

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

August 14, 2013

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released a report on the Iowa Department for the Blind for the year ended June 30, 2012.

The Iowa Department for the Blind is a statewide organization offering specialized, integrated services which blind and severely visually impaired Iowans need to live independently and work competitively.

Vaudt recommended the Iowa Department for the Blind develop procedures to address future issues related to potential conflicts of interest in determining eligibility and to document the basis for providing certain telecommunication services to its employees. The Department's responses to the recommendations are included in the report.

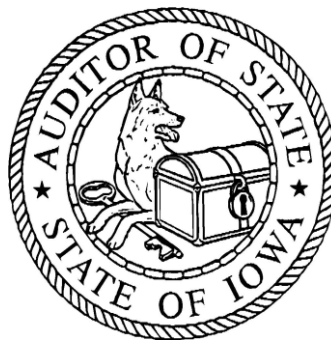
A copy of the report is available for review in the Iowa Department for the Blind, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1360-1310-OR00.pdf>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT FOR THE BLIND**

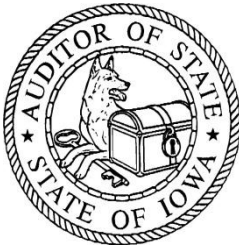
JUNE 30, 2012

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



Mary Mosiman, CPA
Auditor of State

1360-1310-0R00



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August 9, 2013


To Richard Sorey, Director of the
Iowa Department for the Blind:


The Iowa Department for the Blind 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, 2012.

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 were reported in the State's Single Audit Report. 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 for the Blind's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department for the Blind, citizens of the State of Iowa and other parties to whom the Iowa Department for the Blind 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 for the Blind during the course of our audits. Should you have questions concerning 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.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

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

Report of Recommendations to the

Iowa Department for the Blind

June 30, 2012

Findings Reported in the State's Single Audit Report:

CFDA Number: 84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States

Agency Number: H126A110021, H126A120021

Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comment 12-III-USDE-131-2

- (1) Conflict of Interest – Services to individuals under the Vocational Rehabilitation program may be provided for any service described in the Individualized Education Program (IEP) necessary to assist an individual with a disability in preparing for, securing, retaining or regaining an employment outcome. In February 2012, the Director of the Department for the Blind applied for vocational rehabilitation services at the same time she applied for a high level government job in Washington, DC. The Director's eligibility for this program was determined and approved by a Department case worker, a subordinate to the Director. The case worker approved the IEP for the Director, which provided eligibility for the Director to receive a \$2,000 clothing allowance to purchase clothing appropriate for a high level government job and \$19,137 of computer equipment as tools for use in her newly acquired employment position.

Recommendation – The Department should develop procedures to address future issues related to potential conflicts of interest in determining eligibility. In addition, the Department should consult with the U.S. Department of Education to determine corrective action.

Response and Corrective Action Planned – The Director's eligibility for this program was determined and approved by a Department case worker, the case worker's supervisor and the technology supervisor, all subordinates to the Director. The Department will comply with the recommendation, by making appropriate revisions to the Department's existing conflict of interest policy and ethics training for employees. In addition, the Department will consult with the U.S. Department of Education as recommended. This comment resulted from a disclosure by the Department.

Conclusion – Response accepted.

CFDA Number: 84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States

Agency Number: H126A110021, H126A120021

Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comment 12-III-USDE-131-8

- (2) Telecommunication Payments – During fiscal year 2012, the Department paid 100% of the costs associated with the following telecommunication items:
- Employer-provided cell phones and related service for 45 employees totaling \$20,220, of which \$17,342 was funded by the program.
 - Home internet hookups for 16 employees totaling \$13,141, of which \$10,278 was funded by the program.

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- Home telephone service for six employees totaling \$2,116, of which \$1,728 was funded by the program.
- Wiring for one employee who works primarily from the Department's office in order to obtain home internet and home telephone service totaling \$99, of which \$74 was funded by the program.

