



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

September 21, 2010

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released a combined report on the eight Judicial District Departments of Correctional Services for the year ended June 30, 2009.

The eight Judicial District Departments of Correctional Services provide community-based correctional programs to Iowa's 99 counties and have administrative offices in Waterloo, Ames, Sioux City, Council Bluffs, Des Moines, Cedar Rapids, Davenport and Fairfield. The Iowa Department of Corrections provides the majority of the funding for the District Departments.

Total revenues ranged from \$6,432,399 at the Fourth Judicial District Department to \$23,997,709 at the Fifth Judicial District Department. Similarly, total expenditures ranged from \$6,392,218 at the Fourth Judicial District Department to \$24,104,464 at the Fifth Judicial District Department.

Vaudt made recommendations to strengthen internal controls and comply with statutory requirements at certain District Departments. The District Departments' responses are included in the report.

A copy of the report is available for review at each of the Judicial District Departments, in the Office of Auditor of State and on the Auditor of State's web site at: <http://auditor.iowa.gov/reports/1075-0000-0R00.pdf>

###

**COMBINED REPORT OF RECOMMENDATIONS TO THE
EIGHT JUDICIAL DISTRICT DEPARTMENTS OF
CORRECTIONAL SERVICES**

JUNE 30, 2009

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



David A. Vaudt, CPA
Auditor of State

Table of Contents

	<u>Page</u>
Auditor of State's Report	3
Overview	4-5
Schedules:	<u>Schedule</u>
Schedule of General Fund Revenues, Expenditures and Changes in Fund Balance by Judicial District Department	1 6-7
General Fund Revenues by Judicial District Department	2 8
General Fund Expenditures by Judicial District Department	3 9
Findings and Recommendations:	
First Judicial District Department	10
Second Judicial District Department	11-12
Third Judicial District Department	13
Fourth Judicial District Department	14
Fifth Judicial District Department	15-16
Sixth Judicial District Department	17-19
Seventh Judicial District Department	20
Eighth Judicial District Department	21-23



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

David A. Vaudt, CPA
Auditor of State

September 13, 2010

To the Board Members of the
Judicial District Departments of Correctional Services:

The eight individual Judicial District Departments are part of the State of Iowa and, as such, have 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, 2009.

In conducting our audits, we became aware of certain aspects concerning the various District Departments' 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 Report on Internal Control, as well as other recommendations pertaining to the District Departments' internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with personnel at each applicable District Department and their responses to these recommendations are included in this report. While we have expressed our conclusions on the District Departments' responses, we did not audit the District Departments' responses and, accordingly, we express no opinion on them.

We have also included certain unaudited financial information for the Judicial District Departments for the year ended June 30, 2009.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Judicial District Departments of Correctional Services, citizens of the State of Iowa and other parties to whom the Judicial District Departments of Correctional Services 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 District Departments during the course of our audits. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the District Departments are listed on pages 10, 12, 13, 14, 16, 19, 20 and 23 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
Richard C. Oshlo, Jr., Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

