

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

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

April 15, 2024

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, 2022.

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 \$7,045,158 at the Fourth Judicial District Department to \$27,864,009 at the Fifth Judicial District Department. Similarly, total expenditures ranged from \$6,568,057 at the Fourth Judicial District Department to \$27,333,468 at the Fifth Judicial District Department.

AUDIT FINDINGS

Sand reported three findings related to the receipt and expenditure of taxpayer funds at the eight Judicial Districts. They are found on pages 10 through 17 of this report. The findings address such issues as a lack of timely bank reconciliations and debit card available to be used for purchasing. 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 on the Auditor of State's website at [Audit Reports – Auditor of State](#).

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

JUNE 30, 2022

Judicial District Departments



OFFICE OF AUDITOR OF STATE
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Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

April 11, 2024

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, 2022. 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 2022 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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April 11, 2024

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 Annual Comprehensive Financial Report (ACFR) and the State's Single Audit Report for the year ended June 30, 2022.

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, 2022.

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 17, and they are available to discuss these matters with you.

Handwritten signature of Brian R. Brustkern in black ink.

Brian R. Brustkern, CPA
Deputy Auditor of State

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

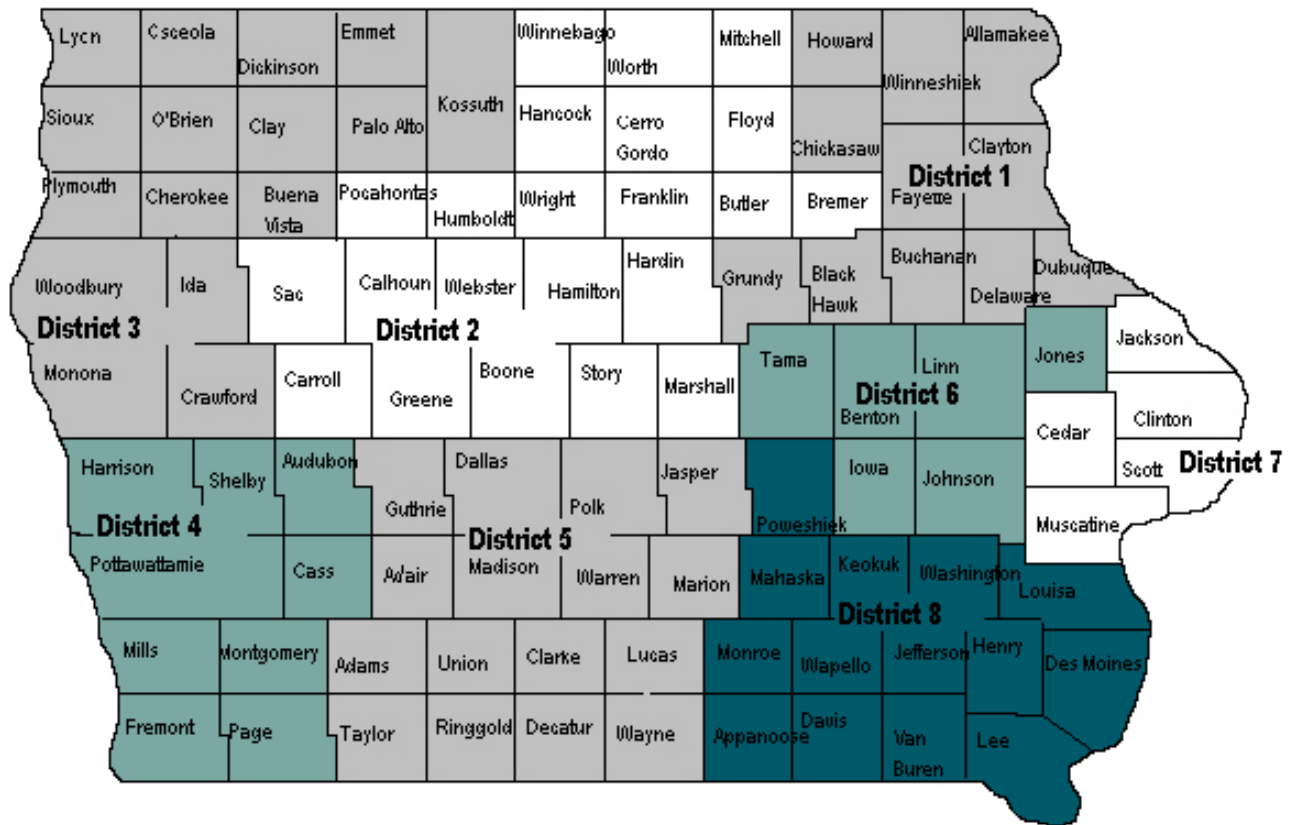
Eight Judicial District Departments of Correctional Services

