

**OFFICE OF AUDITOR OF STATE**  
STATE OF IOWA

David A. Vaudt, CPA  
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State Capitol Building  
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NEWS RELEASE

FOR RELEASE \_\_\_\_\_ September 16, 2011

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released a combined report on the institutions under the control of the Iowa Department of Human Services. The report includes findings and recommendations and average cost per resident/patient information for the five years ended June 30, 2010.

The average annualized cost per resident/patient at the nine institutions under the control of the Iowa Department of Human Services ranged from \$99,726 at the State Training School – Eldora to \$318,359 at the Woodward Resource Center and \$387,690 at the Mental Health Institute - Cherokee for the year ended June 30, 2010. Total general fund expenditures for the nine institutions increased 18.7% during the five year period to approximately \$230 million, the average number of residents/patients decreased 11.3%, from 1,163 to 1,031, and the average daily cost per resident/patient increased 33.9%, from \$457.34 to \$612.21, over the same period.

Copies of the report are available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1162-8990-BR00.pdf>.

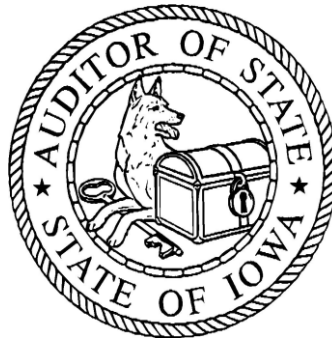
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**COMBINED REPORT ON THE INSTITUTIONS UNDER THE  
CONTROL OF THE IOWA DEPARTMENT OF HUMAN SERVICES  
SCHEDULES  
FINDINGS AND RECOMMENDATIONS**

**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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# OFFICE OF AUDITOR OF STATE

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David A. Vaudt, CPA  
Auditor of State

September 14, 2011

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

The Institutions under the control of the Iowa Department of Human Services are a part of the State of Iowa and, as such, have 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 various Institutions' 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 recommendations pertaining to internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with applicable Institution personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Institutions' responses, we did not audit the Institutions' responses and, accordingly, we express no opinion on them.

We have also included certain unaudited financial and other information for the Institutions under the control of the Iowa Department of Human Services for the five years ended June 30, 2010 to report an average cost per resident/patient at each Institution as required by Chapter 11.28 of the Code of Iowa.

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, the Institutions under the control 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 Institutions 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 Institutions are listed on pages 29, 31, 32, 33, 35, 36, 37, 39 and 40 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

## Iowa Department of Corrections

### Overview

#### **Background**

In accordance with Chapter 218 of the Code of Iowa, the Iowa Department of Human Services has the authority to control, manage, direct and operate the following institutions:

Mental Health Institute - Clarinda – The Institute has been serving the citizens of Southwest Iowa since 1888. The function of this Institute is to promote good mental health practices and to provide high level care for persons with mental illness. Levels of care provided are adult in-patient psychiatric and gero-psychiatric.

Mental Health Institute - Mount Pleasant – The Institute was established on February 2, 1861. Major goals and objectives of the Institute are to be responsive to the community-oriented patient care needs of the population it serves, without duplicating services already provided in the community. Levels of care provided are adult in-patient psychiatric and dual diagnosis.

Mental Health Institute - Cherokee – The Institute was founded in 1902. The Institute is responsible for furnishing psychiatric services to citizens of Northwest Iowa counties to the extent such services are not provided by other sources. Levels of care provided are adult in-patient psychiatric and child and adolescent in-patient psychiatric.

Mental Health Institute - Independence – The Institute was established on May 1, 1873. The Institute is a fully accredited psychiatric care hospital and provides treatment for mentally ill adults, adolescents and children. Levels of care provided are adult in-patient psychiatric, child and adolescent in-patient psychiatric and psychiatric-medical institute for children.

Woodward Resource Center – The Resource Center was established in 1917. The Center is a residential facility for the mentally retarded and provides treatment, training, instruction, care, habilitation and support of persons with retardation or other disabilities in the State.

Glenwood Resource Center – The Resource Center was established on September 1, 1876. The Center is a residential facility for the mentally retarded and provides treatment, training, instruction, care, habilitation and support of persons with retardation or other disabilities in the State.

State Juvenile Home - Toledo – The Juvenile Home was established on October 21, 1920. This Institution is a structured, non-secure co-ed facility serving juveniles under 17 who are residents of the State of Iowa in need of assistance. The residents are committed by the juvenile courts as dependent or neglected or are committed voluntarily through application to the County Board of Supervisors and the Iowa Department of Human Services. The children become wards of the State to receive educational, medical, diagnostic treatment and limited employment programs to help them attain productive and satisfying citizenship in a free society.

State Training School - Eldora – The Training School was established in 1868. The Institution is a minimum security facility for boys between the ages of twelve and eighteen who have been adjudicated delinquent by the juvenile courts of the State of Iowa. Effective January 1, 1992, a diagnosis and evaluation center and other units were established to provide juvenile delinquents a program which focuses upon appropriate developmental skills, treatment, placement and rehabilitation.

## Iowa Department of Corrections

### Overview

Civil Commitment Unit for Sexual Offenders (CCUSO) – The Civil Commitment Unit for Sexual Offenders was established in 1999. The Unit provides treatment for sexually violent predators in a secure facility located in Cherokee, Iowa. The residents have completed their criminal sentences, have been identified as a high risk for a repeat offense and are committed through a civil action by order of the courts.

As mentioned on the previous page, different levels of care are provided at each of the Mental Health Institutes. They are:

Adult In-patient Psychiatric – This program, licensed as a hospital, represents traditional, in-hospital psychiatric care for persons 18 years of age and older. It includes 24-hour nursing care and 24-hour medical and psychiatric on call coverage.

