

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

NEWS RELEASE

FOR RELEASE _____ December 21, 2021

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Ethics and Campaign Disclosure Board for the year ended June 30, 2020.

The Iowa Ethics and Campaign Disclosure Board is charged with promoting the public's trust and confidence in government by ensuring integrity of political campaigns, the ethical standards for officials and employees of the executive branch of state government and lawful conduct of executive branch lobbyists.

AUDIT FINDING:

Sand reported one finding pertaining to the receipt of taxpayer funds. The finding can be found on page 3 of this report. The finding addresses a lack of segregation of duties over financial transactions, reconciliations and reports. Sand provided the Board with a recommendation to address the finding.

The finding discussed above is repeated from the prior year. Board management have a fiduciary responsibility to provide oversight of the Board's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercise in its fiduciary capacity.

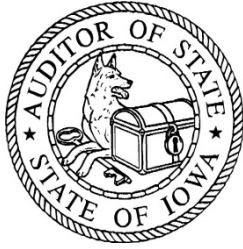
A copy of the report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA ETHICS AND CAMPAIGN DISCLOSURE BOARD**

JUNE 30, 2020

Iowa Ethics and Campaign Disclosure Board



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Rob Sand
Auditor of State

December 13, 2021

Iowa Ethics and Campaign Disclosure Board
Des Moines, Iowa

To the Members of the Iowa Ethics and Campaign Disclosure Board:

I am pleased to submit to you the Report of Recommendations for the Iowa Ethics and Campaign Disclosure Board for the year ended June 30, 2020. The report includes a finding pertaining to the Department's internal control which resulted from the fiscal year 2020 audit.

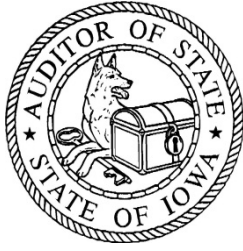
I appreciate the cooperation and courtesy extended by the officials and employees of Iowa Ethics and Campaign Disclosure Board throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized and written in a cursive-like font.

Rob Sand
Auditor of State

Iowa Ethics and Campaign Disclosure Board



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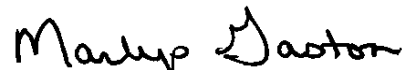
To the Members of the Ethics and Campaign Disclosure Board, State of Iowa:

The Iowa Ethics and Campaign Disclosure Board 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, 2020.

In conducting our audit, we became aware of certain aspects concerning the Board's operations for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on the following page. We believe you should be aware of this recommendation which pertains to the Board's internal controls. This recommendation has been discussed with Board personnel and their response to this recommendation is included in this report. While we have expressed our conclusion on the Board's response, we did not audit the Board'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 Ethics and Campaign Disclosure Board, citizens of the State of Iowa and other parties to whom the Iowa Ethics and Campaign Disclosure Board may report. This report is not intended to be and should not be used by anyone other than these specified parties.

Should you have questions concerning the above matter, we shall be pleased to discuss it with you. Individuals who participated in our audit of the Board are listed on page 5, and they are available to discuss the matter with you.


Marlys K. Gaston, CPA
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor
Kraig Paulsen, Interim Director, Department of Management
Tim McDermott, Interim Director, Legislative Services Agency

Report of Recommendations to the
Iowa Ethics and Campaign Disclosure Board

June 30, 2020

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

No matters were reported.

Other Finding Related to Internal Control:

Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Board's financial statements.

Condition – Generally, one individual has control over the following area for which no compensating control exists:

1. Responsibilities for maintaining detailed accounts receivable records are not segregated from collections and records postings. Also, mail is not opened by someone other than accounting personnel.

Cause – The Board has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Board'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 – We realize segregation of duties is difficult with a limited number of employees. However, the Board should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff to provide additional control through review of financial transactions, reconciliations and reports.

Response – As of March 2018, we have further segregated duties. We have also hired an executive secretary to help spread out responsibilities, but as you note, further segregation of duties is difficult for an agency of our size. We are still investigating a new procedure to provide a regular review/verification of our processing of late fees and fines, in light of the concerns you have raised, although this has been hampered by the teleworking necessitated by the ongoing pandemic.

Conclusion – Response accepted.

Report of Recommendations to the
Iowa Ethics and Campaign Disclosure Board

June 30, 2020

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the
Iowa Ethics and Campaign Disclosure Board

June 30, 2020

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy
Tiffany M. Ainger, CPA, Manager
Brandon G. Sommers, Staff Auditor

Other individuals who participated in the audit include:

Sally S. Downing, Assistant Auditor