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 \$7,045,158 at the Fourth Judicial District Department to \$27,864,009 at the Fifth Judicial District Department. Similarly, total expenditures ranged from \$6,568,057 at the Fourth Judicial District Department to \$27,333,468 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, 2022

| | Judicial | | | |
|---|-------------------|-------------------|------------------|------------------|
| | First | Second | Third | Fourth |
| Revenues: | | | | |
| Net state appropriation allocation | \$ 15,553,865 | 12,307,740 | 7,519,274 | 5,941,717 |
| Federal, state and local grants and contracts | 594,531 | 360,611 | - | - |
| Interest on investments | 8,095 | 4,772 | 5,674 | 10 |
| Fees, refunds and reimbursements | 3,470,645 | 1,549,193 | 428,899 | 1,052,687 |
| Rents and miscellaneous | 4,300 | 56,033 | 613,023 | 50,743 |
| Total revenues | <u>19,631,436</u> | <u>14,278,349</u> | <u>8,566,870</u> | <u>7,045,157</u> |
| Expenditures: | | | | |
| Personal services | 17,334,281 | 12,843,937 | 7,704,868 | 5,893,728 |
| Travel and subsistence | 75,181 | 76,750 | 50,700 | 55,118 |
| Supplies | 319,186 | 383,743 | 175,254 | 289,764 |
| Contractual services | 1,996,988 | 939,784 | 897,127 | 266,050 |
| Equipment and repairs | 506,937 | 374,274 | 111,269 | 49,897 |
| Claims and miscellaneous | 64,597 | - | 29,717 | 13,500 |
| Plant improvements | - | 25,615 | - | - |
| Total expenditures | <u>20,297,170</u> | <u>14,644,103</u> | <u>8,968,935</u> | <u>6,568,057</u> |
| Excess (deficiency) of revenues over(under) expenditures | (665,734) | (365,754) | (402,065) | 477,100 |
| Fund balance beginning of the year | <u>1,123,367</u> | <u>707,697</u> | <u>1,153,000</u> | <u>1,633,586</u> |
| Fund balance end of the year | <u>\$ 457,633</u> | <u>341,943</u> | <u>750,935</u> | <u>2,110,686</u> |

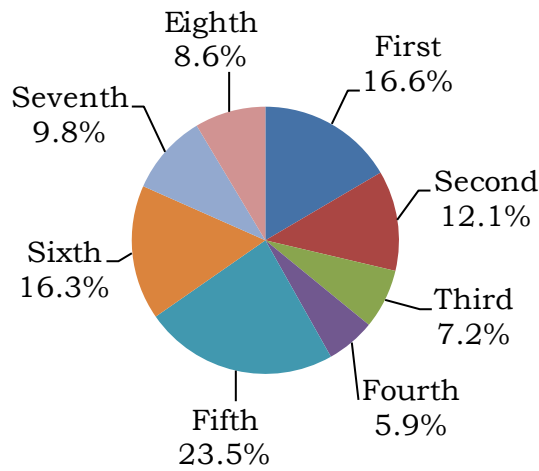
| District Department | | | | |
|---------------------|-------------------|-------------------|-------------------|--------------------|
| Fifth | Sixth | Seventh | Eighth | Total |
| 22,514,230 | 15,431,664 | 8,655,501 | 8,761,954 | 96,685,945 |
| 282,867 | 552,226 | 331,565 | 58,203 | 2,180,003 |
| 5,212 | 4,856 | 3,635 | 5,708 | 37,962 |
| 5,017,690 | 3,286,292 | 2,588,132 | 1,349,978 | 18,743,516 |
| 44,010 | 77,755 | 18,962 | 22,481 | 887,307 |
| <u>27,864,009</u> | <u>19,352,793</u> | <u>11,597,795</u> | <u>10,198,324</u> | <u>118,534,733</u> |
| 23,043,966 | 16,687,391 | 9,995,572 | 8,773,773 | 102,277,516 |
| 183,107 | 123,012 | 56,249 | 62,722 | 682,839 |
| 630,640 | 543,238 | 433,379 | 263,394 | 3,038,598 |
| 2,544,431 | 1,737,451 | 748,311 | 600,176 | 9,730,318 |
| 337,983 | 421,212 | 263,799 | 197,842 | 2,263,213 |
| 86,293 | 94,786 | 179,050 | 80,949 | 548,892 |
| 506,830 | 491,515 | - | - | 1,023,960 |
| <u>27,333,250</u> | <u>20,098,605</u> | <u>11,676,360</u> | <u>9,978,856</u> | <u>119,565,336</u> |
| 530,759 | (745,812) | (78,565) | 219,468 | (1,030,603) |
| <u>2,158,816</u> | <u>1,576,484</u> | <u>933,057</u> | <u>860,041</u> | <u>10,146,048</u> |
| <u>2,689,575</u> | <u>830,672</u> | <u>854,492</u> | <u>1,079,509</u> | <u>9,115,445</u> |

