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NEWS RELEASE

FOR RELEASE

July 19, 2012

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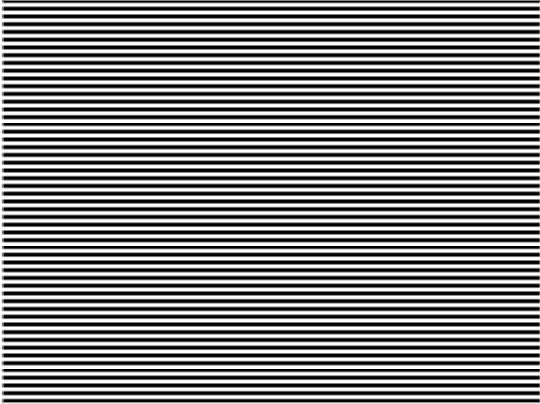
Auditor of State David A. Vaudt today released a report on the Iowa Department on Aging for the year ended June 30, 2011.

The Department has the primary responsibility for providing advocacy, educational and prevention services to older Iowans. The Department receives funding from the U.S. Administration on Aging and distributes funds to Area Agencies on Aging.

Vaudt recommended the Department review policies and procedures covering internal controls over contracts. In addition, the Department should review the monitoring procedures used by Area Agencies on Aging to process expenditures. The Department's responses to the recommendations are included in the report.

A copy of the report is available for review in the Iowa Department on Aging, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/1260-2970-0R00.pdf>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT ON AGING**

JUNE 30, 2011

Office of
**AUDITOR
OF STATE**
State Capitol Building • Des Moines, Iowa



David A. Vaudt, CPA
Auditor of State





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July 16, 2012

To the Members of the Commission on Aging:


The Iowa Department on Aging 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, 2011.

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 recommendations pertaining to the Department's internal control and 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 on Aging'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 on Aging, citizens of the State of Iowa and other parties to whom the Iowa Department on Aging 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 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 6 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 on Aging

June 30, 2011

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Finding Related to Internal Control:

Service Contracts – Service contracts are contracts entered into by a department to aid in carrying out its programs and to provide specialized services through an independent contractor qualified by education, experience and/or technical ability. Service contracts may be with individuals, partnerships, firms, corporations or other business entities.

Iowa Administrative Code (IAC) Chapters 11-106 and 11-107 require service contracts be signed prior to the start date of the contract, include an indemnification clause, a termination clause and clauses requiring the service provider to comply with all applicable state/federal regulations. If the contract is awarded to a provider without a competitive bidding process, a Report of Sole Source Procurement is required to be prepared and attached to the contract. The following variances were noted:

- (a) 9 of the 10 contracts reviewed started before they were signed.
- (b) 1 of the 10 contracts reviewed was a sole source procurement, but a Report of Sole Source Procurement was not attached to the contract.

Recommendation – The Department should ensure all requirements of IAC Chapters 11-106 and 11-107 are met when entering into service contracts.

Response – The Department will review its procedures to ensure all requirements of IAC 11-106 and 11-107 are met when entering into service contracts.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department on Aging

June 30, 2011

Finding Related to Statutory Requirements and Other Matters:

Allowability of Expenditures – The Department is responsible to monitor the use of the funds provided to Area Agencies on Aging (AAA) for compliance with State and Federal regulations. However, we determined on-site reviews do not provide adequate documentation to address whether payments to vendors were for eligible goods, services were actually received by specific clients or payments were recorded in the proper fiscal year. In addition, on-site reviews were not conducted for program years 2009, 2010 and 2011.

Recommendation – The Department should implement procedures to ensure the allowability and proper coding of vendor payments is reviewed and the procedures performed during on-site reviews are documented.

Response – The Department concurs it does maintain responsibility for oversight of state and federal dollars. To the best of its ability and with the resources available, the Department will review its procedures to ensure allowability of vendor payments on a periodic basis during on-site visits. Additional guidance was provided to AAA's regarding their required fiscal year 2011 independent audits to address the issue.

House File 2320 was enacted into law in March of 2012, mandating the reduction of Area Agencies on Aging. This is the largest reorganization of Iowa's Aging Network since the inception of the Older Americans Act in 1966. To that end, periodic on-site reviews will be conducted, provided the Department has adequate resources, on a 2 to 3 year rotating basis beginning in 2015 for fiscal year 2014. Fiscal year 2013 will be spent planning for the reduction of Area Agencies on Aging effective fiscal year 2014 and developing a monitoring tool to be used for those Area Agencies on Aging.

Conclusion – Response acknowledged. The Department should implement procedures to ensure the allowability and proper coding of vendor payments is reviewed and the procedures performed during on-site reviews are documented on a timely basis.

Report of Recommendations to the Iowa Department on Aging

June 30, 2011

Staff:

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager
Jessica N. Meierotto, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Daniel Mikels, Assistant Auditor
Mike Bunkers, Assistant Auditor