



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

August 10, 2009

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, 2008.

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 juvenile institutions.

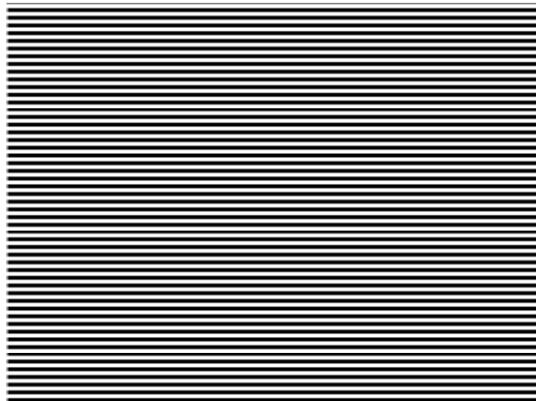
The report contains recommendations for the Department to:

- (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) Improve funding techniques for Medicaid.
- (4) 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-I*).
- (5) Establish procedures to ensure county billings receivable are reported accurately and pursue the collection of outstanding balances.
- (6) Improve controls over changes to payroll documents.
- (7) Comply with provisions of Executive Order Number 25 related to services contracting.
- (8) Comply with provisions of the Iowa Administrative Code applicable to child development homes and the In Home Health Related Care program.

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**

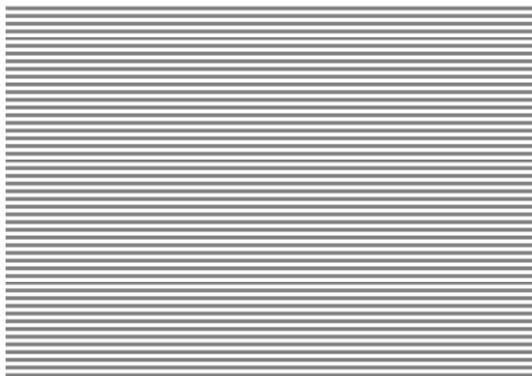
JUNE 30, 2008

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



David A. Vaudt, CPA
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July 31, 2009

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, 2008.

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.

The Iowa Department of Human Services' responses to the findings identified in our audit 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 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
Director, Department of Management
Glen Dickinson, Director, Legislative Services Agency

June 30, 2008

Findings Reported in the State's Single Audit Report:

CFDA Number: 10.551 – Supplemental Nutrition Assistance Program
Agency Number: 00801619956008
Federal Award Year: 2007, 2008

CFDA Number: 93.558 – Temporary Assistance for Needy Families
Agency Number: G-0602IATANF, G-0702IATANF, G-0802IATANF
Federal Award Year: 2006, 2007, 2008

CFDA Number: 93.658 – Foster Care Title IV-E
Agency Number: G-0701IA1401, G-0801IA1401
Federal Award Year: 2007, 2008

CFDA Number: 93.659 – Adoption Assistance
Agency Number: G-0701IA1407, G-0801IA1407
Federal Award Year: 2007, 2008

State of Iowa Single Audit Report Comments: 08-III-USDA-401-1 and 08-III-HHS-401-7

- (1) Computer Match Prior Year Recoupment – The Department utilizes the Overpayment (OVPY) system to track and recover payments made in error. During fiscal year 2008 review, testing was performed on prior year issuance errors to determine proper resolution by the Department. Thirty-one overpayments totaling \$8,378 identified during prior year testing were not recorded to the OVPY system.

Recommendation – The Department should establish procedures to ensure overpayment errors are recorded to the OVPY system and properly resolved.

Response and Corrective Action Planned – Field Operations Support Division contacted staff regarding the missing overpayments. As of March 1, 2009, twenty-four of the thirty-one overpayments have been recorded in the Overpayment System. Field Operations Support Division will follow up to ensure the remaining seven overpayments are entered in the Overpayment system by March 31, 2009.

The Department has a quality assurance system in place to determine whether eligibility and benefits were appropriately determined. On a monthly basis, Income Maintenance Supervisors perform random case readings. If an overpayment is identified, it is communicated with the worker. The worker then enters an overpayment on the OVPY system and adjusts any future benefits being paid, if necessary. Quality assurance issues are tracked on a log maintained by the worker.

Conclusion – Response accepted.

June 30, 2008

CFDA Number: 93.558 – Temporary Assistance for Needy Families
Agency Number: G-0602IATANF, G-0702IATANF, G-0802IATANF
Federal Award Year: 2006, 2007, 2008

State of Iowa Single Audit Report Comment: 08-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.

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.

A computer match of payment data was performed for cases receiving both FIP and foster care payments during fiscal year 2008. We reviewed 344 cases receiving both FIP and foster care payments during the same month of service. Of the 344 cases reviewed, 70 children, or 21%, improperly received FIP benefits for an additional one to five months after entering foster care. The unallowable FIP payments for these 70 children totaled \$16,964.

A computer match of payment data was performed for cases receiving both FIP and subsidized adoption payments during fiscal year 2008. We reviewed 104 cases receiving both FIP and subsidized adoption payments during the same month of service. Of the 104 cases reviewed, ten cases, or 10%, improperly received both FIP and subsidized adoption payments for an additional one to two months after entering subsidized adoption. The unallowable FIP payments for these ten children totaled \$3,632.

In addition, of the 104 cases reviewed, two cases, or 2%, included retroactive approvals of adoption subsidy payments, resulting in duplicate assistance for the time period these children also received FIP. The unallowable FIP payments totaled \$1,647.

