



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE _____

July 12, 2005

Contact: Andy Nielsen
515/281-5834

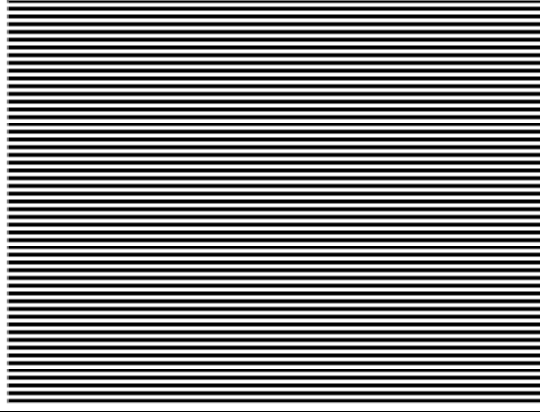
Auditor of State David A. Vaudt today released a report on the Iowa Department of Public Health for the year ended June 30, 2004.

The Department exercises general supervision over public health programs, promotes health and sanitation, carries out specific responsibilities required by law and administers state and federal laws related to public health and vital records. The Department also exercises administrative authority over the medical, dental, pharmacy and nursing boards.

Vaudt recommended the Department improve controls over payroll and cash receipts. The Department responded that corrective action is being implemented.

A copy of the report is available for review in the Iowa Department of Public Health or the Office of Auditor of State.

#



**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF PUBLIC HEALTH**

JUNE 30, 2004

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



David A. Vaudt, CPA
Auditor of State





OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

July 1, 2005

To Dr. Mary Minser Hansen, Director of the
Iowa Department of Public Health:

The Iowa Department of Public Health 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, 2004.

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. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report.

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 Public Health, citizens of the State of Iowa and other parties to whom the Iowa Department of Public Health 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.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Thomas J. Vilsack, Governor
Michael L. Tramontina, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

Report of Recommendations to the

Iowa Department of Public Health

June 30, 2004

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

- (1) Segregation of Duties – Payroll – During our review of internal control, the existing control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Department's financial statements. One employee of the Department can initiate and approve payroll transactions on the Human Resource Information System (HRIS).

Recommendation – Duties should be segregated so the same person does not initiate a transaction and also approve payroll transactions.

Response – Timesheet approvers will be reminded that they are not to approve timesheets at both the employee and approver levels without adding a remark/reason. Approvers, whom do not follow this procedure, will have their approver status revoked.

Conclusion – Response accepted.

- (2) Initial Receipt Listings – Payments by cash and check are received at various locations in the Department. Initial receipts listings should be prepared upon receipt of funds and later compared to the deposit by an independent person. Three of 4 locations tested did not properly prepare initial receipt listings and later compare them to the actual deposit, as follows:

Radiological Health – Initial listings of receipts were created by the mail opener. However, these listings were not compared to the deposits.

Professional Licensure – Initial listings of receipts were not prepared.

Vital Records – Birth certificates are issued by the Department from information entered into the Department's database by the hospital where the child was born. Each day, a Vital Records staff member runs a detail listing or "receiving log". This log details, by hospital, those individuals issued a birth certificate. After the birth certificate is issued the Department receives a "summary report - birth registration fee and copy of birth certificate fee" from each hospital, which identifies the individuals who have paid or have had the fees associated with issuing a birth certificate waived.

Although there are procedures in place, the Department did not perform a reconciliation between the receiving log and the summary reports submitted by the hospitals.

Recommendation – The Department should ensure an initial receipt listing is prepared and a reconciliation is completed between initial receipt listings and the actual deposits to help ensure funds are properly receipted.

Report of Recommendations to the

Iowa Department of Public Health

June 30, 2004

Responses –

Radiological Health – A staff person (not the person whom opens the mail) within the Bureau of Radiological Health is now comparing the receipt listing to the actual deposit.

Professional Licensure – We currently do not have sufficient FTEs or an adequate computer system to address this recommendation. We are hopeful that additional resources will be secured in the next few years and when funding is received, this recommendation will be given a top priority.

Vital Records – Staff within the Bureau of Health Statistics are now performing a reconciliation between the receiving log and the summary reports submitted by the hospitals.

Conclusions –

Radiological Health – Response accepted.

Professional Licensure – Response acknowledged. Professional Licensure should review its current receipt system and implement additional controls with existing staff.

Vital Records – Response accepted.

- (3) Capital Asset Reconciliation – The Department records capital assets on Asset Manager, a data base that tracks the asset, date asset was purchased, purchase price, depreciation of the asset and identification of the asset. The Department did not reconcile additions per Asset Manager to current year equipment purchase expenditures.

Recommendation – The Department should ensure a reconciliation between additions per Asset Manager and current year equipment and purchase expenditures are completed by an individual not responsible for the purchasing, recording and custody of capital assets.

Response – A formal reconciliation was not performed last year due to an employee being on maternity leave and problems related to the implementation of the state's new accounting system. The Department will ensure that an individual not responsible for the purchasing, recording and custody of capital assets completes a formal reconciliation this year.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the

Iowa Department of Public Health

June 30, 2004

Staff:

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager
Gina L. Cunningham, CPA, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Stephanie A. Bernard, Staff Auditor
Kristen E. Harang, CPA, Staff Auditor
Natalie J. Storm, CPA, Staff Auditor
Donald N. Miksch, Staff Auditor
Scott P. Boisen, Staff Auditor
Scott D. Trauger, Assistant Auditor