



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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December 8, 2017

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, 2017. The report includes the results of our review.

Mary Mosiman
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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, 2017 (FY 2017).

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.

Four of 71 state agencies did not set a TSB procurement goal. Of the 67 state agencies which established TSB procurement goals, 27 did not set FY 2017 TSB procurement goals greater than their FY 2016 actual TSB spending. However, for 8 of these 27 state agencies, FY 2017 actual TSB spending exceeded the FY 2016 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 2017 actual TSB spending compared to the respective FY 2017 TSB procurement goals reported to the IEDA. 15 of 71 state agencies did not submit all required quarterly reports on a timely basis. In addition, 1 of 71 state agencies did not submit any required quarterly reports.

Although 33 of the 71 state agencies did not meet their FY 2017 TSB procurement goals, total FY 2017 actual TSB spending exceeded total FY 2017 TSB procurement goals by approximately \$4,803,500.

The IEDA should continue to work with state agencies to establish procurement goals in compliance with the Code of Iowa and ensure all required quarterly reports are submitted to the IEDA.

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, 2017.

State Agencies Report
Year ended June 30, 2017

No.	State Agency	Agency #	FY 2016 Actual Targeted Small Business Spending Reported	FY 2017 Targeted Small Business Procurement Goal	FY 2017 Actual Targeted Small Business Spending Reported	FY 2017 Actual Spending Over (Under) Goal	FY 2017 Actual As a % of Goal
1	Administrative Services	005	\$ 207,019.79	* \$ 100,000.00	\$ 100,229.38	\$ 229.38	100%
2	Agriculture and Land Stewardship	009	496,213.57	* 250,000.00	293,416.56	43,416.56	117%
3	Attorney General	112 & 114	91,064.15	91,100.00	77,009.76	(14,090.24)	85%
4	Auditor of State	126	27,244.36	* 27,244.00	326.00	(26,918.00)	1%
5	Blind	131	49,673.74	* 35,000.00	5,633.00	(29,367.00)	16%
6	Ethics and Campaign Disclosure	140	273.00	275.00	90.50	(184.50)	33%
7	Civil Rights	167	4,618.65	14,000.00	13,859.18	(140.82)	99%
8	Chief Information Officer	185	132,694.27	150,000.00	215,513.51	65,513.51	144%
9	Commerce - Alcoholic Beverages	212	147,536.89	* 100,000.00	5,407.60	(94,592.40)	5%
10	Commerce - Banking, Licensing	213 & 217	89,863.36	90,000.00	975.00	(89,025.00)	1%
11	Commerce - Credit Union	214	609.00	* 525.00	-	(525.00)	0%
12	Commerce - Insurance	216	61,831.02	* 51,000.00	11,981.85	(39,018.15)	23%
13	Commerce - Utilities	219	296,657.84	* 255,000.00	257,187.59	2,187.59	101%
14	Corrections - Central Office	238	-	500.00	87.00	(413.00)	17%
15	Corrections - Fort Madison	242	140,834.82	* 99,165.00	204,679.20	105,514.20	206%
16	Corrections - Anamosa	243	85,304.30	85,500.00	29,362.11	(56,137.89)	34%
17	Corrections - Oakdale Medical and Classification Center	244	36,488.78	37,000.00	50,510.31	13,510.31	137%
18	Corrections - Newton	245	86,246.87	* 58,000.00	102,000.70	44,000.70	176%
19	Corrections - Mt. Pleasant	246	6,916.58	7,010.00	9,289.88	2,279.88	133%
20	Corrections - Rockwell City	247	16,118.34	16,120.00	6,345.00	(9,775.00)	39%
21	Corrections - Clarinda	248	25,380.40	* 12,500.00	43,735.03	31,235.03	350%
22	Corrections - Mitchellville	249	8,014.70	* 6,500.00	87,058.98	80,558.98	1339%
23	Corrections - Prison Industries	250	54,032.70	55,000.00	31,389.86	(23,610.14)	57%
24	Corrections - Fort Dodge	252	25,283.82	46,000.00	104,910.94	58,910.94	228%
25	Cultural Affairs	259 & 265	44,162.71	45,000.00	45,699.25	699.25	102%
26	Iowa Economic Development Authority	269, 275 & 301	37,380.35	NG -	1,285.20	1,285.20	NG
27	Iowa Finance Authority	270	87,617.19	* 75,000.00	85,189.73	10,189.73	114%
28	Education	282	155,897.96	213,000.00	83,563.20	(129,436.80)	39%
29	Vocational Rehabilitation	283	100,020.12	175,010.00	201,059.05	26,049.05	115%
30	College Aid Commission	284	38,452.51	45,000.00	9,516.65	(35,483.35)	21%
31	Iowa Public Television	285	98,067.27	98,100.00	89,973.99	(8,126.01)	92%
32	Aging	297	61,769.25	* 45,770.00	23,649.54	(22,120.46)	52%
33	Workforce Development	309	584,982.96	* 155,050.00	95,771.22	(59,278.78)	62%
34	General Services Capitals	335	14,026.42	* 10,000.00	58,264.42	48,264.42	583%
35	ICN	336	306,141.12	310,000.00	144,620.87	(165,379.13)	47%
36	Governor	350	248.65	250.00	5,909.48	5,659.48	2364%
37	Human Rights	379	46,303.46	* 23,750.00	25,750.92	2,000.92	108%
38	Human Services - Administration	401	26,707.38	26,800.00	2,893.02	(23,906.98)	11%
39	Human Services - Community Services	402	178,446.33	178,500.00	88,833.78	(89,666.22)	50%
40	Human Services - Eldora	405	20,846.36	21,011.00	10,866.69	(10,144.31)	52%