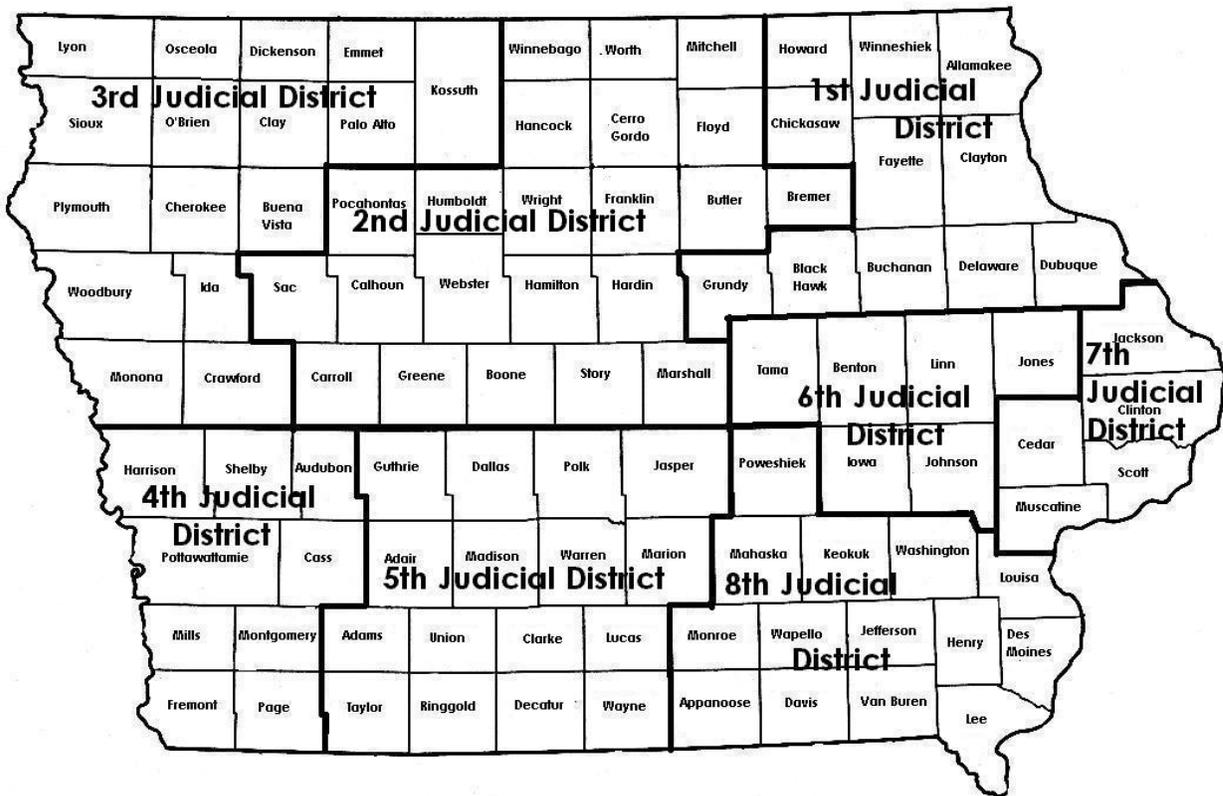
Eight Judicial District Departments of Correctional Services

Overview

Background

In accordance with Chapter 905 of the Code of Iowa, the Iowa Department of Corrections provides assistance and support to the eight established judicial district departments. Each district department is responsible for establishing those services necessary to provide a community-based correctional program which meets the needs of that judicial district. Each district department is under the direction of a board of directors and is administered by a director employed by the board.

The district departments are located geographically throughout the state (see map below) with administrative offices located in Waterloo, Ames, Sioux City, Council Bluffs, Des Moines, Cedar Rapids, Davenport and Fairfield.



Scope and Methodology

We have presented schedules of general fund revenues, expenditures and changes in fund balance by judicial district department for comparative purposes. These amounts were obtained from information which was used for statewide financial statement purposes. Certain reclassifications and changes have been made to revenues to provide comparable data. These reclassifications and changes are as follows:

- (1) State allocations, transfers between Districts and reversion amounts were netted and titled net state appropriation allocation for this report.
- (2) The receipts from other entities category was titled federal, state and local grants and contracts for this report.

Eight Judicial District Departments of Correctional Services

Overview

- (3) The fees, licenses and permits and refunds and reimbursements categories have been combined and titled fees, refunds and reimbursements for this report.
- (4) Sales, rents and services and miscellaneous categories have been combined and titled rents and miscellaneous for this report.

Summary Observation

Total revenues ranged from \$6,432,399 at the Fourth Judicial District Department to \$23,997,709 at the Fifth Judicial District Department. Similarly, total expenditures ranged from \$6,392,218 at the Fourth Judicial District Department to \$24,104,464 at the Fifth Judicial District Department.

Judicial District Departments

Schedule of General Fund Revenues, Expenditures and Changes in Fund Balance
by Judicial District Department
(Unaudited)

