



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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To the Officials of Lee County:

At your request, we applied certain tests and procedures to the financial records of the Protective Payee Program of Lee County as of February 15, 2007. Lee County has been designated "protective payee" by the Social Security Administration, the Iowa Department of Human Services and/or the courts for approximately 120 clients who need assistance in managing their day to day finances. The Protective Payee Program is the responsibility of Lee County's management. Following are the findings we identified during our tests and procedures, along with related recommendations.

1. Bank Reconciliations – As of February 15, 2007, bank reconciliations were not available for protective payee clients for the August 2006 and September 2006 bank statements. In addition, reconciliations were not available for savings account activity. It is unknown whether reconciliations were performed and not retained or were not performed.

Beginning with the October 12, 2006 bank statements, thirty-two reconciliations were reviewed. Of those reviewed, documentation for four reconciliations could not be found, five reconciliations were incomplete and four reconciliations did not contain an initial indicating the identity of the preparer. In addition, no independent review of bank reconciliations had been performed.

Recommendation – The County should ensure monthly bank reconciliations are performed and documented for each protective payee account. Also, bank reconciliations should be accurate and include the initials of the preparer and the individual independently reviewing the reconciliations for appropriateness.

2. Support for Disbursements – Support for one disbursement tested was not maintained in the client file.

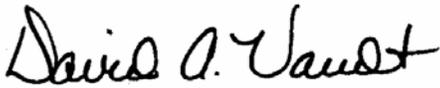
Recommendation – The County should ensure supporting documentation is maintained for all disbursements from Protective Payee accounts.

3. Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The County retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The County should obtain and retain an image of both the front and back of each cancelled check as required.

The above findings and recommendations are provided so the County can revise its policies and procedures over the financial accounting system of the Lee County Protective Payee Program. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

If we can provide additional assistance to you at any time, please contact us.



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