



**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

**NEWS RELEASE**

Contact: Brian Brustkern  
515/281-5834

FOR RELEASE

August 29, 2024

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Auditor of State Rob Sand today released a report on the Iowa Department of Agriculture and Land Stewardship for the year ended June 30, 2022.

The Department has the primary responsibility to encourage, promote and advance the interests of agriculture in this State.

**AUDIT FINDING:**

Sand reported two findings related to the Department. The findings are reported on pages 3 through 5 of this report. Sand recommended the Department strengthen internal controls over receipts in certain Bureaus and recommended the Department implement procedures to ensure compliance with Chapter 73.16 related to targeted small businesses. Department responses to the recommendations are included in the report.

One of the findings discussed above is repeated from the prior year. Management of the Iowa Department of Agriculture and Land Stewardship have 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 website at [Audit Reports – Auditor of State](#).

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**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP**

**JUNE 30, 2022**

**Iowa Department of Agriculture and Land Stewardship**



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August 28, 2024

Iowa Department of Agriculture and Land Stewardship  
Des Moines, Iowa

To the Honorable Mike Naig, Iowa Secretary of Agriculture:

I am pleased to submit to you the Report of Recommendations for the Iowa Department of Agriculture and Land Stewardship for the year ended June 30, 2022. The report includes findings pertaining to the Department's internal control and compliance which resulted from the fiscal year 2022 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Department of Agriculture and Land Stewardship 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 Agriculture and Land Stewardship**



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August 28, 2024

To the Honorable Michael Naig,  
Secretary of Agriculture:

The Iowa Department of Agriculture and Land Stewardship 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, 2022.

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 pertain to the Department's internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with Department personnel and their responses to these 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 Agriculture and Land Stewardship'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 Agriculture and Land Stewardship, citizens of the State of Iowa and other parties to whom the Department 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 6 and they are available to discuss these matters with you.

A handwritten signature in black ink, appearing to read "Brian R. Brustkern".

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

Report of Recommendations to the  
Iowa Department of Agriculture and Land Stewardship

June 30, 2022

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

No matters were noted.

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

No matters were noted.

**Other Finding Related to Internal Control:**

Segregation of Duties – Receipts

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty.

Condition – In the Commercial Feed and Fertilizer Bureau, one person is responsible for opening mail, recording receipts in the Bureau's database, preparing the deposit and taking the deposit to Accounting. The Bureau does not perform a reconciliation of Bureau records to determine whether the appropriate fees were received and deposited.

In the Weights and Measures Bureau, one person is responsible for opening mail, recording receipts in the Bureau's database, preparing the deposit and taking the deposit to Accounting. The mail opener does not prepare an initial listing of receipts. In addition, the individual who collects fees is also responsible for mailing renewal notices for licenses, updating the outstanding license listing and mailing past due notices. The Bureau does not perform a reconciliation of licenses issued to fees collected.

In the Animal Industry Bureau, one person is responsible for opening mail, recording receipts in the Bureau's databases, preparing the deposit and taking the deposit to Accounting.

Cause – Procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties and the lack of performing reconciliations of receipts deposited to Bureau records 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 duties.

Recommendation – The Department should review procedures in the Bureaus to ensure duties are segregated to the extent possible. The initial listing of receipts should be compared to the deposits by an independent person. In addition, the Bureaus should reconcile collections per the Accounting Bureau to licenses issued to determine whether the appropriate fees were received and deposited. Access to the Bureaus' databases should be limited to the individuals who need access to perform their duties. Also, data entered in the databases should be reviewed to ensure accuracy.

Report of Recommendations to the  
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Response – The Department continues to make significant investments to better segregate duties. Over the last five years, the Department has developed and implemented an e-payment option that is now available in the Pesticide Bureau, Feed and Fertilizer Bureau, Entomology Bureau, Dairy Bureau, Grain Warehouse Bureau, and our Choose Iowa Program. This will help reduce the number of checks received by those Bureaus and free up staff time to allow for additional segregation of duties. This has paid significant dividends in the Pesticide Bureau, where the majority of checks received are now processed through our desktop deposit process with an initial listing of receipts being prepared. This is a more efficient method and allows for better controls than the previous process. We plan to implement an e-payment option for our Animal Industry Bureau and continue to evaluate other Bureaus that may be able to transition to an e-payment option.

In addition, procedures have been added to several Bureaus as mitigating controls to address the concerns detailed. The initial listing/batch summary reports prepared by Bureau staff in the Commercial Feed and Fertilizer and Animal Industry Bureaus are reviewed by an independent person and compared to deposit confirmations provided by Accounting. The information returned to the Bureau is used to verify deposits were made for the correct amounts. This allows for better reconciliation between the Bureaus and Accounting.

Due to staff availability in the Weights and Measures Bureau, it is difficult to fully segregate duties. However, as a mitigating control, the Bureau performs a reconciliation of collections to deposits and this reconciliation is reviewed and signed by the Bureau Chief. The Bureau will regularly perform a reconciliation of licenses issued to fees collected. This reconciliation will be reviewed by an independent person.

The incoming mail continues to be opened by the Department receptionist for many of the Bureaus to provide additional segregation and mitigating controls.

While funding and staffing can be limiting factors, procedures are continually reviewed to determine if any further segregation can be accomplished for the duties discussed.

Conclusion – Response accepted.



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

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 one 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 be more diligent in submitting the required TSB reports by the established due dates. Reminders and notifications will be added to applicable staff's calendars to ensure the necessary reports are completed and submitted as required by Chapter 73.16 of the Code of Iowa.

Conclusion – Response accepted.

Report of Recommendations to the  
Iowa Department of Agriculture and Land Stewardship

June 30, 2022

**Staff:**

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy  
Tammy A. Hollingsworth, CIA, Manager  
Adam J. Sverak, Senior Auditor

Other individuals who participated in the audits include:

Luke M. Bormann, CPA, Senior Auditor II  
Savannah R. Fitz, Staff Auditor  
Nolen R. Schultz, Staff Auditor  
Brandon Weddell, Staff Auditor  
Kerillos M. Hana, Assistant Auditor  
Brandon A. Krug, Assistant Auditor  
Benjamin D. Wong, Auditor Intern