

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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

**NEWS RELEASE**

FOR RELEASE September 16, 2020

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released a report on the Office of the Treasurer of State for the year ended June 30, 2019.

The Office of the Treasurer of State acts as the state's banker, invests Iowa's pooled money, coordinates bonding, and is responsible for returning funds through the Great Iowa Treasure Hunt.

Sand recommended the Office develop additional controls over the payroll approval functions. The Office responded favorably to these recommendations.

A copy of the report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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

**JUNE 30, 2019**

**Office of the Treasurer of State**



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August 3, 2020

Office of the Treasurer of State  
Des Moines, Iowa

To the Honorable Michael L. Fitzgerald, Treasurer of State:

I am pleased to submit to you the financial and compliance audit report for the Office of the Treasurer of State for the year ended June 30, 2019. The report includes a finding pertaining to the Office's internal control which resulted from the fiscal year 2019 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of the Office of the Treasurer of State throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand  
Auditor of State

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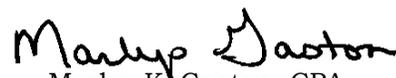
To the Honorable Michael L. Fitzgerald, Treasurer of State:

The Office of the Treasurer 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, 2019.

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 a recommendation which is reported on the following page. We believe you should be aware of this recommendation, which includes a finding pertaining to the Office's internal control. This recommendation has been discussed with Office personnel and their response to this recommendation is included in this report. While we have expressed our conclusion on the Office's response, we did not audit the Office of the Treasurer of State's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Office of the Treasurer of State, citizens of the State of Iowa and other parties to whom the Office 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 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 4 and they are available to discuss these matters with you.

  
Marlys K. Gaston, CPA  
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor  
David Roederer, Director, Department of Management  
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2019

**Findings Reported in the State's Single Audit Report:**

No matters were reported.

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

No matters were reported.

**Other Finding Related to Internal Control:**

(1) Payroll

Criteria – The Office processes and records payroll and personnel information on the Human Resource Information System (HRIS). Personnel Action Documents (P-1) are used to make changes in an employee's pay rate.

Condition – Three employees had the ability to utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. In addition, for the period ending July 1, 2018 through March 18, 2019, two P-1 documents were initiated and received department level approval by the same person.

Cause – Procedures have not been implemented to prevent the same individual from initiating and approving P-1 documents.

Effect – Inadequate segregation of duties over payroll functions could adversely affect the Office's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – To strengthen controls, the Office should develop and implement procedures to segregate the duties of initiating and approving P-1 documents.

Response – Thank you for the opportunity to respond. The documents were initiated by the PA (Personnel Assistant) and approved by the manager at Department (DEPT) level originally with proper segregation of duties. The Iowa Department of Administrative Services (DAS) took the approval off and asked the PA to re-approve it. The PA did not realize she was approving at the DEPT level, as the Office staff were not aware the PA could approve at the DEPT level. We contacted DAS and requested that they change the approval levels of the Office P-1s. With this update, adequate systematic controls are in place to prevent this from happening in the future.

Conclusion – Response accepted.

**Findings Related to Statutory Requirements and Other Matters:**

No matters were noted.

Report of Recommendations to the Office of Treasurer of State

Staff

**Staff:**

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy  
Lesley Geary, CPA, Manager  
Karen L. Brustkern, CPA, Senior Auditor II

Other individuals who participated in the audits include:

Preston R. Grygiel, Senior Auditor  
Ronica H. Drury, Staff Auditor  
Terry J. Erlbacher, Staff Auditor  
Kelly M. Disney, Assistant Auditor  
Kile J. Bean, Staff Auditor