

FISCAL UPDATE

September 11, 2006

Legislative Services Agency

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<http://staffweb.legis.state.ia.us/lfb>

NOTICE OF APPROPRIATION TRANSFERS TO THE DEPARTMENT OF PUBLIC DEFENSE AND CIVIL RIGHTS COMMISSION

Appropriation Transfers



The Fiscal Services Division of the Legislative Services Agency (LSA) was notified that pursuant to Section 8.39, Code of Iowa, up to \$230,000 from the Department of Human Services (DHS), State Supplementary Assistance Program, will be transferred to the Department of Public Defense (\$145,000) and the Civil Rights Commission (\$85,000).

Public Defense

The federal government only reimburses for direct costs of National Guard programs; therefore, certain requested reimbursements to the Department of Administrative Services were disallowed. Also, utility costs were higher than budgeted.

Civil Rights Commission



The Commission is experiencing a delay in receipt of federal payments from the federal Department of Housing and Urban Development (HUD). It is anticipated that federal funds for FY 2006 will be received after the close of the fiscal year. Federal receipts for the FFY 2005 HUD contract will be deposited into the General Fund to offset the appropriation transfer.

State Cases Program

The funds were available to transfer from the DHS due to less than anticipated FY 2006 expenditures in the State Cases Program appropriation.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301) Jennifer Acton (Ext. 17846)
Kerri Johannsen (Ext. 14611)

MEDICAID FORECAST FOR FY 2006 AND FY 2007

Medicaid Forecast

Staff members from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the LSA met August 25 to discuss estimated Medical Assistance (Medicaid) expenditures for FY 2006 and FY 2007. The three staffs meet monthly to discuss estimated expenditures and to agree on a range for expenditures for the current fiscal year.

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FY 2006



House File 825 (FY 2006 Health and Human Services Appropriations Act), as amended by HF 882 (FY 2006 Standing Appropriations Act), HF 841 (IowaCare Medicaid Reform Act), HF 2347 (Health Care Transformation Account Act), and HF 2734 (FY 2007 Health and Human Services Appropriations Act), included total State funding of \$742.8 million for Medicaid for FY 2006. This included a \$19.0 million supplemental appropriation provided in HF 2734. The three staffs agreed to an estimated surplus range of \$4.0 to \$9.0 million, with a midpoint of \$6.5 million for FY 2006. The surplus will revert to the Senior Living Trust Fund. The estimate includes:

- A 3.4% increase in average monthly enrollment over FY 2005.
- An average estimated cost of \$2,500 per member per month for FY 2006.

FY 2007

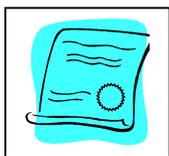
House File 2734 also included total State funding of \$759.2 million for FY 2007, which is not likely to fully cover Medicaid costs. For FY 2007, the three staffs agreed to an estimated shortfall of \$17.0 to \$37.0 million, with a midpoint of \$27.0 million. After factoring in the estimated supplemental need, the total State funding for Medicaid is an estimated increase of \$33.4 to \$53.4 million for FY 2007 compared to estimated FY 2006. This includes the following costs and assumptions:

- An estimated \$22.2 million due to enrollment increases.
- An estimated \$7.0 million to fund an estimated increase of 1.0% in the medical inflation rate.
- \$2.6 million to annualize the increased cost of Medicare buy-in due to increased Medicare premiums.
- \$25.0 million to fund additional costs due to a decrease in the Federal Medical Assistance Percentage (FMAP) from 63.61% to 61.98%.
- \$18.6 million to fund a 3.0% provider rate increase.
- \$1.4 million to fund an increase in the personal needs allowance from \$30 to \$50 per month for residents of nursing facilities.
- \$1.0 million to fund Medicaid for children aging out of the foster care system up to age 21.
- \$250,000 to fund a matching grant for the Iowa Health Care Collaborative.
- \$13.5 million in various savings related to the Iowa Medicaid Enterprise, the Medicaid Family Planning Waiver, and the federal Deficit Reduction Act of 2005.
- \$164,000 for a nursing facility rate increase.