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's Policy and Field Staff met with the Office of Auditor of State regarding a rule revision that clarified when a child receiving FIP benefits is approved for foster care or adoption subsidy payments while remaining in the same home, FIP is cancelled effective the first of the next month after the foster care or adoption subsidy is approved on the computer system. FIP benefits received for the month foster care or adoption subsidy is approved and any past months for which foster care or adoption subsidy is paid retroactively is not subject to recoupment. At the time of the meeting, the Office of Auditor of State stated this change was acceptable if the Department received approval from the U.S. Department of Health and Human Services (HHS). In an e-mail dated May 8, 2008, HHS stated this procedure was acceptable. DHS implemented the rule revision February 1, 2009 through the administrative rule making procedure.

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On October 30, 2007, the Department implemented a new process comparing the Family and Children Services (FACS) system entries that approved a child for Foster Care or Subsidized Adoption with Iowa Automated Benefit Calculation (IABC) to determine if the child who was approved on FACS also had an active FIP case on IABC. If there is a match showing a child receiving FIP on IABC, an automated notice is generated to the Income Maintenance Worker and Income Maintenance Supervisor notifying them this child is now receiving Foster Care or Subsidized Adoption. Staff was notified at the time this new process was implemented and it was reviewed at the Income Maintenance Conference Call on April 19, 2008.

At the February 10, 2009 Income Maintenance Conference Call, Department Policy staff reviewed the policy regarding receipt of FIP and Foster Care or Subsidized Adoption and the need to complete the overpayment immediately when the Income Maintenance Worker is unable to cancel FIP timely. Income Maintenance Supervisors were required to review this material with staff unable to attend this conference call by March 2, 2009.

Conclusion – Response accepted.

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: G-0602IATANF, G-0702IATANF, G-0802IATANF

Federal Award Year: 2006, 2007, 2008

State of Iowa Single Audit Report Comment: 08-III-HHS-401-4

- (3) 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.

For six of twenty-five cases reviewed, the FIP grant was not reduced for one to two months following non-cooperation with CSRU and recoupment was not established.

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

Response and Corrective Action Planned – The Department will review procedures at the May 21, 2009 Income Maintenance Conference Call regarding the policy of cooperation with CSRU. Staff will also be reminded if they are unable to timely reduce the FIP benefit, a recoupment must be completed at the time the FIP benefit is reduced for the months of overpayment.

Conclusion – Response accepted.

June 30, 2008

CFDA Number: 93.558 – Temporary Assistance for Needy Families
Agency Number: G-0602IATANF, G-0702IATANF, G-0802IATANF
Federal Award Year: 2006, 2007, 2008

State of Iowa Single Audit Report Comment: 08-III-HHS-401-5

(4) Temporary Assistance for Needy Families (TANF) Report Errors – The ACF-199, TANF Data Report, and the ACF-209, Separate State Programs – Maintenance of Effort (SSP-MOE) Data Reports, are required to be submitted quarterly. These reports summarize statistical information regarding participants in the TANF program. The following conditions were identified during fiscal year 2008 testing for the ACF-199 and ACF-209 reports:

- (a) For one of thirty cases reviewed, hours of satisfactory school attendance could not be verified with the IWorks system.
- (b) For one of thirty cases reviewed, hours directly related to employment (with no high school diploma) could not be verified with the IWorks system.
- (c) For one of thirty cases reviewed, hours reported for job skills training could not be verified with the IWorks system.

In addition, during fiscal year 2008 testing of the ACF-199 report, hours of other activities for three of thirty cases could not be verified with the IWorks system for the ACF-199 report.

The ACF-196, TANF Financial Report, is required to be submitted quarterly. The report contains expenditure data on the State's use of Federal TANF funds, State TANF MOE expenditures and State expenditures of MOE funds in separate State programs. The Department prepares an excel spreadsheet, "Monthly Child Care Data", from computer generated data, which summarizes information for Family Investment Program (FIP) working and non-working families. The computer generated data used to support the ACF-196 TANF Financial Report is not retained by the Department.

Recommendation – The Department should implement procedures to ensure the IWorks system or other documentation supports the ACF-199, ACF-209 and ACF 196 reports.

Response and Corrective Action Planned – ACF-199 and ACF-209 – The Department (DHS) reviewed each of the six cases in error and determined the following:

The Department contracts with Iowa Workforce Development (IWD) to provide TANF employment and training services. The discrepancies for two of the cases in error noted above were caused by IWD's system programming that prepares the file of participation data from the IWorks system. IWD sends this file to DHS for federal reporting. The program was inaccurately reporting hours when the hours entered in IWorks were less than 10 per week. IWD corrected the problem in December 2007. As a result of the correction, future files sent by IWD correctly reported hours of less than 10 per week.

DHS determined the discrepancies for the remaining four cases in error were caused by the same data issues identified in audits of federal fiscal year 2007.

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- Worker failure to change or terminate records of work activities when the TANF recipient was no longer participating or failed to provide documentation of hours of participation.
- Inconsistencies with the conversion of work activity records to IWD's new IWorks system contributed to worker error, as incomplete records were not converted to IWorks. As a result, IWD workers were unable to see the work activity record with active hours and, therefore, did not terminate the record when appropriate. Since DHS did not receive a termination record, DHS continued to consider the work activity record as active.

DHS continues to develop a revised system database to improve the accuracy of data used for federal reporting purposes. The revised database is in the testing phase. Once implemented, DHS will use the revised database for future ACF-199 and ACF-209 TANF reports and will resubmit any previous reports for federal fiscal year 2009.

DHS and IWD state-level program and systems staff continue to meet regularly to find solutions and to identify any remaining work activity records not timely terminated.

IWD supervisors continue to review one case per worker per month. DHS implemented a new case reading tool for IWD supervisors effective April 1, 2008. As of March 1, 2009, 1,162 cases have been reviewed and documented. DHS and IWD have reviewed and discussed the results of the case reviews and individual case errors have been corrected. DHS and IWD will use case reading results to determine error trends and training needs.

ACF-196 – To comply with this recommendation, the Department will be retaining quarterly computer generated data to support TANF Financial reporting. This data will be for the quarterly months of March, June, September, and December.

