

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

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**NEWS RELEASE**

FOR RELEASE

October 22, 2012

Contact: Andy Nielsen  
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Auditor of State David A. Vaudt today released a combined report on the institutions under the control of the Iowa Department of Corrections. The report includes findings and recommendations and average cost per inmate information for the five years ended June 30, 2011.

The average cost per inmate at the nine institutions under the control of the Iowa Department of Corrections ranged from \$19,901 at the North Central Correctional Facility – Rockwell City to \$49,615 at the Iowa Medical and Classification Center – Oakdale for the year ended June 30, 2011. General Fund expenditures for the nine institutions totaled approximately \$261 million for the year ended June 30, 2011, an increase of approximately \$1 million, or 0.4%, from the year ended June 30, 2010. General Fund expenditures have increased 8.2% during the five year period ended June 30, 2011. The average daily cost per inmate of \$81.17 for the year ended June 30, 2011 was 7.6% greater than the average daily cost per inmate of \$75.46 for the year ended June 30, 2007. The average number of inmates increased 0.6% over the five year period, from 8,763 for the year ended June 30, 2007 to 8,816 for the year ended June 30, 2011.

A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1264-0000-OR00.pdf>.

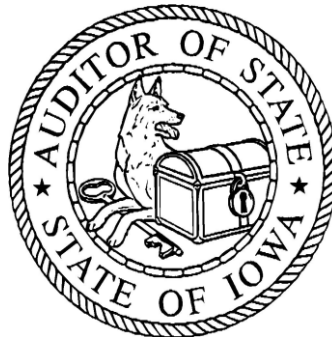
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**COMBINED REPORT ON THE INSTITUTIONS UNDER THE  
CONTROL OF THE IOWA DEPARTMENT OF CORRECTIONS  
SCHEDULES  
FINDINGS AND RECOMMENDATIONS**

**JUNE 30, 2011**

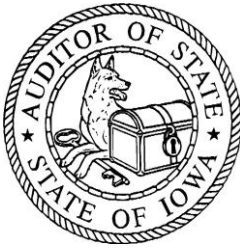
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State Capitol Building • Des Moines, Iowa



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

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October 17, 2012

To the Members of the Iowa Board of Corrections:

The Institutions under the control of the Iowa Department of Corrections 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, 2011.

In conducting our audits, we became aware of certain aspects concerning the various Institutions' 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 recommendations pertaining to internal control. These recommendations have been discussed with applicable Institution personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Institutions' responses, we did not audit the Institutions' responses and, accordingly, we express no opinion on them.

We have also included certain unaudited financial and other information for the Institutions under the control of the Iowa Department of Corrections for the five years ended June 30, 2011 to report an average cost per inmate at each Institution as required by Chapter 11.28 of the Code of Iowa.

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 Corrections, the Institutions under the control of the Iowa Department of Corrections, citizens of the State of Iowa and other parties to whom the Iowa Department of Corrections 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 Institutions 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 Institutions are listed on pages 29, 30, 33, 34, 37, 38, 39, 40, and 41 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 Terry E. Branstad, Governor  
David Roederer, Director, Department of Management  
Glen P. Dickinson, Director, Legislative Services Agency

## Iowa Department of Corrections

### Overview

#### **Background**

In accordance with Chapter 904 of the Code of Iowa, the Iowa Department of Corrections is responsible for the control, treatment and rehabilitation of offenders committed under law to the following nine institutions:

Iowa State Penitentiary - Fort Madison – A penal institution for men consisting of the Penitentiary proper, a maximum security facility, the John E. Bennett unit, a medium security dormitory, and the Montrose and Augusta units, two minimum security farm dormitories.

Anamosa State Penitentiary – A penal institution for men consisting of the Penitentiary proper, a medium/maximum security facility, and Luster Heights, a minimum security facility. A primary objective is to release individuals who have learned to cope with their problems and live within the rules of society.

Iowa Medical and Classification Center - Oakdale – A forensic psychiatric hospital for persons displaying evidence of mental illness or psychosocial disorders and requiring diagnostic services or treatment in a security setting, a security unit for persons requiring confinement in a security setting and a classification unit for the reception, orientation and classification of inmates before placement in the most appropriate correctional institution according to necessary security and custody arrangements and the assessed service needs of the inmates. In addition, the Center serves as the Department of Corrections centralized processing center for all incoming inmates.

Mount Pleasant Correctional Facility – A medium security facility for men and women, primarily for treatment of inmates who exhibit treatable personality disorders, with or without accompanying history of drug or alcohol abuse. The Facility emphasizes a treatment program directed toward developing the inmate's social skills to aid in his/her return to community life.

Clarinda Correctional Facility – A medium security facility primarily for chemically dependent, mentally retarded and socially inadequate offenders.

North Central Correctional Facility - Rockwell City – A minimum security facility for men.

Iowa Correctional Institution for Women - Mitchellville – A minimum security correctional institution for women providing care, custody and rehabilitative services.

Newton Correctional Facility – A minimum security release center utilized for the preparation of inmates of the correctional institutions for discharge, work release or parole. The Facility provides inmates with actual practice in functioning within society and with feedback regarding their performance.

Fort Dodge Correctional Facility – A medium security facility designed to house 1,150 adult male offenders in a double occupancy celled environment. The Facility specializes in assisting inmates making the transition to civilian living.

## Iowa Department of Corrections

### Overview

#### **Scope**

We have calculated an average cost per inmate at each Institution for the five years ended June 30, 2011, based on their General Fund expenditures. Certain reclassifications and changes have been made to these expenditures to provide comparable averages between Institutions. Therefore, expenditure amounts and cost per inmate averages may differ from those used for statewide financial statement purposes. These reclassifications and changes are as follows:

- (1) Operating transfers, primarily reimbursements to other state agencies for services, have been reclassified as expenditures for purposes of this report.
- (2) At the inception of a capital lease, total principal payments are recorded as expenditures and as other financing sources for statewide financial reporting purposes. For purposes of this report, we have included only the current year principal and interest payments as expenditures.
- (3) Canteen operations have been excluded from General Fund expenditures since the canteen is a self-supporting operation at each Institution.
- (4) Non-cash assistance, consisting of USDA commodities, has been excluded from General Fund expenditures.

