



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

August 28, 2008

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released a report on the Iowa Department of Human Services for the year ended June 30, 2007.

The Iowa Department of Human Services provides assistance of many types to Iowans in need. The Department also is responsible for the mental health institutions, hospital/schools and juvenile institutions.

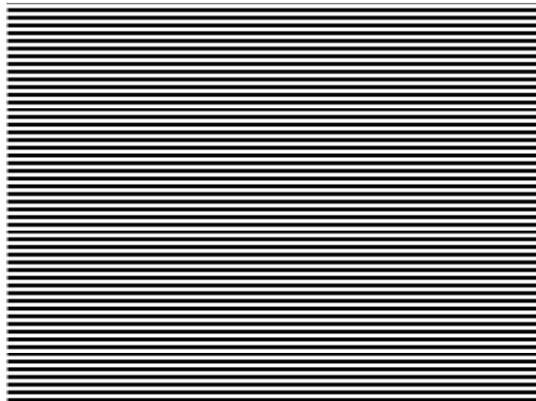
The report contains recommendations to the Department:

- (1) Improve controls over cash receipts and Purchase of Service Data System (POSS) payments in the field offices.
- (2) Improve monitoring procedures over wrap-around grant recipients.
- (3) Comply with established guidelines related to various programs, such as child care assistance, temporary assistance for needy families (TANF), foster care, adoption assistance, medicaid and healthy and well kids in Iowa (*hawk*).
- (4) Comply with provisions of the Code of Iowa which require the maintenance of an accurate and up-to-date listing of capital assets owned by the Department.
- (5) Comply with provisions of the Iowa Administrative Code applicable to child development homes, in-home health services and foster care homes.
- (6) Improve controls over changes to payroll documents and reporting commodity inventory balances.
- (7) Comply with provisions of Executive Order Number 25 related to services contracting.

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 <http://auditor.iowa.gov/reports/reports.htm>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF HUMAN 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

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Des Moines, Iowa 50319-0004

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August 27, 2008

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, 2007.

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 Report and the State's Report on Internal Control, as well as other recommendations pertaining to the Department's internal control, 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.

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 28 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

June 30, 2007

Findings Reported in the State's Single Audit Report:

CFDA Number: 10.551 – Food Stamps

Agency Number: 00801619956008

Federal Award Year: 2006, 2007

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: G-0501IATANF, G-0602IATANF, G-0702IATANF

Federal Award Year: 2005, 2006, 2007

CFDA Number: 93.778 – Medical Assistance Program

Agency Number: 5-0505IA5028, 5-0505IA5048, 5-0605IA5028,

5-0605IA5048, 5-0705IA5048

Federal Award Year: 2005, 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-USDA-401-1/07-III-HHS-401-10

- (1) DHS Field Office Supervisor Case Readings – For fiscal year 2007, ten county offices were visited. In conjunction with this limited review, the following condition was noted.

Title 24-A-11 of the Employees' Manual states, in part, Income Maintenance Supervisors shall read cases for accuracy and thoroughness. The Department's quality assurance review process requires a minimum of twenty-four cases to be read per month. In six county offices, the minimum number of required cases per month was not read by a supervisor.

Recommendation – The Department should ensure compliance with the provisions of the Employees' Manual and the quality assurance review process.

Response and Corrective Action Planned – Each Income Maintenance Supervisor is required to read a minimum of twenty-four cases per month. On June 4, 2007, recognizing there are justifiable reasons why a supervisor may not be able to read twenty-four cases in a particular month, the Income Maintenance Business Partners issued a revised requirement stating a supervisor must average twenty-four cases per month in a six month period. Based on the new policy requirement, four out of the six supervisors would have met the revised case reading requirements to average twenty-four cases read in a six month period.

Conclusion – Response accepted.

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: G-0501IATANF, G-0602IATANF, G-0702IATANF

Federal Award Year: 2005, 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-HHS-401-1

- (2) Computer Match – Family Investment Program (FIP) – Title 4-C-36 of the Employees' Manual states, 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 13-C(1)-13 of the Employees' Manual states, in part, a child shall not concurrently receive subsidized adoption maintenance payments and FIP.

Report of Recommendations to the Iowa Department of Human Services

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The Department does allow 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.

A computer match of payment data was performed for cases receiving both FIP and foster care payments during fiscal year 2007. We reviewed 393 cases receiving both FIP and foster care payments during the same month of service. Of the 393 cases reviewed, 100 children, or twenty-five percent, improperly received FIP benefits for one to five months after entering foster care. The unallowable FIP payments for these 100 children totaled \$30,924.

Additionally, as part of the foster care eligibility testing, we reviewed thirty-nine foster care cases to determine if both FIP and foster care payments were received for the same month of service. For one of thirty-nine cases reviewed, FIP benefits were improperly received for the month tested. The unallowable FIP payment for this case totaled \$137.

A computer match of payment data was performed for cases receiving both FIP and subsidized adoption payments during fiscal year 2007. We reviewed 75 cases receiving both FIP and subsidized adoption payments during the same month of service. Of the 75 cases reviewed, thirty-one cases improperly received both FIP and subsidized adoption payments.

- (a) Twenty-one children, or twenty-eight percent, improperly received FIP benefits for one to two months after entering subsidized adoption. The unallowable FIP payments for these twenty-one children totaled \$6,944.
- (b) Fifteen children, or twenty percent, included retroactive approvals of adoption subsidy payments, resulting in duplicate assistance for the time period these children also received FIP. Five of the fifteen children also received duplicate assistance in part (a) above. The unallowable FIP payments for these fifteen children totaled \$5,748.

Recommendation – The Department should establish procedures to ensure compliance with the Employees' Manual. In addition, the Department should consult with the U.S. Department of Health and Human Services to determine corrective action.

Response and Corrective Action Planned –

The Department issued an e-mail in April 2007 to all Income Maintenance and Service staff regarding the need for improved communication between Service and Income Maintenance staff when children who had been receiving FIP were either entering foster care or subsidized adoption. The e-mail also addressed the importance of Service staff immediately entering the Subsidized Adoption approvals on the Family and Children Services (FACS) system.

The Department also initiated a service request for an automated communication to Income Maintenance staff when a child was approved for either Foster Care or Subsidized Adoption on the Service FACS system. The service request was to have the FACS system entries that approved a child for Foster Care or Subsidized Adoption compared with the Iowa Automated Benefit Calculation System (IABC) to determine if the child approved on FACS also had an active FIP case on IABC. As a result, on October 30, 2007 the Department implemented a system change in which an e-mail is generated to the Income Maintenance Worker and their Income Maintenance Supervisor when a Service Worker makes an entry into FACS approving either Foster Care or Adoption Subsidy for a child who is receiving FIP.

Report of Recommendations to the Iowa Department of Human Services

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On April 19, 2007 the Income Maintenance Training Academy delivered a Take 5 Training on this issue.

The Department FIP Policy staff will provide training at the Income Maintenance Monthly Conference Call on March 20, 2008 regarding the policy of canceling FIP for children entering either Foster Care or Subsidized Adoption and that a recoupment must be done immediately if the worker is unable to cancel FIP due to timely notice requirements.

