



**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

December 17, 2024

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Auditor of State Rob Sand today released a report on the Iowa Judicial Branch for the year ended June 30, 2023. The Iowa Judicial Branch is comprised of the Supreme Court, the Court of Appeals, the District Courts, the Clerks of District Court and the Court Administrator.

The Iowa Judicial Branch's purpose is to exercise general, general appellate and original jurisdiction in civil and criminal cases and in all proceedings including probate and juvenile matters. The Iowa Judicial Branch determines rules for admission and discipline of the bar and adopts rules regulating appellate practice and procedures and promulgates regulations of the Commission on Judicial Qualifications, the Board of Law Examiners and the Board of Shorthand Reporters.

**AUDIT FINDINGS:**

Sand reported four findings related to the Iowa Judicial Branch. The findings are found on pages 3 through 9 of this report. Sand recommended the Judicial Branch implement procedures to improve controls over financial reporting and compliance with requirements for timely submission of targeted small business quarterly reports and timely submission of unclaimed property to the Office of Treasurer of State. Sand also recommended the Judicial Branch work to complete the necessary programming changes to ensure the proper allocation of court debt and take steps to correct misallocations. The Iowa Judicial Branch's responses to the recommendations are included in the report.

Management of the Iowa Judicial Branch have a fiduciary responsibility to provide oversight of the Iowa Judicial Branch 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](#).

###

**REPORT OF RECOMMENDATIONS TO THE  
IOWA JUDICIAL BRANCH**

**JUNE 30, 2023**

**Iowa Judicial Branch**



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

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834

Rob Sand  
Auditor of State

December 17, 2024

Iowa Judicial Branch  
Des Moines, Iowa

To the Iowa Judicial Branch:

I am pleased to submit to you the Report of Recommendations for the Iowa Judicial Branch for the year ended June 30, 2023. 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 2023 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Judicial Branch 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 Judicial Branch**



**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

December 17, 2024

To the Iowa Judicial Branch:

The Iowa Judicial Branch is a part of the State of Iowa and, as such, has been included in our audit of the State's Annual Comprehensive Financial Report (ACFR) and the State's Single Audit Report for the year ended June 30, 2023.

In conducting our audits, we became aware of certain aspects concerning the Iowa Judicial Branch'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 Judicial Branch's internal control and statutory compliance and other matters. These recommendations have been discussed with Iowa Judicial Branch personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Iowa Judicial Branch's responses, we did not audit the Iowa Judicial Branch'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 Judicial Branch, citizens of the State of Iowa and other parties to whom the Iowa Judicial Branch 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 Iowa Judicial Branch during the course of our audit. Should you have questions concerning the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the Iowa Judicial Branch are listed on page 10 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, 2023

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

No matters were reported.

**Findings Reported in the State’s Report on 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. Departments submit their GAAP packages to DAS-SAE by the first week of September each year.

Condition – Accounts receivable were understated by \$12,658,702, allowance for uncollectible accounts were understated by \$10,126,961, and net receivables were understated by \$2,531,741. These amounts were properly adjusted for reporting purposes.

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

Effect – The amounts reported as accounts receivable, allowance for uncollectible accounts, and net receivables were misstated.

Recommendation – The Judicial Branch should implement additional policies and procedures to ensure accounts receivable, allowance for uncollectible accounts and net receivables are properly reported in the GAAP package.

Response – We will continue to evaluate and improve our internal review process to ensure that errors will be caught before the package is submitted.

Conclusion – Response accepted.

**Other Findings Related to Internal Control:**

No matters were reported.

June 30, 2023

**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 the 4<sup>th</sup> Quarter report 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 – With the change in Directors, there was no quarterly reminder set up for the submission of the report. That has been corrected and the new Director is on the FY24 email list from IEDA. Quarterly reminders are now in place and reports will be submitted within 15 business days as required.

Conclusion – Response accepted.

