



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE

September 3, 2013

Contact: Andy Nielsen
515/281-5834

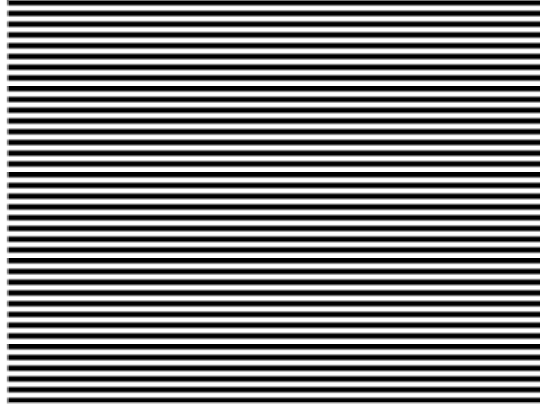
Auditor of State Mary Mosiman today released a report on the Iowa Department of Human Rights for the year ended June 30, 2012.

The Department's purpose is to promote opportunities, advocate the rights, improve the conditions of poverty and study the changing needs and problems of all Iowans.

Mosiman recommended the Department implement procedures to ensure federal payroll allocations and billings to various programs and grants are properly supported. The Department should also implement procedures to ensure the reporting requirements of the Federal Funding Accountability and Transparency Act are met. In addition, the Department should ensure all subrecipient audit reports are reviewed timely. 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 of Human Rights, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1360-3790-0R00.pdf>.

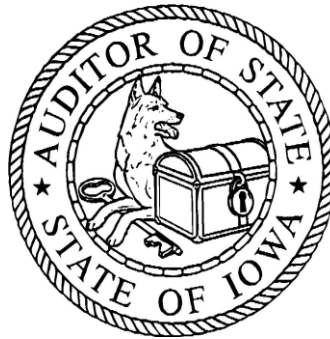
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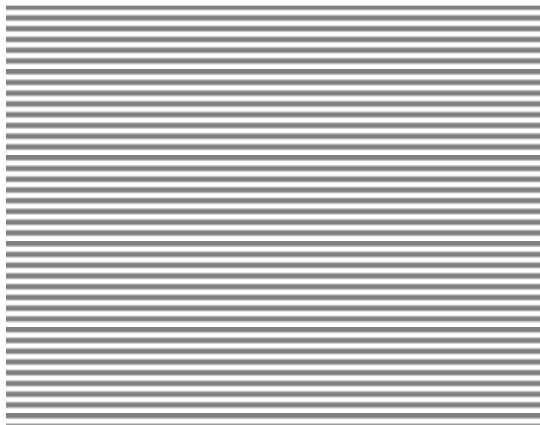
**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF HUMAN RIGHTS**

JUNE 30, 2012

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



Mary Mosiman, CPA
Auditor of State





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August 29, 2013

To San Wong, Director of the
Iowa Department of Human Rights:

The Iowa Department of Human Rights 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 include those reported in the State's Single Audit Report as well as a finding related to internal control. These recommendations have been discussed with Department personnel and their responses to the 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 Rights' 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 Rights, citizens of the State of Iowa and other parties to whom the Iowa Department of Human Rights 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 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 13 and they are available to discuss these matters with you.

Handwritten signature of Mary Mosiman in cursive.

MARY MOSIMAN, CPA
Auditor of State

Handwritten signature of Warren G. Jenkins in cursive.

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

June 30, 2012

Findings Reported in the State's Single Audit Report:

**CFDA Number: 81.042 – Weatherization Assistance for Low-Income Persons and
ARRA – Weatherization Assistance for Low-Income Persons**
Agency Number: EE0000128, EE0000105
Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comment: 12-III-DOE-379-2

- (1) Program and Fiscal Monitoring – The Department's State Weatherization Plan submitted to the U.S. Department of Energy requires both program and fiscal monitoring to be performed. The weatherization plan further requires written program monitoring and fiscal monitoring reports to be sent to the subrecipient within 30 days of the review being completed.

Fifteen of eighteen program monitoring reports tested were not sent to the subrecipient within 30 days of the program monitoring review.

