



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____ September 26, 2008

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released a combined report on the institutions under the control of the Iowa Department of Human Services. The report includes findings and recommendations and average cost per resident/patient information for the five years ended June 30, 2007.

The average annualized cost per resident/patient at the nine institutions under the control of the Iowa Department of Human Services ranged from \$79,748 at the State Training School – Eldora to \$243,051 at the Mental Health Institute - Independence and \$344,165 at the Mental Health Institute - Cherokee for the year ended June 30, 2007. Total general fund expenditures for the nine institutions increased 36.50% during the five year period to about \$208 million, the average number of residents/patients decreased 7.41%, from 1,228 to 1,137, and the average daily cost per resident/patient increased 47.43%, from \$340.10 to \$501.40, over the same period.

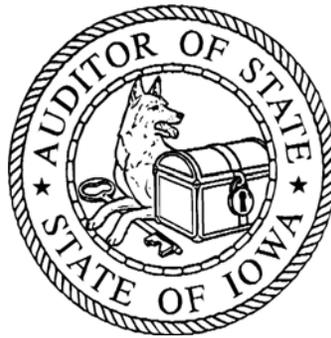
Copies of the report are available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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

JUNE 30, 2007

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



David A. Vaudt, CPA
Auditor of State

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September 19, 2008

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

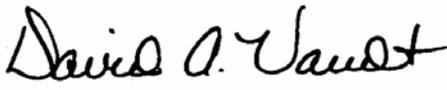
The Institutions under the control of the Iowa Department of Human Services are a part of the State of Iowa and, as such, have been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2007.

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 those reported in the State's Report on Internal Control, as well as other recommendations pertaining to internal control, 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.

We have also included certain unaudited financial and other information for the Institutions under the control of the Iowa Department of Human Services for the five years ended June 30, 2007 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 Human Services, the Institutions under the control 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 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 at your convenience. Individuals who participated in our audits of the Institutions are listed on pages 29, 30, 31, 32, 34, 35, 36, 39 and 40 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 Chester J. Culver, Governor
Charles J. Krogmeier, Director, Department of Management
Director, Legislative Services Agency

Iowa Department of Human Services

Overview

Background

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

Mental Health Institute - Clarinda – The Institute has been serving the citizens of Southwest Iowa since 1888. The function of this Institute is to promote good mental health practices and to provide high level care for persons with mental illness. Levels of care provided are adult in-patient psychiatric and gero-psychiatric.

Mental Health Institute - Mount Pleasant – The Institute was established on February 2, 1861. Major goals and objectives of the Institute are to be responsive to the community-oriented patient care needs of the population it serves, without duplicating services already provided in the community. Levels of care provided are adult in-patient psychiatric and dual diagnosis.

Mental Health Institute - Cherokee – The Institute was founded in 1902. The Institute is responsible for furnishing psychiatric services to citizens of Northwest Iowa counties to the extent such services are not provided by other sources. Levels of care provided are adult in-patient psychiatric and 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, and psychiatric-medical institute for children.

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

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

State Juvenile Home - Toledo – The State Juvenile Home - Toledo was established on October 21, 1920. This Institution is a structured, non-secure co-ed facility serving juveniles under 17 who are residents of the State of Iowa in need of assistance. The residents are committed by the juvenile courts as dependent or neglected or are committed voluntarily through application to the County Board of Supervisors and the Iowa Department of Human Services. The children become wards of the State to receive educational, medical, diagnostic treatment and limited employment programs to help them attain productive and satisfying citizenship in a free society.

State Training School - Eldora – The Training School was established in 1868. The Institution is a minimum security facility for boys between the ages of twelve and eighteen 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.

Iowa Department of Human Services

Overview

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, Iowa. 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.

As mentioned on the previous page, 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.

Gero-Psychiatric – This program, licensed as nursing home care, represents 24-hour custodial care for persons declared disabled or over age 65. There is some level of nursing care 24 hours and periodic medical and psychiatric care. Generally, these persons are beyond the capacity of community providers to care for.

Psychiatric-Medical Institute for Children (PMIC) – This program, licensed as a PMIC, represents 24-hour care and behavior management for persons ages 12 to 17 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.

Dual Diagnosis – This program represents a 28-day residential substance dependence treatment program for persons with co-morbid mental illness. There is periodic nursing, medical and psychiatric coverage. It is the only program for this population in the state of Iowa.

Scope and Methodology

We have calculated an average cost per resident/patient at each Institution for the five years ended June 30, 2007, 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.
- (2) At the inception of a capital lease, total principal payments are recorded as expenditures and as other financing sources for statewide purposes. For purposes of this report, we have included only the current year principal and interest payments 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.

Iowa Department of Human Services

Overview

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 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 was available for the two years ended June 30, 2007 and is reported as reallocated support services costs on Schedules 5 and 6, pages 22 through 25. This information was not available prior to the year ended June 30, 2006.

The average annualized cost per resident/patient ranged from \$79,748 at the State Training School – Eldora to \$243,051 at the Mental Health Institute - Independence and \$344,165 at the Mental Health Institute – Cherokee for fiscal year 2007.

During fiscal year 1999, the Civil Commitment Unit for Sexual Offenders was opened and housed residents at the Iowa Medical and Classification Center at Oakdale. During fiscal year 2003, the Civil Commitment Unit for Sexual Offenders was relocated to a secure facility located in Cherokee. The number of residents increased from 1 on July 1, 1999 to 67 on June 30, 2007.

