



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

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**NEWS RELEASE**

FOR RELEASE

July 25, 2012

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, 2011. The Iowa Judicial Branch is comprised of the Supreme Court, the Court of Appeals, the District Courts, the Clerks of Court and the Court Administrator.

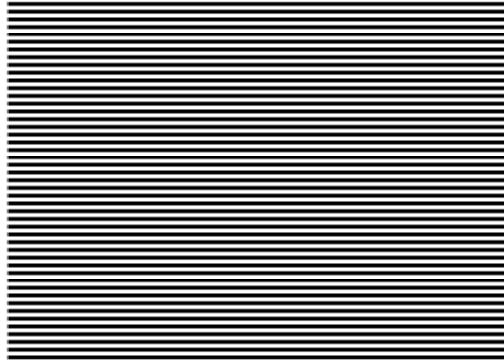
The Iowa Judicial Branch's purpose is to exercise general, general appellate and original jurisdiction in civil and criminal cases and in all proceedings including probate and juvenile matters. The Iowa Judicial Branch determines rules for admission and discipline of the bar and adopts rules regulating 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 to the recommendations 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/1260-4440-OR00.pdf>.

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

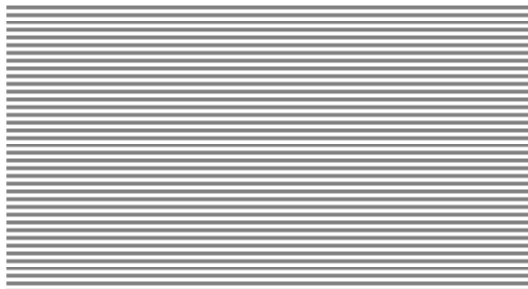
**JUNE 30, 2011**

Office of  
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OF STATE**

State Capitol Building • Des Moines, Iowa



**David A. Vaudt, CPA**  
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July 19, 2012

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, 2011.

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 were 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 7 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 Terry E. Branstad, Governor  
David Roederer, Director, Department of Management  
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2011

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

No matters were noted.

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

- (1) Financial Reporting – The Judicial Branch 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 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 findings were noted:

- a) The Judicial Branch understated prepaid expenditures on the GAAP package by \$109,487.
- b) The GAAP package was not properly reviewed since the same person who prepared the GAAP package signed as the reviewer of the GAAP package.

Recommendation – The Judicial Branch should ensure the GAAP package information reported is complete and accurate. The GAAP package should be reviewed by an independent person to ensure accuracy.

Response – Four employees actually prepared the GAAP package and two employees reviewed but only one person signed as reviewer. Next year we will have an independent person review to ensure accuracy.

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. The following findings were noted:

- a) One capital asset addition was not included in the GAAP package, resulting in an understatement of capital assets of \$10,000.
- b) One capital asset deletion was not removed from the capital asset listing, resulting in an overstatement of capital assets and accumulated depreciation in the GAAP package of \$14,999.

Recommendation – The capital asset listing should be updated to include all additions and deletions to ensure the GAAP package information is complete and accurate.

Response – We plan to do a complete physical inventory to ensure the capital asset listing is complete and accurate.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Judicial Branch

June 30, 2011

(3) Payroll – The Judicial Branch processes and records payroll and personnel information on the Human Resource 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. The following findings were noted where there were no compensating controls:

- a) Four individuals have the ability to initiate and approve P-1 documents. Three of the four individuals also have the ability to initiate and approve timesheets.
- b) For the period April 1, 2010 through March 25, 2011, fourteen P-1 documents were initiated and received department level approval by the same person.

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 – With budget cuts, we have fewer people to process payroll but we will continue to look for ways to segregate the duties as recommended.

Conclusion – Response accepted.

**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, 2011

**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 in the audits include:

Karen J. Kibbe, Senior Auditor  
Casey L. Johnson, Staff Auditor  
Gabriel M. Stafford, CPA, Staff Auditor  
David C. McQuarry, Assistant Auditor  
Jamie T. Reuter, Assistant Auditor  
Nancy J. Umsted, Assistant Auditor