



**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 Facsimile (515) 281-6518

**NEWS RELEASE**

Contact: Ernest Ruben  
515/281-5834

**FOR RELEASE**

**May 16, 2023**

Auditor of State Rob Sand today released a combined report on the eight Judicial District Departments of Correctional Services for the year ended June 30, 2021.

The eight Judicial District Departments of Correctional Services provide community-based correctional programs to Iowa's 99 counties and have administrative offices in Waterloo, Ames, Sioux City, Council Bluffs, Des Moines, Cedar Rapids, Davenport and Fairfield. The Iowa Department of Corrections provides the majority of the funding for the District Departments.

**FINANCIAL HIGHLIGHTS**

Total revenues ranged from \$7,216,541 at the Fourth Judicial District Department to \$28,142,037 at the Fifth Judicial District Department. Similarly, total expenditures ranged from \$6,619,874 at the Fourth Judicial District Department to \$27,117,949 at the Fifth Judicial District Department.

**AUDIT FINDINGS**

Sand reported four findings related to the receipt and expenditure of taxpayer funds at the eight Judicial Districts. They are found on pages 10 through 18 of this report. The findings address such issues as a lack of timely bank reconciliations and compensated absences on the GAAP package were not supported. Sand provided the Districts with recommendations to address each of these findings.

Management of each District has a fiduciary responsibility to provide oversight of their respective District's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

Copies of the report are available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

###

**COMBINED REPORT OF RECOMMENDATIONS ON THE  
EIGHT JUDICIAL DISTRICT DEPARTMENTS OF  
CORRECTIONAL SERVICES**

**JUNE 30, 2021**

## **Judicial District Departments**



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Rob Sand  
Auditor of State

May 10, 2023

Iowa Department of Corrections  
Des Moines, Iowa

To the Members of the Judicial District Departments of Correctional Services:

I am pleased to submit to you the combined Report of Recommendations on the Judicial Districts under the control of the Iowa Department of Correctional Services for the year ended June 30, 2021. This report includes findings, if any, pertaining to each District's internal control and compliance with statutory requirements and other matters which resulted from the fiscal year 2021 audits. This report also includes unaudited revenue, expenditure and fund balance information pertaining to each of the Judicial District Departments.

I appreciate the cooperation and courtesy extended by the officials and employees of the eight individual Judicial District Departments of Correctional Services throughout the audits. If I or this office can be of any further assistance, please contact me or my staff at 515/281-5834.

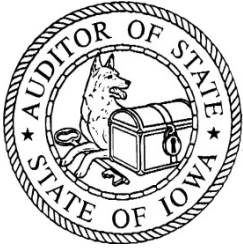
Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand  
Auditor of State

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May 10, 2023

To the Board Members of the Judicial District Departments of Correctional Services:

The eight individual Judicial District Departments of Correctional Services (District Departments) are part of the State of Iowa and, as such, have 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, 2021.

In conducting our audits, we became aware of certain aspects concerning the various District Departments' operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations which pertain to the District Departments' internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with personnel at each applicable District Department and their responses to these recommendations are included in this report. While we have expressed our conclusions on the District Departments' responses, we did not audit the District Departments' responses and, accordingly, we express no opinion on them.

We have also included certain unaudited financial information for the District Departments for the year ended June 30, 2021.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Judicial District Departments of Correctional Services, citizens of the State of Iowa and other parties to whom the Judicial District Departments of Correctional Services 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 District Departments 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 District Departments are listed on pages 10, 11, 12, 13, 14, 15, 16 and 18, and they are available to discuss these matters with you.

A handwritten signature in cursive script, appearing to read "Ernest H. Ruben, Jr.".

Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor  
Kraig Paulsen, Director, Department of Management  
Tim McDermott, Director, Legislative Services Agency