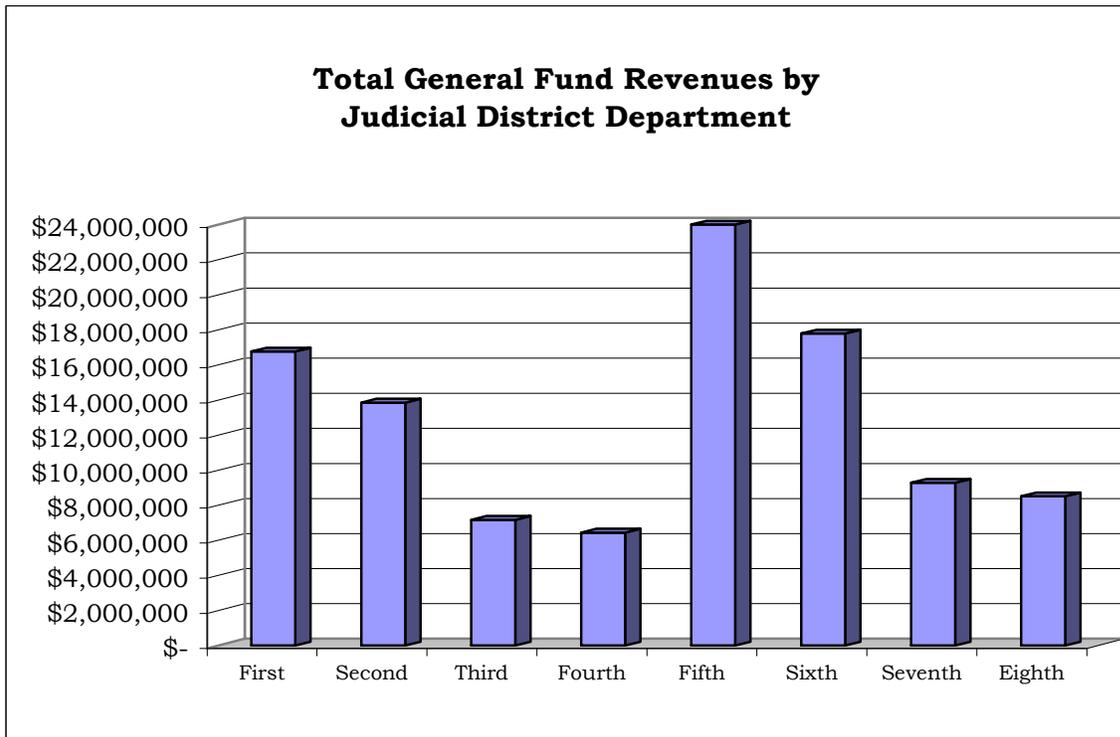
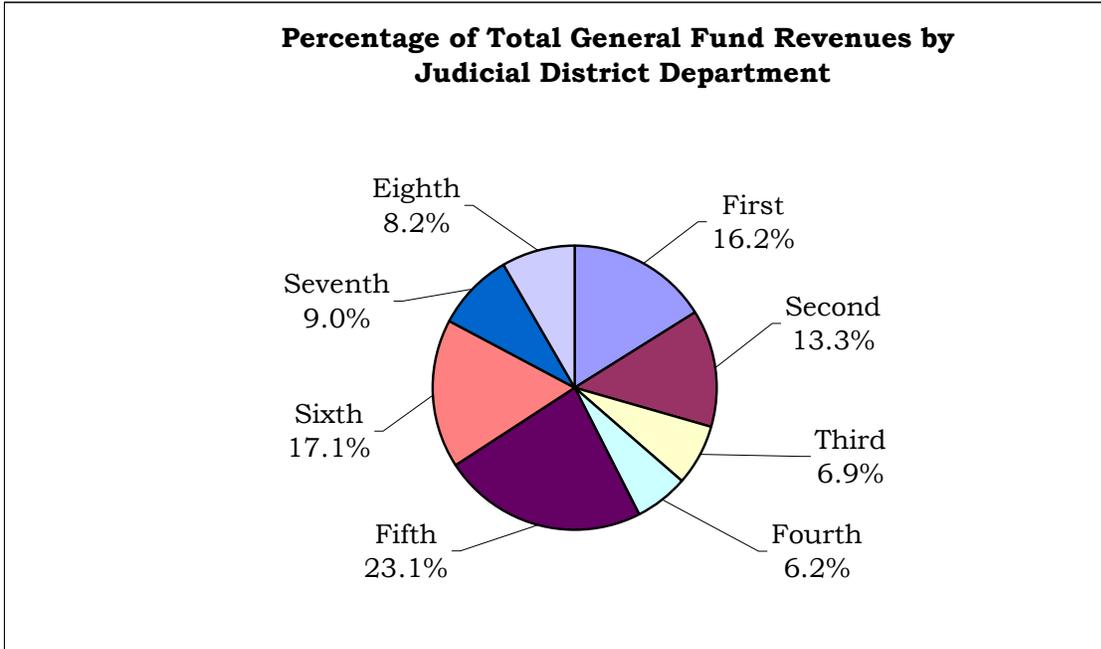
Year ended June 30, 2009

	First	Second	Third
Revenues:			
Net state appropriation allocation	\$ 13,710,704	11,494,932	6,325,559
Federal, state and local grants and contracts	1,067,937	828,653	-
Interest on investments	30,407	23,449	13,229
Fees, refunds and reimbursements	1,947,166	1,452,357	830,296
Rents and miscellaneous	-	47,859	-
Total revenues	16,756,214	13,847,250	7,169,084
Expenditures:			
Personal services	14,664,740	11,783,766	6,279,611
Travel and subsistence	107,465	189,227	76,241
Supplies	559,623	515,618	224,542
Contractual services	979,890	928,337	350,023
Equipment and repairs	108,896	129,878	22,288
Claims and miscellaneous	243,891	-	229,917
Plant improvements	-	21,983	-
Total expenditures	16,664,505	13,568,809	7,182,622
Excess (deficiency) of revenues over (under) expenditures	91,709	278,441	(13,538)
Fund balance beginning of the year	132,259	276,414	353,551
Fund balance end of the year	\$ 223,968	554,855	340,013

