



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

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NEWS RELEASE

FOR RELEASE _____

July 16, 2004

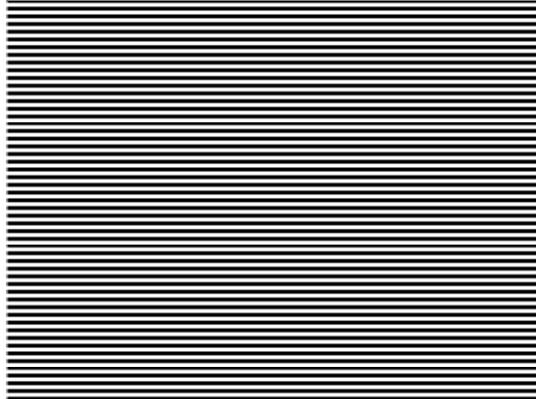
Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released a report on the Iowa Department of Human Rights for the year ended June 30, 2003.

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

A copy of the report is available for review in the Iowa Department of Human Rights or the Office of Auditor of State.

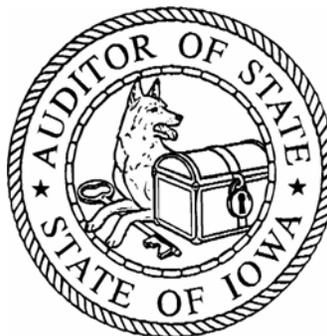
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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF HUMAN RIGHTS**

JUNE 30, 2003

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



David A. Vaudt, CPA
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February 27, 2004

To Dr. Ruth White, 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, 2003.

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 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.

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 Thomas J. Vilsack, Governor
Cynthia P. Eisenhauer, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

June 30, 2003

Findings Reported in the State's Single Audit Report:

CFDA Number 93.568: Low-Income Home Energy Assistance

Agency Number: G03B1IALIEA

Federal Award Year: 2003

State of Iowa Single Audit Report Comment: 03-III-HHS-379-10

- (1) 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. As stated in the Cash Management Improvement Act (CMIA) Agreement, the Low-Income Home Energy Assistance Program (LIHEAP) is funded on a cash advance basis. This means federal draws are not deposited more than three days prior to the date of disbursement.

From August 5, 2002 to June 30, 2003, a balance ranging from \$28,271 to \$1,743,669 was carried.

Recommendation – The Department should 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 will continue to closely monitor its cash management procedures to ensure compliance with federal guidelines. Cash balances will be monitored one to two times weekly and drawdowns adjusted appropriately.

The Department will ask the state auditors to review the Department's cash balances for the first two months of calendar year 2004 to ascertain the progress that has been made minimizing cash on hand. Further corrective actions can be taken sooner by the Department if the state auditor feel the situation warrants it. The Department would also welcome suggestions/best practices or recommendations from the state auditors who could direct the Department to other state departments whose procedures could be observed and copied.

Conclusion – Response accepted.

June 30, 2003

CFDA Number 93.568: Low-Income Home Energy Assistance

Agency Number: G03B1IALIEA

Federal Award Year: 2003

State of Iowa Single Audit Report Comment: 03-III-HHS-379-11

- (2) Subrecipient Cash Management – The Common Rule requires grantees to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by the grantee whenever advance payment procedures are used. Grantees are to monitor the cash drawdowns by their subgrantees to assure they conform to the same standards.

The Department's procedures require subrecipient community action agencies (CAAs) to submit monthly cash reports based on their actual and estimated expenditures. The Department monitors advances and payment requests to the 18 CAAs.

In twenty-three of ninety-five cash reports reviewed for the LIHEAP program, the month end cash balances were not expended within the next month.

Recommendation – The Department should closely monitor cash balances to ensure compliance with federal guidelines.

Response and Corrective Action Planned – Subrecipient agencies are required to submit monthly cash reports based on actual and estimated expenditures and the Department monitors all advances and payment requests to determine excess funds. Historically, it has been difficult to project costs for November through January. Climatic conditions and the price of fuel impact the estimated and actual numbers significantly.

