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NEWS RELEASE

FOR RELEASE _____ September 12, 2013

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released a report on the Iowa Department of Human Services for the year ended June 30, 2012.

The Iowa Department of Human Services provides many types of assistance to Iowans in need. The Department also is responsible for the mental health institutions, hospital/schools and juvenile institutions.

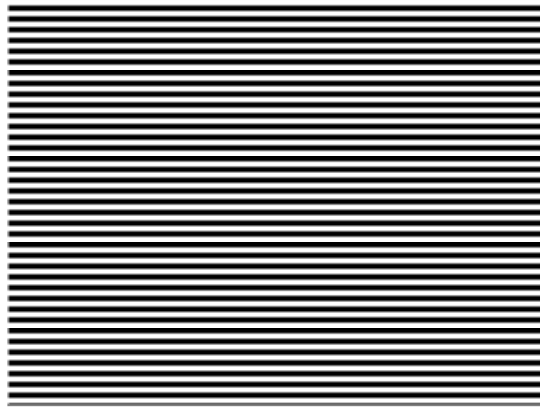
The report contains recommendations for the Department to:

- (1) Comply with established guidelines related to various programs, such as Temporary Assistance for Needy Families (TANF), Child Care and Development, Foster Care and Medicaid.
- (2) Comply with provisions of the Department's Employees' Manual applicable to In-Home Health-Related Care.
- (3) Improve controls over cash receipts in the field offices.

The report also includes the Department's responses to the recommendations.

A copy of the report is available for review at the Iowa Department of Human Services, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1360-4010-BR00.pdf>.

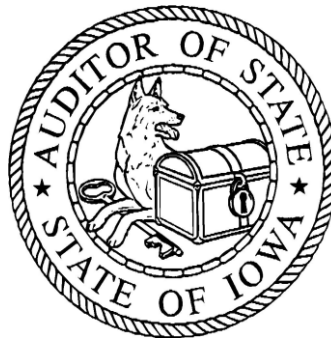
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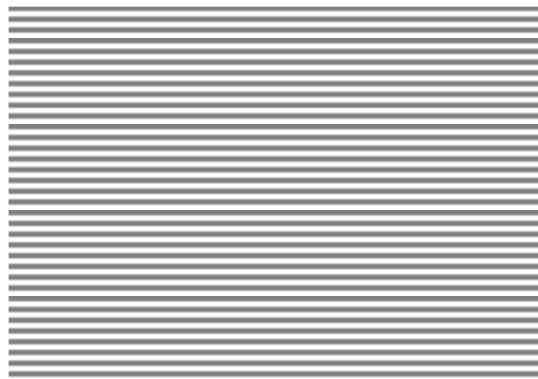
**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF HUMAN SERVICES**

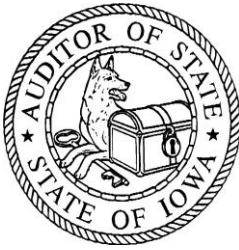
JUNE 30, 2012

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



Mary Mosiman, CPA
Auditor of State





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STATE OF IOWA

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September 9, 2013


To the Council Members of the
Iowa Department of Human Services:


The Iowa Department of Human Services 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, 2012.

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 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 of Human Services' 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 Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Human Services 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 Iowa Department of Human Services 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 16 and they are available to discuss these matters with you.


MARY MOSIMAN, 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, 2012

Findings Reported in the State's Single Audit Report:

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: G-1102IATANF, G-1202IATANF

Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comment: 12-III-HHS-401-1

- (1) Computer Match – Family Investment Program (FIP) – Title 4-C-39 of the Employees' Manual provides, in part, a participant whose needs are included in a FIP grant cannot receive at the same time a grant from any other public assistance program administered by the Department, including foster care and subsidized adoption. Title 17-F-14 of the Employees' Manual provides, in part, a child shall not concurrently receive subsidized adoption maintenance payments and FIP.

The Department allows a participant to receive both FIP and foster care or FIP and subsidized adoption for the month the child is removed from the home to enter foster care or for the month the child begins receiving subsidized adoption payments.

A computer match of payment data was performed for cases receiving both FIP and foster care payments during fiscal year 2012. We reviewed 201 cases receiving both FIP and foster care payments during the same month of service. Of the 201 cases reviewed, 57 children, or 28%, improperly received FIP benefits for an additional one to four months after entering foster care. The unallowable FIP payments for these 57 children totaled \$16,191.