In addition, fifteen of eighteen fiscal monitoring reports tested were not sent to the subrecipient within 30 days of the fiscal monitoring review.

Recommendation – The Department should ensure program and fiscal monitoring reports are sent in a timely manner.

Response and Corrective Action Planned – The Department will continue to endeavor to prepare and send subrecipient fiscal monitoring reports within 30 days in accordance with U.S. Department of Energy requirements. New Departmental procedures were implemented in Program Year 2012. All fiscal monitoring reports issued since March 2012 have been completed within 30 days of the monitoring visit. New procedures for issuing program monitoring reports were implemented in Program Year 2012. Since then, twelve of thirteen monitoring reports were issued within 30 days of completion of the review.

Conclusion – Response accepted.

**CFDA Number: 81.042 – Weatherization Assistance for Low-Income Persons and
ARRA – Weatherization Assistance for Low-Income Persons**
Agency Number: EE0000128, EE0000105
Federal Award Year: 2011, 2012

CFDA Number: 93.568 – Low-Income Home Energy Assistance
Agency Number: 11B1IALIEA, 12B1IALIEA
Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comments: 12-III-DOE-379-3 and 12-III-HHS-379-6

- (2) Payroll Distribution – OMB Circular A-87 states employees who work on multiple programs will distribute their time based on actual activity. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support. Several employees of the Department use a predetermined percentage rather than actual hours worked to allocate payroll costs to the federal programs.

Recommendation – The Department should ensure employees record actual hours worked on each federal program rather than the predetermined rate.

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Response and Corrective Action Planned – The Department is working with a consultant at the federal level to resolve the allocation issue.

Conclusion – Response accepted

**CFDA Number: 81.042 – Weatherization Assistance for Low-Income Persons and
ARRA – Weatherization Assistance for Low-Income Persons**

Agency Number: EE0000128, EE0000105

Federal Award Year: 2011, 2012

CFDA Number: 93.568 – Low-Income Home Energy Assistance

Agency Number: 11B1IALIEA, 12B1IALIEA

Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comments: 12-III-DOE-379-4 and 12-III-HHS-379-7

- (3) Monitoring of Subrecipient Audit Reports – OMB Circular A-133 requires the Department to ensure required audit reports of subrecipients expending \$500,000 or more in federal awards are completed within nine months of the subrecipient's fiscal year end, issue a management decision on audit findings within six months of the receipt of the subrecipient's audit report and ensure the subrecipient takes timely and appropriate corrective action on all findings.

The Department has established policies and procedures for obtaining and performing desk reviews of audit reports for subrecipients which expend more than \$500,000 from the Department each year. However, for nineteen of nineteen subrecipient reports tested, the Department did not review the audit reports in a timely manner.

Recommendation – The Department should follow the established policy to ensure subrecipient audit reports are reviewed in a timely manner.

Response and Corrective Action Planned – The Department will continue to endeavor to review subrecipient audit reports in a timely manner.

Conclusion – Response accepted.

CFDA Number: 93.568 – Low-Income Home Energy Assistance

Agency Number: 11B1IALIEA, 12B1IALIEA

Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comment: 12-III-HHS-379-8

- (4) Federal Funding Accountability and Transparency Reports – The Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202(a) of the Government Funding Transparency Act of 2008 (Pub. L. No. 111-252), requires prime awardees to submit reports regarding their first-tier subawards to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports are due for all applicable subrecipient grants by the end of the month subsequent to the month the grants were awarded.

Monthly reports for the program were not submitted timely.

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Recommendation – The Department should establish policies and procedures to ensure reports are submitted timely and in accordance with the Federal Funding Accountability and Transparency Act.

Response and Corrective Action Planned – The Department agrees with the finding and will ensure reports are submitted timely and in accordance with the Federal Funding Accountability and Transparency Act.

Conclusion – Response accepted.

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

No matters were noted.