The Department has been in contact with the U.S. Department of Health and Human Services regarding how to treat situations in which a child is in the home of a caretaker relative who is retroactively approved for Foster Care or Subsidized Adoption, as to whether the FIP payment should be recouped. The Department will change the policy manual to reflect the response from U.S. Department of Health and Human Services. Staff will be trained when a change to the policy manual is made.

Conclusion – Response accepted.

CFDA Number: 93.556 – Promoting Safe and Stable Families

Agency Number: G-05011A00FP

Federal Award Year: 2005

State of Iowa Single Audit Report Comment: 07-III-HHS-401-3

- (3) SF-269 Financial Status Report (FSR) – The terms and conditions of the Promoting Safe and Stable Families grant agreement states, in part, an annual FSR is required to be submitted no later than 90 days after the end of each twelve month period. The FSR for the period ended September 30, 2006 was not submitted until January 11, 2007.

Recommendation – The Department should establish procedures to ensure the annual FSR is submitted as required.

Response and Corrective Action Planned – The Department acknowledges the Promoting Safe and Stable Families federal report for the period ended September 30, 2006 was not submitted by the due date of December 30, 2006. Staff completing federal reports are required to complete them on or before the due date and enter the completion date on a tracking worksheet monitored by the Chief of the Bureau of Budget and Accounting. Staff will continue to work to complete the financial reports timely.

Conclusion – Response accepted.

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: G-05011ATANF, G-06021ATANF, G-07021ATANF

Federal Award Year: 2005, 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-HHS-401-7

- (4) Non-Cooperation with Child Support Recovery Unit (CSRU) – Title 4-C-18 and 4-C-21 of the Employees' Manual states, in part, all applicants and participants in the Family Investment Program (FIP) must cooperate with child support recovery. If an applicant or participant refuses to cooperate without good cause, the family's FIP grant is to be reduced by twenty-five percent. The grant reduction becomes effective the month after the Income Maintenance Worker is notified of the non-cooperation.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2007

For three of twenty-five cases reviewed, the FIP grant was not reduced for the month following non-cooperation with CSRU.

For one of twenty-five cases reviewed, the Iowa Automated Benefit Calculation System continued to show the participant was in non-cooperation when the participant was cooperating with CSRU.

Recommendation – The Department should establish procedures to ensure compliance with the Employees' Manual and to ensure the automated system is current.

Response and Corrective Action Planned – A Take 5 Training on the Child Support areas of non-compliance will be delivered by the Income Maintenance Training Academy during the Income Maintenance Monthly Conference Call on April 17, 2008.

Conclusion – Response accepted.

CFDA Number: 93.558 – Temporary Assistance for Needy Families
Agency Number: G-0501IATANF, G-0602IATANF, G-0702IATANF
Federal Award Year: 2005, 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-HHS-401-8

(5) Temporary Assistance for Needy Families (TANF) Report Errors – The ACF-199, TANF Data Report, is required to be submitted quarterly. The report summarizes statistical information regarding participants in the TANF program. The following conditions were identified during fiscal year 2007 testing:

- (a) For two of thirty cases reviewed, unsubsidized employment hours could not be verified with the IWorks system.
- (b) For one of thirty cases reviewed, hours of satisfactory school attendance could not be verified with the IWorks system.

The ACF-209, Separate State Programs – Maintenance of Effort (SSP-MOE) Data Report, is required to be submitted quarterly. The report summarizes statistical information regarding participants in the TANF program. The following conditions were identified during fiscal year 2007 testing:

- (a) For two of thirty cases reviewed, unsubsidized employment hours could not be verified with the IWorks system.
- (b) For two of thirty cases reviewed, hours of satisfactory school attendance could not be verified with the IWorks system.
- (c) For one of thirty cases reviewed, work experience hours could not be verified with the IWorks system.
- (d) For one of thirty cases reviewed, job search hours could not be verified with the IWorks system.

Recommendation – The Department should implement procedures to ensure the IWorks system or other documentation supports the ACF-199 and ACF-209 reports.

Response and Corrective Action Planned – The Department of Human Services (DHS) acknowledges these conditions.

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DHS contracts with Iowa Workforce Development (IWD) to provide TANF employment and training services. On April 1, 2007, IWD implemented a new web-based case management system, known as IWorks. Files from the previous system were converted to the new IWD system, resulting in inconsistencies. IWD staff enter hours of participation in work activities into IWorks. IWD submits a monthly file of work activity data to DHS for federal reporting purposes.

DHS and IWD state-level policy and system programming staff will thoroughly investigate each of the nine audited cases with identified conditions to determine the cause for the unverifiable data and make necessary modifications to systems and procedures to avoid reporting unverifiable data on federal work activities in the future.

IWD supervisors will continue to review one case per worker per month to monitor that hours of participation are correctly determined, verified, and entered in the IWorks system. Effective April 1, 2008, DHS will implement a new web-based case reading tool that will focus on federal work activities. The tool will improve the case reading process with ease of use, system controls and validations and query abilities. IWD supervisors will be required to use this tool to review cases for the accurate reporting of federal work activities. This will result in an annual review of 2,220 cases. DHS' Quality Assurance and Improvement coordinator will complete a second level review on a sub-sample of the above cases to further verify the accurate reporting of federal work activities.

DHS and IWD state-level policy and system programming staff will continue to meet regularly to discuss and identify the cause of data issues and inconsistencies, determine solutions and follow-up to ensure solutions are carried out. The group will also examine potential system enhancements to improve worker entry of accurate and complete data.

Finally, DHS is in the process of moving the federal reporting process to an updated system database with increased validation capabilities that will further improve the accuracy of data used for federal reporting purposes. DHS expects to convert the federal reporting process prior to the fall of 2008.

Conclusion – Response accepted.

CFDA Number: 93.558 – Temporary Assistance for Needy Families
Agency Number: G-0501IATANF, G-0602IATANF, G-0702IATANF
Federal Award Year: 2005, 2006, 2007

CFDA Number: 93.563 – Child Support Enforcement
Agency Number: G-0604IA4004, G-0704IA4004
Federal Award Year: 2006, 2007

CFDA Number: 93.575 – Child Care and Development Block Grant
Agency Number: G-0401IACCDF, G-0501IACCDF, G-0601IACCDF, G-0701IACCDF
Federal Award Year: 2004, 2005, 2006, 2007

CFDA Number: 93.596 – Child Care Mandatory and Matching Funds of the
Child Care and Development Fund
Agency Number: G-0401IACCDF, G-0501IACCDF, G-0601IACCDF, G-0701IACCDF
Federal Award Year: 2004, 2005, 2006, 2007

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CFDA Number: 93.658 – Foster Care Title IV-E
Agency Number: G-0601IA1401, G-0701IA1401
Federal Award Year: 2006, 2007

CFDA Number: 93.659 – Adoption Assistance
Agency Number: G-0601IA1407, G-0701IA1407
Federal Award Year: 2006, 2007

CFDA Number: 93.778 – Medical Assistance Program
Agency Number: 5-0505IA5028, 5-0505IA5048, 5-0605IA5028, 5-0605IA5048,
5-0705IA5028, 5-0705IA5048
Federal Award Year: 2005, 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-HHS-401-9

- (6) DHS Field Office Internal Controls – For fiscal year 2007, ten county offices and three Child Support Recovery Unit (CSRU) offices were visited. In conjunction with this limited review, the following conditions were noted.