State Agencies Report
Year ended June 30, 2017

No.	State Agency	Agency #	FY 2016 Actual Targeted Small Business Spending Reported	FY 2017 Targeted Small Business Procurement Goal	FY 2017 Actual Targeted Small Business Spending Reported	FY 2017 Actual Spending Over (Under) Goal	FY 2017 Actual As a % of Goal
41	Human Services - Cherokee MHI	407	1,064.90	NG	-	-	NG
42	Human Services - Independence MHI	409	17,883.99	* 12,000.00	12,060.25	60.25	101%
43	Human Services - Glenwood Resource Center	411	50,434.83	55,478.31	108,583.03	53,104.72	196%
44	Human Services - Woodward Resource Center	412	439,613.25	439,615.00	536,074.49	96,459.49	122%
45	Human Services - Assistance Payments	413	548,332.46	548,500.00	588,072.21	39,572.21	107%
46	Inspections and Appeals	427	81,239.54	85,000.00	92,492.32	7,492.32	109%
47	Public Defender	428	169,551.90	175,000.00	182,763.24	7,763.24	104%
48	Racing and Gaming	429	2,900.00	3,000.00	13,990.31	10,990.31	466%
49	Judicial	444	337,486.66	350,000.00	244,763.13	(105,236.87)	70%
50	Law Enforcement Academy	467	23,815.75	* 15,000.00	25,680.91	10,680.91	171%
51	Citizens' Aide/Ombudsman	503	931.60	* 400.00	86.00	(314.00)	22%
52	Legislative Services Agency	504	56,343.29	* 10,000.00	27,962.52	17,962.52	280%
53	Management	532	4,331.45	4,332.00	502.00	(3,830.00)	12%
54	Natural Resources	542 & 543	558,758.20	750,000.00	1,146,986.37	396,986.37	153%
55	Parole Board	547	776.75	2,000.00	5,654.00	3,654.00	283%
56	IPERS	553	149,352.40	150,000.00	191,077.37	41,077.37	127%
57	Public Employment Relations Board	572	1,567.89	1,570.00	7,056.00	5,486.00	449%
58	Public Defense	582 & 584	104,956.97	120,000.00	111,085.56	(8,914.44)	93%
59	Homeland Security and Emergency Management	583	20,410.28	21,000.00	24,146.20	3,146.20	115%
60	Public Health	588	757,075.77	* 494,500.00	1,013,912.19	519,412.19	205%
61	Public Safety	595	145,878.65	* 110,000.00	97,564.74	(12,435.26)	89%
62	Revenue	625	125,881.12	127,000.00	7,543.40	(119,456.60)	6%
63	Secretary of State	635	116,753.28	* 100,001.00	33,977.97	(66,023.03)	34%
64	Office of Drug Control Policy	642	-	NG	293.70	293.70	NG
65	Transportation, Capitals	645 & 646	33,216,447.82	* 19,000,000.00	24,642,636.29	5,642,636.29	130%
66	Treasurer of State	655	11,414.24	11,425.00	7,319.35	(4,105.65)	64%
67	Veterans Affairs	670	1,079.00	* 400.00	3,863.00	3,463.00	966%
68	Veterans Home	671	163,846.27	* 130,000.00	93,405.68	(36,594.32)	72%
69	Veterans Home, Capitals	672	-	20,000.00	-	(20,000.00)	0%
70	Public Information Board	592	-	NG	-	NG	NG
71	Board of Regents		11,430,763.00	11,430,863.00	10,136,872.00	(1,293,991.00)	89%
	Total		\$ 52,429,882.25	37,176,764.31	\$ 41,980,270.18	4,803,505.87	

* - FY 2017 TSB procurement goal is less than FY 2016 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, 1/3 Report ID: FR194.