A computer match of payment data was performed for cases receiving both FIP and subsidized adoption payments during fiscal year 2012. We reviewed 182 cases receiving both FIP and subsidized adoption payments during the same month of service. Of the 182 cases reviewed, twenty-four cases, or 13%, improperly received both FIP and subsidized adoption payments for an additional one to four months after entering subsidized adoption. The unallowable FIP payments for these twenty-four cases totaled \$6,111.

Recommendation – The Department should establish procedures to ensure compliance with the Employees' Manual. In addition, the Department should consult with the U.S. Department of Health and Human Services to determine corrective action.

Response and Corrective Action Planned – Because of FIP's timely and adequate notice requirements there will always be some cases that will require a recoupment to be completed. The ongoing goal is to minimize the recoupments and demonstrate quality improvement in this area.

Training was completed in December of 2012 to reinforce the policies and procedures associated with the requirements. A copy of the training materials have been provided to the Office of Auditor of State.

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The Department also conducted a review of the historical performance in this audit area. The errors found between 2009 and 2011 declined from 43 instances to 38 instances. The increase in errors for 2012 may be directly attributable to the reduction of staff between 2009 and 2012. In 2009, there were 717 income maintenance workers with a caseload of 598 cases per worker. In 2012, there were 116 fewer workers, a sixteen percent decrease and cases per worker increased to 772, a twenty nine percent increase. In the current environment, with increased caseloads and fewer workers, the ability to effectively review and monitor cases is negatively impacted.

The Department is also in the process of building a new eligibility system. The errors noted in this finding will be brought to the attention of the system developers to determine if a system edit can be put in place to mitigate the potential for duplicate payment.

Conclusion – Response accepted.

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: G-11021ATANF, G-12021ATANF

Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comment: 12-III-HHS-401-4

- (2) Eligibility Tracking System/Iowa Issuance Verification System Eligibility – The Code of Federal Regulations, 45 CFR 264.1(a) and Title 4-C-108 of the Employees' Manual imposes a sixty month lifetime limit on the period families with adults can receive Temporary Assistance for Needy Families (TANF) funded assistance. The TANF program provides federal funding for the Family Investment Program (FIP) program. The Department uses the Iowa Automated Benefits Calculation System (IABC) to track eligibility for individuals and to issue payments. The Iowa Issuance Verification System (ISSV) then tracks the payments which were issued by IABC. The Eligibility Tracking System (ETS) tracks the number of months in which the family has received FIP payments based on information from the ISSV and IABC systems. When the sixty month limit is reached, a Department employee must manually close the case in IABC to cancel FIP payments.

For three of twenty-eight cases reviewed, the number of benefit months per ETS does not agree with the number of months in which ISSV issued payments. The coding error was caught during a review of the case and was changed in IABC. However, the Department employee did not go into ETS and change the number of months in which FIP was actually received as the system does not do this retroactively after a change is made.

Recommendation – The Department should fully correct systems after changes have been made to accurately track the number of FIP payments issued.

Response and Corrective Action Planned – In the cases cited in error, staff added the new individual to the appropriate section of the system (ISSV) however the data was not automatically passed to ETS. Research into these errors concluded that staff were not aware the eligibility tracking system had to be manually updated to add benefits when a change in the case such as adding another person, occurs. Training on this system mismatch will be provided at the May 2013 conference call with Income Maintenance staff.

Conclusion – Response accepted.

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CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: G-1102IATANF, G-1202IATANF

Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comment: 12-III-HHS-401-5

- (3) Non-Cooperation with Child Support Recovery Unit (CSRU) – Title 4-C-18 and 4-C-21 of the Employees' Manual provides, in part, all applicants and participants in FIP must cooperate with child support recovery. If an applicant or participant refuses to cooperate without good cause, the family's FIP grant is to be reduced by 25%. The grant reduction becomes effective the month after the Income Maintenance Worker is notified of the non-cooperation.

For three of twenty-five cases reviewed, the FIP grant was not reduced for the month following non-cooperation with CSRU and recoupment was not established. For two of twenty-five cases reviewed, action was taken timely. However, there was no recoupment for the prior month.

Recommendation – The Department should establish procedures to ensure compliance with the Employees' Manual.

