



Iowa General Assembly

2011 Committee Briefings

Legislative Services Agency – Legal Services Division

<http://www.legis.iowa.gov/Schedules/committee.aspx?GA=84&CID=41>

GOVERNMENT OVERSIGHT COMMITTEE

Meeting Dates: [November 21, 2011](#)

Purpose. *This compilation of briefings on legislative interim committee meetings and other meetings and topics of interest to the Iowa General Assembly, written by the Legal Services Division staff of the nonpartisan Legislative Services Agency, describes committee activities or topics. The briefings were originally distributed in the Iowa Legislative Interim Calendar and Briefing. Official minutes, reports, and other detailed information concerning the committee or topic addressed by a briefing can be obtained from the committee's Internet page listed above, from the Iowa General Assembly's Internet page at <http://www.legis.iowa.gov/index.aspx>, or from the agency connected with the meeting or topic described.*

GOVERNMENT OVERSIGHT COMMITTEE

November 21, 2011

Senate Chairperson: Senator Thomas Courtney

House Chairperson: Representative Chris Hagenow

Overview. The primary focus of the meeting concerned a review and discussion of Iowa Code chapter 8F and nonprofit sector best practices and compliance aspects relating to the chapter, an update on the Grants Enterprise Management System, a summary of the Preneed Funerals and Perpetual Care Cemeteries Annual Report, and a summary of the Homeland Security and Emergency Management Division E-911 Report.

Iowa Code Chapter 8F. Mr. Ed Cook, Senior Legal Counsel, Legal Services Division, Legislative Services Agency, provided background information relating to the enactment of Iowa Code chapter 8F, Government Accountability—Service Contracts. Mr. Cook provided an overview of the circumstances culminating in the enactment of Iowa Code chapter 8F following a whistleblower complaint and subsequent Auditor of State report concerning the Central Iowa Education and Training Consortium (CIETC), which he characterized as a quasipublic agency receiving and expending government funding. He distributed and described key features of 2006 Iowa Acts, chapter 1153 (SF 2410), creating Iowa Code chapter 8F and addressing the issues and concerns cited in a State Auditor's report relating to CIETC.

Mr. Cook highlighted aspects of the Code chapter defining terms, establishing requirements governing service contracts between a state governmental entity and an intergovernmental or private entity that involves federal or state funds, mandating reporting requirements, providing more expansive review authority for the Auditor of State, enhancing whistleblower protection, and extending open meeting and open records requirements to entities created under Iowa Code chapter 28E, governing the joint exercise of governmental powers.

Committee discussion concerned inquiries regarding the appropriate state agency or authority intervening when a service contract has not conformed to its specifications, the extent to which protection against adverse employer action provides adequate safeguards for a whistleblowing employee, the role of the Auditor of State in overseeing whether contracts are fulfilled and of the Ombudsman's Office in assisting in the investigation of possible Iowa Code chapter 8F violations, and whether local boards and entities fall within the purview of the chapter.

Nonprofit Sector. Mr. Richard Koontz, Director, and Mr. Willard Boyd, President Emeritus of the University of Iowa Larned A. Waterman Iowa Nonprofit Resource Center, distributed a primer on good nonprofit management practices and legal principles, entitled "Iowa Principles and Practices for Charitable Nonprofit Excellence," noting that the principles and practices are premised on nonprofit organization education, self-regulation, and board member training. They also distributed copies of Internal Revenue Service Form 990, which nonprofit organizations must file annually, indicating that the form has been extensively revised to elicit a variety of non-tax-related information addressing the issues which arose in connection with CIETC, including whistleblower protection, document destruction, and excess compensation. They indicated that federal and state regulatory provisions relating to nonprofit organization oversight and accountability are becoming more consistent, and emphasized the value of training board members in the areas of fiduciary duty, conflict of interest, financial literacy, and the importance of independent audits.

Committee discussion included the extent to which private entity board meetings are open to the public, nonprofit

fundraising allocation regulation, and the advantages of performing independent audits by both an outside auditing organization and the Auditor of State.

Ms. Shannon Cofield, President, United Way of Central Iowa, provided background information regarding the operation of the local agency, indicating that it is funded at the level of \$24 million and allocates that funding to 60 nonprofit organizations primarily involved with solving education, income, and health-related problems. She stated that United Way emphasizes accountability and transparency, described auditing and oversight measures undertaken on a regular basis, and discussed approval criteria for agencies applying for United Way funding.

Grants Enterprise Management System (GEMS). Mr. David Roederer, Director, Department of Management, accompanied by Ms. Kathie Mabie, GEMS Coordinator, Department of Management, discussed the impact of federal funding on the state's budget and provided an update on the operation of GEMS. Mr. Roederer emphasized the extent to which federal funding is incorporated in the state's budget, and accordingly the significance of tracking federal funding availability and allocation.

Ms. Mabie indicated that implementation of GEMS provides access through IowaGrants.gov, consisting of grant management software facilitating the online automation of agency grant management processes. She described the program as capable of managing the tracking, application, selection, awarding, contracting, monitoring, communications, modification, reporting, close-out, and financial management processes associated with the agency grant administration process. The program is currently in the third year of a five-year implementation process, and is designed to simplify grant administration and provide transparency throughout the process. An agency representative from the Department of Education echoed Ms. Mabie's remarks regarding the advantages of the program.

Committee discussion included program funding and current and future anticipated program participation levels by state agencies.

Preneed Funerals and Perpetual Care Cemeteries. Mr. Dennis Britson, Director, Regulated Industries Unit, Iowa Insurance Division, and Mr. Jim Mumford, First Deputy Commissioner, Iowa Securities Bureau, Iowa Insurance Division, discussed the Preneed Funerals and Perpetual Care Cemeteries Annual Report, noting that there has been a shift in the examination of preneed sellers from a three to a five-year cycle. They observed a major trend in cemeteries struggling financially and discussed the enactment of legislation during the 2005 session of the General Assembly requiring new perpetual care cemeteries to establish a trust fund for future needs.

They noted that the fundamental issue facing cemeteries at some point in their existence is when revenue from plot and monument sales ceases and all that remains are maintenance expenses. It was also noted that some maintenance expenses can be extreme, such as after a major storm, and that amounts deposited in trust funds are not intended to be allocated for such purposes. The dilemma faced by Oak Grove Cemetery in Webster County was described as occurring over a number of years in a cemetery located in a small township with a correspondingly small tax base.

Committee discussion included the uncertainty encountered by local and state officials regarding responsibility for and rendering assistance to Oak Grove Cemetery, whether trust fund deposits should be made more accessible, the lack of oversight authority regarding rural cemeteries, and the difficulty sometimes encountered regarding ownership and maintenance responsibilities in relation to rural cemeteries originally established many years ago.

Homeland Security and Emergency Management Division E911 Report. A copy of a summary of the E911 Wireless Surcharge Third Calendar Quarter Report, prepared by Ms. Jennifer Acton, Senior Legislative Analyst, Fiscal Services Division, Legislative Services Agency, was distributed to committee members.

Ms. Barbara Vos, State E911 Program Manager, Homeland Security and Emergency Management Division, discussed the implementation and funding of Next Generation 911, which will facilitate video and texting E911 capability in addition to the current voice transmission.

Committee discussion included reducing the number of public safety answering points, eliminating carrier cost recovery, a federal moratorium on increasing surcharges, and the merits of reallocating funding in favor of increasing law enforcement personnel.

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