



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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**NEWS RELEASE**

FOR RELEASE

August 11, 2011

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Highway Safety Projects administered by The Integer Group Midwest for the year ended September 30, 2009.

Five contracts were awarded authorizing total expenditures of \$586,500 for designing, producing and distributing public service announcements on traffic safety. Vaudt reported a total of \$525,887 of eligible expenditures were claimed under the contracts.

Vaudt recommended the quarterly and final reports be dated and submitted timely according to the contract conditions.

A copy of the audit report is available for review in the Iowa Department of Public Safety, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1077-0050-BG00.pdf>.

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**STATE OF IOWA DEPARTMENT OF PUBLIC SAFETY  
GOVERNOR'S TRAFFIC SAFETY BUREAU  
THE INTEGER GROUP MIDWEST  
DES MOINES  
HIGHWAY SAFETY PROJECTS**

**INDEPENDENT AUDITOR'S REPORTS  
SCHEDULE OF ELIGIBLE EXPENDITURES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED SEPTEMBER 30, 2009**

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**STATE OF IOWA DEPARTMENT OF PUBLIC SAFETY  
GOVERNOR'S TRAFFIC SAFETY BUREAU  
THE INTEGER GROUP MIDWEST  
DES MOINES**

**Officials**

Name

Title

**State**

**Governor**

Honorable Chester J. Culver

**Director, Department of Management**

Charles J. Krogmeier  
(Ended during January 2009)

Richard C. Oshlo, Jr.  
(Began during January 2009)

**Director, Legislative Services Agency**

Glen P. Dickinson

**Governors' Representative, National Highway Safety Program**

Eugene T. Meyer  
(Ended during January 2011)

Larry L. Noble  
(Began during January 2011)

**Agency**

William B. Grismer  
(Ended during February 2009)

Account Executive, The Integer Group  
Midwest

Joe Boswell  
(Began during February 2009)

Account Executive, The Integer Group  
Midwest

Susan K. Bullis

Controller, The Integer Group Midwest

**State of Iowa Department of Public Safety  
Governor's Traffic Safety Bureau**



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Independent Auditor's Report

To Larry L. Noble, Governor's Representative  
for the National Highway Safety Program:

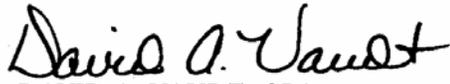
We have audited the accompanying Schedule of Eligible Expenditures under Contracts Alcohol PAP 09-02 Task 12, Occupant Protection PAP 09-03 Task 01, Alcohol Incentive Grant PAP 09-410 Task 69, Occupant Protection Incentive Grant 09-406 Task 203 and Motorcycle Safety Grant 09-2010 Task 02 which was prepared by The Integer Group Midwest, Des Moines, Iowa pursuant to an agreement between The Integer Group Midwest and the Department of Public Safety, Governor's Traffic Safety Bureau for the year ended September 30, 2009. This schedule is the responsibility of The Integer Group Midwest's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Eligible Expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Eligible Expenditures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe our audit provides a reasonable basis for our opinion.

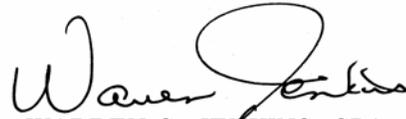
As described in note 1, the accompanying schedule was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. This schedule was prepared to present the eligible expenditures under Contracts Alcohol PAP 09-02 Task 12, Occupant Protection PAP 09-03 Task 01, Alcohol Incentive Grant PAP 09-410 Task 69, Occupant Protection Incentive Grant 09-406 Task 203 and Motorcycle Safety Grant 09-2010 Task 02 by The Integer Group Midwest pursuant to an agreement between The Integer Group Midwest and the Department of Public Safety, Governor's Traffic Safety Bureau, and is not intended to be a complete presentation of The Integer Group Midwest's financial position or results of operations.

In our opinion, the Schedule of Eligible Expenditures referred to above presents fairly, in all material respects, the eligible expenditures under Contracts Alcohol PAP 09-02 Task 12, Occupant Protection PAP 09-03 Task 01, Alcohol Incentive Grant PAP 09-410 Task 69, Occupant Protection Incentive Grant 09-406 Task 203 and Motorcycle Safety Grant 09-2010 Task 02 by The Integer Group Midwest for the year ended September 30, 2009 in accordance with the agreement referred to above.

In accordance with Government Auditing Standards, we have also issued our report dated July 14, 2011 on our consideration of The Integer Group Midwest's internal control over compliance and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over compliance and the results of that testing and not to provide an opinion on internal control over compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

July 14, 2011

**State of Iowa Department of Public Safety  
Governor's Traffic Safety Bureau**

State of Iowa Department of Public Safety  
 Governor's Traffic Safety Bureau  
 The Integer Group Midwest  
 Des Moines

Schedule of Eligible Expenditures

Year ended September 30, 2009

Contract	CFDA Number	Contract Application Amount Approved	Amount Claimed	Amount Allowable	Amount Unallowable
Alcohol PAP 09-02 Task 12	20.600	\$ 85,000	84,982	84,982	-
Occupant Protection PAP 09-03 Task 01	20.600	103,000	94,918	94,918	-
Alcohol Incentive Grant PAP 09-410 Task 69	20.601	125,000	115,108	115,108	-
Occupant Protection Incentive Grant 09-406 Task 203	20.609	270,000	228,224	228,224	-
Motorcycle Safety Grant 09-2010 Task 02	20.612	3,500	2,655	2,655	-
Total		\$ 586,500	525,887	525,887	-

See accompanying independent auditor's report.

