



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

July 14, 2011

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released a report on the Iowa Department of Public Health for the year ended June 30, 2010.

The Department exercises general supervision over public health programs, promotes health and sanitation, carries out specific responsibilities required by law and administers state and federal laws related to public health and vital records. The Department also exercises administrative authority over the medical, dental, pharmacy and nursing boards.

Vaudt recommended the Department improve controls over the recording of capital assets, reporting GAAP package information and cash management over federal programs. The Department responded corrective action is being implemented.

A copy of the report is available for review in the Iowa Department of Public Health, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1160-5880-BR00.pdf>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF PUBLIC HEALTH**

JUNE 30, 2010

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



**David A. Vaudt, CPA
Auditor of State**

1160-5880-BR00



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July 5, 2011

To Marianette Miller-Meeks, Director of the
Iowa Department of Public Health:

The Iowa Department of Public Health is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2010.

In conducting our audits, we became aware of certain aspects concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations, which include those reported in the State's Single Audit Report and the State's Report on Internal Control, as well as other recommendations pertaining to the Department's compliance with statutory requirements and other matters. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Public Health's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Public Health, citizens of the State of Iowa and other parties to whom the Iowa Department of Public Health may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Department during the course of our audits. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the Department are listed on page 8 and they are available to discuss these matters with you.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Report of Recommendations to the
Iowa Department of Public Health

June 30, 2010

Findings Reported in the State's Single Audit Report:

CFDA Number: 93.069 – Public Health Emergency Preparedness
Agency Number: 5U90TP716833-10, 1H75TP000342-01, 3H75TP000342-01W1
Federal Award Year: 2009

State of Iowa Single Audit Report Comment: 10-III-HHS-588-2

- (1) Subrecipient Monitoring – OMB Circular A-133 requires a pass-through entity to be responsible for monitoring the activities of the subrecipients, as necessary, to ensure federal awards are used for authorized purposes and in compliance with laws, regulations and provisions of the contract or grant. The Department has not developed written policies and procedures for monitoring grant funds provided to Local Public Health Agencies and on-site monitoring reviews were not performed by the Department in fiscal year 2010.

Recommendation – The Department should develop and implement written procedures addressing subrecipient monitoring of grant funds provided to Local Public Health Agencies to ensure federal requirements are met. Monitoring should be performed and adequate documentation should be maintained of the oversight activities performed, the findings noted and the corrective action taken.

Response and Corrective Action Planned – Prior to the fiscal year 2010 grant year, the entire preparedness award was contracted to six regional fiscal agents. For the first time in fiscal year 2010, contracts were executed with all ninety-nine county public health agencies for the Public Health Emergency Preparedness program. With the institution of this change, it was the intent of the program to randomly monitor subrecipient activities during the fiscal year. Due to the federal public health disaster declaration of the first pandemic influenza in 40 years, the Department did not perform on-site subrecipient monitoring of grant funds provided to local public health agencies during fiscal year 2010. Monthly desk audits were completed throughout the year on every preparedness contract; however, it was not circumstantially feasible to complete on-site monitoring in fiscal year 2010. The Department has drafted written procedures to implement subrecipient monitoring of grant funds provided to local public health agencies to ensure federal requirements are met. Monitoring will be performed and documentation maintained of oversight activities performed, any findings identified and corrective actions taken.

Conclusion – Response accepted.

CFDA Number: 93.069 – Public Health Emergency Preparedness
Agency Number: 5U90TP716833-10, 1H75TP000342-01, 3H75TP000342-01W1
Federal Award Year: 2009

CFDA Number: 93.268 – Immunization Grants
Agency Number: 5H23IP722542-07, 5H23IP722542-08
Federal Award Year: 2009, 2010

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CFDA Number: 93.283 – Centers for Disease Control and Prevention_ Investigations and Technical Assistance

**Agency Number: 5U58DP001480-02, 5U58DP001382-02, 1U58DP001967-01,
5U58DP000794-03**

Federal Award Year: 2009

State of Iowa Single Audit Report Comment: 10-III-HHS-588-3

- (2) Cash Management – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. They also minimize the amount of state and other federal funds used to supplant programs until federal funds are received.

