



**OFFICE OF AUDITOR OF STATE**  
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**NEWS RELEASE**

FOR RELEASE

October 26, 2018

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, 2017.

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 the juvenile institution.

The report contains recommendations for the Department to:

- (1) Comply with the provisions of the Department's Employees' Manual and Federal regulations applicable to benefit determinations for the Family Investment Program and the Temporary Assistance for Needy Families program.
- (2) Comply with the Code of Iowa requiring the Department to establish a training program to assist guardians and conservators.

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 <https://www.auditor.iowa.gov/reports/audit-reports/>.

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

**JUNE 30, 2017**

**Iowa Department of Human Services**



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September 27, 2018

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, 2017.

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 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 11 and they are available to discuss these matters with you.

*Mary Mosiman*  
MARY MOSIMAN, CPA  
Auditor of State

cc: Honorable Kim Reynolds, Governor  
Dave Roederer, Director, Department of Management  
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2017

**Findings Reported in the State's Single Audit Report:**

**CFDA Number: 93.558 – Temporary Assistance for Needy Families**

**Agency Number: 1601IATANF, 1701IATANF**

**Federal Award Year: 2016, 2017**

**State of Iowa Single Audit Report Comment: 17-III-HHS-401-1  
(2017-001)**

(1) Computer Match – Family Investment Program (FIP)

Criteria – The Department operates FIP utilizing federal funds provided for in the Temporary Assistance for Needy Families (TANF) block grant. 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." However, 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.

In addition, although Title 4-C-39 of the Employees' Manual states a participant cannot receive both FIP and foster care assistance, a Title IV-E program, at the same time, a letter dated February 14, 2014 from the Administration for Children and Families (ACF) stated, "Federal TANF regulations allow for concurrent TANF and Title IV-E benefits only if the situation involves a Foster Care placement with a relative. If the placement is with a nonrelative, concurrent payment of benefits is only allowable in limited circumstances."

Condition – A computer match of payment data was performed for cases receiving both FIP and foster care payments during fiscal year 2017. We reviewed 105 cases receiving both FIP and foster care payments during the same month of service. Of the 105 cases reviewed, 21 children, or 20%, received both FIP and foster care payments for an additional one to seven months after entering foster care with a non-relative. Although these payments are not in compliance with the Employees' Manual, it is unclear if they meet the exception allowed by the federal government, as stated in the letter from ACF dated February 14, 2014.

A computer match of payment data was performed for cases receiving both FIP and subsidized adoption payments during fiscal year 2017. We reviewed 106 cases receiving both FIP and subsidized adoption payments during the same month of service. Of the 106 cases reviewed, 12 cases, or 11%, improperly received both FIP and subsidized adoption payments for an additional one to five months after entering subsidized adoption. As a result, the unallowable FIP payments for these 12 cases totaled \$5,640.

Cause – The Department has established policies regarding the payment of both FIP and foster care assistance payments for the same period, however, documentation was not on file to support whether the payment is an exception to the established policy or if the policies were not followed.

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Although the Department has established policies regarding the payment of both FIP and subsidized adoption payments during the same period, those procedures were not followed.

Effect – The lack of documentation regarding whether a FIP and foster care payment is an exception to the policy may result in the Department not identifying and recouping overpayments. In addition, not following the established policies for the payment of FIP and subsidized adoption assistance may result in the Department overpaying either FIP or subsidized adoption assistance.

Recommendation – The Department should review its policies and establish procedures which comply with federal regulations to identify concurrent FIP and foster care payments and concurrent FIP and subsidized adoption payments. The Department should review cases identified and determine if recoupment should be performed.

Response and Corrective Action Planned – The Department’s policy regarding concurrent FIP and foster care payments can be found in the DHS policy manual 4-G-28. These overpayments typically occur due to the timing of when a child is removed from a home. If the eligibility worker receives notice towards the end of the month that a child has entered foster care, they are unable to stop benefits effective the first of the next month because of timely notice requirements. In these situations, cancellation is delayed until the first of the second month after entries are made. A recoupment is completed, using a manual process, for the first month after the foster care/subsidized adoption approval.

Findings as noted have been reviewed with the responsible worker with information provided for how to correct the error. Recoupments have been initiated for each case found to be in error. A statewide training will be completed July 1, 2018 to reiterate current policy and practice.

Conclusion – Response accepted.

