

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

September 7, 2017

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released a report on the Iowa Department of Justice for the year ended June 30, 2016.

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.

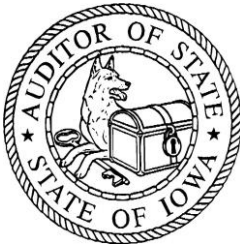
A copy of the report is available for review at the Iowa Department of Justice, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1760-1120-0R00>.

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

JUNE 30, 2016

Iowa Department of Justice



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August 29, 2017


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, 2016.

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 include those pertaining to the Department's internal control, statutory requirements and other matters. These recommendations have been discussed with Department personnel and their responses to the recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Department of Justice's responses and, accordingly, we express no opinion on them.

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 Department 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.


MARY MOSIMAN, CPA
Auditor of State

cc: Honorable Kim Rynolds, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2016

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Finding Related to Internal Control:

Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Department's financial statements.

Condition - For the Prosecuting Attorney's Office, responsibilities for maintaining detailed accounts receivable records are not segregated from collections. A listing of mail receipts is not prepared by the mail opener, at least on a test basis.

Cause - The Department has not designed procedures to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the Department's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - We realize segregation of duties is difficult with a limited number of employees. However, the Prosecuting Attorney's Office should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response - Effective August 2016, the Attorney General's Office has implemented the following process. The main receptionist or the Accountant 2 logs in all checks and/or cash received on a spreadsheet. Then, checks/cash are distributed to separate individuals for them to be receipted. Those individuals will deliver the checks/cash along with the deposit slip to the Administrative Services Division to be deposited into the appropriate account. At the end of each month, the receptionist/Accountant 2 will send the list to the financial officer to verify that all checks/cash were deposited. After the verification, the spreadsheet will be returned and kept in a file for each fiscal year.

Conclusion - Response accepted.

June 30, 2016

Finding Related to Statutory Requirements and Other Matters:

Biennial Report to Governor – Chapter 7A.6 of the Code of Iowa requires the Attorney General’s Office to complete a biennial report of the two-year period ending with December 31 in even-numbered years. The report shall be filed as soon as practicable after the expiration of said period but not later than March 1.

The Attorney General’s biennial report for the period ending December 31, 2016 was not filed by the March 1 deadline.

Recommendation – The Department should develop policies to ensure compliance with Code of Iowa Chapter 7A.6 by preparing and filing the required biennial report by the March 1 deadline or request legislation to repeal outdated code requirements.

Response – The Department will develop policies to ensure compliance with Code of Iowa Chapter 7A.6 by preparing and filing required biennial reports by the March 1 deadline. The Department may also consider legislation to repeal this outdated code requirement because the primary purpose of the biennial report was to publish Attorney General Opinions, which are now widely available on the Department’s website and legal research search services.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Justice

June 30, 2016

Staff:

Questions or requests for further assistance should be directed to:

Tammy A. Hollingsworth, CIA, Manager
Emma L. McGrane, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Kaylynn D. Short, CPA, Senior Auditor
Christopher M. Anderson, Assistant Auditor
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Grant W. Pomerenk, Assistant Auditor