

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE July 31, 2013

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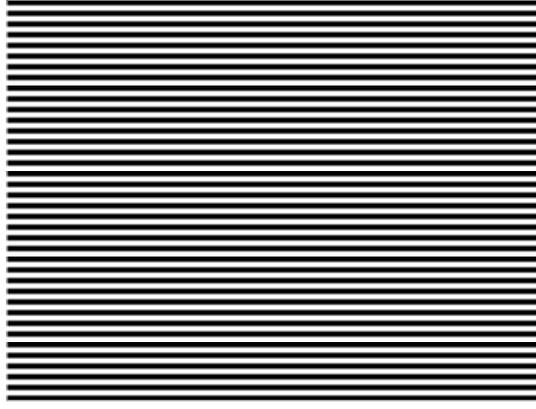
Auditor of State Mary Mosiman today released a report on the Iowa Department of Education for the year ended June 30, 2012.

The Department is empowered to exercise general supervision over the State system of education, including all Iowa local community school districts, merged area schools, area education agencies and other local agencies and non-public schools, to the extent necessary to ascertain compliance with Iowa school laws. In fulfilling the responsibilities assigned to it by law, the Department provides and strives to improve programs and support services necessary to meet the identified state and federal educational needs of Iowa, efficiently and effectively.

Mosiman recommended the Department obtain and process requests for payments submitted by subrecipients more timely and to continue estimating payables to more accurately report payables at year end. The Department should also develop policies and procedures over various aspects of its IT systems. The Department's responses to the recommendations are included in the report.

A copy of the report is available for review in the Iowa Department of Education, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/1360-2820-BR00.pdf>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF EDUCATION**

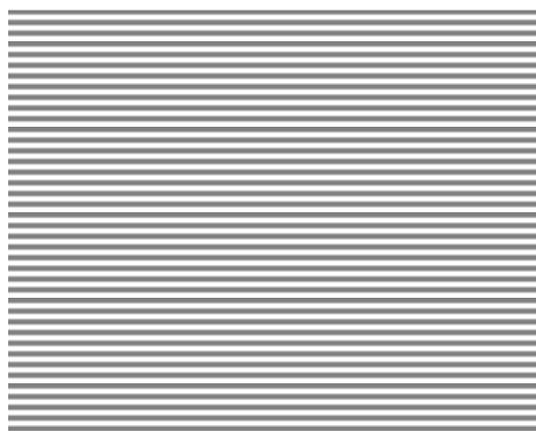
JUNE 30, 2012

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



Mary Mosiman, CPA
Auditor of State





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July 30, 2013

To the Members of the State
Board of Education:

The Iowa Department of Education 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, 2012.

In conducting our audits, 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 include those reported in the State's Single Audit Report and the State's Report on Internal Control, as well as other recommendations pertaining to the Department's internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Education'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 Education, citizens of the State of Iowa and other parties to whom the Iowa Department of Education 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 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 are listed on page 17 and they are available to discuss these matters with you.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2012

Findings Reported in the State's Single Audit Report:

CFDA Number: 10.553 – School Breakfast Program

Agency Number: 2010IN109943, 2011IN109943

Federal Award Year: 2010, 2011

CFDA Number: 10.555 – National School Lunch Program

Agency Number: 2010IN109943, 2011IN109943

Federal Award Year: 2010, 2011

CFDA Number: 10.556 – Special Milk Program for Children

Agency Number: 2010IN109943, 2011IN109943

Federal Award Year: 2010, 2011

CFDA Number: 10.558 – Child and Adult Care Food Program

Agency Number: 2009IN202043, 2010IN202043, 2011IN202043

Federal Award Year: 2009, 2010, 2011

CFDA Number: 10.559 – Summer Food Service Program for Children

Agency Number: 2010IN109943, 2011IN109943

Federal Award Year: 2010, 2011

CFDA Number: 84.010 – Title 1 Grants to Local Educational Agencies

Agency Number: S010A090015, S010A100015, S010A110015

Federal Award Year: 2009, 2010, 2011

CFDA Number: 84.027 – Special Education Grants to States

Agency Number: H027A090097, H027A100097

Federal Award Year: 2009, 2010

CFDA Number: 84.173 – Special Education Preschool Grants

Agency Number: H173A090102, H173A100102

Federal Award Year: 2009, 2010

CFDA Number: 84.367 – Improving Teacher Quality State Grants

Agency Number: S367A080014, S367A090014, S367A100014

Federal Award Year: 2008, 2009, 2010

CFDA Number: 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act

Agency Number: S389A090015

Federal Award Year: 2009

CFDA Number: 84.391 – ARRA – Special Education Grants to States, Recovery Act

Agency Number: H391A090097

Federal Award Year: 2009

State of Iowa Single Audit Report Comments: 12-III-USDA-282-1 and 12-III-USDE-282-5

