



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

State Capitol Building  
Des Moines, Iowa 50319-0004

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Rob Sand  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

October 16, 2020

Contact: Marlys Gaston  
515/281-8314

The Office of Auditor of State today released a report on the Iowa Department of Natural Resources for the year ended June 30, 2019.

The Department has the primary responsibility for state parks and forests, protecting the environment and managing energy, fish, wildlife, land and water resources in the state.

Sand reported three findings related to the receipt and expenditure of taxpayer funds. The findings are found on pages 3 through 6 of this report. Sand recommended the Department review controls over field offices, comply with certain statutory requirements pertaining to its operations or, where applicable, seek to have the provisions changed or repealed and to evaluate the fees charged each year for the centralized parks reservation system to ensure the fees charged cover the actual costs.

Two of the findings discussed above are reported from the prior year. Management of the Iowa Department of Natural Resources have a fiduciary responsibility to provide oversight of the Department's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" management exercises in its fiduciary capacity.

A copy of the report is available for review on the Auditor of State's website at <https://auditor.iowa.gov/reports/audit-reports/>.

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**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF NATURAL RESOURCES**

**JUNE 30, 2019**

**Iowa Department of Natural Resources**



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Rob Sand  
Auditor of State

September 16, 2020

Iowa Department of Natural Resources  
Des Moines, Iowa

To the Members of the Iowa Department of Natural Resources:

I am pleased to submit to you the Report of Recommendations for the Iowa Department of Natural Resources for the year ended June 30, 2019. The report includes findings pertaining to the Department's internal control and statutory compliance which resulted from the fiscal year 2019 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of Iowa Department of Natural Resources throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand  
Auditor of State

**Iowa Department of Natural Resources**



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Rob Sand  
Auditor of State

September 16, 2020

To the Members of the Iowa Environmental Protection and Natural Resource Commissions:

The Iowa Department of Natural Resources 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, 2019.

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 pertaining to the Department's internal control and 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. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Natural Resources' 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 Natural Resources, citizens of the State of Iowa and other parties to whom the Iowa Department of Natural Resources 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 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 7 and they are available to discuss these matters with you.

A handwritten signature in black ink that reads "Marlys K. Gaston".

Marlys K. Gaston, CPA  
Deputy 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 Natural Resources  
June 30, 2019

**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:**

Field Offices – Fourteen sites were selected for on-site review, including six state parks, one environmental office, two law enforcement offices, one wildlife unit, two management offices, one fish hatchery/rearing station and one research station. During the on-site visits, internal controls were reviewed and certain revenues and capital assets were tested. Five sites lacked segregation of duties related to responsibilities for the collection, deposit and reconciliation of receipts.

Recommendation – The Department should review policies and procedures to ensure adequate controls are in place, policies and procedures are communicated to field office personnel and the policies and procedures are enforced.

Response – The Department has policies and procedures in place for receipt collection, segregations of duties, and the reconciliation of receipts to the initial listing where staffing allows. However, due to the vast number of geographic locations, some field locations do not have multiple field staff. The Department makes every effort to ensure segregation of duties during peak seasons utilizing temporary staff and seasonal employees.

Conclusion – Response acknowledged. The Department should ensure adequate controls are in place at all times and should establish procedures to ensure policies and procedures requiring those controls are enforced.

Report of Recommendations to the  
Iowa Department of Natural Resources  
June 30, 2019

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

(1) Iowa Code Compliance – The Department was not in compliance with the following provisions of the Code of Iowa during the year ended June 30, 2019:

- (a) Agricultural Easement Program – Chapter 456B.11 states the Department shall develop and implement a program for the acquisition of wetlands and conservation easements on and around wetlands which result from the closure or change in the use of agricultural drainage wells.

The Department has not implemented this program.

- (b) Inventory of Protected Wetlands – Chapter 456B.12 states the Department shall inventory the wetlands and marshes of each county and make preliminary designation as to which constitutes protected wetlands. Also, the Director shall issue an order designating the protected wetlands in the county within sixty days following the completion of the hearing or the issuance of a mediation release.

