



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

July 18, 2014

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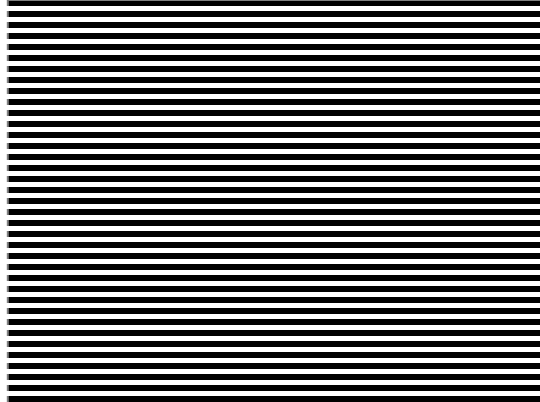
Auditor of State Mary Mosiman today released a report on the Iowa Department of Human Rights for the year ended June 30, 2013.

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 quarterly SF-425 federal financial reports are reviewed and approved by an independent person.

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/1460-3790-0R00.pdf>.

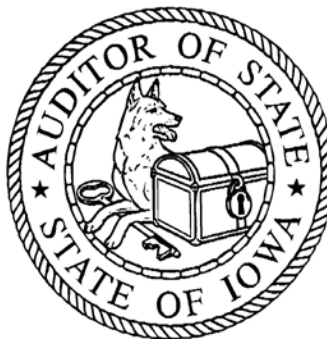
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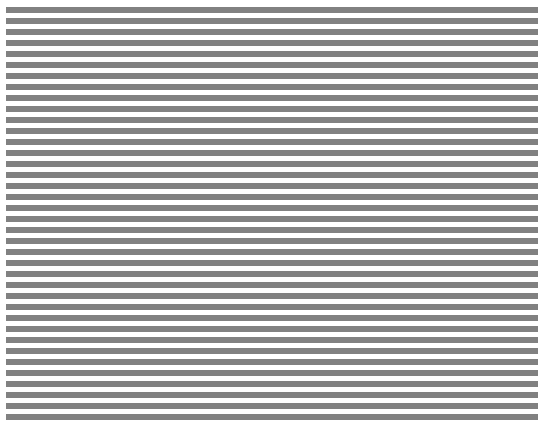
**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF HUMAN RIGHTS**

JUNE 30, 2013

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



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July 15, 2014


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, 2013.

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. 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 6 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

Schedule of Findings and Questioned Costs

June 30, 2013

Findings Reported in the State's Single Audit Report:

CFDA Number: 93.568 – Low-Income Home Energy Assistance

Agency Number: 11B1IALIEA, 12B1IALIEA, 13B1IALIEA

Federal Award Year: 2011, 2012, 2013

State of Iowa Single Audit Report Comment: 13-III-HHS-379-8

- (1) 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 or provide documentation supporting percentages charged rather than the predetermined rate.

Response and Corrective Action Planned – The Department uses an alternate method for allocating costs of the division administrator and his assistant's time, as provided by OMB Circular A-87. This alternate methodology is used because most of the duties are not readily assignable to a specific cost objective without effort disproportionate to the results received. OMB Circular A-87, Attachment B, Selected Items of Cost, Compensation for Personal Services, Section h, Support of Salaries and Wages, paragraph 4 states, "Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 5...or other substitute system has been approved by the cognizant Federal agency." The Department's methodology is included in the Department's indirect cost plan and has been approved by our cognizant Federal agency, the U.S. Department of Health and Human Services.

Conclusion – Response acknowledged. The Department should work with the U.S. Department of Health and Human Services to obtain written approval of the alternate method.

CFDA Number: 93.568 – Low-Income Home Energy Assistance

Agency Number: 13B1IALIEA

Federal Award Year: 2013

State of Iowa Single Audit Report Comment: 13-III-HHS-379-9

- (2) Reporting – Quarterly SF-425 Federal Financial Reports are completed and submitted by the Department to the U.S. Department of Health and Human Services. The reports are not reviewed and approved by an independent person for propriety prior to submission.

Recommendation – The Department should establish procedures to ensure the quarterly reports are reviewed and approved by an independent person who is knowledgeable of the common requirements of the Low-Income Home Energy Assistance (LIHEAP) program. This independent review should be evidenced by the reviewer's signature or initials and date of review.

Report of Recommendations to the Iowa Department of Human Rights

June 30, 2013

Response and Corrective Action Planned – The Department will implement procedures to have an independent person review and approve the quarterly financial reports. The review will be documented.

Conclusion – Response accepted.

CFDA Number: 93.568 – Low-Income Home Energy Assistance

Agency Number: 13B1IALIEA

Federal Award Year: 2013

State of Iowa Single Audit Report Comment: 13-III-HHS-379-10

- (3) Federal Reporting – The Department is required to submit an Annual Report on Households Assisted to the U.S. Department of Health and Human Services by September 1. The Annual Report is prepared by the LIHEAP Program Planner and forwarded to the LIHEAP Bureau Chief to be reviewed for propriety prior to submission. The Bureau Chief does not document his review of the report.

Recommendation – The Department should establish procedures to ensure the review of the Annual Report on Households Assisted by LIHEAP is documented.

Response and Corrective Action Planned – The Department will implement procedures to have an independent person review and approve the annual financial report. The review will be documented.

Conclusion – Response accepted.

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

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Schedule of Findings and Questioned Costs

June 30, 2013

Staff:

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:

Jaime T. Reuter, Staff Auditor
Stephen J. Hoffman, Staff Auditor
Jeremy L. Krajicek, Assistant Auditor
Trisha S. Kunze, Assistant Auditor
Lucas D. Bernhard, Assistant Auditor
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