



OFFICE OF AUDITOR OF STATE
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David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE July 21, 2004

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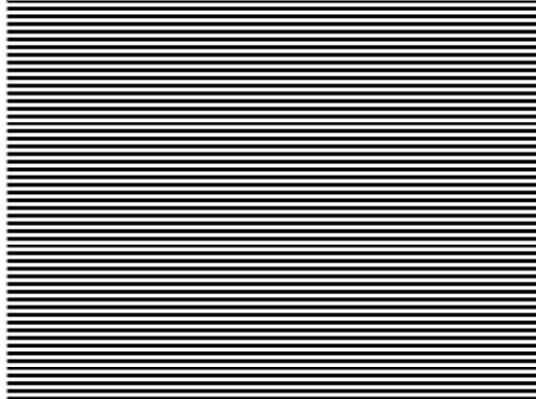
Auditor of State David A. Vaudt today released a report on the Iowa Department of Corrections for the year ended June 30, 2003.

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 develop and implement procedures to ensure all applicable sections of the GAAP package are completed and to ensure the Department complies with the Code of Iowa. The Department responded favorably to the recommendations.

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

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

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 Gary D. Maynard, 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, 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 the 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 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 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 Thomas J. Vilsack, Governor
Cynthia P. Eisenhower, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

Report of Recommendations to the Iowa Department of Corrections

June 30, 2003

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

- (A) GAAP Package – The budget analyst completes certain sections of the Department's annual GAAP package. However, the Cash and Investments and Non-IFAS Funds sections of the GAAP package are not completed by the Department. In addition, no independent review of the GAAP package is completed.

Recommendation – The Department should implement procedures to ensure all applicable sections of the GAAP package are complete. In addition, an independent review of the GAAP package should be performed.

Response – The Department will try to comply. Continuing staff shortages in our accounting section cause some internal problems, but we will take steps to try to comply.

Conclusion – Response accepted.

- (B) Revenue and Expenditure Recognition – During the year, \$243,750 of federal revenue earned in FY04 was recorded in FY03 and \$78,400 of federal expenditures incurred during FY03 were not recorded until FY04.

Recommendation – The Department should implement procedures to ensure that revenues and expenditures are recognized in the proper period.

Response – The Department agrees and will make very effort to comply with GAAP principles.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Corrections

June 30, 2003

Findings Related to Statutory Requirements and Other Matters:

(1) Iowa Code Compliance – The Department was not in compliance with the following sections of the Code of Iowa during fiscal year 2003:

- (a) Section 905.4 requires each District Department to file with the Board of Supervisors of each county in the district and with the Iowa Department of Corrections within ninety days of the close of each fiscal year a report covering the District Department's proceedings and a statement of revenues and expenditures during the preceding fiscal year.

The Department does not require the District Departments to submit these reports until December 15th.

- (b) Iowa Communications Network Report – Section 8D.10 states an annual written report certifying the identified savings associated with using the Iowa Communications Network should be submitted to the General Assembly on or before January 15 for the previous fiscal year

The Department has not yet submitted the report for fiscal year 2003.

Recommendation – The Department should take the necessary steps to comply with the Code of Iowa.

Response – The Department will comply with these sections of the Code of Iowa. The Department may request legislation asking that Community Based Correctional reports be moved back to a later date.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Corrections

June 30, 2003

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Manager
Kathleen S. Caggiano, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Corinne M. Widen, Assistant Auditor