



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

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NEWS RELEASE

FOR RELEASE

October 25, 2013

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the American Recovery and Reinvestment Act (ARRA) - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors program for the Iowa Green Renewable Electrical Energy Network Inc. (IGREEN).

IGREEN's ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors program expenses totaled \$957,860 for the year ended June 30, 2012.

A copy of the audit report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1460-3090-BC00.pdf>.

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**IOWA GREEN RENEWABLE ELECTRICAL ENERGY NETWORK INC.  
ARRA – PROGRAM OF COMPETITIVE GRANTS FOR WORKER  
TRAINING AND PLACEMENT IN HIGH GROWTH  
AND EMERGING INDUSTRY SECTORS**

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

**YEAR ENDED JUNE 30, 2012**

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**Iowa Green Renewable Electrical Energy Network Inc.**

**Officials**

Name

Title

Philip Stender

Director

Sandy Opstvedt

Assistant Director

Cassidy Crawford

Accountant/Training Development Coordinator

**Iowa Green Renewable Electrical Energy Network Inc.  
ARRA - Program of Competitive Grants for  
Worker Training and Placement in High Growth  
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Independent Auditor's Report


To the Officials of Iowa Green Renewable Electrical Energy Network Inc.:


We have audited the accompanying Schedule of Expenditures of Federal Awards (Schedule) for Iowa Green Renewable Electrical Energy Network Inc. (IGREEN)'s ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors program for the year ended June 30, 2012. The Schedule is the responsibility of IGREEN's management. Our responsibility is to express an opinion on the 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 is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. 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.

In our opinion, the Schedule of Expenditures of Federal Awards referred to above presents fairly, in all material respects, the expenditures of federal awards under IGREEN's ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors program for the year ended June 30, 2012 in conformity with U.S. generally accepted accounting principles.

This report, a public record by law, is intended solely for the information and use of the officials and employees of IGREEN and other parties to whom IGREEN may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 30, 2013

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Iowa Green Renewable Electrical Energy Network Inc.  
ARRA – Program of Competitive Grants for  
Worker Training and Placement in High Growth  
and Emerging Industry Sectors

Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

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Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Labor:			
Iowa Department of Workforce Development:			
ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	11-I-PF-EG-0-11	<u>\$ 957,860</u>

See note to the Schedule of Expenditures of Federal Awards.



Iowa Green Renewable Electrical Energy Network Inc.  
ARRA – Program of Competitive Grants for  
Worker Training and Placement in High Growth  
and Emerging Industry Sectors

Note to Schedule of Expenditures of Federal Awards

June 30, 2012

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

The Iowa Green Renewable Electrical Energy Network Inc. (IGREEN) Center in Newton, Iowa was a training facility to train Iowans to work in the renewable energy and smart grid technology jobs for the future. IGREEN started training students in January 2012.

A. Reporting Entity

The Schedule of Expenditures of Federal Awards includes only the program expenses of IGREEN's ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors program.

B. Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of IGREEN and is presented in conformity with U.S. generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

C. Basis of Accounting

IGREEN maintains its financial records on the basis of modified accrual accounting and the Schedule of Expenditures of Federal Awards is prepared on that basis, which is in accordance with U.S. generally accepted accounting principles.

**(2) Subsequent Event**

The IGREEN Center ceased operations on January 31, 2013 due to lack of enrollment in the programs. Funding was not provided after June 30, 2013. The IGREEN Center was officially dissolved on September 27, 2013.

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



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with Requirements That Could Have a Direct and Material Effect  
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with the Program - Specific Audit Option Under OMB Circular A-133

To the Officials of Iowa Green Renewable Electrical Energy Network Inc.:

Compliance

We have audited Iowa Green Renewable Electrical Energy Network Inc. (IGREEN)'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 the ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors program for the year ended June 30, 2012. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of IGREEN's management. Our responsibility is to express an opinion on IGREEN'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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors program occurred. An audit includes examining, on a test basis, evidence about IGREEN'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 IGREEN's compliance with those requirements.

