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**STATE OF IOWA**

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NEWS RELEASE

FOR RELEASE \_\_\_\_\_ June 27, 2003 \_\_\_\_\_ Contact: Andy Nielsen  
515/281-5515

Auditor of State David A. Vaudt today released a report on the Iowa Department of Human Services for the year ended June 30, 2002.

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

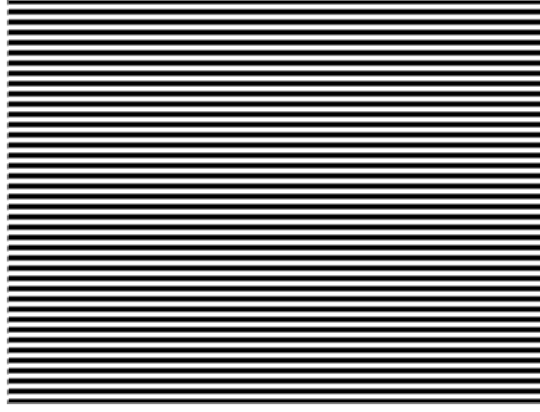
The report contains recommendations that the Department:

- (1) Improve controls over cash receipts in the field offices.
- (2) Improve controls within the Iowa Collection and Reporting (ICAR) automated information system.
- (3) Comply with established guidelines related to appropriate oversight of purchase of service contracts and in-home health related services.
- (4) Comply with the Code of Iowa, which requires the maintenance of an accurate and up-to-date listing of capital assets owned by the Department.
- (5) Improve the cash management practices for a federal program administered by the Department.
- (6) Continue to pursue recovery from the Sanford Center for amounts paid which were not supported by the Center.

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 or the office of the Auditor of State.

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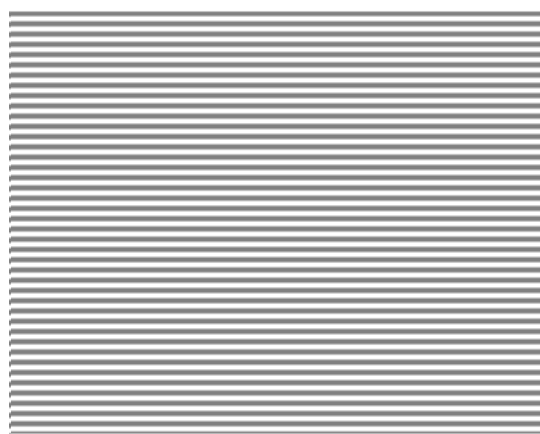
**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF HUMAN SERVICES**

**JUNE 30, 2002**

Office of  
**AUDITOR  
OF STATE**  
State Capitol Building • Des Moines, Iowa



**David A. Vaudt, CPA**  
**Auditor of State**









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June 20, 2003

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, 2002.

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. The recommendations include those which have been reported within the State's Single Audit Report, as well as other recommendations pertaining to the Department's internal control, compliance with statutory requirements and other matters which we believe you should be aware of. These recommendations have been discussed with Department personnel, and their responses to these recommendations have been included in this report.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Human Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Human Services may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Department of Human Services during the course of our audits. Should you have any 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 17 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 Thomas J. Vilsack, Governor  
Cynthia P. Eisenhauer, Director, Department of Management  
Dennis C. Prouty, Director, Legislative Services Agency

