



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

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ July 11, 2006 \_\_\_\_\_ Contact: Andy Nielsen  
515/281-5515

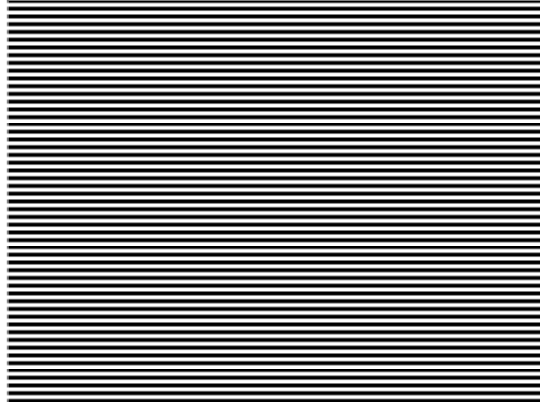
Auditor of State David A. Vaudt today released a report on the Iowa Department of Elder Affairs for the year ended June 30, 2005.

The Iowa Department of Elder Affairs is responsible for being an advocate for elder Iowans and is responsible for developing a comprehensive and coordinated system of services and activities for older people through thirteen designated area agencies on aging across the state.

Vaudt recommended the Department develop and implement procedures to ensure timely reviews of subrecipient audit reports. In addition, Vaudt recommended the Department review segregation of duties with regard to procurement card purchases and functions.

A copy of the report is available for review in the Iowa Department of Elder Affairs, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF ELDER AFFAIRS**

**JUNE 30, 2005**

Office of  
**AUDITOR  
OF STATE**  
State Capitol Building • Des Moines, Iowa



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July 7, 2006

To Mark A. Haverland, Director of the  
Iowa Department of Elder Affairs:

The Iowa Department of Elder Affairs 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, 2005.

In conducting our audits, we became aware of matters 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 another recommendation pertaining to the Department's internal control. The recommendations have been discussed with Department personnel and their response to the 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 Department, 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 any 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 5 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

June 30, 2005

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

**CFDA Number: 93.044 – Special Programs for the Aging – Title III, Part B - Grants  
for Supportive Services and Senior Centers**

**Agency Number: 04-AA-IA-1320, 05-AA-IA-1320**

**Federal Award Year: 2004, 2005**

**CFDA Number: 93.045 – Special Programs for the Aging – Title III, Part C-  
Nutrition Services**

**Agency Number: 04-AA-IA-1712, 04-AA-IA-1713, 05-AA-IA-1712, 05-AA-IA-1713**

**Federal Award Year: 2004, 2005**

**CFDA Number: 93.053 – Nutrition Services Incentive Program**

**Agency Number: 04-AA-IA-NSIP, 05-AA-IA-NSIP**

**Federal Award Year: 2004, 2005**

**State of Iowa Single Audit Comment 05-III-HHS-297-1**

Subrecipient Audit Report Review – The Department is required under OMB Circular A-133, as it applies to subrecipients, to develop and maintain a subrecipient monitoring system. As part of this system, OMB Circular A-183 Compliance Supplement requires Departments to review subrecipient audit reports within six months after receipt of the audit report to ensure corrective action is taken. The Department's procedures require each subrecipient Area Agency on Aging (AAA) to submit an audit report to the Department for review to determine whether the AAA complied with federal and program requirements.

The Department last reviewed subrecipient audit reports for FY 2002.

Recommendation – The Department should develop and implement procedures to ensure timely review of subrecipient audit reports.

Response – The Department has redefined priorities to ensure and strengthen the process whereby subrecipient audit reports are logged in, reviews completed and a management decision issued within six months of receipt. This timeframe will be met for all fiscal year 2005 and subsequent subrecipient audit reports received.

Conclusion – Response accepted.

**Finding Related to Internal Control:**

Segregation of Duties – During our testing, we reviewed procedures for using procurement cards, performing monthly reconciliations and processing payments to Commerce Bank. An important aspect of internal control is to establish procedures providing accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check of those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations.

Based on our findings and observations, we determined the Department had an agency coordinator who was also a cardholder who could approve an expenditure request, purchase the item, code it in the accounting system, then review and approve the

Iowa Department of Elder Affairs

Audit Staff

June 30, 2005

purchase when the monthly bill was processed for payment. In addition, the agency administrators had the capability to change controls placed on their card, such as credit limits.

Recommendation – To ensure procurement card purchases are proper, supported and any changes to card controls are appropriate, the duties of purchasing, payment approval, monthly reconciliations and authority to make changes to the card should be properly segregated. Specifically, agency coordinators should not have a procurement card assigned to them if they have any of these duties.

Response – The Department will review the segregation of duties with regard to procurement card purchases and functions.

Conclusion – Response accepted.

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

No matters were noted.

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Manager  
Sarah D. Nelson, CPA, Staff Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Michael J. Hackett, Assistant Auditor  
Donald J. Lewis, Assistant Auditor