



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 August 6, 2004

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released a combined report on the institutions under the control of the Iowa Department of Corrections. The report includes findings and recommendations and average cost per inmate information for the five years ended June 30, 2003.

The average cost per inmate at the nine institutions under the control of the Iowa Department of Corrections ranged from \$15,557 at the North Central Correctional Facility - Rockwell City to \$37,676 at the Iowa State Penitentiary in Fort Madison for the year ended June 30, 2003. While total general fund expenditures for the nine institutions have increased 18.6% during the five year period to approximately \$190.9 million, expenditures for the year ended June 30, 2003 increased approximately \$7.8 million, or 4.3%, from the year ended June 30, 2002. The average daily cost per inmate of \$62.45 for the year ended June 30, 2003 was 5% greater than for the year ended June 30, 1999. The average number of inmates increased 13%, from 7,412 for the year ended June 30, 1999 to 8,375 for the year ended June 30, 2003.

A copy of the report is available for review in the Office of Auditor of State.

###

**COMBINED REPORT ON THE INSTITUTIONS UNDER THE
CONTROL OF THE IOWA DEPARTMENT OF CORRECTIONS
SCHEDULES
FINDINGS AND RECOMMENDATIONS**

JUNE 30, 2003

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



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

Table of Contents

		<u>Page</u>
Auditor of State's Report		3
Overview		4-5
Schedules:	Schedule	
Average Cost Per Inmate Information by Institution - Fiscal Years 1999 through 2003	1	8-11
Average Cost Per Inmate Information - Graphs		13-15
General Fund Expenditures by Institution - 1999	2	16-17
General Fund Expenditures by Institution - 2000	3	18-19
General Fund Expenditures by Institution - 2001	4	20-21
General Fund Expenditures by Institution - 2002	5	22-23
General Fund Expenditures by Institution - 2003	6	24-25
Inmate Population Statistics - 2003	7	26-27
Findings and Recommendations:		
Iowa State Penitentiary - Fort Madison		28-29
Anamosa State Penitentiary		30
Iowa Medical and Classification Center - Oakdale		31
Mount Pleasant Correctional Facility		31-33
Clarinda Correctional Facility		34
North Central Correctional Facility - Rockwell City		35
Iowa Correctional Institution for Women - Mitchellville		36
Newton Correctional Facility		37
Fort Dodge Correctional Facility		38



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

May 11, 2004

To the Members of the Iowa Board of Corrections:

The Institutions under the control of the Iowa Department of Corrections are a part of the State of Iowa and, as such, have 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 various Institution'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 internal control, compliance with statutory requirements and other matters. These recommendations have been discussed with applicable Institution personnel and their responses to these recommendations are included in this report.

We have also included certain unaudited financial and other information for the Institutions under the control of the Iowa Department of Corrections for the five years ended June 30, 2003 to report an average cost per inmate at each Institution as required by Chapter 11.28 of the Code of Iowa.

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, the Institutions under the control 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 Institutions 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 Institutions are listed on pages 29, 30, 31, 33, 34, 35, 36, 37 and 38 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 Corrections

Overview

Background

In accordance with Chapter 904 of the Code of Iowa, the Iowa Department of Corrections is responsible for the control, treatment and rehabilitation of offenders committed under law to the following nine institutions:

Iowa State Penitentiary - Fort Madison – A penal institution for men consisting of the Penitentiary proper, a maximum security facility, the John E. Bennett unit, a medium security dormitory, and the Montrose and Augusta units, two minimum security farm dormitories.

Anamosa State Penitentiary – A penal institution for men consisting of the reformatory proper, a medium security facility and Luster Heights, a minimum security facility. A primary objective is to release individuals who have learned to cope with their problems and live within the rules of society.

Iowa Medical and Classification Center - Oakdale – A forensic psychiatric hospital for persons displaying evidence of mental illness or psychosocial disorders and requiring diagnostic services or treatment in a security setting, a security unit for persons requiring confinement in a security setting and a classification unit for the reception, orientation and classification of inmates before placement in the most appropriate correctional institution according to necessary security and custody arrangement and the assessed service needs of the inmates.

Mount Pleasant Correctional Facility – A medium security facility for men primarily for treatment of inmates who exhibit treatable personality disorders, with or without accompanying history of drug or alcohol abuse. Under the direction of a superintendent, the Institution emphasizes a treatment program directed toward developing the inmate's social skills to aid in his return to community life. In April 1999, a \$2.2 million remodeling project opened as a 100 bed prison for women with special needs.

Clarinda Correctional Facility – A medium security facility primarily for chemically dependent, mentally retarded and socially inadequate offenders.

North Central Correctional Facility - Rockwell City – A minimum security facility for men.

Iowa Correctional Institution for Women - Mitchellville – A minimum security correctional institution for women providing care, custody and rehabilitative services. In May 2000, a 192 bed expansion was opened.