Response and Corrective Action Planned – All preliminary error findings were sent to the Income Maintenance Administrator for review and response. In each of these cases, the front line staff's supervisor reviewed all documentation to affirm the error and reviewed the issues with case staff at that time. Field staff will recoup as appropriate.

The policies and procedures related to these errors will be discussed during the May 2013 Income Maintenance conference call.

Conclusion – Response accepted.

CFDA Number: 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Agency Number: G-1001IACCDF, G-1101IACCDF, G-1201IACCDF

Federal Award Year: 2010, 2011, 2012

State of Iowa Single Audit Report Comment: 12-III-HHS-401-9

- (4) Child Care Assistance – The Child Care Assistance program provides assistance payments for child care services. Title 13-G-67/96 of the Employees' Manual documents provider requirements and a Child Care Assistance provider agreement. According to IAC [441] 170.4(3), a Child Care Assistance Provider Agreement must be completed prior to payments being approved and should remain on file. For two of the thirty-three cases reviewed, the provider agreement was not included in the provider file.

Recommendation – The Department should establish procedures to ensure compliance with the Employees' Manual.

Response and Corrective Action Planned – In 2010, a centralized unit was established to improve the customer service and policy compliance for child care services. Both cases in error pre-date the establishment of the customer service unit.

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The Child Care Assistance (CCA) Unit now has procedures in place to prevent further issues such as these. The Unit receives a list of all providers that are due for renewal and tracks the return of renewal information. The Unit also has a “clean-up” list run quarterly to catch any providers with expired agreements so providers can be updated or closed out as needed.

Conclusion – Response accepted.

CFDA Number: 93.658 – Foster Care Title IV-E

Agency Number: G-1101IA1401, G-1201IA1401

Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comment: 12-III-HHS-401-10

- (5) Foster Care (Title IV-E) – The Title IV-E program provides assistance payments for maintenance, adoption assistance and voluntary foster care.

The following conditions were identified during fiscal year 2012 case file testing:

- (a) Title 17-E of the Employees’ Manual and IAC [441] 156.6(1) lists the basic rates for maintenance payments for foster care. In one of forty cases reviewed, maintenance payments were inconsistent with established rates.
- (b) Title 4-G of the Employees’ Manual and IAC [441] 41.25(2) provides, in part, “A recipient whose needs are included in a family investment program grant shall not concurrently receive a grant under any other public assistance program administered by the Department, including IV-E foster care, or state-funded foster care.” Of the forty cases reviewed, one case improperly received both TANF and Foster Care payments in the amount of \$472.

Recommendation – The Department should establish procedures to ensure compliance with the Employees’ Manual. In addition, case file records should be properly maintained to support compliance with the requirements.

Response and Corrective Action Planned – All preliminary error findings were sent to the Social Work Administrator for review and response. In each of these cases, the front line staff’s supervisor reviewed all documentation to affirm the error and reviewed the issues with case staff at that time. Field staff will recoup as appropriate.

The policies and procedures related to these errors will be discussed during the May 2013 Income Maintenance conference call.

Conclusion – Response accepted.

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CFDA Number: 93.778 – Medical Assistance Program

Agency Number: 1105IA5MAP, 1205IA5MAP

Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comment: 12-III-HHS-401-17

(6) Intermediate Care Facility - Mental Retardation (ICF-MR) – Placement in an Intermediate Care Facility is an optional Medicaid benefit for persons with mental retardation or other related conditions. The following conditions were noted:

- (a) Title 8-I-Appendix of the Employees’ Manual requires a notice, Form 470-0375 “ICF/MR Placement Statement” to be sent to the county regarding its payment of the non-federal share of the ICF/MR costs for recipients living in community-based facilities. For four of ten case files reviewed, the case file did not contain Form 470-0375. The remaining six were located but were not signed by the Income Maintenance (IM) worker and applicant.
- (b) Title 8-I-Appendix of the Employees’ Manual also states, in part, Form 470-0374 “Resident Care Agreement” is to be completed by a worker at the county office of the Department when a resident is approved for Medicaid payment. For one of ten case files reviewed, the case file did not contain Form 470-0374. In addition, one form was located but was not signed by the IM worker and applicant.
- (c) Title 8-I-Appendix of the Employees’ Manual also states, in part, Form 470-4393 “Level of Care Certification for Facility Care” is to be completed by a worker at the county office of the Department when a resident is approved for Medicaid payment. For one of twenty-five case files reviewed, the case file did not contain Form 470-4393.