June 30, 2002

**Findings Reported in the State's Single Audit Report:**

**CFDA Number 10.561 – State Administrative Matching Grants for Food Stamp Program**

**Agency Number: 2000IS251443/2001IS251443**

**Federal Award Year: 2000, 2001**

**CFDA Number: 93.558 – Temporary Assistance for Needy Families**

**Agency Number: G-0001IATANF/G-0101IATANF**

**Federal Award Year: 2000, 2001**

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

**Agency Number: G-0001IACCD3/G-0001IACCD4/G-0101IACCD3/G-0101IACCD4**

**Federal Award Year: 2000, 2001**

**CFDA Number: 93.658 – Foster Care – Title IV-E**

**Agency Number: G-0001IA1401/G-0101IA1401**

**Federal Award Year: 2000, 2001**

**CFDA Number: 93.659 – Adoption Assistance**

**Agency Number: G-0001IA1407/G-0101IA1407**

**Federal Award Year: 2000, 2001**

**CFDA Number: 93.778 – Medical Assistance Program**

**Agency Number: 05-0005IA5048/05-0005IA5028/05-0105IA5048/05-0105IA5028**

**Federal Award Year: 2000, 2001**

**State of Iowa Single Audit Report Comment: 02-III-USDA-401-1/02-III-HHS-401-4**

- (1) Subrecipient Audit Report Review – The Department is required under OMB Circular A-133 to develop and maintain a subrecipient monitoring system. The Department is responsible for reviewing subrecipient audit reports from subrecipients required to have an audit in accordance with OMB Circular A-133 in a timely manner, issue timely management decisions on audit and monitoring findings, and require subrecipients to take timely corrective action on deficiencies identified in audits.

The Department utilizes submission of audit reports as a monitoring tool for county governments that receive federal funding from the program noted above. Of these ninety-nine subrecipients, 18 submitted audit reports in accordance with OMB Circular A-133 to the Department for fiscal year ended June 30, 2001. Of the 18 audit reports submitted, the Department did not review five of the reports within 6 months of receipt to ensure that timely corrective action on deficiencies identified, if any, was taken.

Recommendation – The Department should develop procedures to ensure timely reviews of submitted subrecipient audit reports and that corrective action is taken.

Response and Corrective Action Planned – Due to cuts in funding resulting in reduced staff, the subrecipient audit reviews were reassigned to an employee who, it was later determined, did not have sufficient time to assume the additional responsibilities. Once it became clear that the responsibilities could not be handled as reassigned, a revised plan was implemented January 29, 2003.

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Currently, the responsibilities are assigned to the Revenue Maximization Unit. The employee assigned the responsibility has re-instituted the review procedures and contacted those subrecipients to establish the status regarding their need to provide audit reports to DHS to be in compliance with reporting requirements.

The next steps will be 1) finalizing the inventory of audit reports required; 2) obtaining copies of the audit reports; 3) reviewing the audit reports; 4) determining the need for follow-up; 5) and following through to see that required corrective actions are completed.

We anticipate that the reassignment of responsibility for the subrecipient audits will allow DHS to return to timely desk reviews of subrecipient audits and prompt follow-up on audit findings.

Conclusion – Response accepted.

**CFDA Number: 93.558 – Temporary Assistance for Needy Families**

**Agency Number: G-0101IATANF/G-0201IATANF**

**Federal Award Year: 2001, 2002**

**CFDA Number: 93.575 – Child Care and Development Block Grant**

**Agency Number: G-0101IACCD2/G-0201IACCDF**

**Federal Award Year: 2001, 2002**

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

**Agency Number: G-0101IACCD3/G-0101IACCD4/G-0201IACCDF**

**Federal Award Year: 2001, 2002**

**CFDA Number: 93.658 – Foster Care – Title IV-E**

**Agency Number: G-0101IA1401/G-0201IA1401**

**Federal Award Year: 2001, 2002**

**CFDA Number: 93.659 – Adoption Assistance**

**Agency Number: G-0101IA1407/G-0201IA1407**

**Federal Award Year: 2001, 2002**

**CFDA Number: 93.778 – Medical Assistance Program**

**Agency Number: 05-0105IA5048/05-0105IA5028/05-0205IA5048/05-0205IA5028**

**Federal Award Year: 2001, 2002**

**State of Iowa Single Audit Report Comment: 02-III-HHS-401-3**

(2) DHS Field Office Internal Controls – For fiscal year 2002, fifteen offices were visited; twelve county offices, and three Child Support Recovery Unit (CSRU) offices. In conjunction with this limited review, the following reportable conditions were noted.

(a) Controls over Cash Receipts

In three county offices, the person who prepares the receipt also opens the mail, receives payments not coming through the mail, restrictively endorses the checks and compares the validated transmittal from central office to the

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receipt book/log. In two additional county offices, the person who prepares the receipt also compares the receipt to the validated transmittal from central office.

(b) Child Care

In three county offices, one individual has access to the Service Reporting System (SRS) which establishes child care cases, has access to the Purchase of Service System (POSS) to input child care certificates and can enter child care invoices for payment to providers.

