



**OFFICE OF AUDITOR OF STATE**  
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David A. Vaudt, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

July 18, 2011

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released a report on the Iowa Department of Human Services for the year ended June 30, 2010.

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 in the field offices.
- (2) Improve controls over food stamp benefit distributions.
- (3) Improve monitoring procedures over wrap-around grant recipients and Community Empowerment Areas.
- (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, healthy and well kids in Iowa (*hawk-i*) and the American Recovery and Reinvestment Act (ARRA).
- (5) Establish procedures to ensure county billings receivable are reported accurately and pursue the collection of outstanding balances.
- (6) Comply with provisions of the Department's Employees' Manual applicable to In Home Health Related Care.

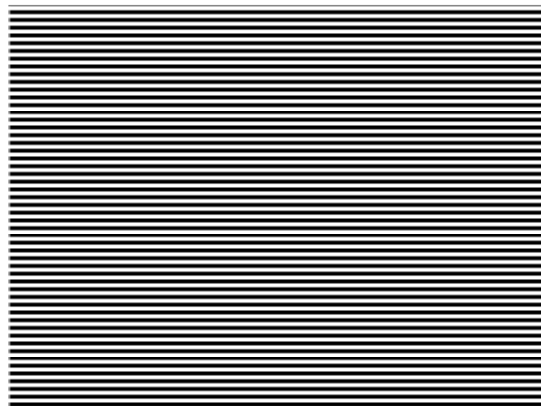
The report also includes the Department's responses to the recommendations.

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/1160-4010-BR00.pdf>.

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

**JUNE 30, 2010**

Office of  
**AUDITOR  
OF STATE**

State Capitol Building • Des Moines, Iowa



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







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Des Moines, Iowa 50319-0004

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July 11, 2011

To the Council Members of the  
Iowa Department of Human Services:

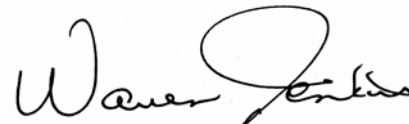
The Iowa Department of Human Services is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2010.

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 and 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. 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 27 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 Terry E. Branstad, Governor  
David Roederer, Director, Department of Management  
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2010

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

**CFDA Number: 10.551 – Supplemental Nutrition Assistance Program**

**Agency Number: 00801619956008**

**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-USDA-401-1**

- (1) Food Stamps - Eligibility – Federal regulations prohibit individuals who have been jailed for thirty days or more from collecting food stamp benefits while incarcerated.

United States Code Title 7, Chapter 51, Section 2020(e) states, in part, “The State agency shall establish a system and take action on a periodic basis to verify and otherwise ensure an individual who is placed under detention in a Federal, State, or local penal, correctional, or other detention facility for more than thirty days shall not be eligible to participate in the supplemental nutrition assistance program as a member of any household.” In addition, Title 7-C-21 of the Iowa Department of Human Services Employees’ Manual states, in part, “People who live in institutions which furnish over 50% of meals as part of normal services are not eligible for food assistance.”

The Department utilizes electronic access to Social Security Administration (SSA) information to identify ineligible individuals. In addition, the Department receives data from the Iowa Department of Corrections to aid in identifying ineligible recipients. The extent of review of those individuals under detention at the local penal level for more than thirty days is not apparent.

Recommendation – The Department should establish appropriate procedures to ensure individuals placed in Federal, State, or local penal, correctional or other detention facilities for more than thirty days do not receive food stamp benefits.

Response and Corrective Action Planned – The federal Food and Nutrition Service (FNS) has determined states may opt to obtain and use prisoner information collected by the Social Security Administration (SSA) to comply with United States Code Title 7, Chapter 51, Section 2020(e).

The Department has implemented a match with SSA. The first report was generated and available to field staff on October 12, 2010. The Department is also identifying additional sources, such as county jails and the Iowa Department of Corrections to match cases against to determine eligibility for food assistance.

The following manual updates have been completed:

- Manual 7-C: Food Assistance, Nonfinancial Eligibility, pages 22-23 (released November 12, 2010). This manual gives policies for residents of institutions, specifically prisons and jails.
- Manual 7-G: Food Assistance, Case Maintenance, pages 22-23 (released November 12, 2010). This manual gives information regarding the automated prisoner match with SSA. As other sources of data are incorporated, the manual will be revised to acknowledge the data comes from various sources.

## Report of Recommendations to the Iowa Department of Human Services

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- Manual 14-G: Management Information, Exchange of Data with Other Agencies, pages 48a-49 (released November 15, 2010). This manual explains the prisoner match report, both what is on it and the required worker action. It discusses matching with federal, state, and local agencies. It does specifically state that the match is with SSA since the Department is working on phases to incorporate other data sources into the same report.

Training on the new responsibilities was provided to staff at the October 18, 2010 monthly Policy Update Webinar.

Conclusion – Response accepted.

**CFDA Number: 10.551 – Supplemental Nutrition Assistance Program**

**Agency Number: 00801619956008**

**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-USDA-401-2**

- (2) Food Stamps – Quality Control – The Department of Human Service's Quality Control (QC) unit performs eligibility and award reviews of food stamp recipients. Any reportable quality control finding of an error or potential program violation is to be communicated to the responsible field worker staff using the Report of Quality Control Review. The local office then clears the response to the finding/error to the Division of Financial, Health and Work Supports, which has 30 calendar days to inform QC of the action taken.

In addition, Title 7-H-5 of the Employees' Manual provides, in part, the local offices have 90 days to establish a claim on the electronic Overpayment and Recovery (OPR) system after the date the over-issuance is discovered.