Staff will review feasibility of using interim reports during those months or other payment options to be compliant with cash management requirements. LIHEAP staff will conduct on-site monitoring visits of each agency annually and specifically address the issue of excess funds. LIHEAP has implemented a policy that requires agencies to return excess funds when identified.

The Department will continue to closely monitor cash management procedures to ensure compliance with federal guidelines.

Conclusion – Response accepted.

June 30, 2003

Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

- (1) Commission and Council Meetings – The Iowa Department of Human Rights includes eight councils and commissions established under Chapter 216A of the Code of Iowa.

Chapter 69.15 of the Code of Iowa states that a person appointed to a commission is deemed to have submitted a resignation from office 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.

The Criminal and Juvenile Justice Planning Advisory Council had a member who did not comply with the attendance requirements of Chapter 69.15 of the Code of Iowa.

Also, the Commission of Community Action Agencies, the Commission on Persons with Disabilities and the Commission on the Status of African-Americans each had two vacancies on their respective commissions.

Recommendation – The Department should continue its efforts to encourage member attendance as well as work with the Governor’s office to fill the vacancies.

Response – The Department does encourage commission member attendance. Teleconferencing, using ICN sites, scheduling meetings on weekends and evenings, and utilizing various locations around the state are just four of the methods the divisions have tried.

However, if a commissioner/council member has not attended three or more consecutive meetings and thus has been deemed to have submitted a resignation from office, the appropriate Department division will send a memo to the Governor’s Office apprising them of the situation. The Department does not have statutory authority to tender these resignations.

Conclusion – Response accepted.

- (2) Commission of Latino Affairs – Chapter 216A.13 of the Code of Iowa requires the commission to meet not less than six times a year. Only four commission meetings were held during fiscal year 2003.

Chapter 216A.15(6) of the Code of Iowa requires the commission to conduct a survey of the Latino people in Iowa in order to ascertain their needs. No survey was conducted during fiscal year 2003.

Recommendation – The Department should implement procedures to ensure the Commission is in compliance with Chapters 216A.13 and 216A.15(6) of the Code of Iowa.

Report of Recommendations to the Iowa Department of Human Rights

June 30, 2003

Response – The former division administrator for Latino Affairs resigned in July 2003. The new division administrator, who began his employment in August 2003, is working to insure the commission is in compliance with chapters 216A.13 and 216A.15(6) of the Code.

Conclusion – Response accepted.

- (3) Commission on the Status of African-Americans – Chapter 216A.146(9) of the Code of Iowa requires the Commission to conduct surveys of African-Americans to ascertain their needs. No surveys were conducted during fiscal year 2003.

Chapter 216A.149 of the Code of Iowa requires the Commission to file a report, not later than August 1 of each year, with the Governor and the General Assembly of its activities for the previous fiscal year and its programmatic priorities for the current year. This report was not submitted to the Governor and the General Assembly by August 1.

Recommendation – The Department should implement procedures to ensure the Commission is in compliance with Chapters 216A.146(9) and 216A.149 of the Code of Iowa.

Response – The administrator position for this commission was vacant for most of fiscal year 2002 and several months during fiscal year 2003. The current division administrator did not begin her employment until August 1, 2003.

For this reason, the commission did not conduct surveys during fiscal year 2003. However, the commission conducted a survey in fiscal year 2004 to identify ways to improve voter turnout in African-American communities.

Also, the commission submitted annual reports to the governor and general assembly, but these were delayed due to the administrator vacancies. The new division administrator is working to insure the commission is in compliance with chapters 216A.146(9) and 216A.149 of the Code of Iowa.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Human Rights

June 30, 2003

Staff:

Questions or requests for further assistance should be directed to:

Kay F. Dunn, CPA, Manager
Brian R. Brustkern, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Kelly V. Rea, CPA, Staff Auditor
Jason R. Matter, Staff Auditor
Kristen E. Harang, CPA, Assistant Auditor
Trevor L. Theulen, Assistant Auditor