

OFFICE OF AUDITOR OF STATE

STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE	
	Contact: Andy Nielsen
August 29, 2012	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, 2011.

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) Comply with established guidelines related to various programs, such as temporary assistance for needy families (TANF), child care and development, foster care, Medicaid and the American Recovery and Reinvestment Act (ARRA).
- (2) Comply with provisions of the Department's Employees' Manual applicable to In Home Health Related Care.
- (3) Improve controls over cash receipts in the field offices.

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/1260-4010-BR00.pdf.



JUNE 30, 2011

AUDITOR OF STATE

State Capitol Building • Des Moines, Iowa



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August 27, 2012

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, 2011.

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 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 21 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

c: Honorable Terry E. Branstad, Governor David Roederer, Director, Department of Management Glen P. Dickinson, Director, Legislative Services Agency

Findings Reported in the State's Single Audit Report:

CFDA Number: 93.558 - Temporary Assistance for Needy Families

Agency Number: G-1002IATANF, G-11021ATANF

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-HHS-401-1

(1) Computer Match – Family Investment Program (FIP) – Title 4-C-39 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 17-F-14 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 2011. We reviewed 199 cases receiving both FIP and foster care payments during the same month of service. Of the 199 cases reviewed, 38 children, or 19%, improperly received FIP benefits for an additional one to five months after entering foster care. The unallowable FIP payments for these 38 children totaled \$13,043.

A computer match of payment data was performed for cases receiving both FIP and subsidized adoption payments during fiscal year 2011. We reviewed 127 cases receiving both FIP and subsidized adoption payments during the same month of service. Of the 127 cases reviewed, twenty cases, or 15.7%, 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 twenty cases totaled \$4,690.

<u>Recommendation</u> – 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.

<u>Response and Corrective Action Planned</u> – The Department communicated all findings to the worker and/or their respective supervisor for research and review in September 2011. All cases confirmed to be in error had a recoupment completed.

Additional training will be provided on the statewide Income Maintenance Policy Update Webinar on May 17, 2012 regarding taking appropriate timely action on the match between Family and Children Services (FACS) and Iowa Automated Benefits Calculation (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-1002IATANF, G-11021ATANF

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-HHS-401-4

(2) <u>Cash Management</u> – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. They also minimize the amount of State and other federal funds used to supplant programs until the federal funds are received.

In anticipation of a potential federal government shutdown, the Department drew down approximately \$6.3 million in excess of current needs for the Temporary Assistance for Needy Families program. Six business days later, while the Department still had a significant portion of these funds on hand, another draw of approximately \$1.6 million was made.

<u>Recommendation</u> – In the future, the Department should obtain formal written guidance from the applicable federal agencies and develop and implement procedures to ensure compliance with the federal agency guidance.

<u>Response and Corrective Action Planned</u> – The Department has procedures in place to ensure federal funds are requested and received in a timely manner. The Department also has procedures in place to monitor excessive cash balances. The Department continually reviews these procedures to look for effectiveness and efficiencies.

At each threat of a federal government shutdown, the Department evaluated its cash flow needs assuming a three week shutdown period. For the first two instances, it was determined the Department could sustain a three week shutdown using State funds to cash flow federal expenditures. For the third threat of a shutdown, a similar evaluation was completed. However, it was determined the Department no longer had enough State funds to cash flow federal expenditures for a period of three weeks. At the time, the Department attempted to contact the federal government to determine if individuals in charge of distributing funds to States were considered emergency employees. With no response, the Department ordered additional funds on April 8, 2011 to help cover federal expenditures for the next three weeks.

On April 18, 2011, the Department drew an additional \$1.6 million to cover expenditures. This \$1.6 million was spent within four days of receipt.

At the end of the month, the Department followed procedures in place for cash management and determined almost \$700,000 of the \$6.3 million drawn in advance was left unspent at the end of the month. On May 9, 2011, according to Department procedures, this amount was returned to the federal government.