In four county offices, a receipt log is used as an initial receipt listing to track the deposit of funds received by the office. However, the receipt log used does not identify which employee performed each step throughout the deposit process, including employee sending funds to central office, employee logging the receipt and employee documenting the return of the validated receipt from central office. For one of these four offices, the receipt log does not note the date the validated receipt was returned from central office.

In one county office, a receipt log is not used.

In one CSRU office, the official receipt is used to track the deposit of funds received by the office, including the receipt preparer, employee sending funds to central office, employee logging the receipt and employee documenting the return of the validated receipt from central office. The receipts at this office did not always indicate the employee sending funds to central office and the employee logging the validated receipt when returned from central office.

In two county offices, the person who sends the receipt to central office also compares the validated transmittal from central office to the receipt in the receipt log or receipt book. For one of these two county offices, the person can also prepare the receipt.

In one CSRU office, the person who sends the receipt to central office also compares the validated transmittal from central office to the receipt in the receipt log or receipt book. In addition, the person can also prepare the receipt.

In one CSRU office, checks or money orders are not restrictively endorsed by the field office immediately upon receipt.

In three of ten county offices, the person who enters invoices for payment onto the Purchase of Service Data System (POSS) is also able to receive and review the transaction report from central office. In these county offices, the person can also enter provider agreements onto POSS.

During our review of receipts throughout the three CSRU offices, a total of twenty-eight receipts were not properly filled out by the receipt preparer.

Report of Recommendations to the Iowa Department of Human Services

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During our review of 115 receipts throughout the ten county offices, a total of twenty-four errors were identified. Title 23-B-6 of the Employees' Manual states, in part, if central office has not returned a duplicate copy within 30 days of issuance, the appropriate division or administrative office is to be contacted. For nine receipts reviewed, the validated duplicate copy had not been received from central office for more than 30 days and there was no evidence of follow-up or contact with central office to investigate. In addition, fourteen receipts were not properly filled out by the receipt preparer and one receipt was written out of date sequence.

Recommendation – The Department should implement changes to strengthen internal control and develop policies and procedures to ensure compliance with the Employees' Manual.

Response and Corrective Action Planned – The individual counties not in compliance are required to write an individual corrective action plan by April 18, 2008.

The Department has revised the receipt book to include the warrant number. The revised receipt books were distributed starting February 8, 2008 as old receipt books are used up.

A Take 5 Training on Receipts will be delivered by the Income Maintenance Training Academy during the Income Maintenance Monthly Conference Call on April 17, 2008.

For the CSRU offices cited, procedures for the proper completion of receipts, required documentation, and proper segregation of duties have been reissued and training delivered to appropriate staff. As follow-up, offices cited will conduct an internal inspection of receipts written over the last three months to ensure compliance.

Procedures are in place in the cited offices to ensure checks and money orders are restrictively endorsed. One individual opens all mail. All checks and money orders are immediately given to a second individual who is authorized to write receipts. This person restrictively endorses all checks and money orders at the same time the receipts are written.

Conclusion – Response accepted.

CFDA Number: 93.575 – Child Care and Development Block Grant
Agency Number: G-0401IACCDF, G-0501IACCDF, G-0601IACCDF, G-0701IACCDF
Federal Award Year: 2004, 2005, 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-HHS-401-12

- (7) Wrap-Around Grant Subrecipient Monitoring – OMB Circular A-133 requires a pass-through entity to be responsible for monitoring the activities of its subrecipients, as necessary, to ensure federal awards are used for authorized purposes in compliance with laws, regulations and provisions of the contract or grant.

The monitoring procedures developed by the Department include the submission of a six month report and an annual report by each recipient. However, these reports lack the disclosure of detailed expenditure activity. In addition, on-site visits do not include a review of financial activity for allowable costs, nor are they performed by the Department on a regular basis.

Report of Recommendations to the Iowa Department of Human Services

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Recommendation – The Department should develop written subrecipient monitoring procedures which include the review of financial activity for allowable costs. Additionally, the Department should consider performing on-site monitoring visits on a regular basis.

Response and Corrective Action Planned – In November of 2006, a program manager was hired to improve monitoring activities of subrecipients to ensure federal awards are used for authorized purposes. New monitoring procedures have been developed and are being implemented in fiscal year 2008. The six-month and twelve-month reports have been revised and include detailed expenditures per category and a budget narrative as proposed and accepted in the contract. Annual on-site monitoring, following review of the six-month reports, will be conducted with contractors who receive \$50,000 or more. For those contractors who receive less than \$50,000, 10% of the contractors will receive on-site monitoring each contract year.

On-site monitoring documentation was developed in 2007. The review of financial activity for allowable costs and programmatic monitoring are included in the on-site monitoring documentation and process for fiscal year 2008. Ongoing communication with the contractors for technical assistance and clarification is provided throughout the contract year. Funding for new contracts will not be released in fiscal year 2009 until all unspent funds from the twelve-month report are returned. This amount will be based on the number of slots reported as filled on the twelve-month report.

Conclusion – Response accepted.

CFDA Number: 93.575 – Child Care and Development Block Grant
Agency Number: G-0301IACCDF, G-0401IACCDF, G-0501IACCDF, G-0601IACCDF
Federal Award Year: 2003, 2004, 2005, 2006

State of Iowa Single Audit Report Comment: 07-III-HHS-401-13

- (8) Grant Management – The Office of Inspector General (OIG) is conducting an on-going investigation related to the Iowa Child Care and Development Block Grant funding for Infant and Toddler and Quality Expansion earmarking requirements for federal fiscal years 1998 through 2004. The Department's allocations earmarked for these services during the time period reviewed totaled \$13,044,275. A report will be issued by the Office of Inspector General when the investigation is completed.

Response and Corrective Action Planned – Department response not requested.

CFDA Number: 93.575 – Child Care and Development Block Grant
Agency Number: G-0401IACCDF, G-0501IACCDF, G-0601IACCDF, G-0701IACCDF
Federal Award Year: 2004, 2005, 2006, 2007

**CFDA Number: 93.596 – Child Care Mandatory and Matching Funds of the
Child Care and Development Fund**
Agency Number: G-0401IACCDF, G-0501IACCDF, G-0601IACCDF, G-0701IACCDF
Federal Award Year: 2004, 2005, 2006, 2007

CFDA Number: 93.658 – Foster Care Title IV-E
Agency Number: G-0601IA1401, G-0701IA1401
Federal Award Year: 2006, 2007

June 30, 2007

CFDA Number: 93.659 – Adoption Assistance
Agency Number: G-0601IA1407, G-0701IA1407
Federal Award Year: 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-HHS-401-14

- (9) DHS Field Office - Case Records – For fiscal year 2007, ten county offices were visited. In conjunction with this limited review, the following conditions were noted.