Newton Correctional Facility – A minimum security release center utilized for the preparation of inmates of the correctional institutions for discharge, work release or parole. The Institution provides inmates with actual practice in functioning within society and with feedback regarding their performance.

Fort Dodge Correctional Facility – A medium security prison designed to house 750 adult male offenders in a double occupancy celled environment. The Facility specializes in assisting inmates making the transition to civilian living. The Facility began receiving inmates in April 1998.

Iowa Department of Corrections

Overview

Scope

We have calculated an average cost per inmate at each Institution for the five years ended June 30, 2003, based on their general fund expenditures. Certain reclassifications and changes have been made to these expenditures to provide comparable averages between Institutions. Therefore, expenditure amounts and cost per inmate averages may differ from those used for statewide financial statement purposes. These reclassifications and changes are as follows:

- (1) Operating transfers, primarily reimbursements to other state agencies for services, have been reclassified as expenditures for purposes of this report.
- (2) At the inception of a capital lease, total principal payments are recorded as expenditures and as other financing sources for statewide purposes. For purposes of this report, we have included only the current year principal and interest payments as expenditures.
- (3) Canteen operations have been excluded from general fund expenditures since the canteen is a self-supporting operation at each Institution.
- (4) Non-cash assistance, consisting of USDA commodities, has been excluded from general fund expenditures.

For these Institutions, expenditures do not include the cost of improvements and additions to buildings financed by certificates of participation.

Summary Observation

The average cost per inmate ranged from \$15,557 at the North Central Correctional Facility - Rockwell City to \$37,676 at the Iowa State Penitentiary in Fort Madison for fiscal year 2003. The average cost per inmate has generally remained constant or increased over the past five years at each institution.

In fiscal year 1998, the Fort Dodge Correctional Facility, a 750 bed medium security prison was opened. The facility began receiving inmates in April 1998 and had 246 inmates at June 30, 1998. The average number of inmates and the average annual cost per inmate for the year ended June 30, 1998 were not computed since expenditures were incurred throughout the entire year and inmates were not housed at the Fort Dodge Correctional Facility until the end of the year.

During fiscal year 1999, Mount Pleasant Correctional Facility opened a 100 bed prison for women. The average cost per inmate increased due to increased staffing and remodeling costs.

During fiscal year 2000, the Iowa Correctional Institution for Women - Mitchellville opened a 192 bed prison expansion. The average cost per inmate increased due to increased staffing and remodeling costs.

While total general fund expenditures have increased 18.6%, from \$160,934,642 for fiscal year 1999 to \$190,902,312 for fiscal year 2003, the average number of inmates has increased 13%, from 7,412 to 8,375, and the average daily cost per inmate has increased 5%, from \$59.49 to \$62.45, over the same period.

Iowa Department of Corrections

Schedules

Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 1999			
	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
Iowa State Penitentiary - Fort Madison	865	478	\$ 33,056	90.56
Anamosa State Penitentiary	1,241	378	18,542	50.80
Iowa Medical and Classification Center - Oakdale	918	332	20,974	57.46
Mount Pleasant Correctional Facility	936	288	23,341	63.95
Clarinda Correctional Facility	974	284	17,536	48.04
North Central Correctional Facility- Rockwell City	428	108	15,256	41.80
Iowa Correctional Institution for Women - Mitchellville	430	150	19,348	53.01
Newton Correctional Facility	1,081	363	19,665	53.88
Fort Dodge Correctional Facility	539	238	27,906	76.45
Total	7,412	2,619	\$ 21,713	59.49

Year ended June 30, 2000				Year ended June 30, 2001			
Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
880	483	\$ 32,975	90.34	900	496	\$ 35,134	96.26
1,252	393	19,124	52.40	1,290	387	19,150	52.47
798	333	25,463	69.76	812	334	26,911	73.73
974	302	21,136	57.91	1,028	332	21,418	58.68
838	290	21,462	58.80	853	284	21,248	58.21
387	113	18,760	51.39	411	118	18,286	50.10
388	194	30,282	82.96	480	220	26,232	71.87
1,005	373	22,441	61.48	1,089	376	21,697	59.44
810	382	26,616	72.92	1,098	402	23,011	63.04
7,332	2,863	\$ 23,865	65.39	7,961	2,949	\$ 23,530	64.46

Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2002			
	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
Iowa State Penitentiary - Fort Madison	892	484	\$ 34,565	94.70
Anamosa State Penitentiary	1,309	368	18,533	50.79
Iowa Medical and Classification Center - Oakdale	817	323	26,855	73.58
Mount Pleasant Correctional Facility	970	327	21,891	59.98
Clarinda Correctional Facility	870	285	21,234	58.18
North Central Correctional Facility- Rockwell City	450	109	16,332	44.75
Iowa Correctional Institution for Women - Mitchellville	509	198	24,257	66.46
Newton Correctional Facility	1,061	344	21,098	57.81
Fort Dodge Correctional Facility	1,186	386	20,475	56.10
Total	8,064	2,824	\$ 22,706	62.21