An analysis of the Department's cash management is performed by the Iowa Department of Administrative Services each year. For the period of July 1, 2010 through June 30, 2011, for the Temporary Assistance for Needy Families program, it was determined the Department's liability for cash on hand was \$1,777.

Conclusion - Response accepted.

CFDA Number: 93.558 - Temporary Assistance for Needy Families

Agency Number: G-1002IATANF, G-11021ATANF

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-HHS-401-5

(3) ACF 209 Data Report Edit Checks – The Administration for Children and Families (ACF) 209 report is submitted quarterly to the U.S. Department of Health and Human Services (HHS). The ACF 209 report is a data report which includes information about all families or children receiving "assistance" as defined by federal regulations at 45 CFR 260.31, separated into two separate parts: Temporary Assistance for Needy Families funds and Separate State Program (SSP) funds. In Iowa, "assistance" for purposes of the ACF 209 report is limited to cash benefits paid under the Family Investment Program (FIP) and payments for child care and transportation for unemployed FIP households allowing them to participate in education and training activities. Of the thirty cases tested, one case included two children who had received child care but should not have been reported because they were not part of a FIP home.

<u>Recommendation</u> – The Department should review its system programming to ensure the ACF 209 data report is only reporting children receiving child care assistance who are in a FIP home.

Response and Corrective Action Planned – This error was caused by programming which checked only to see if a child receiving child care had ever been associated with a case receiving FIP, but not whether the child was still currently in the FIP home. This problem was corrected in August 2011 by changing the programming to confirm the "In Home" field response is yes before including a child in the report as receiving child care. This ensures only children currently in the FIP household are included in the report.

<u>Conclusion</u> – Response accepted.

CFDA Number: 93.558 - Temporary Assistance for Needy Families

Agency Number: G-1002IATANF, G-1102IATANF

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-HHS-401-6

(4) 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 one of twenty-five cases reviewed, the FIP grant was not reduced for the month following non-cooperation with CSRU and recoupment was not established. For two of twenty-five cases reviewed, the FIP grant was reduced and reduced payments were made when they should not have been reduced. Corrective payments were made for incorrectly reduced months.

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

Response and Corrective Action Planned – The Department communicated all findings to the worker and/or their respective supervisor for research and review in August 2011. 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. All cases confirmed to be in error have been set up for recoupment.

Additional training will be provided on the statewide Income Maintenance Policy Update Webinar on May 17, 2012 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.

<u>Conclusion</u> – Response accepted.

CFDA Number: 93.558 - Temporary Assistance for Needy Families

Agency Number: G-1002IATANF, G-11021ATANF

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-HHS-401-7

(5) <u>Health and Financial Support Application</u> – Title 4-B-1 of the Employees' Manual provides an application for FIP must be submitted on form 470-0462 or 470-0462(S), Health and Financial Support Application.

For one of thirty-two cases reviewed, form 470-0462 or 470-0462(S), Health and Financial Support Application, was not found.

<u>Recommendation</u> – The Department should ensure all applicants for FIP submit a Health and Financial Support Application. A copy of the application should be maintained in the applicant's file.

Response and Corrective Action Planned – The Department communicated the findings to the worker and/or their respective supervisor for research and review in August 2011. The supervisor confirmed a hard copy of the application was not located in the case file.

The Department is moving to the use of electronic case files. This action will improve the Department's ability to maintain and produce copies of documents in the future.

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: 11-III-HHS-401-12

(6) <u>Cash Management</u> – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. They also minimize the amount of State funds which must be used to supplant programs until federal funds are received.

A review of the Department's records identified one instance where the cash balance was excessive for more than ten days.

<u>Recommendation</u> – The Department should develop and implement procedures to ensure federal funds are drawn down in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances.

Response and Corrective Action Planned – The Department has procedures in place to ensure federal funds are requested and received in a timely manner. The Department also has procedures in place to monitor excessive cash balances. The Department continually reviews these procedures to look for effectiveness and efficiencies.

