



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

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

**NEWS RELEASE**

FOR RELEASE

February 23, 2022

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released a combined report on the eight Judicial District Departments of Correctional Services for the year ended June 30, 2020.

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.

**FINANCIAL HIGHLIGHTS**

Total revenues ranged from \$6,832,771 at the Fourth Judicial District Department to \$27,115,102 at the Fifth Judicial District Department. Similarly, total expenditures ranged from \$6,618,767 at the Fourth Judicial District Department to \$27,299,704 at the Fifth Judicial District Department.

**AUDIT FINDINGS**

Sand reported five findings related to the receipt and expenditure of taxpayer funds at the eight Judicial Districts. They are found on pages 10 through 18 of this report. The findings address such issues as a lack of timely bank reconciliations, unsupported journal entries and misstated compensated absences on the GAAP package. Sand provided the Districts with recommendations to address each of these findings.

Management of each District has a fiduciary responsibility to provide oversight of their respective District's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

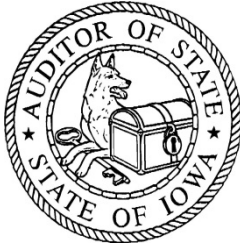
Copies of the report are available for review in the Office of Auditor of State and on the Auditor of State's web site at <https://admin.auditor.iowa.gov/reports/file/67929/embed>.

###

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

**JUNE 30, 2020**

## **Judicial District Departments**



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

January 24, 2022

Iowa Department of Corrections  
Des Moines, Iowa

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

I am pleased to submit to you the combined Report of Recommendations on the Judicial Districts under the control of the Iowa Department of Correctional Services for the year ended June 30, 2020. This report includes findings, if any, pertaining to each District's internal control and compliance with statutory requirements and other matters which resulted from the fiscal year 2020 audits. This report also includes unaudited revenue, expenditure and fund balance information pertaining to each of the Judicial District Departments.

I appreciate the cooperation and courtesy extended by the officials and employees of the eight individual Judicial District Departments of Correctional Services throughout the audits. 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, appearing to read "Rob Sand".

Rob Sand  
Auditor of State

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January 24, 2022

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


The eight individual Judicial District Departments of Correctional Services (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, 2020.

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 and 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. While we have expressed our conclusions on the District Departments' responses, we did not audit the District Departments' responses and, accordingly, we express no opinion on them.

We have also included certain unaudited financial information for the District Departments for the year 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 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, 12, 13, 14, 15, 16 and 18, and they are available to discuss these matters with you.

