



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 242-6134

**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ June 11, 2007

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released a report on the Iowa Department of Cultural Affairs for the year ended June 30, 2006.

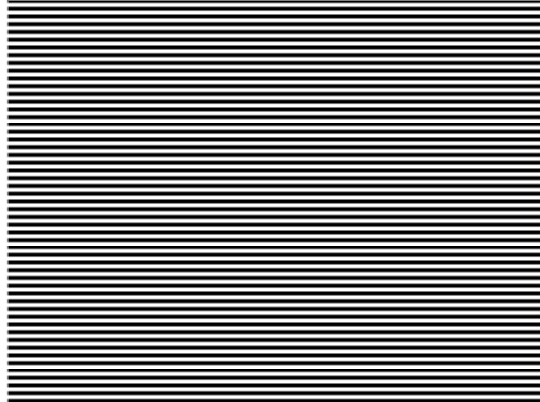
The Department has primary responsibility for development of the state's interest in arts, history and other cultural matters.

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, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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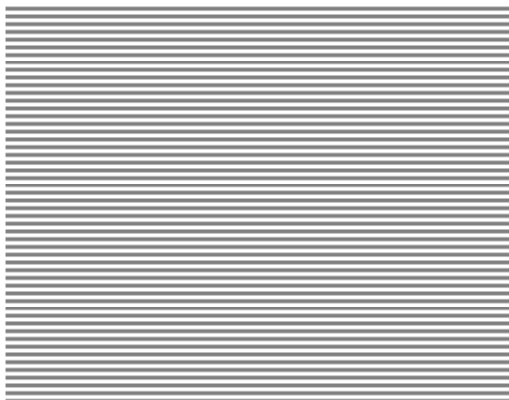
**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF CULTURAL AFFAIRS**

**JUNE 30, 2006**

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



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June 6, 2007

To Cyndi Pederson, 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, 2006.

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 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 Chester J. Culver, Governor  
Charles J. Krogmeier, Director, Department of Management  
Dennis C. Prouty, Director, Legislative Services Agency

June 30, 2006

**Findings Reported in the State's Single Audit Report:**

No matters were noted.

**Finding Related to Internal Control:**

No matters were noted.

**Findings Related to Statutory Requirements and Other Matters:**

- (1) Big Yellow School Bus Grant – The Department administers the Big Yellow School Bus grants program. Grants are provided to schools to assist with funding for students to attend cultural functions through out the state. 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.

In fiscal year 2006, two of eight grants requiring a copy of the legislative letter did not have a copy of the letter in the grant file. In addition, one of the files did not contain a final report which is required to be included in the grant file.

Recommendation – Award files should contain all required documentation, including the final report and the copy of the legislative letter.

Response – Staff will include tracking procedures to ensure all required documentation is included in grant files.

Conclusion – Response accepted.

- (2) EZ 123 Grants – The Department administers the EZ 123 grants program. Grants are made available to eligible organizations to hire teaching artists, hire a performing artist or to hire an artist for Character Counts. 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.

In fiscal year 2006, four of fifteen grants requiring a copy of the legislative letter did not have a copy of the letter in the grant file

Recommendation – Award files should contain all required documentation, including the final report and the copy of the legislative letter.

Response – In FY07, we have instituted new tracking procedures to ensure grant recipients receive formal notification of ineligibility to receive future grants due to no final report, and that this and other documentation is included in grant files.

Conclusion – Response accepted.

- (3) Timely Deposit of Receipts – Chapter 12.10 of the Code of Iowa requires Departments to deposit with the Treasurer of State at least ninety percent of all moneys collected or received within ten days following collection.

Several checks received were held beyond ten days. In addition, three checks received as donations in FY2005 were not deposited until FY2006.

Report of Recommendations to the Iowa Department of Cultural Affairs

June 30, 2006

Recommendation – Procedures should be developed to ensure receipts are deposited in compliance with Chapter 12.10 of the Code of Iowa.

Response – Several months during calendar year 2005 the DCA business office experienced much confusion and chaos. This was largely due to a complete turnover of accounting staff in the second half of FY05. There was even a period of a few months where DCA had no accounting personnel at all. During this time all accounting transactions, both FY05 and FY06, suffered from major delays in processing. Unfortunately, as the audit report has noted, some transactions also suffered from coding errors. It was not until the latter portion of FY06 that the new accounting staff was beyond the initial (largely self) training phases, and was able to get a handle on processing transactions in a more timely manner. The latter portion of FY06 showed great improvement in the timeliness of receipt/revenue deposits. FY07 has shown an even greater improvement. Current accounting staff is now striving to make weekly deposits of receipts/revenues, to ensure that we are in compliance with Chapter 12.10 of the Code of Iowa. We have also communicated to other DCA staff members the importance of turning in their own receipts expediently to the business office so that we can meet our 10 working day goal.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Cultural Affairs

June 30, 2006

**Staff:**

Questions or requests for further assistance should be directed to:

Joe T. Marturello, CIA, Manager  
Daniel L. Durbin, CPA, Staff Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Karen J. Kibbie, Staff Auditor  
Gelu Sherpa, Assistant Auditor