The Department reviews expenditures for child care on a weekly basis, drawing funds as needed for these expenditures. At the end of each month, the accountant completes a monthly report detailing cash on hand for each program. With this report, the accountant will settle up (either request additional funds to cover expenditures or return funds to the federal government if there are funds on hand at the end of each month). For the month of September 2010, the monthly report was prepared detailing cash on hand for each program. However, procedures were not completed to settle up the accounts. When the October 2010 monthly report was prepared, the error was discovered. On November 10, 2010, the Department returned \$3,000,000 to the federal government.

An analysis of the Department's cash management is performed by the Iowa Department of Administrative Services each year. For the period of July 1, 2010 through June 30, 2011, for the Child Care and Development Block Grant, it was determined the Department's liability for cash on hand was \$245.

<u>Conclusion</u> – Response accepted.

CFDA Number: 93.575 - Child Care and Development Block Grant

Agency Number: G-1001IACCDF, G-1101IACCDF

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-HHS-401-13

(7) <u>Wrap-Around Grant Subrecipient Monitoring</u> – OMB Circular A-133 requires a passthrough 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 Child Care Wrap-Around grant provides funding for child care for before and after school programs and during the summer or other breaks for children participating in a core program. Core programs include Head Start and other approved programs.

The Child Care Wrap-Around grants are awarded on a "per slot" basis. A slot is funded to serve children attending core programs which also meet certain eligibility guidelines, including income limits.

The Department is in the process of updating its desk review procedures, which include expenditure information and certain contract compliance. However, the procedures did not include verifying the determination of eligibility of the individual filling "slots".

<u>Recommendation</u> – The Department should ensure procedures include verifying eligible individuals receiving funding for fulfilling "slots" and maintain supporting documentation of the eligibility review.

<u>Response and Corrective Action Planned</u> – The Department has updated the desk review procedures, which include expenditure information and contract compliance information. Eligibility of a sample of the recipients filling a slot will be verified during the desk review.

<u>Conclusion</u> – Response accepted.

CFDA Number: 93.575 - Child Care and Development Block Grant

Agency Number: G-1001IACCDF, G-1101IACCDF

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-HHS-401-14

(8) <u>Subrecipient Monitoring – Early Childhood Iowa</u> – OMB Circular A-133 requires a passthrough entity 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 Early Childhood Iowa Areas. However, no monitoring visits were completed during the year ended June 30, 2011.

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

Response and Corrective Action Planned – The Department is in the process of completing monitoring activities for four subrecipients based on the written procedures for monitoring. Also, the program manager, in consultation with the Early Childhood Iowa Technical Assistance Team, identified additional subrecipients for monitoring based on selection criteria in the written procedures for monitoring. The Department will prioritize work assignments and staff resources to meet requirements in the written procedures.

Conclusion - Response accepted.

CFDA Number: 93.596 - Child Care Mandatory and Matching Funds of the Child

Care and Development Fund

Agency Number: G-1001IACCDF, G-1101IACCDF

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-HHS-401-15

(9) <u>Child Care Assistance</u> – 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 copayments to providers providing child care assistance. For one of the thirty-five cases reviewed, the provider agreement was not included in the provider file.

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

Response and Corrective Action Planned – The Department consolidated the processes for child care assistance in 2010. As part of this effort, all active case files were transferred to the Child Care unit. The error was communicated to the Child Care unit manager and files were reviewed. The provider agreement could not be located in the files. The Department is moving to the use of electronic case files. This action will improve the Department's ability to maintain and produce copies of documents in the future.

Conclusion - Response accepted.

