



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

October 14, 2013

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released a combined report on the institutions under the control of the Iowa Department of Corrections. The report includes findings and recommendations and average cost per inmate information for the five years ended June 30, 2012.

The average cost per inmate at the nine institutions under the control of the Iowa Department of Corrections ranged from \$20,879 at the North Central Correctional Facility – Rockwell City to \$52,438 at the Iowa Medical and Classification Center – Oakdale for the year ended June 30, 2012. General Fund expenditures for the nine institutions totaled approximately \$263 million for the year ended June 30, 2012, an increase of approximately \$1.4 million, or 0.5%, from the year ended June 30, 2011. General Fund expenditures have decreased 2.4% during the five year period ended June 30, 2012. The average daily cost per inmate of \$83.69 for the year ended June 30, 2012 was 0.5% less than the average daily cost per inmate of \$84.09 for the year ended June 30, 2008. The average number of inmates decreased 2.2% over the five year period, from 8,765 for the year ended June 30, 2008 to 8,573 for the year ended June 30, 2012.

A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1364-0000-0R00.pdf>.

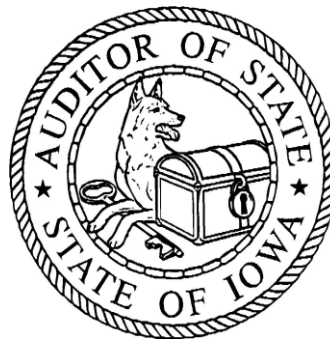
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**COMBINED REPORT ON THE INSTITUTIONS UNDER THE
CONTROL OF THE IOWA DEPARTMENT OF CORRECTIONS
SCHEDULES
FINDINGS AND RECOMMENDATIONS**

JUNE 30, 2012

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



Mary Mosiman, CPA
Auditor of State

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October 10, 2013

To the Members of the Iowa Board of Corrections:

The Institutions under the control of the Iowa Department of Corrections are part of the State of Iowa and, as such, have been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2012.

In conducting our audits, we became aware of certain aspects concerning the various Institutions' 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 recommendations pertaining to internal control. These recommendations have been discussed with applicable Institution personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Institutions' responses, we did not audit the Institutions' responses and, accordingly, we express no opinion on them.

We have also included certain unaudited financial and other information for the Institutions under the control of the Iowa Department of Corrections for the five years ended June 30, 2012 to report an average cost per inmate at each Institution as required by Chapter 11.28 of the Code of Iowa.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Corrections, the Institutions under the control of the Iowa Department of Corrections, citizens of the State of Iowa and other parties to whom the Iowa Department of Corrections 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 Institutions 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 Institutions are listed on pages 28, 29, 31, 32, 35, 36, 37, 38 and 39 and they are available to discuss these matters with you.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Iowa Department of Corrections

Overview

Background

In accordance with Chapter 904 of the Code of Iowa, the Iowa Department of Corrections is responsible for the control, treatment and rehabilitation of offenders committed under law to the following nine institutions:

Iowa State Penitentiary - Fort Madison – A penal institution for men consisting of the Penitentiary proper, a maximum security facility, the John E. Bennett unit, a medium security dormitory, and the Montrose and Augusta units, two minimum security farm dormitories.

Anamosa State Penitentiary – A penal institution for men consisting of the Penitentiary proper, a medium/maximum security facility, and Luster Heights, a minimum security facility. A primary objective is to release individuals who have learned to cope with their problems and live within the rules of society.

Iowa Medical and Classification Center - Oakdale – A forensic psychiatric hospital for persons displaying evidence of mental illness or psychosocial disorders and requiring diagnostic services or treatment in a security setting, a security unit for persons requiring confinement in a security setting and a classification unit for the reception, orientation and classification of inmates before placement in the most appropriate correctional institution according to necessary security and custody arrangements and the assessed service needs of the inmates. In addition, the Center serves as the Department of Corrections centralized processing center for all incoming inmates.

Mount Pleasant Correctional Facility – A medium security facility for men and women, primarily for treatment of inmates who exhibit treatable personality disorders, with or without accompanying history of drug or alcohol abuse. The Facility emphasizes a treatment program directed toward developing the inmate's social skills to aid in his/her return to community life.

Clarinda Correctional Facility – A medium security facility primarily for chemically dependent, mentally retarded and socially inadequate offenders.

North Central Correctional Facility - Rockwell City – A minimum security facility for men.

Iowa Correctional Institution for Women - Mitchellville – A minimum security correctional institution for women providing care, custody and rehabilitative services.

Newton Correctional Facility – A minimum security release center utilized for the preparation of inmates of the correctional institutions for discharge, work release or parole. The Facility provides inmates with actual practice in functioning within society and with feedback regarding their performance.

Fort Dodge Correctional Facility – A medium security facility designed to house 1,150 adult male offenders in a double occupancy celled environment. The Facility specializes in assisting inmates making the transition to civilian living.