State of Iowa Department of Public Safety  
Governor's Traffic Safety Bureau  
The Integer Group Midwest  
Des Moines

Note to Schedule of Eligible Expenditures

September 30, 2009

**(1) Summary of Significant Accounting Policies**

The Department of Public Safety, Governor's Traffic Safety Bureau contracted with The Integer Group Midwest, Des Moines (Integer Group) to provide public awareness services for highway safety projects.

A. Reporting Entity

The Schedule of Eligible Expenditures was prepared to present the eligible expenditures under Contracts Alcohol PAP 09-02 Task 12, Occupant Protection PAP 09-03 Task 01, Alcohol Incentive Grant PAP 09-410 Task 69, Occupant Protection Incentive Grant 09-406 Task 203 and Motorcycle Safety Grant 09-2010 Task 02 by Integer Group pursuant to an agreement between Integer Group and the Department of Public Safety, Governor's Traffic Safety Bureau and is not intended to be a complete presentation of Integer Group's financial position or results of operations.

B. Basis of Presentation

The Schedule of Eligible Expenditures is prepared on the basis of cash receipts and disbursements. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the Schedule of Eligible Expenditures is not presented in accordance with U.S. generally accepted accounting principles.

**State of Iowa Department of Public Safety  
Governor's Traffic Safety Bureau**



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Independent Auditor's Report on Compliance with Requirements That  
Could Have a Direct and Material Effect on Internal Control over Compliance  
in Accordance with the Program – Specific Audit Option Under OMB Circular A-133

To Larry L. Noble, Governor's Representative  
for the National Highway Safety Program:

### Compliance

We have audited of The Integer Group Midwest's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its Highway Safety Grant contracts for the year ended September 30, 2009. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its Highway Safety Grant contracts is the responsibility of The Integer Group Midwest's management. Our responsibility is to express an opinion on The Integer Group Midwest's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on the Highway Safety Grant contracts occurred. An audit includes examining, on a test basis, evidence about The Integer Group Midwest's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on The Integer Group Midwest's compliance with those requirements.

In our opinion, The Integer Group Midwest complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Highway Safety Grant contracts for the year ended September 30, 2009. However, the results of our auditing procedures disclosed an instance of non-compliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and is described as item (A) in the accompanying Schedule of Findings and Questioned Costs.

### Internal Control Over Compliance

The management of The Integer Group Midwest is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered The Integer Group Midwest's internal control over compliance with requirements that could have a direct and material effect on its Highway Safety Grant contracts to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of The Integer Group Midwest's internal control over compliance. Accordingly, we do not express an opinion on The Integer Group Midwest's internal control over compliance.

A deficiency in The Integer Group Midwest's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above.

The Integer Group Midwest's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on The Integer Group Midwest's response, we did not audit The Integer Group Midwest's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials and employees of The Integer Group Midwest, the Governor's Traffic Safety Bureau and other parties to whom The Integer Group Midwest may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

July 14, 2011

State of Iowa Department of Public Safety  
Governor's Traffic Safety Bureau  
The Integer Group Midwest  
Des Moines

Schedule of Findings and Questioned Costs

Year ended September 30, 2009

- (A) Final and Quarterly Reporting – The Highway Safety Grant contracts require quarterly reports to be submitted within an established number of days after the end of a quarter and final reports to be submitted by November 1, 2009 to the Governor's Traffic Safety Bureau (GTSB). The Integer Group Midwest did not document the dates the reports were submitted. Quarterly and final reports were date stamped when received by GTSB. The quarterly reports for all five contracts for the second and fourth quarters were submitted late and one quarterly report for the third quarter was submitted late.

Recommendation – The Integer Group Midwest should submit all quarterly reports timely according to the terms of its contract with the GTSB. Also, The Integer Group Midwest should document the date its quarterly and final reports were submitted to GTSB.

Response by The Integer Group Midwest – Commencing March 1, 2011, Integer will submit quarterly reports to GTSB on a timely basis according to the timeline specified in the contract. Integer will also document the date submitted to GTSB on the quarterly and final reports and will request a stamped, dated return copy from GTSB. On February 18, 2011, this request was discussed with Sandy Bennett of GTSB, who agreed to return a stamped copy.

Conclusion – Response accepted.

State of Iowa Department of Public Safety  
Governor's Traffic Safety Bureau  
The Integer Group Midwest

Staff

This audit was performed by:

K. David Voy, CPA, Manager  
Jennifer L. Wall, CPA, Senior Auditor  
Clinton J. Krapfl, Assistant Auditor  
Chad W. Baker, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, prominent initial "A".

Andrew E. Nielsen, CPA  
Deputy Auditor of State