Conclusion – Response accepted.

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: G-0602IATANF, G-0702IATANF, G-0802IATANF

Federal Award Year: 2006, 2007, 2008

CFDA Number: 93.563 – Child Support Enforcement

Agency Number: G-0704IA4004, G-0804IA4004

Federal Award Year: 2007, 2008

CFDA Number: 93.575 – Child Care and Development Block Grant

Agency Number: G-0501IACCDF, G-0601IACCDF, G-0701IACCDF, G-0801IACCDF

Federal Award Year: 2005, 2006, 2007, 2008

**CFDA Number: 93.596 – Child Care Mandatory and Matching Funds of the
Child Care and Development Fund**

Agency Number: G-0501IACCDF, G-0601IACCDF, G-0701IACCDF, G-0801IACCDF

Federal Award Year: 2005, 2006, 2007, 2008

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CFDA Number: 93.658 – Foster Care Title IV-E
Agency Number: G-0701IA1401, G-0801IA1401
Federal Award Year: 2007, 2008

CFDA Number: 93.659 – Adoption Assistance
Agency Number: G-0701IA1407, G-0801IA1407
Federal Award Year: 2007, 2008

CFDA Number: 93.778 – Medical Assistance Program
Agency Number: 5-0605IA5028, 5-0605IA5048, 5-0705IA5028, 5-0705IA5048,
5-0805IA5028, 5-0805IA5048
Federal Award Year: 2006, 2007, 2008

State of Iowa Single Audit Report Comment: 08-III-HHS-401-6

- (5) DHS Field Office Internal Controls – For fiscal year 2008, eleven county offices and three Child Support Recovery Unit (CSRU) offices were visited. In conjunction with this limited review, the following conditions were noted.

In one county office, 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 the receipt number.

In one county 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 this office, the same person also prepared the receipt.

In one county office, a receipt writer issued one receipt from a receipt book assigned to someone else.

Title 23-B-6 of the Employees' Manual states, in part, if central office has not returned a duplicate receipt copy within 30 days of issuance, the appropriate division or administrative office is to be contacted. During our review of 99 receipts throughout the eleven county offices, a total of seven errors were identified. For three 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, three receipts were not properly filled out by the receipt preparer and one validated receipt could not be located.

In four of eleven 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.

In one of eleven county offices, the same person monitors or tracks invoices for Local Administrative Expenses (LAE) claims, compares local office records of goods and services received by local offices to county billing reports and approves invoices for mailing to the County Auditor for reimbursement.

For the CSRU offices, a receipt log 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

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central office. The receipt log at two CSRU offices did not always indicate the employee writing the receipt, the employee logging the validated receipt upon return from central office or when the validated receipt was received from central office.

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

Title 23-B-6 of the Employees' Manual states, in part, if central office has not returned a duplicate receipt copy within 30 days of issuance, the appropriate division or administrative office is to be contacted. During our review of receipts throughout the three CSRU offices, a validated duplicate copy from central office was not obtained within 30 days of issuance for one receipt and there was no evidence of follow-up or contact with central office to investigate.

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 – Individual corrective action plans will be required for the counties in error by April 15, 2009.

The Department will review procedures at the May 21, 2009 Income Maintenance Conference Call regarding proper issuance and tracking of receipts.

For the CSRU offices, a statewide training to address the receipt writing process as a whole and the issues identified in the state audits will be completed by May 30, 2009. In addition, the Bureau of Collections Policy Staff are developing an automated process to writing receipts, which will address these issues. This process is being developed in consultation with staff from the CSRU offices, the Collection Services Center and the Office of Auditor of State.

Also, all CSRU offices will be reminded by March 3, 2009 of the requirement to restrictively endorse checks or money orders immediately upon receipt.

Conclusion – Response accepted.

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: G-0602IATANF, G-0702IATANF, G-0802IATANF

Federal Award Year: 2006, 2007, 2008

State of Iowa Single Audit Report Comment: 08-III-HHS-401-8

(6) Temporary Assistance for Needy Families (TANF) Participation Rates – The ACF-199, TANF Data Report, summarizes statistical information regarding participants in the TANF program. State agencies must meet or exceed their minimum annual work participation rate standards. A State's minimum work participation rate standard is 90% for two-parent families rate less a caseload reduction credit of 22.8%. The Department had an actual participation rate for the federal fiscal year ended September 30, 2007 for two-parent families of 39.7%, which does not meet the minimum requirement of 67.2%. A penalty amount of up to 21% of the adjusted State Families Assistance Grant may apply for the failure to meet the required rate.

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Recommendation – The Department should establish procedures to ensure compliance with federal regulations.

Response and Corrective Action Planned – Before describing any corrective actions already implemented or planned, the Department wants to clarify the 21% penalty referenced in the finding is the maximum amount that can ever be applied against a State for failing to meet work participation rates. Such maximum would only be reached after nine consecutive years of failing to meet the all-family work rate. The penalty for a first year failure to meet the all-family rate is 5% of the State's adjusted TANF award. The penalty for failing only the two-parent rate is only a percentage of the penalty for failing to meet the all-family rate, equivalent to the percentage of two-parent cases in the all-family caseload. In federal fiscal year 2007, the monthly average two-parent caseload of 1,231 was 7.35% of the monthly average all-family caseload of 16,739. Consequently, the maximum penalty for failing to meet the two-parent work rate for federal fiscal year 2007 would be 0.3675% of the State's adjusted annual TANF award.

Failure of the State to meet the two-parent work rate for federal fiscal year 2007 is directly attributable to provisions of the federal Deficit Reduction Act of 2005 (DRA), which reauthorized TANF. Under the DRA, states may no longer exempt cases which are funded with 100% state funds under separate state programs (SSP) from meeting work participation rates. Iowa had previously established its two-parent FIP caseload as an SSP because of the extraordinary 90% work participation standard for two-parent cases. Very few states could meet this standard, even taking into account the caseload reduction credit.