A review of the Department's records identified the following instances where cash balances were in excess of \$50,000:

- (a) Nineteen instances of five to fifteen business days for the Public Health Emergency Preparedness program.
- (b) Eighteen instances of five to twenty business days for the Immunization program.
- (c) Four instances of five to thirty-one business days for the Centers for Disease Control and Prevention_ Investigations and Technical Assistance program.

Recommendation – The Department should develop and implement procedures to ensure federal funds are drawn down in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances.

Response and Corrective Action Planned – The State's financial system encumbers funds when a purchase order is initiated which reduces the available cash balance in the individual account. Any additional expenditures entered into the State's financial system require additional revenues to be drawn in order to increase the cash balance to process the payments. Encumbrances are not released until the item(s) is received and the payment document is completed. The Department is diligent in taking the necessary steps to draw minimal funds to ensure a positive cash balance is maintained while allowing payments to be made in a timely manner. The Department will welcome technical assistance regarding this issue.

Conclusion – Response accepted.

Findings Related to the State's Report on Internal Control:

- (1) Financial Reporting – The Department records receipts and disbursements on the Integrated Information for Iowa (I/3) system throughout the year, including the accrual period. Activity not recorded on the I/3 system is reported to the Department of Administrative Services – State Accounting Enterprise (DAS-SAE) on a GAAP package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year.

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- (a) The Department understated the amount of unearned revenues by \$876,997. This was properly adjusted for reporting purposes.
- (b) The Department understated the amount of future lease payments by \$334,220.

Recommendation – The Department should ensure the GAAP package information reported is complete and accurate.

Response – The GAAP package information will be reviewed for accuracy and completeness by a separate staff member in the Bureau of Finance prior to submission.

Conclusion – Response accepted.

- (2) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each department of the state to maintain a written, detailed and up-to-date inventory of property under its charge and control. The following were noted for the Department:

- (a) The same individual records and reconciles capital asset records.
- (b) The Department did not perform a reconciliation of capital asset additions to I/3 expenditures for the Boards within the Department.
- (c) The Department is not completing or maintaining documentation evidencing proper approval for assets disposed of.

Recommendation – Duties should be segregated to ensure one person does not perform incompatible duties. The Department should develop written procedures to ensure a detailed, up-to-date capital asset listing is maintained. Procedures should include, but not be limited to, ensuring all capital asset additions are reconciled to I/3 asset purchases and the disposal of assets are properly approved and documentation is retained evidencing proper approval.

Response – Written procedures will be developed and implemented throughout the Department. These procedures will address segregation of responsibilities for asset records, reconciliation by staff within the four Boards (Medicine, Nursing, Pharmacy and Dental) of asset inventory to I/3 purchases and appropriate documentation of asset disposal.

Conclusion – Response accepted.

- (3) Payroll – The Department processes and records payroll and personnel information on the Human Resource Information System (HRIS). The Human Resource Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises.

Three individuals have the ability to initiate P-1 documents and prepare and approve timesheets.

Recommendation – To strengthen controls, the Department should develop and implement procedures to segregate the duties of the Human Resource Associates.

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Response – IDPH has requested the production of a quarterly P-1 APPRV report to be produced by DAS on a quarterly basis. The report will be sent to the Bureau of Finance for review to verify appropriate approvals of payroll documents by internal staff. Documentation of the review/approval of report will be maintained.

Conclusion – Response accepted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

Annual Report – Chapter 135.43 of the Code of Iowa requires the Iowa Child Death Review Team to collect, review and analyze child death certificates and child death data, including patient records or other pertinent confidential information concerning the deaths of children under age eighteen for use in preparing an annual report to the Governor and the General Assembly concerning the causes and manner of child deaths. The last report submitted by the Team was for 2007.

Recommendation – The Department should submit the 2008 and 2009 annual reports to comply with the Code of Iowa.

Response – Due to lack of funding and staff for this program, the timely preparation of these reports has been negatively impacted. The Department is currently in the process of completing the 2008 and 2009 annual reports.

Conclusion – Response accepted.

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Staff:

Questions or requests for further assistance should be directed to:

Jennifer Campbell, CPA, Manager
Lesley R. Geary, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Michael R. Field, Senior Auditor
Tiffany M. Ainger, Staff Auditor
Ainslee M. Barnes, CPA, Staff Auditor
Gabriel M. Stafford, CPA, Staff Auditor
Chad W. Baker, Assistant Auditor
Nancy J. Umsted, Assistant Auditor