

**IOWA ECONOMIC DEVELOPMENT AUTHORITY –  
TARGETED SMALL BUSINESS**

**JUNE 30, 2021**



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

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand  
Auditor of State

December 10, 2021

To the Governor and Members of the General Assembly:

As required by section 11.26 of the Code of Iowa, we hereby submit this report on our review of targeted small business procurement activities for the year ended June 30, 2021. The report includes the results of our review.

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand  
Auditor of State

## **Report on Targeted Small Business Procurement Goals**

### **Introduction**

Section 11.26 of the Code of Iowa requires the Auditor of State to annually conduct a review of whether state agencies are meeting their goal for procurement activities and compliance with the forty-eight-hour notice provision included in sections 73.15 through 73.21 of the Code of Iowa.

### **Background**

On December 8, 2006, the Targeted Small Business (TSB) Task Force presented six recommendations to Governor Vilsack to improve the TSB program. These recommendations were included in HF 890, which was signed by Governor Culver on May 22, 2007.

### **Establishment of Procurement Goals**

Section 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the 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 shall include the procurement of goods and services, including construction but excluding utility services. The goal shall 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.

Section 73.16(2) of the Code of Iowa also specifies an additional goal to procure at least 40% of the total value of anticipated TSB procurements of goods and services from minority-owned businesses, 40% from female-owned businesses and 40% from service-disabled veteran-owned businesses that are targeted small businesses. This additional goal was not established for the year ended June 30, 2021 (FY 2021).

Procurement goals are established through phone conversations and e-mails between the TSB Marketing and Compliance Manager and the state agency designee. The TSB procurement goal and the state agencies concurrence with the goal is documented in the Quarterly Reports sent to the TSB Marketing and Compliance Manager.

Three of 71 state agencies did not set a TSB procurement goal. However, one of these agencies did not have any budgeted expenditures for 2021 and one did not have any prior year expenditures. For two state agencies, FY 2021 actual TSB spending exceeded the FY 2020 actual TSB spending. Of the 68 state agencies which established TSB procurement goals, 16 did not set FY 2021 TSB procurement goals greater than their FY 2020 actual TSB spending. However, for two of these 16 state agencies, FY 2021 actual TSB spending exceeded the FY 2020 actual TSB spending. As required by section 73.16 of the Code of Iowa, procurement goals for state agencies are to be established at a level which exceeds the procurement level during the previous fiscal year.

### **Reporting Actual TSB Spending**

State agencies with an established TSB procurement goal are required to report the dollar amount of purchases from certified targeted small businesses to the TSB Marketing and Compliance Manager on a quarterly basis within 15 business days following the end of the calendar quarter.

The State Agencies Report summarizes FY 2021 actual TSB spending compared to the respective FY 2021 TSB procurement goals reported to the IEDA.

Although 46 of the 68 state agencies did not meet their FY 2021 TSB procurement goals, total FY 2021 actual TSB spending exceeded the total FY 2021 TSB procurement goals by approximately \$112,000.

The IEDA should continue to work with state agencies to establish procurement goals in compliance with the Code of Iowa.

### **Notification of Bids**

Section 73.16 of the Code of Iowa requires each state agency having purchasing authority to issue electronic bid notices for distribution to the TSB internet site 48 hours prior to the issuance of bid notices to all vendors. The IEDA has established the TSB internet site on which state agencies post requests for bids. Bid notices are to be posted on the Iowa Department of Administrative Services (DAS) internet site or the state agency's own internet site at least 48 hours later.

Section 262.34A(2) of the Code of Iowa includes language which exempts the Board of Regents from the 48-hour notification requirement.

### **Recommendations to State Agencies**

Recommendations to address the specific issues noted above will be included in the Report of Recommendations for the respective state agencies for the year ended June 30, 2021.

