



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

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NEWS RELEASE

FOR RELEASE

December 28, 2020

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Auditor of State Rob Sand today released a report on the Targeted Small Business (TSB) Procurement Goals for the State of Iowa. The engagement was performed pursuant to section 11.26 of the Code of Iowa.

Section 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 TSB Marketing and Compliance Manager of the Iowa Economic Development Authority, to establish a procurement goal for certified targeted small businesses each fiscal year.

This engagement was performed to report whether state agencies are meeting their goal for procurement activities and compliance with the forty-eight-hour notice provision included in sections 73.15 through 73.21 of the Code of Iowa. The report also summarizes FY 2020 actual TSB spending compared to the respective FY 2020 TSB procurement goals reported to the Iowa Economic Development Authority.

The report indicates two of 71 state agencies did not set a TSB procurement goal. However, one of these agencies did not have any budgeted expenditures for FY 2020. Of the 69 state agencies which established TSB procurement goals, 17 did not set their FY 2020 TSB goals greater than their FY 2019 actual TSB spending. For six of those 17 state agencies, FY 2020 actual TSB spending exceeded the FY 2019 actual TSB spending.

Recommendations to address the specific issues noted in the report will be included in the Report of Recommendations for the respective state agencies for the year ended June 30, 2020.

Expanded Analysis of the Iowa Targeted Small Business Procurement Program – The Office of Auditor of State has performed an analysis of the Iowa Targeted Small Business Program in Iowa. The analysis includes information on the program requirements, the challenges for State agencies in complying with those requirements and recommendations for meeting those challenges. A report summarizing the results of that analysis will be issued at a later date.

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**IOWA ECONOMIC DEVELOPMENT AUTHORITY –
TARGETED SMALL BUSINESS**

JUNE 30, 2020

**Iowa Economic Development Authority –
Targeted Small Business**



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STATE OF IOWA

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Rob Sand
Auditor of State

November 2, 2020

To the Governor and Members of the General Assembly:

As required by section 11.26 of the Code of Iowa, we hereby submit this report on our review of targeted small business procurement activities for the year ended June 30, 2020. The report includes the results of our review.

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

Report on Targeted Small Business Procurement Goals

Introduction

Section 11.26 of the Code of Iowa requires the Auditor of State to annually conduct a review of whether state agencies are meeting their goal for procurement activities and compliance with the forty-eight-hour notice provision included in sections 73.15 through 73.21 of the Code of Iowa.

Background

On December 8, 2006, the Targeted Small Business (TSB) Task Force presented six recommendations to Governor Vilsack to improve the TSB program. These recommendations were included in HF 890, which was signed by Governor Culver on May 22, 2007.

Establishment of Procurement Goals

Section 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 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.

Section 73.16(2) of the Code of Iowa also specifies an additional goal to procure at least 40% of the total value of anticipated TSB procurements of goods and services from minority-owned businesses, 40% from female-owned businesses and 40% from service-disabled veteran-owned businesses that are targeted small businesses. This additional goal was not established for the year ended June 30, 2020 (FY 2020).

Procurement goals are established through phone conversations and e-mails between the TSB Marketing and Compliance Manager and the state agency designee. The TSB procurement goal and the state agencies concurrence with the goal is documented in the Quarterly Reports sent to the TSB Marketing and Compliance Manager.

Two of 71 state agencies did not set a TSB procurement goal. However, one of these agencies did not have any budgeted expenditures for 2020. Of the 69 state agencies which established TSB procurement goals, 17 did not set FY 2020 TSB procurement goals greater than their FY 2019 actual TSB spending. However, for 6 of these 17 state agencies, FY 2020 actual TSB spending exceeded the FY 2019 actual TSB spending. As required by section 73.16 of the Code of Iowa, procurement goals for state agencies are to be established at a level which exceeds the procurement level during the previous fiscal year.

Reporting Actual TSB Spending

State agencies with an established TSB procurement goal are required to report the dollar amount of purchases from certified targeted small businesses to the TSB Marketing and Compliance Manager on a quarterly basis within 15 business days following the end of the calendar quarter.

The State Agencies Report summarizes FY 2020 actual TSB spending compared to the respective FY 2020 TSB procurement goals reported to the IEDA.

Although 30 of the 69 state agencies did not meet their FY 2020 TSB procurement goals, total FY 2020 actual TSB spending exceeded the total FY 2020 TSB procurement goals by approximately \$7,416,000.

The IEDA should continue to work with state agencies to establish procurement goals in compliance with the Code of Iowa.

