



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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

Rob Sand
Auditor of State

May 23, 2023

U.S. Department of Education
ATTN: Ms. Martina Fernandez-Rosario
400 Maryland Avenue, SW
Washington, D.C. 20202

Ms. Fernandez-Rosario:

This letter formalizes the conversation of May 23, 2023 between the Iowa Auditor of State Office, Mr. Chris Vierling and yourself regarding the late Single Audit submission for the State of Iowa.

As noted during the conversation and as indicated by the attached letters, the Single Audit for the State of Iowa is late because the Auditor of State has yet to receive a draft Annual Comprehensive Financial Report (ACFR) report from the Department of Administrative Services, State of Iowa and complete audit documentation. As you know, a Single Audit cannot be completed without a financial statement audit. The attached letter to the Iowa Department of Management demonstrates the concerns and the cause of the ACFR not being complete.

Recognizing the Single Audit would not be issued by March 31, 2023, we issued a letter to each of the Universities explaining the above and that the Single Audit report would not be completed by the deadline. That letter is attached.

Your more specific concern is related to the federal programs granted by the U.S. Department of Education to the universities. We became aware of this concern from university staff. We immediately began to develop a solution whereby the Auditor of State would conduct Single Audits independent of the state-wide Single Audit and will issue a single audit report to each of the universities by June 30 and a state-wide single audit at a later date that will exclude the three universities. We reviewed this plan with each of the universities and we understood they communicated this to the U.S. Department of Education.

Because we do not anticipate the Department of Administrative Services, State of Iowa to be able to complete the ACFR in a timely manner to permit issuance of a state-wide Single Audit by the March 31st deadline, we have agreed with the universities to prepare individual Single Audit reports in future years and we have every expectation those reports will be issued as required.

We trust this letter and the attachments explaining the situation will be considered extenuating circumstances. We also trust the plan put forth, and the assertion we do not have findings in the current year over the student financial aid program for any of the public universities in Iowa will be sufficient to give the Department assurance going forward

Please let me know if there are further questions or if we can be of further assistance in this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ernest H. Ruben, Jr.".

Ernest H. Ruben, Jr. CPA
Deputy Auditor of State



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Rob Sand
Auditor of State

March 31, 2023

University of Iowa
Iowa State University
University of Northern Iowa

To Interested Parties:

The State of Iowa will not meet today's federal deadline for issuance of the FY22 Statewide Single Audit Report because the Auditor of State has not been provided with all materials necessary to complete its work.

Prior to completion of the Single Audit Report, the State of Iowa must issue its Annual Comprehensive Financial Report (ACFR). The Auditor of State is not charged with completing the ACFR, however must audit the ACFR and then the Single Audit, in that order. To date, the Auditor of State has not been provided with the supporting documentation required to complete an audit of the ACFR.

We are in regular communication with the officials responsible for completing the ACFR and have corresponded with them repeatedly to stress the importance of their timeliness on this project. They report encountering multiple challenges in compiling the ACFR, over which the Auditor of State's Office has no control. As a result, we cannot provide a reliable estimate when the Statewide Single Audit Report will be completed because we do not know when we will be provided with materials to complete our work on the ACFR.

Consistent with past Single Audits, we do not anticipate reporting noncompliance for the universities.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ernest H. Ruben, Jr.".

Ernest H. Ruben, Jr., CPA
Deputy Auditor of State



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March 2, 2023

Kraig Paulsen
Director
Department of Management
VIA EMAIL

Re: ACFR Issuance

Director Paulsen:

This letter is to inform you of significant delays in the State of Iowa's provision of state financial information to our Office, which is delaying the issuance of the State of Iowa's Annual Comprehensive Financial Report (ACFR). That, in turn, will delay the issuance of the Statewide Single Audit. These delays will likely cause adverse consequences for the State, specifically for agencies that receive federal grants.