- (1) Monitoring of Subrecipient Audit Reports – Office of Management and Budget (OMB) Circular A-133 requires the Department to ensure subrecipients expending \$500,000 or more in federal awards have met the audit requirements of OMB Circular A-133.

Report of Recommendations to the Iowa Department of Education

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The Department has established policies and procedures for obtaining and performing desk reviews of audit reports for subrecipients which expend more than \$500,000 from the Department each year. However, the checklist used to document such reviews is not sufficient to determine whether the audit was performed in compliance with OMB Circular A-133.

Recommendation – The Department should modify its procedures and checklist to include items required per OMB Circular A-133.

Response and Corrective Action Planned – We will add information to the spreadsheet that documents a review of all single audits against A-133 requirements.

Conclusion – Response accepted.

CFDA Number: 10.553 – School Breakfast Program
Agency Number: 2011IN109943, 2012IN109943
Federal Award Year: 2011, 2012

CFDA Number: 10.555 – National School Lunch Program
Agency Number: 2011IN109943, 2012IN109943
Federal Award Year: 2011, 2012

CFDA Number: 10.556 – Special Milk Program for Children
Agency Number: 2011IN109943, 2012IN109943
Federal Award Year: 2011, 2012

CFDA Number: 10.558 – Child and Adult Care Food Program
Agency Number: 2011IN202043, 2012IN202043
Federal Award Year: 2011, 2012

CFDA Number: 10.559 – Summer Food Service Program for Children
Agency Number: 2011IN109943
Federal Award Year: 2011

State of Iowa Single Audit Report Comment: 12-III-USDA-282-2

- (2) Timely Submission – The Code of Federal Regulations, 7 CFR 277.1(c)(4), requires the Department to submit the Food and Nutrition Service (FNS) 777 reports by the dates specified. Two of the five required reports were not submitted timely.

Recommendation – The Department should ensure reports are submitted timely.

Response and Corrective Action Planned – The person generating this report suffered from stage 3 ovarian cancer during the period when these reports were late. We are thankful she is back and apparently healthy now. Our back up for producing these reports did not have the technical skill to be able to complete them once she got into the reports, so we submitted them as we could. We have not been late since our primary person came back, so believe this problem is corrected. In addition, the primary reporter has developed a set of protocols around the submission of this report which will allow for step by step completion of the report by anyone else. The recent federal management evaluation visit for this program commended the agency on its timely submission of our 777 reports.

Report of Recommendations to the Iowa Department of Education

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Conclusion – Response accepted.

CFDA Number: 10.558 – Child and Adult Care Food Program

Agency Number: 2011IN202043, 2012IN202043

Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comment: 12-III-USDA-282-6

- (3) Administrative Reviews – The Code of Federal Regulations, 7 CFR 226.6(m)(6) requires the Department to annually review at least 33.3% of all institutions. In addition, at least 15% of the total number of facility reviews must be unannounced. Sponsoring organizations with less than 100 facilities must be reviewed at least every three years and sponsoring organizations with more than 100 facilities must be reviewed at least once every two years.

The Department has implemented an on-line tracking system to document the administrative reviews completed. Each consultant assigned to perform reviews updates the system with the results of their administrative review.

The Department has not designated one person to be responsible to ensure the tracking system is complete and to review the administrative reviews performed to determine whether they are complete and adequate. Based on review of the listing of reviews performed for years ended June 30, 2008 through June 30, 2012, 5 administrative reviews required during fiscal year 2012 were not performed. In addition, based on review of the listing of all participating institutions, 25 institutions were on the listing but were not included on the listing of administrative reviews performed for the years ended June 30, 2008 through June 30, 2012. Therefore, we were unable to determine whether these 25 institutions have had administrative reviews as required.

Recommendation – The Department should designate a person to ensure the system is updated, complete and the required administrative reviews have been completed. This person should also review the reviews performed to ensure they are adequate and complete.

