



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

July 22, 2016

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released a report on the Iowa Judicial Branch for the year ended June 30, 2015. The Iowa Judicial Branch is comprised of the Supreme Court, the Court of Appeals, the District Courts, the Clerks of Court and the Court Administrator.

The Iowa Judicial Branch's purpose is to exercise general, general appellate and original jurisdiction in civil and criminal cases and in all proceedings including probate and juvenile matters. The Iowa Judicial Branch determines rules for admission and discipline of the bar and adopts rules regulating appellate practice and procedures and promulgates regulations of the Commission on Judicial Qualifications, the Board of Law Examiners and the Board of Shorthand Reporters.

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 <https://auditor.iowa.gov/reports/1660-4440-0R00>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA JUDICIAL BRANCH**

JUNE 30, 2015

Iowa Judicial Branch



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June 30, 2016

To the Iowa Judicial Branch:

The Iowa Judicial Branch is a part of the State of Iowa and, as such, has 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, 2015.

In conducting our audits, we became aware of certain aspects concerning the Iowa Judicial Branch's 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 the recommendation reported in the State's report on Internal Control as well as other recommendations pertaining to the Iowa Judicial Branch's internal control, compliance with statutory requirements and other matters. These recommendations have been discussed with Iowa Judicial Branch personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Iowa Judicial Branch's responses, we did not audit the Iowa Judicial Branch's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Judicial Branch, citizens of the State of Iowa and other parties to whom the Iowa Judicial Branch 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 Judicial Branch during the course of our audits. 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 audits of the Iowa Judicial Branch are listed on page 6 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

June 30, 2015

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

Prepaid Expenditures - 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. One contract paid in fiscal year 2015 included eleven months of service for fiscal year 2016, resulting in understatement of prepaid expense of \$420,981. This was properly adjusted for reporting purposes.

Recommendation – The Judicial Branch should ensure the GAAP package information reported is complete and accurate.

Response – We reviewed our processing of prepaid expenses and will ensure the GAAP package information is complete and accurate.

Conclusion – Response accepted.

Other Finding Related to Internal Control:

Interpreter Compensation – During our review, we identified an interpreter contract that is billed on a per minute basis for phone interpretive services. The calculated hourly rate of this contract exceeds the hourly rate permitted by an Administrative Directive of the State Court Administrator for court interpreter compensation. The Directive does not include a per minute rate for telephone interpreter services.

Recommendation – The Judicial Branch should ensure all interpreters are compensated according to the Administrative Directive of the State Court Administrator or revise the Directive to include allowable costs on a per minute basis for phone interpreter services.

Response – We have negotiated a lower per minute rate for phone interpretive services and will issue a revised Administrative Directive soon.

Conclusion – Response accepted.

Finding Related to Statutory Requirements and Other Matters:

Iowa Code Compliance – 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 businesses during the previous fiscal year.

The TSB procurement goal for the Iowa Judicial Branch for fiscal year 2015 was not set at a level exceeding fiscal year 2014 actual TSB spending.

Report of Recommendations to the Iowa Judicial Branch

June 30, 2015

Recommendation – The Iowa Judicial Branch should establish a dollar amount procurement level exceeding the previous fiscal year actual targeted small businesses procurements.

Response – We will ensure our future goals exceed the previous year’s actual spending.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Judicial Branch

Staff

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Manager
Stephen J. Hoffman, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Jessica R. Frisch, Staff Auditor
Alison C. Anker, Assistant Auditor
Colton L. Barton, Assistant Auditor
Michael Holowinski, Assistant Auditor
Alex M, Kawamura, CPA, Assistant Auditor
Lucas P. Mullen, Assistant Auditor