Child and Adolescent In-patient Psychiatric – This program, licensed as a hospital, represents traditional, in-hospital psychiatric care for persons under 18 years of age. It includes a required educational component and 24-hour nursing care and 24-hour medical and psychiatric on-call coverage.

Gero-Psychiatric – This program, licensed as nursing home care, represents 24-hour custodial care for persons declared disabled or over age 65. There is some level of 24-hour nursing care and periodic medical and psychiatric care. Generally, these persons are beyond the capacity of community providers to care for.

Psychiatric-Medical Institute for Children (PMIC) – This program, licensed as a PMIC, represents 24-hour care and behavior management for persons 12 to 17 years of age requiring intensive behavioral treatment modalities. There is periodic nursing and psychiatric coverage. Generally, these children are beyond the care of privately administered PMIC's in the state.

Dual Diagnosis – This program represents a 28-day residential substance dependence treatment program for persons with co-morbid mental illness. There is periodic nursing, medical and psychiatric coverage. It is the only program for this population in the state of Iowa.

### **Scope and Methodology**

We have calculated an average cost per resident/patient at each Institution for the five years ended June 30, 2010 based on their general fund expenditures. Certain reclassifications and changes have been made to these expenditures to provide comparable averages between Institutions. Therefore, expenditure amounts and cost per resident/patient averages may differ from those used for statewide financial statement purposes. These reclassifications and changes are as follows:

- (1) Operating transfers, primarily reimbursements to other state agencies for services, have been reclassified as expenditures for purposes of this report.
- (2) At the inception of a capital lease, total principal payments are recorded as expenditures and as other financing sources for statewide purposes. For purposes of this report, we have included only the current year principal and interest payments as expenditures.
- (3) Canteen operations have been excluded from general fund expenditures since the canteen is a self-supporting operation at each Institution.
- (4) Non-cash assistance, consisting of USDA commodities, has been excluded from general fund expenditures.

## Iowa Department of Corrections

### Overview

- (5) As a result of legislation in fiscal year 2010, the Institution's received refunds of amounts previously paid to the Department of Administrative Services (DAS) for future vehicle purchases. The transactions were coded as negative travel expenditures. Therefore, where significant, these amounts were reclassified from negative expenditures to revenue.

Median stay information was not calculated or presented in the accompanying average cost per resident/patient schedule for the resource centers or juvenile facilities since the median stay tends to be for a much longer period.

The average annualized cost per resident/patient is calculated using the average number of occupied resident beds. Since the median stay at the Mental Health Institutes tends to be less than the stay at the other Institutions, the cost per stay was calculated for each of the Mental Health Institutes. This represents the average cost for the median stay of each patient admitted.

### **Summary Observation**

The Mental Health Institute – Cherokee provides significant outpatient services not performed by other Institutions. Adequate statistical data on outpatient services, including the amount and cost of services provided by year, was not readily available. Accordingly, the cost per resident/patient information at the Mental Health Institute - Cherokee is not comparable to other Institutions and may not be comparable between years at the Mental Health Institute - Cherokee. The amount of support services the Mental Health Institute – Cherokee provided for the Civil Commitment Unit for Sexual Offenders is reported as reallocated support services costs on Schedules 2, 3, 4, 5 and 6 on pages 16 through 25.

The Woodward Resource Center and the Glenwood Resource Center also provide significant supported community living services, respite and supported employment services which are paid through Iowa Medicaid and Community Based Services (HCBS) Waivers. The cost of providing these services is included in the cost per resident calculation. However, the number of individuals served is not included in the average number of residents.

The average annualized cost per resident/patient ranged from \$99,726 at the State Training School – Eldora to \$318,359 at the Woodward Resource Center and \$387,690 at the Mental Health Institute – Cherokee for fiscal year 2010.

Total general fund expenditures increased 18.7%, from \$194,138,850 in 2006 to \$230,383,360 in 2010, the average number of residents/patients decreased 11.3%, from 1,163 to 1,031, and the average daily cost per resident/patient increased 33.9%, from \$457.34 to \$612.21, over the same period.

Median stay ranged from 9 days to 48 days at the four Mental Health Institutes for fiscal year 2010.



**Iowa Department of Human Services**

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Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient by Institution  
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2006					
	Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
Mental Health Institute - Clarinda	46	89	\$ 175,494	480.81	13	\$ 6,250
Mental Health Institute - Mt. Pleasant	54	94	132,796	363.83	28	10,187
Mental Health Institute - Cherokee	44	212	303,848	832.46	18	14,984
Mental Health Institute - Independence	88	283	232,161	636.06	45	28,623
Woodward Resource Center	259	662	189,503	519.19		
Glenwood Resource Center	354	896	193,145	529.17		
State Juvenile Home - Toledo	82	116	95,849	262.60		
State Training School - Eldora	181	195	72,497	198.62		
Civil Commitment Unit for Sexual Offenders	55	66	121,077	331.72		
Total	1,163	2,613	\$ 166,929	457.34		

**Schedule 1**

Year ended June 30, 2007						Year ended June 30, 2008					
Average Number of Residents/Patients	Average Number of Employees	Average Annualized Cost per Resident/Patient	Average Daily Cost per Resident/Patient	Median Stay (Days)	Cost per Stay	Average Number of Residents/Patients	Average Number of Employees	Average Annualized Cost per Resident/Patient	Average Daily Cost per Resident/Patient	Median Stay (Days)	Cost per Stay
48	91	\$ 176,892	484.64	21	\$ 10,177	46	93	\$ 196,548	538.49	19	\$ 10,231
59	101	132,795	363.82	28	10,187	60	106	144,064	394.70	28	11,052
40	213	344,165	942.92	14	13,201	40	212	362,275	992.53	13	12,903
86	283	243,051	665.89	48	31,963	84	280	259,768	711.69	36	25,621
248	697	221,510	606.88			235	717	247,023	676.77		
338	920	217,387	595.58			326	927	242,674	664.86		
79	118	104,366	285.93			76	118	117,810	322.77		
173	197	79,748	218.49			166	194	89,716	245.80		
66	78	100,552	275.49			71	84	108,292	296.69		
1,137	2,698	\$ 183,011	501.40			1,104	2,731	\$ 201,716	552.65		