Since implementation of the DRA effective for federal fiscal year 2007 with respect to changes concerning work participation requirements, the Department has developed a number of strategies to increase the two-parent work rate, including.

- (1) Two Parent Specialists – case workers were hired across the State to intensively focus on employment and employment related activities for two-parent families.
- (2) Metro Focus – a promise jobs position was identified as a quality assurance and improvement specialist in each of the most populated regions.
- (3) Quality Assurance Team – a team was set up to identify strategies and best practices to improve participation rates and ensure program compliance.
- (4) Parent Reaching Outcomes Grants, Increasing Work Participation Rates for Multi-Parent Households – funds were allotted from the fiscal year 2009 budget to fund projects developed by local Promise Jobs regions to identify innovative and effective procedures that increase the work participation rate for multi-parent households.
- (5) Excess Maintenance of Effort – the Department is exceeding its maintenance of effort requirement, which results in increasing the state's caseload reduction credit for both all-family and two-parent cases, subsequently reducing the adjusted work rate the state must meet for both.
- (6) State Funded Child Care – the Department utilizes 100% state funds for child care costs of two-parent cases lowering the required hours of participation

Conclusion – Response accepted.

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CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: G-0602IATANF, G-0702IATANF, G-0802IATANF

Federal Award Year: 2006, 2007, 2008

State of Iowa Single Audit Report Comment: 08-III-HHS-401-9

(7) Temporary Assistance for Needy Families (TANF) - IEVS Review – The TANF program provides assistance payments to individuals based upon an application of need. The following conditions were identified during fiscal year 2008 case file testing:

- (a) Title 4-G-31 of the Employees' Manual states, in part, when State Income and Eligibility Verifications System (IEVS) information is received, the worker should determine if the information was previously reported and verify new and previously unverified information. The worker should document the IEVS review on the IEVS report and file it in the case record or note and date the information in a narrative in the case record. For two of thirty-four cases reviewed, the IEVS review was not documented in the case file.
- (b) Title 4-B-1 of the Employees' Manual states, in part, any family has the right to apply for assistance by completing an application for Family Investment Program (FIP) on form 470-0462, Health and Financial Support Application. For one of thirty-four cases reviewed, there was no Public Assistance Application located in the case file.

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

Response and Corrective Action Planned –

- (a) The Department will review procedures at the May 21, 2009 Income Maintenance Conference Call on the requirement of documenting action taken on IEVS documents. All IEVS forms are now date stamped, so the Income Maintenance Worker can easily document the date IEVS information was reviewed and action taken.
- (b) The Department will review procedures at the May 21, 2009 Income Maintenance Conference Call to remind staff the original Public Assistance Application is to be maintained in the current case file.

Conclusion – Response accepted.

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: G-0602IATANF, G-0702IATANF, G-0802IATANF

Federal Award Year: 2006, 2007, 2008

State of Iowa Single Audit Report Comment: 08-III-HHS-401-10

(8) TANF Mainframe to Eligibility Tracking System (ETS) Reconciliation – The Eligibility Tracking System (ETS) tracks how long Family Investment Program (FIP) recipients receive benefits to ensure compliance with federal regulations. Federal regulations limit benefits to a maximum of 60 months. Information is downloaded from the Iowa

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Automated Benefit Calculation (IABC) and Issuance Verification System (ISSV) mainframe systems onto the File Transfer Protocol (FTP) Server on a daily basis via a text file. Each day, an individual obtains a mainframe report indentifying how many records and files were written and read to the server and also receives a report indentifying how many records were loaded onto the ETS database. Individuals reconcile how many records and files were written to the FTP from the IABC mainframe. During fiscal year 2008, reconciliations were not performed between information loaded onto the ETS database from the FTP server, including the records not posted onto ETS.

Recommendation – The Department should develop a system for reconciling the number of records transferred between the FTP server and the ETS database.

Response and Corrective Action Planned – In the daily ETS Record Count Reconciliation process, the Department will modify the ETS download procedure to include a count of records purposely bypassed due to a second FIP check being issued during a given month. The record count for records loaded to the ETS SQL, Structured Query Language, Database and the count for those bypassed should equal the number of records sent to the FTP Server from the IABC Mainframe System. If these counts are not equal, an alert will be sent to the IM Systems Client Server Team as an error condition exists that needs to be resolved.

Conclusion – Response accepted.

CFDA Number: 93.563 – Child Support Enforcement

Agency Number: G-0704IA4004, G-0804IA4004

Federal Award Year: 2007, 2008s

State of Iowa Single Audit Report Comment: 08-III-HHS-401-11

- (9) Provisions of Interstate IV-D Cases - State Programs – The Code of Federal Regulations 45 CFR 303.7 states in part, “The State IV-D agency must establish an interstate central registry responsible for receiving, distributing and responding to inquires on all incoming interstate IV-D cases. This establishment must be made within 10 working days.”

For the months of July 2007 through June 2008, reports were reviewed to determine if cases were reviewed within 10 workings days. Beginning in March 2008 and ending June 2008, between 16% - 92% of the cases received were not referred to the State of Iowa Interstate Central Registry within the allowable established time period.

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

Response and Corrective Action Planned – The Department has reassigned this caseload to a new staff person. The Department expects to be able to comply with federal regulations in the future.

Conclusion – Response accepted.

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CFDA Number: 93.575 – Child Care and Development Block Grant
Agency Number: G-0501IACCDF, G-0601IACCDF, G-0701IACCDF ,G-0801IACCDF
Federal Award Year: 2005, 2006, 2007, 2008

State of Iowa Single Audit Report Comment: 08-III-HHS-401-16

- (10) 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.