- 2) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each County Clerk of District Court to report and remit outstanding obligations, including checks, trusts and bonds held for more than two years, to the Office of Treasurer of State annually. In addition, each state and territory in the United States requires each County Clerk of District Court to report and remit outstanding obligations, including checks, trusts and bonds. Each state has its own holding period for reporting and submittal. The Iowa Judicial Branch, State Court Administrator’s Office is responsible for preparing this report for certain County Clerk of District Court Offices.

(a) The State Court Administrator’s Office did not remit all non-trust obligations for certain County Clerk of District Court Offices to the Office of Treasurer of State on a timely basis.

(b) The State Court Administrator’s Office did not remit all trust obligations for certain County Clerk of District Court Offices to the Office of Treasurer of State on a timely basis.

Recommendation – The Judicial Branch should implement policies and procedures to ensure that report is filed before November 1, in accordance with Chapter 556.11(4) of the Code of Iowa.

Response – The Branch has contracted with a national unclaimed Property Contractor (Sovos) to assist with national unclaimed property reporting from our 100 clerk of court offices and to consolidate our reporting to one entity versus 100 different offices. This work has begun in fiscal year 2025. This will assist in ensuring that all items eligible will be remitted at the appropriate time.

Conclusion – Response accepted.



Report of Recommendations to the Iowa Judicial Branch

June 30, 2023

- 3) State Court Debt Allocation Issue – The Iowa Legislature made changes to how the Iowa Judicial Branch system (Judicial) was to distribute court debt receipts. Issues with the proper distribution of court debt receipts have been identified and reviewed. A timeline of events regarding this issue is shown below:

June 25, 2020	Governor Reynolds signed Senate File 457 into law. The Senate File changed the way court debt receipts collected by Judicial are distributed to state and local governments and went into effect July 15, 2020. This change required a complete overhaul of transfer coding within three weeks.
June 8, 2021	Governor Reynolds signed Senate File 367 into law. The Senate File made further revisions to the way court debt receipts are distributed by Judicial, including assignment of delinquent cases to the Iowa Department of Revenue for collection. This change required additional transfer coding changes.  The section amending Chapter 602.8107 of Code of Iowa went into effect January 1, 2022. Whereas, the section amending Chapter 602.8105, section 2, paragraph “h” went into effect upon enactment (June 8, 2021) and the section amending Chapter 602.8105, subsection 2, paragraph “h” went into effect retroactively to July 15, 2020.
February 15, 2022	The Iowa Judicial Branch, State Court Administration (SCA) received concerns from the Iowa State Sheriff’s and Deputies Association about the distribution of court debt receipts. SCA started to look into the issue and decided to seek a third-party expert to review.
May 27, 2022	SCA received a proposal from the National Center for State Courts (NCSC) to perform a court cost distribution analysis.
July 11, 2022	After further discussion with NCSC, SCA received a revised proposal from NCSC for the court cost distribution analysis.
July 26, 2022	Mike Guanci (Iowa Department of Management (DOM)) sent an email to Jonathan Makovec (Iowa Department of Transportation (DOT)) to inquiry about a decrease in commercial motor vehicle ticket revenue from DOT enforcement. The email references the Road Use Tax Fund (RUTF) account used to record distributions from Judicial, see Appendix 1.
August 15, 2022	Email from Kevin Beichley (DOT) to Annette Kunde (SCA) to discuss declining revenue in the RUTF and to inquiry if there was an error in the coding or change in the deposit process, see Appendix 2.
September 19, 2022	SCA signs a contract with NCSC to perform a court cost distribution analysis.
September 28, 2022	SCA sends a letter to DOT acknowledging there is a problem and stating they are starting a comprehensive review, see Appendix 3.

