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STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

July 19, 2012

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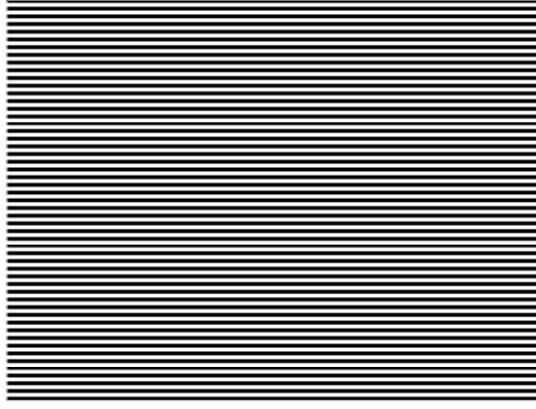
Auditor of State David A. Vaudt today released a report on the Iowa Department of Human Rights for the year ended June 30, 2011.

The Department's purpose is to promote opportunities, advocate the rights, improve the conditions of poverty and study the changing needs and problems of all Iowans.

Vaudt recommended the Department ensure federal payroll allocations to various programs are properly supported. The Department should review contract requirements and implement procedures to ensure federal funds are drawn in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances. The Department also should ensure all subrecipient audit reports are reviewed timely. 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 of Human Rights, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1260-3790-0R00.pdf>.

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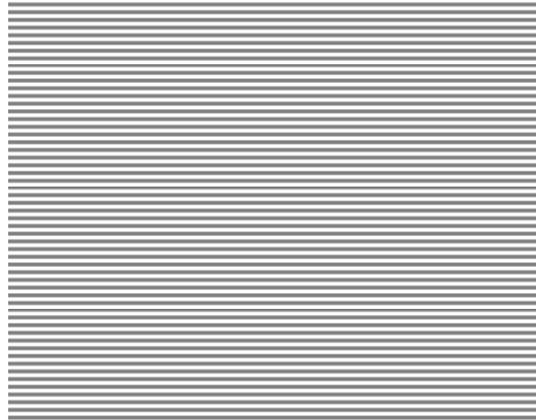
**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF HUMAN RIGHTS**

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 Ms. San Wong, Director of the
Iowa Department of Human Rights:

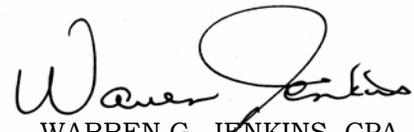
The Iowa Department of Human Rights is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2011.

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 those reported in the State's Single Audit Report as well as a finding related to statutory requirements and other matters. These recommendations have been discussed with Department personnel and their responses to the 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 Human Rights' 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 Human Rights, citizens of the State of Iowa and other parties to whom the Iowa Department of Human Rights 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 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

June 30, 2011

Findings Reported in the State's Single Audit Report:

**CFDA Number: 81.042 – Weatherization Assistance for Low-Income Persons and
ARRA – Weatherization Assistance for Low-Income Persons**
Agency Number: 10EE003227, EE0000128, EE0000105
Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-DOE-379-4

- (1) Program and Fiscal Monitoring – The Department's State Weatherization Plan submitted to the U.S. Department of Energy requires both program and fiscal monitoring to be performed. The weatherization plan further requires written program monitoring and fiscal monitoring reports to be sent to the subrecipient within 30 days of the review being completed.

Twelve of eighteen program monitoring reports tested were not sent to the subrecipient within 30 days of the program monitoring review.

In addition, twelve of eighteen fiscal monitoring reports tested were not sent to the subrecipient within 30 days of the fiscal monitoring review.

Recommendation – The Department should ensure program and fiscal monitoring reports are sent in a timely manner.

Response and Corrective Action Planned – The Department will endeavor to prepare and send subrecipient fiscal monitoring reports within 30 days in accordance with U.S. Department of Energy requirements.

Conclusion – Response accepted.

**CFDA Number: 81.042 – Weatherization Assistance for Low-Income Persons and
ARRA – Weatherization Assistance for Low-Income Persons**
Agency Number: 10EE003227, EE0000128, EE0000105
Federal Award Year: 2010, 2011

CFDA Number: 93.568 – Low-Income Home Energy Assistance
Agency Number: 10B1IALIEA, 11B1IALIEA
Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comments: 11-III-DOE-379-5 and 11-III-HHS-379-10

- (2) Payroll Distribution – OMB Circular A-87 states employees who work on multiple programs will distribute their time based on actual activity. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support. Three employees of the Department use a predetermined percentage rather than actual hours worked to allocate payroll costs to the federal programs.

Recommendation – The Department should ensure employees record actual hours worked on each federal program rather than the predetermined rate.

Response and Corrective Action Planned – The Department's indirect cost proposal as approved by the federal cognizant agency at the U.S. Department of Health and Human Services includes the following language: "within the Division of Community Action Agencies, the majority of the duties performed by the division administrator, his

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administrative assistant, and the division's accountant impact all programs equally. For this reason, their salaries, fringe benefits and support costs are distributed equally to the three bureaus within the Division (Weatherization Assistance, Energy Assistance, and Community Services)". Based upon this approval, the Department believes it is appropriate to continue allocating time as established in the indirect cost proposal without the need to perform time studies.