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 – New monitoring procedures were developed and implemented in fiscal year 2008. The six-month and twelve-month reports have been revised to include detailed expenditures per category and a budget narrative for each category. 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.

In fiscal year 2008 on-site monitoring visits were made to contractors in Waterloo, Sioux City, Harlan, and Spirit Lake/Okoboji.

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: 08-III-HHS-401-17

- (11) Grant Management – The Office of Inspector General (OIG) conducted an 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 - 2004. A final report was issued in August 2008. This report concluded the Department did not comply with federal requirements when claiming \$3,156,226 of the Child Care and Development Fund (CCDF) targeted funds. In addition, the Department did not remit \$155,000 of interest earned by the contractor on advanced CCDF targeted funds as required. The Department is awaiting an audit determination letter from the Administration for Children and Families ACF, a Division of Health and Human Services.

Response and Corrective Action Planned – Department response not requested.

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CFDA Number: 93.575 – Child Care and Development Block Grant
Agency Number: G-0501IACCDF, G-0601IACCDF, G-0701IACCDF, G-0801IACCDF
Federal Award Year: 2005, 2006, 2007, 2008

**CFDA Number: 93.596 – Child Care Mandatory and Matching Funds of the
Child Care and Development Fund**
Agency Number: G-0501IACCDF, G-0601IACCDF, G-0701IACCDF, G-0801IACCDF
Federal Award Year: 2005, 2006, 2007, 2008

CFDA Number: 93.658 – Foster Care Title IV-E
Agency Number: G-0701IA1401, G-0801IA1401
Federal Award Year: 2007, 2008

State of Iowa Single Audit Report Comment: 08-III-HHS-401-18

- (12) DHS Field Office – Case Records – For fiscal year 2008, eleven 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 one of twenty cases reviewed, a Child Care Assistance Provider Agreement was not reviewed every twenty-four months.

Foster Care (Title IV-E)

Title 13-J-72 of the Employees' Manual states, in part, "when the child is placed in a foster family home supervised by the Department, base the frequency of visits to the child on the needs of the child. At a minimum, visits to the child shall be monthly, not to exceed 35 days." In eighteen of twenty-nine cases reviewed, visits were not made within 35 days.

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

Response and Corrective Action Planned –

Child Care Cluster

The Department will review procedures at the May 21, 2009 Income Maintenance Conference Call to remind staff a "Child Care Assistance Provider Agreement" must be completed every twenty-four months.

Foster Care (Title IV-E)

The Department continues to place emphasis on the completion of monthly visits with children in foster family homes. On a monthly basis, the Department measures compliance of the timely foster care child visits requirement. In the July – December 2008 period of SFY09, DHS has an 86% compliance rate. Effective October 8, 2008, the rule regarding visits with children in family foster care changed from a visit being required within every 35 days to a requirement the children in family foster care have a visit every month.

Conclusion – Response accepted.

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CFDA Number: 93.575 – Child Care and Development Block Grant
Agency Number: G-0501IACCDF, G-0601IACCDF, G-0701IACCDF, G-0801IACCDF
Federal Award Year: 2005, 2006, 2007, 2008

**CFDA Number: 93.596 – Child Care Mandatory and Matching Funds of the
Child Care and Development Fund**
Agency Number: G-0501IACCDF, G-0601IACCDF, G-0701IACCDF, G-0801IACCDF
Federal Award Year: 2005, 2006, 2007, 2008

State of Iowa Single Audit Report Comment: 08-III-HHS-401-19

(13) Child Care Assistance – The Child Care Assistance program provides assistance payments for child care services. The following conditions were identified during fiscal year 2008 case file testing:

- (a) Title 13-G-63 of the Employees' Manual states, in part, the Child Care Assistance Provider Agreement, form 470-3871, should be signed and maintained in the case file. For one of thirty-six cases reviewed, no provider agreement was maintained in the case file.
- (b) For one of the thirty-six cases reviewed, the case file could not be located therefore, testing could not be performed.

Recommendation – The Department should establish procedures to ensure compliance with the Employees' Manual and to ensure records are properly maintained.

Response and Corrective Action Planned –

- (a) The Department will review procedures at the May 21, 2009 Income Maintenance Conference Call and at the April 23, 2009 Service Conference Call to remind Income Maintenance and Service staff the Child Care Assistance Provider Agreement should be signed and maintained in the case file.
- (b) Field Operations Support Division will continue to work with the Service Areas to ensure all case records are received for testing.

Conclusion – Response accepted.

CFDA Number: 93.658 – Foster Care Title IV-E
Agency Number: G-0701IA1401, G-0801IA1401
Federal Award Year: 2007, 2008

State of Iowa Single Audit Report Comment: 08-III-HHS-401-20

(14) 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 fiscal year 2008 case file testing:

- (a) Iowa Administration Code 441-130.7(3)(a)(2) states, in part, the case plan shall be developed within 60 days from the date the child enters foster care or the date the Department opens a child welfare service case. For four of twenty cases reviewed for children entering foster care, an initial case plan was not developed within the prescribed limits.

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- (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 two of forty cases reviewed, current case permanency plans were not re-evaluated within six months.
- (c) Title 18-D-28 of the Employees' Manual identifies foster care daily rates. For one of the forty cases reviewed, the payment issued for Foster Care benefits did not match the established daily rates and no explanation for the variation was provided.
- (d) For seven of sixty cases selected for review, the case file, which documents compliance with requirements, could not be located.

Recommendation – The Department should establish procedures to ensure compliance with the Employees' Manual. In addition case files records should be properly maintained to support compliance with requirements.

Response and Corrective Action Planned –

- (a) The Department will review procedures at the April 23, 2009 Service Conference Call to remind Service staff of the requirement to complete the initial case plans within 60 days.
- (b) The Department will review procedures at the April 23, 2009 Service Conference Call to remind Service staff of the requirement to re-evaluate the case plan within six months.
- (c) The Department will review procedures at the April 23, 2009 Service Conference Call to remind Service staff of the requirement that foster care payment made must match the established daily rate and if it does not, the worker must document an explanation as to why a different rate was paid.
- (d) Field Operations Support Division will continue to work with the Service Areas to ensure all case records are received for testing.