Total general fund expenditures increased 36.50%, from \$152,440,085 in 2003 to \$208,083,701 in 2007, the average number of residents/patients decreased 7.41%, from 1,228 to 1,137, and the average daily cost per resident/patient increased 47.43%, from \$340.10 to \$501.40, over the same period.

Median stay ranged from 14 days to 48 days at the four Mental Health Institutes for fiscal year 2007 and has generally remained constant or increased over the past five years at each Institution.

Iowa Department of Human Services

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2003					
	Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
Mental Health Institute - Clarinda	47	97	\$ 151,339	414.63	7	\$ 2,902
Mental Health Institute - Mt. Pleasant	52	87	110,369	302.38	29	8,769
Mental Health Institute - Cherokee	48	206	272,244	745.87	15	11,188
Mental Health Institute - Independence	94	307	191,686	525.17	40	21,007
Woodward Resource Center	281	622	139,616	382.51		
Glenwood Resource Center	391	803	126,359	346.19		
State Juvenile Home - Toledo	88	114	73,816	202.24		
State Training School - Eldora	192	200	58,294	159.71		
Civil Commitment Unit for Sexual Offenders	35	27	62,150	170.27		
Total	1,228	2,463	\$ 124,137	340.10		

Schedule 1

Year ended June 30, 2004						Year ended June 30, 2005					
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	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
48	90	\$ 154,296	422.73	11	\$ 4,650	47	89	\$ 159,852	437.95	12	\$ 5,255
58	96	111,172	304.58	29	8,833	57	87	119,563	327.57	29	9,500
46	208	305,128	835.97	13	10,868	44	203	318,750	873.29	15	13,099
92	303	205,365	562.64	54	30,383	89	298	217,909	597.01	48	28,657
281	640	152,174	416.92			269	629	165,667	453.88		
390	845	139,749	382.87			377	862	156,126	427.74		
89	112	79,741	218.47			81	113	89,432	245.02		
187	195	64,266	176.07			165	192	74,144	203.13		
38	54	99,297	272.05			47	58	76,562	209.76		
1,229	2,543	\$ 135,830	372.14			1,176	2,531	\$ 148,169	405.94		

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2006					
	Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
Mental Health Institute - Clarinda	46	89	\$ 175,494	480.81	13	\$ 6,250
Mental Health Institute - Mt. Pleasant	54	94	132,796	363.83	28	10,187
Mental Health Institute - Cherokee	44	212	303,848	832.46	18	14,984
Mental Health Institute - Independence	88	283	232,161	636.06	45	28,623
Woodward Resource Center	259	662	189,503	519.19		
Glenwood Resource Center	354	896	193,145	529.17		
State Juvenile Home - Toledo	82	116	95,849	262.60		
State Training School - Eldora	181	195	72,497	198.62		
Civil Commitment Unit for Sexual Offenders	55	66	121,077	331.72		
Total	1,163	2,613	\$ 166,929	457.34		

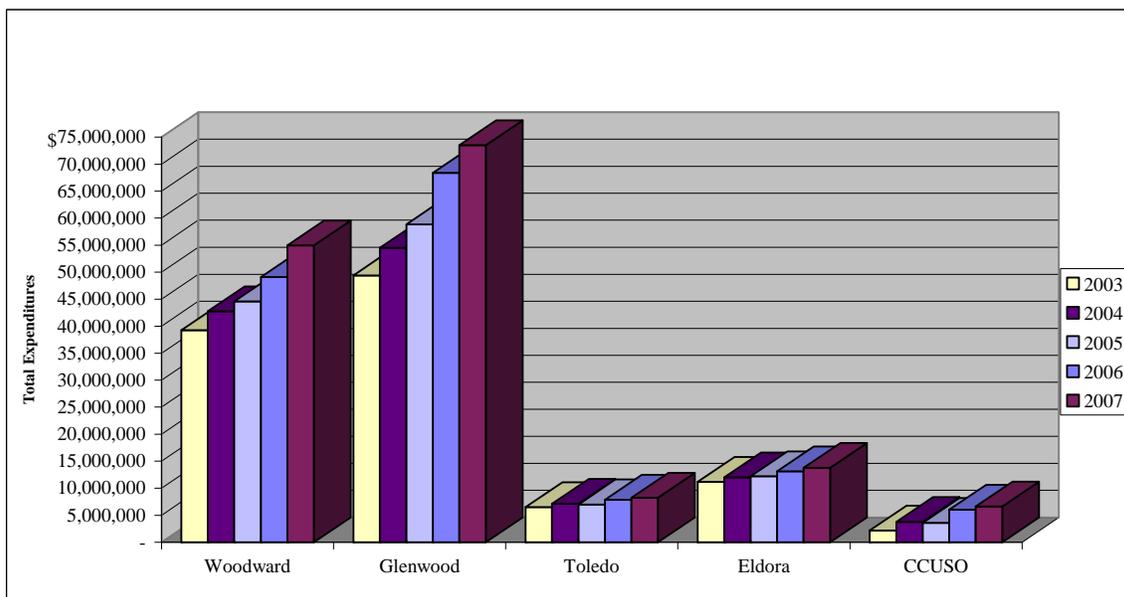
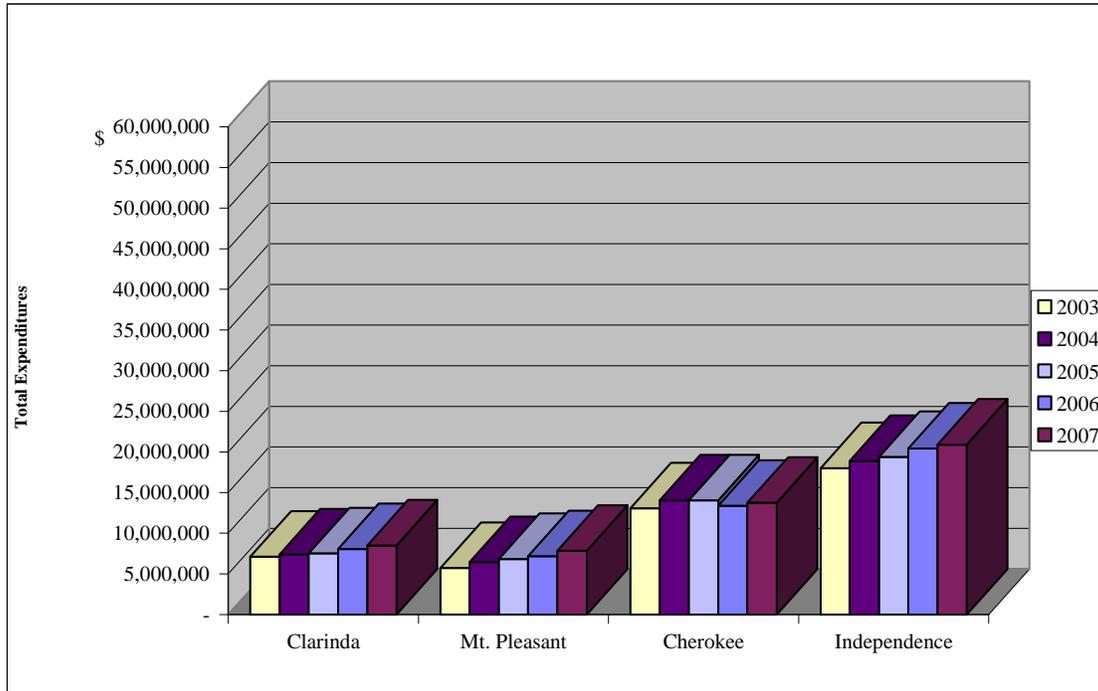
Year ended June 30, 2007					
Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
48	91	\$ 176,892	484.64	21	\$ 10,177
59	101	132,795	362.82	28	10,187
40	213	344,165	942.92	14	13,201
86	283	243,051	665.89	48	31,963
248	697	221,510	606.88		
338	920	217,387	595.58		
79	118	104,366	285.93		
173	197	79,748	218.49		
66	78	100,552	275.49		
1,137	2,698	\$ 183,011	501.40		