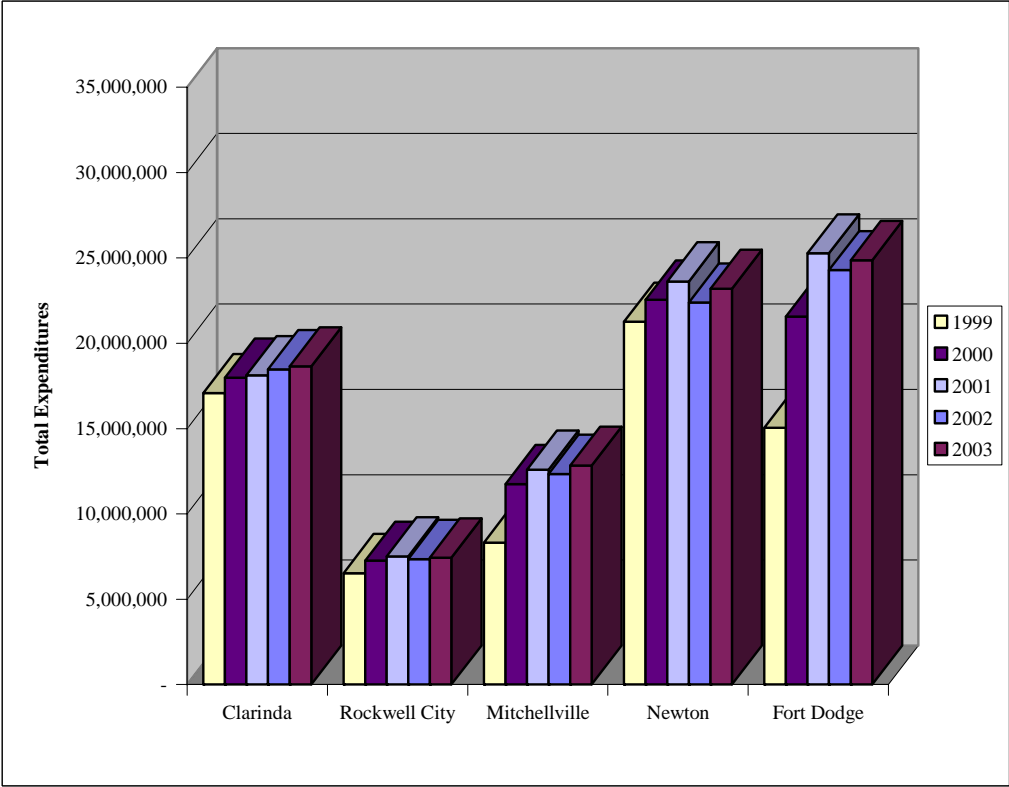
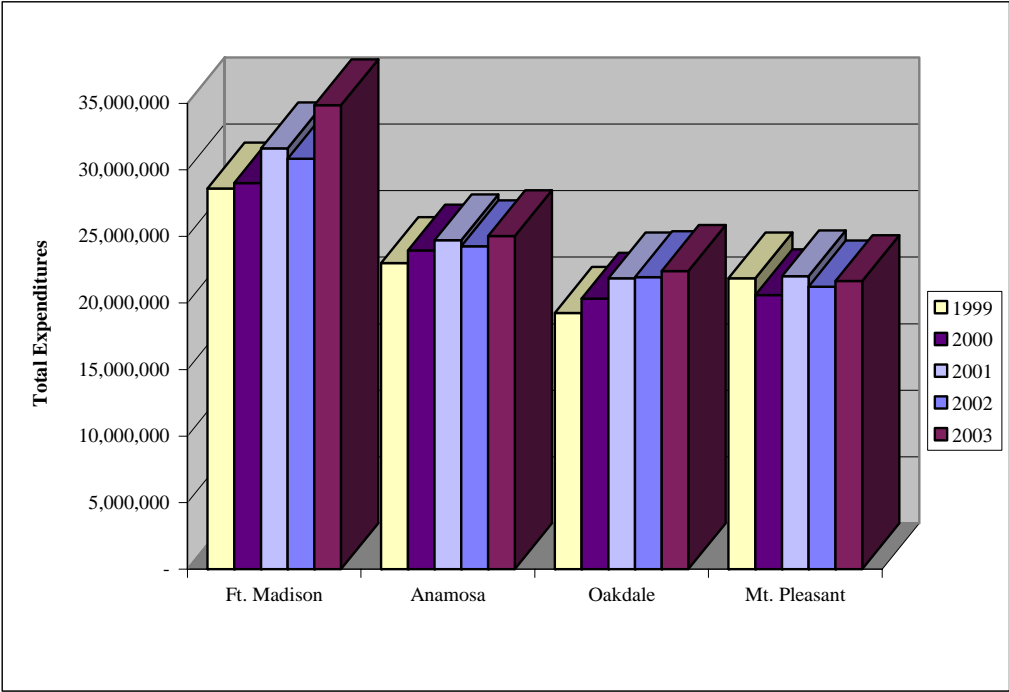
Year ended June 30, 2003			
Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
925	513	\$ 37,676	103.22
1,288	355	19,434	53.24
884	320	25,345	69.44
1,001	314	21,634	59.27
885	279	21,063	57.71
478	105	15,557	42.62
541	195	23,709	64.95
1,137	334	20,397	55.88
1,236	366	20,118	55.12
8,375	2,781	\$ 22,794	62.45

