OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834
www.auditor.iowa.gov

Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE: July 8, 2026

Contact: Brian Brustkern – (515) 281-5834

Auditor of State Rob Sand today released a report on Iowa State Prison Industries for the year ended June 30, 2025.

Iowa State Prison Industries, a self-supporting division of the Iowa Department of Corrections, produces goods for sale to the State of Iowa and its political subdivisions. Production work is done by inmates at prison sites as a vocational training and rehabilitation program.

AUDIT FINDINGS:

Sand reported one finding related to the Department. The finding is on page 3 of this report. The finding relates to targeted small business compliance. Sand provided the Iowa Prison Industries with a recommendation to address this finding.

Management of the Iowa Prison Industries has a fiduciary responsibility to provide oversight of the Department'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 website at Audit Reports – Auditor of State.

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REPORT OF RECOMMENDATIONS TO THE IOWA STATE PRISON INDUSTRIES

JUNE 30, 2025

Iowa State Prison Industries

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Rob Sand
Auditor of State

July 2, 2026

Iowa Prison Industries
Des Moines, Iowa

To Dr. Beth Skinner, Director of the Iowa Department of Corrections:

I am pleased to submit to you this Report of Recommendations for the Iowa Prison Industries for the year ended June 30, 2025. The report includes a finding pertaining to the Department's targeted small business compliance which resulted from the fiscal year 2025 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Prison Industries 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,

Rob Sand
Auditor of State

Iowa State Prison Industries

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Rob Sand
Auditor of State

July 2, 2026

To Dr. Beth Skinner, Director of the
Iowa Department of Corrections:

Iowa State Prison Industries is a part of the State of Iowa and, as such, has been included in our audits of the State's Annual Comprehensive Financial Report (ACFR) and the State's Single Audit Report for the year ended June 30, 2025.

In conducting our audits, we became aware of a certain aspect concerning Iowa State Prison Industries' 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 Iowa State Prison Industries' targeted small business compliance. This recommendation has been discussed with Iowa State Prison Industries personnel and their response to this recommendation is included in this report. While we have expressed our conclusion on the Department's response, we did not audit the Iowa State Prison Industries' response and, accordingly, we express no opinion on it.

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

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

Report of Recommendations to the
Iowa State Prison Industries

June 30, 2025

Findings Reported in the State's Single Audit Report:

No matters were reported.

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

No matters were reported.

Other Findings Related to Internal Control:

No matters were reported.

Findings Related to Statutory Requirements and Other Matters:

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 business during the previous fiscal year.

The TSB procurement goal for the Department for fiscal year 2025 was not set at a level exceeding fiscal year 2024 actual TSB spending.

Recommendation – The Department should establish a dollar amount procurement level exceeding the previous fiscal year actual targeted small business procurements or seek Legislation to change this statutory requirement.

Response – IPI was not aware of the requirement that the FY goal must exceed the prior year actual. In prior years (i.e. 2020) the goal set did not exceed prior year actual, but no report comment was received from the auditors. The FY2024 actual TSB purchases were the highest they had been in 4 years, so we decided to set a conservative goal close to the actual results. We inadvertently rounded down and the resulting goal was $215 less than FY 2024 actual spending. We have made a note in the goal setting file to ensure that all future goals exceed the prior year actual spending.

Conclusion – Response accepted. We agree and have recommended to the legislature years ago that the program be amended from this "goal", which actually encourages only the smallest increases in order to make compliance easier in future years.

Report of Recommendations to the
Iowa State Prison Industries

June 30, 2025

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Katherine L. Rupp, CPA, Manager
Katherine A. Koele, Staff Auditor

Other individuals who participated in the audits include:

Dillon J. Hoit, Staff Auditor
Christofer S. Kingrey, Assistant Auditor