



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

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NEWS RELEASE

FOR RELEASE

May 31, 2018

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released a report on the Iowa Department of Human Services – Central Distribution Center for the year ended June 30, 2017.

The Central Distribution Center functions as a supply depot and distribution facility for carload canned goods, paper products and other staples distributed by truck to the institutions and participating state departments and local agencies upon request. A schedule of annual procurements from the Central Distribution Center by institution, department or agency is included in the report.

A copy of the report is available for review at the Central Distribution Center, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1862-4121-BR00>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF HUMAN SERVICES –
CENTRAL DISTRIBUTION CENTER**

JUNE 30, 2017

**Iowa Department of Human Service –
Central Distribution Center**



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May 23, 2018

To the Council Members of the Iowa Department of Human Services:

The Iowa Department of Human Services – Central Distribution Center is a part of the State of Iowa and, as such, has been included in our audit of the State’s Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2017.

In addition to the CAFR, we also prepare a separate report of recommendations pertaining to each Department’s internal control, compliance with statutory requirements and other matters when our audit discloses findings we believe should be brought to your attention.

In conducting our audits, we became aware of an aspect concerning the Center’s operations for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on the following page. We believe you should be aware of this recommendation, which pertain to the Center’s internal control. This recommendation has been discussed with Center personnel and their response to this recommendation is included in this report. While we have expressed our conclusion on the Center’s response we did not audit the Central Distribution Center’s response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Central Distribution Center, citizens of the State of Iowa and other parties to whom the Central Distribution Center 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 Central Distribution Center during the course of our audit. Should you have questions concerning the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audit of the Central Distribution Center are listed on page 5 and they are available to discuss these matters with you.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

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

Report of Recommendations to the Iowa Department of Human Services –
Central Distribution Center

June 30, 2017

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 Findings Related to Internal Control:

(A) Internal Controls

Criteria – The Central Distribution Center has internal controls in place which require the storekeeper to approve credit memorandums issued to customers.

The Central Distribution Center also has internal controls in place which require the final invoice be signed and dated by an authorized employee of the receiving station for all shipments.

Condition – Certain credit memorandums were not approved by the storekeeper. The purchasing assistant approved certain credit memorandums.

Also, invoices were identified that did not have the signature and date of an authorized receiving station employee.

Cause – Employees not properly following established internal control procedures.

Effect – The credit memorandums may be vulnerable to misstatement and errors could go unnoticed. The incorrect number of units may be delivered to the receiving institution and the Central Distribution Center could be responsible for discrepancies.

Recommendation – The Center should ensure internal control procedures are being followed.

Response – Internal control procedures are in place to remove the condition stated above, CDC staff will follow established procedures. Audits will be performed randomly to ensure they are being followed.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Human Services –
Central Distribution Center

June 30, 2017

Staff:

Questions or requests for further assistance should be directed to:

Ernest H. Ruben Jr., CPA, Manager
Christian E. Cottingham, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audit include:

Jason J. Miller, Staff Auditor
Erin M. Wittrock, Assistant Auditor

Iowa Department of Human Services –
Central Distribution Center

Annual Procurements by Institution, Department or Agency

(Unaudited)

For the Last Five Years

Institution, Department or Agency	Fiscal Year				
	2017	2016	2015	2014	2013
Iowa Veterans Home - Marshalltown	\$ 52,956	74,344	102,717	118,641	118,250
State Training School - Eldora	99,789	110,323	115,126	116,229	107,068
Iowa Juvenile Home - Toledo	-	-	-	11,347	45,976
Glenwood State Resource Center	53,906	54,188	52,735	49,072	60,932
Woodward State Resource Center	275,751	275,068	349,563	256,708	405,028
Mental Health Institute - Cherokee	131,422	102,407	128,146	121,176	146,738
Mental Health Institute and Correctional Facility - Clarinda	969,947	1,046,566	996,195	874,749	1,012,950
Mental Health Institute - Independence	41,894	36,170	71,983	45,436	55,614
Mental Health Institute and Correctional Facility - Mount Pleasant	568,147	738,122	670,012	666,444	858,215
Anamosa State Penitentiary	767,293	869,304	970,680	889,737	839,143
Iowa State Penitentiary - Fort Madison	1,047,822	910,576	864,232	905,521	901,377
Iowa Correctional Institution for Women - Mitchellville	459,856	500,367	536,548	375,327	326,522
Newton Correctional Facility	1,163,647	1,034,517	1,171,899	1,169,238	975,160
Iowa Medical and Classification Center - Oakdale	734,491	871,578	697,070	715,963	670,771
North Central Correctional Facility - Rockwell City	302,239	335,885	330,198	313,597	326,197
Fort Dodge Correctional Facility - Fort Dodge	1,163,084	1,214,133	1,217,286	1,291,806	1,172,007
Luster Heights - Anamosa	24,966	38,246	25,841	34,556	30,731
Fremont County Jail	7,523	8,070	4,511	4,649	2,128
Fort Des Moines Jail	137,345	119,710	199,456	141,573	121,535
Webster County Jail	12,915	1,351	1,034	1,761	1,190
Burlington Residential Correctional Facility	32,353	32,816	33,130	31,793	32,671
Ottumwa Residential Correctional Facility	45,343	63,254	43,401	50,480	38,172
Wapello County Jail	54,897	49,277	43,360	42,329	32,589
Hope House	5,108	9,493	11,191	19,894	25,570
Nelson House	-	22,617	-	9,821	58,577
Total	\$ 8,152,694	8,518,382	8,636,314	8,257,847	8,365,111