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 –

- (a) DHS Field Office Operations Support Unit will write an e-mail to all Service Area Managers regarding the appropriate handling of cash receipts and have all IM and Support staff review Employee's Manual XXIII-B Collections by April 15, 2003 and ensure all counties are correctly following the procedures outlined regarding cash receipts.
- (b) DHS Field Operations Support Unit will work with the policy divisions to clarify separation of responsibility of duties associated with child care assistance and update the Employees' Manual to reflect the changes.

Conclusion – Response accepted.

**CFDA Number: 93.575 – Child Care and Development Block Grant**  
**Agency Number: G-0101IACCD2/G-0201IACCDF**  
**Federal Award Year: 2001, 2002**

**CFDA Number: 93.596 – Child Care Mandatory and Matching Funds of the  
Child Care and Development Fund**  
**Agency Number: G-0101IACCD3/G-0101IACCD4/G-0201IACCDF**  
**Federal Award Year: 2001, 2002**

**State of Iowa Single Audit Report Comment: 02-III-HHS-401-8**

- (3) Child Care – The Child Care program provides assistance payments to providers based upon individual Child Care Certificates. The Child Care Certificate lists the service code, unit cost, and the dates services are to be provided.

The following conditions were identified during the fiscal year 2002 case file testing:

- (a) Section XIII-G-50 of the Employees' Manual states in part that the case file should contain an agreement with the provider (Child Care Certificate) documenting the number of units and rate/unit allowed for each child. For three of 44 cases, the number of units charged exceeded the number of units allowed per the Child Care Certificate. In addition, for one of 44 cases, the rate per unit exceeds the rate allowed per the Child Care Certificate.



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- (b) Section XIII-G-53 of the Employees' Manual states in part that the Child Care Certificate should be filed in each case record. For one of 44 cases, the Child Care Certificate was not located in the case file.
- (c) Section XIII of the Employees' Manual identifies certain documentation which should be included in each case file (i.e. Child Care Application, Child Care Certificate, Notice of Decision, etc.) For two of 44 case files tested, the case file could not be located.

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

Response and Corrective Action Planned –

- (a) Section XIII-G-50 will be reviewed regarding payment per allowable rate. These items will be covered with staff by April 15, 2003.
- (b) In April, 2002, the Child Care Certificate was replaced by the Child Care Assistance Provider Agreement, which is filed in the provider file. Staff will be reminded to ensure that this document is filed in the correct case file by April 15, 2003.
- (c) Per XIII-G, staff will be reminded that they must have the case file available at all times by April 15, 2003.

Conclusion – Response accepted.

**CFDA Number: 93.658 – Foster Care – Title IV-E**  
**Agency Number: G-0101IA1401/G-0201IA1401**  
**Federal Award Year: 2001, 2002**

**State of Iowa Single Audit Report Comment: 02-III-HHS-401-9**

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

The following conditions were identified during the fiscal year 2002 case file testing:

- (a) Title 18-A-83 of the Employees' Manual states in part that the case plan shall be developed within 45 days from the date the judicial notice (court order) is received or within 60 days from the date the state assumed responsibility for providing services (whichever is later). For four of 43 cases reviewed, an initial case plan was not developed within the prescribed limits.
- (b) Title 18-A-83 of the Employees' Manual states in part that the case plan shall be re-evaluated every six months. The case plan covering the payment selected was reviewed, as well as the prior and subsequent case plans, when available. For nine of 43 cases reviewed, case plans were not re-evaluated within six months.

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Five of the 43 case files selected for review were cases in which DHS has payment responsibility while the file maintenance responsibility of the child was assigned to a Juvenile Court Officer. In three of the five cases tested, no documentation existed in the case file to verify that cases were being re-evaluated every six months.

- (c) Title 18-Appendix of the Employees' Manual provides instructions on the preparation of the case plan. For seven of 43 cases reviewed, the supervisor did not sign the case plan.
- (d) Title 13-B-20 of the Employees' Manual states that IV-E eligibility can not start until the month following the month the individual's FIP payment is canceled, reduced, or subject to recoupment. For four of 43 cases reviewed, the individual received both FIP and IV-E funded assistance.
- (e) Title 18-A-93 of the Employees' Manual states that an individual's case permanency plan should indicate in the placement section how the placement achieves the least restrictive environment and most family like setting. For one of the 43 cases reviewed, the placement section did not indicate how the placement would be least restrictive.
- (f) Title 12-B of the Employees' Manual addresses Foster Family Home licensing procedures and requirements. For one of the 31 provider licensing tested, the Department did not provide any documentation supporting compliance with the Department's requirements.

