

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 _____ October 26, 2017 _____

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released a report on the Iowa Department of Human Services for the year ended June 30, 2016.

The Iowa Department of Human Services provides many types of assistance to Iowans in need. The Department also is responsible for the mental health institutions, hospital/schools and the juvenile institution.

The report contains recommendations for the Department to:

- (1) Comply with the provisions of the Department's Employees' Manual applicable to In-Home Health Related Care.
- (2) Improve controls in the field offices.

The report also includes the Department's responses to the recommendations.

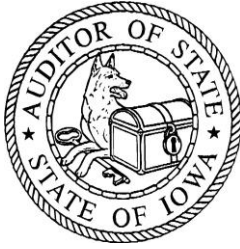
A copy of the report is available for review at the Iowa Department of Human Services, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1760-4010-BR00>.

###

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

JUNE 30, 2016

Iowa Department of Human Services



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

October 13, 2017


To the Council Members of the Iowa Department of Human Services:

The Iowa Department of Human Services 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, 2016.

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 pertain to the Department's internal control and 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 Human Services' 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 Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Human Services 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 of Human Services 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 10 and they are available to discuss these matters with you.


MARY MOSIMAN, CPA
Auditor of State

cc: Honorable Kim Reynolds, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2016

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

- (1) Computer Match - Family Investment Program (FIP) – The Department operates FIP utilizing federal funds provided for in the Temporary Assistance for Needy Families (TANF) block grant. Title 4-C-39 of the Employees' Manual provides, in part, "A participant whose needs are included in a FIP grant cannot receive at the same time a grant from any other public assistance program administered by the Department, including foster care and subsidized adoption." Title 17-F-14 of the Employees' Manual provides, in part, "A child shall not concurrently receive subsidized adoption maintenance payments and FIP." However, the Department allows a participant to receive both FIP and foster care or FIP and subsidized adoption for the month the child is removed from the home to enter foster care or for the month the child begins receiving subsidized adoption payments.

In addition, although Title 4-C-39 of the Employees' Manual states a participant cannot receive both FIP and foster care assistance, a Title IV-E program, at the same time, a letter dated February 14, 2014 from the Administration for Children and Families (ACF) stated, "Federal TANF regulations allow for concurrent TANF and Title IV-E benefits only if the situation involves a Foster Care placement with a relative. If the placement is with a non-relative, concurrent payment of benefits is only allowable in limited circumstances."

A computer match of payment data was performed for cases receiving both FIP and foster care payments during fiscal year 2016. We reviewed 109 cases receiving both FIP and foster care payments during the same month of service. Of the 109 cases reviewed, 21 children, or 19%, received both FIP and foster care payments for an additional one to five months after entering foster care with a non-relative. Although these payments are not in compliance with the Employees' Manual, it is unclear if they meet the exception allowed by the federal government, as stated in the letter from ACF dated February 14, 2014.

A computer match of payment data was performed for cases receiving both FIP and subsidized adoption payments during fiscal year 2016. We reviewed 133 cases receiving both FIP and subsidized adoption payments during the same month of service. Of the 133 cases reviewed, 32 cases, or 24%, improperly received both FIP and subsidized adoption payments for an additional one to six months after entering subsidized adoption. As a result, the unallowable FIP payments for these 32 cases totaled \$8,551.

Recommendation – The Department should review its policies and establish procedures which comply with federal regulations to identify concurrent FIP and foster care payments and concurrent FIP and subsidized adoption payments. The Department should review cases identified and determine if recoupment should be performed.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2016

Response – These overpayments typically occur due to the timing of when a child is removed from a home. If the eligibility worker receives notice towards the end of the month that a child has entered foster care, they are unable stop benefits effective the first of the next month because of timely notice requirements. In these situations, cancellation is delayed until the first of the second month after entries are made. A recoupment is completed, using a manual process, for the first month after the foster care/subsidized adoption approval. Findings, as noted, will be reviewed and training will be planned to address the current policy and practice.

Conclusion – Response accepted.

(2) Field Offices Internal Controls – During fiscal year 2016, internal controls were evaluated at seven county offices and four child support recovery unit (CSRU) offices. The following conditions were noted in the limited review performed:

- (A) In one of the seven county offices tested, receipts were not properly stamped by the office as required by Title 23-B of the Employees' Manual.
- (B) In one of the four CSRU offices tested and one of the seven county offices tested, receipt books were identified which were not properly included in the Receipt Book Listing as required by Title 23-B of the Employees' Manual.
- (C) In one of the four CSRU offices tested, a capital asset tag did not accurately match the asset number reported on the capital asset listing.

