



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

September 25, 2019

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released an agreed-upon procedures report on County Social Services for the years ended June 30, 2018 and June 30, 2019. The agreed-upon procedures engagement was performed to document the contributions County Social Services requested from Kossuth County pursuant to a 28E agreement between the two parties and the amounts provided by Kossuth County.

A copy of the agreed-upon procedures report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/audit-reports>.

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COUNTY SOCIAL SERVICES
AUDITOR OF STATE'S INDEPENDENT REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEARS ENDED
JUNE 30, 2018 and JUNE 30, 2019

County Social Services



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September 23, 2019

Regional Governance Board of County Social Services
Butler County, Iowa (Fiscal Agent)

Dear Board Members:

I am pleased to submit to you this agreed-upon procedures report for County Social Services for the years ended June 30, 2018 and June 30, 2019. The agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants.

I appreciate the cooperation and courtesy extended by the officials and employees of the County Social Services throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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County Social Services

Regional Governance Board

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Jeanine Tellin	Board Chair	Fayette County Board of Supervisors
Roy Schwickerath	Vice Chair	Floyd County Board of Supervisors
Craig White	Secretary/Treasurer	Black Hawk County Board of Supervisors
Dennis Koenig	Board Member	Allamakee County Board of Supervisors
Greg Barnett	Board Member	Butler County Board of Supervisors
Chris Watts	Board Member	Cerro Gordo County Board of Supervisors
Jacob Hackman	Board Member	Chickasaw County Board of Supervisors
Sharon Keehner	Board Member	Clayton County Board of Supervisors
John Pluth	Board Member	Emmet County Board of Supervisors
James Ross	Board Member	Grundy County Board of Supervisors
Gary Rayhons	Board Member	Hancock County Board of Supervisors
Pat Murray	Board Member	Howard County Board of Supervisors
Sandy Loney	Board Member	Humboldt County Board of Supervisors
Donnie Loss	Board Member	Kossuth County Board of Supervisors
Barb Francis	Board Member	Mitchell County Board of Supervisors
Clarence Siepker	Board Member	Pocahontas County Board of Supervisors
Larry Vest	Board Member	Tama County Board of Supervisors
Mark Campbell	Board Member	Webster County Board of Supervisors
Bill Jensvold	Board Member	Winnebago County Board of Supervisors
Floyd Ashbacher	Board Member	Winneshiek County Board of Supervisors
Kenneth Abrams	Board Member	Worth County Board of Supervisors
Karl Helgevold	Board Member	Wright County Board of Supervisors
Janel Clarke	Non-voting Ex-Officio Board Member	
Marcia Oltrogge	Non-voting Ex-Officio Board Member	
Bob Lincoln	Chief Executive Officer	
Karen Dowell	Chief Operating Officer	
Lisa Trainer	Finance Manager	



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Auditor of State's Independent Report on Applying Agreed-Upon Procedures

To the Regional Governance Board of County Social Services:

We have performed the procedures below, which were agreed to by the management of County Social Services (CSS), a mental health region formed pursuant to Chapters 331.388 through 331.399 of the Code of Iowa, for the years ended June 30, 2018 and June 30, 2019. The procedures were requested by CSS to document the contributions requested by CSS pursuant to a 28E agreement with Kossuth County and amounts provided by the County. The management of CSS is responsible for the subject matter of this report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of CSS. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed are summarized as follows:

1. We reviewed the 28E agreement between CSS and Kossuth County, entered into pursuant to Chapter 331.390 of the Code of Iowa.
2. We documented the maintenance of effort requested by CSS, pursuant to the 28E agreement between CSS and Kossuth County. In addition, we documented the amount of Mental Health and Disabilities Services (MHDS) fund balance maintained by the County which was requested by CSS. These amounts were compared to the amounts provided by Kossuth County for the years ended June 30, 2018 and June 30, 2019.
3. We obtained the regional per capita expenditures target amount requested from each member county by the CSS Board of Directors and recalculated Kossuth County's maintenance of effort based on the per capita expenditures target amount for that County. We also compared Kossuth County's maintenance of effort to the amount the County levied for mental health and disability services.