Recommendation – The Department should enforce the provisions of the Employees' Manual. In addition the Department should coordinate with the Court to ensure documentation of six month evaluations are provided to the Department.

Response and Corrective Action Planned – DHS Field Office Operations Support Unit will write an e-mail to all Service Area Managers regarding the issues cited regarding Foster Care. Service Supervisors will review with appropriate service staff Employees' Manuals XII-B, XIII-B, XVIII-A, and XVIII-Appendix regarding Foster Care by April 15, 2003.

Conclusion – Response accepted.

**CFDA Number: 93.659 – Adoption Assistance**  
**Agency Number: G-0101IA1407/G-0201IA1407**  
**Federal Award Year: 2001, 2002**

**State of Iowa Single Audit Report Comment: 02-III-HHS-401-10**

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

The following conditions were identified during the fiscal year 2002 case file testing:

- (a) Section XVIII-J(1)-41 of the Employees' Manual states in part that the re-evaluation of the subsidy agreement plan shall not exceed two years. For

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sixteen of 44 cases, the subsidy agreement was not re-evaluated within the two-year time limit.

- (b) Section XVIII-J(1)-Appendix of the Employees' Manual states in part that the subsidy agreement shall be signed by all applicable persons. For one of 44 cases, the subsidy agreement was not signed by all applicable persons.
- (c) Section XVIII-B of the Employees' Manual states that the adoption subsidy agreement should be in effect at time of or prior to the interlocutory decree or final decree of adoption. For one of 44 cases, the subsidy agreement was not in place at the appropriate time.

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

Response and Corrective Action Planned – DHS Field Operations Support Unit will write an e-mail to all Service Area Managers regarding the issues cited regarding Adoption Assistance. Service Supervisors will review with appropriate service staff Employees' Manual XVIII-B and XVIII-J(1) regarding Adoption Assistance with all appropriate staff by April 15, 2003.

Conclusion – Response accepted.

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**Findings Related to Internal Control**

- (1) Cash Management – Excessive Negative Cash Balances – Grantees are to make federal drawdowns as close as possible to the time of making disbursements per 45 CFR (Subpart C) 92.20(7). The TANF federal program had excessive negative cash balances throughout the year.

Recommendation – The Department should implement procedures to limit excessive negative cash balances that result in an undue burden to the state.

Response – The Department acknowledges that there were excessive negative cash balances in the TANF program at various times during state fiscal year 2002.

The Department implemented a federal draw plan on October 1, 2000, which included this federal program. In addition to that plan, on April 22, 2002 we started drawing TANF dollars for the Family Investment Program cash assistance organization codes on a weekly basis. Also, beginning with state fiscal year 2003, we increased the federal draw rate to that reflected in the state fiscal year 2003 TANF map for cash assistance. Beginning with state fiscal year 2004, we will again adjust the federal draw rate to that reflected in the state fiscal year 2004 TANF map for cash assistance.

The impact of the changes made late in state fiscal year 2002 and early 2003 state fiscal year will reduce/limit the excessive negative cash balances.

Conclusion – Response accepted.

- (2) POSS (Purchase of Social Services) Monitoring – Title 15-A(1) of the Employees' Manual and Chapter 441-150.3(2) of the Iowa Administrative Code require annual on-site visits of providers with a POSS contract for adoption, independent living, family planning, or shelter care services. The on-site visit must occur during each contract year. In addition, Title 15-A(1) of the Employees' Manual requires project managers to include at least the following information within the "On-Site Visit Report":

- (1) Notation indicating if this is the preliminary or the final report.
- (2) Date of the report.
- (3) Provider name and contract number.
- (4) The dates of the on-site visit.
- (5) The name and title of persons conducting the on-site visit.
- (6) Identification of the months from which the sample was selected.
- (7) The number of cases reviewed.
- (8) The case numbers of the cases reviewed.
- (9) A summary of the information reviewed and the specific findings of the review.
- (10) A brief summary of the information provided if technical assistance or training is provided.
- (11) If findings include services for which the provider was reimbursed but the documentation does not meet the requirements, the number of units and the amount that the provider must repay.