For these Institutions, expenditures do not include the cost of improvements and additions to buildings financed by certificates of participation.

#### **Summary Observation**

The average cost per inmate ranged from \$19,901 at the North Central Correctional Facility - Rockwell City to \$49,615 at the Iowa Medical and Classification Center – Oakdale for the year ended June 30, 2011. The average cost per inmate has generally decreased over the past two years, with seven of the nine institutions decreasing the average cost per inmate for the year ended June 30, 2011.

While total General Fund expenditures increased 8.2%, from \$241,344,030 for the year ended June 30, 2007 to \$261,198,833 for the year ended June 30, 2011, the average number of inmates has increased 0.6%, from 8,763 to 8,816, and the average daily cost per inmate has increased 7.6%, from \$75.46 to \$81.17, over the same period.

**Iowa Department of Corrections**



## **Schedules**

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Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution  
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2007			
	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
Iowa State Penitentiary - Fort Madison	1,062	531	\$ 42,729	117.06
Anamosa State Penitentiary	1,345	347	22,553	61.79
Iowa Medical and Classification Center - Oakdale	836	346	38,039	104.22
Mount Pleasant Correctional Facility	1,054	294	25,071	68.69
Clarinda Correctional Facility	1,066	303	24,190	66.27
North Central Correctional Facility- Rockwell City	496	112	19,110	52.36
Iowa Correctional Institution for Women - Mitchellville	609	201	26,237	71.88
Newton Correctional Facility	1,190	328	23,169	63.48
Fort Dodge Correctional Facility	1,105	349	25,876	70.89
Total	8,763	2,811	\$ 27,541	75.46

Year ended June 30, 2008				Year ended June 30, 2009			
Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
1,103	529	\$ 43,482	119.13	1,059	526	\$ 45,062	123.46
1,326	345	24,203	66.31	1,274	353	25,913	71.00
921	551	52,134	142.83	973	581	51,133	140.09
1,041	295	26,393	72.31	1,018	301	27,877	76.38
1,014	292	25,973	71.16	986	285	26,542	72.72
496	114	20,545	56.29	489	110	20,898	57.26
597	192	28,640	78.47	591	188	29,453	80.69
1,158	335	25,203	69.05	1,183	327	25,166	68.95
1,109	347	27,644	75.74	1,137	340	27,191	74.49
8,765	3,000	\$ 30,692	84.09	8,710	3,011	\$ 31,384	85.98

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Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution  
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2010			
	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
Iowa State Penitentiary - Fort Madison	1,055	498	\$ 41,675	114.18
Anamosa State Penitentiary	1,110	328	28,721	78.69
Iowa Medical and Classification Center - Oakdale	917	566	53,242	145.87
Mount Pleasant Correctional Facility	976	285	27,418	75.12
Clarinda Correctional Facility	973	266	25,686	70.37
North Central Correctional Facility- Rockwell City	494	104	19,502	53.43
Iowa Correctional Institution for Women - Mitchellville	540	176	30,121	82.52
Newton Correctional Facility	1,136	312	24,893	68.20
Fort Dodge Correctional Facility	1,183	314	24,985	68.45
Total	8,384	2,849	\$ 31,030	85.01

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Year ended June 30, 2011			
Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
971	457	\$ 45,073	123.49
1,213	316	27,224	74.59
978	539	49,615	135.93
1,040	269	25,610	70.16
1,067	253	23,294	63.82
499	101	19,901	54.52
565	178	29,366	80.46
1,227	285	23,046	63.14
1,256	289	23,565	64.56
8,816	2,687	\$ 29,628	81.17

