



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

August 18, 2011

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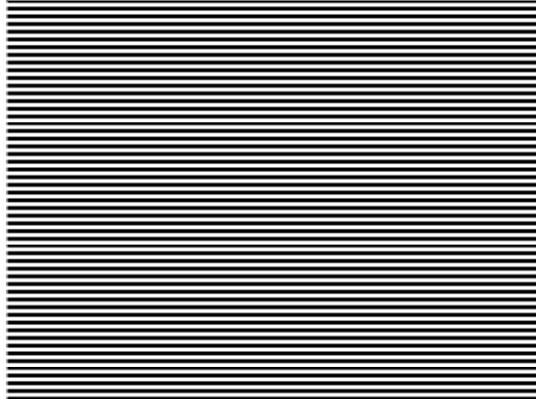
Auditor of State David A. Vaudt today released a report on the Iowa Department of Education, Division of Vocational Rehabilitation Services for the year ended June 30, 2010.

The Iowa Department of Education, Division of Vocational Rehabilitation Services is responsible for determining eligibility of individuals for vocational rehabilitation and the nature and scope of vocational rehabilitation services to be provided. In addition, the Division has assumed the duties relating to making determinations of disability under the Social Security Act pursuant to an agreement between the Division and the Social Security Administration.

Vaudt recommended the Division review its policies and procedures to ensure proper documentation is maintained in case files for determining eligibility and develop and implement procedures to ensure transfers are properly coded.

A copy of the report is available for review at the Iowa Department of Education, Division of Vocational Rehabilitation Services, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1160-2830-BR00.pdf>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF EDUCATION, DIVISION OF
VOCATIONAL REHABILITATION 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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STATE OF IOWA

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August 12, 2011

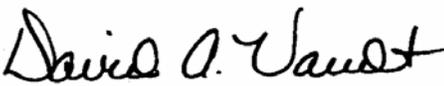
To the Members of the State
Board of Education:

The Iowa Department of Education, Division of Vocational Rehabilitation Services is 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 Division'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. These recommendations have been discussed with Division personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Division's responses, we did not audit the Division's 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 Education, Division of Vocational Rehabilitation Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Education, Division of Vocational Rehabilitation 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 Division 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 Division are listed on page 6 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

Report of Recommendations to the
Iowa Department of Education
Division of Vocational Rehabilitation Services

June 30, 2010

Findings Reported in the State's Single Audit Report:

CFDA Number: 84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States

Agency Number: H126A070020

Federal Award Year: 2007

State of Iowa Single Audit Report Comment: 10-III-USDE-283-5

- (1) Grant Management – Rehabilitative Services Administration (RSA) is conducting a review of the program. A report will be issued by RSA when the review is completed. The report will include any recommendations, questioned costs and other concerns identified. In addition, the results will be disclosed within the subsequent year's Schedule of Findings and Questioned Costs.

Response and Corrective Action Planned – Division response not requested.

CFDA Number: 84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States

Agency Number: H126A090020, H126A100020

Federal Award Year: 2009, 2010

CFDA Number: 84.390 – ARRA – Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act

Agency Number: H126A090020, H126A100020

Federal Award Year: 2009, 2010

State of Iowa Single Audit Report Comment: 10-III-USDE-283-6

- (2) Eligibility – The Code of Federal Regulations, 34 CFR 361.41, states, in part, "Once an individual has submitted an application for vocational rehabilitation services... an eligibility determination must be made within 60 days." In one of twenty-five case files tested, eligibility determination was not completed within 60 days of the application and the eligibility extension was not completed within the 60 days. Once the eligibility extension was completed, eligibility determination was made within the appropriate time period. In three of twenty-five case files tested, eligibility determination was not completed within 60 days of the application and no eligibility extension was on file or the eligibility extension was not filed within the 60 days. In addition, eligibility determination did not appear to be made within the extension time period for these three case files.

Recommendation – The Division should develop and implement procedures to ensure proper documentation is maintained in case files for determining eligibility.

Response and Corrective Action Planned – IVRS has issued a memo to staff reminding them of our requirements for 60 days for an extension on file. Staff has also been reminded if they do not get permission from the client verbally or in writing they are to make a decision of eligibility (favorable or unfavorable) with the information on file. If staff receives a verbal approval, they are to enter this on the extension form and then arrange a meeting for the client to come in and sign the form. Rehabilitation Services Bureau staff continues to evaluate this in the quality assurance process and are presenting this information at new staff training as well.

Conclusion – Response accepted.

Report of Recommendations to the
Iowa Department of Education
Division of Vocational Rehabilitation Services

June 30, 2010

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

- (1) Financial Reporting – Payments of approximately \$1.5 million between the Disability Determination-SSA Fund, a General Fund account, and the General Fund within the Division of Vocational Rehabilitation Services were coded as revenues and expenditures rather than transfers between funds. This was properly adjusted for reporting purposes.

Recommendation – The Division should ensure payments made to other funds are properly coded as transfers in and transfers out rather than revenues and expenditures.

Response – Prior to fiscal year 2010, Iowa Vocational Rehabilitation Services (IVRS) coded the indirect cost transactions between Fund 0394 and Fund 0001 as a transfer using a revenue source of 0271 and an object of 2717 and added the AA sub revenue and sub object coding. In fiscal year 2010, the Department of Administrative Services changed the way transfers were coded in the I/3 accounting system and eliminated the AA sub revenue / sub object coding. IVRS did not correctly interpret the impact of DAS' change and continued to code the indirect cost transfer the same way in I/3 and adjusted the event type in order to continue using the 0271/2717 revenue and object combination. With the elimination of the AA coding, these transactions were not properly recorded as transfers, which resulted in revenues and expenditures being overstated. After this was brought to our attention, we had a discussion with members of DAS-SAE and now understand after DAS did away with the AA we needed to change the revenue and expenditure codes we were using on the IET document rather than changing the event type. IVRS is now coding these transactions as transfers by using the correct event type, revenue source and expenditure objective.

Conclusion – Response accepted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the
Iowa Department of Education
Division of Vocational Rehabilitation Services

June 30, 2010

Staff:

Questions or requests for further assistance should be directed to:

Donna F. Kruger, CPA, Manager
Brian P. Schenkelberg, CPA, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audit include:

Tiffany M. Ainger, Staff Auditor
Gabriel M. Stafford, CPA, Staff Auditor
Michael F. Conroy, Assistant Auditor
Brett A. Hoffman, Assistant Auditor