



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

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NEWS RELEASE

FOR RELEASE

October 25, 2017

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Auditor of State Mary Mosiman 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, 2016.

The average cost per inmate at the nine institutions under the control of the Iowa Department of Corrections ranged from \$21,095 at the North Central Correctional Facility – Rockwell City to \$60,858 at the Iowa State Penitentiary – Fort Madison for the year ended June 30, 2016. General Fund expenditures for the nine institutions totaled approximately \$282 million for the year ended June 30, 2016, an increase of approximately \$2.4 million, or 0.8%, from the year ended June 30, 2015. General Fund expenditures increased 7.4% during the five year period ended June 30, 2016. The average daily cost per inmate of \$95.16 for the year ended June 30, 2016 was 13.7% more than the average daily cost per inmate of \$83.69 for the year ended June 30, 2012. The average number of inmates decreased 5.6% over the five year period, from 8,573 for the year ended June 30, 2012 to 8,094 for the year ended June 30, 2016.

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 <https://auditor.iowa.gov/reports/1764-0000-0R00>.

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

JUNE 30, 2016

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October 16, 2017

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, 2016.

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 and compliance with statutory requirements and other matters. 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, 2016 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 28, 29, 30, 32, 34, 35, 36, 37 and 38 and they are available to discuss these matters with you.


MARY MOSIMAN, CPA
Auditor of State

cc: Honorable Kim Reynolds, 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 (IDOC) is responsible for the control, treatment and rehabilitation of offenders committed under law to the following nine Institutions:

Iowa State Penitentiary – Fort Madison – Institutions for men consisting of the Penitentiary proper, a maximum security facility, and the John E. Bennett unit, a minimum security dormitory. A primary objective of these facilities is to provide rehabilitative services that assist offenders to make a successful transition from prison to their communities.

Anamosa State Penitentiary – Institutions for men consisting of the Penitentiary proper, a maximum/medium security facility, and Luster Heights, a minimum security dormitory. A primary objective of these facilities is to provide rehabilitative services that assist offenders to make a successful transition from prison to their communities.

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 secure setting, secure housing units that serve as the reception center for all incoming male offenders and secure housing units for offenders with mental health and/or medical treatment needs.

Mount Pleasant Correctional Facility – A medium security facility for men that has treatment programs for sex offenders and substance abusers. A primary objective of this facility is to offer programs that reduce risk and assist offenders to make a successful transition from prison to their communities.

Clarinda Correctional Facility – A male facility composed of two sites, a medium security facility which provides rehabilitative services for offenders with intellectual disabilities, mental illness or a chemical dependency, and the Lodge which prepares offenders for discharge, work release or parole.

North Central Correctional Facility – Rockwell City – A minimum security facility for men. The facility prepares offenders for discharge, work release or parole and provides many offenders with actual opportunities to practice functioning within society through work programs.

Iowa Correctional Institution for Women – Mitchellville – A medium/minimum security facility for female offenders. The facility serves as the reception center for all female offender custody classifications committed to IDOC, provides gender responsive rehabilitative services and prepares offenders for discharge, work release or parole.

Newton Correctional Facility – A male facility composed of two sites, a medium security site which provides rehabilitative services and a separate minimum security site, CRC, which prepares offenders for discharge, work release or parole.

Fort Dodge Correctional Facility – A medium security facility designed to house adult male offenders. The facility provides rehabilitative services which assist offenders to make a successful transition from prison to their communities.

Iowa Department of Corrections

Overview

Scope and Methodology

We have calculated an average cost per inmate at each Institution for the five years ended June 30, 2016 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 statement purposes. For purposes of this report, only the current year principal and interest payments are included 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.

Summary Observation

The average cost per inmate ranged from \$21,095 at the North Central Correctional Facility – Rockwell City to \$60,858 at the Iowa State Penitentiary – Fort Madison for the year ended June 30, 2016. The average cost per inmate has generally increased over the past two years, with the average cost per inmate for the year ended June 30, 2016 increasing from the prior year for six of the nine Institutions.

Over the last five fiscal years, total General Fund expenditures increased 7.4%, from \$262,590,999 for the year ended June 30, 2012 to \$281,914,563 for the year ended June 30, 2016, the average number of inmates decreased 5.6%, from 8,573 to 8,094, and the average daily cost per inmate increased 13.7%, from \$83.69 to \$95.16.