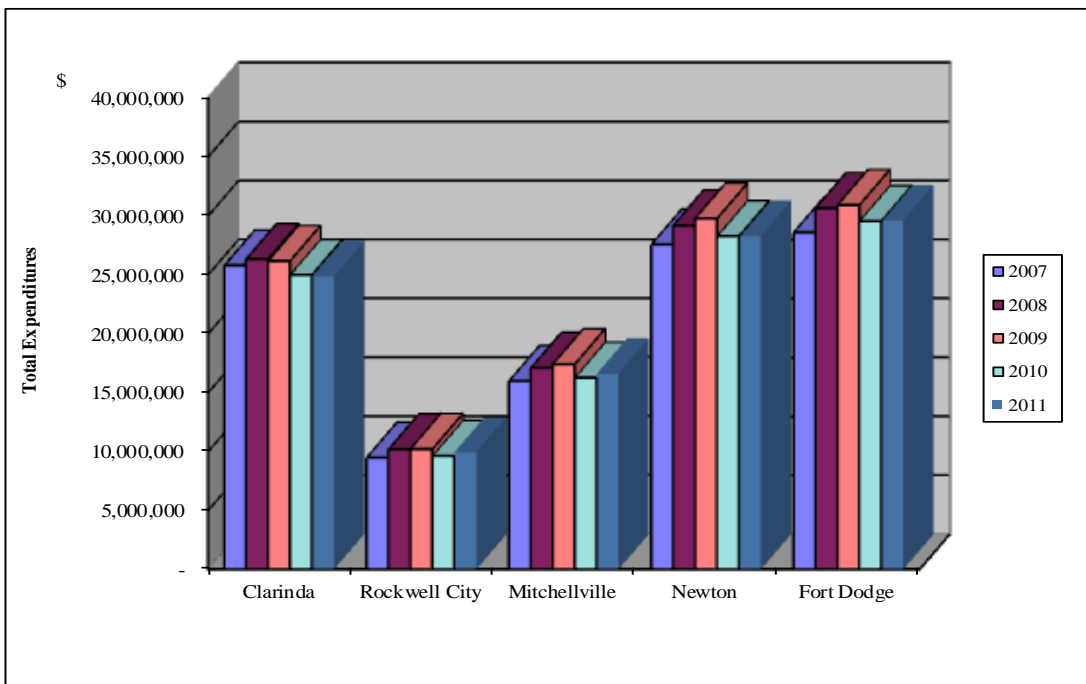
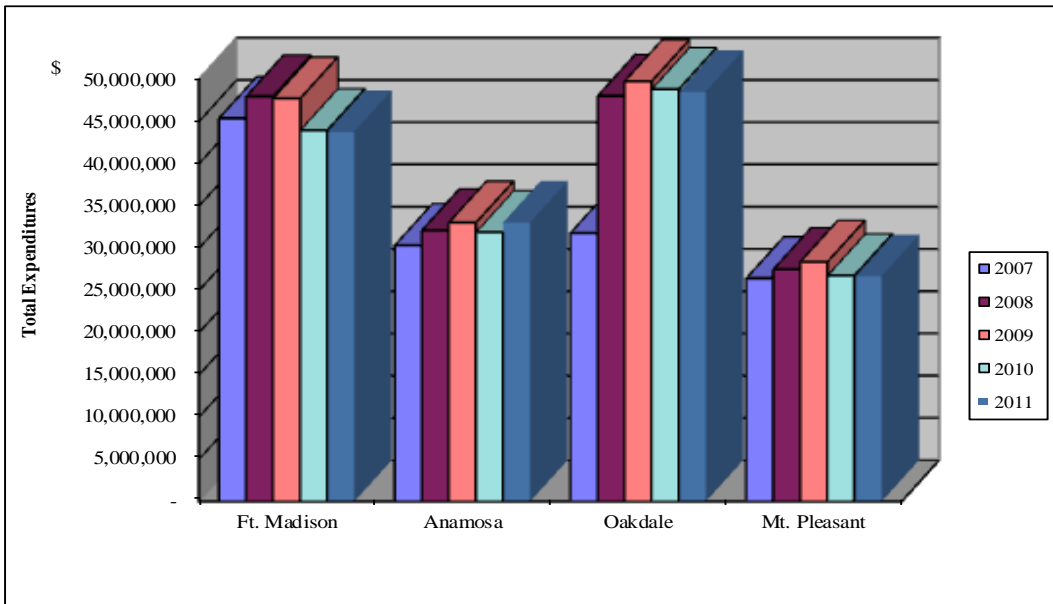
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**Iowa Department of Corrections**

Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution  
Total Expenditures  
(Unaudited)

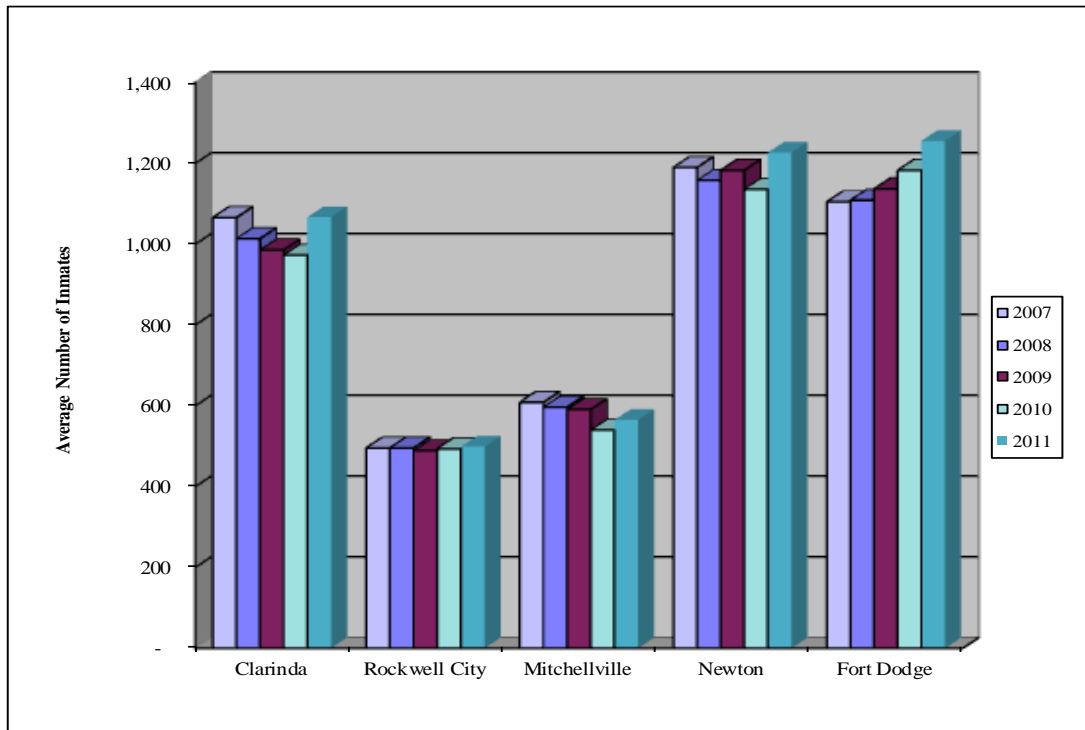
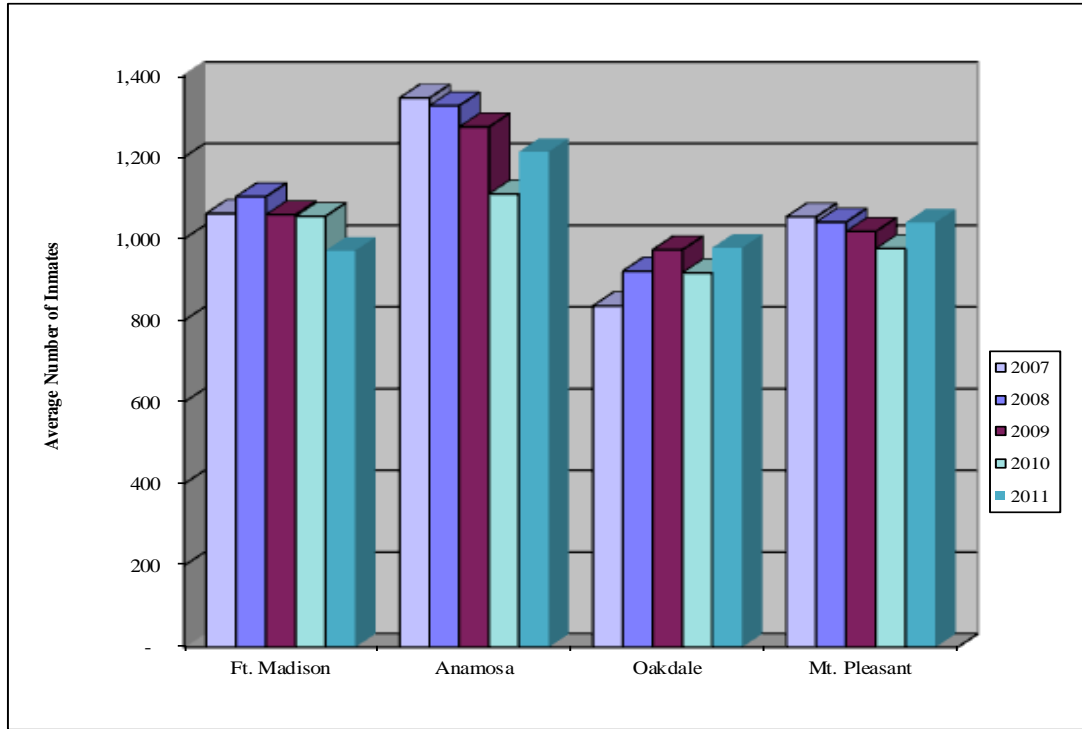
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution  
 Average Number of Inmates  
 (Unaudited)

