



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE _____ November 13, 2014

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released a combined report on the institutions under the control of the Iowa Department of Human Services. The report includes findings and recommendations and average cost per resident/patient information for the five years ended June 30, 2013.

The average annualized cost per resident/patient at the nine institutions under the control of the Iowa Department of Human Services ranged from \$108,691 at the Civil Commitment Unit for Sexual Offenders to \$335,807 at the Woodward Resource Center and \$473,718 at the Mental Health Institute - Independence for the year ended June 30, 2013. Total General Fund expenditures for the nine institutions decreased 3.5% during the five year period to approximately \$225 million, the average number of residents/patients decreased 18.1%, from 1,072 to 878, and the average daily cost per resident/patient increased 17.8%, from \$596.05 to \$702.32, over the same period.

Copies of the report are available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1462-8990-BR00.pdf>.

###

**COMBINED REPORT ON THE INSTITUTIONS UNDER THE
CONTROL OF THE IOWA DEPARTMENT OF HUMAN SERVICES
SCHEDULES
FINDINGS AND RECOMMENDATIONS**

JUNE 30, 2013

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



Mary Mosiman, CPA
Auditor of State

Table of Contents

		<u>Page</u>
Auditor of State’s Report		3
Overview		4-6
Schedules:	<u>Schedule</u>	
Average Cost Per Resident/Patient Information by Institution - Fiscal Years 2009 through 2013	1	8-11
Average Cost Per Resident/Patient Information – Graphs:		
Total Expenditures		13
Average Number of Residents/Patients		14
Average Annualized Cost per Resident/Patient		15
General Fund Expenditures by Institution - 2009	2	16-17
General Fund Expenditures by Institution - 2010	3	18-19
General Fund Expenditures by Institution - 2011	4	20-21
General Fund Expenditures by Institution - 2012	5	22-23
General Fund Expenditures by Institution - 2013	6	24-25
Resident/Patient Population Statistics - 2013	7	26-27
Findings and Recommendations:		
Mental Health Institute - Clarinda		28-30
Mental Health Institute - Mount Pleasant		31
Mental Health Institute - Cherokee		32
Mental Health Institute - Independence		33-34
Woodward Resource Center		35-36
Glenwood Resource Center		37
State Juvenile Home - Toledo		38
State Training School - Eldora		39
Civil Commitment Unit for Sexual Offenders		40



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

November 6, 2014

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


The Institutions under the control of the Iowa Department of Human Services are a part of the State of Iowa and, as such, have 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, 2013.


In conducting our audits, we became aware of certain aspects concerning the various Institutions' 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 internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with applicable Institution personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Institutions' responses, we did not audit the Institutions' responses and, accordingly, we express no opinion on them.

We have also included certain unaudited financial and other information for the Institutions under the control of the Iowa Department of Human Services for the five years ended June 30, 2013 to report an average cost per resident/patient at each Institution as required by Chapter 11.28 of the Code of Iowa.

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, the Institutions under the control 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 Institutions 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 Institutions are listed on pages 30, 31, 32, 34, 36, 37, 38, 39 and 40 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

Iowa Department of Human Services

Overview

Background

In accordance with Chapter 218 of the Code of Iowa, the Iowa Department of Human Services has the authority to control, manage, direct and operate the following Institutions:

Mental Health Institute - Clarinda – The Institute has been serving the citizens of Southwest Iowa since 1888. The function of this Institute is to promote good mental health practices and to provide high level care for persons with mental illness. Levels of care provided are adult in-patient psychiatric and gero-psychiatric.

Mental Health Institute - Mount Pleasant – The Institute was established on February 2, 1861. Major goals and objectives of the Institute are to be responsive to the community-oriented patient care needs of the population it serves, without duplicating services already provided in the community. Levels of care provided are adult in-patient psychiatric and dual diagnosis.

Mental Health Institute - Cherokee – The Institute was founded in 1902. The Institute is responsible for furnishing psychiatric services to citizens of Northwest Iowa counties to the extent such services are not provided by other sources. Levels of care provided are adult in-patient psychiatric and child and adolescent in-patient psychiatric.

Mental Health Institute - Independence – The Institute was established on May 1, 1873. The Institute is a fully accredited psychiatric care hospital and provides treatment for mentally ill adults, adolescents and children. Levels of care provided are adult in-patient psychiatric, child and adolescent in-patient psychiatric and psychiatric-medical institute for children.

Woodward Resource Center – The Resource Center was established in 1917. The Center is a residential facility for the mentally retarded and provides treatment, training, instruction, care, habilitation and support of persons with an intellectual disability or other disabilities in the State.

Glenwood Resource Center – The Resource Center was established on September 1, 1876. The Center is a residential facility for the mentally retarded and provides treatment, training, instruction, care, habilitation and support of persons with an intellectual disability or other disabilities in the State.

State Juvenile Home - Toledo – The Juvenile Home was established on October 21, 1920. This Institution is a structured, non-secure co-ed facility serving juveniles under 17 who are residents of the State of Iowa in need of assistance. The residents are committed by the juvenile courts as dependent or neglected or are committed voluntarily through application to the County Board of Supervisors and the Iowa Department of Human Services. The children become wards of the State to receive educational, medical, diagnostic treatment and limited employment programs to help them attain productive and satisfying citizenship in a free society.

State Training School - Eldora – The Training School was established in 1868. The Institution is a minimum security facility for boys between the ages of 12 and 18 who have been adjudicated delinquent by the juvenile courts of the State of Iowa. Effective January 1, 1992, a diagnosis and evaluation center and other units were established to provide juvenile delinquents a program which focuses upon appropriate developmental skills, treatment, placement and rehabilitation.

Iowa Department of Human Services

Overview

Civil Commitment Unit for Sexual Offenders (CCUSO) – The Civil Commitment Unit for Sexual Offenders was established in 1999. The Unit provides treatment for sexually violent predators in a secure facility located in Cherokee. The residents have completed their criminal sentences, have been identified as a high risk for a repeat offense and are committed through a civil action by order of the courts.

Different levels of care are provided at each of the Mental Health Institutes. They are:

Adult In-patient Psychiatric – This program, licensed as a hospital, represents traditional, in-hospital psychiatric care for persons 18 years of age and older. It includes 24-hour nursing care and 24-hour medical and psychiatric on call coverage.

