



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

November 21, 2022

Contact: Ernest Ruben
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Public Safety for the year ended June 30, 2021.

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.

AUDIT FINDINGS:

Sand reported four findings related to the reporting of capital assets, payroll, procurement cards, and targeted small businesses quarterly reports. The findings are found on pages 3 through 6 of this report. The Department's responses to the recommendations are included in the report.

Management of the Iowa Department of Public Safety has a fiduciary responsibility to provide oversight of the Department'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 [Audit Reports – Auditor of State](#).

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

JUNE 30, 2021

Iowa Department of Public Safety



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Rob Sand
Auditor of State

November 18, 2022

Iowa Department of Public Safety
Des Moines, Iowa

To the Members of the Iowa Department of Public Safety:

I am pleased to submit to you the Report of Recommendations for the Iowa Department of Public Safety for the year ended June 30, 2021. The report includes findings pertaining to the Department's internal control and compliance with statutory requirements and other matters which resulted from the fiscal year 2021 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of Iowa Department of Public Safety 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, appearing to read "Rob Sand".

Rob Sand
Auditor of State

Iowa Department of Public Safety



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November 18, 2022

To Stephan Bayens, 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 Annual Comprehensive Financial Report (ACFR) and the State's Single Audit Report for the year ended June 30, 2021.

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 include findings pertaining to the Department's internal control and statutory compliance and other matters. These recommendations have been discussed with Department personnel and their responses to the recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Public Safety's responses and, accordingly, we express no opinion on them.

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 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 Department are listed on page 7 and they are available to discuss these matters with you.

A handwritten signature in dark ink, appearing to read "Ernest H. Ruben Jr.", is written over a light blue horizontal line.

Ernest H. Ruben Jr., CPA
Deputy Auditor of State

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

Report of Recommendations to the
Iowa Department of Public Safety
June 30, 2021

Finding Reported in the State's Single Audit Report:

No matters were noted.

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

(1) Capital Assets

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.

Chapter 7A.30 of the Code of Iowa requires each department of the State to maintain a written, detailed and up-to-date inventory of property under its charge and control.

Condition – The following conditions were noted:

- (a) The Department understated depreciation related to equipment by \$9,576,638. This amount was properly adjusted for reporting purposes.
- (b) The Department understated equipment by \$60,814.

Cause – Although policies and procedures are in place to review GAAP package information, the review did not identify the noted misstatements.

Effect – The amounts reported as equipment and equipment depreciation by the Department were misstated.

Recommendation – The Department should implement additional procedures to ensure a detailed, up-to-date capital asset listing is maintained and information reported to DAS-SAE on the GAAP package is accurate.

Response – The understated depreciation was a culmination of a formula error that went undetected since the error began in the fiscal year 2016 GAAP package. The Department identified the formula error and has since corrected it and will implement procedures to ensure information reported in the Department's GAAP package is accurate.

Conclusion – Response accepted.

(2) Payroll

Criteria – Departments process and record payroll and personnel information in the Human Resource Information System (HRIS). The Human Resource Associates (HRA) utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2021

Condition – Three individuals within Public Safety have the ability to initiate and approve P-1 documents. For the period of July 1, 2020 through March 23, 2021, seven P-1 documents were initiated and received department level approval by the same person.

Cause – Policies have not been established and procedures have not been implemented to require the segregation of duties of the Human Resource Associates from the duties of payroll, resulting in the same individual having the ability to initiate and approve P-1 documents.

Effect – Inadequate segregation of duties of payroll functions could adversely affect the Department's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – To strengthen controls, the Department should develop and implement procedures to segregate the duties of the Human Resource Associates from the duties of payroll.

Response – The Department will develop and implement procedures to ensure payroll duties are properly segregated.

Conclusion – Response accepted.

Report of Recommendations to the
Iowa Department of Public Safety
June 30, 2021

Other Findings Related to Internal Control:

(1) Procurement Cards (P-Cards)

Criteria – The Department utilizes P-Cards for use by employees for Department business. Procurement cards are to be paid within 30 days of the statement date as required by the Purchasing Card Policy and Procedures Manual. Also, the Purchasing Card Policy and Procedures Manual does not allow travel expenditures except as permitted on a Travel P-Card.

Condition – Three monthly procurement statements tested were not paid within 30 days of the statement date as required by the Purchasing Card Policy and Procedures Manual. For two of twenty-five transactions tested, registration fees were paid using a P-Card instead of a Travel P-Card as required by the Purchasing Card Policy and Procedures Manual.

Cause – Procedures have not been designed and implemented to ensure procurement charges are paid timely or the correct card is used for registration costs.

Recommendation – The Department should develop procedures to ensure all procurement charges are paid within 30 days of the statement date as required and the correct P-Card is used for registration costs.

Response – The Department will work to ensure procurement charges are paid within 30 days of the statement and that DPS procurement card holders are aware of the correct usage policies.

Conclusion – Response accepted.

Report of Recommendations to the
Iowa Department of Public Safety
June 30, 2021

Findings Related to Statutory Requirements and Other Matters:

- (1) Targeted Small Businesses – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

Departments with an established TSB procurement goal are required to report the dollar amount of purchases from certified targeted small businesses to the TSB Marketing and Compliance Manager of the IEDA within 15 business days following the end of each calendar quarter.

The Department did not provide three of the four required quarterly reports to the TSB Marketing and Compliance Manager of the IEDA within 15 business days as required.

Recommendation – The Department should ensure quarterly reports are submitted to the TSB Marketing and Compliance Manager of the IEDA within 15 business days, as required.

Response – The Department will work to ensure quarterly reports are submitted to the TSB Marketing and Compliance Manager of the IEDA within 15 business days.

Conclusion – Response accepted.

Report of Recommendations to the
Iowa Department of Public Safety
June 30, 2021

Staff:

Questions or requests for further assistance should be directed to:

Ernest H. Ruben Jr., CPA, Deputy
Lesley R. Geary, CPA, Manager

Other individuals who participated in the audits include:

Premnarayan Gobin, Senior Auditor II
Adam J. Sverak, Staff Auditor
Edward Mollohan, Staff Auditor