Iowa Department of Corrections

Overview

Scope and Methodology

We have calculated an average cost per inmate at each Institution for the five years ended June 30, 2012, based on their General Fund expenditures. Certain reclassifications and changes have been made to these expenditures to provide comparable averages between Institutions. Therefore, expenditure amounts and cost per inmate averages may differ from those used for statewide financial statement purposes. These reclassifications and changes are as follows:

- (1) Operating transfers, primarily reimbursements to other state agencies for services, have been reclassified as expenditures for purposes of this report.
- (2) At the inception of a capital lease, total principal payments are recorded as expenditures and as other financing sources for statewide financial reporting purposes. For purposes of this report, only the current year principal and interest payments are included as expenditures.
- (3) Canteen operations have been excluded from General Fund expenditures since the canteen is a self-supporting operation at each Institution.
- (4) Non-cash assistance, consisting of USDA commodities, has been excluded from General Fund expenditures.

For these Institutions, expenditures do not include the cost of improvements and additions to buildings financed by certificates of participation.

Summary Observation

The average cost per inmate ranged from \$20,879 at the North Central Correctional Facility - Rockwell City to \$52,438 at the Iowa Medical and Classification Center – Oakdale for the year ended June 30, 2012. The average cost per inmate has generally increased over the past two years, with six of the nine institutions increasing the average cost per inmate for the year ended June 30, 2012.

Over the last five fiscal years, total General Fund expenditures decreased 2.4%, from \$269,012,010 for the year ended June 30, 2008 to \$262,590,999 for the year ended June 30, 2012, the average number of inmates decreased 2.2%, from 8,765 to 8,573, and the average daily cost per inmate decreased 0.5%, from \$84.09 to \$83.69.

Iowa Department of Corrections

Schedules

Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2008			
	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
Iowa State Penitentiary - Fort Madison	1,103	529	\$ 43,482	119.13
Anamosa State Penitentiary	1,326	345	24,203	66.31
Iowa Medical and Classification Center - Oakdale	921	551	52,134	142.83
Mount Pleasant Correctional Facility	1,041	295	26,393	72.31
Clarinda Correctional Facility	1,014	292	25,973	71.16
North Central Correctional Facility- Rockwell City	496	114	20,545	56.29
Iowa Correctional Institution for Women - Mitchellville	597	192	28,640	78.47
Newton Correctional Facility	1,158	335	25,203	69.05
Fort Dodge Correctional Facility	1,109	347	27,644	75.74
Total	8,765	3,000	\$ 30,692	84.09

Year ended June 30, 2009				Year ended June 30, 2010			
Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
1,059	526	\$ 45,062	123.46	1,055	498	\$ 41,675	114.18
1,274	353	25,913	71.00	1,110	328	28,721	78.69
973	581	51,133	140.09	917	566	53,242	145.87
1,018	301	27,877	76.38	976	285	27,418	75.12
986	285	26,542	72.72	973	266	25,686	70.37
489	110	20,898	57.26	494	104	19,502	53.43
591	188	29,453	80.69	540	176	30,121	82.52
1,183	327	25,166	68.95	1,136	312	24,893	68.20
1,137	340	27,191	74.49	1,183	314	24,985	68.45
8,710	3,011	\$ 31,384	85.98	8,384	2,849	\$ 31,030	85.01

Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2011			
	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
Iowa State Penitentiary - Fort Madison	971	457	\$ 45,073	123.49
Anamosa State Penitentiary	1,213	316	27,224	74.59
Iowa Medical and Classification Center - Oakdale	978	539	49,615	135.93
Mount Pleasant Correctional Facility	1,040	269	25,610	70.16
Clarinda Correctional Facility	1,067	253	23,294	63.82
North Central Correctional Facility- Rockwell City	499	101	19,901	54.52
Iowa Correctional Institution for Women - Mitchellville	565	178	29,366	80.46
Newton Correctional Facility	1,227	285	23,046	63.14
Fort Dodge Correctional Facility	1,256	289	23,565	64.56
Total	8,816	2,687	\$ 29,628	81.17