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient by Institution  
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2009					
	Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
Mental Health Institute - Clarinda	44	92	\$ 209,599	574.24	8	\$ 4,594
Mental Health Institute - Mt. Pleasant	66	107	137,009	375.37	26	9,760
Mental Health Institute - Cherokee	38	205	376,881	1,032.55	14	14,456
Mental Health Institute - Independence	82	278	273,346	748.89	37	27,709
Woodward Resource Center	218	729	288,813	791.27		
Glenwood Resource Center	314	932	260,964	714.97		
State Juvenile Home - Toledo	72	123	125,631	344.19		
State Training School - Eldora	160	201	96,100	263.29		
Civil Commitment Unit for Sexual Offenders	78	92	114,036	312.43		
Total	1,072	2,759	\$ 217,557	596.05		

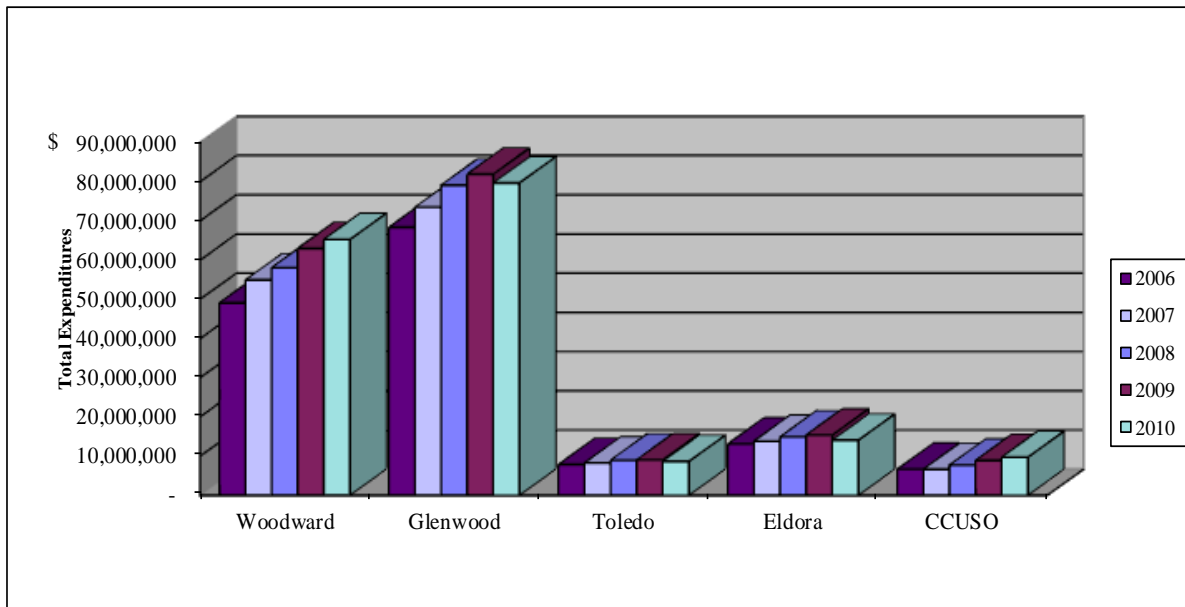
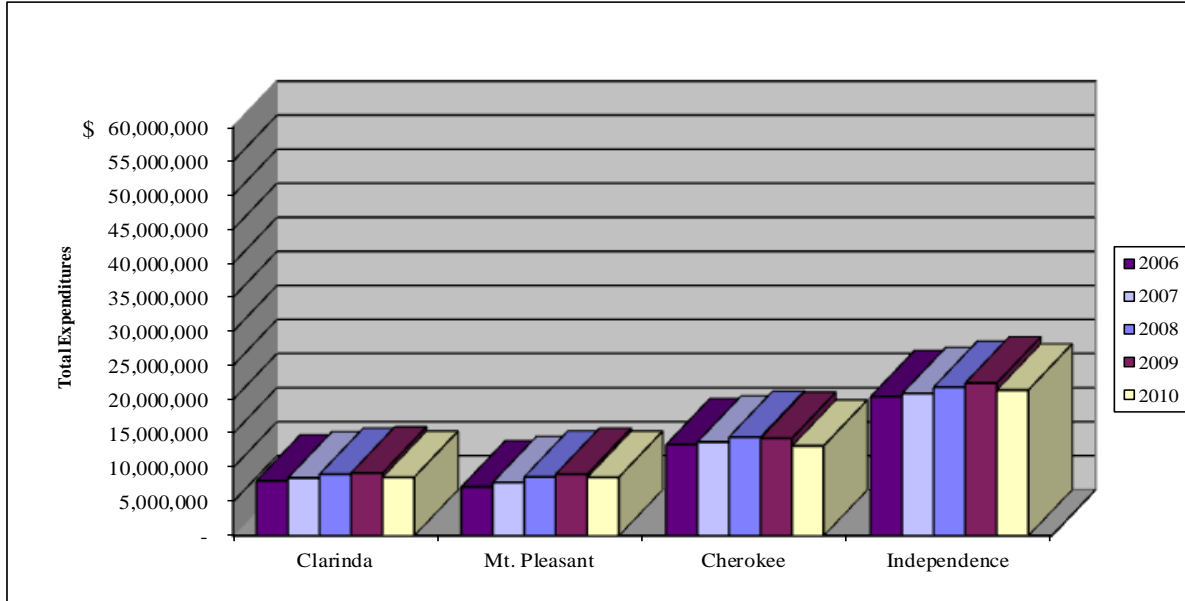
Year ended June 30, 2010					
Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
47	85	182,805	500.83	9	\$ 4,508
71	97	120,963	331.41	28	9,279
34	194	387,690	1,062.17	15	15,932
78	262	274,225	751.30	48	36,062
205	724	318,359	872.22		
300	922	269,879	739.39		
75	114	115,320	315.95		
141	188	99,726	273.22		
80	89	121,179	332.00		
1,031	2,675	223,456	612.21		

