



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

**NEWS RELEASE**

FOR RELEASE

June 19, 2007

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Highway Safety Projects administered by The Integer Group Midwest for the year ended September 30, 2006.

Six contracts were awarded authorizing total expenditures of \$666,191 for designing, producing and distributing public service announcements on traffic safety. Vaudt reported a total of \$640,588 of eligible expenditures had been claimed under the contracts.

Vaudt recommended the quarterly and final reports be submitted timely according to the contract conditions.

A copy of the audit report is available for review in the Iowa Department of Public Safety, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**STATE OF IOWA DEPARTMENT OF PUBLIC SAFETY  
GOVERNOR'S TRAFFIC SAFETY BUREAU  
THE INTEGER GROUP MIDWEST  
DES MOINES  
HIGHWAY SAFETY PROJECTS**

**INDEPENDENT AUDITOR'S REPORTS  
ELIGIBLE EXPENDITURES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED SEPTEMBER 30, 2006**

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**STATE OF IOWA DEPARTMENT OF PUBLIC SAFETY  
GOVERNOR'S TRAFFIC SAFETY BUREAU  
THE INTEGER GROUP MIDWEST  
DES MOINES**

**Officials**

Name

Title

**State**

**Governor**

Honorable Thomas J. Vilsack  
(Ended during January 2007)

Honorable Chester J. Culver  
(Began during January 2007)

**Director, Department of Management**

Michael L. Tramontina  
(Ended during January 2007)

Charles J. Krogmeier  
(Began during January 2007)

**Director, Legislative Services Agency**

Dennis C. Prouty

**Governors' Representative, National Highway Safety Program**

Kevin W. Techau  
(Ended during January 2007)

Eugene T. Meyer  
(Began during January 2007)

**Agency**

William B. Grismer

Account Executive, The Integer Group  
Midwest

Susan K. Bullis

Controller, The Integer Group Midwest

**State of Iowa Department of Public Safety  
Governor's Traffic Safety Bureau**



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Independent Auditor's Report

To Eugene T. Meyer, Governor's Representative  
for the National Highway Safety Program:

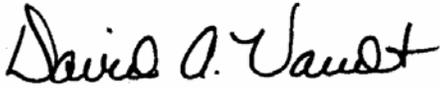
We have audited the accompanying schedule of eligible expenditures under Contracts Alcohol PAP 06-02 Task 12, Occupant Protection PAP 06-03 Task 01, Alcohol Incentive Grant PAP 06-410 Task 46, Discretionary Innovative Grant 06-157I Task 182, Occupant Protection Incentive Grant 06-405 Task 03 and Child Passenger Protection Education Grant 06-2003b Task 03 which was prepared by The Integer Group Midwest, Des Moines, Iowa pursuant to an agreement between The Integer Group Midwest and the Department of Public Safety, Governor's Traffic Safety Bureau for the year ended September 30, 2006. This schedule is the responsibility of The Integer Group Midwest's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of eligible expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of eligible expenditures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe our audit provides a reasonable basis for our opinion.

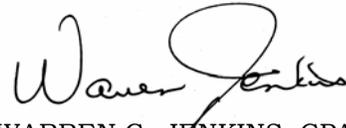
As described in note 1, the accompanying schedule was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. This schedule was prepared to present the eligible expenditures under Contracts Alcohol PAP 06-02 Task 12, Occupant Protection PAP 06-03 Task 01, Alcohol Incentive Grant PAP 06-410 Task 46, Discretionary Innovative Grant 06-157I Task 182, Occupant Protection Incentive Grant 06-405 Task 03 and Child Passenger Protection Education Grant 06-2003b Task 03 by The Integer Group Midwest pursuant to an agreement between The Integer Group Midwest and the Department of Public Safety, Governor's Traffic Safety Bureau, and is not intended to be a complete presentation of The Integer Group Midwest's financial position or results of operations.

In our opinion, the schedule of eligible expenditures referred to above presents fairly, in all material respects, the eligible expenditures under Contracts Alcohol PAP 06-02 Task 12, Occupant Protection PAP 06-03 Task 01, Alcohol Incentive Grant PAP 06-410 Task 46, Discretionary Innovative Grant 06-157I Task 182, Occupant Protection Incentive Grant 06-405 Task 03 and Child Passenger Protection Education Grant 06-2003b Task 03 by The Integer Group Midwest for the year ended September 30, 2006 in accordance with the agreement referred to above.

In accordance with Government Auditing Standards, we have also issued our report dated May 8, 2007 on our consideration of The Integer Group Midwest's internal control over compliance and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over compliance and the results of that testing and not to provide opinions on internal control over compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

May 8, 2007

**State of Iowa Department of Public Safety  
Governor's Traffic Safety Bureau**

State of Iowa Department of Public Safety  
 Governor's Traffic Safety Bureau  
 The Integer Group Midwest  
 Des Moines

Schedule of Eligible Expenditures

Year ended September 30, 2006

Contract	CFDA Number	Contract Application			
		Amount Approved	Amount Claimed	Amount Allowable	Amount Unallowable
Alcohol PAP 06-02 Task 12	20.600	\$ 75,000	75,000	75,000	-
Occupant Protection PAP 06-03 Task 01	20.600	75,000	75,000	75,000	-
Alcohol Incentive Grant PAP 06-410 Task 46	20.601	130,000	124,488	124,488	-
Discretionary Innovative Grant 06-1571 Task 182	20.604	155,000	147,885	147,885	-
Occupant Protection Incentive Grant 06-405 Task 03	20.602	227,000	214,024	214,024	-
Child Passenger Protection Education Grant 06-2003b Task 03	20.602	4,191	4,191	4,191	-
Total		\$ 666,191	640,588	640,588	-

See accompanying independent auditor's report.

