

# FISCAL UPDATE

September 15, 2003

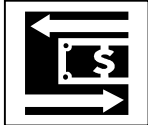
## Legislative Services Agency

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### APPROPRIATIONS TRANSFER – DEPARTMENT OF INSPECTIONS AND APPEALS

#### Transfer of Appropriations



The Legislative Services Agency (LSA), Fiscal Services, has been notified that \$499,000 has been transferred from the Department of Inspections and Appeals to the Indigent Defense Program for FY 2003. The Indigent Defense Program reimburses private attorneys for providing legal counsel to indigent people accused of committing a crime. The appropriations transfer was necessary due to an increase in the number of indigent cases and claims. The following Divisions within the Department of Inspections and Appeals transferred funding to the Indigent Defense Program:

- Employment Appeal Board – \$4,000 from miscellaneous savings.
- Administrative Division – \$79,000 generated through indirect cost reimbursements from the federal government.
- Administrative Hearings Division – \$41,000 available due to a lag time in filling vacancies.
- Investigations Division – \$76,000 generated by salary savings associated with personnel terminations. The positions could not be filled because the former employees were appealing the decision to terminate employment. The Division also received a one-time payment from the federal government related to settlements of Medicaid fraud cases.
- Health Facilities Division – \$254,000 generated by increased reimbursements from the federal government. The Division also accrued salary savings due to travel savings and a lag time in filling vacant positions.
- Inspections Division – \$6,000 from miscellaneous savings.
- Pari-Mutuel Regulation – \$39,000 available due to a lag time in filling vacancies.

#### More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301) Douglas Wulf (Ext. 13250)

### GROW IOWA VALUES UPDATE

#### Grow Iowa Values

The following boards, commissions, and committees were created in HF 692 (Taxation Changes, Grow Iowa Values, and Regulatory Reform Act) and HF 683 (Grow Iowa Values Fund Act):

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**Grow Iowa Values Board**



Responsibilities of the Grow Iowa Values Board include, but are not limited to, the following:

- Receives recommendations from the Due Diligence Committee, the Economic Development Marketing Board, and the Grow Iowa Values Review Commission.
- Assists the Department of Economic Development in implementing programs and activities designed to expand and stimulate the economy, increase the wealth of Iowans, and increase the population of Iowa.
- Annually elects five voting members of the Grow Iowa Values Board who have expertise in the areas of banking and entrepreneurship to serve on the Due Diligence Committee.
- Administers the Grow Iowa Values Fund.
- Approves or denies applications for financial assistance from moneys appropriated from the Grow Iowa Values Fund.

**Board Members**



The Grow Iowa Values Board members include:

- Mary Chapman, Des Moines
- Kathy Alden, Dougherty
- Bonnie Barney, Tiffin
- Nancy Dunkel, Dyersville
- Holmes Foster, Clive
- Gerald Kirke, West Des Moines
- Craig Lang, Brooklyn
- John Lisle, Clarinda
- Marcia Nichols, Johnston
- Henry Royer, Cedar Rapids
- Toby Shine, Milford

**Ex-Officio Members**

Ex-Officio Members include:

- Senator Bill Dotzler, Waterloo
- Senator Mark Ziemann, Postville
- Representative Clarence Hoffman, Charter Oak
- Representative Janet Petersen, Des Moines

**Due Diligence Committee**

The responsibilities of the Due Diligence Committee include, but are not limited to, the following:

- Reviews projects and determines if a proposed project funded through the Grow Iowa Values Fund is practical.
- Provides recommendations to the Grow Iowa Values Board.

**Committee Members**



The following are Due Diligence Committee members:

- Chairperson Henry Royer, Marion
- Vice-Chair Nancy Dunkel, Dubuque
- Kathy Alden, Sheffield
- Holmes Foster, Clive
- Gerald Kirke, West Des Moines

**Review Commission**

The responsibilities of the Grow Iowa Values Review Commission include, but are not limited to, the following:

- Analyzes all annual reports of the Grow Iowa Values Board to determine if the goals and performance measures set have been met.
- Submits a report to the Grow Iowa Values Board, the Department of Economic Development, and the General Assembly, including findings, itemized by Grow Iowa Values geographic regions, regarding whether the goals and performance measures were met.
- The report will include recommendations regarding the continuation, elimination, or modification of any programs receiving moneys from the Grow Iowa Values Fund, and whether moneys should continue to be appropriated to and from the Grow Iowa Values Fund.