Recommendation – The Department should implement procedures which ensure receipt slips are properly stamped and receipt books are properly tracked by the Central Office. In addition, procedures should be implemented which ensure the capital asset tag matches the asset number on capital asset listings.

Response –

- (A) The error was reviewed with the office staff and proper procedures were communicated.
- (B) The Department has reviewed the receipt book log and made the necessary updates. The Department will refine procedures to ensure all receipt books are included on the log.
- (C) The Department sends out annual inventory verification forms to ensure the capital assets are properly tagged and recorded. The asset listing has been updated to reflect the correction. The Department will work with the CSRU office to ensure inventory is properly recorded.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2016

- (3) DHS Field Office - Case Records – For fiscal year 2016, seven county offices were visited. In one county office, the “Applications for All Social Services, including Title IV-A Emergency Assistance,” was not properly completed for two of six cases reviewed.

Recommendation – The Department should establish procedures to ensure the case file documentation is complete and in compliance with the Employees’ Manual.

Response – The finding was reviewed by the Service Area Manager, Business Manager and Social Work Administrator. Social Work Supervisors discussed the errors with the appropriate staff for corrective action to be taken.

Conclusion – Response accepted.

- (4) Telligen Utilization Review – The Department of Human Services, Iowa Medicaid Enterprise (IME) contracts with Telligen to provide annual utilization reviews for level of care (LOC) for new admissions, as well as continued stays. Admission reviews are to be completed as follows: 95% reviewed within two business days and 100% within five business days from the date of receipt of complete information. Continued stay reviews are to be completed as follows: 95% reviewed within five business days and 100% within ten business days from the date of receipt of complete information.

For fiscal year 2016, of the twenty-five reviews tested, one admission review was not reviewed within five days of the receipt of complete information.

Recommendation – The Department should establish procedures to ensure utilization reviews are completed within the established timeframe.

Response – Telligen supplies the Iowa Medicaid Enterprise (IME) Medical Services with monthly metrics reports, including reports for measuring for level of care (LOC). The reports include the number of LOC for the month which were completed on time, and those which were not completed on time. Medical Services completes Internal Quality Control (IQC) on a monthly basis to monitor the timeliness and ensure utilization reviews are completed within the timeframe established by the Department. There are instances when the timeframe for completion is lengthened due to delays such as waiting for a psychology evaluation or documentation from a physician. The Department has established a new weekly process through which spreadsheets are created reflecting the LOC that are overdue along with the reasons for the delay. Creating this process has helped ensure that LOC are completed as quickly as possible. Needs are identified by IQC for training and implemented through a peer-to-peer review process.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2016

- (5) In-Home Health-Related Care (IHHC) Case Files – For fiscal year 2016, seven county offices were visited. In conjunction with this limited review, documentation in two In-Home Health-Related Care case records were tested for completeness. Also, an additional sixteen IHHC case records were reviewed for compliance with Department policy. The following conditions were noted:
- (a) Title 16-J-8 of the Employees' Manual provides eligibility should be determined within 30 days from the date of the application, unless certain exceptions are met. For one of the eighteen cases reviewed, eligibility was not determined within 30 days from the date of the application.
 - (b) Title 16-J-12, Appendix, of the Employees' Manual provides the Provider Agreement should be completed for each client. In addition, Title 16-J-5 of the Employees' Manual provides the Provider Agreement, form 470-0636, should be updated annually. For one of the eighteen cases reviewed, the Provider Agreement was not included in the case record.
 - (c) Title 16-J-7, Appendix, of the Employees' Manual provides the Individual Service Plan, form 470-0583, should be completed when a new client is approved to receive IHHC and at the time of the yearly review. For three of the eighteen cases reviewed, the Individual Service Plan was not included in the case record or was not maintained on an annual basis.
 - (d) Title 16-J-5 of the Employees' Manual provides the physician shall review and recertify the appropriateness of the Health Care Plan at least every 60 days. The nurse shall review the nursing plan and shall provide an updated copy of the physician's health care plan and the nursing plan of care to the provider. Also, a review of the total care plan should be completed by someone involved with the care plan at least every six months. For two of the eighteen cases reviewed, there was no documentation of the Health Care Plan certified by a nurse and doctor. In addition, for four of the eighteen cases reviewed, review of the Health Care Plan was not performed every 60 days. For one case reviewed, the Health Care Plan was not signed to evidence the physician's review. Additionally, five of the eighteen cases reviewed did not contain documentation sufficient to evidence the total care plan was reviewed every six months.
 - (e) Title 16-J-5 of the Employees' Manual provides the Authorization to Obtain or Release Health Care Information, form 470-3951, is required to be updated annually. For four of eighteen cases reviewed, the Authorization to Obtain or Release Health Care Information, form 470-3951 was not in the case file or it was not updated annually.
 - (f) Title 16-J-5 of the Employees' Manual provides the Medicaid Review, form 470-3118, should be completed annually. For one of the eighteen cases reviewed, the Medicaid Review was not included in the case record.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2016

Recommendation – The Department should establish procedures to ensure compliance with the Employees' Manual.

