



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

David A. Vaudt, CPA  
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State Capitol Building  
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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ May 24, 2011

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released a report on the Department of Management for the year ended June 30, 2010.

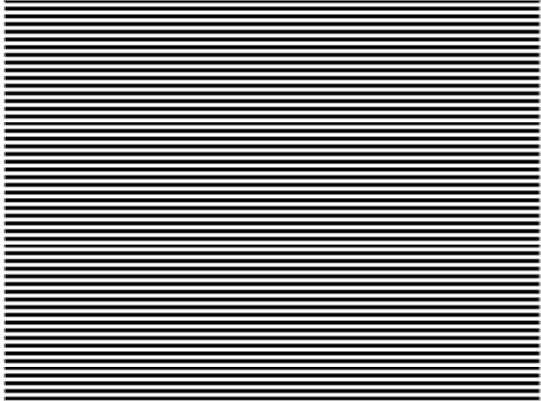
The Department is responsible for state budget development, local government budget support, revenue estimating and economic forecasting for the state of Iowa, policy development and analysis, enterprise project management and governance system development and oversight. The Department is also responsible for community empowerment coordination for early childhood, utility tax replacement administration, state appeal board administration and collective bargaining support.

Vaudt recommended the Department improve controls over federal cash management procedures. The Department responded corrective action is being implemented.

A copy of the report is available for review in the Department of Management, in the Office of Auditor of State and on the Auditor of State's website at:  
<http://auditor.iowa.gov/reports/1160-5320-0R00.pdf>.

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**REPORT OF RECOMMENDATIONS TO THE  
DEPARTMENT OF MANAGEMENT**

**JUNE 30, 2010**

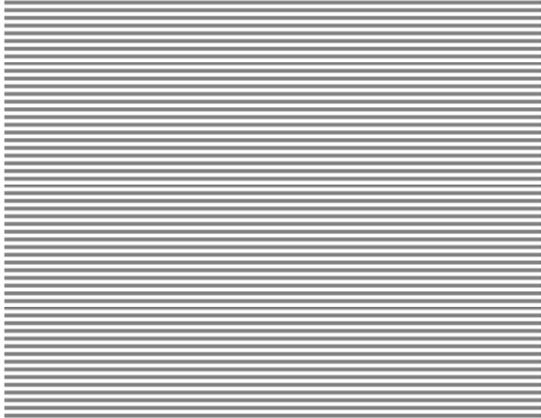
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May 20, 2011

To David Roederer, Director of the  
Department of Management:

The Department of Management is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2010.

In conducting our audits, we became aware of an aspect concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on the following page. We believe you should be aware of this recommendation which was reported in the State's Single Audit Report. This recommendation has been discussed with Department personnel and their response to this recommendation is included in this report. While we have expressed our conclusion on the Department's response, we did not audit the Department of Management's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Department of Management, citizens of the State of Iowa and other parties to whom the Department of Management 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 of Management 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 Department of Management are listed on page 5 and they are available to discuss these matters with you.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor  
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2010

**Finding Reported in the State's Single Audit Report:**

**CFDA Number: 84.394 – ARRA – State Fiscal Stabilization (SFSF) – Education State Grants, Recovery Act**

**Agency Number: None  
Federal Award Year: 2009, 2010**

**CFDA Number: 84.397 – ARRA – State Fiscal Stabilization (SFSF) – Government Services, Recovery Act**

**Agency Number: None  
Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-USDE-532-7**

Cash Management – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. They also minimize the amount of state and other federal funds used to supplant programs until federal funds are received.

The Iowa Department of Management is responsible for the draw and subsequent allocation of funds related to the State Fiscal Stabilization Fund cluster. A review of the Department's records and cash management system identified seven instances during fiscal year 2010 where the cash balance was in excess of \$17,000,000 for five to forty-two business days.

Recommendation – The Department should develop and implement procedures to ensure federal funds are drawn down in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances.

Response and Corrective Action Planned – The Department has revised the cash management procedures in dealing with the State Fiscal Stabilization Fund cluster so only when agencies notify the Department they are in need of expenditure reimbursement, funds will be drawn down. This should eliminate any excess cash balances in the future.

Conclusion – Response accepted.

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

No matters were noted.

**Other Findings Related to Internal Control:**

No matters were noted.

**Findings Related to Statutory Requirements and Other Matters:**

No matters were noted.

Report of Recommendations to the Department of Management

June 30, 2010

**Staff:**

Questions or requests for further assistance should be directed to:

Suzanne R. Dahlstrom., CPA, Manager  
Michael R. Field, Senior Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audit include:

Samantha J. Brincks, CPA, Staff Auditor