To review, the GAAP Team at Department of Administrative Services is responsible for preparing financial documents and a draft of the ACFR, submitting that information and draft report to the Auditor's office for independent audit. In a normal year, our office completes its work on the ACFR for the previous fiscal year by December 31. For example, the FY22 ACFR (for the year ending June 30, 2022) would be issued by December 31, 2022.

Following the issuance of the ACFR, our office is required to issue an internal control letter over financial reporting and compliance commonly referred to as the SAS 122 letter within sixty days. Following the ACFR and the SAS 122 letter, the Statewide Single Audit report is issued. That report has a federal statutory deadline of March 31 (9 months following the close of the fiscal year), but the Single Audit Report cannot be completed until the ACFR is finalized. Last year, Federal officials provided an automatic extension until September 30, 2022 to file their FY21 single audit due to the pandemic. No such extension is available this year. The Single Audit Report is late if filed after March 31, 2023.

As you may remember, all four members of the GAAP Team were new to this project last year. DAS devoted additional resources to complete the work, but the ACFR and the Single Audit Report were still delayed. This year, as described below, the work of the DAS GAAP Team is further behind than this time last year.

The information and documents the GAAP Team is responsible for preparing are complicated and numerous. The new GAAP Team has had a steep learning curve and has not provided the information our office needs to complete an opinion on the ACFR.



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Due to the GAAP Team turnover and the complicated nature of preparing the State's financial statements, we have received only a small portion of what we need to perform our work. We understand some of the delay may have been caused by the GAAP Team attempting to gather information from the human resources module of Workday and compilation of lease information from departments to implement GASB 87, as well as GAAP Team member participation in the attempted implementation of Workday financial.

AOS staff have been regularly meeting with the GAAP Team, most recently meeting on Wednesday (2/22) to go over the progress and discuss what is left to complete. I have attached a spreadsheet demonstrating progress to date (end of February). This spreadsheet is updated and shared with the GAAP Team by AOS ACFR manager Tammy Hollingsworth. Everything up to the blue highlight has been received, except that which is highlighted green has partially been received. The information in blue highlight is items received in the prior year by February 22, 2022, yet to be completed this year. While the GAAP Team has been working to complete these items, their progress must significantly improve or the state risks significant delays in receiving federal funds. Such delays could have serious consequences.

Originally, the goal was to issue the ACFR by the end of May; during the February 22, 2023 meeting, the goal was pushed back to the end of June. Given the significant amount of work yet to complete, issuing the FY22 ACFR by the end of June is unlikely. For certain, the State will not meet the federal March 31, 2023 deadline for the issuance of the FY22 State Single Audit report.

The delay of the Single Audit during fiscal year 2020 caused significant concern for state agencies and universities, who were on the cusp of federal agencies withholding federal dollars due to the delay in issuance. This year, the OMB has not extended the deadline for the Single Audit.

Between September 2022 and February 2023, based on expected audit documentation, we scheduled 1,290 staff hours to audit the information, ultimately we only were able to effectively use 604 hours, rescheduling the other 686 hours on other engagements. We still have a total of 1,753 hours of work to complete our review of the audit documentation and draft report when received. We currently have 825 of those hours scheduled between now and April 2023. As each week ticks by, it is a week lost and those hours will need to be rescheduled on other engagements, further delaying our ability to complete our audit of the ACFR. For comparison, last year as of 3/4/22, we had an estimated 1,537 staff hours left to audit and complete the FY21 ACFR. As stated earlier, we are behind this time last year.



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Internally, AOS continues to reschedule staff and move around priorities in order to meet legal deadlines for other reports. However, this becomes more challenging in the months of March through June. We will still make the scheduling changes where we can, but our ability to do so grows more limited each day that passes.

We continue to recommend the following order for completion:

- a. GAAP package compilations/Fund level JE's
- b. Fund financial statements & cash flow statements (prioritizing governmental funds)
- c. Entity-wide JE's
- d. Entity-wide financial statements
- e. Budget to Actual
- f. Footnotes
- g. MD&A
- h. Statistical information

We continue to collaborate with the GAAP Team. Meetings are helpful and our folks appreciate the information exchange between our office and the GAAP Team.