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Also, a provider who is found to be out of compliance with any of the terms and conditions of the POSS contract must develop a corrective action plan addressing each area for which non-compliance is found.

Of the eight POSS On-Site Visit Reports selected for review, the following findings were identified:

- (a) Six of 8 reports did not include the case numbers of the cases reviewed.
- (b) Three of 8 reports did not provide a complete summarization of the information reviewed and the specific findings of the review.
- (c) Three of 8 reports did not include the contract number of the provider.
- (d) Two of 8 reports did not indicate whether the report was preliminary or final.
- (e) One of 8 reports did not indicate the date of the report.
- (f) One of 8 reports did not indicate the provider name.

In addition, 2 out of 8 providers tested were not reviewed annually.

The lack of the documentation identified above limits the Department's ability to completely assess the performance of the contracted providers. In addition, the requirements set forth by the Department and the Iowa Administrative Code are not being met.

Recommendations – The Department should ensure that the policies and procedures set forth in the Employees' Manual and the Iowa Administrative Code are being followed.

Response – The supervisor of the Bureau of Purchased Services had sent the project managers a copy of the audit findings with a reference to the manual material specifying the required content of the report. For six months, beginning May 1, 2003, the supervisor will review all POSS on-site visit reports before they are finalized.

Conclusion – Response accepted.

- (3) Support for Provider Repayments – Chapter 441-152.23 of the Iowa Administrative Code requires Department project managers to monitor performance under each Rehabilitative Treatment and Supportive Services (RTSS) contract. As outlined in Title 15-E of the Employees' Manual, this monitoring process includes the performance of billing audits which are designed to monitor a provider's performance by evaluating the adequacy of that provider's documentation to substantiate their claims for payment for services billed to the Department. If documentation is not available to support all billed units of service, the project manager is to request repayment from the provider. Repayment is due upon receipt of the request unless the provider elects to appeal.

Of 17 RTSS billing audits reviewed, eleven audits identified unsupported claims requiring repayment. Final resolution (i.e. subsequent collection or evidence of provider appeal) for 3 provider repayments totaling \$7,619 could not be determined.

Recommendations – The Department should ensure that established guidelines for the repayment of any overpayments identified during billing audits are being followed, including proper documentation to support their final resolution.

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Response – The Department’s new system which now allows the project manager to upload all audit adjustments into the Family and Children’s Service (FACS) System instead of relying on multiple local workers to make client-by-client adjustments in FACS should resolve this issue. This new process was initiated in July, 2002.

Conclusion – Response acknowledged. In addition, the Department should pursue repayment of previously identified unsupported claims.

- (4) Access to Programs Turned in for Review – After a programmer has made appropriate changes to source code and the program has been turned over to the analyst for testing and approval, the programmer should no longer have access to the source code. Programmers have a window of opportunity to make changes to a program prior to it being migrated to production.

Recommendation – The Department should implement controls to ensure that programmers do not have access to a program after management approval and before migration to production.

Response – The ICAR application team plans to make the following changes to our procedures to ensure no code changes are made once approval is received. Instructions to staff, updates to our standards and procedures manual will reflect the following:

When the project leader signs off on the program/JCL to be cataloged, the project leader will also “protect” the code. The internal forms used for implementation purposes will be changed to indicate “Project Leader to protect code”.

The Job Specifications Report (JCL) will be revised to include a line ahead of the line that reads “\*\*Final Approval for Implementation (Production Team Leader)” that reads “Project Leader Final Approval and Protection”. At that point the project leader will protect the JCL.

Procedures will also be put into place that when state staff are presented the item to be cataloged or moved to production, they should return it to the project leader for protection if it was not in place.

Conclusion – Response accepted.