Notification of Bids

Section 73.16 of the Code of Iowa requires each state agency having purchasing authority to issue electronic bid notices for distribution to the TSB internet site 48 hours prior to the issuance of bid notices to all vendors. The IEDA has established the TSB internet site on which state agencies post requests for bids. Bid notices are to be posted on the Iowa Department of Administrative Services (DAS) internet site or the state agency's own internet site at least 48 hours later.

Section 262.34A(2) of the Code of Iowa includes language which exempts the Board of Regents from the 48-hour notification requirement.

Recommendations to State Agencies

Recommendations to address the specific issues noted above will be included in the Report of Recommendations for the respective state agencies for the year ended June 30, 2020.

Expanded Analysis of the Iowa Targeted Small Business Procurement Program – The Office of Auditor of State has performed an analysis of the Iowa Targeted Small Business Program in Iowa. The analysis includes information on the program requirements, the challenges for State agencies in complying with those requirements and recommendations for meeting those challenges. A report summarizing the results of that analysis will be issued at a later date.

State Agencies Report
Year ended June 30, 2020

No.	State Agency	Agency #	FY 2019 Actual Targeted Small Business Spending Reported	FY 2020 Targeted Small Business Procurement Goal	FY 2020 Actual Targeted Small Business Spending Reported	FY 2020 Actual Spending Over (Under) Goal	FY 2020 Actual As a % of Goal
1	Administrative Services	005	\$ 152,673.19	\$ 160,000.00	\$257,652.20	\$ 97,652.20	161%
2	Agriculture and Land Stewardship	009	92,911.57	93,000.00	690,044.35	597,044.35	742%
3	Attorney General	114	44,843.08	44,900.00	55,553.70	10,653.70	124%
4	Auditor of State	126	11,390.00	* 11,390.00	96,040.20	84,650.20	843%
5	Blind	131	1,480.00	30,050.00	275.00	(29,775.00)	1%
6	Ethics and Campaign Disclosure	140	-	281.00	226.00	(55.00)	80%
7	Civil Rights	167	5,841.16	14,000.00	2,935.53	(11,064.47)	21%
8	Chief Information Officer	185	221,952.51	* 150,000.00	135,635.11	(14,364.89)	90%
9	Commerce - Alcoholic Beverages	212	9,501.85	10,000.00	4,080.43	(5,919.57)	41%
10	Commerce - Banking, Licensing	213 & 217	288.00	90,000.00	350.00	(89,650.00)	0%
11	Commerce - Credit Union	214	725.00	726.00	1,889.60	1,163.60	260%
12	Commerce - Insurance	216	11,160.21	12,000.00	22,167.19	10,167.19	185%
13	Commerce - Utilities	219	355,578.94	* 261,642.00	304,132.61	42,490.61	116%
14	Corrections - Central Office	238	3,461.12	* 1,000.00	-	(1,000.00)	0%
15	Corrections - Fort Madison	242	84,967.95	99,200.00	128,538.97	29,338.97	130%
16	Corrections - Anamosa	243	41,202.47	41,500.00	33,203.05	(8,296.95)	80%
17	Corrections - Oakdale Medical and Classification Center	244	80,898.86	81,000.00	66,705.05	(14,294.95)	82%
18	Corrections - Newton	245	105,270.78	* 105,000.00	116,183.01	11,183.01	111%
19	Corrections - Mt. Pleasant	246	85,454.65	85,500.00	42,914.28	(42,585.72)	50%
20	Corrections - Rockwell City	247	2,972.00	10,000.00	36,166.34	26,166.34	362%
21	Corrections - Clarinda	248	171,750.86	172,000.00	83,216.86	(88,783.14)	48%
22	Corrections - Mitchellville	249	9,695.70	* 6,900.00	56,098.91	49,198.91	813%
23	Corrections - Prison Industries	250	72,212.54	* 44,000.00	47,951.74	3,951.74	109%
24	Corrections - Fort Dodge	252	46,925.00	47,100.00	15,756.89	(31,343.11)	33%
25	Cultural Affairs	265	55,467.88	56,000.00	66,351.72	10,351.72	118%
26	Iowa Economic Development Authority	269, 275 & 301	22,509.04	22,600.00	33,470.93	10,870.93	148%
27	Iowa Finance Authority	270	17,764.25	* -	10,783.00	10,783.00	
28	Education	282	122,827.37	125,000.00	153,873.98	28,873.98	123%
29	Vocational Rehabilitation	283	34,868.82	34,880.00	60,150.77	25,270.77	172%
30	College Aid Commission	284	10,668.26	47,250.00	58,358.92	11,108.92	124%
31	Iowa Public Television	285	178,806.63	178,808.00	120,956.60	(57,851.40)	68%
32	Aging	297	7,644.70	7,700.00	26,948.25	19,248.25	350%
33	Workforce Development	309	131,595.60	235,000.00	132,681.28	(102,318.72)	56%
34	General Services Capitals	335	495,612.52	* 25,000.00	240,388.03	215,388.03	962%
35	ICN	336	116,341.54	125,000.00	29,320.17	(95,679.83)	23%
36	Governor	350	612.52	1,000.00	9,979.66	8,979.66	998%
37	Human Rights	379	20,589.60	25,000.00	11,389.37	(13,610.63)	46%
38	Human Services - Administration	401	1,831.34	2,000.00	1,288,228.18	1,286,228.18	64411%
39	Human Services - Community Services	402	96,706.45	100,000.00	53,421.65	(46,578.35)	53%
40	Human Services - Eldora	405	21,804.49	* 21,020.00	47,638.33	26,618.33	227%