**Commission Members**

The following are members of the Commission:

- David Vaudt, State Auditor
- Harvey Siegelman, President, Strategic Economics Group
- One member to be appointed by the Legislative Council.

**Loan and Credit Board**



The responsibilities of the Loan and Credit Guarantee Advisory Board include, but are not limited to, the following:

- Provides the Department of Economic Development with technical advice, including rule recommendations, regarding the administration of the Loan and Credit Guarantee Program.
- Reviews and provides recommendations to the Department of Economic Development regarding all applications under the Loan and Credit Guarantee Program.

**Board Members**

The following are members of the Loan and Credit Guarantee Advisory Board:

- Robin Anderson
- Jane Bell
- Jose Laracuente
- Ty Logan
- Donna Sorensen

- John Stavnes
- Gary Streit

**Economic Marketing Board**



The responsibilities of the Economic Development Marketing Board include, but are not limited to, the following:

- Administers and implements the approval process for accepting marketing strategy proposals for purposes of selecting a strategy for the Department of Economic Development to administer.
- Submits a recommendation regarding the marketing proposal to the Grow Iowa Values Board.

**Board Members**

The following are members of the Economic Development Marketing Board:

- Chair Mary O'Keefe, Cumming
- Vice-Chair Teri Goodmann, Dubuque
- David Bernstein, Sioux City
- Mary Chapman, Des Moines
- Chris Harshbarger, Cedar Falls
- Craig Lang, Brooklyn
- Gary Wells, LeMars

**Grow Iowa Meetings**

The Grow Iowa Values Board has met three times and has approved funding for the following projects to receive funding:

**Wells Fargo**



Wells Fargo & Company is a \$370.0 billion diversified financial services company providing banking, insurance, investments, mortgage banking, and consumer finance to consumers, commercial businesses, and financial institutions in all 50 states and in some foreign countries. Wells Fargo Home Mortgage is headquartered in West Des Moines, while Wells Fargo Financial recently consolidated their operations in a new facility in downtown Des Moines, where most of its employees are located. The Grow Iowa Values Board has approved the company to receive \$10.0 million over a two-year period to expand its operations in the Home Mortgage, Consumer Credit, and Financial Divisions. The company expects to create 2,000 new jobs over a four-year period at an average annual wage of \$33,500.

**GCommerce**

Gcommerce Incorporated (Inc.) is a software development company that provides low-cost, non-invasive software solutions designed to streamline and improve supply chain operations for manufacturers, distributors, buying groups, and retailers of hard goods. The Grow Iowa Values Board approved GCommerce Inc. to receive \$1.0 million from the Grow Iowa Values Fund to relocate to Iowa from New York, and to provide 157 new jobs over a four-year period at an average wage of \$56,000 annually.

**Trans Ova Genetics**



Trans Ova Genetics is an international leader of embryo transfer services. The company's competencies include nuclear transfer, embryo transfer, gestational care, parturifacient care, collection of pharmaceutical source

material, and clarification and initial purification of pharmaceutical raw materials. The Grow Iowa Values Board approved Trans Ova Genetics to receive \$9.0 million from the Grow Iowa Values Fund. The funding will be used for multi-phase expansion projects including a human serum albumin production center, a bio-protein production center, a cloning laboratory, a semen sexing technology facility, a biotech business cluster incubator, and a college research center. Trans Ova Genetics expects to create 315 new jobs in a four-year period at an average wage of \$45,000 annually.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Russell Trimble (Ext. 14613)

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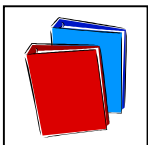
**VERTICAL INFRASTRUCTURE ADVISORY COMMITTEE**

**Vertical Infrastructure**



The Governor's Vertical Infrastructure Advisory Committee met on August 21 at the Iowa Correctional Institute for Women in Mitchellville. The Committee received status reports on the following:

