



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

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ July 14, 2004

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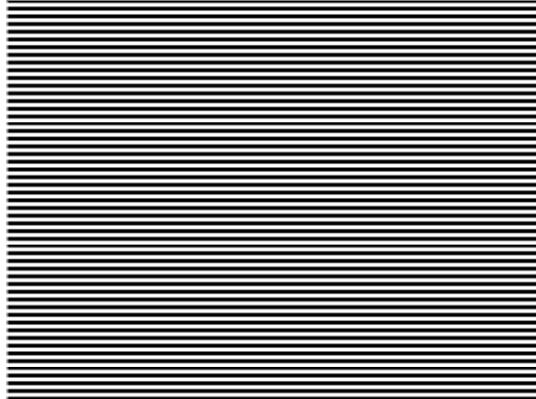
Auditor of State David A. Vaudt today released a report on the Iowa Department of Public Safety for the year ended June 30, 2003.

The Iowa Department of Public Safety is a statewide organization charged with promoting the safety of all Iowans from hazards associated with crime, fire, and traffic through law enforcement.

Vaudt recommended the Department improve controls over capital assets and comply with requirements for personal service contracts. The Department responded that corrective action is being implemented.

A copy of the report is available for review in the Iowa Department of Public Safety or the Office of Auditor of State.

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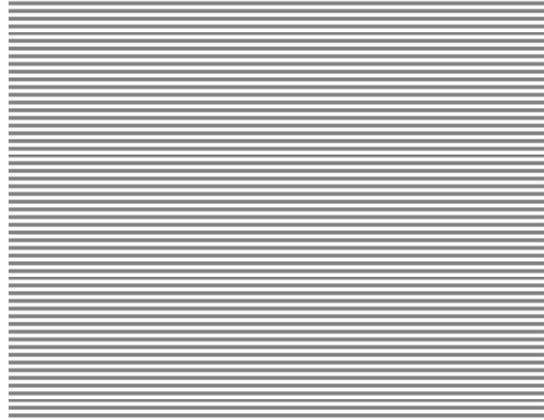
**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF PUBLIC SAFETY**

**JUNE 30, 2003**

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



**David A. Vaudt, CPA**  
**Auditor of State**





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December 12, 2003

To Kevin W. Techau, Commissioner of the  
Iowa Department of Public Safety:

The Iowa Department of Public Safety 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, 2003.

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, 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.

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 Public Safety, citizens of the State of Iowa and other parties to whom the Iowa Department of Public Safety 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 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 Thomas J. Vilsack, Governor  
Cynthia P. Eisenhauer, Director, Department of Management  
Dennis C. Prouty, Director, Legislative Services Agency

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2003

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

No matters were noted.

**Findings Related to Internal Control:**

Receipts – Collections are received by various divisions within the Iowa Department of Public Safety. An initial listing is not always prepared at the time of collection. In addition, some checks are not restrictively endorsed immediately upon receipt.

Also, at one division, receipts up to two months old had not been deposited.

Recommendation – To strengthen internal control, all checks should be restrictively endorsed upon receipt and an initial listing of all collections should be prepared. Per Chapter 12.10 of the Code of Iowa, deposits should be made within 10 days succeeding collection.

Response – All divisions of the Department have been instructed to restrictively endorse checks upon receipt and prepare an initial listing, or deposit record. The Department will again place an emphasis on the importance of timely endorsement and deposit of all collections received by each of the divisions. The lateness of receipts for the division in question has been addressed and we believe resolved at this time.

Conclusion – Response accepted.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2003

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

- (1) Explosive Storage Facility Inspections – Per Chapter 101A.7 of the Code of Iowa, each explosive storage facility shall be inspected once a year by a representative of the State Fire Marshall's Office. Three of nine facilities selected had not been inspected within the last calendar year.

Recommendation – The Department should implement procedures to ensure each licensed explosive storage facility is inspected annually.

Response – As in the case with many Departments, we are certain the indiscriminate nature of budget cuts over the last several years have left staffing levels far below what is needed to accomplish statutory requirements in some areas, while leaving adequate staffing to perform other duties. The State Fire Marshal's Office has lost nearly 30% of the inspection force through retirement and resignation since June of 2001, which we are only now able to begin to address through the hiring of new inspectors. We anticipate that an academy conducted January through May 2005 will permit the Fire Marshal's Office to focus on these responsibilities to a greater level of compliance with Chapter 101A.7 of the Code of Iowa

Conclusion – Response acknowledged. The Department should continue to monitor and implement procedures to comply with the Code of Iowa.

- (2) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each department of State government to maintain an accurate, up-to-date inventory of all real and personal property belonging to the State.

The Department did not reconcile capital asset expenditures per Iowa's Financial Accounting System (IFAS) to assets added to the capital asset listing. As a result, four items which should have been capitalized were not included on the capital asset listing, while three items that should not have been capitalized were included on the capital asset listing.

Three assets were identified which had been disposed of but were still included on the capital asset listing. In addition, two deletions were not properly approved.

Recommendation – The Department should perform timely reconciliations between capital outlay expenditures and additions reported on the capital asset listing. The Department should review its capital asset procedures to ensure an accurate and up-to-date inventory record is maintained.

Response – The Department has made a great deal of improvements in the area of capital assets inventory and will continue to strive toward a resolution of all issues of this nature. Additional emphasis will be placed on a timely reconciliation of inventory additions/deletions to IFAS, the proper coding of acquisitions in accordance with guidelines and the completion of the necessary documentation required for changes in the capital assets inventory.

Conclusion – Response accepted.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2003

- (3) Personal Services Contracts – Iowa Department of Revenue and Finance (IDRF) Policy 240.102 provide general guidelines to be used by Departments when entering into personal services contracts. The required procedures include a determination, prior to signing the contract, as to whether the contractor has an employer/employee relationship with the State. To make this determination, Departments were to submit copies of the pre-contract questionnaire, Internal Revenue Service (IRS) form SS-8 and the proposed contract to the Accounting Bureau at IDRF.

Testing of fourteen personnel services contracts identified the following:

- (1) Four contracts had no pre-contract questionnaire.
- (2) Six contracts had the pre-contract questionnaire signed after the start date of the contract.
- (3) Nine contracts had the contract signed after the start date of the contract.
- (4) For eleven contracts, the contractor selection process was not documented.
- (5) Four contracts did not document the contractor selection process or complete a pre-contract questionnaire. Therefore, the auditor could not determine whether a sole source justification was needed.
- (6) One contract was considered a sole source. However, sole source justification criteria was not documented, if it was considered.

Recommendation – Personnel services contracts should include the required elements as identified in the laws and regulations governing state contracts.

Response – There are instances in which it is not possible to have contracts in place at the time service is provided. As an example, the Department, at times, employs, on an emergency basis, interpreters for non-English speaking persons or for prisoner supervision. It is impossible to know in advance where or when these services will be needed. In a Department the size of Public Safety it is difficult to foresee those individuals that may be involved in personal services agreements. In a effort to comply with these procedures, the Department will more widely disseminate the rules and procedures required for personal services contracts.

Conclusion – Response accepted.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2003

**Staff:**

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager  
Karen L. Brustkern, CPA, Senior Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Kevin P. Riley, CPA, Staff Auditor  
Jill M. Bergantzel, CPA, Staff Auditor  
Kristen E. Harang, CPA, Staff Auditor  
Heather L. Templeton, Assistant Auditor  
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