



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Des Moines, Iowa 50319-0006

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Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

October 19, 2020

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Human Services – Central Distribution Center for the year ended June 30, 2019.

The Central Distribution Center functions as a supply depot and distribution facility for carload canned goods, paper products and other staples distributed by truck to the institutions and participating state departments and local agencies upon request. A schedule of annual procurements from the Central Distribution Center by institution, department or agency is included in the report.

AUDIT FINDINGS:

Sand reported one finding related to the receipt and expenditure of taxpayer funds. The finding is found on page 3 of this report. Sand recommended the Center adopt procedures to ensure all invoices or other appropriate documentation are canceled to help prevent duplicate payments.

Management of the Iowa Department of Human Services – Central Distribution Center have a fiduciary responsibility to provide oversight of the Center’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 web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF HUMAN SERVICES –
CENTRAL DISTRIBUTION CENTER**

JUNE 30, 2019

**Iowa Department of Human Services –
Central Distribution Center**



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September 24, 2020

Iowa Council on Human Services
Des Moines, Iowa

To the Council of the Iowa Department of Human Services:

I am pleased to submit to you the Report of Recommendations for the Iowa Department of Human Services – Central Distribution Center for the year ended June 30, 2019. The report includes an audit finding pertaining to the Department's internal control for the year ended June 30, 2019. The report also includes an unaudited schedule of Annual Procurements by Institution, Department or Agency.

I appreciate the cooperation and courtesy extended by the officials and employees of Iowa Department of Human Services – Central Distribution Center 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

**Iowa Department of Human Services –
Central Distribution Center**



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September 24, 2020

To the Council Members of the Iowa Department of Human Services:

The Iowa Department of Human Services – Central Distribution Center is a part of the State of Iowa and, as such, has been included in our audit of the State’s Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019.

In conducting our audit, we became aware of certain aspects concerning the Center’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 pertains to the Center’s internal controls. This recommendation has been discussed with Center personnel and their response to this recommendation is included in this report. While we have expressed our conclusion on the Center’s response, we did not audit the Center’s response and, accordingly, we express no opinion on it.

We have also included in this report certain unaudited financial information for the Central Distribution Center for the five years ended June 30, 2019.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Central Distribution Center, citizens of the State of Iowa and other parties to whom the Central Distribution Center 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 Central Distribution Center 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 audit of the Central Distribution Center are listed on page 4 and they are available to discuss these matters with you.

Marlys K. Gaston, CPA
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Report of Recommendations to the Iowa Department of Human Services –
Central Distribution Center

June 30, 2019

Findings Reported in the State’s Report on Internal Control:

No matters were reported.

Other Findings Related to Internal Control:

Cancellation of Invoices

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – Iowa Department of Human Services – Central Distribution Center does not cancel invoices or other documentation after payment is made. For 10 of 37 expenditure transactions tested, the invoice/support was not cancelled to prevent re-use.

Cause – No policies or procedures exist requiring invoices or other supporting documentation be canceled.

Effect – Lack of written policies and procedures to properly cancel paid invoices could result in unauthorized and duplicate transactions and the opportunity for misappropriation.

Recommendation – The Center should adopt procedures to ensure all invoices or other appropriate documentation are canceled to help prevent duplicate payments.

Response – Procedures will be developed for assuring invoices that have been paid are canceled promptly. Staff will be trained on said procedures.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Department of Human Services –
Central Distribution Center

June 30, 2019

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy
Suzanne R. Dahlstrom, CPA, Manager
Malika Moutiq, Staff Auditor

Other individuals who participated in the audit include:

Maria R. Collins, Assistant Auditor

Iowa Department of Human Services –
Central Distribution Center

Annual Procurements by Institution, Department or Agency

(Unaudited)

For the Last Five Years

Institution, Department or Agency	Fiscal Year				
	2019	2018	2017	2016	2015
Iowa Veterans Home - Marshalltown	\$ 35,640	53,837	52,956	74,344	102,717
State Training School - Eldora	85,312	84,848	99,789	110,323	115,126
Glenwood State Resource Center	37,510	40,988	53,906	54,188	52,735
Woodward State Resource Center	274,483	259,660	275,751	275,068	349,563
Mental Health Institute - Cherokee	116,586	105,364	131,422	102,407	128,146
Mental Health Institute and Correctional Facility - Clarinda	1,027,013	977,802	969,947	1,046,566	996,195
Mental Health Institute - Independence	53,887	46,070	41,894	36,170	71,983
Mental Health Institute and Correctional Facility - Mount Pleasant	629,704	743,517	568,147	738,122	670,012
Anamosa State Penitentiary	868,968	807,935	767,293	869,304	970,680
Iowa State Penitentiary - Fort Madison	981,386	899,564	1,047,822	910,576	864,232
Iowa Correctional Institution for Women - Mitchellville	609,596	459,139	459,856	500,367	536,548
Newton Correctional Facility	959,360	948,984	1,163,647	1,034,517	1,171,899
Iowa Medical and Classification Center - Oakdale	788,422	790,690	734,491	871,578	697,070
North Central Correctional Facility - Rockwell City	400,349	298,721	302,239	335,885	330,198
Fort Dodge Correctional Facility - Fort Dodge	1,090,577	1,091,385	1,163,084	1,214,133	1,217,286
Luster Heights - Anamosa	-	-	24,966	38,246	25,841
Fremont County Jail	7,761	6,296	7,523	8,070	4,511
Fort Des Moines Jail	107,886	133,954	137,345	119,710	199,456
Webster County Jail	36,958	29,102	12,915	1,351	1,034
Burlington Residential Correctional Facility	38,157	36,748	32,353	32,816	33,130
Ottumwa Residential Correctional Facility	53,398	50,327	45,343	63,254	43,401
Wapello County Jail	61,302	53,191	54,897	49,277	43,360
Hope House	3,316	7,081	5,108	9,493	11,191
Nelson House	-	-	-	22,617	-
Larry Nelson Center	5,977	10,426	-	-	-
Marshalltown Residential Facility	21,111	11,413	-	-	-
Fort Dodge Residential Facility	28,774	14,635	-	-	-
The Waldinger Corporation	983	-	-	-	-
Waterloo Residential Correctional Facility	31,735	237	-	-	-
Total	\$ 8,356,151	7,961,914	8,152,694	8,518,382	8,636,314