Child Care Cluster

Title 13-G-64 of the Employees' Manual states, in part, a "Child Care Assistance Provider Agreement" form 470-3871 must be prepared at least every twenty-four months. For two of twenty-eight cases reviewed, a Child Care Assistance Provider Agreement was not reviewed every twenty-four months.

Title 13-G-99 of the Employees' Manual states, in part, a "Child Care Assistance Review" form 470-4377 must be prepared at least every six months. For two of twenty-eight cases reviewed, a Child Care Assistance Review was not prepared every six months.

Title 13-G-4 of the Employees' Manual states, in part, income information reported on the application must be supported by verification and documented in the case file. For one of twenty-eight cases reviewed, there was no documentation of income verification in the case record.

Title 13-G-36 of the Employees' Manual states, in part, the application for Child Care Assistance must be approved or denied within thirty days from the date the signed and dated application form is received in the Department's local office. For one of twenty-eight cases reviewed, the application was not approved or denied within thirty days.

Foster Care (Title IV-E)

Title 18-D-45 of the Employees' Manual states, in part, a new "Case Permanency Plan" form 470-3453 should be completed at least every six months. For ten of twenty-seven cases reviewed, a current case permanency plan was not maintained in the child's case record.

Title 13-J-23 and 18-Appendix-6 of the Employees' Manual states, in part, a written social history for each child in foster care is to be documented on form 470-3615, "Background Report Part 1". The form should be filed in the child's case record. For three of twenty seven cases reviewed, the Background Report Part 1 was not maintained in the child's case record.

Title 12-B-2, Appendix, of the Employees' Manual states, in part, when a "Certificate of License" form 470-0727 is issued, a copy should be placed in the Department's licensing file. For two of twenty-seven cases reviewed, the Certificate of License was not maintained in the Department's licensing file.

Title 18-Appendix-54 of the Employees' Manual states, in part, when a "Foster Family Placement Contract" form 470-0716 is completed, a copy should be placed in the child's case record. For one of twenty-seven cases reviewed, the Foster Family Placement Contract was not maintained in the child's case record.

Title 12-B-19, Appendix, of the Employees' Manual states, in part, when a "Notice of Action: Foster Family Home" form 470-0709 is issued, a copy should be placed in the licensing record. For one of twenty-seven cases reviewed, the Notice of Action: Foster Family Home was not maintained in the licensing record.

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Foster Care (Title IV-E) Adoption Assistance

Title 13-C-2a, Appendix, of the Employees' Manual states, in part, when a "Notice of Decision" form 470-0745 is issued, a copy should be placed in the case file. For five of twelve cases reviewed, the Notice of Decision was not maintained in the child's case record.

Title 13-C-7, Appendix, of the Employees' Manual states, in part, when an "Agreement of Placement for Adoption" form 470-0761 is issued, a copy should be placed in the child's case record. For four of twelve cases reviewed, the Agreement of Placement for Adoption was not maintained in the child's case record.

Title 13-C-2, Appendix, of the Employees' Manual states, in part, a copy of the "Adoption IVE Checklist" form 470-4075 should be placed in the child's case record. For two of twelve cases reviewed, the Adoption IV-E Checklist was not maintained in the child's case record.

Title 13-C(1)-36 of the Employees' Manual states, in part, a statement from the family's attorney stating the legal expenses for the adoption, including the court costs, if paid with subsidy funds must be retained. For two of twelve cases reviewed, a statement from the family's attorney was not maintained in the child's case record.

Title 13-C(1)-35 of the Employees' Manual states, in part, verification and documentation of IV-E eligibility must be retained. For two of twelve cases reviewed, the verification and documentation of IV-E eligibility was not maintained in the child's case record.

Title 13-C-11, Appendix, of the Employees' Manual states, in part, when an "Application for Subsidy" form 470-0744 is issued, a copy should be placed in the child's case record. For one of twelve cases reviewed, the Application for Subsidy was not maintained in the child's case record.

Title 13-C-20a, Appendix, of the Employees' Manual states, in part, a "DHS Criminal History Record Check" form 595-1396 is used to request a check for criminal records on persons who apply to adopt a child. A copy should be placed in the applicant's case record. For one of twelve cases reviewed, the DHS Criminal History Record Check was not maintained in the applicant's case record.

Title 13-C-19, Appendix, of the Employees' Manual states, in part, when a "Consent to Adoption" form 470-0755 is issued, a copy should be placed in the case file. For one of twelve cases reviewed, the Consent to Adoption was not maintained in the child's case record.

Recommendation – The Department should enforce the provisions of the Employees' Manual.

Response and Corrective Action Planned –

Child Care Cluster

The Department created specialized Child Care Assistance (CCA) units in each of the eight Service Areas between June and September 2007. The specialized CCA units administer only CCA eligibility and payment, resulting in greater accuracy and efficiency in the timeliness of Child Care Assistance eligibility and payment.

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A Take 5 Training on the Child Care Assistance areas of non-compliance will be delivered by the Income Maintenance Training Academy during the Income Maintenance Monthly Conference Call on April 17, 2008.

Foster Care (Title IV-E)

The Service Business Team is required to develop a corrective action plan by April 18, 2008 to address the areas of non-compliance.

Foster Care (Title IV-E) Adoption Assistance

The Service Business Team is required to develop a corrective action plan by April 18, 2008 to address the areas of non-compliance.

Conclusion – Response accepted.

CFDA Number: 93.658 – Foster Care Title IV-E
Agency Number: G-0601IA1401, G-0701IA1401
Federal Award Year: 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-HHS-401-15

- (10) Foster Care (Title IV-E) – The Title IV-E program provides assistance payments for maintenance, adoption assistance and voluntary foster care.

The following conditions were identified during the fiscal year 2007 case file testing:

- (a) Title 17-C-9 of the Employees' Manual states, in part, the case plan shall be developed within 45 days from the date the judicial notice (court order) is received. For ten of twenty-nine cases reviewed, an initial case plan was not developed within the prescribed limits. For two of twenty-nine cases reviewed, an initial case plan could not be located.
- (b) Title 18-D-45 of the Employees' Manual states, in part, a new case permanency plan should be re-evaluated at least every six months. For eleven out of thirty-nine cases reviewed, current case permanency plans were not re-evaluated within six months.
- (c) Title 18-Appendix-12 of the Employees' Manual states, in part, the case permanency plan should be signed by both the case worker and their supervisor. For four of thirty-nine cases reviewed, the case permanency plan was not signed by the supervisor as required.

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

Response and Corrective Action Planned – The Service Business Team is required to develop a corrective action plan by April 18, 2008 to address:

- Timely development of the initial case permanency plan;
- Timely re-evaluation of case permanency plan every six months and
- Supervisory review and signature on the case permanency plans.

Conclusion – Response accepted.

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CFDA Number: 93.659 – Adoption Assistance
Agency Number: G-0601IA1407, G-0701IA1407
Federal Award Year: 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-HHS-401-16

- (11) Foster Care (Title IV-E) Adoption Assistance – The Adoption Assistance program provides assistance payments for maintenance and adoption assistance.

