

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

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NEWS RELEASE

FOR RELEASE

August 3, 2017

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released a report on the Iowa Department of Human Services – Central Distribution Center for the year ended June 30, 2016.

The Central Distribution Center functions as a supply depot and distribution facility for carload canned goods, paper products and other staples distributed by truck to the institutions and participating state departments and local agencies upon request. A schedule of annual procurements from the Central Distribution Center by institution, department or agency is included in the report.

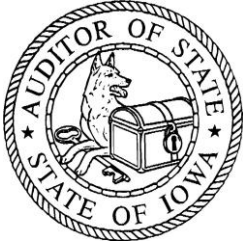
Mosiman recommended the Center ensure a detailed, up-to-date capital asset listing is maintained and to ensure the Center's receipt reconciliation spreadsheet is independently reviewed.

A copy of the report is available for review at the Central Distribution Center, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1762-4121-BR00>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF HUMAN SERVICES –
CENTRAL DISTRIBUTION CENTER**

JUNE 30, 2016



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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July 24, 2017

To the Council Members of the Iowa Department of Human Services:

The Iowa Department of Human Services – Central Distribution Center is a part of the State of Iowa and, as such, has been included in our audit of the State’s Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016.

In addition to the CAFR, we also prepare a separate report of recommendations pertaining to each Department’s internal control, compliance with statutory requirements and other matters when our audit discloses findings we believe should be brought to your attention.

In conducting our audits, we became aware of certain aspects concerning the Center’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 Center’s internal control. These recommendations have been discussed with Center personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Center’s responses, we did not audit the Central Distribution Center’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 Central Distribution Center, citizens of the State of Iowa and other parties to whom the Central Distribution Center 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 Central Distribution Center during the course of our audit. Should you have questions concerning the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audit of the Central Distribution Center are listed on page 4 and they are available to discuss these matters with you.

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

cc: Honorable Kim Reynolds, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Report of Recommendations to the Iowa Department of Human Services –
Central Distribution Center

June 30, 2016

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) 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 following were noted:

- (1) One capital asset tested was deleted in fiscal year 2015. However the asset was still on the fiscal year 2016 capital asset record.
- (2) Not all capital assets were properly tagged.

Recommendation – The Center should establish written procedures to ensure a detailed, up-to-date capital asset listing is maintained. Procedures should include, but not be limited to, ensuring all capital assets are properly tagged and deleted assets are removed from the capital asset record.

Response – We will follow established DAS guidelines for capital assets.

Conclusion – Response acknowledged. The Center should establish written procedures to ensure all assets are properly tagged and deleted assets are removed from the capital asset record.

- (2) Receipt Reconciliation – The Center uses a spreadsheet to reconcile amounts billed by institution and invoice to amounts received and recorded on the Integrated Information for Iowa (I/3) system and for determining amounts billed but not received at the end of the year. After corrections were made the overstatement of revenues was \$1,415. However, numerous errors were noted including failure to record a credit, posting a credit twice, receiving and recording one invoice twice and not collecting the full amount owed on one invoice.

Recommendation – Procedures should be implemented to ensure the receipt reconciliation spreadsheet is independently reviewed. The review should be documented by the initials and date of the reviewer.

Response – We will utilize CDC staff to confirm the correct amount is charged to each customer and that the correct amount is received. A spreadsheet will be developed to reconcile A/R with I/3.

Conclusion – Response acknowledged. The spreadsheet should be independently reviewed. The review should be documented by the initials and date of the reviewer.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Department of Human Services –
Central Distribution Center

June 30, 2016

Staff:

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Manager
Christian E. Cottingham, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audit include:

Nicole L. Roethlisberger, Senior Auditor
Kaylynn D. Short, Senior Auditor
Alex W. Case, Staff Auditor
Malika Moutiq, Assistant Auditor

Iowa Department of Human Services –
Central Distribution Center

Annual Procurements by Institution, Department or Agency

(Unaudited)

For the Last Five Years

Institution, Department or Agency	Fiscal Year				
	2016	2015	2014	2013	2012
Iowa Veterans Home - Marshalltown	\$ 74,344	102,717	118,641	118,250	124,787
State Training School - Eldora	110,323	115,126	116,229	107,068	116,470
Iowa Juvenile Home - Toledo	-	-	11,347	45,976	48,703
Glenwood State Resource Center	54,188	52,735	49,072	60,932	70,761
Woodward State Resource Center	275,068	349,563	256,708	405,028	342,548
Mental Health Institute - Cherokee	102,407	128,146	121,176	146,738	97,533
Mental Health Institute and Correctional Facility - Clarinda	1,046,566	996,195	874,749	1,012,950	1,136,024
Mental Health Institute - Independence	36,170	71,983	45,436	55,614	76,494
Mental Health Institute and Correctional Facility - Mount Pleasant	738,122	670,012	666,444	858,215	891,792
Anamosa State Penitentiary	869,304	970,680	889,737	839,143	969,780
Iowa State Penitentiary - Fort Madison	910,576	864,232	905,521	901,377	1,028,939
Iowa Correctional Institution for Women - Mitchellville	500,367	536,548	375,327	326,522	349,070
Newton Correctional Facility	1,034,517	1,171,899	1,169,238	975,160	1,151,202
Iowa Medical and Classification Center - Oakdale	871,578	697,070	715,963	670,771	916,198
North Central Correctional Facility - Rockwell City	335,885	330,198	313,597	326,197	314,349
Fort Dodge Correctional Facility - Fort Dodge	1,214,133	1,217,286	1,291,806	1,172,007	1,304,702
Luster Heights - Anamosa	38,246	25,841	34,556	30,731	29,341
Fremont County Jail	8,070	4,511	4,649	2,128	2,017
Fort Des Moines Jail	119,710	199,456	141,573	121,535	229,824
Webster County Jail	1,351	1,034	1,761	1,190	2,420
Burlington Residential Correctional Facility	32,816	33,130	31,793	32,671	32,342
Ottumwa Residential Correctional Facility	63,254	43,401	50,480	38,172	28,445
Wapello County Jail	49,277	43,360	42,329	32,589	26,873
Hope House	9,493	11,191	19,894	25,570	14,124
Nelson House	22,617	-	9,821	58,577	13,370
Total	\$8,518,382	8,636,314	8,257,847	8,365,111	9,318,108