



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE _____ August 4, 2011

Contact: Andy Nielsen
515/281-5834

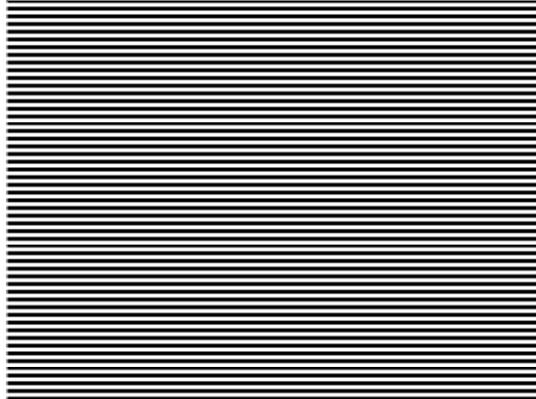
Auditor of State David A. Vaudt today released a report on the Iowa Communications Network (ICN) for the year ended June 30, 2010.

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.

Vaudt recommended the ICN strengthen internal controls over payroll, uncollectible accounts and information systems. The ICN's responses are included in the report.

A copy of the report is available for review in the Iowa Communications Network, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/1160-3360-0R00.pdf>.

###



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

JUNE 30, 2010

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



David A. Vaudt, CPA
Auditor of State





OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

July 27, 2011

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, 2010.

In conducting our audit, we became aware of certain aspects concerning the Iowa Communications Network'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 reported in the State's Report on Internal Control as well as other recommendations pertaining to the Iowa Communications Network's internal control. These recommendations have been discussed with Iowa Communications Network personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Iowa Communications Network's responses, we did not audit the Iowa Communications Network'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 Network 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 Iowa Communications Network 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 Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2010

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

Payroll – The ICN processes and records payroll and personnel information on the Human Resources Information System (HRIS). The Human Resources Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises.

For the period July 1, 2009 through March 18, 2010, one P-1 document was initiated and received department level approval by the same person.

In addition, three employees who utilize online P-1 documents at ICN also have the ability to initiate and approve timesheets.

Recommendation – The ICN should develop and implement procedures to segregate the duties of the Human Resource Associates from the duties of payroll.

Response – The ICN has segregated the duties as much as possible while limiting the overall access to confidential payroll information to as few as possible. It has been our policy those who have multi-level approval authority only apply one level approval unless other approvers are absent so employees are paid in a timely manner. In addition, we have changed approval rights so individuals capable of initiating P-1's do not have the authority to do departmental approvals.

Conclusion – Response accepted.

June 30, 2010

Other Findings Related to Internal Control:

- (1) Uncollectible Accounts – The ICN does not have a formal written policy for writing off uncollectible accounts.

Recommendation – The ICN should implement a policy for writing off uncollectible accounts. At a minimum, the policy should identify the criteria for determining which accounts are deemed uncollectible.

Response – The ICN will formalize a written policy which will identify the criteria for determining which accounts are deemed uncollectible.

Conclusion – Response accepted.

- (2) Information Systems – Passwords are not periodically changed every 60 to 90 days. The software does not require the user to periodically change log-ins/passwords.

Recommendation – The ICN should require periodic password changes.

Response – The ICN will make every attempt through software upgrades, programming or system administrator action to require periodic password resets on essential software systems.

Conclusion – Response accepted.

Finding Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Communications Network

June 30, 2010

Staff:

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Manager
Selina V. Johnson, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audit include:

Brett M. Zeller, Senior Auditor
Keith C. Kistenmacher, Staff Auditor
Gelu Sherpa, Staff Auditor
Marta M. Sobieszkoda, Staff Auditor
Alicia Kane, Auditor Intern