CFDA Number: 93.658 - Foster Care_Title IV-E and ARRA - Foster Care_Title IV-E

Agency Number: G-1001IA1401, G-1101IA1401

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-HHS-401-16

(10) <u>DHS Field Office – Case Records</u> – For fiscal year 2011, eight county offices were visited. In conjunction with this limited review, the following condition was noted:

Title 18-D-13 of the Employees' Manual and Iowa Administrative Code, Section 441, Chapter 202.11 states, in part, "A service worker shall personally visit each child and the foster family at least once every calendar month." In fifteen of thirty-seven cases reviewed, a personal visit to a child and the foster family was not performed during the required time frame.

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

Response and Corrective Action Planned – Findings were received from the Office of Auditor of State on February 2, 2012. The Department communicated the findings to the service area management for research and review. Responses to all errors have been received from the respective supervisors.

Additional training will be provided on the statewide service worker teleconference call in May 2012 regarding the need to complete visits for each child and foster family on a monthly basis.

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

Program

Agency Number: 5-1005IA5ADM, 5-1005IA5MAP, 5-1105IA5ADM,

5-1105IA5MAP, 5-1005IAARRA

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-HHS-401-22

(11) Medicaid Eligibility Quality Control (MEQC) System – The Code of Federal Regulations, 42 CFR 431.800, establishes the state plan requirement for the MEQC program designed to reduce erroneous expenditures by monitoring eligibility determinations. The Medicaid compliance supplement allows the Department to operate pilot projects focusing on special studies, targeted reviews or other activities designed to ensure program integrity or improve program administration. The Department obtained approval from the Centers for Medicare and Medicaid Services (CMS) to perform the MEQC IowaCare pilot project for the period January 1, 2010 through December 31, 2010. This pilot project consisted of verifying applicants' self-declaration applications to ensure appropriate Medicaid eligibility determinations were being made by Income Maintenance (IM) workers.

The Division of Adult, Children, and Family Services randomly selects thirty cases for the Bureau of Quality Control to review monthly. If the quality control review results in findings which differ from the agency's findings, an error report is sent to the agency so a correction can be made. Iowa Administrative Code, Section 441, Chapter 76.8(249A) set cooperation with quality control as a requirement for Medicaid eligibility, with some exceptions. For October 2010, one of twenty-five IowaCare quality control reviews, or 4%, examined did not contain documentation where coverage was cancelled due to lack of cooperation and failure to complete an Insurance Questionnaire.

<u>Recommendation</u> – All IowaCare quality control reviews should contain documentation of whether or not a Medicaid case should be canceled when the recipient fails to cooperate with a quality control review.

Response and Corrective Action Planned – The Quality Control Bureau Chief, along with the QC Management Analyst, conducted extensive research on the legal basis for sanctioning MEQC cases which fail to cooperate with the QC Reviewer. The matter was discussed with the Bureau of Financial, Health and Work Supports program managers to ensure a complete understanding of the policy. Training was provided for the MEQC Reviewers and the Monitor on November 3, 2011 to clarify policy on when to sanction a medical case for failure to cooperate with an MEQC review.

The case cited was closed on June 30, 2011. No further action has been taken with this case.

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

Program

Agency Number: 5-1005IA5ADM, 5-1005IA5MAP,

5-1105IA5ADM, 5-1105IA5MAP

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-HHS-401-23

(12) Medicaid Mothers and Children (MAC) Eligibility – Iowa Administrative Code, Section 441, Chapter 75.1(28), states, in part, "Family income shall not exceed 133 percent of the federal poverty level for children who have attained one year of age but who have not attained 19 years of age." For one of twenty-four cases tested, the recipient's countable income exceeded 133% of the Federal Poverty Level.

<u>Recommendation</u> – The Department should establish procedures to ensure compliance with the Iowa Administrative Code.

Response and Corrective Action Planned – The Department communicated the findings to the worker and/or their respective supervisor for research and review. The supervisor confirmed the worker was in error as the household income was over the income limit. The issue has been addressed with the worker.

Additional training will be provided on the statewide Income Maintenance Policy Update Webinar on May 17, 2012 regarding household income requirements for the MAC program.

<u>Conclusion</u> – Response accepted.