Judicial District Departments

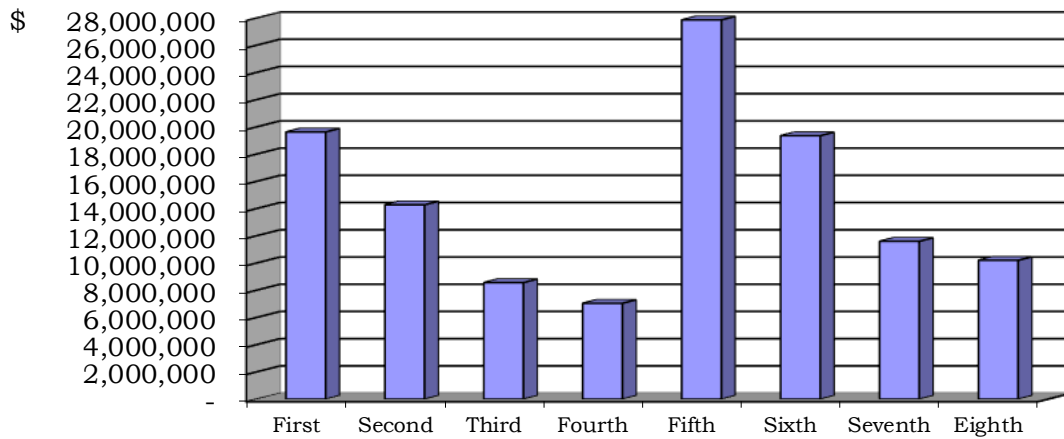
General Fund Revenues by Judicial District Department
(Unaudited)