Judicial District Department					
Fourth	Fifth	Sixth	Seventh	Eighth	Total
5,914,531	19,652,287	13,784,803	7,521,642	7,433,463	85,837,921
4,000	184,710	1,621,937	169,448	15,000	3,891,685
2,864	48,424	62,846	18,872	13,069	213,160
497,913	4,087,259	2,236,153	1,562,794	1,038,702	13,652,640
13,091	25,029	75,690	-	7,736	169,405
6,432,399	23,997,709	17,781,429	9,272,756	8,507,970	103,764,811
5,668,712	19,637,253	14,567,463	8,124,652	7,064,534	87,790,731
83,743	133,281	106,587	59,296	81,472	837,312
145,270	963,262	776,375	439,972	251,241	3,875,903
469,494	3,127,151	1,029,047	613,088	689,210	8,186,240
10,445	177,895	1,235,399	6,434	157,033	1,848,268
14,554	65,622	157,908	35,202	67,433	814,527
-	-	109,915	3,466	-	135,364
6,392,218	24,104,464	17,982,694	9,282,110	8,310,923	103,488,345
40,181	(106,755)	(201,265)	(9,354)	197,047	276,466
3,595	1,003,025	412,072	111,184	225,837	2,517,937
43,776	896,270	210,807	101,830	422,884	2,794,403

Judicial District Departments
General Fund Revenues by Judicial District Department
(Unaudited)

