



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

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Auditor of State

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**NEWS RELEASE**

Contact: Ernest Ruben  
515/281-5834

**FOR RELEASE**

**July 22, 2022**

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Auditor of State Rob Sand today released an agreed-upon procedures report on the Iowa Sheep and Wool Promotion Board for the period July 1, 2019 through June 30, 2021.

Sand reported two findings related to the receipt and disbursement of taxpayer funds. They are found on page 9 of this report. The findings addressed a lack of segregation of duties and lack of evidence of independent review of bank reconciliations. Sand provided the Board with recommendations to address the findings.

None of the findings discussed above are repeated from the prior report. The Board has a fiduciary responsibility to provide oversight of the Board's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the agreed-upon procedures report is available for review on the Auditor of State's web site at [Audit Reports - Auditor of State](#).

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**IOWA SHEEP AND WOOL PROMOTION BOARD**  
**AUDITOR OF STATE'S INDEPENDENT REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**  
**FOR THE PERIOD**  
**JULY 1, 2019 THROUGH JUNE 30, 2021**

**Iowa Sheep and Wool Promotion Board**



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Rob Sand  
Auditor of State

June 21, 2022

Officials of the Iowa Sheep and Wool Promotion Board  
Des Moines, Iowa

To the Members of the Iowa Sheep and Wool Promotion Board:

I am pleased to submit to you the agreed-upon procedures report for the Iowa Sheep and Wool Promotion Board for the period July 1, 2019 through June 30, 2021. The agreed-upon procedures engagement was performed pursuant to Chapter 182.23 of the Code of Iowa and in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Sheep and Wool Promotion Board throughout the agreed-upon procedures engagement. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

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

Rob Sand  
Auditor of State

## Table of Contents

	<u>Page</u>
Officials	3
Auditor of State's Independent Report on Applying Agreed-Upon Procedures	4-5
Schedule:	<u>Schedule</u>
Summary of Receipts, Disbursements and Changes in Cash Balances	1                      7
Detailed Findings and Recommendations	9
Staff	10

## Iowa Sheep and Wool Promotion Board

### Officials

Name

Title

### State

Honorable Kim K. Reynolds  
Kraig Paulsen  
Tim McDermott

Governor  
Interim Director, Department of Management  
Interim Director, Legislative Services Agency

### Board

Dan Smicker  
Barb Clawson  
Lauren Petersen  
Kevin Goeken  
Janna Feldman  
Jacob Petersen  
Deb Pulin-Vanauken  
Kenneth Zimmerman

Chairperson  
Vice Chairperson  
Secretary  
Treasurer  
Member  
Member  
Member  
Member

### Ex Officio Members

Michael Naig  
Dan Robison  
Randall Voss

Secretary, Iowa Department of Agriculture and Land  
Stewardship  
Endowed Dean, College of Agriculture, Iowa State  
University  
Chair, Iowa Sheep Industry Association



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Auditor of State's Independent Report on Applying Agreed-Upon Procedures

To the Members of the  
Iowa Sheep and Wool Promotion Board:

We performed the procedures below, which were agreed to by the Iowa Sheep and Wool Promotion Board (Board), solely to assist you in evaluating the operations of the Board. Accordingly, we have applied certain procedures to selected accounting records and related information of the Iowa Sheep and Wool Promotion Board for the period July 1, 2019 through June 30, 2021. The Iowa Sheep and Wool Promotion Board's management, which agreed to the performance of the procedures performed, is responsible for the Board's records.

This agreed-upon-procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The Iowa Sheep and Wool Promotion Board's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to report, in accordance with Chapter 11.6 of the Code of Iowa, recommendations pertaining to selected Code of Iowa requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed were as follows:

1. Traced certain receipts and disbursements of the Board for propriety.
2. Observed bank reconciliations of the Board for propriety.
3. Observed minutes of the Board for propriety.
4. Observed internal controls over receipts and disbursements of the Board.

Based on the performance of the procedures described above, we identified certain findings and recommendations for the Board. Our finding and recommendation are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Findings and Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

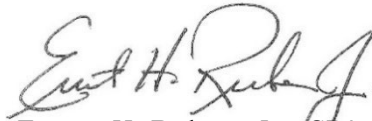
We were engaged by the Iowa Sheep and Wool Promotion Board's management to perform this agreed-upon-procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on specific accounting records and related information of the Board, including compliance with specific Code of Iowa requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Iowa Sheep and Wool Promotion Board and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is to report, in accordance with Chapter 11.6 of the Code of Iowa, certain agreed-upon-procedures and the resulting findings and recommendations pertaining to selected accounting records and related information of the Board, including the Board's compliance with certain Code of Iowa requirements. This report is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Sheep and Wool Promotion Board during the course of our agreed-upon-procedures engagement. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Sheep and Wool Promotion Board during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

June 21, 2022



**Iowa Sheep and Wool Promotion Board**

## Iowa Sheep and Wool Promotion Board

## Summary of Receipts, Disbursements and Changes in Cash Balances

For the years ended June 30, 2020 and June 30, 2021

	2021	2020
Operating receipts:		
Assessments	\$ 26,135	25,370
Less refunds	(953)	(904)
Net operating receipts	25,182	24,466
Operating disbursements:		
Administration	4,176	2,016
Education - consumer	7,783	6,138
Education - producer	13,917	7,083
Total disbursements	25,876	15,237
Changes in cash balances	(694)	9,229
Cash balance beginning of year	74,329	65,100
Cash balance end of year	\$ 73,635	74,329

## **Detailed Findings and Recommendations**

Sheep and Wool Promotion Board

Detailed Findings and Recommendations

For the period July 1, 2019 through June 30, 2021

(A) Segregation of Duties – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Board's financial statements. Generally, one individual has control over each of the following areas for the Board:

- (1) Receipts – opening mail, collecting, depositing, recording and reconciling.
- (2) Disbursements – processing, check writing, mailing, reconciling and recording.
- (3) Financial reporting – preparing and reconciling.

Recommendation – We realize segregation of duties is difficult with a limited number of Board members. However, the Board should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available individuals. Independent reviews of reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

Response – The Board will review their control procedures and discuss how to implement more segregation, if possible. Electronic shared files will be established to allow review of all financial documents in a timely manner.

Conclusion – Response accepted.

(B) Bank Reconciliation – Although bank reconciliations were performed on a monthly basis for the years ended June 30, 2020 and 2021, the reconciliations did not indicate evidence of independent review.

Recommendation – An independent person should review the monthly bank reconciliations and document the review by signing or initialing and dating the reconciliations.

Response – Electronic shared files will be established, and electronic signature options investigated to allow for review of bank statements and reconciliations with online signatures after review.

Conclusion – Response accepted.

Iowa Sheep and Wool Promotion Board

Staff

This agreed-upon procedures engagement was performed by:

Ernest H. Ruben, Jr., CPA, Deputy  
Gwen D. Fangman, CPA, Manager  
Joseph G. Timmons, Staff Auditor