



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

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David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE July 12, 2004

Contact: Andy Nielsen
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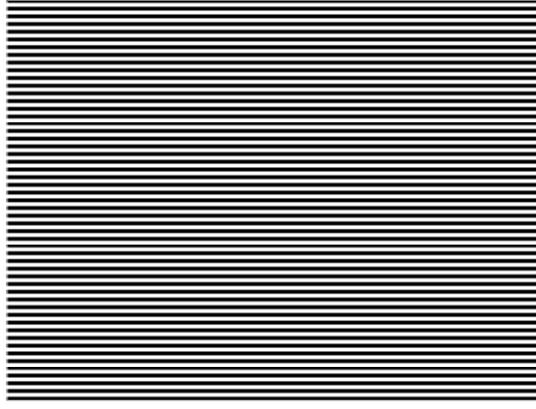
Auditor of State David A. Vaudt today released a report on the Iowa Department of Cultural Affairs for the year ended June 30, 2003.

The Department has primary responsibility for development of the state's interest in arts, history and other cultural matters.

Vaudt recommended the Department take steps to improve controls over cash collections at the State Historical Society libraries.

A copy of the report is available for review at the Iowa Department of Cultural Affairs or the Office of Auditor of State.

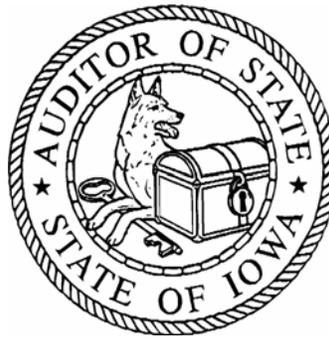
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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF CULTURAL AFFAIRS**

JUNE 30, 2003

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



David A. Vaudt, CPA
Auditor of State



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March 17, 2004

To Anita Walker, Director of the
Iowa Department of Cultural Affairs:

The Iowa Department of Cultural Affairs 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, 2003.

In conducting our audits, we became aware of an aspect concerning the Department's 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 the Department's internal control. This recommendation has been discussed with Department personnel and their response to this recommendation is included in this report.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Department, citizens of the State of Iowa and other parties to whom the Department 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 Department 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 Department are listed on page 5 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
Cynthia P. Eisenhauer, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

Report of Recommendations to the Iowa Department of Cultural Affairs

June 30, 2003

Findings Reported in the State's Single Audit Report:

No matters were noted.

Finding Related to Internal Control:

Cash Collections at the State Historical Society Libraries—An important aspect of internal control is the establishment of policies and procedures that provide for accountability over assets which are susceptible to loss from errors and irregularities. At the Iowa City State Historical Society Library, deposits are only made once a month.

In addition, the initial receipts listing is not reconciled to the amounts recorded and deposited or reviewed by an independent person at the Iowa City facility.

Recommendation—The Department should deposit cash at least weekly and ensure checks received in other offices in the building are delivered to the library timely so they can be included as part of the regular weekly deposit. Also, an independent person should reconcile the initial receipts listing at the Iowa City facility to the amounts recorded and deposited.

Response—The Code of Iowa requires receipts be deposited with the Treasurer of State within ten working days. While it is possible for the Department to make deposits to the local checking account on a weekly basis it would be an unnecessary burden to also get those funds transferred to the Treasurer of State every week. Given our current staffing we propose making weekly deposits into the local checking account and bi-weekly transfers to the Treasurer of State. The Department will also establish a cash receipt log for the Iowa City office, similar to the one used in the Des Moines office. This will allow the Des Moines staff to compare actual deposits to the receipt log.

Conclusion—Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Department of Cultural Affairs

June 30, 2003

Staff:

Questions or requests for further assistance should be directed to:

Ronald D. Swanson, CPA, Manager
Daniel L. Durbin, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Gary D. Van Lengen, CPA, Staff Auditor
Scott P. Boisen, Assistant Auditor