Iowa Department of Corrections

Schedules

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, 2012			
	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
Iowa State Penitentiary - Fort Madison	961	428	\$ 44,275	120.97
Anamosa State Penitentiary	1,203	312	27,060	73.93
Iowa Medical and Classification Center - Oakdale	970	527	52,438	143.27
Mount Pleasant Correctional Facility	996	266	26,911	73.53
Clarinda Correctional Facility	1,005	259	26,327	71.93
North Central Correctional Facility - Rockwell City	480	98	20,879	57.05
Iowa Correctional Institution for Women - Mitchellville	540	174	30,814	84.19
Newton Correctional Facility	1,204	266	22,469	61.39
Fort Dodge Correctional Facility	1,214	288	24,422	66.73
Total	8,573	2,618	\$ 30,630	83.69

Year ended June 30, 2013				Year ended June 30, 2014			
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
922	425	\$ 47,246	129.44	773	419	\$ 57,869	158.55
1,075	310	31,319	85.80	1,058	311	32,562	89.21
954	531	55,847	153.00	972	544	54,854	150.28
922	261	29,334	80.37	865	247	29,414	80.59
876	262	30,319	83.07	805	260	33,278	91.17
488	97	21,167	57.99	494	95	21,294	58.34
551	169	31,597	86.57	581	217	37,251	102.06
1,214	262	23,154	63.44	1,302	258	21,972	60.20
1,212	290	25,082	68.72	1,310	289	23,159	63.45
8,214	2,607	\$ 32,915	90.18	8,160	2,640	\$ 33,804	92.61

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, 2015			
	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
Iowa State Penitentiary - Fort Madison	725	409	\$ 60,820	166.63
Anamosa State Penitentiary	1,080	310	32,071	87.87
Iowa Medical and Classification Center - Oakdale	939	551	58,300	159.73
Mount Pleasant Correctional Facility	863	241	29,662	81.27
Clarinda Correctional Facility	873	255	31,078	85.15
North Central Correctional Facility- Rockwell City	490	93	21,194	58.07
Iowa Correctional Institution for Women - Mitchellville	647	225	36,277	99.39
Newton Correctional Facility	1,293	257	22,183	60.78
Fort Dodge Correctional Facility	1,285	286	23,981	65.70
Total	8,195	2,627	\$ 34,113	93.46

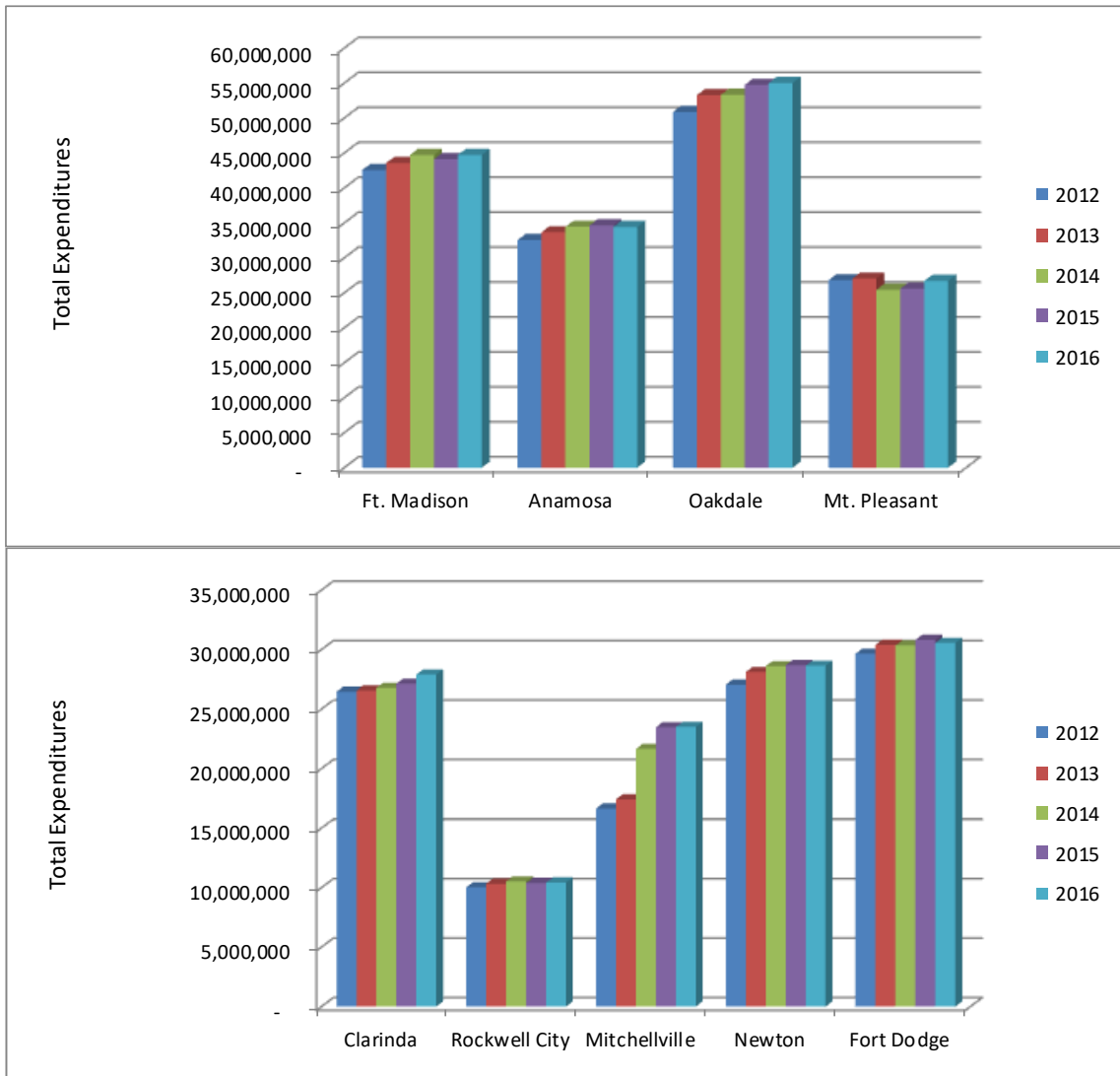
Year ended June 30, 2016			
Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
735	413	\$ 60,858	166.28
1,004	308	34,292	93.69
962	530	57,192	156.26
883	248	30,246	82.64
892	253	31,283	85.47
494	91	21,095	57.64
689	226	34,103	93.18
1,166	245	24,566	67.12
1,269	276	24,083	65.80
8,094	2,590	\$ 34,830	95.16

