



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

August 29, 2024

Auditor of State Rob Sand today released a report on the Department of Homeland Security and Emergency Management for the year ended June 30, 2020.

The Department of Homeland Security and Emergency Management is responsible for disaster preparedness and relief coordination throughout the state.

Sand recommended the Department ensure prepaid expenses, unearned revenue and inventory are accurately recorded.

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
DEPARTMENT OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT**

JUNE 30, 2020

Department of Homeland Security and Emergency Management



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Rob Sand
Auditor of State

August 14, 2024

Homeland Security and Emergency Management
Des Moines, Iowa

To John Benson, Director of the Department of
Homeland Security and Emergency Management:

I am pleased to submit to you this Report of Recommendations for the Department of Homeland Security and Emergency Management for the year ended June 30, 2020. The report includes findings pertaining to the Department's internal control which resulted from the fiscal year 2020 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of the Department of Homeland Security and Emergency management 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", written in a cursive style.

Rob Sand
Auditor of State

Department of Homeland Security and Emergency Management



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August 14, 2024

To John Benson, Director of the Department of
Homeland Security and Emergency Management:

The Department of Homeland Security and Emergency Management 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, 2020.

In conducting our audits, we became aware of an aspect concerning the Department'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 was reported in the State's Report on Internal Control and pertains to the Department's internal control. This recommendation has been discussed with Department personnel and their response to this recommendation is included in this report. While we have expressed our conclusion on the Department's response, we did not audit the Department of Homeland Security and Emergency Management's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Department of Homeland Security and Emergency Management, citizens of the State of Iowa and other parties to whom the Department of Homeland Security and Emergency Management 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 of Homeland Security and Emergency Management 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 5 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

June 30, 2020

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

(A) 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 the GAAP package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year.

Homeland Security and Emergency Management Division

Condition – The Department entered into a contract with Nomi health on April 15, 2020 for \$26,000,000. On April 17, 2020, \$15,050,000 was paid on the contract for the period of April 13,2020 through October 16, 2020. As of June 30, 2020, prepaid expenses in relation to the contract with Nomi Health were understated by \$7,590,330 and inventory received from Nomi Health was understated by \$4,430,030. These amounts were properly adjusted for reporting purposes.

In addition, the Department drew down federal funds to reimburse the costs related to Nomi health contract and as a result, the Department understated unearned revenues by \$5,692,748.

Cause – Policies have not been established and procedures have not been implemented to require an independent review of year-end cut off transactions to ensure the State's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in Division employees not detecting the errors in the normal course of performing their assigned functions.

Recommendation – The Department should establish policies and procedures to ensure all prepaid expenses, unearned revenues and inventory are identified and properly reported in the GAAP package.

Response – The Department recognizes that the issues relating to prepaid expenses, unearned revenue and inventory were primarily caused by the tracking of each across two fiscal years. The Department has already established a policy to identify and correctly report these items within future GAAP packages. All items associated with this finding were approved and fully reimbursed by FEMA.

Conclusion – Response accepted.

June 30, 2020

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Department of Homeland Security and Emergency Management

June 30, 2020

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Suzanne R. Dahlstrom, CPA, Manager
Alex N. Kawamura, CPA, Manager

Other individuals who participated in the audits include:

Priscilla M. Ruiz Torres, Senior Auditor