



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

NEWS RELEASE

FOR RELEASE July 21, 2004

Contact: Andy Nielsen
515/281-5834

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

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.

A copy of the audit report is available for review in the Office of Auditor of State and the Iowa Department of Justice.

###

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

JUNE 30, 2003

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

March 29, 2004

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, 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 Justice, citizens of the State of Iowa and other parties to whom the Iowa Department of Justice 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 8 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

Iowa Department of Justice

June 30, 2003

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

- (1) Segregation of Duties – During our review of internal control, existing procedures are evaluated in order 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.

Attorney General's Office – Although an initial receipt listing is prepared by the mail opener, the listing is not periodically compared to the amounts recorded on IFAS by someone independent of recording and depositing receipts.

Office of Consumer Advocate and Prosecuting Attorneys Office – The following findings were noted:

- (1) All incoming is not opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of all cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipts records.
- (2) Responsibilities for receipt collection, deposit preparation and reconciliation functions are not segregated from those of recording receipts.

Recommendations –

Attorney General's Office – An independent person should periodically compare the initial receipt listing to the amounts recorded on IFAS.

Office of Consumer Advocate and Prosecuting Attorneys Office – We realize segregation of duties is difficult with a limited number of employees. However, these Offices should review their operating procedures to obtain the maximum internal control possible under the circumstances.

Responses –

Attorney General's Office – Currently, checks and cash come into the Attorney General's Office at the division level, if addressed properly. All other mail addressed solely to the Office is handled by the main office receptionist. Checks are stamped "for deposit only" and all collections are entered on a prenumbered receipt. The mail opener retains a copy of the prenumbered receipts. The original receipt and checks/cash are given to the office financial manager who determines the proper account coding for deposit. The receipts are then given to the office accounting clerk who prepares the cash receipts and enters them on IFAS. An independent administrative staff member will compare the original receipt issued by the mail opener to receipts recorded on IFAS.

Report of Recommendations to the Iowa Department of Justice

June 30, 2003

Office of Consumer Advocate – The Office of Consumer Advocate has reviewed the findings related to internal controls provided in the state’s audit recommendations. We will develop procedures to ensure compliance with the recommendations.

Prosecuting Attorneys Office – The Office of the Prosecuting Attorneys Training Coordinator has reviewed the findings related to internal controls provided in the state’s audit recommendations. The recommended change to our operating procedure regarding receipts received was made effective April 1, 2004 and will continue with the same procedure.

Conclusion – Responses accepted.

- (2) Subrecipient Monitoring – One of the monitoring techniques utilized by the Crime Victim Assistance Division (Division) is on-site monitoring visits to be performed at least once every three years for each grantee. During our review of the Division’s subrecipient monitoring, we selected five grantees to determine if on-site monitoring visits were performed timely. For three of the five grantees reviewed, the most recent on-site monitoring visit had not been performed within the past three years. The on-site visits ranged from approximately two months to twenty months past due.

Recommendation – The Crime Victim Assistance Division should perform on-site monitoring visits at least every three years.

Response – We will perform on-site monitoring visits at least every three years. We had extenuating circumstances during FY2003 that interfered with our normal site visit schedule. Our division was developing, testing and implementing new software. This new software project was a very time-consuming process for many of the grant staff. In addition, our division started administering an additional grant fund, the Violence Against Women Act (VAWA) Fund. Administering this new fund also added additional responsibilities and deadlines. We are currently getting caught up on all site-visits that are past due and should be back on schedule during FY2004.

Conclusion – Response accepted.

June 30, 2003

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 Administrator of the Iowa Consumer Credit Code 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 – It is the intent of the Attorney General’s Office to request the Legislature to amend the Code of Iowa to eliminate this requirement.

Conclusion – Response acknowledged.

- (2) Code Compliance – Chapter 8D.10 of the Code of Iowa requires any agency which is part of the Iowa Communications Network to annually provide a written report to the General Assembly certifying the identified savings associated with the use of the network. This report is due on or before January 15 for the previous fiscal year.

The Department has not submitted the required report as of March 29, 2004.

Recommendation – The Department should take appropriate steps to ensure required reports are completed and filed on a timely basis.

Response – The Office submitted its ICN savings report for FY2003 on April 8, 2004 and will take steps so that future reports are completed and filed in a timely manner.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Justice

June 30, 2003

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Manager
Kimberly M. Knight, CPA, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Beth A. Wichtendahl, CPA, Staff Auditor
Jennifer R. Edgar, Assistant Auditor
Greg A. Prather, Assistant Auditor