Iowa Department of Corrections

Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
 Total Expenditures
 (Unaudited)

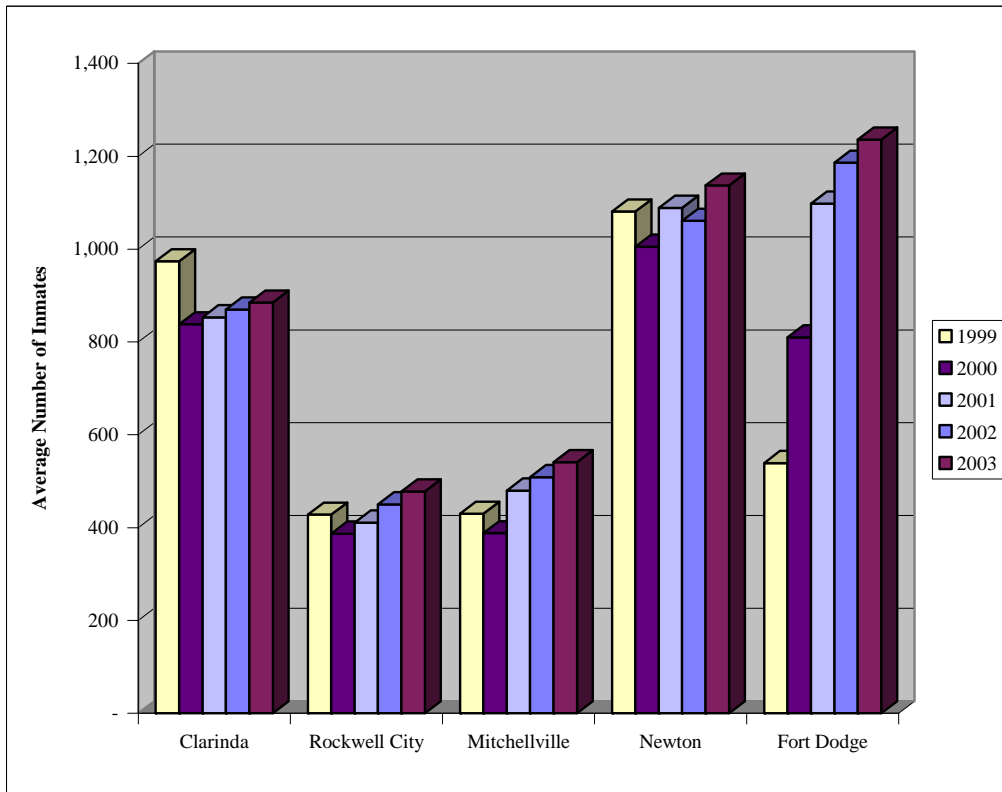
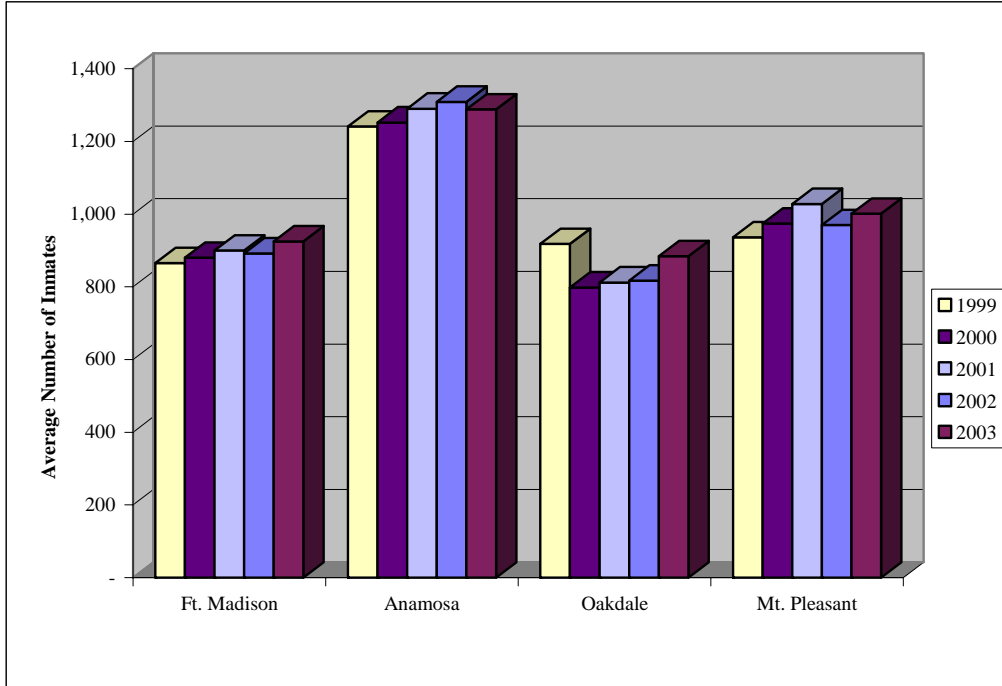
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
Average Number of Inmates
(Unaudited)