Other Finding Related to Internal Control:

Rapsheet Syncing Project - The Division of Criminal and Juvenile Justice Planning (CJJP) established a memorandum of understanding (MOU) with the Department of Public Safety (DPS), Division of Criminal Investigation (DCI) in November 2011 under which CJJP agreed to provide assistance to DCI. The MOU specified CJJP was to make appropriate record modifications to the criminal history record database maintained by DPS and submit appropriate record modifications to DPS for records maintained by the Federal Bureau of Investigation, Criminal Justice Information System (FBI/CJIS). The project was referred to as the Rapsheet Syncing Project. The MOU was effective from October 1, 2011 through September 30, 2012.

In accordance with the terms of the MOU, DPS agreed to compensate the Department for staff expenses related to the record modifications at an hourly rate up to a maximum of \$40,000.00. The compensation was to be provided to the Department on a monthly basis after receiving a request for payment from the Department. The requests for payment were to include the names of Department staff who worked on the project, the total number of hours worked and an accounting of the number of records modified. However, the number of records the Department reported as modified near the end of the MOU period was not consistent with the number of hours charged and, therefore, the amount of payment requested. As a result, we reviewed the amounts the Department billed DPS and identified the following:

- 1) Billings Not Supported by Time Records - The records review and modification services specified in the MOU were performed by a CJJP employee who recorded the amount of time he worked each day in the State’s payroll system, the Human Resources Information System (HRIS). He also recorded the individual projects he worked on each day in HRIS. The work performed by the CJJP employee under the MOU established with DPS was referred to as “DPS Rapsheet Syncing FFY11” or “FFY12 (Rapsheet Syncing)” in HRIS.

During our review of the CJJP employee’s time records, we identified the following:

- HRIS records reflect the CJJP employee did not work on the Rapsheet Syncing project until the pay period beginning March 2, 2012. However, according to the billings from the Department, he worked 220 hours on the project from October 27, 2011 through February 16, 2012.

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The information recorded in HRIS for the CJJP employee agreed with the number of hours billed to DPS for some, but not all, of the pay periods from March 2, 2012 through August 30, 2012.

- According to the CJJP employee, the amount of time he recorded in HRIS for each project he was assigned is based on information he received from the CJJP Division Administrator. The employee stated he did not record how much time he actually spent working on projects each day.
- The CJJP employee also stated he sometimes worked on 3 or 4 projects within a day. However, based on our review of the projects recorded in HRIS, it was not unusual for only 1 project to be recorded per day for the employee.
- The CJJP employee stated he had certain duties he was responsible for performing every day which did not involve the Rapsheet Syncing project. As a result, he would not spend the entire time of his 10-hour work days on the Rapsheet Syncing project. However, a significant number of the billings DHR submitted to DPS are based on full 10-hour days.

Based on these findings, the information recorded in HRIS for the employee does not support the amounts the Department billed DPS and cannot be relied upon to determine an appropriate billing amount.

- 2) Billings Were Not Submitted in a Timely Manner – **Table 1** lists the bills submitted by the Department to DPS and certain information included in the bills.

Date Billing Created	Period Reported in Billing	Number of Hours Reported	Amount of Billing
04/27/12	03/02/12 – 03/15/12	80	\$ 3,916.80
05/21/12*	10/27/11 – 03/01/12	220	
	03/16/12 – 04/12/12	90	15,177.60
06/20/12	04/13/12 – 05/24/12	90	4,406.40
08/15/12	05/25/12 – 06/21/12	80	3,916.80
08/16/12	06/22/12 – 06/30/12	40	1,958.40
08/16/12	07/01/12 – 07/19/12	60	2,937.60
09/19/12	07/20/12 – 08/16/12	80	3,916.80
10/22/12	08/17/12 – 08/30/12	80	3,769.60
Total		820	\$ 40,000.00

* - The \$15,177.60 billing created on 05/21/12 included pay periods prior to and after the pay period ended 03/15/12. The pay period ended 03/15/12 was billed to DPS on 04/27/12.

As illustrated by the **Table**, several of the bills were not submitted in a timely manner. According to the CJJP Division Administrator, the timing of the bills sent to DPS was based on cash management needs of CJJP rather than when the work was actually performed.

