



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____ September 13, 2011

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released a report on the Iowa Department of Justice for the year ended June 30, 2010.

The Iowa Department of Justice, with the Attorney General as head and chief legal officer of the state, is established under the Constitution of the State of Iowa and Chapter 13 of the Code of Iowa. The Iowa Department of Justice prosecutes and defends all cases in the Supreme Court in which the state is a party or has an interest. The Iowa Department of Justice also represents the state in other actions and proceedings, both civil and criminal, when, in its judgment, the best interests of the state require it to do so, or when requested to appear by the Governor or the Executive Council.

Vaudt recommended the Department strengthen controls over receipts by segregating duties to the extent possible. In addition, the Department should take steps to comply with provisions of the Code of Iowa which require preparation and submission of certain reports.

A copy of the report is available for review at the Iowa Department of Justice, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1160-1120-0R00.pdf>.

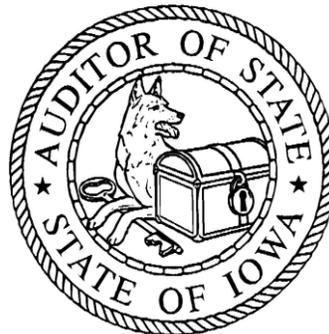
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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF JUSTICE**

JUNE 30, 2010

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



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September 7, 2011

To the Honorable Thomas J. Miller, Attorney General
of the State of Iowa:

The Iowa Department of Justice is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2010.

In conducting our audits, we became aware of certain aspects concerning the Department'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 pertain to the Department's internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Justice'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 Department of Justice, citizens of the State of Iowa and other parties to whom the Department 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 Department 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 Department are listed on page 7 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

Iowa Department of Justice

June 30, 2010

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

Segregation of Duties – During our review of internal control, existing procedures are evaluated to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Department's financial statements. For the Prosecuting Attorneys Office, responsibilities for maintaining detailed accounts receivable records are not segregated from collections.

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

Response – As a smaller agency, it is very difficult to segregate duties yet allow for back-up for accounting procedures. The Attorney General's Office and the Prosecuting Attorneys Office review policies and procedures on a regular basis to make sure we have the best possible control our situation will allow. Together with the Prosecuting Attorneys Office, the Attorney General's Office will establish a policy to separate accounts receivable records from collections.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

- (1) Iowa Consumer Credit Code – Chapter 537.6104(5) of the Code of Iowa requires the administrator of the Iowa Consumer Credit Code to report annually to the General Assembly on the operation of the consumer credit protection bureau and on the problems of persons of small means obtaining credit from persons regularly engaged in extending sales or loan credit. This report has not been made to the General Assembly for several years.

Recommendation – The Attorney General's Office should make the required annual report to the General Assembly regarding the operation of the consumer credit protection bureau. If the Department does not intend to comply with this Code section, then steps should be taken to eliminate this requirement in the future.

Response – The Attorney General's Office is currently working on the annual report to the General Assembly and will have it submitted by October 15, 2011.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Justice

June 30, 2010

- (2) Biennial Report – Chapter 7A.6 of the Code of Iowa states, “The biennial report of the attorney general shall cover the two-year period ending with December 31 in even-numbered years and shall be filed as soon as practicable after the expiration of said period but not later than March 1.” As of July 31, 2008, this report had not been made to the General Assembly.

Recommendation – The Attorney General’s Office should make the required annual report to the General Assembly regarding the operation of the consumer credit protection bureau. If the Department does not intend to comply with this Code section, then steps should be taken to eliminate this requirement in the future. In addition, the Attorney General’s Office should ensure the required biennial report is filed.

Response – The Attorney General’s Office is currently working on the biennial report and was filed in August 2011.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Justice

June 30, 2010

Staff:

Questions or requests for further assistance should be directed to:

Donna F. Kruger, CPA, Manager
Jenny M. Podrebarac, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Daniel W. Henaman, Staff Auditor
Shannan M. Hoffman, Staff Auditor
Kassi D. Adams, Assistant Auditor
Brooke A. Lytle, Assistant Auditor
Justin M. Scherrman, Assistant Auditor