



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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To the Governor and Members of the
General Assembly:

As required by section 11.26 of the Code of Iowa, we hereby submit this report on our review of targeted small business procurement activities for the year ended June 30, 2013. The report includes the results of our review.


MARY MOSIMAN, CPA
Auditor of State


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Chief Deputy Auditor of State

Report on Targeted Small Business Procurement Goals

Introduction

Section 11.26 of the Code of Iowa requires the Auditor of State to annually conduct a review of whether state agencies are meeting their goal for procurement activities and compliance with the forty-eight hour notice provision included in sections 73.15 through 73.21 of the Code of Iowa.

Background

On December 8, 2006, the Targeted Small Business (TSB) Task Force presented six recommendations to Governor Vilsack to improve the TSB program. These recommendations were included in HF 890, which was signed by Governor Culver on May 22, 2007.

Establishment of Procurement Goals

Section 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (agency) having purchasing authority, in cooperation with the 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.

Section 73.16(2) of the Code of Iowa also specifies an additional goal to procure at least 40% of the total value of anticipated TSB procurements of goods and services from minority-owned businesses and 40% from female-owned businesses. This additional goal was not established for the year ended June 30, 2013 (FY 2013).

Procurement goals are established through phone conversations and e-mails between the TSB Marketing and Compliance Manager and the state agency designee. The TSB procurement goal and the state agencies concurrence with the goal is documented on the Quarterly Reports which are sent to the TSB Marketing and Compliance Manager.

Three of seventy-two state agencies did not set a TSB procurement goal. Thirty-two of the sixty-nine state agencies which established TSB procurement goals did not set FY 2013 TSB procurement goals greater than their FY 2012 actual TSB spending. However, for twelve of these thirty-two state agencies, FY 2013 actual TSB spending exceeded the FY 2012 actual TSB spending. As required by section 73.16 of the Code of Iowa, procurement goals for state agencies are to be established at a level which exceeds the procurement level during the previous fiscal year.

Reporting Actual TSB Spending

Agencies with an established TSB procurement goal are required to report the dollar amount of purchases from certified targeted small businesses to the TSB Marketing and Compliance Manager on a quarterly basis within 15 business days following the end of the calendar quarter.

The State Agencies Report summarizes FY 2013 actual TSB spending compared to the respective FY 2013 TSB procurement goals as reported to the IEDA. Sixteen state agencies did not submit all required quarterly reports and various other agencies did not submit all required quarterly reports on a timely basis. In addition, six state agencies did not submit any required quarterly reports. However, IEDA obtained the TSB spending information for amounts reported from the TSB Purchases of Goods and Services report, Report ID: FR194, from the Integrated Information for Iowa (I/3) System.

Although twenty-nine of the sixty-nine state agencies did not meet their FY 2013 TSB procurement goals, total FY 2013 actual TSB spending exceeded total FY 2013 TSB procurement goals by approximately \$3,826,000.

The IEDA should continue to work with state agencies to establish procurement goals in compliance with the Code of Iowa and ensure all required quarterly reports are submitted to the IEDA.

Notification of Bids

Section 73.16 of the Code of Iowa requires each agency having purchasing authority to issue electronic bid notices for distribution to the TSB web page forty-eight hours prior to the issuance of bid notices to all vendors. The IEDA has established the TSB website on which agencies post requests for bids. Bid notices are to be posted on the Iowa Department of Administrative Services (DAS) website or the agency's own website at least 48 hours later.

Section 262.34A(2) of the Code of Iowa includes language which exempts the Board of Regents from the forty-eight hour notification requirement.

Bid notices tested were posted to the TSB website forty-eight hours prior to notification to all vendors.

Recommendations to Departments

Recommendations to address the specific issues noted above will be included in the Report of Recommendations for the respective state agencies for the year ended June 30, 2013.