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- 3) Billings Not Submitted with an Accounting of Records Modified – The Department submitted monthly payment requests which included the name of the individual who worked on the project and the related number of hours in accordance with the terms of the MOU. However, the monthly payment requests did not include an accounting of the number of records modified as required by the MOU. This information was submitted on different documents referred to as progress reports. The time periods covered by the progress reports were not the same time periods included in the payment requests. As a result, the amounts billed to DPS could not be easily compared to the number of records modified.
- 4) Overstated Billings – As stated previously, the number of hours recorded in HRIS for the CJJP employee who worked on the Rapsheet Syncing project does not support the number of hours the Department billed DPS for his time and cannot be relied upon to determine an appropriate billing amount. According to the CJJP employee, he did not record the amount of time he worked on the Rapsheet Syncing project.

To determine if the CJJP employee actually reviewed and modified database records for the Rapsheet Syncing project, we performed the following procedures:

- We obtained and reviewed logs which included the dates and times the employee logged into and out of DPS' virtual private network (VPN). In order to determine which database records needed to be modified, the CJJP employee would have needed to access certain information through the VPN. However, the employee's duties beyond the Rapsheet Syncing project also required him to periodically access information through the VPN.

By reviewing the VPN logs for 2011 and 2012, we determined the average number of hours per month the CJJP employee used the VPN prior to beginning the Rapsheet Syncing project, during the project and after completion of the project. **Table 2** summarizes the number of hours the employee was logged into the VPN for various periods.

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Table 2

Period	Description of Discrepancies Reviewed During Period in Accordance with MOU	Average Number of Hours per Month on VPN	Number of Hours Billed for Same Period
Prior to 11/01/11	None in accordance with MOU	9.5	-
11/01/11 – 02/29/12	Offenders’ sex (137), Single-state vs. multi-state offender (130), Offenders’ race (1,483), CCH records which did not have a corresponding III file (50) and unsynced records identified by CJJP (52)	32.0	220
03/01/12 – 06/30/12	Offenders’ sex (431), Single-state vs. multi-state offender (181) and unsynced records identified by CJJP (28)	21.5	380
07/01/12 – 08/30/12	Cases from error report labeled “Audit record with no matching CCH record” (44) and unsynced records identified by CJJP (14)	9.25	220
09/01/12 – 12/21/12	None in accordance with MOU, but CJJP identified and adjusted 19 unsynced records prior to 10/05/12	8.75	-
Total			820

As illustrated by the **Table**, the average number of hours per month on the VPN increased during the period the employee worked on the project, as would be expected. The average number of hours per month on the VPN returned to approximately the same average number of hours per month after completion of the project.

Table 2 also shows the Department billed DPS for 220 hours worked between 07/01/12 and 08/30/12 even though only 58 cases were worked on during this period and the amount of time the employee was logged into the VPN decreased to approximately the same average hours per month as prior to the MOU period. This further illustrates the bills submitted by the Department did not correspond with the time periods when the Department actually performed work in accordance with the MOU.

We also reviewed the average number of hours for each period with a DPS staff member who is familiar with the procedures the employee would have been required to perform to properly review and modify the database records. According to the staff member, the number of hours the employee was logged into the VPN appears reasonable based on the number of cases he reported he reviewed and modified during the period.

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- Most of the progress reports prepared by the CJJP employee refer to Sync Reports he received from DPS which listed specific cases for which the related records were not synced between Iowa's databases and FBI databases. However, some of the progress reports also included references to unsynced records the CJJP employee identified while he worked on Project Safe Neighborhoods. According to the progress reports, the CJJP employee modified the unsynced records he identified unless the records he identified were synced before he could modify them. According to DCI officials we spoke with, the time to correct these records should not have been charged to the Rapsheet Syncing project.

We reviewed copies of the available Sync Reports and determined the CJJP employee made notations on the reports which indicated he reviewed the related records and made the appropriate corrections or identified corrections which needed to be made to FBI databases.

- We discussed the information the CJJP employee returned to DPS after he completed each Sync Report provided to him by DPS. The DPS representative we spoke with stated nothing came to her attention to cause her to be concerned the CJJP employee had not properly reviewed and modified the cases listed in the Sync Reports he was provided.

