



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

Contact: Brian Brustkern
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FOR RELEASE

September 11, 2024

Auditor of State Rob Sand today released a combined report on the institutions under the control of the Iowa Department of Health and Human Services. The report includes findings and recommendations and average cost per resident/patient information for the five years ended June 30, 2022.

FINANCIAL HIGHLIGHTS:

The average annualized cost per resident/patient at the six institutions under the control of the Iowa Department of Health and Human Services ranged from \$124,522 at the Civil Commitment Unit for Sexual Offenders to \$502,258 at the Woodward Resource Center for the year ended June 30, 2022. Total General Fund expenditures for the six institutions increased 4.7% during the five-year period to approximately \$201 million, the average number of residents/patients decreased 14.6%, from 650 to 555, and the average daily cost per resident/patient increased 22.6%, from \$808.14 to \$991.11, over the same period.

AUDIT FINDINGS:

Sand reported eight findings related to the receipt and disbursement of taxpayer funds at the six institutions. They are found on pages 32 through 40 of this report. The findings address issues such as proper approval of timesheets, proper authorization of overtime forms, approval of duplicate pay raises, noncompliance with training schedules, lack of electronic check retention and a lack of procedures to set targeted small business procurement goals and submit timely quarterly reports in accordance with the Code of Iowa. Sand provided the Institutions with recommendations to address each of these findings.

Five of the findings discussed above are repeated from the prior year. Management of each Institution has a fiduciary responsibility to provide oversight of their respective Institution's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

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**COMBINED REPORT ON THE INSTITUTIONS UNDER THE CONTROL
OF THE IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES
SCHEDULES
FINDINGS AND RECOMMENDATIONS**

JUNE 30, 2022

Iowa Department of Health and Human Services



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834

Rob Sand
Auditor of State

September 5, 2024

Iowa Council on Health and Human Services
Des Moines, Iowa

Dear Members of the Iowa Council on Health and Human Services:

I am pleased to submit to you the combined report on the institutions under the control of the Iowa Department of Health and Human Services for the year ended June 30, 2022. This report includes findings pertaining to the institutions' internal control and compliance with statutory requirements and other matters which resulted from the fiscal year 2022 audits. This report also includes average cost per resident/patient at each institution as required by Section 11.28 of the Code of Iowa.

I appreciate the cooperation and courtesy extended by the officials and employees of the institutions under the control of the Iowa Department of Health and Human Services throughout the audits. 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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September 5, 2024

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

The Institutions under the control of the Iowa Department of Health and Human Services are a part of the State of Iowa and, as such, have been included in our audits of the State's Annual Comprehensive Financial Report (ACFR) and the State's Single Audit Report for the year ended June 30, 2022.

In conducting our audits, we became aware of certain aspects concerning the various Institutions' 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 recommendations pertaining to internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with applicable Institution personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Institutions' responses, we did not audit the Institutions' responses and, accordingly, we express no opinion on them.

We have also included certain unaudited financial and other information for the Institutions under the control of the Iowa Department of Health and Human Services for the five years ended June 30, 2022 to report an average cost per resident/patient at each Institution as required by Chapter 11.28 of the Code of Iowa.

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 Health and Human Services, the Institutions under the control of the Iowa Department of Health and Human Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Health and 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 Institutions 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. Individuals who participated in our audits of the Institutions are listed on pages 32, 34, 36, 37, 39 and 40, and they are available to discuss these matters with you.

A handwritten signature in black ink, appearing to read "Brian R. Brustkern".

Brian R. Brustkern, CPA
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor
Kraig Paulsen, Director, Department of Management
Timothy McDermott, Director, Legislative Services Agency

Iowa Department of Health and Human Services

Overview

Background

In accordance with Chapter 218 of the Code of Iowa, the Iowa Department of Health and Human Services has the authority to control, manage, direct and operate the following Institutions:

Realignment of Mental Health Institutes – In an effort to modernize the State’s mental health delivery system, the Department of Health and Human Services has realigned its mental health facilities to deliver all of its inpatient treatment through its two nationally accredited facilities at Independence and Cherokee. The Department discontinued its delivery of inpatient mental health services at the Clarinda and Mount Pleasant facilities as of June 30, 2015.

Mental Health Institute – Cherokee – The Institute was founded in 1902. The Institute is a fully accredited psychiatric care hospital and provides treatment for mentally ill adults, adolescents and children. Levels of care provided are adult in-patient psychiatric, child and adolescent in-patient psychiatric.

Mental Health Institute – Independence – The Institute was established on May 1, 1873. The Institute is a fully accredited psychiatric care hospital and provides treatment for mentally ill adults, adolescents and children. Levels of care provided are adult in-patient psychiatric, child and adolescent in-patient psychiatric.

Woodward Resource Center – The Resource Center was established in 1917. The Center is a residential facility and provides treatment, training, instruction, care, habilitation and support of persons with an intellectual disability or other disabilities in the State.

Glenwood Resource Center – The Resource Center was established on September 1, 1876. The Center is a residential facility and provides treatment, training, instruction, care, habilitation and support of persons with an intellectual disability or other disabilities in the State.

State Training School – Eldora – The Training School was established in 1868. The Institution is a minimum-security facility for boys between the ages of 12 and 18 who have been adjudicated delinquent by the juvenile courts of the State of Iowa. Effective January 1, 1992, a diagnosis and evaluation center and other units were established to provide juvenile delinquents a program which focuses upon appropriate developmental skills, treatment, placement and rehabilitation.