Iowa Department of Human Services

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient Information By Institution
Total Expenditures
(Unaudited)

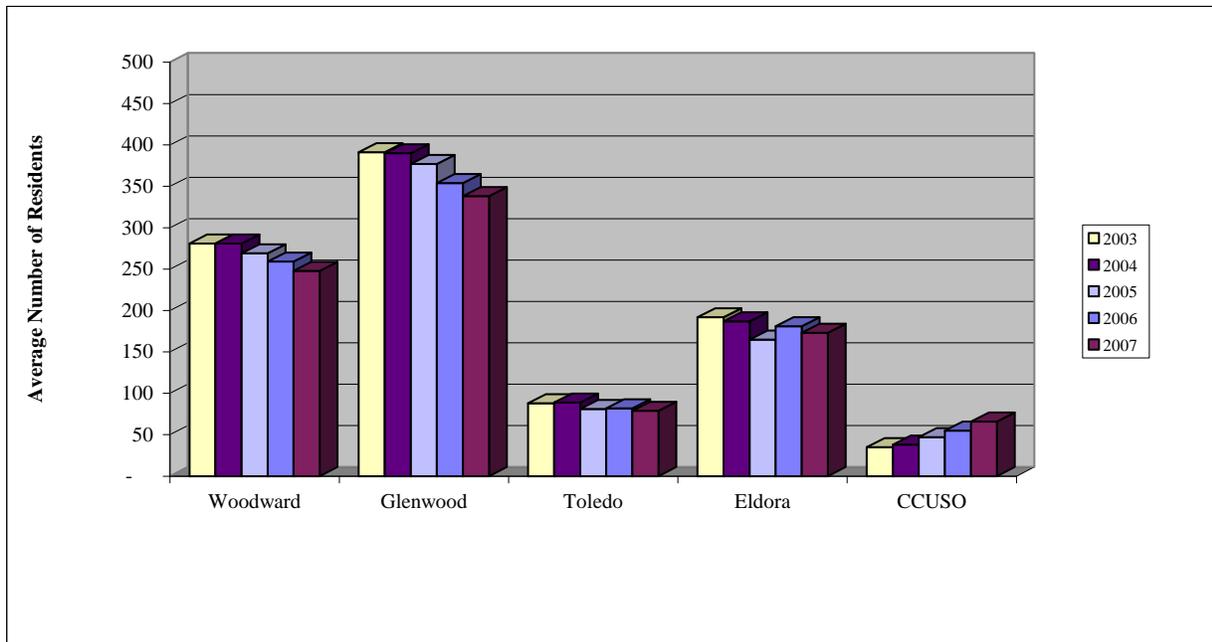
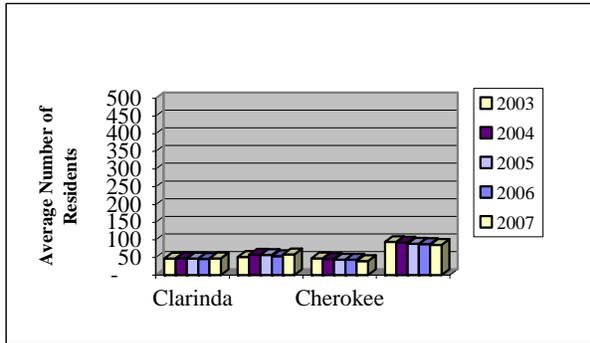
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient Information By Institution
Average Number of Residents/Patients
(Unaudited)

