



**OFFICE OF AUDITOR OF STATE
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NEWS RELEASE

FOR RELEASE _____ August 24, 2007

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Auditor of State David A. Vaudt today released a report on a review of selected general and application controls over the Iowa Department of Administrative Services eDAS billing system for the period of April 2 through May 2, 2007.

Vaudt recommended the Department develop written policies and procedures to ensure proper segregation of duties are maintained and to ensure data is properly authorized and entered.

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

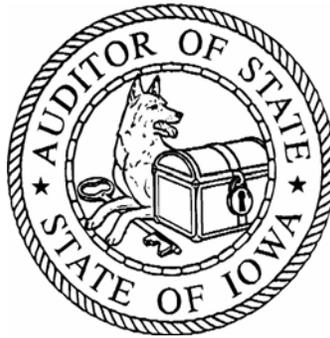
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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF ADMINISTRATIVE SERVICES
ON THE REVIEW OF SELECTED GENERAL AND
APPLICATION CONTROLS OVER
THE DEPARTMENT'S eDAS BILLING SYSTEM**

APRIL 2 THROUGH MAY 2, 2007

Office of
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August 13, 2007

To Mollie Anderson, Director of the
Iowa Department of Administrative Services:

In conjunction with our audit of the financial statements of the State of Iowa for the year ended June 30, 2007, we have conducted an information technology review of selected general and application controls of the Iowa Department of Administrative Services for the period April 2, 2007 through May 2, 2007. Our review focused on the Department's general and application controls of the eDAS billing 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 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 pertain to the Iowa Department of Administrative Services' general and application controls over the eDAS billing system. These recommendations have been discussed with Department 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 Department of Administrative Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Administrative Services 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 Department of Administrative Services during the course of our review. Should you have 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 of the eDAS billing system 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 Chester J. Culver, Governor
Charles J. Krogmeier, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

April 2 through May 2, 2007

eDAS Billing System General and Application Controls

A. Background

The eDAS billing system at the Iowa Department of Administrative Services (Department) is used to bill state agencies and non state agencies for services provided.

B. Scope and Methodology

In conjunction with our audit of the financial statements of the State of Iowa, we reviewed selected aspects of the general and application controls in place over the Department's eDAS billing system for the period April 2 through May 2, 2007. Specifically, we reviewed the general controls: access controls and segregation of duties, and the application controls: input, processing and output controls. We interviewed staff of the Department and we reviewed Department 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 Department operations within the scope of our review. We developed an understanding of the Department's 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 use our finite review resources to identify where and how improvements can be made. Thus, we devote 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 recommendations, along with the Department's responses, are detailed in the remainder of this report.

General Controls

Segregation of Duties - Written policies and procedures lay the ground work to ensure proper segregation of duties is maintained and aids in supervision and review. Written policies and procedures have not been developed to ensure personnel activities are properly segregated and to aid in supervisory and review functions by management.

Recommendation - The Department should develop written policies and procedures for all processes within the eDAS billing system to ensure proper segregation of duties are maintained and aid in supervision and review of staff and procedures.

Response - The Department of Administrative Services will work toward the completion of documenting all policies and procedures for the eDAS process by the beginning of fiscal year 2009. These policies and procedures will encompass the segregation of duties at all critical stages of the eDAS process.

Conclusion - Response accepted.

April 2 through May 2, 2007

Application Controls

Input Controls - Written policies and procedures lay the ground work to ensure proper segregation of duties is maintained and data input into the system is authorized, complete and accurate. Policies and procedures aid in supervision and review. During our review of ten services, the following items were noted:

1. Seven of the ten services reviewed lacked written policies and procedures for the authorization, approval or retention of source data for input documents.
2. For one of the ten services reviewed, no reconciliation is being performed between the source files and the formatted file loaded into the eDAS billing system and a reconciliation is not performed after files have loaded and processed by the billing system. In addition, for this service, an audit trail does not exist for line items deleted from the source file and exempted from further processing.
3. For one of the services reviewed, the operations log sheets are not reconciled to the source file loaded into eDAS. In addition the log sheets are not maintained by the Department.

Recommendation - The Department should develop written policies and procedures to ensure only authorized transactions are entered into the system and all data is entered and entered correctly.

Response - The Department of Administrative Services will work toward the completion of documenting all policies and procedures for the eDAS process by the beginning of fiscal year 2009. These policies and procedures will include an emphasis to ensure all input is reconciled, authorized, complete and accurate.

Conclusion - Response accepted.

Report of Recommendations to the Department of Administrative Services

April 2 through May 2, 2007

Staff:

Questions or requests for further assistance should be directed to:

Erwin L. Erickson, CPA, Director
Deborah J. Moser, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this review include:

Scott P. Boisen, Senior Auditor
Jennifer L. Wall, Staff Auditor