Civil Commitment Unit for Sexual Offenders (CCUSO) – The Civil Commitment Unit for Sexual Offenders was established in 1999. The Unit provides treatment for sexually violent predators in a secure facility located in Cherokee. The residents have completed their criminal sentences, have been identified as a high risk for a repeat offense and are committed through a civil action by order of the courts.

Iowa Department of Health and Human Services

Overview

Different levels of care are provided at each of the Mental Health Institutes. They are:

Adult In-patient Psychiatric – This program, licensed as a hospital, represents traditional, in-hospital psychiatric care for persons 18 years of age and older. It includes 24-hour nursing care and 24-hour medical and psychiatric on-call coverage.

Child and Adolescent In-patient Psychiatric – This program, licensed as a hospital, represents traditional, in-hospital psychiatric care for persons under 18 years of age. It includes a required educational component and 24-hour nursing care and 24-hour medical and psychiatric on-call coverage.

Psychiatric-Medical Institute for Children (PMIC) – This program, licensed as a PMIC, represents 24-hour care and behavior management for persons 12 to 17 years of age requiring intensive behavioral treatment modalities. There is periodic nursing and psychiatric coverage. Generally, these children are beyond the care of privately administered PMIC's in the state.

Scope and Methodology

We have calculated an average cost per resident/patient at each Institution for the five years ended June 30, 2022 based on their General Fund expenditures. Certain reclassifications and changes have been made to these expenditures to provide comparable averages between Institutions. Therefore, expenditure amounts and cost per resident/patient averages may differ from those used for statewide financial statement purposes. These reclassifications and changes are as follows:

- (1) Operating transfers, primarily reimbursements to other state agencies for services, have been reclassified as expenditures for purposes of this report. Payments made to the Iowa Department of Administrative Services Depreciation Revolving Fund are reported as capital outlay.
- (2) At the inception of a capital lease, total principal payments are recorded as expenditures and as other financing sources for statewide financial statement purposes. For purposes of this report, only the current year principal and interest payments are included as expenditures.
- (3) Canteen operations have been excluded from General Fund expenditures since the canteen is a self-supporting operation at each Institution.
- (4) Non-cash assistance, consisting of USDA commodities, has been excluded from General Fund expenditures.

Median stay information was not calculated or presented in the accompanying average cost per resident/patient schedule for the Resource Centers or juvenile facilities since the median stay tends to be for a much longer period.

The average annualized cost per resident/patient is calculated using the average number of occupied resident beds. Since the median stay at the Mental Health Institutes tends to be less than the stay at the other Institutions, the cost per stay was calculated for each of the Mental Health Institutes. This represents the average cost for the median stay of each patient admitted.

Summary Observation

The Mental Health Institute – Cherokee provides significant outpatient services not performed by the other Institutions. Adequate statistical data on outpatient services, including the amount and cost of services provided by year, was not readily available. Accordingly, the cost per resident/patient information at the Mental Health Institute - Cherokee is not comparable to other Institutions and may not be comparable between years at the Mental Health Institute - Cherokee. The amount of support services the Mental Health Institute – Cherokee provided for the Civil Commitment Unit for Sexual Offenders is reported as reallocated support services costs in Schedules 2, 3, 4, 5 and 6 on pages 20 through 29.

The Woodward Resource Center and the Glenwood Resource Center also provide significant supported community living services, respite and supported employment services which are paid through Iowa Medicaid and Community Based Services (HCBS) Waivers. The cost of providing these services is included in the cost per resident calculation. However, the number of individuals served is not included in the average number of residents.

The average annualized cost per resident/patient at the six institutions under the control of the Iowa Department of Human Services ranged from \$124,522 at the Civil Commitment Unit for Sexual Offenders to \$502,258 at the Woodward Resource Center for the year ended June 30, 2022.

Iowa Department of Health and Human Services

Overview

Over the last five fiscal years, total General Fund expenditures increased 4.7%, from \$191,712,280 in 2018 to \$200,774,236 in 2022, the average number of residents/patients decreased 14.6%, from 650 to 555, and the average daily cost per resident/patient increased 22.6%, from \$808.14 to \$991.11.

Median stay ranged from 19 days to 63 days at the two Mental Health Institutes for fiscal year 2022.

Iowa Department of Health and Human Services

Schedules

Schedule 1

Institutions Under the Control of the Iowa Department of Health and Human Services

Average Cost Per Resident/Patient by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2018					
	Average Number of Residents/ Patients	Average Number of Employees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
Mental Health Institute - Cherokee	35	147	\$ 359,010	983.59	16	\$ 15,737
Mental Health Institute - Independence	55	181	370,016	1,013.74	58	58,797
Woodward Resource Center	131	498	427,487	1,171.20		
Glenwood Resource Center	214	694	346,584	949.55		
State Training School - Eldora	95	167	159,799	437.81		
Civil Commitment Unit for Sexual Offenders	120	104	112,151	307.26		
Total	650	1,791	\$ 294,942	808.14		

Year ended June 30, 2019					
Average Number of Residents/ Patients	Average Number of Employees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
34	146	\$ 354,059	970.03	18	\$ 17,461
55	176	363,125	994.86	60	59,692
133	495	420,109	1,150.98		
204	692	361,865	991.41		
89	184	184,063	504.28		
128	122	116,558	319.34		
643	1,815	\$ 300,165	822.37		