### **Findings Related to Statutory Requirements and Other Matters:**

- (1) Questionable Payments – The Office of Auditor of State issued a report October 29, 1997 on a special investigation of Juvenile Court Services, Third Judicial District, (JCS) in Sioux City, Iowa. One responsibility of JCS is to monitor the reimbursement of providers for court ordered treatment services for specified delinquent juveniles. JCS utilized funds provided by the Iowa Department of Human Services which included the Court Ordered Services Fund, the Adolescent Monitoring Fund, Supervised Community Treatment Fund and the Wrap Around Fund.

The special investigation disclosed questionable, unauthorized and/or fraudulent transactions totaling \$899,319 for the period April 1, 1993 through November 30, 1996. Approximately \$835,000 of this amount represented payments to the Sanford Center for which records did not show that services billed for had been provided. Of the \$835,000, the Iowa Department of Human Services provided approximately \$776,000 of these payments.

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In addition, at the request of the Iowa Department of Human Services, the Iowa Department of Inspections and Appeals (DIA) conducted an audit of the Sanford Center for the period April 1, 1993 through September 30, 1997. The DIA reported that of the \$1,983,882 paid to the Sanford Center for the audit period, documentation was found to justify \$715,831, resulting in \$1,268,051 of payments not supported.

The Iowa Department of Human Services has requested repayment of \$1,268,051 from Sanford Center. Sanford Center had appealed that request, and an administrative hearing is pending.

Recommendation – The Iowa Department of Human Services should continue to pursue recovery of the amounts for which no documentation was found to support the payment.

Response – The Iowa Department of Human Services continues to pursue recovery of the amounts for which no documentation was found to support the payment. A pre-trial hearing has been scheduled for June 30, 2003.

Conclusion – Response accepted.

- (2) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each Department of the state to keep a written, detailed, up-to-date inventory of all real and personal property belonging to the state. The Iowa Department of Human Services utilizes the Advantage Financial System (AFS) to maintain a listing of assets. The following findings were noted:
- (a) Twelve of 25 assets tested were deleted with authorization for the deletions tied to the Department's purchasing cycle of assets. However, the assets deleted were not supported by detail to determine actual location or disposition of the assets deleted. Also, four of 60 assets tested were disposed of during fiscal year 2002. However, the assets were not deleted from the Department's capital asset listing. In addition, during existence testing, one of 25 assets was reported lost. However, the Department did not provide documentation regarding any follow-up with agency personnel prior to deleting the asset.
  - (b) Three of 25 assets tested for additions were not added to the Department's listing in a timely manner. The 3 assets had been purchased between 12 to 15 months prior to being added to the listing. In addition, two of 25 assets tested were deleted as a result of a transfer of location. These assets were not listed on the June 30, 2002 capital asset listing.
  - (c) Written procedures were developed in fiscal year 2002 for reconciling the Advantage Financial System to capital asset activity reported on the GAAP Package for statewide reporting purposes. However, these procedures do not appear complete, as the source of information is not documented in those procedures for certain elements of the fixed asset activity reported on the GAAP Package.

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Recommendation – The Department should develop procedures to ensure an accurate inventory of all real and personal property belonging to the state is maintained. In addition, DHS should continue to develop procedures to reconcile the Advantage Financial System to amounts reported on the GAAP Package for statewide reporting purposes.

Response –

- (a) These 12 assets were deleted per a memo from Steve Mosena, Chief Information Officer, with the Division of Data Management, which was dated August 16, 2001. The memo was written to help bring the DHS capital asset inventory up to date as it was apparent that over the years DDM had not created a paper trail for all of the assets which had been given to the various Institutions. DHS Supply staff deleted these 12 and many other assets that were covered by this memo within days of when the memo was received.

Three of the four assets, which were disposed of during fiscal year 2002, but were not deleted during fiscal year 2002, have since been deleted. The fourth, 00074454 has not yet been deleted from the inventory system as we have not found any documentation indicating that it was in fact disposed of. We will continue to investigate and take appropriate action prior to June 30, 2003.

Regarding the item that was deleted from the inventory system due to being lost, staff at the field office, to which this item was assigned, have indicated that during their investigation into the disappearance of this laptop no record of its location was found.

Corrective action taken: DDM staff now maintain an accurate record of equipment that is switched out including the location that it is being reassigned, if it is not being sent to State Surplus. A copy of this record is forwarded to the DHS Supply Unit to ensure that items are removed from the inventory system. Also, every effort is made to ensure that items are deleted from the inventory during the same fiscal year that they are disposed. Inventories will be taken in a timely manner as well to ensure that the items that are listed on their inventory match the items that they have.