Response – The eighteen errors spanned seven cases. Five of the cases, where there were three or more errors per case, were from one service delivery area. The remaining two cases were from another service area with one and two errors respectively.

The Service Area Manager, Business Manager, Social Work Administrators and supervisors received the initial error reports. Local office responses documented that supervisors met with the appropriate individual workers and discussed the errors. Work is also to be done by the local office to ensure documents are routinely provided by nursing facilities that have been delinquent or resistant to provide Health Care Plans timely. The area with five cases in error will be asked to provide a periodic update of activities to improve performance to ensure corrective actions are implemented and effective.

Conclusion – Response accepted.

June 30, 2016

Findings Related to Statutory Requirements and Other Matters:

- (1) Iowa Code Compliance – Chapter 217.40 of the Code of Iowa requires the Department, or a person designated by the Director, to establish training programs designed to assist all duly appointed guardians and conservators in understanding their fiduciary duties and liabilities, the special needs of the ward and how to best serve the ward and the ward's interest.

The Department has not established a training program to assist guardians and conservators as required.

Recommendation – The Department should take steps to ensure compliance with the Code of Iowa or the Department should seek the repeal of the Code section.

Response – The Department has not had funding to do this training for many years. The Department has previously requested an Iowa Code change to eliminate the training requirement. This request was unsuccessful and lack of funding for training in the Department's annual appropriation bill has continued. The Department is currently developing a pre-file for the next legislative session in order to seek a Code change. If the Department is unsuccessful in achieving a Code change, a training document will be developed and made available in paper and/or electronic form for duly appointed guardians and conservators.

Conclusion – Response accepted.

- (2) Targeted Small Businesses – Chapter 73.16 of the Code of Iowa requires the Department to establish a procurement goal for certified targeted small businesses (TSB) each fiscal year. Chapter 73.16.2(a)(2) states the procurement goal shall be established at a level which exceeds the procurement levels from certified targeted small businesses during the previous fiscal year.

For fiscal year 2016, the TSB procurement goal was less than actual TSB spending from the previous year.

Recommendation – The Department should develop a procurement goal for certified targeted small businesses greater than actual TSB spending from the prior year or seek legislation to change this statutory requirement.

Response – This issue was corrected when setting the SFY17 TSB goal. The businesses qualifying as a targeted small business is determined by the Department of Administrative Services and can change from quarter to quarter. A TSB in one quarter may not be considered a TSB the next quarter. In setting the TSB goal, the Department reviews past performance and sets a goal based on what is expected to be spent through TSB's in a fiscal year. While the past fiscal year's spending is taken into consideration, it is not the only factor in setting a goal. When the goal for SFY17 was set, after calculating the expected TSB expenditures, the amount was compared to the SFY16 actual expenditures and goals were increased where necessary to comply with Chapter 73.16 of the Code of Iowa.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2016

Staff:

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager
Lesley R. Geary, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Jennifer L. Wall, CPA, Manager
Kyle C. Smith, CPA, Senior Auditor
Jesse J. Probasco, Senior Auditor
Christian E. Cottingham, Senior Auditor
Nicole L. Roethlisberger, Senior Auditor
Alex N. Kawamura, CPA, Staff Auditor
Ramona E. Daly, Staff Auditor
Erin J. Sietstra, Staff Auditor
Alex W. Case, Staff Auditor
Jonathan M. Mader, Staff Auditor
Cole L. Hocker, Staff Auditor
Eileen D. Loomis, Staff Auditor
Preston R. Grygiel, Staff Auditor
Adjoa S. Adanledgji, Staff Auditor
Tara H. Williams, Staff Auditor
Colton L. Barton, Assistant Auditor
Ryan M. Barrett, Assistant Auditor
Debora M. Copeland, Assistant Auditor
Sarah K. Nissen, Assistant Auditor
Melinda D. Lawrence, Assistant Auditor
Cody J. Pifer, Assistant Auditor
Alex D. Dau, Assistant Auditor
Ashley A. Boly, Auditor Intern
Luke M. Bormann, Assistant Auditor
Jason M. Miller, Assistant Auditor
Brett S. Gillen, Assistant Auditor