Response and Corrective Action Planned – The Department has designated the Bureau Chief of this work unit as the person responsible for the above tasks. We are now working to improve the schedules and tracking reports. We intend to comply with this requirement.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Education

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CFDA Number: 10.558 – Child and Adult Care Food Program

Agency Number: 2011IN202043, 2012IN202043

Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comment: 12-III-USDA-282-7

- (4) Terminated Day Care Providers – The Code of Federal Regulations, 7 CFR 226.6(c)(2)(iii)(E)(2) requires the Department to update a termination list when a notice of termination is issued. Although the listing of participating providers includes those institutions terminated during the year ended June 30, 2012, the Department does not maintain a complete listing of institutions terminated in the past.

Since the Department does not maintain a home providers/center termination list, we are unable to determine compliance with 7 CFR 226.6(c)(7)(vi). This section requires the Department to determine whether any correction of the serious deficiencies has occurred or if seven years have elapsed since the serious deficiencies occurred. Then, the institution can be removed from the termination list.

Recommendation – The Department should implement procedures to create and maintain a complete listing of all terminated home providers/centers and review this listing to determine whether corrections of the serious deficiencies have been made or seven years have elapsed.

Response and Corrective Action Planned – There are several reports available in the Department with this information. However, they are separated into the Centers and Home Providers classifications. We will work to determine how these reports might be cross referenced and years combined to improve the ability to search the data as well as review the National Disqualified List for new applicants.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Education

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CFDA Number: 10.559 – Summer Food Service Program for Children
Agency Number: 2012IN1099043
Federal Award Year: 2012

CFDA Number: 84.010 – Title I Grants to Local Educational Agencies
Agency Number: S010A090015
Federal Award Year: 2010

CFDA Number: 84.027 – Special Education Grants to States
Agency Number: H027A100097, H027A110097
Federal Award Year: 2010, 2011

CFDA Number: 84.173 – Special Education Preschool Grants
Agency Number: H173A101102
Federal Award Year: 2011

CFDA Number: 84.367 – Improving Teacher Quality State Grants
Agency Number: S367A110014
Federal Award Year: 2011

State of Iowa Single Audit Report Comments: 12-III-USDA-282-8 and 12-III-USDE-282-6

- (5) Appeal Board Claims/Additional Liabilities – The Department performs additional procedures after September 1 to identify additional accounts payable which were not included as expenditures on the Integrated Information for Iowa (I/3) system. However, even with additional procedures performed, there were still significant outstanding requests for payments submitted by subrecipients which were not reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS-SAE) on the GAAP package.

The Department also submitted, as a part of its original GAAP package, estimates of various payables for certain funds within the Department. A revised GAAP package page which excluded the original estimates was submitted to DAS-SAE. Given the nature of the programs, the existence of payables was reasonable. In addition, the estimates prepared were not adequately supported by the Department.

As of June 30, 2012, there were payable estimates of approximately \$1.6 million, of which approximately \$1,000 pertained to the Summer Food Service Program for Children, approximately \$260,000 pertained to Title I Grants to Local Educational Agencies, approximately \$956,000 pertained to the Special Education Cluster and approximately \$391,000 pertained to Improving Teacher Quality State Grants which were not reported to DAS-SAE.

The Department also coded a fiscal year 2012 subrecipient payment of \$788,000 pertaining to the Special Education Cluster to fiscal year 2013 on the I/3 system, which was not reported as a liability.

Recommendation – The Department should obtain and process requests for payments from subrecipients timely and consider combining actual payables with estimates of payables in order to more accurately report payables at year end. The Department should also retain all documentation for estimated payables.

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Response and Corrective Action Planned – This has been a point of emphasis over the last year and we've noted progress. We believe we have systems in place to do exactly what is being described here, so we hope in the next cycle we come close to meeting our goal of zero appeal board claims.

Conclusion – Response accepted.

CFDA Number: 84.410 – Education Jobs Fund

Agency Number: S410A100016

Federal Award Year: 2010

State of Iowa Single Audit Report Comment: 12-III-USDE-282-3

- (6) Questioned Costs – The U.S. Department of Education Compliance Supplement for the Education Jobs Fund program (Ed Jobs) has specific allowable activities for States, including, “States may only use the Ed Jobs funds for the costs of administering the program and making subawards to LEA’s (Section 101(2)-(4) of Pub. L. No. 111-226).” The Compliance Supplement also has specific unallowable activities for States, including, “A State may not use program funds, directly or indirectly, to establish, restore, or supplement a “rainy day” fund, or to supplant State funds in a manner that has this effect. Furthermore, a State may not use program funds, directly or indirectly, to reduce or retire debt obligations incurred by the State or to supplant State funds in a manner that has this effect (Section 101(6) of Pub. L. No. 111-226).”