- **Routine Maintenance** – The Department of Administrative Services (DAS) received an appropriation of \$1.7 million from the Rebuild Iowa Infrastructure Fund (RIIF) for routine maintenance at State facilities for FY 2004. The funds are allocated to State agencies under the purview of the DAS on a square footage basis. Dean Ibsen, DAS, reviewed a report detailing the FY 2004 routine maintenance allocations to State agencies. The report cites a total of 11.1 million gross square feet of building space for agencies receiving routine maintenance funding. The appropriation provides funding of approximately \$0.15 per square foot.
- Mr. Ibsen stated the Department of Management has instructed agencies to delay spending appropriated funds from the RIIF until the Iowa Supreme Court has determined the final ruling concerning the taxation of racetrack establishments. Should the Iowa Supreme Court uphold an earlier decision, remanded from the United States (U.S.) Supreme Court, the RIIF will experience a funding shortfall of approximately \$32.9 million in FY 2004.
- **Major Maintenance** – The DAS received an appropriation of \$11.5 million from the Restricted Capital Fund of the Tobacco Settlement Trust Fund for FY 2004. The Vertical Infrastructure Advisory Committee reviews major maintenance projects of State agencies under the purview of the Department, and prioritizes the projects for funding. The Committee also discussed issues concerning electrical distribution systems at State facilities and institutions. Mr. Ibsen stated the Capitol Complex, served by Mid American Energy, has not had a comprehensive evaluation completed of the electrical distribution system. He stated that some buildings and parts of buildings on the Complex have back-up generation, but many do not. The Department is researching the cost and possible funding for conducting such an evaluation. Mr. Ibsen stated that Alliant Energy conducted an evaluation of the electrical distribution and back-up systems at institutions that are served by the Company at no cost to the State a few years ago.
- The Glenwood Resource Center made a special funding request to the Committee for funding to replace a boiler that had recently failed at the Institution. The total cost of a new boiler is estimated at \$200,000. A motion was adopted by the Committee to reevaluate other Department of Human Services (DHS) projects on the list for major maintenance funding in order to find the funds for the boiler replacement.



- **Other Reports** – The Department provided status reports concerning the Olmstead Plan related to Americans with Disabilities Act (ADA), status of monuments on State properties, an update of the vertical infrastructure and monument databases, and a review of the Strategic Plan for Preserving Iowa's Buildings and Monuments.

**Tour of Buildings**

The Committee toured several buildings of the Iowa Correctional Institute for Women. It was noted that two additions at the Institution, constructed in FY 2000 and FY 2002, had failing roof systems and the roofing contractor and warranty company are no longer in business. The Department of Corrections is currently working with the general contractor to correct problems as they arise.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: David Reynolds (Ext. 16934)

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**MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES COMMISSION**

**Mental Health Commission**



The Mental Health and Developmental Disabilities Commission met on August 21 and 22 and conducted the following business:

- Approved various accreditations for facilities throughout the State.
- Approved the Wapello County mental health plan change to eliminate the requirement that the County pay for mental health services for those on work release and parole within the Department of Corrections system, per Section 904.103, Code of Iowa.
- Approved the Hardin County mental health plan change to eliminate the requirement that the County pay for the costs relating to services provided outside of a 24-hour care facility.
- Heard from representatives of the five workgroups regarding the proposed redesign of the mental health system. The original handouts from these five workgroups can be found at the following web site: [http://staffweb.legis.state.ia.us/lfb/subcom/human\\_serv/interim\\_2003.htm](http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/interim_2003.htm) and clicking on the link entitled August 2003 DRAFT Mental Health Commission handouts.
- Discussed and made various changes to the draft report which will be incorporated for the September version for the Commission.
- Referred components of the draft report to the five workgroups with specific questions for recommendations by the workgroups for the Commission at the September meeting.



**Next Meeting**

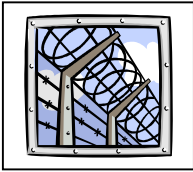
The next meeting of the Commission is September 18 at Woodward State Resource Center.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

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**COUNCIL BLUFFS RESIDENTIAL FACILITY OPENS****New CBC**

The 26-bed Community-Based Corrections (CBC) residential facility opened on August 14. The facility remained vacant for approximately 18 months due to budget reductions and total construction costs were approximately \$1.1 million. The current operating budget is \$627,000; the budget had been reduced by \$189,000 by eliminating 5.5 FTE positions. The Fourth CBC District Department estimates an additional \$205,000 will be needed in FY 2005 to operate the facility for one year.