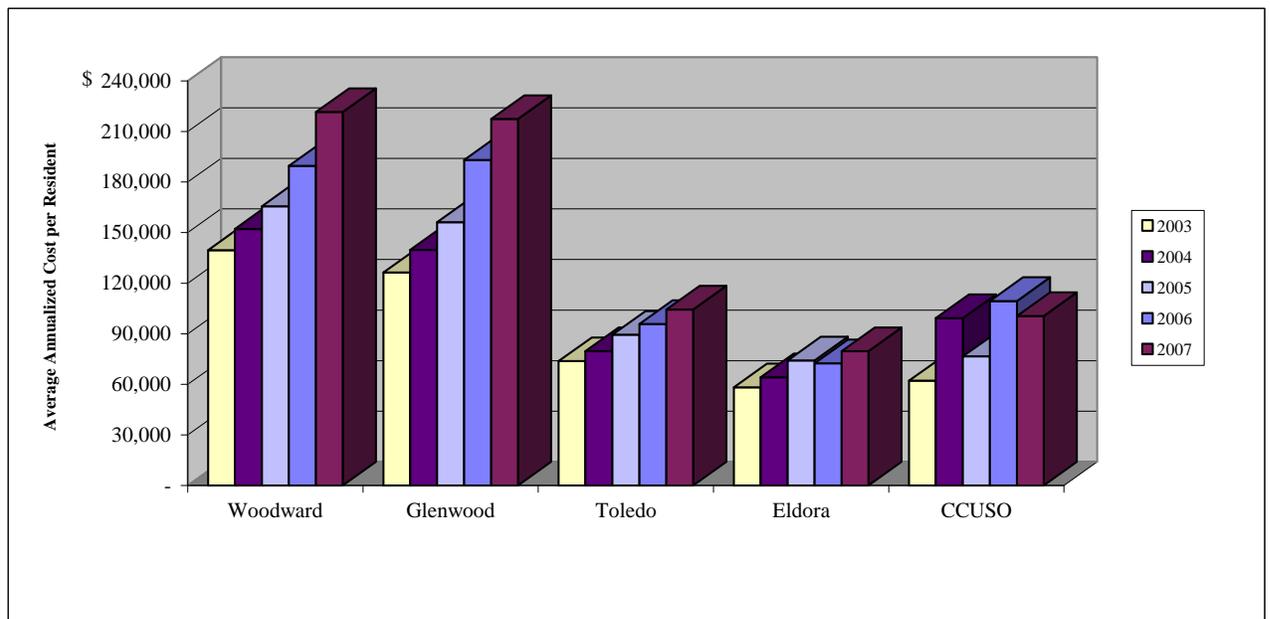
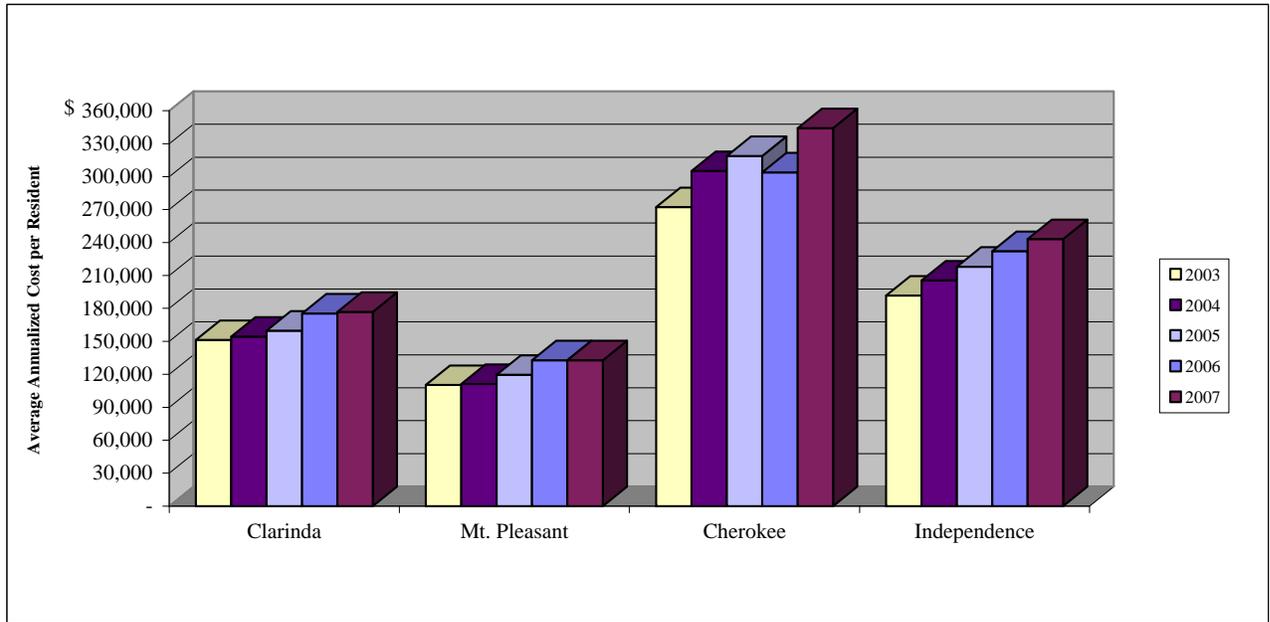
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient Information By Institution
 Average Annualized Cost per Resident/Patient
 (Unaudited)