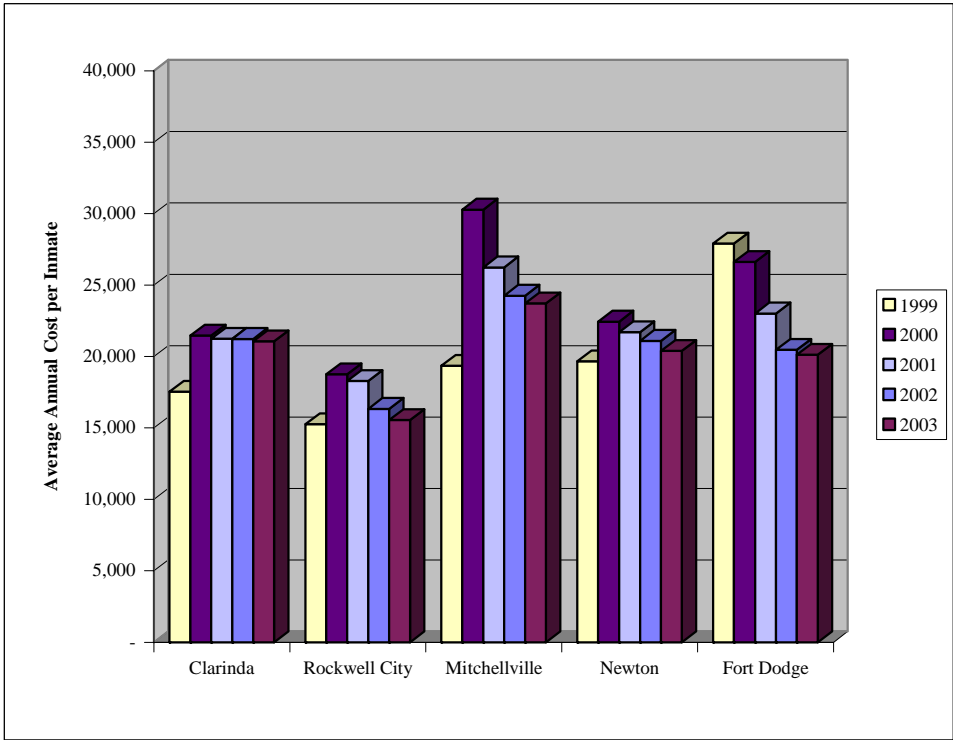
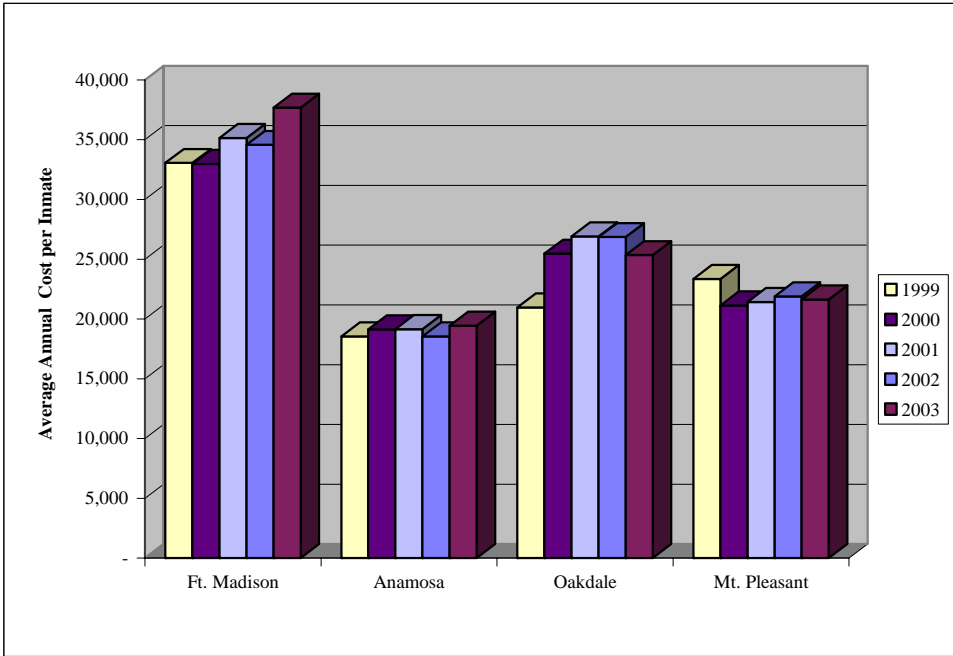
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
 Average Annual Cost per Inmate
 (Unaudited)