Child and Adolescent In-patient Psychiatric – This program, licensed as a hospital, represents traditional, in-hospital psychiatric care for persons under 18 years of age. It includes a required educational component and 24-hour nursing care and 24-hour medical and psychiatric on-call coverage.

Gero-Psychiatric – This program, licensed as nursing home care, represents 24-hour custodial care for persons declared disabled or over age 65. There is some level of 24-hour nursing care and periodic medical and psychiatric care. Generally, these persons are beyond the capacity of community providers to care for.

Psychiatric-Medical Institute for Children (PMIC) – This program, licensed as a PMIC, represents 24-hour care and behavior management for persons 12 to 17 years of age requiring intensive behavioral treatment modalities. There is periodic nursing and psychiatric coverage. Generally, these children are beyond the care of privately administered PMIC's in the state.

Dual Diagnosis – This program represents a 28-day residential substance dependence treatment program for persons with co-morbid mental illness. There is periodic nursing, medical and psychiatric coverage. It is the only program for this population in the State.

Scope and Methodology

We have calculated an average cost per resident/patient at each Institution for the five years ended June 30, 2013 based on their General Fund expenditures. Certain reclassifications and changes have been made to these expenditures to provide comparable averages between Institutions. Therefore, expenditure amounts and cost per resident/patient averages may differ from those used for statewide financial statement purposes. These reclassifications and changes are as follows:

- (1) Operating transfers, primarily reimbursements to other state agencies for services, have been reclassified as expenditures for purposes of this report. Payments made to the Iowa Department of Administrative Services Depreciation Revolving Fund have been reported as capital outlay.
- (2) At the inception of a capital lease, total principal payments are recorded as expenditures and as other financing sources for statewide financial statement purposes. For purposes of this report, only the current year principal and interest payments are included as expenditures.
- (3) Canteen operations have been excluded from General Fund expenditures since the canteen is a self-supporting operation at each Institution.
- (4) Non-cash assistance, consisting of USDA commodities, has been excluded from General Fund expenditures.

Iowa Department of Human Services

Overview

Median stay information was not calculated or presented in the accompanying average cost per resident/patient schedule for the Resource Centers or juvenile facilities since the median stay ends to be for a much longer period.

The average annualized cost per resident/patient is calculated using the average number of occupied resident beds. Since the median stay at the Mental Health Institutes tends to be less than the stay at the other Institutions, the cost per stay was calculated for each of the Mental Health Institutes. This represents the average cost for the median stay of each patient admitted.

Summary Observation

The Mental Health Institute – Cherokee provides significant outpatient services not performed by the other Institutions. Adequate statistical data on outpatient services, including the amount and cost of services provided by year, was not readily available. Accordingly, the cost per resident/patient information at the Mental Health Institute - Cherokee is not comparable to other Institutions and may not be comparable between years at the Mental Health Institute - Cherokee. The amount of support services the Mental Health Institute – Cherokee provided for the Civil Commitment Unit for Sexual Offenders is reported as reallocated support services costs in Schedules 2, 3, 4, 5 and 6 on pages 16 through 25.

The Mental Health Institute – Independence experienced a 23% reduction in the average number of patients during fiscal year 2013. The Institute also experienced a large increase in equipment costs during fiscal year 2013 to meet Iowa Department of Inspections and Appeals requirements for patient safety. These factors led to a 38% increase in the average daily cost per patient.

The Woodward Resource Center and the Glenwood Resource Center also provide significant supported community living services, respite and supported employment services which are paid through Iowa Medicaid and Community Based Services (HCBS) Waivers. The cost of providing these services is included in the cost per resident calculation. However, the number of individuals served is not included in the average number of residents.

The average annualized cost per resident/patient ranged from \$108,691 at the Civil Commitment Unit for Sexual Offenders to \$335,807 at the Woodward Resource Center and \$473,718 at the Mental Health Institute – Independence for fiscal year 2013.

Over the last five fiscal years, total General Fund expenditures decreased 3.5%, from \$233,220,943 in 2009 to \$225,071,707 in 2013, the average number of residents/patients decreased 18.1%, from 1,072 to 878, and the average daily cost per resident/patient increased 17.8%, from \$596.05 to \$702.32.

Median stay ranged from 7 days to 54 days at the four Mental Health Institutes for fiscal year 2013.

Iowa Department of Human Services

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2009					
	Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
Mental Health Institute - Clarinda	44	92	\$ 209,599	574.24	8	\$ 4,594
Mental Health Institute - Mt. Pleasant	66	107	137,009	375.37	26	9,760
Mental Health Institute - Cherokee	38	205	376,881	1,032.55	14	14,456
Mental Health Institute - Independence	82	278	273,346	748.89	37	27,709
Woodward Resource Center	218	729	288,813	791.27		
Glenwood Resource Center	314	932	260,964	714.97		
State Juvenile Home - Toledo	72	123	125,631	344.19		
State Training School - Eldora	160	201	96,100	263.29		
Civil Commitment Unit for Sexual Offenders	78	92	114,036	312.43		
Total	1,072	2,759	\$ 217,557	596.05		

Year ended June 30, 2010						Year ended June 30, 2011					
Average	Average	Average	Average	Median	Cost	Average	Average	Average	Average	Median	Cost
Number of	Number	Annualized	Daily	Stay	per	Number of	Number	Annualized	Daily	Stay	per
Residents/ Patients	of Em- ployees	Cost per Resident/ Patient	Cost per Resident/ Patient	(Days)	Stay	Residents/ Patients	of Em- ployees	Cost per Resident/ Patient	Cost per Resident/ Patient	(Days)	Stay
47	85	\$ 182,805	500.83	9	\$ 4,508	40	80	\$ 207,391	568.19	9	\$ 5,114
71	97	120,963	331.41	28	9,279	63	92	134,204	367.68	29	10,663
34	194	387,690	1,062.17	15	15,932	27	157	421,601	1,155.07	12	13,861
78	262	274,225	751.30	48	36,062	59	233	345,732	947.21	44	41,677
205	724	318,359	872.22			201	711	301,855	827.00		
300	922	269,879	739.39			286	883	276,437	757.36		
75	114	115,320	315.95			60	103	141,266	387.03		
141	188	99,726	273.22			143	169	92,764	254.15		
80	89	121,179	332.00			81	88	123,141	337.37		
1,031	2,675	\$ 223,456	612.21			960	2,516	\$ 229,147	627.80		