Schedule 1

Institutions Under the Control of the Iowa Department of Health and Human Services

Average Cost Per Resident/Patient by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2020					
	Average Number of Residents/ Patients	Average Number of Employees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
Mental Health Institute - Cherokee	31	146	\$ 427,280	1,167.43	19	\$ 22,181
Mental Health Institute - Independence	51	178	412,837	1,127.97	70	78,958
Woodward Resource Center	130	503	451,849	1,234.56		
Glenwood Resource Center	195	655	383,636	1,048.19		
State Training School - Eldora	82	183	226,029	617.57		
Civil Commitment Unit for Sexual Offenders	135	130	121,486	331.93		
Total	624	1,795	\$ 325,082	888.20		

Year ended June 30, 2021					
Average Number of Residents/ Patients	Average Number of Employees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
26	147	\$ 559,060	1,531.67	21	\$ 32,165
38	184	585,260	1,603.45	75	120,259
122	499	493,015	1,350.73		
180	622	401,727	1,100.62		
44	178	415,771	1,139.10		
138	133	132,540	363.12		
548	1,763	\$ 375,581	1,028.99		

Schedule 1

Institutions Under the Control of the Iowa Department of Health and Human Services

Average Cost Per Resident/Patient by Institution
(Unaudited)

For the Last Five Fiscal Years

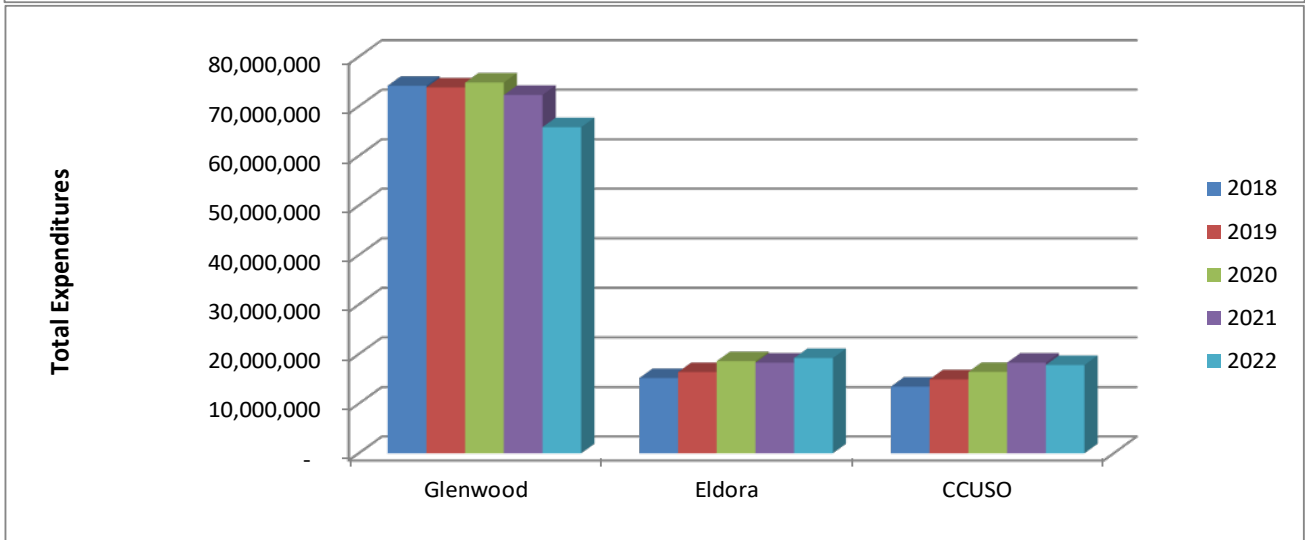
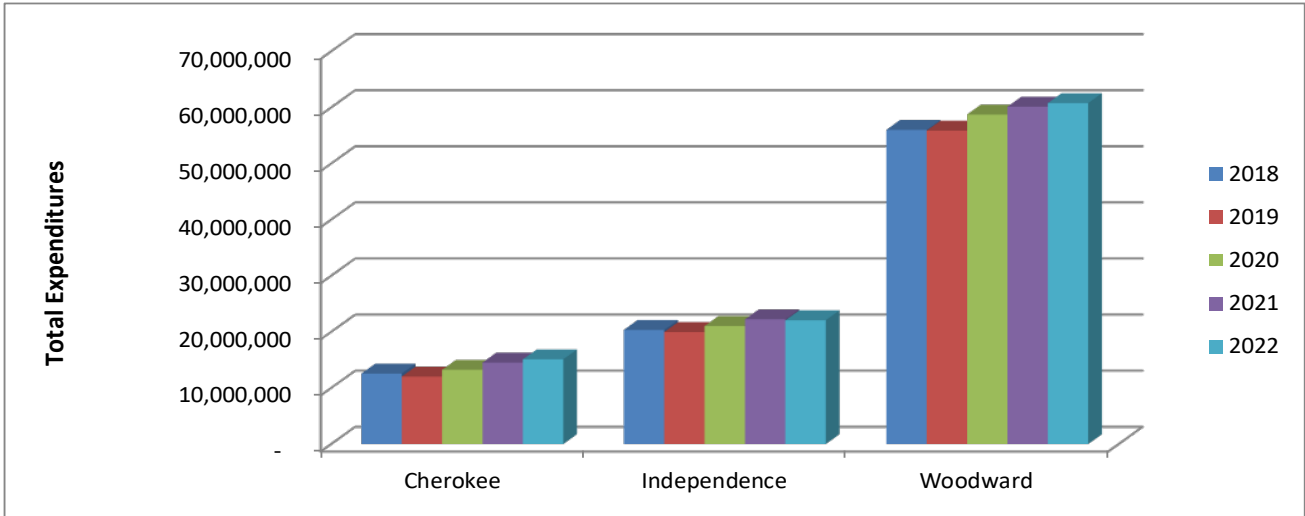
	Year ended June 30, 2022					
	Average Number of Residents/ Patients	Average Number of Employees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
Mental Health Institute - Cherokee	35	152	\$ 431,538	1,182.30	19	\$ 22,464
Mental Health Institute - Independence	51	172	432,682	1,185.43	63	74,682
Woodward Resource Center	121	501	502,258	1,376.05		
Glenwood Resource Center	157	500	419,129	1,148.30		
State Training School - Eldora	48	180	400,425	1,097.05		
Civil Commitment Unit for Sexual Offenders	143	103	124,522	341.16		
Total	555	1,608	\$ 361,755	991.11		

