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STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

October 31, 2019

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Human Services for the year ended June 30, 2018.

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 programs.
- (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 on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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

JUNE 30, 2018

Iowa Department of Human Services



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Rob Sand
Auditor of State

October 24, 2019

Iowa Department of Human Services
Des Moines, Iowa

To the Members of the Iowa Department of Human Services:

I am pleased to submit to you the financial and compliance audit report for the Iowa Department of Human Services for the year ended June 30, 2019. The report includes audit findings pertaining to the Department's internal control and compliance for the year ended June 30, 2018.

I appreciate the cooperation and courtesy extended by the officials and employees of Iowa Department of Human Services throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand
Auditor of State

Iowa Department of Human Services



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STATE OF IOWA

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October 24, 2019

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, 2018.

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 pertain 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 8 and they are available to discuss these matters with you.

A handwritten signature in black ink that reads "Marlys K. Gaston".

Marlys K. Gaston, CPA
Deputy Auditor of State

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

June 30, 2018

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) Computer Match – Family Investment Program (FIP)

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 non-relative, concurrent payment of benefits is only allowable in limited circumstances."

A computer match of payment data was performed for cases receiving both FIP and foster care payments during fiscal year 2018. We reviewed 108 cases receiving both FIP and foster care payments during the same month of service. Of the 108 cases reviewed, 19 children, or 17.6%, received both FIP and foster care payments for an additional one to two 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 2018. We reviewed 106 cases receiving both FIP and subsidized adoption payments during the same month of service. Of the 106 cases reviewed, 10 cases, or 9.4%, 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 10 cases totaled \$3,402.

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.

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Response – 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 before July 1, 2019 to reiterate current policy and practice.

Conclusion – Response accepted.

- (2) 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 ten individuals tested did not have a Request for FIP Beyond 60 Months form on file for the period tested. One of ten individuals tested did not have a Hardship Exemption Determination form fully completed within 30 days of receipt of Form 470-3826.

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

Response – The two errors were sent to the Income Maintenance Administrator for review. Each response was provided to the supervisor of the staff who made the error and was reviewed with that staff person as applicable. Historical data shows few if no errors in the sixty-month audits done in previous years. No additional action is planned at this time.

Conclusion – Response accepted.

- (3) 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. When received, documentation is date stamped to evidence date of receipt. If Form 470-4836 and the assessment are not received by the 30th 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

Report of Recommendations to the Iowa Department of Human Services

June 30, 2018

Department shall notify the nursing facility of the amount of the unpaid quality assurance assessment.

For four of twelve nursing facilities reviewed, the Department did not send delinquent notifications and assess penalties in a timely manner for the quarter ended June 30, 2018 as required by Chapter 249L.3(5) of the Code of Iowa. In addition, for two of twelve nursing facilities reviewed, it was not possible to determine the date of receipt of Form 470-4836 as the documentation was not date stamped to evidence the date of receipt. Therefore, we could not determine Form 470-4836 was submitted timely.

Recommendation – The Department should establish procedures to ensure compliance with the Code of Iowa. Documentation should be date stamped when received to evidence date of receipt.

Response – The Department is developing procedures to ensure compliance with the Code of Iowa, including sending delinquent notices and assessing penalties. All documents are received in a bank lock box. Information passed from the bank to the Department contains the date received. The Department will work with the Office of Auditor of State in future audits to ensure evidence of receipt can be located on the supporting documentation provided.

Conclusion – Response accepted.

- (4) Field Offices Internal Controls – During fiscal year 2018, internal controls were evaluated at eight county offices and two child support recovery unit (CSRU) offices. The following conditions were noted in the limited review performed:
- (A) In two county offices, certain receipts were not included in the receipt log.
 - (B) In three county offices, the following were noted:
 - One receipt book was identified which was not properly included in the Receipt Book Listing as required by Title 23-B of the Employees' Manual.
 - For one receipt book, receipt numbers on the Receipt Book Listing did not match the receipt books maintained at the county office.
 - Two receipt books should not have been on the Receipt Book Listing as the field office employees had moved to other positions and did not require a receipt book.
 - (C) In one county office, the yellow receipt slip, which is forwarded from the county office to the Central Office for processing and then returned to the issuer as required by Title 23-B-3 of the Employees' Manual, could not be located.

Recommendation – The Department should implement procedures to ensure receipt slips are properly recorded in the Receipt Book Listing and the yellow receipt slip is returned to the issuer from the Central Office and maintained. In addition, receipt books should be properly tracked by the Central Office.

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Response – Errors were discussed with staff and management at the time of audit. The Department is reviewing procedures for the tracking of receipts and receipt books. The Department will implement an annual inventory of receipt books at each county location as a part of the revised policy, ensuring all books are properly accounted for. The Department is reviewing options for electronic confirmation of receipts.

Conclusion – Response accepted.

- (5) In-Home Health-Related Care (IHHC) Case Records – For fiscal year 2018, eight county offices were visited where a limited review of case records was performed. As part of this limited review, documentation in three In-Home Health-Related Care case records were tested for completeness. Also, an additional five IHHC case records were reviewed for compliance with Department policy. The following conditions were noted:

- (A) Title 16-J-24 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 or Form 470-0673, Physician's Report, and the nursing plan of care to the provider and the DHS case worker. For two of eight cases reviewed, there was no documentation of Form 470-0673 in the case file.
- (B) Title 16-J-4 of the Employees' Manual provides the Purchase of Service Provider Invoice, Form 470-0020, should be entered into the Individualized Services Information System (ISIS) upon receipt of Form 470-0648, Statement of Services Rendered. For three of eight cases reviewed, Form 470-0020 was not in the case file or on ISIS.

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

Response –

- (A) The two cases found in error for 470-0673 were sent to the Income Maintenance Administrator for review with the supervisor and the worker as applicable. A review of historical data shows an ongoing reduction in this type of error for IHHC cases. No additional action is planned at this time.
- (B) Form 470-0020 has been determined to be obsolete. Information previously reported on Form 470-0020 can now be entered directly into the ISIS system. Manual section 16-J and 16-J-Appendix is currently under revision with an anticipated publishing date in October 2019. All references to Form 470-0020 will be removed.

Conclusion – Response accepted.

- (6) DHS Field Offices – Case Records – For fiscal year 2018, eight county offices were visited. In one county office, the case plan for one of three Foster Care cases reviewed was not reviewed every six months as required by Title 17-C-16 of the Employees' Manual.

Report of Recommendations to the Iowa Department of Human Services

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Recommendation – The Department should establish procedures to ensure case file documentation is complete and in compliance with the Employees’ Manual.

Response – Case Permanency Plans are scheduled to occur in conjunction with court hearings, which are typically scheduled every 6 months. For the case cited in error, the court hearing was not held until the seventh month. If a court hearing is postponed for a month, a social worker should wait for the court hearing to review the Case Permanency Plan with all parties. This practice will be referred to the Service Help Desk for review and recommendation to provide support to the Area or Service staff as appropriate.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

- (1) 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

June 30, 2018

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy
Jennifer L. Wall, CPA, Manager
Lesley R. Geary, CPA, Manager

Other individuals who participated in the audits include:

Jesse J. Probasco, Senior Auditor
Nicole L. Roethlisberger, Senior Auditor
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