



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

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NEWS RELEASE

FOR RELEASE July 24, 2006

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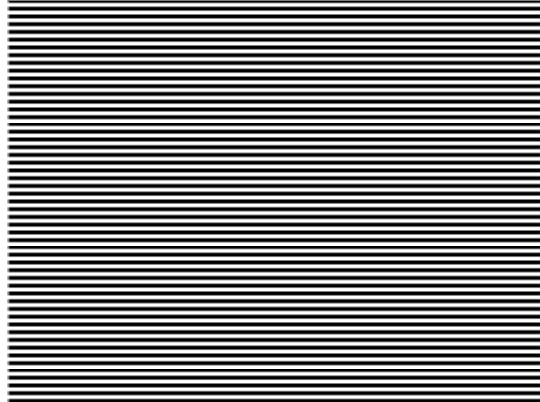
Auditor of State David A. Vaudt today released a report on the Iowa Department of Public Safety for the year ended June 30, 2005.

The Iowa Department of Public Safety is a statewide organization charged with promoting the safety of all Iowans from hazards associated with crime, fire and traffic through law enforcement.

Vaudt recommended the Department improve controls over capital assets and comply with requirements for personal services contracts. The Department responded that corrective action is being implemented.

A copy of the report is available for review in the Iowa Department of Public Safety, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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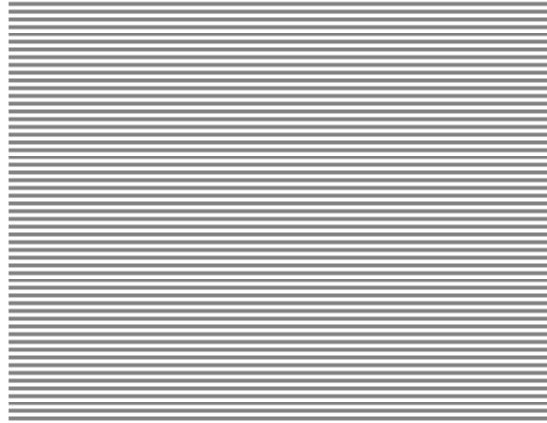
**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF PUBLIC SAFETY**

JUNE 30, 2005

Office of
**AUDITOR
OF STATE**
State Capitol Building • Des Moines, Iowa



David A. Vaudt, CPA
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July 21, 2006

To Kevin W. Techau, Commissioner of the
Iowa Department of Public Safety:

The Iowa Department of Public Safety 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, 2005.

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 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 Public Safety, citizens of the State of Iowa and other parties to whom the Iowa Department of Public Safety 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.

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 Public Safety

June 30, 2005

Findings Reported in the State's Single Audit Report:

No matters were noted.

Finding Related to Internal Control:

Receipts – Collections are received by various divisions within the Department. An initial listing is not always prepared at the time of collection. In addition, some checks are not restrictively endorsed immediately upon receipt. Also, several receipts were not deposited timely.

Recommendation – To strengthen internal control, all checks should be restrictively endorsed upon receipt and an initial listing of all collections should be prepared and reconciled to deposit. Per Chapter 12.10 of the Code of Iowa, deposits should be made within 10 days succeeding collection.

Response – Each of the divisions of the Iowa Department of Public Safety has been instructed to maintain an initial listing of receipts received. Because this has been a recurring problem the Department's Finance Bureau will conduct training for the personnel who are responsible for the collection of receipts in each division. Upon completion of training the divisions will maintain the listing which will be reconciled to the periodic deposits of revenue with the Department's Finance Bureau.

Conclusion – Response accepted.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2005

Findings Related to Statutory Requirements and Other Matters:

- (1) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each department of State government to maintain an accurate, up-to-date inventory of all real and personal property belonging to the State.

Although the Department does maintain records of current year depreciation activity, the Department's depreciation records do not include total accumulated depreciation to support the amounts reported in the GAAP Reporting Package.

Recommendation – The Department should review its depreciation records to include balances that can be easily reconciled to amounts reported in the GAAP Reporting Package.

Response – The Department has made significant improvements with regard to all aspects of capital assets inventory and will continue to seek solutions for the comments noted above.

Conclusion – Response accepted.

- (2) Personal Services Contracts – Iowa Department of Administrative Services (DAS) Policy 240.102 provides general guidelines to be used by departments when entering into personal services contracts. The required procedures include a determination, prior to signing the contract, as to whether the contractor has an employer/employee relationship with the State. To make this determination, departments are to submit copies of the pre-contract questionnaire, Internal Revenue Service (IRS) form SS-8 and the proposed contract to the State Accounting Enterprise at DAS.

Testing of twelve personnel services contracts for the Department identified the following:

- (1) For seven contracts, the contract was signed after the start date.
- (2) For four contracts, the required pre-contract questionnaire was not on file.
- (3) For one contract, the contractor did not date the document when signing.
- (4) For one contract, a termination clause was not included.
- (5) Four of the four contracts requiring either a formal or informal selection process did not have a copy of, or reference to, the web-site notice as required by Iowa Administrative Code (IAC) 11-106.5 (1).
- (6) Both of the informal contracts tested did not include documentation of contacting three vendors as required by IAC 11-106.5 (1).
- (7) Both of the formal contracts did not reference the formal selection process as required by IAC 11-106.5(1).

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Iowa Department of Public Safety

June 30, 2005

(8) For the one sole source contract, the sole source justification was not on file.

Recommendation – Personal services contracts should include the required elements as identified in the laws and regulations governing state contracts.

Response – The Department’s goal is to follow all rules associated with personnel services contracts. Compliance on the part of our staff continues to be a problem for us. With the geographic distribution of the Department and the nature of the law enforcement business it is often difficult to ensure all persons authorized to enter into agreements covered by these rules are knowledgeable of what is required of them, or what constitutes a service requiring a contract.

The Department encounters situations each year in which the preparation of a contract prior to utilization of third party services is not viable. For instance, the use of an interpreter in questioning a suspect is a situation not lending itself to compliance with the requirement for a contract signed before the services are provided, and certainly doesn’t lend itself to seeking bids before engaging in the interview.

A template contract is available on our wide-area network from which authorized persons are to begin. Training of the individuals who encounter the need to utilize the services of an outside in situations which result in a need for a personnel services agreement should resolve or greatly improve compliance with this requirement.

Conclusion – Response accepted.

(3) Fire Marshal – Chapter 100.33 of the Code of Iowa requires the Fire Marshal to file an annual report with the Governor. The annual report was not filed during the year.

Recommendation – The Department should file the Fire Marshal’s annual report with the Governor as required by the Code of Iowa.

Response – The State Fire Marshal’s Office will be made aware of the reporting requirement and instructed to comply.

Conclusion – Response accepted.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2005

Staff:

Questions or requests for further assistance should be directed to:

Pamela J. Bormann, CPA, Manager
Karen L. Brustkern, CPA, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Karen J. Kibbe, Staff Auditor
Heather L. Templeton, Staff Auditor
Nathan H. Kalkwarf, Assistant Auditor
Chad D. Lehman, Assistant Auditor
Donald J. Lewis, Assistant Auditor
Michael P. Piehl, Assistant Auditor