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Mary Mosiman, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

March 4, 2014

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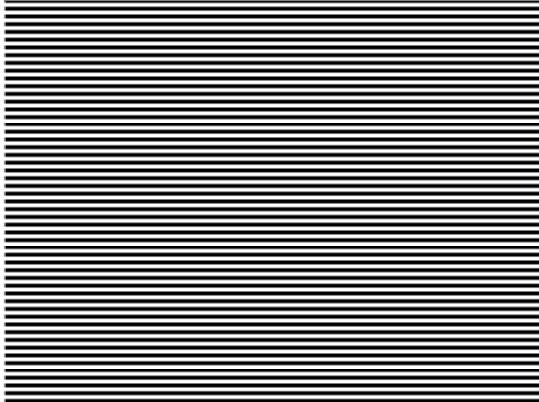
Auditor of State Mary Mosiman today released a report on a review of selected general and application controls over the Iowa Department of Transportation's Vendor Payment System for the period March 11, 2013 through April 12, 2013.

Mosiman recommended the Department strengthen controls for accounts payable administrators and periodically review user access rights and system logs. The Department responded positively to the recommendations.

A copy of the report is available for review at the Iowa Department of Transportation, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1460-6450-BT01.pdf>.

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**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF TRANSPORTATION  
ON A REVIEW OF SELECTED GENERAL AND  
APPLICATION CONTROLS OVER THE  
VENDOR PAYMENT SYSTEM**

**March 11, 2013 THROUGH April 12, 2013**

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February 7, 2014


To Paul Trombino III, Director of the  
Iowa Department of Transportation:


In conjunction with our audit of the financial statements of the State of Iowa for the year ended June 30, 2013, we conducted an information technology review of selected general and application controls of the Iowa Department of Transportation for the period March 11, 2013 through April 12, 2013. Our review focused on the general and application controls of the Iowa Department of Transportation's Vendor Payment System as they relate to our audit of the financial statements. The review was more limited than would be necessary to give an opinion on internal controls. Accordingly, we do not express an opinion on internal controls or ensure all deficiencies in internal controls are disclosed.

In conducting our review, we became aware of certain aspects concerning information technology controls 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 general controls over the Vendor Payment System. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Department'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 Department of Transportation, citizens of the State of Iowa and other parties to whom the Iowa Department of Transportation 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 Iowa Department of Transportation during the course of our review. 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 review of the Vendor Payment System 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

March 11, 2013 through April 12, 2013

## **Vendor Payment System General and Application Controls**

### **A. Background**

The Iowa Department of Transportation's (Department) Vendor Payment System is used to record and process payments for vendor invoices.

### **B. Scope and Methodology**

In conjunction with our audit of the financial statements of the State of Iowa, we reviewed selected aspects of the general and application controls in place over the Iowa Department of Transportation's Vendor Payment System for the period March 11, 2013 through April 12, 2013. Specifically, we reviewed the general controls: access controls, configuration management, segregation of duties and contingency planning and the application controls: business process controls, including input, processing and output and interface controls. We interviewed staff of the Department and we reviewed Department policies and procedures. To assess the level of compliance with identified controls, we performed selected tests.

We planned and performed our review to adequately assess those Department operations within the scope of our review. We developed an understanding of the Department's internal controls relevant to the operations included in the scope of our review. We believe our review provides a reasonable basis for our recommendations.

We used a risk-based approach when selecting activities to be reviewed. We focused our review efforts on those activities we identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we used our finite review resources to identify where and how improvements can be made. Thus, we devoted little effort to reviewing operations that may be relatively efficient or effective. As a result, we prepare our review reports on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

### **C. Results of the Review**

As a result of our review, we found certain controls can be strengthened to further ensure the reliability of financial information. Our recommendations, along with the Department's responses, are detailed in the remainder of this report.

#### **General Controls**

- (1) Administrator Access Rights – Access to functions (also referred to as systems) within the Vendor Payment System is granted to individuals with a valid business purpose by an accounts payable administrator. The accounts payable administrators also have the ability to grant themselves access to functions/systems within the Vendor Payment System.

Recommendation – The Department should establish procedures to preclude accounts payable administrators from granting themselves access to functions/systems within the Vendor Payment System.

Report of Recommendations to the Iowa Department of Transportation

March 11, 2013 through April 12, 2013

Response – The Information Processing Plan for the Department currently includes an item which will implement controls to prohibit the accounts payable administrators from granting or modifying their own access.

Conclusion – Response accepted.

- (2) Access Control Reviews – Procedures for controlling access to the Mainframe and OpFin systems do not ensure only those individuals requiring access rights to perform their job responsibilities are provided access. Periodic reviews of users (active and inactive) who have been granted access to the Vendor Payment System are not conducted. Also, the mainframe system maintains a log of failed login attempts, but there is no review of the log for inappropriate activity.

Recommendation – The Department should establish procedures to periodically review and document the review of access rights for systems processing financial transactions, as well as systems containing sensitive or confidential information. Mainframe system logs should also be periodically reviewed for inappropriate activity.

Response - The Department will begin tracking last activity date on each user's application access. This will then be used to review activity and remove inactive user access. The Department will also create a process to move the mainframe systems logs into a system being installed called Event Tracker. The Department will then be able to run reports against Event Tracker to check for inappropriate activity.

Conclusion – Response accepted.

**Application Controls**

No recommendations were noted in our review of application controls for the Department's Vendor Payment System.

Report of Recommendations to the Iowa Department of Transportation

March 11, 2013 through April 12, 2013

**Staff:**

Questions or requests for further assistance should be directed to:

Erwin L. Erickson, CPA, Director  
Jenny R. Lawrence, Staff Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in this review include:

Laura E. Grinnell, Staff Auditor  
Andi J. Kaufman, CPA, Staff Auditor