
FISCAL UPDATE Article

Fiscal Services Division

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AUDIT — DEPARTMENT OF NATURAL RESOURCES

Report Released. On October 16, 2019, the Auditor of State released an audit report on the Department of Natural Resources (DNR) for FY 2018.

Findings. The following audit findings were reported:

- **Field Offices.** There was a review of 21 field offices, with the following findings:
 - Eight offices did not properly tag capital assets.
 - Ten offices lacked segregation of duties over the collection, deposit, and reconciliation of revenues.
 - One office did not have a petty cash fund established as the responsibility of one person.
 - Seven offices did not have revenue counted by an independent person in a secure location.
 - One site did not restrictively endorse checks upon receipt.
 - Three offices had camping coupon books on hand that did not agree with the Central Office's inventory.
- **Iowa Code Compliance.** The DNR was not in compliance with the following:
 - **Agricultural Easement Program** — Iowa Code section [456B.11](#) states the DNR shall develop and implement a program for the acquisition of wetlands and conservation easements on and around wetlands that result from the closure or change in the use of agricultural drainage wells. The DNR has not implemented this program.
 - **Inventory of Protected Wetlands** — Iowa Code section [456B.12](#) states the DNR shall inventory the wetlands and marshes of each county and make a preliminary designation as to which constitute protected wetlands. Also, the Director is required to issue an order designating the protected wetlands in the county within 60 days following the completion of the hearing or the issuance of a mediation release. The DNR has not complied.

Responses. The DNR responded to the findings:

- **Field Offices.** The DNR has policies and procedures in place for receipt collection, segregations of duties, and the reconciliation of receipts to the initial listing. The Department recently established a site visit program to ensure all policies and procedures are adequately communicated to field staff. Capital asset listings are updated on an ongoing basis throughout the fiscal year. Timing issues will always be a factor in the recording of the Department's additions, transfers, and deletions due to Central Office notification from field personnel. Also, there is a delay in asset tag application, as asset tags are sent from the Central Office to field staff via mail. The Department performs an annual confirmation of capital assets with field personnel to ensure any additions/deletions are properly recorded. This annual process also includes verification of capital asset location, tag legibility, and tag placement visibility.
- **Iowa Code Compliance.** The following responses were submitted by the DNR:
 - The DNR works with willing landowners to restore wetlands; however, the Department has not developed a specific program for the acquisition of wetlands and conservation easements resulting from the closure of agricultural drainage wells. The Department has a strong interest in restoring wetlands; however, acquiring highly productive farmland, either by easement or fee simple, is very expensive. Additional sources of funding would be necessary for the successful implementation of this program. The DNR has relied on federal programs to accomplish this work and works closely with the Iowa Department of Agriculture and Land Stewardship (IDALS) to reduce the negative impacts of agricultural drainage wells. The IDALS agricultural drainage well

closure program has had adequate funding and good landowner participation in its effort to close wells by cost-sharing alternative drainage systems. Although Iowa Code section [460.304](#) allows IDALS to use agricultural drainage well closure funding for alternative water quality practices such as restoration of wetlands, landowners have historically been interested in continuing to farm the land. History has shown that farmers prefer assistance with alternative drainage systems more than wetland restoration. To date, the IDALS has found little landowner interest in the alternative to restore wetlands. The DNR will work to amend this Iowa Code section in upcoming legislative sessions.

- The inventory of protected wetlands was never established because the current federal regulations exceed the protection this Iowa Code requirement would offer. Current federal regulations in [Section 404](#) under the Clean Water Act accomplish the same or more than the Iowa Code section, as this section regulates only pothole-type wetlands classified as “Type 3, 4, or 5.” This wetland classification is outdated and fails to recognize other wetland types such as forested wetlands, fens, and sedge meadows. It also exempts wetlands located in drainage or levee districts. See Iowa Code section [456B.1](#).

Conclusion. The responses were accepted.

Audit Report. The audit report is on the Office of Auditor of State [website](#).

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