



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____ September 28, 2005

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released a combined report on the eight Judicial District Departments of Correctional Services for the year ended June 30, 2004.

The eight Judicial District Departments of Correctional Services provide community-based correctional programs to Iowa's 99 counties and have administrative offices in Waterloo, Ames, Sioux City, Council Bluffs, Des Moines, Cedar Rapids, Davenport and Fairfield. The Iowa Department of Corrections provides the majority of the funding for the District Departments.

Total revenues ranged from \$4,922,374 at the Fourth Judicial District Department to \$16,376,767 at the Fifth Judicial District Department. Similarly, total expenditures ranged from \$5,027,845 at the Fourth Judicial District Department to \$16,179,418 at the Fifth Judicial District Department.

Vaudt made recommendations to strengthen internal controls and comply with statutory requirements at certain District Departments. In addition, Vaudt recommended the Sixth Judicial District Department obtain a written opinion from the Attorney General's office regarding the legality of an administrative fee charged to offenders beginning July 1, 2004. The District Departments' responses are included in this report.

A copy of the report is available for review at each of the Judicial District Departments or the Office of Auditor of State.

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**COMBINED REPORT OF RECOMMENDATIONS TO THE
EIGHT JUDICIAL DISTRICT DEPARTMENTS OF
CORRECTIONAL SERVICES**

JUNE 30, 2004

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



David A. Vaudt, CPA
Auditor of State

Table of Contents

		<u>Page</u>
Auditor of State's Report		3
Overview		4-5
Schedules:	<u>Schedule</u>	
Schedule of General Fund Revenues by Judicial District Department	1	6-7
Schedule of General Fund Expenditures by Judicial District Department	2	8-9
Findings and Recommendations:		
First Judicial District Department		10
Second Judicial District Department		11
Third Judicial District Department		12-13
Fourth Judicial District Department		14
Fifth Judicial District Department		15-16
Sixth Judicial District Department		17-21
Seventh Judicial District Department		22
Eighth Judicial District Department		23-24



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September 23, 2005

To the Board Members of the
Judicial District Departments of Correctional Services:

The eight individual Judicial District Departments 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, 2004.

In conducting our audits, we became aware of certain aspects concerning the various District Departments' 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 District Departments' internal control, compliance with statutory requirements and other matters. These recommendations have been discussed with personnel at each applicable District Department and their responses to these recommendations are included in this report.

We have also included certain unaudited financial information for the Judicial District Departments for the year ended June 30, 2004.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Judicial District Departments of Correctional Services, citizens of the State of Iowa and other parties to whom the Judicial District Departments of Correctional Services 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 District Departments 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 District Departments are listed on pages 10, 11, 13, 14, 16, 21, 22 and 24 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

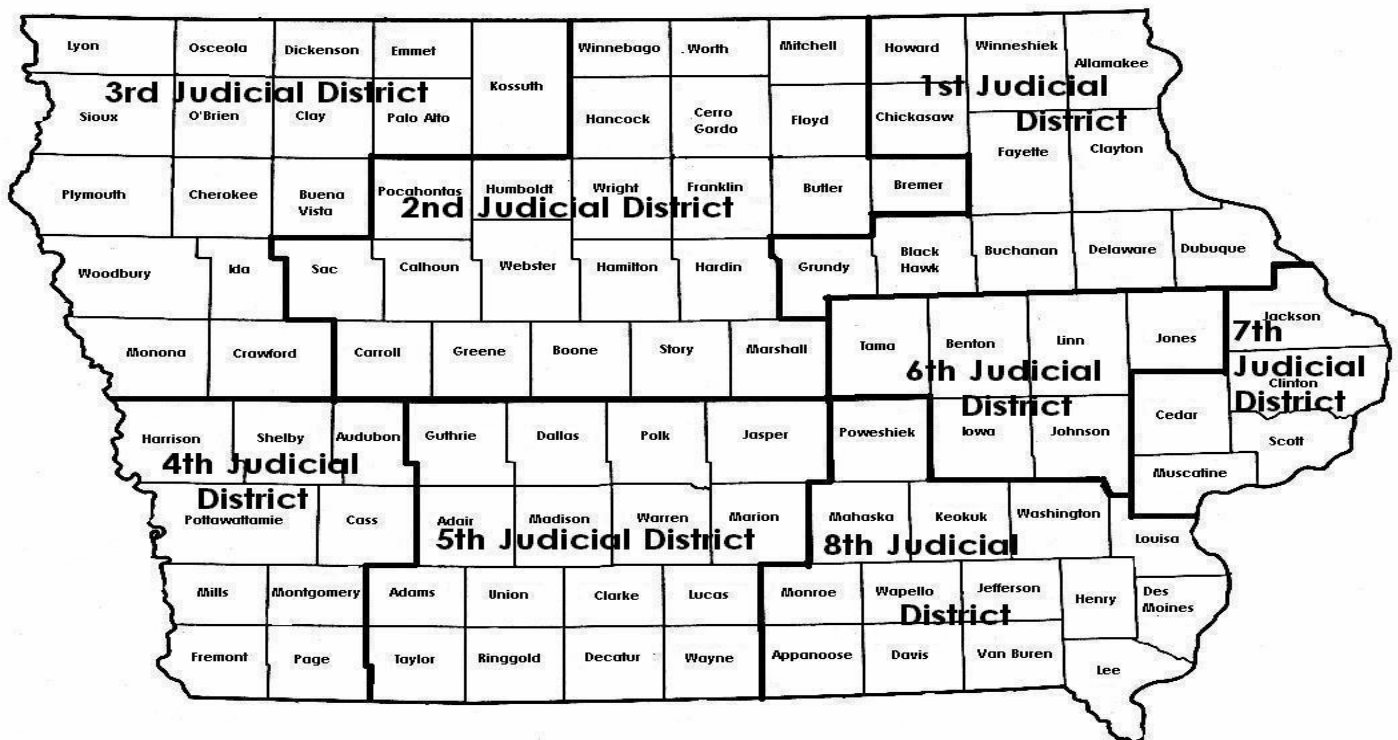
Eight Judicial District Departments of Correctional Services

