



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

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE _____ September 5, 2018 _____

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released a report on the Iowa Department of Education for the year ended June 30, 2017.

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 ensure contracts and related amendments are properly approved and comply with policies and procedures established by the Code of Iowa and the Iowa Department of Administrative Services. 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 <https://www.auditor.iowa.gov/reports/audit-reports/>.

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

JUNE 30, 2017

Iowa Department of Education



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August 30, 2018

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, 2017.

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 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 6 and they are available to discuss these matters with you.

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

cc: Honorable Kim Reynolds, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2017

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Finding Related to Internal Control:

Contractual Agreements

Criteria – Under the direction of Chapter 8F of the Code of Iowa, the Department established a number of service contracts with outside parties during the year ended June 30, 2017.

Condition – For 53 contracts tested, of which 7 had amendments that were also tested, the following were identified:

- (a) The Department did not approve nine of the 53 contracts prior to the date of execution.
- (b) Two contract amendments requesting changes in dollar amounts were not accompanied by a revised budget outlining new/additional costs.
- (c) One contract amendment was not authorized by the contracting party.
- (d) Two contract amendments were not authorized by the Department of Education consultant.

In addition to the items noted above, contracts for amounts greater than \$500,000 were tested and the following was identified:

- (a) Twelve of the twelve contract recipients tested did not file an annual report within ten months following the end of the recipient's fiscal year in accordance with sections 8F.4 (1) and (2) of the Code of Iowa.

Cause – Procedures have not been enforced to ensure contracts are in compliance with the policies and procedures established by the Iowa Department of Administrative Services and the Code of Iowa.

Effect – The Department is not in compliance with established policies and procedures or the Code of Iowa.

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

Report of Recommendations to the Iowa Department of Education

June 30, 2017

Response – The Iowa Department of Education (IDOE) acknowledges the importance of adherence to proper contracting procedures. IDOE performed a comprehensive review and revision of contracting policies and procedures during fiscal year 2018 in order to reduce the problems noted in the audit. IDOE has made a concerted effort to obtain the required annual reports for contracts greater than \$500,000 for fiscal year 2018.

Conclusion – Response accepted.

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, 2017:

- (a) Chapter 256.9 of the Code of Iowa requires the Director of the Department of Education to approve the salaries of area education administrators. The salaries of area education administrators were not approved by the director for fiscal year 2017.
- (b) Chapter 257.40 of the Code of Iowa requires the board of directors of a school district requesting excess funding submit requests for a modified supplemental amount no later than December 15th of the year proceeding the budget year during which the program will be offered. The Department shall review the request and shall grant approval for the request or return the request no later than January 15th. No later than February 15th the Department shall notify the Department of Management and the school budget review committee of the names of the school districts for which programs using a modified supplemental amount for funding has been approved.

Of the 333 applications received for excess funding submitted by school districts, 19 were not submitted prior to December 15th of the year proceeding the budget year which the program will be offered. In addition, of the 333 applications, 23 received final approval after February 15th. The Department of Management and the school budget review committee were notified of the names of the school districts approved on March 14th, after the February 15th deadline.

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

Response –

- (a) The IDOE acknowledges that the area education agency administrator's salaries were not brought to the IDOE Director for approval. This oversight has been corrected for fiscal year 2018.
- (b) The IDOE acknowledges that several requests for modified supplemental amount were received from school districts after the due date of December 15th. The IDOE attempts to complete the reviews of these requests timely. Our ability to complete all reviews by the statutory deadline is impacted by the complexity of individual applications, the timeliness of district responses to questions from IDOE, and the amount of dedicated state staff available to work on this program.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Education

June 30, 2017

Staff:

Questions or requests for further assistance should be directed to:

Tammy A. Hollingsworth, CIA, Manager
Tiffany M. Ainger, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

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