Our findings are described in the Detailed Findings section of this report.

We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the procedures enumerated above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to report certain agreed-upon procedures and the resulting findings. This report is not suitable for any other purposes.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of CSS during the course of our agreed-upon procedures engagement. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


Marlys K. Gaston, CPA
Deputy Auditor of State

September 23, 2019

BACKGROUND INFORMATION

Chapters 331.388 through 331.399 of the Code of Iowa govern the provision of mental health and disability services in the State of Iowa, including the establishment of regional service systems (mental health regions), the governance structure of the regions and how the services are to be financed. Sections pertinent to the procedures performed during this engagement include the following:

Chapter 331.389 of the Code of Iowa states in part, “Local access to mental health and disability services for adults shall be provided either by counties organized into a regional service system or by individual counties that are exempted as provided by this section.”

Chapter 331.390 of the Code of Iowa requires, “The counties comprising a mental health and disability services region shall enter into an agreement under chapter 28E to form a regional administrator under the control of a governing board to function on behalf of those counties.”

Chapter 331.391(1) of the Code of Iowa requires “The funding under the control of the governing board shall be maintained in a combined account, in separate county accounts that are under the control of the governing board, or pursuant to other arrangements authorized by law that limit the administrative burden of such control while facilitating public scrutiny of financial processes.”

Chapter 331.392(4) of the Code of Iowa requires “The financial provisions of the agreement shall include all of the following: a. Methods for pooling, management, and expenditure of the funding under the control of the regional administrator. If the agreement does not provide for pooling of the participating county moneys in a single fund, the agreement shall specify how the participating county moneys will be subject to the control of the regional administrator. b. Methods for allocating administrative funding and resources. c. Contributions and uses of initial funding or related contributions made by the counties participating in the region for purposes of commencing operations by the regional administrator.”

On April 1, 2014, pursuant to Chapter 331.389 and 331.390 of the Code of Iowa, the member counties entered into a 28E agreement to form a regional administrator under the control of a governing board to function on behalf of those counties, creating County Social services (CSS).

The CSS region includes the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth and Wright.

Part VI of the 28E agreement, Cooperation from Counties, states in part, “The member counties agree to provide support as follows: (e) To contribute the member county’s maximum maintenance of effort under the Mental Health & Disability (Fund 10) property tax levy or alternative levels established by state law or agreed to by two-thirds of the entire membership of the Board, and (f) To contribute member county’s Mental Health & Disability (Fund 10) accrual fund balance at the time of entry into CSS.”

Part VII of the 28E agreement, Financing, states in part, “The Board shall prepare an annual budget for the operation of CSS which is to be adopted in January of the year preceding the beginning of the next fiscal year. The fiscal year for CSS shall commence on July 1 and terminate on June 30 of each year.” The maintenance of effort, as referred to in the 28E agreement, is defined as each member county’s share of the costs to provide regional services. The maintenance of effort is determined based on CSS’s annual budgeted expenditures for the operation of CSS divided by the population of the region, resulting in a per capita expenditure target budget amount. This per capita expenditure target budget amount is then multiplied by each member county’s population to determine each county’s maintenance of effort.

The per capita target budget amount is approved each year by the CSS Board.

Chapter 331.424A of the Code of Iowa discusses the county mental health and disabilities services fund maintained by each member county. Per Iowa Code 331.424A(1)(c), the “County budgeted amount” means the amount calculated under Iowa Code 331.424A(9) and certified for levy under Iowa Code 331.424A(6). Iowa Code 331.424A(9) states “the county budgeted amount determined for each county shall be the amount necessary to meet the county’s financial obligations for the payment of services provided under the regional services system management plan approved pursuant to 331.393, not to exceed an amount equal to the product of the regional per capita expenditure target amount multiplied by the county’s population.” Iowa Code 331.424A(6) states “the county shall certify a levy for payment of services.”