Overview

Background

In accordance with Chapter 905 of the Code of Iowa, the Iowa Department of Corrections provides assistance and support to the eight established judicial district departments. Each district department is responsible for establishing those services necessary to provide a community-based correctional program which meets the needs of that judicial district. Each district department is under the direction of a board of directors, and is administered by a director employed by the board.

The district departments are located geographically throughout the state (see map below) with administrative offices located in Waterloo, Ames, Sioux City, Council Bluffs, Des Moines, Cedar Rapids, Davenport and Fairfield.



Scope and Methodology

We have presented schedules of general fund revenues and expenditures by judicial district department for comparative purposes. These amounts were obtained from information which was used for statewide financial statement purposes. Certain reclassifications and changes have been made to revenues to provide comparable data. These reclassifications and changes are as follows:

- (1) State allocations, transfers between Districts and reversion amounts were netted and titled net state appropriation allocation for this report.
- (2) The receipts from other entities category was titled federal, state, and local grants and contracts for this report.

Eight Judicial District Departments of Correctional Services

Overview

- (3) The fees, licenses, and permits and refunds and reimbursements categories have been combined and titled fees, refunds and reimbursements for this report.
- (4) Sales, rents, and services and miscellaneous categories have been combined and titled rents and miscellaneous for this report.

Summary Observation

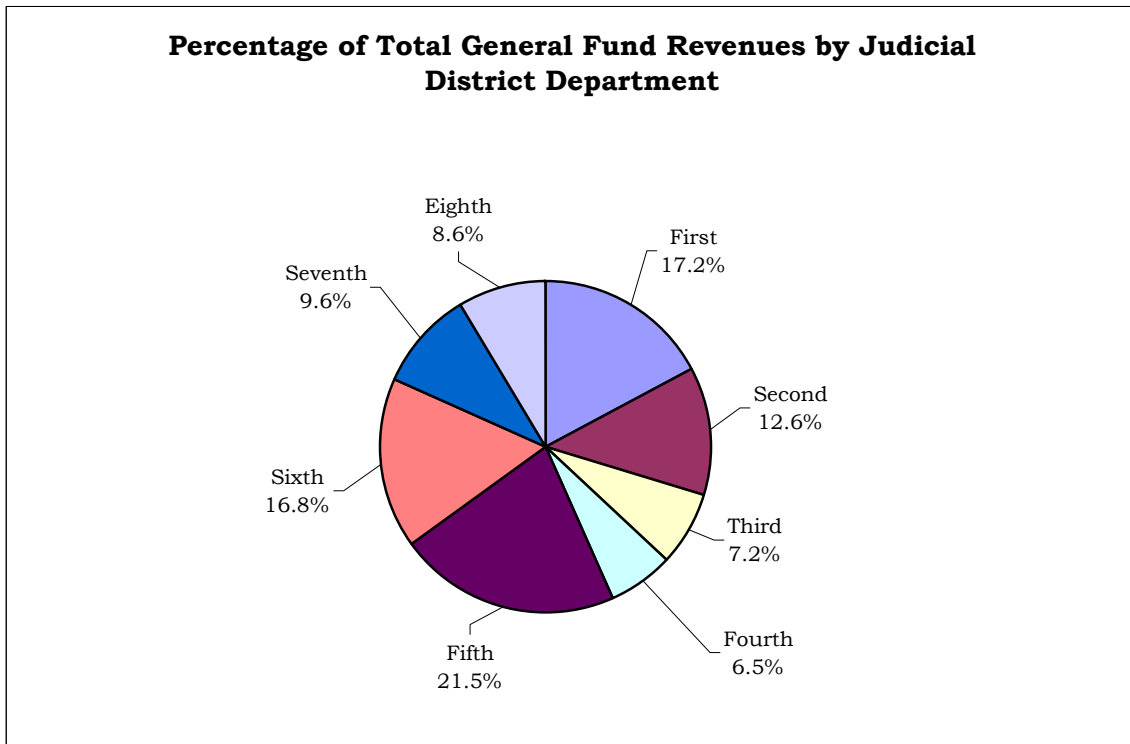
Total revenues ranged from \$4,922,374 at the Fourth Judicial District Department to \$16,376,767 at the Fifth Judicial District Department. Similarly, total expenditures ranged from \$5,027,845 at the Fourth Judicial District Department to \$16,179,418 at the Fifth Judicial District Department.