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2012					Cost per Stay
	Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	
Mental Health Institute - Clarinda	32	77	\$ 256,644	701.21	10	\$ 7,012
Mental Health Institute - Mt. Pleasant	64	92	133,215	363.97	27	9,827
Mental Health Institute - Cherokee	30	172	436,269	1,191.99	12	14,304
Mental Health Institute - Independence	60	226	343,365	938.16	47	44,093
Woodward Resource Center	186	703	326,647	892.48		
Glenwood Resource Center	268	882	292,046	797.94		
State Juvenile Home - Toledo	54	109	167,745	458.32		
State Training School - Eldora	126	166	105,799	298.07		
Civil Commitment Unit for Sexual Offenders	91	93	106,666	291.44		
Total	911	2,520	\$ 243,193	664.46		

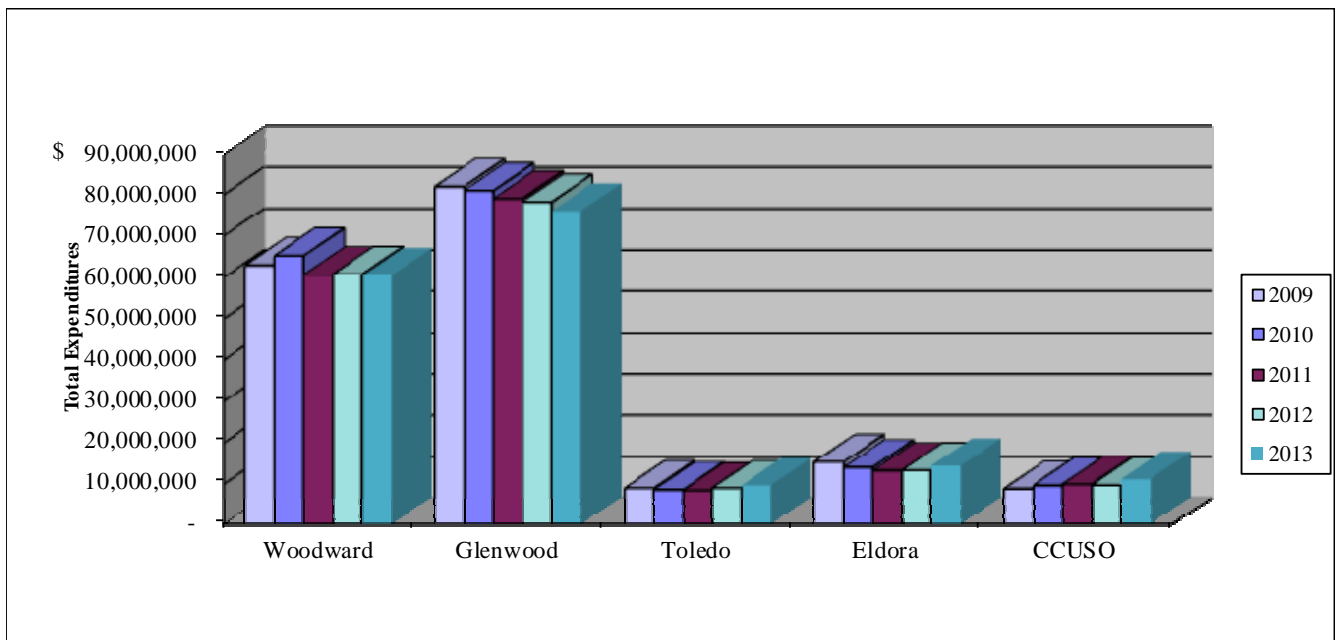
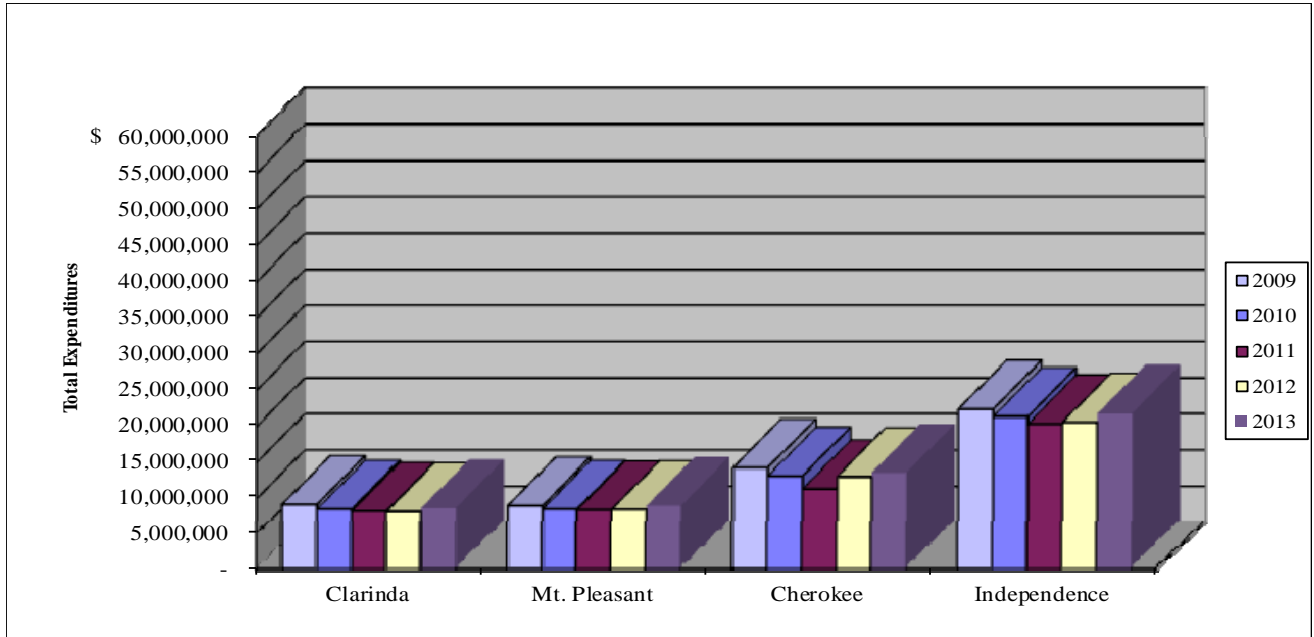
Year ended June 30, 2013					
Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
29	72	\$ 300,462	823.18	7	\$ 5,762
60	90	150,953	413.57	25	10,339
30	179	454,430	1,245.01	11	13,695
46	224	473,718	1,297.86	54	70,084
180	650	335,807	920.02		
255	845	298,396	817.52		
51	110	190,806	522.76		
124	162	116,249	318.49		
103	94	108,691	297.78		
878	2,426	\$ 256,346	702.32		