Citizenship Requirement

The Federal Deficit Reduction Act of 2005 required verification of citizenship during the Medicaid eligibility screening process. It is anticipated that this requirement will have an impact on the Medicaid budget. The DHS is coordinating with the Department of Public Health to assist Medicaid applicants with obtaining required documents. The DHS also plans to assume expenses associated with an applicant obtaining a birth certificate.



Enrollment impacts are also expected. The *hawk-i* Program is also subject to this regulation. Data from *hawk-i* for the month of July 2006 indicates that the estimated average denial rate for *hawk-i* applicants referred to Medicaid increased from 27.5% to 56.0%. Additionally, the average number of children approved for Medicaid dropped sharply in July 2006 from 550 to 94 per month. The DHS will continue to monitor and report on the issue.

RTS Services



Beginning November 1, 2006, the DHS is separating Medicaid Rehabilitative Treatment Services (RTS) from the Child Welfare System. Changes to Adult Rehabilitative Option (ARO) services will also be implemented on November 1. Both changes are the result of the federal Centers for Medicare and Medicaid Services (CMS) requirements related to documentation and eligibility. Services formerly provided under RTS and ARO will be referred to as Remedial Services. Eligibility will be determined by a Licensed Practitioner of the Healing Arts (LPHAs), and services will be provided by Medicaid-enrolled Remedial Services Providers.

New service definitions will likely result in increased costs to the State and counties, as some services formerly matched with federal funds will now be paid with 100.0% State or county funds. The State cost for the RTS changes in FY 2007 will likely fall within the budget provided; however, additional funding may be needed to fund the change to ARO services.

Nursing Facility Issues



The DHS submitted a State Plan Amendment (SPA) to the federal CMS that would have allowed nursing facilities to be paid one-third of the Skilled Nursing Facility Market Basket Index for the last quarter of FY 2006 and would increase nursing facility rates up to the FY 2006 cap. Public notice was not given prior to the start of the final quarter of the fiscal year; therefore, the SPA was approved for only the last four days of FY 2006 at a total cost of \$450,000, with a State share of \$164,000.

The FY 2006 cap was adjusted during the 2006 Legislative Session based on an estimated 1.0% decrease in bed days over the course of the year. The actual decrease in bed days was 1.83%. The FY 2006 adjusted cap is \$168.2 million. The estimated total spending for nursing facilities is expected to be \$163.5 million for FY 2006, falling under the cap by \$4.7 million.

The FY 2007 cap is likely to be high by at least \$4.7 million since the FY 2006 cap was used as the baseline. Additionally, if bed days continue to run lower than the 1.0% expected reduction, the gap between expenditures and the cap will be even greater. The FY 2007 nursing facility expenditure cap is \$177.7 million.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Kerri Johannsen (Ext. 14611)

**SYSTEMIC STUDY OF THE STATE PRISON SYSTEM –
NOTICE OF INTENT TO AWARD CONTRACT**

Request for Proposals



The Department of Administrative Services (DAS), in cooperation with the Department of Corrections (DOC), issued a Request for Proposals (RFP) in July 2006 in compliance with language in HF 2782 (FY 2007 Infrastructure Appropriations Act), which provided \$500,000 for a systemic study of the state prison system. Three vendors submitted proposals.

Notice of Intent

The DAS issued a notice of intent to award a contract to The Durant Group, Inc., in association with Pulitzer/Bogard & Associates, LLC; Criminal Justice Institute, Inc.; Doug Frey, AIA; David Thomas, MD, JD; and Hal Smith, MPS, CCHP. The study is expected to be completed in 2007.