The following conditions were identified during the fiscal year 2007 case file testing:

- (a) Title 13-B-103 of the Employees’ Manual states, in part, the child must remain under age eighteen or satisfy other eligibility requirements in order to be eligible for adoption benefits. For one of three cases reviewed, the child received adoption benefits beyond their eighteenth birthday for which they were ineligible.
- (b) Title 13-C(1)-35 of the Employees’ Manual states, in part, the adoption subsidy case record should contain an “Adoption Subsidy Agreement” form 470-0749. For three of forty cases reviewed, the Adoption Subsidy Agreement was not maintained in the subsidy case record.
- (c) Title 13-C-5, Appendix, of the Employees’ Manual states, in part, the “Adoption Subsidy Agreement” form 470-0749 should be signed by each adoptive parent. For one of forty cases reviewed, the Adoption Subsidy Agreement was not signed by the adoptive parents.
- (d) Title 13-C-5, Appendix, of the Employees’ Manual states, in part, a copy of the initial “Adoption Subsidy Agreement” form 470-0749 should be placed in the child’s case record. For one of forty cases reviewed, the initial Adoption Subsidy Agreement was not maintained in the child’s case record.
- (e) Title 13-B-122 of the Employees’ Manual states, in part, the prospective adoptive parents and the Department representative must sign an adoption subsidy agreement before the finalization of the adoption. For one of forty cases reviewed, the Pre-Subsidy Adoption Agreement in effect prior to adoption was not maintained in the child’s case record.

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

Response and Corrective Action Planned – The Service Business Team is required to develop a correction action plan to address the areas of non-compliance by April 18, 2008.

Conclusion – Response accepted.

CFDA Number: 93.767 – State Children’s Insurance Program
Agency Number: 5-0605IA5021, 5-0705IA5021
Federal Award Year: 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-HHS-401-17

- (12) Healthy and Well Kids in Iowa (hawk-i) Bank Reconciliation – The *hawk-i* program maintains two bank accounts, the Member Premium account and the Refund account. The Member Premium account is used to deposit monthly *hawk-i* participants’ co-payments. The Refund account is used to reimburse *hawk-i* participants who have cancelled coverage or

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made overpayments. Although monthly reconciliations were prepared by the Department for the Member Premium account for July 2006 through September 2006, the reconciliations did not include the review of all reconciling items. Reconciliations were not prepared by the Department for the Member Premium account for October 2006 through June 2007 and for the Refund account for July 2006 through June 2007. In addition, the Refund account contains outstanding checks from 1999.

Recommendation – The Department should perform timely reconciliations of the *hawk-i* bank accounts and document the review of all reconciling items. In addition, the Department should develop procedures to follow-up on checks outstanding greater than two years and reissue the checks or reimburse the Federal government, as appropriate.

Response and Corrective Action Planned – In September 2007 a reconciliation was completed on both *hawk-i* bank accounts from the time the accounts were opened in January 1999 to current.

The reconciliation of the premium refund account is complete. The Department's third party administrator was asked to review files to see if any undeliverable or voided checks could be turned over to the Department so the reconciliation of uncashed checks could be completed. The Department is compiling the necessary information to process and complete this phase of the reconciliation. The Department is anticipating the outstanding check reconciliation and a report listing all uncashed checks over two years old will be completed by May 2008. The uncashed checks will be referred to the Treasurer of State as required by Code of Iowa Chapter 556.8.

The Department has developed the following procedures to reconcile and follow-up on uncashed or voided checks:

- (a) Reconciliation of both *hawk-i* bank accounts are completed monthly.
- (b) Uncashed or voided checks are listed and reconciled to the premium payment refund account monthly.
- (c) Checks over six months old, which have not been cashed, will be referred to the Treasurer of State on a quarterly basis.

Conclusion – Response accepted.

CFDA Number: 93.767 – State Children's Insurance Program

Agency Number: 5-0605IA5021, 5-0705IA5021

Federal Award Year: 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-HHS-401-18

- (13) Healthy and Well Kids in Iowa (*hawk-i*) Quality Review – The Department of Human Services (DHS) contracted with MAXIMUS to be the third-party administrator of the *hawk-i* program. Section 6.2.3 of the MAXIMUS contract states, in part, at least 600 reviews of eligibility decisions will be performed every six months and error rates will be calculated on the sample size. The reviews may be completed by DHS or MAXIMUS. Also, in response to a review conducted by the Office of Inspector General dated October 2006, DHS stated at least seventy quality control reviews will be performed by the Department every month to strengthen controls and ensure appropriate oversight of MAXIMUS. DHS quality control review procedures include ten reviews to be completed by the DHS Quality Control (QC) unit and sixty reviews to be completed by the *hawk-i* eligibility policy staff

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located within DHS Central Office. The procedures also include a review of thirty cases per month by MAXIMUS.

DHS does not maintain a summary to document 600 reviews were performed within a six month period or 420 reviews were completed by DHS personnel. Through discussions with DHS personnel, MAXIMUS performs up to 100 reviews each month and the *hawk-i* eligibility policy staff may use these to meet their goal of sixty per month. In addition, DHS does not maintain documentation of the overall error rate.

The DHS QC unit presents its findings to MAXIMUS at monthly meetings. For two of two cases reviewed with errors noted by the DHS QC unit, findings were not communicated to MAXIMUS in a timely manner. Errors noted for the July 2006 and October 2006 reviews were not communicated until February 2007 and April 2007, respectively.

The *hawk-i* eligibility policy staff communicates findings to MAXIMUS informally via e-mails. The results of the reviews and communication of the findings are not formally retained.

Recommendation – DHS should follow departmental policies and contract requirements. The required minimum number of quality reviews should be performed each month by DHS and the results should be summarized and retained. In addition, the error percentage rate should be calculated and documented. Errors should be communicated to MAXIMUS in a timely manner and appropriate follow-up procedures should be performed.

Response and Corrective Action Planned – Summaries which include calculations of the error rate are now being completed. In addition, records are being kept that clearly document the quality reviews conducted by the DHS *hawk-i* eligibility staff. Errors discovered in quality reviews conducted by DHS *hawk-i* eligibility staff have been and continue to be communicated to MAXIMUS once a month as part of the regular weekly meeting between MAXIMUS and DHS.

Misspent funds from financial errors resulting from the incorrect granting of *hawk-i* eligibility when a child was ineligible or from incorrectly granting *hawk-i* eligibility with no premium when a premium should have been assessed are recouped from MAXIMUS. The repayment is shown on the monthly invoice submitted by MAXIMUS. Misspent funds from financial errors resulting from incorrectly granting *hawk-i* eligibility with a premium when a premium should not have been assessed result in a refund to the family of any premiums paid. Such refunds are shown on the monthly refund report prepared by MAXIMUS.

