



**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 11, 2008

Contact: Andy Nielsen
515/281-5834

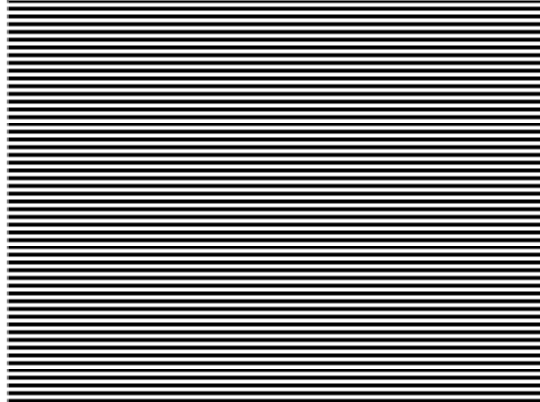
Auditor of State David A. Vaudt today released a report on the Iowa Department of Education, Division of Vocational Rehabilitation Services for the year ended June 30, 2007.

The Iowa Department of Education, Division of Vocational Rehabilitation Services is responsible for determining eligibility of individuals for vocational rehabilitation and the nature and scope of vocational rehabilitation services to be provided. In addition, the Division has assumed the duties relating to making determinations of disability under the Social Security Act pursuant to an agreement between the Division and the Social Security Administration.

Vaudt recommended the Division review its policies and procedures to ensure appropriate personnel are approving timesheets and revenues are recorded in the proper fiscal year.

A copy of the report is available for review at the Iowa Department of Education, Division of Vocational Rehabilitation Services, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

###



**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF EDUCATION, DIVISION OF
VOCATIONAL REHABILITATION SERVICES**

JUNE 30, 2007

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 7, 2008

To the Members of the State Board of Education:

The Iowa Department of Education, Division of Vocational Rehabilitation Services is 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, 2007.

In conducting our audits, we became aware of certain aspects concerning the Division's operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations which include those reported in the State's Single Audit Report and the State's Report on Internal Control, as well as another recommendation pertaining to the Division's internal control. These recommendations have been discussed with Division personnel and their responses to these recommendations are 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 Education, Division of Vocational Rehabilitation Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Education, Division of Vocational Rehabilitation 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 Division 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 Division are listed on page 7 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 Chester J. Culver, Governor
Charles J. Krogmeier, Director, Department of Management
Timothy C. Faller, Interim Director, Legislative Services Agency

Report of Recommendations to the
Iowa Department of Education
Division of Vocational Rehabilitation Services

June 30, 2007

Finding Reported in the State's Single Audit Report and the State's Report on Internal Control:

CFDA Number: 96.001 – Social Security _ Disability Insurance

Agency Number: 0604IADI00, 0704IADI00

Federal Award Year: 2006, 2007

Iowa Department of Education - Division of Vocational Rehabilitation Services

State of Iowa Single Audit Report Comment: 07-III-SSA-283-1

Segregation of Duties – Payroll Authorizations – Employee timesheets used for time and leave reporting require supervisor approval. Supervisors are responsible for overseeing the vacation and sick leave used is accurately posted to the employee's account and employees are only utilizing the amount of leave earned. For fourteen of forty timesheets tested, the timesheets were approved by employees in non-supervisory positions.

Recommendation – The Division should develop and implement policies and procedures to ensure timesheets are approved by individuals in supervisory positions.

Response and Corrective Action Planned – The Division of Vocational Rehabilitation Services acknowledges the issue and has directed supervisory staff to take responsibility for approving vacation, sick leave and timesheets for employees.

Conclusion – Response accepted.

Report of Recommendations to the
Iowa Department of Education
Division of Vocational Rehabilitation Services

June 30, 2007

Other Findings Related to Internal Control:

Revenue Reconciliations – On a monthly basis, accounting personnel reconcile the federal funds requested to the funds recorded on the State Financial System and reconcile the cash balance of the control ledgers to the cash balance on the State Financial System. However, the reconciliations do not ensure the revenues are recorded in the proper fiscal year. As a result, revenues could be recorded in the wrong fiscal year and not be detected by the Division.

Recommendation – The Division should implement procedures to ensure revenues are recorded in the proper fiscal year.

Response – Iowa Vocational Rehabilitation Services (IVRS) acknowledges the issues. IVRS will implement procedures during the state fiscal year closeout period (July through August) to ensure revenues in the proper fiscal year.

Conclusion – Response accepted.

Report of Recommendations to the
Iowa Department of Education
Division of Vocational Rehabilitation Services

June 30, 2007

Finding Related to Statutory Requirements and Other Matters

No matters were noted.

Report of Recommendations to the
Iowa Department of Education
Division of Vocational Rehabilitation Services

June 30, 2007

Staff:

Questions or requests for further assistance should be directed to:

Donna F. Kruger, CPA, Manager
Tim D. Houlette, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Tracy L. Haronik, CPA, Senior Auditor
Brian P. Schenkelberg, CPA, Staff Auditor