Conclusion – Response accepted.

CFDA Number: 93.659 – Adoption Assistance
Agency Number: G-0701IA1407, G-0801IA1407
Federal Award Year: 2007, 2008

State of Iowa Single Audit Report Comment: 08-III-HHS-401-21

- (15) 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 fiscal year 2008 case file testing:

- (a) Title 13-B-103 of the Employees' Manual states, in part, the child must be under age eighteen or satisfy other eligibility requirements in order to be eligible for adoption benefits. For one of thirty-nine cases reviewed, the child received adoption benefits beyond their eighteenth birthday.

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- (b) Title 13-B-10 of the Employees' Manual establishes eligibility criteria for adoption assistance. For one of thirty-nine cases reviewed, no documentation was maintained in the case file to support IV-E adoption assistance eligibility.

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

Response and Corrective Action Planned –

- (a) The Department will review procedures at the April 23, 2009 Service Conference Call to remind Service staff of the requirement that adoption benefits are only issued while the child is under age 18.
- (b) The Specialized IV-E Unit does regular case readings. Documentation in the case file supporting the IV-E adoption assistance eligibility is reviewed in each case. The IV-E Supervisor will send a reminder to the IV-E Supervisors and IM workers by March 13, 2009 to remind staff of the requirement to keep documentation of IV-E adoption eligibility in the case file.

Conclusion – Response accepted.

CFDA Number: 93.767 – State Children's Insurance Program

Agency Number: 5-0705IAUTRA, 5-0705IA5021, 5-0805IAMSEA, 5-0805IA5021

Federal Award Year: 2007, 2008

State of Iowa Single Audit Report Comment: 08-III-HHS-401-22

- (16) 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 made overpayments. Although monthly reconciliations include confirmation of deposits and disbursements by an independent person, the reconciliations do not include a review of outstanding checks. In addition, the refund account contains outstanding checks from 1999.

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

Response and Corrective Action Planned – The Department has procedures in place to perform monthly bank reconciliations on both accounts which include reviewing all reconciling items. The Department worked with the Attorney General's office to determine the appropriate method for handling outstanding checks. In fiscal year 2009, the Attorney General's Office issued an opinion on the issue. By March 31, 2009, all checks outstanding greater than two years will be deposited in the *hawk-i* trust fund with the federal share refunded to the Federal Government.

Conclusion – Response accepted.

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CFDA Number: 93.778 – Medical Assistance Program
Agency Number: 5-0605IA5028, 5-0605IA5048, 5-0705IA5028, 5-0705IA5048,
5-0805IA5028, 5-0805IA5048
Federal Award Year: 2006, 2007, 2008

State of Iowa Single Audit Report Comment: 08-III-HHS-401-24

- (17) Medicaid Waivers – The Department administers seven home and community based waiver services (HCBS). Medicaid waivers enable eligible recipients to remain in their home or community rather than being 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.

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. In addition, Title 16-K-97 the Employees' Manual identify part of the case worker's responsibility includes completing Form 470-3073, "Mental Retardation Functional Assessment Tool", coordinating the development of a service plan and locating providers. For one of twenty case files reviewed, the case file did not have a Notice of Decision, form 470-3073, and a service plan.

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

Response and Corrective Action Planned – The Department will review procedures at the April 23, 2009 Service Conference Call to remind Service staff of the requirement to ensure a copy of the Notice of Decision, form 470-0602, a completed Mental Retardation Functional Assessment Tool, form 470-3073, and a copy of the service plan is in the case record.

Conclusion – Response accepted.

CFDA Number: 93.778 – Medical Assistance Program
Agency Number: 0605IA5028, 0705IA5028, 0805IA5028
Federal Award Year: 2006, 2007, 2008s

State of Iowa Single Audit Report Comment: 08-III-HHS-401-25

- (18) Cash Management – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. As stated in the Cash Management Improvement Act (CMIA) Agreement, the Medical Assistance Program is funded on a pre-issuance basis. This means federal draws are to be requested so they are not deposited more than three days prior to the date of disbursement.

A review of the Department's ledgers and cash management system identified draws for the Medical Assistance Program were made five days after Medicaid checks were issued on the I/3 system. Due to the method used by the Department to issue the checks, the earliest the majority of checks would be redeemed is six days after issuance. This method created a net program interest obligation for the State of Iowa of \$377,935. If the Department would draw the funds according to the pre-issuance per the CMIA agreement, the net program interest obligation would likely be significantly higher.

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Recommendation – The Department should work with the State of Iowa’s CMIA Coordinator and the U.S. Department of Treasury to determine the best funding technique for the Medical Assistance Program.

Response and Corrective Action Planned – The Department worked with the CMIA Coordinator and the US Department of Treasury to change the CMIA Agreement to match the procedures used by the Department. The CMIA Agreement for fiscal year 2009 states the Medical Assistance Program is on a post-issuance basis. The federal draws are to be requested after the date of disbursement, but prior to the redemption date, which is in line with Department procedures.

Conclusion – Response accepted.

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

- (1) County Billing – Collectability – The Iowa Department of Human Services (DHS) processes and records county billing information for medical and facility services provided to individuals meeting specific criteria. As of June 30, 2008, the receivable balance for county billings included over \$8.7 million in claims disputed by counties receiving the billings.

Of the total disputed balance, approximately \$6.1 million originated prior to fiscal year 2007. DHS has a process for resolving disputed billings. However, this process currently results in the resolution of only 16% to 37% of the total amount disputed per year. In addition, over \$4.2 million of the disputed amount consists of disputes which counties indicate are the responsibility of the Iowa Department of Corrections. DHS does not have procedures in place to pursue the necessary evidence to resolve these disputes. As a result, the collectability of the disputed balance is in question.