Conclusion – Response accepted

CFDA Number: 93.778 – Medical Assistance Program

**Agency Number: 5-0505IA5028, 5-0505IA5048, 5-0605IA5028, 5-0605IA5048,
5-0705IA5028, 5-0705IA5048**

Federal Award Year: 2005, 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-HHS-401-19

- (14) Medicaid Waivers – The Department administers seven home and community based waiver services (HCBS). Medicaid waivers enable eligible recipients to remain in their own home or communities rather than be admitted into a medical institution. The services are limited to certain client eligibility groups who have requested a waiver and have been given departmental approval.

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- (a) Title 16-K-30a of the Employees' Manual states, in part, when a "Notice of Decision" form 470-0602 is issued, a copy should be placed in the case file. For one of seven case files reviewed, the recipient did not have a Notice of Decision included in the case file.
- (b) Title 8-N-35 and Title 8-C-5 of the Employees' Manual require all applicants and recipients to cooperate with certain processes related to obtaining medical resources as a condition of eligibility for Medicaid, including cooperation with the Health Insurance Premium Payment (HIPP) Unit. The purpose of the HIPP program is to pay the cost of health insurance for Medicaid recipients when it is determined doing so would result in cost savings to the Medicaid program. One of the two following items are required to be included in the recipient's case file:
 - (1) Title 5-B-7 of the Employees' Manual requires a Health Insurance Premium Payment Program Application form 470-2875.
 - (2) Title 8-B-3 of the Employees' Manual requires a Supplemental Insurance Questionnaire form 470-2826.

For one of seven case files reviewed, the recipient did not have one of the required forms noted above included in the case file.

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

Response and Corrective Action Planned – A Take 5 Training on the Medicaid areas of noncompliance will be delivered by the Income Maintenance Training Academy during the Income Maintenance Monthly Conference Call on April 17, 2008.

Conclusion – Response accepted.

CFDA Number: 93.778 – Medical Assistance Program

**Agency Number: 5-0505IA5028, 5-0505IA5048, 5-0605IA5028, 5-0605IA5048,
5-0705IA5028, 5-0705IA5048**

Federal Award Year: 2005, 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-HHS-401-20

- (15) Medicaid Facilities – Title 8-A-21 of the Employees' Manual states, in part, an adequate notice should be issued when an application is approved, rejected or withdrawn or when a change in a member's circumstances affects eligibility. For two of twenty-five cases reviewed, the notice of decision covering the time period tested could not be located.

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

Response and Corrective Action Planned – A Take 5 Training on the Medicaid non-compliance will be delivered by the Income Maintenance Training Academy during the Income Maintenance Monthly Conference Call on April 17, 2008.

Conclusion – Response accepted.

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CFDA Number: 93.778 – Medical Assistance Program

**Agency Number: 5-0505IA5028, 5-0505IA5048, 5-0605IA5028, 5-0605IA5048,
5-0705IA5028, 5-0705IA5048**

Federal Award Year: 2005, 2006, 2007

State of Iowa Single Audit Report Comment: 07-III-HHS-401-21

- (16) Medicaid Eligibility Quality Control (MEQC) Reviews – The Code of Federal Regulations, 42 CFR 431.800, establishes the state plan requirement for a MEQC program designed to reduce erroneous expenditures by monitoring eligibility determinations. The Medicaid compliance supplement allows the Department to operate pilot projects focusing on special studies, targeted reviews or other activities designed to ensure program integrity or improve program administration. The Department obtained approval from the Centers for Medicare and Medicaid Services (CMS) to perform the MEQC IowaCare pilot project for the period October 1, 2005 through September 30, 2006. This pilot project consisted of verifying applicants' self-declaration applications to ensure appropriate Medicaid eligibility determinations were being made by Income Maintenance (IM) Workers.

The Division of Results Based Accountability (RBA) randomly selects forty-five cases for the Department's Quality Control (QC) unit to review monthly. The QC unit selects the first thirty-four cases to review. 42 CFR 431.812 states, in part, the Department must review all active cases selected from the Department's lists of cases authorized eligible for the review month to determine if the cases were eligible for services during all or part of the month under review. For July 2006, five of thirty-four cases, or 14.7%, stated "File Lost" on the RBA random sample. All five cases were from the same county office. The QC unit replaced each of these five cases with one of the extra cases selected in the original sample. It was unclear whether appropriate follow-up was performed on the missing files.

Recommendation – The Department should establish procedures to perform appropriate follow-up of all case files not available for review to ensure the cases exist and are eligible to receive Medicaid.

Response and Corrective Action Planned – DHS has implemented procedures effective March 5, 2008 by memo to QC Review staff. QC Review staff will no longer replace a Medicaid Pilot Review Case due to inability to locate a case file, though this has been permitted for this pilot project approved by CMS.

QC Review staff will locate and analyze the case record in keeping with 42 CFR 431.800, Chapter 3, Review Process, Section 7248, Case Record Review. If the case record cannot be located or does not contain supporting documentation, the review will be completed through a beneficiary interview and collateral contacts in keeping with Section 7251, Field Investigation and Section 7257, Collateral Contacts.

Conclusion – Response accepted.

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Findings Reported in the State's Report on Internal Control:

- (1) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each department of the state to maintain a written, detailed and up-to-date inventory of property under its charge and control. The following findings were noted:
- (a) Forty-two deletions were tested to determine whether they were deleted from the I/3 system within a reasonable time (within one month). For 26 deletions, the disposal date was unknown. For nine deletions, the disposal date ranged from 36 to 336 days.
 - (b) Two of 71 assets tested for existence were not tagged with a state property tag.

Recommendation – The Department should develop procedures to ensure an accurate inventory of all real and personal property belonging to the state is maintained.

Response – The Department of Human Services acknowledges the importance of maintaining accurate tracking of a detailed, up-to-date inventory of all real and personal property belonging to the state.

- (a) The 26 assets were part of a Department effort to ensure the inventory is current. During the annual physical inventory it was determined these assets had been disposed of in prior years and the deletion of the asset had not been recorded. The disposal dates were not recorded so the assets were deleted without that information. These assets were no longer in the custody of the Department and were removed from the inventory.
- (b) The Department issued a tag number and entered both assets in the inventory system by tag number. Both of these assets are located in the Information Technology Enterprise (ITE) unit of the Department of Administrative Services (DAS). The tag was given to DAS-ITE to be affixed to the asset. After the tag was attached the asset was inserted into equipment and the tag is not visible.

In the future the Department will remind DAS-ITE they must ensure tags are affixed so as to be visible for inspection.

Conclusion – Response accepted.

