



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

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**NEWS RELEASE**

FOR RELEASE September 21, 2005

Contact: Andy Nielsen  
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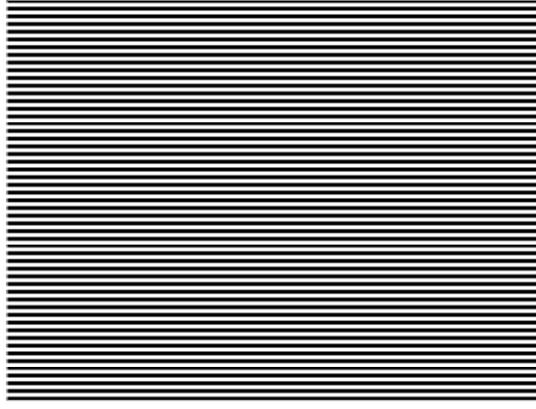
Auditor of State David A. Vaudt today released a report on the Iowa Department of Cultural Affairs for the year ended June 30, 2004.

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 Iowa City State Historical Society Library. In addition, Vaudt recommended the Department improve oversight of certain state funded grant programs. The Department responded to each item in the report and stated corrective action is being taken.

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

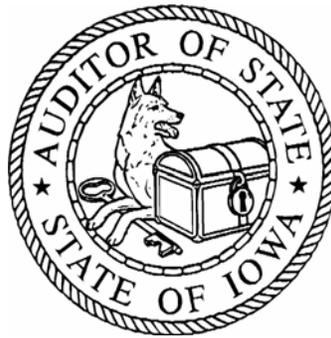
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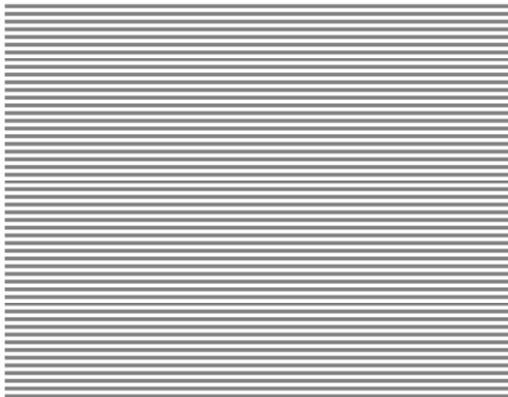
**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF CULTURAL AFFAIRS**

**JUNE 30, 2004**

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



**David A. Vaudt, CPA**  
**Auditor of State**







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September 16, 2005

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, 2004.

In conducting our audits, we became aware of 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.

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 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

June 30, 2004

**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 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. Also, an independent person should reconcile the initial receipts listing at the Iowa City facility to the amounts recorded and deposited.

Response – Due to limited staffing in the Iowa City office, it is sometimes difficult to make timely deposits. We will make every effort to comply with the Code of Iowa and make deposits within ten working days of receipt. 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:**

- (1) Historical Resource Development Program Emergency Grants – The Department administers the historical resource development program (HRDP) established by Section 303.16 of the Code of Iowa. Grants to preserve, conserve, interpret, educate the public about and enhance the historical resources of the state are provided through appropriations made available from the REAP program. The annual and emergency REAP/HRDP grants have separate and specific application and selection processes.

Emergency grants are funded on a first come, first served basis after approval. If a project is determined not to be an emergency, it will not be funded and the applicant can apply using the annual grant process. The files for the three REAP/HRDP emergency grants funded during the fiscal year ended June 30, 2004 did not contain a steering committee review, critique and scoring to determine the seriousness of the grant request.

Recommendation – The Department should maintain all required documentation in award files to demonstrate the application and selection process is followed.

Response – In FY05 grant award files will be monitored for completeness.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Cultural Affairs

June 30, 2004

- (2) Character Counts Through the Arts Grants – The Department administers the Character Counts Through the Arts grants program. The purpose of the grants is to bring a trained artist to a school or community location to enhance a character education program. The program allows the awarding of grants once to each school applicant per fiscal year. Grant recipients are required to file a final report with the Department and formally inform a legislator of the grant activity through a legislative notification.

Two schools were granted \$200 awards twice during the fiscal year, which is not in accordance with the grant program requirements.

Of the sixteen awards selected for review, the Department allowed three different versions of the final report to be submitted by grant recipients during the year to fulfill grant requirements. In addition, required legislative notification letters were not in two files.

Recommendation – The Department should apply requirements for grant recipients consistently during the fiscal year. Procedures should be implemented to ensure duplicate awards are prevented. All required documentation should be maintained in award files.

Response – In FY05, the Character Counts Through the Arts grant is being monitored to ensure that no duplicate awards are made. A single final report will be used for all grantees. Award files are being monitored for completeness.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Cultural Affairs

June 30, 2004

**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:

Jeffrey L. Lenhart, Staff Auditor