Additional Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

**ELECTRONIC MONITORING SYSTEM – NOTICE OF INTENT
TO AWARD CONTRACT**

Request for Proposals

The Fifth Judicial District Department, in cooperation with the Department of Corrections, issued a Request for Proposals (RFP) in May 2006 for an Electronic Monitoring System. Three vendors submitted proposals.

Notice of Intent



The Fifth Judicial District Department issued a notice of intent to award a multi-year contract to G4S Justice Services, Inc., for the statewide provision of electronic monitoring services, which provides Global Positioning System (GPS) technology for use in monitoring sex offenders. The District Department serves as the statewide administrator for the provision of electronic monitoring devices for offenders.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

UPDATE ON METHAMPHETAMINE STATISTICS

Statistics



Since the enactment of SF 169 (Methamphetamine Precursor Act) in 2004, the Department of Public Safety, Division of Narcotics Enforcement, reports meth lab incidents in Iowa have declined by approximately 72.0%.

For Calendar Year (CY) 2006, through July, there were a total of 245 meth lab seizures compared to 667 for the same period in CY 2005. An average of 35 meth labs were seized per month for CY 2006, through July, compared to 125 for the same period in CY 2004 prior to the enactment of SF 169.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

YEAR-END ROAD USE TAX FUND RECEIPTS

Road Use Tax Fund Receipts



Road Use Tax Fund receipts increased \$14.2 million (1.3%) in FY 2006 compared to FY 2005. Actual receipts in FY 2006 were \$8.7 million (0.8%) higher than the Department of Transportation's (DOT's) projection. Increases to the Fund were not significant, but were due to increases in motor vehicle fuel taxes, vehicle registrations and titles, underground storage tank fees, interest income, and miscellaneous revenues. Motor vehicle use tax revenues and drivers' license fees decreased.

Motor Vehicle Use Tax

Motor vehicle use tax receipts for FY 2006 decreased \$4.5 million (2.0%) compared to FY 2005. Fluctuations in use tax are primarily attributed to new vehicle sales; however, new-vehicle sales data for FY 2006 is not yet unavailable.

Motor Vehicle Fuel Tax



Motor vehicle fuel tax revenues for FY 2006 increased \$1.1 million (0.2%) compared to FY 2005. The increase is primarily due to a 0.9% increase in fuel consumption compared to FY 2005. Although fuel consumption increased over the past year, the growth rate in fuel tax revenues was minimal due to the increase in the market share of ethanol. The sale of ethanol-blended gasoline increased 7.1% in FY 2006 compared to FY 2005, while gasoline sales decreased 17.8%. As a result, the market share of ethanol increased from 69.8% in FY 2005 to 75.1% in FY 2006. Since ethanol is taxed less per gallon than gasoline, increasing the market share of ethanol decreases fuel tax collections. In FY 2006, gasoline was taxed at 20.7 cents per gallon, while E-10 was taxed at 19.0 cents per gallon. E-85 was taxed at 19.0 cents per gallon in the first half of FY 2006 and 17.0 cents in the second half.

Driver's License Fees

Driver's license fees for FY 2006 decreased \$2.9 million (20.1%) compared to FY 2005. The decrease is primarily due to the normal license issuance cycle. Drivers' license fees are projected to decrease again in FY 2007, but are anticipated to increase to the FY 2006 level in FY 2008.

Registration and Title Fees

Registration and title fees increased \$8.4 million (2.2%) in FY 2006 compared to FY 2005. One possible explanation for the increase may involve the overall increase in the value of vehicles registered in Iowa; however, no information is currently available to track this data.

Other Revenues

Other revenues, including interest income, underground storage tank fees, and miscellaneous items experienced a net increase of \$12.1 million (33.4%) in FY 2006 compared to FY 2005.