Iowa Department of Corrections

Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
Total Expenditures
(Unaudited)

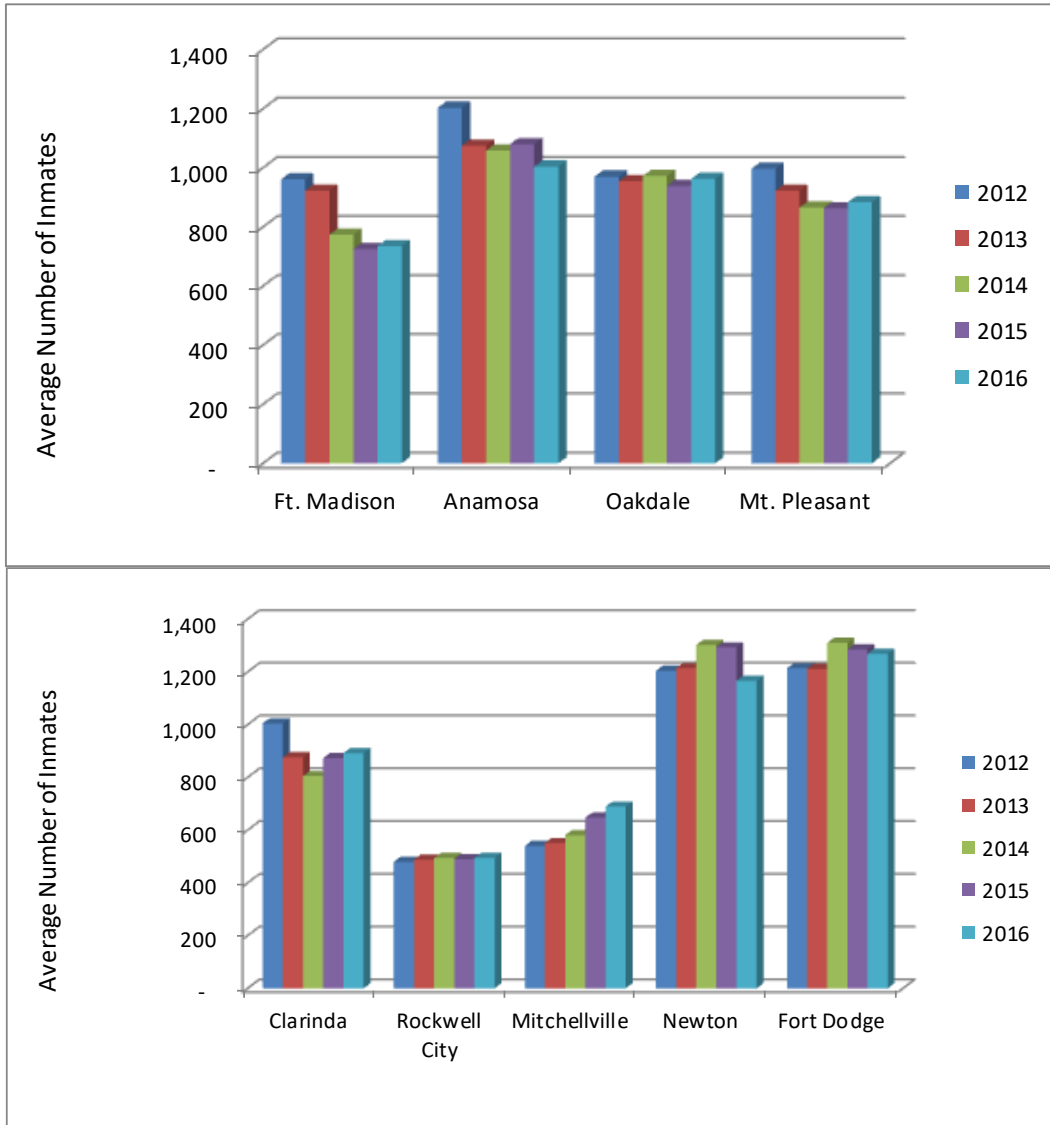
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Corrections

