



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

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NEWS RELEASE

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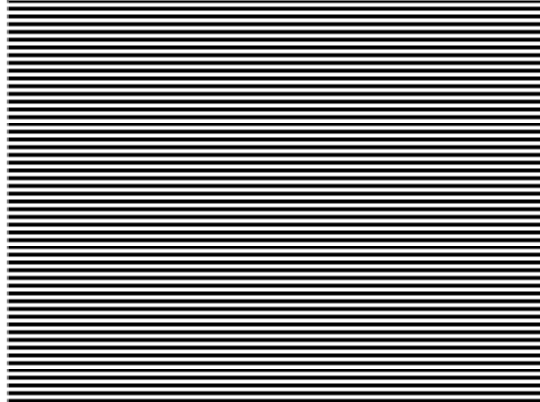
Auditor of State David A. Vaudt today released an audit report on Iowa Prison Industries for the year ended June 30, 2005.

Iowa Prison Industries, a self-supporting division of the Iowa Department of Corrections, produces goods for sale to the State of Iowa and its political subdivision. Production work is done by inmates at prison sites as a vocational training and rehabilitation program.

Vaudt recommended Iowa Prison Industries review the depository resolution to ensure daily bank balances do not exceed the depository resolution. The Agency's response is included in this report.

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 <http://auditor.iowa.gov/reports/reports.htm>.

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**REPORT OF RECOMMENDATIONS TO
IOWA PRISON INDUSTRIES**

JUNE 30, 2005

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



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January 30, 2006

To Gary D. Maynard, Director of the
Iowa Department of Corrections:

Iowa Prison Industries 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, 2005.

In conducting our audit, we became aware of an aspect concerning Iowa Prison Industries' operations for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on page 4. We believe you should be aware of the recommendation which pertains to Iowa Prison Industries' compliance with statutory requirements and other matters. The recommendation has been discussed with Iowa Prison Industries personnel and their response to the recommendation is 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 Iowa Prison Industries, citizens of the State of Iowa and other parties to whom Iowa Prison Industries 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 Iowa Prison Industries during the course of our audit. Should you have questions concerning the above matters, we shall be pleased to discuss it with you at your convenience. Individuals who participated in our audit of Iowa Prison Industries are listed on page 5 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 Prison Industries

June 30, 2005

Findings Related to Internal Control:

No matters were noted.

Finding Related to Statutory Requirements and Other Matters:

Official Depositories – In accordance with Chapter 12C.2 of the Code of Iowa, Iowa Prison Industries has a written resolution approving each depository and the maximum amount which may be kept on deposit. The maximum deposit amount stated in the resolution was exceeded during the year ended June 30, 2005.

Recommendation – A new resolution in an amount sufficient to cover the anticipated balance at the approved depository should be adopted by the Board.

Response – Iowa Prison Industries deposits are directly related to the timing of customer payments. The existing depository resolution was sufficient for 363 out of 365 days. However, to ensure that this situation does not reoccur, at the October 2005 IPI Advisory Board meeting, the Board approved a resolution doubling the maximum amount which may be kept on deposit.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Prison Industries

June 30, 2005

Staff:

Questions or requests for further assistance should be directed to:

Joe T. Marturello, CIA, Manager
Scott P. Boisen, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

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