



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

Mary Mosiman, CPA
Auditor of State

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NEWS RELEASE

FOR RELEASE

September 5, 2017

Contact: Andy Nielsen
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The Office of Auditor of State today released a report on the Office of Secretary of State for the year ended June 30, 2016.

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/1760-6350-0R00>.

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

JUNE 30, 2016

Office of Secretary of State



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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August 10, 2017

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, 2016.

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 Kim Reynolds, 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, 2016

Finding 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. A CDR document was prepared to move \$15,592 of revenue from fiscal year 2016 to fiscal year 2017 since it had not yet been earned. This amount and document number should have been included in Section 2 of the Unearned Revenues page of the GAAP package since it was shown on the I/3 system as a reduction to the accounts receivable balance. However, it was not included resulting in an understatement of \$15,592 to accounts receivable and unearned revenue for the General Fund.

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

Response – The clarification of GAAP package procedures is appreciated and will be fully implemented in the future.

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 state tag I.D. and serial number. One asset deleted in fiscal year 2014 was not properly removed from the capital asset listing and one asset was included on the capital asset listing twice. In addition, current year depreciation was not correctly calculated resulting in an understatement of depreciation and accumulated depreciation of \$58,340.

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

Response – SOS Accounting will coordinate with DAS–SAE and input our capital assets into the (state's) I/3 accounting system. An updated inventory of property listings will be kept in I/3 as prescribed by DAS–SAE. Our staff will be trained by DAS–SAE to ensure accurate and complete listings in the future.

Conclusion – Response accepted.

Report of Recommendations to the Office of Secretary of State

Schedule of Findings

June 30, 2016

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Office of Secretary of State

June 30, 2016

Staff:

Questions or requests for further assistance should be directed to:

Pamela J. Bormann, CPA, Manager
Joshua W. Ostrander, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Adjoa S. Adanledji, Staff Auditor
Cody J. Pifer, Assistant Auditor
Andrew J. Salwolke, Assistant Auditor