Year ended June 30, 2022

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



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

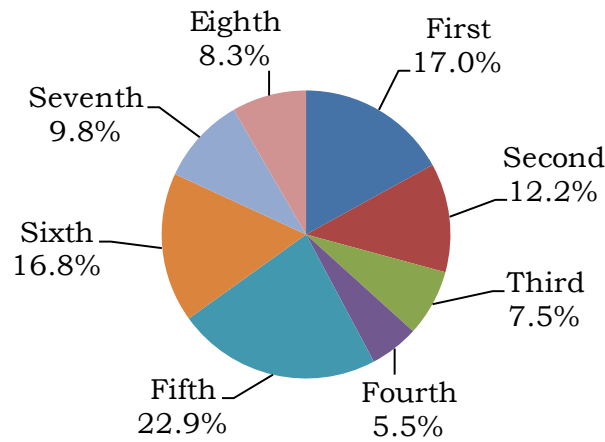


Judicial District Departments

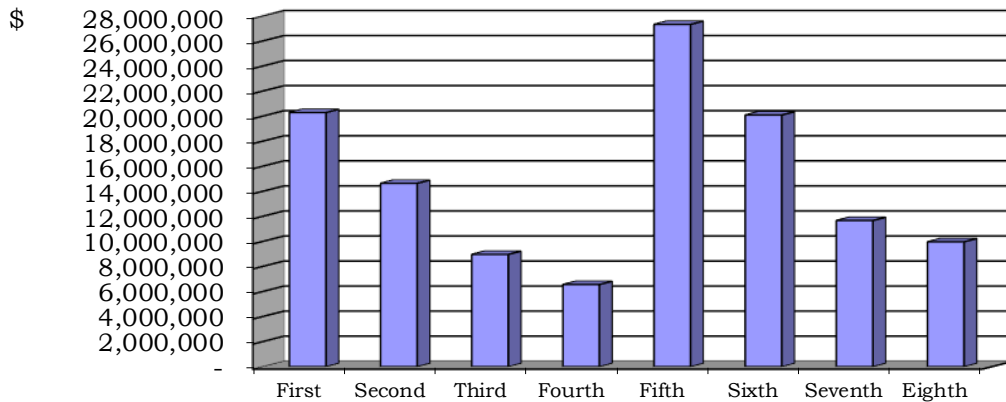
General Fund Expenditures by Judicial District Department
(Unaudited)

Year ended June 30, 2022

**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, 2022

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:

Brian R. Brustkern, CPA, Deputy
Pamela J. Bormann, CPA, Director
Laurel P. Hoogensen, Staff Auditor

Report of Recommendations to the
Second Judicial District Department

June 30, 2022

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 Judicial District maintains several bank accounts. During the year ended June 30, 2022, several instances were observed where the bank reconciliations were not prepared timely (within the subsequent month), and others were not reviewed timely.

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 learned of the audit requirement that bank reconciliations are to be both prepared and reviewed within a month of the statement cycle during our fiscal year 2020 audit, which was completed in May 2021. Since that time, we have and will continue to take special care to ensure that these reconciliations and reviews occur within a month of the statement cycle, in order to meet timeliness recommendations. It is notable that the ongoing COVID-19 pandemic did cause significant disruptions to our administrative processes including account reconciliation during fiscal year 2021. We will figure out more supports with getting bank reconciliations prepared/reviewed timely.

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:

Brian R. Brustkern, CPA, Deputy
Tiffany M. Ainger, CPA, Manager
Stephen A, Baker, Assistant Auditor

Report of Recommendations to the
Third Judicial District Department

June 30, 2022

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:

- (1) Debit Card – The Third Judicial District has a debit card for disbursement use. Unlike credit cards, debit cards offer limited ability to set guidelines for access and limited, if any, repercussions for fraudulent transactions.

Recommendation – To improve financial accountability and control, the District should work to remove the use of debit cards where possible.

Response – The District no longer has a debit card for purchases.

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:

Brian R. Brustkern, CPA, Deputy
Tiffany M. Ainger, CPA, Manager
Priscilla M. Ruiz Torres, Senior Auditor

Report of Recommendations to the
Fourth Judicial District Department

June 30, 2022

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:

Brian R. Brustkern, CPA, Deputy
Suzanne R. Dahlstrom, CPA, Manager
Priscilla M. Ruiz Torres, Senior Auditor

Report of Recommendations to the
Fifth Judicial District Department

June 30, 2022

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:

No matters were reported.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Deborah J. Moser, CPA, Manager
April R. Davenport, Senior Auditor

Report of Recommendations to the
Sixth Judicial District Department

June 30, 2022

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:

Meeting Minutes – One out of two meeting minutes observed did not include sufficient information to indicate the vote of each Board member present, as required by Chapter 21.3 of the Code of Iowa.

Recommendation – The minutes should indicate the vote of each Board member present in accordance with Chapter 21.3 of the Code of Iowa.

Response – The District has updated procedures for recording Board minutes.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Gwen D. Fangman, CPA, Manager
Sidot K. Shipley, Senior Auditor

Report of Recommendations to the
Seventh Judicial District Department

June 30, 2022

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:

Brian R. Brustkern, CPA, Deputy
Ryan J. Pithan, CPA, Manager
Allison L. Carlon, Staff Auditor

Report of Recommendations to the
Eighth Judicial District Department

June 30, 2022

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:

No matters were reported.

Finding Related to Statutory Requirements and Other Matters:

No matters were reported.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Lesley R. Geary, CPA, Manager
Molly N. Kalkwarf, Senior Auditor