**Iowa Department of Human Services**

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident by Institution  
Total Expenditures  
(Unaudited)

For the Last Five Fiscal Years

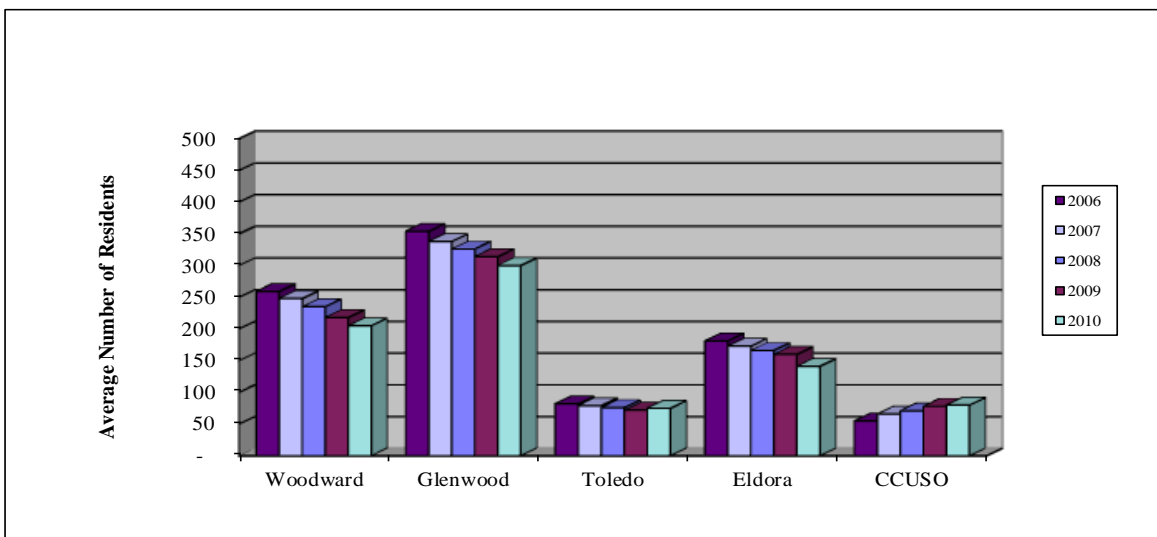
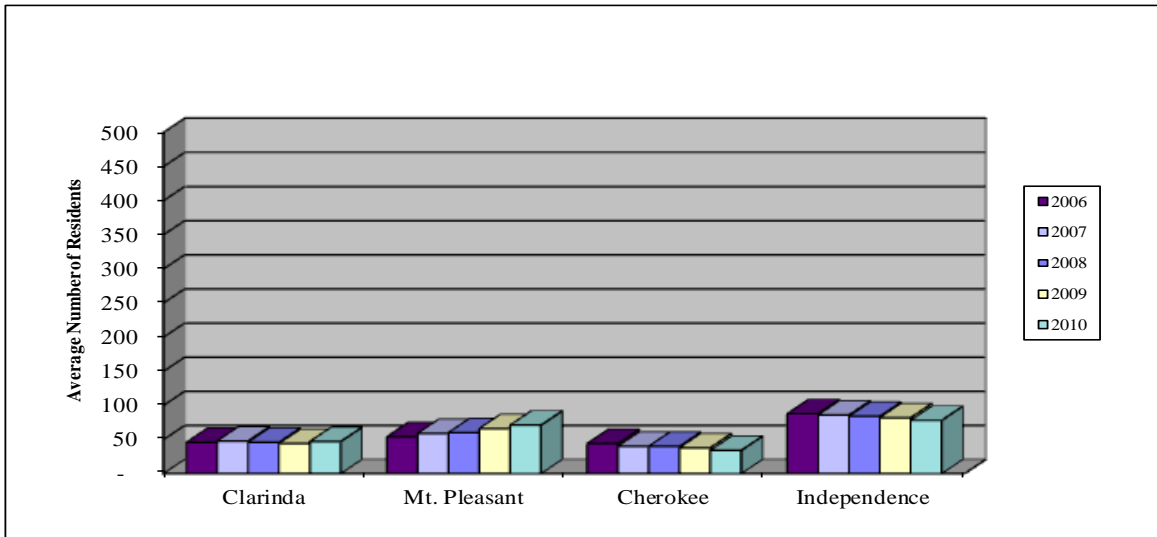


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Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident by Institution  
Average Number of Residents  
(Unaudited)

