

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

JUNE 30, 2025



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Rob Sand
Auditor of State

December 17, 2025

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, 2025. 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 48-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.

Senate File (SF) 514 and SF 513 were effective July 1, 2023 (fiscal year 2024). SF 514 and SF 513 lead to the alignment of the executive branch structure, operations and personnel, reducing the total number of cabinet-level departments from 37 to 16. As a result of the realignment, actual spending for FY 2024 was reported for the Department of Commerce Alcoholic Beverages Division, the Department of Aging, the Department of Human Rights, Human Services State Training School – Eldora, Human Services Mental Health Institution and Civil Commitment Unit for Sexual Offenders – Cherokee, Human Services Woodward Resource Center, the Public Employment Relations Board and the Department of Public Health; however, the FY 2025 goals were included with the new state agency. Although, Human Services Mental Health Institute – Independence and Human Services Glenwood Resource Center were combined with another state agency, they reported actual spending for FY 2024 and set goals for FY 2025; however, did not report actual spending for FY 2025, as these expenditures were included in the combined state agency.

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.

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 55 state agencies which should have set a TSB procurement goal did not and they reported zero actual expenditures for FY 2025. Of the 53 state agencies which established TSB procurement goals, which excludes the two entities noted above, thirteen did not set FY 2025 TSB procurement goals greater than their FY 2024 actual TSB spending. However, for two of these thirteen state agencies, FY 2025 actual TSB spending exceeded the FY 2024 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. We selected the 4th quarter of FY 2025 to test whether reports were submitted timely by state agencies; seven of 55 state agencies did not submit their 4th quarter report timely.

The State Agencies Report summarizes FY 2025 actual TSB spending compared to the respective FY 2025 TSB procurement goals reported to the IEDA.

Although 39 of the 55 state agencies, which submitted their 4th quarter reports, did not meet their FY 2025 TSB procurement goals, the overall total FY 2025 actual TSB spending reported exceeded the total FY 2025 TSB procurement goals by approximately \$15,691,000.

The IEDA should continue to work with state agencies to establish procurement goals in compliance with the Code of Iowa and to obtain all quarterly reports timely, as required.

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.

Eighteen bids tested did not meet the 48-hour notification requirement before being posted to the DAS internet site.

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, 2025.

State Agencies Report
Year ended June 30, 2025

No.	State Agency	Agency #	FY 2024 Actual Targeted Small Business Spending Reported	FY 2025 Targeted Small Business Procurement Goal	FY 2025 Actual Targeted Small Business Spending Reported	FY 2025 Actual Spending Over (Under) Goal	FY 2025 Actual As a % of Goal
1	Administrative Services	005	\$ 448,378.26	* \$ 348,000.00	\$ 348,240.22	\$ 240.22	100%
2	Agriculture and Land Stewardship	009	185,460.15	185,500.00	269,542.53	84,042.53	145%
3	Attorney General	112 & 114	40,306.55	50,000.00	32,157.30	(17,842.70)	64%
4	Auditor of State	126	101,995.00	* 100,545.00	5,534.12	(95,010.88)	6%
5	Blind	131	88,648.18	88,700.00	73,928.22	(14,771.78)	83%
6	Ethics and Campaign Disclosure	140	1,266.00	1,267.00	440.00	(827.00)	35%
7	Chief Information Officer	185	213,374.53	215,000.00	142,137.20	(72,862.80)	66%
8	Commerce - Alcoholic Beverages	212	142,334.67	** -	-	-	-
9	Commerce - Banking, Licensing	213 & 217	400.00	1,000.00	-	(1,000.00)	0%
10	Commerce - Credit Union	214	1,685.81	1,700.00	439.98	(1,260.02)	26%
11	Commerce - Insurance	216	199,061.96	200,000.00	84,243.51	(115,756.49)	42%
12	Commerce - Utilities	219	444,545.70	448,991.00	406,275.87	(42,715.13)	90%
13	Corrections - Central Office	238	8,860.10	* 7,500.00	4,276.97	(3,223.03)	57%
14	Corrections - Fort Madison	242	255,378.71	265,000.00	183,906.62	(81,093.38)	69%
15	Corrections - Anamosa	243	75,446.38	76,000.00	32,478.02	(43,521.98)	43%
16	Corrections - Oakdale Medical and Classification Center	244	81,612.49	* 70,613.00	12,774.85	(57,838.15)	18%
17	Corrections - Newton	245	100,386.34	110,000.00	92,538.29	(17,461.71)	84%
18	Corrections - Mt. Pleasant	246	14,498.00	18,000.00	7,212.43	(10,787.57)	40%
19	Corrections - Rockwell City	247	7,119.00	7,200.00	5,089.00	(2,111.00)	71%
20	Corrections - Clarinda	248	39,538.55	50,000.00	38,866.61	(11,133.39)	78%
21	Corrections - Mitchellville	249	10,452.78	11,500.00	93,328.60	81,828.60	812%
22	Corrections - Prison Industries	250	44,215.63	* 44,000.00	29,169.59	(14,830.41)	66%
23	Corrections - Fort Dodge	252	101,622.13	102,000.00	37,797.47	(64,202.53)	37%
24	Iowa Economic Development Authority	269, 275 & 301	264,172.58	264,500.00	443,632.86	179,132.86	168%
25	Iowa Finance Authority	270	69,769.00	* 50,000.00	30,885.00	(19,115.00)	62%
26	Education	282	65,876.22	100,000.00	165,166.51	65,166.51	165%
27	Vocational Rehabilitation	283	49,241.07	50,000.00	9,064.60	(40,935.40)	18%
28	Iowa Public Television	280 & 285	58,851.47	101,884.00	75,421.49	(26,462.51)	74%
29	Aging	297	15,700.00	** -	-	-	-
30	Workforce Development	309	680,794.71	* 526,000.00	543,840.25	17,840.25	103%
31	General Services Capitals	335	219,287.98	252,000.00	221,417.43	(30,582.57)	88%
32	ICN	336	93,453.34	* 90,000.00	50,703.65	(39,296.35)	56%
33	Governor	350	-	500.00	467.50	(32.50)	94%
34	Human Rights	379	18,910.00	** -	-	-	-
35	Human Services - Assistance Payments, Public Health	400, 401, 402, 413, 588	113,022.64	952,000.00	1,159,572.33	207,572.33	122%
36	Human Services - Eldora	405	18,696.68	** -	-	-	-
37	Human Services - Cherokee MHI & CCUSO	407 & 406	31,681.03	** -	-	-	-