FY 2006 vs. FY 2005

The following table compares actual Road Use Tax Fund receipts by revenue type for FY 2005 and FY 2006. Of the total revenues, 47.5% is allocated to the Primary Road Fund, 32.5% to Secondary and Farm-to-Market Road Funds, and 20.0% to the Municipal Road Fund. Of the 47.5% allocated to the Primary Road Fund, 1.75% is transferred to a Transfer of Jurisdiction Fund and allocated to cities and counties that assume jurisdiction of certain roads.

Road Use Tax Fund Receipts
FY 2006 vs. FY 2005
(in millions)



	Actual FY 2005	Actual FY 2006	FY 2006 vs. FY 2005	Percent Change
Motor Vehicle Use Tax	\$ 224.5	\$ 220.1	\$ -4.4	-2.0%
Motor Vehicle Fuel Tax	430.1	431.1	1.0	0.2%
Registration/Title Fees & Misc.	381.8	390.2	8.4	2.2%
Underground Tank Fees	21.0	21.3	0.3	1.4%
Driver's License Fees	14.3	11.4	-2.9	-20.3%
Interest	5.6	10.0	4.4	78.6%
Other*	9.6	17.0	7.4	77.1%
Total Receipts	\$ 1,086.9	\$ 1,101.1	\$ 14.2	1.3%

* Includes motor carrier fines, waste tire management fees, reciprocity fees, and other miscellaneous items.

FY 2007 Revenue Decrease

The Department of Transportation is required to annually submit a five-year Road Use Tax Fund forecast. The most recent forecast shows a decrease in revenues to the Fund of an estimated \$700,000 (0.07%) for FY 2007. If revenues decrease as predicted, it will be the second time in 26 years. The last decrease occurred in FY 2001 when revenues to the Fund decreased \$167,000 (0.01%).

Minimal Out-Year Growth



The total Road Use Tax Fund revenues are anticipated to increase minimally in FY 2008 - FY 2011. In terms of specific revenues, the Department is projecting zero growth in use tax receipts for FY 2008 - FY 2011, zero growth in fuel tax receipts for FY 2009 - FY 2011, and modest growth in other revenues. Revenue from registration and title fees is projected to increase each year, while driver's license fees are anticipated to fluctuate.

Five-Year Forecast

The following table shows the DOT's five-year forecast for Road Use Tax Fund revenues for FY 2007 - FY 2011.

Road Use Tax Fund Receipts
Five-Year Forecast
(in millions)

	Estimated FY 2007	Estimated FY 2008	Estimated FY 2009	Estimated FY 2010	Estimated FY 2011
Motor Vehicle Use Tax	\$ 260.2	\$ 258.8	\$ 257.8	\$ 257.8	\$ 257.8
Commercial & Ind. Network	-25.9	-26.6	-25.6	-25.6	-25.6
Underground Tank Loan	-17.0	-17.0	-17.0	-17.0	-17.0
Dept. of Inspection & Appeals	-1.5	-1.5	-1.5	-1.5	-1.5
Net Use Tax	\$ 215.9	\$ 213.7	\$ 213.7	\$ 213.7	\$ 213.7
Motor Vehicle Fuel Tax	437.6	447.8	450.0	450.0	450.0
Registration/Title Fees & Misc.	393.9	399.5	405.8	409.9	415.7
Underground Tank Fees	21.5	21.5	21.5	21.5	21.5
Driver's License Fees	5.0	11.9	17.0	12.7	9.3
Interest	11.0	11.6	11.6	11.6	11.6
Other*	15.6	16.7	16.9	17.1	17.2
Total Receipts	\$ 1,100.4	\$ 1,122.7	\$ 1,136.4	\$ 1,136.5	\$ 1,139.0

* Includes motor carrier fines, waste tire management fees, reciprocity fees, and miscellaneous items.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

GOVERNMENT OVERSIGHT COMMITTEE MEETING

Oversight Meeting

The Government Oversight Committee met August 21-22.