Judicial District Departments

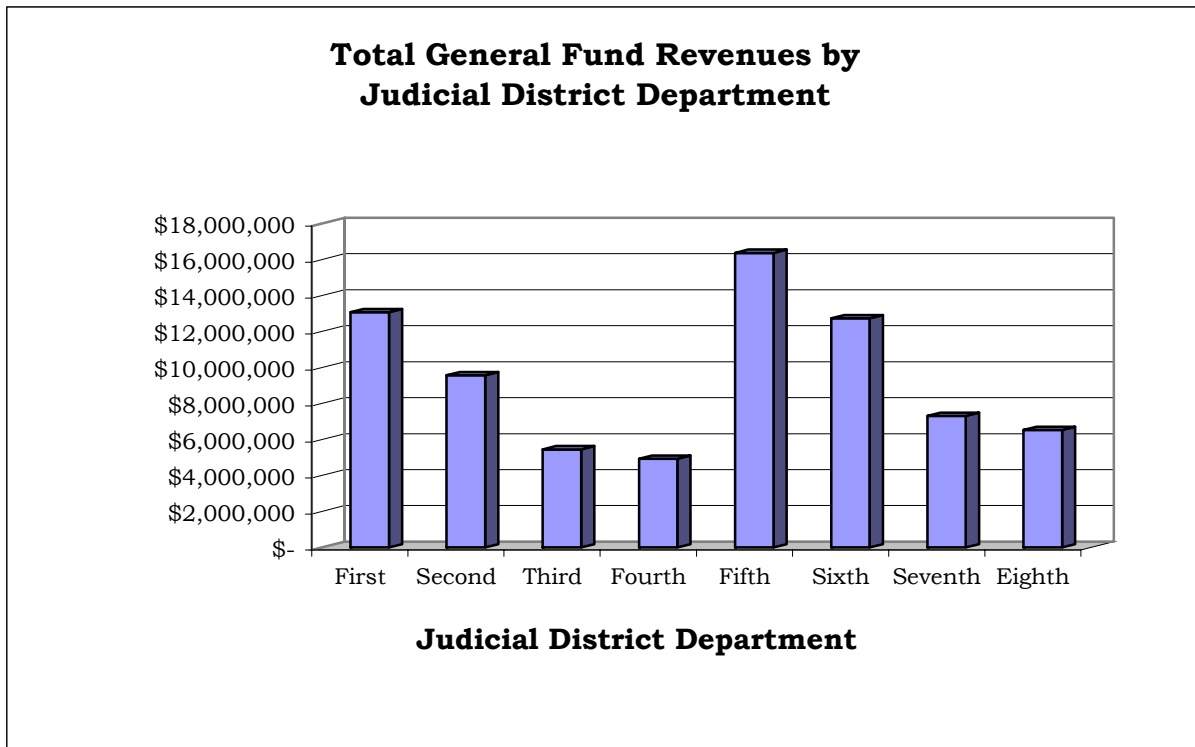
Schedule of General Fund Revenues by Judicial District Department
(Unaudited)

Year ended June 30, 2004

Revenues	First	Second	Third
Net state appropriation allocation	\$ 9,811,716	7,816,246	4,567,282
Federal, state, and local grants and contracts	1,420,988	500,074	64,024
Interest on investments	1,618	6,267	3,346
Fees, refunds and reimbursements	1,837,077	1,216,626	777,050
Rents and miscellaneous	-	27,705	37,756
Total	\$ 13,071,399	9,566,918	5,449,458



