

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

March 6, 2015

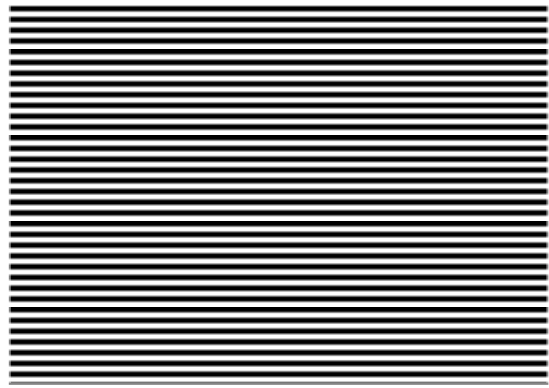
Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released a report on a review of selected general and application controls over the Iowa Public Employees' Retirement System (IPERS) I-Que Pension Administration System for the period May 5, 2014 through July 1, 2014.

Mosiman recommended IPERS update and test its disaster recovery plan. IPERS has responded positively to the recommendation.

A copy of the report is available for review at IPERS, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/1560-5530-BT01.pdf>.

#



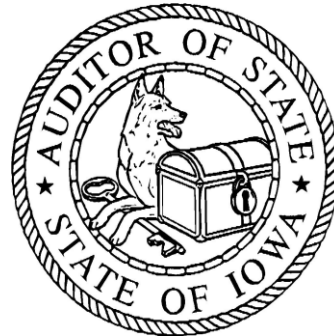
**REPORT OF RECOMMENDATIONS TO THE
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ON A REVIEW OF SELECTED GENERAL AND
APPLICATION CONTROLS OVER THE I-QUE
PENSION ADMINISTRATION SYSTEM**

MAY 5, 2014 to JULY 1, 2014

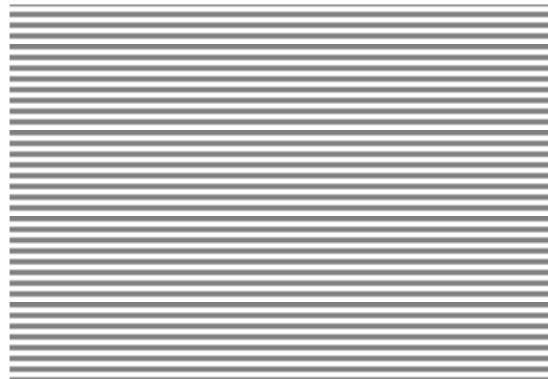
==== Office of ====

**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



Mary Mosiman, CPA
Auditor of State





OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

February 17, 2015


To Donna Mueller, Chief Executive Officer of the
Iowa Public Employees' Retirement System:

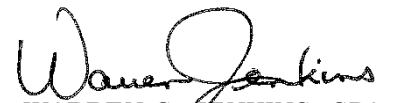
In conjunction with our audit of the financial statements of the Iowa Public Employees' Retirement System (IPERS) for the year ended June 30, 2014, we conducted an information technology review of selected general and application controls for the period May 5, 2014 through July 1, 2014. Our review focused on the general and application controls for the I-Que Pension Administration System 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 the I-Que Pension Administration System 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 IPERS' general and application controls over the I-Que Pension Administration System. The recommendation has been discussed with IPERS personnel and their response to the recommendation is included in this report. While we have expressed our conclusion on IPERS' response, we did not audit IPERS' 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 Public Employees' Retirement System, citizens of the State of Iowa and other parties to whom IPERS 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 IPERS 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

May 5, 2014 through July 1, 2014

I-Que Pension Administration System General and Application Controls

A. Background

The Iowa Public Employees' Retirement System (IPERS) I-Que Pension Administration System is used to process employee and employer contributions, member benefits and adjustments. The first phase of I-Que was rolled out in August 2008 to allow employers to report wages online, submit contribution payments and manage member and employer demographics. The second phase of I-Que was implemented during fiscal year 2012 and is used to process retirement benefits and adjustments.

B. Scope and Methodology

In conjunction with our audit of the financial statements of IPERS, we reviewed selected aspects of the general and application controls in place over the I-Que Pension Administration System for the period May 5 through July 1, 2014. Specifically, we reviewed the general controls: access controls, segregation of duties and contingency planning. We also reviewed the application controls: business process controls, including input and output. We interviewed staff of IPERS and we reviewed IPERS' 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 IPERS operations within the scope of our review. We developed an understanding of IPERS' internal controls relevant to the operations included in the scope of our review. We believe our review provides a reasonable basis for our recommendations.

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 IPERS' response, is detailed in the remainder of this report.

General Controls

Disaster Recovery Planning – Business continuity and disaster recovery plans are designed to help ensure an entity remains functional in the event of a loss of facilities or personnel. These plans should be updated regularly, periodically tested, distributed to key individuals and maintained in written form at an off-site location.

IPERS has prepared a disaster recovery plan for its IT systems which includes a requirement for information to be updated and tested annually. However, the business continuity plan has not been materially updated or tested since the implementation of the I-Que system.

Report of Recommendations to the Iowa Public Employees' Retirement System

May 5, 2014 through July 1, 2014

Recommendation – IPERS should update the disaster recovery plan annually and distribute it to all individuals expected to play a key role if the plan is put into action. Also, the plan should be tested periodically.

Response – Many of the technical aspects of this recommendation were already completed or underway. However, the documentation was not fully updated at the time of the audit. An IT DR test of failover and failback did occur in the past year leading up to the audit. Starting in March, 2014, IPERS self-identified a need to review our COOP/COG plan and was already well underway with the review at the time of the audit. The business impact analysis was completed in late March. However, due to the lack of a COOP/COG coordinator we were unable to finish a full review in time for the audit. A new COOP/COG coordinator was hired in June and the full COOP/COG documentation review was completed in August.

Conclusion – Response accepted.

Application Controls

No recommendations were noted in our review of application controls for the IPERS I-Que Pension Administration System.

Report of Recommendations to the Iowa Public Employees' Retirement System

May 5, 2014 through July 1, 2014

Staff:

Questions or requests for further assistance should be directed to:

Erwin L. Erickson, CPA, Director
Lesley R. Geary, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in this review include:

Benjamin P. James, CPA, Staff Auditor
Todd E. Pudenz, CPA, Staff Auditor