The following conditions were noted:

- (a) Staff at the local offices are not completing and returning the appropriate response section of the Report of Quality Control Review. In addition, QC is not tracking the responses and following up on errors/findings.
- (b) For one of two cases reviewed with issuance errors reported by the QC unit, a claim was not made on the OPR system by the local office within 90 days of the over-issuance being discovered by QC. The claim was established subsequent to audit review.

Recommendation – The Department should implement procedures to ensure local offices are returning the appropriate response section of the Report of Quality Control Review. QC should implement procedures to follow up on errors noted during their review. In addition, the Department should establish appropriate procedures to ensure local offices are submitting claims on OPR in a timely manner.

Response and Corrective Action Planned – Review training will be provided on the statewide Income Maintenance Policy Update Webinar on May 19, 2011. A copy of the Report of Quality Control Review with best practice examples will be reviewed along with reminders on the time frames for completing OPR claims.

Report of Recommendations to the Iowa Department of Human Services

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For the case cited in error, the information will be shared with the Service Area Manager and Income Maintenance Administrator to be reviewed with the staff person responsible for the case/claim.

The Bureau of Quality Control has established procedures to track responses from the local offices to the Report of Quality Control Review. The Quality Control Bureau Chief is now following up with local offices on error reports that have not been returned within 30 days. Quality Control will also follow up with the local office if a claim is not completed when necessary.

Conclusion – Response accepted.

**CFDA Number: 84.397 – ARRA – State Fiscal Stabilization (SFSF) – Government Services, Recovery Act**

**Agency Number: None**

**Federal Award Year: 2010**

**State of Iowa Single Audit Report Comment: 10-III-USDE-401-8**

- (3) Subrecipient Monitoring – Mental Health Risk Pool – During fiscal year 2010, the Department funded certain county mental health risk pool services using SFSF funding. Office of Management and Budget (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 Department has established monitoring procedures for all counties receiving mental health risk pool monies. However, during fiscal year 2010, no monitoring was performed.

Recommendation – The Department should ensure adequate monitoring of subrecipients is completed as required by OMB Circular A-133.

Response and Corrective Action Planned – The seven counties that applied for the mental health risk pool received the federal ARRA funds late in the 2<sup>nd</sup> quarter of state fiscal year 2010. During the 3<sup>rd</sup> quarter of state fiscal year 2010, the Department developed an auditing program to facilitate the monitoring of subrecipient expenditures. The auditing process was implemented during the 4<sup>th</sup> quarter of state fiscal year 2010.

The auditing process included selection of a sample of subrecipient expenditures for review. This sampling process included:

- A review of the total expenditures of each county,
- Requesting detailed transaction information from the counties,
- Selecting individual transactions for review, and
- Requesting supporting documentation from the counties for the selected individual expenditure transactions.

At the end of state fiscal year 2010, the Department was in the process of choosing expenditure samples and requesting detailed transaction information from the counties. While actual review of supporting documentation for individual expenditures had not started, the monitoring process had begun.



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During state fiscal year 2010, monitoring of four counties has been completed. The Department is in the process of reviewing two of the remaining counties, and has completed the sampling of detailed transactions for the third remaining county. With continued cooperation from these counties, the Department estimates completion of the monitoring process no later than June 30, 2011.

Conclusion – Response accepted.

**CFDA Number: 84.397 – ARRA – State Fiscal Stabilization (SFSF) – Government Services, Recovery Act**

**Agency Number: None**

**Federal Award Year: 2010**

**State of Iowa Single Audit Report Comment: 10-III-USDE-401-9**

- (4) Eligibility – State Payment Program (SPP) – During fiscal year 2010, the Department funded certain State Payment Program services using SFSF funding. The State Payment Program provides funding to eligible recipients in order to maintain and improve their self-sufficiency. The Iowa Administrative Code, Chapter 441-153.51 to 153.58, provides, in part, the Department is responsible for enrolling members as necessary to produce payments to the counties including maintaining member information in the data system, notifying counties of member identification number required for billing, closing data system files on members as directed by the counties or when the members have not had payments processed for a six-month period.

Central Point Coordinators (CPC), located through the state, are responsible for eligibility determination, including initiating the application for a person who may be eligible. The application is to identify the services being requested and the total monthly amount needed. In addition, CPCs are to provide documentation of legal settlement, as well as a client profile report used by the Department to enter the member into the data system for payment processing.

No additional procedures are performed at the Department level to verify the accuracy of the information provided by the local CPC in determining the eligibility of the applicant or the allowability of services provided.

Recommendation – The Department should establish additional procedures to ensure information being provided by the local CPCs is accurate for recipients of the SPP.

Response and Corrective Action Planned – The Department has procedures in place to review eligibility of applicants in the SPP. The SPP Manager receives copies of the application, legal settlement documents, court orders and other related documents for each applicant. The materials are reviewed by the SPP Manager and a determination is issued to the County.

The allowability of services provided is also reviewed by the Department. Each CPC is required to submit their plan of eligibility requirements and allowable expenditures every three years, a financial report annually and policy and procedures when amended. The Department reviews these plans to determine if the County's services are in alignment with the purpose of the program. Account codes are set up in the SPP tracking system and are used when Counties submit billings. Only allowable codes are set up in the system. In addition, the Department meets on a monthly basis to review trends in expenditures and discuss additional needs of the program.

# Report of Recommendations to the Iowa Department of Human Services

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The SPP is a County managed program. All claims paid in relation to the SPP are reviewed and approved by the County Board of Supervisors. In accordance with Iowa Administrative Code Chapter 81-25.8, all Counties are required to have an annual audit performed.

Conclusion – Response acknowledged. The Department should establish additional procedures to ensure information being provided by the local CPCs is accurate for recipients of the SPP.