**CFDA Number: 93.778 – Medical Assistance Program**  
**Agency Number: 1605 IA5 MAP, 1705 IA5 MAP**  
**Federal Award Year: 2016, 2017**  
**State of Iowa Single Audit Comment: 17-III-HHS-401-2**  
**(2017-002)**

(2) Medical Assistance Claims

Criteria – The Departments’ Employee Manual, Title 8-G-11, states “Eligibility for Medicaid ends when the member dies.” The manual requires the Department to “verify the date of the member’s death using a reliable source.” Each month the Department receives a file from the Iowa Department of Public Health which lists deceased individuals and their date of death. The file is uploaded to Medicaid Management Information System (MMIS) to update member information and identify possible instances of payments made for services provided after the member’s date of death. The Department uses this information to determine if recoupment of Medicaid payments is necessary.

## Report of Recommendations to the Iowa Department of Human Services

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Condition – A computer match was performed to identify payments for services provided after a member's date of death. Of the 15 cases reviewed, 12 cases had service dates after the member's date of death for which recoupment procedures had not been initiated by the Department.

Cause – Each month the Department receives a file from the Iowa Department of Public Health which lists deceased individuals and their date of death. In instances where the date of birth or social security number on the list of deceased individuals does not exactly match the individual's information in MMIS, the MMIS file will not update with the date of death.

Effect – For the 12 cases with service dates after the member's date of death the Department received and paid claims resulting in questioned costs totaling \$11,247.

Recommendation – The Department should implement procedures to review instances where a date of death is identified for a member even though the date of birth or social security number may not agree between the list of deceased individuals and MMIS. If a member is determined to be deceased, the Department should initiate recoupment procedures for any services provided after the member's date of death.

Response and Corrective Action Planned – The Department reviewed the cases determined to be in error. Of the 12 cases:

- The Department verified and updated MMIS with the correct date of death for 10 cases. The recoupment process on February 27, 2018 and the full amount of the questioned costs totaling \$11,247 have been recouped.
- The Department verified and updated MMIS with the correct date of death for two cases, however a recoupment will not be initiated for the following reasons:
  - Adjustments have already been applied to the claims for various reasons and there is no longer an amount owed.
  - For crossover claims the Department only recoups capitation payments, not claims paid. There is not an amount due for these claims.

The Department will implement procedures to review instances where a date of death is sent to the Department by the Iowa Department of Public Health (IDPH) and the member's date of birth or social security number is not a match between MMIS and the IDPH's deceased file. Once a match is verified, MMIS will be updated as appropriate. Recoupment, as appropriate, will be initiated.

Conclusion – Response accepted.

June 30, 2017

**CFDA Number: 93.659 – Adoption Assistance**  
**Agency Number: 1601IAADPT, 1701IAADPT**  
**Federal Award Year: 2016, 2017**  
**State of Iowa Single Audit Comment: 17-III-HHS-401-5**  
**(2017-005)**

(3) Annual Adoption Savings Calculation Report

Criteria – In accordance with 42 USC 673(a)(8), the Department is required to calculate the savings, if any, resulting from entering into an adoption assistance agreement for special needs children who are in the care of a public or private licensed child placement agency. The CB-496 Annual Adoption Savings Calculation and Accounting Report, Part 4, must be submitted annually to provide information on the calculation and expenditure of adoption savings.

Condition – Information reported on the CB-496 Annual Adoption Savings Calculation Report, Part 4, is supported by the Annual Adoption Savings Calculation Worksheet prepared by the Department. Based on our review, information contained in the Worksheet could not be supported by the Department. Upon investigation, the Department determined the CB496 Annual Adoption Savings Calculation Report, Part 4, contained errors for federal fiscal year (FFY) 2016.

Cause – The Department experienced staff turnover. As a result, the staff completing the federal fiscal year 2016 report lacked the necessary program knowledge to properly complete the report. The CB-496 Annual Adoption Savings Calculation Report, Part 4, was not reviewed and approved by an independent person prior to submission.

Effect – Because the average monthly number of children reported is incorrect, the amounts computed as adoption assistance payments and administration, and the associated calculated adoption assistance savings were understated in the CB-496 Annual Adoption Savings Calculation Report, Part 4, for federal fiscal year 2016.

Recommendation – The Department should establish policies and procedures to ensure the Annual Adoption Savings Calculation Report is reviewed and approved by an independent person who is knowledgeable about the program. This independent review should be documented by the reviewer's signature or initials and date of the review. In addition, the federal fiscal year 2016 CB-496 Annual Adoption Savings Calculation Report, Part 4, should be corrected and resubmitted.

Response and Corrective Action Planned – Prior to the review by the State Auditor the Department had determined that, while the file that contained raw data related to IVE (Foster Care) eligibility for the sample cases was accurate, some of the sample case counts may have been entered into the wrong column on the CB-496 worksheet. The Department was working to validate the information previously submitted.