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

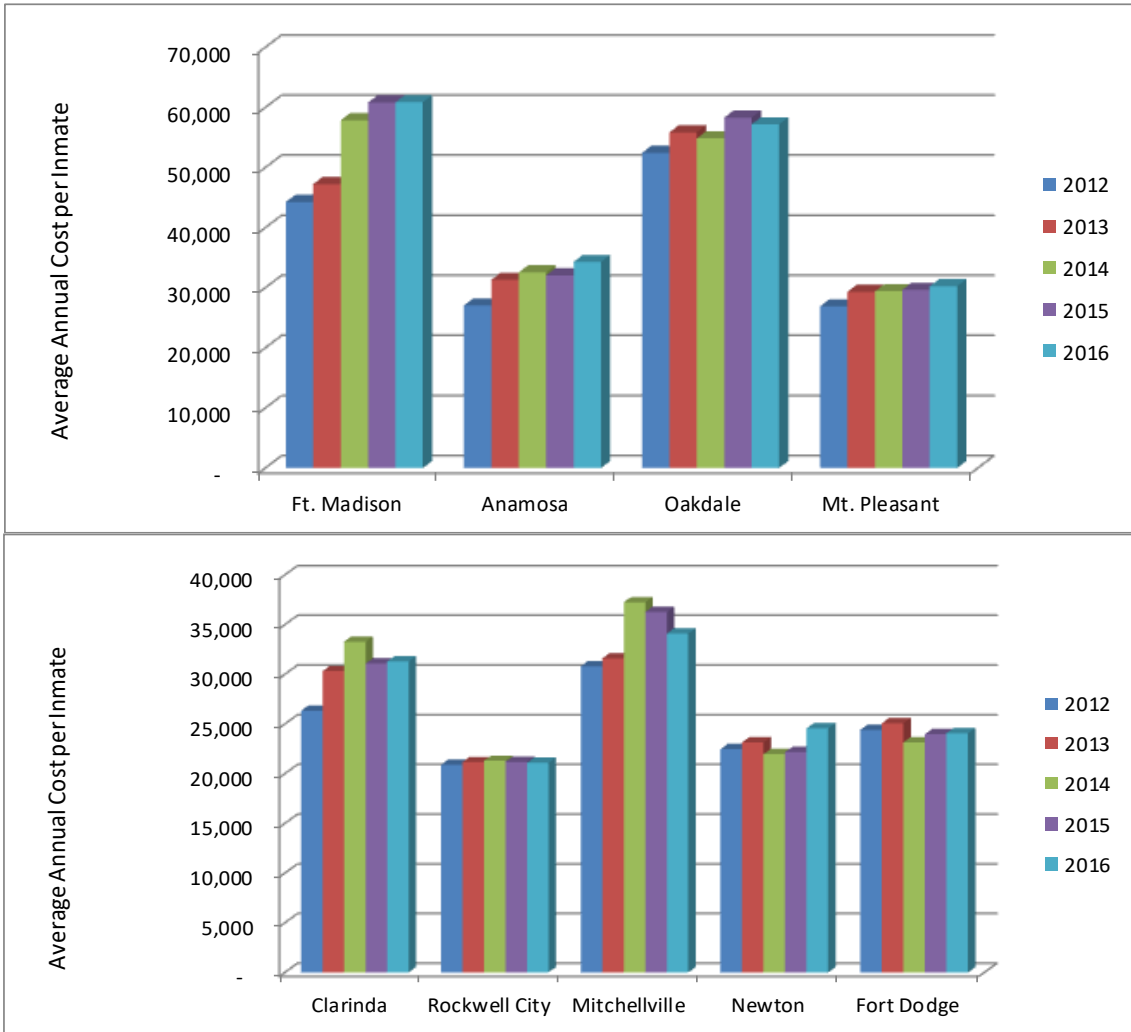
For the Last Five Fiscal Years



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



Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2012

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 35,331,518	25,968,489	40,977,569	21,988,852
Travel	188,263	80,374	173,615	55,810
Supplies and materials	2,711,424	3,612,634	4,428,437	2,339,977
Contractual services	3,465,723	2,166,283	4,210,198	1,864,729
Capital outlay	366,824	236,112	777,684	240,564
Claims and miscellaneous	483,519	485,975	297,565	313,641
Licenses, permits and refunds	1,256	3,312	-	-
Total	<u>\$ 42,548,527</u>	<u>32,553,179</u>	<u>50,865,068</u>	<u>26,803,573</u>

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
20,160,175	7,916,133	13,355,272	21,316,839	22,967,900	209,982,747
271,754	54,426	75,996	161,860	127,846	1,189,944
3,221,940	1,024,461	1,785,831	3,150,239	3,225,140	25,500,083
1,961,476	786,335	1,187,400	1,966,096	1,894,045	19,502,285
352,223	60,230	39,011	163,956	869,606	3,106,210
489,457	180,230	196,061	292,892	558,851	3,298,191
1,827	-	-	279	4,865	11,539
26,458,852	10,021,815	16,639,571	27,052,161	29,648,253	262,590,999

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2013

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 35,792,323	26,516,448	43,274,867	22,353,935
Travel	178,170	124,410	115,266	256,878
Supplies and materials	3,278,539	3,835,984	4,079,049	2,304,640
Contractual services	3,482,169	2,265,872	3,754,412	1,595,196
Capital outlay	444,677	318,272	1,639,528	214,785
Claims and miscellaneous	381,624	603,206	414,549	320,541