Report of Recommendations to the Iowa Judicial Branch

June 30, 2023

- October 7, 2022 Shean Fletchall (DOT) sent an email to John McCormally (Office of Auditor of State (AOS)) to inform him of the issue with state court debt distributions and let him know Kevin Beichley will be the point of contact for DOT. McCormally forwards the email on to Ernie Ruben, AOS Financial Audit Division Deputy and Janet Mortvedt, AOS Audit Manager for the DOT audit, see Appendix 4.
- October 10, 2022 Janet Mortvedt (AOS) reaches out to Kevin Beichley (DOT) to set up a meeting to discuss the issue.
- October 11, 2022 Kent Farver (SCA) emailed Ernie Ruben (AOS) to disclose the issues with the distribution of court costs and to request a meeting, see Appendix 5.
- This communication was in line with Chapter 11.2 (2) of the Code of Iowa which requires Departments to notify the Auditor of State regarding any suspected significant financial irregularities.
- October 12, 2022 Janet Mortvedt (AOS) meets with Kevin Beichley (DOT) to discuss the issue and passes on DOT's concerns to Ernie Ruben (AOS).
- Ernie Ruben (AOS) met with Kent Farver (SCA), who also informed Ruben about the distribution issue and that Judicial SCA had contracted with the NCSC to review how their system was distributing the funds. At this point the determination was made to rely on the NCSC review to be completed since they were already engaged, and then review to ensure the issue had been fully addressed and appropriate corrective actions taken.
- April 19, 2023 Kent Farver (SCA) emailed Ernie Ruben (AOS) to let him know the NCSC review "has been moved back to the end of June due to the complexity of their work and the analysis of all the FIN codes they are having to review", see Appendix 6.
- August 10, 2023 Kent Farver (SCA) emailed Ernie Ruben (AOS) to let him know the NCSC review had been completed and included an attachment of their report, see Appendix 7. During an in person meeting later in August, Farver also let Ruben know, while the report pointed out issues which needed to be resolved, it did not provide any details as to how much had been distributed incorrectly. Therefore, Judicial was initiating an in-house review to determine the dollar amounts involved and the specific programming changes which needed to be made. Once this review was complete, SCA would provide AOS as well as their other stakeholders with the results of the review. AOS, as in accordance with standards, would then audit those numbers once received.

Report of Recommendations to the Iowa Judicial Branch

June 30, 2023

- October 2, 2024 SCA staff met with AOS staff to walk through the results of both the NCSC review as well as their in-house review. Judicial informed AOS that they had met with the Iowa Department of Management (DOM) and planned to meet with the other stakeholders as well. The results of the in-house review included their preliminary findings as to the dollar amounts incorrectly allocated to the State General Fund, and how much should have gone to other state funds, as well as non-state funds. Judicial was actively working on the needed programming changes which were implemented on November 22, 2024 to correct the issue moving forward. Once this is in place, SCA will correct allocation errors that have occurred since July 1, 2024 as the fiscal year is still open.
- October 22, 2024 Kevin Beichley (DOT) emailed to Gloria Van Rees (DOM) a timeline of key dates regarding the RUTF citation revenue issue, see Appendix 8.
- October 23, 2024 Kent Farver (SCA) and Anthony Heibult (AOS Incharge for the Judicial audit) met and walked through the documentation supporting Judicial's review and Kent subsequently emailed final dollar amounts incorrectly allocated to the State General Fund, \$27,553,261 overallocated, and how much should have gone to other state funds, \$23,603,716 under allocated, as well as non-state funds, \$3,949,545 under allocated. The overall over and under allocations net to zero, meaning all dollars were accounted for and had not left taxpayer accounts.
- November 12, 2024 SCA staff met with AOS staff to discuss engaging AOS to perform agreed upon procedures on the in-house review done by Judicial and report any findings from the procedures performed. A separate report will be issued by AOS once the procedures are complete.

Report of Recommendations to the Iowa Judicial Branch

June 30, 2023

From fiscal year 2021 through fiscal year 2024 seven State funds were under allocated and three State Funds were over allocated. The table below shows the funds which were under allocated as well as the lowest monthly cash balance in each fund during this time period. The State General fund was over allocated \$27,553,261, the SOS Revolving Fund was over allocated \$90,174 and the Jury Witness Fund was over allocated \$74,166.

