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NEWS RELEASE

FOR RELEASE

November 12, 2013

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Auditor of State Mary Mosiman today released a report on a review of selected general and application controls over the Iowa Department of Workforce Development's (Department) MyIowaUI and Unemployment Insurance Benefits systems for the period April 29, 2013 through May 10, 2013.

The report recommends the Department restore the functionality to provide employers with monthly statements. The Department responded positively to the recommendation.

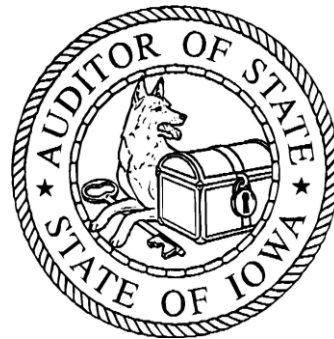
A copy of the report is available for review at the Iowa Department of Workforce Development, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/1460-3090-BT01.pdf>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF WORKFORCE DEVELOPMENT
ON A REVIEW OF SELECTED GENERAL AND
APPLICATION CONTROLS OVER THE MYIOWAUI AND
UNEMPLOYMENT INSURANCE BENEFITS SYSTEMS**

APRIL 29, 2013 to MAY 10, 2013

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



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November 7, 2013


To Teresa Wahlert, Director of the
Iowa Department of Workforce Development:

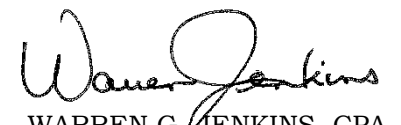
In conjunction with our audit of the financial statements of the State of Iowa for the year ended June 30, 2013, we conducted an information technology review of selected general and application controls for the Iowa Department of Workforce Development for the period April 29, 2013 through May 10, 2013. Our review focused on the general and application controls for the Iowa Department of Workforce Development's MyIowaUI and Unemployment Insurance Benefits systems as they relate to our audit of the financial statements. The review was more limited than would be necessary to give an opinion on internal controls. Accordingly, we do not express an opinion on internal controls or ensure all deficiencies in internal controls are disclosed.

In conducting our review, we became aware of certain aspects concerning information technology controls for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on the following pages. We believe you should be aware of this recommendation which pertains to the Department's general and application controls over the MyIowaUI and Unemployment Insurance Benefits systems. This recommendation has been discussed with Department personnel and their response to this recommendation is included in this report. While we have expressed our conclusion on the Department's response, we did not audit the Department's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Workforce Development, citizens of the State of Iowa and other parties to whom the Iowa Department of Workforce Development 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 Department of Workforce Development during the course of our review. 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 review are listed on page 6 and they are available to discuss these matters with you.


MARY MOSIMAN, 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

April 29, 2013 through May 10, 2013

MyIowaUI and Unemployment Insurance Benefits Systems General and Application Controls

A. Background

The Iowa Department of Workforce Development's MyIowaUI system is used to manage the program and process the collection of employer unemployment insurance tax. The Unemployment Insurance Benefits system is used to process worker's claims for unemployment insurance benefits and adjustments.

B. Scope and Methodology

In conjunction with our audit of the financial statements of the State of Iowa, we reviewed selected aspects of the general and application controls in place over the Iowa Department of Workforce Development's (Department) MyIowaUI and Unemployment Insurance Benefits systems for the period April 29 through May 10, 2013. Specifically, we reviewed the general controls: access controls, segregation of duties controls, configuration management controls and contingency planning controls and the application controls: business process controls, including input and output. We interviewed staff of the Department and we reviewed Department policies and procedures. To assess the level of compliance with identified controls, we performed selected tests.

We planned and performed our review to adequately assess those Department operations within the scope of our review. We developed an understanding of the Department's internal controls relevant to the operations included in the scope of our review. We believe our review provides a reasonable basis for our recommendation.

We used a risk-based approach when selecting activities to be reviewed. We focused our review efforts on those activities we identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we used our finite review resources to identify where and how improvements can be made. Thus, we devoted little effort to reviewing operations that may be relatively efficient or effective. As a result, we prepare our review reports on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

C. Results of the Review

As a result of our review, we found certain controls can be strengthened to further ensure the reliability of financial information. Our recommendation, along with the Department's response, is detailed in the remainder of this report.

General Controls

No recommendations were noted in our review of general controls for the MyIowaUI and Unemployment Insurance Benefits systems.

April 29, 2013 through May 10, 2013

Application Controls

Employer Monthly Statements – The MyIowaUI system was moved into production in May of 2010. Since then, monthly employer statements have not been available. The system used before MyIowaUI provided employers with monthly account statements which allowed them to monitor their account balances.

Recommendation – The Department should take steps to restore the functionality which provides employers monthly statements and current account balances.

Response - Since July 2010 employers have had on-line access to their current account balances by logging on to MyIowaUI. Current balance is located on the employer home page. At the time of this audit, approximately two-thirds of our employers had taken advantage of the electronic filing and many regularly review their accounts. Regardless, the Statement of Contribution Due was mailed August 21, 2013. As a result of this mailing we found approximately 2% of all of our accounts required some correction. Therefore, the scheduled monthly mailing will begin November 17, 2013 and will occur on schedule the 17th of each month thereafter. The process takes 24 to 48 hours to run. Business and Third Party Administrators (TPA) that have contribution, interest or penalty due and have opted to receive correspondence electronically will immediately be notified to log in to their account to retrieve the document. All others will be mailed a paper copy of the Statement.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Workforce Development

April 29, 2013 through May 10, 2013

Staff:

Questions or requests for further assistance should be directed to:

Erwin L. Erickson, CPA, Director
Tiffany Ainger, CPA, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in this review include:

Stephan Hoffman, Staff Auditor
Ryan Baker, Assistant Auditor