



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

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**NEWS RELEASE**

FOR RELEASE July 16, 2009

Contact: Andy Nielsen  
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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, 2008.

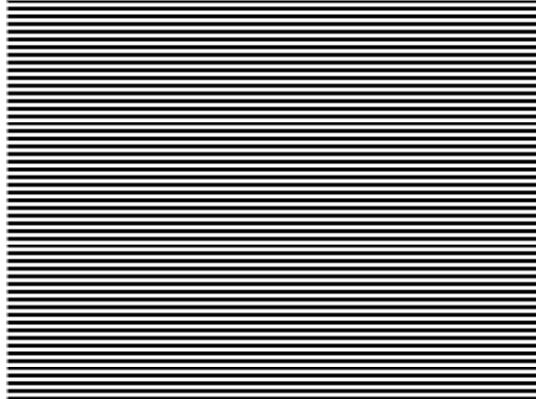
The Iowa Department of Public Safety is a statewide organization charged with promoting the safety of all Iowans from hazards associated with crime, fire and traffic through law enforcement.

Vaudt recommended the Department improve compliance with requirements for federal grants, financial reporting, personal services contracts, ICN savings report, storage facility inspections and timely deposit of collected receipts. 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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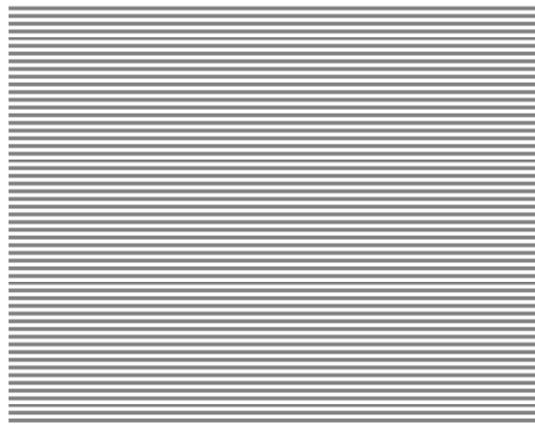
**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF PUBLIC SAFETY**

**JUNE 30, 2008**

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



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July 10, 2009

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, 2008.

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 include those reported in the State's Single Audit and the State's Report on Internal Control, as well as other recommendations pertaining to the Department's 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.

The Iowa Department of Public Safety's responses to the findings identified in our audits are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Public Safety's 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 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 9 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  
Director, Department of Management  
Glen Dickinson, Director, Legislative Services Agency

Report of Recommendations to the

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June 30, 2008

**Findings Reported in the State's Single Audit Report:**

**CFDA Number: 20.600 – State and Community Highway Safety**

**Agency Number: None**

**Federal Award Year: 2007, 2008**

**CFDA Number: 20.601 – Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants**

**Agency Number: None**

**Federal Award Year: 2006, 2007**

**CFDA Number: 20.602 – Occupant Protection**

**Agency Number: None**

**Federal Award Year: 2005, 2006**

**CFDA Number: 20.604 – Safety Incentive Grants for Use of Seatbelts**

**Agency Number: None**

**Federal Award Year: 2005**

**CFDA Number: 20.609 – Safety Belt Performance Grants**

**Agency Number: None**

**Federal Award Year: 2006**

**CFDA Number: 20.610 – State Traffic Safety Information System Improvement Grants**

**Agency Number: None**

**Federal Award Year: 2006, 2007**

**CFDA Number: 20.612 – Incentive Grant Program to Increase Motorcyclist Safety**

**Agency Number: None**

**Federal Award Year: 2006**

**State of Iowa Single Audit Report Comment: 08-III-DOT-595-6**

- (A) Monitoring of Subrecipient Audit Reports – OMB Circular A-133 requires the Department to ensure required audit reports of subrecipients expending \$500,000 or more in federal awards are completed within nine months of the subrecipient's fiscal year end, issue a management decision on audit findings within six months of receipt of the subrecipient's audit report and ensure the subrecipient takes timely and appropriate corrective action.

The Department of Public Safety has not established policies to perform timely review of subrecipient audit reports and the Department did not review any audit reports during the year.

Recommendation – The Department should establish and implement written policies and procedures to ensure subrecipient audit reports are received and reviewed in a timely manner, including appropriate follow-up.

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Response and Corrective Action Planned – We have found the form letters utilized in the past. These letters will be given form numbers and added to the Governor’s Traffic Safety Bureau (GTSB) forms and database and placed in the Department’s electronic procedural manual forms section. GTSB will also write and implement a written directive to address the requirements of OMB Circular A-133 and procedures for meeting the requirement. GTSB is currently preparing letters for grantees requesting the appropriate confirmation.

Conclusion – Response accepted.

**State of Iowa Single Audit Report Comment: 08-III-DOT-595-7**

- (B) Suspension and Debarment – OMB Circular A-133 states the Department is prohibited from contracting with or making awards under covered transactions to parties who are suspended or debarred. The Department did not determine and has not established procedures to ensure transactions are with contractors who are not suspended or debarred.

Recommendation – The Department should establish and implement procedures to ensure transactions are with contractors who are not suspended or debarred.

