



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

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NEWS RELEASE

FOR RELEASE _____ August 27, 2007

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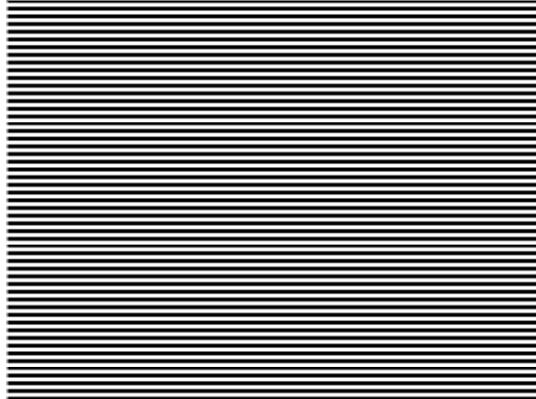
Auditor of State David A. Vaudt today released a report on the Iowa Department of Public Safety for the year ended June 30, 2006.

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, 2006

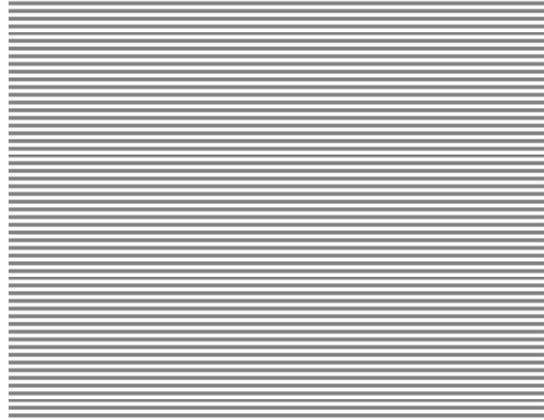
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August 21, 2007

To Eugene T. Meyer, 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, 2006.

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 Chester J. Culver, Governor
Charles J. Krogmeier, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2006

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.

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.

Response – All entities of the Department that receive revenues have been instructed to create an initial listing. The entity involved in this particular instance has now hired an additional clerk specialist whose duties include the intake of all revenue. It is hoped that the addition of this employee will resolve this issue. We will continue to stress throughout the Department the importance of preparing an initial listing.

Conclusion – Response accepted.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2006

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. In addition, current year depreciation expense on deleted items does not appear to be included in the current year additions to accumulated depreciation. However it is included in the calculation of the total accumulated depreciation deducted for the deleted items.

Recommendation – The Department should review its depreciation records to include balances that can be easily reconciled to amounts reported in the GAAP Reporting Package. In addition, the adjustments made to accumulated depreciation should be properly calculated.

Response – The recommendation has been noted and appropriate procedures will be put in place to prevent a recurrence of the deficiencies.

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 six contracts, the required pre-contract questionnaire was not on file.
- (3) For two contracts, neither the contractor nor the Department dated the document when signing.
- (4) For three contracts, a termination clause was not included.
- (5) Two informal contracts did not include documentation of contacting three vendors as required by Iowa Administrative Code (IAC) 11-106.5(1).
- (6) One formal contract did not reference the formal selection process as required by IAC 11-106.5(1).

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June 30, 2006

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

(8) One contract tested did not specify a contract end date.

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

Response – Contracts have been a recurring problem for the Department. While measures have been put in place in an attempt to reduce occurrences such as those noted, little success has been realized. The Department will explore other, more restrictive measures to ensure improvement.

Conclusion – Response accepted.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2006

Staff:

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager
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Other individuals who participated on the audits include:

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Phillip J. Cloos, Staff Auditor
Shannon M. Hoffman, Assistant Auditor
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