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Other Findings Related to Internal Control:

- (1) DHS Field Office – In Home Health – For fiscal year 2007, ten county offices were visited. In conjunction with this limited review, case records were tested for completeness of documentation. The following conditions were noted.
- (a) Title 16-J-3 of the Employees' Manual states, in part, the Individual Client Case Plan, form 470-0583, shall be used to write the case plan. For three of seven cases reviewed, the Individual Client Case Plan was not included in the case record.
 - (b) Title 16-J-4a of the Employees' Manual states, in part, the Provider Health Assessment, form 470-0672, shall be obtained annually. For five of seven cases reviewed, the Provider Health Assessment was not completed annually.
 - (c) Title 16-J-4a of the Employees' Manual states, in part, form 470-3951, Authorization to Obtain or Release Health Care Information, shall be signed annually by the client and provider. For five of seven cases reviewed, the Authorization to Obtain or Release Health Care Information was not included in the case record. For two of seven cases reviewed, the Authorization to Obtain or Release Health Care Information was not signed annually by the client and provider.
 - (d) Title 16-J-6 of the Employees' Manual states, in part, form 470-0506, Service Report, shall be used to communicate certain matters including new applications, approval for payment of services and determination of client participation. For one of seven cases reviewed, the Service Report was not included in the case record.
 - (e) Title 16-J-30 of the Employees' Manual states, in part, the client shall complete and sign form 470-2927, Health Services Application, annually. For four of seven cases reviewed, the Health Services Application was not completed annually.
 - (f) Title 16-J-4, Appendix, of the Employees' Manual states, in part, the worker completes the Notice of Decision: Services, form 470-0602, to notify clients of eligibility determination and service needs for in-home health-related care. The form should be filed in the case record. For two of seven cases reviewed, the Notice of Decision: Services was not included in the case record.
 - (g) Title 16-J-11, Appendix, of the Employees' Manual states, in part, the service worker completes the Purchase of Service Provider Invoice, form 470-0020, when a county office has payments due for in-home health service. The form should be filed in the case record. For two of seven cases reviewed, the Purchase of Service Provider Invoice was not included in the case record.
 - (h) Title 16-J-15, Appendix, of the Employees' Manual states, in part, the client sends the Statement of Services Rendered, form 470-0648, to the worker for the client file. For one of seven cases reviewed, the Statement of Services Rendered was not included in the case record.

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

Response – The Service Help Desk will be reviewing these requirements with the Social Work Administrators and Social Work Supervisors at the bi-monthly Service Conference Call on May 22, 2008. The Department is pursuing an alignment of the requirements with six month review timeframes.

Conclusion – Response accepted.

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- (2) Payroll – The Department processes and records payroll and personnel information on the Human Resource Information System (HRIS). A Department personnel assistant (PA) initiates payroll actions, such as adding new employees and recording pay raises, utilizing an online P-1 document. The Department’s standard practice is for an independent person to apply the Department level approval before the P-1 document is submitted to the Department of Administrative Services – State Accounting Enterprise (SAE) for final processing.

For the period July 1, 2006 through April 6, 2007, eleven P-1 documents were initiated and received Department level approval by the PA. These eleven P-1 documents were originally initiated by the PA and approved at the Department level by an independent person. However, SAE requested changes be made to the original P-1 document. When these changes were made by the PA, instead of the P-1 going through the Department’s standard practice, the PA applied the Department level approval. Therefore, independent approval was not performed.

Recommendation – The Department should establish procedures to ensure the changes to P-1 documents are independently approved.

Response – The Department has procedures in place regarding the processing of P-1 documents. Staff will be reminded of the process by email.

Conclusion – Response accepted.

- (3) Commodities Inventory – The Department is responsible for administration of the Emergency Food Assistance Program (EFAP). The Department’s responsibilities include receiving, storing, distributing and accounting for foods donated through the U.S. Department of Agriculture. The Department has contracted to receive, store and distribute the commodities at an off-site warehouse. Each month the Department reconciles its inventory balance to the balance reported by the off-site warehouse.

We utilized the Department’s June 28, 2007 inventory list to perform test counts of inventory on hand on June 29, 2007 to determine the accuracy of the inventory balances reported by the Department. Additionally, we performed a reconciliation of the Department’s inventory balances to the balances reported by the off-site warehouse.

- (a) One of five items selected to determine completeness was not recorded on either the Department’s or the warehouse’s inventory lists. The value of the unrecorded item totaled \$13,744.
- (b) One of forty-seven items included on the warehouse’s inventory list was not recorded on the Department’s inventory list. The value of the unrecorded item totaled \$14,733.
- (c) Several formula errors were noted in the Department’s inventory list.

All errors identified above were corrected by the Department subsequent to audit review.

Recommendation – The Department should establish procedures to ensure inventory balances are properly reported.

Response – The inventory errors occurred as a result of a delivery being made after the last update to the warehouse and the Department’s electronic inventory records on June 28 and before the physical audit was conducted on June 29. The Department will check with

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the warehouse personnel and distributor before a physical inventory count to ensure a shipment was not received after the most recently updated inventory listing.

The Department's and the warehouse's inventory lists were corrected and formulas revised to appropriately account for inventory.

Conclusion – Response accepted.

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Findings Related to Statutory Requirements and Other Matters:

(1) Iowa Code Compliance – The following compliance items were noted for fiscal year 2007:

- (a) Chapter 217.15 of the Code of Iowa requires the administrator of the division of administration be qualified in the general field of governmental administration with special training and experience in the areas of competitive bidding, contract letting, accounting and budget preparation.

The division of administration was eliminated when the Department reorganized.

- (b) 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 interests.

The Department eliminated the training coordinator position due to budget constraints.

- (c) Chapter 220A.3 of the Code of Iowa designates the Department as the administrative agency to provide for a central data control and exchange agency known as the interagency case information service.

The Department has not established an interagency case information service.

- (d) Chapter 225C.42 of the Code of Iowa requires the Department to conduct an annual evaluation of the family support subsidy program in conjunction with the comprehensive family support council and submit an evaluation report to the governor and general assembly by October 30. The report is to include the results of a survey of families participating in the program in order to assess the adequacy of subsidy payment amounts and the degree of unmet need for services and supports.

The Department did not conduct a survey due to time constraints. The fiscal year 2006 report, due October 30, 2006, did not include the results of the survey as required.

- (e) Chapter 225C.48 of the Code of Iowa requires the establishment of an eleven-member personal assistance and family support services council. The council is to include five members appointed by the governor, three members appointed by the majority leader of the senate and three members appointed by the speaker of the house.

The fiscal year 2007 Council members consisted of four members appointed by the governor, two members appointed by the majority leader of the senate and one member appointed by the speaker of the house.

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

Response –

- (a) and (b) In previous legislative sessions, the General Assembly has directed the Department to revise Code sections to more accurately reflect organizational structure changes. The Governor has vetoed these sections indicating that updating the Code is the responsibility of the Code Editor. The Department will work with the Code Editor to identify a process to expedite such Code changes and where necessary, propose and/or support legislation that more accurately reflects the current structure.

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- (c) The Department has increased data collection and analysis since 2007. Staff have been working with MHDS to develop an information database of individuals with Mental Illness. In addition, the Iowa State Association of Counties (ISAC) has begun working on infrastructure to capture enhanced CMI client information. The Department is actively participating with ISAC on this project.
- (d) The Department will require Children At Home sites to survey parents and include the results with their year end reports that are due July 30, 2008. The survey results will be reviewed by the Comprehensive Family Support Council and incorporated into the next annual report due October 30, 2008.
- (e) The Department of Human Services requested the Governor make all appointments to this council. This change was approved by the legislature in the 2008 session. DHS staff will work with the Governor's office to secure appointments for the vacancies on the council by the end of July 2008.

