



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

August 9, 2018

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released a report on the Iowa Department of Public Defense for the year ended June 30, 2017.

The Iowa Department of Public Defense was created to protect the citizens of the state, recruit and train military personnel and maintain the National Guard armories throughout the state.

Mosiman recommended the Department ensure the sale of surplus personal property is handled in compliance with the Code of Iowa and the Iowa Administrative Code.

A copy of the report is available for review in the Office of the Iowa Department of Public Defense, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1860-5820-OR00>.

#

**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF PUBLIC DEFENSE**

JUNE 30, 2017

Iowa Department of Public Defense



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

August 3, 2018

To Major General Timothy Orr, Adjutant General
of the Iowa Department of Public Defense:

The Iowa Department of Public Defense 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, 2017.

In conducting our audits, we became aware of an aspect concerning the Department'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 pertains to the Department's statutory compliance. This recommendation has been discussed with Department personnel and their response to this recommendation is included in this report. While we have expressed our conclusion on the Department's response, we did not audit the Iowa Department of Public Defense'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 Iowa Department of Public Defense, citizens of the State of Iowa and other parties to whom the Iowa Department of Public Defense 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 Iowa Department of Public Defense 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
MARY MOSIMAN, CPA
Auditor of State

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

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:

No matters were noted

Findings Related to Statutory Requirements and Other Matters:

Surplus State Personal Property – The United States Code of Federal Regulations, Title 32 – National Defense, Subchapter C – Department of Defense Grant and Agreement Regulations, Part 33, subsection 33.32(b) requires the Department of Public Defense to dispose of any equipment purchased with grant funds in accordance with state laws and procedures. Iowa Administrative Code Chapter 11—111.2(8A) gives the responsibility of disposal of state property to the Director of the Department of Administrative Services (DAS). Code of Iowa Chapter 8A.324.1(a) states in part, “proceeds from the sale of personal property by the director shall be deposited in the general fund of the state.” Code of Iowa Chapter 8A.324.1(b) allows only the DAS Director to enter into an agreement with a not-for-profit organization or governmental agency to dispose of personal property.

The following items were noted regarding the Iowa Department of Public Defense (Department) disposal of surplus personal property:

- The Department has its own auction website, separate from that required for use by DAS. This Department’s auction website is not advertised to the general public and is not easily found on the Department’s website. In addition, some items are listed for sale at a set price, rather than available for auction.
- Proceeds from the sale of surplus personal property are not deposited to the State’s General Fund.
- The Department donated personal property to local not-for-profit organizations without the specific approval of the DAS Director.

Recommendation – Sale of surplus property should be in compliance with the Code of Iowa and the Iowa Administrative Code. The Department of Public Defense should contact DAS for guidance. In addition, funds from the sale of surplus personal property should be deposited into the State’s General Fund.

Response – The Department has taken immediate action to cease all local surplus property auction, sales, and charitable contributions, and has established a process and training needed to integrate with DAS. Research has been completed to determine why we were using this process. Our research determined we had worked on the process through the Judge Advocate General (JAG) and the Iowa Attorney General (AG), and had positive feedback on the opportunity. However, the Department did not receive final DAS approval prior to implementation.

Report of Recommendations to the Iowa Department of Public Defense

June 30, 2017

The Department plans to follow through with a request for an exception to DAS policy, as the current process is well developed, supported, and efficient. Integrating with the single DAS process will both increase overhead, work, and reduce revenue for the State. Exception through the policy has gone through JAG and is with the AG for comment. If disapproved, the Department will integrate with the State program as directed. The required training for the warehouse point of contact has been accomplished with subsequent access and posting of surplus items to the DAS auction site. The Department is currently in compliance and awaiting a decision on the exception to policy.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Public Defense

June 30, 2017

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Manager
Joseph B. Sparks, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Dorothy O. Stover, Senior Auditor II
Adjoa S. Adanledji, Staff Auditor
Chris M. Anderson, Staff Auditor
Jacob N. Bennett, Staff Auditor
Preston R. Grygiel, Staff Auditor
McKenzie M. Anderson, Assistant Auditor
Taylor N. Kivell, Assistant Auditor
Taryn M. Plunkett, Assistant Auditor