



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

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**NEWS RELEASE**

FOR RELEASE

October 18, 2019

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Communications Network (ICN) for the year ended June 30, 2018.

The ICN is responsible for the management, development and operation of the statewide telecommunications network which carries and switches full motion interactive video, voice and data traffic for Iowa's educational institutions and other authorized users.

Sand recommended the ICN strengthen internal controls over inventory and billing rates. The ICN's responses to these recommendations are included in the report.

A copy of the report is available for review on the Auditor of State's website at <https://auditor.iowa.gov/reports/audit-reports/>.

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**REPORT OF RECOMMENDATIONS TO THE  
IOWA COMMUNICATIONS NETWORK**

**JUNE 30, 2018**

**Iowa Communications Network**



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Rob Sand  
Auditor of State

October 7, 2019

Iowa Communications Network  
Des Moines, Iowa

To the Members of the Iowa Telecommunications and Technology Commission:

I am pleased to submit to you the Report of Recommendations for the Iowa Communications Network for the year ended June 30, 2018. The report includes findings pertaining to the Department's internal control which resulted from the fiscal year 2018 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of Iowa Communications Network throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand  
Auditor of State

**Iowa Communications Network**



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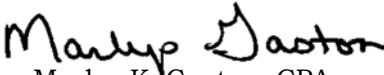
To the Members of the Iowa Telecommunications and Technology Commission:

The Iowa Communications Network (ICN) 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, 2018.

In conducting our audit, we became aware of certain aspects concerning the ICN'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 include recommendations pertaining to the ICN's internal control. These recommendations have been discussed with ICN personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the ICN's responses, we did not audit the ICN'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 Communications Network, citizens of the State of Iowa and other parties to whom the Iowa Communications Network 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 ICN 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 ICN are listed on page 5 and they are available to discuss these matters with you.

  
Marlys K. Gaston, CPA  
Deputy Auditor of State

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

June 30, 2018

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

No matters were reported.

**Other Findings Related to Internal Control:**

(1) Segregation of Duties over Inventory

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all inventory items and for periodic review of those records by someone independent of other duties related to inventory.

Condition – Generally, one or two individuals may have control over the handling, recording purchases and sales billings of inventory. No compensating controls were identified for these areas.

Cause – Procedures have not been implemented to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the ICN's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The ICN should review the internal control activities to obtain the maximum internal control possible under the circumstances.

Response – The ICN will follow written procedures to maintain segregation of duties for inventory internal controls and initiate a schedule of cycle counts.

Conclusion – Response accepted.

(2) Segregation of Duties over Net Plus Billing Rates

Criteria – An effective internal control system provides for internal controls related to ensuring approved rates are utilized for Net Plus billings.

Condition – Generally, one or two individuals may have responsibilities for entering billing rates into the Net Plus billing system. Independent review of the rates has not been documented.

Cause – Procedures have not been implemented to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the ICN's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The ICN should review the internal control activities and an independent review of Net Plus billing rates should be documented.

Response – The ICN has implemented an independent review process to verify new and adjusted rates entered into NetPlus.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Communications Network

June 30, 2018

**Finding Related to Statutory Requirements and Other Matters:**

No matters were noted.



Report of Recommendations to the Iowa Communications Network

June 30, 2018

**Staff:**

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager  
Cody J. Pifer, Staff Auditor  
Marlys K. Gaston, CPA, Deputy

Other individuals who participated in the audit include:

Stephen J. Hoffman, Senior II Auditor  
Alexia M. Grgurich, Staff Auditor  
Anthony J. Mallie, CPA, Staff Auditor  
Kile J. Bean, Assistant Auditor  
Kasey L. Bunce, Assistant Auditor  
Edward J. Schroder, Assistant Auditor