  
Marlys K. Gaston, CPA  
Chief Deputy Auditor of State

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

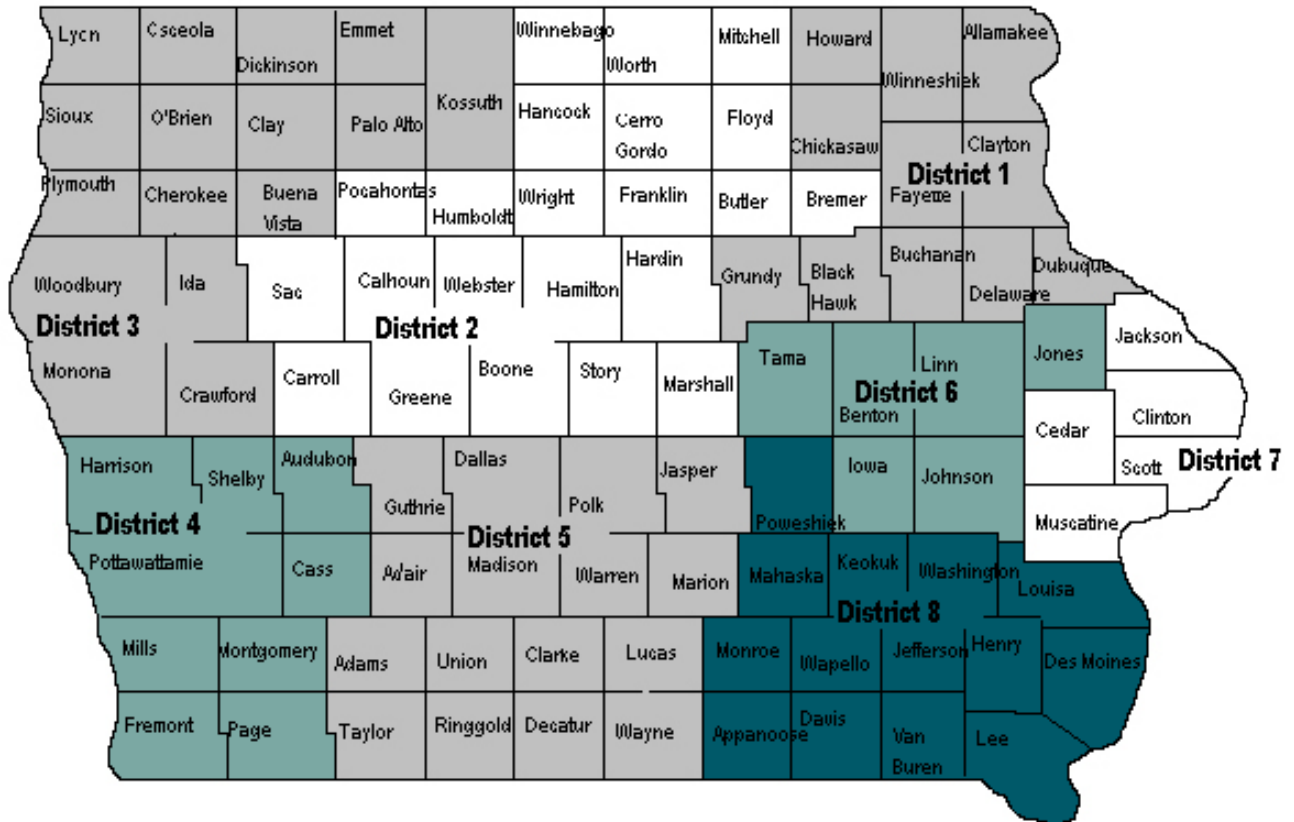
# Eight Judicial District Departments of Correctional Services

## 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 of Correctional Services (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.



## Eight Judicial District Departments of Correctional Services

### Overview

#### **Scope and Methodology**

We have presented Schedules of General Fund Revenues, Expenditures and Changes in Fund Balance by 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 District Departments and reversion amounts were netted and titled net state appropriation allocation for this report.
- (2) The receipts from other entities category were titled federal, state and local grants and contracts for this report.
- (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 \$6,832,771 at the Fourth Judicial District Department to \$27,115,102 at the Fifth Judicial District Department. Similarly, total expenditures ranged from \$6,618,767 at the Fourth Judicial District Department to \$27,299,704 at the Fifth Judicial District Department.



Judicial District Departments

Schedule of General Fund Revenues, Expenditures and Changes in Fund Balance  
by Judicial District Department  
(Unaudited)