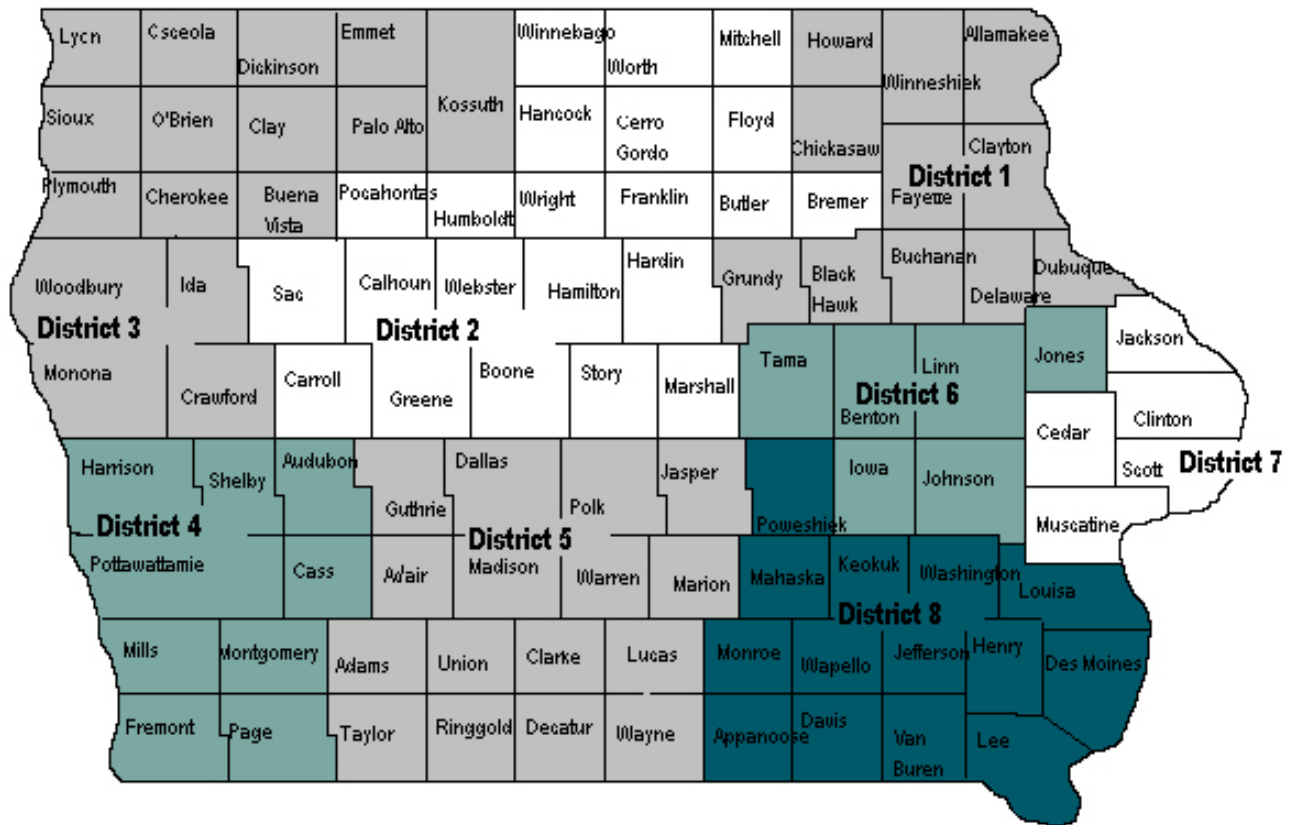
# Eight Judicial District Departments of Correctional Services

## Overview

### Background

In accordance with Chapter 905 of the Code of Iowa, the Iowa Department of Corrections provides assistance and support to the eight established Judicial District Departments of Correctional Services (District Departments). Each District Department is responsible for establishing those services necessary to provide a community-based correctional program which 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.

The District Departments are located geographically throughout the state (see map below), with administrative offices located in Waterloo, Ames, Sioux City, Council Bluffs, Des Moines, Cedar Rapids, Davenport and Fairfield.



## Eight Judicial District Departments of Correctional Services

### Overview

#### **Scope and Methodology**

We have presented Schedules of General Fund Revenues, Expenditures and Changes in Fund Balance by District Department for comparative purposes. These amounts were obtained from information which was used for statewide financial statement purposes. Certain reclassifications and changes have been made to revenues to provide comparable data. These reclassifications and changes are as follows:

- (1) State allocations, transfers between District Departments and reversion amounts were netted and titled net state appropriation allocation for this report.
- (2) The receipts from other entities category were titled federal, state and local grants and contracts for this report.
- (3) The fees, licenses and permits and refunds and reimbursements categories have been combined and titled fees, refunds and reimbursements for this report.
- (4) Sales, rents and services and miscellaneous categories have been combined and titled rents and miscellaneous for this report.