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The Department reported this issue to the State Auditors during their review, and noted that steps have been taken to prevent this from reoccurring. Staff from the IVE unit, child welfare policy, and fiscal management met to map out how the data elements are to be reported on the CB-496 worksheet. This information has been documented and will be used for reference when completing the workbook going forward. In addition, fiscal management will be provided a copy of the spreadsheet that contains the sample case data and will verify that the sample case data reported on the CB-496 has been entered accurately.

This process was used to review the accuracy of the FFY16 report. It was determined that there were errors and a revised FFY16 CB-496 was submitted on February 27, 2018.

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 – Sixty Month Limitation – There is a sixty month limitation on FIP benefits unless a hardship exemption is approved. Title 4-C-72 of the Employees’ Manual provides, in part, the individual must complete form 470-3826, Request for FIP Beyond 60 Months. Form 470-3876, Hardship Exemption Determination, is then completed to document the final hardship exemption determination. Form 470-3876 should be approved or denied within thirty days of receipt of form 470-3826. All documents should be included in the individual’s case file.

One of 25 individuals tested did not have a Hardship Exemption Determination form fully completed within 30 days of receipt of form 470-3826. One individual tested did not have a Hardship Exemption Determination form on file for the period tested.

Recommendation – The Department should implement procedures to ensure compliance with the Employees’ Manual.

Response – The two errors were limited to the Eastern Iowa Service Area. The information about the errors was shared with the Service Area Manager, the Income Maintenance Administrator and the IM Supervisor. The issues were addressed with the individual workers. No additional action is planned at this time.

Conclusion –Response accepted.

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June 30, 2017

- (2) Quality Assurance Assessment – In accordance with Chapter 249L of the Code of Iowa, nursing facilities in the State of Iowa are assessed a quality assurance assessment for each patient day for the preceding quarter. Form 470-4836, Nursing Facility Quality Assurance Assessment Calculation Worksheet, is used by the nursing facility to determine the quality assurance assessment amount due. Form 470-4836 and the quarterly assessment payment are due to the Department no later than thirty days following the end of each quarter. If Form 470-4836 and the assessment are not received by the 30<sup>th</sup> day of the month following the end of a quarter, a penalty of 1.5% of the quality assurance assessment is owed for each month or portion of month in which the payment is overdue. If the Department determines a nursing facility has underpaid the quality assurance assessment, the Department shall notify the nursing facility of the amount of the unpaid quality assurance assessment.

For three of 32 nursing facilities reviewed, the Department did not send delinquent notifications and assess penalties as required by Chapter 249L.3(5) of the Code of Iowa. Per Departmental personnel, penalty letters for delinquent submissions were not sent after the implementation of the Iowa Health Link (managed care) while the Department worked through the collection process with the managed care organizations, the Program Integrity Unit of the Department of Human Services, the Attorney General's Office and the Iowa Department of Revenue.

Recommendation – The Department should establish procedures to ensure compliance with the Code of Iowa.

Response – In January 2018, the Department began the discussion on establishing procedures to collect the unpaid quality assurance assessments fees from nursing facility providers. Demand letters were sent to providers who had outstanding provider taxes on or around March 9, 2018. The letters indicated the amount due for the provider tax and gave the provider 30 days in which to pay before being suspended as a Medicaid provider until the total amount was paid.

As of May 2018, the Department has established procedures to send delinquent notices to providers on a quarterly basis. The notices will be mailed at the end of the month following the month in which the quality assurance assessment payments are due. Any providers who have not sent their payment within 30 days of the delinquent notice will be referred to the Iowa Medicaid Enterprise Program Integrity Unit to suspend them as a Medicaid provider. As of June 30, 2018, of the total outstanding balance of \$3.2 million, approximately \$1.2 million has been collected or otherwise resolved.

Conclusion – Response accepted.

June 30, 2017

**Finding Related to Statutory Requirements and Other Matters:**

Iowa Code Compliance – 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 interest.

The Department has not established a training program to assist guardians and conservators as required.

Recommendation – The Department should take steps to ensure compliance with the Code of Iowa or the Department should seek the repeal of the Code section.

Response – The Department is aware of the requirement to establish a training program to assist guardians and conservators as required. The Department has not received funding for this program for several years and has requested the Code be modified to remove this requirement. The Department is also considering publishing online resources to meet this requirement.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Human Services

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**Staff:**

Questions or requests for further assistance should be directed to:

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