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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE _____ August 21, 2014

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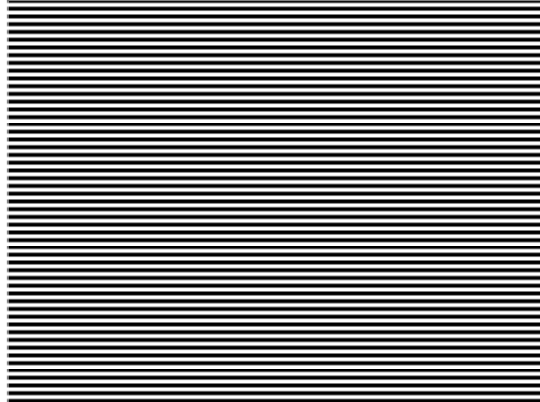
Auditor of State Mary Mosiman today released a report on the Iowa Department of Cultural Affairs for the year ended June 30, 2013.

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

Mosiman recommended the Department implement procedures to ensure the GAAP reporting package information is complete, accurate, submitted timely and reviewed by an independent person. Mosiman also recommended the Department provide adequate training to employees to ensure procurement cardholders are aware of requirements and to ensure payments on monthly statements are made timely.

A copy of the report is available for review in 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/1460-2590-OR00.pdf>.

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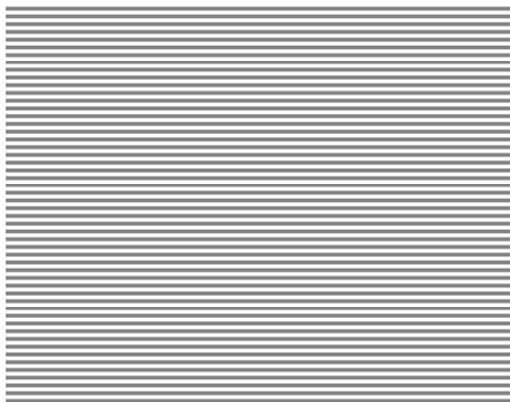
**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF CULTURAL AFFAIRS**

JUNE 30, 2013

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



Mary Mosiman, CPA
Auditor of State





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August 18, 2014

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, 2013.

In conducting our audits, 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 pertaining 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 the recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Cultural Affairs' responses and, accordingly, we express no opinion on them.

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 matters, 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 6 and they are available to discuss these matters 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, 2013

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 Finding Related to Internal Control:

Financial Reporting – Departments record receipts and disbursements in the Integrated Information for Iowa (I/3) system throughout the year, including the accrual period. Activity not recorded in the I/3 system is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS–SAE) on a GAAP package. The GAAP package is to be submitted to DAS–SAE by the first week of September each year. The following conditions were noted:

- (a) The Department understated capital assets by \$25,655.
- (b) The Department understated accounts receivable and deferred revenue by \$34,811.
- (c) The Department submitted the GAAP package to DAS-SAE on October 24.
- (d) The GAAP package was not reviewed by an independent person.

Recommendation – The Department should ensure the GAAP package information reported is complete, accurate, submitted timely and is reviewed by an independent person.

Response – The Department's understated amounts have been reviewed and appropriate adjustments have been made to ensure this does not happen in the future. The Department did use an independent person for review of the GAAP package. However, the appropriate signatures were not documented. The Department is aware of the required deadline for GAAP package submission going forward.

Conclusion – Response accepted.

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 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. In addition, section 4.8 requires the cardholder to send all supporting documentation to its agency accountant on a timely basis to ensure costs can be properly reconciled and processed on a timely basis to avoid late fees.

Report of Recommendations to the Iowa Department of Cultural Affairs

June 30, 2013

During fiscal year 2013, three months of procurement card activity, which included 39 transactions, were reviewed and the following were noted:

- (a) For two of thirty-nine transactions reviewed, sales tax was improperly paid.
- (b) For three of three months reviewed, payment was not made timely (within 30 days of statement date).

Recommendation – 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. In addition, the Department should ensure payments are made timely.

Response – The Department, along with the Iowa Department of Administrative Services – General Services Enterprise (DAS-GSE), will enforce mandatory training for all cardholders, including training on properly supporting card purchases with documentation, providing the documentation to the Department 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, 2013

Staff:

Questions or requests for further assistance should be directed to:

Suzanne R. Dahlstrom, CPA, Manager
Jamie T. Reuter, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Jessica P.V. Green, Senior Auditor
Miranda A. Shipman, Assistant Auditor
Ryan J. Magill, Assistant Auditor