Recommendation – The Department should establish procedures to ensure compliance with the Employees’ Manual and ensure complete records are maintained.

Response and Corrective Action Planned – Beginning July 1, 2012 the ICF/MR Placement Statement is no longer required and no additional action is planned at this time.

For items noted in “b” and “c” above, in 2010 the Department established a Centralized Facility Eligibility Unit (CFEU) to oversee and manage ICF/MR cases to improve both compliance and customer service. The manager at the CFEU was notified of the errors cited and has reviewed the requirements at staff meetings. The CFEU will continue to follow up with staff. The manager randomly reads ICF/MR cases to ensure the proper documentation is being sent for new admissions, transfers, and breaks in stay that are greater than 30 days in length.

Conclusion – Response accepted for items “b” and “c”. Response acknowledged for item “a”. The Department has not provided documentation for the change in policy eliminating the use of the ICF/MR Placement Statement, effective July 1, 2012.

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CFDA Number: 93.778 – Medical Assistance Program
Agency Number: 1105IA5MAP, 1205IA5MAP
Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comment: 12-III-HHS-401-18

- (7) Medicaid Waivers – The Department administers seven home and community based waiver services (HCBS). Medicaid waivers enable eligible recipients to remain in their home or community rather than being admitted into a medical institution. The services are limited to certain client eligibility groups which have requested a waiver and have been given Departmental approval.

Title 8-N of the Employees' Manual requires all waiver applicants to complete either Form 470-2927 "Health Services Application", Form 470-0462 "Health and Financial Support Application" or Form 470-3118 "Medicaid Review." For one of twenty case files reviewed, the case file did not contain any of these forms.

Recommendation – The Department should establish procedures to ensure compliance with the Employees' Manual.

Response and Corrective Action Planned – The case cited in error was researched by the Income Maintenance supervisor and reviewed with the appropriate staff. The Department is transitioning files to electronic case files (ECF). The use of ECF should minimize and/or eliminate missing documentation issues in future audits.

Conclusion – Response accepted.

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

No matters were noted.

Other Findings Related to Internal Control:

- (1) Eligibility – State Payment Program (SPP) – The State Payment Program provides funding to eligible recipients in order to maintain and improve their self-sufficiency. The Iowa Administrative Code, Chapters 441-153.51 to 153.58 provides, in part, the Department is responsible for enrolling members, as necessary, to produce payments to the counties, including maintaining member information in the data system, notifying counties of the member identification number required for billing, closing data system files on members as directed by the counties or when the members have not had payments processed for a six-month period, verifying receipt of monthly payment report files within fifteen business days, generating and reconciling payments to the counties and receiving and auditing reports of member activity and expenditures from the counties.

Central Point Coordinators (CPCs) located throughout the state are responsible for eligibility determination, including initiating the application for a person who may be eligible. The application is to identify the services being requested and the total monthly amount needed. In addition, CPCs are to provide documentation of legal settlement and a client profile report used by the Department to enter the member into the data system for payment processing.

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No additional procedures are performed by the Department to verify the accuracy of the information provided by the CPC in determining the eligibility of the applicant or the allowability of services provided.

Recommendation – The Department should establish additional procedures to ensure information being provided by the CPCs is accurate for recipients of the SPP.

Response – The Department has procedures in place to review eligibility of applicants in the SPP. The SPP Manager receives copies of the application, legal settlement documents, court orders and other related documents for each applicant. The materials are reviewed by the SPP Manager and a determination is issued to the County.

The validity of services provided is also reviewed by the Department. Each CPC is required to submit their plan of eligibility requirements and allowable expenditures every three years, a financial report annually and policy and procedures when amended. The Department reviews these plans to determine if the County's services are in alignment with the purpose of the program. Account codes are set up in the SPP tracking system and are used when Counties submit billings. Only allowable codes are set up in the system. In addition, the Department meets on a monthly basis to review trends in expenditures and discuss additional needs of the program.

The SPP is a County managed program. All claims paid in relation to the SPP are reviewed and approved by the County Board of Supervisors. In accordance with Iowa Administrative Code Chapter 81-25.8, all Counties are required to have an annual audit performed.

In current Code, Mental Health Disability Services (MHDS) payment is the responsibility of the county of legal settlement or state when there is no county of legal settlement. Current legislation beginning July 1, 2013 changes this payment responsibility to the county of residence which will mean the state will no longer operate the state payment program under the same guidelines. Section 331.440 is repealed effective July 1, 2013. The Department is in the process of creating rules for individuals with no county of residence. Information from the comment above will be taken into consideration during the rules creation process.

