



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____ August 14, 2014

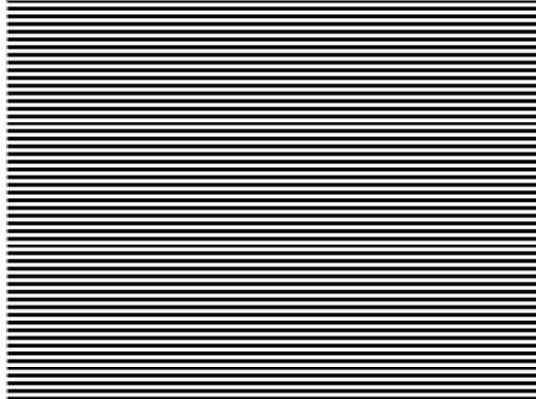
Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released a report on the Iowa Economic Development Authority for the year ended June 30, 2013.

The Authority's purpose is to enhance the economic development of Iowa and provide for job creation and increased prosperity and opportunities for citizens.

A copy of the report is available for review at the Iowa Economic Development Authority, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1460-2690-0R00.pdf>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA ECONOMIC DEVELOPMENT AUTHORITY**

JUNE 30, 2013

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



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August 11, 2014

To Deborah V. Durham, Director of the
Iowa Economic Development Authority:

The Iowa Economic Development Authority is a discretely presented component unit 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, 2013.

In conducting our audits, we became aware of certain aspects concerning the Authority'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 Authority's internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with Authority personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Authority's responses, we did not audit the Iowa Economic Development Authority'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 Economic Development Authority, citizens of the State of Iowa and other parties to whom the Iowa Economic Development Authority 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 Authority 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 Authority 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, 2013

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Finding Related to Internal Control:

Foundation Segregation of Duties – The Iowa Department of Economic Development Foundation is a separate, nonprofit corporation incorporated under Chapter 504A of the Code of Iowa. The purpose of the Iowa Department of Economic Development 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.” One individual is responsible for the following:

- (a) Petty Cash – The petty cash custodian is not prohibited from handling more than one fund or other cash receipts.
- (b) Investments – The individual responsible for the detailed record keeping of investments is not independent of the custodian. Additionally, investment records are not periodically inspected by an individual having no responsibility for the custody or record keeping of investments.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, control activities should be reviewed to obtain the maximum internal control possible under the circumstances. Reviews should be performed by independent persons to the extent possible and should be documented by the reviewer's signature or initials and the date of the review.

Response – Beginning in November 2013, the responsibility for preparing disbursements from the Foundation was moved to a new staff person. This change enables the former preparer, the Division Administrator, to assume a purely review and sign-off role along with the Chief Operating Officer of the Authority. Cash receipts are prepared by the accounting technician and reconciliation of the checking account is handled by another staff person in the accounting section. This enables the Authority to achieve proper segregation of duties for the Foundation.

Conclusion – Response accepted.

June 30, 2013

Finding Related to Statutory Requirements and Other Matters:

Travel Reimbursements – Employees are required to submit actual receipts provided by the vendor for each meal, travel and other work related allowable costs. Official receipts must identify the date, time, city, state, itemization of what was purchased and the cost. When a non-standard receipt is received from a vendor, employees are required to write the date, time, city, state, itemization of what was purchased and cost on the receipt and then sign it. These receipts are submitted for reimbursement with the employees travel claim.

Of the fifty travel claims tested, ten included non-standard receipts which did not include all of the required information and/or were not signed by the employee.

Recommendation – The Authority should ensure all non-standard receipts include the required information and are signed by employees.

Response – At the beginning of State fiscal year 2015 an email was sent to a number of staff who travel extensively reminding them of the procedure for non-standard receipts along with a general overview of the State’s travel policies. In addition, the accounting section will improve its pre-auditing of travel claims to ensure compliance with all State Accounting Enterprise travel policies.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Economic Development Authority

June 30, 2013

Staff:

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager
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Other individuals who participated in the audits include:

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