To calculate the appropriate amount the Department should have billed DPS for reviewing and modifying the cases listed in the Sync Reports the CJJP employee was provided, we met with a DPS staff member familiar with reviewing the records the CJJP employee would have needed to access. She was also familiar with the procedures needed to correct the records in Iowa's databases and how the CJJP employee flagged records which needed to be corrected in the FBI's database.

In addition, we observed the CJJP employee access certain databases in order to review a particular case to determine what modifications were appropriate. Even allowing time for logging into various systems, the process of retrieving case information and making a determination was a limited number of minutes. The CJJP employee also provided timings he took of himself performing similar tasks.

For each type of discrepancy identified, such as the offender's sex, race and status as a single-state or multi-state offender, we determined the amount of time the DPS staff member expected it would take to review a typical record. Because some records are more complicated than others, we increased the expected amount of time to review those records. For example, if it was estimated it would take approximately 5 minutes to review a particular type of record, we increased the time allowed to 15 minutes to review more complicated records. We also allowed time to correct the related record, prepare periodic progress reports and administrative time for discussions with and reviews by management staff.

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Table 3 summarizes the amount of time calculated to review and modify records, prepare progress reports and administrative time allowed for the Department’s review and discussions during the 21 pay periods listed on the billings the Department sent to DPS. The **Table** also multiplies the total estimated time by the hourly rate established by the MOU.

Table 3	
Description	Amount
Calculated minutes:	
Review time	13,220
Modification time	2,394
Progress report preparation	780
Subtotal calculated time in minutes	16,394
Subtotal calculated time in hours, rounded	273.0
Administrative time (1.5 hours * 21 pay periods)	31.5
Total calculated time in hours	304.5
Hourly rate established by MOU	\$ 48.96
Amount the Department should have billed DPS	\$ 14,908.32
Amount the Department should have billed DPS, rounded	\$ 14,900.00

As illustrated by the **Table**, we estimate the Department should have billed DPS no more than \$14,900.00 to review and modify the cases listed in the Sync Reports the CJJP employee was provided. We did not include time the CJJP employee spent modifying records he identified while working on Project Safe Neighborhoods.

During the year in which the MOU was in effect, the Department billed DPS \$147.20 more than the \$40,000.00 maximum allowed by the MOU. However, DPS did not pay the excess amount. Because the Department should only have billed DPS approximately \$14,900.00, it overbilled DPS approximately \$25,100.00.

Recommendation – As a result of the concerns identified, DHR should consider the following:

- 1) Department officials should implement procedures which ensure billings of this nature and comparable reports for other projects or grants are supported by time records which reflect the actual amount of time employees work on individual projects. Recording information in HRIS based on budgeted information rather than the actual projects worked on is misleading and does not allow for accurate record keeping.
- 2) Department officials should implement procedures which ensure billings to DPS and comparable reports for other projects or grants are matched to periods when work is actually performed rather than based on cash management needs. The billings and reports should be sent in a timely manner.
- 3) Department officials should implement procedures which ensure all terms of MOUs and other comparable agreements are fulfilled in a timely manner.

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- 4) Department officials should work with DPS officials to repay the \$25,100.00 overbilled to DPS. In addition, if the Department establishes a similar MOU with DCI in the future, Department officials should implement procedures which ensure the amounts billed to DPS include only the records identified on the Sync Reports provided to the Department. Additional unsynced records identified by the Department should not be billed to DPS without prior consent.

Response – The Iowa Department of Human Rights does not contest the findings of the audit. We acknowledge there was poor record-keeping pertaining to staff allocation of time on the project, a problem we have taken steps to correct consistent with the recommendations of the audit report. The Department also agrees billing on the project was done in an inconsistent manner. The Department has taken steps to ensure similar situations will not arise in the future and will take the necessary steps to reimburse the Department of Public Safety for the overcharges identified in the audit.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Department of Human Rights

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Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager
Steven O. Fuqua, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

James Wittenwyler, Senior Auditor
Jessica P. Green, Staff Auditor
Todd E. Pudenz, CPA, Staff Auditor
Elissa R. Olson, Assistant Auditor
Joshua W. Ostrander, Assistant Auditor
Jason R. Ropte, Assistant Auditor
Ashley J. Moser, Assistant Auditor