Pursuant to the 28E agreement, each member county is required to levy their maximum maintenance of effort amount and provide (contribute) the levied dollars to CSS to serve as each member county’s share of the costs to provide regional services.

Also, in accordance with the 28E agreement, at the time each county entered into the agreement, the county was required to contribute its Mental Health and Disability Services (MHDS) fund balance to CSS. Per discussion with CSS personnel, the funds remained at the counties, however, these funds were considered to belong to the region. CSS personnel indicated each member county’s MHDS fund balance is used by the counties for payroll costs, office supplies and new equipment at the county level and CSS reimburses the counties for these expenses on a monthly basis. In addition, per CSS personnel, the fund balance retained by the counties may be used by CSS to fund new mental health programs not included in the per capita expenditure budget

Part VII of the 28E agreement, Financing, states in part, “The Board shall direct allocation of member counties mental health and disability fund dollars to the combined account of the County Social Services Fiscal Agent as needed.” Each year CSS provides the counties with the total projected request. CSS requests allocations of the total projected request, as needed, throughout the year.

Unless otherwise noted, the information included in this agreed-upon procedures report was provided by CSS.

County Social Services

Detailed Findings

For the Years Ended June 30, 2018 and June 30, 2019

The procedures we performed and associated findings are as follows:

- (1) We compared the amount of county contribution requested by CSS to the amount provided by Kossuth County for the years ended June 30, 2018 and June 30, 2019.

The comparison is as follows:

Year Ended June 30,	Projected Request by CSS				CSS Actual Allocation Requested	Amount Paid by Kossuth County *	Amount Paid by Kossuth County Less Than Request
	Maintenance of Effort Request	Requested Fund Balance Held by County	Total Projected Request	Kossuth County			
2018	\$ 503,175	380,775	883,950	883,950	533,505	350,445	
2019	\$ 531,711	265,132	796,843	599,717	533,505	66,212	

* - Amount paid per Kossuth County

As identified in the table above, the amounts contributed by Kossuth County to CSS for the years ended June 30, 2018 and June 30, 2019 were \$350,445 and \$66,212, respectively, less than the amount required by the 28E agreement with CSS.

However, CSS applied the first \$350,445 received during fiscal year 2019 to the outstanding balance of \$350,445, as of June 30, 2018. As a result, the Kossuth outstanding balance per CSS is \$0 for fiscal year 2018 and \$416,657 as of June 30, 2019.

- (2) We obtained the regional per capita expenditure target amount requested from each member county by the CSS Board of Directors. The per capita target amount is used to determine the maintenance of effort to be provided by the counties to CSS. Per the 28E agreement the member counties are required to contribute the maximum maintenance of effort to CSS through a Mental Health and Disabilities (MHDS) property tax levy. We recalculated the maintenance of effort based on the per capita expenditure target amount for Kossuth County and compared the result to the property tax levied for MHDS by Kossuth County.

The per capita expenditure target amount agreed to by the CSS Board of Directors for the years ended June 30, 2018 and June 30, 2019 was \$33.18 and \$35.18, per person, respectively.

The requested maintenance of effort based on the per capita expenditure target amount compared to the amount budgeted/levied by Kossuth County follows:

Years Ended June 30,	Population Estimate *	Per Capita Rate	Total Maintenance of Effort Request	Property Tax Budgeted/Levied **	Amount Levied Under Request
2018	15,165	\$ 33.18	503,175	397,900	105,275
2019	15,114	\$ 35.18	531,711	321,195	210,516

* - Population estimate information is per the State Library of Iowa and was obtained from the Iowa Department of Human Services.

** - Per the certified budget on the Iowa Department of Management website

The property tax budgeted/levied by Kossuth County for the years ended June 30, 2018 and 2019 was \$105,275 and \$210,516, respectively, less than the maintenance of effort amount required by the County's 28E agreement with CSS.

County Social Services

Staff

This engagement was performed by:

Marlys K. Gaston, CPA, Deputy Auditor of State
Michelle B. Meyer, CPA, Manager