**Female Offenders**

The facility will house 26 female offenders, and is expected to be at full occupancy by October 2003. Ten female offenders moved from the current residential facility in mid-August. This action permits ten more male offenders to be housed at the 61-bed Council Bluffs Residential Facility for male offenders. Programming, such as health, parenting, victim issues, and reproductive issues, will be specialized to meet the needs of women offenders.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

**HIGHWAY CONSTRUCTION CONTRACTS****Construction Contracts**

The Department of Transportation (DOT) notifies the Legislative Services Agency (LSA), Fiscal Services, of all highway construction contracts in excess of \$5.0 million. The following contracts totaling \$26.0 million were awarded in July.

**Henry County**

A contract for \$8.5 million was awarded to Fred Carlson Company, of Decorah, to replace approximately six miles of pavement along United States (U.S.) Highway 34 from the Mount Pleasant bypass to Iowa Avenue.

**Jefferson County**

A contract for \$6.3 million was awarded to Fred Carlson Company for the following projects along U.S. Highway 34:

- \$6.3 million to replace approximately six miles of pavement from the Wapello county line to the Fairfield bypass.
- \$38,000 to install lighting from the interchange of U.S. Highway 34 and Ash Avenue to the Batavia bypass.

**Wapello County**

A contract for \$3.0 million was awarded to Fred Carlson Company for the following projects along U.S. Highway 34:

- \$2.9 million to grade and replace approximately two miles of pavement from Iowa Highway 16 to the Jefferson/Wapello county line.
- \$78,000 to install traffic signs from Iowa Highway 16 to east of the Fairfield bypass.

**Mahaska County**

A contract for \$8.2 million was awarded to Manatt's, Incorporated, of Brooklyn for the following projects along Iowa Highway 137:

- \$8.0 million to replace approximately four miles of pavement from the Eddyville bypass to north of Merino Avenue.



- \$91,000 to install traffic signs from the Eddyville bypass to north of Merino Avenue.
- \$75,000 to install lighting at the interchange of U.S. Highway 63 and Merino Avenue and the interchange of U.S. Highway 63 and Iowa Highway 137.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

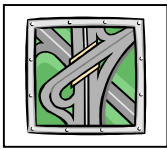
**DEPARTMENT OF TRANSPORTATION APPROVES ROAD AND RAIL GRANTS**

**Transportation Grants**

The Department of Transportation (DOT) Commission recently approved the following road and rail grants.

**Rebuild Iowa's Sound Economy Fund (RISE) Grants**

**Boone County**



Boone County requested a RISE Local Development Grant to assist in grading and paving two miles of Peach Avenue from 270<sup>th</sup> Street south to the entrance of the Iowa Arboretum. The project is necessary to provide adequate access to the Arboretum, which has recently undergone an expansion to increase tourism. The DOT Commission awarded \$331,000, or up to 27.0% of the total project cost, whichever is less, from the county's share of the RISE Fund. The total estimated cost of the project is \$1.2 million.

**Iowa Arboretum**

The Iowa Arboretum recently received a Vision Iowa Grant of \$120,000 to further expand the facilities. This money will be used for infrastructure development, a pavilion to accommodate larger groups, a greenhouse, improvements to the parking lot, and paved walkways.

**City of Keokuk**

The City of Keokuk requested a RISE Immediate Opportunity Grant to assist in the grading and paving of 2,200 feet of Commercial Street to provide improved access to the Roquette America facility. The expansion will allow Roquette to produce specialty products, expand raw material processing capabilities, and create 41 new jobs. The DOT Commission awarded \$246,000 or up to 22.0% of the total project cost, whichever is less, from the City's share of the RISE Fund. The total estimated cost of the project is \$1.1 million.