Please take whatever steps are possible to prioritize the completion of this critical project.

Thank you for your attention to this matter. Please contact me with any questions or ideas to improve our timeline.

Sincerely,

A handwritten signature in blue ink, appearing to read "John McCormally".

John McCormally
Chief of Staff
Auditor of State

cc: Jay Cleveland, (DAS)
Adam Steen, (DAS)
Joel Lunde (IDOM)
Ernie Ruben (AOS)

W/P Reference	Workpaper Section	FY21 Date Received	FY22 Received From	FY22 Date Received	Notes
5150.022	Age 2022 - Sick leave average years memo	11/11/2021	Stephanie B	7/29/2022	
3300	New Fund Testing	9/2/2021	Randy L	8/15/2022	
3805's	Vehicle Dispatch Testing	10/12/2021	Randy L	9/14/2022	Updated files received 11/14/22

W/P Reference	Workpaper Section	FY21 Date Received	FY22 Received From	FY22 Date Received	Notes
3845	Actuary Report	12/10/2021	Marta S	11/3/2022	Actuary data files sent 12/19 from Amy Liechti
6000	Beg FB Rec - Internal Service	12/8/2021	Stephanie B	11/14/2022	
1750	Statement of Net Position - Beginning Fund Balance Reconciliations	11/16/2021	Stephanie B	11/14/2022	
3500	Compensated Absences - Raw data	9/9/2021	Stephanie B	11/14/2022	Need remaining documents
3850	Loans Receivable - Miscellaneous	12/4/2021	Marilyn H	11/29/2022	DOT JE's received 12/13/22
-	ICN JE's	11/30/2021	Stephanie B	12/6/2022	
3835	Interest Receivable	11/13/2021	Stephanie B	12/9/2022	Revised for Fund 512 2/21/23
6000	Beg FB Rec - Permanent fund	11/13/2021	Anita O	12/12/2022	
3865	Fair Market Value	11/13/2021	Stephanie B	12/12/2022	
5050	Bonds Payable	3/21/2022	Stephanie B	12/13/2022	
5100	Risk Management	5/2/2022	Marilyn H	12/13/2022	DAS JE's file, Lawsuits and Torts JE file (1/10/23)
3870	Deferred Revenue/Revenue Corrections - Unearned revenue	12/3/2021	Marilyn H	12/13/2022	DAS JE & WIC Combining JE/Unearned revenues 1/24/23/Revenue corrections 1/18/23
6000	Beg FB Rec - Capital projects	11/11/2021	Anieta O	12/14/2022	
3880	Federal Commodities	12/4/2021	Marilyn H	12/19/2022	Revised for Education change 1/18/23
3860	Inventory (including Uniquely Acquired Inventory)	11/30/2021	Marilyn H	12/19/2022	
7005.217	Cash on hand	11/30/2021	Marilyn H	12/19/2022	
3825	Petty Cash	11/22/2021	Marilyn H	12/19/2022	
5700	OPEB Liability	12/10/2021	Rich S	12/20/2022	
6000	Beg FB Rec - Special revenue	11/19/2021	Anieta O	1/3/2023	
5750	GASB 68 - IPERS files	1/4/2022	Rich S	1/3/2023	
6000	Beg FB Rec - General fund	1/28/2022	Stephanie B	1/4/2023	
5600	Pollution Remediation	12/4/2021	Marilyn H	1/12/2023	
4300	Special Revenue "Budget/Actual" Testing	4/7/2022	Marilyn H	1/12/2023	
4150	Budgets - Financial Statements (RSI Budget Schedule & Notes)	4/7/2022	Marilyn H	1/12/2023	
5450	Reclassification of Federal Revenues	2/3/2022	Stephanie B	1/24/2023	
3700.200	Transfers (July to December)	9/16/2021	Rich S	1/25/2023	
3700.300	Transfers (January to March)	9/16/2021	Rich S	1/25/2023	
3830	Prepaid Expenses	12/8/2021	Marilyn H	2/6/2023	
3850	Loans Receivable - College Aid	11/18/2021	Marilyn H	2/6/2023	
3100	Correcting Documents Testing	11/6/2021	Stephanie B	2/8/2023	Received revised HO period activity 2/16/23
3700.400	Transfers (April to June)	11/23/2021	Rich S	2/9/2023	
3700.600	Transfers (July to September-Hold Open)	11/23/2021	Rich S	2/9/2023	
3840	DAS on Behalf	11/19/2021	Stephanie B	2/14/2023	
7035	Private Purpose Trust Funds	3/1/2022	Rich S	2/21/2023	
7050	Pension Funds	2/4/2022	Rich S	2/21/2023	
6000	Beg FB Rec - Private purpose	9/18/2021	Rich S	2/22/2023	
6000	Beg FB Rec - Custodial	9/20/2021	Rich S	2/22/2023	