Licenses, permits and refunds	3,343	3,401	-	-
Total	\$ 43,560,845	33,667,593	53,277,671	27,045,975

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
20,517,372	8,113,466	13,765,653	21,971,440	23,569,129	215,874,633
113,655	86,896	73,572	41,507	101,578	1,091,932
2,971,680	1,026,714	1,743,409	3,269,773	3,456,637	25,966,425
2,049,421	839,644	1,389,107	2,093,942	1,991,868	19,461,631
444,056	54,514	229,026	419,800	664,902	4,429,560
460,319	208,069	209,374	312,909	613,479	3,524,070
2,777	-	-	180	1,785	11,486
26,559,280	10,329,303	17,410,141	28,109,551	30,399,378	270,359,737

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2014

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 35,424,796	27,059,052	44,717,974	21,213,939
Travel	181,483	137,242	260,342	106,278
Supplies and materials	3,099,877	3,837,874	3,591,137	1,994,207
Contractual services	4,484,317	2,527,035	3,335,677	1,546,432
Capital outlay	1,205,054	374,691	1,088,365	280,445
Claims and miscellaneous	332,809	513,219	324,343	301,625
Licenses, permits and refunds	4,532	1,944	-	380
Total	\$ 44,732,868	34,451,057	53,317,838	25,443,306

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
20,971,758	8,155,219	16,458,427	22,003,381	23,702,080	219,706,626
103,152	76,780	132,100	119,456	95,586	1,212,419
2,770,671	1,067,963	2,224,670	3,600,523	3,654,251	25,841,173
2,232,207	986,452	2,073,501	2,292,512	1,873,297	21,351,430
230,027	19,326	515,455	263,302	355,527	4,332,192
478,302	213,504	238,396	327,718	655,492	3,385,408
2,513	39	-	215	2,317	11,940
26,788,630	10,519,283	21,642,549	28,607,107	30,338,550	275,841,188