Conclusion – Response accepted.

(2) In-Home Health-Related Care (IHHC) Case Files – For fiscal year 2012, six county offices were visited. In conjunction with this limited review, documentation in five In-Home Health-Related Care case records were tested for completeness. Also, an additional twenty-six IHHC case records were reviewed for compliance with Department policy. The following conditions were noted:

- (a) Title 6-B-42 of the Employees' Manual provides for determination of the amount of client participation in service costs. For eight of the thirty-one cases reviewed, documentation in the case files lacked evidence of how client participation was calculated.
- (b) Title 16-J-9, Appendix, of the Employees' Manual provides the worker is to complete the Notice of Decision (NOD): Services, form 470-0602, to notify clients of eligibility determination and service needs for IHHC. The NOD should be filed in the case record. For seven of the thirty-one cases reviewed, the NOD: Services form 470-0602 was not included in the case record.

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- (c) Title 16-J-6 of the Employees' Manual provides the Service Report, form 470-0506, shall be used to communicate certain matters, including new applications, approval for payment of services and determination of client participation. For one of the thirty-one cases reviewed, the Service Report was not included in the case record. In addition, for one of thirty-one cases reviewed, the Service Report did not agree with the calculated client participation rate.
- (d) Title 16-J-34 of the Employees' Manual provides the Provider Health Assessment, form 470-0672, shall be obtained annually. For eight the thirty-one cases reviewed, the Provider Health Assessment was not completed annually.
- (e) Title 6-B-40 of the Employees' Manual provides the worker should issue a Notice of Decision: Medical Assistance or State Supplementary Assistance, form 470-0490, to notify the applicant or a Notice of Decision, form 470-0485, per Title 6 Appendix. For ten of the thirty-one cases reviewed, the Notice of Decision: Medical Assistance or State Supplementary Assistance was not included in the case record.
- (f) Title 16-J-12, Appendix, of the Employees' Manual provides the Provider Agreement should be completed for each client. In addition, Title 16-J-5 of the Employee's Manual provides the Provider Agreement, form 470-0636, should be updated annually. For seven of the thirty-one cases reviewed, the Provider Agreement was not included in the case record or updated annually. In addition, for one of the thirty-one cases reviewed, the agreement did not contain a description of duties.
- (g) Title 16-J-7, Appendix, of the Employees' Manual provides the Individual Client Case Plan, form 470-0583, should be completed when a new client is approved to receive IHHRC and at the time of the yearly review. For six of the thirty-one cases reviewed, the Individual Client Case Plan was not included in the case record or updated annually.
- (h) Title 16-J-21 of the Employees' Manual provides the Purchase of Service Provider Invoice, form 470-0020, should be completed monthly. For two of the thirty-one cases reviewed, the Purchase of Service Provider Invoice was not included in the case record. In addition, for four of the thirty-one cases reviewed, the Purchase of Service Provider Invoice was not approved by Department employees.
- (i) Title 16-J-33 of the Employees' Manual provides the physician shall review and recertify the appropriateness of the health care plan at least every 60 days. The nurse shall review the nursing plan and shall provide an updated copy of the physician's health care plan and the nursing plan of care to the provider. Also, a review of the total care plan should be completed by someone involved with the care plan at least every six months. For eighteen of the thirty-one cases reviewed, sufficient documentation was not included in the case record to determine whether the physician reviewed and recertified the health care plan every 60 days or whether the nurse reviewed the nursing plan. For four of the thirty-one cases reviewed, the health care plan did not include the physician's signature. In addition, for nine of the thirty-one cases reviewed, review of the total care plan at least every six months was not documented.