The Department has not complied with this provision.

- (c) Water Quality Issues – Chapter 455E.8(8) states the Department shall develop a program, in consultation with the Department of Education and the Department of Environmental Education of the University of Northern Iowa, regarding water quality issues which shall be included in the minimum program required in grades 7 and 8.

The Department has not complied with this provision.

Recommendation – The Department should comply with the Code of Iowa or, where applicable, seek to have the provisions changed or repealed.

Responses –

- (a) The Department is always interested in working with willing landowners to restore wetlands. However, the Department has not developed a specific program for the acquisition of wetlands and conservation easements resulting from the closure of agricultural drainage wells. Two reasons have prevented the Department from developing a program:

The Department has a strong interest in restoring wetlands. However, acquiring highly productive farmland, either by easement or fee simple, is very expensive. Additional sources of funding would be necessary for the successful implementation of this program. The Department has relied on federal programs to accomplish this work.



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The Department has worked closely with the Iowa Department of Agriculture and Land Stewardship (IDALS) in our mutual efforts to reduce the negative impacts of agricultural drainage wells. The IDALS agricultural drainage well closure program has had adequate funding and good landowner participation in its effort to close wells by cost-sharing alternative drainage systems. Although Iowa Code section 460.304 allows IDALS to use agricultural drainage well closure funding for alternatives such as restoration of wetlands, landowners have historically been interested in continuing to farm the land. History has shown that farmers prefer assistance with alternative drainage more than wetland restoration. To date, IDALS has found little landowner interest in the alternative to restore wetlands.

- (b) This program was never established because the current Federal regulations exceed the protection this Code requirement would offer. Current Federal regulations (Section 404 and State 401 Certification under the Clean Water Act) accomplish the same or more than this Code section, as this section regulates only pothole type wetlands classified as “Type 3, 4, or 5.” This wetland classification is outdated and fails to recognize other wetland types such as forested wetlands, fens, and sedge meadows. It also exempts wetlands located in drainage or levee districts. See Iowa Code section 456B.1.
- (c) The University of Northern Iowa's Center for Energy and Environmental Education (CEEE) serves as a resource for Iowa community school districts. The Green Iowa AmeriCorps Sustainable Schools program within the CEEE assists teachers and staff in implementing environmental project-based learning initiatives surrounding environmental sustainability. Throughout the next year, the Iowa Department of Natural Resources will engage with the Iowa Department of Education and CEEE to review what programs may already be available for 7th and 8th grade curriculum and identify needs and next steps to ensure water quality educational opportunities are provided for Iowa's middle school students.

Conclusion – Response accepted.

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Iowa Department of Natural Resources

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- (2) Parks Reservation System – The Department entered into a contract with Active Network, LLC., for the purpose of providing, operating and maintaining a centralized reservation system for state parks, recreation areas and state forest campgrounds to accept reservations for camping, cabin rentals, day-use lodge rentals and open shelter rentals either online or over the phone through a call center. The fees charged by the Department should offset the costs associated with administering the centralized parks reservation system (CPRS). For the period July 1, 2018 through June 30, 2019, the fees charged per the Administrative Code do not cover the costs paid to Active Network, LLC.

Recommendation – The Department should evaluate the fees charged each year to ensure the fees charged cover the actual costs paid for the CPRS.

Response – During fiscal year 2019, the Department worked with the Legislature to amend the Iowa Administrative Code language removing the preset reservation fees allowed to be charged to the Department’s reservation customers as they did not meet current fees offered by vendors in the park reservation industry. The Department will work toward passing the entire vendor reservation fee on to Department reservation customers in the future.

Conclusion – Response accepted.

Report of Recommendations to the  
Iowa Department of Natural Resources

June 30, 2019

**Staff:**

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy  
Pamela J. Bormann CPA, Manager  
Tiffany M. Ainger, CPA, Manager

Other individuals who participated in the audits include:

Steven O. Fuqua, CPA, Senior Auditor II  
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