



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

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NEWS RELEASE

FOR RELEASE

August 15, 2018

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released a report on the Iowa Department for the Blind for the year ended June 30, 2017.

The Iowa Department for the Blind is a statewide organization offering specialized, integrated services which blind and severely visually impaired Iowans need to live independently and work competitively.

Mosiman recommended the Iowa Department for the Blind review its policies and procedures over accounts receivable to ensure completeness and accuracy of reported financial information. The Department's response to the recommendation is included in the report.

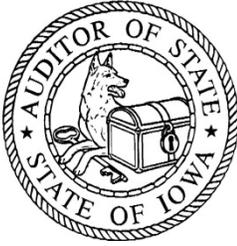
A copy of the report is available for review in the Iowa Department for the Blind, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1860-1310-0R00>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT FOR THE BLIND**

JUNE 30, 2017

Iowa Department for the Blind



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August 10, 2018

To Emily Wharton, Director of the
Iowa Department for the Blind:

The Iowa Department for the Blind 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, 2017.

In conducting our audits, we became aware of certain aspects concerning the Department'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 Department's compliance with statutory requirements and other matters. 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 Iowa Department for the Blind'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 for the Blind, citizens of the State of Iowa and other parties to whom the Iowa Department for the Blind 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 for the Blind 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 Department are listed on page 6 and they are available to discuss these matters with you.

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

Iowa Department for the Blind

June 30, 2017

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the State's financial statements.

The Department 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

Condition – The Department did not disclose all accrual activity in the GAAP package. As a result, accounts receivable were understated by approximately \$866,000.

Cause – Policies have not been established and procedures have not been implemented to require an independent review of year-end cut-off transactions to ensure the State's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in Department employees not detecting the error in the normal course of performing their assigned functions.

Recommendation – The Department should establish procedures to ensure all accounts receivable are identified and properly reported in the GAAP package.

Response – The Department prepared the GAAP package with the incorrect understanding the accounts receivable section was to be completed as of June 30 rather than as of the final day of the hold open period. The Department also didn't request any draw of federal monies during that period which caused the larger variance. Processes and procedures are in place to record accounts receivable correctly moving forward.

Conclusion – Response accepted.

Other Findings Related to Internal Control:

No matters were noted.

Report of Recommendations to the

Iowa Department for the Blind

June 30, 2017

Finding Related to Statutory Requirements and Other Matters:

Iowa Code Compliance – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

The TSB procurement goal for Department for the Blind for fiscal year 2017 was not set at a level exceeding fiscal year 2016 actual TSB spending.

Recommendation – The Department for the Blind should establish a dollar amount procurement level exceeding the previous fiscal year certified targeted small businesses procurement level as required or seek legislation to change this statutory requirement.

Response – In the future, the Department will establish a procurement goal that exceeds the procurement level from certified targeted small businesses during the previous fiscal year.

Conclusion – Response accepted.

Report of Recommendations to the

Iowa Department for the Blind

June 30, 2017

Staff:

Questions or requests for further assistance should be directed to:

Jennifer L. Wall, CPA, Manager
Karen L. Brustkern, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Ian N. Judson, Staff Auditor
Anthony J.T. Mallie, CPA, Staff Auditor
Nicholas J. Gassman, Assistant Auditor
Mitchell M. Kirby, Assistant Auditor
Libby C. Lamfers, Assistant Auditor
Mitchell W. Shipman, Assistant Auditor