Iowa Department of Human Services

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident by Institution
Total Expenditures
(Unaudited)

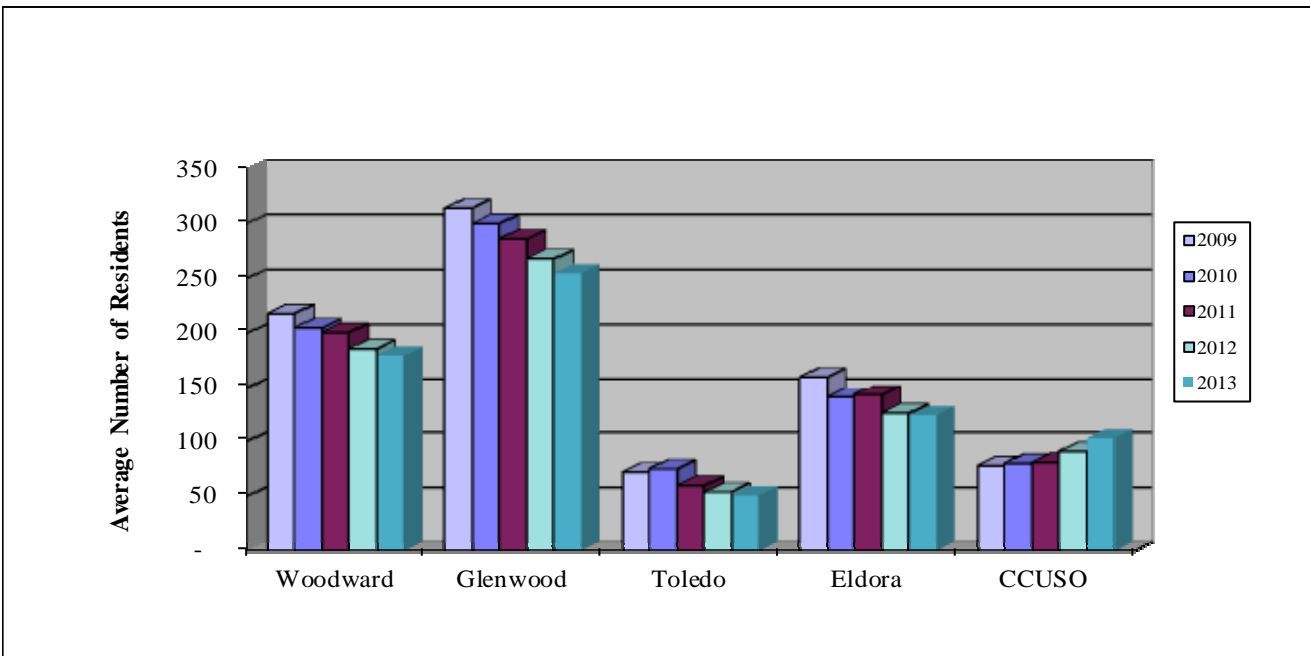
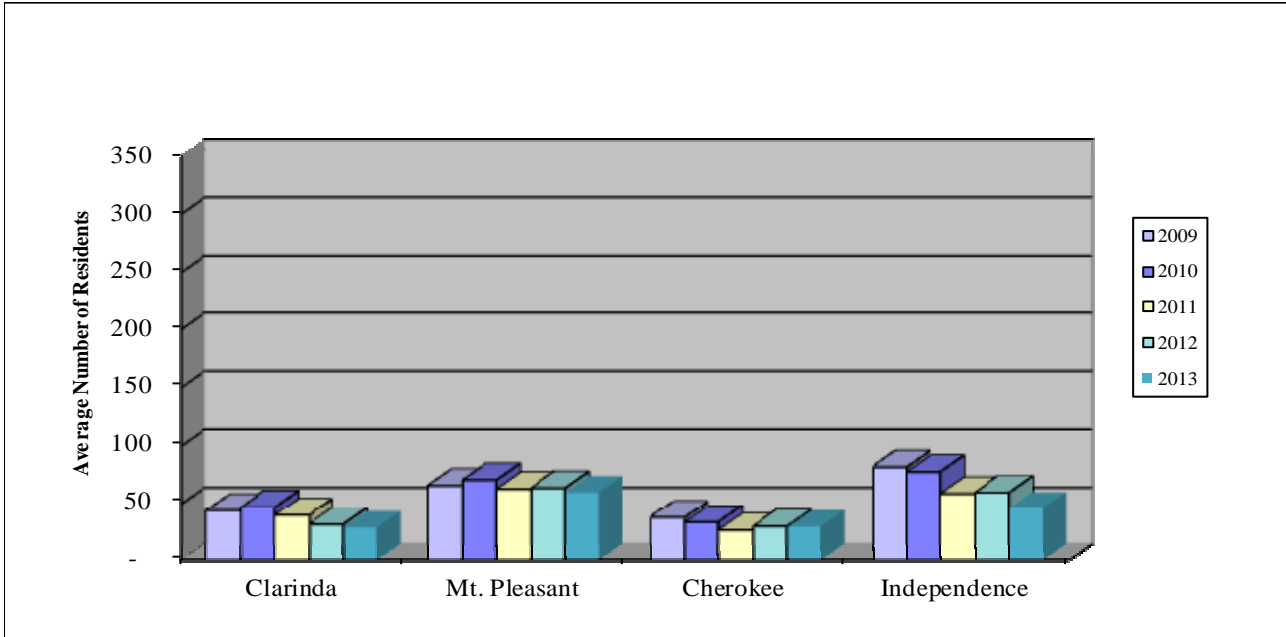
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident by Institution
Average Number of Residents
(Unaudited)