For the Last Five Fiscal Years

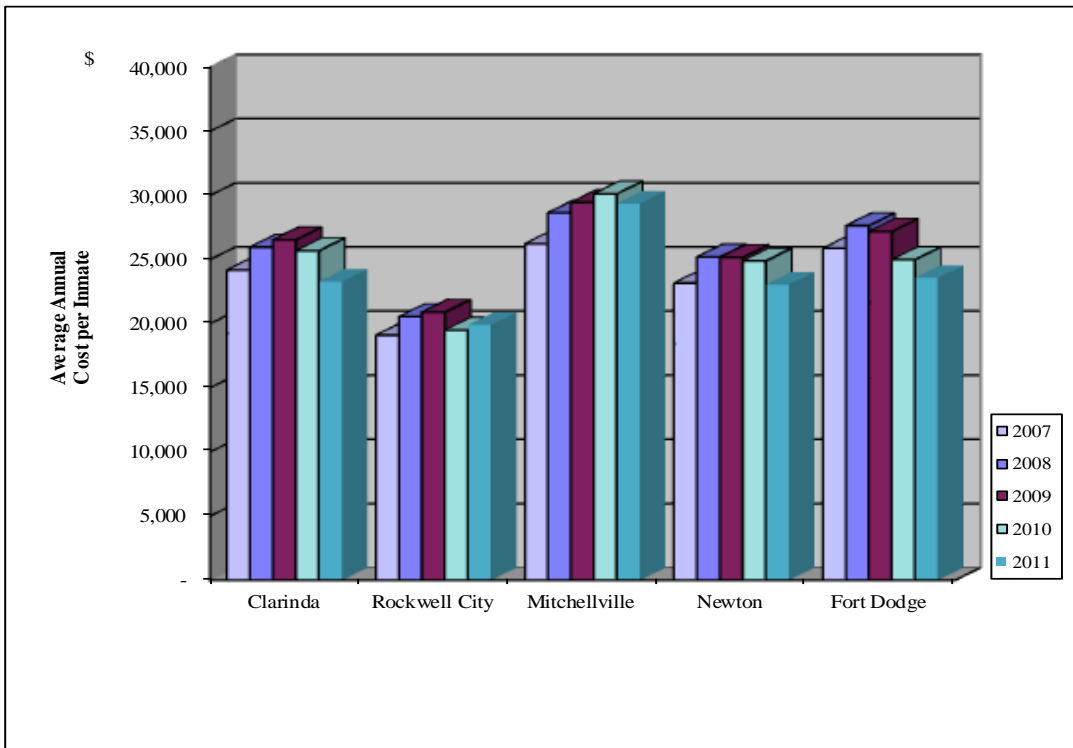
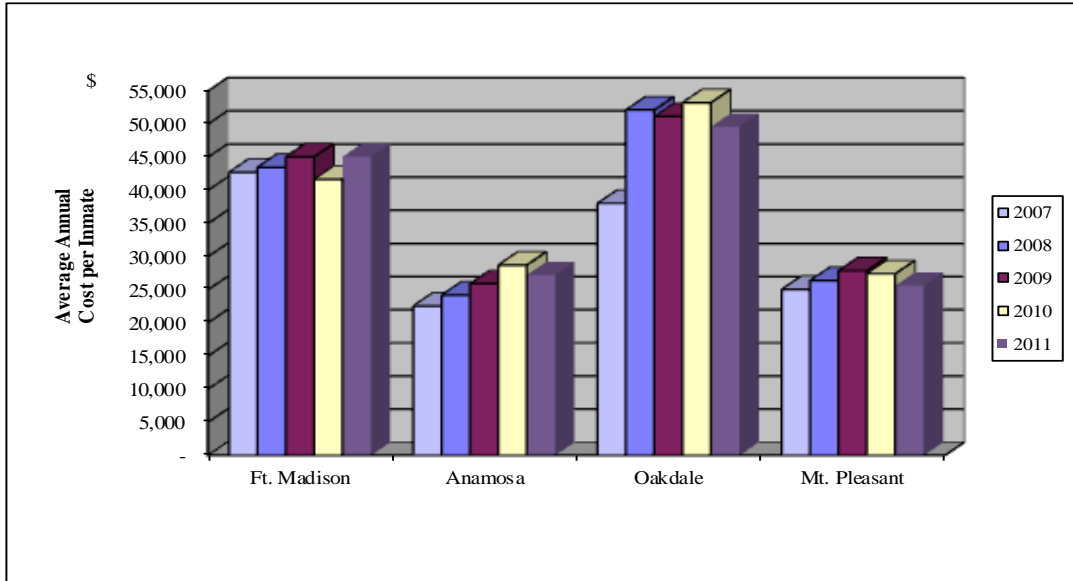




Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution  
 Average Annual Cost per Inmate  
 (Unaudited)

For the Last Five Fiscal Years



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Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution  
(Unaudited)

Year ended June 30, 2007

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 36,761,422	23,866,475	24,629,799	21,082,706
Travel	92,230	11,841	145,185	173,414
Supplies and materials	4,292,726	3,208,806	3,853,563	2,690,854
Contractual services	3,296,611	2,402,452	1,041,670	1,846,346
Capital outlay	471,560	385,999	1,845,943	171,194
Claims and miscellaneous	460,496	457,889	178,616	459,823
Licenses, permits and refunds	2,795	-	106,034	-
Total	\$ 45,377,840	30,333,462	31,800,810	26,424,337

	Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility		Total
19,784,958	7,193,489	12,681,698	21,769,193	23,194,992		190,964,732
197,845	79,325	19,268	182,498	141,596		1,043,202
3,343,916	923,108	1,454,148	2,730,888	2,726,264		25,224,273
1,779,940	893,328	1,406,248	2,329,554	1,898,128		16,894,277
145,907	182,575	166,035	219,860	283,533		3,872,606
531,827	206,903	250,828	338,279	346,118		3,230,779
2,651	-	-	440	2,241		114,161
25,787,044	9,478,728	15,978,225	27,570,712	28,592,872		241,344,030

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Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution  
(Unaudited)

Year ended June 30, 2008

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 38,273,590	24,956,494	36,430,808	22,168,962
Travel	326,942	27,656	134,863	115,069
Supplies and materials	4,847,180	3,803,623	4,014,364	2,846,083
Contractual services	3,564,029	2,377,489	5,874,309	1,793,895
Capital outlay	282,669	445,443	1,347,679	125,859
Claims and miscellaneous	664,793	479,501	213,645	425,373
Licenses, permits and refunds	1,325	3,085	-	-
Total	\$ 47,960,528	32,093,291	48,015,668	27,475,241

	Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility		Total
20,633,360	7,777,163	13,353,590	22,881,318	24,642,168		211,117,453
85,972	88,138	94,456	139,901	122,657		1,135,654
3,306,440	1,125,489	1,858,578	3,203,892	3,229,659		28,235,308
1,657,547	827,193	1,265,840	2,402,864	1,950,291		21,713,457
135,596	151,898	291,524	260,163	310,822		3,351,653
516,104	220,379	234,189	296,893	399,651		3,450,528
1,245	-	-	330	1,972		7,957
26,336,264	10,190,260	17,098,177	29,185,361	30,657,220		269,012,010

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Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution  
(Unaudited)

Year ended June 30, 2009

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 38,356,687	25,523,860	40,388,788	22,693,708
Travel	444,671	27,204	134,643	142,968
Supplies and materials	4,639,135	3,912,608	4,437,979	3,035,462
Contractual services	3,202,679	2,709,209	3,145,325	1,833,907
Capital outlay	551,142	363,077	1,379,711	233,474
Claims and miscellaneous	522,533	473,900	266,194	439,626
Licenses, permits and refunds	3,345	3,571	-	-
Total	\$ 47,720,192	33,013,429	49,752,640	28,379,145

	Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility		Total
20,540,713	7,938,117	13,416,135	23,024,674	25,188,251		217,070,933
181,160	51,889	-	239,165	57,464		1,279,164
3,059,079	1,076,245	2,264,272	3,662,522	3,170,334		29,257,636
1,647,904	895,340	1,321,364	2,340,849	1,913,912		19,010,489
283,163	45,971	178,753	255,382	169,831		3,460,504
456,556	211,671	226,312	248,179	411,617		3,256,588
1,720	-	-	380	4,362		13,378
<b>26,170,295</b>	<b>10,219,233</b>	<b>17,406,836</b>	<b>29,771,151</b>	<b>30,915,771</b>		<b>273,348,692</b>

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Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution  
(Unaudited)

Year ended June 30, 2010

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 36,632,920	24,648,599	40,109,985	22,041,123
Travel	37,436	67,658	87,205	65,153
Supplies and materials	3,376,829	3,595,589	4,048,384	2,457,464
Contractual services	3,168,173	2,452,304	3,459,227	1,634,704
Capital outlay	236,288	664,892	934,418	171,559
Claims and miscellaneous	512,023	447,343	183,971	389,690
Licenses, permits and refunds	3,528	3,653	-	-
Total	<u>\$ 43,967,197</u>	<u>31,880,038</u>	<u>48,823,190</u>	<u>26,759,693</u>



Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
19,926,102	7,602,081	12,607,214	22,747,409	23,829,631	210,145,064
74,608	60,756	30,533	47,447	42,258	513,054
2,674,164	969,753	1,890,700	3,063,320	3,060,392	25,136,595
1,678,847	780,543	1,398,627	2,083,700	2,085,705	18,741,830
168,901	49,012	146,677	59,493	121,534	2,552,774
468,161	171,935	191,525	276,899	415,679	3,057,226
1,786	-	-	380	1,772	11,119
24,992,569	9,634,080	16,265,276	28,278,648	29,556,971	260,157,662