Year ended June 30, 2020

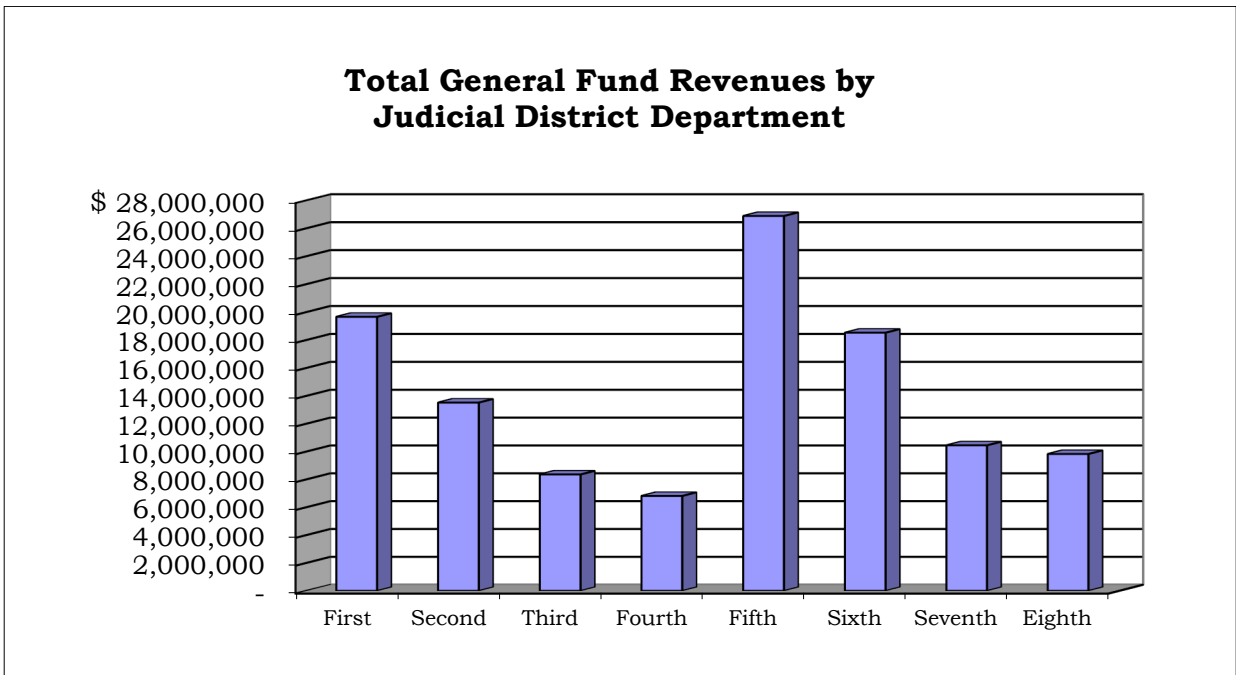
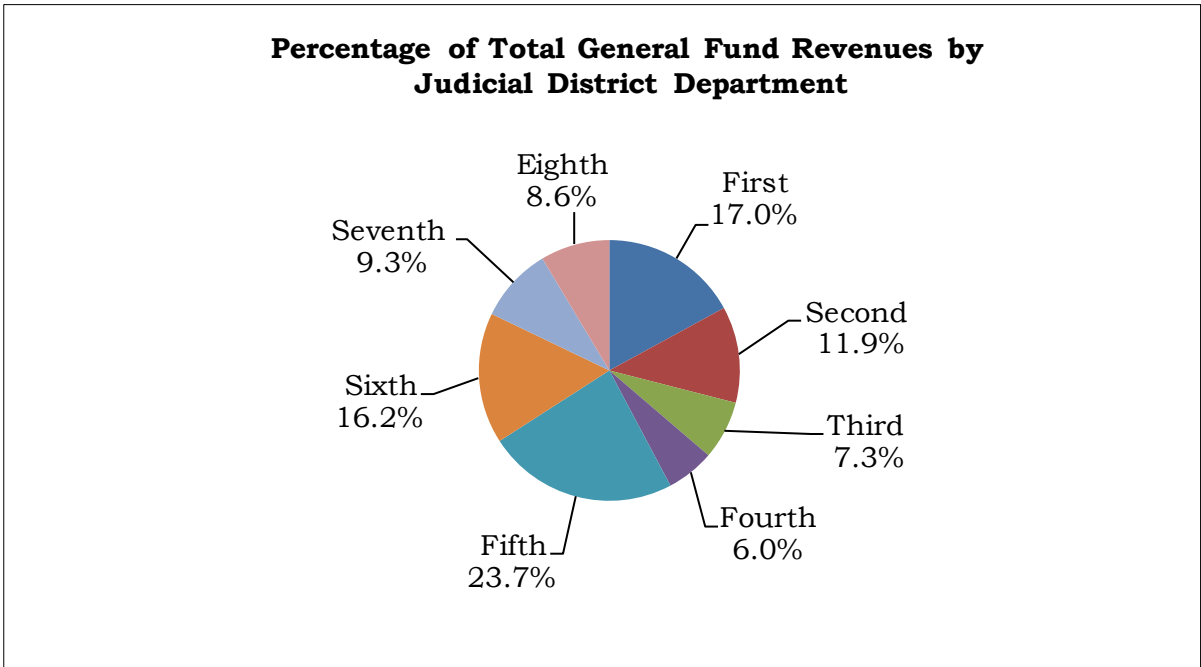
	Judicial			
	First	Second	Third	Fourth
<b>Revenues:</b>				
Net state appropriation allocation	\$ 15,219,261	11,758,160	7,324,425	5,815,391
Federal, state and local grants and contracts	692,293	177,489	33,610	25,405
Interest on investments	11,214	25,678	9,297	156
Fees, refunds and reimbursements	3,621,934	1,644,791	984,532	951,621
Rents and miscellaneous	-	86,897	-	40,198
<b>Total revenues</b>	<b>19,544,702</b>	<b>13,693,015</b>	<b>8,351,864</b>	<b>6,832,771</b>
<b>Expenditures:</b>				
Personal services	17,844,790	12,249,170	7,268,203	5,778,126
Travel and subsistence	61,983	55,034	44,445	47,913
Supplies	403,555	349,562	179,515	298,712
Contractual services	1,176,234	828,515	621,669	332,054
Equipment and repairs	225,562	264,889	177,257	143,836
Claims and miscellaneous	58,809	-	17,043	18,126
Plant improvements	-	16,703	-	-
<b>Total expenditures</b>	<b>19,770,933</b>	<b>13,763,873</b>	<b>8,308,132</b>	<b>6,618,767</b>
Excess (deficiency) of revenues over (under) expenditures	(226,231)	(70,858)	43,732	214,004
Fund balance beginning of the year	1,095,581	478,873	1,039,368	822,915
Fund balance end of the year	<b>\$ 869,350</b>	<b>408,015</b>	<b>1,083,100</b>	<b>1,036,919</b>