For the Last Five Fiscal Years

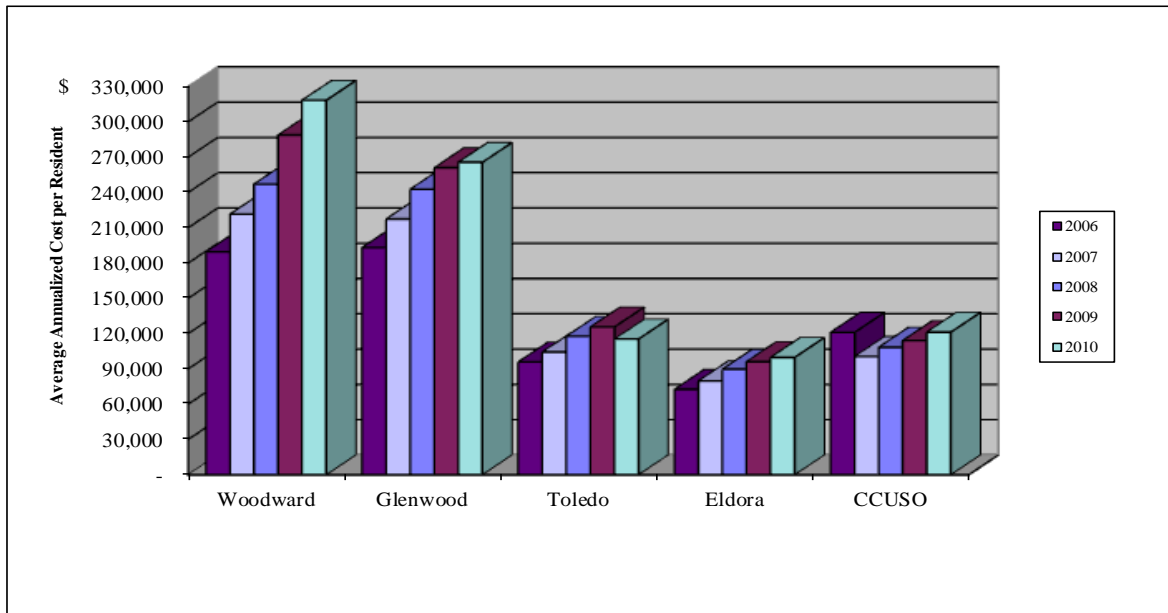
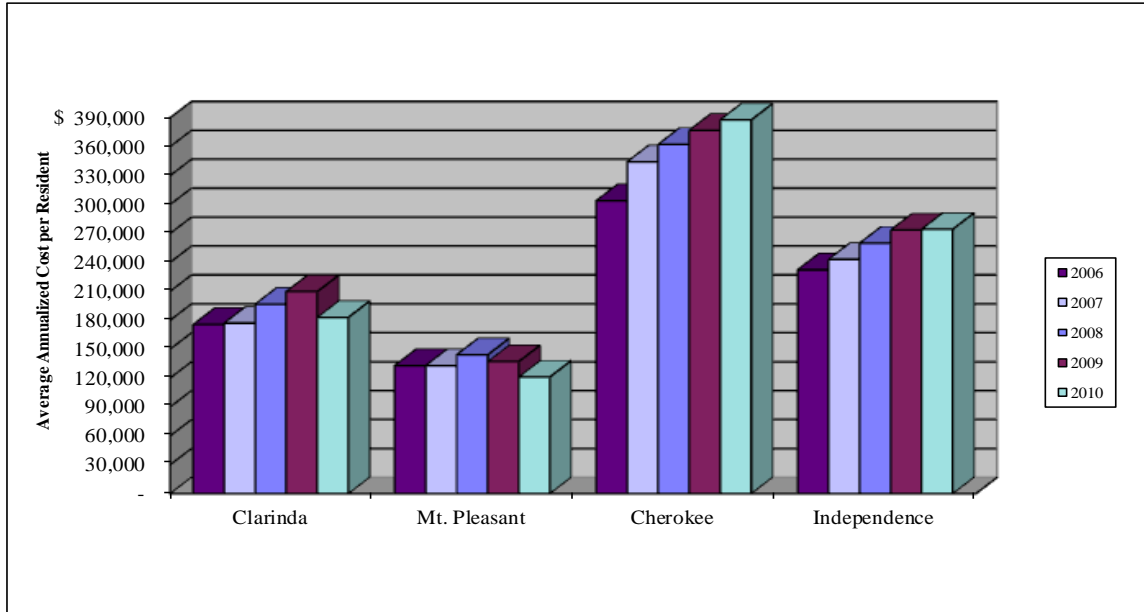




Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident by Institution  
Average Annual Cost per Resident  
(Unaudited)

For the Last Five Fiscal Years



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Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution  
(Unaudited)

Year ended June 30, 2006

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 6,559,270	5,891,414	12,502,054	17,400,969	39,977,151
Travel	27,378	53,729	56,606	46,241	473,158
Supplies and materials	896,610	520,538	927,784	922,118	3,295,111
Contractual services	527,307	550,560	1,486,415	1,912,789	3,890,551
Capital outlay	61,384	152,703	183,074	145,756	1,411,041
Claims and miscellaneous	615	52	38,407	844	34,381
Licenses, permits and refunds	157	-	140	1,034	9
Aid to individuals	-	2,006	49,584	425	-
Total before reallocations	<u>\$ 8,072,721</u>	<u>7,171,002</u>	15,244,064	<u>20,430,176</u>	<u>49,081,402</u>
Reallocated support services costs (see page 6)			<u>(1,874,746)</u>		
Total			<u>\$ 13,369,318</u>		

Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
50,838,808	6,360,869	10,667,652	3,742,111	153,940,298
415,184	7,269	54,593	29,969	1,164,127
5,936,469	605,348	529,966	100,427	13,734,371
7,762,614	800,798	1,483,922	781,627	19,196,583
2,420,426	78,309	372,214	94,069	4,918,976
532,293	6,677	10,241	36,294	659,804
7,560	362	3,299	-	12,561
460,115	-	-	-	512,130
<u>68,373,469</u>	<u>7,859,632</u>	<u>13,121,887</u>	<u>4,784,497</u>	<u>194,138,850</u>
			<u>1,874,746</u>	
			<u>6,659,243</u>	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution  
(Unaudited)

Year ended June 30, 2007

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 6,974,408	6,607,924	13,097,593	17,987,635	44,147,216
Travel	32,341	21,055	61,512	47,868	163,525
Supplies and materials	784,206	474,112	953,231	929,528	3,761,111
Contractual services	534,099	636,244	1,408,683	1,874,328	4,818,602
Capital outlay	164,335	93,516	164,310	55,466	1,895,961
Claims and miscellaneous	709	27	3,144	492	147,097
Licenses, permits and refunds	732	-	154	7,082	870
Aid to individuals	-	2,016	-	-	-
Total before reallocations	<u>\$ 8,490,830</u>	<u>7,834,894</u>	15,688,627	<u>20,902,399</u>	<u>54,934,382</u>
Reallocated support services costs (see page 6)			<u>(1,922,019)</u>		
Total			<u>\$ 13,766,608</u>		

Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
55,176,264	6,787,256	11,267,363	4,502,835	166,548,494
235,937	20,081	69,613	34,646	686,578
5,649,422	598,421	706,984	27,255	13,884,270
8,331,823	736,550	1,439,726	129,846	19,909,901
3,583,845	94,876	301,082	19,305	6,372,696
497,445	5,135	8,167	549	662,765
2,186	2,572	3,385	-	16,981
-	-	-	-	2,016
<u>73,476,922</u>	<u>8,244,891</u>	<u>13,796,320</u>	<u>4,714,436</u>	<u>208,083,701</u>
			<u>1,922,019</u>	
			<u>6,636,455</u>	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution  
(Unaudited)

Year ended June 30, 2008

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 7,391,770	7,216,650	13,682,846	18,417,624	47,143,096
Travel	40,638	33,797	43,114	58,315	495,664
Supplies and materials	990,920	532,517	977,555	987,342	3,634,099
Contractual services	554,287	773,252	1,535,253	2,031,591	4,946,799
Capital outlay	63,397	86,227	231,219	323,034	1,689,921
Claims and miscellaneous	126	405	1,409	1,035	140,380
Licenses, permits and refunds	85	1,010	505	1,578	407
Aid to individuals	-	-	-	-	-
Total before reallocations	<u>\$ 9,041,223</u>	<u>8,643,858</u>	16,471,901	<u>21,820,519</u>	<u>58,050,366</u>
Reallocated support services costs (see page 6)			<u>(1,980,918)</u>		
Total			<u>\$ 14,490,983</u>		

Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
60,378,764	7,221,028	12,104,745	5,091,505	178,648,028
440,068	33,390	60,763	65,017	1,270,766
6,366,174	695,767	752,121	106,345	15,042,840
8,314,399	759,312	1,554,480	274,163	20,743,536
3,073,359	236,224	400,995	169,134	6,273,510
532,949	6,139	14,524	1,678	698,645
5,939	1,676	5,222	-	16,422
226	-	-	-	226
<u>79,111,878</u>	<u>8,953,536</u>	<u>14,892,850</u>	<u>5,707,842</u>	<u>222,693,973</u>
			<u>1,980,918</u>	
			<u>7,688,760</u>	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution  
(Unaudited)

Year ended June 30, 2009

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 7,529,126	7,385,240	13,819,279	19,051,691	50,053,247
Travel	84,462	22,152	44,692	73,630	580,285
Supplies and materials	897,809	580,518	1,222,413	965,007	4,149,086
Contractual services	591,079	979,587	950,191	2,077,976	6,129,541
Capital outlay	119,038	73,686	307,189	240,646	1,901,365
Claims and miscellaneous	359	840	331	3,149	147,139
Licenses, permits and refunds	465	-	780	2,309	607
Aid to individuals	-	540	-	-	-
Total	<u>\$ 9,222,338</u>	<u>9,042,563</u>	16,344,875	<u>22,414,408</u>	<u>62,961,270</u>
Reallocated support services costs (see page 6)			<u>(2,023,410)</u>		
Total			<u>\$ 14,321,465</u>		



Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
62,500,842	7,651,720	12,287,820	5,827,528	186,106,493
254,567	17,633	55,147	7,240	1,139,808
6,584,419	677,889	855,556	786,475	16,719,172
9,289,745	659,861	1,849,605	195,958	22,723,543
2,785,072	29,723	307,860	53,657	5,818,236
520,882	4,332	18,818	569	696,419
7,116	4,288	1,167	-	16,732
-	-	-	-	540
<u>81,942,643</u>	<u>9,045,446</u>	<u>15,375,973</u>	<u>6,871,427</u>	<u>233,220,943</u>
			<u>2,023,410</u>	
			<u>8,894,837</u>	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution  
(Unaudited)

Year ended June 30, 2010

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 7,250,076	6,921,068	13,496,617	18,320,418	50,362,160
Travel	52,181	77,156	59,239	78,724	1,159,313
Supplies and materials	652,037	490,945	1,075,399	777,745	4,726,391
Contractual services	594,108	914,448	1,202,746	2,122,178	7,172,716
Capital outlay	42,725	183,274	121,510	86,222	1,742,716
Claims and miscellaneous	225	331	1,688	1,690	99,756
Licenses, permits and refunds	466	-	895	2,565	528
Aid to individuals	-	1,183	-	-	-
Total	<u>\$ 8,591,818</u>	<u>8,588,405</u>	15,958,094	<u>21,389,542</u>	<u>65,263,580</u>
Reallocated support services costs (see page 6)			<u>(2,776,626)</u>		
Total			<u>\$ 13,181,468</u>		

Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
61,197,320	7,198,717	11,598,464	5,900,877	182,245,717
1,079,322	70,078	100,344	10,653	2,687,010
6,130,446	671,346	579,128	729,698	15,833,135
9,275,428	653,344	1,552,170	267,289	23,754,427
2,704,880	49,760	214,712	9,050	5,154,849
573,001	3,765	13,260	146	693,862
3,354	2,026	3,343	-	13,177
-	-	-	-	1,183
<u>80,963,751</u>	<u>8,649,036</u>	<u>14,061,421</u>	<u>6,917,713</u>	<u>230,383,360</u>
			<u>2,776,626</u>	
			<u>9,694,339</u>	

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Institutions Under the Control of the Iowa Department of Human Services

Resident/Patient Population Statistics  
(Unaudited)