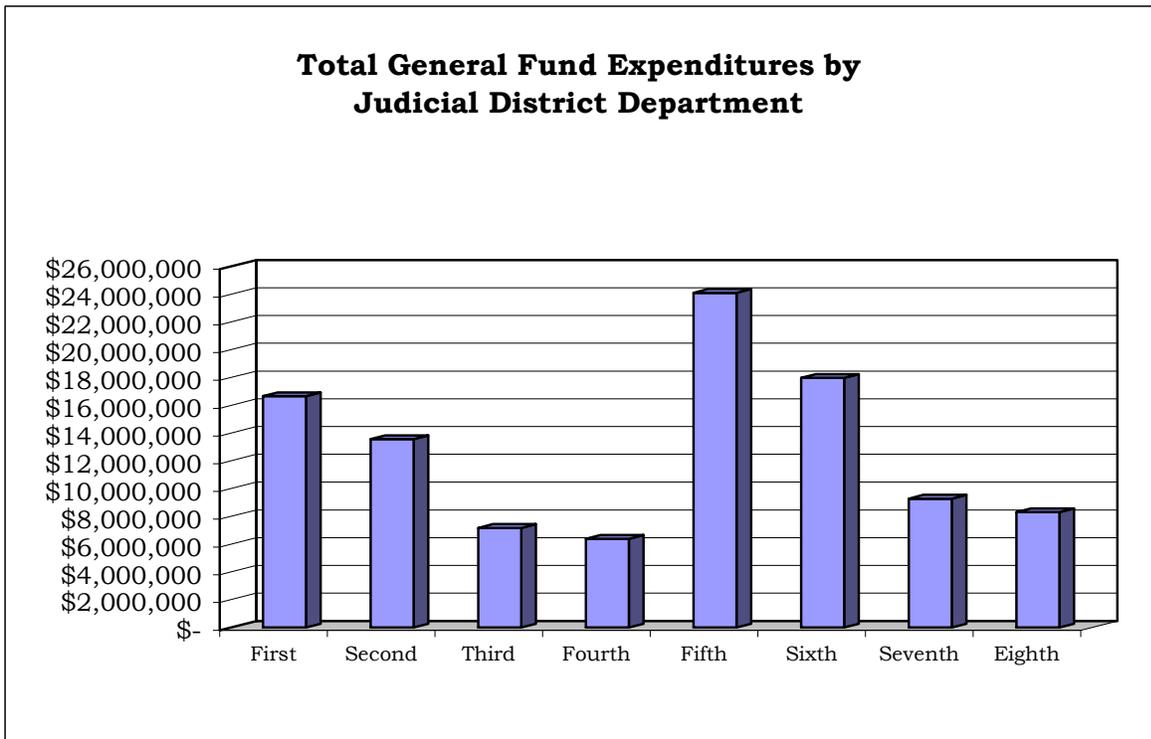
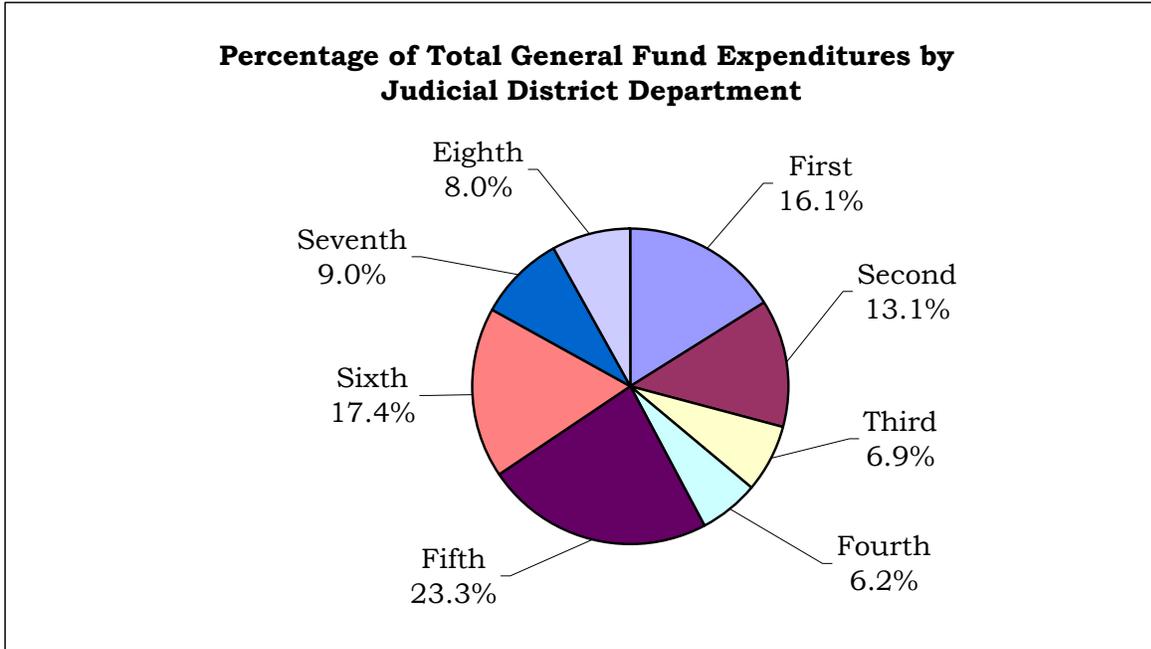
Year ended June 30, 2009



Judicial District Departments

General Fund Expenditures by Judicial District Department
(Unaudited)

Year ended June 30, 2009



Report of Recommendations to the
First Judicial District Department

June 30, 2009

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:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Pamela J. Bormann, CPA, Manager
Kurt D. Goldsmith, Assistant Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Samantha J. Brinks, CPA, Assistant Auditor
Kelly L. Hilton, Assistant Auditor

Report of Recommendations to the
Second Judicial District Department

June 30, 2009

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:

- (1) Bank Reconciliations – A review of the monthly bank reconciliations identified the residential bank account had not been reconciled and the administrative bank account had not been reviewed by an independent person.

Recommendation – The District Department should ensure bank reconciliations are completed in a timely manner and properly reviewed.

Response – All bank accounts maintained by the District Department are reviewed and will continue to be reviewed by a staff member independent of the individual responsible for reconciliation of the respective bank account. The District Department will require the independent reviewer either initial or sign the respective bank account reconciliation upon completion of the timely review.

The District Department had already taken steps prior to the fiscal year 2009 audit to ensure the residential bank account is reconciled accurately. Primarily this action involved re-assigning the responsibilities for reconciliation and review of the residential bank account to different District Department staff. The District Department will continue to evaluate its internal controls and staff responsibilities and duties to ensure the residential bank account is reconciled accurately and timely and reviewed independently with review acknowledgement.

Conclusion – Response accepted.

- (2) Regional Office Cash Collections – Parole officers collect money from offenders for various fees and issue a receipt. When moneys collected by the parole officers are provided to the office for deposit, office personnel at the Mason City field office have not consistently documented the receipt of funds by initialing the receipt books.

Recommendation – Office personnel should document the receipt of any money received by initialing each receipt.