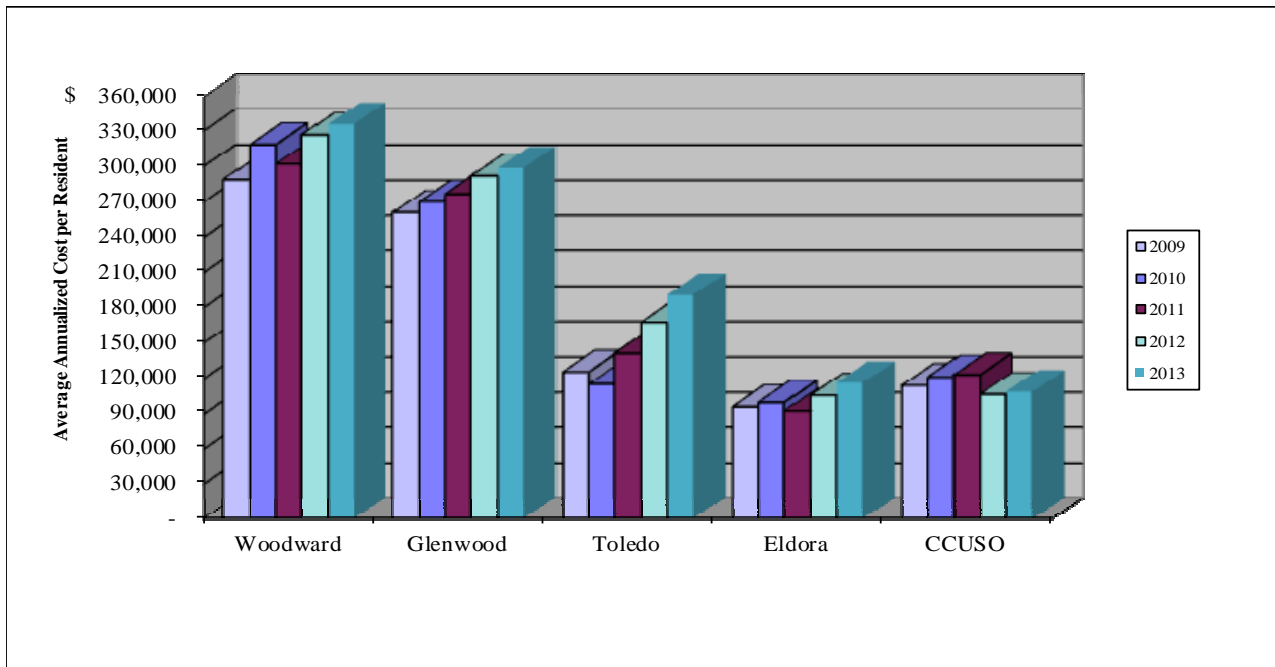
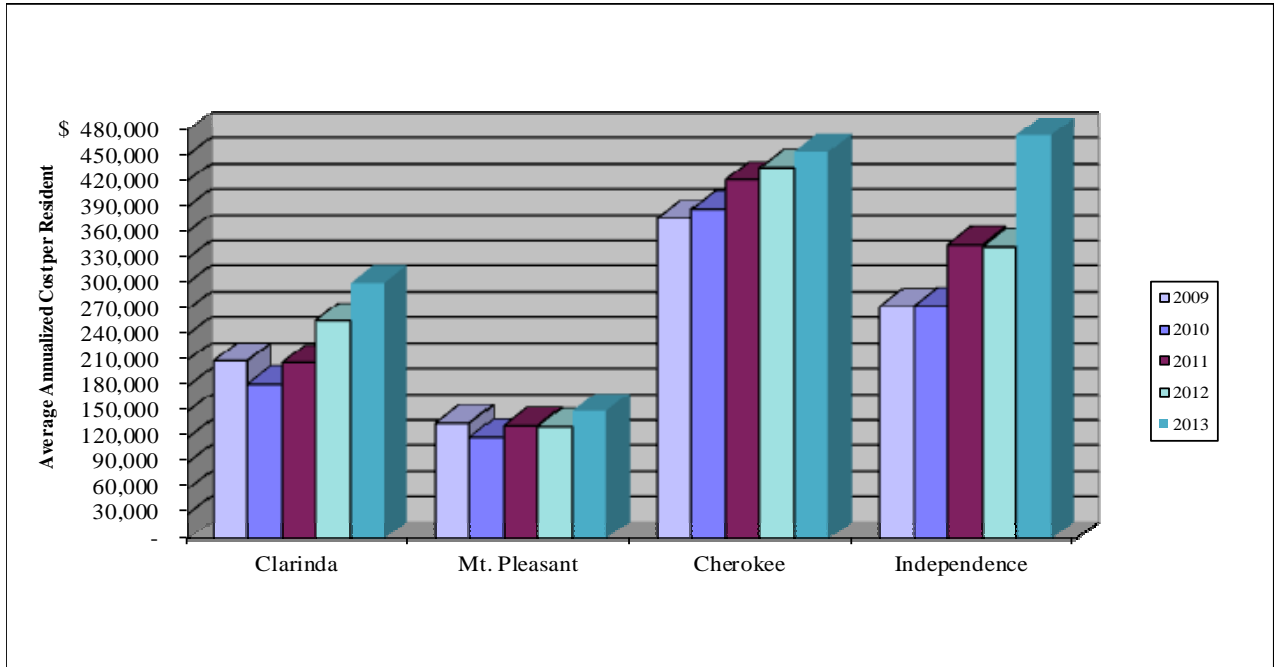
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident by Institution
 Average Annual Cost per Resident
 (Unaudited)

For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2009

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 7,529,126	7,385,240	13,819,279	19,051,691
Travel	84,462	22,152	44,692	73,630
Supplies and materials	897,809	580,518	1,222,413	965,007
Contractual services	591,079	979,587	950,191	2,077,976
Capital outlay	119,038	73,686	307,189	240,646
Claims and miscellaneous	359	840	331	3,149
Licenses, permits and refunds	465	-	780	2,309
Aid to individuals	-	540	-	-
Total	<u>\$ 9,222,338</u>	<u>9,042,563</u>	16,344,875	<u>22,414,408</u>
Reallocated support services costs (see page 6)			<u>(2,023,410)</u>	
Total			<u>\$ 14,321,465</u>	