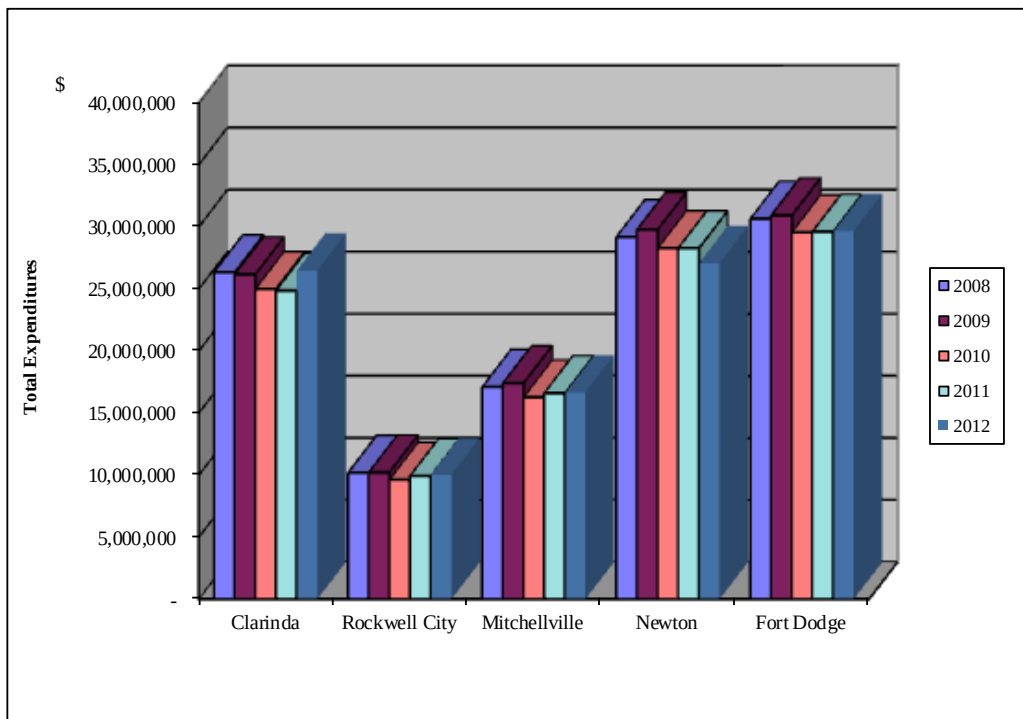
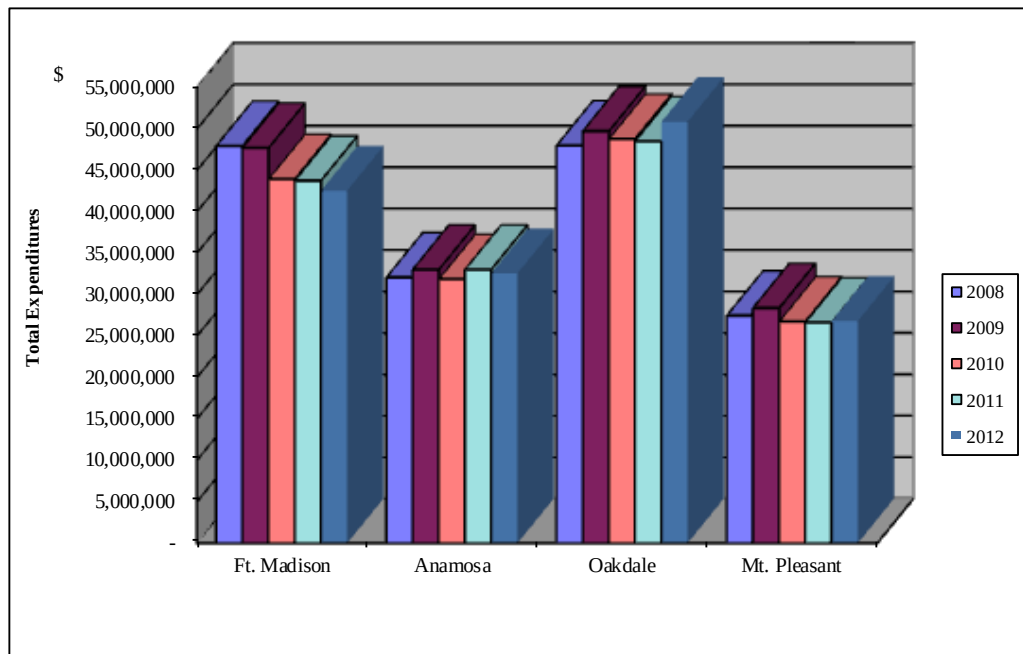
Year ended June 30, 2012			
Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
961	428	\$ 44,275	120.97
1,203	312	27,060	73.93
970	527	52,438	143.27
996	266	26,911	73.53
1,005	259	26,327	71.93
480	98	20,879	57.05
540	174	30,814	84.19
1,204	266	22,469	61.39
1,214	288	24,422	66.73
8,573	2,618	\$ 30,630	83.69

Iowa Department of Corrections

Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
Total Expenditures
(Unaudited)