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Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution  
(Unaudited)

Year ended June 30, 2011

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 36,367,850	26,037,809	41,450,881	21,843,732
Travel	99,601	114,514	208,652	90,475
Supplies and materials	3,503,468	3,833,781	2,941,582	2,456,132
Contractual services	3,345,773	2,451,614	3,161,850	1,673,006
Capital outlay	67,467	78,474	460,146	210,658
Claims and miscellaneous	379,931	503,672	300,649	360,084
Licenses, permits and refunds	1,460	2,965	-	-
Total	\$ 43,765,550	\$ 33,022,829	\$ 48,523,760	\$ 26,634,087

Clarinda Correctional Facility	Iowa				Total
	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	
19,781,363	7,784,085	13,185,994	22,267,977	23,247,122	211,966,813
94,480	90,762	66,466	126,967	91,585	983,502
2,607,626	979,675	1,927,640	3,360,887	3,631,488	25,242,279
1,759,778	837,602	1,180,280	2,197,042	2,085,419	18,692,364
108,191	58,714	45,879	25,818	62,349	1,117,696
501,230	179,814	185,738	298,365	476,438	3,185,921
1,842	-	-	330	3,661	10,258
<u>\$ 24,854,510</u>	<u>\$ 9,930,652</u>	<u>\$ 16,591,997</u>	<u>\$ 28,277,386</u>	<u>\$ 29,598,062</u>	<u>\$ 261,198,833</u>

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Institutions Under the Control of the Iowa Department of Corrections

Inmate Population Statistics  
(Unaudited)

Year ended June 30, 2011

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Population beginning of year	981	1,182	1,002	978
Increases:				
Admissions and transfers in	1,258	832	5,734	978
Decreases:				
Transfers out	980	744	5,293	284
Paroles	70	-	10	154
Work release	64	-	10	128
Parole/discharges	11	-	59	58
Expiration of sentence	120	-	242	240
Shock probation	5	-	11	18
Return to probation	-	-	-	-
Transfers out to OWI facility	7	-	79	3
Transfers out to MHI	-	-	-	-
Escapes	1	-	-	-
Release by Court Order	-	-	2	2
Iowa compact transfers out	2	2	1	1
Compact prisoners from other states out	1	-	-	-
Appeal bond	1	-	11	2
Deaths	4	-	7	1
Total released	1,266	746	5,725	891
Population end of year	973	1,268	1,011	1,065
Average number of inmates	971	1,213	978	1,040

Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Iowa Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility
1,173	493	536	1,161	1,233
1,487	527	464	1,664	968
956	72	28	705	352
179	151	150	204	158
217	177	131	251	169
33	8	16	27	18
157	82	99	263	196
20	5	14	11	24
-	-	-	40	-
5	21	23	53	1
-	-	-	6	-
-	-	-	1	-
-	-	-	2	-
2	-	1	2	-
14	12	-	-	7
1	-	-	1	3
-	-	-	1	-
1,584	528	462	1,567	928
1,076	492	538	1,258	1,273
1,067	499	565	1,227	1,256

June 30, 2011

**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) Financial Reporting - The Iowa State Penitentiary (ISP) records receipts and disbursements in the Integrated Information for Iowa (I/3) system throughout the year, including the accrual period. Activity not recorded in the I/3 system is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS-SAE) on the GAAP package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year. The following items regarding the GAAP package submitted by ISP were noted:
  - (a) The Department incorrectly included \$2,340,533 as an addition to buildings in the GAAP package. The addition was for a building purchased by the Department of Corrections which will be transferred to ISP when the construction project is complete. ISP should not have recorded this asset on its GAAP package until the project is complete and the asset is transferred to ISP by the Department of Corrections.
  - (b) The balance in the inmate telephone bank account was not reported as cash on the GAAP package. At June 30, 2011, the book balance of the account was \$1,245,258. Instead, the remittances made from the account to the State Treasurer during the hold open period were reported as accounts receivable on I/3. In addition, the unused inmate telephone balances at June 30, 2011 were not reported as deferred revenue on the GAAP package.
  - (c) ISP reports the Special Activity Fund and Central Vending as Agency Funds on the GAAP package. The fiscal year activity (additions and deductions) and ending balances reported were the bank balances rather than the book balances.

Recommendation – The Department should implement procedures to ensure the GAAP package information is complete and accurate.

Response –

- (a) ISP will make the necessary corrections to capital assets on the fiscal year 2012 GAAP package. ISP will communicate more closely with Central Office to be sure this type of duplication in reporting does not occur in the future.
- (b) We will contact the GAAP team to determine if and how the telephone account should be reported on the GAAP package in the future.
- (c) ISP will make the necessary corrections on the GAAP package and begin reporting book balances with the FY12 GAAP package.

Conclusion – Response accepted.

Findings and Recommendations for Iowa State Penitentiary - Fort Madison

June 30, 2011

- (2) Telephone Account – ISP maintains a separate bank account for inmate telephone receipts. All inmate telephone receipts are deposited into the account and then remitted to the State Treasurer to be recorded in I/3. The inmate telephone system (PCS) is used by ISP to track the inmate telephone activity and balances. The following items regarding this account were noted:
- (a) Remittances of inmate telephone receipts to the State Treasurer were not made timely. At June 30, 2011, the account balance was \$1,245,258.
  - (b) While monthly bank reconciliations for the telephone bank account were prepared, the reconciliations were not properly reconciled to the PCS system. At June 30, 2011, the book balance was \$22,285 higher than the reconciled bank balance.

Recommendation – ISP should remit inmate telephone receipts to the State Treasurer timely. The telephone bank account should be properly reconciled monthly and the variance at June 30, 2011 should be investigated and resolved.

