



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Des Moines, Iowa 50319-0004

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NEWS RELEASE

FOR RELEASE

July 24, 2009

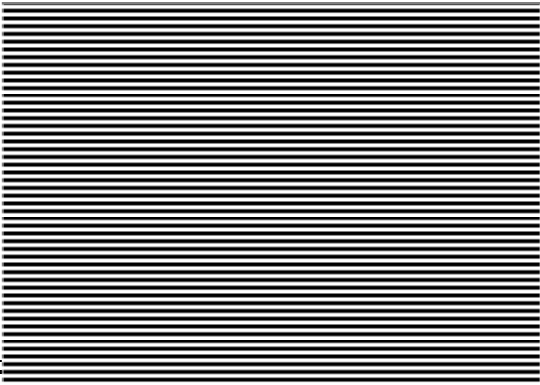
Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released a report on the Office of Secretary of State for the year ended June 30, 2008.

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 <http://auditor.iowa.gov/reports/reports.htm>.

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

JUNE 30, 2008

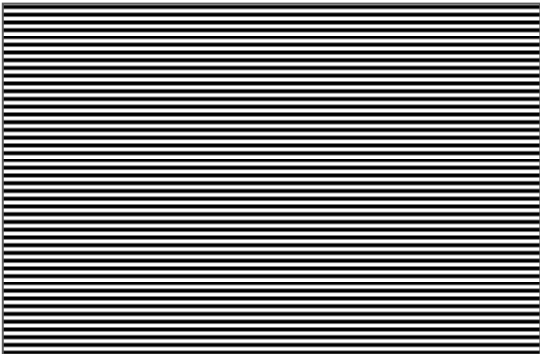
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**AUDITOR
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July 20, 2009

To the Honorable Michael A. Mauro,
Secretary of State:

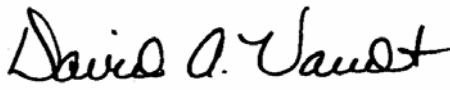
The Office of Secretary of State is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2008.

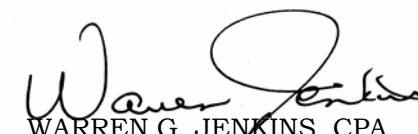
In conducting our audits, we became aware of certain aspects concerning the Office of Secretary of State's operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations, which include those reported in the State's Single Audit Report, as well as other recommendations pertaining to the Office's internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with Office personnel and their responses to these recommendations are included in this report.

The Office of Secretary of State's responses to the findings identified in our audit 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 any of 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 8 and they are available to discuss these matters with you.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Chester J. Culver, Governor
Director, Department of Management
Glen Dickinson, Director, Legislative Services Agency

Office of Secretary of State

Report of Recommendations to the Office of Secretary of State

Schedule of Findings

June 30, 2008

Findings Reported in the State's Single Audit Report:

CFDA Number: 90.401 – Help America Vote Act Requirements Payments

Agency Number: None

Federal Award Year: 2003, 2004

State of Iowa Single Audit Report Comment: 08-III-EAC-635-1

- (1) Reporting – The Help America Vote Act (HAVA) requires states to report the use of HAVA funds authorized by Title II, Section 251. The financial report prepared by the Office of Secretary of State could not be supported by the State's accounting system.

Recommendation – The Title II funds financial report should be supported by the State's accounting system.

Response and Corrective Action Planned – The Office is in the process of re-filing all financial reports with the U.S. Elections Assistance Commission. At completion, they should be supported by the State's accounting system.

Conclusion – Response accepted.

CFDA Number: 90.401 – Help America Vote Act Requirements Payments

Agency Number: None

Federal Award Year: 2003, 2004

State of Iowa Single Audit Report Comment: 08-III-EAC-635-2

- (2) Grant Management – The U.S. Election Assistance Commission, Office of Inspector General (OIG) is conducting an on-going audit related to the Help America Vote Act Requirements Payments funding for federal fiscal years 2002 through 2008. A report will be issued by the Office of Inspector General when the audit is completed.

Response and Corrective Action Planned – Office response not requested.

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

No matters were noted.

Report of Recommendations to the Office of Secretary of State

Schedule of Findings

June 30, 2008

Other Findings Related to Internal Control:

- (1) Financial Reporting – The Office of Secretary of State records receipts and disbursements on the Integrated Information for Iowa (I/3) system throughout the year, including the accrual period. Activity not recorded on the I/3 system is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS – SAE) on a GAAP Package. The GAAP package contains information used to prepare journal entries for the financial statements. During the year ended June 30, 2008, the Office of Secretary of State prepaid \$632,480 for a maintenance agreement, which saved the State of Iowa 4% of the agreement amount. This is allowed according to State guidelines, but the prepayment was not included in the GAAP package, so the State of Iowa’s financial statements did not reflect the prepayment.

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

Response – This was an oversight. The Office of Secretary of State will ensure the GAAP package information reported is complete and accurate 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. Two items were incorrectly included on the capital asset listing, resulting in an overstatement of \$25,252 and an overstatement of depreciation expense and accumulated depreciation of \$221.

Recommendation – The Office of Secretary of State should review its capital asset procedures to ensure accurate and current records are maintained.

Response – The Office of Secretary of State will review its capital asset procedures to ensure accurate and current records are maintained.

Conclusion – Response accepted.

Report of Recommendations to the Office of Secretary of State

Schedule of Findings

June 30, 2008

Findings Related to Statutory Requirements and Other Matters:

- (1) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each state agency to report and remit obligations, including checks, outstanding for more than two years to the Treasurer of State annually. The Office of Secretary of State did not remit these obligations as required.

Recommendation – The outstanding checks should be reviewed annually and items over two years old should be remitted to the Treasurer of State as required by the Code of Iowa.

Response – The Office is in the process of submitting items over two years old to each customer's state.

Conclusion – Response accepted.

- (2) Performance Evaluations – The Iowa Department of Administrative Services' (DAS) Administrative Rule 11-62.2(2) requires each employee to receive a performance evaluation every 12 months.

The Office of Secretary of State has not consistently performed annual performance evaluations on all employees. The last evaluation in one employee file was performed in December 2004.

Recommendation – The Office of Secretary of State should develop policies and procedures to ensure all employees receive a performance evaluation every 12 months as required by DAS Administrative Rules.

Response – The Office is in the process of completing performance evaluations for each employee and will develop policies and procedures regarding the same.

Conclusion – Response accepted.

Report of Recommendations to the Office of Secretary of State

June 30, 2008

Staff:

Questions or requests for further assistance should be directed to:

Pamela J. Bormann, CPA, Manager
Dorothy O. Stover, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Michael T. Stevens, Assistant Auditor