For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2003

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 5,978,245	4,969,954	11,048,774	15,593,703
Travel	18,709	24,533	51,947	32,351
Supplies and materials	534,994	110,191	686,587	671,016
Contractual services	560,529	539,704	1,222,325	1,679,502
Capital outlay	19,959	94,066	57,065	38,930
Claims and miscellaneous	347	7	870	1,158
Licenses, permits and refunds	160	-	140	1,807
Aid to individuals	-	758	-	-
Total	\$ 7,112,943	5,739,213	13,067,708	18,018,467

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
32,954,167	40,225,392	5,617,914	9,480,977	1,381,651	127,250,777
182,884	188,216	13,323	39,998	76,200	628,161
2,602,096	3,944,846	373,872	517,230	44,672	9,485,504
2,854,374	3,962,768	474,866	1,033,238	577,655	12,904,961
627,080	617,442	8,208	113,292	95,063	1,671,105
11,294	466,818	7,204	4,482	9	492,189
61	810	457	3,195	-	6,630
-	-	-	-	-	758
39,231,956	49,406,292	6,495,844	11,192,412	2,175,250	152,440,085

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2004

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 6,140,043	5,735,738	11,596,617	16,214,811
Travel	19,912	25,799	51,573	39,856
Supplies and materials	636,866	145,028	999,114	777,033
Contractual services	574,524	461,037	1,257,917	1,710,497
Capital outlay	34,516	79,473	122,007	149,630
Claims and miscellaneous	210	9	8,541	763
Licenses, permits and refunds	160	-	140	1,031
Aid to individuals	-	882	-	-
Total	\$ 7,406,231	6,447,966	14,035,909	18,893,621

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
36,094,606	44,670,233	5,857,962	9,869,870	2,810,052	138,989,932
214,021	240,377	11,339	41,361	119,354	763,592
2,758,036	4,120,466	408,096	496,539	144,203	10,485,381
3,406,581	4,334,814	792,184	1,396,725	574,220	14,508,499
273,453	642,728	19,474	206,713	118,835	1,646,829
14,305	491,735	7,567	2,949	6,616	532,695
17	1,725	304	3,561	-	6,938
-	-	-	-	-	882
42,761,019	54,502,078	7,096,926	12,017,718	3,773,280	166,934,748

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2005

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 6,230,599	5,650,314	11,748,781	16,578,366
Travel	23,172	34,234	37,583	49,413
Supplies and materials	681,378	500,490	908,101	789,547
Contractual services	539,534	523,652	1,181,571	1,766,484
Capital outlay	37,182	105,499	114,435	207,847
Claims and miscellaneous	1,076	23	34,359	363
Licenses, permits and refunds	99	-	155	1,860
Aid to individuals	-	871	-	-
Total	\$ 7,513,040	6,815,083	14,024,985	19,393,880

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
37,140,439	47,092,296	6,079,933	10,177,473	3,115,210	143,813,411
298,021	307,429	12,613	46,924	37,160	846,549
2,791,634	4,895,951	482,099	563,216	43,236	11,655,652
3,261,810	4,851,779	626,753	1,265,760	308,745	14,326,088
1,057,966	1,164,666	35,549	168,240	61,666	2,953,050
14,465	546,639	6,699	7,312	32,409	643,345
-	860	354	4,821	-	8,149
-	-	-	-	-	871
44,564,335	58,859,620	7,244,000	12,233,746	3,598,426	174,247,115

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2006

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 6,559,270	5,891,414	12,502,054	17,400,969
Travel	27,378	53,729	56,606	46,241
Supplies and materials	896,610	520,538	927,784	922,118
Contractual services	527,307	550,560	1,486,415	1,912,789
Capital outlay	61,384	152,703	183,074	145,756
Claims and miscellaneous	615	52	38,407	844
Licenses, permits and refunds	157	-	140	1,034
Aid to individuals	-	2,006	49,584	425
Total before reallocations	<u>\$ 8,072,721</u>	<u>7,171,002</u>	15,244,064	<u>20,430,176</u>
Reallocated support services costs (see page 6)			<u>(1,874,746)</u>	
Total			<u>\$ 13,369,318</u>	

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
39,977,151	50,838,808	6,360,869	10,667,652	3,742,111	153,940,298
473,158	415,184	7,269	54,593	29,969	1,164,127
3,295,111	5,936,469	605,348	529,966	100,427	13,734,371
3,890,551	7,762,614	800,798	1,483,922	781,627	19,196,583
1,411,041	2,420,426	78,309	372,214	94,069	4,918,976
34,381	532,293	6,677	10,241	36,294	659,804
9	7,560	362	3,299	-	12,561
-	460,115	-	-	-	512,130
<u>49,081,402</u>	<u>68,373,469</u>	<u>7,859,632</u>	<u>13,121,887</u>	<u>4,784,497</u>	<u>194,138,850</u>
				<u>1,874,746</u>	
				<u>6,659,243</u>	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2007