Iowa Department of Health and Human Services

Institutions Under the Control of the Iowa Department of Health and Human Services

Average Cost Per Resident by Institution
Total Expenditures
(Unaudited)

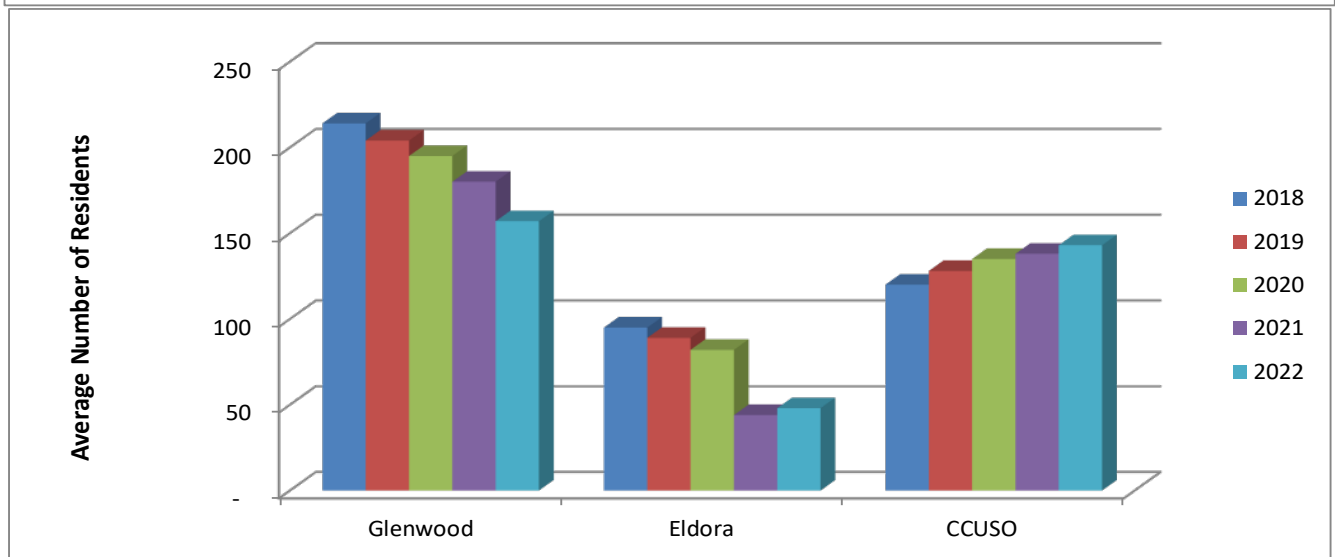
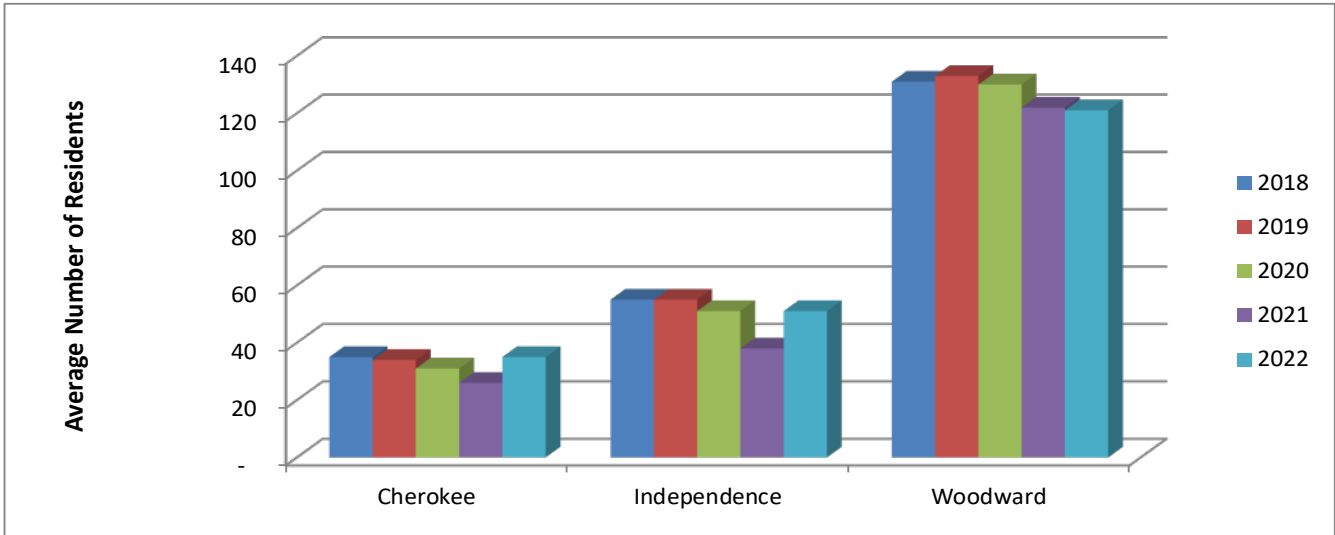
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Health and Human Services