For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 1999

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 21,559,423	17,504,041	15,342,294	13,190,081
Travel	84,589	102,826	81,535	70,945
Supplies and materials	3,340,413	2,890,176	2,055,559	2,444,814
Contractual services	2,770,171	1,229,462	1,294,862	2,694,688
Capital outlay	430,114	816,123	299,097	3,092,404
Claims and miscellaneous	408,094	468,466	180,880	354,484
Licenses, permits, and refunds	797	-	39	-
Total	<u>\$ 28,593,601</u>	<u>23,011,094</u>	<u>19,254,266</u>	<u>21,847,416</u>

	Iowa				
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
11,740,237	4,726,273	6,414,721	15,508,615	10,382,700	116,368,385
69,998	8,864	39,552	101,659	89,151	649,119
2,845,241	719,731	962,772	2,827,492	1,726,347	19,812,545
1,543,094	681,436	576,897	1,921,965	891,475	13,604,050
374,699	226,376	178,225	416,254	1,768,308	7,601,600
505,738	166,830	147,474	481,512	181,182	2,894,660
1,013	-	-	380	2,054	4,283
17,080,020	6,529,510	8,319,641	21,257,877	15,041,217	160,934,642

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2000

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 22,776,784	18,858,050	16,244,741	15,032,467
Travel	10,297	96,308	89,714	76,431
Supplies and materials	2,976,010	2,915,380	1,835,687	2,645,103
Contractual services	2,695,179	1,304,918	1,544,329	1,475,083
Capital outlay	170,367	314,823	423,284	956,495
Claims and miscellaneous	388,771	453,651	181,836	401,067
Licenses, permits, and refunds	989	-	-	-
Total	\$ 29,018,397	23,943,130	20,319,591	20,586,646

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
12,415,006	5,164,574	8,482,310	16,713,907	14,314,016	130,001,855
160,603	32,557	76,183	159,117	93,299	794,509
2,825,931	816,981	1,335,288	2,777,050	2,477,040	20,604,470
1,578,719	734,846	693,564	1,757,957	2,030,028	13,814,623
555,276	358,312	1,026,041	605,858	2,360,510	6,770,966
451,325	152,788	135,916	538,870	283,109	2,987,333
770	-	-	788	739	3,286
17,987,630	7,260,058	11,749,302	22,553,547	21,558,741	174,977,042

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2001

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 24,393,563	19,604,677	17,172,893	16,162,246
Travel	47,647	38,776	101,243	81,895
Supplies and materials	3,944,515	2,523,739	2,295,042	2,761,950
Contractual services	2,139,431	1,851,603	1,790,236	2,115,202
Capital outlay	619,422	223,576	301,192	469,774
Claims and miscellaneous	474,684	461,565	190,880	426,821
Licenses, permits, and refunds	918	-	-	-
Total	\$ 31,620,180	24,703,936	21,851,486	22,017,888

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
13,329,186	5,582,202	10,110,372	17,865,269	17,654,659	141,875,067
78,239	34,518	55,112	129,120	115,143	681,693
2,642,832	719,058	1,155,120	2,794,838	2,764,357	21,601,451
1,454,030	789,730	846,548	1,858,783	2,849,366	15,694,929
176,472	219,584	238,042	438,268	1,539,269	4,225,599
442,456	170,608	186,034	541,662	342,129	3,236,839
1,104	-	-	209	975	3,206
18,124,319	7,515,700	12,591,228	23,628,149	25,265,898	187,318,784

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2002

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 25,447,732	19,573,666	17,507,726	16,942,233
Travel	61,420	38,635	76,495	54,569
Supplies and materials	2,760,708	2,587,510	2,205,519	2,233,947
Contractual services	1,879,237	1,480,653	1,558,687	1,341,980
Capital outlay	199,885	75,687	400,392	258,275
Claims and miscellaneous	477,996	503,184	191,909	403,612
Licenses, permits, and refunds	4,556	-	-	-
Total	\$ 30,831,534	24,259,335	21,940,728	21,234,616

