



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE _____ July 16, 2007

Contact: Andy Nielsen
515/281-5834

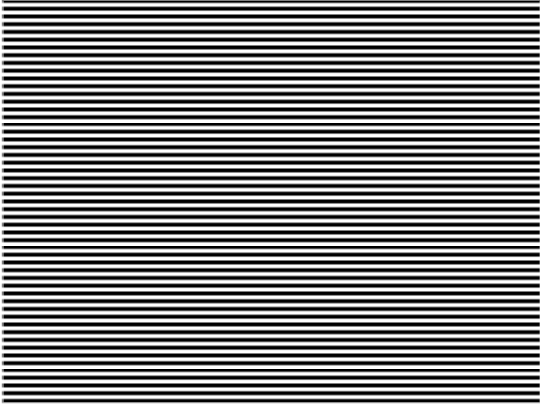
Auditor of State David A. Vaudt today released a report on the Iowa Department of Natural Resources for the year ended June 30, 2006.

The Department has the primary responsibility for state parks and forests, protecting the environment and managing energy, fish, wildlife, land and water resources in the state.

Vaudt reported the Department had not complied with certain statutory requirements concerning its operations during the year ended June 30, 2006. The Department responded it is working to comply with the statutory requirements.

A copy of the report is available for review in the Iowa Department of Natural Resources, in the Office of Auditor of State and on the Auditor of State's website <http://auditor.iowa.gov/reports/reports.htm>.

#` # #



**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF NATURAL RESOURCES**

JUNE 30, 2006

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



David A. Vaudt, CPA
Auditor of State





OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

July 12, 2007

To the Members of the Iowa Environmental Protection
and Natural Resource Commissions:

The Iowa Department of Natural Resources 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 certain aspects 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 pages. We believe you should be aware of this recommendation which pertains to the Department's statutory requirements. This recommendation has been discussed with Department personnel and their response to the recommendation is 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 Iowa Department of Natural Resources, citizens of the State of Iowa and other parties to whom the Iowa Department of Natural Resources 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 10 and they are available to discuss this matter 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 Related to Statutory Requirements:

(1) Iowa Code Compliance – The Department was not in compliance with the following provisions of the Code of Iowa during the year ended June 30, 2006:

(a) Snowmobile Safety Certification Fee – Chapter 321G.24(2) states the Department shall collect a five dollar fee for each safety certificate issued.

The Department has been collecting a three dollar fee rather than the required five dollar fee.

(b) Toll Free Reporting Number – Chapter 455B.116 states the Department shall create a toll-free number to allow citizens to report instances resulting in the pollution of the environment or damage to natural resources.

The Department has not established the required toll free number.

(c) Compliance Advisory Panel – Chapter 455B.150 states the Department shall create a compliance advisory panel pursuant to Title V, section 507(e) of the federal Clean Air Act Amendments of 1990 to review and report on the effectiveness of the small business technical assistance program.

A compliance advisory panel has not been created.

(d) Inspections – Chapter 455B.174(5) states the Director shall conduct random inspections of work done by city and county public works departments to ensure such public works departments are complying with this part of this division.

The Director has not conducted random inspections of work done by city and county public works departments.

(e) Water Well Construction – Chapter 455B.187 states contractors are to provide required information to the Department and the Iowa Geological Survey within thirty days after construction or reconstruction of a well.

The Department has not monitored whether the required information is being submitted.

(f) Flood Plain Mapping – Chapter 455B.262(1) states the Department shall submit a progress report and proposed implementation schedule for flood plain mapping to the General Assembly biennially.

The Department has not submitted a progress report and proposed implementation schedule to the General Assembly.

(g) Sanitary Disposal Projects – Chapter 455B.305(1) states the Department or the Local Board of Health shall inspect sanitary disposal projects annually.

Sanitary disposal sites are not inspected annually.

Report of Recommendations to the Iowa Department of Natural Resources

June 30, 2006

- (h) Hazardous Waste Water Treatment – Chapter 455B.412(3) states the Department shall adopt rules for certifying supervisory personnel and operators of hazardous waste treatment, storage or disposal facilities.

The Department has not adopted the required rules.

- (i) Registry Of Hazardous Waste Sites or Hazardous Substance Disposal Sites – Chapter 455B.426(2) states the Director shall investigate all known or suspected hazardous waste or hazardous substance disposal sites and determine whether each site should be included in the registry.

The Director does not investigate hazardous waste and substance disposal sites to determine whether the site should be included in the registry.

- (j) Waste Management Assistance Fund – Chapter 455B.484(3) states the Department shall administer and coordinate the waste management assistance trust fund.