#### **Summary Observation**

Total revenues ranged from \$7,216,541 at the Fourth Judicial District Department to \$28,142,037 at the Fifth Judicial District Department. Similarly, total expenditures ranged from \$6,619,874 at the Fourth Judicial District Department to \$27,117,949 at the Fifth Judicial District Department.



Judicial District Departments

Schedule of General Fund Revenues, Expenditures and Changes in Fund Balance  
by Judicial District Department  
(Unaudited)

Year ended June 30, 2021

	Judicial			
	First	Second	Third	Fourth
<b>Revenues:</b>				
Net state appropriation allocation	\$ 15,219,261	11,758,160	7,324,425	5,815,391
Federal, state and local grants and contracts	1,737,469	1,102,270	-	378,966
Interest on investments	6,006	4,572	5,027	8
Fees, refunds and reimbursements	3,259,103	1,324,612	435,183	974,314
Rents and miscellaneous	1,250	31,533	572,796	47,862
Total revenues	<u>20,223,089</u>	<u>14,221,147</u>	<u>8,337,431</u>	<u>7,216,541</u>
<b>Expenditures:</b>				
Personal services	17,906,090	12,507,240	7,432,169	5,927,525
Travel and subsistence	50,959	39,417	27,864	40,102
Supplies	325,826	312,372	191,066	280,633
Contractual services	1,348,106	789,570	430,326	255,351
Equipment and repairs	277,626	236,646	157,721	94,641
Claims and miscellaneous	60,465	-	28,385	21,622
Plant improvements	-	36,220	-	-
Total expenditures	<u>19,969,072</u>	<u>13,921,465</u>	<u>8,267,531</u>	<u>6,619,874</u>
Excess (deficiency) of revenues over (under) expenditures	254,017	299,682	69,900	596,667
Fund balance beginning of the year	<u>869,350</u>	<u>408,015</u>	<u>1,083,100</u>	<u>1,036,919</u>
Fund balance end of the year	<u>\$ 1,123,367</u>	<u>707,697</u>	<u>1,153,000</u>	<u>1,633,586</u>

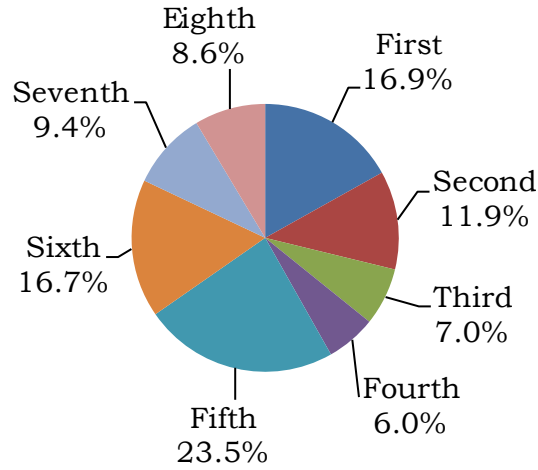
District Department				
Fifth	Sixth	Seventh	Eighth	Total
22,008,023	15,069,674	8,013,609	8,547,829	93,756,372
1,628,648	1,495,934	694,802	558,406	7,596,495
4,739	5,021	1,104	3,644	30,121
4,376,323	2,743,048	2,445,775	1,227,227	16,785,585
124,304	642,967	51,323	25,776	1,497,811
<b>28,142,037</b>	<b>19,956,644</b>	<b>11,206,613</b>	<b>10,362,882</b>	<b>119,666,384</b>
23,252,145	15,828,536	9,327,513	8,762,060	100,943,278
91,854	67,543	28,149	35,472	381,360
426,725	435,213	372,070	225,690	2,569,595
2,537,264	1,747,317	725,895	539,455	8,373,284
341,340	479,999	185,536	132,680	1,906,189
73,621	92,049	59,039	53,335	388,516
395,000	-	-	-	431,220
<b>27,117,949</b>	<b>18,650,657</b>	<b>10,698,202</b>	<b>9,748,692</b>	<b>114,993,442</b>
1,024,088	1,305,987	508,411	614,190	4,672,942
1,134,728	270,497	424,646	245,851	5,473,106
<b>2,158,816</b>	<b>1,576,484</b>	<b>933,057</b>	<b>860,041</b>	<b>10,146,048</b>