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

Program

Agency Number: 5-1005IA5ADM, 5-1005IA5MAP

5-1105IA5ADM, 5-1105IA5MAP

Federal Award Year: 2010, 2011

State of Iowa Single Audit Report Comment: 11-III-HHS-401-24

- (13) <u>Intermediate Care Facility Mental Retardation (ICF-MR)</u> 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 nine of ten 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. For nine of ten case files reviewed, the case file did not contain Form 470-0374.

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

Response and Corrective Action Planned – In June 2010, the Department created a new Centralized Facility Eligibility Unit (CFEU) to centrally manage facility cases. As part of this transition, paper files remained in the service areas and the unit is utilizing electronic case documents for all new and existing cases. Paper cases files for Iowans receiving these services may cover more than 20 years of history and preliminary payment and care agreements may be done only once, at the beginning of the placement. All documents pertinent to the current case activity are contained in the electronic case files.

To review current compliance, cases from 2010 were requested from CFEU. When CFEU did not locate the agreements in the electronic files, new agreements were generated, signed and provided to the auditors. Only one set of agreements was located at the area level.

The information on the need to complete Form 470-0375 and 470-0374 and assure it is included as part of the electronic case file will be communicated to the CFEU unit managers and a corrective action plan for future cases will be requested by June 2, 2012.

<u>Conclusion</u> – Response accepted.

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

No matters were noted.

Other Findings Related to Internal Control:

(1) Eligibility – State Payment Program (SPP) – The State Payment Program provides funding to eligible recipients in order to maintain and improve their self-sufficiency. The Iowa Administrative Code, Chapters 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 the 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, verifying receipt of monthly payment report files within fifteen business days, generating and reconciling payments to the counties and receiving and auditing reports of member activity and expenditures from the counties.

Central Point Coordinators (CPCs) 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 CPC in determining the eligibility of the applicant or the allowability of services provided.

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

<u>Response</u> – 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 validity 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.

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.

In current code Mental Health and Disability Service (MHDS) payment is the responsibility of the county of legal settlement or, when there is no county of legal settlement, the State. Current legislation (SF2315) changes this payment responsibility to the county of residence beginning July 1, 2013. While the State will have some level of payment responsibility for cases where residency requirements are not met, this will be a much smaller number of cases and the SPP will not exist as it does today. Over the next year, DHS will be establishing processes around state responsibility for the small number of cases where county residency is not established. Section 331.440 is repealed effective July 1, 2013 (SF 525, 2011 Session).

- (2) <u>DHS Field Offices In Home Health Related Care (IHHRC)</u> For fiscal year 2011, eight county offices were visited. In conjunction with this limited review, documentation in three In Home Health Related Care 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-42 of the Employees' Manual provides for determination of the amount of client participation in service costs. For six of the twenty-five cases reviewed, documentation in the case files lacked evidence of how client participation was calculated.
 - (b) Title 16-J-9, Appendix, of the Employees' Manual provides the worker is to complete the Notice of Decision (NOD): Services form 470-0602 to notify clients of eligibility determination and service needs for IHHRC. The NOD should be filed in the case record. For five of the twenty-five cases reviewed, the NOD: Services form 470-0602 was not included in the case record. In addition, for one of the twenty-five cases reviewed, the NOD was not signed.