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- (j) Title 16-I-3 of the Employee's Manual provides a physician must certify IHHC services are needed. A Physician's Report, form 470-0673, should be completed. Six of the thirty-one case files reviewed did not contain form 470-0673.
- (k) Title 16-J-21 of the Employees' Manual provides information entered in the Service Reporting System must be accurate and must agree with information entered in the Purchase of Service System. In three of the thirty-one cases reviewed, case files were not updated on the Purchase of Service system under the Provider Agreement screen to show effective rates.
- (l) Title 16-J-5 of the Employees' Manual provides the Authorization to Obtain or Release Health Care Information, form 470-3951, is required to be updated annually. For ten of thirty-one cases reviewed, the Authorization to Obtain or Release Health Care Information, form 470-3951 was not in the case file or it was not updated annually.
- (m) Title 16-J-34 of the Employees' Manual provides the Medicaid Review, form 470-3118, should be completed annually. For two of the thirty-one cases reviewed, the Medicaid Review was not included in the case record.
- (n) Title 16-J-9 of the Employees' Manual provides eligibility determinations should be completed within 30 days from the date of the application. For five of the thirty one cases reviewed, eligibility was not determined within 30 days.
- (o) Title 16-J-26 of the Employees' Manual provides the service code for In-Home Health-Related Care Services will be displayed as 9801. One of thirty-one Ill and Handicapped Medicaid waiver case files reviewed was incorrectly coded as 9801, which indicated use of In-Home Health Funding.
- (p) Individuals receiving services from both Medicaid Waivers and In-Home Health Related Care are eligible to receive services from both programs per 441 Iowa Administrative Code 177.4(2). For three of thirty-one cases reviewed, documentation did not indicate which services were being funded from each of the programs.
- (q) Title 6-B-9 of the Employees' Manual provides resource limit guidelines in determining eligibility for recipients. For two of the thirty-one cases reviewed, the case file did not provide sufficient documentation to determine if the client's resources were within the allowable resource limits.
- (r) Title 16-J-18 of the Employees' Manual provides the calculated client participation should agree with the Provider Agreement, form 470-0636. For two of the thirty-one cases reviewed, the Provider Agreement did not agree with the calculated client participation rate.

Recommendation – The Department should establish procedures to ensure compliance with the Employees' Manual. In addition, when a service can be funded by multiple funding sources, the funding source utilized should be documented.

Response – The Department continues to work to improve performance both with individual staff and groups of workers to address the specific errors. The income maintenance training academy will address the overall findings for the IHHC audit with staff involved in these types of cases no later than September 1, 2013. Findings will be covered with all

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service staff through a Webinar and Policy Clarification guide. In addition, for each case noted in error, staff supervisors have addressed the issue with the individual worker. The Department is in the process of building a new eligibility system. These findings will be communicated to project owners to determine ways in which IHHC cases can be streamlined to help decrease future documentation errors.

Conclusion – Response accepted.

- (3) In-Home Health-Related Care Policy – The Title IV-E program provides assistance payments for maintenance, adoption assistance and voluntary foster care. Title 16-J-8 of the Employees' Manual provides the Health Services Application, form 470-2927, must be completed if the client requests assistance. A Health and Financial Support Application, form 470-0462, is currently being used as a replacement for form 470-2927. The Department's policy does not state form 470-0462 can be used as a substitute for form 470-2927. For six of the thirty-one cases reviewed, form 470-0462 was used as a substitute form for form 470-2927.

Recommendation – The Department should review instances where substitute forms have been used and determine if the substitute form meets the intended requirement of the policy. If the substitute forms are acceptable, the policy should be updated.

Response – The Department has reviewed the cases noted in error and found form 470-0462, Health and Financial Support Application, is currently being used as a replacement for form 470-2927. However, it is not documented in the Department's policy form 470-0462 can be used as an applicable substitute. This practice has been reviewed by Policy and no change to the policy is planned at this time. The issue will be covered during an Income Maintenance field staff call no later than September 1, 2013.

Conclusion – Response accepted.

- (4) DHS Field Office Internal Controls – For fiscal year 2012, six county offices and two Child Support Recovery Unit (CSRU) offices were visited. In conjunction with this limited review, the following conditions were noted:
- (a) In one county office, the same individual who sends the receipts to Central Office enters the receipts on the receipt log and compares the validated receipt upon return from Central Office to the receipt log or receipt book.
 - (b) In one county office, validated receipts are not compared to the receipt log by an independent individual upon return from Central Office.
 - (c) In one county office, checks are not restrictively endorsed immediately upon receipt.
 - (d) In four county offices and one CSRU office, receipts were not filled out in their entirety per the collections manual. Items which were not filled out included client name, explanation or description of the receipt, program, social security number (SSN) and case number.
 - (e) In one county office, a receipt log was not maintained.
 - (f) In one county office, a receipt log did not indicate the case number for which payment was received, who issued the receipt, the date funds were remitted to Central Office and who compared the validated receipt upon return from Central Office to the receipt log.