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2015

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 35,223,357	27,282,838	45,877,990	21,336,138
Travel	138,910	106,753	226,552	92,369
Supplies and materials	2,971,692	3,787,763	4,267,448	2,170,129
Contractual services	4,820,727	2,470,870	3,467,190	1,445,626
Capital outlay	607,962	421,022	537,209	254,614
Claims and miscellaneous	327,913	565,369	367,249	298,492
Licenses, permits and refunds	3,840	2,337	-	518
Total	<u>\$ 44,094,401</u>	<u>34,636,952</u>	<u>54,743,638</u>	<u>25,597,886</u>

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
21,110,359	8,168,354	18,710,772	22,116,354	23,873,540	223,699,702
101,221	55,019	84,615	133,187	73,068	1,011,694
3,114,220	960,362	2,535,111	3,868,336	4,175,797	27,850,858
2,049,261	947,263	1,671,298	2,117,720	1,835,643	20,825,598
227,272	40,270	181,206	129,744	187,518	2,586,817
525,806	214,033	287,946	316,981	667,438	3,571,227
3,333	-	-	50	2,987	13,065
27,131,472	10,385,301	23,470,948	28,682,372	30,815,991	279,558,961

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2016

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 35,974,235	26,856,280	47,120,065	22,431,383
Travel	127,950	83,101	217,533	95,465
Supplies and materials	3,642,692	4,063,838	3,817,802	2,008,913
Contractual services	4,338,548	2,371,229	3,194,533	1,623,848
Capital outlay	319,828	526,650	284,474	251,353
Claims and miscellaneous	322,666	526,386	384,565	295,811
Licenses, permits and refunds	5,005	1,780	-	423
Total	<u>\$ 44,730,924</u>	<u>34,429,264</u>	<u>55,018,972</u>	<u>26,707,196</u>

	Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility		Total
21,935,309	8,136,673	19,238,331	22,177,832	23,670,549		227,540,657
79,998	53,245	70,126	100,262	71,027		898,707
2,893,795	972,728	2,288,685	3,688,296	4,083,609		27,460,358
2,029,524	974,140	1,559,870	2,072,225	1,825,695		19,989,612
411,165	65,203	96,374	285,996	275,456		2,516,499
550,836	219,070	243,828	319,522	632,163		3,494,847
3,939	-	-	-	2,736		13,883
<u>27,904,566</u>	<u>10,421,059</u>	<u>23,497,214</u>	<u>28,644,133</u>	<u>30,561,235</u>		<u>281,914,563</u>

Institutions Under the Control of the Iowa Department of Corrections

Inmate Population Statistics
(Unaudited)

Year ended June 30, 2016

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Population beginning of year	764	1,066	986	888
Increases:				
Admissions and transfers in	670	692	5,297	952
Decreases:				
Acquitted/Dismissed	-	-	-	-
Deaths	1	2	19	2
Discharged - Expiration of sentence	50	72	167	113
Paroled to Detainer - INS	-	-	32	1
Paroled to Detainer - Iowa	1	-	2	3
Paroled to Detainer - Out of state	2	4	1	12
Paroled to Detainer - U.S. Marshall	-	5	1	4
Paroled with immediate discharge	18	7	10	3
Parole granted	113	97	35	154
Probation - Reconsideration of sentence	4	7	16	10
Released on bond	-	1	-	-
Released to OWI continuum	3	-	39	-
Released to special sentence	3	5	20	104
Returned to sending jurisdiction	1	-	80	-
Released to Custody of US Bureau of Prisons	1	-	1	-
Revoked	-	-	24	-
Revoked from parole - Work release granted	-	-	3	-
Terminated by appeal - Conviction overturned	2	1	-	1
Terminated by court	-	-	1	1
Work release granted	81	76	12	125
Work unit - Hospital	1	1	46	-
Work unit - Field to Field	-	-	226	1
Work unit - Prison to corrections compact	1	-	-	-
Work unit - Prison to/from field	-	-	3	-
Work Unit - Prison to Escape	2	-	-	-
Work unit - Prison to prison	303	517	4,607	389
Work unit - Prison from residential	-	-	2	1
Work unit - Prison to stayed under appeal	-	1	18	-
Work Unit - Transfer to/from county jail	-	-	10	-
Total released	587	796	5,375	924
Population end of year	847	962	908	916
Average number of inmates	735	1,004	962	883

