



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

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

NEWS RELEASE

FOR RELEASE

July 26, 2018

Contact: Andy Nielsen
515/281-5834

The Office of Auditor of State today released a report on the Iowa Braille and Sight Saving School, Vinton, Iowa for the year ended June 30, 2017.

The School is governed by the Board of Regents, State of Iowa and provides day school educational programs for visually impaired youth, as well as a variety of resource services for mainstreamed students. During the year ended June 30, 2017, the School provided outreach services to 669 students and the average cost per student was \$11,942, compared to 609 students and an average cost per student of \$12,894 for the prior year.

A copy of the report is available for review at the Iowa Braille and Sight Saving School, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1861-8040-BR00>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA BRAILLE AND SIGHT SAVING SCHOOL**

JUNE 30, 2017

Iowa Braille and Sight Saving School



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STATE OF IOWA

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July 20, 2018

To the Members of the Board of Regents, State of Iowa:

The Iowa Braille and Sight Saving School 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, 2017.

In addition to these reports, we also prepare a separate report of recommendations pertaining to the School's internal control, compliance with statutory requirements and other matters when our audits disclose findings we believe should be brought to your attention.

In conducting our audits, we became aware of an aspect concerning the School's operations for which we believe corrective action is necessary. As a result, we have developed a recommendation pertaining to the School's internal control which is reported on the following page. This recommendation has been discussed with School personnel and their response to the recommendation is included in this report. While we have expressed our conclusion on the School's response, we did not audit the Iowa Braille and Sight Saving School's response and, accordingly, we express no opinion on it.

We have also included certain unaudited financial and other information on page 7 to report an average cost per student for the School for the five years ended June 30, 2017, as required by Section 11.28 of the Code of Iowa.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Braille and Sight Saving School, citizens of the State of Iowa and other parties to whom the Iowa Braille and Sight Saving School 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 Braille and Sight Saving School during the course of our audits. Should you have any 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 Braille and Sight Saving School are listed on page 6 and they are available to discuss these matters with you.

MARY MOSIMAN, CPA
Auditor of State

cc: Honorable Kim Reynolds, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Report of Recommendations to the
Iowa Braille and Sight Saving School

June 30, 2017

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Finding Related to Internal Control:

Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the Iowa Braille and Sight Saving School's (School) financial statements.

Condition – During the audit, we identified construction in progress additions, expenditures, encumbered fund balance and unassigned fund balance were misstated. The conditions identified are as follows:

- The School recorded \$92,315 of expenditures which were not supported by actual invoices. This amount was the budgeted amount for a building improvement project; however, no expenditures had been incurred as of June 30, 2017. This resulted in an overstatement of General Fund and Special Revenue Fund expenditures of \$45,790 and \$46,525, respectively.
- The School also recorded \$96,467 of expenditures which were only supported by a purchase order. No services had been rendered or goods received by June 30, 2017 and no actual invoice had been received. This resulted in an overstatement of General Fund expenditures of \$96,467.
- The \$142,257 overstatement of General Fund expenditures were also recorded as construction in progress additions. Since these expenditures were not incurred construction in progress additions and ending balance were overstated.
- In total, \$188,782 was incorrectly recorded as encumbered fund balance rather than unassigned fund balance.

Cause – School policies do not require and procedures have not been established to require independent review of year-end cut-off transactions to ensure the School's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in School employees not detecting the errors in the normal course of performing their assigned functions.

Recommendation – The School should establish procedures to ensure all construction in progress additions, expenditures, and fund balances are identified and properly reported in the School's financial statements.

Report of Recommendations to the
Iowa Braille and Sight Saving School

June 30, 2017

Response – The School will establish a procedure that year end transactions have a second review prior to posting so the transactions are properly identified in the Schools financial statements. This will ensure that the information in the GAAP package properly reflects the encumbrances as payables in future years.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the
Iowa Braille and Sight Saving School

June 30, 2017

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Manager
Jesse J. Harthan, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Sidot K. Shipley, Staff Auditor
Rachel E. Sigmon, Assistant Auditor

Iowa Braille and Sight Saving School

Average Cost per Student

(Unaudited)

Year ended June 30, 2017
with comparative figures for the four preceding years

Year	Average Number of Employees	Outreach Services Enrollment	Total Expenditures Related to Outreach Services	Average Cost Per Outreach Student
2017	75	669	\$ 7,989,391	11,942
2016	80	609	7,852,254	12,894
2015	79	532	7,836,264	14,730
2014	81	562	7,926,249	14,104
2013	81	506	7,632,553	15,084

* For fiscal years 2017 through 2013, expenditures related to outreach services exclude expenditures related to construction in progress and costs associated with the space leased by Americorps, which total \$729,249, \$580,212, \$1,726,758, \$3,059,235 and \$3,009,804, respectively.