State of Iowa Department of Public Safety  
Governor's Traffic Safety Bureau  
The Integer Group Midwest  
Des Moines

Note to Schedule of Eligible Expenditures

September 30, 2006

**(1) Summary of Significant Accounting Policies**

The Department of Public Safety, Governor's Traffic Safety Bureau contracted with The Integer Group Midwest, Des Moines (Integer Group) to provide public awareness services for highway safety projects.

A. Reporting Entity

The Schedule of Eligible Expenditures was prepared to present the eligible expenditures under Contracts Alcohol PAP 06-02 Task 12, Occupant Protection PAP 06-03 Task 01, Alcohol Incentive Grant PAP 06-410 Task 46, Discretionary Innovative Grant 06-157I Task 182, Occupant Protection Incentive Grant 06-405 Task 03 and Child Passenger Protection Education Grant 06-2003b Task 03 by Integer Group pursuant to an agreement between Integer Group and the Department of Public Safety, Governor's Traffic Safety Bureau and is not intended to be a complete presentation of Integer Group's financial position or results of operations.

B. Basis of Presentation

The Schedule of Eligible Expenditures is prepared on the basis of cash receipts and disbursements. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the Schedule of Eligible Expenditures is not presented in accordance with U.S. generally accepted accounting principles.

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**State of Iowa Department of Public Safety  
Governor's Traffic Safety Bureau**



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Independent Auditor's Report on Compliance with Requirements  
Applicable to the Federal Program and on Internal Control over Compliance  
in Accordance with the Program – Specific Audit Option Under OMB Circular A-133

To Eugene T. Meyer, Governor's Representative  
for the National Highway Safety Program:

Compliance

We have audited the compliance of The Integer Group Midwest, Des Moines, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the Highway Safety Grant contracts for the year ended September 30, 2006. Compliance with the requirements of laws, regulations, contracts and grants applicable to its Highway Safety Grants contracts is the responsibility of The Integer Group Midwest's management. Our responsibility is to express an opinion on The Integer Group Midwest's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on the Highway Safety Grant contracts occurred. An audit includes examining, on a test basis, evidence about The Integer Group Midwest's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on The Integer Group Midwest's compliance with those requirements.

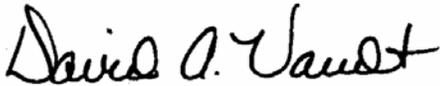
In our opinion, The Integer Group Midwest complied, in all material respects, with the requirements referred to above that are applicable to its Highway Safety Grant contracts for the year ended September 30, 2006. However, the results of our auditing procedures disclosed an instance of non-compliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described as item (A) in the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

The management of The Integer Group Midwest is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The Integer Group Midwest's internal control over compliance with requirements that could have a direct and material effect on its Highway Safety Grant contracts in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to Highway Safety Grant Contracts being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials and employees of The Integer Group Midwest, the Governor's Traffic Safety Bureau and other parties to whom The Integer Group Midwest may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

May 8, 2007

State of Iowa Department of Public Safety  
Governor's Traffic Safety Bureau  
The Integer Group Midwest  
Des Moines

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

- (A) Final and Quarterly Reporting – The Highway Safety grants require quarterly reports to be submitted within an established number of days after the end of a quarter and final reports are to be submitted by November 1, 2006 to the Governor's Traffic Safety Bureau (GTSB). The Integer Group Midwest does not document the dates the reports are submitted. Also, the GTSB does not document the dates the reports are received. We were unable to determine the dates the quarterly reports were submitted. We determined the final reports were submitted late for all six contracts.

Recommendation – The Integer Group Midwest should submit all final reports timely according to the terms of its contract with the GTSB. Also, The Integer Group Midwest should document the date its final and quarterly reports were submitted to GTSB. In addition, GTSB should stamp the date it receives quarterly and final reports from the Integer Group Midwest to document when the reports are received.

Responses –

The Integer Group Midwest - Going forward The Integer Group Midwest will submit reports timely and document on the file copy the dates the reports were submitted.

GTSB – The GTSB will date stamp reports as received and review contracts for any changes needed to reporting deadlines.

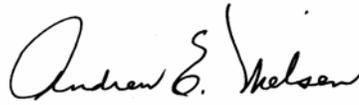
Conclusion – Responses accepted.

State of Iowa Department of Public Safety  
Governor's Traffic Safety Bureau  
The Integer Group Midwest

Staff

This audit was performed by:

K. David Voy, CPA, Manager  
Chad D. Lehman, Staff Auditor  
Sheila M. Jensen, Senior Auditor  
Michael J. Hackett, Staff Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial 'A' and 'N'.

Andrew E. Nielsen, CPA  
Deputy Auditor of State