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

**Agency Number: G-0902IATANF, G-1002IATANF**

**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-1**

- (5) Computer Match – Family Investment Program (FIP) – Title 4-C-36 of the Employees' Manual provides, 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 2010. We reviewed 255 cases receiving both FIP and foster care payments during the same month of service. Of the 255 cases reviewed, 44 children, or 17.3%, improperly received FIP benefits for an additional one to five months after entering foster care. The unallowable FIP payments for these 44 children totaled \$12,230.

A computer match of payment data was performed for cases receiving both FIP and subsidized adoption payments during fiscal year 2010. We reviewed 126 cases receiving both FIP and subsidized adoption payments during the same month of service. Of the 126 cases reviewed, thirteen cases, or 9.5%, 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 thirteen cases totaled \$4,911.

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 consulted with the U.S. Department of Health and Human Services per the recommendation in the fiscal year 2008 audit. The U.S. Department of Health and Human Services, in an email dated May 8, 2008, was in agreement with a revised rule that was implemented March 1, 2009 stating when a FIP child is approved for Foster Care or Subsidized Adoption while living

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in the same home, FIP is to be cancelled the first of the following month. A copy of this email was provided to the Office of Auditor of State during the fiscal year 2009 audit.

The Department has completed recoupment of all cases determined to be in error. A list of cases with audit errors will be sent to each Service Area Manager and each Income Maintenance Administrator for group and individual review with their staff.

Review training will be provided on the statewide Income Maintenance Policy Update Webinar on May 19, 2011 regarding taking appropriate timely action on the match between FACS and IABC of a child receiving both FIP and Foster Care or FIP and Subsidized Adoption. Staff will also be reminded of the need to complete the recoupment immediately if the worker is unable to cancel FIP for the month following the month of receipt of Foster Care or Subsidized Adoption.

Conclusion – Response accepted.

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

**Agency Number: G-0902IATANF, G-1002IATANF**

**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-6**

- (6) Non-Cooperation with Child Support Recovery Unit (CSRU) – Title 4-C-18 and 4-C-21 of the Employees' Manual provides, in part, all applicants and participants in 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 25%. The grant reduction becomes effective the month after the Income Maintenance Worker is notified of the non-cooperation.

For five of twenty-five cases reviewed, the FIP grant was not reduced for the month 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 – Review training will be provided on the statewide Income Maintenance Policy Update Webinar on May 19, 2011 regarding the policy of cooperation with CSRU and if a recipient fails to cooperate, the FIP grant is to be reduced by 25%. Staff will also be reminded if they are unable to reduce the FIP grant, a recoupment must be completed for the months of overpayment. All overpayments cited have been set up for recoupment. A list of cases with audit errors will be sent to each Service Area Manager and each Income Maintenance Administrator for group and individual review with their staff.

Conclusion – Response accepted.

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

**Agency Number: G-0902IATANF, G-1002IATANF**

**Federal Award Year: 2009, 2010**

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

**Agency Number: G-0801IACCDF, G-0901IACCDF, G-1001IACCDF**

**Federal Award Year: 2008, 2009, 2010**

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

**Agency Number: G-0801IACCDF, G-0901IACCDF, G-1001IACCDF**

**Federal Award Year: 2008, 2009, 2010**

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

**Agency Number: G-0901IA1401, G-1001IA1401, G-0901IA1402, G-1001IA1402**

**Federal Award Year: 2009, 2010**

**CFDA Number: 93.659 – Adoption Assistance and ARRA - Adoption Assistance**

**Agency Number: G-0901IA1407, G-1001IA1407, G-0901IA1403, G-1001IA1403**

**Federal Award Year: 2009, 2010**

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

**Agency Number: 5-0905IA5028, 5-0905IA5048, 5-1005IA5028, 5-1005IA5048  
5-0905IAARRA, 5-1005IAARRA**

**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-7**

- (7) DHS Field Office Internal Controls – For fiscal year 2010, eight county offices and three Child Support Recovery Unit (CSRU) offices were visited. In conjunction with this limited review, the following conditions were noted.

In two county offices, the same individual who sends the money to central office enters the receipts on the receipt log and compares the validated receipt upon return from central office to the receipt log. In addition, in one county office the receipt log was not completed. Therefore, adequate segregation of duties could not be determined.

For the county offices, a receipt log is used to indicate the receipt number, the employee writing the receipt, the date the validated receipt was received from central office, the employee logging the validated receipt upon return from central office, the amount of the receipt, the date the receipt was sent to central office and the date of the receipt.

In three county offices, a receipt log was not properly maintained. Items identified as missing included receipt number, date receipt issued, amount of the receipt, person issuing the receipt and the date the receipt was sent to and received from central office.

In two county offices, the receipt log did not indicate the case number for which the payment was received.

Recommendation – The Department should implement procedures to ensure segregation of duties is maintained and receipt logs are properly completed.

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Response and Corrective Action Planned – Individual county corrective action plans will be required by April 16, 2011 for those county offices cited. Field Operations staff will also review the process used by other areas within the Department. If feasible, these models will be adapted to Field Office procedures and implemented by September 1, 2011.

Conclusion – Response accepted.

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

**Agency Number: G-0901IACCDF, G-1001IACCDF**

**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-12**

- (8) Wrap-Around Grant Subrecipient Monitoring – OMB Circular A-133 requires a pass-through entity 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 semi-annual reports by each recipient. Included in these reports are expenditures by category. Monitoring procedures do not include obtaining additional information to support the expenditure amounts.

In addition, the Department established monitoring procedures which state on-site monitoring visits will be conducted for all contractors receiving more than \$250,000 and will also be conducted for 10% of those contractors receiving less than \$250,000. Effective May 2010, this procedure was updated to state on-site monitoring “may” be conducted. During fiscal year 2010, on-site monitoring visits were not performed due to budget constraints.

Recommendation – The Department should ensure adequate monitoring of subrecipients is completed as required by OMB Circular A-133.