<u>Fund Name</u>	<u>Description</u>	<u>Total Under Allocation FY21 to FY24</u>	<u>Lowest Monthly Cash Balance FY21 to FY24</u>
General Fund	Iowa Department of Revenue Collection Fee	\$ 53,854	
General Fund	Juvenile Detention Home Fund	4,051,809	
		<u>4,105,663</u>	271,649,845
Criminal Laboratory		1,761,657	686,019
D.A.R.E. Surcharge		139,624	9,984 *
DOT Operating Fund-84		6,359	6,268,727
Road Use Tax Fund		10,425,636	53,247,042
Sex Offender Registry		102,933	105,890
Victim Compensation Fund		<u>7,226,185</u>	2,695,847
		<u>\$ 23,768,057</u>	

\* From July 2020 through September 2021 amounts received into the D.A.R.E. fund for drug abuse surcharge were completely remitted to DARE Iowa, Inc. on a monthly basis, resulting in a monthly cash balance of \$0. During this period the lowest monthly remittance to DARE Iowa, Inc. was \$9,984. Beginning in October 2021 remittances were based on claims submitted, resulting in excess drug abuse surcharge receipts accumulating in the fund. From October 2021 through June 2024 the lowest monthly reimbursement to DARE Iowa, Inc., excluding months in which a reimbursement was not requested, was \$3,694. As of June 30, 2024 the D.A.R.E. fund had a cash balance of \$249,736.

Contrary to implications from numerous officials, these cash balances show that each of the under allocated funds had sufficient balances during this period to continue normal operations and fund all programs to the degree the legislature had desired.

Recommendation – The Judicial Branch should work to complete the necessary programming changes to ensure the proper allocation of court debt and take steps to correct any misallocations that have occurred during fiscal year 2025. Once the AOS agreed upon procedures are complete, the Judicial Branch should work with the Iowa Department of Management and the State Legislature to address the incorrect allocations from fiscal years 2020 through 2024.

The Legislature should ensure that complicated funding changes not take effect until state branches and agencies have sufficient time to accurately and carefully make all necessary changes.

## Report of Recommendations to the Iowa Judicial Branch

June 30, 2023

### Response –

The Judicial Branch collected and distributed all fines and fees collected during FY21 through FY24; unfortunately, some programming errors did affect the distribution of approximately 4.68% of funds collected from FY21 – FY24.

On November 22, 2024, the Judicial Branch implemented new programming to correct programming errors in its case management system. These changes, along with adjustments to retroactively correct distributions back to July 1, 2024, are being made to ensure that court debt revenue is distributed as required by Iowa Code. The programming changes are first reflected in November distributions, which are paid in early December, and the changes will remain in effect for distributions on an ongoing basis.

The branch cannot move funds that were misallocated in prior fiscal years. We are interested and willing to work with all court debt stakeholders to correct all misallocations from FY21 through FY24.

The branch has contracted with a third party to review the programming changes and ensure that the programming changes made by Judicial Branch Information Technology (JBIT) are doing what was defined during the review and legal analysis of the court debt misallocation. It is also working with the state auditor to set up an engagement to review the financial findings and verify that the over and under allocation numbers and the funds impacted as calculated by JBIT are accurate.

The branch is also developing an internal audit process to audit all changes made to programming due to legislative change. This plan will ensure that internal reviews for both legal and financial compliance are completed before new programming or changes to programming are put into production. The branch is also beginning the process of contracting for a complete review of JBIT structure and staffing as it relates to the case management system and the financial programming being completed within it.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Judicial Branch

June 30, 2023

**Staff:**

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy  
Tammy A. Hollingsworth, CIA, Manager  
Prem Gobin, Senior Auditor II  
Anthony M. Heibult, Senior Auditor II

Other individuals who participated in the audit include:

Austin G. Gohlmann, Assistant Auditor

## **Appendices**

**From:** Guanci, Mike <[michael.guanci@iowa.gov](mailto:michael.guanci@iowa.gov)>  
**Sent:** Tuesday, July 26, 2022 1:00:55 PM  
**To:** Makovec, Jonathan <[Jonathan.Makovec@iowadot.us](mailto:Jonathan.Makovec@iowadot.us)>  
**Subject:** Question on revenue to RUTF

Hi Jon,

I had a question about CMV ticket revenue. I was looking at doing some updating on revenue to the RUTF with Treasurer data and noticed what I think is quite a drop in CMV revenue from DOT enforcement.