**Rail Assistance Program (RAP) Grant**

**Appanoose County**



The Appanoose County Community Railroad requested a Rail Assistance Program Grant to repair the Chariton River Bridge. The repairs will make the bridge compliant for safe operation of 286,000-pound rail cars. The railroad serves as a transportation facility for Rubbermaid Commercial Products and Curwood Manufacturing in Appanoose County. The DOT Commission awarded a Rail Assistance Program Grant of \$245,000 or up to 70.0% of the total project cost, whichever is less.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)



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## **NATURAL RESOURCE COMMISSION HOLDS MEETING**

### **Commission Meeting**



The Natural Resource Commission met on August 14 in Chariton. The following issues were discussed:

Linda Hanson, Department of Natural Resources (DNR), detailed the following construction projects that were approved by the Commission:

- The paving of an entrance road and parking area at the Green Island Wildlife Management Area for a total of \$65,000.
- A change order to increase renovation projects at the Rathbun and Spirit Lake Fish Hatcheries. Federal funding from the United States Fish and Wildlife Service increased by \$85,000, and the additional projects will be completed at the hatcheries rather than lose the funding.

### **Land Purchase**

The Commission approved the following land purchases:

- A donation of three permanent easements for a total of 2.1 acres of land at the Lake Darling State Park that will be managed by the Park Bureau.
- A donation of 4.5 acres in Henry County near the Skunk River that will be managed by the Fisheries Bureau and will be used for public access to the River.
- A land exchange between the Department and Rathbun Farms for land adjacent to the Tyrone Wildlife Management Area. The DNR is exchanging 22.7 acres for 35.0 acres.

### **Banner Wildlife Area**

An update report on the restoration of the Banner Wildlife Area was presented by Angela Corio. The Banner Wildlife Area is located in Warren County and is being renovated to provide an increased number of recreational opportunities.

### **Ritz State Park**

The Commission was asked to approve a Final Rule that allows after- hours fishing at the Ritz Unit of the Clear Lake State Park. The Final Rule was approved.

### **Forest Legacy**

The Commission was asked to approve an easement on 1,065 acres of forest located near Dubuque under the federal Forest Legacy Conservation Program. Federal funding of \$380,000 will be used with private funding of \$127,000 to acquire the easement. The easement was approved.

### **Endangered Listing**



The Commission was asked to approve the removal of the bobcat as a threatened species from the State Endangered and Threatened Plant and Animal Species listing. The number of bobcats in Iowa has increased since the 1980's. In 2001, the Commission downgraded the bobcat from "endangered" to "threatened." The Commission approved the Department's recommendation.

### **Next Meeting**

The next meeting will be held on September 18 at Viking Lake State Park near Stanton.

### **More Information**

Additional information is available from the LSA upon request. For review of Commission agendas, minutes, and other related information, please review the DNR web site at: <http://www.iowadnr.com/>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

**AUDIT REPORT – COMMUNITY-BASED CORRECTIONS**

**Audit Report**



The Legislative Services Agency (LSA), Fiscal Services, received the FY 2002 audit report for the eight Community-Based Corrections (CBC) District Departments. Pursuant to Chapter 905, Code of Iowa, the Department of Corrections (DOC) provides assistance and support to each of the eight CBC District Departments. Each District Department is responsible for establishing services necessary to provide a community-based correctional program that 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.

**Recommendations**

The following recommendations were made:

**First CBC District**

First CBC District Department:

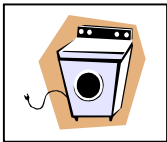
- Internal Control Procedures – It was recommended that all facilities review and follow the operating policies and procedures to maximize internal control when processing receipts and disbursements. The District Department responded that the findings had been communicated and staff has been reminded to adhere to internal control procedures.
- Statutory Requirements – Five financial transactions totaling \$19,000 were expensed in FY 2003 but should have been expensed in FY 2002. Expenditures are to be recorded when the liability is incurred. The District Department responded that local income was overspent due to local facility rent income falling short of expectations.

**Third CBC District**

Third CBC District Department:

- Internal Control Procedures – No monthly reconciliation is prepared between the Agency Fund balance and the total balance of individual facility resident accounts. This monthly reconciliation would ensure that the Agency Fund balance is sufficient to cover the amounts due to all residents. The District Department responded that the recommended reconciliation is now completed each month.