The Department does not have a written policy stating which employees are eligible for the payment of these items, nor does the Department maintain documentation stating the substantial business reasons why the use of these items are critical to fulfill the employee's job duties. In addition, payments for the home internet hookups or home telephone service do not run through the Department's payroll system as required by DAS-SAE Procedure No. 220.500 – Employee Expenses – Telework Program. One provision of the Telework Program is for the compensation of telecommunication expenses to be added to the employee's taxable wages and be paid through centralized payroll.

Although the Department stated these items are to be used for work related business, there is no support maintained by the Department to verify these items are not being used for personal use. OMB Circular A-87, Attachment B(20) states, "Costs of goods or services for personal use of the governmental unit's employees are unallowable regardless of whether the cost is reported as taxable income to the employees."

Recommendation – The Department should document the basis for providing the above services to its employees in order for them to fulfill their job duties. If this practice is continued, the Department should develop written policies to limit payments to only the portion of the service deemed critical to fulfill the employee's job duties. Written policies should include the requirement for proper documentation to ensure the use of these items are not personal in nature. In addition, the Department should add telecommunication payments to the employees taxable wages to be paid through Centralized Payroll as required by DAS-SAE Procedure No. 220-500.

Response and Corrective Action Planned – It is a stated policy of Iowa state government to provide employees with the opportunity to participate in telework when practical and consistent with the Department's mission. All of the situations described above pertain to purposes consistent with the work of the Department and each was evaluated as individual situations occurred. Each was supported by the Department to facilitate employees accomplishing work without regard to their location at any particular time. Some employees are officially domiciled at home so the Department can avoid incurring office rent expenditures and minimize travel costs to and from Des Moines. This occurs at some inconvenience, rather than benefit, to some of those employees. Those employees are provided reasonable telephone reimbursement accordingly. Some employees deal with clientele who have hearing issues in addition to blindness. Audio reception attending cellular phones is a known problem for some clients with hearing difficulty. The one-time wiring cost was incurred to facilitate the work of an employee meeting deadlines unique to the position without distractions which are otherwise unavoidable. These instances were most recently re-evaluated as a general practice during June 22 to July 18, 2012, including correspondence with DAS-SAE. At its regularly scheduled staff meeting on December 10, 2010 the Department announced the employee handbook promulgated by DAS would be the official Department employee

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handbook. The handbook was provided to all employees. As it regards this issue in general, pages seven and eight of the handbook currently provide additional policy guidance as follows:

“...the following are prohibited: ...unauthorized use, abuse, misuse, or waste of property or materials; unauthorized possession or sale of items; and unlawful operation or use of state vehicles and equipment for other than state business.... The State’s long-distance service and state-owned cellular phones are to be used for official state business only...”

“Internet service is provided by the State of Iowa to support open communications and exchange of information, as well as to provide the opportunity for collaborative government-related work. The State of Iowa encourages the use of electronic communications by its employees. Like any resources made available to employees of the State, use of Internet service is a revocable privilege. The use of State-provided Internet service must be for state government-related activities and not for personal business, for-profit activities, commercial advertising, entertainment, or other use that interferes with an employee’s productivity or reflects poorly on state government.”

Contrary to the suggestion in the finding, none of the items was supplied for the personal use of employees. The above excerpts from the employee handbook establish the Department has policies restricting the items to official business, also contrary to the assertion in the comment. The Department believes it has acted reasonably in the circumstances consistent with carrying out its unique mission benefiting the people it serves based on their needs.

The Department will re-evaluate its policies as recommended by the auditor.

Conclusion – Response acknowledged. The Department should document the basis for providing the above services to its employees in order for them to fulfill their job duties. In addition, the Department should follow DAS-SAE Procedure No. 220-500.

Report of Recommendations to the

Iowa Department for the Blind

June 30, 2012

Finding 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.

Report of Recommendations to the

Iowa Department for the Blind

June 30, 2012

Staff:

Questions or requests for further assistance should be directed to:

Suzanne R. Dahlstrom, CPA, Manager
Dorothy O. Stover, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Joshua W. Olander, Assistant Auditor
April D. Harbst, Audit Intern