Average Cost Per Resident by Institution
Average Number of Residents / Patients
(Unaudited)

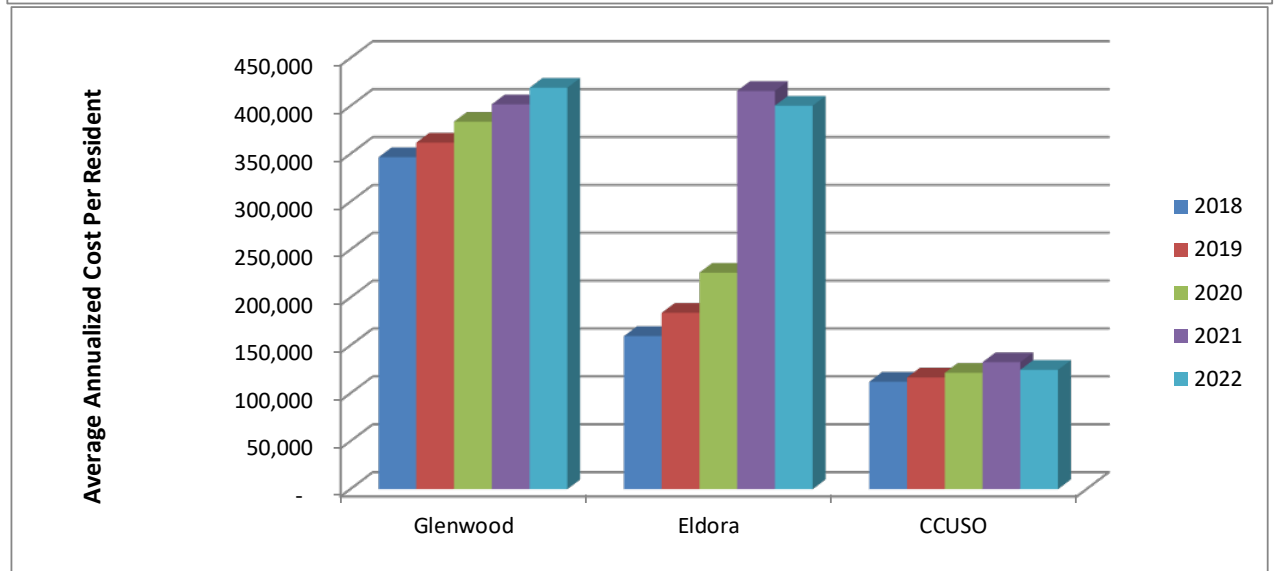
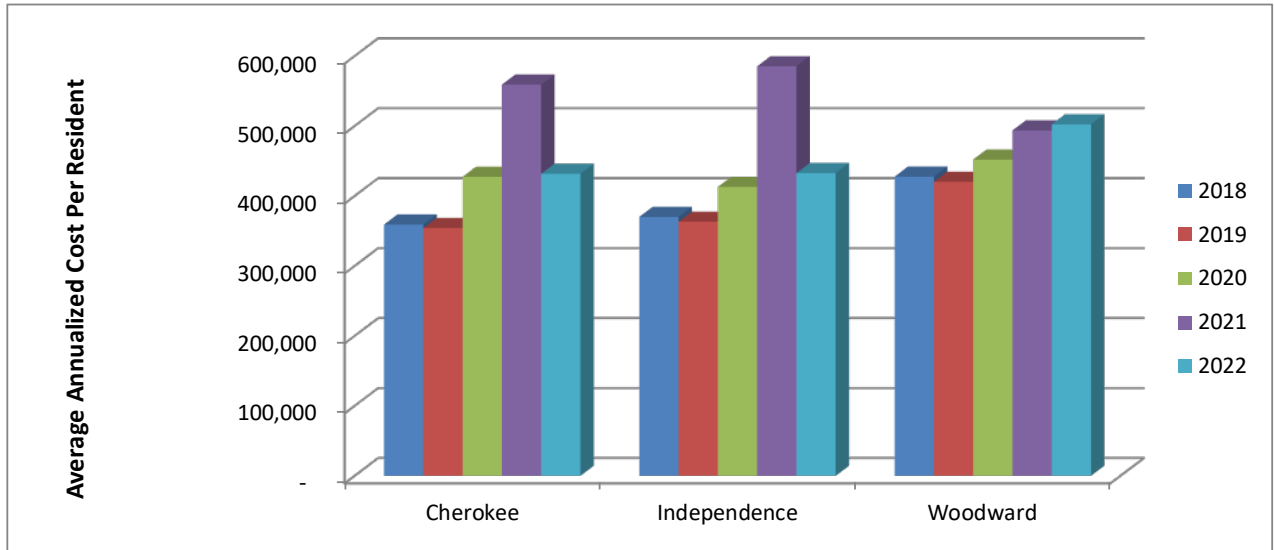
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Health and Human Services