In our opinion, IGREEN complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors program for the year ended June 30, 2012.

Internal Control Over Compliance

The management of IGREEN is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered IGREEN's internal control over compliance with requirements that could have a direct and material effect on its ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors program in order 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of IGREEN's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance we consider to be significant deficiencies.


A deficiency in 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.


A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs as items II-A-12 through II-C-12 to be significant deficiencies.

IGREEN's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on IGREEN's responses, we did not audit IGREEN's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of IGREEN and other parties to whom IGREEN 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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of IGREEN during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 30, 2013

Iowa Green Renewable Electrical Energy Network, Inc.  
ARRA – Program of Competitive Grants for  
Worker Training and Placement in High Growth  
and Emerging Industry Sectors

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**Part I: Summary of the Independent Auditor's Results:**

- (a) An unqualified opinion was issued on the Schedule of Expenditures of Federal Awards.
- (b) No material weaknesses in internal control over the ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors program were disclosed by the audit of the Schedule of Expenditures of Federal Awards.
- (c) The audit did not disclose any non-compliance which is material to the Schedule of Expenditures of Federal Awards.
- (d) An unqualified opinion was issued on compliance with requirements applicable to the ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors program.
- (e) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (f) The major program was CFDA Number 17.275 – ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors.

Iowa Green Renewable Electrical Energy Network, Inc.  
ARRA – Program of Competitive Grants for  
Worker Training and Placement in High Growth  
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Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**Part II: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**CFDA Number 17.275: ARRA – Program of Competitive Grants for Worker  
Training and Placement in High-Growth and Emerging Industry Sectors  
Pass-through Agency Number: 11-I-PF-EG-0-11  
Federal Award Year: 2010  
U.S. Department of Labor  
Passed through the Iowa Department of Workforce Development**

II-A-12 Timesheets – For the six employees tested, timesheets were prepared. However, for the three salaried employees, timesheets were not reviewed by a supervisor.

Recommendation – Timesheets should be prepared by all personnel, including salaried employees. Timesheets should then be reviewed and signed by the employee and the employee’s supervisor.

Response –IGREEN is not currently operating. However, if it were to operate in the future, salaried and non salaried employee timesheets will be reviewed by the Director or Assistant Director of the IGREEN corporation.

Conclusion – Response accepted.

II-B-12 Financial Reporting – The contract between the Iowa Department of Workforce Development and IGREEN required monthly financial status reports be submitted by the 20<sup>th</sup> of the following month. For three of the six months tested, the reports were not submitted timely.

Recommendation – Monthly financial status reports should have been submitted by the due date in accordance with the contract.

Response – IGREEN is not currently operating. However, if it were to operate in the future, a calendar reminder in Outlook will be set up for the Financial Accountant to ensure all monthly status reports are filed by the due date.

Conclusion – Response accepted.

II-C-12 Eligibility – One of the eligibility requirements was the participant was an Iowa resident, currently living in Iowa as a student or potentially seeking work in Iowa. For one participant tested, the individual had an out-of-state address and the file did not contain documentation the individual was potentially seeking work in Iowa. Therefore, it is unclear whether the \$995 scholarship provided was allowable.

Iowa Green Renewable Electrical Energy Network, Inc.  
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Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation – Documentation should be maintained in the files for participants documenting compliance with all eligibility requirements.

Response – IGREEN is not currently operating. However, if it were to operate in the future, in the situation where a participant resides in a state other than Iowa, additional review will be performed and documented to determine whether or not the individual works in the State of Iowa. Under the guidance from IWD for out-of-state Iowa workers, the participants working in the State of Iowa could be counted under the grant funds.

The participant examined was a resident of Nebraska under a Union Local which has jurisdiction in the City of Council Bluffs, Iowa.

Conclusion – Response accepted.


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Iowa Green Renewable Electrical Energy Network, Inc.

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager  
Keith C. Kistenmacher, Senior Auditor  
Thomas S. Hebert, Assistant Auditor



Andrew E. Nielsen, CPA  
Deputy Auditor of State