



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

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ July 12, 2005

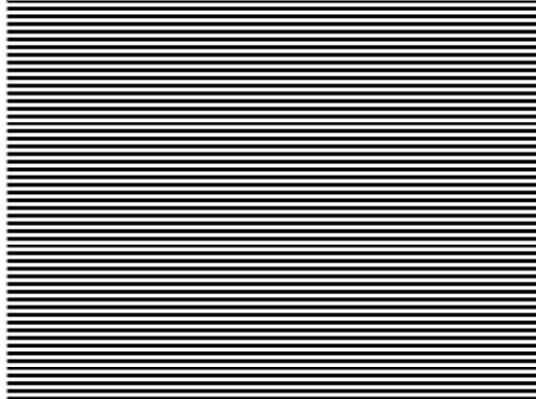
Contact: Andy Nielsen  
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Auditor of State David A. Vaudt today released a report on the Iowa Department of Corrections for the year ended June 30, 2004.

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.

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, 2004**

Office of  
**AUDITOR  
OF STATE**

State Capitol Building • Des Moines, Iowa



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July 1, 2005

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, 2004.

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  
Michael L. Tramontina, Director, Department of Management  
Dennis C. Prouty, Director, Legislative Services Agency

Report of Recommendations to the Iowa Department of Corrections

June 30, 2004

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

No matters were noted.

**Findings Related to Internal Control:**

- (A) Cash Receipt Reconciliation – All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. The same listing should then be compared to the cash receipt records. While the Department compares the initial listing to the cash receipts records, the comparison is not done in a timely manner. During fiscal year 2004, the comparison was done only once, in February 2004.

Recommendation – The Department should develop procedures to ensure the initial listing is compared to the cash receipts records on a timely basis.

Response – In the future, the Department will reconcile cash receipts on a quarterly basis.

Conclusion – Response accepted.

- (B) GAAP Package – The GAAP package is prepared by the Department and submitted to the Iowa Department of Administrative Services, State Accounting Enterprise and provides additional financial information that cannot be obtained from the State's accounting system (I/3). The GAAP package was not reviewed by Department management prior to submission.

Recommendation – The GAAP package should be reviewed by Department management prior to submission.

Response – The Deputy Director of Administration will review the GAAP package prior to submission.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Corrections

June 30, 2004

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

Capital Assets – The following findings concerning the Department’s capital assets were noted:

- (a) Chapter 7A.30 of the Code of Iowa requires each department and division of state government to maintain an accurate, up-to-date inventory of all real and personal property belonging to the state and under their control. Two assets were disposed of during the fiscal year but were not removed from the capital asset listing and the Department did not include assets purchased during the current fiscal year in its depreciation calculations.
- (b) Chapter 110.4(7A) of the Iowa Administrative Code requires each Department to take a physical inventory of personal property and reconcile the results with the property records at least once every two years. The Department has not performed a physical inventory in the last two years.

Recommendation –

- (a) An accurate, up-to-date inventory including depreciation of all real and personal property belonging to the state and under the Department’s control and management should be maintained.
- (b) The Department should take a physical inventory of personal property and reconcile the results with the inventory records at least once every two years.

Responses –

- (a) The two items were overlooked on the inventory list. They have been removed since the audit. In addition, the one item not depreciated was overlooked on the depreciation schedule. This will be corrected on the next GAAP report.
- (b) The Department will comply with this requirement in the future.

Conclusion – Responses accepted.

Report of Recommendations to the Iowa Department of Corrections

June 30, 2004

**Staff:**

Questions or requests for further assistance should be directed to:

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

Other individuals who participated on the audits include:

Stephanie A. Bernard, Assistant Auditor