

# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA  
Auditor of State

## NEWS RELEASE

FOR RELEASE

September 15, 2016

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released a report on the Iowa Department of Inspections and Appeals for the year ended June 30, 2015.

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.

Mosiman recommended the Department implement procedures and strengthen controls over receipts and claims submitted by court-appointed attorneys. 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 Inspections and Appeals, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1660-4270-OR00>.

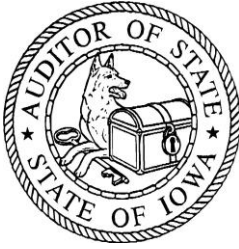
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**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF INSPECTIONS AND APPEALS**

**JUNE 30, 2015**

**Iowa Department of Inspections and Appeals**



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July 29, 2016

To Rodney A. Roberts, 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, 2015.

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, 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 Inspections and Appeals' 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 Inspections and Appeals, citizens of the State of Iowa and other parties to whom the Department 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 7 and they are available to discuss these matters with you.

MARY MOSIMAN, CPA  
Auditor of State

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

June 30, 2015

**Finding Reported in the State's Single Audit Report:**

**CFDA Number: 93.777 – State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare**

**Agency Number: None**

**Federal Award Year: 2013, 2014, 2015**

**State of Iowa Single Audit Report Comment: 15-III-HHS-427-4 (2015-013)**

Survey Frequency – The Centers for Medicare and Medicaid Services, 2015 State Performance Standards System Guidance, Section F2(e), requires the Department to conduct a standard survey of each licensure agreement of nursing facilities no later than 15.9 months after the last day of the previous survey. In addition, the statewide average interval between standard surveys of licensure agreements must be 12.9 months or less. Although the individual surveys were conducted no later than 15.9 months from the date of the previous survey, the statewide average interval between standard surveys conducted by the Department was 13.6 months.

The deficiency in the timeliness of the statewide average interval appears to be due to employment vacancies for surveyors.

Recommendation – The Department should review its procedures to ensure all facilities are surveyed within the required interval.

Response and Corrective Action Planned – The Department has been aware the overall statewide average has exceeded 12.9 months and has taken the following actions to achieve the required average. The Department has reclassified job positions, hired survey staff and hired surveyors on a temporary, contract basis to compensate for ongoing vacancies which occurred.

The Department provides current data regarding the statewide average interval in a written report on a monthly basis to all surveyors so they are aware of the current status and progress towards the federal requirements. Updates on the current status are also provided during quarterly staff meetings with surveyors. Due to the measures implemented, the statewide average interval has decreased each month since July 2015, from an average of 13.8 to an average of 12.4 months as of December 2015.

Conclusion – Response accepted.

**Findings Reported in the State's Report on Internal Control:**

No matters were noted.

June 30, 2015

**Other Findings Related to Internal Control:**

- (1) Receipts – The Department records receipts in the Integrated Information for Iowa (I/3) System throughout the year. Reconciliations of initial listings to I/3 are not performed and reviewed by an independent person.

Recommendation – The Department should ensure an initial listing of receipts is prepared. Reconciliations of initial listings at the Fiscal Bureau level to I/3 should be performed by an independent person.

Response - The Department will work to ensure an independent reconciliation is performed between I/3 and the initial listings of receipts.

Conclusion – Response accepted.

- (2) Contract Attorney Claims – The State Public Defender’s Office coordinates provision of legal representation to indigent persons who are accused of committing crimes or involved in juvenile court matters. The legal representation is provided through State Public Defender Offices or through private attorneys under contract with the State Public Defender and appointed by the Court. Court-appointed attorneys must submit written claims to the State Public Defender Offices for review, approval and payment. The claims must include a Fee Claim Form, a copy of the signed order appointing the attorney, a copy of any application to exceed fee limitations, a copy of any order which affects the amount to be paid, an itemized list of all work done, a copy of any application and court order authorizing expenses for experts, investigators, translators or depositions and a copy of any receipts for payment of expenses.