**State Agencies Report**  
**Year ended June 30, 2020**

| No. | State Agency   | Agency #          | FY 2020<br>Actual Targeted<br>Small Business<br>Spending<br>Reported | FY 2021<br>Targeted Small<br>Business<br>Procurement<br>Goal | FY 2021<br>Actual Targeted<br>Small Business<br>Spending<br>Reported | FY 2021<br>Actual<br>Spending<br>Over (Under)<br>Goal | FY 2021<br>Actual As<br>a % of<br>Goal |
|-----|--|-------------------|--|--|--|---|--|
| 1   | Administrative Services                                    | 005               | \$257,652.20   | * \$ 160,000.00  | \$139,514.78   | \$ (20,485.22)  | 87%                                    |
| 2   | Agriculture and Land<br>Stewardship                        | 009               | 690,044.35   | 690,100.00   | 701,458.67   | 11,358.67   | 102%                                   |
| 3   | Attorney General   | 112 & 114         | 55,553.70  | 55,600.00  | 49,862.45  | (5,737.55)  | 90%                                    |
| 4   | Auditor of State   | 126               | 96,040.20  | * 96,040.20  | 1,358.00   | (94,682.20)   | 1%                                     |
| 5   | Blind  | 131               | 275.00   | 35,000.00  | 27,787.50  | (7,212.50)  | 79%                                    |
| 6   | Ethics and Campaign<br>Disclosure                          | 140               | 226.00   | 227.00   | 226.00   | (1.00)  | 100%                                   |
| 7   | Civil Rights   | 167               | 2,935.53   | 14,000.00  | 4,000.00   | (10,000.00)   | 29%                                    |
| 8   | Chief Information Officer                                  | 185               | 135,635.11   | 140,000.00   | 130,706.98   | (9,293.02)  | 93%                                    |
| 9   | Commerce -<br>Alcoholic Beverages                          | 212               | 4,080.43   | 5,000.00   | 51,837.57  | 46,837.57   | 1037%                                  |
| 10  | Commerce -<br>Banking, Licensing                           | 213 & 217         | 350.00   | 90,000.00  | 350.00   | (89,650.00)   | 0%                                     |
| 11  | Commerce - Credit Union                                    | 214               | 1,889.60   | 1,890.00   | 3,087.05   | 1,197.05  | 163%                                   |
| 12  | Commerce - Insurance                                       | 216               | 22,167.19  | 23,000.00  | 40,647.20  | 17,647.20   | 177%                                   |
| 13  | Commerce - Utilities                                       | 219               | 304,132.61   | 304,633.00   | 291,073.05   | (13,559.95)   | 96%                                    |
| 14  | Corrections - Central Office                               | 238               | -  | 1,000.00   | -  | (1,000.00)  | 0%                                     |
| 15  | Corrections - Fort Madison                                 | 242               | 128,538.97   | * 99,600.00  | 114,942.56   | 15,342.56   | 115%                                   |
| 16  | Corrections - Anamosa                                      | 243               | 33,203.05  | 33,500.00  | 72,508.38  | 39,008.38   | 216%                                   |
| 17  | Corrections - Oakdale Medical<br>and Classification Center | 244               | 66,705.05  | 67,000.00  | 75,498.91  | 8,498.91  | 113%                                   |
| 18  | Corrections - Newton                                       | 245               | 116,183.01   | * 110,000.00   | 77,343.01  | (32,656.99)   | 70%                                    |