- (c) Title 16-J-6 of the Employees' Manual provides 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 six of the twenty-eight cases reviewed, the Service Report was not included in the case record or it was not updated.
- (d) Title 16-J-34 of the Employees' Manual provides the Provider Health Assessment, form 470-0672, shall be obtained annually. For six of the twenty-five cases reviewed, the Provider Health Assessment was not completed annually. In addition, for one of the twenty-five cases reviewed, the form was not dated.
- (e) Title 6-B-39 of the Employees' Manual provides the worker should issue form 470-0490, Notice of Decision: Medical Assistance or State Supplementary Assistance, to notify the applicant. For two of the twenty-five cases reviewed, the Notice of Decision: Medical Assistance or State Supplementary Assistance was not included in the case record.
- (f) Title 16-J-12, Appendix, of the Employees' Manual provides the Provider Agreement should be completed for each client. In addition, Title 16-J-5 of the Employee's Manual provides the Provider Agreement, form 470-0636, should be updated annually. For seven of the twenty-five cases reviewed, the Provider Agreement form was not included in the case record or updated annually. In addition, for one of the twenty-five cases reviewed, the agreement did not contain a description of duties.
- (g) Title 16-J-7, Appendix, of the Employees' Manual provides 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 five of the twenty-eight cases reviewed, the Individual Client Case Plan was not included in the case record or updated annually.
- (h) Title 16-J-21 of the Employees' Manual provides the Purchase of Service Provider Invoice, form 470-0020, should be completed monthly. For one of the twenty-eight cases reviewed, the Purchase of Service Provider Invoice was not included in the case record.
- (i) Title 16-J-33 of the Employees' Manual provides the physician shall review and recertify the appropriateness of the health care plan at least every 60 days. The nurse shall review the nursing plan and shall provide an updated copy of the physician's health care plan and the nursing plan of care to the provider. Also, a review of the total care plan should be completed by someone involved with the care plan at least every six months. For eighteen of the twenty-eight cases reviewed, sufficient documentation was not included in the case record to determine whether the physician reviewed and re-certified the health care plan every 60 days or whether the nurse reviewed the nursing plan. In addition, for twenty-two of the twenty-eight cases reviewed, review of the total care plan at least every six months was not documented.
- (j) Title 6-B-40a of the Employee's Manual provides a physician must certify IHHRC services are needed. Form 470-0673, Physician's Report, should be completed. Seven of the twenty-eight case files reviewed did not contain Form 470-0673.

- (k) Title 16-J-21 of the Employee's Manual provides information entered in the Service Reporting System must be accurate and must agree with information entered in the Purchase of Service System. In six of the twenty-five cases reviewed, case files were not updated on the Purchase of Service system under the POSP screen to show effective rates.
- (l) Title 16-J-5 of the Employee's Manual provides the Authorization to Obtain or Release Health Care Information, form 470-3951, is required to be updated annually. For ten of twenty-five cases reviewed, the Authorization to Obtain or Release Health Care Information, form 470-3951, was not in the case file or it was not updated annually. In addition, form 470-0429 was used instead of form 470-3951 for three of the twenty-five cases reviewed. Form 470-0429 is the Consent to Obtain and Release Information form used for Promise Jobs under Temporary Assistance to Needy Families. However, the Department's policy does not state form 470-0429 can be used as a substitute for form 470-3951.
- (m) Title 16-J-34 of the Employee's Manual provides the Medicaid Review, form 470-3118, should be completed annually. For two of the twenty-five cases reviewed, the Medicaid Review was not included in the case record. In addition, form 470-2881, Review/Recertification Eligibility Document, was used instead of form 470-3118 for three of the twenty-five cases reviewed. The Department's policy does not state form 470-2881 can be used as a substitute for form 470-3118.
- (n) Title 16-J-4 of the Employee's Manual provides the Health Services Application, form 470-2927, must be completed if the client requests assistance. Form 470-0462, Health and Financial Support Application, is currently being used as a replacement for form 470-2927. The Department's policy does not state form 470-0462 can be used a substitute for form 470-2927.
- <u>Recommendation</u> The Department should establish procedures to ensure compliance with the Employees' Manual. In addition, the Department should review instances where substitute forms have been used and determine if the substitute form meets the intended requirement of the policy. If the substitute forms are acceptable, the policy should be updated.
- Response The Department continues to work at two levels to improve performance; 1) with individual staff and groups of workers to address the specific errors and 2) through the efforts of a workgroup formed in 2010 whose efforts continue to improve the policies and performance for IHHRC services. The overall findings for the IHHRC audit will be shared with the workgroup by July 1, 2012. Below are the specific responses on improvements and areas of training for items (a) through (n) above:
 - (a) This document on how client participation was calculated was a new issue in fiscal year 2011 and was not a finding in fiscal year 2010. The IMTA will address the calculation documentation issues with Income Maintenance (IM) field staff on the July 19th 2012 teleconference call.
 - (b) Notice of Decision not included in case file. This item went from 4 instances in fiscal year 2010 to 5 instances in fiscal year 2011. The IMTA will address the documentation issues with IM field staff on the July 19, 2012 teleconference call.