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
13,950,993	5,565,379	10,023,685	17,359,932	18,318,476	144,689,822
61,149	31,156	25,884	92,599	55,109	497,016
2,489,052	704,738	1,088,188	2,578,463	2,363,154	19,011,279
1,382,128	747,370	891,775	1,680,398	2,957,397	13,919,625
154,982	94,618	71,205	228,024	234,713	1,717,781
434,772	206,002	246,240	445,019	326,267	3,235,001
740	-	-	198	27,663	33,157
18,473,816	7,349,263	12,346,977	22,384,633	24,282,779	183,103,681

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2003

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 28,489,841	20,169,286	18,263,996	17,527,117
Travel	119,664	61,935	92,324	74,761
Supplies and materials	2,998,965	2,757,099	2,053,622	2,213,916
Contractual services	2,503,381	1,443,139	1,688,579	1,276,816
Capital outlay	236,660	141,244	97,557	147,127
Claims and miscellaneous	497,655	458,456	208,830	415,567
Licenses, permits, and refunds	4,573	-	-	-
Total	\$ 34,850,739	25,031,159	22,404,908	21,655,304

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
14,665,722	5,716,796	10,486,754	17,758,872	18,423,549	151,501,933
63,579	35,368	35,824	80,346	87,496	651,297
2,111,743	695,661	1,178,638	2,786,717	2,494,669	19,291,030
1,374,541	702,018	835,695	1,928,342	3,248,398	15,000,909
24,539	128,229	81,329	209,011	266,977	1,332,673
399,508	158,245	208,060	423,941	338,681	3,108,943
869	-	-	3,987	6,098	15,527
18,640,501	7,436,317	12,826,300	23,191,216	24,865,868	190,902,312

Institutions Under the Control of the Iowa Department of Corrections

Inmate Population Statistics
(Unaudited)

Year ended June 30, 2003

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Population beginning of year	898	1,276	854	952
Admissions:				
Transfers in	579	785	5,832	1,036
Released:				
Transfers out	137	307	5,544	280
Paroles	178	121	58	250
Work release	60	120	37	130
Parole/discharges	17	16	29	59
Expiration of sentence	120	167	101	161
Shock probation	8	13	28	23
Return to probation	-	-	3	-
Transfers out to OWI facility	23	3	88	2
Transfers out to MHI	-	-	-	-
Escapes	-	-	2	-
Release by Court Order	1	4	7	1
Iowa compact transfers out	1	-	-	-
Compact prisoners from other states out	2	3	5	-
Appeal bond	1	-	12	2
Deaths	3	6	5	-
Total released	551	760	5,919	908
Population end of year	926	1,301	767	1,080
Average number of inmates	925	1,288	884	1,001

	Iowa				
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Iowa Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	
869	460	531	1,112	1,211	
724	551	761	2,222	1,393	
176	67	91	627	417	
224	221	329	567	220	
166	143	107	238	162	
38	9	56	49	246	
120	68	46	495	108	
16	1	32	25	67	
-	-	49	89	129	
-	23	17	56	-	
-	-	-	-	-	
-	-	-	4	-	
2	-	1	-	2	
-	-	-	-	-	
-	-	-	11	-	
-	-	-	1	1	
2	-	-	-	-	
744	532	728	2,162	1,352	
849	479	564	1,172	1,252	
885	478	541	1,137	1,236	

June 30, 2003

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

- (1) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the Institution to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Institution retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The Institution should obtain and retain an image of both the front and back of each cancelled check as required.

Response – We have contacted the bank and will begin retaining the front and back sides of cancelled checks.

Conclusion – Response accepted.

- (2) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each Institution to keep a written, detailed, up-to-date inventory of all real and personal property belonging to the state and under their charge, control and management. The following conditions were noted:

- One asset acquired during the fiscal year was not included on the capital asset listing.
- Two other assets identified were improperly omitted from the capital asset listing.
- Two assets acquired during the fiscal year did not have a State identification tag affixed.
- A complete inventory has not been taken since January, 2002.
- Depreciation amounts were not reported correctly on the GAAP Package.

Recommendation – The Institution should take the necessary steps to ensure an up-to-date capital asset listing is maintained, new assets are tagged, and a complete annual inventory is taken. The Institution should also ensure equipment and depreciation amounts are accurately reported on the GAAP Package.

Response – Assets are not added until warrant is written. The asset acquired during the fiscal year was received on 6/30/03 but paid for on 8/8/03, and so it would be added in fiscal year 2004.

We will add the other two assets to inventory. The two assets not tagged have now been tagged. We will complete a full inventory by 6/30/04. Useful lives for depreciation calculations have been corrected in the system.

Conclusion – Response acknowledged. Capital assets should be added in the fiscal year in which they are received.