Year ended June 30, 2010

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Population beginning of year	51	76	31	79	211
Admissions:					
First admissions	125	637	273	185	5
Readmissions	90	170	152	145	2
Returns:					
Home visits	-	3	-	309	-
Limited leaves	-	-	-	4	69
Temporary medical transfers	-	-	-	22	-
Unauthorized departures	-	3	-	7	-
Total admissions	215	813	425	672	76
Released:					
Discharges	215	804	424	347	17
Deaths	-	-	-	-	3
Home visits	-	3	-	310	-
Limited leaves	-	-	-	3	64
Temporary medical transfers	6	3	2	21	-
Unauthorized departures	-	15	-	7	-
Other	-	-	-	-	-
Total released	221	825	426	688	84
Population end of year	45	64	30	63	203
Average number of residents/patients	47	71	34	78	205

Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders
307	75	152	79
10	117	232	3
10	-	25	-
417	-	-	-
-	-	-	-
280	-	-	-
-	-	-	-
717	117	257	3
34	116	124	2
7	-	-	-
418	-	-	-
-	-	-	-
276	-	-	-
-	-	-	-
-	-	156	-
735	116	280	2
289	76	129	80
300	75	141	80

June 30, 2010

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

No matters were noted.

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

No matters were noted.

**Other Findings Related to Internal Control:**

- (1) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check of those of another. Mail is not opened and distributed by someone other than accounting personnel. An initial list of receipts is not prepared by the mail opener. Responsibilities for collection and deposit preparation functions are not segregated from those for recording and accounting for cash receipts for the Patient and Entertainment Funds. Bank reconciliations are not reviewed by an independent person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Institute should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel.

Response – The Institute will look at alternate staff in other departments or within this department that we may be able to utilize to achieve compliance.

Conclusion – Response accepted.

- (2) Patient Account Bank Reconciliation – The June 2010 patient account book to bank reconciliation was not performed and other monthly reconciliations were not performed timely.

Recommendation – Proper book to bank reconciliation procedures should be performed timely as a control over cash reporting.

Response – The Institute will emphasize procedures to be followed and will track to ensure monthly reconciliations are performed timely.

Conclusion – Response accepted.

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

No matters were noted.

Findings and Recommendations for Mental Health Institute - Clarinda

June 30, 2010

**Staff:**

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager  
Tracey Gerrish, Staff Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Melissa M. Wellhausen, CPA, Senior Auditor  
Michael F. Conroy, Assitant Auditor  
Ryan A. Yeager, CPA, Assistant Auditor  
Ryan T. Jelsma, Assistant Auditor  
Cory A. Lee, Assistant Auditor

June 30, 2010

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

No matters were noted.

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

No matters were noted.

**Other Findings Related to Internal Control:**

(1) Capital Asset Listing – The Institute is required to keep an up-to-date and accurate capital asset listing to track and maintain control over capital assets. This includes properly classifying additions and deletions for equipment and vehicles throughout the fiscal year, making additions and deletions to the capital asset listing and ensuring items are properly tagged. During testing, the following were noted:

- Four assets did not have State tags affixed to them.
- One asset was disposed of during the year but was not removed from the capital asset listing.
- One capital asset purchased above the capitalization threshold of \$5,000 was not capitalized.
- One addition did not include the cost of installation in its capitalized cost.

Recommendation – The Institute should review policies and procedures to ensure all applicable capital assets purchased and maintained are properly tagged with the State ID number, disposals are removed from the asset listing and items above the capitalization threshold are properly capitalized, including all appropriate costs, such as installation costs.

Response – The Institute will ensure all applicable capital assets purchased and maintained by the Institution are properly tagged with a State ID number, assets disposed of will be removed from the asset listing and items above the capitalization threshold are properly capitalized including all appropriate costs.

Conclusion – Response accepted.

(2) Procurement Cards – The Institute follows the State of Iowa Purchasing Card Program Procedures Manual for purchasing care transactions. Three transactions selected for testing did not have approval documented on the purchase order/requisition.

Recommendation – The Institute should maintain documented approval for all procurement card transactions in accordance with the State’s policies.

Response – This was an oversight. The Institution will make every effort to approve purchase order requisitions prior to purchasing. We will discuss the importance of this with staff and re-inform them of the policy.

Conclusion – Response accepted.



June 30, 2010

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager  
Scott P. Boisen, Senior Auditor II  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

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Chad M. Baker, Assistant Auditor  
Russell G. Jordan, Assistant Auditor  
James H. Pitcher, Assistant Auditor  
Ryan A. Yeager, CPA, Assistant Auditor

June 30, 2010

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

No matters were noted.

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

No matters were noted.

**Other Findings Related to Internal Control:**

No matters were noted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager  
Michael R. Field, Senior Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Janet K. Mortvedt, CPA, Staff Auditor  
Keith C. Kistenmacher, Staff Auditor  
Nancy J. Umsted, Assistant Auditor  
Tyler L. Carter, Assistant Auditor

June 30, 2010

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

No matters were noted.

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

No matters were noted.

**Other Findings Related to Internal Control:**

No matters were noted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Suzanne R. Dahlstrom, CPA, Manager  
Darryl J. Brumm, CPA, Senior Auditor II  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Kurt D. Goldsmith, Staff Auditor  
Kelly L. Hilton, Staff Auditor  
Gabriel M. Stafford, CPA, Staff Auditor  
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Ryan T. Jelsma, Assistant Auditor  
James H. Pitcher, Assistant Auditor

June 30, 2010

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

No matters were noted.

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

No matters were noted.

**Other Findings Related to Internal Control:**

- (1) Segregation of Duties for Inventory – Adequate segregation of duties should exist for proper internal controls to be in place in each department. Responsibilities for maintaining inventory records and recording inventory purchases should be segregated from each other. The following duties should also be segregated: receiving, issuing, storing and accounting for inventory. A lack of segregation of duties exists in the pharmacy, central supply, clothing, fuel, housekeeping and dietary departments.

Recommendation – The Center should implement and maintain adequate segregation of duties for all departments.