- (c) Form 470-0506 Service Report to communicate information was a new finding in fiscal year 2011. The issues with six cases relating to the service reporting have been addressed with the individual workers and will be covered with all service staff through a Webinar and Policy Clarification guide.
- (d) The findings related to the Provider Health Assessment form 470-0672 dropped from 18 instances in fiscal year 2010 to 6 instances in fiscal year 2011. The issues with six cases relating to the form have been addressed with the individual workers and will be covered during the IM field staff on the July 19, 2012 teleconference call.
- (e) There were 2 issues with the Notice of Decision not included in the case record. Both issues were addressed with the individual worker and the need for complete documentation will be covered during the IM field staff on the July 19, 2012 teleconference call.
- (f) There were 7 instances where the annual completion of the Provider Agreement 470-0636 was not found in the case file or updated annually. This is down from 12 instances in fiscal year 2010. In 1 instance the agreement did not contain a description of duties; this was a new finding for fiscal year 2011. The issues with 8 cases relating to the Agreement have been addressed with the individual workers and will be covered with all service staff through a Webinar and Policy Clarification guide.
- (g) There were 5 instances where the annual completion of the Individual Client Case Plan 470-0853 was not found in the case file or updated annually. This is down from 12 instances in fiscal year 2010. The issues with 5 cases relating to the case plan have been addressed with the individual workers and will be covered with all service staff through a Webinar and Policy Clarification guide.
- (h) In fiscal year 2010, 19 cases did not have a provider invoice included in the case file. For fiscal year 2011, there were 8 instances were the Purchase of Service Provider invoice was not completed monthly and one instance where the invoice was not included in the case file. The issues with 9 cases relating to invoices have been addressed with the individual workers and will be covered with all service staff through a Webinar and Policy Clarification guide
- (i) Findings related to the doctor and nurse review of health care plans was up by 1, going from 17 in fiscal year 2010 to 18 in fiscal year 2011. The finding is related to the sufficiency of documentation to determine if the review had been done. The issues relating to the documentation and the related requirements have been addressed with the individual workers and will be covered with all service staff through a Webinar and Policy Clarification guide
- (j) There were 7 instances noted where the case file did not include the Physician's Report, form 470-0673 which certifies IHHC serves are needed. This is up from the 3 instance noted in the fiscal year 2010 audit. The issues relating to the documentation and the related requirements have been addressed with the individual workers and will be covered with all service staff through a Webinar and Policy Clarification guide

- (k) There were six instances where entries were not made into a single screen in the DHS Purchase of Service system which is being phased out. The entry into this screen does not have an impact on the payment or payment accuracy and a request has been made to remove this requirement from the DHS Policy. This issue will be resolved when DHS moves the IHHC services to the new eligibility systems between fiscal year 2013 and fiscal year 2014.
- (l) The lack of documentation of annual update of the Authorization to Obtain or Release Health Care Information was not found in 10 case files. There were also three cases where a similar form was used that is not listed in the policy manual as an acceptable substitute. This second form is intended for TANF cases and is used to avoid the hardship of having the client complete two forms to release information. The issue has been referred to policy for review and no change is planned at this time. For the 10 cases, the issues relating to the documentation and the related requirements have been addressed with the individual workers and will be covered with all service staff through a Webinar and Policy Clarification guide
- (m) In two instances, the Medicaid Review, form 470-3118, was not included in the case record. In addition, for three of the twenty-five cases reviewed, form 470-2881 was used instead of form 470-3118. This is a new issue for fiscal year 2011. The issues with the forms were addressed with the individual workers and will be covered during the IM field staff on the July 19, 2012 teleconference call.
- (n) Form 470-0462, Health and Financial Support Application, is currently being used as a replacement for form 470-2927, however, the Department's policy does not state form 470-0462 can be used as an applicable substitute. This practice has been reviewed and no change is planned at this time. The issue will be covered during the IM field staff on the July 19th, 2012 teleconference call

Conclusion - Response accepted.