However, I'm wondering if I am looking at the wrong thing. When you have a moment, can you give me a call? I'm looking at DEpt 655, Fund 0810, unit 6558108. Is this the correct one?

Mike

--


Mike Guanci  
Department of Management  
[michael.guanci@iowa.gov](mailto:michael.guanci@iowa.gov)  
515.281.6577



**Appendix 2**

12/9/24, 2:47 PM

Commercial Motor Vehicle Citation Revenue

 Outlook

[EXTERNAL] Commercial Motor Vehicle Citation Revenue

From Beichley, Kevin <Kevin.Beichley@icwadot.us>  
 Date Mon 8/15/2022 11:08 AM  
 To Annette Kunde [JB] <Annette.Kunde@icwaccourts.gov>; Mark Headlee [JB] <Mark.Headlee@icwaccourts.gov>

 1 attachment (34 KB)  
 20220728143011743.pdf;

Good Morning,  
 I was routed toward you two individuals as contacts that can help me dig into an issue we are seeing in some of our financial trend data in the Road Use Tax Fund. For citations issued by DOT officers for violations related to commercial motor vehicles the fines are deposited into the road use tax fund by Judicial. Below is a snapshot of the attached 1/3 Budget report showing that the revenue has been declining year to year for the last 3 fiscal years and there hasn't been a change in our enforcement that would account for that level of drop.

Can you please verify that there is not an error in the coding or deposit process that is no longer accurately identifying the revenue for deposit into the Road Use Tax Fund?

Thanks,  
 Kevin

Report ID: Sched 6 Detail Unit STATE OF IOWA  
 Source: 1/3 Budget FINANCIAL INFORMATION SCHEDULE BY DETAIL  
 Spec Dept: All Fund: All Unit Detail: 6558108  
 Department: All Appropriation: All Recap Unit: All

Special Department: 910SD Treasurer of State  
 Department: 655 Treasurer of State  
 Fund: 0810 Road Use Tax Fund  
 Appropriation: 0000 Fund Only  
 Unit Detail: 6558108 Judicial 602.8108

Object Class	Actuals	Actuals	Actuals
	FY 2020	FY 2021	FY 2022
<b>RESOURCES</b>			
<b>Receipts</b>			
704R Other	2,092,769	1,024,464	69,661
<b>Receipts TOTAL:</b>	<b>2,092,769</b>	<b>1,024,464</b>	<b>69,661</b>
<b>TOTAL RESOURCES:</b>	<b>2,092,769</b>	<b>1,024,464</b>	<b>69,661</b>



**State Court Administration**

Iowa Judicial Branch Building  
1111 East Court Avenue  
Des Moines, IA 50319

Robert Gast  
State Court Administrator

Ross Loder  
Deputy State Court Administrator

September 28, 2022

Kevin Beichley  
Iowa Department of Transportation  
By email: [Kevin.Beichley@iowadot.us](mailto:Kevin.Beichley@iowadot.us)

Dear Mr. Beichley:

Thank you for bringing your concerns regarding distribution of court debt to the attention of the judicial branch. We have initiated a comprehensive review of court debt distribution policies, programming, and practices. We are committed to ensuring that we distribute court debt accurately and promptly as required by law. Thank you for your patience as we undergo this review.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert Gast", written over a horizontal line.