CIETC Testimony



The Committee received testimony from Carlton Salmons, Attorney, and Mark Wackerbarth, Certified Public Accountant, regarding the Central Iowa Employment and Training Consortium (CIETC). Mr. Salmons has worked for the CIETC as outside Legal Counsel since 1979. Mr. Wackerbarth provided information regarding auditing processes for entities like the CIETC.

The Committee also received testimony from Mary Gottschalk, Interim Chief Financial Officer, CIETC. Ms. Gottschalk responded to questions based on exhibits gathered by legal staff working on the CIETC issues for the Committee.

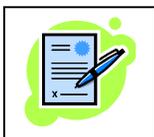
More Information

The next meeting is scheduled for September 18-19. Committee meetings involving the CIETC are recorded and can be linked via the web site at: http://www4.legis.state.ia.us/lfb/SubCom/related_links/Oversight_Recordings.html. Additional information is available from the LSA upon request.

STAFF CONTACT: Sam Leto (Ext. 16764) Douglas Wulf (Ext. 13250)
Richard Nelson (2-5822)

TEACHER PAY FOR PERFORMANCE AND EDUCATIONAL DELIVERY SYSTEM STUDIES UNDERWAY

Consultants Hired



The Institute for Tomorrow's Workforce (ITW) has contracted with Learning Point Associates (LPA) to concurrently conduct two studies between August and December. Both studies are the result of provisions in HF 2792 (Additional Education Funding Act). One of the studies pertains specifically to pay-for-performance incentives for teachers and is being conducted under a 28E Agreement between ITW and the Pay for Performance Commission. The second, broader study pertains to redesigning Iowa's educational delivery system and is solely the responsibility of the ITW.

Closed Meeting

Although the final vote to hire LPA was taken in open session on July 27, it was preceded by a discussion in closed session. ITW cited personnel issues as the reason for confidentiality. Several media organizations have filed a lawsuit in Polk County against ITW, alleging violation of Iowa's open meetings law.

Funding for Studies

The two studies are funded separately, and the contract with LPA requires that separate records of expenditures be maintained for each study. The legislation provided \$150,000 to ITW for the educational delivery system study and \$850,000 to the Pay for Performance Commission for the teacher pay-for-performance incentives study. The Commission will pay the ITW \$790,000 for the study and has retained \$60,000 for expenses related to its operation and the implementation of pilot projects.

ITW Meeting

The ITW Board met August 22, at which time Learning Point Associates presented their plans for conducting the two studies. The plans include gathering public input through the use of two advisory work groups, consisting of a broad range of stakeholders, which will meet through November. In addition, LPA will conduct focus groups, town hall meetings, and polling during September and October. Draft recommendations will be

presented to the ITW Board in November, with final recommendations due in December.

Director Judy Jeffrey, Department of Education, briefed the ITW Board and the LPA representatives on the current status of Iowa's education system and the Student Achievement and Teacher Quality Program.

Pay for Performance Comm. On August 23, the Pay for Performance Commission listened to a similar presentation by Director Jeffrey and had the opportunity to discuss the study of pay-for-performance incentives with representatives of Learning Point Associates. The Commission will soon be contracting with an external evaluator to assist in the development of the pilot projects that will take place in FY 2008.

Advisory Work Groups



On August 28, both the System Performance Advisory Work Group and the Teacher Compensation and Learner Performance Advisory Work Group convened in Des Moines. Membership included educators and school administrators, school board members, representatives of the Iowa State Education Association and Professional Educators of Iowa, human resource professionals from the business community, a representative of the University of Northern Iowa, and legislators.

The two groups heard from representatives of Learning Points, as well as the Department of Education and the ITW's Executive Director, Jodie Butler. Throughout the day, wide ranging discussions were held regarding the topics assigned to each group. The meetings were recorded by LPA and will be used to develop materials for future meetings and ultimately to develop recommendations.

