



**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 \_\_\_\_\_

June 6, 2003

Contact: Andy Nielsen  
515/281-5515

Auditor of State David A. Vaudt today released a report on the Iowa Department of Inspections and Appeals for the year ended June 30, 2002.

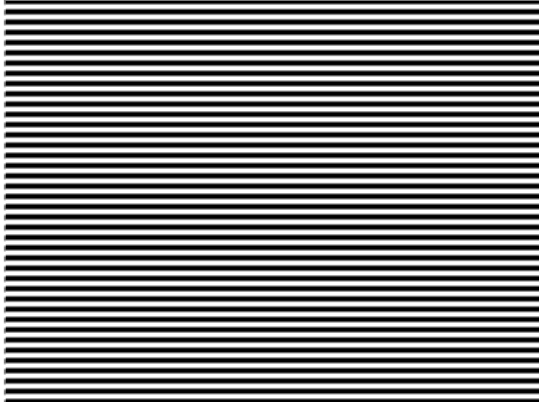
The Iowa Department of Inspections and Appeals was created for the purpose of coordinating and conducting audits, appeals, hearings, inspections and investigations related to the operations of Iowa state government. The Department also provides administrative support services for the Employment Appeal Board, Hospital Licensing Board, Citizen Foster Care Review Board, State Public Defender and the Iowa Racing and Gaming Commission.

Vaudt recommended that the Department develop written policies to help ensure accurate reporting of capital assets.

A copy of the report is available for review in the Iowa Department of Inspections and Appeals or the office of the Auditor of State.

###





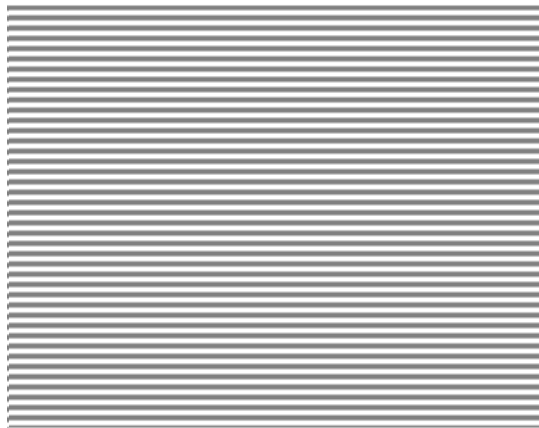
**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF INSPECTIONS AND APPEALS**

**JUNE 30, 2002**

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



**David A. Vaudt, CPA**  
**Auditor of State**



0360-4270-0000



**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

May 29, 2003

To Steven K. Young, Director of the  
Iowa Department of Inspections and Appeals:

The Iowa Department of Inspections and Appeals 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, 2002.

In conducting our audits, we became aware of an aspect concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on the following page. The recommendation pertains to the Department's compliance with statutory requirements and other matters which we believe you should be aware of. The recommendation has been discussed with Department personnel, and their response to the recommendation is 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 Inspections and Appeals, citizens of the State of Iowa and other parties to whom the Iowa Department of Inspections and Appeals 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 any 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 Department are listed on page 6 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  
Cynthia P. Eisenhauer, Director, Department of Management  
Dennis C. Prouty, Director, Legislative Fiscal Bureau

**Iowa Department of Inspections and Appeals**

June 30, 2002

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

No matters were reported.

**Findings Related to Internal Control:**

No matters were reported.

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

- (1) Capital Assets - Chapter 7A.30 of the Code of Iowa requires each Department of the state to keep a written, detailed, up-to-date inventory of all real and personal property belonging to the state. The Department has developed written policies to define what assets are capitalized and what procedures are to be used for tracking capital assets. The following conditions were noted during testing of the Department's capital assets:
- a. The Department's current capital asset policy states that purchases which cost greater than \$1,000 must be approved by the Director or Deputy Director. Four of ten asset additions tested did not have the appropriate level of approval.
  - b. The Department does not have a written policy for depreciation, describing useful lives for various asset classes, salvage values or the method that is being used to calculate depreciation.
  - c. The accumulated depreciation balances reported by the Department included depreciation on assets disposed of in prior years and errors in the calculation of current year depreciation.
  - d. The Iowa Racing and Gaming Commission has a capital asset policy that states that department heads will authorize all asset disposals. Two of seven disposals tested were not properly authorized.
  - e. One asset traded in during the current year was not removed from the inventory listing.

Recommendation – The Department should comply with existing capital asset policies to ensure that asset additions and disposals are properly authorized. In addition, the Department should develop written policies to ensure that assets are depreciated in a consistent manner. The Department should maintain an inventory listing that properly supports amounts reported in its financial records.

Response – The Department will make every reasonable effort to follow existing capital asset policies to ensure that asset additions and disposals are properly authorized and will look at possible revisions of those policies taking into consideration the value of the asset.

The Department will also develop written policies to ensure that assets are depreciated in a consistent manner and continue efforts to maintain an accurate inventory listing that supports our financial records.

Report of Recommendations to the Iowa Department of Inspections and Appeals

June 30, 2002

Conclusion – Response accepted.

**Staff:**

Questions or requests for further assistance should be directed to:

Joe T. Marturello, CIA, Manager  
Lesley R. Geary, CPA, Senior Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Daniel L. Durbin, CPA, Staff Auditor  
Lora A. Van Essen, CPA, Staff Auditor  
Jeffrey M. Evans, Assistant Auditor  
Kristen E. Harang, CPA, Assistant Auditor