



**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

NEWS RELEASE

FOR RELEASE _____ September 9, 2016 _____

Contact: Andy Nielsen
515/281-5834

The Office of Auditor of State today released a report on the Office of Secretary of State for the year ended June 30, 2015.

The Secretary of State is the State Elections Commissioner, directs the State Land Office and commissions Iowa notaries public. In addition, the Office of Secretary of State receives and processes various reports and the related fees required of corporations, borrowers and lenders.

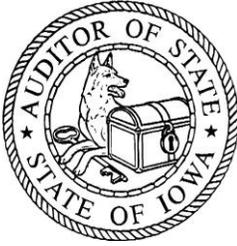
A copy of the report is available for review in the Office of Secretary of State, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1660-6350-OR00>.

###

**REPORT OF RECOMMENDATIONS TO THE
OFFICE OF SECRETARY OF STATE**

JUNE 30, 2015

Office of Secretary 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

August 26, 2016

To the Honorable Paul Pate, Secretary of State:

The Office of Secretary of State 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, 2015.

In conducting our audits, we became aware of certain aspects concerning the Office'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 pertaining to the Office's internal control. These recommendations have been discussed with Office personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Office's responses, we did not audit the Office of Secretary of State'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 Office of Secretary of State, citizens of the State of Iowa and other parties to whom the Office of Secretary of State 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 Office during the course of our audits. Should you have any 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 Office of Secretary of State are listed on page 6 and they are available to discuss these matters with you.

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

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

Report of Recommendations to the Office of Secretary of State

Schedule of Findings

June 30, 2015

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

- (1) Financial Reporting – The Office records receipts and disbursements in the Integrated Information for Iowa (I/3) system throughout the year, including the accrual period. Activity not recorded in the I/3 system is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS–SAE) in a GAAP package. The GAAP package is to be submitted to DAS–SAE by the first week of September each year. The following findings were noted:
- Accounts receivables were understated by \$14,215.
 - Prepaid expenses were understated by \$12,731.
 - Unearned revenues were understated by \$9,767.
 - Accounts payable were overstated by \$6,000.

Recommendation – The Office should ensure the GAAP Package information reported is complete and accurate.

Response – GAAP Package information is being reported as accurately as possible. DAS–SAE counsel was sought for how to properly prepare the GAAP Package. With a change in administration there were changes in accounting personnel that lacked specialized training on GAAP Package preparation. The items referenced by the auditor have been taken under advisement and corrections will be made as necessary.

The practice of the office has been to track items in prepaid expenses of \$10,000 or more in accordance with DAS–SAE GAAP Team recommendations. This will continue to be the practice of the office.

Conclusion – Response accepted.

- (2) Capital Assets - 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. The Office's capital asset listing is not being properly maintained. Eight capital assets included on the listing did not contain identifying information such as a state tag I.D., serial and model number. In addition, two assets deleted in fiscal year 2014 were not properly removed from the capital asset listing.

Recommendation - The Office should develop written procedures to ensure a detailed, up-to-date capital asset listing is maintained. The listing should include identifying information for each asset, including a state tag I.D., serial and model number.

Report of Recommendations to the Office of Secretary of State

Schedule of Findings

June 30, 2015

Response – The Office of Secretary of State’s Information Technology (IT) department maintains an inventory of assets (capitalized and other). All assets with the exception of a Minolta copier have been fully depreciated.

There are an isolated number of devices which do not bear an asset number, these have been components replaced under a service agreement where the Office did not recognize additional expense and the life expectancy of the asset was not extended. Additional asset tags have been ordered for these devices and will be installed.

All Office IT assets are tracked via our Service Desk application, changes and edits are made to this singular source of truth. All IT personnel are aware of this inventory and the management is maintained by one IT professional.

We will capture and record any of the missing serial numbers on the replaced equipment.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Office of Secretary of State

June 30, 2015

Staff:

Questions or requests for further assistance should be directed to:

Tammy A. Hollingsworth, CIA, Manager
Joshua W. Ostrander, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Melissa A. Hastert, CPA, Staff Auditor
Chad C. Lynch, Staff Auditor
Adjoa S. Adanledji, Assistant Auditor