Response – Remittances are not made to the State Treasurer’s Office until invoices are received from ICN. Until invoices are received, we do not know the amount of profit to deposit to the phone account. We will continue to work with ICN to receive these invoices in a timely manner.

Conclusion – Response accepted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Donna F. Kruger, CPA, Manager  
Michael R. Field, Senior Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Russell G. Jordan, CPA, Assistant Auditor  
Victor L. Kennedy, Assistant Auditor

Findings and Recommendations for Anamosa State Penitentiary

June 30, 2011

**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  
Tracey L. Gerrish, Staff Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Adam B. Bartz, Assistant Auditor  
Matthew S. Nye, Assistant Auditor



June 30, 2011

**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) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires unclaimed property to be reported to the State Treasurer annually before November 1. The Center did not submit a Great Iowa Treasure Hunt report for fiscal year 2011 for the Contingent Fund and Reserve Fund maintained by the Center.

The Department established a centralized banking system for the Institutions to maintain and account for inmate monies received and disbursed through the custodianship of the Department and Institutions. On an annual basis, all Institutions are to remit outstanding checks over two years old from the former inmate banking system to the Fort Dodge Correctional Facility, which compiles and submits a Great Iowa Treasure Hunt report for all Institutions. The Center did not submit outstanding checks to the Fort Dodge Correctional Facility for remittance to the Great Iowa Treasure Hunt.

Recommendation – The Center should comply with Chapter 556.11 of the Code of Iowa and report unclaimed property to the State Treasurer annually before November 1. Also, the Center should comply with the Department's policies and procedures requiring Institutions to submit unclaimed property to the Fort Dodge Correctional Facility in a timely manner to enable timely remittance.

Response – The Center will ensure procedures are in place to report and remit unclaimed property to the Fort Dodge Correctional Facility. These will be completed by the Budget Analyst and the Accounting Clerk will be back-up.

Conclusion – Response accepted.

- (2) Intake Receipts – The Center serves as the Department's centralized processing center for all incoming inmates. During the intake process, the Center has a fiduciary responsibility to receive any monies the inmates are in possession of, properly record those monies in the centralized inmate banking system and deposit the receipts intact in accordance with the Code of Iowa.

The Center did not document a review of daily reports or receipt deposits by an independent person.

Recommendation – The Center should review policies and procedures to ensure an independent person documents the review of daily reports or receipt deposits.

Response – The Center is having the Budget Analyst review and sign off on daily receipts and deposits. This process started halfway through the fiscal year.

Conclusion – Response accepted.

June 30, 2011

- (3) Agency Fund Accounts – The Center is responsible for multiple Agency Fund accounts. One person is responsible for receiving, recording and preparing the bank reconciliation for the Project Hope, New Directions, Contingent, Reserve, Veterans, Debittek and Miscellaneous accounts.

Images of the back of checks for the Veterans, Project Hope, Debittek, and New Directions accounts were not available. Bank reconciliations were not reviewed by an independent person.

Recommendation – The Center should review job duties to try to integrate proper segregation of duties whenever possible. Images of the front and back of checks should be requested from the bank per Chapter 554D.114(5) of the Code of Iowa. Check images should be utilized during the bank reconciliation to ensure proper endorsement of checks. Bank reconciliations should be performed and reviewed in a timely manner.

Response – The Center will have the Budget Analyst double check bank reconciliations of the above accounts for proper segregation of duties and accuracy. The Accounting Clerk and Budget Analyst will do separate duties on these accounts. We will obtain the images of both the front and back of cancelled checks as required by the Code of Iowa.

Conclusion – Response accepted.

- (4) GAAP Package – The Center reports balances for inventory and capital assets, including additions and deletions for capital assets and accumulated depreciation. These amounts are to be updated on the GAAP package annually. The following were noted:
- Accumulated depreciation was not reduced for three capital assets which were disposed of. Also, depreciation expense for two additions on the capital asset listing was incorrectly calculated. As a result, the ending balance of accumulated depreciation for capital assets was overstated by \$65,251.
  - Supporting documentation for reported inventory totals included several mathematical errors.

Recommendation – The Center should ensure the amounts reported on the GAAP package are accurate and agree to supporting documentation.

Response – The Center will double and triple check the GAAP package. The Business Manager and Budget Analyst will be the checkers of the report. The Business Manager will sign off on it.

Conclusion – Response accepted.

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

No matters were noted.

Findings and Recommendations for Iowa Medical and Classification Center - Oakdale

June 30, 2011

**Staff:**

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Manager  
Jennifer M. Kopp, Senior Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Mike T. Bunkers, Assistant Auditor  
Eric L. Rath, Assistant Auditor  
Jason R. Ropte, Auditor Intern

June 30, 2011

**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:**

Capital Assets – The Facility is required to keep an up-to-date and accurate capital asset listing to track and maintain control over capital assets. This includes properly classifying additions and deletions for equipment and vehicles throughout the fiscal year, making additions and deletions to the capital asset listing and ensuring items are properly tagged. Additionally, a capital asset listing is to be kept up-to-date in regards to additions and deletions. During testing, the following were noted:

- Two assets did not have a State tag affixed to them.
- Three assets tested were deleted in previous fiscal years, but remained on the capital asset listing.

Recommendation – The Facility should review policies and procedures to ensure all applicable capital assets purchased and maintained are properly tagged with a State ID number and disposals are removed from the capital asset listing.

Response – The Facility will ensure all applicable capital assets purchased and maintained by the Facility are properly tagged with a State ID number and assets disposed of will be removed from the asset listing.

Conclusion – Response accepted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Manager  
Scott P. Boisen, Senior Auditor II  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

W. Brad Corley, Assistant Auditor  
Tyler L. Carter, Assistant Auditor  
Russell G. Jordan, CPA, Assistant Auditor  
James H. Pitcher, Assistant Auditor  
Eric L. Rath, Assistant Auditor

June 30, 2011

**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) Leave Requests – The personnel department has the ability, with supervisor approval, to sign a request for leave document using the supervisor's signature even though the supervisor does not review the documents.