Judicial District Departments

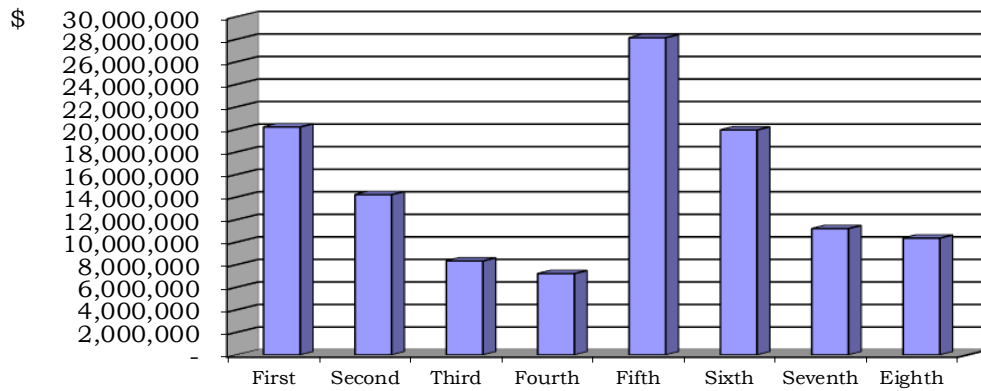
General Fund Revenues by Judicial District Department  
(Unaudited)

Year ended June 30, 2021

**Percentage of Total General Fund Revenues by  
Judicial District Department**



**Total General Fund Revenues by  
Judicial District Department**

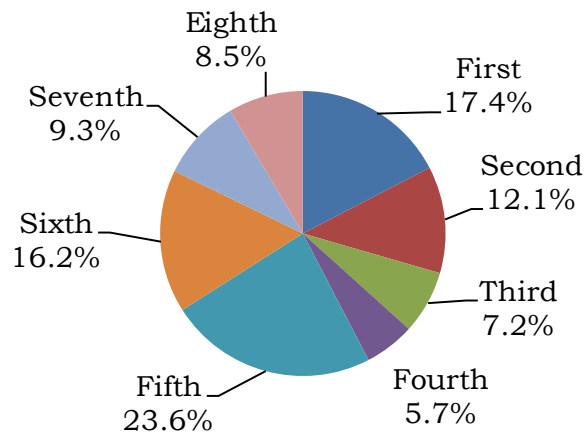


Judicial District Departments

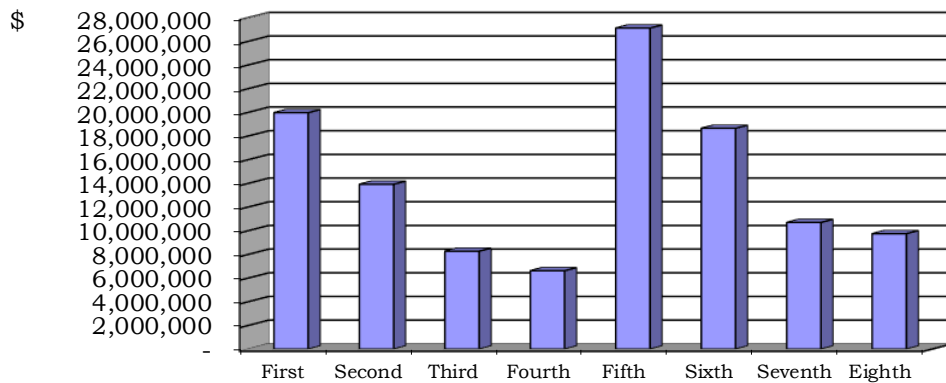
General Fund Expenditures by Judicial District Department  
(Unaudited)

Year ended June 30, 2021

**Percentage of Total General Fund Expenditures by  
Judicial District Department**



**Total General Fund Expenditures by  
Judicial District Department**



Report of Recommendations to the  
First Judicial District Department

June 30, 2021

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

No matters were reported.

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

No matters were reported.

**Other Findings Related to Internal Control:**

No matters were noted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Deputy  
Pamela J. Bormann, CPA, Manager  
Maria R. Collins, Staff Auditor

Report of Recommendations to the  
Second Judicial District Department

June 30, 2021

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

No matters were reported.

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

No matters were reported.

**Other Finding Related to Internal Control:**

- (1) Bank Reconciliation – The Judicial District maintains several bank accounts. During the year ended June 30, 2021, several instances were observed where the bank reconciliations were not prepared timely (within the subsequent month), and others were not reviewed timely.