Response and Corrective Action Planned – The semi-annual expenditure reports include expense narratives that provide details about expenditures under each category. These details include formulas describing how the amount expended under each category is derived. For example, payroll costs are based on the number of hours worked and hourly rates corresponding to job classifications.

As noted, the Department’s procedures were revised effective May 2010 to indicate on-site monitoring “may” be conducted. This change aligns procedures with the Department’s administrative rules as well as current contract terms of subrecipients. On-site monitoring will be done as frequently as resources allow. If on-site monitoring reviews are not performed, the Department will conduct desk reviews of select contractors.

Conclusion – Response accepted.

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

**Agency Number: G-0901IACCDF, G-1001IACCDF**

**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-13**

- (9) Subrecipient Monitoring - Empowerment – OMB Circular A-133 requires a pass-through entity to be responsible for monitoring the activities of the subrecipients, as necessary, to ensure federal awards are used for authorized purposes and in compliance with laws, regulations and provisions of the contract or grant. The Department has developed written policies and procedures for monitoring grant funds provided to Community Empowerment Areas. However, no monitoring visits were completed.

Recommendation – The Department should ensure adequate monitoring of subrecipients is completed as required by OMB Circular A-133.

Response and Corrective Action Planned – As part of the corrective action plan from the fiscal year 2009 audit, the Department developed written procedures for monitoring by June 30, 2010. In fiscal year 2011, the Department's program manager used these procedures to identify specific Early Childhood Iowa Areas (ECIAs) for monitoring reviews and is in the process of conducting those reviews. Reviews are expected to be completed by June 30, 2011.

Conclusion – Response accepted.

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

**Agency Number: G-0901IACCDF, G-1001IACCDF**

**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-14**

- (10) Child Care Assistance – The Child Care Assistance program provides assistance payments for child care services. Title 13-G-51 establishes a maximum payment rate to be paid to providers. Title 13-G-60/61 of the Employees' Manual documents a fee schedule of co-payments to providers providing child care assistance. The following conditions were identified during fiscal year 2010 case file testing:

- (a) For one of the thirty-three cases reviewed, the attendance sheet did not support the amount paid. In addition, the rate charged per unit was greater than the allowable payment rate per Title 13-G-51.
- (b) For one of the thirty-three cases reviewed, the fees were not properly charged.

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

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Response and Corrective Action Planned – The Department centralized child care functions in late 2010. The centralized unit continues to work to improve performance. Review training will be provided on the statewide Income Maintenance Policy Update Webinar on May 19, 2011 regarding proper documentation and fees. Information on the errors will also be provided to the Bureau Chief for the Child Care unit for group and individual review with staff.

Conclusion – Response accepted.

**CFDA Number: 93.658 – Foster Care Title IV-E and ARRA - Foster Care Title IV-E**  
**Agency Number: G-0901IA1401, G-1001IA1401, G-0901IA1402, G-1001IA1402**  
**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-15**

- (11) 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 2010 case file testing:

- (a) Title 18-D-45 of the Employees' Manual provides, in part, a new case permanency plan should be re-evaluated at least every six months. For one of forty cases reviewed, a current case permanency plan which documents compliance with requirements was not provided.
- (b) Iowa Administration Code 441-130.7 states, "A case plan that meets the requirement of Iowa Code section 232.2 shall be filed within the 60 days from the date the child enters foster care or the date the Department opens a child welfare service case, whichever is first." Of twenty cases tested, eight plans were not dated within 60 days.

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

Response and Corrective Action Planned – Review training will be provided on the statewide service worker teleconference on April 21, 2011 regarding the policies cited in error. Information has been communicated to the centralized IV-E unit with direction to focus on the permanency plans and timeliness of case plans during their reviews. A list of cases with audit errors will be sent to each Service Area Manager and each Income Maintenance Administrator for group and individual review with their staff.

In addition, service supervisors will complete two case reviews per month and will document the timeliness of both initial case plans and ongoing re-evaluations. Timeliness data will be collected from those reviews and will be used to help monitor compliance and impact practice. This corrective action will be reviewed after six months to determine effectiveness.

Conclusion – Response accepted.

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**CFDA Number: 93.658 – Foster Care Title IV-E and ARRA - Foster Care Title IV-E**  
**Agency Number: G-0901IA1401, G-1001IA1401, G-0901IA1402, G-1001IA1402**  
**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-16**

- (12) DHS Field Office – Case Records – For fiscal year 2010, eight county offices were visited. In conjunction with this limited review, the following condition was noted:

Title 18-D-13 of the Employees' Manual states, in part, "A service worker shall personally visit each child and the foster family at least once every calendar month." In thirteen of thirty-six cases reviewed, a personal visit to a child and the foster family exceeded the required time frame.

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

Response and Corrective Action Planned – Review training will be provided on the statewide service worker teleconference on April 21, 2011 regarding the policy cited in error. Information has been communicated to the centralized IV-E unit with direction to focus on the timeliness and compliance of personal visits during their reviews. A list of cases with audit errors will be sent to each Service Area Manager and each Income Maintenance Administrator for group and individual review with their staff.

The Department's Statewide Key Performance measure 6a (Children are visited within each calendar month) target is 65%. The state fiscal year 2010 cumulative compliance rate is at 77% through October.

Increasing the quality and frequency of visits with children in care will continue to be a focus area in our next Child and Family Services Review program improvement plan. Strategies, implementation, and monitoring details will be outlined in that plan. The plan will be submitted by March 21, 2011.

Conclusion – Response accepted.

**CFDA Number: 93.659 – Adoption Assistance and ARRA - Adoption Assistance**  
**Agency Number: G-0901IA1407, G-1001IA1407, G-0901IA1403, G-1001IA1403**  
**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-17**

- (13) Foster Care (Title IV-E) Adoption Assistance – The Adoption Assistance program provides assistance payments for maintenance and adoption assistance. Title 17-F-20 of the Employees' Manual states, in part, "An adoption subsidy agreement should be established before finalizing adoption." For one of thirty-eight cases reviewed, an adoption subsidy agreement could not be located.