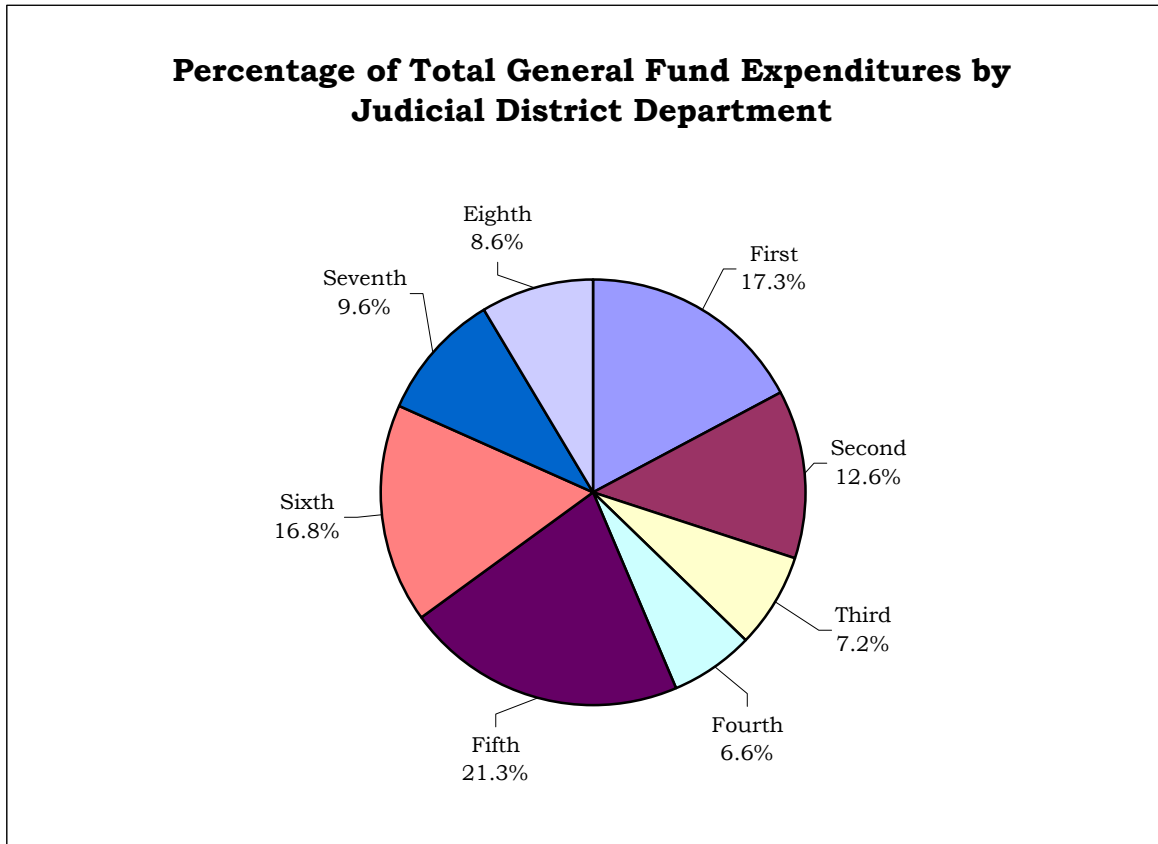
Judicial District Department					
Fourth	Fifth	Sixth	Seventh	Eighth	Total
4,381,486	12,934,669	9,922,897	5,536,177	5,628,179	60,598,652
30,000	130,000	746,149	396,006	96,079	3,383,320
4,091	15,011	27,786	5,640	7,051	70,810
497,217	3,260,817	1,948,992	1,356,560	784,503	11,678,842
9,580	36,270	90,021	19,284	10,618	231,234
4,922,374	16,376,767	12,735,845	7,313,667	6,526,430	75,962,858



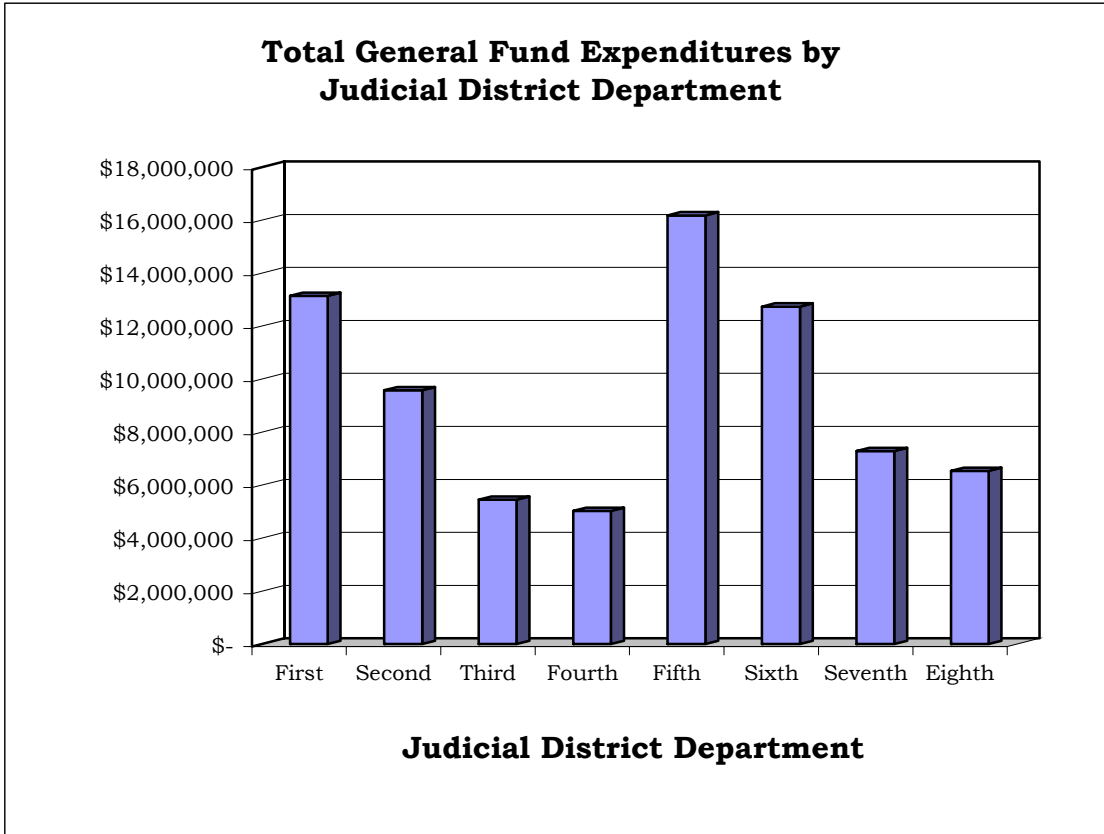
Judicial District Departments
 Schedule of General Fund Expenditures by Judicial District Department
 (Unaudited)