The Department does not administer and coordinate the fund.

- (k) Facility Sitting – Chapter 455B.484(10) states the Department shall solicit proposals from public and private agencies to conduct hazardous waste research and to develop and implement storage, treatment and other hazardous waste management practices.

The Department has not solicited proposals.

- (l) Toxic Pollution Prevention Program – Chapter 455B.517(2) states the Department shall develop and implement a toxic pollution prevention program.

The Department has not developed the required program.

- (m) Toxic Pollution Forums – Chapter 455B(9) states the Department shall provide a forum for public discussion and deliberation of toxic substance and toxic pollution prevention.

The Department has not provided the required public forum.

- (n) Toxic Pollution Prevention Plans – Chapter 455B.518(5) states a toxics user shall maintain a copy of the plan on the premises and shall submit a summary of the plan to the Department.

The Department does not receive a summary of the Toxics Pollution Prevention Plan for toxics users.

- (o) Waste Volume Reduction – Chapter 455D.7 states the Environmental Protection Commission shall annually recommend to the General Assembly the imposition of waste abatement fees, rebates and deposits.

The Commission has not made annual recommendations as required.

Report of Recommendations to the Iowa Department of Natural Resources

June 30, 2006

- (p) Ground Water Protection – Chapter 455E.8(10) states the Department, in conjunction with the Department of Education and the Department of Environmental Education at the University of Northern Iowa, shall develop a program regarding water quality.

The Department has not implemented this program.

- (q) Annual Report – Chapter 456.7 states the State Geologist shall annually, at the time provided by law, make a full report to the Governor of the work in the preceding year, which report shall be accompanied by such other reports and papers as may be considered desirable for publication.

The State Geologist has not provided the Governor a full report of the work in the preceding year.

Recommendation – The Department should comply with the Code of Iowa or seek to have the provisions changed or repealed.

Response –

- (a) The Department is now collecting the correct five dollar fee upon application. The Department will be changing the form when the current form supply dwindles to the point at which new forms need to be printed. Currently staff are still using up old forms but changing the amount on the form to indicate the correct amount.
- (b) The Department receives a continually increasing number of citizens reporting incidents alleging pollution of the environment or damage to resources through many avenues. These avenues include our established telephone numbers throughout the state, such as at field offices as well as at the central office and via our 24 hour hazardous incident reporting telephone number. Not having a toll free line has not appeared to have diminished the access for citizens to report such incidents. The Department plans to attempt to have the legislation changed to eliminate this requirement.
- (c) The DNR's legislative liaison for environmental services has been working with Senate and House leadership to have the appropriate appointments made. To date that has not been accomplished. The Department will continue to work with the Governor's office and legislative leadership to encourage the appointment of the required membership.
- (d) Inspection is limited to reviewing quarterly reports submitted by participating cities to spot check to see the local permitting meets the criteria in rule 567 IAC 9. Historically twelve cities have received delegation for drinking water construction permits and seven cities for wastewater construction permits. At the present time six cities are taking advantage of the delegated authority for drinking water permitting and two cities in the wastewater permitting program and submitting the required reporting. Due to the level of activity, no on-site reviews have been done. The rule needs to be reviewed for appropriate updating. The Department also has plans to promote and encourage

Report of Recommendations to the Iowa Department of Natural Resources

June 30, 2006

more local participation in this permitting authority, but the rule and procedures should get attention first.

- (e) The Department does track well contractors to ensure they are properly certified. We do not always know who the specific well contractor is for public water supply wells so it is difficult for us to follow up on submittal of the required information. It is even more difficult for private wells. We have recently taken some steps to improve the submittals for public wells.
- (f) The Department has been unable to submit a progress report to the General Assembly due to funding cuts and backlogs caused by inadequate staffing. The Department does work closely with FEMA who has been funded for flood plain mapping activities.
- (g) Sanitary disposal project permits are issued directly by Department staff. When the annual inspection requirement was originally put into statute there were about 125 sanitary disposal projects in the State. Currently there are about 230. From a resource standpoint it is not possible to perform annual inspections at every site. The Department will be proposing legislation for the 2008 session to remove this requirement and replace it with an inspection frequency to be established via rulemaking.
- (h) The management of hazardous wastes is administered at the Federal level through the Resource Conservation and Recovery Act (RCRA) part C program. The federal government has not delegated responsibility for RCRA to the State of Iowa. As a result the Department does not solicit proposals for hazardous waste research or to develop management practices. The Department will recommend that this subsection be rescinded during the 2008 legislative session.
- (i) The management of hazardous wastes is administered at the federal level through the Resource Conservation and Recovery Act (RCRA) part C program. The federal government has not delegated responsibility for RCRA to the State of Iowa. As a result, an annual report for the State on the management of hazardous waste is not being produced. It would take legislative action to reassign the hazardous waste responsibilities from the U.S. EPA to the Department. Although this would require legislation, the Department is in the preliminary stages of evaluating the potential for this program to be moved from the federal level to the State level. We investigate such sites as we become aware of them, often as a by-product of real estate transactions. However, we do not engage in any systematic attempt to search out such sites, and the effort to do this would be much more significant than resources would allow. Most contaminated sites are currently handled through other programs.
- (j) The Waste Management Assistance Fund is the Waste Management Authority Fund in 455B.489. This section reads as follows: "repealed by 89 Acts, ch 272, § 41. See § 455D.15." 455D.15 is the Waste Volume Reduction and Recycling Fund which the department administers and coordinates. Our recommendation would be to rescind the language in 455B.484(3) since it appears unnecessary.

