



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE July 12, 2004

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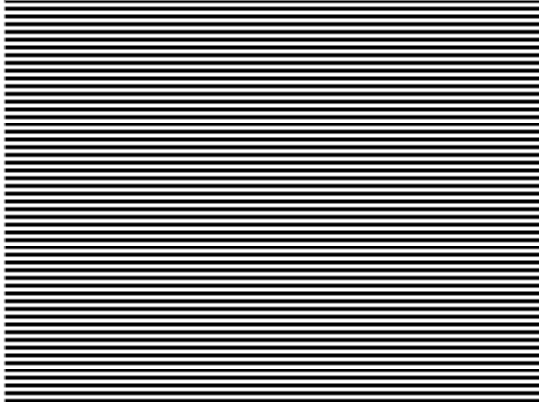
Auditor of State David A. Vaudt today released a report on the Iowa Department of Inspections and Appeals for the year ended June 30, 2003.

The Iowa Department of Inspections and Appeals was created for the purpose of coordinating and conducting audits, appeals, hearings, inspections and investigations related to the operations of Iowa state government. The Department also provides administrative support services for the Employment Appeal Board, Hospital Licensing Board, Child Advocacy Board, State Public Defender and the Iowa Racing and Gaming Commission.

Vaudt recommended the Department develop procedures to ensure federal funds are requested and received in a timely manner to minimize the amount of state funds used to operate federal programs.

A copy of the report is available for review in the Iowa Department of Inspections and Appeals or the Office of Auditor of State.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF INSPECTIONS AND APPEALS**

JUNE 30, 2003

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



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



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February 24, 2004

To Steven K. Young, Director of the
Iowa Department of Inspections and Appeals:

The Iowa Department of Inspections and Appeals 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, 2003.

In conducting our audits, we became aware of an aspect concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on page 7. We believe you should be aware of the recommendation which pertains to the Department's compliance with statutory requirements and other matters. The recommendation has been discussed with Department personnel and their response to the recommendation is included in this report.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Inspections and Appeals, citizens of the State of Iowa and other parties to whom the Iowa Department of Inspections and Appeals 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 Department 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 8 and they are available to discuss these matters with you.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Thomas J. Vilsack, Governor
Cynthia P. Eisenhauer, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

Iowa Department of Inspections and Appeals

June 30, 2003

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

No matters were noted.

Finding Related to Statutory Requirements and Other Matters:

Cash Management – 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 used to operate the program until the federal funds are received.

For the Food Stamps program, 3 out of 25 requests for federal funds were not submitted in a timely manner. Therefore, the federal funds were received up to 28 days after the warrants were issued.

For the State Survey and Certification of Health Care Providers and Suppliers program, 2 out of 25 requests for federal funds were not submitted in a timely manner. Therefore, the federal funds were received 7 and 9 days after the warrants were issued.

For the State Medicaid Fraud Control Units program, 2 out of 25 requests for federal funds were not submitted in a timely manner. Therefore, the federal funds were received 8 days after the warrants were issued.

Recommendation – The Department should develop procedures to ensure federal funds are requested and received in a timely manner in order to minimize the amount of state funds used to operate the program until the federal funds are received.

Response – The Department acknowledges these requests for federal funds were not processed in a timely manner. Requests for funding for the Food Stamps program are processed through the Iowa Department of Human Services, and the actual draw and transfer is not under our total control. While sufficient cash was on hand to cover the payrolls, federal funds should have been drawn sooner. We will be more diligent in the future to make sure we draw these funds timely. However, limited staffing, seasonal workload demands and unplanned staff absences could cause future complications.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Inspections and Appeals

June 30, 2003

Staff:

Questions or requests for further assistance should be directed to:

Joe T. Marturello, CIA, Manager
Tammy Wolterman, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Marc D. Johnson, Staff Auditor
Jennifer R. Edgar, Assistant Auditor
Ryan J. Johnson, Assistant Auditor