



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

Rob Sand  
Auditor of State

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Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

**NEWS RELEASE**

FOR RELEASE

November 23, 2021

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Human Services – Central Distribution Center for the year ended June 30, 2020.

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.

**AUDIT FINDINGS:**

Sand reported one finding related to the receipt and expenditure of taxpayer funds. The finding is found on page 3 of this report. Sand recommended the Center adopt procedures to ensure all invoices or other appropriate documentation are canceled to help prevent duplicate payments.

The finding discussed above is repeated from the prior year. Management of the Iowa Department of Human Services – Central Distribution Center have a fiduciary responsibility to provide oversight of the Center’s operations and financial transactions. Oversight is typically defined as the “watchful and responsible care” management exercises in its fiduciary capacity.

A copy of the report is available for review on the Auditor of State’s web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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

**JUNE 30, 2020**

**Iowa Department of Human Services –  
Central Distribution Center**



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November 9, 2021

Iowa Council on Human Services  
Des Moines, Iowa

To the Council of the Iowa Department of Human Services:

I am pleased to submit to you the Report of Recommendations for the Iowa Department of Human Services – Central Distribution Center for the year ended June 30, 2020. The report includes an audit finding pertaining to the Department's internal control for the year ended June 30, 2020. The report also includes an unaudited schedule of Annual Procurements by Institution, Department or Agency.

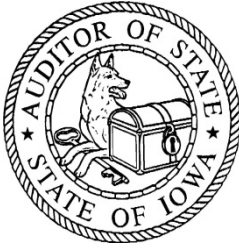
I appreciate the cooperation and courtesy extended by the officials and employees of Iowa Department of Human Services – Central Distribution Center throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand  
Auditor of State

**Iowa Department of Human Services –  
Central Distribution Center**



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November 9, 2021

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, 2020.

In conducting our audit, 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 a recommendation which is reported on the following page. We believe you should be aware of this recommendation which pertains to the Center’s internal controls. This recommendation has been discussed with Center personnel and their response to this recommendation is included in this report. While we have expressed our conclusion on the Center’s response, we did not audit the Center’s response and, accordingly, we express no opinion on it.

We have also included in this report certain unaudited financial information for the Central Distribution Center for the five years ended June 30, 2020.

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.

A handwritten signature in black ink that reads "Marlys K. Gaston".

Marlys K. Gaston, CPA  
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor  
Kraig Paulsen, Interim Director, Department of Management  
Timothy McDermott, Interim Director, Legislative Services Agency

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

June 30, 2020

**Findings Reported in the State’s Report on Internal Control:**

No matters were reported.

**Other Findings Related to Internal Control:**

Cancellation of Invoices

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing polices addressing proper asset use and proper supporting documentation.

Condition – Iowa Department of Human Services – Central Distribution Center does not cancel invoices or other documentation after payment is made. For 7 of 37 expenditures transactions tested, the invoice/support was not cancelled to prevent re-use.

Cause – No policies or procedures exist requiring invoices or other supporting documentation to be canceled.

Effect – Lack of written policies and procedures requiring paid invoices to be cancelled could result in unauthorized and duplicate transactions and the opportunity for misappropriation.

Recommendation – The Center should adopt policies and procedures that require all invoices or other appropriate documentation to be canceled to help prevent duplicate payments.

Response – Procedures will be developed for assuring invoices that have been paid are canceled promptly. Staff will be trained on said procedures.

Conclusion – Response accepted.

**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, 2020

**Staff:**

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy  
Ryan J. Pithan, CPA, Manager  
Steve D. Rater, Staff Auditor

Other individuals who participated in the audit include:

Coltin R. Collins, Staff 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				
	2020	2019	2018	2017	2016
Iowa Veterans Home - Marshalltown	\$ 18,808	35,640	53,837	52,956	74,344
State Training School - Eldora	99,632	85,312	84,848	99,789	110,323
Glenwood State Resource Center	32,945	37,510	40,988	53,906	54,188
Woodward State Resource Center	271,185	274,483	259,660	275,751	275,068
Mental Health Institute - Cherokee	131,362	116,586	105,364	131,422	102,407
Mental Health Institute and Correctional Facility - Clarinda	928,193	1,027,013	977,802	969,947	1,046,566
Mental Health Institute - Independence	57,186	53,887	46,070	41,894	36,170
Mental Health Institute and Correctional Facility - Mount Pleasant	722,964	629,704	743,517	568,147	738,122
Anamosa State Penitentiary	845,492	868,968	807,935	767,293	869,304
Iowa State Penitentiary - Fort Madison	977,693	981,386	899,564	1,047,822	910,576
Iowa Correctional Institution for Women - Mitchellville	616,931	609,596	459,139	459,856	500,367
Newton Correctional Facility	741,009	959,360	948,984	1,163,647	1,034,517
Iowa Medical and Classification Center - Oakdale	739,552	788,422	790,690	734,491	871,578
North Central Correctional Facility - Rockwell City	286,572	400,349	298,721	302,239	335,885
Fort Dodge Correctional Facility - Fort Dodge	1,011,982	1,090,577	1,091,385	1,163,084	1,214,133
Luster Heights - Anamosa	-	-	-	24,966	38,246
Fremont County Jail	4,051	7,761	6,296	7,523	8,070
Fort Des Moines Jail	130,826	107,886	133,954	137,345	119,710
Webster County Jail	39,173	36,958	29,102	12,915	1,351
Burlington Residential Correctional Facility	34,785	38,157	36,748	32,353	32,816
Ottumwa Residential Correctional Facility	51,628	53,398	50,327	45,343	63,254
Wapello County Jail	62,970	61,302	53,191	54,897	49,277
Hope House	5,144	3,316	7,081	5,108	9,493
Nelson House	-	-	-	-	22,617
Larry Nelson Center	8,114	5,977	10,426	-	-
Marshalltown Residential Facility	17,069	21,111	11,413	-	-
Fort Dodge Residential Facility	25,299	28,774	14,635	-	-
Mason City Residential Facility	457	-	-	-	-
The Waldinger Corporation	-	983	-	-	-
Waterloo Residential Correctional Facility	-	31,735	237	-	-
<b>Total</b>	<b>\$ 7,861,022</b>	<b>8,356,151</b>	<b>7,961,914</b>	<b>8,152,694</b>	<b>8,518,382</b>