Conclusion – Response acknowledged. OMB Circular A-87 does not allow predetermined percentages. Therefore, the Department should ensure employees record actual hours worked on each federal program rather than the predetermined rate.

**CFDA Number: 81.042 – Weatherization Assistance for Low-Income Persons and
ARRA – Weatherization Assistance for Low-Income Persons**

**Agency Number: 10EE003227, EE0000128, EE0000105
Federal Award Year: 2010**

CFDA Number: 93.568 – Low-Income Home Energy Assistance

**Agency Number: 10B1IALIEA
Federal Award Year: 2010**

State of Iowa Single Audit Report Comments: 11-III-DOE-379-6 and 11-III-HHS-379-11

- (3) Monitoring of Subrecipient Audit Reports – OMB Circular A-133 requires the Department to ensure required audit reports of subrecipients expending \$500,000 or more in federal awards are completed within nine months of the subrecipient's fiscal year end, issue a management decision on audit findings within six months of the receipt of the subrecipient's audit report and ensure the subrecipient takes timely and appropriate corrective action on all findings.

The Department has established policies and procedures for obtaining and performing desk reviews of audit reports for subrecipients which expend more than \$500,000 from the Department each year. However, for nineteen subrecipient reports tested, the Department did not review the audit reports in a timely manner.

Recommendation – The Department should follow the established policy to ensure subrecipient audit reports are reviewed in a timely manner.

Response and Corrective Action Planned – The Department will follow the established policy to ensure subrecipient audit reports are reviewed in a timely manner.

Conclusion – Response accepted.

CFDA Number: 93.568 – Low-Income Home Energy Assistance

**Agency Number: 10B1IALIEA, 11B1IALIEA
Federal Award Year: 2010, 2011**

State of Iowa Single Audit Report Comment: 11-III-HHS-379-8

- (4) 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.

Report of Recommendations to the Iowa Department of Human Rights

June 30, 2011

A review of the Department's records identified four instances where the cash balance was in excess of \$100,000 for nine to forty-three business days.

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 Department will continue to endeavor to follow procedures to ensure federal funds are drawn in sufficient amounts and disbursed in a timely manner without carrying excessive daily balances. The Department is also exploring options to further monitor cash balances.

Conclusion – Response accepted.

CFDA Number: 93.568 – Low-Income Home Energy Assistance

Agency Number: 10B1IALIEA, 11B1IALIEA

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-HHS-379-9

- (5) Subrecipient Cash Management – The Department advances Low-Income Housing Energy Assistance Program (LIHEAP) funding to Community Action Agencies (CAA) for expenditures to date, actual funds which will be paid out within the next 30 days and accurate estimates of LIHEAP approvals that will be paid within the next 14 days. The Department also advances funds for actual expenses, work in progress and 30 day projected expenses for the subsequent month, less any cash on hand for the Home Energy Assistance Program (HEAP).

Of the five CAA's selected for review, there were four instances at two Community Action Agencies where LIHEAP funds were not expended within 30 days of the month end. In addition, there were three instances of one Community Action Agency not expending HEAP funding within 30 days.

Recommendation – The Department should review its contract requirements and develop and implement procedures to ensure federal funds are drawn 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 Department is aware of contractual requirements to ensure federal funds are drawn in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excess cash balances. During state fiscal year 2011, the Department strengthened administrative procedures by corresponding with Community Action Agencies and sending e-mail reminders and providing direction on how to proceed if excess cash is likely to be on hand. The Department is currently exploring additional ways to increase the focus on cash balances with the Community Action Agencies.

Conclusion – Response accepted.

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Findings Reported in the State's Report on Internal Control

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Finding Related to Statutory Requirements and Other Matters:

Council Member Attendance – Chapter 69.15 of the Code of Iowa provides a person appointed by the Governor to a board is deemed to have submitted a resignation if they do not attend three or more consecutive meetings or if they attend less than one-half of the regular meetings within twelve calendar months beginning on July 1.

One member of the Community Action Agencies Council and one member of the Criminal and Juvenile Justice Advisory Council appointed by the Governor did not comply with the attendance requirements of Chapter 69.15 of the Code of Iowa.

Recommendation – The Councils should work with the Office of the Governor and the appointed Council members to encourage attendance at future meetings.

Response – The Governor's office will make an appointment at the end of the term for the Commissioner of the Community Action Agencies Council. The Commissioner for the Criminal and Juvenile Justice Advisory Council resigned March 14, 2012. The Governor's office was informed of this resignation on March 29, 2012. The Department will continue to monitor attendance and work with the Office of the Governor to appoint members as necessary.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Human Rights

June 30, 2011

Staff:

Questions or requests for further assistance should be directed to:

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Brett A. Hoffman, Staff Auditor
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Hannah K. Haas, Assistant Auditor
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