Court-appointed attorneys submit claims at the conclusion of each case, but may be paid at interim points. It is not unusual for a particular day to be reported on a number of claims. During the fiscal year ended June 30, 2015, the State Public Defender’s Office had not implemented procedures to determine the number of hours reported by court-appointed attorneys were appropriate. Because each claim is reviewed separately, the State Public Defender is unable to identify when an excessive number of hours are reported for a particular day.

Additionally, court-appointed attorneys are required to submit a claim for related expenses at the completion of the case. Because some cases extend over numerous months, claims may include costs, such as mileage, incurred over months, or even longer. In addition, it is not unusual for a particular day to be reported on a number of claims. During fiscal year ended June 30, 2015, the State Public Defender’s Office did not have a process in place to determine if trips to the same destination on the same day were reported multiple times. Because each claim is reviewed separately, staff are unable to identify when mileage reimbursement requests are duplicated.

Recommendation – The State Public Defender’s Office should continue to review individual claims to ensure the propriety of the number of hours and trips reported by court-appointed attorneys. In addition to reviewing individual claims, the State Public Defender should implement procedures which ensure the cumulative amount reported for individual days and trips on various claims is reasonable and not duplicated.

State Public Defenders’ office should also continue to periodically analyze the total hours claimed by all court-appointed attorneys to determine if any unusual activity is identified and perform appropriate follow up.

Report of Recommendations to the Iowa Department of Inspections and Appeals

June 30, 2015

Response – The auditors in the Office of the State Public Defender (SPD) continue to closely review and monitor claims submitted by contract attorneys. In addition, the SPD has developed an online claims submission system. The system is designed to cross-check the newly-submitted claim against prior claims submitted by the same claimant. The system alerts our auditors when multiple claims from a contract attorney aggregate to an inappropriate number of hours in any single day. Similarly, the system alerts our auditors when a claimant has submitted more than one mileage request in any particular day. When our auditors are alerted in this manner by the system, they review and investigate as appropriate.

The online claims system was previewed by a select group of contract attorneys beginning in summer 2015, and piloted using actual claims by a larger group of contract attorneys beginning in fall 2015. Those attorneys provided feedback and helped identify “bugs” which needed to be fixed by the programmers. Voluntary users have been steadily increased to approximately 300 online claimants, representing about one-third of our total number of contract attorneys. Those claimants have submitted over 8,200 claims through the online claim system in fiscal year 2016. Rules are being developed to mandate use of the online claims system for all contract attorneys statewide starting January 1, 2017.

In addition to the automated processes described above, and in addition to the auditors who review claims on a daily basis, the SPD has one employee who dedicates a portion of his time to reviewing and analyzing the hours claimed by contract attorneys to identify any unusual activity.

Conclusion – Response accepted.

**Finding Related to Statutory Requirements and Other Matters:**

Iowa Code Compliance – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses prior to the commencement of each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

The TSB procurement goal for the State Public Defender’s Office was not set at a level exceeding the fiscal year 2014 actual TSB spending.

Recommendation – The State Public Defender’s Office should establish a procurement goal exceeding the previous fiscal year certified targeted small business procurement level as required.

Response – The fiscal year 2015 targeted small business procurement goal was established and reported by administrative staff within the Department of Inspections and Appeals, without the knowledge or approval of the Office of the State Public Defender. The administrative process has been changed to ensure prior approval by the Office of the State Public Defender. The procurement goal will be set in compliance with the statutory requirements in future fiscal years, as was done for fiscal year 2016.

Conclusion – Response accepted.



Report of Recommendations to the Iowa Department of Inspections and Appeals

June 30, 2015

**Staff:**

Questions or requests for further assistance should be directed to:

Jennifer L. Wall, CPA, Manager  
Andrew E. Nielsen, CPA, Deputy Auditor of State  
Katherine L. Rupp, CPA, Senior Auditor II

Other individuals who participated in the audits include:

David A. Cook, CPA, Staff Auditor  
Ramona E. F. Daly, Staff Auditor  
Alex W. Case, Assistant Auditor  
Carolina M. Chavez, Assistant Auditor  
Cole L. Hocker, Assistant Auditor  
Michael Holowinski, Assistant Auditor  
Brett Gillen, Auditor Intern