Recommendation – DHS should establish procedures to ensure the total balance reported as county billings receivable is appropriate and should consider reporting an estimate representing balances considered uncollectible. In addition, DHS should establish procedures to pursue the necessary evidence and related collection from the Iowa Department of Corrections.

Response – The amount identified as owed to the State from counties is based on the Code of Iowa and Administrative Rules. The Department continues to work with counties in resolving billing disputes. There currently exists no statutory authority to determine any portion of the outstanding receivables as uncollectible.

Counties have disputed over \$4.2 million in outstanding charges asserting the Iowa Department of Corrections is responsible rather than the county. The Code of Iowa, Chapter 230 places financial responsibility with the county of legal settlement. We are seeking further clarification of responsibility for these charges through a change in this chapter, to be considered during this legislative session. Once clarified, payment resolution will be more attainable.

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 for final processing.

For the period July 1, 2007 through April 25, 2008, two P-1 documents were initiated and received Department level approval by the PA. These two P-1 documents were originally initiated by the PA and approved at the Department level by an independent person. However, changes had to 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 Administrator of the Iowa Department of Human Services' Division of Results Based Accountability, who oversees the Bureau of Human Resources, will remind its personnel assistants of the Department's standard practice, which is changes of P-1 documents will be independently approved. This reminder will be in the form of a written memo to each of the personnel assistants.

Conclusion – Response accepted.

Other Findings Related to Internal Control:

- (1) DHS Field Office – In Home Health Related Care – For fiscal year 2008, eleven county offices were visited. In conjunction with this limited review, fifteen In Home Health Related Care (IHHC) case records were tested for completeness of documentation. Also, an additional twenty-five IHHC case records were reviewed for compliance with Department policy. The following conditions were noted.
- (a) Title 16-J-5 of the Employees' Manual states, in part, the Provider Health Assessment, form 470-0672, shall be obtained annually. For ten of forty cases reviewed, the Provider Health Assessment was not completed annually.
 - (b) Title 16-J-5 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. The following conditions were noted:
 - For one of fifteen cases reviewed, the Authorization to Obtain or Release Health Care Information was not included in the case record.
 - For two of fifteen cases reviewed, the Authorization to Obtain or Release Health Care Information was not signed annually.
 - For one of fifteen cases reviewed, the Authorization to Obtain or Release Health Care Information was not dated. Therefore, the timing could not be determined.
 - (c) Title 16-J Appendix-5 of the Employees' Manual states, in part, the client shall complete and sign form 470-2927, Health Services Application, annually. For fourteen of forty cases reviewed, the Health Services Application was not completed annually.

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- (d) Title 16-J of the Employees' Manual provides numerous statements referring to the determination of the amount of client participation in service costs. For eight of twenty-five cases reviewed, documentation in the case files lacked the evidence of how client participation was calculated.
- (e) 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 seven of twenty-five cases reviewed, the Service Report was not included in the case record.
- (f) Title 16-J-9, 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 six of twenty-five cases reviewed, the Notice of Decision: Services was not included in the case record.
- (g) Title 6-B-39 of the Employees' Manual states, in part, the worker should issue form 470-0490, Notice of Decision: Medical Assistance or State Supplementary Assistance, to notify the applicant. For nine of twenty-five cases reviewed, the Notice of Decision: Medical Assistance or State Supplementary Assistance, was not included in the case record.
- (h) Title 16-J-12, Appendix, of the Employee's Manual states, in part, the Provider Agreement should be completed for each client. In addition, Title 16-J-5 of the Employee's Manual states, in part, the Provider Agreement, form 470-0636, should be updated annually. For four of twenty-five cases reviewed, the Provider Agreement form was not included in the case record or updated annually.
- (i) Title 16-J-7, Appendix, of the Employees' Manual states, in part, the Individual Client Case Plan, form 470-0583, should be completed when a new client is approved to receive in home health related care and at the time of the yearly review. For seven of twenty-five cases reviewed, the Individual Client Case Plan was not included in the case record or updated annually.
- (j) Title 16-J-30 of the Employees' Manual states, in part, the Statement of Services Rendered, form 470-0648, should be completed monthly. For ten of twenty-five cases reviewed, the Statement of Services Rendered was not included in the case record.
- (k) Title 16-J-30 of the Employees' Manual states, in part, the Purchase of Service Provider Invoice, form 470-0020, should be completed monthly. For fourteen of twenty-five cases reviewed, the Purchase of Service Provider Invoice was not included in the case record.

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

Response – The Department Central Office Policy Specialist is preparing a training session on the In Home Health Related Care (IHHRC) program. The training session will be presented at the bi-monthly teleconference call on August 20, 2009 to Service Workers and Service Supervisors who either work with clients who participate in the IHHRC program or who supervise staff who have an IHHRC caseload. This training will be recorded and any staff unable to attend the teleconference call will be required to listen to the recorded training session by September 20, 2009.

Conclusion – Response accepted.

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(2) Child Welfare Procurement Cards – The Department’s Child Welfare Procurement Card Program Handbook (Handbook) requires the following:

- (a) Page four of the Handbook states, in part, all purchases made with procurement cards must have prior supervisory approval. Form 470-4127 was developed for this purpose. For one of fourteen transactions tested, supervisory approval was not given prior to the purchase.
- (b) Page eight of the Handbook states, in part, the cardholder is to notify the Central Point of Contact person (CPC) of the purchase by e-mail within one business day of the purchase. The e-mail should include the following: child’s name, FACS identification number, date of purchase, what was purchased, cost of purchase and name/address of the merchant. For four of fourteen transactions tested, the cardholder did not e-mail the CPC within one business day of the purchase. For two of fourteen transactions tested, the cardholder did not provide the CPC an e-mail to indicate the purchase was made.

