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**FOR IMMEDIATE RELEASE**

**July 31, 2017**

## **NO MAJOR ISSUES UNCOVERED DURING YEAR-LONG RE-AUDIT**

*State Auditor releases re-audit report of City of Muscatine 2014-2015 finances*

**MUSCATINE, Iowa** – A re-audit of City of Muscatine for fiscal year 2015 found no major issues in regards to specific concerns detailed by Mayor Diana Broderson in a request to Auditor of State Mary Mosiman in 2016.

The City received a copy of the re-audit report on the City of Muscatine for the period of July 1, 2014 through June 30, 2015, on July 27, 2017. The report also covered items applicable to the year ending June 30, 2016.

The re-audit was requested by Mayor Diana Broderson and was requested “...due to concerns regarding certain City officials’ and employees’ travel to China and the use of City resources for an event held by the Muscatine Symphony Orchestra”.

Broderson detailed four specific concerns in asking for the re-audit including: the purpose of the trip taken by the former Mayor, the City Administrator, the City Community Development Director, and their spouses and what, if any, travel expenses were incurred by the City; if gifts were exchanged between the City and China and parties and events planned with delegations from China were funded by the city; The use of public funds for private ventures when the China Orchestra performed on February 24, 2016 (specifically alleging the City Administration “loaned two full-time City employees to the Muscatine Symphony Orchestra to work solely on promoting

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the event including planning, marketing, and registration); and, formation of the Muscatine Mayor's China Initiative Task Force by the former Mayor without City Council approval.

The State Auditor did not find any evidence to support the concerns and dismissed each as without merit. However, the State Auditor did extend the report into a discussion on transparency, what public purpose is, and the City's travel policy and reports.

"The City respects the State Auditor's position and understands that the report uncovered no major issues," Gregg Mandsager, City Administrator, said. "However, city staff and the audit committee strongly disagree with the recommendations presented by the State Auditor as the recommendations are not required by policy or under the law."

While the report stated that the City Council and Mayor were in agreement concerning the public purpose of the 2014 China trip, the State Auditor also stated that the City Council should have taken a more active role in approving the trip and allowing public comment. The same report first termed the trip as cultural and sightseeing but later reversed itself and said the trip was for economic development.

The report also examined what category the City expenses were placed and errors made in the travel reports.

"The City travel policy and City Code were followed," Nancy Lueck, City Finance Director, said. "What problems we had in the submission of reports were taken care of in-house and explained to the auditors. It was the same for which category the travel expenses were placed."

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The Mayor's request for re-audit took over a year to complete and involved over 100 hours of State Auditor staff time — costing taxpayers approximately \$8,400 — to review allegations involving \$4,192.69 in City charges. In addition, the City incurred staff and legal costs to review and comment on the State Auditor's report. City staff time alone is estimated at over 40 hours — costing taxpayers approximately \$2,200.

Mayor Broderson did not request any of the financial information contained in the State's re-audit from City staff in advance of making her request to the State Auditor's Office.

Given that many of the findings and recommendations were largely outside the scope of the State Auditor's authority, and based upon the review of the re-audit and of the City's travel policy and City Code, the City does not plan to make any adjustments to policies or procedures at this time.

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[State of Iowa State Auditor Re-Audit Report](#)  
[City of Muscatine Response to State Auditor](#)  
[City of Muscatine Legal Opinion](#)

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