



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

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ July 15, 2005

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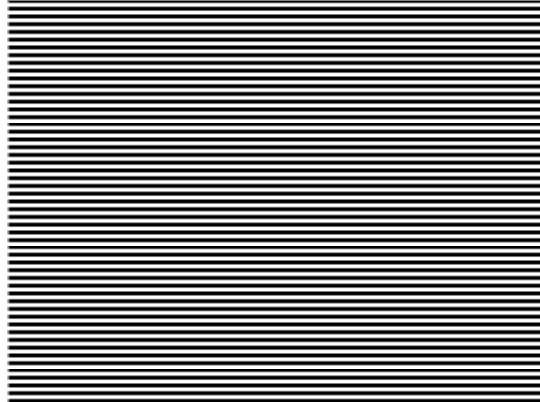
Auditor of State David A. Vaudt today released a report on the Iowa Department of Public Safety for the year ended June 30, 2004.

The Iowa Department of Public Safety is a statewide organization charged with promoting the safety of all Iowans from hazards associated with crime, fire, and traffic through law enforcement.

Vaudt recommended the Department improve controls over capital assets and comply with requirements for personal services contracts. The Department responded that corrective action is being implemented.

A copy of the report is available for review in the Iowa Department of Public Safety or the Office of Auditor of State.

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**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF PUBLIC SAFETY**

**JUNE 30, 2004**

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



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July 7, 2005

To Kevin W. Techau, Commissioner of the  
Iowa Department of Public Safety:

The Iowa Department of Public Safety 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, 2004.

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, 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.

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 Public Safety, citizens of the State of Iowa and other parties to whom the Iowa Department of Public Safety 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 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.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

cc: Honorable Thomas J. Vilsack, Governor  
Michael L. Tramontina, Director, Department of Management  
Dennis C. Prouty, Director, Legislative Services Agency

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2004

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

No matters were noted.

**Finding Related to Internal Control:**

Receipts – Collections are received by various divisions within the Department. An initial listing is not always prepared at the time of collection. In addition, some checks are not restrictively endorsed immediately upon receipt. Also, several receipts were not deposited timely.

Recommendation – To strengthen internal control, all checks should be restrictively endorsed upon receipt and an initial listing of all collections should be prepared. Per Chapter 12.10 of the Code of Iowa, deposits should be made within 10 days succeeding collection.

Response – Each of the divisions of DPS has been instructed to maintain an initial listing of receipts received. They will maintain the listing which will be reconciled to the periodic deposits of revenue with the Department's Financial Bureau.

Conclusion – Response acknowledged. In addition, checks should be restrictively endorsed immediately upon receipt and deposited timely.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2004

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

- (1) Explosive Storage Facility Inspections – Per Chapter 101A.7 of the Code of Iowa, each explosive storage facility shall be inspected once a year by a representative of the State Fire Marshall’s Office. One of ten facilities selected had not been inspected within the last calendar year.

Recommendation – The Department should implement procedures to ensure each licensed explosive storage facility is inspected annually.

Response – The Fire Marshal’s Office was drastically understaffed due to budget reductions and the resulting lack of a peace officer basic academy. The completion of the most recent academy in May 2005 should help alleviate the situation. The topic has been addressed with the Fire Marshal’s Office.

Conclusion – Response accepted.

- (2) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each department of State government to maintain an accurate, up-to-date inventory of all real and personal property belonging to the State.

The Department did not reconcile capital asset expenditures per Iowa’s Integrated Information System (I/3) to assets added to the capital asset listing. In addition, although the Department does maintain records of current year depreciation activity, the Department’s depreciation records do not include total accumulated depreciation to support the amounts reported in the GAAP Reporting Package.

Recommendation – The Department should perform timely reconciliations between capital outlay expenditures and additions reported on the capital asset listing. Also, the Department should review its depreciation records to include balances that can be easily reconciled to amounts reported in the GAAP Reporting Package.

Response – Each year the Department makes progress on the reporting and reconciliation of capital assets. The Department was able to reconcile inventory to expenditures reflected in I/3, but failed to make the corresponding adjustments to I/3 that were necessary to balance the two systems. Through continued education of our employees it is believed that this issue will be resolved for future audits.

Conclusion – Response accepted.

- (3) Personal Services Contracts – Iowa Department of Administrative Services (DAS) Policy 240.102 provides general guidelines to be used by departments when entering into personal services contracts. The required procedures include a determination, prior to signing the contract, as to whether the contractor has an employer/employee relationship with the State. To make this determination, departments are to submit copies of the pre-contract questionnaire, Internal Revenue Service (IRS) form SS-8 and the proposed contract to the State Accounting Enterprise at DAS.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2004

Testing of fourteen personnel services contracts for the Department identified the following:

- (1) For one contract, the pre-contract questionnaire was signed after the start date of the contract.
- (2) For three contracts, the contract was signed after the start date of the contract.
- (3) For six contracts, the contractor selection process was not documented.
- (4) For three contracts, a termination clause was not included.
- (5) For one contract, start and end dates were not included.

Recommendation – Personal services contracts should include the required elements as identified in the laws and regulations governing state contracts.

Response – The Department's goal is to follow all rules associated with personal services contracts. Compliance on the part of our staff has continued to be a problem for us. With the geographic distribution of the Department it is often difficult to ensure all persons authorized to enter into agreements covered by these rules are knowledgeable of what is required of them, or what constitutes a service requiring a contract.

A template contract is available on our wide-area network from which authorized persons are to begin. All persons will again be reminded of the rules governing the purchase of services through contractors.

Conclusion – Response accepted.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2004

**Staff:**

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager  
Karen L. Brustkern, CPA, Senior Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Heather L. Templeton, Staff Auditor  
Nicole B. Tenges, Staff Auditor  
Michael D. Gentry Jr., Assistant Auditor  
Sheila M. Jensen, Staff Auditor  
Jeffrey L. Lenhart, Assistant Auditor