



OFFICE OF AUDITOR OF STATE
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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE _____ September 3, 2013

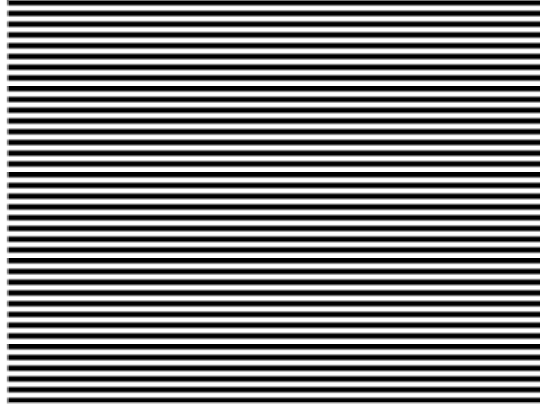
Contact: Andy Nielsen
515/281-5834

Auditor of State Mary L. Mosiman today released a report on the Iowa Department of Cultural Affairs for the year ended June 30, 2012.

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

A copy of the report is available for review at the Iowa Department of Cultural Affairs, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1360-2590-OR00.pdf>.

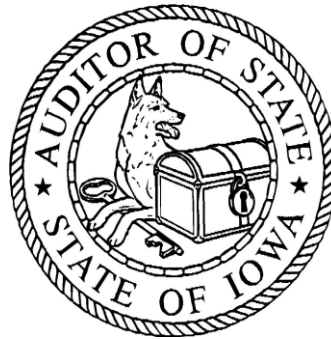
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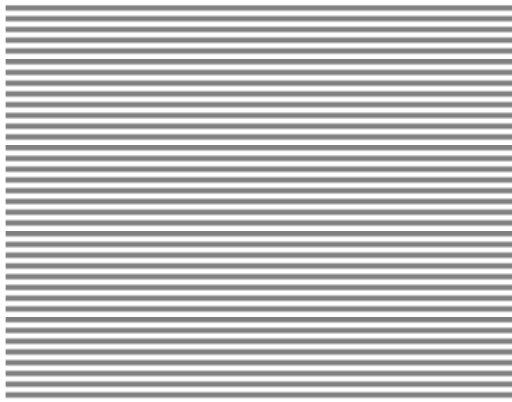
**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF CULTURAL AFFAIRS**

JUNE 30, 2012

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



Mary Mosiman, CPA
Auditor of State





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August 29, 2013


To Mary Cownie, 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, 2012.

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 pertaining to the Department's compliance with statutory requirements and other matters. This recommendation has been discussed with Department personnel and their response to the recommendation is included in this report. While we have expressed our conclusion on the Department's response, we did not audit the Department's response and, accordingly, we express no opinion on it.

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 Cultural Affairs, citizens of the State of Iowa and other parties to whom the Iowa Department of Cultural Affairs 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 the above matter, we shall be pleased to discuss it 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 this matter 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, 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.

Finding Related to Statutory Requirements and Other Matters:

Procurement Cards – The Department issues procurement cards to designated employees for use in purchasing office supplies, facility maintenance supplies, uniforms and other supplies, as necessary.

The rules governing the use of these cards are outlined in the Iowa Department of Administrative Services – State Accounting Enterprise (DAS-SAE) Purchasing Card Program Procedures Manual. Section 4.5 of the Purchasing Card Program Procedures Manual states all purchases made with the State of Iowa Purchasing Card are to be sales tax exempt. Section 4.6 states each and every purchase must be supported by the vendor's original receipt. In addition, section 4.8 requires the cardholder to send all supporting documentation to their agency accountant on a timely basis to ensure costs can be properly reconciled and processed on a timely basis to avoid late fees.

During fiscal year 2012, three months of procurement card activity, which included 51 transactions, were reviewed and the following were noted:

- 1) For two of three months reviewed, payment was not made timely (within 30 days of statement date).
- 2) For seven of fifty-one transactions reviewed, sales tax was improperly paid.
- 3) For five of fifty-one transactions reviewed, adequate supporting documentation was not retained to substantiate purchases.

Recommendation – The Department should ensure all purchases made with procurement cards are properly supported and supporting documentation is provided and used to reconcile card activity as outlined above. In addition, the Department should provide adequate training to employees to ensure cardholders are aware of requirements and should establish procedures to revoke cards if not in compliance.

Response – The Department, along with DAS-GSE, will enforce mandatory training for all cardholders, including training on properly supporting card purchases with documentation, providing the documentation to the Departmental Accountant and properly avoiding sales tax on purchases. The Department will create formal, written procedures addressing these requirements, as well as outlining consequences of cardholders not meeting requirements. The Department will also strive to better meet payment deadlines, according to DAS-SAE policies and procedures.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Cultural Affairs

June 30, 2012

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager
Jessica P.V. Green, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Jesse J. Probasco, Assistant Auditor
Trisha S. Schroeder, Assistant Auditor