Future Meetings

Subsequent meetings of the two work groups are scheduled for September 21, October 18, and November 3. The ITW Board is scheduled to meet to receive updates from LPA on September 19 and October 17. The draft recommendations will be submitted to the ITW Board on November 8, and the Board will meet with LPA to finalize the recommendations on November 15. Learning Point Associates will present its final report to the ITW Board on December 12.

Dept. of Educ. Materials

The materials prepared by the Department of Education are available on the Department's web site at: <http://www.state.ia.us/educate/oofd/priorities.html>. Additional materials will be made available on-line in the near future.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Robin Madison (Ext. 15270)

SHELTER CARE PROVIDER MEETING

Provider Meeting

The Department of Human Services (DHS) met with shelter care providers on August 21. The meetings are held every other month to discuss changes and concerns relating to the provision of shelter care.

Shelter Statistics

For FY 2006, there were 241 children, on average, in shelter care per day. For the first month of FY 2007, the average number of children in shelter care was 257 per day compared to 252 in the same period in FY 2006.

Emergency Services



There were questions from providers regarding the status of the plan that is to be developed to identify crisis intervention and emergency services alternatives to shelter care. The plan is also to specify the number of shelter care beds that are guaranteed and not guaranteed, as determined necessary by the DHS. The plan was required in HF 2734 (FY 2007 Health and Human Services Appropriations Act) and is to be submitted to the Legislature by December 15, 2006.

The Department reported that a work group is in place; however, the first step in the process of developing the plan is to receive input from various stakeholders at area meetings scheduled around the State during August.

Child Welfare Changes



The changes taking place in Child Welfare services were also discussed, in particular, the separation of child welfare and rehabilitation services. Department representatives noted the changes are significant and the budget impacts are not yet known because rate structures cannot be determined until the array of services that will be provided is known. It is anticipated that the majority of changes will not have a fiscal impact until FY 2008. A summary of the child welfare changes may be accessed on the DHS web site at:
http://www.dhs.state.ia.us/docs/CW_RehabChange7_14.doc.

More Information

The next meeting is scheduled for October 23. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

CRIMINAL JUSTICE INFORMATION SYSTEM ADVISORY COMMITTEE MEETING

CJIS Meeting

The Criminal Justice Information System (CJIS) Advisory Committee met on August 24 to review the Request for Proposal (RFP) for the CJIS Broker Exchange. The RFP is expected to be issued in mid-September. The Committee also reviewed the preliminary FY 2008 budget request, totaling approximately \$3.4 million.

More Information

The next meeting is scheduled for September 21. Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

DEPARTMENT OF CORRECTIONS BOARD MEETING

Board Meeting

The Board of Corrections met August 18 at the Fort Dodge Correctional Facility. Warden Cornell Smith provided an overview of the Facility. It is the newest prison in Iowa, opening in 1998. Current capacity is 1,162 beds, with an emphasis on young male offenders.

Operations Overview



Deputy Director Larry Brimeyer, Department of Corrections (DOC), summarized recent departmental activities. Director Maynard was installed as President of the American Correctional Association (ACA) this week and will serve for two years. The DOC is also focusing efforts on Evidence Based Practices (EBP) where data drives programming decisions. There will also be a change of leadership ceremony on August 31 at the Mount

Pleasant Correctional Facility for the recently appointed Warden, Dr. James Carter.

Budget Presentation



Deputy Director John Baldwin, DOC, recapped the budget presentation for the Western Region, which includes the Second, Third, Fourth, and Fifth CBC District Departments and the Newton, Clarinda, and Fort Dodge Correctional Facilities, plus the Iowa Correctional Institution for Women at Mitchellville and the North Central Correctional Facility at Rockwell City. The preliminary request for the Western Region includes:

- Increased costs for food, fuel, and pharmacy.
- Increased cost reimbursement to the Department of Administrative Services.
- Additional funding for sex offender supervision and treatment, centralized substance abuse assessment, case management, EBP, treatment for co-occurring disorders, therapeutic communities, and the annualization of operating costs for the Special Needs Unit at the Iowa Medical Classification Center at Oakdale.

