



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

State Capitol Building  
Des Moines, Iowa 50319-0004

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

David A. Vaudt, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE July 25, 2012

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released a report on the Iowa Department of Corrections for the year ended June 30, 2011.

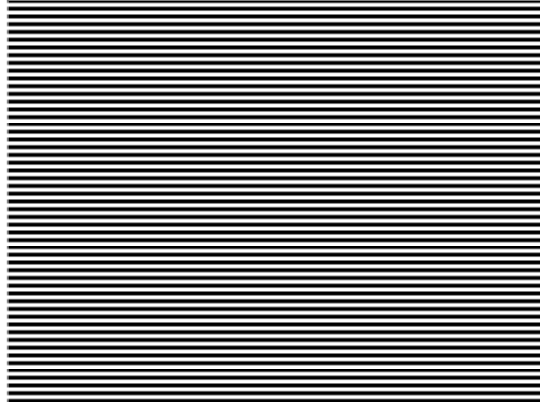
The Iowa Department of Corrections oversees the financial administration of all correctional institutions and community-based corrections. The Department is responsible for a variety of services, such as planning for and monitoring correctional facilities and training correctional officers. The governing policy board for the Department is the Board of Corrections.

Vaudt recommended the Department update current written policies, develop additional procedures and follow established procedures to ensure a detailed, up-to-date capital asset listing is maintained and properly reported for financial statement purposes. The Department's responses to the recommendations are included in the report.

A copy of the report is available for review in the Iowa Department of Corrections, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/1260-2380-0R00.pdf>.

###





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

**JUNE 30, 2011**

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 19, 2012

To John Baldwin, Director of the  
Iowa Department of Corrections:

The Iowa Department of Corrections 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, 2011.

In conducting our audits, we became aware of an aspect concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on the following page. We believe you should be aware of this recommendation which was reported in the State's Report on Internal Control. The recommendation has been discussed with Department personnel and their response to the recommendation is included in this report. While we have expressed our conclusion on the Department's response, we did not audit the Iowa Department of Corrections response and, accordingly, we express no opinion on it.

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 Corrections, citizens of the State of Iowa and other parties to whom the Iowa Department of Corrections 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 5 and they are available to discuss these matters with you.

Handwritten signature of David A. Vaudt.

DAVID A. VAUDT, CPA  
Auditor of State

Handwritten signature of Warren G. Jenkins.

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, 2011

**Findings Reported in the State's Single Audit Report:**

No matters were noted.

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

Capital Assets – Chapter 7A.30 of the Code of Iowa requires each department of the state to maintain a written, detailed and up-to-date inventory of property under its charge and control. The following findings concerning the Department's capital assets were noted:

- (a) The Department capitalized \$281,898 as construction in progress and subsequently transferred this amount to the Iowa State Penitentiary - Fort Madison.
  - (1) The Department did not review individual transactions prior to the transfer, which resulted in assets transferred which potentially did not meet the required thresholds for capitalization. Assets not meeting the threshold should not have been transferred. Rather, the Department should have reduced its fiscal year 2011 additions. In addition the Department did not provide guidance to the Iowa State Penitentiary - Fort Madison as to the proper classification of the assets transferred.
  - (2) The amount transferred included engineering costs which, per Department policy, should not have been transferred to the Institution until the project was completed.
- (b) The Department incorrectly capitalized \$358,206 as construction in progress. The amount capitalized included equipment and other costs not meeting the State's capitalization policy. This was resolved for audit purposes.

Recommendation – The Department should update current written procedures, develop additional written procedures and follow established procedures to ensure a detailed, up-to-date capital asset listing is maintained and properly reported for financial statement purposes.

Response – The Department will work with the Iowa State Penitentiary (ISP) to correct the transfer of \$281,898 which was incorrectly transferred to ISP. This will include going through the invoice in question to determine what should be transferred at this time and what should remain as construction in progress. Internal Department procedures will be changed to ensure a detailed up-to-date capital asset listing is maintained. All future invoices will be examined to determine if the asset meets the required thresholds for capitalization. The Department will notify the appropriate correctional facility by letter detailing assets to be transferred.

Conclusion – Response accepted.

**Other Findings Related to Internal Control:**

No matters were noted.

**Findings Related to Statutory Requirements and Other Matters:**

No matters were noted.

Report of Recommendations to the Iowa Department of Corrections

June 30, 2011

**Staff:**

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager  
Steven O. Fuqua, CPA, Senior Auditor II  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Michael J. Hackett, Senior Auditor  
Michael T. Bunkers, Assistant Auditor  
Brandon J. Vogel, Assistant Auditor