Average Cost Per Resident by Institution
Average Annual Cost per Resident
(Unaudited)

For the Last Five Fiscal Years



Iowa Department of Health and Human Services

Institutions Under the Control of the Iowa Department of Health and Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2018

	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 12,478,261	16,263,508	43,601,312
Travel	25,413	30,144	235,276
Supplies and materials	1,022,154	961,503	3,465,105
Contractual services	1,741,331	2,853,913	7,471,534
Capital outlay	99,392	204,975	1,208,438
Claims and miscellaneous	-	35,444	1,071
Licenses, permits and refunds	1,036	1,406	17,998
Total before reallocations	15,367,587	<u>20,350,893</u>	<u>56,000,734</u>
Reallocated support services costs (see page 6)	<u>(2,802,226)</u>		
Total	<u>\$ 12,565,361</u>		

Glenwood Resource Center	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
57,870,094	12,855,238	9,344,355	152,412,768
208,677	58,557	26,280	584,347
4,662,893	722,065	161,311	10,995,031
9,567,688	1,258,619	1,103,578	23,996,663
1,413,311	268,155	20,405	3,214,676
438,246	3,530	-	478,291
8,108	1,956	-	30,504
<u>74,169,017</u>	<u>15,168,120</u>	10,655,929	<u>191,712,280</u>
		<u>2,802,226</u>	
		<u>\$ 13,458,155</u>	

Institutions Under the Control of the Iowa Department of Health and Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2019

	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 12,239,410	15,912,897	42,727,255
Travel	21,590	43,158	271,052
Supplies and materials	984,961	914,105	3,839,196
Contractual services	1,864,914	2,785,281	8,090,774
Capital outlay	196,699	276,348	913,090
Claims and miscellaneous	5,869	35,345	2,574
Licenses, permits and refunds	782	4,762	30,576
Total before reallocations	15,314,225	<u>19,971,896</u>	<u>55,874,517</u>
Reallocated support services costs (see page 6)	<u>(3,276,213)</u>		
Total	<u>\$ 12,038,012</u>		

Glenwood Resource Center	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
55,928,964	13,434,923	10,177,725	150,421,174
258,678	77,652	52,178	724,308
4,675,143	713,356	206,814	11,333,575
10,673,132	1,883,184	1,061,571	26,358,856
1,842,627	255,137	143,769	3,627,670
440,911	14,628	1,064	500,391
1,028	2,718	-	39,866
<u>73,820,483</u>	<u>16,381,598</u>	11,643,121	<u>193,005,840</u>
		<u>3,276,213</u>	
		<u>\$ 14,919,334</u>	

Institutions Under the Control of the Iowa Department of Health and Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2020

	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 13,100,058	16,557,873	44,571,655
Travel	37,533	24,118	225,539
Supplies and materials	1,258,502	1,010,189	3,987,246
Contractual services	1,704,597	2,799,313	8,432,765
Capital outlay	198,533	259,434	815,204
Claims and miscellaneous	222,493	402,509	685,969
Licenses, permits and refunds	630	1,227	22,032
Total before reallocations	16,522,346	<u>21,054,663</u>	<u>58,740,410</u>
Reallocated support services costs (see page 6)	<u>(3,276,679)</u>		
Total	<u>\$ 13,245,667</u>		

Glenwood Resource Center	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
56,323,045	14,192,891	11,500,749	156,246,271
195,682	68,234	56,414	607,520
4,921,442	767,479	236,404	12,181,262
10,314,255	2,852,206	1,083,731	27,186,867
1,870,104	371,933	107,300	3,622,508
1,183,678	333,254	139,330	2,967,233
760	4,899	-	29,548
<u>74,808,966</u>	<u>18,590,896</u>	<u>13,123,928</u>	<u>202,841,209</u>
		<u>3,276,679</u>	
		<u>\$ 16,400,607</u>	

Institutions Under the Control of the Iowa Department of Health and Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2021

	<u>Mental Health Institute - Cherokee</u>	<u>Mental Health Institute - Independence</u>	<u>Woodward Resource Center</u>
Personal services	\$ 13,558,156	17,625,778	45,594,507
Travel	16,746	38,698	230,696
Supplies and materials	1,447,919	865,423	3,516,845
Contractual services	1,969,813	3,136,453	9,497,895
Capital outlay	869,234	366,886	813,915
Claims and miscellaneous	134,314	204,912	467,983
Licenses, permits and refunds	655	1,716	26,046
Total before reallocations	17,996,837	<u>22,239,866</u>	<u>60,147,887</u>
Reallocated support services costs (see page 6)	<u>(3,461,286)</u>		
Total	<u>\$ 14,535,551</u>		

Glenwood Resource Center	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
53,768,265	14,689,584	12,522,268	157,758,558
154,909	88,314	76,173	605,536
4,365,851	572,887	475,434	11,244,359
11,282,058	2,349,060	1,479,183	29,714,462
1,921,600	393,445	181,104	4,546,184
817,300	199,367	95,025	1,918,901
897	1,264	-	30,578
<u>72,310,880</u>	<u>18,293,921</u>	<u>14,829,187</u>	<u>205,818,578</u>
		<u>3,461,286</u>	
		<u>\$ 18,290,473</u>	