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

Response and Corrective Action Planned – Review training will be provided on the statewide service worker teleconference on April 21, 2011 regarding the policy cited in error. Information has been communicated to the centralized IV-E unit with direction to verify the agreements are found in the cases they review. A list of cases with audit errors will be sent to each Service Area Manager and each Income Maintenance Administrator for group and individual review with their staff.

Conclusion – Response accepted.

**CFDA Number: 93.767 – State Children's Insurance Program**

**Agency Number: 5-0905IA5021, 5-1005IA5021**

**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-18**

- (14) Healthy and Well Kids in Iowa (*hawk-i*) Eligibility – Iowa Administrative Code, Section 441, Chapter 86.3(8), states, in part, "The third-party administrator shall make a decision regarding the applicant's eligibility to participate in the *hawk-i* program within ten working days from the date of receiving the completed application and all necessary information and verification unless the application cannot be processed within the period for a reason that is beyond the control of the third-party administrator."

For four of seventeen cases reviewed, the applicant's eligibility determination was made later than ten business days after receiving the application.

In addition, Title 8-F-32 of the Employees' Manual states, in part, "Iowa Family Planning Network (IFPN) eligibility does not exist for a teen enrolled in *hawk-i*." For one of forty-six cases reviewed, both services were being received from July 2009 through November 2009.

Recommendation – The Department should establish procedures to ensure the third-party administrator is determining eligibility and processing applications for the *hawk-i* program in a timely manner. In addition, procedures should be implemented to ensure recipients do not receive services under *hawk-i* and the Iowa Family Planning Waiver under Medicaid Program simultaneously.

Response and Corrective Action Planned – For one of the four cases noted in the findings, the application was completed within ten days but the letter was issued outside of the ten day requirement. Medicaid Notices of Decision are now sent electronically to help speed up the processing time. The Call Center Supervisor monitors two reports to ensure applications sent to Medicaid are reviewed in a timely fashion. Additionally, a Medicaid Processing Report is run on a quarterly basis to follow up on any applications sent to Medicaid which have not been responded to for over 45 days.

For the remaining three cases determined to be in error, on a daily basis the Call Center Supervisor reviews the cycle time report and an application report to ensure all items

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are processed within established guidelines. The cycle time report shows all applications that were processed to a final decision the previous day and calculates the number of business days elapsed since receipt.

In addition, an application report is emailed to the management team on a daily basis with processing times for the month-to-date and the previous business day. This report is monitored to ensure the ten day processing goal is met. In addition, the Call Center Supervisor informs the Project Director daily how many business days it is currently taking to process a completed application. Typically completed applications are processed within five to seven business days.

A Quality Assurance manual has been developed to ensure comprehensive procedures are in place to ensure timely processing.

Since the new management team was implemented in early 2009, a strong emphasis has been placed on timely processing. Procedures are in place to capture items before the ten day deadline and are constantly being revised to further ensure the goals are met.

The Department has instructed Family Planning Medicaid Workers to directly verify potential enrollees are not enrolled in hawk-i by calling hawk-i customer service. Additionally, a report of hawk-i enrollees showing active on Family Planning Medicaid is sent from MAXIMUS, INC to the Department on a quarterly basis. The Department then instructs Family Planning to remove the enrollee from coverage.

Conclusion – Response accepted.

**CFDA Number: 93.778 – Medical Assistance Program and ARRA - Medical Assistance Program**

**Agency Number: 5-0905IA5028, 5-0905IA5048, 5-1005IA5028, 5-1005IA5048, 5-1005IAARRA, 5-1005IAARRA**

**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-24**

(15) 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 which have requested a waiver and have been given departmental approval. The following conditions were noted:

- (a) Title 8-N of the Employees' Manual requires all waiver applicants to complete either Form 470-2927 "Health Services Application" or Form 470-0462 "Health & Financial Support Application". For two of twenty case files reviewed, the case file did not contain either of these forms.
- (b) Title 8-J of the Employees' Manual requires all waiver applicants to complete Form 470-2826 "Insurance Questionnaire" unless they are Supplemental Security Income (SSI) eligible. For five of twenty case files reviewed, the case file did not contain this form and SSI eligibility was not apparent.

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- (c) Title 16-K of the Employees' Manual requires Form 470-3073 "Mental Retardation Functional Assessment Tool" to be used for Mental Retardation (MR) waiver recipients to verify the consumer's choice and level of care needed for HCBS services. Six of twenty MR waiver case files reviewed did not contain this form.
- (d) Title 14-B of the Employees' Manual provides, in part, Form 470-0485 "Notice of Decision" is issued to approve, deny, change, suspend, cancel, or reinstate assistance. Nine of twenty case files reviewed did not contain a Notice of Decision covering the assistance provided.
- (e) Title 8-N of Employees' Manual requires all waiver applicants to complete a written service plan before the Medicaid eligibility is complete. One of the twenty case files reviewed did not contain a written service plan.

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

Response and Corrective Action Planned – The support of waiver cases required a complex partnership of staff. Field Income Maintenance staff maintain the eligibility file while the services component is managed by the Medicaid unit, targeted case management staff or private providers.

Initial directions to return case files and information did not encompass all parties and some errors may be the result of not having all documents collected from the proper file. A list of cases with audit errors will be sent to each Service Area and to the Bureau of Long-Term Care for review and a checklist for future audit requests and case preparation will be developed by Field Operation staff no later than May 1, 2011.