Conclusion – Response accepted.

- (2) DHS Field Office – Iowa Administrative Code Compliance – The following compliance items were noted during field office visits for fiscal year 2007:

- (a) Section 441, Chapter 110.6 of the Iowa Administrative Code requires the Department to check twenty percent or more of all child development homes in each county for compliance with registration requirements during a calendar year.

For three of ten counties visited, the child development home checks were not performed as required.

- (b) Section 441, Chapter 177.6(3) of the Iowa Administrative Code requires a review of the continuing need for in-home health care services at a minimum of every sixty days by the physician, every three months by the service worker and every sixty days by the nurse.

For seven of seven cases tested, this review was not performed within the minimum time frames.

- (c) Section 441, Chapter 202.11 of the Iowa Administrative Code requires the service worker to maintain a continuous relationship with children placed in foster care. For a child placed in a foster family home, the worker is required to visit the child at least monthly. For a child placed in group foster care, purchased foster family care or purchased supervised apartment living where the permanency goal is long-term foster care, the worker is required to visit the child at least quarterly. All other children shall be visited at least every 45 days, except when the workload exceeds 150 cases. When the workload exceeds 150 cases, the minimum visits for group care and purchased foster family care shall be at least quarterly and at least every other month, respectively.

For 18 of 27 cases reviewed, the visits were not made by the service worker as required.

Recommendation – The Department should implement procedures to ensure compliance with the Iowa Administrative Code.

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Response –

- (a) An e-mail will be sent to all Service Area Managers regarding the requirement to check 20% of the child development homes in each county. The three counties not in compliance will be required to provide a corrective action plan by July 31, 2008.
- (b) The Service Help Desk will review the requirements for in-home-health care with the Social Work Administrators and Social Work Supervisors at the bi-monthly Service Conference Call on May 22, 2008.
- (c) Visiting children in foster care on a monthly basis is a point of emphasis for the Department. In each of the past two legislative sessions the Department has received additional staffing to increase the number of visits with children in foster care and their parents. The Department tracks visit compliance on a monthly basis.

Conclusion – Response accepted.

- (3) Executive Order Number 25 – State agencies are directed to participate in the state service procurement program outlined in Executive Order Number 25. Executive Order Number 25 states all agencies in the executive branch of state government shall procure services in accordance with Iowa Code Chapters 8.47 and 18.3 and all administrative rules developed in accordance with the Iowa Accountable Government Act. Contracts are governed under Iowa Administrative Code Chapters 105 through 107.

For fiscal year 2007, twenty-five contracts were reviewed. The following compliance items were noted:

- (a) Section 11, Chapter 106.12(1) of the Iowa Administrative Code requires the Department, whether utilizing informal or formal competition, to provide a notice of each procurement for services to the targeted small business Web page located at the Iowa Department of Economic Development's Web site. Four of 25 contracts reviewed did not have documentation to support they were posted to the specified Web site.
- (b) Section 11, Chapter 107.4(4)i of the Iowa Administrative Code states, in part, a contract shall include a clause prohibiting inappropriate conflicts of interest on behalf of the service provider. Five of 25 contracts reviewed did not include a clause prohibiting inappropriate conflicts of interest.
- (c) Section 11, Chapter 105.18(1) of the Iowa Administrative Code states, in part, the Department shall periodically, but at least directly prior to renewal, review the performance of vendors. One of 25 contracts files reviewed did not include evidence of a performance review.
- (d) Department of Administrative Services – State Accounting Enterprise (SAE) Procedure No. 240.102, section IV, requires the Department to determine whether the contractor has an employer/employee relationship with the State. Contracts which create an employer/employee relationship are not allowed. SAE determines whether employer/employee relationships exist and assigns an SAE control number to a contractor when it is determined there is no such relationship. The Department is required to enter the SAE control number on the Pre-Contract Questionnaire prior to signing a contract. For two of twenty-five contracts reviewed, the SAE control number was not documented on the Pre-Contract Questionnaire.

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- (e) Department of Administrative Services – State Accounting Enterprise (SAE) Procedure No. 240.102, section IV, requires service contracts to be in effect for a period not to exceed six years (including extensions) unless a waiver of the duration limitation is granted by the Director of the Department of Administrative Services – General Services Enterprise (GSE). One of 25 contracts reviewed exceeded the limitation and a waiver had not been granted.

Recommendation – The Department should implement procedures for procuring services to ensure compliance with SAE Procedures and the Iowa Administrative Code.

Response – The Department recognizes the importance of ensuring compliance with DAS-SAE Pre-Audit Procedures and Iowa Administrative Code for the procurement of services. We will distribute to all contracting staff information regarding the compliance requirements for the five areas identified in the SFY 07 audit. Regular random quality reviews of service contracts will continue and have been increased to ensure contracts include all required terms and conditions.

The Department recently implemented an automated document assembly software to aid in the preparation of contracting documents. This software limits the length of a contract to six years. A review form was also instituted that is completed prior to contract signing which requires the contract manager to affirm that TSB posting was done and the procurement method was appropriate for the contract. For renewals, the form requires confirmation that review of the contract was completed. The PCQ is included in this software and requires SAE Control be entered or the PCQ cannot be completed. The RFP and contract shells were rewritten and now require inclusion of performance measures.

Conclusion – Response accepted.

- (4) hawk-i Board Attendance – The *hawk-i* Board consists of seven members appointed by the Governor. According to Chapter 69.15 of the Code of Iowa, any person who has been appointed by the Governor to any board shall be deemed to have submitted a resignation if the person does not attend three or more consecutive regular meetings or the person attends less than one-half of the regular meetings within any period of twelve calendar months beginning on July 1 or January 1.

The attendance of one member of the *hawk-i* Board did not comply with these attendance requirements.

Recommendation – The Department should take the necessary steps to comply with the Code of Iowa.

Response – The Department acknowledges that one board member missed four out of seven Board meetings. The Department notified the Board Chair that one member of the Board did not comply with attendance requirements outlined in Chapter 69.15 of the Code of Iowa. The Board Chair contacted the absent member. The member attended the next bi-monthly Board meeting and submitted her resignation to the Governor. The Governor approved her resignation and appointed a new member.

Conclusion – Response accepted.

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Staff:

Questions or requests for further assistance should be directed to:

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Jennifer L. Wall, CPA, Senior Auditor
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Chad D. Lehman, Staff Auditor
Jeffrey L. Lenhart, Staff Auditor
Nickolas J. Schaul, CPA, Staff Auditor
Brian P. Schenkelberg, CPA, Staff Auditor
Ryan J. Sisson, Staff Auditor
Sharon K. Stickrod, Staff Auditor
Dorothy O. Stover, Staff Auditor
Shelley M. Allen, Staff Auditor
Aaron P. Wagner, CPA, Staff Auditor
Tracey L. Gerrish, Assistant Auditor
Keith C. Kistenmacher, Assistant Auditor
Jenny M. Podrebarac, Assistant Auditor
Breanne Kruger, Audit Intern