- (b) DHS concurs. While these three assets did not get added to the inventory system during the fiscal year in which they were purchased, they were caught during the fixed asset verification at the two field offices where the assets were located and were added to their inventory at that time. The two items were deleted as a result of a transfer of location were picked up from the field locations for the purpose of using as parts for other equipment owned by DHS. For this reason these two items were not reentered onto the inventory system.

Corrective action taken: Staff in the various DHS locations will ensure that equipment is added to the inventory system in a timely manner. Also, for items that are taken out of use in an area to be used as parts to maintain other equipment this will be documented when the items are deleted from the inventory system.



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- (c) DHS concurs. There has been no progress on this due to budget constraints and staff shortages.

Conclusion –

- (a) and (b) Response accepted.

- (c) Response acknowledged. To the extent possible, the Department should document procedures in sufficient detail for the reconciliation of AFS.

(3) Iowa Code Compliance – The following compliance items were noted for fiscal year 2002:

- (a) Section 225C.48 of the Code of Iowa requires an eleven-member personal assistance and family support services council be created. The membership of the council must meet the requirements set forth in the Code.

During fiscal year 2002, there were four vacancies on the personal assistance and family support services council.

- (b) Chapter 441-110.10 of the Iowa Administrative Code requires that 20% or more of all registered family child care homes, 20 percent of all group child care homes-joint registration, and 20 percent of all group child care homes in the county shall be checked during the calendar year for compliance with registration requirements. In one of 15 county offices visited, 20% of childcare homes were not monitored and in one county office child care homes were only monitored if a complaint was noted.
- (c) Chapter 441-177.6(3) of the Iowa Administrative Code requires that for in-home health care services, the continuing need for in-home health care services be reviewed a minimum of once every 60 days by the physician, including a written recertification of continuing appropriateness of the health care plan. In addition, the plan is to be reviewed by the service worker a minimum of every three months. In six of 15 county offices visited, these requirements were not being met based on review of case files and interview with office personnel responsible for maintaining adequate records for those requirements.

Recommendation – The Department should take steps to ensure compliance with the Code of Iowa and the Iowa Administrative Code.

Response –

- (a) The Department will identify two new appointees for the family support portion of the council and contact the Governor's office regarding appointment to the Council by July 30, 2003. It has been a challenge to find individuals to participate who are consumers of personal assistance services. Individuals with disabilities have been participating in the Olmstead Task Force and adding personal assistance services to Medicaid through the Medicaid Infrastructure Grant. Finding members to participate in the Personal Assistance Service (PAS) council has been difficult, as the focus has been in different areas. Therefore, the Council has made the following recommendation in its annual report:

Report of Recommendations to the Iowa Department of Human Services

June 30, 2002

With the funding cuts regarding the programs this Council was charged to oversee, we recommend that the Governor along with the Department of Human Services review the purpose of this Council. The Council recommends that this appointed body continue to be utilized to provide input to the Governor and Department of Human Services regarding services for individuals with disabilities while continuing to work with the phasing out of the PAS project and combining Children and Home and Family Support Subsidy (CFSS). This Council has experience and knowledge regarding both services and issues that individuals and families deal with to provide the best possible life for individuals who need assistance. Therefore, it is recommended that the legislation be changed to increase/change the responsibilities of PAS/CFSS Council.

- (b) DHS is working to comply with this requirement through the use of staff and/or other means and partners. This requirement has been difficult to comply with especially in the last two years. Previously, case aides funded through Decategorization performed this function in most counties. Due to reduced funding, most Decategorization case aides have been eliminated. Consequently service areas needed to shift this job to other workers, who already had high caseloads. Local offices are providing additional training to both supervisory and line staff to ensure compliance. A corrective action plan will be in place by August 12, 2003.
- (c) We will be clarifying expectations and providing additional training for workers and front-line supervisors to ensure compliance. This item has been challenging for some of our service areas to be in compliance because of the requirement for workers to review these cases quarterly and ensure medical review every 60 days. A corrective action will be in place by August 12, 2003.

Conclusion – Response accepted.

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