



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE July 29, 2005

Contact: Andy Nielsen
515/281-5834

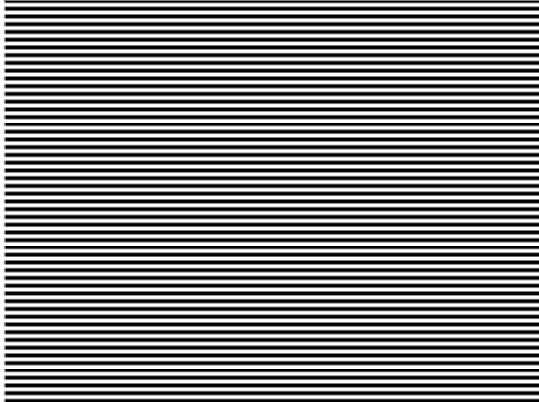
Auditor of State David A. Vaudt today released a report on the Iowa Department of Inspections and Appeals for the year ended June 30, 2004.

The Iowa Department of Inspections and Appeals was created for the purpose of coordinating and conducting audits, appeals, hearings, inspections and investigations related to the operations of Iowa state government. The Department also provides administrative support services for the Employment Appeal Board, Hospital Licensing Board, Child Advocacy Board, State Public Defender and the Iowa Racing and Gaming Commission.

Vaudt recommended the Department develop procedures to ensure federal funds are requested and received in a timely manner to minimize the amount of state funds used to operate federal programs.

A copy of the report is available for review in the Iowa Department of Inspections and Appeals or the Office of Auditor of State.

###



**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF INSPECTIONS AND APPEALS**

JUNE 30, 2004

Office of

**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



**David A. Vaudt, CPA
Auditor of State**





OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

July 26, 2005

To Steven K. Young, Director of the
Iowa Department of Inspections and Appeals:

The Iowa Department of Inspections and Appeals 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, 2004.

In conducting our audits, we became aware of an aspect concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on page 7. We believe you should be aware of the recommendation which pertains to the Department's compliance with statutory requirements and other matters. The recommendation has been discussed with Department personnel and their response to the recommendation is 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 Inspections and Appeals, citizens of the State of Iowa and other parties to whom the Iowa Department of Inspections and Appeals 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 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 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
Michael L. Tramontina, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

Iowa Department of Inspections and Appeals

June 30, 2004

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

No matters were noted.

Finding Related to Statutory Requirements and Other Matters:

Cash Management – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. They also minimize the amount of state funds used to operate the program until the federal funds are received.

For the Food Stamps program, 5 of 25 requests for federal funds were not submitted in a timely manner. Therefore, the federal funds were received up to 46 days after the warrants were issued.

For the State Survey and Certification of Health Care Providers and Suppliers program, 4 of 25 requests for federal funds were not submitted in a timely manner. Therefore, the federal funds were received from 10 to 33 days after the warrants were issued.

For the State Medicaid Fraud Control Units program, 5 of 25 requests for federal funds were not submitted in a timely manner. Therefore, the federal funds were received from 8 to 32 days after the warrants were issued.

Recommendation – The Department should develop procedures to ensure federal funds are requested and received in a timely manner in order to minimize the amount of state funds used to operate the program until the federal funds are received.

Response – The Department acknowledges some requests for federal funds were not processed in a timely manner. The cited items are, for the most part, attributable to implementation of the new statewide accounting system on June 1, which significantly delayed timely transactions and accurate timely expense reports. This occurred during several months (June, July and August) and is the primary reason for seven of the cited instances. The Department submits funding requests for the Food Stamps program to the Iowa Department of Human Services. They were experiencing similar implementation problems with the new state accounting system and were forced to prioritize our five funding requests along with all of their other year-end closing requirements. Lack of backup during the extended illness of key staff resulted in delay of two of the draws.

The functionality of the state accounting system has improved, although some challenges still exist. As in past years, seasonal workload priorities and unplanned staff absences could result in delay of some draws.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Inspections and Appeals

June 30, 2004

Staff:

Questions or requests for further assistance should be directed to:

Ronald D. Swanson, CPA, Manager
Tammy A. Wolterman, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Mary Crystal A. Berg, CPA, Staff Auditor
Scott P. Boisen, Staff Auditor
Kristen E. Harang, CPA, Staff Auditor
Marc D. Johnson, Staff Auditor
Trevor L. Theulen, Staff Auditor
Amanda S. Guthrie, Assistant Auditor