Year ended June 30, 2004

Expenditures	First	Second	Third
Personal services	\$ 11,499,949	8,345,506	4,751,548
Travel and subsistence	84,903	95,351	51,263
Supplies	427,743	305,700	142,926
Contractual services	763,677	748,992	207,423
Equipment and repairs	105,647	84,527	58,102
Claims and miscellaneous	263,702	-	229,850
Plant improvements	-	-	8,346
Total	\$ 13,145,621	9,580,076	5,449,458



Judicial District Department						
Fourth	Fifth	Sixth	Seventh	Eighth	Total	
4,253,388	12,686,368	10,892,105	6,126,545	5,424,710	63,980,119	
71,525	166,030	60,477	77,019	56,514	663,082	
256,574	625,609	488,532	338,799	278,195	2,864,078	
439,209	2,332,066	565,230	676,438	681,190	6,414,225	
7,149	156,798	402,926	50,576	28,096	893,821	
-	212,547	100,456	15,545	64,838	886,938	
-	-	230,073	-	-	238,419	
5,027,845	16,179,418	12,739,799	7,284,922	6,533,543	75,940,682	



Report of Recommendations to the
First Judicial District Department

June 30, 2004

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

Supervision Fees Receivable – District Departments are required to submit GAAP packages each year. The First Judicial District Department reported receivables for supervision fees. Reconciliations were not performed monthly for supervision fees receivable and a detailed listing of receivables at year end was not generated to support the amount reported in the GAAP package.

Recommendation – The First Judicial District Department should reconcile supervision fees receivable monthly and prepare a detailed listing of the receivables at year end to support the amount reported in the GAAP package.

Response – The First Judicial District Department will begin to perform monthly reconciliations of supervision fee receivables. We will also attempt to incorporate a report, which would entail a detailed listing of the receivables, in our revised “Fee Collection Program” to be used in FY 2005. This would be used to support the amount reported in the GAAP package.

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:

Steven M. Nottger, CPA, Manager
Trevor L. Theulen, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Janet M. Tiefenthaler, Assistant Auditor

Report of Recommendations to the
Second Judicial District Department

June 30, 2004

Findings Reported in the State's Single Audit Report:

No matters were noted.

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:

Kay F. Dunn, CPA, Manager
Brad T. Holtan, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Donna R. Neubauer, Assistant Auditor

Report of Recommendations to the
Third Judicial District Department

June 30, 2004

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

Segregation of Duties – Client Receipts – Clients (offenders) housed at the residential facility are required to submit paychecks, miscellaneous receipts, etc. to Third Judicial District Department staff for deposit. A Residential Officer or Parole/Probation Officer takes possession of the check/money order and enters the information into the DOC Banking System.

Several times a week, the Rotating Secretary collects the checks/money orders and delivers them to the Primary Secretary. The Primary Secretary prints a report from the DOC Banking System called the CBC Auto Holds By Living Unit Report (CBC Report).

The Primary Secretary and Rotating Secretary then reconcile the checks/money orders received to the information on the CBC Report. Once reconciled, the Primary Secretary continues the processing/recording of the receipts on the DOC Banking System and her ledger, prepares the deposit, takes the deposit to the bank and files the validated deposit slip.

There is not an independent review of the information on the CBC Report to the amount deposited.

Recommendation – To strengthen controls over client receipts, an independent person should compare the CBC Report to the validated deposit slip. In addition, the Residential Division Manager should initial/sign the CBC Report once it has been reconciled to the checks/money orders to document the review/acceptance of the information.

Response – The Third Judicial District Department has revised the Budgeting Policy to include a monthly reconciliation between the CBC Report and validated deposit slips. This review will be completed by the Residential Division Manager.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the District Department to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both front and back of each cancelled check. The District Department retains cancelled checks through electronic image for the Administrative account and the Residential Trust account, both located at Security National Bank, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The District Department should obtain and retain an image of both the front and back of each cancelled check as required.

Report of Recommendations to the
Third Judicial District Department

June 30, 2004

Response – The Security National Bank has been contacted, and beginning in May 2005 the imaged cancelled checks will include both front and back sides of the checks.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Steven M. Nottger, CPA, Manager
Jennifer R. Edgar, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Jessica L. Christensen, Assistant Auditor

Report of Recommendations to the
Fourth Judicial District Department

June 30, 2004

Findings Reported in the State's Single Audit Report:

No matters were noted.