Restorative Justice

Betty Brown, Victim and Restorative Justice Coordinator, provided a summary of the DOC Victim and Restorative Justice Program. The presentation included information regarding administrative duties, victim services, and restorative justice initiatives.

Eyeglass Program

Ray Halterman provided information on the Volunteer Eyeglasses/Hearing Aids Center at the North Central Correctional Facility at Rockwell City. The Center operates in conjunction with the Lions Club. Eyeglasses and hearing aids that are donated to Lions Clubs across Iowa are refurbished at the Facility and shipped around the world to assist people in poverty.

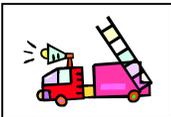
More Information

The next meeting is scheduled for September 14. Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

FIRE SERVICE TRAINING BUREAU MEETING

Regional Program



House File 2782 (FY 2007 Infrastructure Appropriations Act) increased funds available for the construction of regional fire training facilities, established requirements for the receipt and use of the funds, and authorized the Fire Marshal's Office to establish Administrative Rules to implement the Regional Fire Training Facility Program. The Act also appropriated \$2.3 million from the Rebuild Iowa Infrastructure Fund (RIIF) and \$2.0 million from the Restricted Capitals Fund (RCF) to the Fire Marshal's Office for the Program.

Funding Applications

The Fire Service Training Bureau held a meeting on August 17 to review the application process with the lead and partnering agencies identified in HF 2782. Applications for either allocated or competitive funds are to be submitted to the Fire Marshal's Office by September 15.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

AUDIT REPORT – DEPARTMENT OF NATURAL RESOURCES

Audit Report

The LSA received a copy of the State Auditor's FY 2005 Audit Report for the Department of Natural Resources (DNR).

Internal Control



Findings related to internal control included:

- Twenty-three audit reports submitted to the DNR for Clean Water State Revolving Loan Capitalization Grants were not reviewed in a timely manner. The DNR responded that they will make every effort to expedite the review of the reports.
- One audit report submitted to the DNR for the Drinking Water State Revolving Loan Capitalization Grant was not reviewed in a timely manner. The DNR responded that they will make every effort to expedite the review of the reports.

Statutory Findings



Findings related to statutory requirements included:

- Compliance Advisory Panel — Section 455B.150, Code of Iowa, states the Department will create an Advisory Panel to review the effectiveness of the Small Business Technical Assistance Program; however, there is no panel.
- Infectious Waste Treatment — Sections 455B.503 and 455B.504, Code of Iowa, requires the DNR to adopt rules for persons operating and transporting infectious medical waste. The rules have not been adopted.
- Inspections — Section 455B.174, Code of Iowa, requires the Department to conduct random inspections completed by city and county public works departments. No inspections were documented as completed.
- Hazardous Waste Registry — Section 455B.426, Code of Iowa, requires the Department investigate all known or suspected hazardous waste or hazardous disposal sites to determine if they should be registered. The investigations have not been completed.
- Toxic Pollution Prevention Plans — Section 455B.518, Code of Iowa, requires users of toxic pollutants to submit a summary report to the Department. The reports have not been submitted.
- Annual Report — Section 456.7, Code of Iowa, requires the State Geologist to submit an annual report to the Governor outlining work completed in the previous year. The report has not been submitted.

More Information

A copy of the Audit Report is available from the LSA upon request or on the State Auditor's web site at: <http://auditor.iowa.gov/reports/reports.htm>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

AUDIT REPORT – DEPARTMENT OF HUMAN SERVICES

Audit Report

The LSA received a copy of the State Auditor's FY 2005 Report on the Department of Human Services (DHS). The Report cited 20 findings related to federal funds, internal controls, and statutory requirements.

