



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

January 19, 2021

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Human Services for the year ended June 30, 2019.

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.

AUDIT FINDINGS:

Sand reported five findings related to the Department. The findings are on pages 3 through 6 of this report. Sand recommended the Department implement procedures to comply with certain federal regulations and provisions of the Code of Iowa.

Three of the five findings discussed above are repeated from the prior year. Management of the Iowa Department of Human Services has a fiduciary responsibility to provide oversight of the Department's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" management exercises in its fiduciary capacity.

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

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

JUNE 30, 2019

Iowa Department of Human Services



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Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

January 11, 2021

Iowa Department of Human Services
Des Moines, Iowa

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

I am pleased to submit to you this Report of Recommendations for the Iowa Department of Human Services for the year ended June 30, 2019. The report includes findings pertaining to the Department's internal control and compliance with statutory requirements and other matters which resulted from the fiscal year 2019 audit.

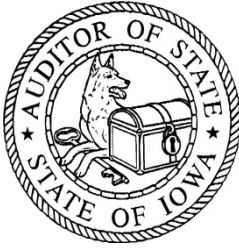
I appreciate the cooperation and courtesy extended by the officials and employees of Iowa Department of Human Services throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand", written in a cursive style.

Rob Sand
Auditor of State

Iowa Department of Human Services



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January 11, 2021

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, 2019.

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 7 and they are available to discuss these matters with you.

Marlys K. Gaston, CPA
Deputy Auditor of State

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

June 30, 2019

Findings Reported in the State’s Single Audit Report:

No matters were reported.

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

No matters were reported.

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 2019. We reviewed 102 cases receiving both FIP and foster care payments during the same month of service. Of the 102 cases reviewed, 12 children, or 11.8%, received both FIP and foster care payments for the same time period. 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 2019. We reviewed 108 cases receiving both FIP and subsidized adoption payments during the same month of service. Of the 108 cases reviewed, 7 cases, or 6.5%, improperly received both FIP and subsidized adoption payments for an additional one to two months after entering subsidized adoption. As a result, the unallowable FIP payments for these 7 cases totaled \$1,280.

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

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Response – Each error was reviewed by the management team and with the worker as appropriate. Information will be provided to training staff about the errors and the topic will be revisited during trainings before July 1, 2021. It should be noted that error rates have declined steadily since 2016. For FIP and foster care, errors are down from 19% in the 2016 audit to 11.8% for 2019. Adoption errors are down from 24% in 2016 to 6.5% in 2019.

Conclusion – Response accepted.

(2) Field Offices Internal Controls – During fiscal year 2019, internal controls were evaluated at eight county offices and two child support recovery unit (CSRU) offices. The following condition was noted in the limited review performed:

(A) Restrictive endorsement stamps were not used in three county offices.

Recommendation – The Department should implement procedures to ensure checks are endorsed with a restrictive endorsement stamp upon receipt.

Response – The Service Area Manager and the Business Manager for each impacted county were notified of the error. Where a stamp was not available, one was ordered and placed into use. All staff endorsing checks were made aware of the requirement and will comply going forward.

Conclusion – Response accepted.

June 30, 2019

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 – In fiscal year 2020, the Department established a handbook through partnerships with Iowa Department on Aging, Des Moines service area volunteer services, and the Polk County Attorney’s office. The handbook is available on the Departments website at <https://dhs.iowa.gov/DependentAdultProtectiveServices/Families/Resources> and was shared with all adult protective services staff. The handbook was also distributed to all members of the Coordinated Community Response Team for elder abuse.

Conclusion – Response accepted.

- (2) Meeting Attendance – Chapter 69.15 of the Code of Iowa requires any person who has been appointed by the governor to any board under the laws of Iowa shall be deemed to have submitted a resignation from such office if the person attends less than one-half of the regular meetings of such board within any period of twelve calendar months beginning on July 1 or January 1.

One member of the Healthy and Well Kids in Iowa (Hawki) Board who was appointed by the governor did not attend five of eight meetings held during fiscal year 2019.

Recommendation – Meeting attendance should be monitored to ensure attendance requirements are met in accordance with the Code of Iowa.

Response – The Hawki Board member in question has been removed from the Board. The Department will monitor attendance of Hawki Board members to ensure that Board members meet the attendance law and will take appropriate action if attendance requirements are not met.

Conclusion – Response accepted.

- (3) Quality Assurance Assessment – In accordance with Chapter 249L of the Code of Iowa, nursing facilities in the State of Iowa are assessed a quality assurance assessment for each patient day for the preceding quarter. Form 470-4836, Nursing Facility Quality Assurance Assessment Calculation Worksheet, is used by the nursing facility to determine the quality assurance assessment amount due. Form 470-4836 and the quarterly assessment payment are due to the Department no later than thirty days following the end of each quarter. When received, documentation is date stamped to evidence date of receipt. If Form 470-4836 and the assessment are not received by the 30th day of the month following the end of a quarter, a penalty of 1.5% of the quality assurance assessment is owed for each month or portion of month in which the payment is overdue. If the Department determines a nursing facility has underpaid the quality assurance assessment, the Department shall notify the nursing facility of the amount of the unpaid quality assurance assessment.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2019

For two of 30 nursing facilities reviewed, the Department did not send delinquent notifications and assess penalties in a timely manner for the quarter ended June 30, 2019, as required by Chapter 249L.3(5) of the Code of Iowa.

Recommendation – The Department should establish procedures to ensure compliance with the Code of Iowa.

Response – The Department contracts with Myers and Stauffer to manage the quality assurance assessment program. The contractor acknowledged performance issues during the fiscal year, specifically related to the quality assurance assessment. In August 2019, new staff was hired. Work on improved procedures to mitigate delays in issuing late payment letters for provider assessments is in process.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2019

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy
Jennifer L. Wall, CPA, Manager
Lesley R. Geary, CPA, Manager
Alex N. Kawamara, CPA, Senior Auditor II

Other individuals who participated in the audits include:

Karen L. Brustkern, CPA, Senior Auditor II
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Micaela A. Tintjer, CPA, Staff Auditor
Andrew J. Salwolke, Staff Auditor
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