District Department				
Fifth	Sixth	Seventh	Eighth	Total
22,008,023	15,069,674	8,013,609	8,547,829	93,756,372
345,404	542,723	120,926	-	1,937,850
12,758	10,605	3,730	12,923	86,361
4,785,276	2,879,564	2,447,526	1,246,403	18,561,647
(36,359)	111,865	70,604	17,465	290,670
27,115,102	18,614,431	10,656,395	9,824,620	114,632,900
23,740,290	16,295,111	9,248,946	8,818,534	101,243,170
137,219	106,160	47,746	52,172	552,672
603,311	587,755	442,477	238,332	3,103,219
2,545,006	1,654,136	729,392	605,018	8,492,024
208,633	249,323	82,752	70,158	1,422,410
65,245	95,606	71,012	65,925	391,766
-	-	-	113,985	130,688
27,299,704	18,988,091	10,622,325	9,964,124	115,335,949
(184,602)	(373,660)	34,070	(139,504)	(703,049)
1,319,330	644,157	390,576	385,355	6,176,155
1,134,728	270,497	424,646	245,851	5,473,106

Judicial District Departments

General Fund Revenues by Judicial District Department  
(Unaudited)

Year ended June 30, 2020

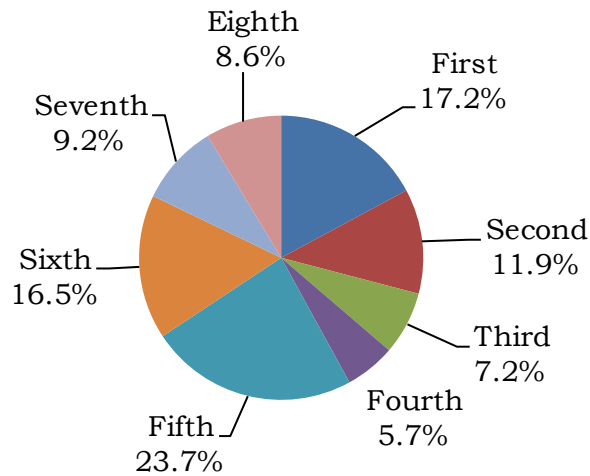


Judicial District Departments

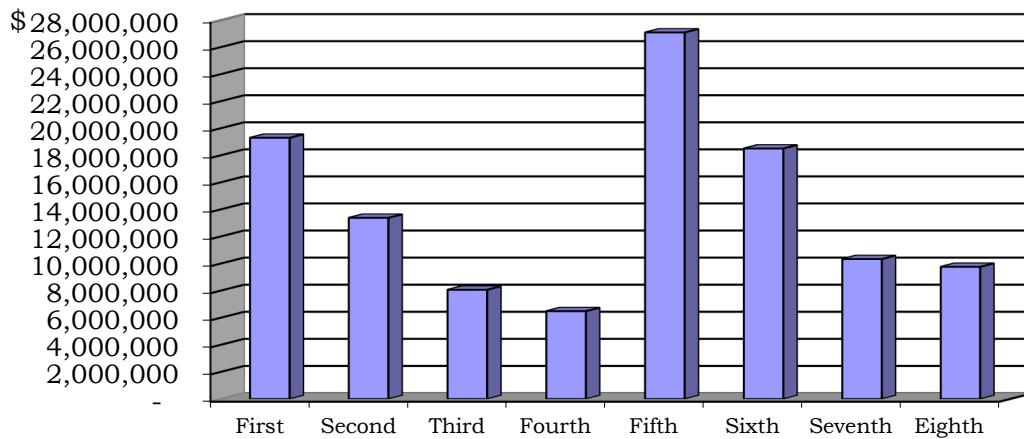
General Fund Expenditures by Judicial District Department  
(Unaudited)

Year ended June 30, 2020

**Percentage of Total General Fund Expenditures by Judicial District Department**



**Total General Fund Expenditures by Judicial District Department**



Report of Recommendations to the  
First Judicial District Department

June 30, 2020

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

No matters were reported.

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

No matters were reported.

**Other Findings Related to Internal Control:**

No matters were noted.

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

No matters were noted.

**Separate Special Investigation**

The Judicial District requested the Office of Auditor of State perform a special investigation of the District as a result of concerns regarding financial transactions processed by a former District employee. A separate report has been issued of the special investigation.

**Staff:**

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Chief Deputy  
Pamela J. Bormann, CPA, Manager  
Maria R. Collins, Staff Auditor

Report of Recommendations to the  
Second Judicial District Department

June 30, 2020

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

No matters were reported.

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

No matters were reported.

**Other Finding Related to Internal Control:**

- (1) Bank Reconciliation – The Administrative checking account bank reconciliation was not performed before the end of the following month.

Recommendation – To improve financial accountability and control, the reconciliation of the book and bank balances should be prepared timely for all accounts and reviewed by an independent person. The review should be documented by the signature or initials of the reviewer and the date of the review.

Response – The District will continue to reconcile the book and bank balances for all accounts each month, and document signatures and dates of both the reconciler and the reviewer. We will take special care to ensure that these reconciliations occur within a month of the statement cycle, in order to meet timeliness recommendations.

Conclusion – Response acknowledged.

- (2) Journal Entries – Supporting documentation should be maintained and should be reviewed by an independent person. The independent review should be documented with initials or signature of reviewer and date of review. For 1 of 5 items tested, documentation supporting the adjusting journal entry was not maintained.

Recommendation – 2<sup>nd</sup> Judicial should implement procedures to ensure all adjusting journal entries are properly supported.

Response – The District will review our policies and procedures to ensure all support for adjusting journal entries are maintained in either paper or electronic format and is made available for future review. Documentation for the specific adjusting journal entry noted has been added to our District records.