Iowa				
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility
881	503	692	1,341	1,300
1,403	667	2,039	2,432	1,213
-	-	-	-	-
2	35	-	1	2
129	-	88	238	194
1	-	1	-	9
2	2	6	3	3
16	3	13	15	13
5	-	5	12	15
9	25	41	21	2
254	251	356	301	254
12	10	18	9	16
3	-	-	-	-
-	14	19	45	-
14	-	3	8	14
1	-	4	12	2
-	-	3	-	-
-	-	56	163	-
-	-	25	96	-
1	1	1	2	1
-	-	-	-	-
215	233	248	311	218
40	1	4	4	2
-	-	5	1	-
-	-	-	-	-
-	-	-	-	-
530	88	1,101	1,015	492
-	-	-	-	1
-	-	2	-	2
-	-	36	228	-
1,234	663	2,035	2,489	1,240
1,050	507	696	1,284	1,273
892	494	689	1,166	1,269

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:

Payroll – Departments process and record payroll and personnel information on the Human Resource Information System (HRIS). The Human Resource Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. One individual has the ability to initiate and approve P-1 documents.

Recommendation – The Penitentiary should develop and implement procedures to segregate the duties of the Human Resource Associates from the duties of payroll.

Response – The Penitentiary will review current policies and discuss with management implementing new segregation of duties.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each Penitentiary to report and remit obligations, including checks, outstanding for more than three years to the Office of Treasurer of State annually. The Penitentiary did not remit these obligations as required.

Recommendation – The outstanding checks should be reviewed annually and items over three years old should be remitted to the Office of Treasurer of State as required.

Response – The Penitentiary will review outstanding check register to ensure checks are sent to the Treasurer of State.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager
Sidot K. Shipley, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Alex D. Dau, Assistant Auditor
Justin D. Jones, Assistant Auditor
Mitchell W. Shipman, Assistant Auditor

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:

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
Jesse J. Harthan, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Brett S. Gillen, Assistant Auditor
Debora M. Copeland, Assistant Auditor

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:

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:

Suzanne R. Dahlstrom, CPA, Manager
April D. Harbst, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Tyler H. Moran, Staff Auditor
Ashley A. Boleyn, Assistant Auditor
Grant W. Pomerenk, Assistant Auditor

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 Finding Related to 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, control and management. The following were noted:

- a) Approval for all deletions was completed at the end of the fiscal year not at the time the asset was disposed of.
- b) One of the assets reported on the GAAP package was for an item disposed of in a prior year.
- c) Capital assets reported at year end on the GAAP package did not agree with the capital assets listing maintained by the Department at June 30, 2016.

Recommendation – The Facility should develop procedures to ensure a detailed, up-to-date capital asset listing is maintained for all assets. Procedures should include, but not be limited to, ensuring all capital asset deletions are approved timely and prior to deletion. The Facility should develop procedures to ensure capital assets reported on the GAAP package agree with assets controlled and capital assets listing maintained by the Department.

Response – The Business Manager has clarified the policy with Mount Pleasant business office staff and all department heads regarding proper communication on the disposal of property to ensure the Business Manager is notified at the time of disposal and not at the time of physical inventory.

Conclusion – Response accepted.

Finding Related to Statutory Requirements and Other Matters:

Targeted Small Business Procurement Goals – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year. Targeted small business purchases from a certified targeted small business are to be reported to Iowa Economic Development Authority on a quarterly basis within 15 business days following the end of each calendar year quarter.

Findings and Recommendations for Mount Pleasant Correctional Facility

June 30, 2016

The TSB procurement goal for the Facility for fiscal year 2016 was not set at a level greater than fiscal year 2015 actual TSB spending. Three of the quarterly reports for fiscal year 2016 were not submitted to the Iowa Economic Development Authority within 15 business days of the end of each calendar year quarter.

Recommendation – The Facility should establish a goal which exceeds the 2015 actual TSB spending, as required or seek legislation to change this statutory requirement. The Facility should establish procedures to ensure the quarterly TSB reports are submitted within 15 business days of each calendar year quarter.

