



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

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**NEWS RELEASE**

FOR RELEASE July 15, 2004

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released a report on the Iowa Department of Personnel for the year ended June 30, 2003.

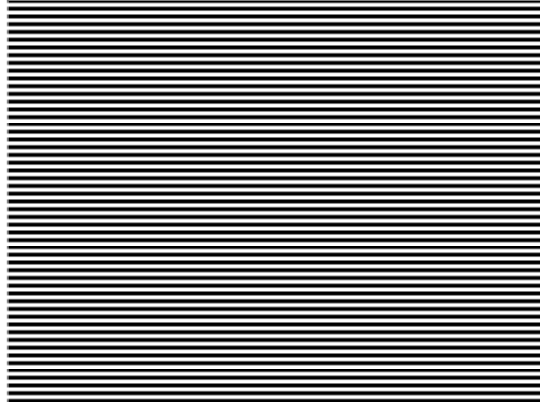
The Iowa Department of Personnel is the central agency responsible for state personnel management. This includes policy development, planning, research, recruitment, compensation and benefit administration, equal employment opportunity and affirmative action programs, education and training, and other incidents of state employment. The Department also administers the workers' compensation program and the Internal Revenue Code Section 457 deferred compensation plan for state employees.

Effective July 1, 2003, the Department became part of the Department of Administrative Services.

Vaudt recommended the Department comply with statutory requirements regarding the filing of the annual Iowa Communications Network savings report and follow policies and procedures established by the Iowa Department of Revenue and Finance for contracts. The Department responded favorably to the recommendations.

A copy of the report is available for review in the Iowa Department of Administrative Services or the Office of Auditor of State.

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**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF PERSONNEL**

**JUNE 30, 2003**

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



**David A. Vaudt, CPA  
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April 23, 2004

To Mollie Anderson, Director of the  
Iowa Department of Administrative Services:

The Iowa Department of Personnel, which effective July 1, 2003 became part of the Department of Administrative Services, is a part of the State of Iowa and, as such, has been included in our audit of the State's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2003.

In conducting our audit, 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 that are reported on the following page. We believe you should be aware of these recommendations which pertain to the Department's internal control and compliance with statutory requirements. The recommendations have been discussed with Department personnel and their responses to the 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 Iowa Department of Personnel and the citizens of the State of Iowa and other parties to whom the Iowa Department of Personnel 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 Departments during the course of our audit. 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 audit of the Department are listed on page 5 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  
Cynthia P. Eisenhauer, Director, Department of Management  
Dennis C. Prouty, Director, Legislative Services Agency

June 30, 2003

**Finding Related to Internal Control:**

Contractual Agreements – Under the authority of Executive Order #60, the Department established a number of service contracts with outside parties during the year ended June 30, 2003. The following findings were identified:

- (a) Iowa Department of Revenue and Finance’s Accounting Policy and Procedures Manual, section 240.102, requires a pre-contract questionnaire to be completed for contracts exceeding \$5,000. For four of four contracts, a pre-contract questionnaire was not prepared.
- (b) Iowa Department of Revenue and Finance’s Accounting Policy and Procedures Manual, section 240.102, requires a “Request for Proposals” (RFP) process or other authorized competitive process be undertaken unless emergency or sole source conditions exist and can be clearly documented and justified.” For one of four contracts, the contract entered into did not have clear documentation of sole source justification and the Report of Sole Source Procurement was not completed.

Recommendation – The Department should develop procedures to ensure contracts are in compliance with policies and procedures for contracts established by the Iowa Department of Revenue and Finance.

Response – The Department of Administrative Services is consolidating these responsibilities to ensure that in the future we comply with the requirements of the Accounting Policy and Procedures Manual, section 240.102 and Executive Order #60.

Conclusion – Response accepted.

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

Code Compliance – Chapter 8D.10 of the Code of Iowa requires any agency which is part of the Iowa Communications Network to annually provide a written report to the general assembly certifying the identified savings associated with the use of the network. This report is due on or before January 15 for the previous fiscal year.

The Department has not submitted the required report as of April 23, 2004.

Recommendation – The Department should take appropriate steps to ensure required reports are completed and filed on a timely basis.

Response – The Department of Administrative Services will be reviewing and establishing timelines to ensure that we are in compliance with all reporting requirements.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Personnel

June 30, 2003

**Staff:**

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager  
Kimberly M. Knight, CPA, Senior Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Sheila M. Jensen, Staff Auditor  
Nicole B. Tenges, Staff Auditor