Expenditures of \$93,589 charged to the Ed Jobs Fund for the year ended June 30, 2012 do not appear to be for allowable activities outlined in the Compliance Supplement. Examples of questioned costs include copiers, servers, the 2011 Condition of Education Report consultant work, travel to the 2011 Annual Policy Forum, the 2012 Association for Supervision Curriculum Development Annual Conference and registration fees for the Ed Summit for Department employees.

In addition, one employee was paid 100% from Ed Jobs funds. A time study or payroll allocation was not conducted to document the time spent on the Ed Jobs program. As a result, we are unable to determine the amount, if any, which should not be charged to the Ed Jobs program.

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. In addition, the Department should contact the U.S. Department of Education for disposition of this matter.

Response and Corrective Action Planned – We believe all of these costs were permissive. The comments above do not consider two points: 1) The accountability provisions required under ARRA also apply to Ed Jobs funding, and 2) the accountability work related to those requirements continued through fiscal year 2012, since districts could obligate this funding through September 30, 2012 and liquidate this funding through December 31, 2012. The Department had a federal review during fiscal year 2012, as well as required Progress Reporting related to those data elements.

Report of Recommendations to the Iowa Department of Education

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The Phase II application for ARRA State Fiscal Stabilization Fund (SFSF) funds included 22 additional data elements which had to be collected and reported systemically. In many cases, this required the creation of a new system for collecting and reporting the data. Many of these data elements were included in our annual Condition of Education Report, as well as on our web site. The person hired with these funds, was a primary editor of the Condition of Education Report related to these data elements as well as one of our persons posting to the web site.

Since the Iowa Department of Education received no funding under ARRA SFSF, we used the Ed Jobs administration funds (0.2% of the total) to cover obligations under Ed Jobs and ARRA SFSF.

On specific issues above, once we had the funds, a position was created, a person was hired to manage all of this work, and once the funds were nearly gone, the position was dissolved. The purpose of the hire was to manage ARRA SFSF requirements and Ed Jobs. Support functions are always generalized. We did no time study because the position was hired to do what had to be done to cover the requirements. Some of this obviously fed into other internal processes. The copier and server charges were upgrades related to data reporting and were prorated portions of an overall Iowa DE upgrade. The reporting requirements under ARRA SFSF were significant. The contract with an external person on the Condition of Education was due to time constraints and the need for help reformatting the document with a looming deadline. We had the program employee and this person on contract working to reformat the document to get it published on time.

All of the travel on these funds was travel which would not have otherwise occurred and consequently, cannot be supplanting. Each of these trips was for work which was directly tied to efforts related to the data requirements of ARRA SFSF or was designed to impact future policy related to ARRA, Ed Jobs and subsequent spin-off potential federal policy. The Iowa Department of Education had some concerns related to the requirements placed on states under Phase II of ARRA SFSF and consequently wanted to ensure Iowa's voice was heard on conversations about making these requirements permanent in any subsequent statute in situations where the forum was created to give this input.

As a result, we believe again the charges were appropriate and directly connected to expenses related to the implementation of both ARRA SFSF and Ed Jobs. We are happy to discuss this more.

Conclusion – Response acknowledged. The Department should work with the U.S. Department of Education to resolve this matter.

Report of Recommendations to the Iowa Department of Education

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CFDA Number: 84.010 – Title I Grants to Local Educational Agencies

Agency Number: S010A100015, S010A110015

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 12-III-USDE-282-4

- (7) Comprehensive School Improvement Plan (CSIP) Certification – Iowa Administrative Code (IAC) [281] 12.8(2) requires non-public schools and school districts to submit a revised five-year CSIP to the Iowa Department of Education by September 15th of the school year following the comprehensive site visit.

For six of the twelve school districts tested, the CSIP was not submitted by September 15.

Recommendation – The Department should establish procedures to ensure all CSIP's are received by September 15.

Response and Corrective Action Planned – The Department goes to extreme measures to ensure deadlines like these are met. But the submission of these reports in a timely way includes the school and school districts compliance. There are no sanctions available to us for noncompliance other than Phase II accreditation visit and this is a serious event which would not be prompted by one late report. We will continue to work towards 100% compliance in this area.