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:

Marlys K. Gaston, CPA, Chief Deputy  
Tiffany M. Ainger, CPA, Manager  
Megan A. Waldbillig, Staff Auditor  
Priscilla M. Ruiz Torres, Staff Auditor  
Sally S. Downing, Assistant Auditor

Report of Recommendations to the  
Third Judicial District Department

June 30, 2020

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

No matters were reported.

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

No matters were reported.

**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:

Marlys K. Gaston, CPA, Chief Deputy  
Tammy A. Hollingsworth, CIA, Manager  
Alyson J. Logel, Staff Auditor  
Priscilla M. Ruiz Torres, Staff Auditor

Report of Recommendations to the  
Fourth Judicial District Department

June 30, 2020

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

No matters were reported.

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

No matters were reported.

**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:

Marlys K. Gaston, CPA, Chief Deputy  
Suzanne R. Dahlstrom, CPA, Manager  
Brandon G. Sommers, Staff Auditor



Report of Recommendations to the  
Fifth Judicial District Department

June 30, 2020

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

No matters were reported.

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

No matters were reported.

**Other Finding Related to Internal Control:**

Control Environment – 1 of 3 employee evaluations reviewed was not preformed within the annual time frame required by Department policy.

Recommendation – In order to be in compliance with Department policy, employee evaluations should be performed annually.

Response – This employee's evaluation was missed due to supervisor turnover at the time that evaluation was due. It was an isolated instance and do not plan to change any procedures.

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:

Marlys K. Gaston, CPA, Chief Deputy  
Deborah J. Moser, CPA, Manager  
April R. Davenport, Staff Auditor  
Allison L. Carlon, Staff Auditor

Report of Recommendations to the  
Sixth Judicial District Department

June 30, 2020

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

No matters were reported.

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

No matters were reported.

**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:

Marlys K. Gaston, CPA, Chief Deputy  
Gwen D. Fangman, CPA, Manager  
Sidot K. Shipley, Senior Auditor

Report of Recommendations to the  
Seventh Judicial District Department

June 30, 2020

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

No matters were reported.

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

No matters were reported.

**Other Findings Related to Internal Control:**

No matters were noted.

**Finding 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, Chief Deputy  
Ryan J. Pithan, CPA, Manager  
April R. Davenport, Staff Auditor

Report of Recommendations to the  
Eighth Judicial District Department

June 30, 2020

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

No matters were reported.

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

No matters were reported.

**Other Finding Related to Internal Control:**

Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the State's financial statements.

Departments record receipts and disbursements in the Integrated Information for Iowa (I/3) system throughout the year, including the accrual period. Activity not recorded in the I/3 system is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS–SAE) in a GAAP package. The GAAP package is to be submitted to DAS–SAE by the first week of September each year.

Condition – For compensated absences reported, the Judicial District calculated the FICA rate incorrectly causing vacation balance at June 30, 2020 to be understated on the GAAP Package by \$85,852.

Additionally, operating leases in the GAAP package were understated \$17,400.

Recommendation – The 8<sup>th</sup> Judicial District should establish procedures to ensure compensated absences and operating leases reported in the GAAP Package are accurate.

Response – The 8<sup>th</sup> Judicial District will double check calculations within compensated absences and operating leases spreadsheets.

Conclusion – Response accepted.

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

Cancelled Checks – Chapter 554D.114 of the Code of Iowa allows the 8th Judicial District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The 8th Judicial District does not receive an image of the back of each cancelled check.

Recommendation – The 8<sup>th</sup> Judicial District should obtain and retain front and back images of cancelled checks, as required.

Report of Recommendations to the  
Eighth Judicial District Department

June 30, 2020

Response – Beginning August 2021, the bank statements will contain images for both the front and back of cancelled checks.

Conclusion – Response accepted.

**Staff:**

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Chief Deputy  
Lesley R. Geary, CPA, Manager  
Molly N. Kalkwarf, Staff Auditor  
Brandon L. Weddell, Staff Auditor