Institutions Under the Control of the Iowa Department of Health and Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2022

	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 13,933,549	17,705,301	44,422,738
Travel	38,984	33,203	322,425
Supplies and materials	1,615,415	970,070	3,481,020
Contractual services	2,596,608	2,824,435	11,022,821
Capital outlay	315,964	245,040	899,270
Claims and miscellaneous	189,961	286,531	603,711
Licenses, permits and refunds	630	2,226	21,215
Total before reallocations	18,691,111	<u>22,066,806</u>	<u>60,773,200</u>
Reallocated support services costs (see page 6)	<u>(3,587,282)</u>		
Total	<u>\$ 15,103,829</u>		

Glenwood Resource Center	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
49,052,525	14,608,714	12,182,195	151,905,022
185,058	83,658	68,557	731,885
4,126,502	747,618	272,092	11,212,717
10,548,393	2,915,189	1,308,826	31,216,272
921,187	589,547	218,288	3,189,296
969,363	274,813	169,434	2,493,813
298	862	-	25,231
<u>65,803,326</u>	<u>19,220,401</u>	<u>14,219,392</u>	<u>200,774,236</u>
		<u>3,587,282</u>	
		<u>\$ 17,806,674</u>	

Institutions Under the Control of the Iowa Department of Health and Human Services

Resident/Patient Population Statistics
(Unaudited)

Year ended June 30, 2022

	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Population beginning of year	26	52	123
Admissions:			
First admissions	270	85	4
Readmissions	60	14	1
Returns:			
Home visits	-	-	-
Limited leaves	-	2	34
Temporary medical transfers	-	10	-
Other	-	-	-
Total admissions	330	111	39
Released:			
Discharges	321	93	12
Deaths	-	2	2
Home visits	-	-	-
Limited leaves	1	2	34
Temporary medical transfers	1	12	-
Other	-	-	-
Total released	323	109	48
Population end of year	33	54	114
Average number of residents/patients	35	51	121

Glenwood Resource Center	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders
163	51	139
-	63	17
-	6	-
83	-	16
-	-	-
86	-	-
4	-	-
173	69	33
10	28	4
7	-	3
84	-	16
-	-	-
87	-	-
-	41	-
188	69	23
148	51	149
157	48	143

June 30, 2022

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:

No matters were noted.

Finding Related to Statutory Requirements and Other Matters:

- 1) Targeted Small Businesses – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

The TSB procurement goal for the Department for fiscal year 2022 was not set at a level exceeding fiscal year 2021 actual TSB spending.

Recommendation – The Department should establish a dollar amount procurement level exceeding the previous fiscal year actual targeted small business procurements or seek Legislation to change this statutory requirement.

Response – The Purchasing Agent responsible for setting the TSB goal was new and not aware of the requirement to increase the goal each fiscal year. We have discussed annual TSB spending with our procurement staff and will continue to increase the TSB spending goal each fiscal year as required.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Ryan J. Pithan, CPA, Manager
Nichole D. Tucker, Senior II Auditor

Other individuals who participated in the audits include:

Erin J. Sietstra, Senior II Auditor
Miranda L. Hoch, Staff Auditor
Austin C. Gohlmann, Assistant Auditor

June 30, 2022

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:

No matters were noted.

Finding Related to Statutory Requirements and Other Matters:

- 1) Targeted Small Businesses – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

Departments with an established TSB procurement goal are required to report the dollar amount of purchases from certified targeted small businesses to the TSB Marketing and Compliance Manager of the IEDA within 15 business days following the end of each calendar quarter.

The TSB procurement goal for the Department for fiscal year 2022 was not set at a level exceeding fiscal year 2021 actual TSB spending. In addition, the Department did not provide one of the four required quarterly reports to the TSB Marketing and Compliance Manager of the IEDA within 15 business days as required.

Recommendation – The Department should establish a dollar amount procurement level exceeding the previous fiscal year actual targeted small business procurements or seek Legislation to change this statutory requirement. In addition, the Department should ensure quarterly reports are submitted to the TSB Marketing and Compliance Manager of the IEDA within 15 business days, as required.

Response – The Department will in future fiscal years set a procurement goal for expenditures with certified targeted small businesses at a dollar amount which complies with requirements set forth in Chapter 73.16 of the Code of Iowa. IMHI completes the Targeted Small Business report at the conclusion of each calendar quarter for submission to the Iowa Economic Development Authority. IMHI will ensure that future quarterly reports are completed within fifteen business days following the end of each calendar quarter as required by the Code of Iowa.

Conclusion – Response accepted.

Findings and Recommendations for the Mental Health Institute – Independence

June 30, 2022

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Jennifer L. Wall, CPA, Manager
Jon D. Hedgecock, Senior Auditor

Other individuals who participated in the audits include:

Craig S. Miller, Staff Auditor
Hunter W. Penton, Staff Auditor
Christopher L. Poague, Staff Auditor
Kesley R. Sauer, Staff Auditor
Amila Tursunovic, Staff Auditor

June 30, 2022

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:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

- 1) Targeted Small Businesses – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

The TSB procurement goal for the Department for fiscal year 2022 was not set at a level exceeding fiscal year 2021 actual TSB spending.