State Agencies Report
Year ended June 30, 2013

	Agency	Agency #	FY 2012 Actual Targeted Small Business Spending Reported		FY 2013 Targeted Small Business Procurement Goal	FY 2013 Actual Targeted Small Business Spending Reported	FY 2013 Actual Spending Over (Under) Goal	FY 2013 Actual As a % of Goal
1	Administrative Services	005	\$295,358.94	*	\$ 130,000.00	535,618.02	\$ 405,618.02	412%
2	Agriculture and Land Stewardship	009	131,291.42	*	130,000.00	74,487.71	(55,512.29)	57%
3	Attorney General	112 & 114	22,880.34		30,030.00	29,072.55	(957.45)	97%
4	Auditor of State	126	1,561.00		18,000.00	16,178.90	(1,821.10)	90%
5	Blind	131	116,995.45	*	46,000.00	77,610.94	31,610.94	169%
6	Ethics and Campaign Disclosure	140	904.50	*	520.00	955.50	435.50	184%
7	Civil Rights	167	-		2,500.00	23,953.17	21,453.17	958%
8	Commerce - Alcoholic Beverages	212	82,938.46		125,000.00	180,783.22	55,783.22	145%
9	Commerce - Banking, Licensing	213 & 217	15,539.66		26,000.00	15,859.99	(10,140.01)	61%
10	Commerce - Credit Union	214	657.00		1,000.00	998.00	(2.00)	100%
11	Commerce - Insurance	216	61,029.69	*	20,000.00	55,472.58	35,472.58	277%
12	Commerce - Utilities	219	268,513.98	*	250,000.00	259,640.34	9,640.34	104%
13	Corrections - Central Office	238	257.00		2,001.00	843.00	(1,158.00)	42%
14	Corrections -Fort Madison	242	2,268.10		50,010.00	9,769.40	(40,240.60)	20%
15	Corrections - Anamosa	243	85,841.72	*	26,000.00	75,195.50	49,195.50	289%
16	Corrections - Oakdale Medical and Classification Center	244	17,891.22		20,000.00	54,635.34	34,635.34	273%
17	Corrections - Newton	245	13,076.26	*	10,200.00	30,479.48	20,279.48	299%
18	Corrections - Mt. Pleasant	246	2,324.73	NG	-	686.92	NG	NG
19	Corrections - Rockwell City	247	3,448.78		12,610.00	6,851.66	(5,758.34)	54%
20	Corrections - Clarinda	248	4,382.30		10,000.00	9,850.10	(149.90)	99%
21	Corrections - Mitchellville	249	5,954.75	*	5,015.00	17,516.74	12,501.74	349%
22	Corrections - Prison Industries	250	16,705.59		31,000.00	30,203.68	(796.32)	97%
23	Corrections - Fort Dodge	252	149,035.70	*	45,000.00	61,902.07	16,902.07	138%
24	Cultural Affairs	259 & 265	25,145.81	*	20,000.00	17,212.75	(2,787.25)	86%
25	Iowa Economic Development Authority	269, 275 & 301	76,701.00	*	50,000.00	29,164.50	(20,835.50)	58%
26	Iowa Finance Authority	270	170,445.04	*	75,000.00	101,430.09	26,430.09	135%
27	Education	282	112,185.91	*	100,001.00	146,366.08	46,365.08	146%
28	Vocational Rehabilitation	283	31,657.26		37,985.00	66,617.75	28,632.75	175%
29	College Aid Commission	284	19,782.79		45,000.00	29,935.13	(15,064.87)	67%
30	Iowa Public Television	285	176,595.39	*	81,000.00	76,807.91	(4,192.09)	95%
31	Aging	297	6,571.73		10,010.00	7,817.08	(2,192.92)	78%
32	Workforce Development	309	175,330.78	*	155,010.00	120,398.98	(34,611.02)	78%
33	General Services Capitals	335	445,689.66	*	375,000.00	27,732.50	(347,267.50)	7%
34	ICN	336	116,492.71	*	30,000.00	60,107.49	30,107.49	200%
35	Governor	350	4,776.00		5,035.00	6,898.58	1,863.58	137%
36	Human Rights	379	14,372.60		23,210.00	28,436.61	5,226.61	123%
37	Human Services - Administration	401	163,301.22	*	19,957.00	26,509.62	6,552.62	133%
38	Human Services - Community Services	402	187,237.63	*	141,305.00	295,083.81	153,778.81	209%
39	Human Services - Toledo	404	8,839.73	*	5,000.00	16,602.95	11,602.95	332%
40	Human Services - Eldora	405	15,256.83		21,000.00	49,436.31	28,436.31	235%