Response and Corrective Action Planned – The Department of Public Safety was not aware of this requirement until notified by the Office of Auditor of State on March 9, 2009. Now that the Department is aware of the requirement, steps will be taken to include the clause in all Department issued contracts effective July 1, 2009 and later. However, since the Iowa Department of Administrative Services (DAS) is responsible for entering into state-wide contracts, it is their responsibility to ensure this requirement is met on those contracts. Therefore, we will rely on them to perform this requirement on all contracts they issue.

Conclusion – Response acknowledged. The Department should work with DAS to ensure contracts require the contractor to affirm they are not suspended or debarred from participation in a federal contract or take steps to ensure the contractor is not found on the current list of Excluded Parties List System (EPLS) before the Department executes a contract or contract renewal.

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**Findings Reported in the State's Report on Internal Control:**

- (1) Financial Reporting – Departments record receipts and disbursements on the Integrated Information for Iowa (I/3) system throughout the year, including the accrual period. Activity not recorded on the I/3 system is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS-SAE) on a GAAP package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year. The following were noted:
- (a) The GAAP package was submitted October 21, 2008, which was not timely.
  - (b) The GAAP package was not reviewed by an independent reviewer prior to submittal to DAS-SAE.
  - (c) Total construction commitments of \$2,471,021 reported on the GAAP package for two construction projects were incorrect. Actual unpaid construction contracts were \$1,624,581, an overstatement of \$846,440. This was properly adjusted for reporting purposes.

Recommendation – The Department should ensure the GAAP package is submitted timely, accurate information is reported and supported and properly reviewed by appropriate management prior to submission.

Response –

- (a) Due to the amount of information required and the amount of detail the Iowa Department of Public Safety must put into this package, it is impossible to complete it by the first part of September in any year. However, this last year's delay was compounded by the retirement of the person responsible for its completion. The retiree was instructed to provide the information and training to another individual so it could be completed. However, that person only received a copy of the prior years GAAP package with no training or backup documentation. Therefore, we had to figure out what had been done in the past to determine how to accurately complete the most current GAAP package. Now that this information has been reviewed and documentation improved upon we do not expect the GAAP package to be this late in future years.
- (b) In our attempt to get the GAAP package submitted this process was missed. We will make sure this step is completed in the future.
- (c) We unintentionally used the remaining balance of the appropriation rather than outstanding amounts on the contracts. We will report the appropriate amounts on the next GAAP package.

Conclusion – Response accepted.

**Other Findings Related to Internal Control:**

No matters were noted.

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

- (1) 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 ten personnel services contracts for the Department identified the following:

- (1) For six contracts, the contract was signed after the start date.
- (2) For five contracts, the required pre-contract questionnaire was not on file.
- (3) For one contract, the contract did not contain a termination clause.
- (4) For three contracts, the selection process was not documented as required by IAC 106.9(8A).

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 has 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. The Department is in the midst of obtaining accreditation under the Commissioner for the Accreditation of Law Enforcement Agencies. This accreditation requires internal policies regarding acquisition of goods and services and is being used as a refresher for departmental personnel.

We will continue stressing compliance issues to staff responsible for entering into and executing such agreements.

Conclusion – Response accepted.

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- (2) Report of Savings – Chapter 8D.10 of the Code of Iowa requires each department which is part of the Iowa Communications Network (ICN) to annually provide a written report to the General Assembly by January 15<sup>th</sup> certifying the identified savings associated with the department's use of the ICN.

Recommendation – 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 15<sup>th</sup> of each fiscal year.

Response - The Department's ICN Savings Report was not submitted timely, but was submitted in March. A tickler system was established using the task function of Microsoft Outlook after the prior year comments so reports are submitted timely in the future. All required reports were submitted timely for the current year (FY 2009).

Conclusion – Response accepted.

- (3) Explosive Storage Facility Inspections - Chapter 101A.7 of the Code of Iowa requires each explosive storage facility to be inspected once a year by a representative of the State Fire Marshall's Office. Four of ten facilities selected had not been inspected within the last calendar year.

Recommendation – The Department should implement procedures to ensure each licensed explosive storage facility is inspected annually

Response – The State Fire Marshal's Office has recently changed the inspection procedure to require each investigator to inspect all explosives storage facilities in their assigned area. Previously the responsibility fell to one investigator who had more experience with the inspections.

Conclusion – Response accepted.

- (4) Timely Deposit – Chapter 12.10 of the Code of Iowa requires departments to deposit 90 percent of all receipts within 10 days of collection. The funds remaining in the hands of the department should not exceed the sum of \$5,000 and money held should not be held for more than 30 days. Twenty-four of forty-eight construction plan review fees selected were not deposited within 10 days and the total amount held exceeded \$5,000.

Recommendation – The Department should implement procedures to ensure all receipts are timely deposited.

Response – The employee responsible for timely deposits for the Division in question was promoted to a position outside of the Division. The extended vacancy created difficulties for the Division to stay on top of deposits as they should have. The deficiency has since been corrected.

Conclusion – Response accepted.

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**Staff:**

Questions or requests for further assistance should be directed to:

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

Other individuals who participated on the audits include:

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Tracey L. Gerrish, Staff Auditor  
Jenny M. Podrebarac, Staff Auditor  
Brett M. Zeller, Staff Auditor  
Alison P. Baker, Assistant Auditor  
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