Response – As of April 14, 2010, all probation/parole officers and group facilitators at the Mason City Field Office have been instructed that effective immediately, they are to be performing the following procedure.

After collecting money from clients and issuing a receipt copy to the client, the District Department staff member will bring their field receipt book and collected money to one of the office secretaries, who will then verify moneys with receipts, initial the receipt book, remove the original receipt from the receipt book, and continue with normal processing of the moneys collected through safekeeping of the receipts and funds for final deposit.

Conclusion – Response accepted.

Report of Recommendations to the
Second Judicial District Department

June 30, 2009

Findings Related to Statutory Requirements and Other Matters:

Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each state agency to report and remit obligations, including checks, outstanding for more than two years to the Treasurer of State annually. Sixteen outstanding checks greater than two years old had not been remitted to the Treasurer of State.

Recommendation – The outstanding checks should be reviewed annually and items over two years old should be remitted to the Treasurer of State as required by the Code of Iowa.

Response – The District Department acknowledges and understands the requirements regarding unclaimed property as stated in Chapter 556.11 of the Code of Iowa. The sixteen outstanding checks greater than two years old, as noted above, will be processed and remitted to the Treasurer of State no later than June 15, 2010. Proof of remittance will be provided to the auditor at that time.

On an annual basis at a minimum hereafter, the District Department will review outstanding checks and any other obligations to determine if any meet the definition of unclaimed property. If any outstanding checks qualify as unclaimed property, they will be reported and remitted to the Treasurer of State by the annual deadline required by the Code of Iowa.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Manager
Jenny R. Lawrence, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Daryl L. Hart, Assistant Auditor

Report of Recommendations to the
Third Judicial District Department

June 30, 2009

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:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager
Michael F. Conroy, Assistant Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Christina M. Renze, Assistant Auditor

Report of Recommendations to the
Fourth Judicial District Department

June 30, 2009

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:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Pamela J. Bormann, CPA, Manager
Joshua B. Ludwig, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Clinton J. Krapfl, Assistant Auditor

Report of Recommendations to the
Fifth Judicial District Department

June 30, 2009

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:

- (1) Agency Fund Disbursements – Certain client account disbursements did not have the proper authorization of the client signature and the counselor signature.

Recommendation – The District Department should ensure all client disbursements are properly authorized with the client and counselor's signatures.

Response – The District will ensure all client disbursements are properly authorized with the client and counselor signatures present.

Conclusion – Response accepted.

- (2) GAAP Package – District Departments are required to submit GAAP packages each year. The liability for compensated absences was understated due to using an old Iowa Public Employees Retirement System (IPERS) rate for the calculation.

Recommendation – The District Department should ensure the proper amounts are reported in the GAAP package.

Response – The District Department will ensure an adjustment is shown on the fiscal year 2010 GAAP package to correct the understatement of the liability for compensated absences due to the old IPERS rate being used.

Conclusion – Response accepted.

- (3) Client Accounts – The District Department performs monthly bank reconciliations of the client checking account. However, the individual client balances are not totaled and reconciled to the book balance of the client checking account.

Recommendation – The District Department should print the month end balance of the individual client balances and reconcile the total to the book balance of the client checking account each month.

Response – The District Department will print the month end balance of the individual client balances and reconcile the total to the book balance of the client checking account.

Conclusion – Response accepted.

Report of Recommendations to the
Fifth Judicial District Department

June 30, 2009

Findings Related to Statutory Requirements and Other Matters:

Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each state agency to report and remit obligations, including checks, outstanding for more than two years to the Treasurer of State annually. Nine outstanding checks greater than two years old had not been remitted to the Treasurer of State.

Recommendation – The outstanding checks should be reviewed annually and items over two years old should be remitted to the Treasurer of State as required by the Code of Iowa.

Response – We will begin to review outstanding checks annually and items over two years old will be remitted to the Treasurer of State as required by the Code of Iowa.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager
Tiffany M. Ainger, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Gabriel M. Stafford, CPA, Assistant Auditor
Jeana R. Muhlbauer, Assistant Auditor

Report of Recommendations to the
Sixth Judicial District Department

June 30, 2009

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:

- (1) Accounts Receivable – District Departments are required to submit GAAP packages each year. The District Department reported receivables for supervision fees and client rent. Reconciliations of billings, collections and delinquent accounts were not performed monthly for supervision fees and client rent receivables. Additionally, no allowance for doubtful accounts was recorded for client rent receivables.

Recommendation – The District Department should reconcile the supervision fees and client rent receivables monthly. In addition, an allowance for doubtful accounts for client rent receivables should be recorded.