Conclusion – Response accepted.

CFDA Number: 84.367 – Improving Teacher Quality State Grants

Agency Number: S367A110014

Federal Award Year: 2011

State of Iowa Single Audit Report Comment: 12-III-USDE-282-9

- (8) Subrecipient Monitoring - Award Notification – OMB Circular A-133, Section .400(d) requires the Department to provide certain award information to its subrecipients. This information includes the CFDA title and number, the award name and number, the award year, the name of the federal agency, the award amount and any applicable compliance requirements. For fiscal year 2012 awards, the Department did not provide the required award information to its subrecipients.

Recommendation – The Department should ensure its subrecipients are notified of the required information each year.

Response and Corrective Action Planned – The Department will comply with this requirement.

Conclusion – Response accepted.

June 30, 2012

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

- (1) Financial Reporting – The Department records receipts and disbursements on the Integrated Information for Iowa (I/3) system throughout the year, including the accrual period. Activity not recorded on the I/3 system is reported to DAS-SAE in a GAAP package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year.
- (a) The Department performs additional procedures after September 1 to identify additional accounts payable which were not included as expenditures on the I/3 system. However, even with the additional procedures performed, there were still significant outstanding requests for payments submitted by subrecipients which were not reported in the GAAP package to DAS-SAE.
- (b) The Department also submitted, as a part of its original GAAP package, estimates of various payables for certain funds within the Department. A revised GAAP package page which excluded the original estimates was submitted to DAS-SAE. Given the nature of the programs, the existence of payables was reasonable. In addition, the estimates prepared were not adequately supported by the Department.

Recommendation – The Department should consider continuing to estimate payables and combine them with the actual payables to more accurately report payables at year end. The Department should also retain all documentation for estimated payables.

Response – The Department made significant progress in reducing the volume of Appeal Board claims from fiscal year 2011 to fiscal year 2012. We will continue to make progress in this area, the goal is always zero Appeal Board claims (although this standard will likely never be practically attainable). We implemented a new process in fiscal year 2013 related to grant expenditures. We now get the allocations when they are made (this was not consistently occurring in prior fiscal years) and we've created a query which tracks expenditures against those allocation amounts monthly. This will allow us to compare allocations to actual payments to determine the amount of the payables on next year's GAAP package. We will also just go with the estimates at the time we do the GAAP package. Last year we adjusted to actual in December which we believe contributed to the confusion.

Virtually all of our managers are new in the last year, so efforts will be made to train them on necessary processes and procedures. The Appeal Board claims we did pay in fiscal year 2012 were reimbursement-based claims and we also always have a few subrecipients/vendors which do not submit invoicing in a timely manner despite all of our efforts to get them to do so.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Education

June 30, 2012

- (2) Payroll – The Department processes and records payroll and personnel information on the Human Resource Information System (HRIS). The Human Resource Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. Thirty individuals within the Department have the ability to initiate and approve timesheets.

Recommendation – To strengthen controls, the Department should develop and implement procedures to segregate the duties of the Human Resource Associates from the duties of payroll.

Response – We currently do not have the resources to be able to segregate these duties. Our Human Resource Associate has always been the primary manager of payroll, working under the Chief Financial Officer. There are no functions in HRIS where we allow a single point of authority for approvals, everything has at least two people approving, so we believe adequate checks and balances are in place.

Conclusion – Response accepted.

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Other Findings Related to Internal Control:

- (1) Contractual Agreements – Under the authority of Executive Order #25, the Department established a number of service contracts with outside parties during the year ended June 30, 2012. For 32 contracts tested, the following were identified:
 - (a) The Department did not approve 11 contracts prior to the date of execution.
 - (b) 29 contracts did not include monitoring and review clauses, as required.

In addition to the items noted above, five contract amendments were tested and were not authorized until after the end of the contract.

Recommendation – The Department should ensure contracts and related amendments are properly approved and comply with the policies and procedures for contracts established by the Iowa Department of Administrative Services (DAS).

Response – The Department will adjust its templates to include monitoring and review clauses per DAS policy. It is the Department’s standard policy to approve contract and grants prior to the date of execution. We work very hard to ensure this happens, but there are situations where it simply doesn’t. The Department will work to ensure contracts/grants are properly enacted, per Department policy, prior to the date of execution.