Recommendation – The Department should implement procedures to ensure compliance with the Child Welfare Procurement Card Program Handbook.

Response – The Department recognizes the need to establish and monitor compliance with internal controls for use of the procurement card. Policies and procedures in the department handbook were updated in October 2008. The handbook was distributed to the points of contact in each service area to be shared with employees holding a procurement card. Employees were reminded of the policies requiring approval prior to the purchase and sending an e-mail to the point of contact within one business day of the purchase.

Conclusion – Response accepted.

(3) Deferred Fund Deposits – The Department receives refunds as a result of overpayments identified from various sources, such as an audit of accounts, providers notifying the Department of overpayments and corrections identified by staff. When refunds are received, field staff are to assign an adjustment code to the payment to enable central office staff to deposit the funds appropriately. If an adjustment code has not been assigned after ten days, the funds are to be deposited into the Deferred Fund for subsequent resolution. During fiscal year 2008 review of Deferred Fund activity, twenty of fifty checks were deposited between eleven and seventy-seven days after receipt.

Recommendation – The Department should establish procedures to ensure refunds are deposited timely.

Response – The Department recognizes the requirement to deposit payments timely. The items in question have been reviewed with appropriate staff. Changes in procedures have been implemented to ensure timely deposit. All payments received by the Cashier will be filed by date received. This will allow for better tracking of payments which need to be deposited in the deferred fund and allows the supervisor to periodically review the timeliness of deposits in the fund.

Conclusion – Response accepted.

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Findings Related to Statutory Requirements and Other Matters:

- (1) 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 2008, twenty-five contracts were reviewed. The following compliance items were noted:

- (a) Section 11 of 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 (TSB) web page located at the Iowa Department of Economic Development's web site. Documentation of posting to the specified web site was not available for four of 25 contracts reviewed.
- (b) Section 11 of Chapter 106.12(2) of the Iowa Administrative Code states, in part, except in the case of an emergency procurement, services shall not be performed until all parties have signed the contract. Three of 25 contracts reviewed were not signed until after contract services began.
- (c) Section 11 of Chapter 107.4(4)g of the Iowa Administrative Code states, in part, a contract shall include a default clause where appropriate. One of 25 contracts reviewed did not include a default clause where appropriate.
- (d) Section 11 of Chapter 107.4(4)h of the Iowa Administrative Code states, in part, a contract shall include an independent contractor clause. One of 25 contracts reviewed did not include an independent contractor clause.
- (e) Section 11 of 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. One of 25 contracts reviewed did not include a clause prohibiting inappropriate conflicts of interest.

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

Response – The Department recognizes the importance of procedures to assure compliance with Department of Administrative Services-SAE Pre-Audit Procedures and Iowa Administrative Code for the procurement of services. The Department will distribute to all contracting staff information regarding the compliance requirements for the five areas identified in the SFY 08 audit. Regular random quality reviews of service contracts will continue to assure contracts include all required terms and conditions.

The Department is making a targeted effort to provide staff with the tools needed to comply with all contracting requirements and to refine existing processes. Contract Creator, an automated document assembly software, aids in the preparation of contracts, RFPs, PCQs and other contracting documents. Through a question and answer format, the appropriate procurement method and language are determined.

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The Department implemented a review form which is required to be completed prior to the signing of the contract. The contract owner signs the form assuring TSB posting was done and the procurement method was appropriate for the contract. For renewals, the form requires confirmation of review of the contract. The PCQ included in Contract Creator also requires SAE Control to be entered or the PCQ cannot be completed.

Conclusion – Response accepted.

(2) Iowa Code Compliance – The following compliance items were noted for fiscal year 2008:

- (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 has not conducted an annual 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 2008, Council members consisted of four members appointed by the Governor, two members appointed by the majority leader of the Senate and no members 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 sections or Code sections contrary to federal regulations.

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Response –

- (a) and (b) – The Department will work with the Code Editor to identify a process to expedite necessary Code changes and where necessary, propose and/or support legislation that more accurately reflects the current structure.
- (c) The Department is seeking legislative action to remove the language of Chapter 220A.3 of the Code of Iowa.
- (d) The Department modified the reapplication forms for the family support subsidy program to include a family survey when families reapply each year. The majority of families have submitted the survey. The Department anticipates the report will be completed by May 30, 2009. Upon completion, the report will be submitted to the governor and general assembly.
- (e) The Department will work with the governor's office to obtain appointments to the personal assistance and family support services council.

Conclusion – Response accepted.

- (3) DHS Field Office – Iowa Administrative Code Compliance – The following compliance items were noted during field office visits for fiscal year 2008:

- (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 one of fourteen 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 sixteen of twenty five cases reviewed, the case files did not contain sufficient documentation to determine whether the care plan was reviewed by the service worker within the stated time frame. In addition, fourteen of these cases did not contain sufficient documentation to determine whether the physician reviewed and re-certified the health care plan in the time frame identified or whether the nurse reviewed the nursing plan.

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

Response –

- (a) The individual county not in compliance is required to implement a corrective action by June 1, 2009 which ensures compliance with completing annual spot checks on 20% of the child development homes.
- (b) The In Home Health Related Care Program review policy changed effective April 1, 2009. The review of the total care plan required by the service worker was changed from every three months to every six months.

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The Department Central Office Policy Specialist is preparing a training session on the In Home Health Related Care (IHHRC) program. The training session will be presented at the bi-monthly teleconference call on August 20, 2009 to service workers and service supervisors who either work with clients who participate in the IHHRC program or who supervise staff who have an IHHRC caseload. This training will be recorded and any staff unable to attend the teleconference call will be required to listen to the recorded training session by September 20, 2009.

Conclusion – Response accepted.

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