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:

Ronald D. Swanson, CPA, Manager
Nicole B. Tenges, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Karen J. Kibbe, Assistant Auditor

Report of Recommendations to the
Fifth Judicial District Department

June 30, 2004

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

- (1) Supervision Fees Receivable – District Departments are required to submit GAAP packages each year. The Fifth Judicial District Department reported receivables for supervision fees. Reconciliations were not performed for supervision fees receivable and a detailed listing of the receivables at year end was not generated to support the amount reported in the GAAP package.

Recommendation – The Fifth Judicial District Department should reconcile supervision fees receivable monthly and prepare a detailed listing of the receivables at year end to support the amount reported in the GAAP package.

Response – The Fifth Judicial District Department implemented a new “Fee Collection System” in November 2004. This improved system will now allow for the District to compile and print off an individualized supervision fee receivables listing at the end of the fiscal year. This listing will be used as support in a reconciliation of the supervision fees receivable at the end of the fiscal year (June 30), which will support the corresponding amount in the GAAP package.

Conclusion – Response accepted.

- (2) Segregation of Duties – Client Receipts – Clients (offenders) housed at the residential facility are required to submit paychecks, miscellaneous receipts, etc. to Fifth Judicial District Department staff for deposit. A Residential Officer or Parole/Probation Officer takes possession of the check/money order and enters the information into the DOC Banking System.

Several times a week, the Rotating Secretary collects the checks/money orders and delivers them to the Primary Secretary. The Primary Secretary prints a report from the DOC Banking System called the CBC Auto Holds By Living Unit Report (CBC Report).

The Primary Secretary and Rotating Secretary then reconcile the checks/money orders received to the information on the CBC Report. Once reconciled, the Primary Secretary continues the processing/recording of the receipts on the DOC Banking System and her ledger, prepares the deposit, takes the deposit to the bank and files the validated deposit slip.

There is not an independent review of the information on the CBC Report to the amount deposited.

Recommendation – To strengthen controls over client receipts, an independent person should compare the CBC Report to the validated deposit slip. In addition, the Primary Secretary and Rotating Secretary should initial/sign the CBC Report once it has been reconciled to the checks/money orders to document their review/acceptance of the information.

Report of Recommendations to the
Fifth Judicial District Department

June 30, 2004

Response – The Fifth Judicial District Department will implement an independent review of the “CBC Report” and the validated deposit slip to ensure that they agree. This individual will sign/date the “CBC Report” to document that this review has taken place.

The Fifth Judicial District Department will also ensure that the reconciliation of the checks/money orders to the “CBC Report” is documented by the Primary Secretary and Rotating Secretary’s signature/date on the “CBC Report” at Fort Des Moines and by the Primary Secretary and Supervisor at the Women’s Facility.

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:

Cynthia L. Weber, CPA, Manager
Sarah D. Nelson, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Karen J. Kibbe, Assistant Auditor
Janet M. Tiefenthaler, Assistant Auditor

Report of Recommendations to the
Sixth Judicial District Department

June 30, 2004

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

- (1) Supervision Fees Receivable – District Departments are required to submit GAAP packages each year. The Sixth Judicial District Department reported receivables for supervision fees. Reconciliations were not performed monthly for supervision fees receivable.

Recommendation – The Sixth Judicial District Department should reconcile the supervision fees receivable monthly.

Response – The Supervision Fee tracking system was new in FY 2004. After the auditor reviewed the system further, it was determined that an additional control should be in place. The Supervision Fee tracking system will be reconciled monthly with the ending balance compared to a Supervision Fee aging report. This control will be implemented on August 31, 2005.

Conclusion – Response accepted.

- (2) Segregation of Duties – Client Receipts – Clients (offenders) housed at the residential facility are required to submit paychecks, miscellaneous receipts, etc. to Sixth Judicial District staff for deposit. A Residential Officer or Parole/Probation Officer takes possession of the check/money order and enters the information into the DOC Banking System.

Several times a week, a courier collects the checks/money orders and delivers them to the Client Account Accountant (Accountant). The Accountant prints a report from the DOC Banking System called the CBC Auto Holds By Living Unit Report (CBC Report).

The Accountant then reconciles the checks/money orders received to the information on the CBC Report. Once reconciled, the Accountant continues the processing/recording of the receipts on the DOC Banking System and her ledger, prepares the deposit, takes the deposit to the bank and files the validated deposit slip.

There is not an independent review of the information on the CBC Report to the amount deposited.

Also, the Accountant prepares the monthly bank reconciliation for the Client Banking account. An independent person does not reconcile the Client Banking account.

Recommendation – To strengthen controls over client receipts, the Accountant and an independent person should reconcile the CBC Report to the checks/money orders received and document the review/acceptance of the information. In addition, an independent person should compare the CBC Report to the validated deposit slip. Finally, the Client Banking account should be reconciled by someone independent of Client Banking account receipts and disbursements.

Response – All checks and money orders we receive from clients are receipted in by a Residential Officer into the Client Banking system. The system has a list of these receipts called the CBC Auto Holds Report. The checks received are compared to this report to ensure we have in-hand all checks that were given to us by a client.

