



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____ September 10, 2014

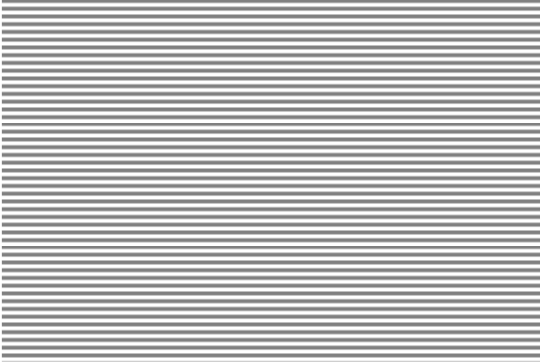
Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released a report on the Iowa Department of Justice for the year ended June 30, 2013.

The Iowa Department of Justice, with the Attorney General as head and chief legal officer of the state, is established under the Constitution of the State of Iowa and Chapter 13 of the Code of Iowa. The Iowa Department of Justice prosecutes and defends all cases in the Supreme Court in which the state is a party or has an interest. The Iowa Department of Justice also represents the state in other actions and proceedings, both civil and criminal, when, in its judgment, the best interests of the state require it to do so, or when requested to appear by the Governor or the Executive Council.

A copy of the report is available for review at the Iowa Department of Justice, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1460-1120-0R00.pdf>.

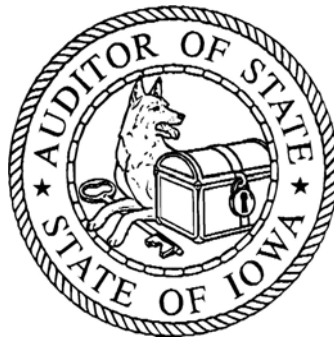
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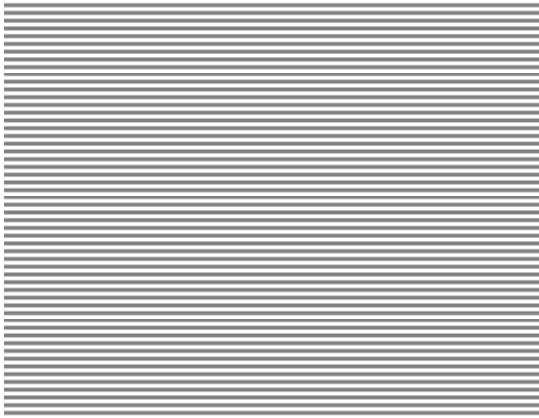
**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF JUSTICE**

JUNE 30, 2013

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



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Auditor of State





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September 8, 2014


To the Honorable Thomas J. Miller, Attorney General
of the State of Iowa:


The Iowa Department of Justice 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, 2013.

In conducting our audits, we became aware of certain aspects concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations, which pertain to the Department's internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Justice'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 Justice, citizens of the State of Iowa and other parties to whom the Department 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 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 7 and they are available to discuss these matters with you.


MARY MOSIMAN, 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 Justice

June 30, 2013

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) Segregation of Duties – During our review of internal control, existing procedures are evaluated to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Department's financial statements. For the Prosecuting Attorney's Office, responsibilities for maintaining detailed accounts receivable records are not segregated from those for collections.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the Prosecuting Attorney's Office should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – It is difficult for a small agency or unit with only two support staff to segregate duties. This is further complicated by the fact the Prosecuting Attorney's Office is located on a different floor than the rest of the Attorney General's Office. We have evaluated the situation and the recommendations by the Auditor's Office and have formed a plan that should better address the issue.

All mail from the Prosecuting Attorney's Office will be received and opened by the Attorney General's main receptionist. All checks and cash will be receipted by separate individuals in the Attorney General's Office prior to being delivered to the Prosecuting Attorney's Office who will still be responsible for entering the financial information into the appropriate systems.

Conclusion – Response accepted.

- (2) 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) in a GAAP package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year. The following finding was noted:

The Department understated accounts receivable by \$2,222,000. Since the Department anticipated collecting the reimbursement during the I/3 hold open period, the Department excluded the receivable from its GAAP package. However, the reimbursement was not received until October 2013 and the Department did not contact the GAAP team to amend the Department's GAAP package.

Report of Recommendations to the Iowa Department of Justice

June 30, 2013

Recommendation – The Department should ensure the GAAP package information reported is complete and accurate.

Response – At the time the Attorney General GAAP Package was submitted, we had been assured by the US Department of Justice our grant funds would be available within the hold open period, so our GAAP package was submitted with that assumption. We were not aware we could submit changes after the package due date, but will do so in the future, if the same situation arises.

Conclusion – Response accepted.

Finding Related to Statutory Requirements and Other Matters:

Code of Iowa - Biennial Report – Chapter 7.3A of the Code of Iowa requires the Department to report biennially, on or before March 1, to the General Assembly on the operation of the Department. The Biennial report covering 2011 and 2012 and due to the General Assembly by March 1, 2013 has not been filed.

Recommendation – The Attorney General’s Office should make the required Biennial report to the General Assembly regarding the operation of the consumer credit protection bureau.

Response – The Attorney General’s Office will complete the Biennial report to the General Assembly by July 1, 2014.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Justice

June 30, 2013

Staff:

Questions or requests for further assistance should be directed to:

Donna F. Kruger, CPA, Manager
Daniel J. Mikels, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Kassi D. Adams, Staff Auditor
Kirstie R. Hill, Staff Auditor
Laura M. Wernimont, Staff Auditor
Amanda L. Burt, Assistant Auditor
Melissa E. Janssen, Assistant Auditor
Brandon A. Soda, Assistant Auditor