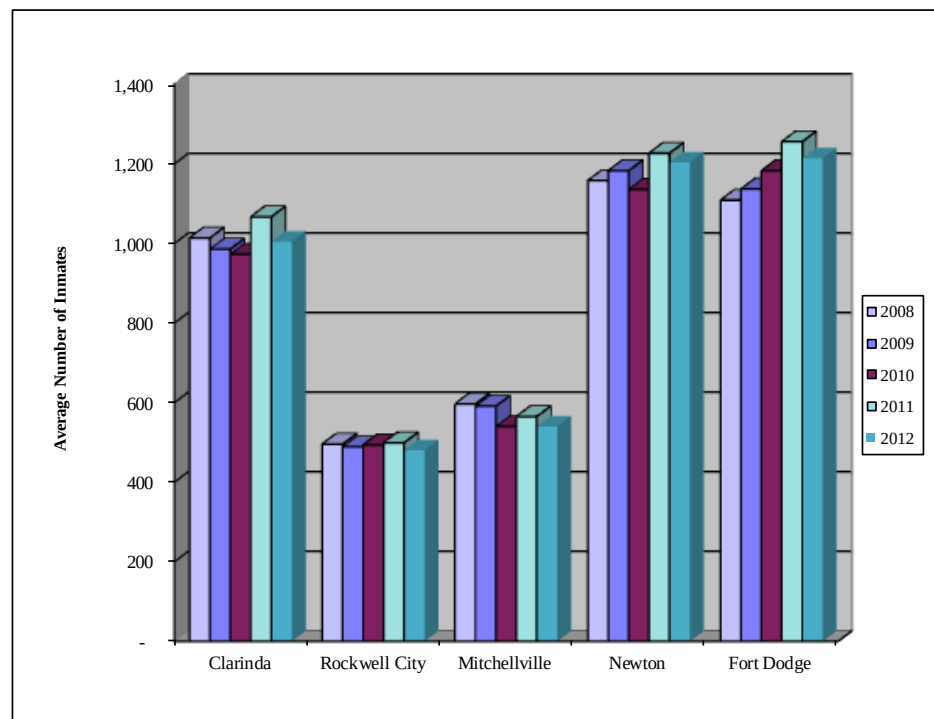
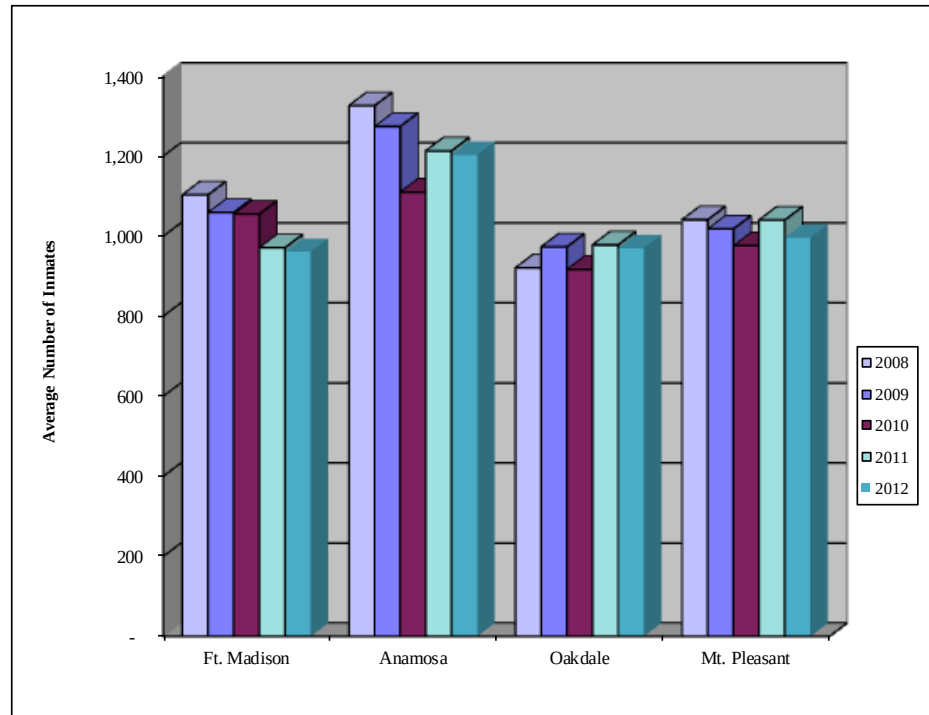
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
Average Number of Inmates
(Unaudited)

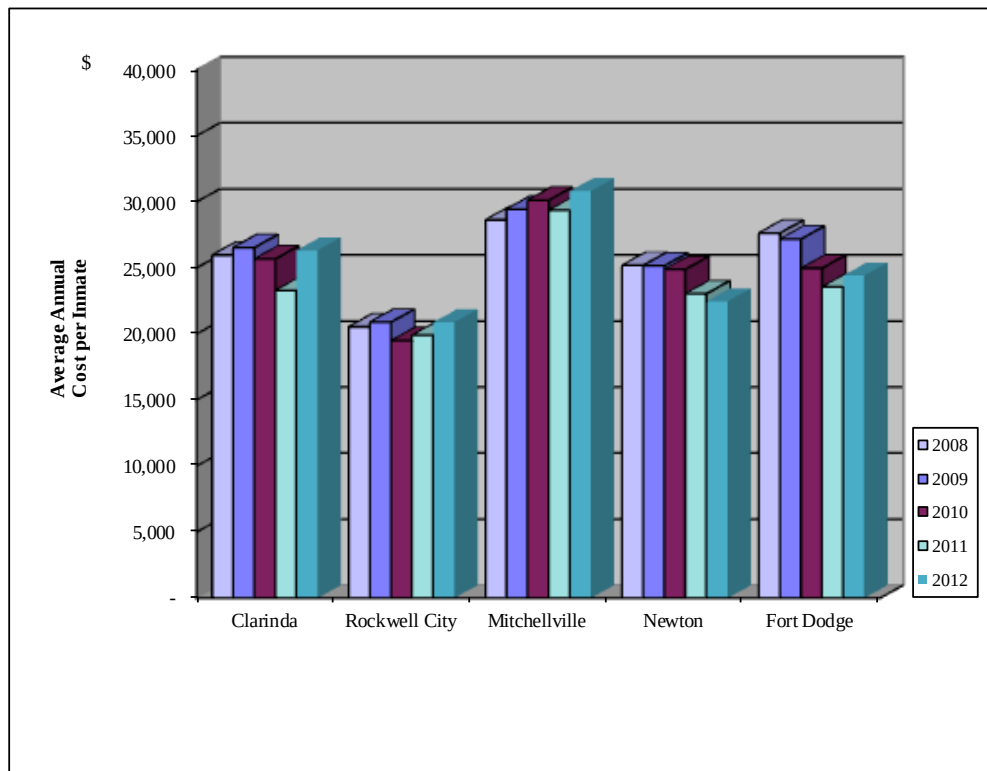
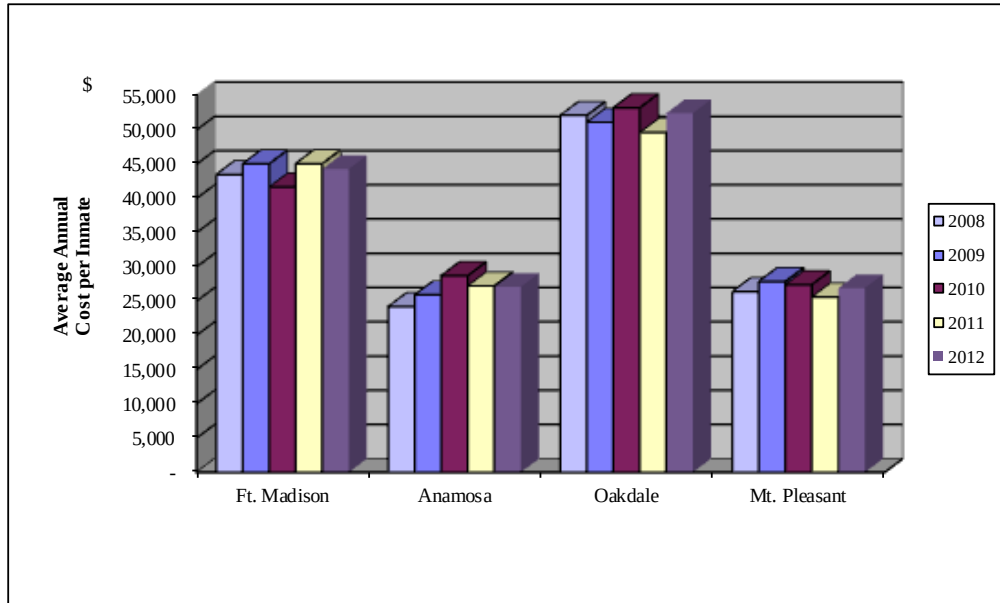
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
Average Annual Cost per Inmate
(Unaudited)

