



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE August 10, 2010

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released a report on the Iowa Judicial Branch for the year ended June 30, 2009. The Iowa Judicial Branch is comprised of the Supreme Court, the Court of Appeals, the District Court, the Clerk of Court and the Court Administrator.

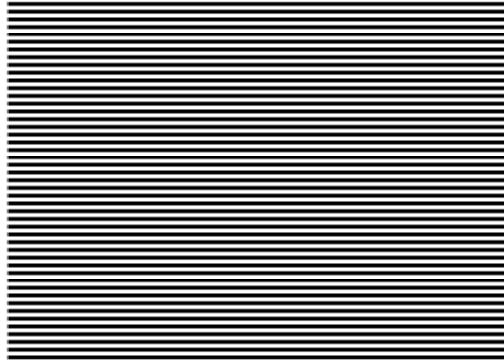
The Iowa Judicial Branch's purpose is to exercise general, general appellate and original jurisdiction in civil and criminal cases and in all proceedings including probate and juvenile matters. The Iowa Judicial Branch determines rules for admission and discipline of the bar and adopts rules regulating appellate practice and procedures and promulgates regulations of the Commission on Judicial Qualifications, the Board of Law Examiners and the Board of Shorthand Reporters.

Vaudt recommended the Iowa Judicial Branch review its policies and procedures for ensuring the GAAP package information is complete and accurate and segregating the duties of the Human Resources Associates from the duties of payroll. The Iowa Judicial Branch's responses are included in the report.

A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at:

<http://auditor.iowa.gov/reports/1060-4440-OR00.pdf>

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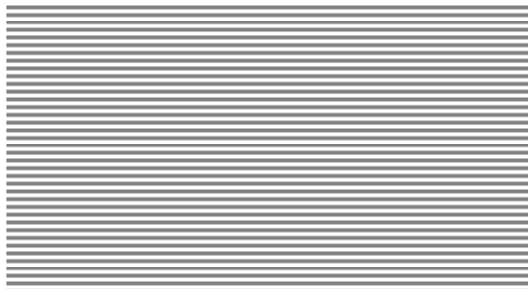
**REPORT OF RECOMMENDATIONS TO THE
IOWA JUDICIAL BRANCH**

JUNE 30, 2009

Office of
**AUDITOR
OF STATE**
State Capitol Building • Des Moines, Iowa



David A. Vaudt, CPA
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August 5, 2010

To the Iowa Judicial Branch:

The Iowa Judicial Branch 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, 2009.

In conducting our audits, we became aware of certain aspects concerning the Iowa Judicial Branch'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. These recommendations have been discussed with Iowa Judicial Branch personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Iowa Judicial Branch's responses, we did not audit the Iowa Judicial Branch'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 Judicial Branch, citizens of the State of Iowa and other parties to whom the Iowa Judicial Branch 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 Judicial Branch 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 Iowa Judicial Branch are listed on page 6 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
Richard C. Oshlo, Jr., Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Report of Recommendations to the Iowa Judicial Branch

June 30, 2009

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

(A) Financial Reporting – The Judicial Branch 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 is to be submitted to DAS–SAE by the first week of September each year. The following items were noted:

- (a) Twelve instances were noted where incorrect formulas were used in the sick leave liability spreadsheet, resulting in the sick leave liability reported in the GAAP package being overstated by \$88,666.
- (b) The GAAP package did not include the receivable from Public Assistance disaster grants from the Iowa Department of Public Defense, Homeland Security and Emergency Management Division, resulting in a \$1,990,621 understatement of due from other funds.

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

Response – We will continue to improve our GAAP package reporting.

Conclusion – Response accepted.

(B) Payroll – The Judicial Branch processes and records payroll and personnel information on the Human Resources Information System (HRIS). The Human Resources Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. These individuals have the ability to initiate and approve timesheets.

Recommendation – To strengthen controls, the Judicial Branch should develop and implement procedures to segregate the duties of the Human Resources Associates from the duties of payroll.

Response – Due to major budget cuts, we have eliminated staff that work in the payroll and human resource applications, so segregation of duties is more difficult. However, we will continue to look for ways to strengthen our internal controls.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Judicial Branch

June 30, 2009

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Judicial Branch

June 30, 2009

Staff:

Questions or requests for further assistance should be directed to:

Donna F. Kruger, CPA, Manager
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Brett C. Conner, Staff Auditor
Tracey L. Gerrish, Staff Auditor
Daniel W. Henaman, Assistant Auditor
Alison P. Herold, Assistant Auditor
Stephanie A. Sissel, Assistant Auditor
Gabriel M. Stafford, CPA, Assistant Auditor