Findings and Recommendations for Iowa State Penitentiary - Fort Madison

June 30, 2003

Staff:

Questions or requests for further assistance should be directed to:

Steven M. Nottger, CPA, Manager
Ted M. Wiegand, CPA, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Daniel L. Grady, Assistant Auditor

June 30, 2003

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

Luster Heights Facility Commissary Inventory Records – The Luster Heights Facility maintains a commissary for purchasing and selling items such as candy, pizza, ice cream and toiletries to prisoners who work at the camp. Inventory records document purchases and cash sales. However, items removed from inventory for spoilage, bingo activities, items purchased with tokens and items returned to vendors are not documented. As a result, a current inventory balance cannot be calculated and the accuracy of the reported balance cannot be determined.

Recommendation – Employees at the Anamosa State Penitentiary should work with employees at the Luster Heights Facility to develop procedures to assist in monitoring commissary inventory balances by documenting all commissary purchases and deductions.

Response – The commissary at Luster Heights Facility will have very limited items in stock as inmate purchases are being done through Iowa Prison Industries Canteen. The policy at Luster Heights has been reviewed and updated.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Joe T. Marturello, CIA, Manager
Beth A. Wichtendahl, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Elvir Alicic, Assistant Auditor
Jeffrey L. Lenhart, Assistant Auditor

June 30, 2003

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Steven M. Nottger, CPA, Manager
Beth A. Wichtendahl, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Stephanie A. Bernard, Assistant Auditor
Kip M. Druecker, Assistant Auditor
Daniel L. Grady, Assistant Auditor

June 30, 2003

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

(1) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each Institution to keep a written, detailed, up-to-date inventory of all real and personal property belonging to the state and under their charge, control and management. The following conditions were noted:

- Eight of twenty assets tested did not have a State identification tag affixed.
- Computer software totaling \$32,500 was capitalized by the Institution during the year ended June 30, 2003. Chapter 401-10.2(1) of the Iowa Administrative Code defines personal property as any item or equipment with an acquisition value of \$5,000 or more. However, computer software is to be excluded.

Recommendation – The Institution should take the necessary steps to ensure capital assets are properly tagged with a State identification tag and computer software is not capitalized.

Response – The items have been tagged. The computer software item is being removed from the asset listing and fiscal year 2004 GAAP package will be adjusted. The Institution will exercise due diligence to ensure assets are tagged.

Conclusion – Response accepted.

(2) Contingent Fund Disbursements – Chapter 904.311 of the Code of Iowa allows Institutions to retain a contingent fund for payment of freight, postage, commodities, salaries, inmate allowances and bills.

During the year ended June 30, 2003, the Institution wrote a check from the contingent fund to an employee who did not receive a state payroll warrant because the employee's timesheet was not submitted timely. The contingent fund was reimbursed by the employee three days later.

Recommendation – The Institution should follow the Department of Revenue and Finance guidelines for employees who do not submit timesheet information timely and restrict contingent fund payments to those items identified in Chapter 904.311 of the Code of Iowa.

Response – The Institution will follow Department of Revenue and Finance guidelines for payroll rewrites.

Conclusion – Response accepted.

Findings and Recommendations for Mount Pleasant Correctional Facility

June 30, 2003

Staff:

Questions or requests for further assistance should be directed to:

Cynthia L. Weber, CPA, Manager
Ted M. Wiegand, CPA, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Kelly V. Rea, CPA, Staff Auditor
Kevin P. Riley, CPA, Staff Auditor
Sarah M. Wright, Staff Auditor
Jennifer R. Edgar, Assistant Auditor
Daniel L. Grady, Assistant Auditor
Heather L. Templeton, Assistant Auditor

Report of Recommendations to Clarinda Correctional Facility

June 30, 2003

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager
Tammy A. Wolterman, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Jason R. Matter, Staff Auditor
Scott D. Bantz, Assistant Auditor
Dustin S. Boxa, CPA, Assistant Auditor
Michael J. Gentry, Assistant Auditor
Candice R. Meester, Staff Auditor

June 30, 2003

Findings Reported in the State’s Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Pamela J. Bormann, CPA, Manager
Jodi L. Simon, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Paul F. Kearney, Senior Auditor
Dustin S. Boxa, CPA, Assistant Auditor

June 30, 2003

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Ronald D. Swanson, CPA, Manager
Jodi L. Simon, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Stephanie A. Bernard, Assistant Auditor
Scott P. Boisen, Assistant Auditor
Corinne M. Widen, CPA, Assistant Auditor

Findings and Recommendations for Newton Correctional Facility

June 30, 2003

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Joe T. Marturello, CIA, Manager
M. Crystal A. Berg, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Scott P. Boisen, Assistant Auditor

Findings and Recommendations for Fort Dodge Correctional Facility

June 30, 2003

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Steven M. Nottger, CPA, Manager
Jason R. Matter, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Paul F. Kearney, Senior Auditor
Donald N. Miksch, Assistant Auditor