Recommendation – The Facility should review its procedures over leave requests and require proper supervisor approval.

Response – The Facility will review its policy with staff. Leave requests will only be processed with the consent of the supervisor in order to facilitate the completion of payroll. E-mail confirmation of supervisor approval will be required prior to personnel staff completing and entering the leave request.

Conclusion – Response accepted.

- (2) Segregation of Duties – 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 of those of another. Mail is not opened and distributed by someone other than accounting personnel. A list of receipts is not prepared by the mail opener. Responsibilities for receipt collection, deposit preparation and reconciliation functions are not segregated from those of recording and accounting for receipts. Monthly bank to book reconciliations were not prepared timely and reconciliations were not reviewed by independent person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Facility should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. Proper book to bank reconciliation procedures should be performed timely as a control over cash reporting. The reconciliations should be reviewed by an independent person and the review should be evidenced by the reviewer's signature or initials and the date reviewed.

Response – The Facility understands the importance of appropriate internal control and segregation of duties. We continue to try to refine assignments to improve internal control with limited staff. We are working on a plan which will have receipts opened and the listing prepared by a staff person outside the business office. This will allow us to have the business office staff prepare the deposits separate from the recording of the receipt. Bank reconciliations will be prepared timely and reviewed and initialed by the Business Manager each month.

Conclusion – Response accepted.

## Findings and Recommendations to Clarinda Correctional Facility

June 30, 2011

- (3) 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, control and management. The Facility is required to keep an up-to-date and accurate asset listing to track and maintain control over capital assets. This includes properly classifying additions and deletions for equipment and vehicles throughout the fiscal year, making additions and deletions to the capital asset listing and ensuring items are properly tagged. The following were noted:

- There is no written guideline for cost allocation of assets between Clarinda Mental Health Institute (MHI) and Clarinda DOC which identifies assets as either belonging to the MHI or the DOC on the capital asset listing.
- One asset tested did not have a State ID tag affixed to the asset.
- Two items above the capital asset threshold of \$5,000 were not capitalized, understating capital assets and accumulated depreciation.

Recommendation – The Facility should establish guidelines for cost allocation and identifying capital assets between Clarinda MHI and Clarinda DOC. The Facility should review policies and procedures to ensure all applicable capital assets purchased and maintained are properly tagged with a State ID number and all items above the capitalization threshold are properly capitalized.

Response – The Facility will review its policies for capital assets, including the cost allocation of capital assets. We will also review our policy on tagging assets, particularly those in areas not suited for paper tags.

Conclusion – Response accepted.

- (4) Cancelling Supporting Documentation – Supporting documentation for 6 of 15 items for the Canteen Fund was not cancelled to prevent reuse.

Recommendation – The Facility should establish policies and procedures to require and ensure supporting documentation is properly canceled to prevent reuse.

Response – The Facility will review its payment and revenue processes to include cancelling all supporting documentation.

Conclusion – Response accepted.

- (5) Proper Coding – For the Canteen Fund, 7 of 15 items tested were not coded to the proper organization and object code.

Recommendation – The Facility should establish policies and procedures to properly classify and code transactions.

Response – We will review our procedures for document coding to ensure we are using the proper org and object codes and our coding is consistent.

Conclusion – Response accepted.

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

No matters were noted.

Findings and Recommendations for Clarinda Correctional Facility

June 30, 2011

**Staff:**

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Manager  
Tracey L. Gerrish, Staff Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Ryan T. Jelsma, Staff Auditor  
Cory A. Lee, Assistant Auditor  
Jamie T. Reuter, Assistant Auditor

June 30, 2011

**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:**

Record Retention – Upon release, inmates at the Facility receive release money from the Contingent Fund for gate money and transportation. These disbursements are supported by a release worksheet noting inmate name, offender number, inmate signature, witness signature and a calculation of release money. The release money calculation also includes the amount of funds which will be paid from the inmate's account, either by check to the work release program or, if at the expiration of sentence, the amount provided to the inmate via a debit card. For 3 of 23 items, the release worksheets could not be located to support the disbursements.

Recommendation – The Facility should implement a process which requires release worksheets to be filed and readily available for further review.

Response – We will develop a plan to ensure filing is done in a timely manner. The Accounting Clerk shall implement a plan to file on a weekly basis to avoid the loss of documents.

Conclusion – Response accepted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Ronald D. Swanson, CPA, Manager  
Jennifer M. Kopp, Senior Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Daniel J. Mikels, Assistant Auditor  
Stephen J. Hoffman, Auditor Intern



June 30, 2011

**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:

Brian R. Brustkern, CPA, Manager  
Alison P. Herold, CPA, Senior Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Russell G. Jordan, CPA, Assistant Auditor  
Todd E. Pudenz, Assistant Auditor  
Philip A. Rethwisch, Assistant Auditor  
Victor L. Kennedy, Assistant Auditor

Findings and Recommendations for Newton Correctional Facility

June 30, 2011

**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:**

Segregation of Duties for Payroll – The Facility processes and records payroll and personnel information on the Human Resources Information System (HRIS). The Human Resources Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. One instance was noted in which the same individual applied PA and department level approval of P-1 documents.

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

Response – The Facility will continue to separate approval of all P-1 documents and the HR Supervisor will electronically approve P-1 documents after HRIS has onboarded. Rare, isolated instances may yet occur due to limited staff resources in this area.

Conclusion – Response accepted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Manager  
Jessica P.V. Green, Staff Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Robert W. Endriss, Assistant Auditor

Findings and Recommendations for Fort Dodge Correctional Facility

June 30, 2011

**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:

Donna F. Kruger, CPA, Manager  
Tracey L. Gerrish, Staff Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Kassi D. Adams, Staff Auditor  
Jamie T. Reuter, Assistant Auditor