State Agencies Report
Year ended June 30, 2025

No.	State Agency	Agency #	FY 2024 Actual Targeted Small Business Spending Reported	FY 2025 Targeted Small Business Procurement Goal	FY 2025 Actual Targeted Small Business Spending Reported	FY 2025 Actual Spending Over (Under) Goal	FY 2025 Actual As a % of Goal
38	Human Services - Independence MHI	409	50,926.20	*** 51,000.00	-	(51,000.00)	***
39	Human Services - Glenwood Resource Center	411	275,302.30	** -	-	-	**
40	Human Services - Woodward Resource Center	412	388,062.34	*** 390,000.00	-	(390,000.00)	***
41	Inspections and Appeals	427	11,719.13	* 11,700.00	68,089.19	56,389.19	582%
42	Public Defender	428	-	-	-	-	NG
43	Racing and Gaming	429	-	-	-	-	NG
44	Judicial	444	313,311.72	450,000.00	661,251.83	211,251.83	147%
45	Law Enforcement Academy	467	967.84	5,000.00	7,455.73	2,455.73	149%
46	Citizens' Aide/Ombudsman	503	-	20.00	-	(20.00)	0%
47	Legislative Services Agency	504	10,981.61	56,407.00	17,440.06	(38,966.94)	31%
48	Management	532	24,286.25	* 8,100.00	5,971.25	(2,128.75)	74%
49	Natural Resources	542 & 543	410,673.12	412,000.00	749,810.94	337,810.94	182%
50	Parole Board	547	-	1,100.00	-	(1,100.00)	0%
51	IPEERS	553	457,546.29	* 320,000.00	166,156.57	(153,843.43)	52%
52	Public Employment Relations Board	572	9,416.25	** -	-	-	**
53	Public Defense	582 & 584	2,687,488.01	2,821,862.41	1,877,287.28	(944,575.13)	67%
54	Homeland Security and Emergency Management	583	8,740.00	8,750.00	5,446.31	(3,303.69)	62%
55	Public Health	588	71,702.66	** -	-	-	**
56	Public Information Board	592	-	20.00	2,452.00	2,432.00	12260%
57	Public Safety	595	181,268.97	182,000.00	114,724.95	(67,275.05)	63%
58	Revenue	625	30,235.12	172,600.00	9,678.75	(162,921.25)	6%
59	Lottery	627	127,322.91	128,000.00	91,426.76	(36,573.24)	71%
60	Secretary of State	635	135,541.43	260,001.00	172,449.11	(87,551.89)	66%
61	Transportation, Capitals	645 & 646	36,311,807.46	36,500,000.00	53,193,096.72	16,693,096.72	146%
62	Treasurer of State	655	37,403.62	* 12,700.00	3,858.75	(8,841.25)	30%
63	Veteran Affairs	670	-	11,000.00	2,750.00	(8,250.00)	25%
64	Veterans Home	671 & 672	79,925.99	120,000.00	86,380.74	(33,619.26)	72%
65	Board of Regents	BOR	7,698,608.00	* 7,698,608.00	8,265,037.00	566,429.00	107%
	Total		\$ 53,629,280.86	\$ 54,410,268.41	\$ 70,101,312.96	\$ 15,691,044.55	

* - FY 2025 TSB procurement goal is less than or equal to FY 2024 actual TSB spending.

** - Combined with another agency, no goal or spending to report for FY 2025.

*** - Set goal, however spending combined with another agency.

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, Iowa Advantage Report ID: FR194.