- (3) <u>DHS Field Office Internal Controls</u> For fiscal year 2011, eight county offices and three Child Support Recovery Unit (CSRU) offices were visited. In conjunction with this limited review, the following conditions were noted:
 - (a) In one county office, the same individual who sends the receipts to central office enters the receipts on the receipt log and compares the validated receipt upon return from central office to the receipt log or receipt book.
 - (b) In two county offices and one CSRU office, the employee who opens the mail and receives the checks does not restrictively endorse the checks.
 - (c) In one county office, the receipt log does not indicate the case number for which payment is received.
 - (d) In two county offices, the receipt log does not indicate the amount of the receipt.

<u>Recommendation</u> – The Department should implement procedures to strengthen internal controls.

Response -

- (a) The Income Maintenance (IM) Administrator and IM supervisors met with Income Maintenance Worker's (IMW's) and support staff who hold receipt books and complete receipt logs in those counties. The purpose of these meeting was to ensure proper procedures are followed when logging receipts.
- (b) Procedures were reviewed with office staff in all locations cited in error. In the future, all checks or money orders will be restrictively endorsed when the mail is opened.
- (c) Training has been provided to staff regarding case numbers being documented on the receipt log. In addition, a spot check process has been implemented.
- (d) The IM Administrator and IM supervisors met with IMW's and support staff who hold receipt books and complete receipt logs in those counties. The purpose of these meeting was to ensure proper procedures are followed when logging receipts.

<u>Conclusion</u> – Response accepted.

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

The following conditions were identified during fiscal year 2011 case file testing:

- (a) Title 18-D-45 of the Employees' Manual and Chapter 441-202.6(4) of the Iowa Administrative Code states, in part, "The case permanency plan shall be reviewed at least every six months to ensure appropriateness of the child's placement. A copy of the subsequent case plan shall be submitted to the court every six months unless the court orders a different frequency for reports." In one of thirty-seven cases reviewed, a case permanency plan was not reviewed within six months.
- (b) Iowa Administrative Code 441-130.7 states, "A case plan that meets the requirements of Iowa Code section 232.2 shall be filed within 60 days from the date the child enters foster care or the date the department opens a child welfare service case, whichever occurs first." Of 20 cases tested, 3 plans were not dated within 60 days.

<u>Recommendation</u> – 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.

<u>Response</u> – Information on the errors cited was communicated to the workers for the respective cases and appropriate policies were reviewed.

Findings Related to Statutory Requirements and Other Matters:

<u>Iowa Code Compliance</u> – The following were noted:

- (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.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 2011 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.

<u>Recommendation</u> – 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.
- (c) 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.

Staff:

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager Timothy D. Houlette, CPA, Senior Auditor II Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Keith C. Kistenmacher, Senior Auditor
Jenny M. Podrebarac, Senior Auditor
Kassi D. Adams, Staff Auditor
Tracey L. Gerrish, Staff Auditor
Jessica P.V. Green, Staff Auditor
Casey L. Johnson, Staff Auditor
Michael T. Bunkers, Assistant Auditor
Ryan T. Jelsma, Assistant Auditor
Russell G. Jordan, CPA, Assistant Auditor
Cory A. Lee, Assistant Auditor
Matthew S. Nye, Assistant Auditor
Philip A. Rethwisch, Assistant Auditor
Nicole R. Williams, Assistant Auditor