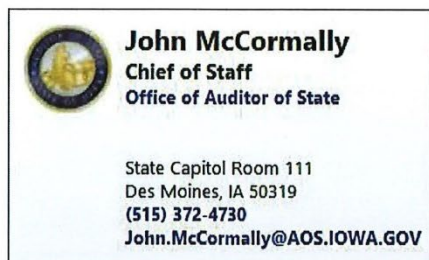
Robert Gast

## Appendix 4

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**From:** John McCormally <[John.McCormally@AOS.IOWA.GOV](mailto:John.McCormally@AOS.IOWA.GOV)>  
**Sent:** Friday, October 7, 2022 11:25 AM  
**To:** Fletchall, Shean [DOT-AG] <[shean.fletchall@iowadot.us](mailto:shean.fletchall@iowadot.us)>  
**Cc:** Beichley, Kevin [DOT] <[kevin.beichley@iowadot.us](mailto:kevin.beichley@iowadot.us)>; Wilkinson, Lee <[Lee.Wilkinson@iowadot.us](mailto:Lee.Wilkinson@iowadot.us)>; Willits, Emily [AG] <[emily.willits@ag.iowa.gov](mailto:emily.willits@ag.iowa.gov)>; Weber, Molly [JB] <[molly.weber@iowacourts.gov](mailto:molly.weber@iowacourts.gov)>; Shanahan-Fricke, Amber [JB] <[amber.shanahan-fricke@iowacourts.gov](mailto:amber.shanahan-fricke@iowacourts.gov)>; Ernest Ruben <[Ernest.Ruben@AOS.IOWA.GOV](mailto:Ernest.Ruben@AOS.IOWA.GOV)>; Janet Mortvedt <[Janet.Mortvedt@AOS.IOWA.GOV](mailto:Janet.Mortvedt@AOS.IOWA.GOV)>  
**Subject:** RE: EXTERNAL:Report of Financial Irregularity at DOT/Court Admin.

Thank you Shean. I am copying Ernest Ruben, the Deputy Auditor for Financial, and Audit Manager Janet Mortvedt, who is our DOT lead. They will take it from here, and be in touch with follow-up questions.



**From:** Fletchall, Shean [DOT] <[Shean.Fletchall@iowadot.us](mailto:Shean.Fletchall@iowadot.us)>  
**Sent:** Friday, October 7, 2022 10:47 AM  
**To:** John McCormally <[John.McCormally@AOS.IOWA.GOV](mailto:John.McCormally@AOS.IOWA.GOV)>  
**Cc:** Beichley, Kevin [DOT] <[kevin.beichley@iowadot.us](mailto:kevin.beichley@iowadot.us)>; Wilkinson, Lee <[Lee.Wilkinson@iowadot.us](mailto:Lee.Wilkinson@iowadot.us)>; Willits, Emily [AG] <[emily.willits@ag.iowa.gov](mailto:emily.willits@ag.iowa.gov)>; Weber, Molly [JB] <[molly.weber@iowacourts.gov](mailto:molly.weber@iowacourts.gov)>; Shanahan-Fricke, Amber [JB] <[amber.shanahan-fricke@iowacourts.gov](mailto:amber.shanahan-fricke@iowacourts.gov)>  
**Subject:** EXTERNAL:Report of Financial Irregularity at DOT/Court Admin.

You don't often get email from [shean.fletchall@iowadot.us](mailto:shean.fletchall@iowadot.us). [Learn why this is important](#)

**CAUTION:** This email originated from outside of AOS. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good Morning, John!

Thanks for taking my call. Per your request, I am sending this email as DOT's notice pursuant to §11.2(2) regarding an irregularity that has come to light the collection and/or distribution of monies paid on fines issued by Motor Vehicle Enforcement during FY21 and FY22. Kevin Beichley will be the point of contact at the DOT. I understand that Amber Shanahan-Fricke is spearheading Court Administration's efforts in this regard. I've cc'd them on this email.

Please let me know if there is any further you need from this office.