| 19  | Corrections - Mt. Pleasant                                 | 246               | 42,914.28  | 43,000.00  | 9,328.18   | (33,671.82)   | 22%                                    |
| 20  | Corrections - Rockwell City                                | 247               | 36,166.34  | 36,200.00  | 9,106.19   | (27,093.81)   | 25%                                    |
| 21  | Corrections - Clarinda                                     | 248               | 83,216.86  | 173,000.00   | 61,844.71  | (111,155.29)  | 36%                                    |
| 22  | Corrections - Mitchellville                                | 249               | 56,098.91  | * 7,000.00   | 27,760.51  | 20,760.51   | 397%                                   |
| 23  | Corrections - Prison Industries                            | 250               | 47,951.74  | * 40,000.00  | 25,313.90  | (14,686.10)   | 63%                                    |
| 24  | Corrections - Fort Dodge                                   | 252               | 15,756.89  | 16,500.00  | 99,819.15  | 83,319.15   | 605%                                   |
| 25  | Cultural Affairs   | 259 & 265         | 66,351.72  | 66,500.00  | 36,752.87  | (29,747.13)   | 55%                                    |
| 26  | Iowa Economic Development<br>Authority                     | 269, 275<br>& 301 | 33,470.93  | 33,500.00  | 52,544.97  | 19,044.97   | 157%                                   |
| 27  | Iowa Finance Authority                                     | 270               | 10,783.00  | * 10,000.00  | 3,145.33   | (6,854.67)  |  |
| 28  | Education  | 282               | 153,873.98   | * 125,000.00   | 85,624.41  | (39,375.59)   | 68%                                    |
| 29  | Vocational Rehabilitation                                  | 283               | 60,150.77  | 60,160.00  | 208,592.41   | 148,432.41  | 347%                                   |
| 30  | College Aid Commission                                     | 284               | 58,358.92  | * 45,000.00  | 24,253.08  | (20,746.92)   | 54%                                    |
| 31  | Iowa Public Television                                     | 285               | 120,956.60   | 120,958.00   | 80,356.59  | (40,601.41)   | 66%                                    |
| 32  | Aging  | 297               | 26,948.25  | 27,000.00  | 25,367.73  | (1,632.27)  | 94%                                    |
| 33  | Workforce Development                                      | 309               | 132,681.28   | 135,000.00   | 182,676.35   | 47,676.35   | 135%                                   |
| 34  | General Services Capitals                                  | 335               | 240,388.03   | 270,000.00   | 158,464.97   | (111,535.03)  | 59%                                    |
| 35  | ICN  | 336               | 29,320.17  | 80,000.00  | 81,784.39  | 1,784.39  | 102%                                   |
| 36  | Governor   | 350               | 9,979.66   | 10,000.00  | 8,581.25   | (1,418.75)  | 86%                                    |
| 37  | Human Rights   | 379               | 11,389.37  | 25,000.00  | 16,500.00  | (8,500.00)  | 66%                                    |
| 38  | Human Services -<br>Administration                         | 401               | 1,288,228.18   | 1,288,300.00   | 191,489.15   | (1,096,810.85)  | 15%                                    |
| 39  | Human Services -<br>Community Services                     | 402               | 53,421.65  | 55,000.00  | 13,434.38  | (41,565.62)   | 24%                                    |
| 40  | Human Services - Eldora                                    | 405               | 47,638.33  | * 21,120.00  | 53,805.02  | 32,685.02   | 255%                                   |