Report of Recommendations to the
Sixth Judicial District Department

June 30, 2004

We will work with ATG, the Client Banking System owner, to develop an “exception report” which shows all CBC Auto Holds deleted from the system. This report would be reviewed by an independent person.

We will also have an independent person review the CBC Report and signoff on the review. An independent person will reconcile the CBC Report with the bank deposit slip account.

In addition, we will have an independent person perform the reconciliation of bank statements for the Client Banking account each month.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

- (1) Administrative Fee – Effective July 1, 2004, the Sixth Judicial District Department assessed an administrative fee of \$50 to self-supervision offenders and \$100 to all other offenders with more than six months remaining on supervision. According to the District Department, the administrative fee is intended to defray the cost of certain community-based corrections services provided by the Community Corrections Improvement Association (CCIA).

The District Department issued a “Notification of Administrative Fee” to the offenders to inform them of the new fee. The form, issued on the District Department’s letterhead, directed offenders to pay the fee to CCIA.

CCIA is an IRC 501C(3) charitable organization and identifies itself as the “private foundation arm of the Sixth Judicial District Department of Correctional Services”. CCIA supports a variety of services for community-based corrections. CCIA accepted responsibility for certain contracts previously managed by the District Department (i.e. contracts with various laboratory supply vendors, Area Substance Abuse Council, Mid-Eastern Council on Chemical Abuse, etc.) and collects the administrative fee to offset these costs.

The following were noted:

- (a) The District Department could not identify a specific chapter within the Code of Iowa which authorizes the collection of this fee. In fact, a letter written by Gary Hinzman, District Department Director, to an offender states “The Board of Directors imposed this fee; therefore there is no section in the Iowa Code regarding this fee. The Court does not impose this fee, or enforce it, and will not stop your discharge for failing to pay the fee, which the Court can do for the Supervision Fee.”
- (b) The minutes of the August 13, 2004 board meeting state “Gary Hinzman reported we are charging the new Administrative Fee to all clients. This has been reviewed by Attorney General’s office and they report that it is legal for us to charge and collect this fee.” Neither the District Department nor a representative from the Attorney General’s (AG) office provided written documentation the AG’s office considers this fee to be legal.
- (c) The administrative fees collected are deposited directly into CCIA’s bank accounts. The fee and related expenditures do not run through the District Department’s accounting records, even though the District Department

Report of Recommendations to the
Sixth Judicial District Department

June 30, 2004

remains accountable for these services. Also, CCIA is not reported as a component unit of the District Department on the District Department's GAAP reporting package.

- (d) The District Department's Fiscal Manual, Administrative Fees – Questions and Answers, dated December 13, 2004, states the administrative fee should be paid first (i.e. before the \$250 supervision fee authorized by Chapter 905.14 of the Code of Iowa).
- (e) The arrangement between CCIA and the District Department is unusual in that CCIA (a foundation of the District) is contracting for certain services for offenders on behalf of the District Department. Typically, a foundation raises money and gives money to the organization (District Department) and the organization (District Department) contracts for the required service/program.

Recommendation – The District Department should obtain a written opinion from the Attorney General's office to determine the legality of the administrative fee. If the fee is considered legal, the District Department should collect and deposit the fee into the District Department's bank account and record the fee in the District Department's accounting records. Also, since the District Department remains accountable for the services provided to the offenders, it should be contracting directly with the vendors. The supervision fee authorized by Chapter 905.14 of the Code of Iowa should be collected prior to the collection of the administrative fee.

If the administrative fee is not considered a legal fee, the District Department should immediately discontinue the collection of the fee and issue refunds to those offenders who have already paid the fee.

Response – Starting in 1999, the Iowa Legislature began to decrease the amount of appropriations the Sixth Judicial District Department had been appropriated for providing treatment related services for offenders under supervision. In one year that decrease was over \$425,000. In subsequent years, with additional decreases, the District Department needed to start charging offenders for treatment services. This is distinguished from the supervision fee the Legislature has levied in that the supervision fee is to offset the monitoring of offenders for public safety.

Subsequently, the Sixth Judicial District Department needed to determine what program and treatment fees were already in place for the offenders to pay and what new fee based services were needed in order to continue vital treatment programs, as there was no other funding to provide these treatment related services.

There has been a long standing practice over twenty years within the CBC system to charge treatment or program fees. This is based on the professional knowledge that supervision without effective treatment related services is not effective. These vital services needed to be funded and continued. The Sixth Judicial District Department decided to distinguish these fees from supervision fees and program fees for sex offenders by calling them administrative fees.

The administrative fee is a combination of several fees the District has previously charged and need to continue vital services without appropriations. A decision was made to combine multiple programming and assessment fees into one fee to streamline collection of multiple fees, to reduce staff workload that would be required to track and reconcile multiple fees, and, in most cases, to reduce the amount collected from our clients. The majority of clients would pay more through multiple fees charged than through the administrative fee.