We are less clear on amendments. We consider a contract/grant open until all claims against the contract/grant are paid. This usually means 30 to 60 days past the end date of the contract/grant. There are situations where amending the agreement during the “hold open” period is appropriate. It is always our goal to enact any amendment prior to the end date of the contract/grant, but again, sometimes it just isn’t possible to do this. The Department will work to ensure contract/grant amendments are enacted prior to the end of the agreement.

Conclusion – Response accepted.

- (2) Written Policies and Procedures – Formal policies and procedures help to achieve uniformity/consistency in actions taken and aid in training additional or replacement personnel. During our review of the EDINFO web application and IT system controls, we noted a need for written policies and procedures in the following areas:
 - Incident response procedures, including reporting, documenting, follow-up and management oversight.
 - Access control procedures related to authorizing, granting, documenting and removing access to the web application.
 - Documentation of actions taken for employee security violations.
 - Employee background checks.
 - Guidance related to the segregation of incompatible duties and management oversight.

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- Management oversight of access to and modification of sensitive or critical files and direct updates to the SQL tables.
- Maintaining security upon termination of employment, including the removal of the employee access rights to the system, the process for returning keys and the removal of key card access.
- Uniform systems development for new programs or changes to existing programs.

Recommendation – The Department should develop written policies and procedures to strengthen security and controls in these areas.

Response – The Department will comply with this recommendation.

Conclusion – Response accepted.

- (3) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. An initial receipt listing is not prepared by the mail opener for bus inspections and Law Library receipts. An independent reconciliation of recorded receipts to the deposit is not performed for bus inspections and State Library receipts. In addition, there is no review of overdue or delinquent accounts for bus inspections.

Recommendation – The Department should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – The Department will review its operating procedures on this issue and will make appropriate adjustments per the review.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Education

June 30, 2012

Finding Related to Statutory Requirements and Other Matters:

Code of Iowa Compliance – The Department was not in compliance with the following provisions of the Code of Iowa during the year ended June 30, 2012:

- (a) Chapter 19B.11 of the Code of Iowa requires each school district, area education agency and community college to submit a report to the Department detailing their equal employment opportunity programs and accomplishments. The Department is then required to prepare a compilation of these reports and submit it, along with a report of the Director's programs and accomplishments, to the Department of Management by January 31. This report has not been compiled or submitted.
- (b) Chapter 256.23 of the Code of Iowa requires the Department to establish a recruitment and advancement program to provide for the allocation of grants to schools. The Department has not established this program.
- (c) Chapter 256.38 of the Code of Iowa requires the Department to develop a statewide school-to-work transition system, which the Department has not developed.

Recommendation – The Department should take steps to ensure compliance with the Code of Iowa.

Response –

Chapter 19B.11 of the Code of Iowa is not the Department's statute to implement and the Department will comply with a request from the Department of Management, if made. We will not generate this report without a request from the Department of Management.

Chapter 256.23 and 256.38 of the Code of Iowa are included in the Department's Code Correction bill. We have attempted to get these provisions struck for several years and will continue to work to get this bill passed this year.

Conclusion – Response regarding Chapter 19B.11 of the Code of Iowa acknowledged. Chapter 19B.11(4) of the Code of Iowa states, "The director of the department of education shall prepare a compilation of the reports required under subsection 3 and shall submit this compilation, together with a report of the director's accomplishments and programs pursuant to this section, to the department of management by January 31 of each year." Therefore, the Department of Education is required by the Code of Iowa to prepare this report and should not need a request from the Department of Management to initiate its preparation.

Response regarding Chapters 256.23 and 256.38 of the Code of Iowa accepted.

Report of Recommendations to the Iowa Department of Education

June 30, 2012

Staff:

Questions or requests for further assistance should be directed to:

Pamela J. Bormann, CPA, Manager
Tammy A. Hollingsworth, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Tiffany M. Ainger, Senior Auditor
Jenny M. Podrebarac, Senior Auditor
Adam B. Bartz, Staff Auditor
Robert W. Endriss, CPA, Staff Auditor
David C. McQuarry, CPA, Staff Auditor
Karie A. Meisgeier, CPA, Staff Auditor
Daniel J. Mikels, Staff Auditor
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Justin M. Scherrman, Staff Auditor
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Joshua W. Ostrander, Assistant Auditor
Laura M. Wernimont, Assistant Auditor