Review training will be provided on the statewide Income Maintenance Policy Update Webinar on May 19, 2011 and statewide service worker teleconference on April 21, 2011. Information regarding the new procedures for replying to audit requests as well as the findings will be reviewed during these conferences. The findings will also be communicated with all other affected staff and providers.

Conclusion – Response accepted.

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

**Agency Number: 5-0805IA5028, 5-0905IA5048, 5-1005IA5028, 5-1005IA5048, 5-0905IAARRA, 5-1005IAARRA**

**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-25**

- (16) Medicaid Facilities – Medicaid provides payments to Medicaid Facilities for medical services to individuals. The aid type on the Iowa Automated Benefits Calculation (IABC) system and the Medicaid Management Information System (MMIS) should agree. In addition, the case file should contain a Case Activity Report supporting the level of care for the facility and should agree to IABC and MMIS. Also, adequate notice should be issued when an application is approved, rejected or withdrawn or when a change in a member's circumstances affects eligibility.

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During fiscal year 2010 testing, the following conditions were noted:

- (a) For four of twenty-four cases reviewed, the case file did not contain a Notice of Decision or a Case Activity Report supporting the level of care received for the period tested. In addition, for one of the three cases noted there was no indication on IABC the individual received facility assistance.
- (b) For two of twenty-four cases reviewed, the aid type per MMIS and IABC was input incorrectly.
- (c) For one of twenty-four cases reviewed, the Case Activity Report lists the date admitted to the facility, but not the discharge date. Therefore, we were unable to determine if the number of days of care charged was accurately reported on MMIS.

Recommendation – The Department should establish procedures to ensure facility payments are accurately documented and supported.

Response and Corrective Action Planned – Review training will be provided on the statewide Income Maintenance Policy Update Webinar on May 19, 2011 regarding the policies on Medicaid Facilities Notice of Decisions and appropriate MMIS-IABC entries. The information will also be sent to staff at the Centralized Facility Eligibility Unit to support review of these criteria during their work with the cases. A list of cases with audit errors will be sent to each Service Area Manager and each Income Maintenance Administrator for group and individual review with their staff.

Conclusion – Response accepted.

**CFDA Number: 93.778 – Medical Assistance Program and ARRA - Medical Assistance Program**

**Agency Number: 5-0905IA5028, 5-0905IA5048, 5-1005IA5028, 5-1005IA5048, 5-0905IAARRA, 5-1005IAARRA**

**Federal Award Year: 2008, 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-26**

- (17) Medicaid Eligibility Quality Control (MEQC) System – The Department is required to operate a MEQC system in accordance with requirements established by the Centers for Medicaid and Medicare Services (CMS). The Department's MEQC system reviews a random sample of cases from different programs for each sample month. If the quality control review results in changes to the eligibility determination, an error report is sent to the Department so a correction can be made.

Two of nineteen Medicaid for Employed People with Disabilities (MEPD) quality control reviews used information that was out of date to calculate eligibility and applicable premiums. In one of the situations, the premium would have changed using the current information.

Recommendation – The Department should establish procedures to ensure quality control reviews are performed accurately and use current data to determine appropriate premiums.

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Response and Corrective Action Planned – The Quality Control Bureau ensures Medicaid Eligibility Quality Control (MEQC) reviews are performed accurately with current data.

All Quality Control (QC) Reviewers have charts showing the current federal poverty levels to be used for the Medical coverage group being reviewed to compare with the household's income to determine eligibility. All reviewers are informed when poverty level amounts change. QC will review poverty level charts at the next Medical and PERM unit staff meeting

Reviewers use elements 510, Arithmetic Computation and 520, Beneficiary Liability Determination on the MEQC worksheet to show calculation of household income and the relative federal poverty level percentage.

Conclusion – Response accepted.

**CFDA Number: 93.778 – Medical Assistance Program and ARRA - Medical Assistance Program**

**Agency Number: 5-0905IA5028, 5-0905IA5048, 5-1005IA5028, 5-1005IA5048, 5-0905IAARRA, 5-1005IAARRA**

**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-27**

(18) Intermediate Care Facility - Mental Retardation (ICF-MR) – Placement in an Intermediate Care Facility is an optional Medicaid benefit for persons with mental retardation or other related conditions. The following conditions were noted:

- (a) Title 8-I-Appendix of the Employees' Manual requires a notice, Form 470-0375 "ICF/MR Placement Statement" to be sent to the county regarding its payment of the non-federal share of the ICF/MR costs for recipients living in community-based facilities. For fourteen of twenty-five case files reviewed, the case file did not contain Form 470-0375.
- (b) Title 8-I-Appendix of the Employees' Manual also provides, in part, Form 470-0374 "Resident Care Agreement" is to be completed by a worker at the county office of the Department when a resident is approved for Medicaid payment. In addition, of the fourteen case files noted above, nine did not contain form 470-0374.

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

Response and Corrective Action Planned – Forms 470-0375 and 470-0374 are completed at the beginning of services for a client. These forms would be maintained in the original case file or with the provider. In at least five instances cited above, the client had been in placement for more than fifteen years. The initial documentation no longer exists. However, the Department continues to review each individual's level of care annually to assess the need for services. Discussion was held with the auditor regarding the need to retain documents for this length of time for future audits. Retention requirements will be communicated with staff upon information from the Office of the Auditor of State. The information on the audit findings will also be

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discussed with Long-Term Care (LTC) policy staff by May 1, 2011 to determine if policy or practice changes are needed. The list of cases in error will be shared with the Service Areas for review with the individual workers and providers.

Conclusion – Response acknowledged. The Department should comply with the Employees' Manual and maintain completed records.