For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2008

	Iowa Medical and Classification Mount Pleasant Iowa State Anamosa Center - Correctional Penitentiary - State Center - Fort Madison Penitentiary Oakdale Facility 			
Personal services	\$ 38,273,590	24,956,494	36,430,808	22,168,962
Travel	326,942	27,656	134,863	115,069
Supplies and materials	4,847,180	3,803,623	4,014,364	2,846,083
Contractual services	3,564,029	2,377,489	5,874,309	1,793,895
Capital outlay	282,669	445,443	1,347,679	125,859
Claims and miscellaneous	664,793	479,501	213,645	425,373
Licenses, permits and refunds	1,325	3,085	-	-
Total	\$ 47,960,528	32,093,291	48,015,668	27,475,241

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
20,633,360	7,777,163	13,353,590	22,881,318	24,642,168	211,117,453
85,972	88,138	94,456	139,901	122,657	1,135,654
3,306,440	1,125,489	1,858,578	3,203,892	3,229,659	28,235,308
1,657,547	827,193	1,265,840	2,402,864	1,950,291	21,713,457
135,596	151,898	291,524	260,163	310,822	3,351,653
516,104	220,379	234,189	296,893	399,651	3,450,528
1,245	-	-	330	1,972	7,957
26,336,264	10,190,260	17,098,177	29,185,361	30,657,220	269,012,010

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2009

	Iowa Medical and			
	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 38,356,687	25,523,860	40,388,788	22,693,708
Travel	444,671	27,204	134,643	142,968
Supplies and materials	4,639,135	3,912,608	4,437,979	3,035,462
Contractual services	3,202,679	2,709,209	3,145,325	1,833,907
Capital outlay	551,142	363,077	1,379,711	233,474
Claims and miscellaneous	522,533	473,900	266,194	439,626
Licenses, permits and refunds	3,345	3,571	-	-
Total	\$ 47,720,192	33,013,429	49,752,640	28,379,145

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
20,540,713	7,938,117	13,416,135	23,024,674	25,188,251	217,070,933
181,160	51,889	-	239,165	57,464	1,279,164
3,059,079	1,076,245	2,264,272	3,662,522	3,170,334	29,257,636
1,647,904	895,340	1,321,364	2,340,849	1,913,912	19,010,489
283,163	45,971	178,753	255,382	169,831	3,460,504
456,556	211,671	226,312	248,179	411,617	3,256,588
1,720	-	-	380	4,362	13,378
26,170,295	10,219,233	17,406,836	29,771,151	30,915,771	273,348,692

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2010

	Iowa Medical and			
	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 36,632,920	24,648,599	40,109,985	22,041,123
Travel	37,436	67,658	87,205	65,153
Supplies and materials	3,376,829	3,595,589	4,048,384	2,457,464
Contractual services	3,168,173	2,452,304	3,459,227	1,634,704
Capital outlay	236,288	664,892	934,418	171,559
Claims and miscellaneous	512,023	447,343	183,971	389,690
Licenses, permits and refunds	3,528	3,653	-	-
Total	\$ 43,967,197	31,880,038	48,823,190	26,759,693

