



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

September 17, 2024

Auditor of State Rob Sand today released a report on the Public Employment Relations Board (PERB) for the year ended June 30, 2021.

The Public Employment Relations Board is charged with administering the Public Employment Relations Act which defines the collective bargaining rights and duties of Iowa public employers and employees. The Board promotes cooperative relationships between government and its employees.

AUDIT FINDINGS:

Sand reported two findings related to the Board. The findings are on pages 3 and 4 of this report. Sand recommended the Board implement procedures to ensure internal control policies are followed related to the approval of claims and compensatory time accrual complies with the Board's policy. The Board's responses to these recommendations are included in the report.

Management of the Public Employment Relations Board have a fiduciary responsibility to provide oversight of the Board's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" management exercises in its fiduciary capacity.

A copy of the report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

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**REPORT OF RECOMMENDATIONS TO THE
PUBLIC EMPLOYMENT RELATIONS BOARD**

JUNE 30, 2021

Public Employment Relations Board



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834

Rob Sand
Auditor of State

September 3, 2024

Public Employment Relations Board
Des Moines, Iowa

To the Members of the Public Employment Relations Board:

I am pleased to submit to you this Report of Recommendations for the Public Employment Relations Board for the year ended June 30, 2021. The report includes findings pertaining to the Board's internal control and statutory compliance which resulted from the fiscal year 2021 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of the Public Employment Relations Board throughout the audit. 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

Public Employment Relations Board



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Des Moines, Iowa 50319-0006
Telephone (515) 281-5834

September 3, 2024

To the Members of the Public Employment Relations Board:

The Public Employment Relations Board is a part of the State of Iowa and, as such, has been included in our audits of the State's Annual Comprehensive Financial Report (ACFR) and the State's Single Audit Report for the year ended June 30, 2021.

In conducting our audits, we became aware of certain aspects concerning the Board'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, which pertain to the Board's internal control and statutory requirements and other matters. These recommendations have been discussed with Board personnel and their responses to these recommendations are included in this report. While we have expressed our conclusion on the Board's responses, we did not audit the Public Employment Relations Board'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 and employees of the Public Employment Relations Board, citizens of the State of Iowa and other parties to whom the Board 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 Board during the course of our audits. Should you have questions concerning the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the Board are listed on page 5, and they are available to discuss these matters with you.

A handwritten signature in black ink, appearing to read "Brian R. Brustkern".

Brian R. Brustkern, CPA
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor
Kraig Paulsen, Director, Department of Management
Tim McDermott, Director, Legislative Services Agency

June 30, 2021

Finding Reported in the State's Single Audit Report:

No matters were reported.

Finding Reported in the State's Report on Internal Control:

No matters were reported.

Other Finding Related to Internal Control:

Contract Approval and Conflict of Interest

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity's governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include the approval of Board contracts as evidenced in the Board minutes. In addition, State of Iowa Department of Administrative Services (DAS) – Central Procurement – Policy and Procedure Manual page 45 related to conflict of interest requires when a potential conflict of interest arises, the state employee with the conflict must disclose any substantial interest in a contract and make their interest known in the public record and must refrain from voting upon, or otherwise participating in any manner as an officer in such contract.

Condition – The Board Chair entered into a contact with the son of a Board member for temporary clerical services for the period June 3, 2020 through August 31, 2020 which resulted in a total payment of \$120. The contact was presented to the Board for payment on August 5, 2020; however, the payment was not approved. In addition, the contract involved a conflict of interest regarding a Board member's son. Although the Board member with the conflict of interest initially seconded the motion to approve the independent contractor, she later withdrew her second to this motion. The Board member's conflict of interest was not disclosed in the minutes.

Cause – Although policies and procedures are in place to review and approve contracts at each Board meeting and also to address conflicts of interest, the final approval of the contract and the disclosure of the conflict of interest was not documented.

Effect – The amounts paid for temporary work was not approved by the Board as required. Policies and procedures related to conflict of interest were not followed.

Recommendation – The Department should implement procedures to ensure all contracts are approved in the Board minutes. In addition, the Board should comply with the requirements of the DAS – Central Procurement – Policy and Procedure Manual.

Response – The contract issue was discovered and resolved by the Board prior to the audit. The issues were self-reported and documented by the Board prior to the auditor and voluntarily provided to the auditor's office during the audit. A conflict of interest/interested party policy was reiterated by the Board. PERB has moved finance and budget oversight to DAS for long term compliance and support.

Conclusion – Response accepted.

Report of Recommendations to the Public Employment Relations Board

June 30, 2021

Finding Related to Statutory Requirements and Other Matters:

Compensation Time – The Board’s policies on work hours effective July 23, 2007 state salaried employees classified as professional by the State of Iowa are Fair Labor Standards Act (FLSA)-exempt and are not entitled to overtime pay or banked compensatory time off for overtime hours worked. During fiscal year 2021, compensatory time for one professional staff employee was being utilized and tracked separately from the Integrated Information for Iowa (I/3) system.

Recommendation – The Board should discontinue providing compensatory time for salaried employees classified as professional staff in accordance with Board policy and the FLSA.

Response – The Comp Time policy and contract was discovered and resolved by the Board prior to the audit. The issues were self-reported and documented by the Board prior to the auditor and voluntarily provided to the auditor’s office during the audit. The previous policy was ended and PERB came into compliance with DAS on January 6, 2021. This is reflected in the January 10, 2022 PERB meeting minutes. Working in conjunction with DAS the aggregate payout was honored for the employee benefiting from PERB’s policy. PERB has now moved HR matters to DAS-HRE to ensure long term compliance.

Conclusion – Response accepted.

Report of Recommendations to the Public Employment Relations Board

Staff

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Suzanne R. Dahlstrom, CPA, Manager
Alex N. Kawamura, CPA Manager
Kerillos M. Hana, Staff Auditor