Report of Recommendations to the Iowa Department of Natural Resources

June 30, 2006

- (k) The management of hazardous wastes is administered at the federal level through the Resource Conservation and Recovery Act (RCRA) part C program. The federal government has not delegated responsibility for RCRA to the State of Iowa. As a result the Department does not solicit proposals for hazardous waste research or to develop management practices. The Department will recommend that this subsection be rescinded during the 2008 legislative session.
- (l) 455B.517 Toxic Pollution Prevention Plans describes a set of requirements very similar to the requirements of an ISO 14001 Environmental Management System (EMS). US EPA recognizes this tool as one method for companies to manage and/or reduce their emissions of specified environmental toxics. The Department has been encouraging businesses to adopt this management tool to encourage environmental improvement, report their successes to the Department and be recognized for their efforts. In 2001 the Department contracted for the development of an EMS Implementation Guide, making use of the Toxic Pollution Prevention Plan requirements, to assist Iowa business with implementation of such.
- (m) 455B.517 Toxic Pollution Prevention Plans describes a set of requirements very similar to the requirements of an ISO 14001 Environmental Management System (EMS). US EPA recognizes this tool as one method for companies to manage and/or reduce their emissions of specified environmental toxics. The Department has been encouraging businesses to adopt this management tool to encourage environmental improvement, report their successes to the Department and be recognized for their efforts. In 2001 the Department contracted for the development of an EMS Implementation Guide, making use of the Toxic Pollution Prevention Plan requirements, to assist Iowa business with implementation of such.
- (n) 455B.517 Toxic Pollution Prevention Plans describes a set of requirements very similar to the requirements of an ISO 14001 Environmental Management System (EMS). US EPA recognizes this tool as one method for companies to manage and/or reduce their emissions of specified environmental toxics. The Department has been encouraging businesses to adopt this management tool to encourage environmental improvement, report their successes to the Department and be recognized for their efforts. In 2001 the Department contracted for the development of an EMS Implementation Guide, making use of the Toxic Pollution Prevention Plan requirements, to assist Iowa business with implementation of such.
- (o) Each year the Department drafts solid waste related legislative proposals which often include the imposition of fees, rebates and deposits. This past session a recommendation was made to place a fee on tires at the point of sale as a means to fund the waste tire management program. The Department will be incorporating this recommendation in a legislative proposal for the 2008 session. The Department has continued to make legislative recommendations on how to refine and improve the beverage container deposit law (455C) which it administers.

Report of Recommendations to the Iowa Department of Natural Resources

June 30, 2006

- (p) The Department works with various educational entities to address water quality issues, including involvement with the Iowa Children's Water Festival and with various schools across the state in its Iowater Volunteer Monitoring program, which should be included in the minimum program required.
- (q) A summary report shall be sent to the Governor's office in July 2007. In following years a report will be provided by the end of the state fiscal year. Information regarding the Geological Survey is readily available on the web site at: <http://www.igsb.uiowa.edu/>.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Natural Resources

June 30, 2006

Staff:

Questions or requests for further assistance should be directed to:

Pamela J. Bormann, CPA, Manager
James S. Cunningham, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Jennifer R. Edgar, CPA, Senior Auditor
Philip J. Cloos, Staff Auditor
Carey L. Fraise, Staff Auditor
Tracy L. Haronik, Staff Auditor
Jedd D. Moore, Staff Auditor
Andrew J. Muff, Staff Auditor
Nickolas J. Schaul, Staff Auditor
Michael R. Field, Assistant Auditor
Marta M. Sobieszkoda, Assistant Auditor
Sharon K. Stickrod, Assistant Auditor
Aaron P. Wagner, Assistant Auditor