebert, Assistant Auditor