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 6,974,408	6,607,924	13,097,593	17,987,635
Travel	32,341	21,055	61,512	47,868
Supplies and materials	784,206	474,112	953,231	929,528
Contractual services	534,099	636,244	1,408,683	1,874,328
Capital outlay	164,335	93,516	164,310	55,466
Claims and miscellaneous	709	27	3,144	492
Licenses, permits and refunds	732	-	154	7,082
Aid to individuals	-	2,016	-	-
Total before reallocations	<u>\$ 8,490,830</u>	<u>7,834,894</u>	15,688,627	<u>20,902,399</u>
Reallocated support services costs (see page 6)			<u>(1,922,019)</u>	
Total			<u>\$ 13,766,608</u>	

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
44,147,216	55,176,264	6,787,256	11,267,363	4,502,835	166,548,494
163,525	235,937	20,081	69,613	34,646	686,578
3,761,111	5,649,422	598,421	706,984	27,255	13,884,270
4,818,602	8,331,823	736,550	1,439,726	129,846	19,909,901
1,895,961	3,583,845	94,876	301,082	19,305	6,372,696
147,097	497,445	5,135	8,167	549	662,765
870	2,186	2,572	3,385	-	16,981
-	-	-	-	-	2,016
<u>54,934,382</u>	<u>73,476,922</u>	<u>8,244,891</u>	<u>13,796,320</u>	4,714,436	<u>208,083,701</u>
				<u>1,922,019</u>	
				<u>6,636,455</u>	

Institutions Under the Control of the Iowa Department of Human Services

Resident/Patient Population Statistics
(Unaudited)

Year ended June 30, 2007

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Population beginning of year	49	47	35	84
Admissions:				
First admissions	139	567	330	212
Readmissions	82	159	254	139
Returns:				
Home visits	-	-	-	376
Limited leaves	-	-	-	105
Temporary medical transfers	-	-	-	25
Unauthorized departures	-	9	-	3
Total admissions	221	735	584	860
Released:				
Discharges	221	704	576	281
Deaths	-	-	-	-
Home visits	-	-	-	378
Limited leaves	-	-	-	174
Temporary medical transfers	3	13	-	28
Unauthorized departures	-	-	-	3
Other	-	-	2	-
Total released	224	717	578	864
Population end of year	46	65	41	80
Average number of residents/patients	48	59	40	86

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders
255	342	80	171	62
10	14	119	318	7
2	11	-	31	-
-	425	-	-	-
52	2	-	-	1
-	205	-	-	-
-	-	-	-	-
64	657	119	349	8
20	33	125	248	-
1	10	-	-	2
-	424	-	-	-
57	2	-	-	1
-	207	-	-	-
-	-	-	-	-
-	-	-	101	-
78	676	125	349	3
241	323	74	171	67
248	338	79	173	66

June 30, 2007

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

- (1) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check of those of another. One individual performs the duties of opening and listing mail receipts, collecting, depositing, posting and monthly reconciling for the Patient and Entertainment Funds.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Institution should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. Evidence of various reviews should be indicated by initials of the independent reviewer and the date of the review.

Response – Currently, we have segregated the tasks of opening and listing all mail receipts from collecting, depositing and posting.

Conclusion – Response accepted.

- (2) Payroll – The Institution processes and records payroll and personnel information on the Human Resource Information System (HRIS). The Human Resource Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. These individuals also have the ability to initiate and approve timesheets.

Recommendation – To strengthen controls, the Institution should develop and implement procedures to segregate the duties of the Human Resource Associates from the duties of payroll.

Response – Our Human Resource Associates now will only apply one level of approval.

Conclusion – Response accepted.

- (3) Patient Account Expenditures – Certain Patient Fund expenditures were not properly approved prior to purchase.

Recommendation – Prior to purchase, the Institution should document the approval of all expenditures.

Response – We will continue to stress that all expenditures should be approved and all signed documentation be attached. Also, patient expenditures will use the “Expendable Trust Fund Order” form with the proper approvals.

Conclusion – Response accepted.

June 30, 2007

Findings Related to Statutory Requirements and Other Matters:

Revenues/Receipts – Chapter 12.10 of the Code of Iowa requires 90% of all fees, commissions and monies received be deposited within 10 days succeeding the collection. The Institution had deposits where 90% of the monies received were not deposited within 10 days succeeding the collection.

Recommendation – All fees, commissions and monies received by the Institution should be deposited within 10 days succeeding the collection as required by the Code of Iowa.

Response – All checks will be deposited within 10 days into the proper account until such time a determination can be made as to the correct account to credit it to or the possible return to sender.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager
Karen J. Kibbe, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Mellissa M. Welhausen, CPA, Senior Auditor
Aaron P. Wagner, CPA, Staff Auditor
James R. Wittenwyler, Staff Auditor
Michael D. Eckard, Assistant Auditor

June 30, 2007

Findings Reported in the State’s Single Audit Report:

No matters were noted.

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:

Kay F. Dunn, CPA, Manager
Carrie L. Livingston, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Daniel L. Durbin, CPA, Staff Auditor
Shannon M. Hoffman, Staff Auditor
Michael L. Castagnoli, Assistant Auditor
Lori M. Dinville, Assistant Auditor
Kurt D. Goldsmith, Assistant Auditor
Paula J. Smothers, Assistant Auditor

June 30, 2007

Findings Reported in the State's Single Audit Report:

No matters were noted.

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:

Kay F. Dunn, CPA, Manager
Dorothy O. Stover, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

James L. Blekfeld, CPA, Senior Auditor
Scott G. Anderson, Assistant Auditor
William J. Hanson, Assistant Auditor

June 30, 2007

Findings Reported in the State's Single Audit Report:

No matters were noted.