Recommendation – To improve financial accountability and control, the reconciliation of the book and bank balances should be prepared timely for all accounts and reviewed by an independent person. The review should be documented by the signature or initials of the reviewer and the date of the review.

Response – The District learned of the audit requirement that bank reconciliations are to be both prepared and reviewed within a month of the statement cycle during our fiscal year 2020 audit, which was completed in May 2021. Since that time, we have and will continue to take special care to ensure that these reconciliations and reviews occur within a month of the statement cycle, in order to meet timeliness recommendations. It is notable that the ongoing COVID-19 pandemic did cause significant disruptions to our administrative processes including account reconciliation during fiscal year 2021.

Conclusion – Response accepted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Deputy  
Tiffany M. Ainger, CPA, Manager  
Taylor A. Hepp, Staff Auditor

Report of Recommendations to the  
Third Judicial District Department

June 30, 2021

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

No matters were reported.

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

No matters were reported.

**Other Findings Related to Internal Control:**

No matters were noted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Deputy  
Tiffany M. Ainger, CPA, Manager  
Priscilla M. Ruiz Torres, Staff Auditor

Report of Recommendations to the  
Fourth Judicial District Department

June 30, 2021

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

No matters were reported.

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

No matters were reported.

**Other Findings Related to Internal Control:**

No matters were noted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Deputy  
Suzanne R. Dahlstrom, CPA, Manager  
Priscilla M. Ruiz Torres, Staff Auditor



Report of Recommendations to the  
Fifth Judicial District Department

June 30, 2021

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

No matters were reported.

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

No matters were reported.

**Other Finding Related to Internal Control:**

No matters were reported.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Deputy  
Deborah J. Moser, CPA, Manager  
April R. Davenport, Senior Auditor  
Miranda L. Hich-deGuzman, Assistant Auditor

Report of Recommendations to the  
Sixth Judicial District Department

June 30, 2021

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

No matters were reported.

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

No matters were reported.

**Other Findings Related to Internal Control:**

No matters were noted.

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

Meeting Minutes – Minutes for three meetings observed did not include sufficient information to indicate the vote of each Board member present, as required by Chapter 21.3 of the Code of Iowa.

Recommendation – The minutes should indicate the vote of each Board member present in accordance with Chapter 21.3 of the Code of Iowa.

Response – The District will update procedures for recording Board minutes going forward.

Conclusion – Response accepted.

**Staff:**

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Deputy  
Gwen D. Fangman, CPA, Manager  
Brett A. Logsdon, Staff Auditor

Report of Recommendations to the  
Seventh Judicial District Department

June 30, 2021

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

No matters were reported.

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

No matters were reported.

**Other Findings Related to Internal Control:**

No matters were noted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Deputy  
Ryan J. Pithan, CPA, Manager  
Allison L. Carlon, Staff Auditor

Report of Recommendations to the  
Eighth Judicial District Department

June 30, 2021

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

No matters were reported.

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

No matters were reported.

**Other Finding Related to 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. The GAAP package is to be submitted to DAS-SAE by the first week of September each year.

Condition – For compensated absences, the Judicial District did not retain the proper documentation to support the amounts reported in the GAAP package.

Recommendation – The 8<sup>th</sup> Judicial District should retain the necessary documentation to support the amounts reported in the GAAP package.

Response – This was due to the previous Administrative Officer being new in fiscal year 2021 and resigning before the audit took place. This caused difficulties in finding the correct documents for the audit requests. A review was completed by the Director and one other person before submitting to the GAAP team for fiscal year 2022. There is currently only one file now for ease of locating at the time for the next audit.

Conclusion – Response accepted.

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

Cancelled Checks – Chapter 554D.114 of the Code of Iowa allows the 8th Judicial District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The 8th Judicial District does not receive an image of the back of each cancelled check.

Recommendation – The 8<sup>th</sup> Judicial District should obtain and retain front and back images of cancelled checks, as required.

Report of Recommendations to the  
Eighth Judicial District Department

June 30, 2021

Response – When the bank does updates to their website it changes our settings and our representative has to go in and correct this issue for our accounts. It has been fixed and the statements were rerun to show the front and back images.

Conclusion – Response accepted.

**Staff:**

Questions or requests for further assistance should be directed to:

Ernie H. Ruben, Jr., CPA, Deputy  
Lesley R. Geary, CPA, Manager  
Molly N. Kalkwarf, Senior Auditor