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
19,926,102	7,602,081	12,607,214	22,747,409	23,829,631	210,145,064
74,608	60,756	30,533	47,447	42,258	513,054
2,674,164	969,753	1,890,700	3,063,320	3,060,392	25,136,595
1,678,847	780,543	1,398,627	2,083,700	2,085,705	18,741,830
168,901	49,012	146,677	59,493	121,534	2,552,774
468,161	171,935	191,525	276,899	415,679	3,057,226
1,786			380	1,772	11,119
24,992,569	9,634,080	16,265,276	28,278,648	29,556,971	260,157,662

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2011

	Iowa Medical and			
	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 36,367,850	26,037,809	41,450,881	21,843,732
Travel	99,601	114,514	208,652	90,475
Supplies and materials	3,503,468	3,833,781	2,941,582	2,456,132
Contractual services	3,345,773	2,451,614	3,161,850	1,673,006
Capital outlay	67,467	78,474	460,146	210,658
Claims and miscellaneous	379,931	503,672	300,649	360,084
Licenses, permits and refunds	1,460	2,965	-	-
Total	\$ 43,765,550	33,022,829	48,523,760	26,634,087

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
19,781,363	7,784,085	13,185,994	22,267,977	23,247,122	211,966,813
94,480	90,762	66,466	126,967	91,585	983,502
2,607,626	979,675	1,927,640	3,360,887	3,631,488	25,242,279
1,759,778	837,602	1,180,280	2,197,042	2,085,419	18,692,364
108,191	58,714	45,879	25,818	62,349	1,117,696
501,230	179,814	185,738	298,365	476,438	3,185,921
1,842	-	-	330	3,661	10,258
24,854,510	9,930,652	16,591,997	28,277,386	29,598,062	261,198,833

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2012

	Iowa Medical and			
	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 35,331,518	25,968,489	40,977,569	21,988,852
Travel	188,263	80,374	173,615	55,810
Supplies and materials	2,711,424	3,612,634	4,428,437	2,339,977
Contractual services	3,465,723	2,166,283	4,210,198	1,864,729
Capital outlay	366,824	236,112	777,684	240,564
Claims and miscellaneous	483,519	485,975	297,565	313,641
Licenses, permits and refunds	1,256	3,312	-	-
Total	\$ 42,548,527	32,553,179	50,865,068	26,803,573

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
20,160,175	7,916,133	13,355,272	21,316,839	22,967,900	209,982,747
271,754	54,426	75,996	161,860	127,846	1,189,944
3,221,940	1,024,461	1,785,831	3,150,239	3,225,140	25,500,083
1,961,476	786,335	1,187,400	1,966,096	1,894,045	19,502,285
352,223	60,230	39,011	163,956	869,606	3,106,210
489,457	180,230	196,061	292,892	558,851	3,298,191
1,827	-	-	279	4,865	11,539
26,458,852	10,021,815	16,639,571	27,052,161	29,648,253	262,590,999

Institutions Under the Control of the Iowa Department of Corrections

Inmate Population Statistics
(Unaudited)

Year ended June 30, 2012

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Population beginning of year	973	1,268	1,011	1,065
Increases:				
Admissions and transfers in	1,264	738	5,582	832
Decreases:				
Deaths	5	1	7	-
Discharged-Expiration of Sentence	111	114	200	181
Discharged - Other	-	-	-	1
Paroled to Detainer - INS	1	1	77	3
Paroled to Detainer - Iowa	-	-	1	7
Paroled to Detainer - Out of State	6	4	-	10
Paroled to detainer - U.S. Marshall	1	5	-	3
Paroled with immediate discharge	12	7	6	5
Parole granted	109	128	7	246
Probation - Reconsideration of sentence	8	8	9	15
Released on bond	-	-	6	-
Released to OWI Continuum	11	1	68	6
Released to Special sentence	7	6	19	88
Returned to sending jurisdiction	2	2	60	1
Revoked	-	-	2	-
Revoked from Parole - Work Release granted	-	-	1	-
Terminated by appeal-Conviction overturned	2	6	2	1
Terminated by court	-	-	4	-
Work Release granted	69	90	12	118
Work unit - Hospital	-	-	83	-
Work unit - Prison to corrections compact	2	-	-	-
Work unit - Prison to/from field	-	1	4	-
Work unit - Prison to prison	899	453	4,906	291
Work unit - Prison to residential	-	-	1	1
Work unit - Prison to stayed under appeal	2	-	9	1
Work Unit - Transfer to/from County Jail	-	-	116	-
Work Unit - Transfer from violator program	-	-	1	-
Total released	1,247	827	5,601	978
Population end of year	990	1,179	992	919
Average number of inmates	961	1,203	970	996

	Iowa				
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	
1,076	492	538	1,258	1,273	
1,273	674	536	1,746	1,012	
1	-	-	2	-	
199	79	104	260	210	
-	-	1	-	-	
13	-	-	2	8	
5	1	6	3	7	
10	6	7	6	28	
7	1	2	8	5	
12	11	10	19	7	
205	253	197	306	243	
19	8	14	21	15	
-	-	-	-	-	
7	9	14	55	-	
6	12	1	9	-	
-	-	1	18	4	
-	-	1	3	-	
-	-	3	1	-	
1	-	-	-	1	
-	-	-	-	-	
203	221	127	211	198	
91	1	-	3	2	
-	-	-	-	-	
-	-	2	7	-	
606	77	22	748	407	
-	-	1	4	-	
-	-	-	-	2	
-	-	4	94	-	
-	-	-	3	-	
1,385	679	517	1,783	1,137	
964	487	557	1,221	1,148	
1,005	480	540	1,204	1,214	