Response – Woodward Resource Center will review the segregation of duties for inventory records, recording purchases, receiving, issuing, accounting and storing responsibilities for inventory.

Conclusion – Response accepted.

- (2) Segregation of Duties for Resident Accounts – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check of those of another employee. The cashier handles returned funds from resident outings and records activity in the resident accounts. Although returned funds are reviewed by an independent person, the receipts and supporting information are returned to the cashier prior to deposit.

Recommendation – Adequate segregation of duties should be implemented and maintained for all departments. To strengthen controls, the independent reviewer should evidence their review and deliver the returned funds to the individual who prepares the deposit.

Response – New procedures for Resident Accounts were put into place to ensure segregation of duties effective 10/1/2010.

Conclusion – Response accepted.

- (3) Capital Asset Listing – Chapter 7A.30 of the Code of Iowa requires each agency to maintain a written, detailed and up-to-date inventory of property under its charge and control. Three assets selected from the capital asset listing for testing could not be located because the assets were disposed of during the year, causing assets and accumulated depreciation to be overstated by \$37,292 and \$24,382, respectively.

Findings and Recommendations for Woodward Resource Center

June 30, 2010

Recommendation – The Center should implement procedures to ensure the capital asset listing is current and accurate.

Response – Woodward Resource Center acknowledges three items did not exist and were on the capital asset listing, but have now been deleted.

Conclusion – Response acknowledged. Procedures should be implemented to ensure the capital asset listing is current and accurate in the future.

- (4) Reconciliation of Medicare D Billings – A reconciliation of Medicare D billings to payments received is not performed.

Recommendation – A reconciliation of Medicare D billings to payments received should be performed monthly to detect and correct billing errors.

Response – The Pharmacy will provide the Business Office with a report to use for reconciling billings and payments.

Conclusion – Response accepted.

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

Employee Evaluations – Annual employee performance evaluations should be performed. Three of ten employees tested did not have a current performance evaluation in his or her personnel file.

Recommendation – The Center should implement procedures to ensure employee performance evaluations are performed annually.

Response – This is an issue of which Woodward Resource Center is aware of and will continue to improve on.

Conclusion – Response accepted.

**Staff:**

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager  
Janet K. Mortvedt, CPA, Staff Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Marta Sobieszkoda, Staff Auditor  
Leanna J. Showman, Staff Auditor  
Nancy J. Umsted, Assistant Auditor  
Melody Babcock, Assistant Auditor

Findings and Recommendations for Glenwood Resource Center

June 30, 2010

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

No matters were noted.

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

No matters were noted.

**Other Findings Related to Internal Control:**

No matters were noted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager  
Marta M. Sobieszkoda, Staff Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Jessica P.V. Green, Staff Auditor  
Gabriel M. Stafford, CPA, Staff Auditor  
Chad W. Baker, Assistant Auditor  
Justin M. Scherrman, Assistant Auditor

June 30, 2010

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

No matters were noted.

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

No matters were noted.

**Other Findings Related to Internal Control:**

No matters were noted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager  
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Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Daniel L. Durbin, CPA, Staff Auditor  
Beth Harriss, Assistant Auditor  
Leanna J. Showman, Assistant Auditor

June 30, 2010

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

No matters were noted.

**Findings Reported in the States Report on Internal Control:**

No matters were noted.

**Other Finding Related to Internal Control:**

Capital Assets - The Training School acquired and capitalized a boiler, three water heaters and a compressor at a total cost of \$104,787. However, the installation cost of \$107,313 was not included in the cost of the assets. Also, the current year depreciation was overstated by \$15,876 for four assets. In addition, the accumulated depreciation reported on the GAAP package was overstated by \$7,510.

Recommendation - Chapter 7A.30 of the Code of Iowa requires each department of the state to maintain a written, detailed and up-to-date inventory of property under its charge and control. The costs of capital assets should include all costs of placing the asset into operation. Also, depreciation and accumulated depreciation should be properly computed and reported on the GAAP package. In addition, capital asset records should be updated to adjust for these corrections on the GAAP package.

Response - The business office staff shall make the recommended corrections to the capital asset records in the fiscal year 2011 GAAP package. Due to prior year budget reductions and early out incentives, the facility business office experienced significant staff turnover and reductions. Even though the GAAP package was meticulously reviewed by the available staff, this review process missed the overstatement of depreciation and the error in accumulated depreciation. In the interim, the State Training School has been able to hire accounting staff replacements which will help ensure GAAP package reporting is as error free as possible and will make the necessary corrections to the overstatements in depreciation.

Conclusion - Response accepted.

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

Electronic Checks - Chapter 554D.114 of the Code of Iowa allows the Training School to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check.

The Training School did not obtain an image of the back of each cancelled check as required for Great Western Bank.

Recommendation - The Training School should obtain and retain check images as required.



Findings and Recommendations for State Training School - Eldora

June 30, 2010

Response – During this reporting period Great Western Bank purchased F&M Bank which previously provided both images of the checks on the bank statement per code requirements. The State Training School expected the same services would be provided by Great Western Bank. However, during the transition to this new bank, these images were not provided and the facility failed to notice the change in checking services. Great Western Bank has been contacted and a request has been made to include both images of the checks on the statement. If Great Western Bank cannot provide these services, then the State Training School will move its account to a bank which can provide the checking services required.

Conclusion: Response accepted.

**Staff:**

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager  
Darryl J. Brumm, CPA, Senior Auditor II  
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Other individuals who participated in the audits include:

Samantha J. Brincks, CPA, Staff Auditor  
Kelly L. Hilton, Staff Auditor  
Rosemary E. Nielsen, Staff Auditor

June 30, 2010

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

No matters were noted.

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

No matters were noted.

**Other Findings Related to Internal Control:**

No matters were noted.

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

No matters were noted.

**Staff:**

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager  
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Other individuals who participated in the audits include:

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