**State Agencies Report**  
**Year ended June 30, 2020**

| No. | State Agency                               | Agency #  | FY 2020 Actual Targeted Small Business Spending Reported | FY 2021 Targeted Small Business Procurement Goal | FY 2021 Actual Targeted Small Business Spending Reported | FY 2021 Actual Spending Over (Under) Goal | FY 2021 Actual As a % of Goal |
|-----|--|-----------|--|--|--|---|-------------------------------|
| 41  | Human Services - Cherokee MHI              | 407       | 3,282.40   | * 2,700.00                                       | 3,690.99   | 990.99                                    | 137%                          |
| 42  | Human Services - Independence MHI          | 409       | 29,843.51  | 30,000.00  | 22,011.60  | (7,988.40)                                | 73%                           |
| 43  | Human Services - Glenwood Resource Center  | 411       | 296,406.53   | 326,047.18                                       | 288,830.98   | (37,216.20)                               | 89%                           |
| 44  | Human Services - Woodward Resource Center  | 412       | 598,271.55   | * 469,792.51                                     | 497,808.15   | 28,015.64                                 | 106%                          |
| 45  | Human Services - Assistance Payments       | 413       | 386,891.49   | 387,000.00                                       | 374,910.77   | (12,089.23)                               | 97%                           |
| 46  | Inspections and Appeals                    | 427       | 22,482.95  | 96,820.00  | 1,942.50   | (94,877.50)                               | 2%                            |
| 47  | Public Defender                            | 428       | 227,847.03   | 234,682.00                                       | 172,089.87   | (62,592.13)                               | 73%                           |
| 48  | Racing and Gaming                          | 429       | 15,250.00  | 15,708.00  | -  | (15,708.00)                               | 0%                            |
| 49  | Judicial                                   | 444       | 241,521.97   | NG   | 278,708.73   | 278,708.73                                | #DIV/0!                       |
| 50  | Law Enforcement Academy                    | 467       | 21,935.77  | 25,000.00  | 288,581.96   | 263,581.96                                | 1154%                         |
| 51  | Citizens' Aide/Ombudsman                   | 503       | 60.00  | 5,200.00   | 290.00   | (4,910.00)                                | 6%                            |
| 52  | Legislative Services Agency                | 504       | 9,324.00   | 56,403.00  | 15,310.45  | (41,092.55)                               | 27%                           |
| 53  | Management                                 | 532       | 411.25   | 500.00   | 5,375.57   | 4,875.57                                  | 1075%                         |
| 54  | Natural Resources                          | 542 & 543 | 581,460.32   | 585,000.00                                       | 387,336.67   | (197,663.33)                              | 66%                           |
| 55  | Parole Board                               | 547       | -  | 1,000.00   | -  | (1,000.00)                                | 0%                            |
| 56  | IPERS                                      | 553       | 136,141.84   | 137,000.00                                       | 308,833.88   | 171,833.88                                | 225%                          |
| 57  | Public Employment Relations Board          | 572       | 23,604.05  | 23,610.00  | 25,210.15  | 1,600.15                                  | 107%                          |
| 58  | Public Defense                             | 582 & 584 | 309,585.45   | 400,000.00                                       | 332,558.96   | (67,441.04)                               | 83%                           |
| 59  | Homeland Security and Emergency Management | 583       | 21,856.38  | 24,042.02  | 339,321.25   | 315,279.23                                | 1411%                         |
| 60  | Public Health                              | 588       | 1,250,092.56   | * 1,200,000.00                                   | 945,509.71   | (254,490.29)                              | 79%                           |
| 61  | Public Information Board                   | 592       | 52.00  | * 20.00  | -  | (20.00)                                   | 0%                            |
| 62  | Public Safety                              | 595       | 151,620.33   | 151,621.00                                       | 88,600.68  | (63,020.32)                               | 58%                           |
| 63  | Revenue                                    | 625       | 7,236.17   | 7,500.00   | 1,499.13   | (6,000.87)                                | 20%                           |
| 64  | Secretary of State                         | 635       | 25,659.96  | 150,100.00                                       | 37,863.24  | (112,236.76)                              | 25%                           |
| 65  | Office of Drug Control Policy              | 642       | -  | NG   | 3,179.00   | 3,179.00                                  | #DIV/0!                       |
| 66  | Transportation, Capitals                   | 645 & 646 | 28,377,126.83  | * 22,000,000.00                                  | 28,253,094.85  | 6,253,094.85                              | 128%                          |
| 67  | Treasurer of State                         | 655       | 11,234.00  | * 1,731.00                                       | 904.00   | (827.00)                                  | 52%                           |
| 68  | Veterans Affairs                           | 670       | 1,762.00   | 2,000.00   | -  | (2,000.00)                                | 0%                            |
| 69  | Veterans Home                              | 671       | 95,189.18  | 100,000.00                                       | 84,162.52  | (15,837.48)                               | 84%                           |
| 70  | Veterans Home, Capitals                    | 672       | -  | NG   | -  | -   |                               |
| 71  | Board of Regents                           |           | 8,026,899.00   | 8,026,999.00                                     | 3,190,978.00   | (4,836,021.00)                            | 40%                           |
|     | <b>Total</b>                               |           | <b>\$ 45,414,706.38</b>                                  | <b>\$ 39,075,303.91</b>                          | <b>\$ 39,187,351.26</b>                                  | <b>\$ 112,047.35</b>                      |                               |

\* - FY 2021 TSB procurement goal is less than or equal to FY 2020 actual TSB spending.

NG - Goal not established.

Source: TSB Procurement Goals and Quarterly Reports on file with the Iowa Economic Development Authority and TSB Purchases of Goods and Services report, I/3 Report ID: FR194.