Report of Recommendations to the
Sixth Judicial District Department

June 30, 2004

Past practice of Community Based Correction Organizations (CBCs) has been to charge fees for services provided above those required by the Purchase of Service (POS) agreement with the state. The Department of Corrections has agreed that it is reasonable for our clients to pay fees for other services provided. Although Iowa Code only mentions the Enrollment Fee, there is no law restricting CBCs from charging or collecting additional fees for additional services provided. Therefore, it is legal and acceptable to the Department of Corrections for this District to assess and collect the administrative fee.

The administrative fee was previously being collected by CCIA, our non-profit foundation, to pay for contracts with ASAC and MECCA for OWI programming and UA supplies. As of July 1, 2005, the District will collect the fee and contract with ASAC and MECCA.

It should be noted that the First District CBC charged a combined fee, the same as our administrative fee, called the programming fee. Their state audit did not have any issues with the fee. This appears to be an inconsistency with the auditing of CBCs.

Conclusion – Response acknowledged. The Sixth Judicial District Department should consult legal counsel to determine the legality of the administrative fee.

We will review the programming fee at the First Judicial District Department during our next audit cycle.

- (2) Capital Projects Fund – The Sixth Judicial District Department maintains a Capital Projects Fund for future capital projects of the District. During fiscal year 2004, two transfers, totaling \$79,141, were made from the Capital Projects Fund to the District's operating account. As of September 2004, \$61,471 had been repaid.

The Board did not document its approval of the interfund loans/transfers from the Capital Projects Fund to the operating account. In addition, it is unclear whether the District intends to repay the remaining \$17,670 to the Capital Projects Fund from the operating account.

Recommendation – The Board should document its approval of all interfund loans/transfers in the minutes. In addition, the minutes should include documentation of the terms of interfund loans (repayment schedule, interest rate, etc.).

Response – As of June 30, 2005, the outstanding loan amount has been paid by the District to the Capital Projects Fund. In the future, anytime funds are drawn from that account, it will be fully documented in the Board of Directors Meeting minutes.

Conclusion – Response accepted.

- (3) Department of Corrections Annual Report – In accordance with Section 4.2.6 of the Purchase of Service Agreement, District Departments are required to submit an annual report to the Department of Corrections by December 1st for the previous fiscal year. The Sixth Judicial District Department did not submit the required annual report for June 30, 2004 by December 1, 2004.

Recommendation – The Sixth Judicial District Department should submit the annual report to the Department of Corrections by December 1st to comply with the Purchase of Service Agreement.

Report of Recommendations to the
Sixth Judicial District Department

June 30, 2004

Response – In the future, the District Department will provide required information for the annual report in a timely manner.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Cynthia L. Weber, CPA, Manager
Sarah D. Nelson, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State of Iowa

Other individuals who participated on this audit include:

Jennifer R. Edgar, CPA, Staff Auditor
Daniel L. Grady, Assistant Auditor

Report of Recommendations to the
Seventh Judicial District Department

June 30, 2004

Findings Reported in the State's Single Audit Report:

No matters were noted.

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:

Marlys K. Gaston, CPA, Manager
Dustin S. Boxa, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Brandon J. Yuska, Assistant Auditor

Report of Recommendations to the
Eighth Judicial District Department

June 30, 2004

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

Segregation of Duties (Fairfield Administrative Office) – The responsibilities for collection, deposit preparation and reconciliation functions should be separated from those for recording and accounting for receipts. Currently, the administrative accountant prepares the deposit, deposits the receipts, accounts for receipts and reconciles the bank account. The District Director initials the bank reconciliations.

In addition, the responsibility for check signing should be properly segregated. Currently, the Eighth Judicial District Department requires dual signatures on checks. The administrative accountant is an authorized check signer and also has access to the District Director's check signature stamp.

Recommendation – Someone independent of the receipts process should compare the receipts to the cash and checks collected, compare the receipts to an authorized deposit slip and initial to indicate their review.

In addition, when the check signature stamp of the District Director is used, an authorized check signer other than the administrative accountant should apply the second signature on the check.

Response – Due to budget limitations, staff size is limited to one administrative accountant. We will continue to segregate duties as much as possible using the small staff available.

The District Director's signature stamp will be given to an administrative staff member who is not directly involved in the district's fiscal accounting. Access to the stamp will be restricted to that person only and will be used exclusively in emergency situations.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

Department of Corrections Annual Report – In accordance with Section 4.2.6 of the Purchase of Service Agreement, District Departments are required to submit an annual report to the Department of Corrections by December 1st for the previous fiscal year. The Eighth Judicial District Department did not submit the required annual report for June 30, 2004 by December 1, 2004.

Recommendation – The Eighth Judicial District Department should submit the annual report to the Department of Corrections by December 1st to comply with the Purchase of Service Agreement.

Response – The District will complete and submit the required report to the Department of Corrections no later than July 30, 2005.

Conclusion – Response accepted.

Report of Recommendations to the
Eighth Judicial District Department

June 30, 2004

Staff:

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager
Marc D. Johnson, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Cheryl R. McNaught, Assistant Auditor