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Finding Related to Internal Control:

Telephone Account - The Iowa State Penitentiary (ISP) maintains a separate bank account for inmate telephone receipts. All inmate telephone receipts are deposited into the account and are then remitted to the State Treasurer to be recorded in the Integrated Information for Iowa (I/3) system. The inmate telephone system (PCS) is used by ISP to track the inmate telephone activity and balances. While monthly bank reconciliations for the telephone bank account were prepared, the reconciliations were not properly reconciled to the PCS system. At June 30, 2012, the book balance was \$24,877 higher than the reconciled bank balance.

Recommendation - The Institution should implement procedures to properly reconcile monthly and the variance at June 30, 2012 should be investigated and resolved.

Response - ISP will be enacting a new procedure for all institutions. An annual calendar with check printing dates will be distributed to each institution. No institution should do any transactions on these dates except print their offender phone account check. We believe this will resolve any future balancing issues.

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:

Donna F. Kruger, CPA, Manager
James H. Pitcher, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Jessica L. Barloon, Assistant Auditor
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Eric L. Rath, Assistant Auditor

Findings and Recommendations for the Anamosa State Penitentiary

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

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:

Pamela J. Bormann, CPA, Manager
Tyler L. Carter, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Kirste R. Hill, Assistant Auditor
Todd E. Pudenz, CPA, Assistant Auditor
Eric L. Rath, Assistant Auditor

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

- (1) Intake Receipts – The Center serves as the Department's centralized processing center for all incoming inmates. During the intake process, the Center has a fiduciary responsibility to receive any monies the inmates are in possession of, properly record those monies in the centralized inmate banking system and deposit the receipts intact in accordance with the Code of Iowa.

The Center did not document a review of daily reports or receipt deposits by an independent person.

Also, the Business Office maintains a pre-numbered receipt book for miscellaneous receipts. A reconciliation of receipts per the receipt book to deposit is not performed by Center personnel. Receipts from the receipt book are not clearly identified to show all receipts are deposited intact and timely.

Recommendation – The Center should review policies and procedures to ensure an independent person documents the review of daily reports or receipt deposits. Additionally, a reconciliation of the receipts book to the deposit should be performed to verify all receipts are deposited intact and timely.

Response – The Center has started this process and will continue from this point forward. The Accounting Clerk prepares the receipt for these items and the Budget Analyst reviews and signs.

Conclusion – Response accepted.

- (2) Agency Fund Accounts – The Center is responsible for multiple Agency Fund accounts. One person is responsible for receiving, recording and preparing the bank reconciliation for the Project Hope, New Directions, Contingent, Reserve, Veterans, Debitek and Miscellaneous accounts.

Recommendation – The Center should review job duties to try to integrate proper segregation of duties whenever possible.

Response – The Center will separate out responsibilities of these accounts between the office accounting clerk and budget analyst.

Conclusion – Response accepted.

June 30, 2012

(3) GAAP Package – The Center reports balances for inventory and capital assets, including additions and deletions for capital assets and accumulated depreciation. These amounts are to be updated on the GAAP package annually. The following were noted:

- For 8 of 30 inventory items, the Center's records indicated an incorrect number of items.
- Supporting documentation for reported inventory totals included several mathematical errors which resulted in a \$20,774 understatement.
- The Contingent Account established amount was under reported.

Recommendation – The Center should ensure the amounts reported on the GAAP package are accurate and agree to supporting documentation.

Response – The Center will ensure the inventory counts are accurate for cost and balances. Contingent Account issues have been resolved.

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:

Brian R. Brustkern, CPA, Manager
Tyler L. Carter, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Jason R. Ropte, Assistant Auditor
Hannah K. Haas, Assistant Auditor
Trisha S. Schroeder, Assistant Auditor
Benjamin P. James, Assistant Auditor

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Finding Related to Internal Control:

Capital Assets – The Facility is required to keep an up-to-date and accurate capital asset listing to track and maintain control over capital assets. This includes properly classifying additions and deletions for equipment and vehicles throughout the fiscal year, making additions and deletions to the capital asset listing and ensuring items are properly tagged. Four assets did not have a State tag affixed to them.

Recommendation – The Facility should ensure all applicable capital assets purchased and maintained are properly tagged with a State ID number.

Response – A complete physical inventory will be taken at the Facility on an annual basis. An accurate listing will be maintained. Processes are in place for tagging items.

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:

Brian R. Brustkern, CPA, Manager
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Andrew E. Nielsen, CPA, Deputy Auditor of State

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Eric L. Rath, Assistant Auditor
Kelsey J. Kranz, Assistant Auditor

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

- (1) Payroll – The Facility processes and records payroll and personnel information on the Human Resource Information System (HRIS). The Human Resources Associates utilize an on-line P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. Certain individuals have the ability to initiate and approve P-1 documents.