**Fourth CBC District**



Fourth CBC District Department:

- Internal Control Procedures – Proceeds from a laundry soap-dispensing machine are collected at the residential facility and maintained in a lock box rather than being deposited. The facility has not kept accounting records regarding the sales and operating expenses of the machine. The District Department responded that proceeds from the laundry soap machine are now being deposited and recorded in the District Department's records.
- Statutory Requirements – A residential facility for women was constructed in Council Bluffs. State funds were appropriated to operate the facility. However, in response to budget reductions, the DOC and District Department did not open the facility in FY 2002. Funds totaling \$150,000 were transferred to other CBC District Departments while \$138,000 reverted to the State. The facility did not open in FY 2003. The District Department responded that it would begin accepting residents on August 18, 2003, (FY 2004) through a plan developed in conjunction with the DOC.

**Fifth CBC District**



Fifth CBC District Department:

- Internal Control – Bank reconciliations were neither correct nor timely. Documentation has not been maintained showing client authorization for payment of expenses from the Fort Des Moines Facility account. All bank reconciliations contain the signature and date of the preparer and reviewer. Effective May 2002, client budgets are prepared and signed by the facility resident and the supervising agent. A copy of the document remains in the file and the resident receives a copy.
- Generally Accepted Accounting Principles (GAAP) Package – The Department of Revenue requires each CBC District Department to submit GAAP packages by September 15 of each year. The GAAP package includes financial statements and other information that is not available in the Iowa Finance and Accounting System (IFAS). The District Department's GAAP package contained numerous errors, including overstating building depreciation by \$146,000, understating equipment depreciation by \$118,000, and overstating the beginning balance for machinery, equipment, and vehicles by \$73,000. Health insurance conversion liability was overstated by \$28,000. The accounts receivable balance was overstated by \$29,000. The District Department responded that it would review all information included in the GAAP package to determine that it is accurate and complete. All errors from previous years will be corrected in the FY 2003 GAAP package.
- Segregation of Duties – One individual performs all facets of the payroll function. The District Department should implement controls to permit segregation of duties. The District Department responded that it would review its operating procedures and evaluate whether changes can be made.

**Sixth CBC District**



Sixth CBC District Department:

- Internal Control – The money market account was not reconciled to the general ledger in a timely manner. The District Department responded that bank reconciliations would be performed monthly.
- Statutory Requirements – Chapter 554D.114, Code of Iowa, permits cancelled checks to be retained in electronic format and requires both the front and back of the check to be electronically retained. The District Department does not retain the back of the check as required. The District Department responded that effective June 2003, both the front and back of each check would be accessible through the bank's Internet banking service. Checks will remain on-line one year. After that period, checks will be archived.

**Eighth CBC District**

Eighth CBC District Department:

- Internal Control – The responsibilities for collection, deposit preparation, and reconciliation functions should be separated from the duties of recording and accounting of receipts. The District Department responded that due to budget constraints, staff size is limited. The District Department will continue to segregate duties as much as possible.
- Statutory Requirements – The District Department does not obtain cancelled checks for two client bank accounts. The District Department responded that the banks would be contacted to arrange for the return of cancelled checks. The District Department will write personal services contracts for all vendors providing specialized services over \$1,000 in the future.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

## AUDIT REPORT – DEPARTMENT OF CORRECTIONS INSTITUTIONS

### Audit Report

The Legislative Services Agency (LSA), Fiscal Services, received the FY 2002 combined audit report for the nine Institutions controlled by the Department of Corrections (DOC).

### Financial Summary



Total General Fund expenditures for FY 2002 were \$183.1 million, a reduction of 2.3% compared to FY 2001. Expenditures ranged from \$7.3 million at the North Central Correctional Facility at Rockwell City to \$30.8 million at the Iowa State Penitentiary at Fort Madison. The average annual cost per inmate declined by 3.5% compared to FY 2001, while the average prison population increased by 1.3%. The average annual cost per inmate ranged from \$16,344 at the North Central Correctional Facility to \$34,565 at the Iowa State Penitentiary at Fort Madison.

### Recommendations



The following Institutions received no recommendations for improvements: Iowa State Penitentiary at Fort Madison, Anamosa State Penitentiary, Mount Pleasant Correctional Facility, Newton Correctional Facility, and the Fort Dodge Correctional Facility. Listed below are the State Auditor's recommendations for improvements and the agency responses for the remaining Institutions.

#### Iowa Medical Classification Center at Oakdale:

- Statutory Requirements – Chapter 554D.114, Code of Iowa, permits cancelled checks to be retained in electronic format and requires both the front and back of the check to be electronically retained. The Institution does not retain the back of the check as required. The Institution responded that the required documentation would be available in the future.