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
50,053,247	62,500,842	7,651,720	12,287,820	5,827,528	186,106,493
580,285	254,567	17,633	55,147	7,240	1,139,808
4,149,086	6,584,419	677,889	855,556	786,475	16,719,172
6,129,541	9,289,745	659,861	1,849,605	195,958	22,723,543
1,901,365	2,785,072	29,723	307,860	53,657	5,818,236
147,139	520,882	4,332	18,818	569	696,419
607	7,116	4,288	1,167	-	16,732
-	-	-	-	-	540
<u>62,961,270</u>	<u>81,942,643</u>	<u>9,045,446</u>	<u>15,375,973</u>	<u>6,871,427</u>	<u>233,220,943</u>
				<u>2,023,410</u>	
				<u>8,894,837</u>	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2010

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 7,250,076	6,921,068	13,496,617	18,320,418
Travel	52,181	77,156	59,239	78,724
Supplies and materials	652,037	490,945	1,075,399	777,745
Contractual services	594,108	914,448	1,202,746	2,122,178
Capital outlay	42,725	183,274	121,510	86,222
Claims and miscellaneous	225	331	1,688	1,690
Licenses, permits and refunds	466	-	895	2,565
Aid to individuals	-	1,183	-	-
Total	<u>\$ 8,591,818</u>	<u>8,588,405</u>	15,958,094	<u>21,389,542</u>
Reallocated support services costs (see page 6)			<u>(2,776,626)</u>	
Total			<u>\$ 13,181,468</u>	

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
50,362,160	61,197,320	7,198,717	11,598,464	5,900,877	182,245,717
1,159,313	1,079,322	70,078	100,344	10,653	2,687,010
4,726,391	6,130,446	671,346	579,128	729,698	15,833,135
7,172,716	9,275,428	653,344	1,552,170	267,289	23,754,427
1,742,716	2,704,880	49,760	214,712	9,050	5,154,849
99,756	573,001	3,765	13,260	146	693,862
528	3,354	2,026	3,343	-	13,177
-	-	-	-	-	1,183
<u>65,263,580</u>	<u>80,963,751</u>	<u>8,649,036</u>	<u>14,061,421</u>	<u>6,917,713</u>	<u>230,383,360</u>
				<u>2,776,626</u>	
				<u>9,694,339</u>	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2011

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 7,216,774	6,796,196	11,634,175	17,158,403
Travel	22,401	10,006	55,509	27,055
Supplies and materials	523,233	461,404	905,510	799,733
Contractual services	498,036	1,025,590	1,399,542	2,091,352
Capital outlay	34,698	159,299	144,081	318,639
Claims and miscellaneous	54	58	1,165	945
Licenses, permits and refunds	425	-	780	2,077
Aid to individuals	-	2,293	-	-
Total before reallocations	<u>\$ 8,295,621</u>	<u>8,454,846</u>	14,140,762	<u>20,398,204</u>
Reallocated support services costs (see page 6)			<u>(2,757,545)</u>	
Total			<u>\$ 11,383,217</u>	

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
50,087,941	61,427,351	7,022,669	11,085,766	6,124,755	178,554,030
380,352	692,274	11,896	37,574	63,732	1,300,799
4,479,918	6,712,830	678,049	624,520	799,415	15,984,612
4,809,727	8,264,636	682,848	1,333,028	180,936	20,285,695
804,932	1,453,278	77,944	167,607	47,202	3,207,680
108,933	506,136	1,980	12,745	825	632,841
985	4,584	595	3,958	-	13,404
-	-	-	-	-	2,293
<u>60,672,788</u>	<u>79,061,089</u>	<u>8,475,981</u>	<u>13,265,198</u>	<u>7,216,865</u>	<u>219,981,354</u>
				<u>2,757,545</u>	
				<u>9,974,410</u>	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2012

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 7,306,375	7,012,316	12,460,178	17,320,530
Travel	4,537	17,688	21,736	48,776
Supplies and materials	440,636	544,154	1,089,111	800,140
Contractual services	417,939	851,203	1,636,282	2,092,790
Capital outlay	42,315	98,133	565,380	336,189
Claims and miscellaneous	573	-	1,569	499
Licenses, permits and refunds	243	-	780	2,995
Aid to individuals	-	2,234	-	-
Total before reallocations	<u>\$ 8,212,618</u>	<u>8,525,728</u>	15,775,036	<u>20,601,919</u>
Reallocated support services costs (see page 6)			<u>(2,686,956)</u>	
Total			<u>\$ 13,088,080</u>	

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
51,248,575	61,816,732	7,479,521	11,310,619	6,697,084	182,651,930
208,712	265,046	23,923	41,339	23,896	655,653
4,075,809	5,641,828	747,211	679,305	55,763	14,073,957
4,275,715	8,007,140	613,419	1,218,669	207,426	19,320,583
876,745	2,153,065	191,873	66,930	34,718	4,365,348
70,170	381,863	1,295	11,046	805	467,820
687	2,750	978	2,731	-	11,164
-	-	-	-	-	2,234
<u>60,756,413</u>	<u>78,268,424</u>	<u>9,058,220</u>	<u>13,330,639</u>	<u>7,019,692</u>	<u>221,548,689</u>
				<u>2,686,956</u>	
				<u>9,706,648</u>	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2013

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 7,143,254	7,264,540	13,379,152	17,819,148
Travel	28,272	25,158	40,854	39,611
Supplies and materials	614,623	488,622	1,139,013	826,108
Contractual services	474,122	965,845	1,444,356	2,369,571
Capital outlay	452,170	310,875	341,030	734,960
Claims and miscellaneous	610	14	1,610	233
Licenses, permits and refunds	351	-	880	1,380
Aid to individuals	-	2,104	-	-
Total before reallocations	<u>\$ 8,713,402</u>	<u>9,057,158</u>	16,346,895	<u>21,791,011</u>
Reallocated support services costs (see page 6)			<u>(2,713,996)</u>	
Total			<u>\$ 13,632,899</u>	