**CFDA Number: 93.778 – Medical Assistance Program and ARRA - Medical Assistance Program**

**Agency Number: 5-0905IA5028, 5-0905IA5048, 5-1005IA5028, 5-1005IA5048, 5-0905IAARRA, 5-1005IAARRA**

**Federal Award Year: 2009, 2010**

**State of Iowa Single Audit Report Comment: 10-III-HHS-401-28**

(19) Iowa Family Planning Network (IFPN) – Iowa provides limited Medicaid coverage for family planning related services through the Iowa Family Planning Network. The following conditions were noted:

- (a) Title 8-F of the Employees' Manual requires all applicants to complete Form 470-2927 "Health Services Application". In addition, a notice of decision is required to document the determination of an allowable payment. For six of twenty-five case files reviewed, the case file did not contain Form 470-2927 and a notice of decision. In addition, five of these cases did not provide support for income eligibility.
- (b) Title 8-Appendix-Family Planning Services-Chapter III/16 of the Employees' Manual requires a notice of decision to be issued no later than 30 days following the date of application. For one of twenty-five case files reviewed, the notice of decision was not issued timely.
- (c) Title 8-F-31 of the Employees' Manual provides, in part, a woman covered under group or private health insurance is only eligible for IFPN if she can claim good cause due to confidentiality. For one of twenty-five case files reviewed, the client was covered under private health insurance and could not claim good cause due to confidentiality.
- (d) Three of twenty-five case files were not able to be tested because they were not received from the Department.

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

Response and Corrective Action Planned – In six of the ten cases in error (in letters a, b and d above), the error was related to lack of documentation, specifically applications and initial eligibility documents not on file with the Department. The initial eligibility documents can be completed by a family planning clinic as part of the cooperate agreement to provide services. The clinic screens the application and can offer the family planning services through a separate family planning application with no requirements to forward the application, eligibility information or Notice of Decision (NOD) to the Department. According to the Family Planning Services Provider Manual, Chapter III:

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*Applications: "Legal reference: 441 IAC 76.1(249A); 441 IAC 75.1(41) "b" Designated family planning agencies and clinics can assist in the processing of Medicaid eligibility for the IFPN coverage group for those women who are at or below 200% of federal poverty level. IFPN applicants applying at a designated family planning agency or clinic will complete form 470-2927 or 4701-2927(S), Health Services Application.... If the applicant wants to apply for full Medicaid benefits, send the original application to the appropriate DHS office for processing within two working days of receipt. Keep a photocopy of the application and process it for a determination of IFPY eligibility while a decision for full Medicaid coverage is being made by DHS."*

*NOD"s: "Clinic staff shall print two copies of the Notice of Decision. Clinic staff shall provide the applicant with a copy of the Notice of Decision by hand delivering or mailing to the applicant at their designated mailing address. The second copy is placed in the IFPN case record."*

The Provider is to complete entries of the client's information on the Department's Family Planning Waiver system to affirm that the information is accurate and to establish eligibility. The Department has the ability to review the provider information and validate information as deemed necessary.

This area had not been audited in previous years. The auditors did not initially request the documents from the clinics/providers, but rather Department files. The Department will contact the clinics/providers and request a copy of the application and NOD as follow-up to the audit findings by May 1, 2011.

The information on the four remaining cases in error has been re-requested from the service area and will be reviewed to confirm these are also compliant. If not compliant, the information will be communicated to the Service Area Manager and Income Maintenance Administrator for individual follow-up. The information on the private health insurance will be covered during the Income Maintenance Policy Update Webinar on May 19, 2011.

Conclusion – Response accepted.

### **Finding Reported in the State's Report on Internal Control:**

County Receivables – Collectability – The Department processes and records county billing information for medical and facility services provided to individuals meeting specific criteria. As of June 30, 2010, the receivable balance for county billings included over \$10 million in claims disputed by counties receiving the billings.

Of the total disputed balance, approximately \$7.6 million originated prior to fiscal year 2009. The Department has a process for resolving disputed billings. However, this process does not result in timely resolution of disputed amounts. In addition, over \$5.9 million of the disputed amount consists of disputes which counties indicate are the responsibility of the Iowa Department of Corrections. The Department 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.

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Recommendation – The Department 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, the Department should establish procedures to pursue the necessary evidence and related collection from the Iowa Department of Corrections.

Response – The Department proposed legislative language in the 2010 session which would assist in resolving disputed billings. The Legislature did not review this language in the 2010 session. Legislation will be proposed again in the 2011 session. In addition, the Department is working with the Attorney General and Department of Management to take collection actions against counties for disputed billings.

Conclusion – Response accepted.

### **Other Findings Related to Internal Control:**

- (1) DHS Field Offices – In Home Health Related Care – For fiscal year 2010, eight county offices were visited. In conjunction with this limited review, documentation in ten In Home Health Related Care (IHHRC) case records were tested for completeness. Also, an additional twenty-five IHHRC case records were reviewed for compliance with Department policy. The following conditions were noted.
  - (a) Title 6-B-7 and 6-B-8 of the Employees' Manual states, in part, if the individual is not a U.S. citizen, the individual must meet one of the six eligibility criteria. For one of twenty-five case files reviewed, documentation indicated the client was not a U.S. citizen but did not contain sufficient documentation for meeting one of the six Eligibility of Aliens criteria.
  - (b) 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 fifteen of twenty-five cases reviewed, the Notice of Decision: Medical Assistance or State Supplementary Assistance was not included in the case record.
  - (c) Title 6-B-42 of the Employees' Manual refers to the determination of the amount of client participation in service costs. For three of twenty-five cases reviewed, documentation in the case files lacked evidence of how client participation was calculated.
  - (d) 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. For seventeen of thirty-five cases reviewed, the Authorization to Obtain or Release Health Care Information was either not included in the case file or was not updated annually.
  - (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 four of thirty-five cases reviewed, the Service Report was not included in the case record. In addition, for one of thirty-five cases reviewed, the client participation rate did not agree with the amount to be charged per the Service Report.