#### Clarinda Correctional Facility:

- Internal Control Procedures – Certain inmate payroll expenditures could not be supported by a timesheet. The Institution should ensure that all inmate payroll expenditures are adequately supported and appropriately authorized. The Institution responded that inmate payroll timesheets are now stored in the secured records room after the data is entered into the inmate banking system.

#### North Central Correctional Facility at Rockwell City:

- Internal Control Procedures – A written disaster recovery plan has not been established for the Institution. Staff responded that it would prepare a written disaster recovery plan.

#### Iowa Correctional Institution for Women at Mitchellville:

- Internal Control – Chapter 7A.30, Code of Iowa, requires Institutions to keep a detailed and accurate inventory of all real and personal property belonging to the State. The Institution should take the required steps necessary to maintain an accurate capital asset listing. The Institution responded that staff has been trained on procedures necessary to maintain an accurate listing of fixed assets. Also, the staff thanked the State Auditor's Office for providing training on procedures for depreciation and for completing an updated depreciation schedule. The schedule will be used for future years' depreciation.

### More Information

Additional information is available from the LSA upon request.

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STAFF CONTACT: Beth Lenstra (Ext. 16301)

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### AUDIT REPORT – CIVIL RIGHTS COMMISSION

#### Audit Report



The Legislative Services Agency (LSA), Fiscal Services, received a copy of the audit report for FY 2002 for the Iowa Civil Rights Commission. There were two findings related to internal control of information systems. The Commission does not have written policies for password privacy and confidentiality. The Commission does not require back-up tapes to be stored off-site daily in a fireproof safe or vault. The Commission responded that it would develop written policies for passwords and confidentiality for the information system. In the future, back-up tapes will be required to be stored off-site in a fireproof safe or vault.

#### More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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### AUDIT REPORT – JUDICIAL BRANCH CLERKS OF DISTRICT COURT

#### Audit Report

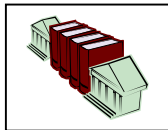


The Legislative Services Agency (LSA), Fiscal Services, received the audit report on the Clerks of District Court. The following internal control issues were cited in the audit report: segregation of duties, manual receipts, timely deposits, Juvenile Court Services, bank account signature cards, court-ordered trusts, and monthly reconciliations.

#### Clerk Court Offices

The Clerks of District Court offices have been automated on the Iowa Court Information System (ICIS) for the last two years. The Auditor cited the following findings

- Receipts should be recorded in ICIS whenever possible.
- A disaster recovery plan should be implemented.
- Login settings should be implemented to protect user authorization.
- Collections for Juvenile Court Services should be recorded in the ICIS.
- Interest on court-ordered trusts should be recorded in the ICIS.
- There should be limited access to the ICIS Case Delete Program.
- The ICIS Division should develop procedures to promptly notify the help desk when employees depart.
- The Clerks of District Court in five counties were not making daily deposits of court receipts.
- Court-ordered trusts at some offices were not included on the outstanding bond/trust list.
- One County Clerk of District Court office did not prepare a bank reconciliation statement for eight months and an outstanding checklist was not printed at the end of each of those eight months.



#### Responses Accepted

All recommendations were acknowledged and responses accepted.

**Statutory Requirements**

Statutory findings included:

- Certain fines, fees, and surcharges were not remitted to the State of Iowa and to counties and cities as required in Chapters 602.8108 and 602.8109, Code of Iowa.
- The monthly report to the County Auditor's Office as required in Chapter 602.8109(2), Code of Iowa, was not being submitted.
- Chapter 608.8102(5), Code of Iowa, states that any amount in excess of \$500 that is held in a trust should be disbursed within 30 days.
- Some Clerks of District Court offices did not remit outstanding trusts and bonds as required in Chapter 556.11, Code of Iowa.