Response – The Business Manager, in accordance with the Code of Iowa, has set a goal to a level exceeding the procurement levels from certified TSB during the fiscal year with the expectation of quarterly reporting to the Iowa Economic Development Authority.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Pamela J. Bormann, CPA, Manager
Joseph B. Sparks, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Zachery J. Koziolk, Staff Auditor
Sidot K. Shipley, Staff Auditor
Kristin R. Finke, Assistant Auditor
Justin D. Jones, Assistant Auditor

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) 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 on those of another. The following were noted:

- a) 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.
- b) Three individuals have the ability to approve a P-1 at both the Personnel Assistant and Department levels as well as the ability to approve timesheets at both the employee and supervisor level.

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. Explanations should be included when a P-1 is both initiated and approved by the same individual.

Response – Business office staff will come up with a procedure for the segregation of duties as it relates to opening up the mail with checks. We currently do not allow the same staff member to apply all levels of a P-1. If for some reason we would need to, we will note an explanation.

Conclusion – Response accepted.

(2) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each agency 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. The following were noted:

- a) There are no procedures for periodically testing capital assets by an individual having no responsibility for the assets.
- b) There are no procedures in place to ensure capital asset tags are properly affixed on the asset. For 1 of 5 capital assets tested, a capital asset tag was not affixed to the asset.

Recommendation – The Facility 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.

Findings and Recommendations for the Clarinda Correctional Facility

June 30, 2016

Response – We now have a written procedure for testing of all capital assets that started on July 1, 2016. The procedure includes ensuring the capital asset tags are properly tagged.

Conclusion – Response accepted.

- (3) GAAP Package – Accumulated Depreciation – The Facility overstated the amount of depreciation in the FY16 GAAP package by \$39,743. This was due to the Facility inadvertently including the depreciation for various land and building capital assets previously belonging to the Clarinda Mental Health Institute, which closed as of June 30, 2015. The Department of Human Services (DHS) reported these capital assets and their corresponding depreciation in their FY16 GAAP package. Therefore, the Facility should not have reported the depreciation.

Recommendation – The Facility should ensure that the proper amount is reported in the GAAP package for capital assets and accumulated depreciation.

Response – The Facility will ensure this is fixed for the GAAP package in FY17 and that all figures are accurate.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

Timely Deposits – Pursuant to Chapter 12.10 of the Code of Iowa, the Facility must deposit 90% of all fees collected with the Office of Treasurer of State within 10 business days following collection. A total of 24 receipts out of 30 tested were not deposited timely. Receipts are held until the end of the week and then recorded in bulk. The receipts are recorded on the day the deposit is prepared rather than when received.

Recommendation – As required by the Code of Iowa, the Facility should deposit 90% of all fees collected with the Office of Treasurer of State within 10 business days following collection. Receipts should be recorded on the date of the actual receipt and not when the deposit is prepared.

Response – We started receipting in each check as it was received in August 2016. We then take all deposits to the bank every Friday.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Donna F. Kruger, CPA, Manager
Christian E. Cottingham, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Mallory A. Sims, Staff Auditor
Sarah K. Nissen, Assistant Auditor

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:

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
Premnarayan Gobin, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Zachery J. Koziolk, Staff Auditor
Malika Moutiq, Assistant Auditor

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:

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
Jonathan M. Mader, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Carolina M. Aviles, Staff Auditor
Michael Holowinski, Staff Auditor
Elizabeth P. Dawson, Assistant Auditor
Cody J. Pifer, Assistant Auditor

Findings and Recommendations for the Newton Correctional Facility

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:

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
Joseph B. Sparks, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Elizabeth P. Dawson, Assistant Auditor
Brett S. Gillen, Assistant Auditor

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:

No matters were noted.

Finding Related to Statutory Requirements and Other Matters:

Personal Service Contracts – The Facility enters into various personal service contracts throughout the year and these contracts should be in compliance with guidelines set forth in Chapter 106 of the Iowa Administrative Code and Iowa Department of Administrative Services (DAS) Procedure 240.102. One renewed contract did not include a pre-contract questionnaire (PCQ) or a termination clause.

Recommendation – The Facility should ensure all required questionnaires and clauses are included in the personal service contracts used by the Facility and ensure the personal service contracts are in compliance with Iowa Administrative Code Chapter 106 and DAS Procedure 240.102.

Response – We understand the need for a PCQ and a cancellation clause. The identified contract expires on April 30th, 2018. We will make sure any replacement contract follows necessary criteria.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

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

Other individuals who participated in the audits include:

Malika Moutiq, Assistant Auditor
Cody J. Pifer, Assistant Auditor