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- (g) In two county offices, receipts were issued by an individual other than the individual to whom the receipt book was issued.
- (h) In one county office, the Family and Children Services (FACS) monthly service report of monthly services received from the Central Office was not independently reviewed.
- (i) In two county offices, TANF special issuance payments were not periodically reviewed for accuracy and appropriateness.
- (j) In one county office, the Income Maintenance Case Reading and Scan Report, form 470-2039, was not completed for 25% of the cases monitored. The Management Manual XXIV-A-13 requires all cases to be reviewed monthly by a first level supervisor for new workers in probationary status and form 470-2039 be completed on 25% of the cases monitored.

Recommendation – The Department should implement changes to strengthen internal controls.

Response – For each of the individual items cited in error listed above, the issue was addressed with the individual worker. Issues related to individuals issuing receipts from a book other than their own and the review of special issuance payments for FIP/TANF were addressed with staff during the audit review process.

For the incomplete receipts, the need to collect key information was discussed with the area during the audit. A review of the policy will be conducted to determine if all of the information contained on the receipt form is necessary, specifically the SSN number if the name and case number are included.

The DHS internal auditor will conduct a review of all cash receipt practices this year and will recommend changes to improve internal controls and cash management in field offices.

Conclusion – Response accepted.

- 5) Foster Care (Title IV-E) – The Title IV-E program provides assistance payments for maintenance, adoption assistance and voluntary foster care. Iowa Administration Code 441-130.7 states, “A case plan that meets the requirements of Iowa Code section 232.2 shall be filed within 60 days from the date the child enters foster care or the date the Department opens a child welfare service case, whichever occurs first.” Of 20 cases tested, 5 plans were not dated within 60 days.

Recommendation – The Department should establish procedures to ensure compliance with the Employees’ Manual. In addition, case file records should be properly maintained to support compliance with requirements.

Response – Each of the cases cited in error were reviewed by supervisors and discussed during the audit error review process. In addition, the information will be covered in the bi-monthly service call no later than October 30, 2013.

Conclusion – Response accepted.

June 30, 2012

Findings Related to Statutory Requirements and Other Matters:

Iowa Code Compliance – The following were noted:

- (a) Chapter 217.40 of the Code of Iowa requires the Department, or a person designated by the Director, to establish training programs designed to assist all duly appointed guardians and conservators in understanding their fiduciary duties and liabilities, the special needs of the ward and how to best serve the ward and the ward's interests.

The Department eliminated the training coordinator position due to budget constraints.

- (b) Chapter 220A.3 of the Code of Iowa designates the Department as the administrative agency to provide for a central data control and exchange agency known as the interagency case information service.

The Department has not established an interagency case information service.

- (c) Chapter 225C.48 of the Code of Iowa requires the establishment of an eleven-member Comprehensive Family Support Council to provide ongoing guidance, advice and direction in the development and implementation of the family support subsidy program. The Council is to be appointed by the Governor and include at least 5 individuals with a family member of an individual with a disability and at least 5 individuals who are current or former service consumers or family members of such service consumers. Members shall serve for three-year staggered terms.

Council members continued to serve past their three year terms.

Recommendation – The Department should take steps to ensure compliance with the Code of Iowa or the Department should seek the repeal of outdated Code sections or Code sections contrary to federal regulations.

Response –

- (a) The Department sought legislative action in the 2013 legislative session to revise Chapter 217.40 of the Code of Iowa to more accurately reflect the current structure. The proposed changes were not accepted. Additional funding to support the activities of this section was also not provided. The Department will work with the Code Editor in the 2014 legislative session to revise Chapter 217.40 where necessary to more accurately reflect the current structure.
- (b) As this database would allow personal information to be shared without consent or knowledge of the individual, the Department believes this chapter may be in violation of HIPPA, as well as other Code sections mandating confidentiality. DHS sought legislative action to repeal this section in the 2013 legislative session. Senate File 203, section 3 repealed Chapter 220A effective April 5, 2013.
- (c) Due to legislation to sunset the Family Support Subsidy program, the Department submitted a recommendation in the 2013 legislative session to repeal the Code language requiring the Governor to appoint a Comprehensive Family Support Council. Senate File 446, section 105 repealed Section 225C.48 effective June 20, 2013.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2012

Questions or requests for further assistance should be directed to:

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