Testing

W/P Reference	Workpaper Section	FY21 Date Received	FY22 Received From	FY22 Date Received	Notes
3815	Accounts Payable	2/4/2022	Marilyn H	12/13/2022	DAS JE's obtained/Need remaining documents
7005.100	001 General Fund Testing	3/3/2022	Marilyn H	12/13/2022	Property tax replacement JE, Property tax credit JE, Save JE, Farmers Market JE, IBNR estimate, DHS Cash Reclass, DHS Transfer of funds/duplication JE, IPTV Due to-from JE & DOT Cash Reclass JE obtained/Need remaining documents
5200	Other Financing Arrangements (Loans payable)	12/8/2021	Marilyn H	12/13/2022	DOT JE's obtained/Need remaining documents
7060	Special Revenue Funds - Non-major funds	2/14/2022	Stephanie B	12/13/2022	MSA Receivable & Tobacco Collections JE obtained/Need remaining documents
5400	Capital Leases	12/8/2021	Marilyn H	12/20/2022	ISICS JE obtained/Need remaining documents
4200	General Fund "Budget" Testing	4/7/2022	Marilyn H	1/10/2023	RSI General Fund Budget to Actual schedule/Need remaining documents
5500	SLIP Liability - Retirees	10/25/2021	Marta S	2/7/2023	Need to determine if we have all documents needed
5500	SLIP Liability - Centralized Payroll, including DOT (Current employees)	1/11/2022	Marta S	2/9/2023	Need to determine if we have all documents needed
5150	Compensated Absences - Entity wide data	7/20/2021			
-	MSA Receivable JE for Tobacco Collections	11/22/2021			
3700.500	Transfers Final	11/23/2021			Still need transfers reconciliation to financial statements
-	Fund 234 Tobacco Collections	11/30/2021			
-	DHS Cash & IBNR	12/2/2021			
3870	Deferred Revenue/Revenue Corrections - Revenue corrections	12/2/2021			
5250	Estimated Tax Receivable/Refund	1/5/2022			
-	DAS Loan and DAS Claims	1/12/2022			
5300	Capital Assets (pending ISU) (including ISU)	1/25/2022			
3500	Compensated Absences - GAAP Package schedules	1/26/2022			
-	Unclaimed property	2/3/2022			
7040	Permanent Funds	2/4/2022			
7020	Capital Projects Funds	2/14/2022			
7030	Internal Service Funds & Cash Flow Statements	2/14/2022			
7060	Special Revenue Funds - TSA and Tobacco Collections (includes beg FB rec)	2/24/2022			
7045	Custodial Funds	2/25/2022			
3855	Accounts Receivable	3/3/2022			
3875	Insurance Funds - Reclassification	3/3/2022			
5650	Deferred Revenues	3/3/2022			
5550	SLIP Liability - Judicial, SPOC & Judicial Districts	3/8/2022			
4150	Budgets - Budget to GAAP Rec	4/7/2022			
4250	General Fund "Actual" Testing	4/7/2022			
7509	Other Financing Arrangements Payable (Note 9)	4/8/2022			
7025	Enterprise Funds - Non-major funds	4/12/2022			
7025	Enterprise Funds - Non-major funds cash flows	4/12/2022			
7055	Component Units & Cash Flow Statements	4/12/2022			