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:

Ernest H. Ruben, Jr., CPA, Manager
Daniel L. Grady, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Darryl J. Brumm, CPA, Senior Auditor II
Shawn R. Elsbury, Staff Auditor
Brad A. Meisterling, Staff Auditor
Aaron P. Wagner, CPA, Staff Auditor

June 30, 2007

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

Payroll – The Center processes and records payroll and personnel information on the Human Resource Information System (HRIS). The Human Resource Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. Individuals have the ability to initiate and approve timesheets.

Recommendation – To strengthen controls, the Center should develop and implement procedures to segregate the duties of the Human Resource Associates from the duties of payroll.

Response – The Center has a process in place for P-1 documents which require more than one level of approval at the facility. The Human Resource Associate will do one level of approval and the Human Resource Administrative Assistant 2 will do the other level on the documents. On rare occasions these individuals may have to do both levels of facility approval. In these instances Human Resources staff will add a comment to the P-1 document explaining why they do both levels. It should be noted that even when Human Resource staff review both levels this does not automatically process the P-1. Both DAS-SAE Central Payroll staff and DAS – Human Resource Enterprise (HRE) staff review the P-1 and must each apply their level of approval before the P-1 will process.

Conclusion – Response acknowledged. The Center should implement procedures to ensure no one individual at the Center can apply both approval levels.

Other Findings Related to Internal Control:

Supply Inventories – Five of eight departments did not adequately segregate duties for inventories within the departments.

Recommendation – The Center should implement policies and procedures to ensure duties are properly segregated in each department.

Response – The Center has procedures in place to segregate duties of ordering, maintaining, receiving and the issuing of inventory.

Conclusion – Response accepted.

Findings and Recommendations for Woodward Resource Center

June 30, 2007

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Manager
Philip J. Cloos, Staff Auditor
Janet Mortvedt, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Marta M. Sobieszkoda, Staff Auditor
Delynne M. Kroeger, Staff Auditor
Gelu Sherpa, Staff Auditor
Michael L. Castagnoli, Assistant Auditor
Tracey L. Gerrish, Assistant Auditor

June 30, 2007

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

GAAP Package – The GAAP Package is prepared by the Center and submitted to the Iowa Department of Administrative Services, State Accounting Enterprise. The GAAP Package provides additional financial information that cannot be obtained from the State's Accounting System (I/3). The GAAP Package completed by the Center contained several errors, as follows:

- a) The bank balances reported were understated by \$50,937.
- b) Operating lease revenues were overstated by \$101,573 over the five year lease term.
- c) A gain of \$49,463 on the disposal of capital assets was reported when it should have been a loss of \$49,463 from the disposal of capital assets.
- d) Accounts receivable of \$44,298 were reported as a current receivable instead of as a long-term receivable.
- e) The change in the amount of Federal Commodities on hand from the beginning of the year to the end of the year were netted as a deletion and should have been reported separately as additions and deletions.

Recommendation – The GAAP Package should be accurately completed and reviewed by management prior to submission.

Response – The GAAP Package will be reviewed by management prior to submission.

Conclusion – Response accepted.

Findings Related to Statutory Requirement and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager
Michelle L. Harris, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Paul F. Kearney, CGFM, Senior Auditor
Daniel L. Durbin, CPA, Staff Auditor
Delynn M. Kroeger, Staff Auditor
Matthew R. Ritchey, Staff Auditor
Sharon K. Stickrod, Staff Auditor
Benjamin C. Umthun, Intern Auditor

June 30, 2007

Findings Reported in the State’s Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

Capital Assets – The Home is required to keep an up-to-date and accurate capital asset listing to track and maintain control over capital assets. This includes properly classifying additions and deletions for equipment and vehicles throughout the fiscal year, making additions and deletions to the capital asset listing and ensuring items are properly tagged. Three assets observed did not have State tags affixed to them.

Recommendation – The Home should develop and implement policies to ensure the capital asset listing is kept up-to-date and all items purchased are properly tagged with the State ID number.

Response – The Home will complete a physical inventory on an annual basis to ensure all capital assets are tagged and properly accounted for.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Donna F. Krueger, CPA, Manager
Marta M. Sobieszkoda, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Shawn R. Elsbury, Staff Auditor
Delynn Kroeger, Staff Auditor
Janet K. Mortvedt, Staff Auditor
Brett C. Conner, Assistant Auditor

June 30, 2007

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

- (1) Prepayment of Registration Fees – State employees are reimbursed for conference expenses in accordance with Iowa Department of Administrative Services policies. Out of state travel expenses can be advanced to the employee from the State of Iowa prior to the out of state travel in accordance with State guidelines. Certain conferences were attended by School employees who were paid in advance of the trip from the Amusement Fund. After the out of state travel was completed, the employees received reimbursement for the trip from the State of Iowa and the employees reimbursed the Amusement Fund. This practice was not in accordance with Iowa Department of Administrative Services guidelines.

Recommendation – The School should follow the prescribed policies and procedures of the Iowa Department of Administrative Services for out of state travel.

Response – The School concurs with the recommendation and will comply fully with the Department of Administrative Services guidelines for the payment of conference and travel expenses.

Conclusion – Response accepted.

- (2) Disposal of Assets – The School disposed of items which were no longer needed. The School did not prepare a detailed listing or take photos of the items disposed of. The School made subsequent disposals of items no longer needed and a detailed listing and photos were taken to document the items disposed of.

Recommendation – The School should ensure all disposals are documented with a list and photos of the items disposed of.

