



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE July 12, 2005

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released a report on the Iowa Department of Human Services (IDHS) – Central Distribution Center for the year ended June 30, 2004.

The Central Distribution Center functions as a supply depot and distribution facility for carload canned goods, paper products and other staples distributed by truck to the institutions and participating state and local departments upon request. A schedule of annual procurements from the Central Distribution Center by institution or department is included in the report.

A copy of the report is available for review at the Central Distribution Center or the Office of Auditor of State.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF HUMAN SERVICES –
CENTRAL DISTRIBUTION CENTER**

JUNE 30, 2004

Office of
**AUDITOR
OF STATE**
State Capitol Building • Des Moines, Iowa



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July 1, 2005

To the Council Members of the
Iowa Department of Human Services:

The Iowa Department of Human Services – Central Distribution Center is a part of the State of Iowa and, as such, has been included in our audit of the State's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2004.

In conducting our audit, we became aware of certain aspects concerning the Department'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 pertain to the Department's internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report. We have also included in this report certain unaudited financial information for the five years ended June 30, 2004.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Central Distribution Center, citizens of the State of Iowa and other parties to whom the Central Distribution Center 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 Central Distribution Center during the course of our audit. 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 audit of the Central Distribution Center are listed on page 6 and they are available to discuss these matters with you.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Thomas J. Vilsack, Governor
Michael L. Tramontina, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

Iowa Department of Human Services – Central Distribution Center

Report of Recommendations to the Iowa Department of Human Services –
Central Distribution Center

June 30, 2004

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

- (A) Segregation of Duties – Expenditures are initiated and approved on-line using the I/3 system. Certain employees have the ability to initiate a transaction and apply level 1 approval. The same employees also have the ability to apply the pre-audit approval prior to submitting the claim to DAS-SAE for payment.

Recommendations – Woodward Central Distribution Center should review the approval levels for the employees. Policies and procedures should be developed and implemented to ensure duties are properly segregated within the department.

Response – We do have several staff that can authorize more than one level of approval at this time. Internally, we have established a process that ensures no staff applies more than one approval level on a document. Woodward Central Distribution Center will review our approval levels on all documents required in the I/3 system and make changes as appropriate.

Conclusion – Response accepted.

- (B) Segregation of Duties – Certain employees have the ability to provide both the personnel assistant and the department level approvals on the P-1 documents in the HRIS system.

Recommendation – Woodward Central Distribution Center should develop and implement policies to require review of the P-1 documents by an individual independent of approval on the HRIS system.

Response – For documents that require more than one level of approval at the facility, Woodward Resource Center Human Resource (HR) staff will initiate a process to ensure there is segregation of duties. The HR Associate will do one level of approval and the HR Administrative Assistant II will do the other level on the documents.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No findings were noted.

Report of Recommendations to the Iowa Department of Human Services –
Central Distribution Center

June 30, 2004

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Manager
Julie J. Lyon, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Natalie J. Storm, CPA, Staff Auditor
Marc D. Johnson, Senior Auditor
Bobbie J. Zediker, Assistant Auditor
Jessica L. Christensen, Assistant Auditor
Lisa M. Johnson, Intern

Iowa Department of Human Services
Central Distribution Center
Annual Procurements by Institutions or Departments
(Unaudited)
For the Last Five Years

Institution or Department	2004	2003	2002	2001	2000
Iowa Veterans Home - Marshalltown	\$ 127,855	137,539	120,758	125,195	50,951
State Training School - Eldora	93,201	90,083	132,269	114,935	108,270
Iowa Juvenile Home - Toledo	44,653	47,191	55,387	48,403	44,802
Glenwood State Resource Center	207,863	235,834	220,808	185,994	242,691
Woodward State Resource Center	251,566	187,526	158,102	182,148	187,833
Mental Health Institute - Cherokee	109,428	42,880	57,359	53,902	53,808
Mental Health Institute and Correctional Facility - Clarinda	730,801	747,019	737,631	812,118	746,807
Mental Health Institute - Independence	66,120	57,301	76,138	72,061	78,879
Mental Health Institute and Correctional Facility - Mount Pleasant	656,242	548,276	654,716	624,401	578,209
Anamosa State Penitentiary	695,575	603,684	423,445	582,262	662,590
Iowa State Penitentiary - Fort Madison	596,739	598,101	615,129	656,442	496,980
Iowa Correctional Institution for Women - Mitchellville	240,809	220,853	207,825	189,853	184,588
Newton Correctional Facility	748,217	677,629	835,235	794,310	801,339
Iowa Medical and Classification Center - Oakdale	311,584	420,905	369,534	332,894	436,080
North Central Correctional Facility - Rockwell City	139,516	159,015	119,383	100,695	129,119
Fort Dodge Correctional Facility - Fort Dodge	748,345	787,680	727,689	691,750	469,885
Luster Heights - Anamosa	30,820	30,231	39,880	-	-
Iowa Department of Workforce Development	-	-	-	-	4,470
Fremont County Jail	4,749	-	-	-	-
Fifth Judicial District	66,502	-	-	-	-
Webster County Jail	5,050	-	-	-	-
Total	<u>\$ 5,875,635</u>	<u>5,591,747</u>	<u>5,551,288</u>	<u>5,567,363</u>	<u>5,277,301</u>