

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

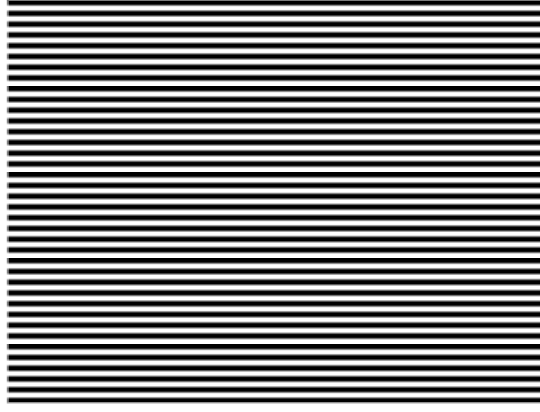
FOR RELEASE _____ September 13, 2012

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the Iowa Legislature for the year ended June 30, 2011. The Iowa Legislature includes the House of Representatives, the Senate, the Legislative Services Agency and the Office of Citizens' Aide/Ombudsman.

A copy of the report is available for review in the Iowa Legislature, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1260-5000-0R00.pdf>.

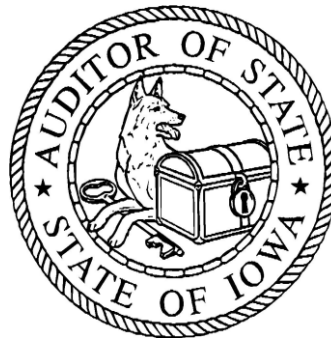
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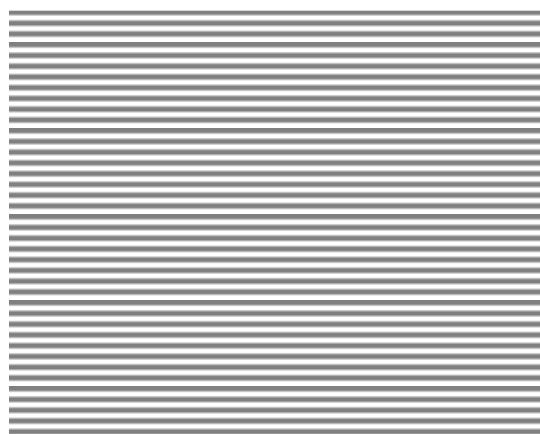
**REPORT OF RECOMMENDATIONS TO THE
IOWA LEGISLATURE**

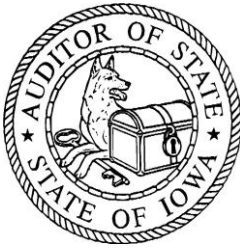
JUNE 30, 2011

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



David A. Vaudt, CPA
Auditor of State





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September 10, 2012

To the Members and Officials of the Iowa Legislature:


The Iowa Legislature is a part of the State of Iowa and, as such, has been included in our audit of the State's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011.

In conducting our audit, we became aware of certain aspects concerning the Iowa Legislature'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 pertaining to the Iowa Legislature's internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with Iowa Legislature personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Iowa Legislature's responses, we did not audit the Iowa Legislature'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 Legislature, citizens of the State of Iowa and other parties to whom the Iowa Legislature 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 Legislature during the course of our audit. 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 audit of the Iowa Legislature 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 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 Report on Internal Control:

No matters were noted.

Other Finding Related to Internal Control:

Financial Reporting – The Iowa Legislature 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 reporting package. In addition, Chapter 7A.30 of the Code of Iowa requires each department of State government to maintain an accurate, up-to-date inventory of all real and personal property belonging to the State.

The Iowa Legislature maintains separate records of capital assets and depreciation activity for each component. However, current year depreciation of \$332,920 was not included in the amount reported for current year additions to accumulated depreciation in the GAAP reporting package for the Legislative Services Agency. This was properly adjusted for reporting purposes.

Recommendation – The Iowa Legislature should review its capital asset and depreciation records to ensure the GAAP reporting package information reported is complete and accurate.

Response – An oversight was made in calculating accumulated depreciation in the recently created intangible assets category. It was corrected and will be reviewed for the next year's GAAP reporting package.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

- (1) Committees and Commissions – The Code of Iowa establishes several commissions and committees which serve a variety of purposes. Specific sections in the Code of Iowa detail how many members are to be appointed and by whom, in addition to meeting and reporting requirements, as follows:

Section 28B.1 of the Code of Iowa establishes the Iowa Commission on Interstate Cooperation composed of five members of the Senate, five members of the House of Representatives and three administrative officers. Not all of the required appointments to the Commission on Interstate Cooperation have been made by the Senate.

Recommendation – The Senate should make the required appointments to the Iowa Commission on Interstate Cooperation to comply with the Code of Iowa.

Response – During the 2011 session SF 461 was passed by the Senate and messaged to the House. It dealt with Section 28B.1 which was going to change the requirement of appointing members to the Iowa Commission on Interstate Cooperation to only years that the Legislative Council adopted a resolution stating that members needed to be appointed. SF 461 passed the Senate in 2011, but did not get voted on the floor in the House in 2011.

Report of Recommendations to the Iowa Legislature

June 30, 2011

During the 2012 session the original language regarding Section 28B.1 was included in the conference committee report for HF 2465, Division 7. The conference committee report was adopted by both houses, passed by the House on May 8 and by the Senate on May 9.

The Senate will appoint members to the Commission during years that the Legislative Council adopts a resolution for the purpose of appointing members to this Commission.

Conclusion – Response accepted.

- (2) Annual Report – Section 2C.18 of the Code of Iowa requires the Citizens' Aide/Ombudsman submit a report to the General Assembly and to the Governor concerning the exercise of the Citizens' Aide/Ombudsman function during the preceding calendar year by April 1 of each year.

The Citizens' Aide/Ombudsman did not submit the required report until May 31, 2011.

Recommendation – The Citizens' Aide/Ombudsman should ensure timely compliance with Code of Iowa reporting requirements.

Response – Efforts will be made to submit future annual reports timely to comply with Iowa Code Section 2C.18.

Conclusion – Response accepted.

- (3) Medicaid Fraud Account – While certain appropriations made out of the Medicaid fraud account for fiscal year 2011 were in accordance with federal regulations, they were not allowable pursuant to Section 249A.7 of the Code of Iowa.

Recommendation – Appropriations from the Medicaid fraud account should be in accordance with Section 249A.7 of the Code of Iowa.

Current Status – Effective July 1, 2011, Chapter 127 of the 2011 Iowa Acts amended Section 249A.7 of the Code of Iowa and created the Medicaid fraud fund. The Act provides “Moneys in the fund shall only be used as provided in appropriations from the fund and shall be used in accordance with applicable laws, regulations and policies of the office of inspector general of the United States department of health and human services.” As a result, appropriations made from the fund, such as the appropriations for fiscal year 2011, are allowable because they comply with the laws, regulations and policies of the Office of Inspector General of the United States Department of Health and Human Services.

Report of Recommendations to the Iowa Legislature

June 30, 2011

Staff:

Questions or requests for further assistance should be directed to:

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Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in this audit include:

Brett M. Zeller, Senior Auditor
Alison P. Herold, CPA, Senior Auditor
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Jason R. Ropte, Auditor Intern