



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

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ August 31, 2006

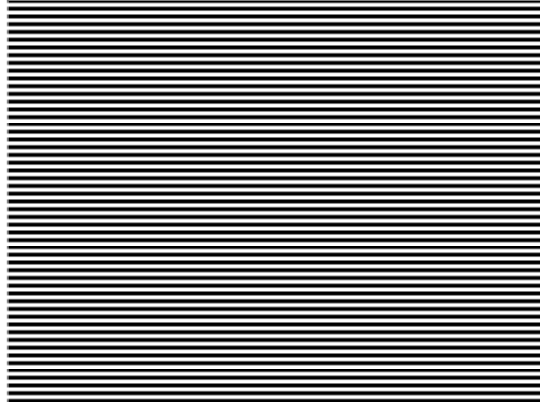
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Auditor of State David A. Vaudt today released an audit report on the Iowa Legislature for the year ended June 30, 2005. The Iowa Legislature includes the following components: House of Representatives, Senate, Legislative Services Agency and Office of Citizens' Aide/Ombudsman.

Vaudt recommended the House of Representatives and Senate segregate payroll and personnel duties to the extent possible and comply with statutory provisions. Legislative responses are included in this report.

A copy of the report is available for review in the Iowa Legislature, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**REPORT OF RECOMMENDATIONS TO THE  
IOWA LEGISLATURE**

**JUNE 30, 2005**

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



**David A. Vaudt, CPA**  
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August 24, 2006

To the Members and Officials of the Iowa Legislature:

The Iowa Legislature 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, 2005.

In conducting our audit, we became aware of certain aspects concerning the Iowa Legislature'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 those pertaining to the Iowa Legislature's internal control, compliance with statutory requirements and other matters. These recommendations have been discussed with Iowa Legislature personnel and their responses to these recommendations are included in this report.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Legislature, citizens of the State of Iowa and other parties to whom the Iowa Legislature 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 Legislature during the course of our audit. Should you have questions concerning the above matters, we shall be pleased to discuss it with you at your convenience. Individuals who participated in our audit of the Iowa Legislature are listed on page 6 and they are available to discuss these matters with you.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

cc: Honorable Thomas J. Vilsack, Governor  
Michael L. Tramontina, Director, Department of Management  
Dennis C. Prouty, Director, Legislative Services Agency

June 30, 2005

**Finding Related to Internal Control:**

- (1) Segregation of Duties – An important aspect of internal control is the segregation of duties among employees so the activities of one employee act as a check on those of another.

Two employees within the House of Representatives and Joint House and Senate Finance Office and two employees within the Senate have the ability to perform the following payroll and personnel functions for which no compensating control exists:

- (a) Entering and approving time records on the payroll system (PAYN).
- (b) Comparing time records to payroll information.
- (c) Receiving and distributing payroll warrants.
- (d) Preparing P-1 documents that initiate and approve personnel actions such as adding new employees and recording pay raises.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Legislature should review its operating procedures to obtain the maximum internal control possible under the circumstances.

House Response – The Chief Clerk of the House has been initialing each page of the payroll journal to document her review for fictitious employees. This is a control procedure per your recommendation and our mutual agreement set forth in FY 04.

Senate Response – The Senate Finance Officers share the responsibility of payroll. All duties are shared which includes the preparation of the Pl documents and approval of such documents. Receiving and distributing of the payroll documents generally are not done by the same person. The Senate & House share the duty of picking up the warrants from the Hoover Building. These warrants are secured until distribution. In addition, during session, two of the Senate Pages are authorized to pick up the warrants and the Sergeant-of-Arms assists in the distribution of checks.

The Senate has also implemented having the Secretary of the Senate sign off on the list of employees issued warrants each pay period.

Conclusion – Response acknowledged. Where duties cannot be adequately segregated, it is important this work be reviewed by supervisory personnel and this review be evidenced by the initials of the reviewer.

June 30, 2005

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

- (1) Committees and Commissions – The Code of Iowa establishes several commissions and committees which serve a variety of purposes. Specific sections in the Code of Iowa detail how many members are to be appointed and by whom, in addition to meeting and reporting requirements.

Section 2.35 of the Code of Iowa establishes a Communications Review Committee composed of three members of the Senate and three members of the House of Representatives. The required appointments to the Communications Review Committee by the Senate have not been made.

Section 602.1514 of the Code of Iowa establishes a Judicial Compensation Commission composed of eight members, four of whom shall be appointed by the Governor and four of whom shall be appointed by the Legislative Council. The required appointments to the Judicial Compensation Commission have not been made.

Recommendation – The Senate and the House of Representatives should evaluate the purpose of the Communications Review Committee and the Judicial Compensation Commission and determine whether continuation of each is warranted. If continuation is no longer warranted, the Senate and House of Representatives should seek to repeal these code sections. If continuation is warranted, the required appointments should be made to the Committee and Commission to comply with the Code of Iowa.

House Response – House File 177, sponsored by Representative Murphy amending the manner for making appointments and would provide the Legislature with the opportunity to review the section during the next legislative session, died in the Senate. This will be addressed with the next General Assembly.

Senate Response – For reasons unrelated to the above commissions, HF 845 did not pass. In part, this bill would have abolished both commissions since their purpose is no longer relevant. No appointments have been made. The Legislature will address this issue again next session.

Conclusion – Response accepted.

- (2) Per Diem Payments – Section 2.10 of the Code of Iowa establishes per diem payments to be made to members of the General Assembly for the first 110 days of the legislative session. Per diem payments of \$86 per day and \$65 per day are paid to non-Polk County and Polk County members, respectively.

During the 2005 legislative session, one Senator was overpaid \$21 per day for all 110 days of the session, resulting in a total overpayment of \$2,310.

Recommendation – Senate personnel should ensure per diem payments are accurate and do not exceed the maximum amounts allowed by the Code of Iowa.

Senate Response – Senate Finance strives to be accurate. The Secretary of the Senate has reviewed this issue and is satisfied that this error will not occur again.

Conclusion – Response accepted. Reimbursement totaling \$2,310 was received in December 2005.

Report of Recommendations to the Iowa Legislature

June 30, 2005

**Staff:**

Questions or requests for further assistance should be directed to:

Cynthia L. Weber, CPA, Manager  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Karen J. Kibbe, Staff Auditor  
Tiffany A. Gossweiler, Assistant Auditor  
Donald J. Lewis, Assistant Auditor