Recommendation – To strengthen controls, the Facility should develop and implement procedures to segregate the duties of the Human Resources Associates.

Response – The Human Resources Associates are very conscious of the need to separate the creation and approval of P-1's. Our internal process is you never create and approve a P-1 that impacts your own position. In those situations, the Business Manager would place the department's approval on the P-1. We will continue to review options to strengthen this with the current staff as well as monitor our current approvals.

Conclusion – Response accepted.

- (2) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check of those of another. Mail is not opened and distributed by someone other than accounting personnel. A list of receipts is not prepared by the mail opener. Responsibilities for receipt collection, deposit preparation and reconciliation functions are not segregated from those of recording and accounting for receipts. Monthly bank to book reconciliations were not prepared timely and reconciliations were not reviewed by an independent person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Facility should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. Proper book to bank reconciliation procedures should be performed timely as a control over cash reporting. The reconciliations should be reviewed by an independent person and the review should be evidenced by the reviewer's signature or initials and the date reviewed.

Response – The Facility continues to review options for reassignment of responsibilities among the current staff to improve internal control. Bank reconciliations will be reviewed, signed and dated by the Business Manager for all accounts each month.

Conclusion – Response accepted.

Findings and Recommendations for the Clarinda Correctional Facility

June 30, 2012

- (3) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each department of the state to maintain a written, detailed and up-to-date inventory of property under its charge, control and management. The Facility is required to keep an up-to-date and accurate asset listing to track and maintain control over capital assets. This includes properly classifying additions and deletions for equipment and vehicles throughout the fiscal year, making additions and deletions to the capital asset listing and ensuring items are properly tagged. The following were noted:

- There is no written guideline for cost allocation of assets between Clarinda Mental Health Institute (MHI) and Clarinda Correctional Facility (DOC) identifying an asset as either belonging to the MHI or the DOC on the capital asset listing.
- One asset tested did not have a state ID tag affixed to the asset.
- One asset had been disposed of, but had not been removed from the capital asset listing.

Recommendation – The Facility should establish guidelines for cost allocation and identifying capital assets between Clarinda MHI and Clarinda DOC. The Facility should review policies and procedures to ensure all applicable capital assets purchased and maintained are properly tagged with a State ID number and all items above the capitalization threshold are properly capitalized. The Facility should review policies and procedures for asset disposal.

Response – The Facility will review its policies for capital assets, along with verifying all assets are properly tagged. Policies on additions and deletions will be reviewed so that those actions are made timely throughout the year. The Facility will establish guidelines for cost allocation of assets between Clarinda MHI and Clarinda DOC.

Conclusion – Response accepted.

- (4) Cancelling Supporting Documentation – Supporting documentation for 2 of 12 expenditures for the Canteen Fund were not cancelled to prevent reuse.

Recommendation – The Facility should establish policies and procedures to require and ensure supporting documentation is properly cancelled to prevent reuse.

Response – The Facility will reinforce its policy of cancelling all supporting documentation on all payments.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Findings and Recommendations for the Clarinda Correctional Facility

June 30, 2012

Staff:

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager
Tracey L. Gerrish, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Cory A. Lee, Staff Auditor
Robert W. Endriss, CPA, Assistant Auditor
Ryan D. Baker, Assistant Auditor
Philip A. Rethwisch, Assistant Auditor

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Finding Related to Internal Control:

Financial Reporting – The Facility (NCCF) records 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) on the GAAP package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year. The Facility incorrectly included \$4,000,000 as an addition to buildings and \$729,688 as an addition to equipment in the GAAP package. The addition was for a kitchen, including equipment, constructed by the Department of Corrections which will be transferred to the Facility when the construction project is complete. The Facility should not have recorded this asset on its GAAP package until the project is complete and the asset is transferred to the Facility by the Department of Corrections.

Recommendation – The Facility should implement procedures to ensure the GAAP package information is complete and accurate.

Response – NCCF received a substantial completion certificate in October of 2011 for the new kitchen, which we supplied during the audit. At that time, we put the new dietary building on our capital asset listing, as we felt that's where it belonged. NCCF will ensure we communicate with Central Office in the future so we are both not reporting the same asset.

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:

Marlys K. Gaston, CPA, Manager
Russell G. Jordan, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Matthew J. Erlbacher, Assistant Auditor
Jesse J. Probasco, Assistant Auditor

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

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:

Brian R. Brustkern, CPA, Manager
Russell G. Jordan, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Ryan D. Baker, Assistant Auditor
Matthew J. Erlbacher, Assistant Auditor

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

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:

Brian R. Brustkern, CPA, Manager
Brooke A. Robb, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Cory A. Lee, Staff Auditor
Elissa R. Olson, Assistant Auditor

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

Initial Listing – Although a list of receipts is prepared by the mail opener, there is no independent reconciliation of this listing to deposit and the Facility's accounting system to ensure the amount received was properly deposited and recorded.

Recommendation – An independent reconciliation of the initial listing to deposit and the facility's accounting system should be performed and documented to ensure amounts received per the initial listing are properly deposited and posted to the Facility's accounting system.

Response – We will review and reconcile the initial listing of checks to the bank deposit.

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, CPA, Manager
Brandon J. Vogel, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Laura E. Grinnell, Assistant Auditor
Joshua W. Ostrander, Assistant Auditor