Federal Funds



The Report cited the following findings regarding federal funds:

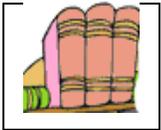
- Compliance with a federal requirement that the Department obtain semi-annual certification of salaries of employees working exclusively on a single federal program.
- Compliance with the Department's employee manual for various documentation requirements for individuals applying and eligible for the Temporary Assistance to Needy Families (TANF) Program. The Audit includes a similar recommendation for the Foster Care Program.
- Improvement of internal financial controls in Field Offices and Child Support Recovery Unit Offices for receipts, checks, and money orders. The Audit also recommends compliance with documents required to be contained within case files utilized by employees in the Field and Child Support Recovery Unit Offices.
- Procedures for drawing down federal funds, including that staff preparing the request for funds not be the same staff approving the filing request for the funds. This recommendation was included for multiple federal funding sources.
- Compliance with authorization of eligibility within the Department's Purchase of Service Data System within the Child Care Assistance Program. In addition, the Audit recommends greater expenditure documentation and inclusion of financial reviews within on-site visits.
- Compliance with the requirement to file timely cost reports for eligibility of payment within the Medicaid Program. The Audit also recommends compliance with documents required to be contained within Medicaid Waiver case files.

Internal Controls

The Report cited the following findings regarding internal controls:

- Development of a computer system disaster recovery plan.
- Procedures to ensure safety of receipts not opened and protected in the mailroom.

Statutory Requirements



The Report cited the following findings regarding statutory requirements:

- Ensure accurate inventory of real and personal property.
- Seek changes to the Code of Iowa to reflect outdated language and changes to federal requirements.
- Comply with program visitation requirements set forth within the Administrative Code.
- Compliance with preaudit procedures for procuring certain services within the requirements of the Department of Administrative Services.

Acceptance of Action

The Auditor accepted the Department's response and plan of corrective action for each of the recommendations.

More Information

A copy of the Audit Report is available from the LSA upon request or on the State Auditor's web site at: <http://auditor.iowa.gov/reports/reports.htm>.

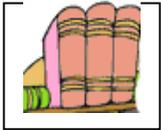
STAFF CONTACT: Lisa Burk (Ext. 17942) Kerri Johannsen (Ext. 14611)
Sue Lerdal (17794)

AUDIT REPORT – CIVIL RIGHTS COMMISSION**Audit Report**

The LSA received a copy of the State Auditor's FY 2005 Report on the Iowa Civil Rights Commission. The Report cited one finding related to internal control and two findings related to statutory requirements.

Internal Control

The Report included a finding regarding the need to ensure accountability of receipts by proper segregation of duties. Segregation of duties helps to prevent losses from employee error or dishonesty.

Statutory Requirements

The Report included a finding regarding the need to review the attendance of members appointed to the Commission for compliance with statutory requirements.

The Report also cited a finding regarding the need to develop procedures to ensure proper documentation of capital assets.

Acceptance of Action

The Auditor accepted the Department's response and planned corrective action for each of the recommendations.

More Information

A copy of the Audit Report is available from the LSA upon request or on the State Auditor's web site at: <http://auditor.iowa.gov/reports/reports.htm>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

AUDIT REPORT – DEPARTMENT OF CORRECTIONS**Audit Report**

The LSA received a copy of the State Auditor's FY 2005 Report on the Department of Corrections' (DOC), Central Office, which oversees the financial administration of all correctional institutions and Community-Based Corrections (CBCs). The Report cited two findings related to internal control.

Internal Control

The Report cited a finding regarding the need to ensure the initial listing of receipts is reconciled with the cash receipts records.

Another finding cited the need to ensure management review of the Generally Accepted Accounting Procedures (GAAP) package before it is submitted to the Department of Administrative Services.

Acceptance of Action

The Auditor accepted the Department's response and planned corrective action for each of the recommendations.

More Information

A copy of the Audit Report is available from the LSA upon request or on the State Auditor's web site at: <http://auditor.iowa.gov/reports/reports.htm>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)