Testing

W/P Reference	Workpaper Section	FY21 Date Received	FY22 Received From	FY22 Date Received	Notes
7515	Pension Plans (Note 15)	4/12/2022			
7519	Litigation, Contingencies, and Commitments (Note 19)	4/13/2022			
7518	Risk Management (Note 18)	4/14/2022			
7524	Utility System Leases and Concession Agreement (Note 22)	4/14/2022			
7015	General Fund - Fund Balance Classification	4/14/2022			
7508	Capital Leases (Note 8)	4/14/2022			
7513	Operating Leases (Note 13)	4/14/2022			
7514	Lessor Operating Leases (Note 14)	4/14/2022			
5800	Internal Service Fund Allocation	4/21/2022			
7501	Summary of Significant Accounting Policies (Note 1)	4/25/2022			
5400	Investment in CA Net of Related Debt	4/26/2022			
7520	Tax Abatement (Note 20)	5/5/2022			
-	Excluded Component Units	5/5/2022			
7506	Capital Assets (Note 6)	5/6/2022			
7512	Net Assets/Governmental Fund Balances (Note 12)	5/6/2022			
7025	Enterprise Funds - Unemployment benefits	5/10/2022			
7503	Transfers (Note 3)	5/11/2022			
7504	Receivables (Note 4)	5/16/2022			
1200	Statistical Schedule 14	5/17/2022			
1200	Statistical Schedule 13	5/17/2022			
1200	Statistical Schedules 7 & 12	5/17/2022			
1200	Statistical Schedules 6, 10 & 11	5/17/2022			
1200	Statistical Schedules 5, 9	5/17/2022			
7025	Enterprise Funds - University	5/18/2022			
7505	Interfund Balances (Note 5)	5/18/2022			
7516	Other post employment benefits (Note 16)	5/19/2022			
7525	COVID-19 (Note 25)	5/19/2022			
-	Prospective Accounting Change (Note 26)	5/19/2022			
7507	Changes in Long Term Liabilities (Note 7)	5/19/2022			
7517	Other Termination Benefits (Note 17)	5/24/2022			
7511	Accounts Payables & Accruals (Note 11)	5/25/2022			
7510	Bonds Payable (Note 10)	5/26/2022			
7502	Cash, Investments and Securities Lending (Note 2)	5/27/2022			
1300	Statement of Net Position	6/1/2022			
1350	Statement of Activities	6/1/2022			
1450	Reconciliation - Governmental Funds to Statement of Net Position	6/1/2022			
1550	Reconciliation - Statement of Revenues...to Statement of Activities - Govt Funds	6/1/2022			
1200	Statistical Schedules 3, 4	6/2/2022			

W/P Reference	Workpaper Section	FY21 Date Received	FY22 Received From	FY22 Date Received	Notes
1200	Statistical Schedules 1, 2, 8, 15	6/2/2022			
1800	Restricted Net Position & Internal Balances	6/7/2022			
1150	MD&A	6/14/2022			
1400	Balance Sheet - Governmental Funds	6/14/2022			
1500	Statement of Revenues, Expends & Changes in Fund Balance - Govt Funds	6/14/2022			
1600	Statement of Net Position - Proprietary Funds	6/14/2022			
1650	Statement of Revenues, Expends & Changes in Net Position - Proprietary Funds	6/14/2022			
1700	Statement of Cash Flows - Proprietary Funds	6/14/2022			
7521	Deficit Fund Balances (Note 21)	6/15/2022			
7522	Subsequent events (Note 24)	6/16/2022			
7526	Beginning Balance Adjustment (Note 23)	6/17/2022			
1250	Transmittal Letter	7/13/2022			