**Responses Accepted**

All recommendations were acknowledged and responses accepted.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

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**AUDIT REPORT – INSTITUTIONS OF THE DEPARTMENT OF HUMAN SERVICES**

**Audit Report**



The Auditor of State issued the FY 2002 audit report for the institutions under the authority of the Department of Human Services. The audit contains a variety of per diem costs by institution and various findings and recommendations for the nine institutions. These recommendations include:

- Mental Health Institute at Clarinda:
  - The need for a policy regarding authorization of expenditures. The Institute has developed the policy.
- Mental Health Institute at Mount Pleasant: There were no recommendations made by the Auditor.
- Mental Health Institute at Cherokee: There were no recommendations made by the Auditor.
- Mental Health Institute at Independence:
  - Inclusion of certain expenditures when calculating the per diem rate for patient care. The Institute plans to include the omitted expenditures and to have an independent person review the calculations in the future.
  - Inclusion of accumulated depreciation on buildings in the Generally Accepted Accounting Principles (GAAP) report for the Department of Revenue and Finance.
- State Resource Center at Woodward:
  - The need for a physical inventory policy. The Center indicates it is not able to implement the recommendation of the Auditor.
  - The need for a policy to reconcile individual resident account balances with the client banking system account. The Center is developing a policy to reconcile on a monthly basis.





- State Resource Center at Glenwood:
  - The need for a policy to keep a capital asset listing current. The Center is planning to keep asset lists current.
- State Juvenile Home at Toledo:
  - The need to reconcile bank balances in a timely manner. The Home plans to conduct monthly reconciliations in the future.
  - The need to return funds to counties from a student's unearned income as required by statute. The Home has developed a financial system to improve the action and plans to submit county share payments quarterly.
  - The need to develop policies for a capital asset listing and accumulated depreciation for capital assets. The Home has developed the policy.
  - The need to use the Scholarship and Activities Fund for activities, which would benefit students. The Home has transferred the funds to an account to be used for the students.
- State Training School at Eldora:
  - The need to retain both the front and back images of cancelled checks. The School has begun to retain the images.
- Civil Commitment Unit for Sexual Offenders at Oakdale (often referred to as the Sexual Predator Commitment Program, scheduled to be transferred to Cherokee): There were no recommendations made by the Auditor.

### More Information

Additional information is available from the LSA upon request. A copy of the Audit may be found at the following web site:  
[http://staffweb.legis.state.ia.us/lfb/subcom/human\\_serv/human\\_serv.htm](http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/human_serv.htm) and then link to the 2003 Interim.

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## AUDIT REPORT – DEPARTMENT OF JUSTICE

### Audit Report



### Internal Control Issues

The Legislative Services Agency (LSA), Fiscal Services, received the FY 2002 audit report for the Department of Justice. The audit contains several findings related to internal control procedures and statutory requirements.

Internal Control Procedures – Certain individuals within the Office of the Consumer Advocate and the Prosecuting Attorneys Training Office may receive, record, reconcile, and prepare deposits for cash receipts. Also, the mail opener in either office does not prepare an initial listing of receipts. The Office of the Consumer Advocate does not require the use of specific security passwords. The Department should implement security controls for the computer system. The Department responded that for the Office of the Consumer Advocate, cash handling procedures would be modified effective July 1, 2003 (FY 2004). Beginning in FY 2003, all cash receipts for the Prosecuting Attorneys Training Office are processed by the Office of the Attorney General. In regard to computer controls, this concern was addressed by the reorganization of the Accounting and Assessment staff of the Department of Commerce. The staffs are now attached to the Iowa Utilities Board and are part of the Board's computer network.



**Statutory Requirements**



Statutory Requirements – Chapter 537.6104(5), Code of Iowa, requires the administrator of the Iowa Consumer Credit Bureau to report annually to the General Assembly. The report has not been filed for several years. Chapter 13.2(7), Code of Iowa, requires the Attorney General to file a report with the Governor. The report was filed after the deadline. The Office of the Consumer Advocate had not reconciled FY 2002 billings to collections from utility companies. The Department responded that it would file a report with the General Assembly concerning the operations of the Iowa Consumer Credit Bureau beginning January 1, 2004. The Department missed the reporting deadline to the Governor by approximately six weeks due to staff shortages. The reorganization of the Accounting and Assessments staff at the Iowa Utilities Board has resulted in new procedures being implemented for the Office of the Consumer Advocate that will improve the timeliness of reconciliations.

**More Information**

Additional information is available from the LSA upon request.

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This document can be found on the LSA web site:  
<http://staffweb.legis.state.ia.us/lfb/fupdate/fupdate.htm>