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- (f) 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 IHHRC and at the time of the yearly review. For twelve of thirty-five cases reviewed, the Individual Client Case Plan was not included in the case record or updated annually.
- (g) Title 16-J-5 of the Employees' Manual states, in part, the client shall complete and sign form 470-3118, Medicaid Review, annually. In addition, Title 16-J-8 of the Employees' Manual states, in part, the signed application, Form 470-2927, Health Services Application, is to be kept in the IM case file. For fourteen of thirty-five cases reviewed, neither form was completed as required.
- (h) 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 IHHRC. The form should be filed in the case record. For four of thirty-five cases reviewed, the Notice of Decision: Services, form 470-0602, was not included in the case record.
- (i) Title 16-J-12, Appendix, of the Employees' Manual states, in part, the Provider Agreement should be completed for each client. In addition, Title 16-J-5 of the Employees' Manual states, in part, the Provider Agreement, form 470-0636, should be updated annually. For fifteen of thirty-five cases reviewed, the Provider Agreement form was not included in the case record or updated annually. In addition, for two of thirty-five cases reviewed, the agreement was not signed by the provider.
- (j) Title 16-J-13 of the Employees' Manual states, in part, a physician's plan of treatment or the Physician's Report, form 470-0673 is to be obtained certifying the specific types of service required and the expected duration of services. Three of twenty-five case files reviewed did not contain a physician's plan of treatment or Form 470-0673.
- (k) Title 16-J-18 of the Employees' Manual states, in part, the client and each provider will negotiate a Provider Agreement which includes a statement of the work to be performed, the rate of payment and the maximum monthly payment allowed. For one of twenty-five cases reviewed, the amount paid to the provider exceeded the maximum monthly payment allowed per the Provider Agreement by \$190.
- (l) Title 16-J-21 of the Employees' Manual states, in part, the Statement of Services Rendered, form 470-0648, should be completed monthly. For thirteen of thirty-five cases reviewed, the Statement of Services Rendered was not included in the case record.
- (m) Title 16-J-21 of the Employees' Manual states, in part, the Purchase of Service Provider Invoice, form 470-0020, should be completed monthly. For nineteen of thirty-five cases reviewed, the Purchase of Service Provider Invoice was not included in the case record.
- (n) Title 16-J-33 of the Employees' Manual states, in part, at least every 60 days the physician shall review and recertify the appropriateness of the health care plan. The nurse shall review the nursing plan and the nurse shall provide an updated copy of the physician's health care plan and the nursing plan of care to the provider. Also, at least every six months, a review of the total care plan should be completed by someone involved with the care plan. For seventeen of twenty-five cases reviewed, sufficient documentation was not included in the case record to

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determine whether the physician reviewed and recertified the health care plan every 60 days or whether the nurse reviewed the nursing plan. In addition, for sixteen of these seventeen cases, review of the total care plan at a minimum of every six months was not documented.

(o) Title 16-J-34 of the Employees' Manual states, in part, the Provider Health Assessment, form 470-0672, shall be obtained annually. For eighteen of thirty-five cases reviewed, the Provider Health Assessment was not completed annually.

(p) Title 16-J-38 of the Employees' Manual states, in part, the client remains eligible if a temporary absence from the home is no more than fifteen days in a month. For one of twenty-five cases reviewed, the file did not contain sufficient documentation to determine whether the client was not absent from the home for more than fifteen days in the month.

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

Response – A workgroup was convened in January 2011 to review the findings, assess and identify causal issues and make recommendations. These recommendations were presented to the Service Business Team (SBT) comprised of DHS Senior Management in March of 2011. Based on reviews of the SBT, the Department will create a workgroup with a goal to eliminate the Service Reporting System (SRS) and move to a system which will support an automated workflow between Income Maintenance and Service Workers. The Workgroup will also review service forms and determine which forms may be eliminated. The Department will then create a unit with specialized supervisors to oversee specialized adult services/case managers across the State for waivers and IHHRC and develop a checklist of what is needed for documentation in each case file.

Conclusion – Response accepted.

- (2) 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 2010 review of Deferred Fund activity, nine of forty-five checks were deposited between eleven and seventeen business 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. In July 2010, this responsibility was transferred to another employee. Guidance has been given to staff that all checks are to be deposited within 10 days.

Conclusion – Response accepted.

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

Iowa Code Compliance – The following compliance items were noted for fiscal year 2010:

- (a) 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.

- (b) 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.

- (c) 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 conducted a 2009 annual survey as required. However, the results were not compiled into a report by October 30, 2010, as required.

- (d) Chapter 225C.48 of the Code of Iowa requires the establishment of an eleven-member Comprehensive Family Support Council to provide ongoing guidance, advice and direction in the development and implementation of the family support subsidy program. The Council is to be appointed by the Governor and include at least 5 individuals with a family member of an individual with a disability and at least 5 individuals who are current or former service consumers or family members of such service consumers.

The fiscal year 2010 Council did not contain the required number of Council members. In addition, Council member's recommendations for the family support subsidy program were not submitted to the Governor.

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.

Response –

- (a) 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 which more accurately reflects the current structure.
- (b) As this database would allow personal information to be shared without consent or knowledge of the individual, the Department believes this chapter may be in violation of HIPPA as well as other code sections mandating confidentiality. The Department will seek legislative action to remove this language.

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- (c) The Department has modified the annual renewal procedures to gather additional information from parents that will be used to complete the annual survey. The information will be submitted to the Governor and the General Assembly by October 30, 2011.
- (d) Due to legislation to sunset the Family Support Subsidy, the Department will submit a recommendation to request repeal of code language which requires the Governor to appoint a Comprehensive Family Support Council.

Conclusion – Response accepted.

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**Staff:**

Questions or requests for further assistance should be directed to:

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