Best,



**Shean Fletchall**  
Special Assistant Attorney General  
General Counsel Division  
Iowa Department of Transportation  
800 Lincoln Way, Ames, Iowa 50010  
Main: (515) 239-1521 | Direct: (515) 239-1711  
Fax: (515) 239-1609  
Email: [Shean.Fletchall@iowadot.us](mailto:Shean.Fletchall@iowadot.us)

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[Auditor.Iowa.Gov](http://Auditor.Iowa.Gov)

## Appendix 5

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From: "Ernest Ruben" <[Ernest.Ruben@AOS.IOWA.GOV](mailto:Ernest.Ruben@AOS.IOWA.GOV)>  
To: "Kent Farver" <[Kent.Farver@iowacourts.gov](mailto:Kent.Farver@iowacourts.gov)>  
Cc: "Suzanne Dahlstrom" <[Suzanne.Dahlstrom@AOS.IOWA.GOV](mailto:Suzanne.Dahlstrom@AOS.IOWA.GOV)>  
Date: 10/11/2022 09:43 AM  
Subject: [EXTERNAL] RE: EXTERNAL: Court Distribution Process

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Kent,

Suzanne and I are available Wednesday and Thursday, pretty open as to times. Thanks

**From:** Kent Farver <[Kent.Farver@iowacourts.gov](mailto:Kent.Farver@iowacourts.gov)>  
**Sent:** Tuesday, October 11, 2022 8:04 AM  
**To:** Ernest Ruben <[Ernest.Ruben@AOS.IOWA.GOV](mailto:Ernest.Ruben@AOS.IOWA.GOV)>  
**Subject:** EXTERNAL: Court Distribution Process

Ernie:

Good morning. I have moved back to Judicial from DART and just started yesterday. During a conversation with the State Court Administrator yesterday, I was informed that there is research that is getting ready to start to determine the extent of issues with the distribution of court costs that apparently go back several years and possibly even longer. Attached is the work plan of the analysis that is set to take place starting this week. I am reaching out to disclose this to you and the Auditor's office and I would be happy to meet and discuss further with you and your office if you have time this week? I am trying to get up to speed as well, but want to make sure that we keep your office informed as we move through this. The branch has been without a Director of Finance since the Spring, so there are many things that need to be addressed immediately. Please let me know if you have any time this week to discuss and I will get it set up. I am at the Judges conference part of today, but will be monitoring emails.

Thank you!

Kent

**Suzanne Dahlstrom**

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**From:** Kent Farver <Kent.Farver@iowacourts.gov>  
**Sent:** Wednesday, April 19, 2023 5:25 PM  
**To:** Ernest Ruben  
**Cc:** Suzanne Dahlstrom  
**Subject:** RE: [EXTERNAL] RE: EXTERNAL:Court Distribution Process

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

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Ernie and Suzanne:

Good afternoon. I wanted to give you a quick update on the analysis being conducted by the National Center for State Courts on our court fines distribution process. The scheduled due date for this work has been moved back to the end of June due to the complexity of their work and the analysis of all of the FIN codes they are having to review. Just wanted to let you know. If you have any questions, please don't hesitate to let me know. Thanks!

Kent



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*The Iowa Judicial Branch dedicates itself to providing independent and accessible forums for the fair and prompt resolution of disputes, administering justice under law equally to all persons.*

## Appendix 7

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**From:** Kent Farver <[Kent.Farver@iowacourts.gov](mailto:Kent.Farver@iowacourts.gov)>  
**Sent:** Thursday, August 10, 2023 10:56 AM  
**To:** Ernest Ruben <[Ernest.Ruben@AOS.IOWA.GOV](mailto:Ernest.Ruben@AOS.IOWA.GOV)>  
**Cc:** Suzanne Dahlstrom <[Suzanne.Dahlstrom@AOS.IOWA.GOV](mailto:Suzanne.Dahlstrom@AOS.IOWA.GOV)>; Gast, Bob [JB] <[bob.gast@iowacourts.gov](mailto:bob.gast@iowacourts.gov)>  
**Subject:** Re: Court Distribution Process

Ernie and Suzanne:

Good morning. The National Center for State Courts is finally done with their fines and fees distribution analysis report. Can we set up a time to bring this to you and discuss next steps? Let me know if there is any good times the week of the August 21st or the 28th. Bob and I can come your way. Next week the SC has their administrative meeting week, so things are pretty booked up. Thanks!