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
49,739,132	61,879,966	7,800,942	11,656,638	7,515,623	184,198,395
305,257	258,865	10,630	45,237	29,051	782,935
4,389,389	5,230,396	728,189	680,886	131,077	14,228,303
4,005,195	6,499,272	788,874	1,317,193	533,424	18,397,852
1,943,175	1,820,819	397,492	703,508	271,354	6,975,383
59,342	398,798	650	9,766	667	471,690
3,689	2,750	4,327	1,668	-	15,045
-	-	-	-	-	2,104
<u>60,445,179</u>	<u>76,090,866</u>	<u>9,731,104</u>	<u>14,414,896</u>	<u>8,481,196</u>	<u>225,071,707</u>
				<u>2,713,996</u>	
				<u>11,195,192</u>	

Institutions Under the Control of the Iowa Department of Human Services

Resident/Patient Population Statistics
(Unaudited)

Year ended June 30, 2013

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Population beginning of year	33	59	29	56
Admissions:				
First admissions	191	605	304	117
Readmissions	92	153	164	78
Returns:				
Home visits	-	1	-	174
Limited leaves	-	-	-	-
Temporary medical transfers	-	1	-	8
Unauthorized departures	-	1	-	-
Total admissions	283	761	468	377
Released:				
Discharges	287	759	468	209
Deaths	-	-	1	-
Home visits	-	1	-	173
Limited leaves	-	-	-	-
Temporary medical transfers	-	1	2	9
Other	-	4	-	-
Total released	287	765	471	391
Population end of year	29	55	26	42
Average number of residents/patients	29	60	30	46

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders
182	261	55	118	98
5	1	93	211	7
-	3	-	10	-
-	307	-	-	-
37	1	-	-	-
-	166	-	-	-
-	-	-	-	-
42	478	93	221	7
9	11	104	77	-
2	5	-	-	-
-	300	-	-	3
32	2	-	-	2
-	174	-	-	-
-	-	-	130	-
43	492	104	207	5
181	247	44	132	100
180	255	51	124	103

June 30, 2013

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 Findings Related to Internal Control:

- (1) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check of those of another. Mail is not opened and distributed by someone other than accounting personnel. A list of receipts is not prepared by the mail opener. Responsibilities for collection and deposit preparation functions are not segregated from those for recording and accounting for cash receipts for the Sales and Collection, Contingent, Patient and Entertainment Funds. Bank reconciliations were not reviewed by an independent person or there was no written documentation of who performed the independent review.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Institute should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. The reconciliations should be reviewed by an independent person and the reviews should be documented by the reviewer’s signature or initials and the date reviewed.

Response – The Institute will review control procedures and try to obtain the maximum internal control we can for segregation of duties. We will have an independent person review and sign the bank reconciliations.

Conclusion – Response accepted.

- (2) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each agency of the state to maintain a written, detailed and up-to-date inventory of property under its charge, control and management. The Institute is required to keep an up-to-date and accurate asset listing to track and maintain control over capital assets. Clarinda Correctional Facility (DOC) and the Clarinda Treatment Center (MHI) share many services, including capital assets.

The Institute does not have written guidelines for cost allocation of assets between the MHI and the DOC identifying whether the capital asset belongs to the MHI or the DOC.

Recommendation – The Institute should establish guidelines for cost allocation and identifying capital assets between the MHI and the DOC.

Response – The Institute will establish guidelines for cost allocation and identifying capital assets between the MHI and the DOC.

Conclusion – Response accepted.

Findings and Recommendations for the Mental Health Institute – Clarinda

June 30, 2013

- (3) Timely Deposits – Pursuant to Section 12.10 of the Code of Iowa, the Institute must deposit 90% of all fees collected within ten business days succeeding the collection with the Office of Treasurer of State. Of 83 receipts tested, 43 were not deposited timely.

Recommendation – The Institute should deposit 90% of all fees collected within 10 business days succeeding the collection with the Office of Treasurer of State.

Response – Effective immediately, we will ensure the deposits are to the bank weekly and at the end of each month, as well as timely deposited to the Office of Treasurer of State.

Conclusion – Response accepted.

- (4) GAAP Package – The Institute maintains several non-I/3 bank accounts, such as the Patient Account, the Contingent Fund and the Sales and Collections Fund. All non-I/3 balances should be reported on the “Non-State Accounting Systems” page of the GAAP package. The Institute did not report the \$40,229 cash balance of the Sales and Collections Fund and the balance of the Contingent Fund was overstated by \$3,227, resulting in a total understatement of \$38,002.

Recommendation – The Institute should report the fiscal year end adjusted cash balance for all non-I/3 funds in the GAAP package.

Response – We will report all non-I/3 accounts in the GAAP package.

Conclusion – Response accepted.

June 30, 2013

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

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

Other individuals who participated in the audits include:

Tracey L. Gerrish, Staff Auditor
Tiffany N. Aliprandi, Assistant Auditor
Ryan D. Baker, Assistant Auditor
Beth A. Shaw, Assistant Auditor
Janell R. Wieland, Assistant Auditor

June 30, 2013

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 Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Manager
Eric L. Rath, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Tyler L. Carter, Staff Auditor
Kelsey J. Kranz, Staff Auditor
Tiffany N. Aliprandi, Assistant Auditor
Leslie M. Downing, Assistant Auditor
Jesse J. Harthan, Assistant Auditor
Zack D. Kubik, Assistant Auditor
Benjamin R. Salow, Assistant Auditor

June 30, 2013

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:

Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check of those of another. The following were noted:

- An independent person does not reconcile receipts to the deposit.
- There is a lack of segregation for handling Storeroom and Pharmacy inventory and the inventory records.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Institute should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel.

Response – Deposits are now receipted by one person and deposited by another. Reconciliations are signed off by two individuals different than those who receipt and deposit. The Institute also implemented a new policy for the Storeroom inventory which requires random testing by an independent individual in July 2013. The Institute reviewed and implemented Pharmacy inventory and ordering policies.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Timothy D. Houlette, CPA, Manager
Joshua W. Ostrander, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Laura E. Grinnell, Staff Auditor
Benjamin P. James, Staff Auditor
Trisha S. Schroeder, Staff Auditor
Michael A. Chervek, Assistant Auditor
Margaret E. Schlerman, Assistant Auditor

June 30, 2013

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 Findings Related to Internal Control:

- (1) Information Technology Storage Devices – Cassette tapes are used to do daily and monthly system backups on the GCOS/ESCALA system. Information included on those storage tapes includes payroll and patient data. During fiscal year 2013, one of the monthly backup tapes was missing. Due to the loss of the cassette, confidential data could potentially be used by unknown persons.