Response – The School has gone to great lengths to ensure state surplus property has been disposed of correctly and disposal photos were an added feature implemented by the School to ensure proper documentation of disposal. The School will continue to ensure proper documentation of disposal and take photos as feasible.

Conclusion – Response accepted.

- (3) Employee Purchases – Employees of the School are permitted to request projects to be completed by the students in the vocational rehabilitation program. All projects are approved by the instructor before beginning the project. Employees are expected to purchase all materials for the project and the projects are not meant to be sold for profit by the employees.

An employee project was approved by the instructor and materials were ordered for the project. The materials were delivered and billed to the School and were paid for from the Amusement Fund. The employee subsequently reimbursed the School for the materials.

Recommendation – The School should follow policies and procedures for student projects in the vocational rehabilitation program.

Findings and Recommendations for State Training School - Eldora

June 30, 2007

Response – This invoiced item was a one-time occurrence. The billing came to the School with both the employee's purchases and an order for the School. Normal procedure is that these billings are invoiced separately. This was a billing error by the School.

Conclusion – Response accepted.

- (4) Equipment Inventory – The School has certain tools and small pieces of equipment at various locations on the grounds and does not maintain an inventory of these items.

Recommendation – To ensure accountability, the School should maintain an inventory, as well as its location on the grounds, of tools and small pieces of equipment easily removed from the premises which are desirable items for personal use.

Response – In preparation for American Correctional Association (ACA) Accreditation, facility clean up and organization has caused the movement of some tools to different locations without keeping the business office fully informed. The School is transitioning to a new maintenance computer program that includes a tool and equipment inventory module, which will help ensure full accountability of tools and equipment by location. The Academic Department is responsible for maintaining the inventory of Perkins Grant tools and equipment. The Academic Department will ensure all its vocational tools and equipment are on the computer listing by location.

Conclusion – Response accepted.

- (5) Capital Assets – The School is required to complete a GAAP Package each year summarizing all activity for capital assets and construction in progress. Certain information in the GAAP Package for capital assets and construction in progress did not match supporting documentation in the financial records and the GAAP Package did not add across and down.

Recommendation – The School should ensure the GAAP Package matches supporting documentation in the financial records and the GAAP Package adds across and down.

Response – In past years, the GAAP Package has been reviewed for accuracy by the Business Manager, however, the supporting data was not specifically verified. The Accounting Technician will initiate a line-by-line review of the supporting documentation used in the preparation of the GAAP Package capital assets to ensure accuracy of the data. In addition to the Accounting Technician, the Accounting Clerk will complete this additional review of the supporting data before it is submitted to the Business Manager for a final review.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

- (1) Resident Work – Certain residents of the School are allowed to work off grounds at local businesses, including the Hardin County Solid Waste Center, Ellsworth Community College and various cooperatives. The local business sends one check to the School which is deposited into the Amusement Fund. If a resident owes restitution, it is transferred from the Amusement Fund to the resident's account in the Boy's Fund and a check is issued to pay restitution. If a resident does not owe restitution, the money remains in the Amusement Fund and is available to be used for the benefit of all residents. Residents do not receive the money earned.

Findings and Recommendations for State Training School - Eldora

June 30, 2007

The School does not retain documentation of the hours worked by the residents or hourly wages paid to support the reimbursement from the local business and does not deposit the amount earned into each resident's account in the Boy's Fund for the hours worked by each resident.

Recommendation – As required by the Iowa Administrative Code, section 441-103.7, residents shall be paid in accordance with the minimum wage laws in effect for off campus employment and all checks shall be turned into the business office for deposit in the resident's account.

Response – The School will review its policy and procedures in regards to student employment to ensure compliance with the Iowa Administrative Code. Funds from group student work projects used for training purposes have been deposited into the Amusement Fund, which have been used to benefit the student population as a whole. When a student works off campus individually for an employer the student receives those funds, which are deposited into the Boy's Fund account unless the student owes restitution. If a student owes restitution, then those funds are deposited into the Amusement Fund from which the restitution is paid.

Conclusion – Response acknowledged. The School should follow the requirements of the Iowa Administrative Code which requires residents be paid minimum wage and all checks be deposited into the resident's account in the Boy's Fund.

- (2) Fire Marshall Inspection – As required by Chapter 218.4 of the Code of Iowa, “the State Fire Marshall shall cause to be made an annual inspection of all the institutions listed in section 218.1 and shall make written report thereof to the particular administrator of the state department of human services in control of such institution.” The most current inspection performed at the School was on April 27, 2006.

Recommendation – The School should contact the Fire Marshall's office to have the inspection performed and ensure this is completed annually.

Response – The State Fire Marshall's office has been contacted numerous times about providing yearly inspections and the School was previously assured it would be inspected annually; however, the State Fire Marshall's office took the liberty of moving the School to a two year inspection cycle without notifying the School. The School will continue to follow up and work with the Fire Marshall's office to ensure these inspections are accomplished annually. After contacting the Fire Marshall's office about the failure to inspect in fiscal year 2007, the Fire Marshall inspected the facility on March 18, 2008.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager
Shawn R. Elsbury, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Janet K. Mortvedt, Staff Auditor
Michael P. Piehl, Staff Auditor
Aaron P. Wagner, CPA, Staff Auditor

June 30, 2007

Findings Reported in the State's Single Audit Report:

No matters were noted.

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:

Kay F. Dunn, CPA, Manager
Dorothy O. Stover, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

James L. Blekfeld, CPA, Senior Auditor
Scott G. Anderson, Assistant Auditor
William J. Hanson, Assistant Auditor