Kent



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## Anthony Heibult

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**From:** Beichley, Kevin <Kevin.Beichley@iowadot.us>  
**Sent:** Tuesday, October 22, 2024 10:00 AM  
**To:** Van Rees, Gloria  
**Subject:** RUTF citation revenue timeline  
**Attachments:** RE: EXTERNAL:Report of Financial Irregularity at DOT/Court Admin.; FW: Response to Inquiry Regarding Road Use Tax Fund

Gloria,

Below is a timeline of some key dates regarding the reporting of the issue and inclusion of the DOT financial audit staff from AOS on the citation revenue issue. I've attached emails where I set up a conversation with the lead AOS financial auditor for DOT on 10/12/22 to talk about the issue, and a second email where I provided her with the letter we received back from the Court Administrator acknowledging the problem.

Thanks,  
 Kevin

### Timeline:

- July 2022:
  - IDOM analyst identifies revenues decreased to RUTF as listed below and contacts DOT
    - \$2,092,769 in FY20
    - \$1,024,464 in FY21
    - \$69,691 in FY22
  - DOT Director of Finance (Kevin Beichley) researched if citations issued by MVE dropped off in a way that would explain the revenue decrease and determined they did not
- August 2022
  - August 15<sup>th</sup>, 2022 Iowa DOT Director of Finance (Kevin Beichley) sends an email to Iowa Courts Finance Director (Annette Kunde) showing the drop in revenues and asking the courts to confirm there is not a coding issue in their deposit process.
  - August 15<sup>th</sup>, 2022 Iowa Courts Finance Director responds to Beichley that the courts will review the issue and respond
- September 2022
  - September 28<sup>th</sup> 2022 State court administrator Robert Gast sent DOT a letter acknowledging the DOT had raised concerns about the issue and indicating "...We have initiated a comprehensive review of court debt distribution policies, programming and practices. We are committed to ensuring that we distribute court debt accurately and promptly as required by law. Thank you for your patience as we undergo this review"
    - DOT relayed this response to IDOM budget analyst
- October 2022
  - October 3<sup>rd</sup>, 2022 DOT Director of Finance consults with Assistant Attorney General Shean Fletchall regarding the response from the court administrator and to confirm a reporting obligation existed to advise the Auditor of State. AAG Fletchall communicated with counsel for the courts regarding the issue and provided notice to the Auditor of State's office on behalf of the DOT.
  - 10/7 AAG Fletchall in follow up to a phone call sends an e-mail to John McCormally with the Auditor of State pursuant to Iowa Code §11.2(2) regarding the irregularity, and advising that Kevin Beichley is the point of contact for the Iowa DOT. The notification was passed on within AOS to AOS Deputy Auditor for



- Financial (Ernest Ruben) and Audit Manager Janet Mortvedt who is the AOS financial audit lead for the DOT financial audit.
- o 10/12 In addition to reporting the issue to AOS through AAG Fletchal, Iowa DOT Director of Finance has meeting with AOS lead of the financial audit and provides the 9/28 letter from the courts administrator via email to AOS financial audit lead for the DOT audit.
- June 2024-
  - o Iowa Courts staff reach out to DOT administrator of TRACS software (Josh Halterman) about information available through the TRACS software to identify citations subject to the RUTF deposit. Forwarded e-mail string includes iowacourts internal emails dating to June 6, 2024 discussing implementing changes for RUTF deposits beginning July 1<sup>st</sup>.
- October 2024
  - o Courts Counsel reaches out to AAG Fletchall regarding distribution of funds as outlined by Iowa code 602.8108(8)

**Kevin Beichley**  
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