



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

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NEWS RELEASE

FOR RELEASE _____ August 4, 2008

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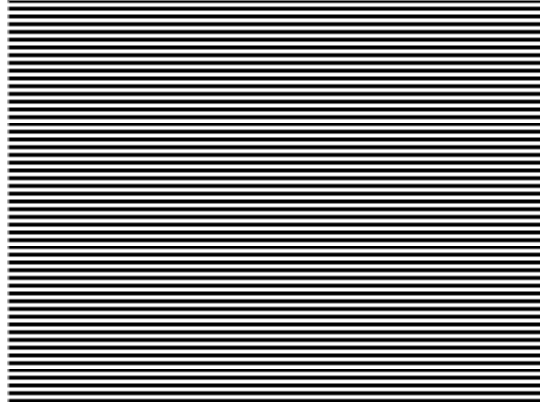
Auditor of State David A. Vaudt today released a report on the Iowa Department of Public Safety for the year ended June 30, 2007.

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 payroll and comply with requirements for personal services contracts, capital assets, ICN savings report and GAAP package. The Department responded 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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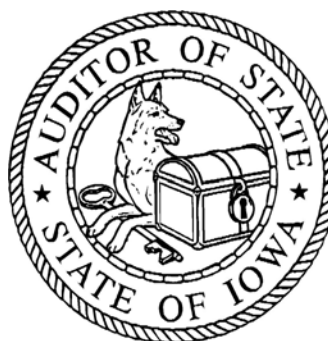


**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF PUBLIC SAFETY**

JUNE 30, 2007

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



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July 31, 2008

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, 2007.

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 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.

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
Timothy C. Faller, Interim Director, Legislative Services Agency

Report of Recommendations to the
Iowa Department of Public Safety
June 30, 2007

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.

Finding Related to Internal Control:

- (A) Payroll – Departments process and record payroll and personnel information on the Human Resource Information System (HRIS). The Human Resource Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. Individuals at the Department have the ability to initiate and approve P-1 documents

Recommendation – To strengthen controls, the Department should develop and implement procedures to segregate the duties of the Human Resource Associates from the duties of payroll.

Response – Given the volume of activity requiring these and other time sensitive documents and the lack of adequate staff to provide for sufficient back-up, it is necessary for staff to have the authority to initiate and approve documents. Staff have been instructed that the practice of initiating and applying approvals to the same document without the involvement of at least a second person does not provide ample internal control and is not allowable. Future occurrences of the practice will be deemed grounds for discipline.

Because the practice of initiating and approving P-1's by the same individual has been addressed, the situation to which the finding speaks has been corrected.

Conclusion – Response accepted.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2007

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 a record of current year depreciation activity, the Department's depreciation records do not include total accumulated depreciation to support the amounts reported in the GAAP 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. Also, several expenditures were miscoded as capital assets on the I/3 financial system.

Recommendation – The Department should review its depreciation records to ensure balances can be easily reconciled to amounts reported on the GAAP package. In addition, the adjustments made to accumulated depreciation should be properly calculated. Also, expenditures should be properly coded as capital assets on the I/3 financial system.

Response – It is the intent of the Department to keep accurate records on its capital assets. We will work with the Office of Auditor of State to identify ways to do a better job of maintaining accurate information in the future.

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 seven personnel services contracts for the Department identified the following:

- (1) For three 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 contract did not specify a contract end date.
- (4) For one of the two sole source contracts, the sole source justification was not on file.
- (5) For four contracts, the selection process was not documented as required by IAC 106.9(8A).

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2007

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 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.

A template contract is available on our wide-area network from which authorized persons are to begin. All persons will again be reminded of the rules governing the purchase of services through contractors.

Conclusion – Response accepted.

- (3) Report of Savings – Chapter 8D.10 of the Code of Iowa requires a state agency which is part of the Iowa Communications Network (ICN) to provide annually by January 15th, a written report to the General Assembly certifying the identified savings associated with the state agency’s use of the ICN.

Recommendations – The Department should submit a report of savings associated with the use of the Iowa Communications Network to the General Assembly on or before January 15th of each fiscal year.

Response - The Department simply missed filing the ICN savings report during the year in question and will file a report in future years.

Conclusion – Response accepted.

- (4) GAAP Package – The Department’s GAAP package report did not include a lease purchase agreement for the AFIS finger printing system of \$1,519,000. This matter was resolved for audit proposes.

Recommendation – The Department should review its GAAP package report to ensure all items are included and the report is complete.

Response – The Department will implement steps to review the GAAP package to ensure accuracy.

Conclusion – Response accepted.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2007

Staff:

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager
Donald J. Lewis, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Matthew R. Ritchey, Staff Auditor
Marta M. Sobieszkoda, Staff Auditor
Jacob R. Chambers, Assistant Auditor
Tiffany M. Maske, Assistant Auditor
Brian E. Aronson, Auditor Intern
Benjamin C. Umthun, Auditor Intern