Response – Client rent and supervision fee reconciliations were started at the end of fiscal year 2009 and will continue. Allowance for doubtful accounts will be done for client rent receivables starting with the fiscal year 2010 GAAP Package.

Conclusion – Response accepted.

- (2) Segregation of Duties – Client Accounts – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. Generally, one person has control over each of the client disbursement functions. The accountant for the residential bank account prepares claims and prepares and signs checks using facsimile plates. However, there is no evidence of review or documentation of the disbursements being compared to the check register and client request form before the checks are disbursed.

Recommendation – To strengthen controls over client disbursements, if the same person prepares claims and checks and also signs checks, an independent person should document review of the claims and should compare the checks to the client request form and check register before the checks are disbursed.

Response – Starting immediately, a separate person will review the client checks with the client request form and check register to verify no alterations of checks.

Conclusion – Response accepted.

- (3) Bank Reconciliation – A review of the monthly bank reconciliations for the residential bank account identified several adjustments/reconciling items not posted to the general ledger timely. Some of the adjustments/reconciling items have been carried forward on the bank reconciliations for several years.

Recommendation – The District Department should ensure adjustments/reconciling items noted on the monthly bank reconciliations are posted to the general ledger timely.

Response – For the client banking account, an adjustment will be made for older outstanding items.

Conclusion – Response accepted.

Report of Recommendations to the
Sixth Judicial District Department

June 30, 2009

- (4) Documentation of Reviews Performed – Individuals independent of claims, the payroll journal and bank reconciliations review these documents, but written evidence of the review is not retained.

Recommendation – Written evidence of the review of claims, payroll journals and bank reconciliations should be retained.

Response – We started reviews at the end of fiscal year 2009, and we will continue with those reviews.

Conclusion – Response accepted.

- (5) GAAP Package – District Departments are required to submit GAAP packages each year. The GAAP package had errors in the following sections:

- (A) The liability for compensated absences was overstated and there was not adequate support for the amounts reported in the GAAP Package.
- (B) Construction in progress was incorrectly reported. The amount should be reported in the Department of Corrections GAAP Package, not in Sixth Judicial District's GAAP Package.
- (C) Capital lease payments were incorrectly reported as loans and notes payable.
- (D) There was no evidence of independent review of the GAAP package.
- (E) Three capital lease/installment purchases were incorrectly included on the GAAP package as loans and notes payable.
- (F) Adequate supporting documentation was not provided for operating leases reported in the GAAP Package.

Recommendation – The District Department should ensure the proper amounts are reported in the GAAP package. In addition, an individual independent of the GAAP package preparation should review the GAAP package and sign the certification page as evidence of review.

Response – Better documentation of GAAP package preparation will be kept. A separate person will review the GAAP package before it is submitted.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

- (1) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each state agency to report and remit obligations, including checks, outstanding for more than two years to the Treasurer of State annually. Certain outstanding checks greater than two years old have not been remitted to the Treasurer of State.

Recommendation – The outstanding checks should be reviewed annually and items over two years old should be remitted to the Treasurer of State as required by the Code of Iowa.

Response – We previously have submitted items to the Treasurer of State. We will continue to review records for outstanding items that can be forwarded to the Treasurer of State.

Conclusion – Response accepted.

Report of Recommendations to the
Sixth Judicial District Department

June 30, 2009

- (2) Questionable Disbursements – We noted certain disbursements that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These disbursements are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
American Express	Late payment fee and finance charge	\$ 68
BP	Late charges and interest	<u>80</u>
		\$ <u>148</u>

Recommendation – The Board should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the District Department should establish written policies and procedures, including the requirement of proper documentation.

Response – Late fees were charged due to holding payment for documentation of charges. We will obtain charge documentation in a timely manner and submit the invoice for payment by the due date.

Conclusion – Response accepted.

- (3) Schedule of Expenditures of Federal Awards – The federal expenditures in the Schedule of Expenditures of Federal Awards were not properly supported.

Recommendation – The District Department should ensure the proper amounts are reported when preparing the Schedule of Expenditures of Federal Awards and adequate supporting documentation is retained.

Response – We will keep better documentation of what was reported on Schedule of Expenditures of Federal Awards and why.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Manager
Kristin M. Ockenfels, Assistant Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Samantha J. Brincks, CPA, Assistant Auditor

Report of Recommendations to the
Seventh Judicial District Department

June 30, 2009

Findings Reported in the State's Single Audit Report:

No matters were noted.

Finding Reported in the State's Report on Internal Control:

Capital Assets – Chapter 7A.30 of the Code of Iowa requires each department of the state to maintain a written, detailed and up-to-date inventory of property under its charge and control.

