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NEWS RELEASE

FOR RELEASE _____ July 28, 2010

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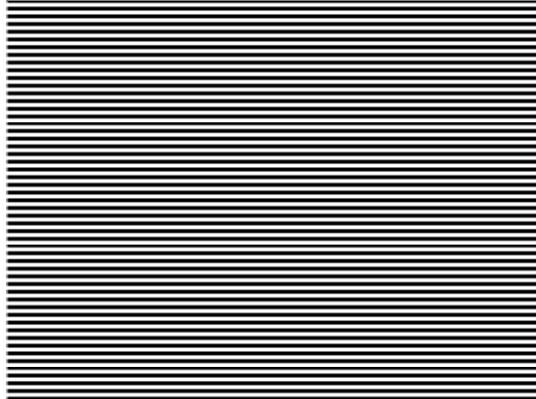
Auditor of State David A. Vaudt today released a report on the Iowa Public Employees' Retirement System (IPERS) for the year ended June 30, 2009. IPERS has previously released its comprehensive annual financial report for the year ended June 30, 2009.

IPERS was created by the Iowa Legislature in 1953 and is responsible for providing retirement and death benefits for all covered employees of the State of Iowa and its political subdivisions.

Vaudt recommended IPERS strengthen controls to ensure travel payments are processed in accordance with policies and procedures and purchasing cards payments are made timely.

A copy of the report is available for review at the Iowa Public Employees' Retirement System, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1060-5530-BR00.pdf>

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**REPORT OF RECOMMENDATIONS TO THE
IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

JUNE 30, 2009

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



David A. Vaudt, CPA
Auditor of State





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July 14, 2010

To Donna Mueller, Chief Executive Officer of the
Iowa Public Employees' Retirement System:

The Iowa Public Employees' Retirement System 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, 2009. We have also audited the financial statements of IPERS as of and for the year ended June 30, 2009 and have issued our report thereon dated December 2, 2009.

In conducting our audits, we became aware of certain aspects concerning the System'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 pertaining to the System's internal control. These recommendations have been discussed with System personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the System's responses, we did not audit the Iowa Public Employees Retirement System'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 Public Employees retirement System, citizens of the State of Iowa and other parties to whom the Iowa Public Employees Retirement System 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 System during the course of our audits. 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 audits of the 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
Richard C. Oshlo, Jr., Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2009

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

No matters were noted.

Other Findings Related to Internal Control:

- 1) Travel Claims – The Department of Administrative Services - State Accounting Enterprise (DAS – SAE) has developed an Accounting Policy and Procedures Manual for use by state entities. Section 210 of the manual relates to travel. We selected twenty-five travel transactions to test for compliance with procedures outlined in the Policy and Procedures Manual and noted the following:
 - a) IPERS employees regularly receive more than the \$50 lodging reimbursement limit allowed per Procedure 210.205. IPERS accounting personnel state they had received permission from DAS – SAE to reimburse over the \$50 limit due to the reduced cost of the rental of a hotel suite as compared to the rental of a hotel room and an additional rental of a conference room to perform retirement counseling to members. However, documentation could not be located from DAS – SAE which authorized the higher level of reimbursement.
 - b) One employee traveled out of state without Executive Council approval as required by Procedures 210.330 and 210.315.

Recommendation – IPERS should comply with the provisions of the DAS – SAE Accounting Policy and Procedures Manual. Necessary approvals and documentation should be obtained prior to reimbursing travel claims.

Response –

- a) In the interest of saving funds, IPERS frequently will use a hotel suite for both staff overnight lodging and member counseling. The cost is much less than a hotel room charge plus a meeting room charge. When IPERS staff began using hotel suites, discussions were held with DAS-SAE staff that reimbursement of more than \$50 for this combined purpose was appropriate. However, IPERS staff was unable to find documentation from DAS-SAE concerning their approval of this payment. Since the point in time during fiscal year 2010 when the State Auditor's Office raised this issue with IPERS, a blanket approval Request for Exception of Statewide Policy has been completed and attached to each Travel Payment document when the hotel cost is more than \$50 and the employee was counseling members in the hotel suite.
- b) IPERS agrees an employee traveled to a one day conference held in Omaha, Nebraska without Executive Council approval. IPERS will ensure Executive Council approval is granted according to DAS-SAE Policies before employees travel out of state.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Public Employees Retirement System

June 30, 2009

- 2) Purchasing Cards – The Purchasing Card is a MasterCard credit card issued by Commerce Bank to the State of Iowa. The purpose of the Purchasing Card Program is to establish a faster, more cost effective method for purchasing and payment. DAS-SAE implemented policies and procedures governing the program.

Three payments were paid more than 25 days after the statement date which is contrary to the terms of the agreement and resulted in assessment of late fees.

Recommendation – IPERS should establish procedures to ensure timely payment.

Response – During FY09, IPERS incurred approximately \$90 in credit card late fees. IPERS will improve documentation handling to ensure all information is available so payments can be made timely so no late fees will be incurred.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Public Employees Retirement System

June 30, 2009

Staff:

Questions or requests for further assistance should be directed to:

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Lesley R. Geary, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Michael J. Hackett, Senior Auditor
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Lori M. Dinville, Staff Auditor
Michael F. Conroy, Assistant Auditor
Jennifer M. Kopp, Assistant Auditor
Christine M. Renze, Assistant Auditor