Recommendation – All potentially confidential data (payroll and patient records) should be purged from the pertinent computer system unless there is a documented necessity for the information. Additionally, all backup cassette tapes should be stored in a more secure location to prevent future loss of data.

Response – The Institute (IMHI) worked closely with the Department of Human Services’ Information Security and Privacy Officer from the time the monthly backup tape was detected as missing on April 30, 2013 through and after the time public notification was provided regarding the potential loss of confidential data contained on the missing backup tape. As a part of the comprehensive review of pertinent process and procedures and the enhancements made to prevent such an occurrence from happening again, IMHI made changes in the handling of the backup tapes. First, the confidential data was purged from the GCOS/ESCALA system and the backup tapes and confidential data was no longer sent to the system. Secondly, the documentation of the backup tape handling was improved. Finally, all backup tapes are securely stored in the Business Office vault when not in use by Information Technology staff in the Server Room. All corrective actions were completed by June 30, 2013.

Conclusion – Response accepted.

- (2) Scrap Metal – Scrap metals from various areas of the Institute are deposited into separate bins. There are no controls in place to safeguard the scrap metal prior to sale. The Institute periodically sells scrap metal to local vendors. Supporting documentation from the vendor for the sales is not always available to substantiate the amount paid to the Institute.

Recommendation – The Institute should implement physical safeguards to protect the scrap metals from theft prior to sale. The scrap metal dealer should provide the Institute with a detailed receipt for each sale.

Response – The Institute will review the physical safeguards surrounding the storage of scrap metals intended for recycling and/or sale to local vendors and implement improved security measures to the extent practical. Further, Institute management will instruct the employees who take scrap metals to local vendors to ensure appropriate documentation supporting the sale is received at the time of sale.

Conclusion – Response accepted.

June 30, 2013

Finding Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Suzanne R. Dahlstrom, CPA, Manager
Kelly L. Hilton, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

W. Brad Corley, Staff Auditor
Eric L. Rath, Staff Auditor
Jesse J. Harthan, Assistant Auditor
Megan E. Irvin, Assistant Auditor
Corey M. Vannausdle, Assistant Auditor
James Moriarty, Assistant Auditor

June 30, 2013

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 Findings Related to Internal Control:

- (1) Reconciliation of Medicare D Billings – A reconciliation of Medicare D billings to payments received is not performed.

Recommendation – The Center should perform a reconciliation of Medicare D billings to payments received monthly to detect and correct billing errors.

Response – For the past seven years, the State of Iowa was moving towards a statewide pharmacy system for all DHS facilities. With this direction, the Center did not upgrade its in-house pharmacy application in preparation for a new system. The State went through two systems that failed. The most recent was 2012. Woodward Resource Center is upgrading the Pharmacy application to a version that will reconcile Medicare Part D. The request to upgrade was submitted in October 2013.

Conclusion – Response accepted.

- (2) Financial Reporting – The Center records receipts and disbursements in the Integrated Information for Iowa (I/3) system throughout the year, including the accrual period. Activity not recorded in the I/3 system is reported to the Department of Administrative Services (DAS-SAE) in a GAAP package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year. During the audit, we identified receivables in the GAAP package were understated by a material amount.

Recommendation – The Center should implement procedures to ensure receivables are properly reported in the GAAP package.

Response – Woodward Resource Center has reviewed and retrained procedures to ensure receivables are properly reported in the GAAP package.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Findings and Recommendations for the Woodward Resource Center

June 30, 2013

Staff:

Questions or requests for further assistance should be directed to:

Ernest H. Ruben Jr., CPA, Manager
Tiffany M. Ainger, CPA, Senior Auditor II
Leanna J. Showman, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Ryan D. Baker, Staff Auditor
Elissa R. Olson, Staff Auditor
Tiffany N. Aliprandi, Assistant Auditor
Kyle C. Smith, Assistant Auditor
Amanda L. Burt, Assistant Auditor

Findings and Recommendations for the Glenwood Resource Center

June 30, 2013

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:

Initial Listing – An initial listing is not prepared for receipts received through the mail. Because an initial listing is not prepared, the Center is unable to determine if all receipts are deposited intact.

Recommendation – An initial listing should be prepared by the mail opener and should be reviewed by an independent person to ensure receipts are deposited intact and properly recorded.

Response – Glenwood Resource Center implemented procedures for an initial listing in July 2013.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Timothy D. Houlette, CPA, Manager
Jessica P.V. Green, Senior Auditor
Laura M. Wenimont, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Robert W. Endriss, CPA, Staff Auditor
Kirstie R. Hill, Staff Auditor
Ryan D. Baker, Assistant Auditor
Megan E. Irvin, Assistant Auditor
Ryan J. Magill, Assistant Auditor
Jason R. Ropte, Assistant Auditor
Brandon A. Soda, Assistant Auditor

June 30, 2013

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 Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Manager
Leanna J. Showman, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Ashley J. Moser, Staff Auditor
Margaret E. Schlerman, Assistant Auditor
Luke H. Holman, Assistant Auditor
Jeremy L. Krajicek, Assistant Auditor

June 30, 2013

Findings Reported in the State’s Single Audit Report:

No matters were noted.

Findings Reported in the States Report on Internal Control:

No matters were noted.

Other Finding Related to Internal Control:

Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over cash receipts collecting, journalizing and posting.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the School should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – The School has implemented new controls over cash receipts as recommended. The School shall implement additional controls as feasible with available staff to ensure the maximum internal control possible.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager
Jamie T. Reuter, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

William B. Corley, Staff Auditor
Ashley J. Moser, Staff Auditor
Ryan J. Magill, Assistant Auditor
Luke H. Holman, Assistant Auditor

June 30, 2013

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 Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Timothy D. Houlette, CPA, Manager
Joshua W. Ostrander, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Trisha S. Kunze, Staff Auditor
Michael A. Chervek, Assistant Auditor