Recommendation – The Department should establish a dollar amount procurement level exceeding the previous fiscal year actual targeted small business procurements or seek Legislation to change this statutory requirement.

Response – Woodward Resource Center concurs.

Conclusion – Response accepted.

- 2) Training Noncompliance – The Iowa Department of Human Services has established a training schedule for various programs such as incident management, mandatory reporting, dependent abuse awareness and first aid/CPR. Staff are required to complete six trainings throughout the year. During fiscal year 2022, there were 102 instances of noncompliance.

Recommendation – The Department should develop written procedures to ensure timely completion of required training.

Response – Woodward Resource Center (WRC) schedules staff to maintain minimum levels to meet safety and active treatment requirements. The position vacancy levels and staff call-ins impact WRC's ability to pull staff from direct care and service to the individuals for training. WRC has diversified recruitment efforts to include posting on different sites and attending job fairs to address the vacancy rate. These efforts will be continued, and WRC will review other options available. However, during this period it is difficult to maintain full staffing levels.

Conclusion – Response accepted.

Findings and Recommendations for the Woodward Resource Center

June 30, 2022

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Ryan J. Pithan, CPA, Manager
April R. Davenport, Senior Auditor

Other individuals who participated in the audits include:

Erin J. Sietstra, Senior Auditor II
Laurel P. Hoogensen, Senior Auditor
Mackenzie L. Johnson, Senior Auditor
Kimberly L. Behrens, Staff Auditor
Allison L. Carlon, Staff Auditor
Kendall L. Miller, Assistant Auditor
Jacob D. Blaskey, Intern Auditor
Nahom E. Hirigo, Intern Auditor

June 30, 2022

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:

No matters were reported.

Findings Related to Statutory Requirements and Other Matters:

No matters were reported.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Suzanne R. Dahlstrom, CPA, Manager
Bianca M. Cleary, Senior Auditor

Other individuals who participated in the audits include:

Stephen J. Hoffman, Senior II Auditor
Kelsey R. Sauer, Staff Auditor
Stephen A. Baker, Assistant Auditor
Amila Tursunovic, Assistant Auditor
Seth W. Franklin, Intern Auditor

June 30, 2022

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) Payroll – Each pay period, Kronos keeps track of time worked. The employee and supervisor review the time and sign off on it. The Human Resource Associate (HRA) completes the final review and sign off before conversion of the time worked to Workday. Departments process and record payroll and personnel information in Workday. The Human Resource Associates utilize an online document to initiate and approve payroll actions, such as adding new employees and recording pay raises.

For nine of ten timesheets tested, seven timesheets were not approved by the employee and two timesheets were not approved by both the employee and their supervisor. For one of fifteen pay raises tested, one employee received a 2% merit increase twice in error.

Recommendation – To strengthen controls, the Training School should develop and implement procedures to ensure timesheets are approved by both the employee and supervisor and to ensure duplicate pay raises are not paid to employees.

Response – We have reminded all staff and supervisors that the timesheets need to be approved by the employee and supervisor unless they are gone. In the event that they are not at work, then the facility HRA will approve on their behalf. This applies to overtime as well. Merit pay increases will be verified by the supervisor and the Appointing Authority Signature, the STS Superintendent. The HR Associate will run a report of inputted merit increases and verify the list prior to submitting in the payroll system to ensure no duplicate merit increases occur.

Conclusion – Response accepted.

- 2) Overtime – The Training School personnel process and record payroll and personnel information in Workday. The State Training School requires an overtime authorization form be prepared by the staff member and reviewed by the supervisor before overtime work is performed. Thirteen of twenty-five payroll overtime payments tested either did not have an overtime authorization form or the form was not signed by a supervisor.

Recommendation – The Training School should develop and implement procedures to ensure overtime authorization forms are prepared, properly signed and completed before the overtime work is performed.

Response – Whenever possible, overtime forms are prepared, signed and completed prior to performing overtime (OT). In the event of absence of the manager, the next level supervisor, Business Manager or HR Associate will prepare the OT sheets and ensure completion by the assigned manager.

Conclusion – Response accepted.

June 30, 2022

Findings Related to Statutory Requirements and Other Matters:

- 1) Targeted Small Businesses – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

The TSB procurement goal for the Training School for fiscal year 2022 was not set at a level exceeding fiscal year 2021 actual TSB spending.

Recommendation – The Training School should establish a dollar amount procurement level exceeding the previous fiscal year actual targeted small business procurements or seek Legislation to change this statutory requirement.

Response – We misunderstood this requirement. We thought we were required to spend more each year above the prior year TSB expenses. We now understand that the requirement is only that our goal needs to be higher than the prior year’s TSB expenses. We will correct moving forward.

Conclusion – Response accepted.

- 2) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the Training School to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Training School does not receive an image of the back of each cancelled check for several bank accounts.

Recommendation – The Training School should obtain and retain images of both the front and back of cancelled checks for all bank accounts, as required by Chapter 554D.114 of the Code of Iowa.

Response – The banks stopped providing these to us. We contacted the banks and asked that they continue to provide these. They have been provided to us since August 2022, which will be part of the fiscal year 2023 audit.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Lesley R. Geary, CPA, Manager
Premnarayan Gobin, Senior II Auditor

Other individuals who participated in the audits include:

Jon D. Hedgecock, Staff Auditor

June 30, 2022

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:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Ryan J. Pithan, CPA, Manager
Tristan J. Swiggum, Senior Auditor