State Agencies Report
Year ended June 30, 2013

No.	Agency	Agency #	FY 2012 Actual Targeted Small Business Spending Reported	FY 2013 Targeted Small Business Procurement Goal	FY 2013 Actual Targeted Small Business Spending Reported	FY 2013 Actual Spending Over (Under) Goal	FY 2013 Actual As a % of Goal	
41	Human Services - Cherokee MHI	407	6,516.00	*	4,850.00	10,446.50	5,596.50	215%
42	Human Services - Clarinda MHI	408	7,171.60		7,500.00	923.06	(6,576.94)	12%
43	Human Services - Independence MHI	409	29,500.98	*	13,250.00	6,839.16	(6,410.84)	52%
44	Human Services - Mt. Pleasant MHI	410	770.46	NG	-	7,290.50	NG	NG
45	Human Services - Glenwood Resource Center	411	19,960.22		21,000.00	25,720.46	4,720.46	122%
46	Human Services - Woodward Resource Center	412	130,582.41	*	100,000.00	152,242.28	52,242.28	152%
47	Human Services - Assistance Payments	413	296,271.78		451,317.00	352,795.61	(98,521.39)	78%
48	Inspections and Appeals	427	114,557.34		125,000.00	85,500.42	(39,499.58)	68%
49	Public Defender	428	255,962.71		325,000.00	226,386.51	(98,613.49)	70%
50	Racing and Gaming	429	5,442.03	*	5,000.00	50,533.72	45,533.72	1011%
51	Judicial	444	282,499.64	*	200,000.00	352,149.98	152,149.98	176%
52	Law Enforcement Academy	467	9,174.11		10,000.00	9,010.75	(989.25)	90%
53	Citizens' Aide/Ombudsman	503	1,363.30		2,000.00	269.25	(1,730.75)	13%
54	Legislative Services Agency	504	27,959.38		28,510.00	6,221.35	(22,288.65)	22%
55	Management	532	8,289.50	*	5,035.00	2,542.06	(2,492.94)	50%
56	Natural Resources	542 & 543	924,436.72	*	650,000.00	450,513.30	(199,486.70)	69%
57	Parole Board	547	-		250.00	-	(250.00)	0%
58	IPERS	553	102,828.31	*	85,000.00	114,323.92	29,323.92	134%
59	Public Employment Relations Board	572	-		1,000.00	15,009.75	14,009.75	1501%
60	Public Defense	582 & 584	44,204.15		75,000.00	189,967.65	114,967.65	253%
61	Homeland Security and Emergency Management	583	4,069.37		4,100.00	7,904.65	3,804.65	193%
62	Public Health	588	684,715.88	*	275,000.00	502,658.65	227,658.65	183%
63	Public Safety	595	-		20,000.00	75,314.27	55,314.27	377%
64	Revenue	625	13,690.53		55,010.00	96,340.66	41,330.66	175%
65	Secretary of State	635	11,143.79		16,000.00	77,774.93	61,774.93	486%
66	Office of Drug Control Policy	642	15,798.00	*	5,000.00	7,900.98	2,900.98	158%
67	Transportation, Capitals	645 & 646	21,448,360.47	NG	-	2,564,519.20	NG	NG
68	Treasurer of State	655	8,696.61		11,000.00	17,470.37	6,470.37	159%
69	Veterans Affairs	670	391.75		400.00	1,123.19	723.19	281%
70	Veterans Home	671	61,917.18		90,010.00	152,177.48	62,167.48	169%
71	Veterans Home, Capitals	672	409,878.58	*	125,010.00	1,557.00	(123,453.00)	1%
72	Board of Regents		8,672,482.00		8,672,582.00	9,156,796.00	484,214.00	106%
	Total		\$ 36,647,873.48		\$ 13,569,223.00	17,395,346.56	\$ 1,253,626.94	

* - FY 2013 TSB procurement goal is less than FY 2012 actual TSB spending.

NG - Goal not established.

Source: TSB Procurement Goals and Quarterly Reports on file with the Iowa Economic Development Authority.