



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

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NEWS RELEASE

FOR RELEASE _____ July 13, 2009

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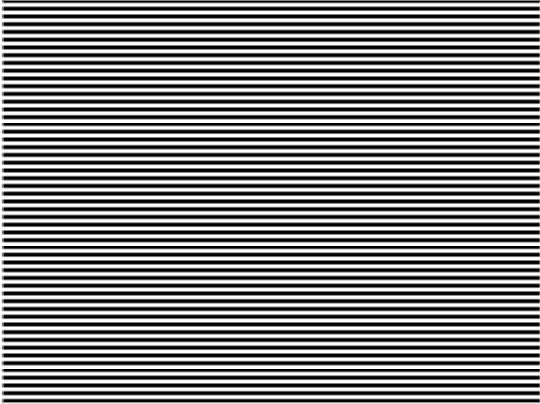
Auditor of State David A. Vaudt today released a report on the Iowa Department of Elder Affairs for the year ended June 30, 2008.

The Department has the primary responsibility for providing advocacy, educational and prevention services to older Iowans. The Department receives funding from the U.S. Administration on Aging and distributes funds to Area Agencies on Aging.

Vaudt recommended the Department review policies and procedures covering internal controls over contracts and capital assets. In addition, the Department should ensure a detailed, up-to-date capital asset listing is maintained to accurately report information required for financial statement presentation. Vaudt also reported the Department had not complied with certain statutory requirements concerning its operations during the year ended June 30, 2008. The Department's responses are included in the report.

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 website <http://auditor.iowa.gov/reports/reports.htm>.

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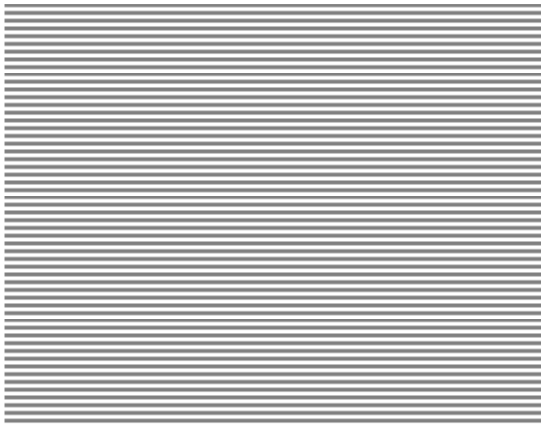
**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF ELDER AFFAIRS**

JUNE 30, 2008

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



David A. Vaudt, CPA
Auditor of State





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July 7, 2009

To the Members of the Elder Affairs Commission:

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, 2008.

In conducting our audits, we became aware of certain aspects concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations pertaining to the Department's internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report.

The Iowa Department of Elder Affairs' responses to the findings identified in our audit are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Elder Affairs' responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Elder Affairs, citizens of the State of Iowa and other parties to whom the Iowa Department of Elder Affairs 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 questions concerning 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 6 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
Director, Department of Management
Glen Dickinson, Director, Legislative Services Agency

June 30, 2008

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

- (1) Service Contracts – Service contracts are contracts entered into by a state agency or department to aid it in carrying out its programs and to provide specialized services through an independent contractor qualified by education, experience and/or technical ability. Service contracts may be with individuals, partnerships, firms, corporations or other business entities.

Executive Order #25 requires service contracts be signed prior to the start date of the contract and include an indemnification clause, a termination clause and clauses requiring the service provider to comply with all applicable state/federal regulations. If the contract is awarded to a provider without a competitive bidding process, a 'Report of Sole Procurement' is required to be prepared and attached to the contract. The following were noted:

- (a) 8 of the 10 contracts reviewed started before the contracts were signed.
- (b) 1 of the 10 contracts reviewed did not include an indemnification clause, termination clause or clauses requiring the service provider to comply with all applicable state/federal regulations.
- (c) 1 of the 10 contracts reviewed was a sole procurement. However, no 'Report of Sole Procurement' was attached to the contract.

Recommendation – The Department should ensure all requirements of Executive Order #25 are met when entering into a service contract.

Response – The Department will review and implement a process to ensure service contracts are signed prior to the start date of the contract.

Conclusion – Response accepted.

- (2) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each department of the state to maintain a written, detailed and up-to-date inventory of property under its charge and control. The following were noted:

A current capital asset listing was not prepared. A listing dated February 29, 2008 was provided. The following were noted:

- (a) One asset over \$5,000 was not included on the listing.
- (b) Two of the ten assets selected for tracing to the listing were not found on the listing.
- (c) One capital asset observed did not have a State of Iowa ID tag.

Report of Recommendations to the Iowa Department of Elder Affairs

June 30, 2008

Recommendation – The Department should ensure a detailed, up-to-date capital asset listing is maintained and an independent review of the reconciliation is performed by accounting staff.

Response – The Department will review and implement a process to ensure a detailed, up-to-date capital asset listing is maintained and an independent review of the reconciliation is performed by accounting staff.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

Report on Encumbered Funds – The Department was not in compliance with Chapter 8.62 of the Code of Iowa, which requires a Department which carries encumbered appropriations over from the prior fiscal year to “report to the joint appropriations subcommittee, the legislative services agency, the department of management, and the legislative fiscal committee of the legislative council detailing how the moneys were expended.”

The Department did not submit a report detailing how fiscal year 2007 appropriations carried into fiscal year 2008 were expended.

Recommendation – The Department should comply with the Code of Iowa.

Response – The Department has documented the required report due date and will comply with the Code of Iowa.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Elder Affairs

June 30, 2008

Staff:

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager
Jessica N. Meierotto, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Tiffany A. Berkland, Staff Auditor
Samantha J. Brinks, Assistant Auditor
Reza Sepehri, Assistant Auditor
Stephanie A. Sissel, Assistant Auditor