



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
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Rob Sand
Auditor of State

NEWS RELEASE

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

October 1, 2024

Auditor of State Rob Sand today released a report on the Iowa Department of Cultural Affairs for the year ended June 30, 2023.

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

AUDIT FINDINGS:

Sand reported two findings pertaining to the Iowa Department of Cultural Affairs. The findings can be found on pages 3 and 4 of this report. The findings address a lack of compliance with State travel policies and federal requirements for payroll allocation. Sand provided the Department with recommendations to address the findings.

Management of the Iowa Department of Cultural Affairs has a fiduciary responsibility to provide oversight of the Department'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 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
IOWA DEPARTMENT OF CULTURAL AFFAIRS**

JUNE 30, 2023

Iowa Department of Cultural Affairs



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Rob Sand
Auditor of State

September 27, 2024

Iowa Economic Development Authority
Des Moines, Iowa

To the Members of the Iowa Economic Development Authority:

I am pleased to submit to you this Report of Recommendations for the Iowa Department of Cultural Affairs for the year ended June 30, 2023. The report includes audit findings pertaining to the Department's compliance which resulted from the fiscal year 2023 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Department of Cultural Affairs 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

Iowa Department of Cultural Affairs



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Rob Sand
Auditor of State

September 27, 2024

To Deborah V. Durham, Director of the Iowa Economic Development Authority:

The Iowa Department of Cultural Affairs is a part of the State of Iowa and, as such, has been included in our audit of the State's Annual Comprehensive Financial Report (ACFR) and the State's Single Audit Report for the year ended June 30, 2023.

In conducting our audit, 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 which pertain to the Department's 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 conclusion on the Department's responses, we did not audit the Department'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 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 any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audit of the Iowa Department of Cultural Affairs 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, 2023

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

No matters were reported.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

(1) Questionable Expenditures

In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General's opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain disbursements were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion since the public benefits to be derived have not been clearly documented.

Of the transactions tested during fiscal year 2023, six included meal purchases, related to meetings, totaling \$2,737. The meals were often purchased following a meeting and did not include documentation of public purpose or how the meal was an integral part of the meeting. In addition, there were a few instances where the meals purchased exceeded the State's allowable amounts per the State Accounting Enterprise Manual.

Recommendation – The Department should determine and document the public purpose served by this type of expenditure before authorizing any further such payments. In addition, meal reimbursements should not exceed the State's maximum allowable amounts.

Response – The Iowa Department of Administrative Services (DAS) and the Iowa Economic Development Authority (EDA) will ensure that payments to former Department of Cultural Affairs' staff in travel status or attending a meeting where a meal is involved will comply with the policies and procedures stipulated in the State Accounting Enterprise manual. Additionally, sufficient and proper documentation will be provided for any meeting that requires staff to work/meet through the lunch hour and a meal is provided.

Conclusion – Response accepted.

(2) Payroll Allocation

The U.S. Code of Federal Regulations sets requirements for entities awarded with federal grants. Title 2 section 200.430 of the CFR contains requirements for compensation for personal services. Budgeted estimates may be used as long as they are reasonable approximations of actual activity performed and are later reviewed and supported by records that depict employees' time distributions and specific activities.

In reviewing the Department of Cultural Affairs' federal payroll allocations, we determined that the estimates used for the budgeted allocations were not adequately supported. A time study was not conducted to document the time spent on federal programs.

Report of Recommendations to the Iowa Department of Cultural Affairs

June 30, 2023

Recommendation – The Department should develop and implement procedures to ensure federal funds are only expended for allowable activities, including payroll costs specifically related to the program.

Response – Beginning with the first pay period of SFY24 all staff who transitioned from Department of Cultural Affairs to DAS/IEDA will utilize the State of Iowa’s payroll system (WorkDay) and record their time to both state and federal programs as they work on them. This will satisfy the federal requirement of the CFR.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Cultural Affairs

June 30, 2023

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Tiffany M. Ainger, CPA, Manager
Allison L. Carlon, Staff Auditor