

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

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NEWS RELEASE

FOR RELEASE \_\_\_\_\_ October 11, 2016

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released a report on the Iowa Department of Cultural Affairs for the year ended June 30, 2015.

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

Mosiman recommended the Department implement control procedures to ensure employees record actual hours worked on each separately funded program rather than a predetermined budgeted rate. The Department should also comply with requirements related to the establishment of a certified targeted small business procurement level goal and encourage proper attendance of board members on the Iowa Arts Council. The Department responded favorably to these recommendations.

A copy of the report is available for review in the Iowa Department of Cultural Affairs, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1660-2590-OR00>.

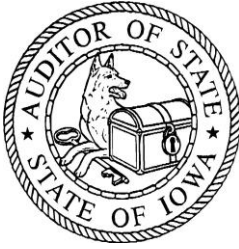
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**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF CULTURAL AFFAIRS**

**JUNE 30, 2015**

**Iowa Department of Cultural Affairs**



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September 30, 2016

To Mary Cownie, 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, 2015.

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 recommendations which are reported on the following pages. We believe you should be aware of these recommendations pertaining to the Department's internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with Department personnel and their responses to the recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Cultural Affairs' 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 and employees of the Iowa Department of Cultural Affairs, citizens of the State of Iowa and other parties to whom the Iowa Department of Cultural Affairs 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 matters, 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 6 and they are available to discuss these matters with you.

*Mary Mosiman*  
MARY MOSIMAN, CPA  
Auditor of State

cc: Honorable Terry E. Branstad, Governor  
David Roederer, Director, Department of Management  
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2015

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

No matters were noted.

**Findings Reported in the State's Report on Internal Control:**

No matters were noted.

**Other Finding Related to Internal Control:**

Payroll Distribution – According to the amended session law, the Department may charge personal services for planning purposes to the Rebuild Iowa Infrastructure Fund for the Museum Renovation Project. The Department did not have a mechanism to support actual time spent on the program. The Department budgeted salary expenses of \$111,119 for fiscal year 2015 at the beginning of the year for the museum renovation project before the services were performed. The use of a predetermined distribution percentage resulted in actual personal services of \$108,435 charged to the Museum Renovation Project. While the Department retained evidence work was done on the project, the support does not contain evidence of the number of hours spent working on the renovation project. Multiple Department employees worked on more than one program throughout the year and allocated time to the renovation project based on budgeted amounts versus verified supporting documentation.

Recommendation – The Department should ensure employees record actual hours worked on each separately funded program rather than a predetermined budgeted rate.

Response – The Department aligned salaries to the Rebuild Iowa Infrastructure Fund project in a manner that was consistent with our usual salary distribution practices. The Department uses the Department of Administrative Services (DAS) salary distribution process which aligns salaries with responsibilities. This practice was used during the period of fiscal year 2015 through February 2016 in fiscal year 2016 at which time our work on the project was completed. The Department acknowledges the finding and based upon this guidance, if the issue comes up again, we will track salary costs on an hourly basis.

Conclusion – Response accepted.

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

- (A) Iowa Code Compliance – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

The TSB procurement goal for the Department for fiscal year 2015 was not set at a level exceeding the fiscal year 2014 actual TSB spending.

Report of Recommendations to the Iowa Department of Cultural Affairs

June 30, 2015

Recommendation - The Department should establish a dollar amount procurement level exceeding the previous fiscal year certified targeted small businesses procurement level as required.

Response - In the future, the Department will establish a procurement goal that exceeds the procurement level from certified targeted small businesses during the previous fiscal year.

Conclusion - Response accepted.

- (B) Council Member Attendance - Chapter 69.15 of the Code of Iowa provides a person appointed by the Governor to a board is deemed to have submitted a resignation if they do not attend three or more consecutive meetings or if they attend less than one-half of the regular meetings within twelve calendar months beginning on July 1.

Two members of the Iowa Arts Council appointed by the Governor did not comply with the attendance requirements of Chapter 69.15 of the Code of Iowa.

Recommendation - The Council should work with the Office of the Governor and the Code of Iowa designated members to encourage attendance at future meetings.

Response - We will continue to monitor meeting attendance and work with the Office of the Governor to appoint members as necessary.

Conclusion - Response accepted.

Report of Recommendations to the Iowa Department of Cultural Affairs

June 30, 2015

**Staff:**

Questions or requests for further assistance should be directed to:

Suzanne R. Dahlstrom, CPA, Manager  
Jesse J. Probasco, CPA, Staff Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Ryan M. Barrett, Assistant Auditor  
Melinda D. Lawrence, Assistant Auditor  
Eileen D. Loomis, Assistant Auditor