The District is constructing a new residential facility. Funds are appropriated to the Iowa Department of Corrections and are available to the District during construction. As work progressed, both the District and the Iowa Department of Corrections recorded the construction in progress on the GAAP package. This was properly adjusted for reporting purposes.

Recommendation – To prevent double counting of capital assets, the District should refrain from reporting construction in progress until the Iowa Department of Corrections transfers the completed building to the District.

Response – The District will not report the construction in progress until the Iowa Department of Corrections transfers the completed building to the District.

Conclusion – Response accepted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Manager
Alison P. Herold, Assistant Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Reza Sepehri, Assistant Auditor

Report of Recommendations to the
Eighth Judicial District Department

June 30, 2009

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Single Audit Report:

No matters were noted.

Other Findings Related to Internal Control:

(1) Segregation of Duties (Fairfield Administrative Office) – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. Generally, one person has control over each of the following areas:

(1) Receipts/Bank Reconciliation - The responsibilities for collection, deposit preparation and reconciliation functions should be separated from those for recording and accounting for receipts. Currently, the administrative officer opens mail and creates receipts, accounts for receipts and performs the bank reconciliation. The District Director initials the bank reconciliations.

(2) Payroll – Both the administrative office and executive secretary have access to all employee's timesheets and are able to prepare and approve any employee's timesheet.

Recommendation – Someone independent of the receipt process should compare the receipts to the cash and checks collected, compare the receipts to a validated deposit slip and initial to indicate review. Also, there should be restrictions for employees to have access only to their individual timesheets and those they are allowed to approve.

Response – Due to budget limitations, staff size is limited to one administrative accountant and a part time executive secretary. We will continue to segregate duties as much as possible using the small staff available.

Conclusion – Response accepted.

(2) Contract Renewal – Two of seven contracts tested were not current for fiscal year 2009. In addition, two of seven contracts tested did not contain a clause denoting compliance with applicable laws and regulations and a clause regarding the assignment of the contract.

Recommendation – Contracts should be renewed when they expire if services are being continued. In addition, to ensure proper control procedures, contracts should include all appropriate clauses.

Response – All contracts will be reviewed annually and appropriate clauses will be included.

Conclusion – Response accepted.

(3) Credit Cards – The District Department has credit cards for use by employees for Department business. The District Department has not adopted a formal policy to regulate the use of credit cards and has not established procedures for the proper accounting of credit card charges.

Recommendation – The District Department should adopt a formal written policy regulating the use of District Department credit cards. The policy should, at a minimum, address who controls credit cards, who is authorized to use credit cards and for what purpose, as well as the types of supporting documentation required to substantiate changes.

Report of Recommendations to the
Eighth Judicial District Department

June 30, 2009

Response – A credit card policy has been written and will be approved by the Board of Directors at the June 2010 meeting.

Conclusion – Response accepted.

- (4) Supervision Fees – The District Department is not reconciling the assessment and receipt of supervision fees.

Recommendation – The District Department should reconcile the assessment and receipt of supervision fees.

Response – The District Department instituted procedures to reconcile the assessment and receipt of supervision fees.

Conclusion – Response accepted.

- (5) Timely Deposits – Certain receipts were not deposited timely.

Recommendation – The District Department officials should implement procedures to ensure all receipts are deposited in a timely manner.

Response – The District Department will discuss the timeliness of deposits with the employees responsible for making deposits.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

- (1) Project Advisory Committee – As required by Chapter 905.4(10) of the Code of Iowa, the District Board shall establish a project advisory committee to act in an advisory capacity on matters pertaining to the planning, operation and other pertinent functions of each project in the Judicial District. The Eighth Judicial District Board did not establish a project advisory committee.

Recommendation – The Eighth Judicial District Board should establish a project advisory committee to act in an advisory capacity on matters pertaining to projects in the judicial district.

Response – The District Department established a project advisory committee. The first meeting was in July 2009.

Conclusion – Response accepted.

- (2) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each state agency to report and remit obligations, including checks, outstanding for more than two years to the Treasurer of State annually. Certain outstanding checks greater than two years old have not been remitted to the Treasurer of State.

Recommendation – The outstanding checks should be reviewed annually and items over two years old should be remitted to the Treasurer of State as required by the Code of Iowa.

Response – The District Department will review the list annually and remit amounts to the Treasurer of State's office.

Conclusion – Response accepted.

Report of Recommendations to the
Eighth Judicial District Department

June 30, 2009

Staff:

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager
Jacqueline E. Gulick, Assistant Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Clinton J. Krapfl, Assistant Auditor