State Agencies Report
Year ended June 30, 2020

No.	State Agency	Agency #	FY 2019 Actual Targeted Small Business Spending Reported	FY 2020 Targeted Small Business Procurement Goal	FY 2020 Actual Targeted Small Business Spending Reported	FY 2020 Actual Spending Over (Under) Goal	FY 2020 Actual As a % of Goal	
41	Human Services - Cherokee MHI	407	6,326.28	*	2,750.00	3,282.40	532.40	119%
42	Human Services - Independence MHI	409	17,786.86		30,000.00	29,843.51	(156.49)	99%
43	Human Services - Glenwood Resource Center	411	43,350.38		47,685.42	296,406.53	248,721.11	622%
44	Human Services - Woodward Resource Center	412	418,518.56		468,792.51	598,271.55	129,479.04	128%
45	Human Services - Assistance Payments	413	334,177.20		350,000.00	386,891.49	36,891.49	111%
46	Inspections and Appeals	427	23,608.68		94,000.00	22,482.95	(71,517.05)	24%
47	Public Defender	428	178,795.68		205,000.00	227,847.03	22,847.03	111%
48	Racing and Gaming	429	-		11,600.00	15,250.00	3,650.00	131%
49	Judicial	444	257,447.62	*	230,000.00	241,521.97	11,521.97	105%
50	Law Enforcement Academy	467	14,871.51		15,000.00	21,935.77	6,935.77	146%
51	Citizens' Aide/Ombudsman	503	5,191.60		5,200.00	60.00	(5,140.00)	1%
52	Legislative Services Agency	504	14,336.20		56,402.00	9,324.00	(47,078.00)	17%
53	Management	532	776.20		1,000.00	411.25	(588.75)	41%
54	Natural Resources	543	618,363.30		800,000.00	581,460.32	(218,539.68)	73%
55	Parole Board	547	8,213.50	*	3,500.00	-	(3,500.00)	0%
56	IPERS	553	201,266.40	*	195,000.00	136,141.84	(58,858.16)	70%
57	Public Employment Relations Board	572	15,319.18	*	7,065.00	23,604.05	16,539.05	334%
58	Public Defense	584	1,052,138.00		1,052,500.00	309,585.45	(742,914.55)	29%
59	Homeland Security and Emergency Management	583	23,366.80		25,703.48	21,856.38	(3,847.10)	85%
60	Public Health	588	831,728.74		835,000.00	1,250,092.56	415,092.56	150%
61	Public Information Board	592	64.50	*	20.00	52.00	32.00	260%
62	Public Safety	595	110,533.89		112,000.00	151,620.33	39,620.33	135%
63	Revenue	625	420,514.20		421,000.00	7,236.17	(413,763.83)	2%
64	Secretary of State	635	41,503.34		150,000.00	25,659.96	(124,340.04)	17%
65	Office of Drug Control Policy	642	-		NG	-	-	
66	Transportation, Capitals	646	28,174,079.61	*	21,500,000.00	28,377,126.83	6,877,126.83	132%
67	Treasurer of State	655	1,725.75		1,730.00	11,234.00	9,504.00	649%
68	Veterans Affairs	670	775.00		1,000.00	1,762.00	762.00	176%
69	Veterans Home	671	76,390.59		80,000.00	95,189.18	15,189.18	119%
70	Veterans Home, Capitals	672	-		NG	-	-	
71	Board of Regents		8,691,413.00		8,719,413.00	8,026,899.00	(692,514.00)	92%
	Total		\$ 44,531,391.02		\$ 37,998,808.41	\$ 45,414,706.38	\$ 7,415,897.97	

* - FY 2020 TSB procurement goal is less than or equal to FY 2019 actual TSB spending.

NG - Goal not established.

Source: TSB Procurement Goals and Quarterly Reports on file with the Iowa Economic Development Authority and TSB Purchases of Goods and Services report, 1/3 Report ID: FR194.