



AUDIT REPORT: IOWA DEPARTMENT OF CULTURAL AFFAIRS (DCA)

Audit Report. The Auditor of State released the FY 2015 Audit Report for the Department of Cultural Affairs (DCA) on October 11, 2016. The Auditor recommended that the DCA implement control procedures to ensure employees record actual hours worked on each separately funded program rather than a predetermined budget rate. The Auditor also determined that the DCA should comply with requirements related to the establishment of a certified targeted small business procurement level goal and encourage proper attendance of board members on the Iowa Arts Council.

Findings – Payroll Distribution. The DCA is allowed to charge personal services for planning purposes to the Rebuild Iowa Infrastructure Fund (RIIF) for the Museum Renovation Project (Project). The DCA did not have a mechanism to support actual time spent on the Project. The DCA budgeted salary expenses of \$111,119 for FY 2015 at the beginning of the year for the Project before the services were performed. The use of a predetermined distribution percentage resulted in actual personal services of \$108,435 charged to the Project. While the DCA retained evidence that work was done on the Project, the supporting documentation does not contain an indication of the number of hours spent working on the Project. Multiple DCA employees worked on more than one project throughout the year and allocated time to the Project based on budgeted dollar amounts versus verified supporting documentation.

The Auditor recommended that the DCA ensure employees record actual hours worked on each separately funded project rather than a predetermined budgeted rate.

The DCA responded that the agency aligned salaries to the Project in a manner that was consistent with its usual salary distribution practices. The DCA uses the Department of Administrative Services (DAS) salary distribution process which aligns salaries with responsibilities. This practice was used during the period of FY 2015 through February in FY 2016, at which time its work on the Project was completed. The DCA acknowledges the finding and based upon this guidance, if the issue comes up again, the DCA will track salary costs on an hourly basis. The Auditor accepted the response.

Findings – Iowa Code Compliance. Iowa Code section [73.16](#) requires the director of each state agency or department of state government having purchasing authority, in cooperation with the Targeted Small Business (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 is required to include the procurement of goods and services, including construction and excluding utility services. The goal is required to 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. The TSB procurement goal for the DCA for FY 2015 was not set at a level exceeding the FY 2014 actual TSB spending.

The Auditor recommended that the DCA establish a dollar amount procurement level exceeding the previous fiscal year certified targeted small businesses procurement level as required.

The DCA responded that, in the future, the agency will establish a procurement goal that exceeds the procurement level from certified targeted small businesses during the previous fiscal year. The Auditor accepted the response.

Findings – Council Member Attendance. Iowa Code section [69.15](#) provides a person appointed to a board by the Governor is deemed to have submitted a resignation if they do not attend three or more consecutive meetings, or if they attend less than one-half of the regular meetings within 12 calendar months beginning on July 1. Two members of the Iowa Arts Council appointed by the Governor did not comply with the attendance requirements.

The Auditor recommended that the Council work with the Office of the Governor and the designated members to encourage attendance at future meetings.

The DCA responded that the agency will continue to monitor meeting attendance and work with the Office of the Governor to appoint members as necessary. The Auditor accepted the response.

Additional Information. The report is available online
at: https://auditor.iowa.gov/sites/default/files/audit_reports/1660-2590-0R00.pdf

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